

[2][A] | A LOOK AT THE MPW/BLEW OWL 25%/75% JV FOR THE COMMONSPIRIT ASSETS

- We had previously estimated that the CommonSpirit portfolio was worth approximately ~\$1 billion gross to MPW.
- On 4.12.24 MPW announced [HERE](#) a 75% JV sale to Blue Owl (docs obtained [HERE](#), [HERE](#) & [HERE](#)), for **gross proceeds of ~\$1.08 billion to MPW**. Close enough!
- We now know from [HERE](#) that, on the same day, MPW executed a credit agreement amendment that included (1) **a ~\$400 million reduction in RCF availability to \$1.4 billion**, (2) repaying the AUD TL and (3) waiving/amending certain covenants.
- We believe that MPW effectively traded max proceeds (to bolster liquidity) for de minimis recurring cash flow and little or no future sale proceeds.
- Question: If it took this level of structuring to sell MPW's best, most liquid portfolio for nearly a ~9% cap rate, **what does that mean for the balance of the portfolio?**
- A link to CommonSpirit's 2024 municipal bond prospectus can be found [HERE](#).

Amounts in 000s, Except per Share Data

Illustrative Blue Owl/CommonSpirit Waterfall

	Req. MOIC /						
	Est. Int. Rate ⁽¹⁾	(\$)	(%)	(\$)	(%)		
Sources of Funds:							
Blue Owl's Net Equity Contribution ⁽²⁾	1.50x	308,500	28.6%				
Secured Term Loan ⁽⁴⁾	8.50%	770,000	71.4%				
Total		1,078,500	100.0%				
Uses of Funds:							
						Gross Proceeds to MPW ⁽³⁾	
						1,078,500 100.0%	
Total		1,078,500	100.0%			1,078,500 100.0%	
		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Rent		95,000	97,850	100,786	103,809	106,923	110,131
(-) Est. Opex ⁽⁵⁾	10.0%	(9,500)	(9,785)	(10,079)	(10,381)	(10,692)	(11,013)
Cash NOI		85,500	88,065	90,707	93,428	96,231	99,118
(-) Est. Interest Expense			(65,450)	(65,450)	(65,450)	(65,450)	(65,450)
Levered FCF			22,615	25,257	27,978	30,781	33,668
Total Deal CFs:							
Levered FCF			22,615	25,257	27,978	30,781	
(+) CommonSpirit Repurchase ⁽⁶⁾			-	-	-	1,200,000	
(-) TL Repayment			-	-	-	(770,000)	
Total Deal CFs			22,615	25,257	27,978	460,781	
Blue Owl Distributions:							
Pro Rata Distributions of FCF			16,961	18,943	20,984	23,086	
(+) Catch-Up ⁽⁷⁾			-	-	-	382,777	
(+) Pro Rata Sale After Catch-Up			-	-	-	35,418	
Total Distributions			16,961	18,943	20,984	441,280	
MPW UJV Distributions							
Check			5,654	6,314	6,995	19,501	

Notes:

- (1) We assume Blue Owl targets a ~1.5x MOIC in its promote, debt carries ~8.5% all-in cost given SOFR at 5.4% as of 4.18.24.
- (2) Reflects Blue Owl's ~\$886 million for a 75% equity stake, less their ~75% share of the TL proceeds.
- (3) Reflects ~\$886 million + MPW's 25% share of TL proceeds.
- (4) Docs filed in Utah indicate ~\$770 million secured term loan.
- (5) We assume ~10% landlord opex for not "true" triple-net lease.
- (6) Assumes CommonSpirit exercises their repurchase option for ~\$1.2 billion in Year 5 of lease, Year 4 of JV.
- (7) Assumes 100% of sale proceeds distributed to Blue Owl until 1.5x MOIC is hit, pro rata thereafter.