

MEDICAL PROPERTIES TRUST INC
Form 8-K
October 21, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 15, 2014

MEDICAL PROPERTIES TRUST, INC.
MPT OPERATING PARTNERSHIP, L.P.
(Exact Name of Registrant as Specified in Charter)

| | | |
|---|---|--|
| Maryland | 001-32559 | 20-0191742 |
| Delaware (State or other jurisdiction of | 333-177186 (Commission | 20-0242069 (I.R.S. Employer |

incorporation or organization)

File Number)

Identification No.)

1000 Urban Center Drive, Suite 501

Birmingham, AL

35242

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (205) 969-3755

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.*Acquisition of Median Kliniken Portfolio*

On October 15, 2014, affiliates of Medical Properties Trust, Inc. (the Company) and its operating partnership, MPT Operating Partnership, L.P. (the Operating Partnership), entered into definitive agreements pursuant to which subsidiaries of the Operating Partnership will acquire substantially all the real estate assets of Median Kliniken S.à r.l. (Median), a German provider of post-acute and acute rehabilitation services, for an aggregate purchase price that is expected to be approximately 705 million, or \$900 million based on current exchange rates. The portfolio includes 40 rehabilitation hospitals located across 12 states in the Federal Republic of Germany.

The table below sets forth pertinent details with respect to the facilities to be acquired:

| Property | Type of Property | Location | Number of Licensed Beds | Square Feet |
|----------------------|------------------|----------------------|-------------------------|-------------|
| Heiligendamm | Rehab | Heiligendamm | 255 | 162,643 |
| Wismar | Rehab | Wismar | 203 | 139,242 |
| Bad Sulze | Rehab | Bad Sulze | 230 | 180,489 |
| Hoppegarten | Rehab | Hoppegarten | 244 | 218,701 |
| Grunheide | Rehab | Grunheide | 240 | 215,030 |
| Berlin-Kladow | Rehab | Berlin | 220 | 180,489 |
| NRZ Magdeburg | Rehab | Magdeburg | 210 | 229,732 |
| Kalbe | Rehab | Kalbe | 220 | 178,865 |
| Flechtingen I | Rehab | Flechtingen | 195 | 131,976 |
| Flechtingen II | Rehab | Flechtingen | 225 | 180,489 |
| Bad Tennstedt | Rehab | Bad Tennstedt | 251 | 179,197 |
| Ilmtal | Rehab | Bad Berka | 217* | 141,590 |
| Quellbrunn | Rehab | Bad Berka | 217* | 86,564 |
| Adelsberg Klinik | Rehab | Bad Berka | 237 | 167,368 |
| Bad Lobenstein | Rehab | Bad Lobenstein | 228 | 168,815 |
| Bad Lausick | Rehab | Bad Lausick | 199 | 131,976 |
| Berggiesshubel | Rehab | Berggiesshubel | 195 | 131,976 |
| Bad Gottleuba | Rehab | Bad Gottleuba | 545 | 260,486 |
| Weserklinik | Rehab | Bad Oeynhausen | 210 | 137,286 |
| Flachsheide | Rehab | Flachsheide | 235 | 195,666 |
| Klinik am Burggraben | Rehab | Bad Salzuflen | 747 | 433,086 |
| Reha-Zentrum Gyhum | Rehab | Gyhum | 333 | 162,643 |
| Braunfels | Acute | Braunfels | 160 | 135,216 |
| Schlangenbad | Rehab | Schlangenbad | 115 | 227,538 |
| Aukammtal | Rehab | Wiesbaden | 236 | 177,464 |
| Hohenfeld | Rehab | Bad Camberg | 373 | 209,127 |
| Klinik am Sudpark | Rehab | Bad Nauheim | 265 | 96,875 |
| Kaiserberg Klinik | Rehab | Bad Nauheim | 245 | 124,861 |
| Kinzigtal Klinik | Rehab | Bad Soden-Salmünster | 189 | 108,005 |
| Burg Landshut | Rehab | Bernkastel-Kues | 250 | 181,673 |
| Moselschleife | Rehab | Bernkastel-Kues | 203 | 147,465 |
| Bernkastel | Rehab | Bernkastel-Kues | 215 | 85,110 |

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| | | | | |
|-------------------------|-------|---------------------------|--------------|------------------|
| Moselhohe | Rehab | Bernkastel-Kues | 230 | 103,516 |
| Gunzenbachhof | Rehab | Baden-Baden | 68 | 66,736 |
| Achertal Klinik | Rehab | Ottenhöfen im Schwarzwald | 69 | 77,253 |
| Franz-Alexander Klinik | Rehab | Nordrach | 34 | 39,557 |
| St. Georg Nordrach | Rehab | Nordrach | 97 | 54,325 |
| St. Georg Bad Krozingen | Rehab | Bad Krozingen | 138 | 64,196 |
| St. Georg Bad Durrheim | Rehab | Bad Durrheim | 116 | 205,375 |
| ATOS - Heidelberg | Acute | Heidelberg | 73 | 117,327 |
| Total | | | 8,715 | 6,235,928 |

* Licensed beds for Ilmtal and Quellbrunn shown together.

We expect to consummate the transaction in a series of steps in partnership with affiliates of Waterland Private Equity Fund V C.V. (Waterland V). In the first step, an affiliate of Waterland V will acquire 94.9% of the outstanding equity interests in Median pursuant to a stock purchase agreement with Median's current owners. We will indirectly acquire the remaining 5.1% of the outstanding equity interests in Median and provide interim loans to Waterland and Median in aggregate amounts up to the expected purchase price of the real estate assets. The consummation of the Median acquisition is subject to customary closing conditions, including German antitrust clearance. The loans we make to Waterland V and Median will bear interest at a rate similar to the initial lease rate under the sale and leaseback transactions described below.

Concurrently with or as soon as practical following the closing of the Median acquisition, we will acquire substantially all of Median's real estate assets under a sale and leaseback agreement. We will either assume or novate any third party debt attributable to the real estate assets or provide the cash required to repay the third party debt. The purchase price we are required to pay for the real estate assets will be offset, pro rata, against amounts of debt that we assume or have provided cash to repay, and/or against the amounts of loans previously made to Waterland V or Median. The sale and leaseback transactions are conditioned on the acquisition of Median described above and is also subject to customary real estate, regulatory and other closing conditions, including waiver of any statutory pre-emption rights by local municipalities. To the extent we are unable to acquire the entire Median portfolio as contemplated, we will have a right of first refusal with regard to any new real estate properties owned or acquired by Median.

Upon our acquisition of the real estate assets, we will lease them back to Median under a 27 year master lease, with annual escalators at the greater of one percent or 70% of the German consumer price index. We expect the transactions to be completed during the first quarter of 2015.

Waterland V is an affiliate of Waterland Private Equity Fund IV C.V., which controls RHM Klinik-und Altenheimbetriebe GmbH & Co. KG, the operator and lessee of 11 German facilities that we currently own.

Financing; Amendment of Senior Credit Facility; Commitment Letter

Subject to prevailing market conditions, we intend to finance and/or refinance our obligations relating to the Median transactions with the net proceeds of borrowings under our senior credit facility, new secured and unsecured debt issuances, equity issuances, or a combination thereof.

On October 17, 2014, we and the Operating Partnership entered into an amendment to our existing amended and restated revolving credit and term loan agreement, dated as of June 19, 2014, by and among us, JPMorgan Chase Bank, N.A. (JPM), as administrative agent, and the financial institutions specified therein. The amendment increases the current aggregate committed size of the facility to \$1.15 billion and increases the incremental term loan and/or revolving loan capacity by up to an additional \$400 million, for total aggregate capacity of \$1.55 billion. The amendment further increases the alternative currency sublimit under the facility to 500 million and amends certain covenants in order to permit us to consummate and finance the Median transactions. The foregoing description of the amendment is qualified in its entirety by the full terms and conditions of the amendment, a copy of which will be filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

In addition, we have received a commitment letter from JPM, pursuant to which JPM and a syndicate of lenders have agreed to fund a new one-year senior unsecured term loan of up to \$225 million. The commitment letter is subject to customary conditions for this type of financing, including, but not limited to, consummation of the Median transactions. The commitment letter provides that, subject to certain exceptions, the commitment will be reduced by the amount of additional debt and equity capital that we raise (or if the term loan is then funded we will be obligated to repay the term loan in such amount).

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth above with respect to the amendment to our amended and restated revolving credit and term loan agreement under Item 1.01 of this Current Report on Form 8-K is hereby incorporated into this Item 2.03 by reference.

Item 7.01. Regulation FD Disclosure.

On October 20, 2014, the Company issued a press release announcing the Median acquisition, a copy of which is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information furnished pursuant to this Item 7.01 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended.

In addition, this information shall not be deemed incorporated by reference in any filing of the Company or the Operating Partnership with the Securities and Exchange Commission, except as expressly set forth by specific references in any such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| Exhibit No. | Description |
|----------------|--------------------------------------|
| 99.1 | Press release dated October 20, 2014 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunder duly authorized.

MEDICAL PROPERTIES TRUST, INC.

By: /s/ R. Steven Hamner
Name: R. Steven Hamner
Title: Executive Vice President and Chief
Financial Officer

Date: October 21, 2014

MPT OPERATING PARTNERSHIP, L.P.

By: /s/ R. Steven Hamner
Name: R. Steven Hamner
Title: Executive Vice President and Chief
Financial Officer of the sole member of
the general partner of MPT Operating
Partnership, L.P.

Date: October 21, 2014