

Risk Management Strategies

Considerations	Mitigants
<p>Healthcare Reform and Changes in Government Reimbursement</p>	<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
<p>Tenant Concentration</p>	<ul style="list-style-type: none"> - American Medical Properties has a diversified pipeline across operators and geographic markets
<p>Competition</p>	<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.
<p>Higher Interest Rates</p>	<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
<p>Tenant Solvency</p>	<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