

Financial Restructuring & Growth Platform

Ardent Health Services

Operator of acute care hospitals and clinics in growing urban and suburban areas

INVESTMENT SUMMARY

On August 4, 2015, EGI partnered with Ventas, a healthcare REIT, to acquire Ardent. Ventas took ownership of Ardent's real estate, and EGI, along with several capital partners, acquired Ardent's operations and entered into a long-term master lease with Ventas. The structure efficiently capitalized the business, enabling Ardent to realize its potential as a platform for consolidation in the healthcare industry. EGI professionals hold four Ardent board seats, one of which is the Chair.

INVESTMENT HIGHLIGHTS

STRONG PRESENCE IN ATTRACTIVE MARKETS

Ardent has assets with strong market positioning in mid-tier cities with healthy local economies that generally have unemployment rates at or below the national average.

FAVORABLE DEMOGRAPHIC TRENDS

The population aged 64+ is expected to grow 3% annually over the next 15 years, increasing the demand for hospital services.

EFFICIENT PLATFORM

Ardent has the capability to manage 1- 2 additional acquisitions without adding significant support. The company's scalable operations are centralized in Nashville and each hospital division has a leadership team with full P&L responsibility.

CONSOLIDATION OPPORTUNITY

Less than 15% of the ~5,000 community hospitals in the U.S. are held by publicly traded companies. There are approximately 400 hospitals that meet Ardent's acquisition criteria.

UNIQUE M&A TOOL KIT

Ardent can implement a number of strategies when purchasing a target, including traditional asset / stock purchase, financing through a sale-leaseback with Ventas, and forming a JV with a local non-profit healthcare partner.

COMPANY HIGHLIGHTS

FOLLOW-ON INVESTMENTS

- In March 2017, Ardent acquired LHP Hospital Group, Inc., adding 5 hospitals across 4 markets.
- In November 2017, Ardent acquired St. Francis Health System, a hospital in Topeka, Kansas, through a JV with The University of Kansas Health System.
- In March 2018, Ardent formed a JV with University of Texas Health System to acquire assets from the East Texas Medical Center Regional Healthcare System, which included 9 hospitals and 39 clinics in East Texas.

PRIOR TO EGI'S 2015 INVESTMENT:

- 14 hospitals
- 3 states
- \$2 billion in annual revenue

BY YEAR-END 2020:

- 30 hospitals
- 6 states
- \$4.4 billion in annual revenue