



# Medical Properties Trust Acquires 24 Hospitals for \$1.75 Billion

July 2019

# Safe Harbor & Disclaimer

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This presentation contains certain “forward-looking” statements as that term is defined by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “will”, “would”, “could”, “expect”, “intend”, “plan”, “aim”, “estimate”, “target”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance” or other similar words, and include statements regarding our plans, strategies, objectives, targets, future expansion and development activities and expected financial performance that are not historical facts. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results or future events to differ materially from those expressed in or underlying such forward-looking statements, including without limitation: the satisfaction of all conditions to, and the closing of the Prospect acquisition and the other transactions described herein on the terms contemplated or at all; our tenants ability to meet the terms of their agreements; expected payout ratio; the amount of acquisitions of healthcare real estate, if any; capital markets conditions; the repayment of debt arrangements; statements concerning the additional income to us as a result of ownership interests in certain hospital operations and the timing of such income; the payment of future dividends, if any; completion of additional debt or equity arrangements, and additional investments; national and international economic, business, real estate and other market conditions; the competitive environment in which we operate; the execution of our business plan; financing risks; our ability to maintain our status as a real estate investment trust for federal income tax purposes; acquisition and development risks; potential environmental and other liabilities; and other factors affecting the real estate industry generally or healthcare real estate in particular; and the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain equity or debt financing secured by our properties or on an unsecured basis, and the factors referenced under the section captioned “Item 1.A Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018, and other risks described in documents subsequently filed by us or MPT Operating Partnership, L.P., our operating partnership, from time to time with the Securities and Exchange Commission.

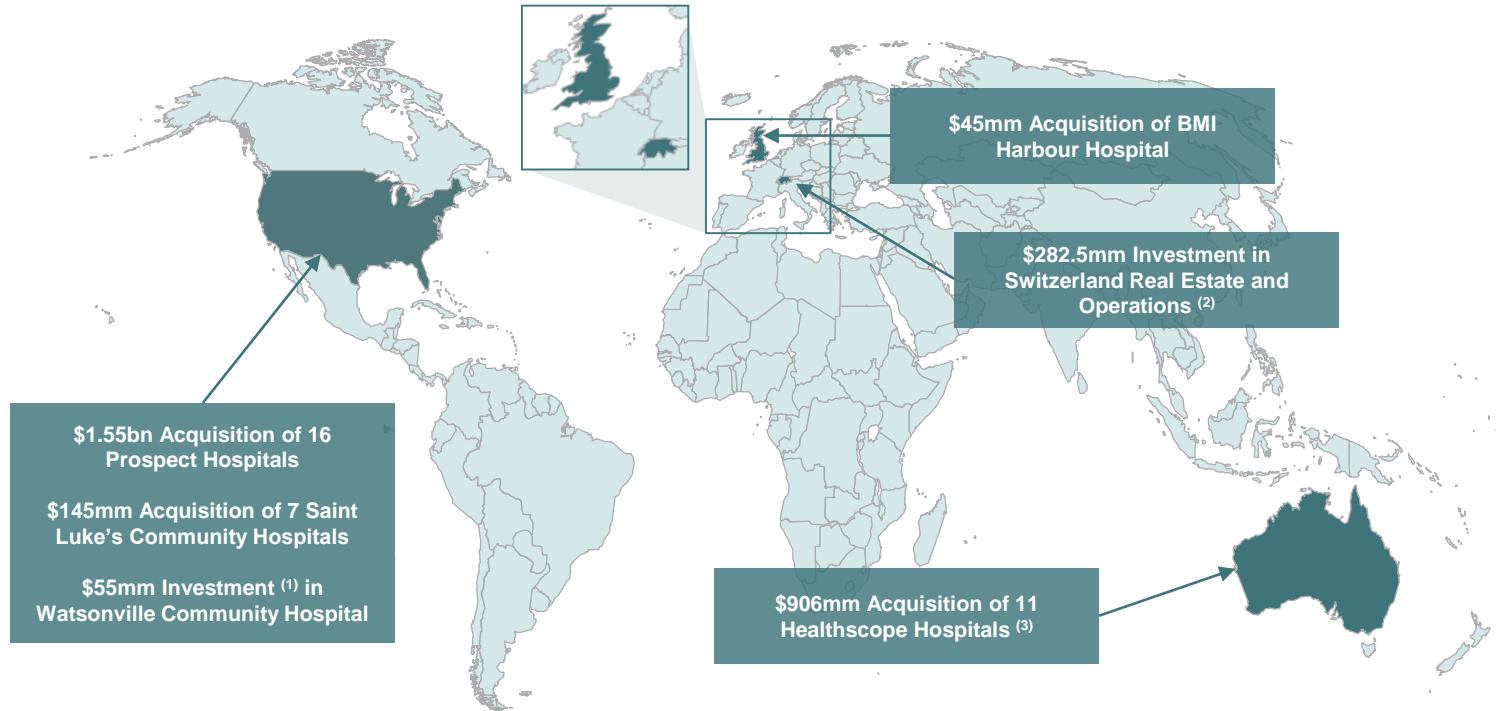
The pro forma information included in this presentation adjusts our historical information to give effect to the pro forma events that are directly attributable to the Prospect acquisition and other transactions referred herein and is factually supportable. The pro forma adjustments are preliminary and are not necessarily indicative of results that may have actually occurred had the Prospect acquisition and other transactions referred herein taken place on the dates noted. The pro forma adjustments are based upon available information and assumptions that we believe reasonable.

**This presentation is for informational purposes only and shall not constitute an offer to sell or a solicitation of an offer to buy any securities the company.**



# A Marquee Year for Medical Properties Trust

With the acquisitions described in today's announcement, MPT has committed \$3.0 billion in hospital investments across the globe in 2019 YTD, surpassing its full-year acquisition guidance during the first half of the year



## 2019 YTD Highlights

**Total Investments:**  
\$3.0 billion

**Run-Rate Net Income Range:**  
\$1.08 – \$1.12 / share

**Run-Rate NFFO Range:**  
\$1.54 – \$1.58 / share

**Blended GAAP Yield:**  
8.2%

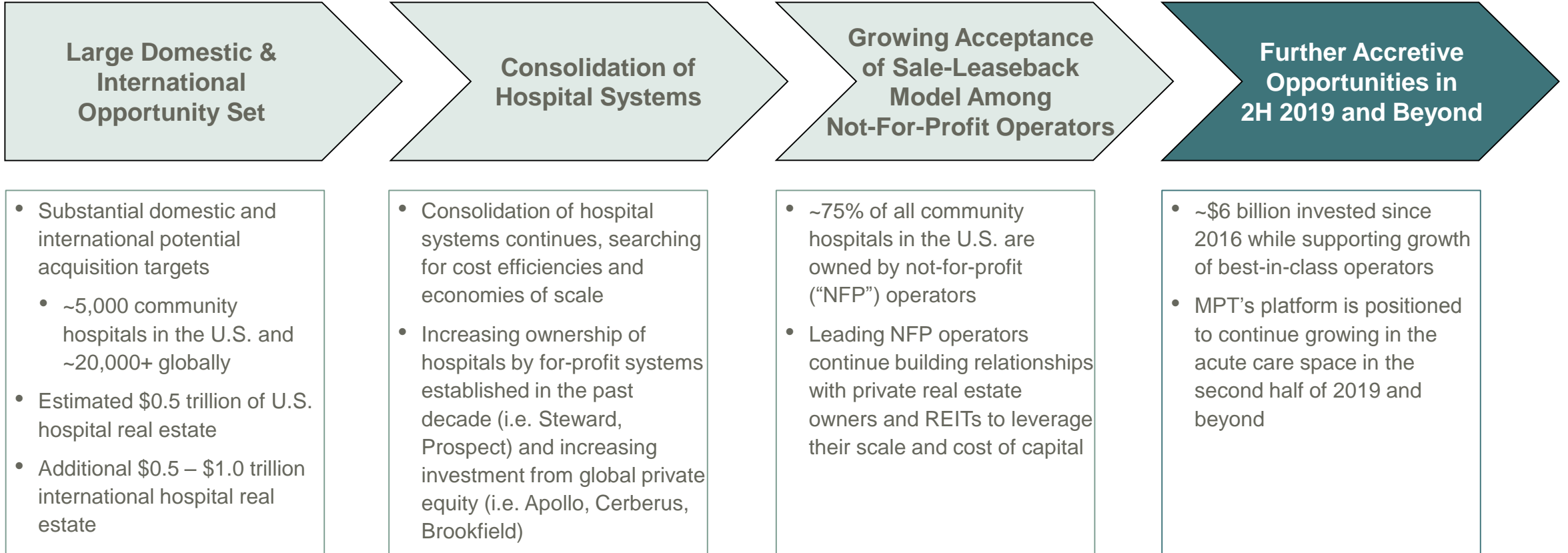
	Properties	Operators	Largest Operator Concentration	Countries
12/31/2018	275	30	40%	5
<b>Pro Forma Today</b>	<b>326</b>	<b>36</b>	<b>30%</b>	<b>7</b>

Note Prospect and Halsen acquisitions are pending. No assurances can be made that announced and pending transactions will close on the terms indicated or at all.

1. Includes working capital loan.
2. Gross investment in Switzerland real estate and operator is ~\$456mm.
3. Includes stamp duties and registration fees.

# A Proven Growth Strategy

Acute care real estate opportunity is rapidly expanding



# Preeminent Global Hospital Real Estate Platform

Global leader in hospital real estate finance focused on investments in licensed hospitals, unlocking value around the globe to deliver continued shareholder growth

## Best-in-class acute care portfolio driven by strong operator relationships

- Over 325 properties in 7 countries and 30 states
- 36 total operators, including leading not-for-profit and for-profit systems in the U.S. and abroad



## Established source of capital for leading hospital operators around the globe

- Over \$12 billion gross investments worldwide
- \$3.0bn new investments announced or completed 2019 YTD at a blended GAAP yield of approximately 8.2%



MPT

## Unlocking new global growth opportunities

- New and compelling international markets (Australia, Switzerland) enhance existing global platform
- Completed over \$3.2 billion of international investments since 2013
- Leased to best-in-class international hospital operators



## Strong track record of delivering superior returns to shareholders

- 5-year total return of 101% vs. 43% for healthcare REIT sector <sup>(1)</sup>
- 5.4% dividend yield <sup>(2)</sup>
- Historically accretive investment activity



Sources: Company filings and SNL Financial.

Note: No assurances can be made that announced and pending transactions will close on the terms indicated or at all. Figures pro forma for newly announced acquisitions.

1. As of 7/12/2019. Healthcare REIT sector per SNL Financial.

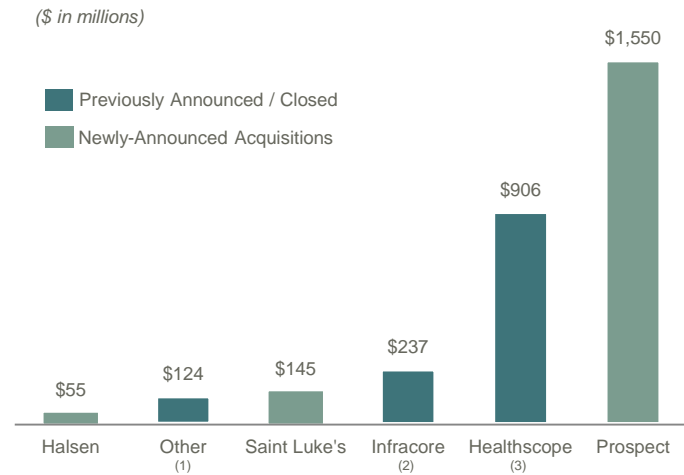
2. Based on closing price of \$18.51 as of 7/12/2019 and regular dividend paid on 7/11/2019.



# \$3.0bn Cumulative Investments 2019 YTD

2019 transactions include:

**53 Hospitals**  
**6 New Operators**  
**\$1.6bn Pending Investments**  
**\$1.4bn Completed Investments**  
**\$3.0bn 2019 YTD Investments**



On July 15, 2019, Medical Properties Trust announced new acquisitions comprising 24 hospitals for a total investment of \$1.75 billion with three new operators

- \$1.55 billion unsecured bridge loan to support Prospect acquisition



**Prospect Medical Holdings**

**14**  
Acute care hospitals

**2**  
Behavioral health facilities

**3**  
States (CA, CT, PA) <sup>(4)</sup>

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**\$1.55B**



**Saint Luke's Health System \***

**7**  
Community hospitals

**1**  
Market (Kansas City)

**A1 / A+**  
Investment Grade Rating <sup>(5)</sup>

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**\$145M**

\* Acquisition Completed



**Halsen Healthcare, LLC**

**1**  
Acute care hospital

**1**  
State (California)

Highly Experienced Management Team

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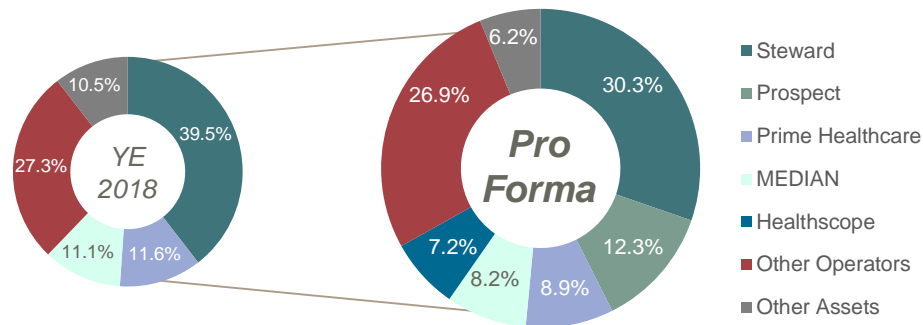
**\$55M**

1. Includes Steward Big Spring, BMI Harbour, Aevis equity investment and one other acquisition.
2. Gross investment value of \$410mm.
3. Includes stamp duties and registration fees.
4. Excludes two properties subject to a delayed closing depending upon satisfaction of certain conditions.
5. Per Moody's and S&P, respectively.

# Strengthening Portfolio Quality Through Diversification

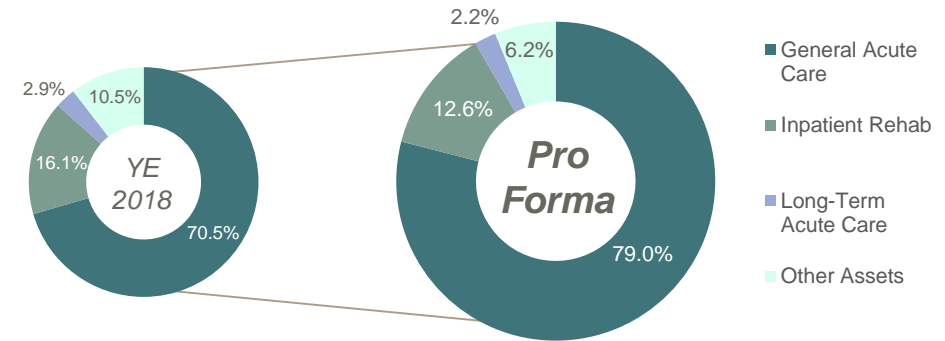
## Operator

Reduces Steward concentration to 30.3%, from 39.5% as of December 31, 2018

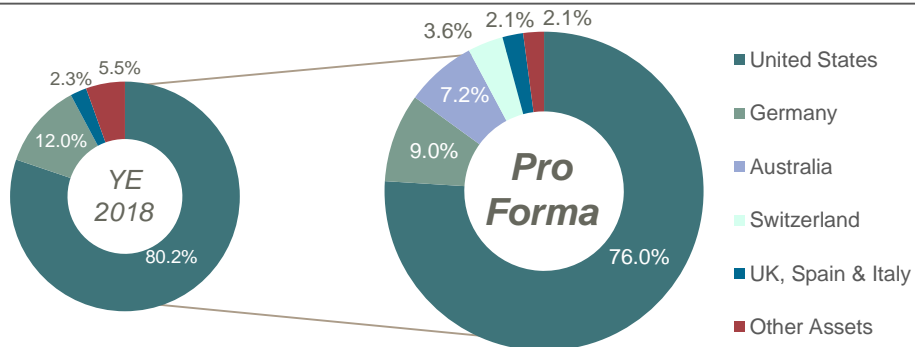


## Asset Type

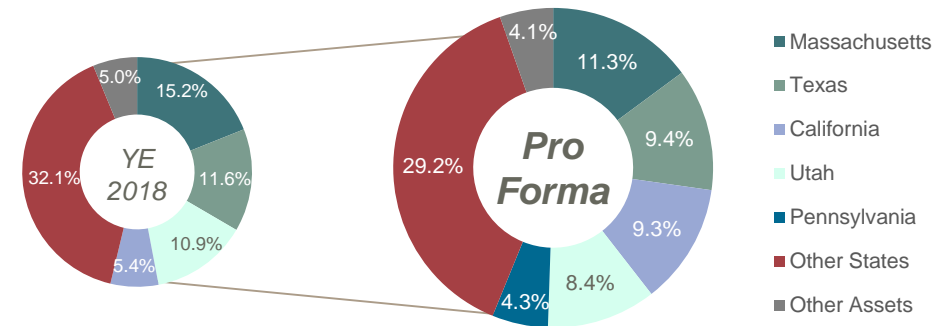
Increases general acute care to 79.0%, from 70.5% of total portfolio as of December 31, 2018



## Global



## Domestic (U.S. Only)



**MPT's largest property represents less than 3.0% of the total portfolio**

Note: "YE 2018" figures do not include Healthscope acquisition (completed in June 2019). "Pro Forma" adjusted for material events subsequent to quarter end including: (i) closing and funding of Saint Luke's acquisition for \$145 million, (ii) closing and funding of Infracore / Aegis investments for \$288 million, (iii) closing and funding of Healthscope acquisition for \$906 million including capitalized costs, (iv) closing and funding of Steward Big Spring, BMI Harbour and one other acquisition for \$78 million, (v) closing and funding of Prospect portfolio acquisition for \$1.55 billion, (vi) closing and funding of Halsen acquisition for \$55 million including a working capital loan and (vii) sale of two ancillary properties for net proceeds of \$3.5 million and funding of approximately \$144.7 million for development projects, capital improvement projects and working capital purposes.

# 2019 YTD Acquisitions Benefits



## Achieves Immediate Earnings Accretion

- *Transactions expected to be immediately accretive*
- *Net Income run-rate estimated to be \$1.08 to \$1.12 per share; increases run-rate NFFO guidance to a range of \$1.54 to \$1.58 per share*
- *2019 YTD blended GAAP yield on announced and completed transactions of approximately 8.2% (in line with previously estimated 7.5% - 8.5% range)*



## Establishes New Operator Relationships

- *Adds six new tenants to MPT's portfolio of industry leading operators, including new relationship with A-rated not-for-profit health system*
- *Unique characteristics of each operator strengthen the overall portfolio and exhibit material future growth potential*



## Increases Portfolio Diversification

- *Reduces exposure to MPT's largest tenant, Steward Health Care System, to 30% from 40% as of December 31, 2018, and its two largest tenants combined to 43% from 51%*
- *Expands MPT's geographical presence to 30 U.S. states*
- *Increases acute care hospitals to 79% as a percentage of MPT's total portfolio, up from 71% as of December 31, 2018, and 87% as a percentage of MPT's U.S. portfolio, up from 84%*



## Achieves Benefits of Greater Scale

- *YTD acquisitions of \$3.0 billion surpass FY 2019 acquisition goal*
- *Adds 50 hospital facilities to MPT's portfolio increasing the number of properties to 326 and the number of licensed beds to over 37,500*
- *Raises MPT's total gross assets 30% from \$9.7 billion as of December 31, 2018 to approximately \$12.6 billion on a pro forma basis*





# \$1.75bn Acquisitions Overview

# Prospect Medical Holdings

## Investment Properties:

14 Acute care hospitals  
2 Behavioral health facilities

## Locations:

California, Connecticut and Pennsylvania <sup>(1)</sup>

## Operated by:

Prospect Medical Holdings, Inc.

## Investment:

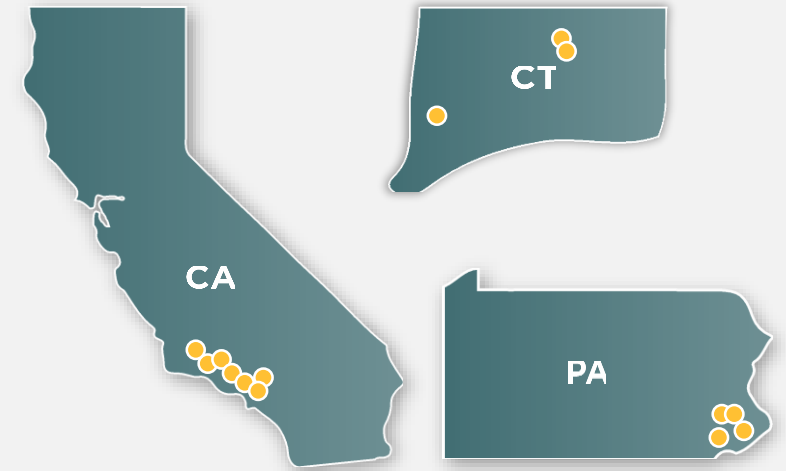
\$1.55 billion

## Term:

15-year initial term with three renewal options

## Annual Escalator:

Greater of CPI or 2% with a ceiling of 4%



- Prospect is a fully-integrated healthcare management company led by an experienced management team
- Provides services to patients through various business segments, including hospital services & facilities, medical groups and coordinated regional care
- Serves densely populated markets in Medicaid expansion states through large, organized physician groups
- Market is oriented toward high managed care penetration
- Mission-critical hospitals providing integral healthcare infrastructure to the communities they serve



1. Excludes two properties subject to a delayed closing depending upon satisfaction of certain conditions.

# Prospect Medical Holdings

Prospect is a proven operator of community-based hospitals in urban markets and a fundamental player in the acute care national hospital system

## • Targeting Urban Communities

- Mission-critical hospitals in irreplaceable locations for state-level reimbursed patients in densely populated, urban markets
- Low cost of operations, with service profitably supported by market demographics
- Other hospital networks in Prospect's markets either not equipped or not properly staffed to deliver and manage costs effectively

## • Integral Hospital Assets

- Necessary to the communities they serve, relieving pressure from larger hospitals
- Provide support in certain services (i.e. emergency departments and behavioral health) to communities largely unaddressed by regional hospital networks

## • Award Winning Management Team

- Prospect is led by CEO and Chairman Samuel Lee, who has over 25 years of industry experience
- Deep and experienced leadership team with 10+ years of average tenure at Prospect
- Prospect has been recognized by the American Heart Association, BlueCross BlueShield of Texas and U.S. News and World Report, among others, as a leader in clinical quality and care

## • Experience with State-Level Reimbursement Programs

- Deep understanding of state reimbursement system and hospital operational network
- Strategic physician / payor alignment creates successful business model
- Expert medical management of high utilizer patient population

## • Integrated Behavioral Health Services

- Behavioral services are typically delivered through carve-out arrangements separate from traditional healthcare
- Prospect integrates behavioral service within many of its facilities, offering a full spectrum of care to its patients
- Mental health (prevalent with the Medicaid population) impacts >20% of the U.S. population, totaling >\$300 billion of direct treatment expense annually

## • Large, Densely Populated Markets

- Patient migration to cities; increase in behavioral patients / government pay mix
- Medicaid expansion states
- Essential infrastructure for healthcare delivery in growing markets



16 Hospitals  
Across 3 states



2,383 <sup>(1)</sup>  
Licensed Beds



~750  
Employed Physicians



~500,000  
Members Managed



~160 Outpatient  
Facilities

1. Excludes two properties subject to a delayed closing depending upon satisfaction of certain conditions.

# Select Prospect Hospitals



# Saint Luke's Community Hospitals

**Investment Properties:**  
7 community hospitals

**Location:**  
Kansas City metropolitan area

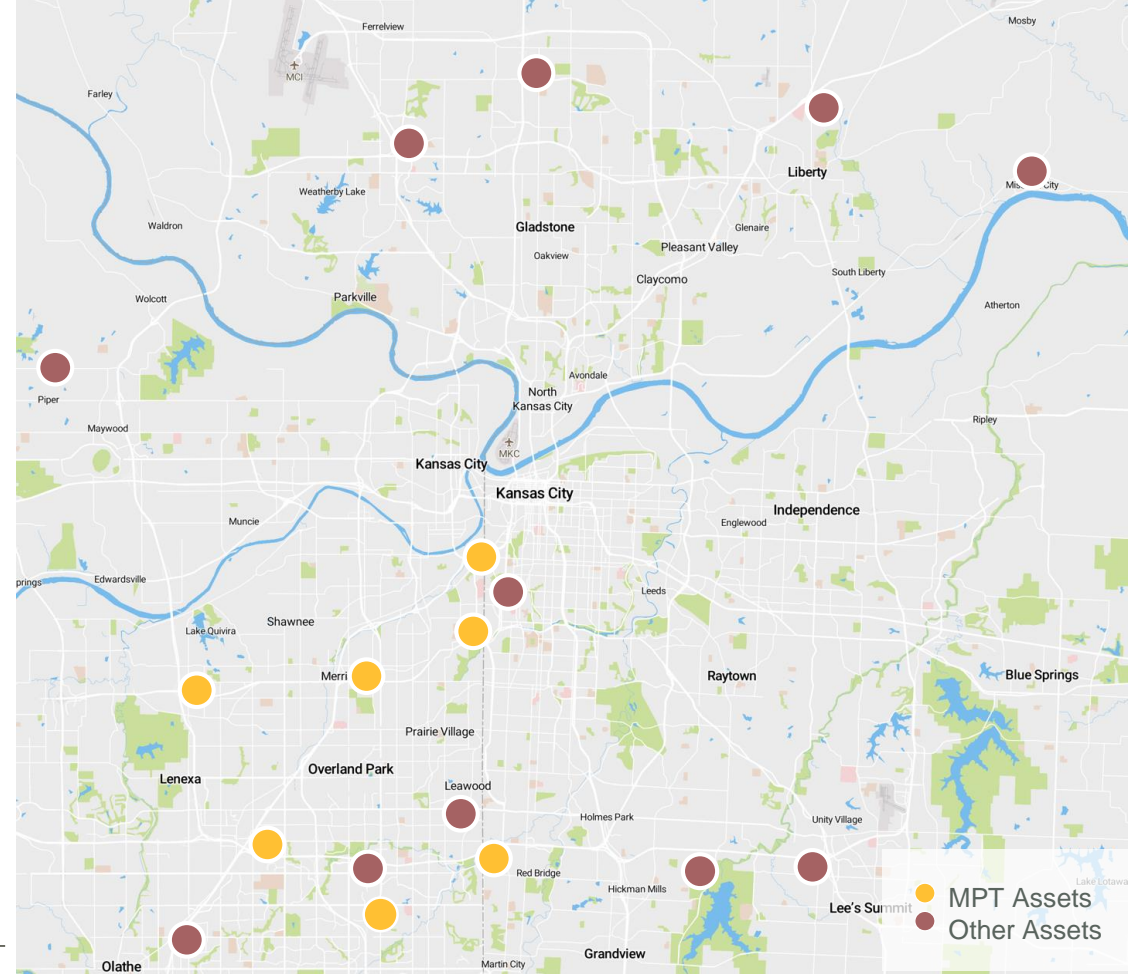
**Operated and Guaranteed by:**  
Saint Luke's Health System  
(A1 / A+ rated) <sup>(1)</sup>

**Investment:**  
\$145.4 million

**Term:**  
14-year initial term with two 5-year renewal options

**Annual Escalator:**  
Average 2% fixed escalators

- Saint Luke's Health System is a not-for-profit healthcare operator based in Kansas City, Missouri
- Currently operates 18 hospitals (including a 382-bed flagship hospital), 13 convenient care clinics and three surgery centers across the greater Kansas City region
- High quality, new construction community hospitals built within the last two years
- Located in high-income demographic areas on major roads / intersections within Johnson County, Kansas - the fastest growing county in the Kansas City region
- New relationship between MPT and A-rated not-for-profit (with comprehensive diagnostic and treatment facilities) signifies rapidly evolving and expanding hospital market



1. Per Moody's and S&P, respectively.



# Halsen Healthcare



**Investment Properties:**

1 Acute care hospital

**Investment:**

\$40 million <sup>(1)</sup>

**Location:**

California

**Term:**

15-year initial term with three 5-year renewal options

**Operated by:**

Halsen Healthcare, LLC.

**Annual Escalator:**

Greater of CPI or 2% with a ceiling of 5%

- Halsen Healthcare, a newly established operator based in Orange County, CA, boasts a deeply experienced executive team comprised of former Tenet, Community Health Systems and HCA executives, whom the Company expects to grow with in the coming years
- MPT's investment in Watsonville Community Hospital, a 106-bed acute care hospital profitably serving the healthcare needs of its surrounding markets, initiates a new operator relationship for MPT
- Watsonville is a coastal city located south of San Jose, a region with expected population growth of ~3% over the next five years



1. Real estate only. Total investment of \$55mm including a working capital loan.

An aerial photograph of a large, modern hospital complex at dusk. The main building is a large, multi-story structure with a prominent tower on the left side featuring a white cross logo and the name "Cleveland Clinic" in a smaller font. The courtyard in the foreground is landscaped with several green lawns, numerous trees, and a central circular fountain. The sky is dark with some clouds, and the city lights are visible in the background.

# 2019 Completed Acquisitions Previously Announced

# BMI Harbour Hospital

**Invested Properties:**

1 Acute care hospital

**Investment:**

\$45 million

**Location:**

England

**Term:**

14 years remaining

**Operated by:**

BMI Healthcare

**Annual Escalator:**

Fixed 2.5%



- 38-bed acute care hospital located in Poole, England, an affluent coastal city southwest of London
- Offers orthopedic, oncology and physiotherapy services
- BMI Healthcare is the largest private hospital operator in the United Kingdom
  - 56 hospitals with 20 facilities in London
- Transaction closed April 3, 2019





# Infracore

**Ownership Acquired:**

46% stake in Infracore SA

**Investment:**

\$410 million <sup>(1)</sup>

**Location:**

Switzerland

**Operated by:**

Swiss Medical Network

- Infracore SA is a Swiss healthcare real estate company with real estate holdings valued at approximately \$900 million
- Portfolio consists of 13 acute care campuses and two additional properties across Switzerland
- Hospitals are operated by the Swiss Medical Network (Switzerland's second largest private hospital operator)
- Hospitals total approximately 1.5 million square feet of high-quality assets, with an average 23 year remaining lease term
- Through the acquisition, which closed on May 27, 2019, MPT became the largest shareholder in Infracore
- On June 28, 2019, MPT acquired 4.9% shareholding in AEVIS VICTORIA SA which owns 19% of Infracore and wholly owns Swiss Medical Network
  - Investment leads to closer alignment and potential growth with Swiss Medical Network



1. Represents gross real estate investment.

# Healthscope

## Invested Properties:

11 Hospitals

## Investment:

\$858 million <sup>(1)</sup>

## Locations:

Sydney, Melbourne, Brisbane and Perth

## Term:

20-year weighted average initial term with multiple extension options

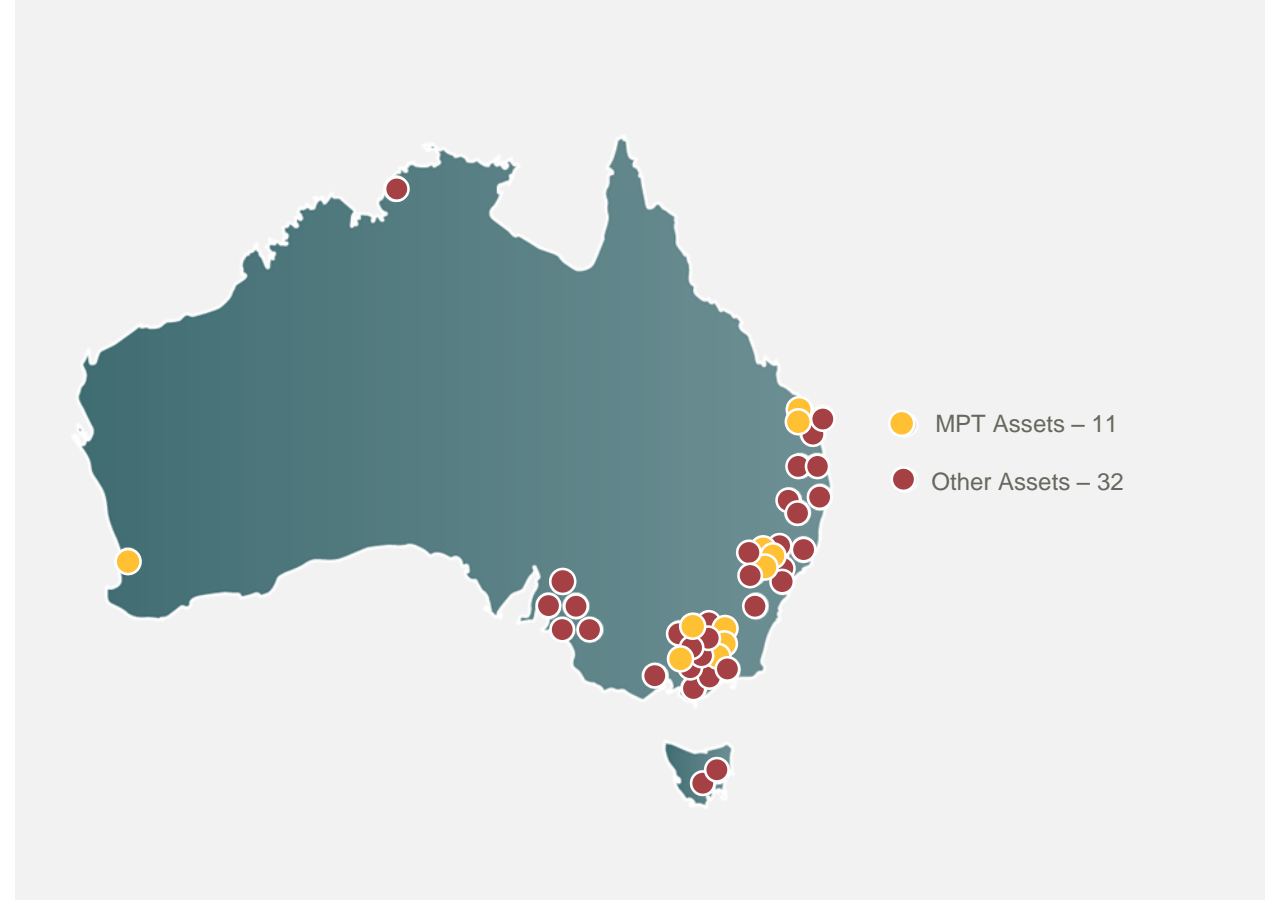
## Operated by:

Healthscope Ltd.

## Annual Escalator:

Fixed 2.5%

- Healthscope is the second largest private hospital operator in Australia with 18,000 employees and 5,100 beds
- Operates 43 hospitals located around large metropolitan centers, including 30 acute hospitals, seven mental health hospitals and six rehabilitation hospitals
- Transaction agreements include provisions for MPT to invest up to an additional \$350 million for expansion and redevelopment projects in 2019 and future years
- Transaction with Healthscope closed on June 6, 2019 (transaction financed with a five-year unsecured term loan at a 2.45% fixed interest rate)



1. Excludes stamp duties and registration fees.

# Portfolio Update



# Portfolio Update



- Steward integrated operations of IASIS and other acquisitions which expanded the company from Massachusetts to 8 additional states, increasing its portfolio to 36 hospitals from 9 facilities

- Integrated operations of over 1,500 employed physician providers located in over 600 locations
- Expanded the network of affiliated providers from 2,700 to over 5,000
- Conversion of Electronic Health Record systems to maintain the reliability and consistency of electronic records and integrate billing processes to increase the speed at which charges are collected
- Centralization of all three corporate offices to Dallas, TX
  - Workforce reductions led to substantial one-time severance charges; savings to be realized in 2019

## 2018 EBITDAR Reconciliation

(\$ in millions)

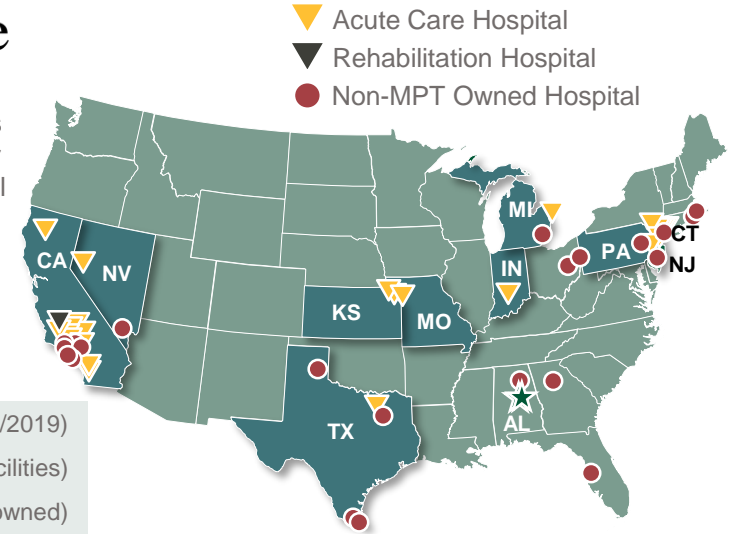
<b>Loss From Operations, Before Income Taxes</b>	<b>(\$269.2)</b>
Gain on Sale	(36.4)
Depreciation and Amortization	230.8
Interest	169.8
Operating Leases	212.9
<b>EBITDAR</b>	<b>\$307.9</b>
Staffing and Vendor Consolidation and Integration	82.5
Revenue Cycle Integration Adjustments	49.5
Electronic Health Record Conversion Impact	133.8
Integration Cost <sup>(1)</sup>	89.5
Facility Disposal and Transition Costs	19.6
Other Non-Recurring	27.0
<b>Adjusted EBITDAR</b>	<b>\$709.8</b>
<b>MPT Coverage Rent / Interest</b>	<b>\$249.3</b>
<b>Consolidated Adjusted EBITDAR Coverage</b>	<b>2.85x</b>



## Prime Healthcare

- Generated substantial cost savings in supply chain management, labor optimization, and improved Medical Group efficiencies
- Further increased liquidity through revenue cycle improvements

<b>Investment</b>	\$1.1 billion (3/31/2019)
<b># of Beds</b>	6,073 (4,520 MPT Facilities)
<b># of Hospitals</b>	45 (22 MPT owned)



## MEDIAN

- Expense management initiatives realized in 2018 as well as renegotiated certain payer contracts
- Renovated selected units across the portfolio

<b>Investment</b>	\$1.0 billion (3/31/2019)
<b># of Beds</b>	18,073 (14,435 MPT Facilities)
<b># of Hospitals</b>	120 (77 MPT owned)

- Black triangle: Rehabilitation Hospital
- Red circle: Non-MPT Owned Hospital



Note: Steward Health Care System information provided by Steward Health Care System. MPT did not participate in the preparation of this information.

1. Includes Houston facility remediation.



# Appendix

# FFO Run-Rate and Gross Assets Reconciliation

## Annual Run-Rate Guidance – Per Share <sup>(1)</sup>

	Low	High
Net income attributable to MPT common stockholders	\$1.08	\$1.12
Participating securities' share in earnings	-	-
<b>Net income, less participating securities' share in earnings</b>	<b>\$1.08</b>	<b>\$1.12</b>
Depreciation and amortization	0.45	0.45
<b>Funds from operations</b>	<b>\$1.53</b>	<b>\$1.57</b>
Other adjustments	0.01	0.01
<b>Normalized funds from operations</b>	<b>\$1.54</b>	<b>\$1.58</b>

## Pro Forma Total Gross Assets

	Pro Forma March 31, 2019
Total assets	\$9,231,453
<b>Add:</b>	
Completed investments since March 31, 2019 and current committed acquisitions and developments	3,108,777
Accumulated depreciation and amortization	498,915
Incremental gross assets of our joint ventures <sup>(2)</sup>	540,542
<b>Less:</b>	
Cash and cash equivalents	(745,548)
<b>Pro forma total gross assets <sup>(3)</sup></b>	<b>\$12,634,139</b>

1. Based on current expectations and actual results or future events may differ materially from those expressed in this table, which is a forward-looking statement within the meaning of the federal securities laws. Please refer to the forward-looking statement included in the corresponding press release and our filings with the Securities and Exchange Commission for a discussion of risk factors that affect MPT's performance.

2. Adjustment needed to reflect MPT's share of joint ventures' gross assets.

3. Pro forma total gross assets is total assets before accumulated depreciation/amortization, includes investments completed since March 31, 2019 and assumes real estate binding commitments on new investments and unfunded amounts on development deals and commenced capital improvement projects are funded, and assumes cash on hand is used in these transactions. We believe pro forma total gross assets is useful to investors as it provides a more current view of our portfolio and allows for a better understanding of our concentration levels as our binding commitments close and our other commitments are fully funded.





St. Elizabeth's Medical Center  
A STEWARD FAMILY HOSPITAL

AT THE VERY HEART OF HEALTHCARE