

OUR VIEW ON WHAT STEWARD LOOKS LIKE TODAY

EBITDAR is obviously the “swing factor” against essentially contractual or known sources/uses of cash. We think Steward is very likely generating no more than ~\$300-350 million of annual EBITDAR.

Amounts in 000s, Except per Share Data

Steward Health - PF Liquidity Analysis	HMO Sale		PF		Assumed		4 mos. Tenet		Steward		8 mos. Tenet		Assumed		Steward	
	2020A	(-) Adjustment ⁽¹⁾ (=)	2020A	(+)	Growth	(+)	Portfolio	(=)	2021E	(+)	Portfolio	(+)	"SS" Growth	(=)	2022E	
Actual/Est. EBITDAR	203,035	(48,055)	154,980		23,247		33,333		211,560		66,667		31,734		309,961	
Y/Y Chg. - %					15.0%								15.0%			
(-) Cash Rent - Same-Store Lease Obligations ⁽³⁾			(448,914)						(448,914)						(430,911)	
(-) Cash Rent - Tenet Florida Portfolio ⁽²⁾			-						(22,500)						(67,500)	
(-) Cash Rent - Financing Leases ⁽³⁾			(15,800)						(15,439)						(15,728)	
(-) Interest Expense			(56,780)						(3,630)						(19,120)	
(-) Est. Maintenance Capex ⁽⁴⁾	4.0%		(289,294)						(216,556)						(216,556)	
(-) Acquisition of Tenet Portfolio ⁽⁵⁾									(200,000)						-	
(-) Repayment of MAP Payments ⁽⁶⁾									-						(440,100)	
(+) Addtl MPW Investment in Florida Portfolio ⁽⁷⁾									211,680						-	
(+) MPW Investment in Vacant Florida Hospital ⁽⁸⁾									-						60,000	
(+) CMAX Proceeds									-						-	
(+) Est. CARES Act Payments ⁽⁹⁾									389,485						194,743	
(+) Loan Funding from MPW ⁽¹⁰⁾	7.50%								-						150,000	
(-) Dividend ⁽¹¹⁾									(100,000)						-	
(+) Revolver Proceeds / (Paydown) ⁽¹²⁾									(112,266)						475,212	
Net Change in Cash									(306,580)						-	
Projected Cash Balance:																
Beginning			229,123						406,580						100,000	
(+) Net Change in Cash			177,457						(306,580)						-	
Ending Cash Balance			406,580						100,000						100,000	
Capital Structure:																
MPW Loan to Steward HoldCo "LLC 3" - Secured by Equity of "LLC 3"			335,000						335,000						362,821	
ABL Credit Facility			279,500						167,234						642,446	
MPW Loan Facility			-						-						150,000	
Other Long-Term Debt (Promissory Note to MPW)			44,000						44,000						44,000	
Capital Lease Obligation			52,819						37,380						21,652	
PV of Operating Lease Obligations			2,748,254						2,748,254						2,748,254	
Adj. Total Debt			3,459,573						3,331,868						3,969,173	
Ending Cash Balance			(406,580)						(100,000)						(100,000)	
Adj. Net Debt			3,052,993						3,231,868						3,869,173	
Adj. Net Debt / EBITDAR			19.7x						15.3x						12.5x	
EBITDAR / (Rent + Interest)			0.30x						0.43x						0.58x	
(EBITDAR - Capex) / (Rent + Interest)			-0.26x						-0.01x						0.18x	

- Notes:
- (1) Business sold in 2019 - comprised premium revenues.
 - (2) Reflects 4 months of contribution in 2021 from Florida hospitals, which were acquired on 8.1.21.
 - (3) From footnotes of audited 2020 Steward financial statements.
 - (4) Assumes ~4% of revenues.
 - (5) MPW initially funded ~\$900 million SLB w/ Steward funding ~\$200 million for the OpCo.
 - (6) Repaid at end of 3Q22, per the company.
 - (7) MPW funded additional ~\$212 million of "capex" - MPW financed 100% of the ~\$1.1 billion transaction.
 - (8) Acquired April 2022, ~2 years before scheduled opening.
 - (9) 2021 payments assumed flat to 2020. Also assumes half year of payments for 2022.
 - (10) ~\$150 million funded in 2Q22.
 - (11) ~\$111 million dividend distribution, based on ~\$11 million received by MPW at its 9.9% equity interest.
 - (12) Targets ~\$100 million minimum cash balance for working capital purposes.

What we think is a reasonable estimate for the balance outstanding on Steward's ABL facility.

ESTIMATED IMPACT OF ANNOUNCED TRANSACTIONS

On balance MPW's recently announced transactions are demonstrably dilutive, generate no excess proceeds after debt repayment, and further endanger MPW's dividend payout.

Amounts in 000s, Except per Share Data

	Actual 2Q22	(-)	Springstone / LifePoint ⁽¹⁾	(-)	Prime Option ⁽²⁾	(-)	Prospect CT Sale ⁽³⁾	(-)	Pro Forma Healthscope ⁽⁴⁾	(=)	PF Current
MPW's Share of Total Debt	11,508,384										11,508,384
(-) MPW's Share of Cash & Restricted Cash	(300,101)		(200,000)		(360,000)		(457,000)		(681,872)		(1,998,973)
MPW's Share of Net Debt	11,208,283										9,509,411
In-Place Cash Cap Rate					13.00%		7.70%		5.99%		
MPW's Share of Ann. Cash EBITDA	1,281,028				(46,800)		(35,189)		(40,822)		1,158,217
Adj. Net Debt / Cash EBITDA	8.7x										8.2x

PF AFFO Payout / Coverage:

2Q22 Annualized AFFO	849,008
(-) "Sold" Cash EBITDA	(122,811)
(+) Saved Interest Exp. - Revolver Paydown	18,497
(+) Saved Interest Exp. - AUD Term Loan	19,076
PF Annualized AFFO	763,771
2Q22 Ann. Dividends	694,884
AFFO / Dividend Coverage: Pre-Sales	1.22x
AFFO / Dividend Coverage: Post-Sales	1.10x

Notes:

(1) Expected 1H23 close.

(2) Closed September 2022.

(3) Expected 2023 close, subject to regulatory approvals and Yale's acquisition of the hospital operations.

(4) MPW just hired Goldman to find a buyer; to close in 2023 if at all.

MPW DCF UNDER HIGHER COST OF CAPITAL REGIME

We believe MPW’s business warrants no more than an ~11x Cash EBITDA multiple, implying a significant discount to “book value.”

Amounts in 000s, Except per Share Data

MPW - Discounted Cash Flow (DCF) Analysis																
	Year 1				Year 2				Year 3				Year 4			
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
	Quarter 0	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8	Quarter 9	Quarter 10	Quarter 11	Quarter 12	Quarter 13	Quarter 14	Quarter 15
Adj. Cash EBITDA - Properties	299,414	300,900	302,393	303,894	305,402	306,918	308,441	309,972	311,510	313,056	314,610	316,171	317,741	319,317	320,902	322,495
Q/Q Chg. - %		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Annual Growth	2.00%															
Adj. Cash EBITDA - Loans	48,626	48,626	48,626	48,626	48,626	48,626	48,626	48,626	48,626	48,626	48,626	48,626	48,626	48,626	48,626	48,626
Q/Q Chg. - %		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General & Administrative	27,783	27,989	28,197	28,406	28,616	28,829	29,043	29,258	29,475	29,694	29,914	30,136	30,359	30,584	30,811	31,040
Q/Q Chg. - %		0.74%	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
Annual Growth	3.00%															
Unlevered CFs:																
Total Cash EBITDA	320,257	321,537	322,823	324,114	325,412	326,715	328,025	329,340	330,661	331,989	333,322	334,662	336,007	337,359	338,717	340,081
PV of Cash EBITDA (Years 5-18)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,425,640
PV of Terminal Value of Hospitals (Year 18) ⁽¹⁾		-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,397,216
BV of Loans ⁽²⁾		-	-	-	-	-	-	-	-	-	-	-	-	-	-	264,289
Loan Portion of "Other Investments" ⁽³⁾		-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,079,933
Total Unlevered CFs		321,537	322,823	324,114	325,412	326,715	328,025	329,340	330,661	331,989	333,322	334,662	336,007	337,359	338,717	15,507,158
Unlevered Cost of Capital	11.48%															
PV of Unlevered CFs																
14,488,954																
(-) MPW's Share of Debt																(11,508,384)
(+) Cash & Cash Equivalents																300,101
(+) Restricted Cash																-
Equity Value																3,280,671
(/) Shares / Units Outstanding																599,038
Equity Value / Share																5.48
Implied EBITDA Multiple																11.3x
Implied MV/BV Multiple																0.65x
Current Stock Price																10.96
Potential Upside / (Downside)																-50.0%

Notes:

(1) Assumes \$300k per licensed bed, compounding at +2% per annum.

(2) Assumes 50% of BV of mortgage and other loans as of 2Q22.

(3) Assumes 75% of individual "Other Investments" balances as of 2Q22.

PUTTING THE PIECES TOGETHER: STILL A “DONUT”

HEDGEYE

The below assumes MPW must assume, refinance or guarantee Steward’s ABL facility, paired with ~2x required EBITDAR/Rent coverage at Steward (which is likely generous). At ~1.5x coverage MPW’s ultimate equity value is still zero.

Amounts in 000s, Except per Share Data

	Actual 2Q22A	Planned / Completed Transactions				PF Post- Sales	Assumed Steward ABL Refinance	PF MPW "PropCo"	Reduce Steward Rent	PF MPW "PropCo"
		(+) Springstone / LifePoint ⁽¹⁾	(-) Prime Option ⁽²⁾	(-) Prime Option ⁽³⁾	(-) Prospect CT Sale ⁽⁴⁾					
MPW's Share of Ann. Cash EBITDA	1,281,028		(46,800)	(35,189)	(40,822)	1,158,217		1,158,217	(343,431)	814,787
(x) EBITDA Multiple	13.8x					13.3x		11.0x		11.0x
Enterprise Value	17,737,797					15,412,912		12,740,392		8,962,653
Implied MV / BV	0.80x					0.75x				
Implied Cap Rate			13.00%	7.70%	5.99%					
(-) MPW's Share of Total Debt	(11,508,384)					(11,508,384)		(11,508,384)		(11,508,384)
(-) MPW's Share of Cash & Restricted Cash	300,101	200,000	360,000	457,000	681,872	1,998,973	(642,446)	1,356,527		1,356,527
Equity Value	6,529,514	200,000	360,000	457,000	681,872	5,903,501	(642,446)	2,588,534		(1,189,204)
(/) Shares / Units Outstanding	599,038					599,038		599,038		599,038
Equity Value / Share	10.90					9.85		4.32		-
Premium / (Discount) to Market	-0.0%					-9.6%		-60.4%		-100.0%
Adj. Net Debt / Cash EBITDA	8.7x					8.2x		8.8x		12.5x