

American Medical Properties Financial Model: Key Assumptions

Financial forecast	<p>Revenue estimates</p> <ul style="list-style-type: none"> – 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 <p>Operating expenses</p> <ul style="list-style-type: none"> – No operating expenses with 100% triple-net lease agreements <p>G&A</p> <ul style="list-style-type: none"> – Assumes \$6 million in year 1, increasing by 2.0% every year <p>D&A</p> <ul style="list-style-type: none"> – Assumes 39-year depreciation period 																																
Acquisitions	<ul style="list-style-type: none"> – 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	<p>Equity capital</p> <ul style="list-style-type: none"> – Assumes \$300 million of equity capital raised – Assumes 3.0% fees and closing costs <p>Debt capital</p> <ul style="list-style-type: none"> – Maximum of 60% leverage – Interest rate: 6.0% – Amortization period: 30 years – I/O period: 2 years – 1.0% loan fees 																																
	<table border="1"> <thead> <tr> <th style="text-align: left;">(\$m)</th> <th>Total asset value</th> <th>Equity</th> <th>Debt</th> </tr> </thead> <tbody> <tr> <td>Q4 2016</td> <td>\$125</td> <td>\$50</td> <td>\$75</td> </tr> <tr> <td>Q1 2017</td> <td>\$125</td> <td>\$50</td> <td>\$75</td> </tr> <tr> <td>Q2 2017</td> <td>\$125</td> <td>\$50</td> <td>\$75</td> </tr> <tr> <td>Q3 2017</td> <td>\$125</td> <td>\$50</td> <td>\$75</td> </tr> <tr> <td>Q4 2017</td> <td>\$125</td> <td>\$50</td> <td>\$75</td> </tr> <tr> <td>Q1 2018</td> <td>\$125</td> <td>\$50</td> <td>\$75</td> </tr> <tr> <td>Total</td> <td>\$750</td> <td>\$300</td> <td>\$450</td> </tr> </tbody> </table>	(\$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
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Capital expenditures	<ul style="list-style-type: none"> – Renovation capex assumed to be part of the acquisition price – Maintenance capex covered by tenants through triple-net leases 																																
Cash distributions	<ul style="list-style-type: none"> – Start one quarter after rental income generation from acquisitions 																																
Exit assumptions	<ul style="list-style-type: none"> – 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% 																																