MPW – (Dis)Reputable Operators

MPW's global settlement agreement places mismanaged/fraudulent shells, funded by MPW, in charge of community health centers. This is an objectively terrible deal for MPW.

PLEASE READ IMPORTANT DISCLAIMER – PAGE 11

September 18, 2024 – The Steward bankruptcy court has rubber-stamped a deal to allow MPW to appoint interim operators, most of which are as mismanaged, insolvent, and/or fraudulent as Steward. In its releases MPW stated it would provide aggregate loans of up to $80m to the interim operators, some of which are empty shells, and expects cash rent payments (which crippled Steward) by Q4 2026.

We note that MPW faces its own liquidity challenges, and is unlikely to live to see any rent collections.

The deal is a face-saving disaster

This is a disastrous deal for MPW stakeholders, designed for the purpose of falsely preserving inflated real estate values as MPW faces a liquidity crunch.

- MPW cannot raise capital or issue debt[1]. It is actively selling assets during covenant waivers and already junk-rated. Any further revaluations of MPW's book will give cause for MPW's lenders to call their debt.
  - MPW lacks the liquidity to cover its Q1 2025 maturities without massively diluting equity holders.
- MPW will record new straight-line rent against new 18-year lease terms, despite not receiving any rent for 2 years. This fabrication will ensure management meets FFO requirements for their compensation targets.
- The vast majority of MPW's tenants are financially distressed/bankrupt. MPW has round-tripped revenues to itself in the form of disguised financing for years. The majority of the Steward replacement operators appear to fall into the same category.
  - MPW fraudulently portrayed Steward as a profitable, cash generative and liquid enterprise while in lending Steward hundreds of millions of dollars a year in working capital loans, paying "capex" on their triple net leases, and engaging in uncommercial transactions to syphon hundreds of millions of dollars.

MPW is crippled with debt and bleeding cash; there is essentially near-zero forecast cash flow from MPW's largest portfolio for at least 18 months. There will be no improvement to care quality for these hospitals under the management of these interim operators or any operators funded by MPW.

The interim operators are as bad as Steward

Viceroy have compiled a rap-sheet for each of MPW's newly appointed interim operators below.

OPERATOR	REGION(S)	OPERATOR DESCRIPTION
HEALTHCARE SYSTEMS OF AMERICA	Southeast Florida (5), East Texas (2), Louisiana (1)	A community-based hospital system based in Los Angeles, CA affiliated with American Hospital Systems, which currently operates four acute care hospitals
HONOR HEALTH	Arizona (3)	A non-profit, local community healthcare system serving the greater Phoenix area with a network encompassing acute-care hospitals, an extensive medical group, outpatient surgery centers, a cancer care network, clinical research, and more
QUORUM HEALTH	West Texas (2)	A leading operator of general acute care hospitals and outpatient services with a diversified portfolio in rural and mid-sized markets across the United States
INSIGHT HEALTH	Ohio (2)	A physician-led provider of community-based, patient-centric care

Figure 1 – Medical Properties Trust Press Release[2]

These operators are expected to eat operating losses for universally bankrupt hospitals which received no qualifying bids in a fire-sale. These operators are then expected to pay MPW's above-market rent in 18 months' time, which Steward, in court filings, described as "crippling".

[1] As a result of Quarterly Report on Form 10-Q not being filed timely.

[22] https://www.medicalpropertiestrust.com/press-release?page=https://medicalpropertiestrust.gcs-web.com/news-releases/news-release-details/medical-properties-trust-takes-control-its-real-estate-steward

hospitals, the Debtors must similarly liberate themselves from Master Lease I. Even setting aside MPT's interference with the sale process, the terms of Master Lease I are expensive and burdensome, with significantly above-market rental obligations.[5] The rent and other payment obligations under the Master Leases are substantial and have crippled the Debtors' operations for years. Since 2022 alone, and even *after* accounting for certain rent concessions provided to the Debtors in connection with certain prepetition agreements in 2024 and the Junior DIP Facility, the Debtors have paid MPT over $870 million between Master Lease I and Master Lease II, (including $605 million under Master Lease I and $265 million under Master Lease II).

Figure 2 – Steward Bankruptcy Docket 2026[3]

These newly-formed operators can afford to do this because **they are directly funded by MPW**. Indeed, **MPW has already registered secured interests against these interim operators,** presumably for the $80m in working capital loans needed to absorb upfront operating losses.

same as the new interim managers) designated by the Company by October 1, 2024. The new operators have assumed responsibility for the costs of operating the relevant hospitals (including payroll and related benefits), on a go-forward basis, with the Company agreeing to provide aggregate loans of up to approximately $80 million, secured by accounts receivable, to the new operators of the 15 transitional hospitals. These loans are expected to be repaid upon the respective new operators' completion of asset-backed working capital loans with third party lenders. The weighted average initial term

Figure 3 – MPW 8-K[4]

Given the implied cash-burning rate at Steward throughout the bankruptcy process, for which MPW (among others) footed the bill: $80m in working capital loans will do little in the way of sustainably funding these hospitals and recovering lost services and equipment.

MPW has done this to preserve the inflated value of its hospital assets through a false claim of stable, in-place leases.

Unless authorities step in, another Steward situation will happen

We urge the HELP committee, union representatives, state regulators, and local representatives to take a proactive approach in protecting their interests and block this deal.

Two years ago, Viceroy correctly advised regulators that Steward was heading for bankruptcy. This public health crisis was entirely avoidable. The bankruptcy court has set the stage for another round of MPW tenant bankruptcies and the healthcare fallout that entails. Our MPW investigations can be found here.

On September 12, 2024, the Senate HELP committee convened to hear from Steward CEO, Ralph De La Torre, Steward nurses, and local representatives regarding Steward's apparent inability to provide a satisfactory standard of care and how it found itself in this position. A recording of the hearing can be found here.

Ralph de la Torre did not appear before the committee. The Senate legal counsel will now push to enforce the subpoena against de la Torre and the committee will push for him to be found in criminal contempt.

To summarize, the HELP committee explored:

- the systematic failure by Steward to provide a suitable standard of care in its hospitals.
- Steward's failure to pay for essential goods and services and when they fall due, leading to repossessions and cutting of services.
- the preventable deaths of numerous patients, including in the DIP period.
- the abhorrent conditions in which Steward's nurses worked and continue to work in the DIP period.
- the circumstances surrounding Steward's bankruptcy.
- MPW's relationship with Steward and Ralph de la Torre, including above-market and unaffordable rent and elusive "capex" loans.

MPW now wants to place less credible operators in former Steward facilities to preserve is inflated valuations.

[3] https://restructuring.ra.kroll.com/Steward/Home-DownloadPDF?id1=MzE3MjMxNA==&id2=-1
[4] https://medicalpropertiestrust.gcs-web.com/static-files/18cdfb6b-8e24-4f08-a7dc-9ddb80c3f32d

Steward's Replacement Operators Are Not Fit For Purpose

Setting the stage for the next round of bankruptcies

On September 11, 2024, MPW announced that it had reached a global settlement agreement with Steward, its lenders, and the Unsecured Creditors Committee (UCC). As part of the settlement, MPW have replaced Steward with "quality replacement operators" as follows:

OPERATOR	REGION(S)	OPERATOR DESCRIPTION
HEALTHCARE SYSTEMS OF AMERICA	Southeast Florida (5), East Texas (2), Louisiana (1)	A community-based hospital system based in Los Angeles, CA affiliated with American Hospital Systems, which currently operates four acute care hospitals
HONOR HEALTH	Arizona (3)	A non-profit, local community healthcare system serving the greater Phoenix area with a network encompassing acute-care hospitals, an extensive medical group, outpatient surgery centers, a cancer care network, clinical research, and more
QUORUM HEALTH	West Texas (2)	A leading operator of general acute care hospitals and outpatient services with a diversified portfolio in rural and mid-sized markets across the United States
INSIGHT HEALTH	Ohio (2)	A physician-led provider of community-based, patient-centric care

Figure 4 – Medical Properties Trust Press Release

With the exception of HonorHealth: these operators are as mismanaged, insolvent, and/or fraudulent as Steward. They are almost all newly-formed shell companies with terrible track records, or none at all.

Healthcare Systems of America

MPW notes that Healthcare Systems of America (HSA) is a "community-based hospital system based in Los Angeles, CA affiliated with **American Hospital Systems"**.

OPERATOR	REGION(S)	OPERATOR DESCRIPTION
HEALTHCARE SYSTEMS OF AMERICA	Southeast Florida (5), East Texas (2), Louisiana (1)	A community-based hospital system based in Los Angeles, CA affiliated with American Hospital Systems, which currently operates four acute care hospitals

Figure 5 – Medical Properties Trust Press Release

In reality, HSA appears to be a shell entity created and funded by MPW for the sole purpose of operating select Steward's bankrupt hospitals in lieu of these hospitals receiving any bids in a fire sale environment. It's reported affiliate, **American Hospital Systems is run by the former CRO and CFO of Steward Health Care International**.

We could not locate any HSA or American Hospital Systems registered in California; however, we have identified HSA operating SPVs in Texas. On September 12, 2024, MPW registered an "all accounts" security interest against HSA Port Arthur and HSA St Joseph, likely for a working capital loan.

1. DEBTOR'S NAME - Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME: HSA Port Arthur LLC				
OR 1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
1c. MAILING ADDRESS: 505 North Brand Blvd., Ste 1200	CITY: Glendale	STATE: CA	POSTAL CODE: 91203	COUNTRY: USA

2. DEBTOR'S NAME - Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME: HSA St. Joseph LLC				
OR 2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
2c. MAILING ADDRESS: 505 North Brand Blvd., Ste 1200	CITY: Glendale	STATE: CA	POSTAL CODE: 91203	COUNTRY: USA

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY) - Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME: MPT Development Services, Inc.				
OR 3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
3c. MAILING ADDRESS: 1000 Urban Center Dr, Ste 501	CITY: Birmingham	STATE: AL	POSTAL CODE: 35242	COUNTRY: USA

Figure 6 – All Accounts security interest against HSA Port Arthur and HSA St Joseph

American Hospital Systems appears to be a UK entity controlled by Steward Health Care International's CRO and CFO: Miroslav Boyanov[5,6]. Boyanov is the sole shareholder of AMM Management Partners Limited, who in turn is the sole owner of American Hospital Systems Ltd

AMERICAN HOSPITAL SYSTEMS LIMITED

Company number **15806639**

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Officers | Persons with significant control

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☐ Current officers

2 officers / 0 resignations

BOYANOV, Miroslav Dakov

Correspondence address
Oakwood Corporate Services Limited, 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT

Role ACTIVE	Date of birth	Appointed on
Director	**May 1974**	**27 June 2024**
Nationality	Country of residence	Occupation
American	**United States**	**Hospital Executive**

AMM MANAGEMENT PARTNERS LIMITED

Correspondence address
Oakwood Corporate Services Limited, 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT

Figure 7 – American Hospital Systems Officers

Emails released by Malta Today as part of its investigation into Steward Health Care International's Maltese fraud found that Boyanov was responsible for making fraudulent payments into a slush fund.

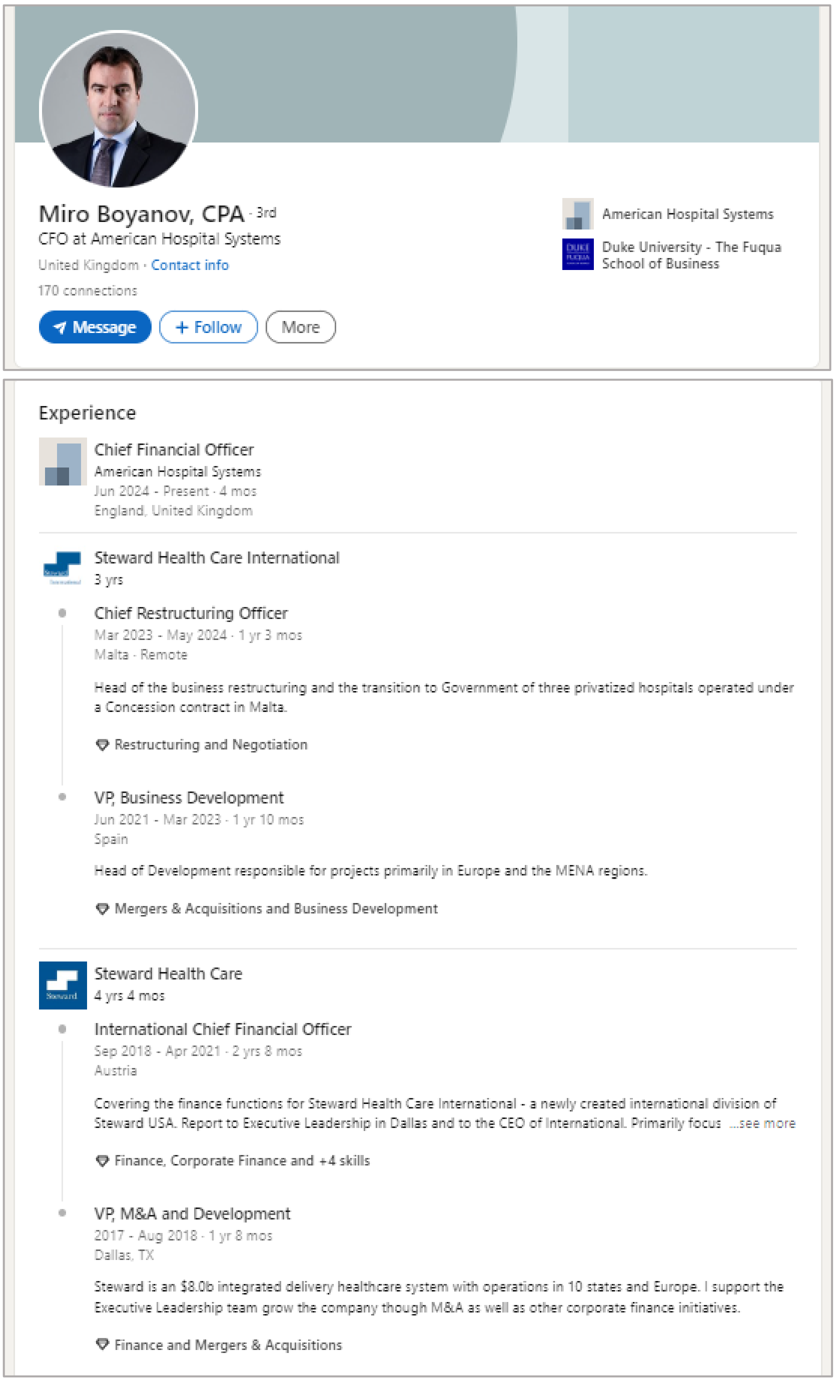
'Payment is 100K per month'

In his August 2019 email, Ernst wrote: "Miro - We have entered into a consulting agreement with Accutor supporting political and government activities and interactions. Payment is 100K Euro per month and the first bill will arrive this month and be paid [by] months [sic] end. I will need to sign off on all bills – Ralph is aware. Please plan accordingly."

Figure 8 – Malta Today – The American who knew a lot: Armin Ernst [7]

[5] https://find-and-update.company-information.service.gov.uk/company/15806639/officers
[6] We could not locate any American Hospital Systems in the United States
[7] https://www.maltatoday.com.mt/news/national/129388/the_american_who_knew_a_lot_armin_ernst_

Boyanov's LinkedIn suggests that he has parted ways with Steward, however Viceroy has been advised he remains a Steward employee and his @stewardinternational.org email address is still active.



Miro Boyanov, CPA · 3rd
CFO at American Hospital Systems
United Kingdom · Contact info
170 connections
Message | + Follow | More

American Hospital Systems
Duke University - The Fuqua School of Business

Experience

Chief Financial Officer
American Hospital Systems
Jun 2024 - Present · 4 mos
England, United Kingdom

Steward Health Care International
3 yrs

Chief Restructuring Officer
Mar 2023 - May 2024 · 1 yr 3 mos
Malta · Remote

Head of the business restructuring and the transition to Government of three privatized hospitals operated under a Concession contract in Malta.

Restructuring and Negotiation

VP, Business Development
Jun 2021 - Mar 2023 · 1 yr 10 mos
Spain

Head of Development responsible for projects primarily in Europe and the MENA regions.

Mergers & Acquisitions and Business Development

Steward Health Care
4 yrs 4 mos

International Chief Financial Officer
Sep 2018 - Apr 2021 · 2 yrs 8 mos
Austria

Covering the finance functions for Steward Health Care International - a newly created international division of Steward USA. Report to Executive Leadership in Dallas and to the CEO of International. Primarily focus ...see more

Finance, Corporate Finance and +4 skills

VP, M&A and Development
2017 - Aug 2018 · 1 yr 8 mos
Dallas, TX

Steward is an $8.0b integrated delivery healthcare system with operations in 10 states and Europe. I support the Executive Leadership team grow the company though M&A as well as other corporate finance initiatives.

Finance and Mergers & Acquisitions

Figure 9 – Miroslav Boyanov LinkedIn Extract

From postmaster@stewardinternational.org
To Viceroy Research
Subject Delivered: [External] - Questions Related to Undisclosed Entities

Your message has been delivered to the following recipients:

miroslav.boyanov@stewardinternational.org (miroslav.boyanov@stewardinternational.org)

Subject: [External] - Questions Related to Undisclosed Entities

Figure 10 – Email to miroslav.boyanov@stewardinternational.org

Neither HSA nor American Hospital Systems have any substantial online presence, corporate governance framework, board structure, or investor structure.

The American Hospital Systems website is one page. The contact email listed is to the "info@" email for an incorrect domain[8]. The contact number listed on the website is not in service, and is an old number listed on the website of Rafaello's Pizza and various other ready-made websites who have not updated their contact details.

Figures 11 & 12 –www.americanhospitalsystems.com and www.raffaellospizza.com

American Healthcare Systems

MPW may have made a grave faux-pas in its press release, and instead meant to communicate that HSA was an affiliated with **American Healthcare Systems** (AHS), which is another shell company funded by MPW and assumed operations of its Glendale hospital.

AHS is perhaps a worst choice as hospital operator in the sense that it does have a track record, and it is horrific.

AHS's Vista Medical Center had its trauma center status revoked while AHS used Vista funds to plug loss-making operations the MPW-owned AHS Sherman hospital. AHS Sherman nevertheless failed to pay bankruptcy expenses on a timely basis[9] [10].

Vista Medical Center East in Waukegan loses trauma center status

California-based American Healthcare Systems purchased the hospital in July, assuming $15 million in debt

Figure 13 – NBC Chicago – Vista Medical Center East in Waukegan loses trauma center status[11]

In 1998, AHS's Chief Medical Officer Aramais Paronyan was charged by the FBI for defrauding Medi-Cal for $13m through an illegal medical billing scheme involving a ring of complicit doctors, clinic workers and pharmacy owners[12].

[8] ahs.com is not owned by American Hospital Systems, it is owned by American Home Shield, an unrelated insurance agency
[9] https://x.com/BigRiverCapita1/status/1815266310319706508
[10] https://prospect.org/health/2024-08-13-let-them-eat-invoices/
[11] https://nbcchicago.com/news/local/vista-medical-center-east-in-waukegan-loses-trauma-center-status/3346693/
[12] https://docquery.fec.gov/cgi-bin/forms/C00848507/1730493/sa/11AI

1998-03-29 04:00:00 PDT ECTSGE: SAN FRANCISCO; LOS ANGELES -- Alleging $13 million in Medi-Cal fraud, faked blood tests and doctor kickbacks, the FBI has arrested an L.A. doctor in a probe of more than a dozen medical labs, clinics and doctors' offices from Los Angeles to San Francisco's Richmond District.

Federal documents released Friday charge that Aramais Paronyan headed a tight-knit ring of doctors, clinic workers and pharmacy owners who used illegal medical billing schemes to turn laboratories into multimillion-dollar money-makers.

"The estimated loss is $13 million," said Stephen Larson, of the U.S. Attorney's Organized Crime Strike Force in Los Angeles, which is prosecuting the case. "I don't know if it's the biggest fraud case ever, but it is certainly a major Medi-Cal fraud ring."

Figure 14 – SFGATE – FBI busts suspected fraud ring[13]

American Healthcare System's CEO, Michael Sarian, was the former President of Hospital Operations of Prime Healthcare (a major MPW tenant) between 2012-2020, when the company had to pay $65m to settle a false claims violation.

During his time at Prime Healthcare: Mr. Sarian claims to have donated $15m of medical equipment to Armenia, which he then claims was pocketed and sold by the Defense Minister. We find the circumstances surrounding the claim that this heavily outdated equipment was worth $15m, and how Mr. Sarian came into possession of this equipment while working at Prime Healthcare, suspicious.

Figure 15 – Michael Sarian Facebook Post[14]

Prior to this, he was CEO of Alta Hospitals for Prospect Medical, another major MPW tenant.

Mr Paronyan and Mr Sarian co-presented a special event of Elen Asatryan for Glendale City Council, which serves to validate the executive partnership.

[13] https://www.sfgate.com/bayarea/article/fbi-busts-suspected-fraud-ring-3097150.php
[14] https://www.facebook.com/story.php?story_fbid=10223907237964522&id=1103663213&m_entstream_source=timeline&paipv=0&eav=Afbe3WwUtVPWEAxmI0DsnuLONGOACIk72VfJgPkHnsCazNno-z5nYOXSnQcnV81l_Rw&_rdr

Quorum Health

In Quorum Health, MPW has appointed an interim operator that is likely become bankrupt before the ink dries on its lease.

Quorum has a long history of transacting with Steward and MPW. The American Prospect uncovered that various Quorum sales to Steward were engineered in a way for MPW to round trip significant amounts of cash to Steward Healthcare & other operators:

> What worried the nurses most was the financing mechanism by which Brothman was proposing to "buy" the Watsonville Community Hospital. First, Halsen would purchase the hospital for $39 million, or $46 million, or $30 million; the figure fluctuated depending on who was reporting it. *Then*, Brothman would immediately sell the hospital's underlying real estate to an Alabama real estate investment trust named Medical Properties Trust (MPT), for $55 million, and lease it back for millions of dollars a year in rent and interest payments. The hospital had always been profitable, employees say, but not profitable enough to cough up $5 million a year in rent.

> **THE PLOT THICKENED LESS THAN TWO WEEKS** after the earnings call, when *The Wall Street Journal* revealed that MPT had suspiciously overpaid for another Quorum hospital in Big Spring, Texas, right before the original Watsonville sale, coughing up $26 million to a company called Steward Health Care for the underlying real estate of a facility it had purchased for $11.7 million. The deal was part of a larger, more alarming pattern of MPT funneling preposterous quantities of cash—$5.5 billion over six years—into Steward in exchange for increasingly dubious assets.

Figure 16 – The American Prospect – Quackonomics [15]

Last month, Moody's Ratings appended a Limited Default designation on Quorum, noting that it had not met (already revised) credit obligations within grace periods.

A Limited Default notice reflects Moody's view that "the company's probability of default is very high over the near term", and that "Quorum Health will continue to burn cash in 2024, and it will have to accelerate the sale of its assets to meet its financial obligations".

> New York, August 12, 2024 -- Moody's Ratings (Moody's) appended a limited default ("/LD") designation to Quorum Health Corporation's ("Quorum Health") Ca-PD Probability of Default Rating (PDR) changing it to Ca-PD/LD from Ca-PD. There is no change to the company's Ca Corporate Family Rating, senior secured term loan rating of Ca and the negative outlook. The /LD designation appended to the PDR will be removed in three business days.
>
> In March 2024, Quorum has amended its credit agreement with its lenders where the company was allowed extra time to fulfill its April and July 2024 interest payment obligations. Since the amendment, the company has paid its April interest in full within the revised timeframe. Quorum has also paid its first July 2024 interest installment and it intends to pay the remaining August installment within the revised timeframe allowed under the amended credit agreement. We note that the delayed interest payment, in line with the revised terms, does not constitute an event of default under the lenders' definition. However, we view the company's failure to pay full interest within the grace period provided in the original credit agreement as a limited default under Moody's definition.

[15] https://prospect.org/health/2023-05-23-quackonomics-medical-properties-trust/

> Quorum Health's Ca Corporate Family Rating reflects our view that the company's probability of default is very high over the near term. We expect that Quorum health will continue to burn cash in 2024 and it will have to accelerate the sale of its assets to meet its financial obligations. The rating also reflects Quorum's concentration of profits in a few markets and cash flow volatility created by exposure to state supplemental Medicaid programs. The Ca Corporate Family Rating is supported by the availability of hospital assets that can be sold to generate cash.

Figures 17 & 18 – Moody's Ratings – Quorum update[16]

On this basis, we question how Quorum intends to escrow large amounts of cash to meet its obligations under the restructuring plan, if not from loans and/or loss sharing agreements with MPW. We expect MPW to fund Quorum and its rent payments in the foreseeable future, or else a bankruptcy filing.

Insight Health

Insight Health was *already* rejected as a buyer of Steward's Massachusetts hospitals, despite being the *only* bidder at the time. It did not meet Steward's criteria of a qualified bid. It would have been a recipient of a $30m grant from the state of MA if its bid were successful.

> Unsurprisingly, there weren't many takers. Even when the state of Massachusetts offered to give $30 million to any buyer of Steward's eight remaining hospitals in the state, a small Michigan company called Insight with one hospital and three specialized surgery centers was the only company willing to make an offer, which was reportedly not "qualified" under Steward's criteria.

Figure 19 – The American Prospect – Let Them Eat Invoices[17]

Insight was sued by Allstate Insurance in 2022 for submitting claims for services not rendered. Allstate claims that Insight's Southeast Michigan Surgical Hospital "recruited physicians to bill for medically unnecessary and excessive procedures so that it could submit exorbitant facility fees to Allstate."

> 42. The scheme to defraud detailed herein was primarily driven by SE MI Hospital, a facility that recruited physicians to bill for medically unnecessary and excessive procedures so that it could submit exorbitant facility fees to Allstate.

Figure 20 – Allstate Insurance Company v. Southeast Michigan Surgical Hospital LLC[18]

Southeast Michigan Surgical Hospital has subsequently closed its doors, and the Allstate claim is ongoing.

Meanwhile, another medical group, Yates Medical, claimed has made substantial offers to acquire both Ohio facilities outright and were effectively shut out by MPW, who awarded the operations to Insight[19].

We note that Yates Medical appears to have zero background in running hospitals and was only registered in July 2024, however this may be an advantage when compared to Insight's rap sheet.

[16] https://www.moodys.com/research/doc--PR_494260
[17] https://prospect.org/health/2024-08-13-let-them-eat-invoices/
[18] https://www.courtlistener.com/docket/63891410/1/allstate-insurance-company-v-southeast-michigan-surgical-hospital-llc/
[19] https://www.wfmj.com/story/51442666/yates-medical-group-makes-their-largest-offer-to-buy-local-hospitals?clienttype=generic&mobilecgbypass

Honor Health Arizona

By most accounts, Honor Health appears too good for MPW. We have no grievances to file against Honor Health, except we note the following:

- Given the apparent conditions and financial circumstances surrounding the collapse of Steward, it is not a realistic proposition for an operator to assume Steward's loss-making operations without a quid pro-quo.
- Steward operations carried "crippling" rent obligations which Honor Health will have to meet over 18 months. It is unrealistic, in our opinion, that the rent base underlying this property will not require a substantial discount to reflect a more appropriate market rate.
    - We further note that these hospitals and operations received no qualified bids in a fire-sale environment. It is preposterous that MPW would maintain the lease base so high given that the market is demanding an enormous discount.
- MPW's M.O. for these replacement operators is to fund them with debt. We ask HonorHealth to clarify whether MPW has provided a working capital facility and/or loss sharing agreement.

We caution HonorHealth in dealing with MPW, who have a fantastic track record of bankrupting their tenants.

Annexure: MPW Executives Fraudulently Misrepresenting Steward's Financial Health

Event	Quote
Q1 2017	We believe and Steward believes that there is enough low-hanging fruit that these facilities will quickly approachthree times, sometime in the 2018 and rapidly get to the numbers that are much higher than that that I dare toeven mention. - ***Ed Aldag*** So the Steward CDs individual hospitals, [ph] their (44:54) acquiring is profit centers or they are part of their business strategy of making money kind of elsewhere throughout their broader enterprise, are they standalone profitable in their views? - Julian Sanabria, BOA Yes, absolutely. - ***Ed Aldag***
Barclay's High-Yield Conference	So again, the reason for that long-winded explanation again is even though we may have, in the case of Steward, temporarily a higher parent level concentration than we want to run with long term, if they were to be stressed, the 33 facilities across the Steward portfolio that we own are well spread out across multiple markets, and we're confident that we can, long before there's a payment default, recapture those assets. And in fact, they're more than just real estate facilities. They are businesses. They are up and running, profitable businesses that we can easily move to another operator. - ***Ed Aldag*** ...we understand how to manage the portfolio of Steward. Rent coverages in the first full year of the combined company, we expect to be approaching almost three times. Steward, again, will be a very strong credit with net debt to the EBITDAR of less than 4 times compared to, I mean, you all know this better than we do, the capital structure of many of the peers. - ***Ed Aldag*** Can we just go back to the Steward portfolio? You're expecting coverages to get up to roughly three turns in 2019, if I recall. I believe – I assume that's mostly tied to the community and the IASIS portfolio. What is Steward doing to actually turn around those assets, or more importantly, what are the drivers that gives you that level of comfort that coverages are going to go from two to three turns? - Question Now, Steward, just standing on its own, just call it legacy Steward, is still in the ramping-up process of making a turnaround, turning around the old Caritas Christi, the bankrupt system they acquired several years ago and they've added to that and there remains what we and they think is ramp up of just Steward legacy hospitals... and Steward actually is anticipating significant synergies as they take over the health plan combined health plan management they had their own, and then bring additional synergies to the overall company that frankly we haircut pretty significantly to get up to that roughly three times coverage in 2018. - ***Ed Aldag*** So, is most of the improvement coming from the IASIS portfolio? - Question Yes, it is. Yeah. - ***Ed Aldag***
Q2 2017	Okay. That's helpful. And then just on the EBITDAR coverage ratio, trailing 12 months, besides the Prime rate down, is there anything else to highlight the rest of your portfolio in terms of specific tenants you have your eye on and/or specific tenants that are exceeding expectations? - ***Drew Babin, Baird*** ...Steward continues to perform well. They were right on track with what our original projections were and are. We believe that, as they get the CHS facilities they acquired under their belt, they will be able to continue to report good earnings from them as well. - ***Ed Aldag***
Q3 2017	N/A
Q4 2017	were put out for how Steward's coverage ratios would potentially track till 2019 and I guess you know that 2.8 times to 3 times number, obviously above the forecast, at the time it was announced. But I guess can you talk generally about how that portfolio is tracking and I guess as Steward approaches 2018, kind of what are the challenges they're facing and what are the opportunities that they potentially take advantage of if they kind of operate through the year? - ***Drew Babin, Baird*** Sure. I think generally speaking the IASIS acquisition has been as good or better than everyone had expected. We obviously knew that entire portfolio very well. We believe that the old management team had done a good job operating those hospitals and they continue to perform at or above expectations. The CHS hospitals, were slower in what we believe to be their turnaround. But we believe that Stewart's management has a good handle on that and those are beginning to track where we thought they would track albeit just slightly longer to get there than it
Q1 2018	Steward, our largest tenant, continues to perform well and is on track for a record year in 2018. - ***Ed Aldag***
Q2 2018	Steward, our largest tenant, continues to perform well and we expect that they will achieve a record year in 2018.... Steward's EBITDARM coverage for the trailing 12 months ending first quarter of 2018 was approximately 2.25x. - ***Ed Aldag***
Q3 2018	Steward, our largest tenant, continues to perform at anticipated levels with same-store trailing 12month EBITDARM coverage exceeding 3x. - ***Ed Aldag*** We significantly increased the value of our Steward master lease by acquiring previously mortgage facilities and joining those to the master lease. Whereas previously one-half of the initial $1.2 billion Steward portfolio acquired in 2016 were in the form of mortgages, 100% of that portfolio is now master leased. **This makes our Steward investment even more valuable than it already was**. And **if in the future we elect to access inexpensive capital through a joint venture or other disposition of these assets, we already have indications that the new all lease structure will result in substantial incremental proceeds** over what we were previously considering earlier this year. - ***Ed Aldag***
Q4 2018	Yes. Drew [Babin]I don't have that first answer right off top of my head. But from how is Steward doing, it's doing exceptionally well. Their coverage is over 2 times. - ***Ed Aldag***

Event	Quote
Q1 2019	Okay. Large master lease, you brought it up. Just on Steward, can you give us any color on what coverage has looked like there, how it's trended? - Jordan Sadler, Keybanc Yeah, it's trended up and we expect 2019 to be a very strong year for them. - ***Ed Aldag*** They provide you sort of a preliminary EBITDA coverage by facility? - Jordan Sadler, Keybanc We get daily information on all of our facilities, not just Steward, but we're working with them on a regular basis. And so, we do have insight into what all the facilities are doing... Steward's coverage is well over 2 times. It's actually in the 2.5 times range - ***Ed Aldag***
Q2 2019	...from the Steward financials which are now public. There were a lot of add backs to get to EBITDAR. I was just wondering if you could comment on how you feel where your comfort level is at if there's changes or improvements you'd like to see or kind of what your thoughts are? - Michael Lewis, Suntrust Yeah. Overall, Steward is performing very well... when you look overall at their coverage being in the 2.85x range today, and we expect to see that continue to grow.... so we're very pleased with where they are right now. - ***Ed Aldag***
Q3 2019	Steward made the decision to discontinue operations at a St. Luke's facility in Arizona. They made the strategic decision to transfer some of those operations to other Steward facilities and close some services rather than competing with a newly renovated Banner facility five minutes to the west and a planned $1 billion county-owned facility five minutes to the east. Steward will continue to pay the full MPT rent as required under their master lease. We expect their decision to close St. Luke's to be a positive for their bottom line and thus an improvement to their already strong coverage. Steward continues to fine-tune its portfolio and expects to see continued improvement during the remainder of 2019 in their coverage ratios. - ***Ed Aldag*** ... But overall, the Steward hospitals are doing very well. We're very happy with where they are from a total coverage standpoint and very happy with where the company is on a total integration of all the new hospitals. - ***Ed Aldag*** Drew [Babin], **we get a tremendous amount of transparency. Not only do we get statistical operational information on a daily, weekly, monthly basis, but obviously we get financial information on a monthly and quarterly basis.** So I think that our insight into our operators makes us probably have one of the best databases for hospital operators in the world. Obviously, HCA and other big operators have a tremendous database, but they only have their own data to analyze. We have 8 of the top 10 hospital operators in the United States. So, we have data from a big diverse group of hospitals in a real diverse geographic and an operator standpoint. So, I think the transparency that we have is exceptionally strong. - ***Ed Aldag***
Q4 2019	Steward continues to see good progress, both operationally and financially. As Steward continues to implement its fully integrated model in the various markets in which it operates, opportunities remain for both growth and potential divestures. - ***Ed Aldag***
Q1 2020	The 10-K was a typical risk disclosure. It was not related to any particular candidate. In fact, if you look at our top five tenants and I'll just remind everybody who they are. It's Steward, Prospect Medical, LightPoint, Prime and Ernest Health. All of those operators continue to perform very well. Many of them like Steward as an example and LightPoint and Prospect Medical – and again, those are the US top five operations that we're talking about at the CARES Act here. They've reduced all of their elective surgeries and most of their elective surgeries and this did not have bed with any COVID-19 patients. I think that Steward as an example has roughly 7,000 to 8,000 hospital beds and I think they had roughly 1,000 of hospitalized COVID-19 patients. Those are roughly the same types of percentages and numbers that you see for everybody else. But all of them, all of those that I've mentioned are performing very well. They move very, very quickly early on to right-size their operations. They were able to obtain all of the PPE that they needed. They jump through some hoops in some cases, but that was never an issue for them. Ventilators were never an issue for them. Ernest Health in this category is the only one that's a non-acute care operator. They actually, there we have [indiscernible] (00:48:16) a portion is operating very, very well. They're LTAC operations as you saw from the increase in the coverages earlier have also performed well. So none of these top five US operators or anybody that we're worried about. These are people that I literally talk to on a daily basis during the height of it, at least on a weekly basis now, and updated as late as earlier this week. So I'm confident in all of their operations. - ***Ed Aldag***
Q2 2020	And Steward's operations have been [strong] ignoring COVID for a minute, particularly in Utah. - ***Ed Aldag***
Q3 2020	Our operators are performing beautifully across the world. They have strong liquidity, strong operations and none of them are suffering from any capacity issues or lack of supplies. - ***Ed Aldag***
Q4 2020	So if you see that even without any CARES Act grants whatsoever, our operators were still very well covered. And furthermore, without any grants comparing the third quarter 2020 to the third quarter 2019, all of the operations are very close to or better than they were in 2019. Excluding any grants or advances, the total samestore portfolio EBITDARM coverage was off just 6% from 2019 level for the third quarter. - ***Ed Aldag*** MPT has the strongest portfolio of hospitals in the world. Our operators are at the very top of the class in their regions. We remain committed to quality accretive investments and look forward to seeing MPT continue its role as the leading provider of capital to hospitals worldwide. - ***Ed Aldag***

Event	Quote
Q1 2021	...it was a cash receipt and a result of Steward's ongoing and increasing success. - ***Steve Hamner*** And specifically, Steward had a tremendous amount of liquidity and an equity value available that found its way to us by virtue of that $11 million distribution we commented on that would not have been possible under the prior structure. - ***Steve Hamner***
Q2 2021	Steward performance tracks right in-line with what we're seeing from our other operators. Their quarter-oevr-quarter coverage showed a more than 60 bps point increase. Their total coverage is also at an all-time high. - ***Ed Aldag***
Q3 2021	The value of these hospitals that we agreed with Macquarie was based on a market cap rate in the mid-5% range, reflecting our unique underwriting expertise, Steward's operating skills, and a market for hospital real estate that is rapidly attracting sophisticated private investors. These conditions establish a whole new value for our entire portfolio, not just the Massachusetts hospitals. - ***Ed Aldag*** The next announcement is the pending acquisition by HCA of the operations of the Steward Utah hospitals. Steward acquired these hospitals in an MPT-financed acquisition as a part of its acquisition of IASIS in 2017. Over the last four years, Steward has done an outstanding job of growing the top and bottom lines for these facilities. As a part of its transaction with Steward, HCA has agreed to enter into a new master lease with MPT for these facilities paying the same rent and annual escalators for the real estate as Steward is currently paying. Like the Macquarie transaction, this transaction provided reinforcement of the value of MPT's real estate by sophisticated third parties, along with the validation of the strong performance of these Steward hospitals. - ***Ed Aldag*** Looking forward, we are excited about Steward's plans to raise the bar for care in these facilities and improve their financial results to position them for long-term success. Importantly, as part of our agreement with Steward concerning these hospitals, Steward made early elections to extend our master lease agreement for all Steward hospitals by 10 years to the year 2041. - ***Ed Aldag***
Q4 2021	Steward, which represents 19% of our portfolio on a pro forma basis, continues to perform well with coverage near 3 times. The integration of the five recently purchased Miami facilities has been successful, and the market continues to exceed expectations. Steward continues to closely manage the onboarding of the new facilities, including working down the accounts receivable to steady-state levels in the near term. - ***Ed Aldag***
Q1 2022	As I mentioned, we believe strongly that there have been rumors and falsehoods around MPT and our business in recent months. We appreciate that, like other public companies, MPT is regularly the focus of third-party reports that may express opinions about the company, which may be favorable or not. However, we encourage our investors to recognize that not all market commentators or reporters are equal or write objectively without agendas. - ***Ed Aldag*** Steward has kept coverage ratios at or above the industry standard and has remained flat close to an almost three times coverage for the past three quarters. - ***Ed Aldag***
Q2 2022	We are confident that Steward, especially in its major markets, is a **healthy operator and will continue to pay its rent based on very strong long-term coverage ratios**. And most importantly **even if Steward is not the lessee, we believe the value and characteristics of our real estate currently leased to Steward** will attract, frankly as it already has, multiple potential replacement operators. - ***Steve Hamner*** **Steward has begun implementing strategic and operational initiatives that should lead to further near-term improvements**. First, the previously disclosed sale of Steward's value-based Medicare business CareMax will not only generate additional liquidity of as much as $125 million, but just as importantly, will align the interests of both organizations in a manner that will pave the way for future profitable growth opportunities. - ***Steve Hamner*** Notwithstanding Steward's strong recent and improving facility level EBITDARM performance across its portfolio...the **most recent quarters have suffered from cash pressures**. So, all of this describes **why we remain enthusiastic about first and foremost the value of our hospital real estate, but also of Steward's near and long-term outlooks**. This led us to agree early in the second quarter to **facilitate Steward's transition of its recent cash pressures to the strongly positive cash flow outlook I have just described by providing a $150 million debt facility to Steward**. - ***Steve Hamner***
Q3 2022	Before turning the call over to Steve, let me outline the strong operating performance that Steward is reporting to us on. Adjusted EBITDA for the second quarter was approximately $51 million. The third quarter expect – is expected to be more than $30 million. Fiscal year 2022 unadjusted EBITDA is projected to be between $50 million and $80 million. Contract labor in Q3 fiscal year 2022 has decreased 30% from Q1 FY 2022 run rate and is expected to decline an incremental 20% in Q4, resulting in a 50% decline since the first quarter of this year. Steward is also forecasting on-adjusted EBITDA of more than $350 million for fiscal year 2023. - ***Ed Aldag*** When we reported to you three months ago, Steward was in the middle of managing its cash flow to satisfy these cash requirements. Since then, and again, with some assistance from MPT, Steward has weathered this cash drain and is now on the flip side of these circumstances and expects to be strongly cash flow positive, starting with the fourth quarter of 2022 - ***Steve Hamner*** Steward's EBITDARM coverage in these markets has ranged from 2.7 times for the trailing 12 months ended June 30, 2022 to an excess of 3 times preliminarily for a standalone August. With these coverages, Steward appears well able to continue paying MPT rent. - ***Steve Hamner*** It's our understanding that the primary documentation is delivery of the 2021 audited financial statements. And it's our further understanding, although we don't have direct influence, is that Steward, its auditors, and the lender group is well on its way to successfully delivering that documentation. - ***Steve Hamner***
Q4 2022	I think there is a public misnomer thinking that the Utah properties are the most profitable properties in the Steward portfolio. Actually, that is not the case. When the Utah property transaction closes, their overall coverage will actually increase. - ***Ed Aldag***

Event	Quote
Q1 2023	I know that people are specifically interested in Steward Hospital's performance. So excluding grants, Steward Hospital's 2022 coverage increased to almost 2.5 times from approximately 2.2 times in 2021. Coverage had increased another 18 points for the trailing 12-month ending February of 2023. Also relating to Steward, the transaction with CommonSpirit is still scheduled to close next week. We look forward to expanding our relationship with CommonSpirit and the liquidity this transaction brings to Steward. - ***Ed Aldag*** The last question is no, we do not expect any further – again I'll term it operating support, liquidity support for Steward other than what you've just described in redevelopment cost. On the late 2022, there was another $28 million that we advanced. - ***Steve Hamner***
Q2 2023	by a group of third-party private credit lenders, whose aggregate assets under management exceed $50 billion. The new ABL provides significantly more liquidity to Steward than the most recent facility… MPT's investment in the credit facility is pari passu with all the other lenders and provides MPT with a strong return. This participation is not an operating loan to Steward. This is well first secured by receivables that MPT would not otherwise have a security interest in. - ***Ed Aldag*** Steward continues to perform well operationally. In fact, their EBITDARM coverage is currently one of the strongest in our portfolio at 2.9 times. Steward's volumes are doing well and they expect to continue improvement throughout 2023 and 2024. - ***Ed Aldag*** There are several compelling benefits to this investment. Given the conditions in the bank lending market since the SVB and other disruptions earlier this year, the return on these first-lien collateralized facilities has been very attractive. The lending group in the Steward facility, including MPT, will be paid monthly at double-digit rate. And as noted, our investment is collateralized by borrowing base of government and commercial receivables. There is a well-developed market for these participations and that should give us optionality for liquidity if, during the four year term of the lending agreement, we elect to assign our investment and reallocate the capital for different uses. In deciding to allocate this capital to this particular investment, we considered, among other things, and in addition to the attractive collateral package and the cash return, that Steward's operations continue to perform well, most recently generating EBITDARM coverage of approximately 2.9 times. And our $140 million participation
Q3 2023	EBITDARM coverage of 2.7 times. - ***Ed Aldag*** Turning to Steward, their hospital operations continue to perform well, as evidenced by strong trailing 12-month EBITDARM coverage of 2.7 times. In addition to cutting run rate expenses by nearly $600 million in the last 16 months, more than $150 million in the last quarter alone, in part due to a 90% reduction in contract labor utilization, Steward believes it's making progress on its revenue cycle management and accounts payable backlog. With new technology and dedicated resources focused on enhancing claims quality, reducing initial denials, and resolving denials more quickly, Steward is reporting improved efficiency of collections. - ***Ed Aldag*** The vast majority of this portfolio is performing exceptionally well and is poised to capitalize on increasing global demand for healthcare services. Our leases are long term, and while certain operators may hit some bumps in the road over the lifespan of these leases, our portfolio is sufficiently diversified to ensure MPT's long-term success. - ***Ed Aldag*** Given Steward's strong facility-level operations, we remain confident in the real estate platform's long-term profit potential despite the near-term cash flow headwind mentioned in the press release this morning. The core reasons underpinning that confidence are, the facilities continue to generate strong EBITDARM coverage of more than two times fixed rent payments. - ***Steve Hamner*** Yes, we expect Steward will continue to make improvements both on his operations and its revenue cycle management. And by that of course just to reiterate, we – we mean collecting more of their – of their billings earlier than what has happened in the past and so we absolutely expect further improvement in that. - ***Ed Aldag*** On the payables, clearly, the legacy payables, that is the old payables, continues to demand a lot of the profitability, the profitable cash flow coming out of operations. Steward is working that along, at the same time, is working on increasing the collections… All of that comes together to bring cash flow such that clearly there's still some old payables. Steward continues to chip away at those. And then the next step and again, we referred to this
Q4 2023	terms have put pressure on suppliers, constraining Steward's ability to perform higher-margin surgeries that are a key driver of cash flow. As a result, in early January, we shared that we have been working with Steward and its advisors to develop an action plan to strengthen their balance sheet, liquidity, accelerate recovery of unpaid rent and ultimately significantly reduce our exposure to Steward… While it will take some time for Steward to execute these steps, we are encouraged by the early progress. As this plan is executed, Steward needs access to liquidity to continue to operate its critical hospital facilities. As we previously disclosed in January, we funded a $60 million bridge loan which provided MPT a second lien on Stewardship's business, subordinate only to Steward's ABL lenders. We also consented to a limited and tapering deferral of rent until the end of June or the completion of the anticipated asset sales. In the fourth quarter, Steward paid approximately 25% of all rent and interest owed to MPT. In our press release this morning, we shared that MPT and certain lenders in the ABL group are negotiating a new bridge facility, under which each party would fund an additional initial $37.5 million to Steward, of which MPT has already funded $20 million. - ***Ed Aldag*** So, Steward is compliant with our previous agreement for ramping up the rent and we expect that they will remain compliant through June when that ramp gets all the way back to 100% - ***Steve Hamner*** One of those is the aggressive efforts at repositioning, re-tenanting or otherwise selling facilities that are now occupied and operated by Steward. Secondly, it's dependent upon a satisfactory monetization of its own Stewardship managed care business. - ***Steve Hamner*** …in addition to that, we've been getting weekly cash flow reports from Steward's advisors to which they've exceeded every one of them thus far. - ***Ed Aldag*** we've been extremely pleased with the amount of interest we've gotten in almost all of the facilities, and in almost all of the facilities we've got more than one party who is interested in the facilities. - ***Ed Aldag*** So in other words, the $37.5 million each that MPT and the ABL lenders are expected to fund, those milestones have been reached. And in order to fund anything further than that, then additional milestones which are directly

Event	Quote
Q1 2024	...no mention was made of rent as a contributor to Steward's distress. We believe that bankruptcy will facilitate the re-tenanting or sale of Steward hospitals in an orderly and timely fashion. We firmly believe that an orderly transition of Steward's hospital to new operators is in the best interests of everyone, and we're committed to providing $75 million in DIP financing to help achieve that. - ***Ed Aldag*** Rent, which represents only a small fraction of a hospital's total revenue, is virtually never the primary cause of financial stress for hospitals. And as Steward wasn't paying rent, they'd be paying interest in principal repayment on some type of financing for the facilities because, as we all know, buildings are not free. - ***Ed Aldag*** So Austin, all of the facilities, other than the ones that were previously closed prior to bankruptcy, continue to be operating. And in the second question, we do continue to receive cash flow reports from Steward's advisors, and they have so far exceeded their projections on, I believe, every week. - ***Ed Aldag*** So the hospitals, as we've been saying for many months, on a localized four walls perspective, are generating positive EBITDAR. The issues with Steward, which are very well laid out in the bankruptcy filings, are around legacy payables, revenue cycle management, the level of revenue reimbursement. - ***Steve Hamner***
Q2 2024	retain that value as we replace Steward with new tenants or sell assets to quality operators through the court-supervised restructuring process. - ***Steve Hamner*** Massachusetts is different than everything else just by virtue of its structure, including it's a joint venture that we have with Macquarie. You all know that. And very importantly, there're secured non-recourse financing on those assets and that limits, of course, the true equity value is not necessarily nearly as much as the gross value of the assets. And then, finally, again, within the constraints that Ed just described about confidentiality and mediation and so forth, we did believe there were alternatives to closing certain hospitals, and we just weren't able to work

Date	Event	Quote
02-May-2019	**Q1 2019**	Okay. Large master lease, you brought it up. Just on Steward, can you give us any color on what coverage has looked like there, how it's trended? - Jordan Sadler, Keybanc Yeah, it's trended up and we expect 2019 to be a very strong year for them. - ***Ed Aldag*** They provide you sort of a preliminary EBITDA coverage by facility? - Jordan Sadler, Keybanc We get daily information on all of our facilities, not just Steward, but we're working with them on a regular basis. And so, we do have insight into what all the facilities are doing... Steward's coverage is well over 2 times. It's actually in the 2.5 times range - ***Ed Aldag***
01-Aug-2019	**Q2 2019**	...from the Steward financials which are now public. There were a lot of add backs to get to EBITDAR. I was just wondering if you could comment on how you feel where your comfort level is at if there's changes or improvements you'd like to see or kind of what your thoughts are? - Michael Lewis, Suntrust Yeah. Overall, Steward is performing very well... when you look overall at their coverage being in the 2.85x range today, and we expect to see that continue to grow.... so we're very pleased with where they are right now. - ***Ed Aldag***
31-Oct-2019	**Q3 2019**	Steward made the decision to discontinue operations at a St. Luke's facility in Arizona. They made the strategic decision to transfer some of those operations to other Steward facilities and close some services rather than competing with a newly renovated Banner facility five minutes to the west and a planned $1 billion county-owned facility five minutes to the east. Steward will continue to pay the full MPT rent as required under their master lease. We expect their decision to close St. Luke's to be a positive for their bottom line and thus an improvement to their already strong coverage. Steward continues to fine-tune its portfolio and expects to see continued improvement during the remainder of 2019 in their coverage ratios. - ***Ed Aldag*** ... But overall, the Steward hospitals are doing very well. We're very happy with where they are from a total coverage standpoint and very happy with where the company is on a total integration of all the new hospitals. - ***Ed Aldag*** Drew [Babin], **we get a tremendous amount of transparency. Not only do we get statistical operational information on a daily, weekly, monthly basis, but obviously we get financial information on a monthly and quarterly basis.** So I think that our insight into our operators makes us probably have one of the best databases for hospital operators in the world. Obviously, HCA and other big operators have a tremendous database, but they only have their own data to analyze. We have 8 of the top 10 hospital operators in the United States. So, we have data from a big diverse group of hospitals in a real diverse geographic and an operator standpoint. So, I think the transparency that we have is exceptionally strong. - ***Ed Aldag***
06-Feb-2020	**Q4 2019**	Steward continues to see good progress, both operationally and financially. As Steward continues to implement its fully integrated model in the various markets in which it operates, opportunities remain for both growth and potential divestures. - ***Ed Aldag***
30-Apr-2020	**Q1 2020**	The 10-K was a typical risk disclosure. It was not related to any particular candidate. In fact, if you look at our top five tenants and I'll just remind everybody who they are. It's Steward, Prospect Medical, LightPoint, Prime and Ernest Health. All of those operators continue to perform very well. Many of them like Steward as an example and LightPoint and Prospect Medical – and again, those are the US top five operations that we're talking about at the CARES Act here. They've reduced all of their elective surgeries and most of their elective surgeries and this did not have bed with any COVID-19 patients. I think that Steward as an example has roughly 7,000 to 8,000 hospital beds and I think they had roughly 1,000 of hospitalized COVID-19 patients. Those are roughly the same types of percentages and numbers that you see for everybody else. But all of them, all of those that I've mentioned are performing very well. They move very, very quickly early on to right-size their operations. They were able to obtain all of the PPE that they needed. They jump through some hoops in some cases, but that was never an issue for them. Ventilators were never an issue for them. Ernest Health in this category is the only one that's a non-acute care operator. They actually, there we have [indiscernible] (00:48:16) a portion is operating very, very well. They're LTAC operations as you saw from the increase in the coverages earlier have also performed well. So none of these top five US operators or anybody that we're worried about. These are people that I literally talk to on a daily basis during the height of it, at least on a weekly basis now, and updated as late as earlier this week. So I'm confident in all of their operations. - ***Ed Aldag***
30-Jul-2020	**Q2 2020**	And Steward's operations have been [strong] ignoring COVID for a minute, particularly in Utah. - ***Ed Aldag***
29-Oct-2020	**Q3 2020**	Our operators are performing beautifully across the world. They have strong liquidity, strong operations and none of them are suffering from any capacity issues or lack of supplies. - ***Ed Aldag***
04-Feb-2021	**Q4 2020**	So if you see that even without any CARES Act grants whatsoever, our operators were still very well covered. And furthermore, without any grants comparing the third quarter 2020 to the third quarter 2019, all of the operations are very close to or better than they were in 2019. Excluding any grants or advances, the total samestore portfolio EBITDARM coverage was off just 6% from 2019 level for the third quarter. - ***Ed Aldag*** MPT has the strongest portfolio of hospitals in the world. Our operators are at the very top of the class in their regions. We remain committed to quality accretive investments and look forward to seeing MPT continue its role as the leading provider of capital to hospitals worldwide. - ***Ed Aldag***

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21-Apr-2021	**Q1 2021**	Our press release and Ed's comments this morning mentioned the very attractive opportunities we have created for increased investment in the operations of several of our tenants. As part of those and similar investments, we received during the first quarter a distribution of $11 million from Steward, approximately $0.02 a share. For accounting purposes, though, this is treated as a return of capital. But to be clear, it was a cash receipt and a result of Steward's ongoing and increasing success. - ***Steve Hamner*** And specifically, Steward had a tremendous amount of liquidity and an equity value available that found its way to us by virtue of that $11 million distribution we commented on that would not have been possible under the prior structure. - ***Steve Hamner***
29-Jul-2021	**Q2 2021**	Steward performance tracks right in-line with what we're seeing from our other operators. Their quarter-oevr-quarter coverage showed a more than 60 bps point increase. Their total coverage is also at an all-time high. - ***Ed Aldag*** Our hospitals are in great financial situation. As we said back in April and May of last year, we knew that the patients would all come back as soon as the governments reopened the hospitals. While the world called them elective surgeries, that only meant that if you didn't have them done, you wouldn't die the next day. But these were all medically necessary procedures. And so, we're back at volumes of pre-COVID levels. There are lines out the door. And so, we feel very good about where all of the operators are. - ***Ed Aldag***
28-Oct-2021	**Q3 2021**	The value of these hospitals that we agreed with Macquarie was based on a market cap rate in the mid-5% range, reflecting our unique underwriting expertise, Steward's operating skills, and a market for hospital real estate that is rapidly attracting sophisticated private investors. These conditions establish a whole new value for our entire portfolio, not just the Massachusetts hospitals. - ***Ed Aldag*** The next announcement is the pending acquisition by HCA of the operations of the Steward Utah hospitals. Steward acquired these hospitals in an MPT-financed acquisition as a part of its acquisition of IASIS in 2017. Over the last four years, Steward has done an outstanding job of growing the top and bottom lines for these facilities. As a part of its transaction with Steward, HCA has agreed to enter into a new master lease with MPT for these facilities paying the same rent and annual escalators for the real estate as Steward is currently paying. Like the Macquarie transaction, this transaction provided reinforcement of the value of MPT's real estate by sophisticated third parties, along with the validation of the strong performance of these Steward hospitals. - ***Ed Aldag*** Looking forward, we are excited about Steward's plans to raise the bar for care in these facilities and improve their financial results to position them for long-term success. Importantly, as part of our agreement with Steward concerning these hospitals, Steward made early elections to extend our master lease agreement for all Steward hospitals by 10 years to the year 2041. - ***Ed Aldag***
03-Feb-2021	**Q4 2021**	Steward, which represents 19% of our portfolio on a pro forma basis, continues to perform well with coverage near 3 times. The integration of the five recently purchased Miami facilities has been successful, and the market continues to exceed expectations. Steward continues to closely manage the onboarding of the new facilities, including working down the accounts receivable to steady-state levels in the near term. - ***Ed Aldag***
22-Apr-2022	**Q1 2022**	As I mentioned, we believe strongly that there have been rumors and falsehoods around MPT and our business in recent months. We appreciate that, like other public companies, MPT is regularly the focus of third-party reports that may express opinions about the company, which may be favorable or not. However, we encourage our investors to recognize that not all market commentators or reporters are equal or write objectively without agendas. - ***Ed Aldag*** Our operators have done a tremendous job over the past few years and expect – except for some labor pressures for a few, they're all close to or at record levels of EBITDAR. Even if the labor pressures don't subside, given where our operators are in their operations today, they all feel good about their overall expected outcome for 2022. - ***Ed Aldag*** Steward has kept coverage ratios at or above the industry standard and has remained flat close to an almost three times coverage for the past three quarters. - ***Ed Aldag***
03-Aug-2022	**Q2 2022**	We are confident that Steward, especially in its major markets, is a **healthy operator and will continue to pay its rent based on very strong long-term coverage ratios**. And most importantly **even if Steward is not the lessee, we believe the value and characteristics of our real estate currently leased to Steward** will attract, frankly as it already has, multiple potential replacement operators. - ***Steve Hamner*** **Steward has begun implementing strategic and operational initiatives that should lead to further near-term improvements**. First, the previously disclosed sale of Steward's value-based Medicare business CareMax will not only generate additional liquidity of as much as $125 million, but just as importantly, will align the interests of both organizations in a manner that will pave the way for future profitable growth opportunities. - ***Steve Hamner*** Notwithstanding Steward's strong recent and improving facility level EBITDARM performance across its portfolio...the **most recent quarters have suffered from cash pressures**. So, all of this describes **why we remain enthusiastic about first and foremost the value of our hospital real estate, but also of Steward's near and long-term outlooks**. This led us to agree early in the second quarter to **facilitate Steward's transition of its recent cash pressures to the strongly positive cash flow outlook I have just described by providing a $150 million debt facility to Steward**. - ***Steve Hamner***
27-Oct-2022	**Q3 2022**	Before turning the call over to Steve, let me outline the strong operating performance that Steward is reporting to us on. Adjusted EBITDA for the second quarter was approximately $51 million. The third quarter expect – is expected to be more than $30 million. Fiscal year 2022 unadjusted EBITDA is projected to be between $50 million and $80 million. Contract labor in Q3 fiscal year 2022 has decreased 30% from Q1 FY 2022 run rate and is expected to decline an incremental 20% in Q4, resulting in a 50% decline since the first quarter of this year. Steward is also forecasting on-adjusted EBITDA of more than $350 million for fiscal year 2023. - ***Ed Aldag*** When we reported to you three months ago, Steward was in the middle of managing its cash flow to satisfy these cash requirements. Since then, and again, with some assistance from MPT, Steward has weathered this cash drain and is now on the flip side of these circumstances and expects to be strongly cash flow positive, starting with the fourth quarter of 2022 - ***Steve Hamner*** Steward's EBITDARM coverage in these markets has ranged from 2.7 times for the trailing 12 months ended June 30, 2022 to an excess of 3 times preliminarily for a standalone August. With these coverages, Steward appears well able to continue paying MPT rent. - ***Steve Hamner*** It's our understanding that the primary documentation is delivery of the 2021 audited financial statements. And it's our further understanding, although we don't have direct influence, is that Steward, its auditors, and the lender group is well on its way to successfully delivering that documentation. - ***Steve Hamner***
23-Feb-2023	**Q4 2022**	Like the results posted by the publicly reporting hospital operators, our operators continue to see vast improvements to the labor issues that affected the market this time last year - ***Ed Aldag*** I think there is a public misnomer thinking that the Utah properties are the most profitable properties in the Steward portfolio. Actually, that is not the case. When the Utah property transaction closes, their overall coverage will actually increase. - ***Ed Aldag***

Date	Event	Quote
27-Apr-2023	**Q1 2023**	I know that people are specifically interested in Steward Hospital's performance. So excluding grants, Steward Hospital's 2022 coverage increased to almost 2.5 times from approximately 2.2 times in 2021. Coverage had increased another 18 points for the trailing 12-month ending February of 2023. Also relating to Steward, the transaction with CommonSpirit is still scheduled to close next week. We look forward to expanding our relationship with CommonSpirit and the liquidity this transaction brings to Steward. - ***Ed Aldag*** The last question is no, we do not expect any further – again I'll term it operating support, liquidity support for Steward other than what you've just described in redevelopment cost. On the late 2022, there was another $28 million that we advanced. - ***Steve Hamner***
	Q2 2023	This past Friday, Steward refinance their ABL five months ahead of the December 2023 maturity. The new ABL is led by a group of third-party private credit lenders, whose aggregate assets under management exceed $50 billion. The new ABL provides significantly more liquidity to Steward than the most recent facility... MPT's investment in the credit facility is pari passu with all the other lenders and provides MPT with a strong return. This participation is not an operating loan to Steward. This is well first secured by receivables that MPT would not otherwise have a security interest in. - ***Ed Aldag*** Steward continues to perform well operationally. In fact, their EBITDARM coverage is currently one of the strongest in our portfolio at 2.9 times. Steward's volumes are doing well and they expect to continue improvement throughout 2023 and 2024. - ***Ed Aldag*** There are several compelling benefits to this investment. Given the conditions in the bank lending market since the SVB and other disruptions earlier this year, the return on these first-lien collateralized facilities has been very attractive. The lending group in the Steward facility, including MPT, will be paid monthly at double-digit rate. And as noted, our investment is collateralized by borrowing base of government and commercial receivables. There is a well-developed market for these participations and that should give us optionality for liquidity if, during the four year term of the lending agreement, we elect to assign our investment and reallocate the capital for different uses. In deciding to allocate this capital to this particular investment, we considered, among other things, and in addition to the attractive collateral package and the cash return, that Steward's operations continue to perform well, most recently generating EBITDARM coverage of approximately 2.9 times. And our $140 million participation represents approximately 4% of our Steward investment overall and accordingly allows us to capture attractive, incremental and accretive new operating income at nominal incremental risk. - ***Steve Hamner*** Yeah. No, not at all, Connor. [Steward] have completed all of their cost restructuring. They're benefiting from all of that cost restructuring. 2022 numbers will show a positive EBITDA number, and 2023 and 2024 will continue to show vast improvement. - ***Ed Aldag***
	Q3 2023	Turning to Steward, their hospital operations continue to perform well, as evidenced by strong trailing 12-month EBITDARM coverage of 2.7 times. - ***Ed Aldag*** Turning to Steward, their hospital operations continue to perform well, as evidenced by strong trailing 12-month EBITDARM coverage of 2.7 times. In addition to cutting run rate expenses by nearly $600 million in the last 16 months, more than $150 million in the last quarter alone, in part due to a 90% reduction in contract labor utilization, Steward believes it's making progress on its revenue cycle management and accounts payable backlog. With new technology and dedicated resources focused on enhancing claims quality, reducing initial denials, and resolving denials more quickly, Steward is reporting improved efficiency of collections. - ***Ed Aldag*** The vast majority of this portfolio is performing exceptionally well and is poised to capitalize on increasing global demand for healthcare services. Our leases are long term, and while certain operators may hit some bumps in the road over the lifespan of these leases, our portfolio is sufficiently diversified to ensure MPT's long-term success. - ***Ed Aldag*** Given Steward's strong facility-level operations, we remain confident in the real estate platform's long-term profit potential despite the near-term cash flow headwind mentioned in the press release this morning. The core reasons underpinning that confidence are, the facilities continue to generate strong EBITDARM coverage of more than two times fixed rent payments. - ***Steve Hamner*** Yes, we expect Steward will continue to make improvements both on his operations and its revenue cycle management. And by that of course just to reiterate, we – we mean collecting more of their – of their billings earlier than what has happened in the past and so we absolutely expect further improvement in that. - ***Ed Aldag*** On the payables, clearly, the legacy payables, that is the old payables, continues to demand a lot of the profitability, the profitable cash flow coming out of operations. Steward is working that along, at the same time, is working on increasing the collections... All of that comes together to bring cash flow such that clearly there's still some old payables. Steward continues to chip away at those. And then the next step and again, we referred to this very briefly, the next step is working on the balance sheet. - ***Steve Hamner*** Well, if you look at [Steward's] corporate level, remember that it includes a lot of other things than just the hospitals. So, when you look at – and if you try to take what the actual "M" [presumably for EBITDARM] would be on the facilities levels, then if you reduce that just by that amount, coverage goes down to just over two times. - ***Ed Aldag***
	Q4 2023	Steward's cash collection challenges have become more pronounced and the resulting changes to vendor payment terms have put pressure on suppliers, constraining Steward's ability to perform higher-margin surgeries that are a key driver of cash flow. As a result, in early January, we shared that we have been working with Steward and its advisors to develop an action plan to strengthen their balance sheet, liquidity, accelerate recovery of unpaid rent and ultimately significantly reduce our exposure to Steward... While it will take some time for Steward to execute these steps, we are encouraged by the early progress. As this plan is executed, Steward needs access to liquidity to continue to operate its critical hospital facilities. As we previously disclosed in January, we funded a $60 million bridge loan which provided MPT a second lien on Stewardship's business, subordinate only to Steward's ABL lenders. We also consented to a limited and tapering deferral of rent until the end of June or the completion of the anticipated asset sales. In the fourth quarter, Steward paid approximately 25% of all rent and interest owed to MPT. In our press release this morning, we shared that MPT and certain lenders in the ABL group are negotiating a new bridge facility, under which each party would fund an additional initial $37.5 million to Steward, of which MPT has already funded $20 million. - ***Ed Aldag*** So, Steward is compliant with our previous agreement for ramping up the rent and we expect that they will remain compliant through June when that ramp gets all the way back to 100% - ***Steve Hamner*** One of those is the aggressive efforts at repositioning, re-tenanting or otherwise selling facilities that are now occupied and operated by Steward. Secondly, it's dependent upon a satisfactory monetization of its own Stewardship managed care business. - ***Steve Hamner*** ...in addition to that, we've been getting weekly cash flow reports from Steward's advisors to which they've exceeded every one of them thus far. - ***Ed Aldag*** we've been extremely pleased with the amount of interest we've gotten in almost all of the facilities, and in almost all of the facilities we've got more than one party who is interested in the facilities. - ***Ed Aldag*** So in other words, the $37.5 million each that MPT and the ABL lenders are expected to fund, those milestones have been reached. And in order to fund anything further than that, then additional milestones which are directly related to those two key strategies that I just mentioned, the retenanting and selling the non-core Stewardship assets, there are some very specific, relatively stringent milestones that have to be met in order to fund anything else. But again, just to clarify, the first $37.5 million apiece of which we have funded $20 million, is expected to close soon depending on having already met the early milestones. - ***Steve Hamner*** But clearly, Steward is in a distressed situation and there are multiple advisors, including legal advisors. And no transaction would happen under any type of fraudulent conveyance. - ***Steve Hamner***
	Q1 2024	...no mention was made of rent as a contributor to Steward's distress. We believe that bankruptcy will facilitate the re-tenanting or sale of Steward hospitals in an orderly and timely fashion. We firmly believe that an orderly transition of Steward's hospital to new operators is in the best interests of everyone, and we're committed to providing $75 million in DIP financing to help achieve that. - ***Ed Aldag*** Rent, which represents only a small fraction of a hospital's total revenue, is virtually never the primary cause of financial stress for hospitals. And as Steward wasn't paying rent, they'd be paying interest in principal repayment on some type of financing for the facilities because, as we all know, buildings are not free. - ***Ed Aldag*** So Austin, all of the facilities, other than the ones that were previously closed prior to bankruptcy, continue to be operating. And in the second question, we do continue to receive cash flow reports from Steward's advisors, and they have so far exceeded their projections on, I believe, every week. - ***Ed Aldag*** So the hospitals, as we've been saying for many months, on a localized four walls perspective, are generating positive EBITDAR. The issues with Steward, which are very well laid out in the bankruptcy filings, are around legacy payables, revenue cycle management, the level of revenue reimbursement. - ***Steve Hamner***
	Q2 2024	There is long-term value in the majority of our hospital real estate currently leased to Steward, and we expect to retain that value as we replace Steward with new tenants or sell assets to quality operators through the court-supervised restructuring process. - ***Steve Hamner*** Massachusetts is different than everything else just by virtue of its structure, including it's a joint venture that we have with Macquarie. You all know that. And very importantly, there're secured non-recourse financing on those assets and that limits, of course, the true equity value is not necessarily nearly as much as the gross value of the assets. And then, finally, again, within the constraints that Ed just described about confidentiality and mediation and so forth, we did believe there were alternatives to closing certain hospitals, and we just weren't able to work through the regulatory constraints to achieve what we thought was probably higher value. - ***Steve Hamner***

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