MPW | MPW'S LIQUIDITY IS EXTREMELY TIGHT, TIME IS NOT THEIR FRIEND

HEDGEYE

Absent a significant secured debt raise and/or asset sale, we still have MPW running out of available liquidity by 4Q24. As a practical matter, that may happen EARLIER as ~$1.4 billion of debt will be treated as "current" by the ratings agencies in 1Q24.

Key Assumptions:

- **Prospect CT/Yale closing in 1Q24 for ~$300 million – timing and proceeds very unclear.**
- Does not contemplate sale of PHPH, given the uncertainty and multitude of issues surrounding that entity.
- Fully-drawn $75 million Prospect delayed draw TL as of 4Q23.
- **~$40 million of quarterly loan/advance support to Steward – we cannot ignore this anymore, either there will be loans from MPW or rent cuts.**
- AUD TL retired at maturity in May 2024.
- ~$65 million per quarter in "capex" & other operator funding.
- Completion of in-process developments.
- New ~$0.15/share quarterly dividend rate going forward.
- **No incremental operator issues.**

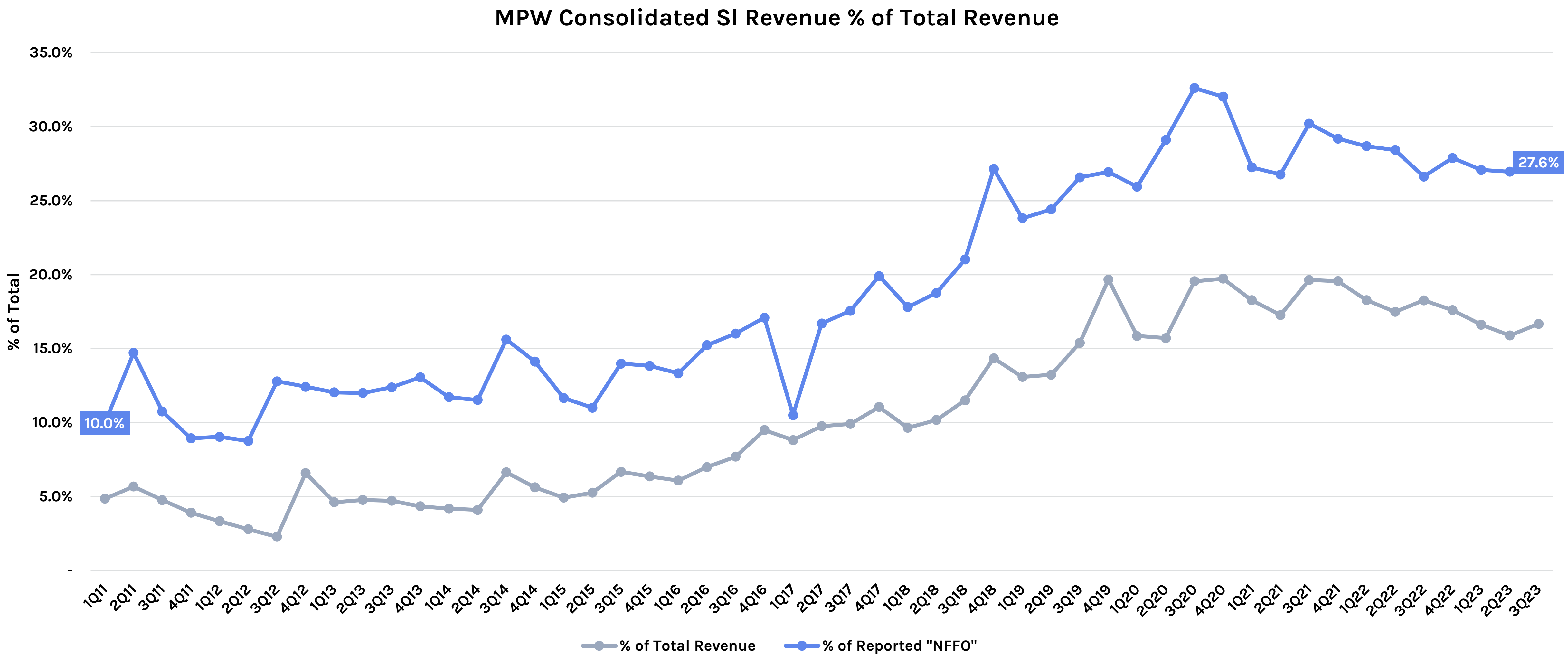
Amounts in 000s, Except per Share Data

	FY 2020A	FY 2021A	FY 2022A	1Q23	2Q23	3Q23	4Q23E	FY 2023E	1Q24E	2Q24E	3Q24E	4Q24E	FY 2024E
Consolidated Statements of Cash Flows													
Net Cash from Operating Activities	617,636	811,656	739,010	135,648	76,529	158,191	132,951	503,319	156,931	139,889	166,714	209,239	672,774
Investing Activities:													
Capital Additions / Operator Funding - "Capex"							(65,000)		(65,000)	(65,000)	(65,000)	(65,000)	(260,000)
Priory & MEDIAN Acquisitions - Assumed 2Q23							-		-	-	-	-	-
Prime Repurchase Option - Assumed 3Q23							-		-	-	-	-	-
Healthscope Proceeds - Assumed End of 2Q23							305,000		-	-	-	-	-
Prospect CT Proceeds - Assumed 4Q23							-		300,000	-	-	-	300,000
Prospect PA Recovery							-		-	-	-	-	-
Steward Loan Repayment from Utah Sale							-		-	-	-	-	-
Steward ABL / Other Loan Funding							(40,000)		(40,000)	(40,000)	(40,000)	(40,000)	(160,000)
Prospect Loan Funding							(30,000)		-	-	-	-	-
Development Funding							(26,738)		(30,690)	(23,756)	(23,756)	(17,841)	(96,042)
Net Cash from Investing Activities	(2,946,773)	(3,858,413)	396,056	17,178	391,821	(61,658)	143,262	490,603	164,310	(128,756)	(128,756)	(122,841)	(216,042)
Cash Flow Available for Financing	(2,329,137)	(3,046,757)	1,135,066	152,826	468,350	96,533	276,213	993,922	321,241	11,133	37,959	86,399	456,731
Financing Activities:													
2024 AUD Term Loan							-		-	(302,445)	-	-	(302,445)
2.55% GBP Notes Due 2023							(439,399)		-	-	-	-	-
2024 GBP Term Loan							-		-	-	-	(127,907)	(127,907)
2025 GBP Term Loan							-		-	-	-	-	-
3.325% Notes Due 2025							-		-	-	-	-	-
Net (Paydown) / Borrowing Under Revolver							207,067		(231,474)	381,079	51,808	131,275	332,687
Dividends Paid							(89,767)		(89,767)	(89,767)	(89,767)	(89,767)	(359,066)
Other							-		-	-	-	-	-
Net Cash from Financing Activities	1,401,074	2,947,608	(1,342,523)	(89,125)	(461,816)	(66,658)	(322,099)	(939,698)	(321,241)	(11,133)	(37,959)	(86,399)	(456,731)
Effect of Exchange Rate Changes	16,441	4,662	(12,887)	2,927	15,257	(13,946)	-	4,238	-	-	-	-	-
Net Change in Cash & Restricted Cash	(911,622)	(94,487)	(220,344)	66,628	21,791	15,929	(45,886)	58,462	-	-	-	-	-
Beginning Balance	1,467,991	556,369	461,882	241,538	308,166	329,957	345,886	241,538	300,000	300,000	300,000	300,000	300,000
Cash & Restricted Cash - Ending	556,369	461,882	241,538	308,166	329,957	345,886	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Check	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Facility Revolver (Cash Sweep)													
Beginning Balance	-	165,407	730,000	929,584	1,031,037	1,211,708	1,354,294	929,584	1,561,361	1,329,887	1,710,965	1,762,773	1,561,361
Net Change (From CF Statement)	165,407	564,593	199,584	101,453	180,671	142,586	207,067	631,777	(231,474)	381,079	51,808	131,275	332,687
Ending Balance	165,407	730,000	929,584	1,031,037	1,211,708	1,354,294	1,561,361	1,561,361	1,329,887	1,710,965	1,762,773	1,894,048	1,894,048
Check	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liqiduity: Cash + RCF Availability						791,592	538,639	538,639	770,113	389,035	337,227	205,952	205,952

MPW | EARNINGS QUALITY REMAINS POOR

HEDGEYE

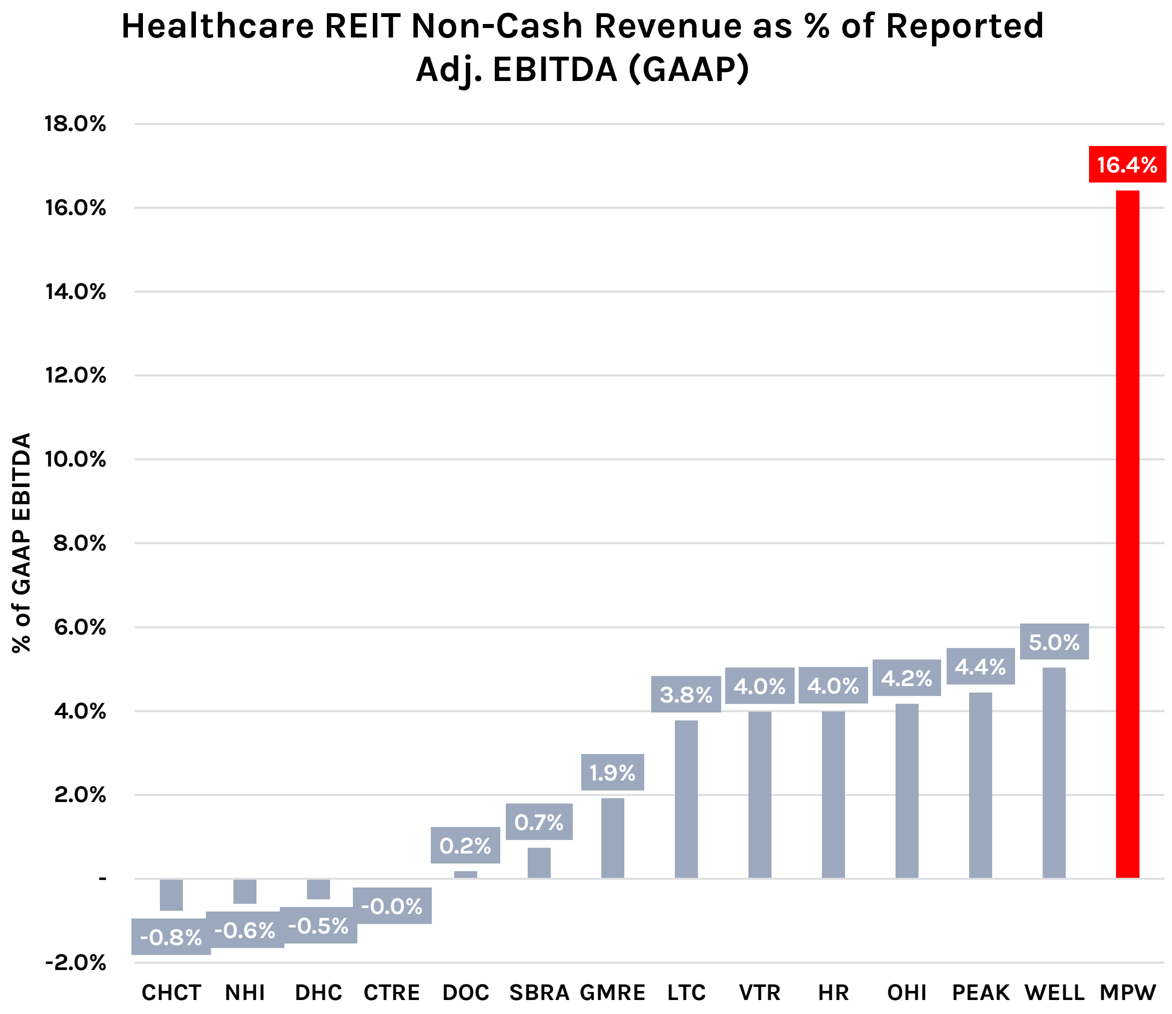
Nearly ~30% of reported "NFFO" consists of non-cash revenue, owing to MPW's very long lease + loan agreements with poor credit tenants. Reported earnings metrics are not appropriate for evaluating dividend coverage, leverage or valuation.



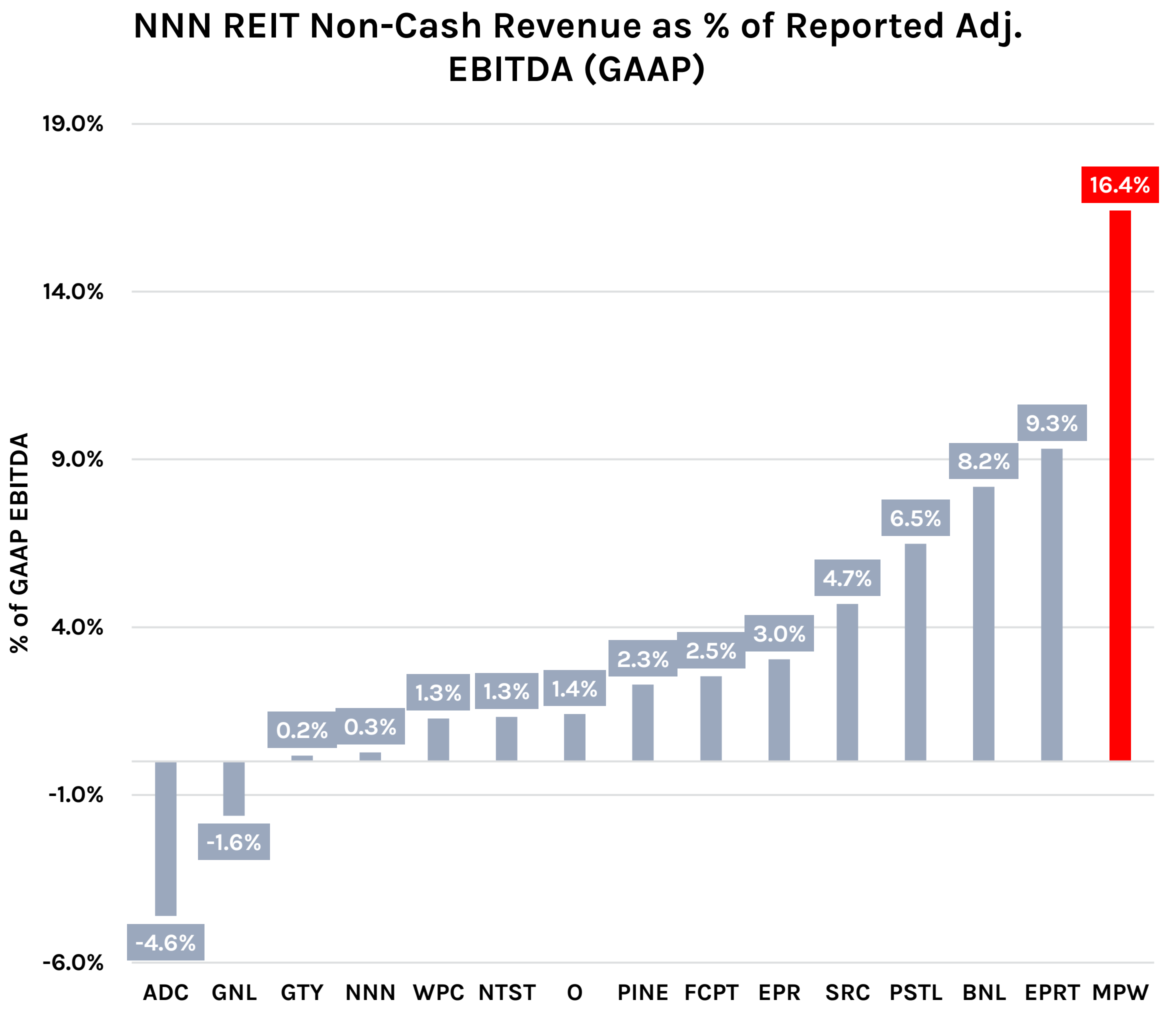
MPW | NON-CASH REVENUE OFF THE CHARTS

HEDGEYE

Healthcare REIT Peers



Triple-Net REIT Peers

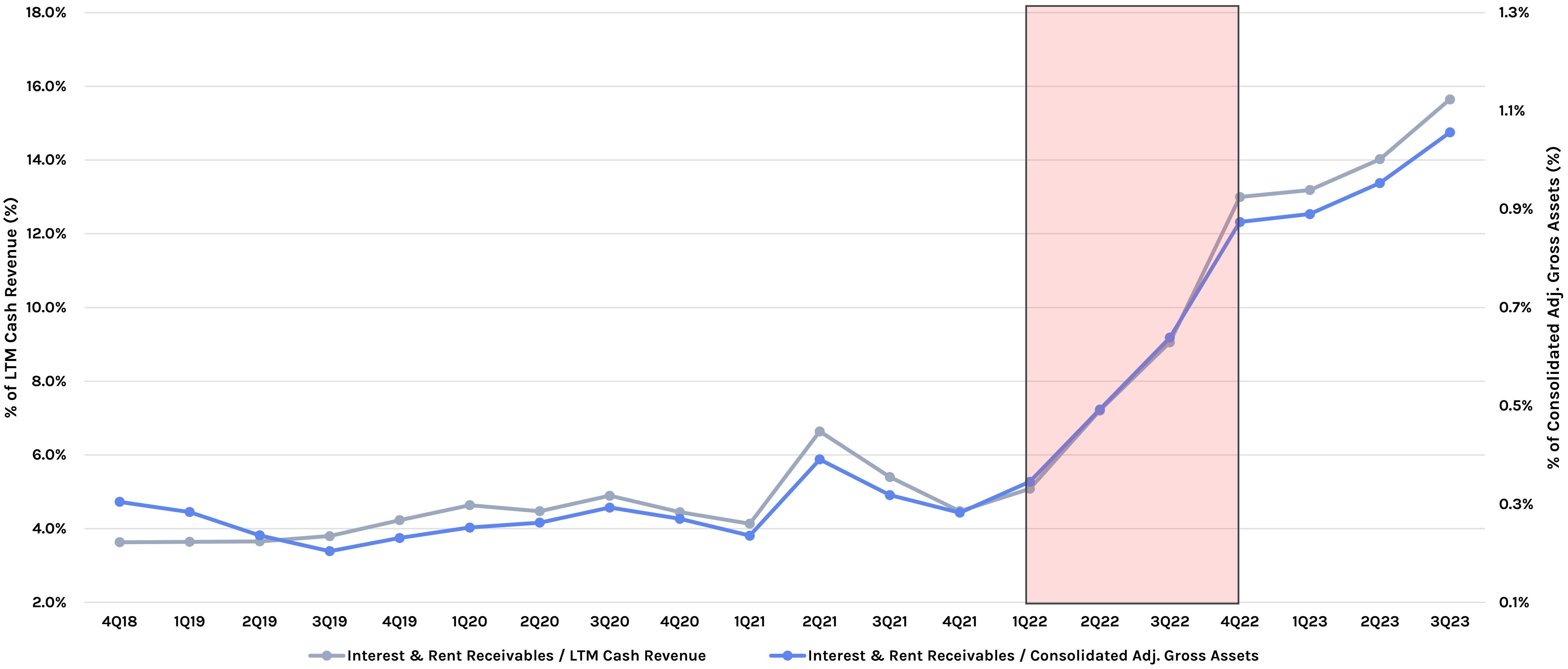


Data Source: Company Reports, Hedgeye Estimates

MPW | HOW DOES MPW EXPLAIN THIS A/R BUILD THROUGHOUT 2022?

HEDGEYE

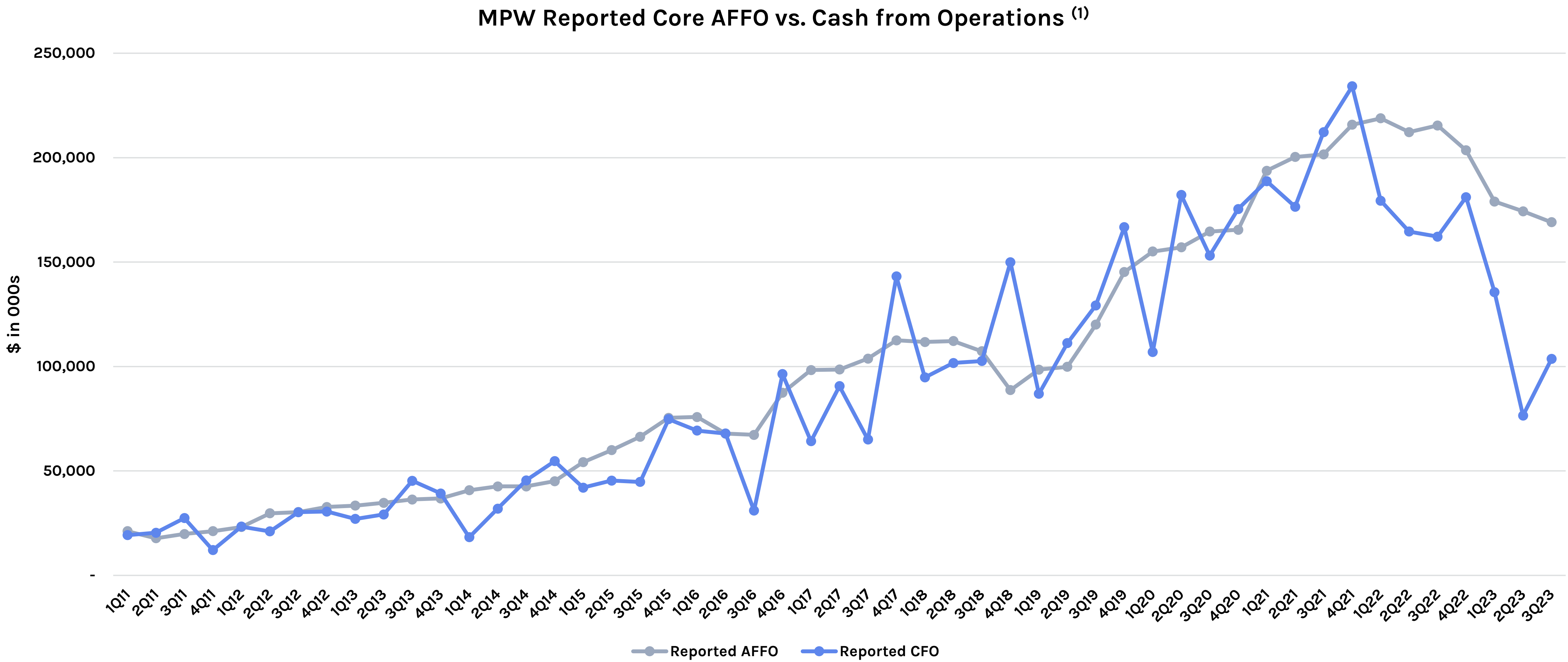
We continue to believe that Prospect deferrals accounted for a significant portion, if not all, of this cash A/R build throughout 2022. If MPW's management is going to argue otherwise, we believe they should then explain what *did* cause the build.



MPW | OR THIS DIVERGENCE BETWEEN REPORTED "AFFO" AND CFO THAT BEGAN IN 1Q22?

HEDGEYE

Given that MPW's reported "AFFO" does not reflect capex, "AFFO" should roughly track CFO from the CF statement. This was true until 1Q22. At that point the figures began diverging materially. We believe Prospect drove this. How does MPW management explain this?



(1) CFO is adjusted to exclude YTD 2022 and YTD 2023 distributions from UJVs of ~$51.7 million and ~$54.6 million, respectively. Hedgeye believes these amounts (1) were recorded primarily in 3Q22 and 3Q23, and (2) are driven, at least in part, by capital events / refinancings at Infracore / Swiss Medical.

MPW | OR THESE "AFFO" DEFINITION CHANGES? PROSPECT WAS A FINANCING LEASE...

HEDGEYE

1 1Q22: Deducts all "non-cash revenue"

"We calculate adjusted funds from operations, or AFFO, by subtracting from or adding to normalized FFO (i) non-cash revenue, (ii) non-cash share-based compensation expense, and (iii) amortization of deferred financing costs." – 1Q22 Supplemental HERE

2 2Q22: Deducts "non-cash revenue such as straight-line rent"

"We calculate adjusted funds from operations, or AFFO, by subtracting from or adding to normalized FFO (i) non-cash revenue such as straight-line rent, (ii) non-cash share-based compensation expense, and (iii) amortization of deferred financing costs. AFFO is an operating measurement that we use to analyze our results of operations based more on the receipt, rather than the accrual, of our rental revenue and on certain other adjustments." – 2Q22 Supplemental HERE

3 3Q22: Deducts only "straight-line rent"

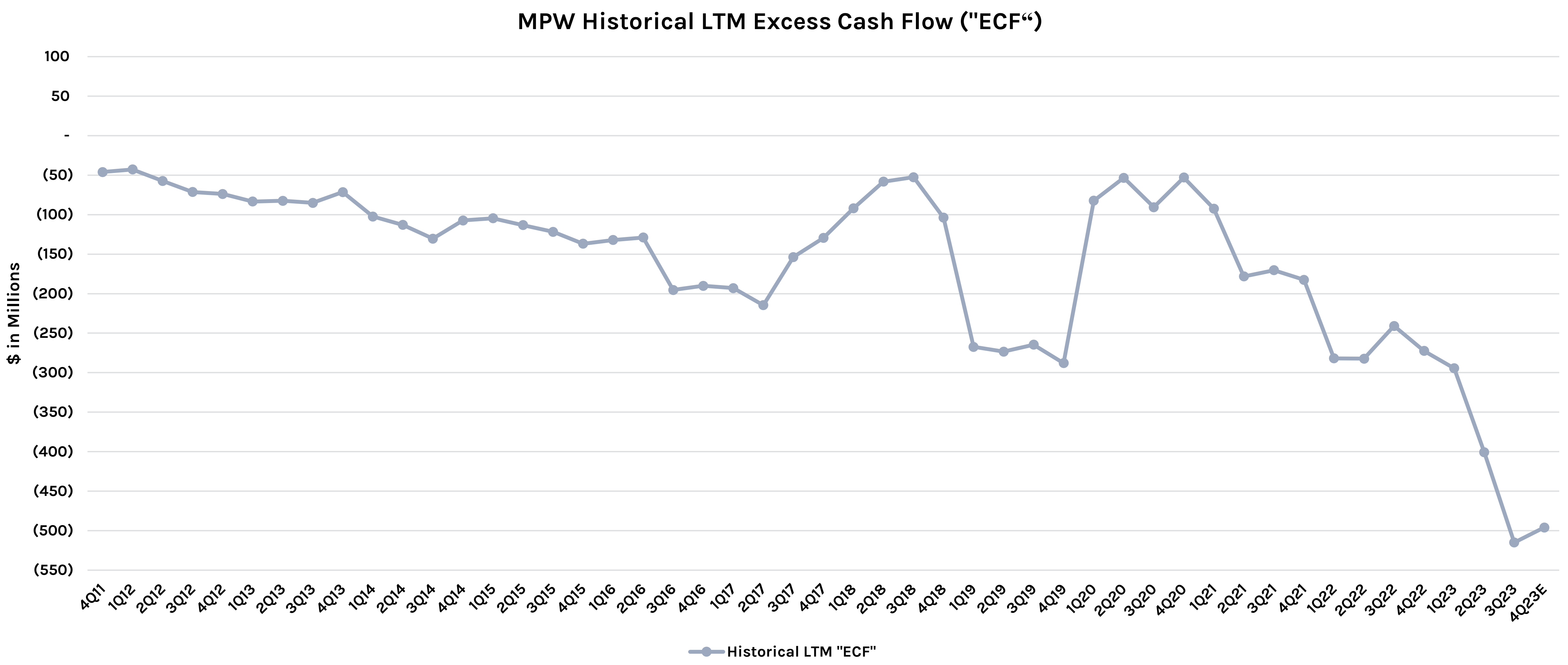
"We calculate adjusted funds from operations, or AFFO, by subtracting from or adding to normalized FFO (i) straight-line rent, (ii) non-cash share-based compensation expense, and (iii) amortization of deferred financing costs." – 3Q22 Supplemental HERE

Definitions NEVER change unless there is a reason… so what was the reason?

MPW | SECULAR CASH BURN AFTER DIVIDENDS

HEDGEYE

“ECF” for MPW = Cash from Operations (CFO) – “Capex” – Dividends + 7% Return on “Capex.” Ignores the impact of net loan fundings / repayments with the funding portion often included in “acquisitions.”



MPW | DESPITE RECENT TRANSACTIONS LEVERAGE REMAINS HIGH NEAR ~9x

HEDGEYE

Assuming all goes right for MPW but BEFORE any PHP sale, we see pro forma cash leverage in the 8.5-8x range. Leverage has increased secularly over a decade, owing to (1) highly-leveraged acquisitions and (2) uneconomic lease agreements.