

MPW NAV | WE ESTIMATE ~\$7.1 BILLION OF CONSOLIDATED REAL ESTATE VALUE

This against MPW pro forma net debt of ~\$11.1 billion. We estimate Circle at ~\$1.1 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%	950,000	1,070,000	1,200,000	10.00%	8.88%	7.92%	-20.8%	-10.8%	-
(+) Circle Health ⁽⁶⁾	116,068	2,000,000	5.80%	944,444	1,062,500	1,214,286	12.29%	10.92%	9.56%	-52.8%	-46.9%	-39.3%
(+) 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%
(+) Ernest	55,000	600,000	9.17%	500,000	550,000	611,111	11.00%	10.00%	9.00%	-16.7%	-8.3%	1.9%
(+) LifePoint (excl. Springstone) ⁽⁹⁾	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 ⁽¹⁰⁾	17,000	215,000	7.91%	-	-	-	-	-	-	-100.0%	-100.0%	-100.0%
Subtotal - Select Consolidated RE Assets	647,580	9,425,490	6.87%	3,908,684	4,479,240	5,334,211	16.57%	14.46%	12.14%	-58.5%	-52.5%	-43.4%
(+) Other Consolidated Assets ⁽¹¹⁾	385,413	5,140,427	7.50%	2,584,160	2,633,653	2,684,824	14.91%	14.63%	14.36%	-49.7%	-48.8%	-47.8%
Total/Wtd. Avg. - Consolidated RE Assets (A)	1,032,992	14,565,917	7.09%	6,492,845	7,112,893	8,019,035	15.91%	14.52%	12.88%	-55.4%	-51.2%	-44.9%
UJV RE Assets (at MPW's Share):												
MAM Steward JV ⁽¹²⁾	56,000	839,000	6.67%	-	-	-	-	-	-	-	-	-
Infracore / Swiss Medical ⁽¹²⁾	42,000	-	-	-	-	-	-	-	-	-	-	-
Other UJVs ⁽¹³⁾	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	-	-	7,128,878	7,806,748	8,782,275	16.94%	15.47%	13.75%	-	-	-

<-- 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 ~\$115-120 million, and ~\$85 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) Using Ernest's audited 2022 financial statements, we estimate current cash rent to MPW at ~\$55.0 million and corporate EBITDAR coverage of ~1.5x. We assumed ~2.5x required coverage and capitalize that figure using a cap rate range of ~9-11%.
- (9) 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%.
- (10) 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.
- (11) We underwrite the remaining consolidated assets, which we estimate account for ~40% of consolidated cash rent, to a ~10% required unlevered IRR.
- (12) 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.
- (13) We value the remaining UJVs at a 10-12% cap rate.