

Quarterly Industry Update

As of September 30, 2016

Industry: Healthcare Facilities



Industry Summary

Cogent Valuation identified Healthcare Facilities publicly traded companies, IPOs, and recent M&A transactions within the Healthcare Facilities industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since September 30, 2015, the median 52-week share price return of the Healthcare Facilities industry was 0.9%. Between September 30, 2014 and September 30, 2016, the median EV/EBITDA multiple decreased from 17.3 to 15.1. Furthermore, the median price-to-earnings multiple decreased from 38.5 to 29.3 over the same period.

Comparable Public Company Key Statistics

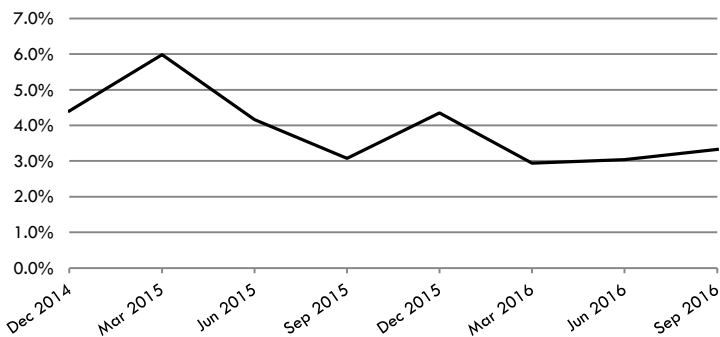
Median 52-Week Return	0.9%	Median EV/Revenue Multiple	6.9x	Median Price/Earnings Multiple	29.3x
Median 3-Year CAGR Return	7.9%	Median EV/EBITDA Multiple	15.1x	Median EV/Gross CF Multiple	27.1x

Comparable Public Company Market Price Returns As of September 30, 2016

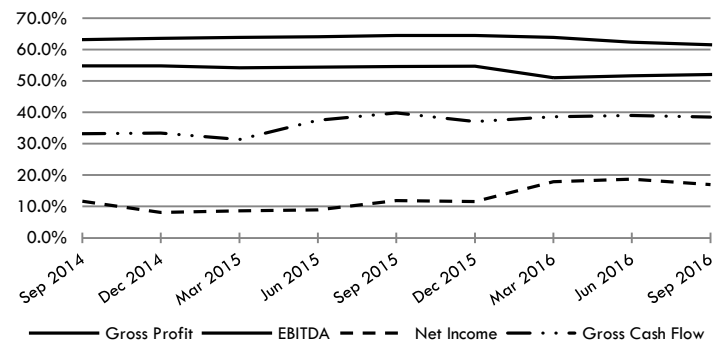
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
Acadia Healthcare Company, Inc.	-20.7%	-10.6%	-25.2%	1.1%	7.9%	N/A	2.0%	29.3%	102.7%	134.2%	N/A
Healthcare Realty Trust Incorporated	20.3%	-2.7%	37.1%	19.9%	13.8%	15.1%	3.7%	28.2%	-11.2%	29.2%	-12.2%
Medical Properties Trust Inc.	28.3%	-2.9%	33.5%	9.8%	6.7%	10.5%	-16.5%	12.8%	2.2%	21.2%	-8.9%
Nobilis Health Corp.	18.4%	52.0%	-35.7%	64.4%	63.9%	62.6%	-6.8%	191.9%	693.9%	-24.2%	-62.0%
Omega Healthcare Investors Inc.	1.3%	4.4%	0.9%	1.8%	5.9%	17.3%	-10.5%	31.1%	24.9%	23.3%	-13.8%
SunLink Health Systems, Inc.	33.9%	146.0%	-26.8%	-8.5%	16.9%	-8.8%	-32.9%	55.7%	-26.1%	-27.4%	1.2%
Tenet Healthcare Corp.	-25.2%	-18.0%	-38.6%	-38.2%	-18.1%	6.6%	-40.2%	20.3%	29.7%	58.2%	-23.3%
Universal Health Realty Income Trust	26.0%	10.2%	34.3%	23.0%	14.6%	13.4%	3.9%	20.1%	-20.8%	29.8%	6.8%
Ventas, Inc.	25.2%	-3.0%	26.0%	6.8%	4.7%	7.4%	-21.3%	25.2%	-11.5%	17.4%	5.0%
Median of Industry Public Companies	20.3%	-2.7%	0.9%	6.8%	7.9%	12.0%	-10.5%	28.2%	2.2%	23.3%	-10.5%

(Multiple year periods are calculated as the average annual return.)

Median Quarterly Revenue Growth of All Healthcare Facilities Companies



Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



Median Public Company Multiples of the Healthcare Facilities Industry

Date:	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016
EV/Revenues Multiple	9.5x	7.8x	7.9x	10.0x	6.8x	8.6x	9.8x	10.7x	6.9x
EV/EBITDA Multiple	17.3x	18.2x	18.9x	17.0x	17.0x	17.3x	17.2x	18.6x	15.1x
Price/Earnings Multiple	38.5x	44.3x	45.1x	43.2x	48.7x	41.3x	31.6x	31.2x	29.3x
EV/Gross Cash Flows Multiple	25.8x	26.0x	26.2x	25.3x	25.1x	23.6x	25.4x	27.5x	27.1x

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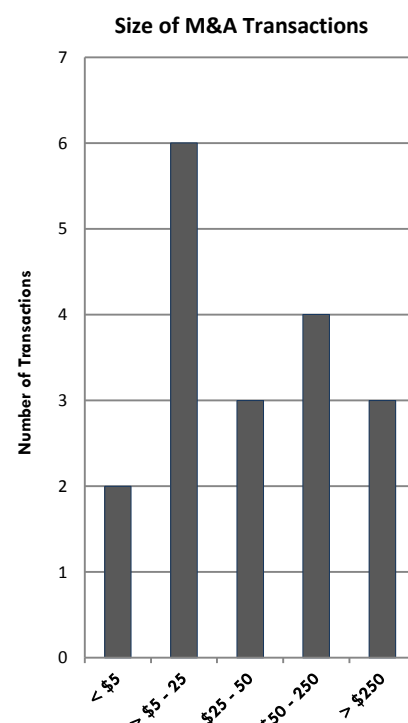
Industry Initial Public Offerings (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
2/7/2014	Luz Saúde, S.A.	\$4.36	40.7	\$177.4	\$657.5	\$343.2	\$499.3	\$71.3	\$17.7	\$109.4
7/4/2013	International Healthway Corporation Limited	\$0.38	104.4	\$39.4	\$49.5	\$39.9	\$0.0	\$0.0	\$5.1	\$0.0
4/26/2013	American Realty Capital Healthcare Trust, Inc.	\$10.00	173.8	\$1,749.4	\$690.7	\$232.1	\$35.7	\$18.2	(\$10.6)	\$33.2
10/16/2012	MD Medical Group Investments Plc	\$12.00	22.5	\$270.5	\$201.5	\$61.7	\$109.5	\$49.5	\$35.2	\$52.8
3/24/2010	NorthWest Healthcare Properties Real Estate	\$9.74	17.5	\$170.5	N/A	N/A	N/A	N/A	N/A	N/A
8/22/2007	Parkway Life Real Estate Investment Trust	\$0.84	288.9	\$242.4	N/A	N/A	N/A	N/A	N/A	N/A
5/17/2007	Nobilis Health Corp.	\$11.16	12.1	\$134.9	\$148.0	\$0.0	N/A	N/A	N/A	N/A
Median of All IPOs		nm	nm	\$177.4	\$201.5	\$61.7	\$72.6	\$33.8	\$11.4	\$43.0

nm: not meaningful

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
11/1/2016	(Multiple Facilities)	Second Spring Healthcare	\$1,100.0	100%	N/A	N/A
10/10/2016	(Multiple Facilities)	Global Medical REIT, Inc.	\$10.0	100%	N/A	N/A
10/6/2016	(Multiple Facilities)	Skyline Healthcare, LLC	\$55.0	100%	N/A	N/A
9/23/2016	Physician's ASC Management	Medical Facilities Corp.	\$20.6	72%	N/A	N/A
8/2/2016	(Multiple Facilities)	CareTrust REIT, Inc.	\$6.9	100%	N/A	N/A
7/22/2016	Hospice Of Southern Illinois	Cedarhurst Living, LLC	\$2.1	100%	N/A	N/A
7/20/2016	HealthSouth Rehabilitation	Harrison Street Real Estate	\$111.5	100%	N/A	N/A
7/14/2016	Centennial Medical Center	N/A	\$11.3	100%	N/A	N/A
6/30/2016	(Multiple Facilities)	Assura Plc	\$86.0	100%	N/A	N/A
4/29/2016	(Multiple Facilities)	LTC Properties Inc.	\$25.0	100%	N/A	N/A
4/29/2016	Capella Holdings, Inc.	RegionalCare Hospital Partners	\$600.0	100%	N/A	N/A
3/31/2016	HCR ManorCare, Inc.	HCP, Inc.	\$275.0	100%	N/A	N/A
2/8/2016	Keiro Senior HealthCare	Pacifica Companies, LLC	\$41.0	100%	N/A	N/A
2/3/2016	Healthcare Partners	Carter Validus	\$1.8	100%	\$0.1	15.7x
2/3/2016	Care Home in England	Target Healthcare REIT	\$20.4	100%	N/A	N/A
1/20/2016	The Birches at Newtown	Care Investment Trust	\$39.2	100%	N/A	N/A
12/31/2015	Tenet Healthcare Corp.	DLP Healthcare, LLC	\$191.0	100%	N/A	N/A
12/29/2015	HPI Oklahoma City	Carter Validus	\$45.0	100%	N/A	N/A
Median of the 18 M&A Transaction Targets			\$39.2	100%	\$0.1	15.7x



Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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