American Medical Properties Financial Model: Key Assumptions

Financial forecast	***Revenue estimates*** – Net rental revenue based on acquisitions at a weighted average 9.0% cap rate – Rents growing annually at 2.0% – Occupancy remains constant at 100% assuming 10-15 year lease contracts ***Operating expenses*** – No operating expenses with 100% triple-net lease agreements ***G&A*** – Assumes $6 million in year 1, increasing by 2.0% every year ***D&A*** – Assumes 39-year depreciation period
Acquisitions	– Assets acquired at a weighted average 9.0% cap rate – Leverage of up to 60% of the total acquisition cost (40% equity / 60% debt)
Financing	***Equity capital*** – Assumes $300 million of equity capital raised – Assumes 3.0% fees and closing costs ***Debt capital*** – Maximum of 60% leverage – Interest rate: 6.0% – Amortization period: 30 years – I/O period: 2 years – 1.0% loan fees
Capital expenditures	– Renovation capex assumed to be part of the acquisition price – Maintenance capex covered by tenants through triple-net leases
Cash distributions	– Start one quarter after rental income generation from acquisitions
Exit assumptions	– Assumes an exit in two years into a REIT IPO for purposes of calculating IRR – Exit value based on a sale cap rate of 8.75%

($m)	Total asset value	Equity	Debt
Q4 2016	$125	$50	$75
Q1 2017	$125	$50	$75
Q2 2017	$125	$50	$75
Q3 2017	$125	$50	$75
Q4 2017	$125	$50	$75
Q1 2018	$125	$50	$75
Total	**$750**	**$300**	**$450**