

MPW NAV | WE ESTIMATE ~\$7.6 BILLION OF CONSOLIDATED REAL ESTATE VALUE

This against MPW pro forma net debt of ~\$11.1 billion. We estimate Circle at ~\$1-1.4 billion and CommonSpirit at \$1-1.2 billion. These are MPW's two most saleable/financeable portfolios. We believe secured financing is more likely/achievable than asset sales under the required timeframe.

(\$ Amounts in 000s)

	Est. MPW	Est. MPW	In-Place	Est. Gross Market Value			Implied Cash Cap Rate to MPW ⁽¹⁾			Implied Prem./(Disc.) to BV		
	In-Place	Gross	MPW	Low	Mid	High	Low	Mid	High	Low	Mid	High
	Cash Rent	Investment	Cash Yield									
Consolidated RE Assets by Operator:												
Non-MAM Steward Assets ⁽²⁾⁽³⁾	192,000	2,464,000	7.79%	698,605	853,512	1,062,879	27.48%	22.50%	18.06%	-71.6%	-65.4%	-56.9%
(+) Prospect CA Hospitals ⁽⁴⁾	43,297	513,000	8.44%	360,810	393,611	432,972	12.00%	11.00%	10.00%	-29.7%	-23.3%	-15.6%
(+) Prospect CT Hospitals	-	457,000	-	100,000	150,000	355,000	-	-	-	-78.1%	-67.2%	-22.3%
(+) CommonSpirit ⁽⁵⁾	95,000	1,200,000	7.92%	1,055,556	1,187,500	1,225,806	9.00%	8.00%	7.75%	-12.0%	-1.0%	2.2%
(+) Circle Health ⁽⁶⁾	138,324	2,000,000	6.92%	1,140,000	1,282,500	1,465,714	12.13%	10.79%	9.44%	-43.0%	-35.9%	-26.7%
(+) Priory ⁽⁷⁾	78,000	1,436,490	5.43%	241,300	275,771	321,733	32.32%	28.28%	24.24%	-83.2%	-80.8%	-77.6%
(+) LifePoint (excl. Springstone) ⁽⁸⁾	51,214	540,000	9.48%	113,525	123,845	136,230	45.11%	41.35%	37.59%	-79.0%	-77.1%	-74.8%
(+) Pipeline Health ⁽⁹⁾	17,000	215,000	7.91%	-	-	-	-	-	-	-100.0%	-100.0%	-100.0%
Subtotal - Select Consolidated RE Assets	614,835	8,825,490	6.97%	3,709,796	4,266,740	5,000,335	16.57%	14.41%	12.30%	-58.0%	-51.7%	-43.3%
(+) Other Consolidated Assets ⁽¹⁰⁾	418,157	5,740,427	7.28%	3,353,457	3,428,889	3,507,400	12.47%	12.20%	11.92%	-41.6%	-40.3%	-38.9%
Total/Wtd. Avg. - Consolidated RE Assets (A)	1,032,992	14,565,917	7.09%	7,063,253	7,695,629	8,507,735	14.62%	13.42%	12.14%	-51.5%	-47.2%	-41.6%
UJV RE Assets (at MPW's Share):												
MAM Steward JV ⁽¹¹⁾	56,000	839,000	6.67%	-	-	-	-	-	-	-	-	-
Infracore / Swiss Medical ⁽¹¹⁾	42,000			-	-	-	-	-	-	-	-	-
Other UJVs ⁽¹²⁾	76,324			636,033	693,855	763,240	12.00%	11.00%	10.00%			
Total/Wtd. Avg. - UJV RE Assets (B)	174,324			636,033	693,855	763,240	27.41%	25.12%	22.84%			
Total/Wtd. Avg. - MPW Share of RE Assets (= A + B)	1,207,316			7,699,286	8,389,484	9,270,975	15.68%	14.39%	13.02%			

-- Saleable / Financeable Value

Notes:

- (1) Represents Hedgeye's estimate of FMV divided by the estimated in-place cash rent to MPW.
- (2) We believe Steward very likely is generating negative corporate EBITDAR and is, therefore, a negative value enterprise before debt. We approach valuing the real estate under a re-tenanting scenario.
- (3) We underwrite the real estate to a third-party operator generating ~\$4.5 billion of revenue at an ~6% EBITDAR margin, a required ~2.5x EBITDAR coverage ratio, and that rent capitalized at a ~10% cap rate. We then discount that value back ~2 years for the assumed average time to re-tenant at a ~10% discount rate, less carrying costs.
- (4) Prospect has required loan support to pay its rent, including from MPW. We apply a cap rate range of 10-12% to in-place cash rent.
- (5) Assumes MPW's book value of ~\$1.2 billion.
- (6) We estimate current in-place cash rent at ~\$135-140 million, and ~\$100-105 million under a 2.5x EBITDAR coverage requirement. We apply a cap rate range of 7-9% to that "affordable" rent.
- (7) We estimate Priory's in-place rent is ~1.5x the annual cash flow available to service it. We estimate affordable rent at ~\$25 million, or 2x pre-rent OCF, and apply a cap rate range of 7-9%.
- (8) We believe LifePoint is "Domestic Operator 1" in MPW's disclosures, and is not covering rent at the facility level. Using LifePoint's financials excl. Springstone, we estimate affordable rent at ~\$13-15 million, and assume a cap rate range of 11-12%.
- (9) We ascribe no value to Pipeline's real estate. The most recent known EBITDARM was ~\$3 million against ~\$17 million of rent, and MPW had to grant deferrals plus fund ~1 year of rent as "capex" over and above the initial lease to secure Pipeline's exit from BK.
- (10) We underwrite the remaining consolidated assets, which we estimate account for ~40% of consolidated cash rent, to a ~10% required unlevered IRR.
- (11) We ascribe no value to the Steward/MAM or Infracore UJVs. Steward/MAM likely is not producing any cash flow to MPW, and Infracore may be entirely fraudulent.
- (12) We value the remaining UJVs at a 10-12% cap rate.