

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

In re: § Chapter 11  
§  
§  
STEWARD HEALTH CARE SYSTEM § Case No. 24-90213 (CML)  
§  
LLC, *et al.*, § (Jointly Administered)  
§  
Debtors.<sup>1</sup> §  
§

**EMERGENCY MOTION OF  
DEBTORS FOR ORDER (I) AUTHORIZING  
REJECTION OF MASTER LEASE II AGREEMENTS  
EFFECTIVE AS OF THE REJECTION DATE IN CONNECTION  
WITH PLANNED TRANSITION AND SALE OF MASSACHUSETTS  
HOSPITALS TO NEW OPERATORS, AND (II) GRANTING RELATED RELIEF**

**EMERGENCY RELIEF HAS BEEN REQUESTED. RELIEF IS REQUESTED NOT LATER THAN 1:00 P.M. (CENTRAL TIME) ON JULY 31, 2024.**

**IF YOU OBJECT TO THE RELIEF REQUESTED OR YOU BELIEVE THAT EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU MUST APPEAR AT THE HEARING IF ONE IS SET, OR FILE A WRITTEN RESPONSE PRIOR TO THE DATE THAT RELIEF IS REQUESTED IN THE PRECEDING PARAGRAPH. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.**

**A HEARING WILL BE CONDUCTED ON THIS MATTER ON JULY 31, 2024 AT 1:00 P.M. (CENTRAL TIME) IN COURTROOM 401, 4TH FLOOR, 515 RUSK AVENUE, HOUSTON, TX 77002.**

**YOU MAY PARTICIPATE IN THE HEARING EITHER IN PERSON OR BY AN AUDIO AND VIDEO CONNECTION.**

**AUDIO COMMUNICATION WILL BE BY USE OF THE COURT'S DIAL-IN FACILITY. YOU MAY ACCESS THE FACILITY AT 832-917-1510. ONCE CONNECTED, YOU WILL BE ASKED TO ENTER THE CONFERENCE ROOM NUMBER. JUDGE LOPEZ'S CONFERENCE ROOM NUMBER IS 590153. VIDEO COMMUNICATION WILL BE BY USE OF THE GOTOMEETING PLATFORM. CONNECT VIA THE FREE GOTOMEETING APPLICATION OR CLICK THE LINK ON JUDGE LOPEZ'S HOME PAGE. THE MEETING CODE IS "JUDGELOPEZ." CLICK THE SETTINGS ICON IN THE UPPER RIGHT CORNER AND ENTER YOUR NAME UNDER THE PERSONAL INFORMATION SETTING.**

<sup>1</sup> A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at <https://restructuring.ra.kroll.com/Steward>. The Debtors' service address for these chapter 11 cases is 1900 N. Pearl Street, Suite 2400, Dallas, Texas 75201.

**HEARING APPEARANCES MUST BE MADE ELECTRONICALLY IN ADVANCE OF BOTH ELECTRONIC AND IN-PERSON HEARINGS. TO MAKE YOUR APPEARANCE, CLICK THE “ELECTRONIC APPEARANCE” LINK ON JUDGE LOPEZ’S HOME PAGE. SELECT THE CASE NAME, COMPLETE THE REQUIRED FIELDS AND CLICK “SUBMIT” TO COMPLETE YOUR APPEARANCE.**

Steward Health Care System LLC and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”) respectfully represent as follows in support of this motion (the “**Motion**”):

**Preliminary Statement**

1. The Debtors are pleased to report that, in connection with their robust marketing process to sell their hospital operations in Massachusetts, they (a) have received binding bids from high-quality local operators to acquire six (6) of their Massachusetts hospitals, and (b) are finalizing a commitment from the Commonwealth of Massachusetts (the “**Commonwealth**”) to provide \$30 million in funding to support the hospitals’ operations as they are sold and transitioned to new operators in the near-term.

2. Since the outset of these chapter 11 cases, the Debtors have remained steadfast in achieving their goal of doing everything within their power to keep each of their thirty-one (31) hospitals open. To that end, the Debtors commenced these chapter 11 cases to raise debtor-in-possession financing to allow them to continue to provide high quality care to their patients, complete their prepetition sale process, and sell their hospitals to new operators that can continue to serve the Debtors’ patients and communities.

3. Notably, as part of the Debtors’ sale efforts, there has been a comprehensive process to market the Debtors’ hospital operations in the Commonwealth of Massachusetts (the “**Massachusetts Hospitals**”), all of which operate on properties that are leased from a joint venture (the “**MPT-Macquarie JV**”) owned by Medical Properties Trust, Inc. (“**MPT**”) and Macquarie Group (“**Macquarie**”) under that certain *Master Lease Agreement (Master Lease II)*,

dated as of March 14, 2022 (as amended, restated, or modified from time to time, “**Master Lease II**”).

4. In January 2024, Cain Brothers began marketing the Debtors’ hospitals in Southern Massachusetts, and in February 2024, Leerink Partners began marketing the Debtors’ hospitals in Northern Massachusetts. The marketing of the Massachusetts Hospitals has continued since the Petition Date pursuant to the Debtors’ Bidding Procedures.<sup>2</sup>

5. The Debtors have lost nearly \$100 million operating the Massachusetts Hospitals in just the first five (5) months of this calendar year. The Debtors, and by extension their lenders, have been funding these operating losses year to date. But the Debtors have zero ability to use cash collateral or DIP Financing for funding losses moving forward and have no approved budget to fund these losses—a key fact that all parties are painfully aware. Yet despite the fact that the Massachusetts Hospitals generate significant operating losses (including on account of the \$114 million annual rent obligations payable to the MPT-Macquarie JV under Master Lease II),<sup>3</sup> through their extensive marketing efforts, and facilitated by promises of financial support from the Commonwealth,<sup>4</sup> the Debtors have obtained binding bids from reputable buyers to acquire six (6)

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<sup>2</sup> “**Bidding Procedures**” means Court-approved bidding procedures pursuant to the *Order (I) Approving (A) Global Bidding Procedures for Sales of the Debtor’s Assets, (B) Form and Manner of Notice of Sales, Auctions, and Sale Hearings, and (C) Assumption and Assignment Procedures and Form and Manner of Notice of Assumption and Assignment; (II) Authorizing Designation of Stalking Horse Bidders; (III) Scheduling Auctions and Sale Hearings; and (IV) Granting Related Relief* (Docket No. 626).

<sup>3</sup> The extent of the Debtors operating losses at the Massachusetts Hospitals are described in the *Emergency Motion of Debtors for Entry of An Order (I) Approving (A) Funding From the Commonwealth of Massachusetts for the Planned Transition and Sale of Massachusetts Hospitals, (B) the Closure of Carney Hospital and Nashoba Valley Medical Center, and (C) Procedures Related to Facility Closures; and (II) Granting Related Relief*, filed contemporaneously herewith (the “**Hospital Funding and Facility Closure Motion**”).

<sup>4</sup> In addition to the \$30 million of transition payments contemplated by the Hospital Funding and Facility Closure Motion, the Debtors understand that the Commonwealth has offered certain bidders financial support to assume responsibility for operating certain of the Massachusetts Hospitals, providing the opportunity for the Debtors to transition such hospitals to a new operator, save thousands of jobs, and continue the provision of health care by such hospitals in the communities they serve.

out of the eight (8) Massachusetts Hospitals.<sup>5</sup> The Debtors plan to work expeditiously with the bidders to finalize the sale and transition of such hospitals without impacting patient care.

6. With support promised from the Commonwealth, the Debtors are also working to facilitate the sale or lease to bidders of the underlying real property leased by the Debtors under Master Lease II. Under the Debtors' Bidding Procedures, bidders were required to indicate the proposed treatment of the MPT-Macquarie JV's real property and proposed terms of an agreement with the MPT-Macquarie JV, including whether the bidder intends to lease or purchase the underlying real property.

7. With respect to the Massachusetts Hospitals, the Debtors did not receive any bids that provide for a bidder to assume Master Lease II or acquire the underlying real estate at a value that exceeds the "lease base" under Master Lease II for such hospital. Rather, the bids received contemplate a purchase price for the total hospital enterprise (*i.e.*, inclusive of real estate and operations) that are significantly less than the value of the real estate implied by the rent obligations and the lease base under Master Lease II.<sup>67</sup>

8. Therefore, there is no scenario in which a buyer of the Massachusetts Hospitals will assume Master Lease II or the rent obligations thereunder. Accordingly, the Debtors have filed this Motion to reject Master Lease II, relieve themselves of the burden of continuing to

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<sup>5</sup> The only exceptions are that no actionable bids have been received for Carney Hospital and Nashoba Valley Medical Center, and the Debtors are seeking court authority to close such hospitals (the "**Closing Massachusetts Hospitals**") pursuant to the Hospital Funding and Facility Closure Motion.

<sup>6</sup> Because the Master Lease II rents were negotiated and agreed to in a different market environment with different capitalization rates, and are higher than current market rates, every bidder for the Massachusetts Hospitals asked the MPT-Macquarie JV for significant rent concessions or to acquire the underlying real property at a significant discount to the MPT-Macquarie JV's lease base.

<sup>7</sup> Because MPT's and Macquarie's investment in such real estate is substantially impaired, the Debtors have asked MPT and Macquarie to agree to certain concessions to allow the Debtors to transition the Massachusetts Hospitals to new operators. The Debtors have allowed for substantial engagement with the bidders to facilitate a transition, but have been stymied by MPT and Macquarie seeking to extract concessions to facilitate a consensual transition to date.

incur financial obligations to the MPT-Macquarie JV, and focus on a safe and expedited transition of the Massachusetts Hospitals to new operators with the financial support of the Commonwealth. The rejection of Master Lease II is supported by the Commonwealth, the official committee of unsecured creditors (the “**Creditors’ Committee**”) and the Debtors’ secured lenders.

9. For the avoidance of doubt, the proposed rejection of Master Lease II is intended to facilitate the sale and transition of the Massachusetts Hospitals to new operators (other than with respect to Carney Hospital and Nashoba Valley Medical Center, which the Debtors are seeking approval to close, as there were no actionable bids on such properties that the Commonwealth was willing to commit to support).

10. Contemporaneously with seeking the relief requested herein, the Debtors are actively engaged in discussions with bidders regarding the sale of the Debtors’ operating assets, including, among other things, licenses, furniture, fixtures, equipment, inventory, and other personal property. As noted above, the bids for the Massachusetts Hospitals contemplate a total enterprise value for the operations of the Massachusetts Hospitals and the real property owned by the MPT-Macquarie JV (which is worth significantly less than the lease base under Master Lease II). Although value allocation between real estate and operations is subject to ongoing mediation with MPT, Macquarie, and the other mediation parties, if unable to reach a resolution, the Debtors intend to ask the Court to decide how much value is allocable to the Debtors’ assets and operations as compared to the underlying real estate.

### **Background**

11. On May 6, 2024, (the “**Petition Date**”), the Debtors each commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of Texas (the “**Court**”).

The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

12. On May 16, 2024, the U.S. Trustee for Region 7 appointed the Creditors' Committee. No trustee or examiner has been appointed in these chapter 11 cases.

13. The Debtors' chapter 11 cases are being jointly administered for procedural purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**") and Rule 1015-1 of the Bankruptcy Local Rules for the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Local Rules**").

14. The Debtors own and operate the largest private physician-owned for-profit healthcare network in the United States. Headquartered in Dallas, Texas, the Debtors' operations include 31 hospitals across eight states, approximately 400 facility locations, 4,500 primary and specialty care physicians, 3,600 staffed beds, and a company-wide workforce of nearly 30,000 employees. The Debtors provide care to more than two million patients annually.

15. Additional information regarding the Debtors' business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of John R. Castellano in Support of Debtors' Chapter 11 Petitions and First-Day Pleadings* (Docket No. 38) (the "**First Day Declaration**"), filed on the Petition Date.<sup>8</sup>

### **Jurisdiction**

16. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

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<sup>8</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the First Day Declaration.

**Relief Requested**

17. Pursuant to sections 365(a) and 105(a) of the Bankruptcy Code and Bankruptcy Rules 6004 and 6006, the Debtors request (i) authority to reject Master Lease II Agreements (as defined below), effective as of the date hereof (the “**Rejection Date**”) and (ii) related relief.

18. A proposed form of order granting the relief requested herein is annexed hereto as **Exhibit A** (the “**Proposed Order**”).

19. In support of this Motion, the Debtors submit the following declarations:

- i. *Declaration of John R. Castellano in Support of Emergency Motions of Debtors for Entry of Orders (I) Approving (A) Funding From the Commonwealth of Massachusetts for the Planned Transition and Sale of Massachusetts Hospitals, (B) the Closure of Carney Hospital and Nashoba Valley Medical Center, and (C) Procedures Related to Facility Closures; and (II) Authorizing Rejection of Master Lease II Agreements in Connection with Planned Transition and Sale of Massachusetts Hospitals to New Operators* (the “**Castellano Declaration**”), filed contemporaneously herewith;
- ii. *Declaration of Toby King in Support of Emergency Motions of Debtors for Entry of Orders (I) Approving (A) Funding From the Commonwealth of Massachusetts for the Planned Transition and Sale of Massachusetts Hospitals, (B) the Closure of Carney Hospital and Nashoba Valley Medical Center, and (C) Procedures Related to Facility Closures; and (II) Authorizing Rejection of Master Lease II Agreements in Connection with Planned Transition and Sale of Massachusetts Hospitals to New Operators* (the “**King Declaration**”), filed contemporaneously herewith; and
- iii. *Declaration of James Moloney in Support of Emergency Motions of Debtors for Entry of Orders (I) Approving (A) Funding From the Commonwealth of Massachusetts for the Planned Transition and Sale of Massachusetts Hospitals, (B) the Closure of Carney Hospital and Nashoba Valley Medical Center, and (C) Procedures Related to Facility Closures; and (II) Authorizing Rejection of Master Lease II Agreements in Connection with Planned Transition and Sale of Massachusetts Hospitals to New Operators* (the “**Moloney Declaration**”), filed contemporaneously herewith.

**Master Lease II Agreements Terms**

20. By this Motion, the Debtors seek to reject the Master Lease II Agreements,<sup>9</sup> each effective as of the Rejection Date. The key terms of Master Lease II are set forth below:<sup>10</sup>

<b>Parties</b>	Certain affiliates of Steward Health Care System LLC (“ <b>Lessees</b> ”) Certain affiliates of MPT Operating Partnership, L.P. (“ <b>Lessor</b> ”)
<b>Lease Guaranty</b>	Steward Health Care System LLC guarantees all of the obligations of each lessee under Master Lease II.
<b>Commencement Date</b>	March 14, 2022 (the “ <b>Initial Commencement Date</b> ”).
<b>Fixed Term</b>	Commencing on the Initial Commencement Date and ending at midnight on October 31, 2041 (the “ <b>Fixed Term</b> ”).
<b>Extension Term</b>	One (1) 5-year extension option available on the same terms and conditions set forth in Master Lease II.
<b>Base Rent Obligations</b>	The current annual base rent payable under Master Lease II is approximately \$114 million
<b>Lease Base</b>	See Master Lease II, Schedule 3.1(a) for the lease base for each leased property as of the Initial Commencement Date.
<b>Current Lease Rate</b>	9.29%
<b>Annual Inflation-Based Rent Escalation</b>	On each January 1 during the term (each an “ <b>Adjustment Date</b> ”), the Applicable Lease Rate shall be increased and shall be equal to the sum of (a) the previous Applicable Lease Rate and (b) the percentage by which the Consumer Price Index (“ <b>CPI</b> ”) published for the month of October prior to the applicable adjustment date shall have increased over the CPI figure published for the month of October prior to the previous Adjustment Date; provided, however, that the percentage CPI increase used for the escalator shall in no event be less than 2.0% or greater than 5.0%.
<b>Right of First Refusal</b>	Upon expiration of the Fixed Term, so long as no Event of Default has occurred and is continuing, Lessee shall have a first refusal option to purchase the leased property.

<sup>9</sup> The term “Master Lease II Agreements” used herein refers collectively to Master Lease II and the Master Lease II Ancillary Agreements set forth on the **Schedule 1** annexed to the Proposed Order.

<sup>10</sup> The table below is intended only to provide a summary of material terms of Master Lease II. Complete terms can be found in Master Lease II.

<b>Cross-Defaults</b>	Master Lease I and Master Lease II cross-default. An “Event of Default” under Master Lease II includes a “Major Event of Default” as defined in Master Lease I or the Mortgage Loan Agreement (as defined in Master Lease II) and any “Event of Default” under and as defined in Master Lease I.
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### **Creditors’ Committee’s Challenge Rights**

21. Pursuant to the *Final Order (I) Authorizing the Debtors to (A) Obtain Junior Lien Postpetition Financing, (B) Use Cash Collateral, and (C) Grant Liens and Provide Superpriority Administrative Expense Claims; (II) Granting Adequate Protection to Certain Prepetition Secured Parties; (III) Modifying The Automatic Stay; and (IV) Granting Related Relief* (Docket No. 625) (the “**Final MPT DIP Order**”) and the *Final Order (I) Authorizing the Debtors to (A) Obtain New Postpetition Financing, (B) Use Cash Collateral, and (C) Grant Liens and Provide Superpriority Administrative Expense Claims; (II) Granting Adequate Protection to Certain Prepetition Secured Parties; (III) Modifying the Automatic Stay; and (IV) Granting Related Relief* (Docket No. 1538) (the “**Final FILO DIP Order**” and together with the Final MPT DIP Order, the “**Final DIP Orders**”), the Creditors’ Committee has the right, among other things, to object or challenge the amount, validity, perfection, enforceability, priority or extent of MPT’s prepetition obligations and the Master Leases themselves. The Creditors’ Committee’s rights to Challenge the Master Leases therefore includes, without limitation, the Creditors’ Committee’s right to seek recharacterization of the Master Leases as disguised financings. Therefore, notwithstanding the Debtors’ rejection of Master Lease II, the Creditors’ Committee’s Challenge rights are preserved.<sup>11</sup>

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<sup>11</sup> Moreover, the Creditors’ Committee has indicated to the Debtors that it would object to any rejection of Master Lease II that does not preserve the Creditors’ Committee’s Challenge rights.

**Relief Requested Should be Granted**

**I. Rejection of Master Lease II Agreements Is a Sound Exercise of the Debtors' Reasonable Business Judgment**

22. Section 365(a) of the Bankruptcy Code provides, in pertinent part, that a debtor in possession “subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a); *see also N.L.R.B. v. Bildisco & Bildisco*, 465 U.S. 513, 521 (1984). “This provision allows a trustee to relieve the bankruptcy estate of burdensome agreements which have not been completely performed.” *Stewart Title Guar. Co. v. Old Republic Nat’l Title Ins. Co.*, 83 F.3d 735, 741 (5th Cir. 1996) (citing *In re Murexco Petroleum, Inc.*, 15 F.3d 60, 62 (5th Cir. 1994)); *see also In re Exide Techs.*, 607 F.3d 957, 967 (3d Cir. 2010) (“Courts may use § 365 to free a [debtor] from burdensome duties that hinder its reorganization.”).

23. Bankruptcy courts apply the “business judgment” standard to determine whether to authorize the rejection of an executory contract or unexpired lease. *See Matter of J.C. Penney Direct Mktg. Servs., L.L.C.*, 50 F.4th 532, 534 (5th Cir. 2022) (“A bankruptcy court reviews a debtor’s decision to . . . reject an executory contract under the deferential ‘business judgment’ standard.”) (citing *Mission Prod. Holdings, Inc. v. Tempnology, LLC*, 587 U.S. 370, 372 (2019)); *see also In re Mirant Corp.*, 378 F.3d 511, 524 n.5 (5th Cir. 2004) (“The rejection decision under § 365 is generally left to the business judgment of the bankruptcy estate.”); *Richmond Leasing Co. v. Cap. Bank, N.A.*, 762 F.2d 1303, 1309 (5th Cir. 1985) (“It is well established that ‘the question whether a lease should be rejected . . . is one of business judgment.’”) (quoting *Grp. of Institutional Invs. v. Chi., Milwaukee, St. Paul & Pac. R.R. Co.*, 318 U.S. 523, 550 (1943)); *In re Senior Care Ctrs., LLC*, 607 B.R. 580, 587 (Bankr. N.D. Tex. 2019) (“A court evaluates whether a lease should be assumed or rejected employing the business judgment standard.”); *In re N. Am. Techs. Grp., Inc.*, 2010 Bankr. LEXIS 5834, at \*15 (Bankr. E.D. Tex.

Aug. 16, 2010) (“[T]he Fifth Circuit has adopted, and subsequently affirmed, the Supreme Court’s rule that a court should defer to the Debtors’ business judgment when considering a motion to reject an executory contract or unexpired lease.”).

24. The “business judgment” standard requires only a showing that either assumption or rejection of the executory contract or unexpired lease will benefit the debtor’s estate. *See In re Idearc Inc.*, 423 B.R. 138, 162 (Bankr. N.D. Tex. 2009) (stating that the business judgment standard only “requires a showing that the proposed course of action will be advantageous to the estate.” (citation omitted)); *see also J.C. Penney Direct Mktg. Servs.*, 50 F.4th at 533 (5th Cir. 2022) (affirming the bankruptcy court’s order, the Fifth Circuit found that “the decision to reject the lease rested on JCP’s own business judgment regarding the financial benefits of each option.”). Further, under the business judgment standard, “[a] debtor’s decision . . . to reject an executory contract must be summarily affirmed unless it is the product of ‘bad faith, or whim or caprice.’” *In re Pilgrim’s Pride Corp.*, 403 B.R. 413, 422 (Bankr. N.D. Tex. 2009) (citing *Wheeling–Pittsburgh Steel Corp. v. W. Penn Power Co. (In re Wheeling–Pittsburgh Steel Corp.)*, 72 B.R. 845, 849–50 (Bankr. W.D. Pa. 1987)).

25. As an integral component of the Debtors’ efforts to preserve and maximize the value of their estates and reduce potential administrative costs in these chapter 11 cases by, among other things, eliminating approximately \$10 million a month in rent payments to the MPT-Macquarie JV, the Debtors have determined, in their reasonable business judgment, that rejection of the Master Lease II Agreements is in the best interest of the Debtors’ estates.

26. As set forth herein and in the Castellano Declaration, continuing to lease the facilities contemplated by Master Lease II expends substantial estate resources with no corresponding benefit. Master Lease II provides no economic value to the Debtors’ estates. The Debtors lose tens of millions of dollars a month operating the Massachusetts Hospitals, and each

of the bidders for the Massachusetts Hospitals (excluding the Closing Massachusetts Hospitals) intend to enter into new leases (or acquire the underlying real property).<sup>12</sup> The Debtors' sale process has shown that bidders are unwilling to assume the obligation to pay the existing Master Lease II rent. By contrast, the rejection of the Master Lease II Agreements will result in significant cost-savings for the Debtors' estates. Any continued expense in maintaining Master Lease II and attempt to market such lease in connection with the Debtors' sale and marketing efforts in Massachusetts will unnecessarily further deplete assets of the Debtors' estates, to the detriment of the Debtors' creditors. Because the Debtors suffer significant operating losses from the Massachusetts Hospitals, and the new operators of the Massachusetts Hospitals are not assuming the underlying leases, Master Lease II no longer provides any benefit to the estates. As such, rejecting the Master Lease II Agreements is appropriate under the circumstances and reflects the Debtors' sound business judgment.

## **II. Rejection of the Master Lease II Agreements Effective *Nunc Pro Tunc* Is Appropriate**

27. The Debtors respectfully submit that it is appropriate for the Court to deem the Debtors' rejection of each of the Master Lease II Agreements effective *nunc pro tunc* to the Rejection Date. Under sections 365(a) and 105(a) of the Bankruptcy Code, bankruptcy courts may grant retroactive rejection of an executory contract or unexpired lease based on a balancing of the equities of the case. *See, e.g., In re Romacorp, Inc.*, No. 05-86818, 2006 WL 6544088, at \*4 (Bankr. N.D. Tex. Feb. 2, 2006) ("This court is not alone in allowing retroactive rejection of unexpired leases; in fact, a number of other courts around the country have recognized this equitable practice.") (collecting cases); *In re Cafeteria Operators, L.P.*, 299 B.R. 384, 394 (Bankr. N.D. Tex. 2003) (granting retroactive relief for contract rejection where debtors were "receiving

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<sup>12</sup> Further, the Debtors intend to initiate the closure of the Closing Massachusetts Hospitals as set forth in the Hospital Funding and Facility Closure Motion

no benefit” from the lease and the contract counterparties “had unequivocal notice of Debtors’ intent to reject prior to the filing of the Motions”); *EOP-Colonnade of Dall. Ltd. P’ship v. Faulkner (In re Stonebridge Techs., Inc.)*, 430 F.3d 260, 273 (5th Cir. 2005) (“[W]e note that most courts have held that lease rejection may be retroactively applied”); *In re O’Neil Theatres, Inc.*, 257 B.R. 806, 808 (Bankr. E.D. La. 2000) (granting retroactive relief noting the circumstances favored granting the relief); *In re Amber’s Stores, Inc.*, 193 B.R. 819, 827 (Bankr. N.D. Tex. 1996) (finding that “nothing precludes a bankruptcy court, based on the equities of the case, from approving” retroactive rejection); *In re Joseph C. Spiess Co.*, 145 B.R. 597, 606 (Bankr. N.D. Ill. 1992) (“[A] trustee’s rejection of a lease should be retroactive to the date that trustee takes affirmative steps to reject said lease . . . .”); *see also Thinking Machs. Corp. v. Mellon Fin. Servs. Corp. (In re Thinking Machs. Corp.)*, 67 F.3d 1021, 1028 (1st Cir. 1995) (noting that “bankruptcy courts may enter retroactive orders of approval, and should do so when the balance of equities preponderates in favor of such remediation”); *Pac. Shores Dev., LLC v. At Home Corp. (In re At Home Corp.)*, 392 F.3d 1064, 1065-71 (9th Cir. 2004) (affirming bankruptcy court’s approval of retroactive rejection), *cert. denied*, 546 U.S. 814 (2005).

28. The balance of equities favors the relief requested herein. The Debtors may begin to realize cost-savings immediately upon the rejection of the Master Lease II Agreements, thus preserving significant value for the Debtors’ estates. Specifically, the MPT-Macquarie JV will not be unduly prejudiced if the rejection is deemed effective *nunc pro tunc* to the Rejection Date, as the MPT-Macquarie JV has been given notice of the Debtors’ proposed rejection (and has been on notice of the potential for rejection for a significant period prior to the filing of this Motion). Contemporaneously with the filing of this Motion, the Debtors will cause notice of this Motion to be served on the MPT-Macquarie JV, MPT, Macquarie, and Apollo, and all

counterparties to the Master Lease II Ancillary Agreements, thereby allowing such parties sufficient opportunity to respond.

29. Numerous courts have authorized relief similar to the relief requested herein. *See, e.g., In re Akumin Inc.*, Case No. 23-90827 (CML) (Bankr. S.D. Tex. Nov. 17, 2023) (Docket No. 203) (authorizing rejection of certain unexpired leases of non-residential real property *nunc pro tunc* to the date of the motion); *In re Diamond Sports Group, LLC*, Case No. 23-90116 (CML) (Bankr. S.D. Tex. July 7, 2023) (Docket No. 945) (authorizing rejection of executory contracts *nunc pro tunc* to the date of motion); *In re Heritage Power, LLC*, Case No. 23-90032 (CML) (Bankr. S.D. Tex. March 2, 2023) (Docket No. 141) (same); *In re Serta Simmons Bedding, LLC*, Case No. 23-90020 (DRJ) (Bankr. S.D. Tex. March 27, 2023) (Docket No. 562) (authorizing rejection of certain unexpired leases *nunc pro tunc* to the date of the motion); *In re Party City HoldCo Inc.*, Case No. 23-90005 (DRJ) (Bankr. S.D. Tex. Feb. 14, 2023) (Docket No. 441) (authorizing rejection of executory contracts *nunc pro tunc* to the petition date). Similar relief is also appropriate here.

30. Accordingly, in light of the foregoing facts and circumstances, the Debtors respectfully request that the Court approve the rejection of the Master Lease II Agreements, retroactive to the Rejection Date pursuant to sections 365(a) and 105(a) of the Bankruptcy Code and Rule 6006 of the Bankruptcy Rules in the manner requested herein.

**Basis for Emergency Relief**

31. The Debtors respectfully request emergency consideration of this Motion in accordance with Bankruptcy Local Rule 9013-1(i). The relief requested in the Motion is critical to the Debtors' ability to preserve value for the Debtors' estates. Accordingly, the Debtors respectfully request that the Court approve the relief requested in the Motion on an emergency basis.

**Reservation of Rights**

32. Nothing contained herein is intended to be or shall be deemed as (i) an implication or admission as to the validity of any claim against the Debtors, (ii) a waiver or limitation of the Debtors' or any party in interest's rights to dispute the amount of, basis for, or validity of any claim, (iii) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable nonbankruptcy law, (iv) a waiver or limitation of the rights of the Debtors, the Creditors' Committee or any party in interest to assert, at a later date, that Master Lease II is not an executory contract or unexpired leases, (v) a concession or evidence that Master Lease II has not expired, been terminated, or is otherwise currently not in full force and effect, (vi) a waiver of the obligation of any party in interest to file a proof of claim, (vii) an agreement or obligation to pay any claims, (viii) a waiver of any claims or causes of action which may exist against any creditor or interest holder, (ix) an admission as to the validity of any liens satisfied pursuant to this Motion, (x) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code, (xi) a waiver of any claims of the Debtors against the MPT-Macquarie JV, the counterparties to the Master Lease II Ancillary Agreements, or any other contract counterparties, (xii) a waiver of any of the Creditors' Committee's Challenge rights, as set forth in the Final DIP Orders, or (xiii) a waiver of any rights in respect of allocation of value. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' or any other party in interest's rights to dispute such claim subsequently.

**Debtors' Compliance with  
Bankruptcy Rule 6004(a) and Waiver of Bankruptcy Rule 6004(h)**

33. To implement the foregoing successfully, the Debtors request that the Court find that notice of the Motion is adequate under Bankruptcy Rule 6004(a) under the circumstances,

and waive the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h). As explained above, the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtors. Accordingly, ample cause exists to justify finding that the notice requirements under Bankruptcy Rule 6004(a) have been satisfied and to grant a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent such notice requirements and such stay apply.

**Notice**

34. Notice of this Motion will be served on any party entitled to notice pursuant to Bankruptcy Rule 2002 and any other party entitled to notice pursuant to Bankruptcy Local Rule 9013-1(d).

WHEREFORE the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: July 26, 2024  
Houston, Texas

/s/ Clifford W. Carlson  
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*Attorneys for Debtors and Debtors in Possession*

**Certificate of Service**

I hereby certify that on July 26, 2024, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Clifford W. Carlson  
Clifford W. Carlson

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

In re:	§	
	§	Chapter 11
	§	
STEWARD HEALTH CARE SYSTEM	§	Case No. 24-90213 (CML)
LLC, <i>et al.</i> ,	§	
	§	(Jointly Administered)
Debtors. <sup>1</sup>	§	
	§	
	§	

**ORDER (I) AUTHORIZING  
REJECTION OF MASTER LEASE II AGREEMENTS  
EFFECTIVE AS OF THE REJECTION DATE IN CONNECTION  
WITH PLANNED TRANSITION AND SALE OF MASSACHUSETTS  
HOSPITALS TO NEW OPERATORS, AND (II) GRANTING RELATED RELIEF**

Upon the motion, dated July 26, 2024 (the “**Motion**”)<sup>2</sup> of Steward Health Care System LLC and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), for entry of an order pursuant to sections 365(a) and 105(a) of the Bankruptcy Code and Bankruptcy Rules 6004 and 6006 (i) authorizing the Debtors to reject the Master Lease II Agreements, effective as of the Rejection Date and (ii) granting related relief, all as more fully set forth in the Motion; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or

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<sup>1</sup> A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <https://restructuring.ra.kroll.com/Steward>. The Debtors’ service address for these chapter 11 cases is 1900 N. Pearl Street, Suite 2400, Dallas, Texas 75201.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

further notice need be provided; and this Court having reviewed the Motion; and upon any hearing held on the Motion; and all objections, if any, to the relief requested in the Motion having been withdrawn, resolved, or overruled; and upon consideration of the Castellano Declaration, King Declaration, and Moloney Declaration; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their respective estates, creditors, and all parties in interest; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT**

1. Pursuant to sections 365(a) and 105(a) of the Bankruptcy Code and Bankruptcy Rules 6004 and 6006, the Master Lease II Agreements set forth on **Schedule 1** attached hereto are deemed rejected effective as of the date of the filing of the Motion (the “**Rejection Date**”). Following the Rejection Date, the Debtors shall not be obligated to make any payments under the Master Lease II Agreements, including any payments pursuant to section 365(d)(3) of the Bankruptcy Code.

2. Nothing in this Order shall prejudice or diminish the Debtors’ rights under the Master Lease II Agreements prior to the Rejection Date.

3. Nothing in this Order shall prejudice or diminish the Creditors’ Committee’s rights, including its Challenge rights and the Challenge Period pursuant to the Final DIP Orders, and all of the Creditors’ Committee’s rights and remedies are expressly preserved.

4. Nothing contained in the Motion or this Order or any payment made pursuant to the authority granted by this Order is intended to be or shall be deemed as (i) an implication or admission as to the validity of any claim against the Debtors, (ii) a waiver or limitation of the Debtors’ or any party in interest’s rights to dispute the amount of, basis for, or

validity of any claim, (iii) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable nonbankruptcy law, (iv) a waiver or limitation of the Debtors' right to assert, at a later date, that Master Lease II is not an unexpired lease, (v) a concession or evidence that the Master Lease II Agreements have not expired, been terminated, or are otherwise currently not in full force and effect, (vi) a finding or determination with respect to whether Master Lease II is an unexpired lease; (vii) a waiver of the obligation of any party in interest to file a proof of claim, (viii) an agreement or obligation to pay any claims, (ix) a waiver of any claims or causes of action which may exist against any creditor or interest holder, (x) an admission as to the validity of any liens satisfied pursuant to the Motion, (xi) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code, (xii) a waiver of any claims of the Debtors against the MPT-Macquarie JV or any other contract counterparties, (xiii) a waiver of any of the Creditors' Committee's Challenge rights, as set forth in the Final DIP Orders, or (xiv) a waiver of any rights in respect of allocation of value.

5. Notice of the Motion is adequate under Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules.

6. Notwithstanding the provisions of Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

7. The Debtors are authorized to take all actions necessary or appropriate to carry out the relief granted in this Order.

8. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: \_\_\_\_\_, 2024  
Houston, Texas

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Christopher Lopez  
United States Bankruptcy Judge

**Schedule 1****Master Lease II Ancillary Agreements**

<b>No.</b>	<b>Contract Counterparty</b>	<b>Debtor</b>	<b>Contract Description<sup>1</sup></b>
<b>Second Amended and Restated Assignment of Rents and Leases</b>			
1.	MPT of Methuen-Steward, LLC, et al. <sup>2</sup>	Steward Carney Hospital, Inc.	<i>Second Amended and Restated Assignment of Rents and Leases</i> , dated as of March 14, 2022, by and among Assignor and Assignee, pursuant to which the original assignment of rents and leases was amended and restated to secure payment and performance of the Obligations.
2.	MPT of Methuen-Steward, LLC, et al.	Steward Good Samaritan Medical Center, Inc.	<i>Second Amended and Restated Assignment of Rents and Leases</i> , dated as of March 14, 2022, by and among Assignor and Assignee, pursuant to which the original assignment of rents and leases was amended and restated to secure payment and performance of the Obligations.
3.	MPT of Methuen-Steward, LLC, et al.	Steward Holy Family Hospital, Inc.	<i>Second Amended and Restated Assignment of Rents and Leases</i> , dated as of March 14, 2022, by and among Assignor and Assignee, pursuant to which the original assignment of rents and leases was amended and restated to secure payment and performance of the Obligations.
4.	MPT of Methuen-Steward, LLC, et al.	Steward Holy Family Hospital, Inc.	<i>Second Amended and Restated Assignment of Rents and Leases</i> , dated as of March 14, 2022, by and among Assignor and Assignee, pursuant to which the original assignment of rents and leases was amended and restated to secure payment and performance of the Obligations.
5.	MPT of Methuen-Steward, LLC, et al.	Morton Hospital, A Steward Family Hospital, Inc.	<i>Second Amended and Restated Assignment of Rents and Leases</i> , dated as of March 14, 2022, by and among Assignor and Assignee, pursuant to which the original assignment of rents and leases was amended and restated to secure payment and performance of the Obligations.
6.	MPT of Methuen-Steward, LLC, et al.	Steward St. Anne's Hospital Corporation	<i>Second Amended and Restated Assignment of Rents and Leases</i> , dated as of March 14, 2022, by and among Assignor and Assignee, pursuant to which the original assignment of rents and leases was amended and restated to secure payment and performance of the Obligations.

<sup>1</sup> Capitalized terms used but otherwise not defined herein shall have the meanings ascribed to such terms in the applicable agreement.

<sup>2</sup> The contract counterparties for the Master Lease II Ancillary Agreements numbered 1 through 9 include: MPT of Methuen-Steward, LLC, MPT of Brighton-Steward, LLC, MPT of Fall River-Steward, LLC, MPT of Brockton-Steward, LLC, MPT of Taunton-Steward, LLC, MPT of Ayer-Steward, LLC, MPT of Haverhill-Steward, LLC, and MPT of Dorchester-Steward, LLC.

No.	Contract Counterparty	Debtor	Contract Description <sup>1</sup>
7.	MPT of Methuen-Steward, LLC, et al.	Steward St. Anne's Hospital Corporation	<i>Second Amended and Restated Assignment of Rents and Leases</i> , dated as of March 14, 2022, by and among Assignor and Assignee, pursuant to which the original assignment of rents and leases was amended and restated to secure payment and performance of the Obligations.
8.	MPT of Methuen-Steward, LLC, et al.	Steward St. Elizabeth's Medical Center of Boston, Inc.	<i>Second Amended and Restated Assignment of Rents and Leases</i> , dated as of March 14, 2022, by and among Assignor and Assignee, pursuant to which the original assignment of rents and leases was amended and restated to secure payment and performance of the Obligations.
9.	MPT of Methuen-Steward, LLC, et al.	Nashoba Valley Medical Center, A Steward Family Hospital, Inc.	<i>Second Amended and Restated Assignment of Rents and Leases</i> , dated as of March 14, 2022, by and among Assignor and Assignee, pursuant to which the original assignment of rents and leases was amended and restated to secure payment and performance of the Obligations.
<b>Memorandum of Master Lease Agreement</b>			
10.	MPT of Methuen-Steward, LLC, et al.	Steward St. Elizabeth's Medical Center of Boston, Inc., et al. <sup>3</sup>	<i>Memorandum of Master Lease Agreement (Carney Hospital)</i> , dated as of March 14, 2022, by and among Lessor and Lessee, pursuant to which the parties provided record notice to all third parties of their rights under the Lease.
11.	MPT of Methuen-Steward, LLC, et al.	Steward St. Elizabeth's Medical Center of Boston, Inc., et al.	<i>Memorandum of Master Lease Agreement (Good Samaritan Medical Center)</i> , dated as of March 14, 2022, by and among Lessor and Lessee, pursuant to which the parties provided record notice to all third parties of their rights under the Lease.
12.	MPT of Methuen-Steward, LLC, et al.	Steward St. Elizabeth's Medical Center of Boston, Inc., et al.	<i>Memorandum of Master Lease Agreement (Holy Family Hospital-Methuen)</i> , dated as of March 14, 2022, by and among Lessor and Lessee, pursuant to which the parties provided record notice to all third parties of their rights under the Lease.
13.	MPT of Methuen-Steward, LLC, et al.	Steward St. Elizabeth's Medical Center of Boston, Inc., et al.	<i>Memorandum of Master Lease Agreement (Holy Family Hospital-Haverhill)</i> , dated as of March 14, 2022, by and among Lessor and Lessee, pursuant to which the parties provided record notice to all third parties of their rights under the Lease.
14.	MPT of Methuen-Steward, LLC, et al.	Steward St. Elizabeth's Medical Center of Boston, Inc., et al.	<i>Memorandum of Master Lease Agreement (Morton Hospital)</i> , dated as of March 14, 2022, by and among Lessor and Lessee, pursuant to which the parties provided record notice to all third parties of their rights under the Lease.

<sup>3</sup> The Debtors party to the Master Lease II Ancillary Agreements numbered 10 through 18 include: Steward St. Elizabeth's Medical Center of Boston, Inc., Steward Good Samaritan Medical Center, Inc., Steward Holy Family Hospital, Inc., Steward St. Anne's Hospital Corporation, Morton Hospital, a Steward Family Hospital, Inc., Nashoba Valley Medical Center, a Steward Family Hospital, Inc., and Steward Carney Hospital, Inc.

No.	Contract Counterparty	Debtor	Contract Description <sup>1</sup>
15.	MPT of Methuen-Steward, LLC, et al.	Steward St. Elizabeth's Medical Center of Boston, Inc., et al.	<i>Memorandum of Master Lease Agreement (Nashoba Valley Medical Center)</i> , dated as of March 14, 2022, by and among Lessor and Lessee, pursuant to which the parties provided record notice to all third parties of their rights under the Lease.
16.	MPT of Methuen-Steward, LLC, et al.	Steward St. Elizabeth's Medical Center of Boston, Inc., et al.	<i>Memorandum of Master Lease Agreement (St. Anne's Parking Lot)</i> , dated as of March 14, 2022, by and among Lessor and Lessee, pursuant to which the parties provided record notice to all third parties of their rights under the Lease.
17.	MPT of Methuen-Steward, LLC, et al.	Steward St. Elizabeth's Medical Center of Boston, Inc., et al.	<i>Memorandum of Master Lease Agreement (St. Anne's Hospital)</i> , dated as of March 14, 2022, by and among Lessor and Lessee, pursuant to which the parties provided record notice to all third parties of their rights under the Lease.
18.	MPT of Methuen-Steward, LLC, et al.	Steward St. Elizabeth's Medical Center of Boston, Inc., et al.	<i>Memorandum of Master Lease Agreement (St. Elizabeth's Medical Center)</i> , dated as of March 14, 2022, by and among Lessor and Lessee, pursuant to which the parties provided record notice to all third parties of their rights under the Lease.
<b>Guaranty</b>			
19.	MPT of Methuen-Steward, LLC, et al.	Steward Health Care System LLC	<i>Guaranty</i> , dated as of March 14, 2022, by and among Steward Health Care System LLC, for the benefit of the MPT Parties, pursuant to which Steward Health Care System LLC guarantees all of the obligations of each lessee under Master Lease II.
<b>Environmental Indemnification Agreement</b>			
20.	MPT of Brighton-Steward, LLC, et al. <sup>4</sup>	Steward Health Care System LLC	<i>Environmental Indemnification Agreement</i> , dated as of March 14, 2022, by and among Steward Health Care System LLC and the MPT Parties, pursuant to which Steward Health Care System LLC indemnifies the MPT Indemnified Parties from MPT Damages.
<b>Non-Competition Agreement</b>			
21.	MPT Operating Partnership, L.P., et al. <sup>5</sup>	Steward Health Care System LLC	<i>Non-Competition Agreement</i> , dated as of March 14, 2024, by and among Steward Health Care System LLC, MPT Operating Partnership, L.P., and each Lessor, pursuant to which Steward Health Care System LLC agrees that while Master Lease II remains in effect and if Master Lease II is terminated, then for a period of three (3) years following such termination, neither Steward Health Care System LLC nor its

<sup>4</sup> MPT of Brighton-Steward, LLC, MPT of Brockton-Steward, LLC, MPT of Fall River-Steward, LLC, MPT of Methuen-Steward, LLC, MPT of Taunton-Steward, LLC, MPT of Ayer-Steward, LLC, MPT of Haverhill-Steward, LLC, and MPT of Dorchester-Steward, LLC.

<sup>5</sup> MPT Operating Partnership, L.P., MPT of Brighton-Steward, LLC, MPT of Brockton-Steward, LLC, MPT of Fall River-Steward, LLC, MPT of Methuen-Steward, LLC, MPT of Taunton-Steward, LLC, MPT of Ayer-Steward, LLC, MPT of Haverhill-Steward, LLC, and MPT of Dorchester-Steward, LLC.

No.	Contract Counterparty	Debtor	Contract Description <sup>1</sup>
			Subsidiaries shall directly or indirectly, acquire, finance, guarantee obligations, own, lease, manage, develop or provide services in connection with the acquisition, ownership, operation or development of any real estate located within a ten (10) mile radius of the Property, which real estate is used in a Competing Business.
<b>Subordination, Non-Disturbance, and Attornment Agreement</b>			
22.	ACREFI CS U, LLC	Steward Tenants <sup>6</sup>	<i>Subordination, Non-Disturbance and Attornment Agreement (Master Lease II)</i> , dated as of March 14, 2022, by and among Lender and Tenant, pursuant to which Master Lease II and all terms and conditions related thereto are subject and subordinated to the Mortgage and the lien of the Mortgage.
<b>Second Amended and Restated Security Agreement</b>			
23.	MPT of West Jordan-Steward, LLC, MPT of Layton-Steward, LLC, MPT TRS Lender Steward, LLC, and MPT Sycamore Opco, LLC	Steward Health Care System LLC, the Master Lease I Lessees, the Master Lease II Lessees, and the Obligors	<i>Second Amended and Restated Security Agreement</i> , dated as of January 2, 2024, by and among Steward Health, the Lessees, and the Obligors, and the Secured Parties, pursuant to which Steward Health, the Lessees, and the Obligors granted security interests in accordance with (i) the Secured Parties agreeing to enter into the Forbearance Agreement and consummating the relevant transactions, including advancing the loan under the Stewardship Note, (ii) the Limited Lien Subordination of the Secured Parties related to the proceeds of the Lab Asset Sale, and (iii) the allowance of the Obligors to defer certain payments and other transactions.
<b>Second Amended and Restated Pledge Agreement</b>			
24.	MPT of West Jordan-Steward, LLC, MPT of Layton-Steward, LLC, MPT TRS Lender Steward, LLC, and MPT Sycamore Opco, LLC	Pledgors and Pledged Obligors <sup>7</sup>	<i>Second Amended and Restated Pledge Agreement</i> , dated as of January 2, 2024, by and among the Pledgors and Pledgees, pursuant to which the Pledgors, Pledged Obligors, and Pledgees amended and restated the Original Amended and Restated Pledge Agreement in its entirety and the Pledgors pledged, hypothecated, assigned, granted, transferred, or set over a first priority security interest and lien upon the Pledged Interests and all proceeds thereof, including cash, securities, and other property.

<sup>6</sup> Steward St. Elizabeth's Medical Center of Boston, Inc., Steward Good Samaritan Medical Center, Inc., Steward Holy Family Hospital, Inc., Steward St. Anne's Hospital Corporation, Morton Hospital, A Steward Family Hospital, Inc., Nashoba Valley Medical Center, A Steward Family Hospital, Inc., and Steward Carney Hospital, Inc.

<sup>7</sup> Pledgors and Pledge Obligors are listed on Exhibit A to the agreement.