Risk Management Strategies

Considerations	Mitigants
Healthcare Reform and Changes in Government Reimbursement	– The Affordable Care Act's increased healthcare coverage yields additional patient volume and revenue for hospitals – Any changes to the Affordable Care Act will likely have a limited impact given that they may be offset by changes in federal Medicaid and other healthcare subsidies
Tenant Concentration	– American Medical Properties has a diversified pipeline across operators and geographic markets
Competition	– The majority of AMP's healthcare REIT competitors are focused on other healthcare real estate asset classes (senior housing/SNFs/MOBs) and hospitals are not a focus area. As a result, the hospital real estate asset class presents one of the most compelling sale/lease back opportunities.
Higher Interest Rates	– Interest rates are projected to increase gradually and only modestly in the near term – AMP has the flexibility to utilize alternative capital sources

Tenant Solvency	– AMP plans to continuously monitor the performance of its tenants on a variety of metrics including:
	    – admission levels and surgery/procedure volumes by type
	    – trends in revenue and patient mix
	    – operating margins
	    – ratio of tenant's operating margins to total fixed costs
	    – the effect of evolving healthcare regulations on tenant's profitability and liquidity
	– These factors will help AMP identify any potential issues with any of its tenant's capability to pay rent allowing AMP to take remedial actions to mitigate this risk