

# MPW NAV | WE ESTIMATE ~\$6.9 BILLION OF CONSOLIDATED REAL ESTATE VALUE

HEDGEYE

This against MPW pro forma net debt of ~\$11.1 billion. We estimate the Circle and CommonSpirit portfolios are each worth ~\$1 billion. MPW is working to sell CommonSpirit. Circle likely cannot be sold given the adverse impact on MPW's covenants.

(\$ Amounts in 000s)

	Est. MPW	Est. MPW	In-Place	Est. Gross Market Value			Implied Cash Cap Rate to MPW <sup>(1)</sup>			Implied Prem./ (Disc.) to BV		
	In-Place	Gross	MPW	Low	Mid	High	Low	Mid	High	Low	Mid	High
	Cash Rent	Investment	Cash Yield									
<b>Consolidated RE Assets by Operator:</b>												
Non-MAM Steward Assets <sup>(2)(3)</sup>	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 <sup>(4)</sup>	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 <sup>(5)</sup>	95,000	1,200,000	7.92%	1,000,000	1,070,000	1,200,000	9.50%	8.88%	7.92%	-16.7%	-10.8%	-
(+) Circle Health <sup>(6)</sup>	116,068	2,000,000	5.80%	944,444	1,000,000	1,062,500	12.29%	11.61%	10.92%	-52.8%	-50.0%	-46.9%
(+) Priory <sup>(7)</sup>	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 <sup>(8)</sup>	55,000	600,000	9.17%	307,131	337,844	375,382	17.91%	16.28%	14.65%	-48.8%	-43.7%	-37.4%
(+) LifePoint (excl. Springstone) <sup>(9)</sup>	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 <sup>(10)</sup>	17,000	215,000	7.91%	-	-	-	-	-	-	-100.0%	-100.0%	-100.0%
<b>Subtotal - Select Consolidated RE Assets</b>	<b>647,580</b>	<b>9,425,490</b>	<b>6.87%</b>	<b>3,765,815</b>	<b>4,204,584</b>	<b>4,946,696</b>	<b>17.20%</b>	<b>15.40%</b>	<b>13.09%</b>	<b>-60.0%</b>	<b>-55.4%</b>	<b>-47.5%</b>
(+) Other Consolidated Assets <sup>(11)</sup>	358,269	5,140,427	6.97%	2,559,063	2,653,843	2,755,914	14.00%	13.50%	13.00%	-50.2%	-48.4%	-46.4%
<b>Total/Wtd. Avg. - Consolidated RE Assets ( A )</b>	<b>1,005,848</b>	<b>14,565,917</b>	<b>6.91%</b>	<b>6,324,878</b>	<b>6,858,427</b>	<b>7,702,611</b>	<b>15.90%</b>	<b>14.67%</b>	<b>13.06%</b>	<b>-56.6%</b>	<b>-52.9%</b>	<b>-47.1%</b>
<b>UJV RE Assets (at MPW's Share):</b>												
MAM Steward JV <sup>(12)</sup>	56,000	839,000	6.67%	-	-	-	-	-	-	-	-	-
Infracore / Swiss Medical <sup>(12)</sup>	42,000	-	-	-	-	-	-	-	-	-	-	-
Other UJVs <sup>(13)</sup>	76,324	-	-	636,033	693,855	763,240	12.00%	11.00%	10.00%	-	-	-
<b>Total/Wtd. Avg. - UJV RE Assets ( B )</b>	<b>174,324</b>	<b>-</b>	<b>-</b>	<b>636,033</b>	<b>693,855</b>	<b>763,240</b>	<b>27.41%</b>	<b>25.12%</b>	<b>22.84%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total/Wtd. Avg. - MPW Share of RE Assets ( = A + B )</b>	<b>1,180,172</b>	<b>-</b>	<b>-</b>	<b>6,960,912</b>	<b>7,552,282</b>	<b>8,465,851</b>	<b>16.95%</b>	<b>15.63%</b>	<b>13.94%</b>	<b>-</b>	<b>-</b>	<b>-</b>

<-- 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) We underwrite to a 10% unlevered IRR, giving effect to the CommonSpirit repurchase option in Year 4 at \$1.2 billion and ~\$80 million of required landlord capex funding.
- (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 8-9% 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.