



# Summer 2013 Healthcare Highlights

## Sector Focus: Post-Acute Care



### POST-ACUTE CARE UPDATE

The post-acute care industry continues to experience robust M&A interest from a variety of strategic and financial players throughout the post-acute care spectrum. Healthcare reform has encouraged greater collaboration among providers as well as technology investments focused on productivity increases. In order to offset reimbursement cuts from government programs, providers will continue to explore opportunities to obtain cost efficiencies and maintain profitability.

M&A transactions present providers with excellent opportunities to leverage synergies with other providers in the same service area or in ancillary service areas. Further, acquisitions have enabled many post-acute care providers to diversify payor sources, and enhance quality of care through integrated patient service offerings.

In the wake of continued regulatory scrutiny and enhanced focus on reimbursement based on quality outcomes, the industry has focused on moving patients down the post-acute chain from costly hospital stays to more cost-efficient outpatient facilities and the home environment, while maintaining quality care.

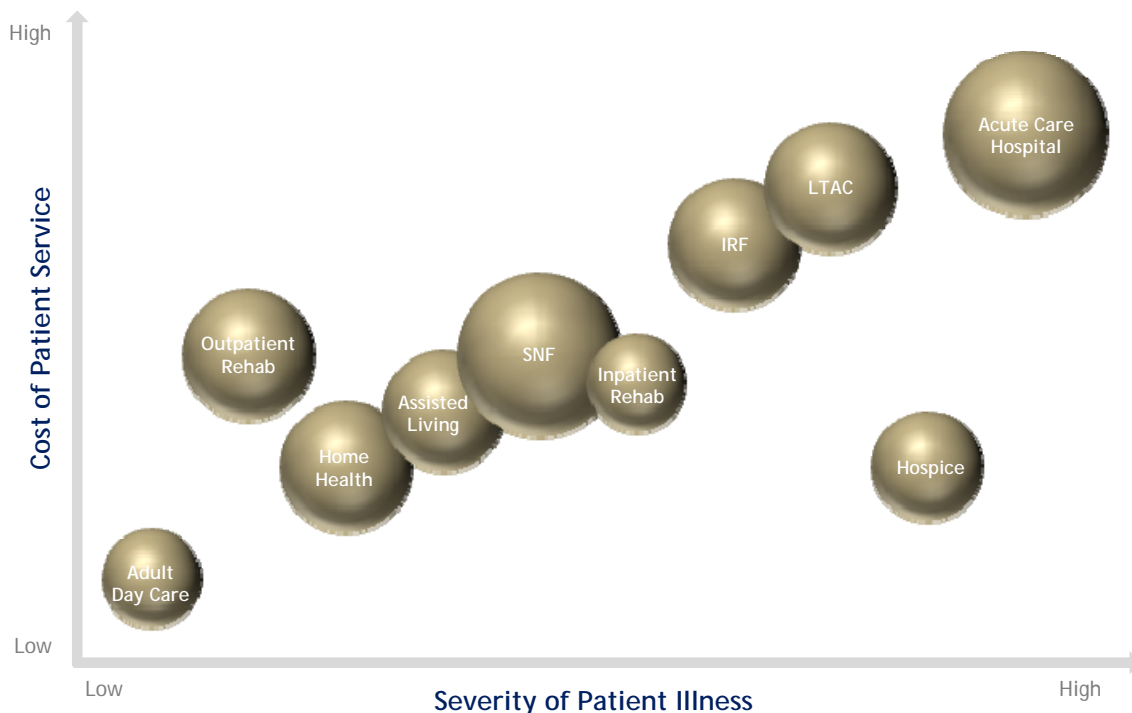
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### Post-Acute Care Value Continuum





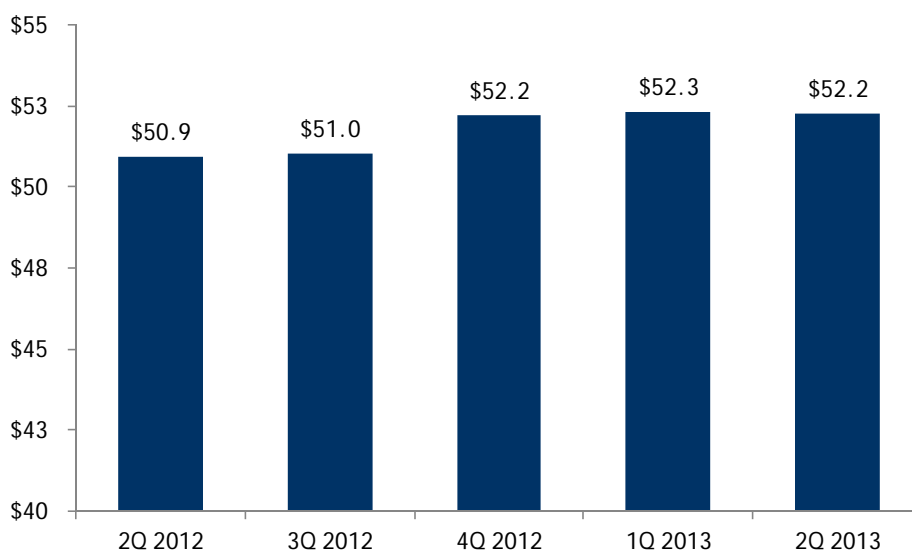
# Healthcare Industry Developments

The overall occupancy rate for the senior housing industry in 2Q 2013 was 89.0%, a decrease of 0.1% compared to the prior quarter. Although the occupancy recovery has slowed down, the occupancy rates for senior housing have remained above the cyclical low of 86.9% in 1Q 2010. Nursing care occupancy declined to 87.6% in 2Q 2013, down 0.4% from the first quarter.

Senior Housing and Nursing Care Key Metrics				
	Senior Housing		Nursing Care	
	2Q 2013	1Q 2013	2Q 2013	1Q 2013
Occupancy (%)	89.0	89.1	87.6	88.0
Annual Rent Growth (%)	1.8	2.3	2.9	2.8
Annual Absorption (%)	1.8	2.2	(0.6)	(0.5)
Annual Inventory Growth (%)	1.3	1.2	(0.2)	(0.3)
Construction vs. Inventory (%)	2.8	2.7	0.7	0.7

Revenues for the nursing and residential care facilities industry steadily increased over the last five quarters, resulting in a 2.6% increase from 2Q 2012 to 2Q 2013.

### Nursing and Residential Care Facilities Revenues (Billions)



Sources: The National Investment Center for the Seniors Housing & Care Industry (NIC), Census.gov

# Post-Acute Public Comparable Company Valuations

Skilled Nursing Facilities (SNFs)					
(\$ in millions)	Market	TEV	TEV/ Revenue	TEV/ EBITDA	Adj. TEV <sup>(b)</sup> / EBITDAR
Company Name	Cap				
Kindred Healthcare Inc.	\$756	\$2,332	0.4x	5.5x	6.7x
The Ensign Group, Inc. <sup>(a)</sup>	\$860	\$1,046	1.2x	8.7x	8.6x
National Healthcare Corp.	\$651	\$643	0.9x	6.5x	6.9x
Skilled Healthcare Group, Inc.	\$185	\$628	0.7x	7.7x	7.7x
Diversicare Healthcare Services Inc.	\$32	\$88	0.3x	13.4x	9.1x
AdCare Health Systems Inc.	\$65	\$227	1.0x	NM	NM
Mean	\$425	\$827	0.7x	8.4x	7.8x
Median	\$418	\$636	0.8x	7.7x	7.7x

Senior Living: Assisted Living Facilities (ALFs) / Independent Living Facilities (ILFs)					
(\$ in millions)	Market	TEV	TEV/ Revenue	TEV/ EBITDA	Adj. TEV <sup>(b)</sup> / EBITDAR
Company Name	Cap				
Brookdale Senior Living Inc.	\$3,160	\$5,755	2.3x	14.7x	11.9x
Emeritus Corp.	\$930	\$4,863	2.9x	15.9x	13.5x
Five Star Quality Care Inc.	\$255	\$286	0.2x	6.3x	7.7x
Capital Senior Living Corp.	\$567	\$975	3.0x	17.7x	12.6x
Mean	\$1,228	\$2,970	2.1x	13.7x	11.4x
Median	\$748	\$2,919	2.6x	15.3x	12.3x

Home Health				
(\$ in millions)	Market	TEV	TEV/ Revenue	TEV/ EBITDA
Company Name	Cap			
Gentiva Health Services Inc.	\$351	\$1,077	0.6x	6.3x
Amedisys Inc.	\$543	\$589	0.4x	7.9x
LHC Group, Inc.	\$401	\$434	0.7x	7.1x
Almost Family Inc.	\$175	\$144	0.4x	5.6x
Addus HomeCare Corporation	\$244	\$205	0.8x	10.7x
Mean	\$343	\$490	0.6x	7.5x
Median	\$351	\$434	0.6x	7.1x

**Note:**

(a) Adjusted for U.S. Government Inquiry Settlement

(b) Adjusted TEV is based on operating rent that is capitalized at an eight times multiple.

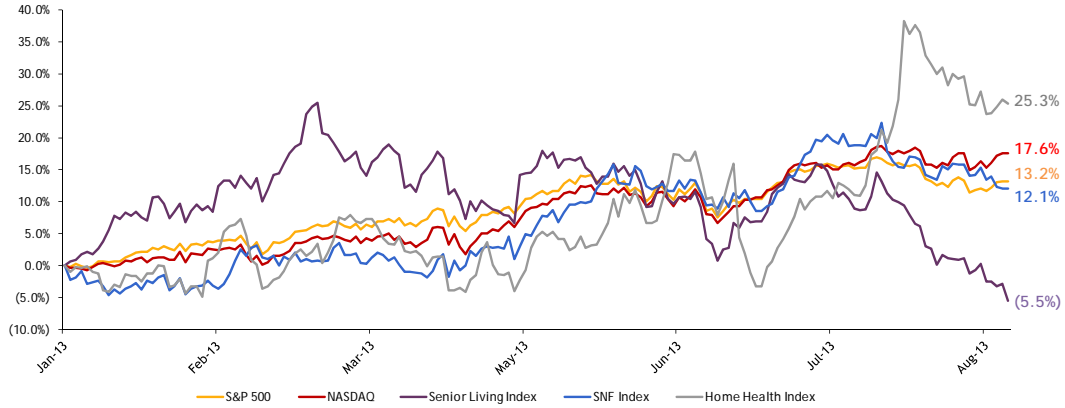
(c) Public comparable company valuations as of September 6, 2013

Source: Capital IQ, Company Filings, and Wall Street Research

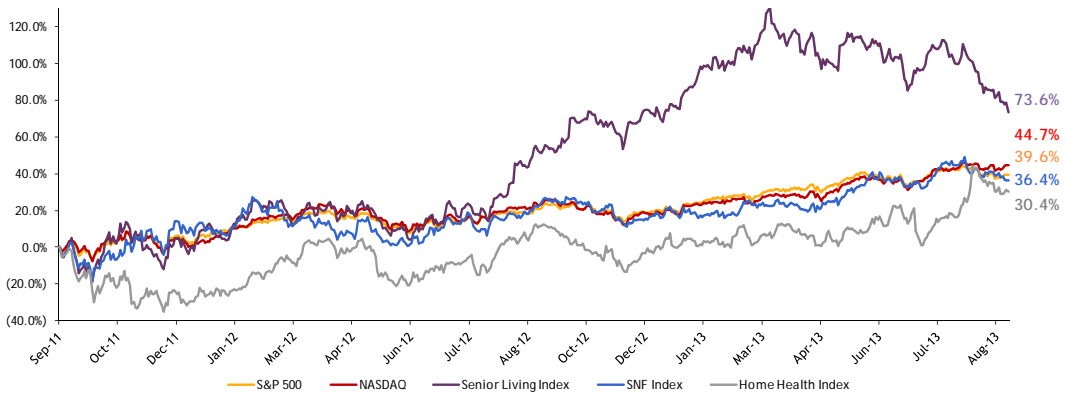


# Post-Acute Sector Returns

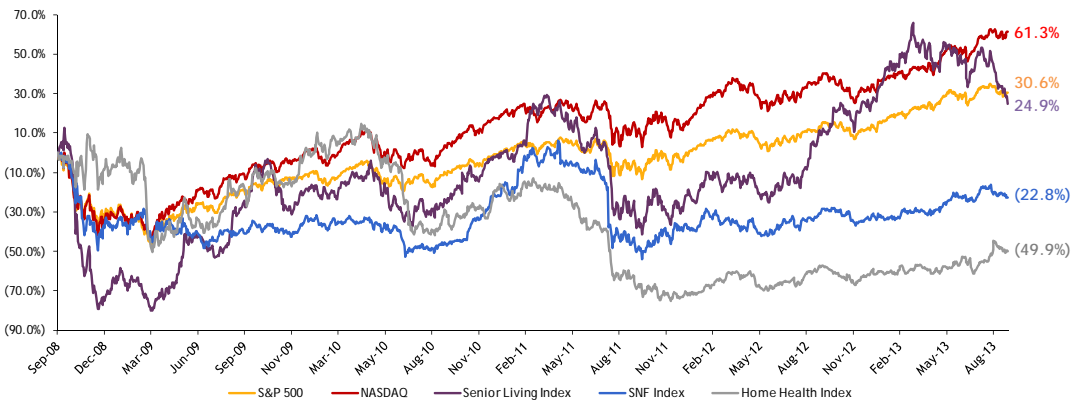
## Relative Indexed Stock Price Performance - 2013 Year to Date



## Relative Indexed Stock Price Performance - 2 Years



## Relative Indexed Stock Price Performance - 5 Years



Note:  
 (a) Market data as of September 6, 2013  
 Source: Capital IQ

# Post-Acute Transaction Activity

## Summer 2013 U.S. Post-Acute Care Transactions

Closed Date	Subsector	Target	Buyer	Sellers	Enterprise Value (TEV)	TEV / Revenue	TEV / EBITDA
Pending	Senior Housing	Woodbury Mews (129 unit independent living facility and a 98 unit assisted living facility located in New Jersey)	Sentio Healthcare Properties, Inc	Three WM Real Estate, LLC; Three WM Operating, LLC; Four WM Real Estate, LLC; Four WM Operating, LLC	\$38.3	-	-
Pending	Primary Care; Urgent Care	Western Reserve Senior Care (Located in Ohio)	Kindred Healthcare Inc. (NYSE:KND)	-	-	-	-
Pending	Senior Housing	Pacific Northwest senior living portfolio (21 properties in WA, OR, MT, ID and NV)	CHP Partners LP	Bonaventure Senior Living	\$457.3	-	-
Pending	Urgent Care	Three urgent care centers in Kentucky	St. Elizabeth Physicians	Urgent Care Specialists, LLC	-	-	-
Pending	Nursing Care; Senior Housing	Wellbrooke of Avon in Indiana	HealthLease Properties REIT (TSX:HLP.UN)	Mainstreet Property Group, LLC	\$16.6	-	-
Pending	Nursing Care	Four nursing homes in Indiana	Diversicare (Nasdaq: DVCR) and unidentified REIT partner	Catholic Health Partners, Inc.	-	-	-
Pending	Nursing Care	Friendship Ridge	Comprehensive Healthcare Management Solutions, LLC	-	-	-	-
Pending	Senior Housing	The Arbor Portfolio (six properties in FL and TN) and two properties in GA and NC	American Realty Capital V, LLC	Prudential Real Estate Investors	\$143.0	-	-
Pending	Senior Housing	Six assisted living properties in Colorado	Madison Realty Companies	-	-	-	-
Pending	Nursing Care; Senior Housing	The Lighthouse and Immanuel Fontenelle Home (assisted living and skilled nursing in Nebraska)	Immanuel Retirement Communities, Inc.	Alegent Creighton Health	-	-	-
Pending	Home Health	American Eldercare, Inc. (Florida based home health agency)	Humana Inc. (NYSE:HUM)	-	-	-	-
Pending	Nursing Care	HCR ManorCare, Inc., Heartland of Charleston (184 beds located in West Virginia)	Stonerise Healthcare LLC	HCR ManorCare, Inc.	-	-	-
Pending	Senior Housing	The Club at Raider Ranch and The Isle at Raider Ranch (262 units located in Texas)	CHP Partners LP	RR AL Care Group; RR IL Care Group	\$55.0	-	-
Pending	Senior Housing	Oklahoma Care Group, LP, Town Village (185 units located in Oklahoma)	CHP Partners LP	Oklahoma Care Group, LP	\$22.5	-	-
Pending	Home Health	TechHealth, Inc.	One Call Care Management, Inc.	-	-	-	-
Pending	Behavioral Health	Meridian Behavioral Healthcare, Inc.	Lifestream Behavioral Center, Inc.	-	-	-	-
Pending	Home Health	Arrowhead Home Health and Hospice Centers and All Heart Home Health Agency and Hospice	Kindred Healthcare Inc. (NYSE:KND)	-	-	-	-
Pending	Behavioral Health	Transitional Living Services of Onondaga Co.	Enable	-	-	-	-
Pending	Rehabilitation	Eight occupational clinics in Indiana	U.S. Healthworks, Inc.	Indiana University Health	-	-	-
09/05/2013	Behavioral Health	US Community Behavioral, LLC	Bregal Partners, L.P.	-	-	-	-
09/04/2013	Home Health	Hospice Family Care, Inc.	HGA Home Health-Huntsville (subsidiary of LHC Group)	Curo Health Services, Inc.	-	-	-
09/03/2013	Home Health	Alegis Care	HealthSpring Inc.	Triton Pacific Capital Partners	-	-	-
09/03/2013	Nursing Care	A skilled nursing facility in Texas	Aviv REIT, Inc. (NYSE:AVIV)	-	\$3.5	-	-
08/30/2013	ASC	Physicians Endoscopy L.L.C. (majority equity stake)	Pamlico Capital	Silver Oak Services Partners	-	-	-
08/26/2013	ASC	Cardiothoracic and Vascular Surgical Specialists	OhioHealth Corporation	-	-	-	-
08/26/2013	Home Health	CarePoint Partners, LLC	BioScrip Inc. (NasdaqGS:BIOS)	Waud Capital Partners	\$223.0	-	-
08/22/2013	Radiation Therapy	Radiation Oncology Services of America, Inc.	Vantage Oncology, LLC	Ambulatory Services of America	-	-	-
08/21/2013	Senior Housing	Two assisted living facilities (131 beds in New York)	Tiptree Financial Inc. (NasdaqCM:TIPT); Premier Senior Living Group, LLC	-	\$21.9	-	-
08/12/2013	Dialysis and Radiation Therapy	Ambulatory Services of America	U.S. Renal Care, Inc.	Lindsay Goldberg; MedCare Investment Funds	-	-	-
08/08/2013	Rehabilitation	CareMeridian Rehabilitation Facility located in Colorado	American Realty Capital Operating Partnership, L.P.	Littleton Med Partners, LP	\$11.3	-	-
08/06/2013	Senior Housing	Assisted living property located in Texas	One Liberty Properties Inc. (NYSE:OLP)	-	\$22.8	-	-
08/06/2013	Radiation Therapy	Upstate Linac Services, LLC	Oncology Services Int., Inc.	-	-	-	-

Data as of September 6, 2013  
Source: Capital IQ

# Post-Acute Transaction Activity

## Summer 2013 U.S. Post-Acute Care Transactions

Closed Date	Subsector	Target	Buyer	Sellers	Enterprise Value (TEV)	TEV / Revenue	TEV / EBITDA
08/05/2013	Urgent Care; Rehabilitation	Rocky Mountain Urgent Care, PC; Rocky Mountain Medical Group, P.C.	Infinite Aegis Group, LLC	-	-	-	-
08/02/2013	Senior Housing	9 senior living facilities in FL, GA, TN, WA, and OR	American Realty Capital Healthcare Trust	-	\$128.0	-	-
08/01/2013	Senior Housing	HarborChase of Jasper (15 independent living; 35 assisted living; 12 memory care units in Alabama)	CNL Healthcare Properties, Inc.	Emeritus Corp. (NYSE:ESC)	\$7.3	-	-
08/01/2013	Senior Housing	TJM Properties Inc. (15 properties)	Fortress Investment Group	TJM Properties Inc.	\$200.0	-	-
08/01/2013	Nursing Care; Rehabilitation	The Laurels of West Carrollton LLC (Located in Ohio)	Laurel Health Care Company	Meditrust of Ohio, Inc.	\$2.5	-	-
08/01/2013	Nursing Care; Rehabilitation	Nentwick Care Center (Located in Ohio)	Pritok Capital LLC	-	-	-	-
08/01/2013	ASC	Laurel Surgical Center, LLC	Excela Health	-	\$10.8	-	-
07/31/2013	Nursing Care	Nursing homes in Lancaster and Northumberland, Pennsylvania	Complete Healthcare Resources, Inc.	Lancaster County and Northumberland County	-	-	-
07/31/2013	Nursing Care	Seven nursing centers	Signature Health Care, LLC	Kindred Healthcare Inc.	\$47.0	0.7x	5.9x
07/30/2013	Home Health	Indiana HomeCare Network LLC	Almost Family Inc. (NasdaqGS:AFAM)	-	\$12.5	0.9x	-
07/18/2013	ASC	Minnesota Valley Surgery Center in Burnsville	Harrison Street Real Estate Capital, LLC	Twin Cities Orthopedics	\$37.8	-	-
07/17/2013	Home Health	Two Visiting Nurse Segment locations in Alabama	Individual investor	Almost Family Inc.	\$3.0	0.5x	-
07/10/2013	Urgent Care	Emergency Services, Inc.	Mount Carmel Health System, Inc.	-	-	-	-
07/03/2013	Senior Housing	36 properties with 2,600 units (assisted living, independent living, and memory care)	Formation Capital, L.L.C.; SAFANAD Limited	-	\$400.0	-	-
07/02/2013	Rehabilitation	University Physical Therapy, Ltd.	Avera Queen Of Peace Hospital	-	-	-	-
07/02/2013	Senior Housing	Assisted living facility in Illinois (66 units)	Cornerstone Healthcare Realty Fund	Aledo Senior Housing, LLC	\$8.8	-	-
07/01/2013	Senior Housing	The Inn at Halcyon Village (76 units - assisted living and memory care community in Ohio)	National Health Investors Inc. (NYSE:NHI)	-	\$15.3	-	-
07/01/2013	Senior Housing	14 assisted living and memory care communities in IL, IN, IA, and NE	National Health Investors Inc. (NYSE:NHI); Bickford Senior Living, LLC.	Tiptree Financial Inc. (NasdaqCM:TIPT)	\$123.0	-	-
07/01/2013	Home Health	No Place Like Home Senior Care LLC	EmpRes Healthcare Management, LLC	-	-	-	-
07/01/2013	Nursing Care; Senior Housing	Wellbrooke of Westfield (100 units in Indiana)	MPG Healthcare L.P.	Mainstreet Property Group, LLC	\$19.1	-	-
06/30/2013	Nursing Care	Vermilion Manor Nursing Home (237 bed SNF in Illinois)	FNR Healthcare Group	-	\$3.4	-	-
06/28/2013	Nursing Care; Rehabilitation	Mountain View Rehabilitation and Care Center (82 bed SNF in Washington)	Pennant Healthcare, Inc.	-	-	-	-
06/26/2013	Senior Housing	Eleven assisted-living facilities in Minnesota	NorthStar Realty Finance Corp.	A&L Properties, LLC	\$51.0	-	-
06/24/2013	Rehabilitation	Main Line Hand Center, LLC	E & A Therapy, Inc.	-	-	-	-
06/24/2013	Home Health	Miak Enterprises, Inc.	Visiting Angels of York and Hanover	-	-	-	-
06/20/2013	Senior Housing	Guardian Programs Adult Medical Day Care Inc.	Senior Care Centers of America, Inc.	-	-	-	-
06/20/2013	Rehabilitation	Two inpatient rehabilitation facilities in Texas and Arizona	Select Medical Corporation	GlobalRehab Management, LLC	-	-	-
06/18/2013	Rehabilitation	Seven clinics and two worksites in Missouri	U.S. Healthworks, Inc.	OHS-Compare Clinics	-	-	-
06/17/2013	Nursing Care; Rehabilitation	Videll Healthcare Springside, LLC (Located in Massachusetts)	Griffin-American Healthcare REIT II, Inc	Sheehan Health Group, LLC	\$15.8	-	-
06/17/2013	Nursing Care	Fairview Skilled Nursing Facility	Griffin-American Healthcare REIT II, Inc	Regency Pacific Management	\$6.6	-	-
06/12/2013	Senior Housing	Trinity Towers Apartments (510 units in Florida)	Preservation Of Affordable Housing, Inc.	Trinity Episcopal Church	-	-	-
06/04/2013	Nursing Care	Two skilled nursing facility properties in Oklahoma	Aviv REIT, Inc. (NYSE:AVIV)	-	\$6.2	-	-
06/04/2013	Senior Housing	Santa Maria Terrace and Lake Ridge Senior Living (110-unit and 69-unit assisted living facilities in California and Utah, respectively)	The Ensign Group, Inc. (NasdaqGS:ENSG)	-	-	-	-
06/03/2013	ASC	Health Inventions, Inc.	Surgical Care Affiliates, LLC	Hammes Company, LLC	-	-	-

Data as of September 6, 2013  
Source: Capital IQ

# Post-Acute Transaction Experience

**PROJECT HARLEY**  
(Pending)  
Skilled Nursing Facilities, Behavioral Health, Rehabilitation and Pharmacy  
Sell side advisor

**PROJECT CLAVICLE**  
(Pending Valuation and Sale)  
Post Acute Rehabilitation  
Financial and Sell side advisor

Wellness Center Operator  
has raised capital from  
  
Financial Advisor

Ambulatory Surgery Centers  
Advised in the consolidation and financing of four ophthalmology practices  
Financial advisor

Home Health (Nursing, Physical Therapy, Behavioral Health)  
  
Financial advisor

Carle Foundation Hospital  
Hospital System / L-T Care  
Divested its Carle Arbours skilled nursing, rehab and memory care business  
to  
  
Sell side advisor

Carle Foundation Hospital  
Hospital System / Pharmacy  
Divested pharmacy business, CarleRX Express  
to  
  
Sell side advisor

Carle Foundation Hospital  
Hospital System / Home Health  
Divested BroMenn Medical Supply and Infusion Therapy  
to  
  
Sell side advisor

Hemodialysis and Peritoneal Dialysis Centers  
has been acquired by  
U.S.   
Sell side advisor

13 Dialysis Centers  
has been acquired by  
  
Sell side advisor

Specialty Pharmacy  
Divested its Specialty and Home Infusion Pharmacy to  
  
Sell side advisor

Home Health  
Divested Private Duty Home Nursing to  
  
Sell side advisor

Outpatient Rehabilitation  
Divested The Pediatric Place to  
  
Sell side advisor

Health Clinic Network  
Divested its Outpatient Dialysis Unit to  
  
Sell side advisor

and Acute Nephrology LLC  
Dialysis Clinics  
have entered into a joint venture with  
  
Sell side advisor

Hospital system  
Advised on strategic alternatives  
Financial advisor

Long-Term Care (SNFs)  
\$114mm acquisition of Concord Health Group, Inc  
Buy side Advisor

Long-Term Care (SNFs)  
\$100mm acquisition of The ADS Group, Inc.  
Buy side advisor

Long-Term Care (SNFs, ALFs)  
\$1.5bn sale to Genesis Health, Cypress Group, and Texas Pacific Group  
Sell side advisor

Long-Term Care (SNFs)  
\$102mm sale to  
  
BUPA Health Services Ltd.  
Sell side advisor

Behavioral Healthcare Company  
\$300mm Senior Notes Offering  
Co-Manager

Long-Term Care (SNFs)  
Strategic advisory services regarding rollup and private placement  
Strategic advisor

Hospice  
\$45mm financing was provided by  
  
Lead Arranger for senior secured facilities

Hospice  
\$2.5mm financing was provided by  
  
Equity co-investment

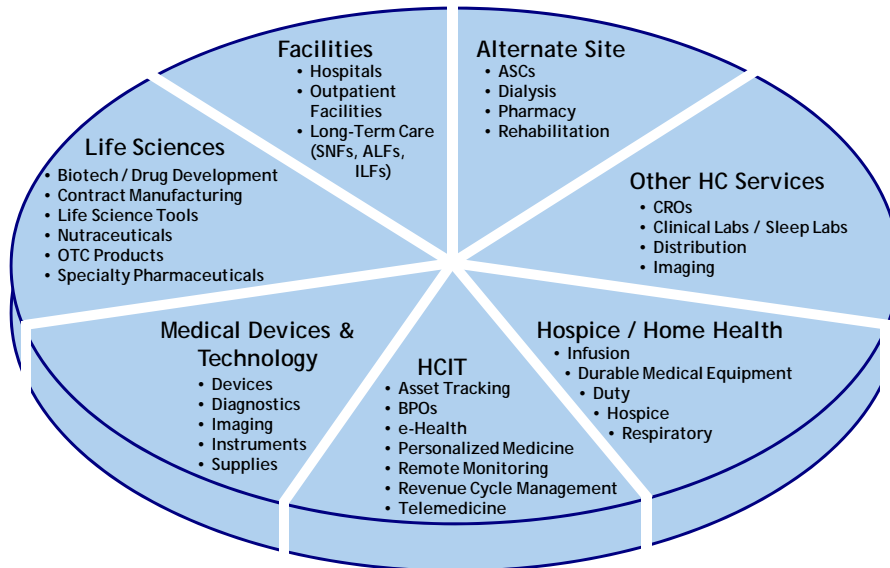
Medical Supply Distribution  
\$82.5mm financing was provided by  
  
Joint lead arranger for credit facility/high yield bonds



# Dresner Partners Healthcare Group

Dresner Partners has been a leader in healthcare middle market investment banking for over 20 years. Dresner professionals have completed over 100 healthcare transactions in a broad spectrum of subsectors ranging in size from \$10 million to over \$1 billion. We specialize in merger and acquisition advisory, institutional private placements of debt and equity, financial restructuring and corporate turnaround, valuation/fairness opinions and strategic consulting. Dresner Partners is a member of the International M&A Partners (IMAP), an exclusive global organization of leading merger and acquisition advisory firms. The IMAP network includes 40 firms in 30 countries around the world, represented by more than 400 professionals. We provide investment banking expertise to institutions, corporations and business owners around the world.

### Subsector Expertise Spanning Key Areas



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