

Q3: Quarterly Industry Update

AS OF September 30, 2019



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, 2018, the median 52-week share price return of the Healthcare Facilities industry was -1.4%. Between September 30, 2017 and September 30, 2019, the median EV/EBITDA multiple decreased from 14.1 to 12.9. Furthermore, the median price-to-earnings multiple decreased from 33.5 to 20.9 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.1% and 50.0%, respectively.

Public Company Key Statistics

Median 52-Week
Return

-1.4%

Median 3-Year CAGR
Return

-1%

Median EV/Revenue
Multiple

8.1x

Median EV/EBITDA
Multiple

8.1

Median Price/Earnings
Multiple

20.9x

Median EV/Gross CF
Multiple

19.3x

Comparable Public Company Market Price Returns as of September 30, 2019

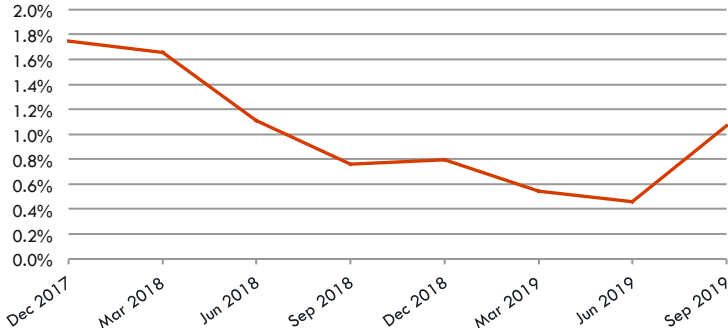
	2019	3 Month	1 Year	2 Year	3 Year	2018	2017	2016
Acadia Healthcare Company, Inc.	-9.5%	-9.5%	-10.1%	-20.6%	2.8%	-1.4%	2.0%	29.3%
Healthcare Realty Trust Incorporated	1.9%	1.9%	-14.7%	21.2%	10.3%	5.9%	3.7%	28.2%
Medical Properties Trust, Inc.	15.5%	15.5%	0.9%	-0.9%	-0.9%	12.0%	-16.5%	12.8%
National HealthCare Corporation	12.6%	12.6%	-16.4%	3.9%	7.6%	-19.6%	-1.8%	16.6%
Omega Healthcare Investors, Inc.	-18.9%	-18.9%	-18.0%	-1.9%	-3.6%	-11.9%	-10.5%	31.1%
SunLink Health Systems, Inc.	121.4%	121.4%	-11.6%	4.8%	10.8%	31.9%	-32.9%	55.7%
Tenet Healthcare Corporation	60.0%	60.0%	36.9%	-42.2%	-25.6%	2.2%	-40.2%	20.3%
Median of Industry Public Companies	-20.0%	-20.0%	-11.6%	3.9%	2.8%	14.5%	-10.5%	25.2%

Multiple year periods are calculated as the average annual return.

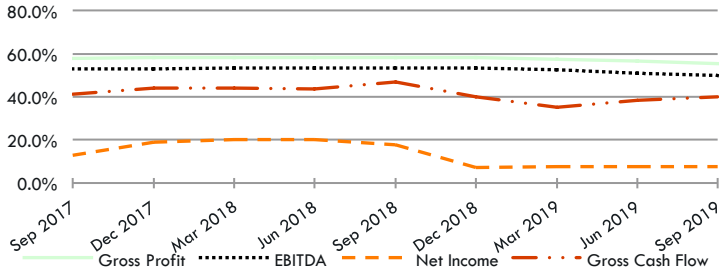
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17
EV/Revenues Multiple	8.1x	9.9x	9.5x	5.6x	9.7x	6.5x	10.0x	9.6x
EV/EBITDA Multiple	12.9x	15.1x	14.6x	15.6x	16.7x	13.9x	13.4x	13.5x
Price/Earnings Multiple	20.9x	18.3x	19.1x	16.9x	23.6x	22.0x	19.8x	22.7x
EV/Gross Cash Flows Multiple	19.3x	22.6x	21.7x	19.5x	20.0x	21.4x	21.3x	22.6x

■ 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
5/29/19	Innovative Industrial Properties, Inc.	\$20.00	3.4	\$67.0	N/A	N/A	N/A	N/A	N/A	N/A
12/7/18	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
	Median of all IPOs	nm	nm	\$177.4	\$836.8	\$238.2	\$85.8	\$39.7	\$24.8	\$68.9

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
8/30/19	Raseel Medical Center	Derayah Financial - Derayah Reit Fund; Derayah Financial Corp., Investment Arm	\$5.9	100%	N/A	N/A
8/7/19	Two Skilled Nursing Facilities, In Maryland	Vita Healthcare Group, LLC	\$34.8	100%	\$2.5	10.9x
7/19/19	99 Bed Skilled Nursing Facility in Aberdeen, South Dakota	CareTrust REIT, Inc.	\$9.7	100%	N/A	N/A
6/27/19	175-bed facility	The Allure Group Inc.	\$25.0	100%	N/A	N/A
5/9/19	Mountmellick Primary Healthcare	Primary Health Properties	\$6.9	100%	N/A	N/A
3/1/18	MacNeal Health Network	Loyola University Health	\$270.0	100%	N/A	N/A
1/30/18	Western Hospital	Derayah Financial - Derayah Reit Fund; Derayah Financial Corp., Investment Arm	\$23.5	100%	N/A	N/A
8/7/17	Assets of Centro Gallego	Primary Health Properties	\$23.5	100%	N/A	N/A
12/7/16	Raseel Medical Center	Carter Validus	\$50.2	100%	N/A	N/A
12/1/16	Two Skilled Nursing Facilities, In Maryland	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

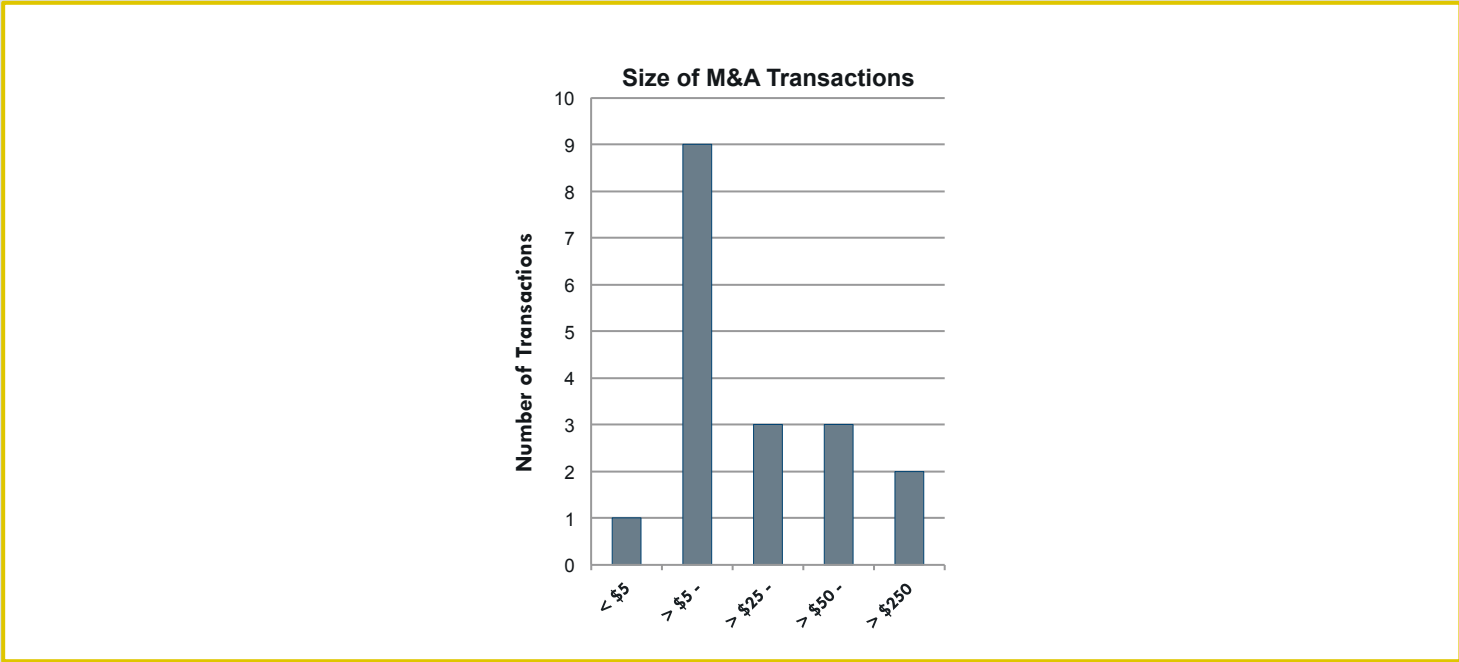
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Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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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

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



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): 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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