

[taking care of our investments]

*Striving to achieve* CREATIVE TENSION

Think of Medical Properties Trust's Asset Management Team as part of the company's special forces, which deploy to every MPT-funded facility at least once a year. They come equipped with significant experience in both healthcare real estate and hospital operations – to help MPT facilities succeed in every market. Perhaps best of all, they come with an open mind and a readiness to learn.

"We learn from each situation our clients face," said Tom Schultz, MPT's director of asset management, who was part of a team traveling recently to California to meet with management teams at three acute care hospitals run by Prem Reddy, M.D. and his CEO, Lex Reddy. One of the facilities, Desert Valley Medical Center in Victorville, had just been named to Solucient's list of America's Top 100 Hospitals – for the second time in three years.

"It's a learning experience for both of us," explained Lex Reddy, "and what we found from MPT's recent visit is that the issues relating to hospitals are pretty much the same in every part of the country. We are all dealing with the same issues. And this is giving us an impetus to see if we can move beyond California to acquire hospitals in other states, and prove that our strategy will work so long as it is based on patient-focused delivery systems."





“The most positive thing we observed during our visit to California was the foresight displayed by Prem Reddy and Lex Reddy as they began building a new corporate infrastructure to serve all three facilities – including the extraordinarily successful one in Victorville as well as two more recent acquisitions in Chino and Sherman Oaks,” explained Tom Schultz. “They have engaged key people at all three hospitals in a new dialog about the role each hospital will play in the creation of a new corporate culture, and that is very important,” Schultz continued. “They hope to foster a ‘creative tension’ among the elements – to build a sense of being part of the system while preserving a sense of autonomy that’s required to serve the needs of the patients and the local doctors.”

“I want that tension,” said Lex Reddy, the CEO. “I see it as constructive and positive. For a hospital to be successful, we need physicians and the administration working together to achieve the best results and to deliver high quality healthcare in a very cost effective setting. We can’t have that without the proper dialog.”

He believes communication between MPT and the hospital management teams is also important. “The MPT team, including Kathy Brewer, Lou Cohen, Matt Moman and Tom Schultz, spent quite a bit of time with us – an average of six to eight hours at each facility. And the best part was the hands-on interaction. Our relationship is not

just swapping reports and financial statements or computer printouts. It’s more of an exchange of information at a personal level.”

“For me as CEO, it felt like MPT was really taking care of their investment – they wanted to make sure that things were being done right, and that operational efficiencies are being achieved. That’s what impressed me the most – I’ve never seen any other REIT or lender spend that kind of time.”

“And the benefit of having people like Tom Schultz here is that his strong hospital background really adds a lot of value for us, too. What makes it interesting is that it’s almost like he is challenging our intellectual ability – fostering some creative tension of his own. And you know, that’s when the positive creative juices flow. So the next time Tom comes, I’ll have to be one step ahead of him...”

