

RISK MANAGEMENT STRATEGIES

Considerations	Mitigants
Healthcare Reform and Changes in Government Reimbursement	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • American Medical Properties has a diversified pipeline across operators and geographic markets
Competition	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • AMP plans to continuously monitor the performance of its tenants on a variety of metrics including: <ul style="list-style-type: none"> • 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