

## 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's current operating structure allows for additional acquisitions. 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**
- **\$4.3 billion** in annual revenue