

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, 2016, the median 52-week share price return of the Healthcare Facilities industry was -5.2%. Between September 30, 2015 and September 30, 2017, the median EV/EBITDA multiple decreased from 17.0 to 13.9. Furthermore, the median price-to-earnings multiple decreased from 38.2 to 19.7 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.1% and 53.5%, respectively.

Public Company Key Statistics

Median 52-Week
Return

-5.2%

Median 3-Year CAGR
Return

1.7%

Median EV/Revenue
Multiple

9.9x

Median EV/EBITDA
Multiple

13.9x

Median Price/Earnings
Multiple

19.7x

Median EV/Gross CF
Multiple

20.5x

Comparable Public Company Market Price Returns as of September 30, 2017

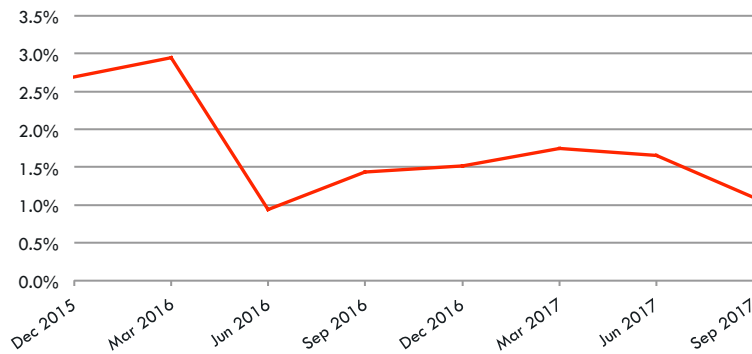
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
Acadia Healthcare Company, Inc.	44.3%	13.3%	-10.9%	-20.6%	2.8%	-47.0%	2.0%	29.3%
Healthcare Realty Trust Incorporated	6.7%	5.1%	-2.4%	21.2%	10.3%	7.1%	3.7%	28.2%
Medical Properties Trust, Inc.	6.7%	-0.2%	-15.4%	-0.9%	-0.9%	6.9%	-16.5%	12.8%
National HealthCare Corporation	-17.4%	-1.6%	8.3%	3.9%	7.6%	22.8%	-1.8%	16.6%
Omega Healthcare Investors, Inc.	2.1%	0.1%	-2.7%	-1.9%	-3.6%	-10.6%	-10.5%	31.1%
SunLink Health Systems, Inc.	24.4%	7.1%	231%	4.8%	10.8%	31.2%	-32.9%	55.7%
Tenet Healthcare Corp.	10.7%	9.2%	-30.0%	-42.2%	-25.6%	-51.0%	-40.2%	20.3%
Universal Health Realty Income Trust	15.1%	23.3%	39.1%	30.8%	22.3%	31.2%	3.9%	20.1%
Ventas, Inc.	4.2%	6.8%	-4.6%	5.8%	2.7%	10.8%	-21.3%	25.2%
Median of Industry Public Companies	6.7%	6.8%	-2.7%	3.9%	2.8%	7.1%	-10.5%	25.2%

Multiple year periods are calculated as the average annual return.

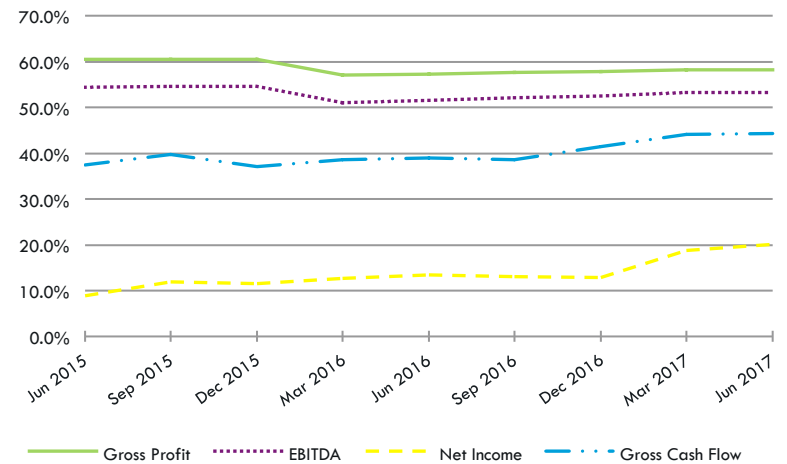
■ Highest Return
 ■ Lowest Return
 ■ Median Return

Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Healthcare Facilities Companies



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



Public Company Median Multiples by Quarter

The chart below illustrates Public Company Multiples.

	9/30/17	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15	6/30/15
EV/Revenues Multiple	9.8x	9.8x	6.9x	10.7x	9.8x	8.6x	6.8x	10.0x
EV/EBITDA Multiple	14.3x	12.2x	15.1x	18.6x	17.2x	17.3x	17.0x	16.9x
Price/Earnings Multiple	21.4x	30.6x	29.3x	31.2x	31.6x	29.3x	38.2x	33.6x
EV/Gross Cash Flows Multiple	22.5x	24.0x	27.1x	27.5x	25.4x	23.3x	22.5x	20.5x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—Industry: Title Here (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
11/30/16	Innovative Industrial Properties, Inc.	\$20.00	3.4	\$67.0	N/A	N/A	N/A	N/A	N/A	N/A
2/7/14	Luz Saúde, S.A.	\$4.36	40.7	\$177.4	\$477.7	\$244.4	\$371.1	\$58.1	\$14.0	\$96.2
7/4/13	International Healthway Corporation Limited	\$0.38	104.4	\$39.4	\$386.7	\$232.0	\$12.1	\$0.0	\$35.6	\$0.0
4/26/13	American Realty Capital Healthcare Trust, Inc.	\$10.00	173.8	\$1,749.4	\$1,195.9	\$219.5	\$49.7	\$26.6	(\$12.8)	\$41.6
10/16/12	MD Medical Group Investments Plc	\$12.00	22.5	\$270.5	\$12,913.5	\$2,958.6	\$3,805.9	\$1,650.7	\$1,270.6	\$1,654.0
3/24/10	NorthWest Healthcare	\$9.74	17.5	\$170.5	N/A	N/A	N/A	N/A	N/A	N/A
8/22/07	Parkway Life Real Estate Investment Trust	\$0.84	288.9	\$242.4	N/A	N/A	N/A	N/A	N/A	N/A
Median of all IPOs		nm	nm	\$177.4	\$836.8	\$238.2	\$210.4	\$42.3	\$24.8	\$68.9

Multiple year periods are calculated as the average annual return.

■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
6/30/17	(Multiple Facilities)	Healthcare Realty Trust	\$50.8	100%	N/A	N/A
6/5/17	(Multiple Facilities)	CareTrust REIT, Inc.	\$27.3	100%	\$2.5	10.9x
4/21/17	(Multiple Facilities)	Global Medical REIT, Inc.	\$10.0	100%	N/A	N/A
3/31/17	EASTAR Health System, LLC	Saint Francis Health System	\$64.3	100%	N/A	N/A
2/24/17	Abbotsford Private Hospital	Vital Healthcare Property	\$15.4	100%	N/A	N/A
1/10/17	Cape Coral Facility	Global Medical REIT, Inc.	\$7.3	100%	N/A	N/A
12/20/16	(Multiple Facilities)	AXA Real Estate	\$67.8	100%	N/A	N/A
12/8/16	Jardins de la Memoire	Aedifica SA	\$12.5	100%	N/A	N/A
12/7/16	Grand Rapids Healthcare	Carter Validus	\$43.5	100%	N/A	N/A
12/1/16	JL Medical	ISEC Healthcare Ltd.	\$2.9	100%	N/A	N/A
11/30/16	(Multiple Facilities)	BC Partners	\$389.4	100%	\$162.0	2.4x
11/23/16	(Multiple Facilities)	Northern Horizon Capital	\$16.2	100%	N/A	N/A

■ USA
 ■ International
 ■ Highest
 ■ Lowest
 ■ Median

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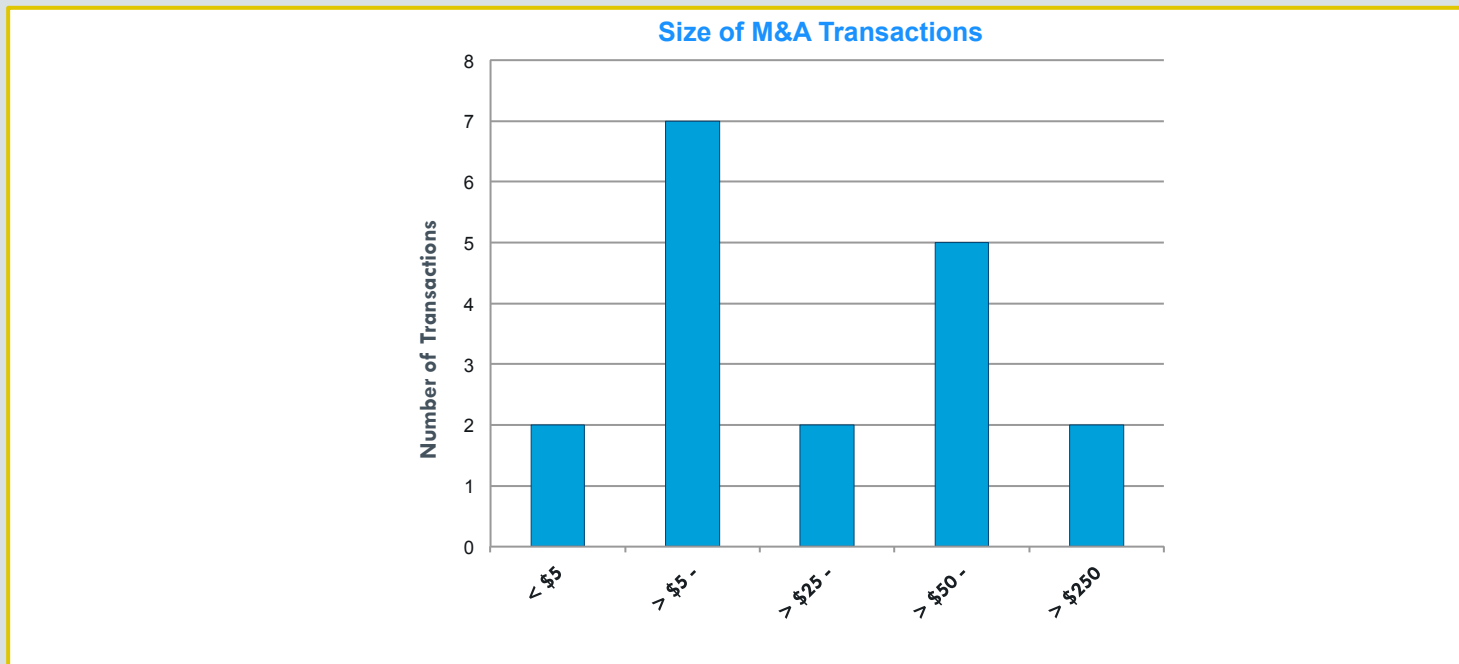
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
11/1/16	(Multiple Facilities)	Second Spring Healthcare	\$1,100.0	100%	N/A	N/A
10/6/16	(Multiple Facilities)	Skyline Healthcare, LLC	\$55.0	100%	N/A	N/A
9/23/16	Physician's ASC Management	Medical Facilities Corp.	\$20.6	72%	N/A	N/A
8/2/16	(Multiple Facilities)	CareTrust REIT, Inc.	\$6.9	100%	N/A	N/A
7/22/16	Hospice Of Southern Illinois	Cedarhurst Living, LLC	\$2.1	100%	N/A	N/A
7/20/16	HealthSouth Rehabilitation	Harrison Street Real Estate	\$111.5	100%	N/A	N/A
Median of the 18 M&A Transaction Targets			\$20.6	100%	\$82.3	6.7x

USA
 International
 Highest
 Lowest
 Median

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of September 30, 2017



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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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