

## 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 March 31, 2017, the median 52-week share price return of the Healthcare Facilities industry was -11.6%. Between March 31, 2016 and March 31, 2018, the median EV/EBITDA multiple decreased from 17.6 to 14.6. Furthermore, the median price-to-earnings multiple decreased from 30.7 to 19.1 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 0.6% and 52.7%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

**-11.6%**

Median 3-Year CAGR  
Return

**-6.9%**

Median EV/Revenue  
Multiple

**9.5x**

Median EV/EBITDA  
Multiple

**9.5x**

Median Price/Earnings  
Multiple

**19.1x**

Median EV/Gross CF  
Multiple

**21.7x**

## Comparable Public Company Market Price Returns as of March 31, 2018

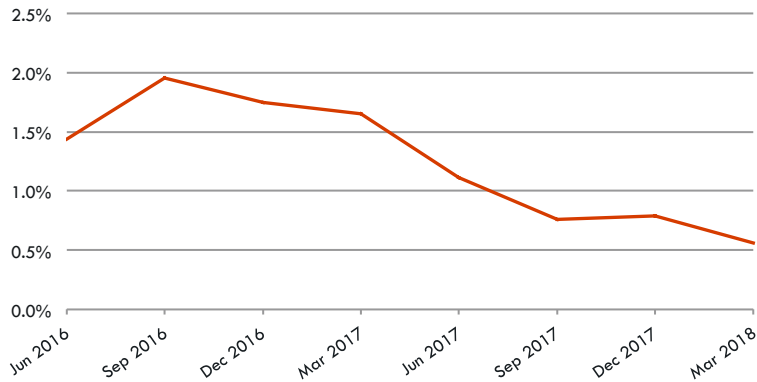
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
Acadia Healthcare Company, Inc.	20.1%	13.3%	-10.1%	-20.6%	2.8%	-47.0%	2.0%	29.3%
Healthcare Realty Trust Incorporated	-13.7%	5.1%	-14.7%	21.2%	10.3%	7.1%	3.7%	28.2%
Medical Properties Trust, Inc.	-5.7%	-0.2%	0.9%	-0.9%	-0.9%	6.9%	-16.5%	12.8%
National HealthCare Corporation	-2.1%	-1.6%	-16.4%	3.9%	7.6%	22.8%	-1.8%	16.6%
Omega Healthcare Investors, Inc.	-1.8%	0.1%	-18.0%	-1.9%	-3.6%	-10.6%	-10.5%	31.1%
SunLink Health Systems, Inc.	-13.8%	7.1%	-11.6%	4.8%	10.8%	31.2%	-32.9%	55.7%
Tenet Healthcare Corp.	60.0%	9.2%	36.9%	-42.2%	-25.6%	-51.0%	-40.2%	20.3%
Universal Health Realty Income Trust	-20.0%	23.3%	-6.8%	30.8%	22.3%	31.2%	3.9%	20.1%
Ventas, Inc.	-17.5%	6.8%	-23.8%	5.8%	2.7%	10.8%	-21.3%	25.2%
<b>Median of Industry Public Companies</b>	<b>-5.7%</b>	<b>6.8%</b>	<b>-11.6%</b>	<b>3.9%</b>	<b>2.8%</b>	<b>7.1%</b>	<b>-10.5%</b>	<b>25.2%</b>

Multiple year periods are calculated as the average annual return.

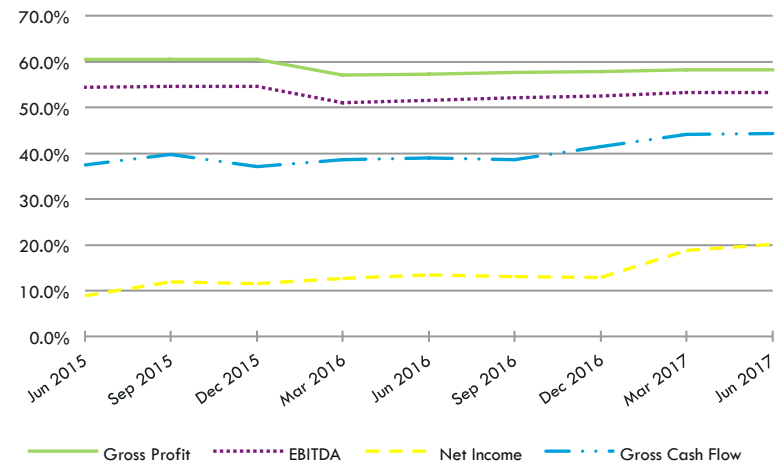
■ Highest Return    
 ■ Lowest Return    
 ■ Median Return

# 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.

	3/31/18	12/31/17	9/30/17	6/30/16	3/31/16	12/31/15	9/30/15	6/30/15
<b>EV/Revenues Multiple</b>	9.5x	5.6x	9.7x	10.7x	9.8x	8.6x	6.8x	10.0x
<b>EV/EBITDA Multiple</b>	14.6x	15.6x	16.6x	18.6x	17.2x	17.3x	17.0x	16.9x
<b>Price/Earnings Multiple</b>	19.1x	16.9x	23.6x	31.2x	31.6x	29.3x	38.2x	33.6x
<b>EV/Gross Cash Flows Multiple</b>	21.7x	19.5x	20.3x	27.5x	25.4x	23.3x	22.5x	20.5x

■ Highest Multiple   
 ■ Lowest Multiple   
 ■ Median Multiple

## Industry Initial Public Offerings— Healthcare Facilities (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	\$511.0	\$80.0	\$14.0	\$96.2
7/4/13	International Healthway Corporation Limited	\$0.38	104.4	\$39.4	\$386.7	\$232.0	\$9.6	\$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	\$121.9	\$52.9	\$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
<b>Median of all IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$177.4</b>	<b>\$836.8</b>	<b>\$238.2</b>	<b>\$85.8</b>	<b>\$39.7</b>	<b>\$24.8</b>	<b>\$68.9</b>

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
3/1/18	MacNeal Health Network	Primary Health Properties	\$23.5	100%	N/A	N/A
2/27/18	Mallow Primary Healthcare	Ribera Salud, S.A.	\$50.2	100%	\$2.5	10.9x
1/2/18	Assets of Centro Gallego	Navicent Health Inc.	\$12.2	100%	N/A	N/A
10/1/17	Navicent Health Baldwin, Inc.	Tower Health	\$418.0	100%	N/A	N/A
9/29/17	Community Health Systems	Regional Health	\$45.0	100%	N/A	N/A
8/31/17	Cape Coral Facility	Omega Healthcare Investors	\$2.3	100%	N/A	N/A
8/11/17	(Multiple Facilities)	AXA Real Estate	\$35.4	100%	N/A	N/A
12/8/16	Jardins de la Memoire	Aedifica SA	\$23.5	100%	N/A	N/A
12/7/16	Grand Rapids Healthcare	Carter Validus	\$50.2	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)

(Continued from previous page)

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
<b>Median of the 18 M&amp;A Transaction Targets</b>			<b>\$20.6</b>	<b>100%</b>	<b>\$82.3</b>	<b>6.7x</b>

■ USA

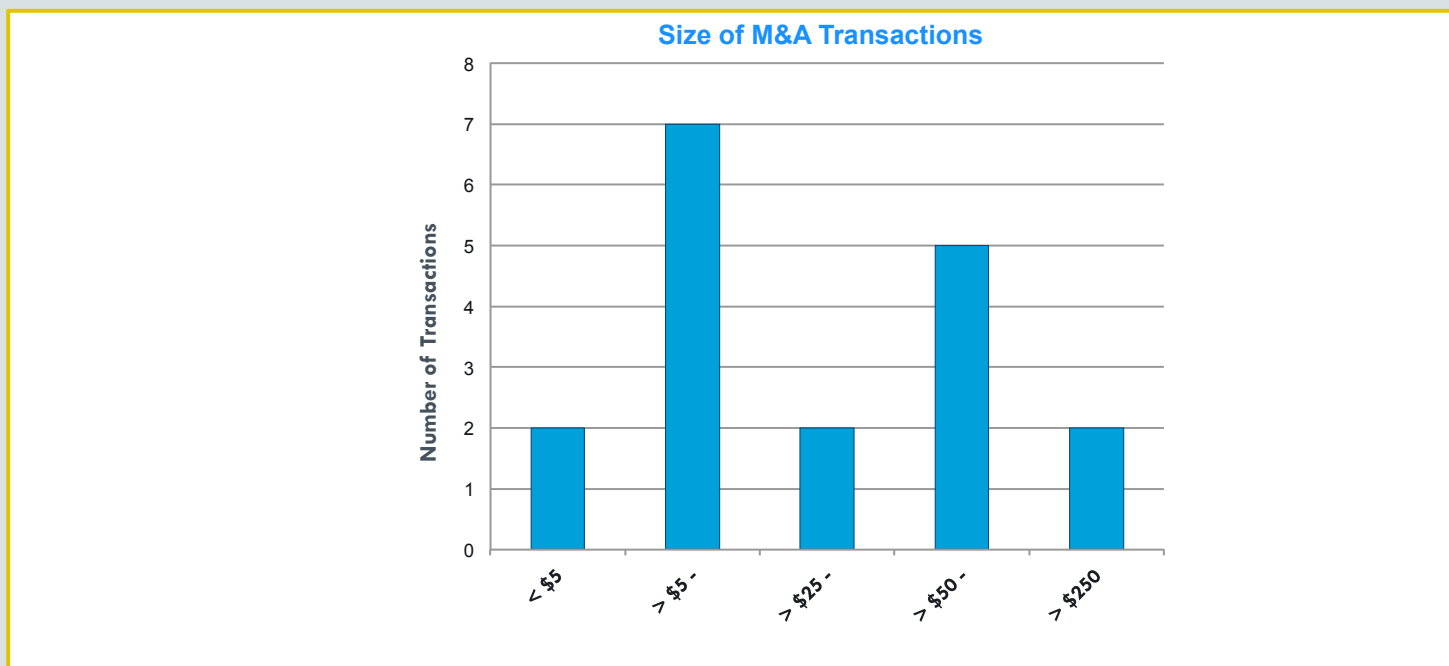
■ International

■ Highest

■ Lowest

■ Median

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of March 31, 2018





COGENT VALUATION is a nationally recognized full service business valuation firm that has provided independent valuation and financial advisory opinions in thousands of situations since 1991. These assignments include the valuation of companies and pass-through entities, their securities, and their intangible assets ranging in size from small, closely-held businesses and start-ups, to corporations with market values over a billion dollars, covering almost every industry and all types of transactions. With the collective backgrounds of our managing directors and professional staff, Cogent Valuation brings substantial large deal experience to bear on our middle market transaction opinions. Cogent Valuation utilizes proprietary research, intensive due diligence, and the experience and insights of its professionals to produce thoughtful, well-documented opinions that have consistently withstood the scrutiny of clients and their advisors, investors, regulators, and courts.

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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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