

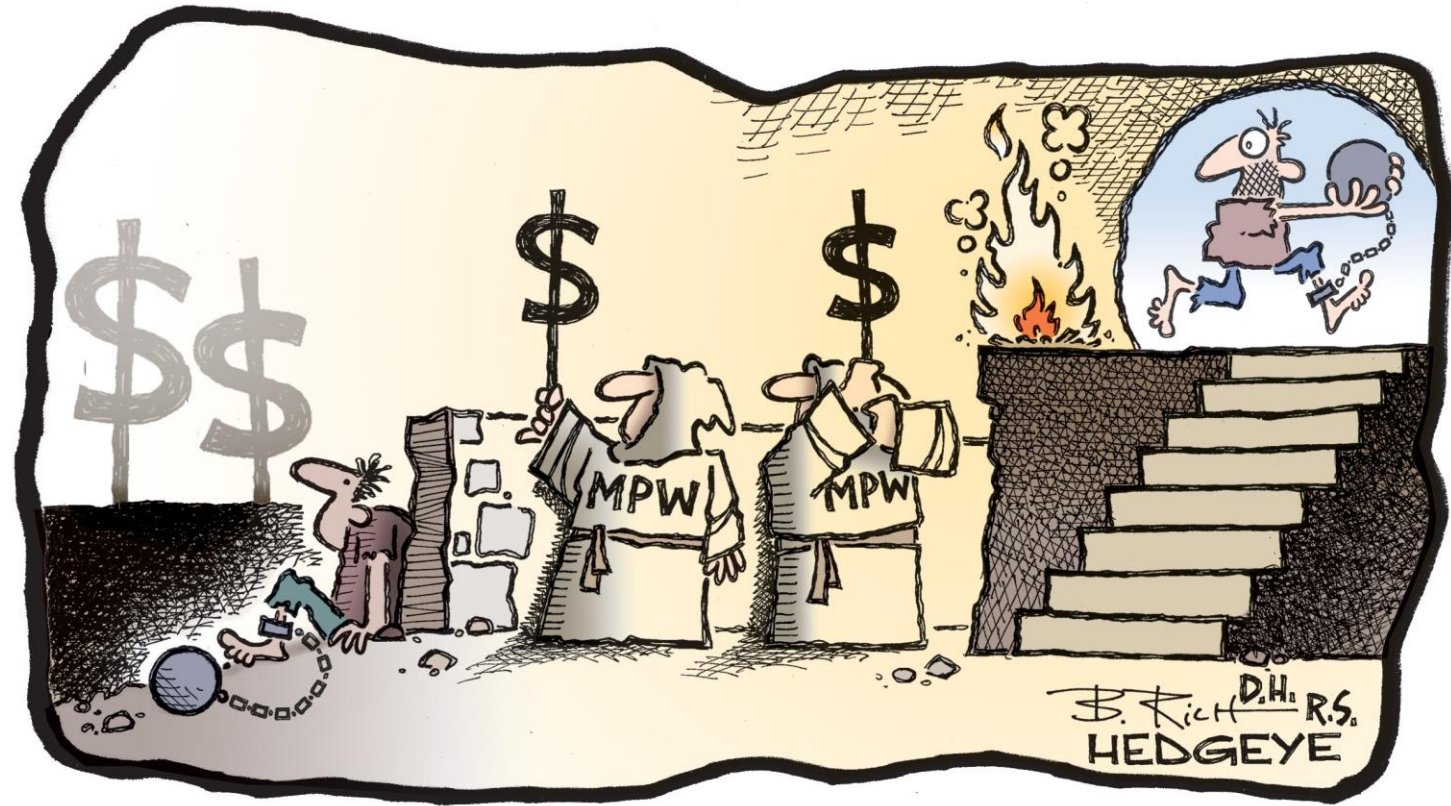
HEDGEYE



Active **Short** Medical Properties (Dis)Trust (MPW)

MPW has an “equity problem” and
needs to reduce the dividend

May 11, 2023



Medical Properties Trust

HEDGEYE REITs

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MODEL | EXECUTIVE SUMMARY

We resisted building a full cash flow model for MPW until now because we did not trust their numbers, but now it is becoming necessary to have a “best guess.” **The cash flow situation looks grim.**

OUR CONCLUSIONS:

1. The cash burn situation at MPW is becoming serious (-)
2. We do not think MPW can “outrun” its problems (-)
3. The dividend is not being covered with internally-generated cash flow (-)
 - MPW MUST reduce the dividend – it is the cheapest, and perhaps only, source of much-needed capital (-) **for the equity**
 - Without doing so, it is not clear how MPW will be able to address its 1Q25 debt maturities
4. A secondary offering to recapitalize and de-leverage the balance sheet is needed (-) **for the equity**
5. “Capex” spend is functioning as effective massively-negative NPV loans (-)
6. MPW is funding its largest tenants at a higher-than-expected rate (-)
7. MPW will likely need to draw AT LEAST ~\$800 to \$900 million incrementally on the RCF through 4Q24 (-)
8. The timing of and PHP (Prospect) recovery is highly uncertain (-)
9. The ~\$1.2 billion of net transaction proceeds expected in 2023 provides some runway (+)
10. Re-commencement of 50% of Prospect CA rent in September alleviates SOME pressure (+)
11. Any issues with the Prosect CT/Yale transaction would be a materially negative liquidity event for MPW

MODEL | KEY MODEL ASSUMPTIONS

1. 50% of existing contractual Prospect CA rent + interest re-commences in September, and continues through 4Q24
2. Pipeline Health rent re-commences in 2Q23
3. Healthscope portfolio sale closes in two steps across 2Q23 and 4Q23
4. AUD term loan repaid with Healthscope proceeds
5. ~\$150 million combined Priory & MEDIAN acquisitions close in 2Q23
6. Three hospitals repurchased by Prime in 3Q23 for ~\$100 million at a 13% cash cap rate
7. Prospect CT “WholeCo” sale closes end of 2Q23; MPW receives ~\$300 million cash + a note
8. For now MPW receives only ~\$100 million from Steward Utah sale to CommonSpirit
9. Assumes no further loan fundings/advances to Steward; generous assumption, in our view, and any future funding needs would make the situation materially worse
10. MPW funds ~\$75 million DIP loan to Prospect in 2Q23
11. ~\$50-60 million in quarterly “capex” funding to operators
12. GBP senior unsecured notes repaid in December 2023
13. Interest rates decline through year-end 2024
14. No additional tenant blowups, if there are any issues with Steward, all bets are off

[1] MODEL OUTPUTS

MODEL | FORECASTED CASH FLOW STATEMENT

HEDGEYE

"ECF" remains negative – borrowing to fund dividend.

Targets minimum ~\$300 million cash balance for WC.

Secular revolver draws through 4Q24.

Amounts in 000s, Except per Share Data	FY 2020A	FY 2021A	FY 2022E	1Q23	2Q23E	3Q23E	4Q23E	FY 2023E	1Q24E	2Q24E	3Q24E	4Q24E	FY 2024E
Hedgeye Cash Flow Forecast													
Net Cash from Operating Activities	617,636	811,656	739,010	135,648	117,709	187,316	170,076	610,749	234,458	182,434	208,660	190,798	816,351
Investing Activities:													
Cash Paid for Acquisitions & Other Related Investments	(4,249,180)	(5,350,239)	(1,332,962)	(72,900)	(150,000)	-	-	(222,900)	-	-	-	-	-
Net Proceeds from Sale of Real Estate	94,177	246,468	2,185,574	100	889,109	100,000	196,369	1,185,578	-	-	-	-	-
Principal Received on Loans Receivable	1,306,187	1,595,708	53,322	221,876	100,000	-	-	321,876	-	-	-	-	-
Investment in Loans Receivable	(62,651)	(58,932)	(207,542)	(50,000)	(75,000)	-	-	(125,000)	-	-	-	-	-
Construction in Progress & Other	-	-	(109,237)	(13,292)	(46,366)	(50,838)	(20,908)	(131,404)	(26,546)	(19,671)	(19,671)	(15,000)	(80,887)
Return of Equity Investment	69,224	65,546	14,295	-	-	-	-	-	-	-	-	-	-
Capital Additions & Other Investments, Net	(104,530)	(356,964)	(207,394)	(68,606)	(55,000)	(55,000)	(55,000)	(233,606)	(60,000)	(60,000)	(60,000)	(60,000)	(240,000)
Net Cash from Investing Activities	(2,946,773)	(3,858,413)	396,056	17,178	662,743	(5,838)	120,461	794,544	(86,546)	(79,671)	(79,671)	(75,000)	(320,887)
Cash Flow Available for Financing	(2,329,137)	(3,046,757)	1,135,066	152,826	780,452	181,478	290,537	1,405,293	147,913	102,764	128,989	115,798	495,464
Financing Activities:													
Proceeds from Term Debt, Net	2,215,950	3,407,535	128,536	-	-	-	-	-	-	-	-	-	-
Payments of Term Debt	(800,000)	(1,390,994)	(869,606)	-	(534,800)	-	(760,880)	(1,295,680)	-	-	-	(129,353)	(129,353)
Revolving Credit Facilities, Net	162,633	559,985	203,576	95,919	(80,310)	(7,971)	643,850	651,488	25,595	70,744	44,518	187,062	327,919
Dividends Paid	(567,969)	(643,473)	(698,535)	(176,580)	(173,508)	(173,508)	(173,508)	(697,103)	(173,508)	(173,508)	(173,508)	(173,508)	(694,030)
Lease Deposits & Other Obligations to Tenants	21,706	17,815	(5,020)	(2,691)	-	-	-	(2,691)	-	-	-	-	-
Proceeds from Sale of Common Shares, Net	411,101	1,051,229	-	-	-	-	-	-	-	-	-	-	-
Repurchase of Common Stock	-	-	(17,940)	-	-	-	-	-	-	-	-	-	-
Stock Vesting - Satisfaction of Tax Withholdings	-	-	(29,922)	(5,554)	-	-	-	(5,554)	-	-	-	-	-
Payment of Debt Financing, Deferred Financing & Other	(42,347)	(54,489)	(53,612)	(219)	-	-	-	(219)	-	-	-	-	-
Net Cash from Financing Activities	1,401,074	2,947,608	(1,342,523)	(89,125)	(788,618)	(181,478)	(290,537)	(1,349,758)	(147,913)	(102,764)	(128,989)	(115,798)	(495,464)
Effect of Exchange Rate Changes	16,441	4,662	(12,887)	2,927	-	-	-	2,927	-	-	-	-	-
Net Change in Cash & Restricted Cash	(911,622)	(94,487)	(220,344)	66,628	(9,166)	-	-	58,462	(0)	-	-	(0)	(0)
Beginning Balance	1,467,991	556,369	461,882	241,538	308,166	300,000	300,000	241,538	300,000	300,000	300,000	300,000	300,000
Cash & Restricted Cash - Ending	556,369	461,882	241,538	308,166	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Check	-	-	-	-	-	-	-	-	-	-	-	-	-
CFO - Capex - Dividends	(54,863)	(188,781)	(166,919)	(109,538)	(110,799)	(41,191)	(58,431)	(319,960)	951	(51,073)	(24,848)	(42,709)	(117,680)
CFO - Capex - Dividends + Return on Capex (ECF)	(53,034)	(182,534)	(163,290)	(108,337)	(108,836)	(40,229)	(57,469)	(315,872)	2,001	(50,023)	(23,798)	(41,659)	(113,480)
LTM ECF	(53,034)	(182,534)	(163,290)	(208,098)	(285,923)	(313,290)	(315,872)	(315,872)	(205,534)	(145,720)	(129,289)	(113,480)	(113,480)

MODEL | REVENUE ASSUMPTIONS

HEDGEYE

Amounts in 000s, Except per Share Data	FY	FY	FY					FY					FY
	2020A	2021A	2022E	1Q23	2Q23E	3Q23E	4Q23E	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E
Cash Rent + Interest Projections													
Rental Income													
Beginning Rental Income					248,157	247,074	248,259		247,112	257,377	258,865	260,402	
(+) Escalators					155	154	155		9,884	161	162	163	
(+) Growth from "Capex"					1,082	963	963		1,006	1,050	1,050	1,050	
(+) Acquisitions					1,313	1,313	-		-	-	-	-	
(+) Dispositions					(4,082)	(5,707)	(2,527)		(902)	-	-	-	
(+) Developments					1,200	1,462	262		277	277	325	325	
(+) Other Adjustments					(750)	3,000	-		-	-	-	-	
Ending Rental Income	741,311	931,942	968,874	248,157	247,074	248,259	247,112	990,602	257,377	258,865	260,402	261,940	1,038,584
Y/Y Chg. - %	56.3%	25.7%	4.0%	-5.8%	2.4%	6.8%	6.6%	2.2%	3.7%	4.8%	4.9%	6.0%	4.8%
Q/Q Chg. - %				7.0%	-0.4%	0.5%	-0.5%		4.2%	0.6%	0.6%	0.6%	
Assumed Escalators (Expressed As Qtrly Rate)					0.1%	0.1%	0.1%		4.0%	0.1%	0.1%	0.1%	
Income from Financing Leases													
Beginning					13,195	13,203	16,752		23,845	24,799	24,814	24,830	
(+) Escalators					8	8	10		954	15	15	16	
(+) Other Adjustments					-	3,541	7,082		-	-	-	-	
Ending	206,550	202,599	203,580	13,195	13,203	16,752	23,845	66,996	24,799	24,814	24,830	24,845	99,288
Y/Y Chg. - %	80.3%	-1.9%	0.5%	-74.5%	-74.5%	-67.2%	-51.3%	-67.1%	87.9%	87.9%	48.2%	4.2%	48.2%
Q/Q Chg. - %				-73.0%	0.1%	26.9%	42.3%		4.0%	0.1%	0.1%	0.1%	
Interest & Other Income													
GAAP Interest Income		140,695	130,238	27,966	26,794	28,747	28,747	112,255	28,747	28,747	28,747	28,747	114,990
Reimbursable Expenses		28,000	36,000	4,200	12,200	3,733	3,867	24,000	4,326	12,566	3,845	3,983	24,720
Total	142,496	168,695	166,238	32,166	38,994	32,481	32,614	136,255	33,073	41,313	32,593	32,730	139,710
Wtd. Avg. Interest Rate				6.93%	6.93%	7.50%	7.50%	7.22%	7.50%	7.50%	7.50%	7.50%	7.50%
Total Loan Balances:													
Mortgage Loans			364,101	346,446	346,446	346,446	346,446	346,446	346,446	346,446	346,446	346,446	346,446
Other Loans			227,839	276,367	251,367	251,367	251,367	251,367	251,367	251,367	251,367	251,367	251,367
OpCo Loans			1,076,504	935,385	935,385	935,385	935,385	935,385	935,385	935,385	935,385	935,385	935,385
Total			1,668,444	1,558,198	1,533,198	1,533,198	1,533,198	1,533,198	1,533,198	1,533,198	1,533,198	1,533,198	1,533,198
Check			-	-	-	-	-	-	-	-	-	-	-
OCF Reconciliation to CF Statement													
Cash Rental Income					247,074	248,259	247,112		257,377	258,865	260,402	261,940	1,038,584
(+) GAAP Income from Financing Leases					13,203	16,752	23,845		24,799	24,814	24,830	24,845	99,288
(-) Assumed SL Rent from Financing Leases					(1,842)	(1,811)	(1,779)		(1,748)	(1,717)	(1,686)	(1,654)	(6,805)
(+) Interest & Other Income					38,994	32,481	32,614		33,073	41,313	32,593	32,730	139,710
(-) Interest Expense					(99,925)	(98,339)	(99,211)		(99,277)	(97,471)	(98,350)	(98,606)	(393,704)
(+) Non-Cash Interest					4,000	4,000	4,000		4,000	4,000	4,000	4,000	16,000
(-) Property-Related Expenses					(14,200)	(5,733)	(5,867)		(7,294)	(14,606)	(5,885)	(6,023)	(33,808)
(-) G&A Expenses					(38,114)	(38,674)	(39,447)		(37,977)	(36,269)	(36,247)	(37,368)	(147,862)
(+) Share-Based Compensation					11,888	11,948	12,007		12,067	12,128	12,188	12,249	48,633
(-) Tax Expense					(5,000)	(5,000)	(5,000)		(5,500)	(5,500)	(5,500)	(5,500)	(22,000)
(+/-) Working Capital Adjustments / Other					(38,370)	23,433	1,802		54,938	(3,123)	22,316	4,185	78,316
Net Cash from Operating Activities	617,636	811,656	739,010	135,648	117,709	187,316	170,076	610,749	234,458	182,434	208,660	190,798	816,351
Check	-	-	-	-	-	-	-	-	-	-	-	-	-

CommonSpirit cash rent reduction, offset by Pipeline re-commencement.

Re-commencement of 50% of existing Prospect CA rent in September 2023.

Re-commencement of Prospect CA mortgage.

Reconciles to first line item on prior slide.

MODEL | DISCLOSED FUNDING COMMITMENTS

MPW has ~\$360 million of committed development + “capex” obligations in 2023.

Contractual Commitments

The following table summarizes known material contractual commitments including debt service commitments (principal and interest payments) as of February 17, 2023 (amounts in thousands):

	2023	2024	2025	2026	2027	Thereafter	Total
Senior unsecured notes(1)	\$ 722,215	\$ 262,395	\$ 797,145	\$ 1,881,214	\$ 1,598,008	\$ 3,655,335	\$ 8,916,312
Revolving credit facility(2)	45,187	51,806	51,806	964,676	—	—	1,113,475
Term loan	10,414	12,023	11,990	11,990	205,946	—	252,363
Australian term loan facility(1)	17,563	833,458	—	—	—	—	851,021
British pound sterling term loans(1)	20,015	148,918	843,265	—	—	—	1,012,198
Operating lease commitments(1)(3)	8,058	9,074	8,400	7,933	7,888	239,375	280,728
Purchase obligations(1)(4)	358,439	169,760	106,710	59,980	41,274	44,193	780,356
Totals	\$ 1,181,891	\$ 1,487,434	\$ 1,819,316	\$ 2,925,793	\$ 1,853,116	\$ 3,938,903	\$ 13,206,453

- (1) We used the exchange rates at February 17, 2023 in preparing this table.
- (2) As of February 17, 2023, we have a \$1.8 billion revolving credit facility. This table assumes the balance outstanding under the revolver (which was \$939 million as of February 17, 2023) and interest rate in effect at February 17, 2023 remain in effect through maturity.
- (3) Much of our contractual obligations to make operating lease payments are related to ground leases for which we are reimbursed by our tenants along with corporate office and equipment leases.
- (4) Includes approximately \$239.2 million of future expenditures related to development projects and \$436.6 million of future expenditures on committed capital improvement projects.

MODEL | INVESTING USES & SOURCES OF FUNDS

Assumes ~\$50-60 million of “capex” funding per quarter + development funding.

Assumes no recovery on Prospect PA/PHP for now; details & timing uncertain.

Amounts in 000s, Except per Share Data

	FY 2020A	FY 2021A	FY 2022E	1Q23	2Q23E	3Q23E	4Q23E	FY 2023E	1Q24E	2Q24E	3Q24E	4Q24E	FY 2024E	FY 2025E
Investing Activities Detail														
Investing Activities:														
Capital Additions / Operator Funding - "Capex"					(55,000)	(55,000)	(55,000)		(60,000)	(60,000)	(60,000)	(60,000)	(240,000)	(240,000)
(-) Priory & MEDIAN Acquisitions - Assumed 2Q23					(150,000)	-	-		-	-	-	-	-	-
(+) Prime Repurchase Option - Assumed 3Q23					-	100,000	-		-	-	-	-	-	-
(+) Healthscope Proceeds - Assumed End of 2Q23					589,109	-	196,369		-	-	-	-	-	-
(+) Prospect CT Proceeds - Assumed 3Q23					300,000	-	-		-	-	-	-	-	-
(+) Prospect PA Recovery					-	-	-		-	-	-	-	-	-
(+) Steward Loan Repayment from Utah Sale					100,000	-	-		-	-	-	-	-	-
(-) Prospect Loan Funding					(75,000)	-	-		-	-	-	-	-	-
(-) Development Funding					(46,366)	(50,838)	(20,908)		(26,546)	(19,671)	(19,671)	(15,000)	(80,887)	(19,409)
Net Investing Cash Flows	(2,946,773)	(3,858,413)	396,056	17,178	662,743	(5,838)	120,461	794,544	(86,546)	(79,671)	(79,671)	(75,000)	(320,887)	(259,409)
Check	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2023E Purchase Obligations	
Development Spend	131,404
Capital Improvement Projects - "Capex"	233,606
Total	365,010
Check	-

Meant to approximate 2023E “purchase obligations” from prior slide.

MODEL | FORECASTED DEBT SCHEDULE

We see MPW’s RCF draws expanding by ~\$800 to \$900 million through 4Q24, depending on the PHP recovery.

Secular borrowing on RCF through 4Q24.

Amounts in 000s, Except per Share Data	FY	FY	FY					FY					FY
	2020A	2021A	2022E	1Q23	2Q23E	3Q23E	4Q23E	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E
Debt Schedule													
Unsecured Bank Debt:													
Credit Facility Revolver	165,407	730,000	929,584	1,031,037	950,727	942,756	1,586,606	1,586,606	1,612,202	1,682,945	1,727,463	1,914,526	1,914,526
2022 Interim Term Loan	-	869,606	-	-	-	-	-	-	-	-	-	-	-
2024 AUD Term Loan	923,280	871,560	817,560	802,200	267,400	267,400	-	-	-	-	-	-	-
2024 GBP Term Loan	-	-	126,690	129,353	129,353	129,353	129,353	129,353	129,353	129,353	129,353	-	-
2025 GBP Term Loan	956,900	947,240	845,810	863,590	863,590	863,590	863,590	863,590	863,590	863,590	863,590	863,590	863,590
2027 Term Loan	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Subtotal	2,245,587	3,618,406	2,919,644	3,026,180	2,411,070	2,403,099	2,779,549	2,779,549	2,805,145	2,875,888	2,920,406	2,978,116	2,978,116
Check	-	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured Bank Debt:													
4% Notes Due 2022	610,800	-	-	-	-	-	-	-	-	-	-	-	-
2.55% GBP Notes Due 2023	546,800	541,280	483,320	493,480	493,480	493,480	-	-	-	-	-	-	-
6.375% Notes Due 2022	-	-	-	-	-	-	-	-	-	-	-	-	-
6.375% Notes Due 2024	-	-	-	-	-	-	-	-	-	-	-	-	-
5.5% Notes Due 2024	-	-	-	-	-	-	-	-	-	-	-	-	-
3.325% Notes Due 2025	610,800	568,500	535,250	541,950	541,950	541,950	541,950	541,950	541,950	541,950	541,950	541,950	541,950
0.993% GBP Notes Due 2026	-	568,500	535,250	541,950	541,950	541,950	541,950	541,950	541,950	541,950	541,950	541,950	541,950
5.25% Notes due 2026	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
2.5% EUR Notes Due 2026	-	676,600	604,150	616,850	616,850	616,850	616,850	616,850	616,850	616,850	616,850	616,850	616,850
5% Notes due 2027	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
3.692% GBP Notes Due 2028	820,200	811,920	724,980	740,220	740,220	740,220	740,220	740,220	740,220	740,220	740,220	740,220	740,220
4.625% Notes Due 2029	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
3.375% GBP Notes Due 2030	-	473,620	422,905	431,795	431,795	431,795	431,795	431,795	431,795	431,795	431,795	431,795	431,795
3.5% Notes Due 2031	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Subtotal	6,688,600	7,740,420	7,405,855	7,466,245	7,466,245	7,466,245	6,972,765	6,972,765	6,972,765	6,972,765	6,972,765	6,972,765	6,972,765
Check	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Consolidated Debt Principal	8,934,187	11,358,826	10,325,499	10,492,425	9,877,315	9,869,344	9,752,314	9,752,314	9,777,910	9,848,653	9,893,171	9,950,881	9,950,881
Debt Premium	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Issuance Costs	(68,729)	(76,056)	(57,087)	(54,274)	(50,274)	(46,274)	(42,274)	(42,274)	(38,274)	(34,274)	(30,274)	(26,274)	(26,274)
Total Debt, Net	8,865,458	11,282,770	10,268,412	10,438,151	9,827,041	9,823,070	9,710,040	9,710,040	9,739,636	9,814,379	9,862,897	9,924,607	9,924,607

Includes MPW’s share of UJV debt.

Leverage													
Total Consolidated Debt Principal	8,934,187	11,358,826	10,325,499	10,492,425	9,877,315	9,869,344	9,752,314	9,752,314	9,777,910	9,848,653	9,893,171	9,950,881	9,950,881
(+) Pro Forma Changes	761,272	(999,179)	(200,000)	-	-	-	-	-	-	-	-	-	-
(+) MPW's Share of UJV Debt	824,494	877,324	1,366,493	1,379,988	1,379,988	1,379,988	1,379,988	1,379,988	1,379,988	1,379,988	1,379,988	1,379,988	1,379,988
MPW's Share of Adj. Total Debt	10,519,953	11,236,971	11,491,992	11,872,413	11,257,303	11,249,332	11,132,302	11,132,302	11,157,898	11,228,641	11,273,159	11,330,869	11,330,869
(+) MPW's Share of Cash & Equivalents	(556,369)	(461,882)	(269,197)	(344,242)	(334,403)	(332,373)	(329,984)	(329,984)	(328,893)	(327,438)	(325,615)	(323,421)	(323,421)
MPW's Share of Adj. Net Debt	9,963,584	10,775,089	11,222,795	11,528,171	10,922,900	10,916,959	10,802,318	10,802,318	10,829,004	10,901,203	10,947,544	11,007,447	11,007,447
Annualized PF Cash EBITDA	1,151,912	1,215,792	1,293,348	1,199,024	1,219,946	1,244,928	1,263,086	1,263,086	1,312,972	1,326,818	1,331,205	1,331,625	1,331,625
Enterprise Value	21,790,477	24,882,624	17,878,678	16,446,279	16,038,451	16,032,510	15,917,869	15,917,869	15,944,555	16,016,754	16,063,095	16,122,998	16,122,998
Total Gross Assets	18,393,251	22,764,622	22,345,939	22,311,273	21,758,652	21,832,973	21,780,108	21,780,108	21,936,159	22,089,181	22,241,051	22,387,557	22,387,557
Adj. Net Debt / EBITDA (Cash)	8.6x	8.9x	8.7x	9.6x	9.0x	8.8x	8.6x	8.6x	8.2x	8.2x	8.2x	8.3x	8.3x
Adj. Net Debt / Ent. Value	45.7%	43.3%	62.8%	70.1%	68.1%	68.1%	67.9%	67.9%	67.9%	68.1%	68.2%	68.3%	68.3%
Adj. Net Debt / Gross Assets	54.2%	47.3%	50.2%	51.7%	50.2%	50.0%	49.6%	49.6%	49.4%	49.4%	49.2%	49.2%	49.2%

Leverage remains >8.0x cash EBITDA.

MODEL | RECALL 2Q22 RCF AMENDMENT...

Now we think we know why MPW amended the RCF/term loan agreement in June 2022; at the time it seemed unnecessary, but problems were clearly on the horizon.

Item 1.01. Entry into a Material Definitive Agreement.

On June 29, 2022, Medical Properties Trust, Inc., a Maryland corporation (the “Company”), and MPT Operating Partnership, L.P., a Delaware limited partnership and the Company’s operating partnership (the “Operating Partnership” or the “Borrower”), entered into the second amended and restated revolving credit and term loan agreement (the “Credit Agreement”) with JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A., as syndication agent, the several lenders from time to time parties thereto and JPMorgan Chase Bank, N.A. and BofA Securities, Inc., as joint bookrunners. The Company and the Operating Partnership intend to use proceeds for working capital and for other general corporate purposes, including permitted acquisitions and other investments and repayment of debt. The Credit Agreement amends and restates the Company’s existing amended and restated revolving credit and term loan agreement among the Company, the Operating Partnership, JPMorgan Chase Bank, N.A., as Administrative Agent and the several lenders from time to time parties thereto, dated as of January 15, 2021, as amended.

The Credit Agreement governs a \$1.8 billion unsecured revolving loan facility and a \$200 million unsecured term loan facility. After the closing date, the Borrower may request incremental term loan and/or revolving loan commitments in an aggregate amount not to exceed \$1 billion, such that the aggregate amount of revolving commitments and term loans does not exceed \$3 billion.

The maturity date of the term loan facility is June 30, 2027. The termination date of the revolving loan facility is June 30, 2026. The Borrower has an option to extend the termination date of the revolving loan facility for six months, which option may be exercised up to two times. The Borrower may prepay loans under the Credit Agreement at any time, subject to certain notice requirements.

MODEL | FORECASTED RCF AVAILABILITY & LIQUIDITY

We see a potential liquidity problem on the horizon... MPW needs to fix the balance sheet.

Unclear exactly how much of this cash is “trapped” in FX/restricted.

Amounts in 000s, Except per Share Data

	FY 2020A	FY 2021A	FY 2022E	1Q23	2Q23E	3Q23E	4Q23E	FY 2023E	1Q24E	2Q24E	3Q24E	4Q24E	FY 2024E
Revolving Credit Facility (RCF) Capacity													
Beginning Balance		165,407	730,000	929,584	1,031,037	950,727	942,756	929,584	1,586,606	1,612,202	1,682,945	1,727,463	1,586,606
Net Draw / (Repayment)		564,593	199,584	101,453	(80,310)	(7,971)	643,850	657,022	25,595	70,744	44,518	187,062	327,919
Ending Balance	165,407	730,000	929,584	1,031,037	950,727	942,756	1,586,606	1,586,606	1,612,202	1,682,945	1,727,463	1,914,526	1,914,526
(+) 2027 Term Loan		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total RCF + Term Loan		930,000	1,129,584	1,231,037	1,150,727	1,142,756	1,786,606	1,786,606	1,812,202	1,882,945	1,927,463	2,114,526	2,114,526
(-) Max Availability			3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Incremental Borrowing Capacity			1,870,416	1,768,963	1,849,273	1,857,244	1,213,394	1,213,394	1,187,798	1,117,055	1,072,537	885,474	885,474
(+) Existing Cash			269,197	344,242	334,403	332,373	329,984	329,984	328,893	327,438	325,615	323,421	323,421
Estimated Total Liquidity			2,139,613	2,113,205	2,183,676	2,189,617	1,543,378	1,543,378	1,516,692	1,444,493	1,398,152	1,208,896	1,208,896

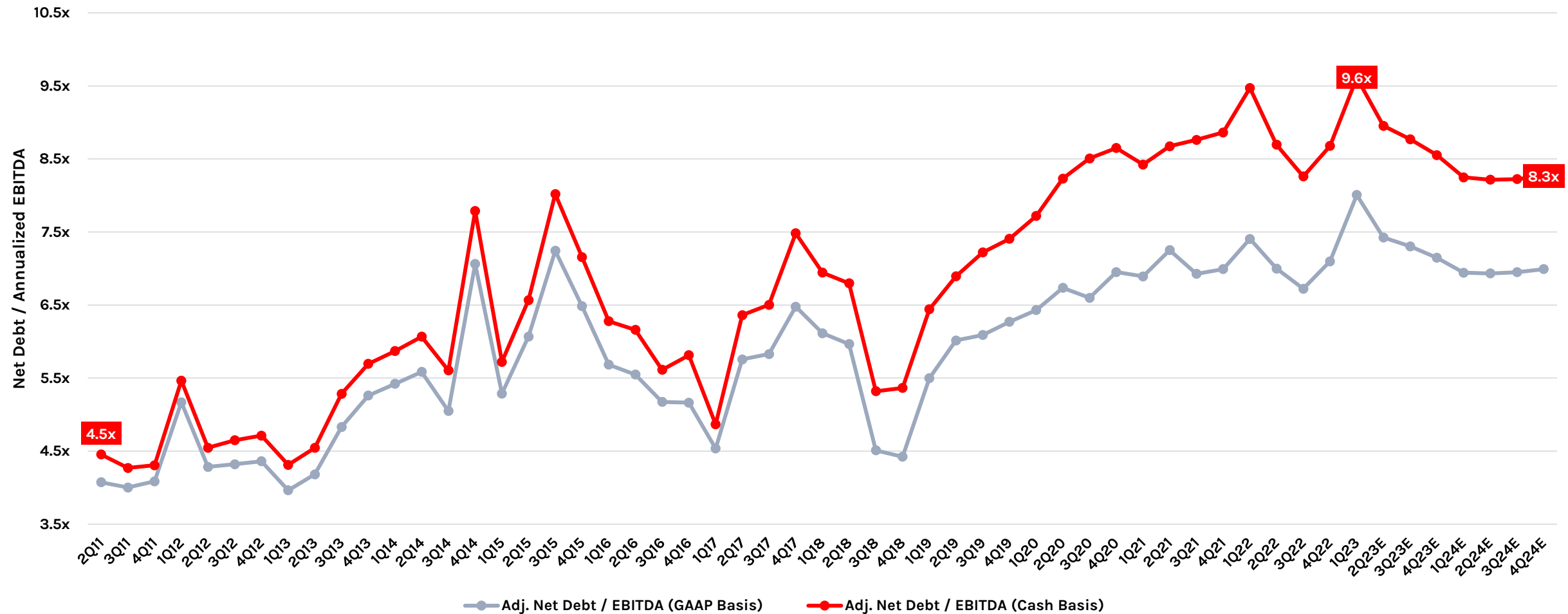
~\$1.4 billion of debt maturing next quarter in 1Q25.

[2] SUPPLEMENTAL CHARTS

SUPP | HISTORICAL & FORECASTED LEVERAGE

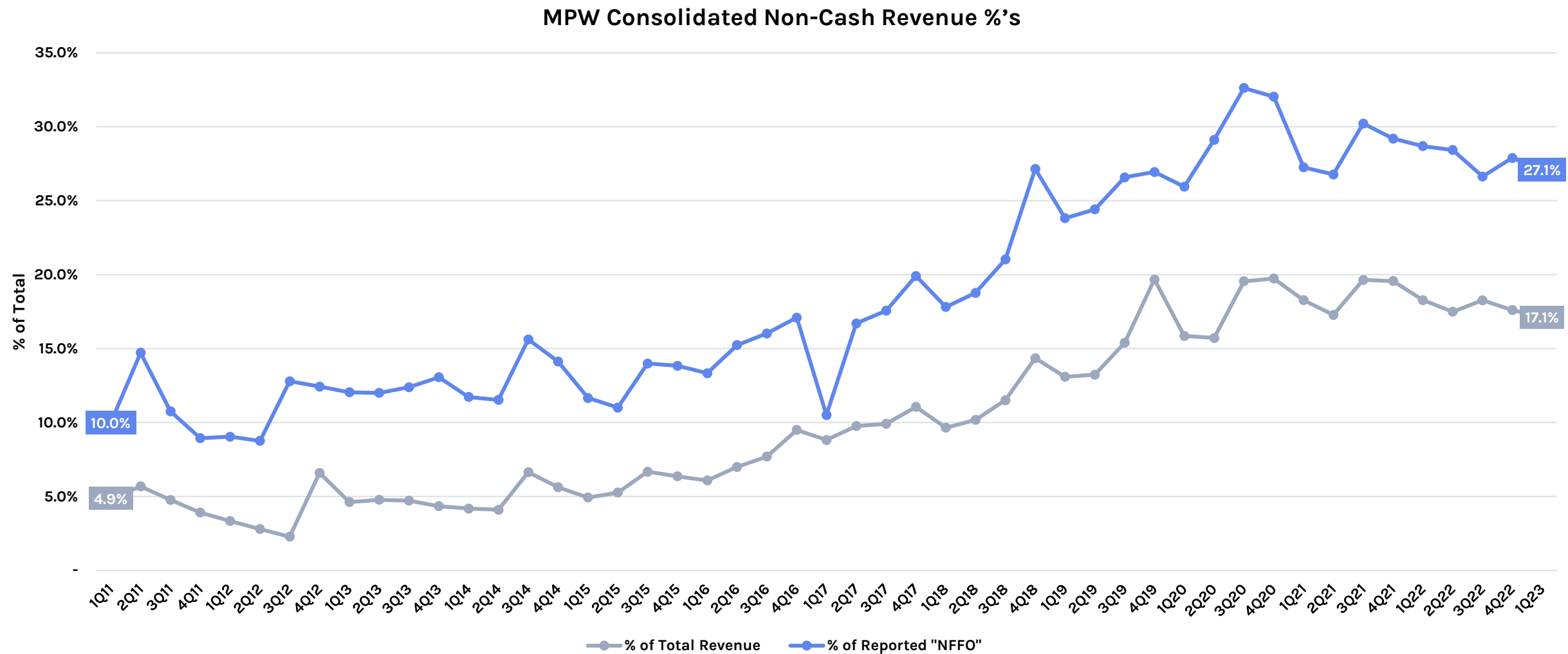
Despite what the company says, **leverage remains high** and is **increasingly secularly** as it borrows to fund the dividend + capital requirements to tenants.

MPW Historical Adj. Net Debt / EBITDA Leverage



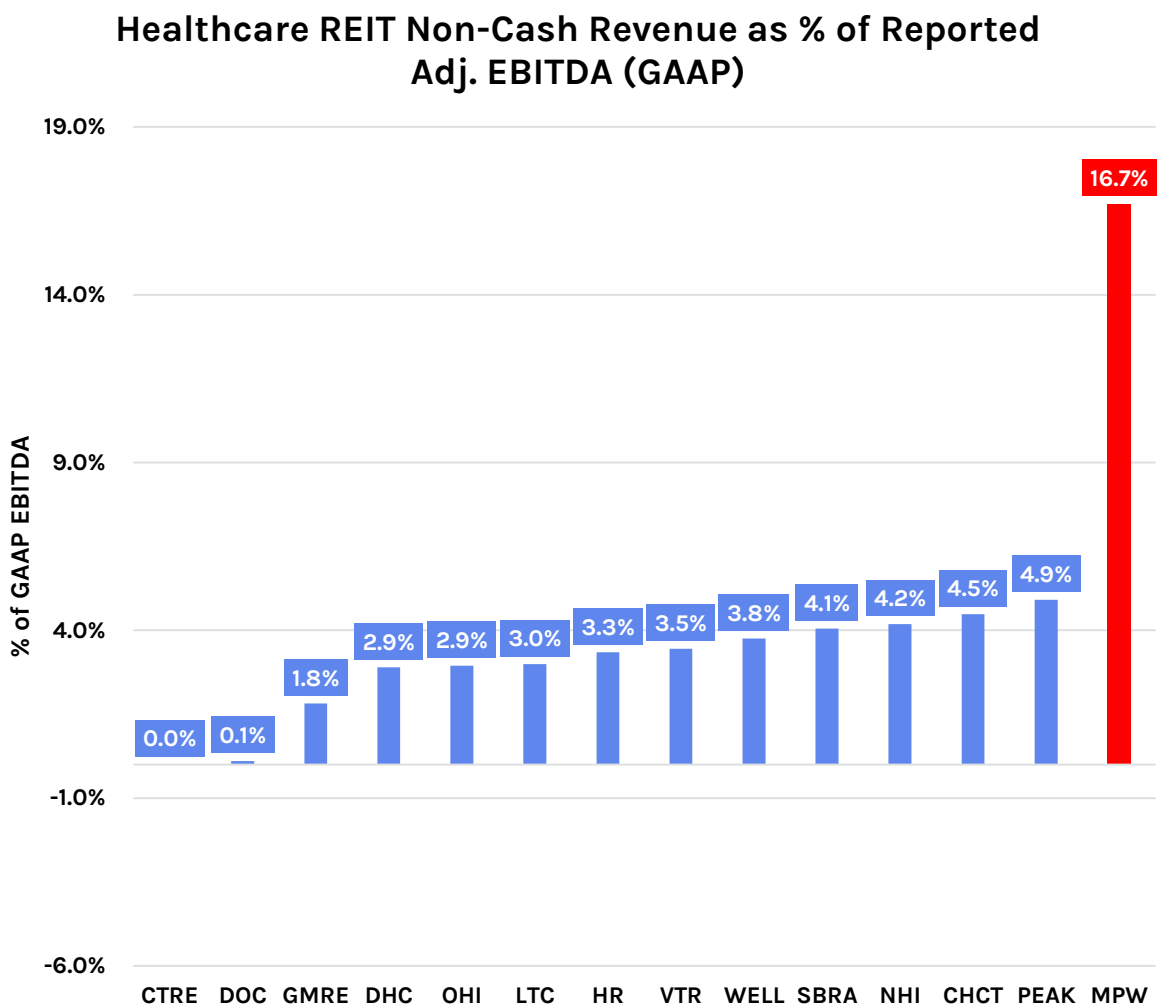
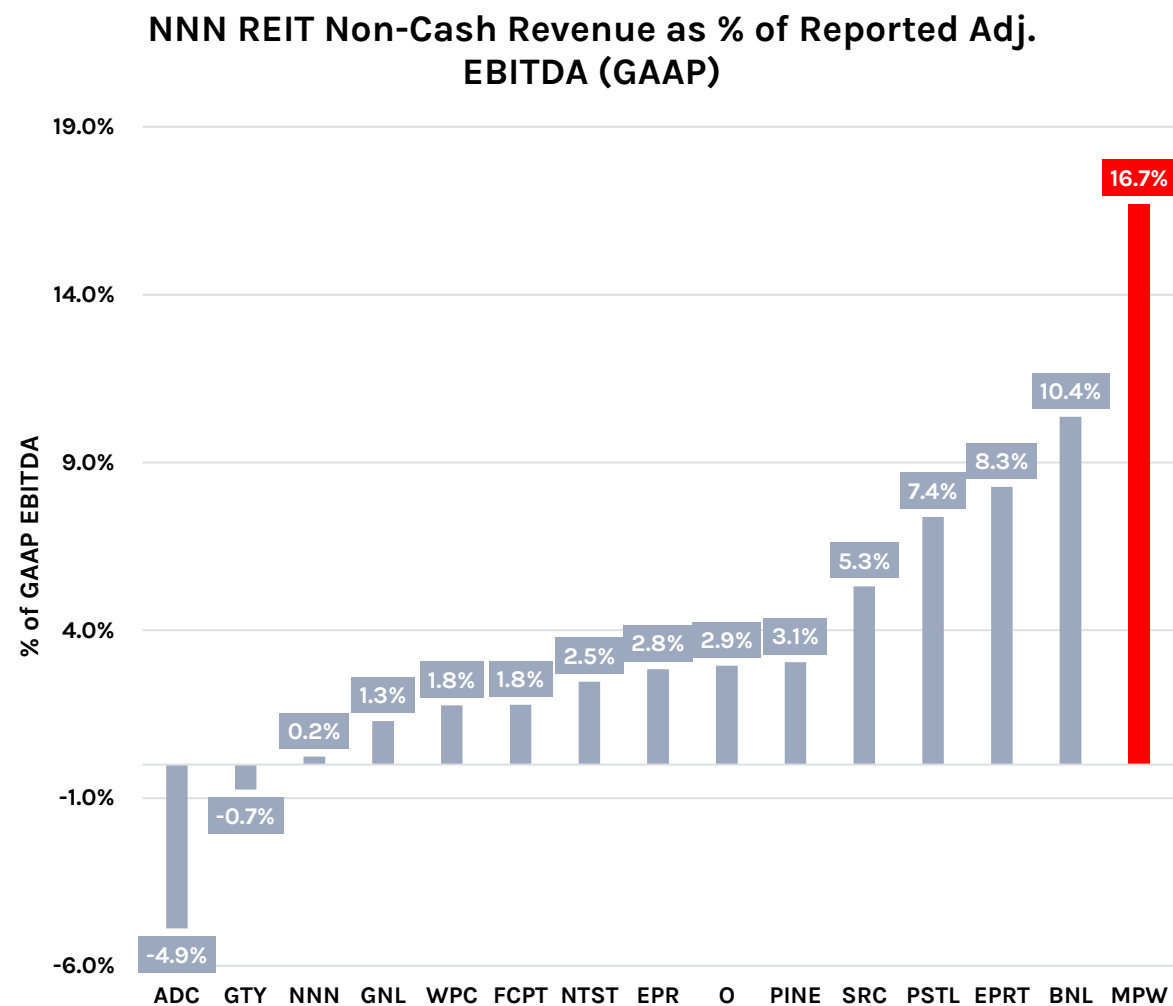
SUPP | MPW'S EARNINGS QUALITY IS **POOR** - ~27% OF GAAP EARNINGS COMES FROM NON-CASH REVENUE

Consolidated straight-line rent & interest account for ~17% of total revenue (up ~3.5x since 2011!) and ~27% of reported "NFFO." Management is demonstrably and FACTUALLY compensated based on reported GAAP FFO & EBITDA, which receive the benefit of straight-line revenue.



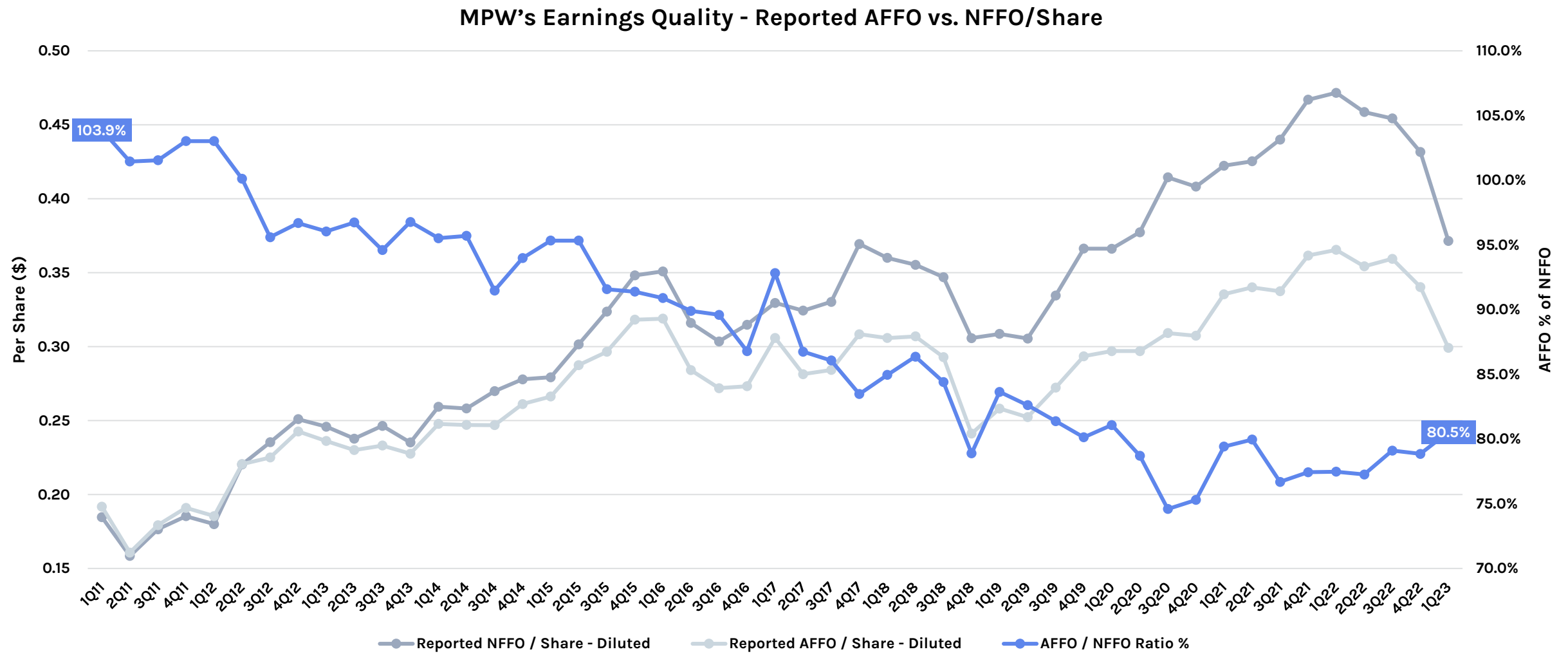
SUPP | BENCHMARKING NON-CASH REVENUE

MPW is off the charts, the worst among REITs across both peer groups...



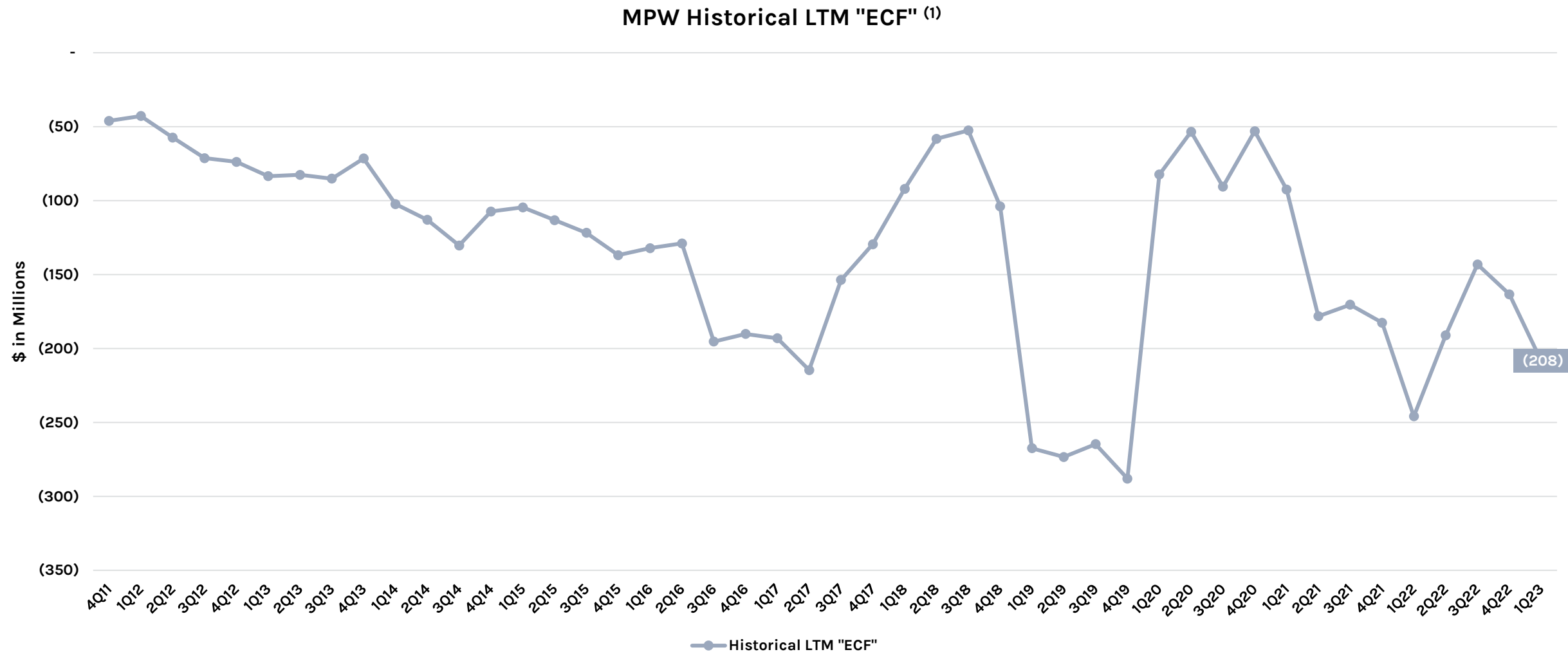
SUPP | REPORTED AFFO VS. “NFFO”

Ratio remains **among the worst** across all of REITs; these numbers exclude “capex,” which we think is recurring in nature.



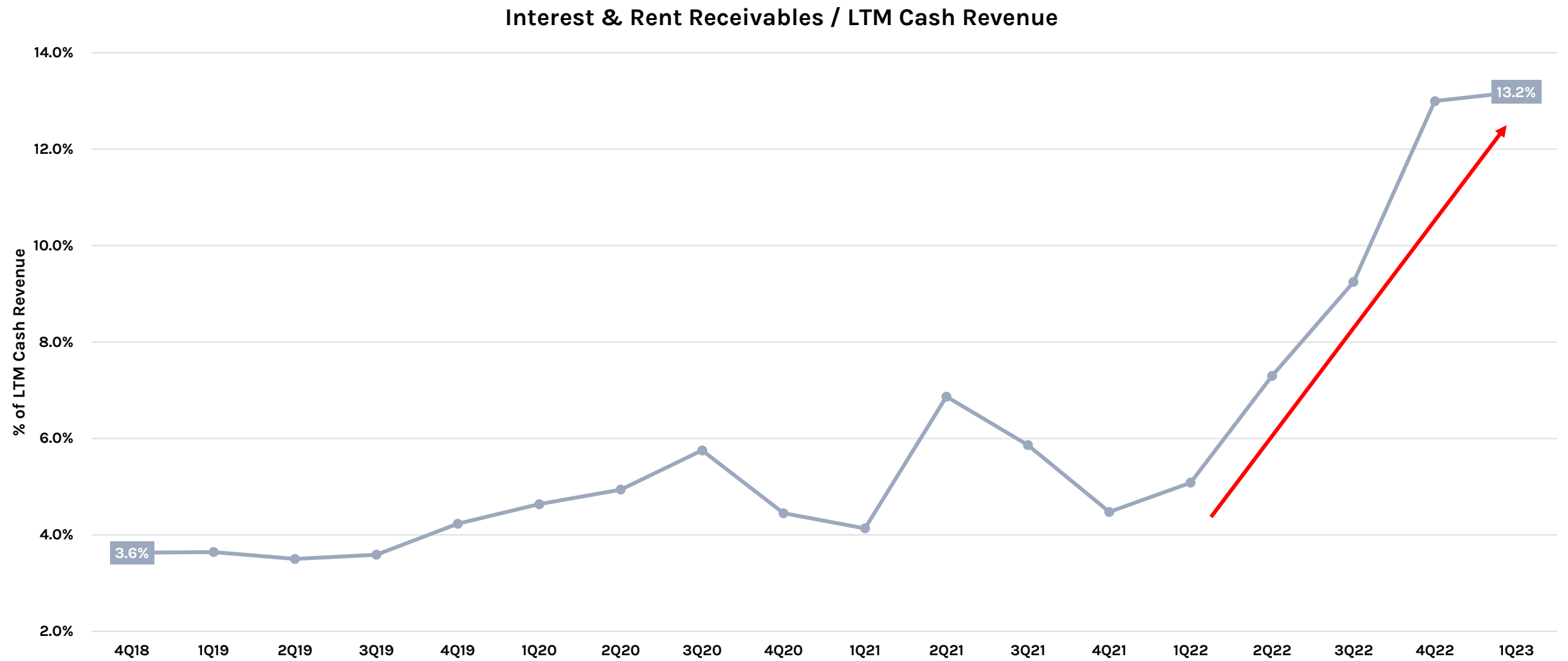
SUPP | MPW HAS BEEN “OVER-DISTRIBUTING” FOR A DECADE

Excess Cash Flow (“ECF”) = Cash from Operations – “Capex” – Dividends + 7% Return on “Capex.” The company has **not covered its dividend** with internally generated cash flow since at least 2011. Period.



SUPP | A/R BEGAN ACCRUING WELL-BEFORE 4Q22

Despite the narrative, problems clearly began showing up in accrued rent + interest payments well-ahead of the 4Q22 Prospect blow-up.



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