TAB 23

Tab 23

As more fully described in response to question 1, the transaction is to effectuate a buy-out of the private equity investors of PMH resulting in the original co-founders as sole shareholders. The purchase price was the result of negotiations between the transacting parties taking into account the following:

1. The enterprise value of PMH;
2. The equity value of PMH;
3. The dividend recapitalization transaction which occurred in fiscal year 2018;
4. Future obligations of PMH; and
5. Future capital needs of PMH.

The transacting parties are sophisticated investors in the healthcare industry, including one of the largest private equity firms in the United States, and did not require the assistance of external consultants. As such no reports were prepared in connection with the negotiations and the ultimate execution of the transaction agreement (see Tab 12).

A primary consideration in the parties' negotiations was to ensure the long-term viability and success of PMH and its hospitals. With this goal in mind the parties wanted to ensure that PMH will have significant and sufficient resources to meet all of its obligations and to not burden the company with additional debt.

As such, the transacting parties settled on a purchase price that they all considered equitable factoring in the above principles of valuation and shared objective of ensuring PMH's continued future success.

PMH will not incur any additional debt nor distribute any dividends to the acquiror as a result of this transaction.

As a result of the recent financing transaction with Medical Properties Trust ("MPT") in 2019, the Company extinguished its then existing long-term debt and now PMH is in a better financial position than it has been in recent years:

Prospect Improved Liquidity		
Balance Sheet as of	9/30/2018	9/30/2019
Cash and Availability ($ in millions)	**14,783**	**268,996**

In response to the March 4, 2020 deficiency letter (Deficiency 33), the recent financing transaction with MPT did not have an effect on transaction price. Leonard Green Partner's ("LGP") investment in Prospect was made ten (10) years ago. The average relationship of this type lasts 4.5 years. The recent $1.55B financing deal with MPT, one of the largest healthcare REITs, is a thirty (30) year deal, and represents the new source of long-term financing. The impact of this refinancing will be quite positive. MPT's thirty (30) year horizon provides for a stable future and ready source of capital. PCC's mission to provide quality, affordable healthcare in Rhode Island remains unchanged. PCC is committed to serving vulnerable populations as a safety net provider and building its presence by expanding service lines and access to care evidenced by the recent $25M ED renovation at RWMC. Because PCC's new capital partner has a thirty (30) year horizon, these resources are available to ensure that this mission continues.

[redacted]

In response to Deficiency 31, the dividend payment in 2018 was a separate and independent transaction from the change in effective control transaction currently under review. In fact, the parties were not contemplating nor negotiating a change in control transaction such as the one under current review at the time of the dividend payment.

In response to Deficiency 32, after consulting with their respective attorneys and tax consultants, the parties determined that the most efficient way to structure the Transaction included the stock buyback with cash funds from Prospect Medical Holdings.