

CONFIDENTIAL
American Medical Properties
Investor Presentation
July 2016
American Medical Properties
For Key Client Partner Clients
or U.S. Institutional Investors.
Not for Retail Distribution

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American Medical Properties

Offering Summary

Issuer

Format

Offering size

Timing of capital
raise

American Medical Properties LLC ("AMP" or the "Company")

Private equity capital raise

\$300 – \$400 million

Target initial closing in Q4 2016 with an additional close in Q1 2017

Use of proceeds Acquisition of high-quality hospital and related healthcare
real estate throughout the U.S.

Structure

Internally managed, tax-advantaged REIT pass-through entity

Leverage

Dividend

IRR

Agent

Target leverage up to 60% pre-IPO (40% post-IPO)

Target annual dividend 8%+, payable quarterly (within twelve months of
capital deployment)

20%+ (core real estate portfolio only, not inclusive of any incremental real
estate development)

Deutsche Bank Securities, Inc.

American Medical Properties

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American Medical Properties Leadership Team

Mark Karlan

President and CEO

32 years of experience in real estate

finance and investments

Current experience

||| Professor of Real Estate Finance and Investments at UCLA Anderson School of Management since 2012

Previous experience

||| Executive Managing Director of CBRE Global Investors (2006 – 2011)

||| President and Founder of CBRE's Strategic Partners Asia II fund (2007 – 2011) – \$1.2bn of AUM was one of the top performing funds of its vintage with offices in Hong Kong, Shanghai, Beijing, Tokyo and Singapore

||| President and CEO of Imperial Credit Commercial Mortgage Investment Corp., the top performing mortgage REIT (1997 – 2000)

||| 100+ real estate investments closed with a gross asset value exceeding \$10 billion

Education

||| M.B.A., Harvard Business School (1984)

||| J.D., Harvard Law School (1984)

||| B.A., Harvard College (1980)

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Dr. Pejman Salimpour

Chief Strategy Officer

28 years of healthcare experience

Current experience

||| Clinical Professor of Pediatrics at UCLA's David Geffen School of Medicine since 1990

Previous experience

||| CEO and Co-founder of Plymouth Health, owner of Alvarado Hospital (2006, sold to Prime Healthcare in 2010)

||| CEO and Co-founder of CareNex Health Services (2004, sold to Anthem in 2012)

||| President and Co-founder of Pierce Health

Solutions and predecessor (2012 – present)

||| Clinical Chief of Pediatrics at Cedars-Sinai Medical Center in Los Angeles (1998-2000)

||| Board of the Washington University School of Medicine (since 2012)

Education

||| M.D., Washington University School of Medicine in St. Louis (1987)

||| B.S. Chemistry, UCLA (1983)

Dr. Pedram Salimpour
Chief Medical Officer

23 years of healthcare experience

Current experience

||| Associate Clinical Professor of Pediatrics at the UC Riverside School of Medicine since 2014

Previous experience

||| President and Co-founder of Plymouth Health, owner of Alvarado Hospital (2006, sold to Prime Healthcare in 2010)

||| President and Co-founder of CareNex Health Services (2004, sold to Anthem in 2012)

||| CEO and Co-founder of Pierce Health Solutions and predecessor (2012 – present)

||| President and Board Member of the LA County Medical Association (since 2010)

||| President and Commissioner of the LA Fire and Police Pensions Board (since 2012)

Education

||| M.D., Boston University School of Medicine, (residency at USC Keck School of Medicine)

||| B.S. Biology, UC Riverside (1990)

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Successful Real Estate Investment Track Record

CBRE Strategic Partners Asia Fund II

Fund summary

Asian Portfolio

- ~\$1.2 billion of investments in twelve real estate projects in China and Japan

- Investments made between Q4

2007 and Q2 2008

- Investments sold between Q1

2010 and Q4 2011

Fund Highlights

- Top performing fund at CBRE Investors and one of the best in the overall market from 2007-2011

- Profitable asset sales in China with a projected portfolio IRR of 17% for the Chinese investments

- Successful termination of 3 binding forward commitments to acquire properties in Japan, avoiding a potential \$110 million loss

Fund Returns

Leveraged IRR

Equity multiple(a)

> 10.0%

~1.3x

Investment Highlights

- Mixed-use twin tower buildings with:

- 49-story offices with a 5-star Raffles hotel

- 42-story serviced apartment tower

- 6-story retail podium

- Above ground GFA: ~1.4 million sq. ft.

- Taxes minimized with offshore ownership structures

Investment summary

Tianjin Center - Mixed-use development

- ~\$300 million investment in a mixed-use development in Tianjin, China

- Investment made in Q4 2007

- Investment sold in Q1 2010

Imperial Credit Commercial Mortgage

Investment Corporation

REIT summary

ICCMIC REIT

○ Publicly traded REIT

invested in commercial

real estate and loans

○ \$510 million IPO

oversubscribed 10x

○ \$500 million warehouse

line of credit

REIT Highlights

- Top performing mortgage REIT among all of the 27 commercial and residential mortgage REITs from the IPO in 1997 to the sale in 2000
- \$250 million securitization financed \$290 million of mortgage loans with a 30%+ annualized ROE
- Sale / leaseback of 17 properties in Arizona, Texas and New Mexico with an automotive dealer at 11% base rent + CPI generating a proforma IRR of 18%

Investment Returns

Unleveraged IRR

Equity multiple(a)

(a) Represents the total amount of equity returned over the total amount of equity invested

(b)

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Includes all 27 commercial and residential mortgage REITs which existed between Oct-1997 and Mar-2000

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> 60.0%

~ 3.0x

Dividend Yield

Equity multiple(a)

REIT Returns

~ 8% paid quarterly

~ 1.0x

Share price performance

IPO (10/97) to Sale (3/00)

78%

42%

Industry

average

(b)

ICCMIC

Successful Healthcare Operational Track Record

Investment Summary

Alvarado Hospital Medical Center (2006 – 2010)

Investment Returns

Acquisition date Dec-2006

Seller

Purchase price \$22 million

Location

Hospital type

Beds

Employees

1,500+

Clinical Improvement Highlights

○ Physician recruitment: Cardiology, orthopedics, spine program, neurosurgery, urology and internal medicine

○ New specialties and service lines: Minimally invasive spine surgery program, skull base neurosurgery program and laparoscopic gastric bypass adding a new MRI suite, new CT scan suite, and new cardiac catheterization suite

○ Increased patient census: With the new specialties and service lines, an emergency room physician restructuring, and improved hospital admissions

Exit date

San Diego, CA

Acute & specialty care

306

Buyer

Equity multiple(a)

IRR

Additional real

estate development

Nov-2010

6.0x

~50%

4.0x on additional equity

Operational Improvement Highlights

○ Health insurance plan reimbursements: Renegotiated health plan agreements achieving significant rate increases

○ Navigate regulatory environment: Renegotiated Medicaid and CDCR agreements with the State of California achieving significant rate increases

○ Operating Improvements: Hospitalist program implemented to reduce patient length-of-stay and hospital acquired infections, and renegotiated vendor agreements achieving significant cost savings.

○ Development of Excess Real Estate: Built 320 student housing units on half the 10-acre hospital campus, which is next to San Diego State

University

Clinical Achievements

Emergency department admissions growth

Hospital admissions growth

Cardiac admissions growth

Clinical trials growth

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+22%

+55%

+88%

From 1 to 55

(a) Represents the total amount of equity returned over the total amount of equity invested

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Average daily census growth

Length of stay reduction

Revenue growth

EBITDA turnaround

Financial Achievements

From 80 to 120

From 7.4 to 4.2 days

14% CAGR from \$120mm to \$200mm

(\$10mm) loss to \$12mm profit

Successful Healthcare Operational Track Record (continued)

Investment Summary

CareNex Health Services (2004 – 2012)

- CareNex Health Services, a California-based neonatal medical management services company founded in 2004
- Operates at 650 out of 1,500 hospitals with neonatal intensive care units in all 50 states
- Market size: 12.4% of babies born in the U.S. are premature births - over 500,000 a year
- Focused on improving the quality of care and patient outcomes for newborn and premature infants born across the U.S.
- National roster of major clients (Anthem Blue Cross/Blue Shield health plans, Qualcomm, Healthcare Partners and others)

Pierce Health Solutions (2015 – present)

Investment Summary

- Physician-led medical management company managing the healthcare of 10,000 lives in Native American entities
- Pierce's clients are in the human resource verticals of Native American gaming, hospitality and agriculture in California
- Improved management leading to more efficient delivery of health care services and better patient outcomes
- Direct contract negotiations with insurance companies, hospitals, surgery centers and clinical vendors
- Focus on best-in-class physicians for high quality patient care

Financial Achievements

Clinical Achievements

Exit

Equity multiple(a)

Sold to Anthem in 2012

~20x

(a) Represents the total amount of equity returned over the total amount of equity invested

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Cost savings

Actuarial risk of death

25% reduction in tribal healthcare

expenditures

18% improvement within Morongo Native

American population

Investment Highlights

1

Pure-play investment strategy focused on acquiring high-quality hospital and related healthcare real estate throughout the U.S.

2

Favorable healthcare industry fundamentals drive long-term demand for hospitals, the largest healthcare real estate asset class

3

Seasoned management team with proven track record of investing capital and generating attractive returns across the healthcare and real estate sectors

4

Differentiated ability to generate incremental value in target asset class by leveraging operating experience and real estate expertise

5

Long-standing relationships with high-quality hospital operators provide ongoing source of off-market sale / leaseback opportunities

6

~\$2.0 billion identified pipeline of near-term actionable hospital sale / leaseback opportunities representing ~8,000 beds owned by a geographically diverse group of hospital operators; expect to complete acquisitions of \$750+ million over next 18-24 months

7

Business model expected to use prudent leverage and deliver predictable cash flows with a stable dividend yield exceeding 8.0%, coupled with capital appreciation over time by increasing rents and asset values with a potential REIT IPO exit

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Section 1
Industry Overview
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Strong Healthcare Industry Fundamentals Driving Demand for Hospitals

Aging U.S. Population

100

80

20

40

60

80

0

73

56

43

20%

17%

14%

2012

Source: U.S. Census Bureau

2020

65+ population

2030

2040

2050

2060

65+ as % of total population

Source: CDC/NCHS, National Hospital Discharge Survey. "Health, United States, 2013"

Hospitals form the biggest expenditure component of total healthcare spending

2015 U.S. healthcare expenditures

Hospital

expenditures

31.8%

\$1,031bn

Other

healthcare

expenditures

68.2%

\$2,212bn

Total healthcare spending: \$3,243bn

CAGR 2006 – 2015: 5.2%

Source: CMS.gov National Health Expenditure Data – Projections 2014 – 2024

Aging U.S. population is a direct driver of the growth in the healthcare real estate market

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Other

healthcare

expenditures

67.8%

\$3,670bn

Total healthcare spending: \$5,425bn

CAGR 2015 – 2024: 6.1%

2024 U.S. healthcare expenditures

Hospital

expenditures

32.2%

\$1,755bn

21%

21%

22%

84

92

10%

15%

20%

25%

30%

Hospital Days per Year per 10,000 Population

10,000

15,000

20,000

25,000

6,058

5,000

0

Under 18 years 18-44 years

45-64 years 65 years and

over

3,147

1,480

19,226

Population in millions

Days per 10,000 population

Highly Fragmented Market with Hospital Real Estate Producing High Yields
Hospitals are the Largest Healthcare Real Estate Asset Class ...

\$100
\$200
\$300
\$400
\$0

Skilled Nursing Senior Housing Medical Office
Building
REIT owned
Non-REIT owned

Source: American Hospital Assoc., National Center Health Statistics, NIC
MAP, Real Capital Analytics

Hospital Real Estate Produces Higher Yields

9%
8%
7.0%
6%
6%
9%

Hospital

Source: Company reports

Growing Number of Hospital Sale/Leaseback Transactions

9.3%
9.0%
8.0%
9.0%

Medical

Office Building

23%

~\$1 trillion market of healthcare

properties potentially available

~5,000 hospitals

in the U.S.

... but are Underrepresented in Healthcare REIT Portfolios

Healthcare REITs NOI breakdown

Hospital

12%

Skilled

Nursing

15%

23%

17%

6%

6%

Senior

Housing

48%

Life Science

1% Other

1%

9.3%

MOB

Senior Housing

Source: Green Street Advisors

Deal Size

Lease

Coverage

SNF

LTACH

Acute Care

Hospitals

Ventas /

Ardent

Date

4/7/15

\$1,400

2.9x

MPT /

Capella

7/27/2015

\$900

2.4x

Ventas / Spire MPT / IASIS MPT / Prime MPT / Circle

Bath

4/27/14

\$200

2.0x

8/4/13

\$200

NA

The complexity of hospitals leads to limited competition and higher yields

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Q2 2013

\$75

NA

8/4/14

\$50

3.0x

US\$ in billions

Proven Acceptance of Hospital Sale / Leaseback Transactions

Healthcare

REITS

\$5.7 billion(b)

\$1.9 billion

\$594 million

\$347 million

\$214 million

67 owned hospitals(b)

(a)

(b)

Hospital investment portfolio as of 3/31/16

Includes general acute care, inpatient rehab and long-term acute care

hospitals

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11

51 owned hospitals

16 owned hospitals

4 owned hospitals

10 owned hospitals

Owned

hospitals

Hospital portfolio

investment (a)

Hospital Partners

Section 2
Platform Overview
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American Medical Properties Platform Overview

Who we are

Headquartered in Los Angeles, CA

Pure-play hospital real estate investment platform with complementary, value-added investment opportunities

Company leadership has 83 years of combined healthcare and real estate experience

Deep understanding of the healthcare market, physician relationships, and government rules and regulations

Near-term actionable pipeline of ~\$2.0 billion representing a geographically diverse group of 35 hospitals with ~8,000 beds run by 11 high-quality hospital operators

Shareholder friendly corporate governance and prominent healthcare focused Board of Directors

Capitalize on our relationships to acquire attractive off-market hospital real estate assets and maximize risk-adjusted returns by bringing healthcare operational and real estate expertise

AMP can help tenants with physician recruitment, new service lines and other operational improvements, strengthening the tenants and increasing real estate asset values

Provide additional capital to hospital operators to expand their hospital campus footprint (MOBs, outpatient and alternate site facilities)

Thorough due diligence and underwriting process

Prudent leverage to deliver predictable cash flow with a stable dividend yield of 8.0%+

What we do

\$2 billion, 35 hospital near-term pipeline

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11 high-quality operators

\$750+ million of assets over 18-24 months

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Unique Healthcare Operational Expertise to Produce Incremental Value

2

New specialties and
service lines

1

Physician recruitment

4

Health insurance plan
reimbursements

3

Increase patient census

Revenue drivers

Cost saving drivers

Additional value drivers

7

Development of excess

real estate

5

6

Navigate regulatory

environment

Operational

improvements

AMP's management team brings healthcare skills to improve the quality and
efficiency of hospital operations

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American Medical Properties Investment Strategy
Unique healthcare and real estate expertise

||| Physician recruitment

||| Increase patient census

||| Navigate regulatory environment

American

Medical

Properties

Sale / leaseback structure

||| Acquire hospitals and related healthcare real estate assets

||| Acquire at 8.0% to 10.0% cap rates with long-term, 10-15 year leases

||| Deliver an 8%+ dividend yield and 20%+ IRR (exclusive of excess RE development)

Increase real estate asset values and deliver stable dividend yields

exceeding

8.0%

||| New specialties and service lines

||| Health insurance plan reimbursements

||| Operational improvements

||| Development of excess real estate

5 regional hospital

operators*

* Hospital operator names not disclosed
due to confidentiality

4 not-for-profit hospital

operators*

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Focus on High Quality, Strong Credit Tenants Operator Credit Profile

|| A fundamental component of our business plan is the continued diversification of our tenant relationships and the geographic diversification of our hospital locations nationally

Lease Provisions

|| Lease structures are designed to provide AMP with key credit support for our rents, including:

|| Hospital acquisitions expected to be at prices substantially below replacement cost

|| Partner with operators and guarantors with good credit ratings: for example in our pipeline we have diversified, national operators with credit ratings spanning from B+ to AA who will provide corporate or parent guarantees

- 10 to 15 years lease terms with rent escalators
- Corporate or parent guarantees
- Cross-default and cross-collateralization provisions
- Liens on accounts receivable and other operating assets
- Covenants monitoring operating performance
- Covenants regarding maintaining certain liquidity thresholds
- Minimum working capital and net worth requirements
- Strong rent coverage, typically in the 1.5x – 4.0x range

|| AMP has the ability to quickly replace underperforming operators with one of several strong operators that AMP has existing relationships with. These operators have extensive expertise in turning around underperforming hospitals. Additionally, the AMP management team has the experience and capabilities to step in and provide interim management of a hospital, if needed

|| If a tenant does not comply materially with the terms of a lease, AMP has the right to terminate the lease, repossess the facility and cross-default other leases and loans with that tenant

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Sale / Leaseback Pipeline Overview

AMP has strong relationships with hospital operators, owners and national health organizations to source off-market investment opportunities

The near-term actionable pipeline reflects hospital opportunities where AMP has begun active discussions to execute sale-leaseback transactions

Near-term Actionable Pipeline

~\$2.0 billion identified pipeline

35 hospitals with ~8,000 beds

11 leading hospital operators (2 national, 5 regional and 4 not-for-profit)

\$750+ million of expected acquisitions over the next 18-24 months

Geographically diverse markets

Geographic and Operator Breakdown (by Number of Beds)

Midwest

6%

Northeast

14%

California

60%

South

15%

Other

5%

Operator F

6%

Operator E

6%

Operator D

9%

Operator C

15%

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Operator B

17%

Other

18%

Operator A

29%

17

Near-term Actionable Sale / Leaseback Opportunities

Operator

Hospital

Operator A

National hospital operator

Operator B

Regional hospital operator

Operator C

Not-for-profit hospital operator

Operator D

Regional hospital operator

Operator E

Regional hospital operator

Operators F - K

1 national / 2 regional / 3 not-for-profit hospital operators

11 operators

11

Location

Multiple markets

Size (# beds)

2,525 – 2,600

7

California

1,250 – 1,300

4

Multiple markets

1,100 – 1,150

3

Multiple markets

575 – 625

4

Multiple markets

475 – 525

6

California

1,350 – 1,500

35 hospitals

Geographically diverse

7,275 – 7,700 beds

Through long-term relationships with hospital operators, AMP has a robust

near-term actionable pipeline with

more than \$2.0bn of identified sale / leaseback opportunities representing

hospitals with ~8,000 beds

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Near-Term Pipeline Opportunity Within 120 Days

Location

Hospital

Type

Area

(in sq. ft.)

beds

Key Specialties

East Coast For profit

900,000

300 licensed and

in service

☐ Emergency care

☐ Orthopedics

☐ Anesthesiology

☐ Dermatology

West Coast

Not-forprofit

250,000

160

licensed and

in service

☐ Emergency care

☐ Orthopedics

☐ Rehabilitation

☐ Imaging services

Excess RE

opportunities

☐ Potential to build

student housing on

excess land on the

university campus

Equity / Total

capital requirement

Cap rate

\$55 / \$140 million

☐ 8.5–9.5% cap

rate

☐ Opportunity to

build MOB on

hospital campus

parking lot

\$40 / \$100 million – 8.0% cap rate

Texas

For profit

200,000

200 licensed

60 in service

☐ Emergency care

☐ Orthopedics

☐ Cardiology

○ Wound care

Texas

3-asset hospital portfolio(a)

West Coast

Midwest

For profit ~700,000

600 licensed and
in service

○ Emergency care

○ Orthopedics

○ Endoscopy

○ Cardiovascular

○ Oncology

○ Rehabilitation

Total

(a) Photos intentionally not included due to confidentiality

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19

~2,050,000

1,260 licensed

1,120 in service

○ 14 acres of excess
land for future

growth and
development

\$25 / \$60 million

○ 9.0% cap rate

○ Limited, long-term
potential for

development

\$40 / \$100 million

○ 9.0-10.0% cap
rate for 3 asset

portfolio

\$160 / \$400 million

Rigorous Sourcing and Underwriting Process

Market

Criteria

- Historical performance

- Population density and market growth

- Increasing demand for healthcare related services and facilities

- Current and future supply of competing hospital and healthcare properties

- National geographic diversification to minimize portfolio risk

Property

Considerations

- Property location with emphasis on proximity to population growth

- Reduced competition through off-market sourcing

- Acquisitions substantially below replacement cost

- Potential for rental rate increases and anticipated capital expenditures

- Create incremental value by leveraging healthcare operational expertise

- Potential to develop excess real estate

- Lease coverage analysis

- Review third party and vendor agreements

Tenant

Considerations

||| Financial condition
Due
Diligence

||| Real estate evaluation
Valuation &
Financing

||| Target weighted average
cap rate of ~9%

||| Credit Rating

||| Analysis of historical
performance

||| Acquisition size – \$50mm
to \$150mm

||| May replace the tenant
operator

||| Evaluation of clinical and
financial operations

||| Target leverage up to 60%
with attractive cost of debt

||| 2x+ rent coverage ratio

||| Future hospital real estate
acquisition opportunities

||| IRR modeling with
sensitivity analysis

||| 8%+ dividend yield

AMP has the management team, relationships and rigorous process in place to
benefit from favorable market
dynamics to make acquisitions by deploying readily available capital

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Shareholder Friendly Corporate Governance and Board of Directors

Management team (3)

Proposed Board of Directors Structure (7)

Independent Directors (4)

Mark Karlan

President & CEO

Pejman Salimpour

Chief Strategy Officer

Pedram Salimpour

Chief Medical Officer

- 2 selected from a list of candidates with significant healthcare or/and real estate experience

- 2 proposed by Lead Investors

Investment Committee

||| Approves the investment strategy, acquisitions, capital expenditures and sales of investments (consistent with the business plan and investment parameters agreed upon with the lead investors)

||| The 3 senior management and 4 members who are appointed by the Board of Directors

||| Meets at least quarterly and at other times as needed to review pending investments and other capital decisions

Other management and supervisory bodies

||| Audit Committee

||| Internal Audit

||| Compliance and Risk Officer

||| Human Resources and Remuneration Committee

||| Investment and Asset Management sector

||| Finance, treasury and operations sector

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Section 3
Investment Opportunity
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Strategic Merits of an Investment in American Medical Properties

Driver

Potential Result

Presence in markets with limited buyers

- AMP identifies and invests in off-market opportunities through deep industry

relationships with limited competition for assets

- Avoids engaging in competitive bidding process and overpaying for assets

Current

Yield

Long-term

Value

- Many of the assets AMP targets may be sourced from non-institutional owners, often healthcare operators

Non-standard sellers

- AMP can take advantage of undermanaged assets

- Potential for revenue enhancement, expense reduction and increased cash flow

- High initial yields should provide strong cash flow and support current dividends

High cap rates increase yield

- On exit, better managed assets in a larger portfolio should benefit from incremental value appreciation

Active property management

- Enhance underlying tenant profile, increase real estate values and negotiate

attractive rents by providing unique operational expertise, assisting with physician recruitment and the addition of new specialty service lines

- Increased cash flow can be monetized in the future upon exit at tighter cap rates

in the public market

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Economics of an Investment in American Medical Properties

Illustrative investment economics

Acquisition example

Total asset acquisition price

Assumed cap rate

Contribution

Equity contribution

Debt financing

Interest rate

Cash Flow

Rental revenue

G&A

EBITDA

Interest expense

Amortization

Recurring capex

Distributable cash flow

Assumed payout ratio

Cash distributions

Cash on cash return

\$750,000,000

9.0%

\$300,000,000

450,000,000

6.0%

\$67,500,000

(6,000,000)

61,500,000

(27,000,000)

(5,375,728)

0

\$29,124,272

90.00%

\$26,211,844

8.7%

The cash on cash yield from an investment in AMP is expected to exceed 8% on a stabilized basis

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||| Typically between 8.0% and 10.0%

||| 40.0% equity contribution

||| 60.0% LTV

||| Assumed fixed rate debt with 7-10 year term

||| Based on 9.0% cap rate

||| Assumed at 0.8% of total assets

- ||| Based on 6.0% cost of debt
- ||| 30-year amortization period
- ||| Assumed triple-net leases

Business Model Delivers an Attractive Dividend Yield

High-yielding real estate assets with full occupancy levels

Favorable long-term lease profile with high-quality tenant mix and strong covenants

Stable cash flows driven by rents indexed to inflation

Efficient operating structure driven by triple net leases

High-yielding assets and an efficient operating structure allow for a high dividend yield(a)

8.7%

6.6%

5.8%

4.5%

3.8%

3.9%

4.7%

4.8%

4.9%

6.0%

6.8%

HR

HTA

VTR

DOC

"Big 3"

Note: market data as of 5/27/2016.

(a) Excludes pure-play SNF and senior housing focused REITs.

HCN

Hospitals

NHI

MOB

OHI

Senior living

MPW

CCP

Skilled nursing

HCP

AMP

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Dividend yield (%)

Exit into a Public Healthcare REIT

of REITs

The public healthcare REIT market has grown over time...

14

12

12

12

12

13

13

14

\$79.5

\$61.4

\$26.4

\$16.0

2005

2006

2007

2008

2009

2010

2011

2012

2013

2014

2015

...but healthcare REITs focused on the hospital asset class are still underrepresented with only one pure-play hospital REIT player

"Big 3"

Skilled nursing

Life science

Senior living

MOB

Hospital

100.0%

\$29.5

\$27.2

\$34.0

\$42.3

16

18

\$102.5

\$76.5

18

\$97.3

13.4%

15.0%

5.0%

VTR

HCP

1.0%

HCN
5.2%
SBRA
3.4%
CCP
0.0%
OHI
0.0%
ARE

Hospital real estate exposure

(a) Based on annualized NOI or rental income, as of Q1 2016.

Even though the healthcare REIT sector went through a rapid growth phase coming out of the recession, only

one pure-play REIT player is focused on hospital assets

American Medical Properties

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3.5%

NHI

0.0%

SNH

0.0%

LTC

0.0%

SNR

DOC

Other healthcare real estate exposure

14.4%

6.8%

HR

HTA

MPW

(% hospital exposure) (a)

(\$ in billions)

Section 4
Financial Overview
American Medical Properties

American Medical Properties Financial Model: Key Assumptions

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

Financial forecast

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)

Equity capital

- Assumes \$300 million of equity capital raised
- Assumes 3.0% fees and closing costs

Financing

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

Cash distributions

Exit assumptions

- Renovation capex assumed to be part of the acquisition price
- Maintenance capex covered by tenants through triple-net leases
- Start one quarter after rental income generation from acquisitions
- 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%

American Medical Properties

(\$m)

Q4 2016

Q1 2017

Q2 2017

Q3 2017

Q4 2017

Q1 2018

Total

Total asset

value

\$125

\$125

\$125

\$125

\$125

\$125
\$750
Equity
\$50
\$50
\$50
\$50
\$50
\$50
\$300
Debt
\$75
\$75
\$75
\$75
\$75
\$75
\$450
28

American Medical Properties Financial Model: Cash Flow Projections

(\$ in millions)

Quarterly rental income

% growth

Less: G&A

EBITDA

% margin

% growth

Less: D&A

Less: cash interest expense

Net income to common shareholders

Plus: D&A

FFO

Less: mandatory amortization

Free cash flow before distributions

Quarterly distributions at 90%

Quarterly distribution yield on equity deployed

Annualized distribution yield on equity deployed

Cumulative acquisitions

Cumulative equity deployed

Total gross debt

LTV

\$125

50

75

60%

\$250

100

150

60%

0

0

\$0

0

\$0

0

\$0

\$0

Q4 2016 Q1 2017 Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1

2019

\$0

\$3

NA

0

\$0

(2)

\$1

47%

NA

(1)

(1)

(\$1)
1
\$0
0
\$0
\$0
\$6
100%
(2)
\$4
73%
214%
(2)
(2)
\$0
2
\$2
0
\$2
\$2
1.1%
4.5%
\$375
150
225
60%
\$8
50%
(2)
\$7
82%
68%
(2)
(3)
\$1
2
\$4
0
\$4
\$3
1.6%
6.4%
\$500
200
300
60%
\$11
33%
(2)
\$10
87%

41%
(3)
(5)
\$2
3
\$5
0
\$5
\$5
1.9%
7.6%
\$625
250
375
60%
\$14
27%
(2)
\$13
89%
31%
(4)
(6)
\$3
4
\$7
0
\$7
\$6
2.1%
8.6%
\$750
300
450
60%
\$17
20%
(2)
\$16
91%
22%
(5)
(7)
\$4
5
\$9
0
\$9
\$8
2.6%
10.6%

\$750
300
450
60%
\$17
0%
(2)
\$16
91%
0%
(5)
(7)
\$4
5
\$9
0
\$9
\$8
2.6%
10.6%
\$750
300
450
60%
\$17
0%
(2)
\$16
91%
0%
(5)
(7)
\$4
5
\$9
0
\$9
\$8
2.6%
10.6%
\$750
300
450
60%
\$17
2%
(2)
\$16
91%
2%
(5)

(7)
\$4
5
\$9
(0)
\$9
\$8
Avg.
2.7% 2.2%
10.7% 8.7%
\$750
300
450
60%
American Medical Properties
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American Medical Properties Financial Model: IRR Calculations

(\$ in millions)

Free cash flow summary

EBITDA

Net cash interest expense

Mandatory amortization

Free cash flow before distributions

Distributions @ 90%

Free cash flow after distributions

Returns summary

Invested equity

Distributions

Exit cap rate

Exit NOI

Exit TEV

Exit net debt

Exit equity value

Total investor cash flows

(\$50)

(\$50)

(\$48)

(\$47)

(\$45)

(\$44)

\$8

IRR

Cash on cash returns

Average cash distribution yield

American Medical Properties

\$8

\$8

Q4 2016 Q1 2017 Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019

\$0

\$0

\$0

\$0

\$0

\$0

\$1

(\$1)

\$0

\$0

\$0

\$0

\$4

(\$2)

\$0

\$2

(\$2)

\$0

\$7
(\$3)
\$0
\$4
(\$3)
\$0
\$10
(\$4)
\$0
\$5
(\$5)
\$1
\$13
(\$6)
\$0
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(\$6)
\$1
\$16
(\$7)
\$0
\$9
(\$8)
\$1
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(\$7)
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\$1
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(\$8)
\$1
\$16
(\$7)
(\$0)
\$9
(\$8)
\$1
(\$50)
\$0
(\$50)
\$0
(\$50)
\$2
(\$50)
\$3
(\$50)

\$5
(\$50)
\$6
\$0
\$8
\$0
\$8
\$0
\$8
\$0
\$8
8.75%
\$70
\$797
\$444
\$353
\$361
20.5%
1.3x
8.7%
30

American Medical Properties Financial Model: Returns Sensitivities

Entry cap rate vs. Exit cap rate

Entry cap rate

- 8.50%
- 8.00%
- 8.25%
- 8.50%
- 8.75%
- 9.00%
- 24.1%
- 19.5%
- 15.0%
- 10.6%
- 6.3%
- 8.75%
- 29.2%
- 24.5%
- 20.0%
- 15.6%
- 11.4%
- 9.00%
- 34.1%
- 29.4%
- 24.9%
- 20.5%
- 16.3%
- 9.25%
- 38.9%
- 34.2%
- 29.7%
- 25.3%
- 21.1%
- 9.50%
- 43.6%
- 38.9%
- 34.4%
- 30.0%
- 25.8%
- 8.00%
- 8.25%
- 8.50%
- 8.75%
- 9.00%
- 50.0%
- 28.2%
- 24.4%
- 20.7%
- 17.1%
- 13.7%
- 55.0%
- 30.8%

26.6%

22.6%

18.6%

14.8%

LTV vs. Exit cap rate

LTV

60.0%

34.1%

29.4%

24.9%

20.5%

16.3%

65.0%

38.2%

33.0%

27.9%

23.0%

18.1%

70.0%

43.6%

37.7%

31.9%

26.2%

20.6%

Entry cap rate vs. Hold period

LTV vs. Cost of debt

Hold period

1-year

8.00%

8.25%

8.50%

8.75%

9.00%

1.6x

1.5x

1.4x

1.3x

1.3x

2-year

1.8x

1.7x

1.6x

1.5x

1.4x

3-year

2.0x

1.9x

1.8x

1.7x

1.6x

4-year

2.1x
2.1x
2.0x
1.9x
1.8x
5-year
2.4x
2.3x
2.2x
2.1x
2.0x
5.25%
5.50%
5.75%
6.00%
6.25%
50.0%
17.9%
17.6%
17.4%
17.1%
16.8%
55.0%
19.6%
19.3%
18.9%
18.6%
18.3%
LTV
60.0%
21.7%
21.3%
20.9%
20.5%
20.1%
65.0%
24.4%
23.9%
23.5%
23.0%
22.5%
70.0%
28.0%
27.4%
26.8%
26.2%
25.6%
American Medical Properties
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Exit cap rate
Exit cap rate

Cost of debt
Exit cap rate

Investment Highlights

1

Pure-play investment strategy focused on acquiring high-quality hospital and related healthcare real estate throughout the U.S.

2

Favorable healthcare industry fundamentals drive long-term demand for hospitals, the largest healthcare real estate asset class

3

Seasoned management team with proven track record of investing capital and generating attractive returns across the healthcare and real estate sectors

4

Differentiated ability to generate incremental value in target asset class by leveraging operating experience and real estate expertise

5

Long-standing relationships with high-quality hospital operators provide ongoing source of off-market sale / leaseback opportunities

6

~\$2.0 billion identified pipeline of near-term actionable hospital sale / leaseback opportunities representing ~8,000 beds owned by a geographically diverse group of hospital operators; expect to complete acquisitions of \$750+ million over next 18-24 months

7

Business model expected to use prudent leverage and deliver predictable cash flows with a stable dividend yield exceeding 8.0%, coupled with capital appreciation over time by increasing rents and asset values with a potential REIT IPO exit

American Medical Properties

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Appendix
American Medical Properties

Illustrative Organizational Structure

Board of Directors

Investment

Committee

Pejman Salimpour

Mark Karlan

Chief Strategy Officer

President & CEO

Pedram Salimpour

Chief Medical Officer

Business Development Division

CIO(a)

Due Diligence

Acquisitions

Investor Relations

Asset Management

(a) Position to be filled

(*) Candidates have been identified to fill the position

American Medical Properties

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Human Resources

Finance & Operations Division

CF0(a)*

Counsel

Chief Legal Officer(a)

Financial Analysis & Treasury

Accounting

Legal Matters

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

American Medical Properties

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