



Health Care M&A News

Inside the World of Health Care Mergers, Acquisition and Finance Since 1948

SEPTEMBER 2022

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Investors Giving Healthcare a Second Look

Citi's Evans says PE has 'a ton of dry powder to invest'

Craig Evans, a healthcare banker at **Citigroup** [NYSE: C], told a story that perfectly illustrates the strength of merger and acquisition activity in healthcare.

"I was talking to one of our investment bankers last week, and he said a very prominent firm said to him we have about \$10 billion that's burning a hole in our pocket," Evans said. "We want to make some investments. Can you make some recommendations?"

"A lot of investors that may not have had a significant focus in healthcare are turning their eye to healthcare. Private equity has a ton of dry powder to invest. Their ability to provide access to capital is very high right now. For dollars invested, private equity-backed deals remain steady."

Evans delivered the news as part of his presentation titled "A Discussion of
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Recession Resistant

The MOB Market Continues with Stable Numbers

Following the historic highs of M&A in 2021, maintaining that high deal volume would be a challenge, or nearly impossible for many markets. But high deal volume for medical office buildings has acclimated into 2022.

In 2022, 136 medical office buildings (MOB) deals were announced through the end of August, a 64% increase from the same time last year that saw 83 deals. This year's transactions totals 11,484,597 in disclosed square feet, representing disclosed purchase prices of more than \$20.4 billion combined. In August 2022, there have been 18 MOB transactions reported and square footage has amounted to 1,674,164, a slight increase from August 2021 that saw 1,623,281 square feet.

While there are several factors that led industry professionals to fear the MOB market would dip in 2022 from telehealth diverting patients

Continued on page 11

Historical Performance of PE Investments in Healthcare Services.” He delivered his remarks on August 24 at The Healthcare Services Investment Conference 2022 at the Westchester Country Club in Harrison, New York.

According to the LevinPro HC database, there were 178 deals that were made by private equity firms and/or their portfolio companies in the second quarter of 2021. The total increased by 30% to 232 in the second quarter of 2022.

The private equity trend has been on a significant upswing in recent years. Deal totals reached 413 in 2020 and more than doubled last year to 839. The total this year is on track to surpass last year’s amount as 624 private equity transactions have been recorded in 2022 through August 29.

Evans had more good news for his audience regarding macroeconomic conditions.

“If there is one industry that can fend off inflationary pressure, it is healthcare,” he said.

However, he said elective procedures may be muted by inflation.

“The fact that [interest] rates are going up healthcare for the most part is insulated,” he said. “I have not seen valuations taking any kind of a hit.”

He told conference attendees that transactions increased through the second quarter.

Total deal volume increased 20% from 484 transactions in the second quarter of 2021 to 582 deals in the same time period in 2022.

Evans stated research that’s been conducted over the last 10 years, or longer, shows the outcomes of private-equity investment in healthcare have improved from a medical standpoint versus non-private-equity-backed platforms.

“About 90% of my clients are private equity-backed,” he said. “If you want to achieve the growth that you are aspirational to [achieve], it’s got to come from somewhere.

“Access to capital is paramount for a platform that is either thinking about creating an MSO [or] creating an MSO. They are growing. They are merging. These thoughts come into play every step of the way.”

He provided the audience with a quick history lesson regarding what the industry was dealing with last year in healthcare services.

“[There was a] mad, feverish dash to get to the end of the year with transactions because everyone thought tax rates were going to change,” he said. “We were at it all the way up until New Year’s Eve. It was one of those years where there was a lot of activity and everyone was



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wondering, ‘Is that activity going to continue?’”

He described the home health and hospice market as “hot” through the second quarter with “a lot more transaction activity in the first six months” of the year.

“Behavioral health and mental health have seen a tremendous uptick in investments,” he said. “Through the pandemic it highlighted a lot of issues and access to behavioral care was one of them. We’ve seen a lot more transactions here.

“You see a lot of orthopedic platforms utilizing the ability to consolidate a lot of different areas within orthopedics whether it be through ortho, urgent care, imaging, physical therapy and the ambulatory surgery centers. There has been a lot of interest in demand in looking at these investments because there is a lot of growth potential.”

In the orthopedics subsector, there were five deals recorded during the second quarter of 2021 and 11 transactions in the same period of 2022, representing a 120% increase.

Evans mentioned a renewed interest in dermatology. He also provided a great deal of praise for ambulatory surgery centers.

Transactions involving dermatology practices rose from 10 during the first quarter of 2022 to 12 in the second quarter of the year.

Activity regarding ambulatory surgery centers jumped from six deals in the first quarter of the year to eight transactions during the second quarter of 2022. The subsector produced only one deal in the second quarter of 2021.

“If you take a look at how many procedures are being pushed out from hospitals to ASCs, that is a very attractive investment for private equity,” he said. “The quality of care in an ASC has grown exponentially. What may have been a two-day hospital stay is now, you’re in at 7 a.m., you’re out at 3 p.m.”

Evans discussed the staffing challenges that the healthcare industry is struggling to deal with. He said that staffing is the issue that “comes up right after, ‘We need more capital.’

“A lot of it is back office. Also, hygienists on the dental side.”

Evans said that a staff shortage “can impede the progress for growth.”

He told several stories regarding healthcare organizations’ efforts to recruit staff members.

“I spoke to a client last week and if you come to their platform, they will lease a Jaguar for you,” he said. “I’ve [also] seen paying off student loans.

“Each lever you pull to attract staff has consequences. What if you give someone more money and the rest of the staff finds out?”

Inducements that worked include signing bonuses, bonuses after the first year and flexible schedules.

“Non-financial considerations are in the mix,” he said. “[That includes] flexibility and other benefits.”

The importance of proper and complete documentation was also addressed.



A note to our readers... After 27 years of publishing Health Care M&A News, we are excited to announce that this monthly publication will become a weekly e-newsletter, providing all the latest deals, insights and analysis on the healthcare M&A market in a more timely manner for our subscribers. If you have any questions please let us know, and we look forward to this next chapter.

“Audited financial statements from a strong healthcare group at a strong accounting firm allows you to go in and have all you need to negotiate the best transaction, the best outcome, the best valuation for you,” he said. “This has been an issue for platforms generating \$10 million, \$15 million or \$20 million in EBITDA that have not thought about this area and they need to go out and raise \$50 million [or] \$80 million for the next stage of growth. This can put you behind by as much as six months in the process.”

The issue of control is one that must be examined by those considering the potential outcome of a merger or acquisition.

“There are PE firms that 100% want control,” he said. “Control means making sure that if I invest \$50 million, I have control of what’s happening.”

“There are also PE firms with non-control funds ... and they want to give you advice and counsel to help the platform get to the next level.”

Evans saved his strongest emphasis for the final minutes of his presentation.

“Do not sell what you’ve created for less than you think it’s worth, and don’t partner with somebody who is not going to get you to the next level,” he said.

HEALTH CARE SERVICES NEWS



BrightView Health, a Cincinnati-based outpatient addiction treatment provider, acquired Arlington, Massachusetts-based **Column Health**, which operates a network of 12 community-based outpatient mental health and addiction clinics throughout Massachusetts and Connecticut. Terms of the deal were not disclosed.

Founded in 2016, Column Health provides mental health and substance use disorder treatment-related services, including medication-assisted treatment, psychotherapy,

integrated lab testing, detoxification and medication management. It serves more than 4,000 patients in New England.

Established in 2014, BrightView Health operates 64 locations in Ohio, Delaware, Kentucky, Virginia, North Carolina, Connecticut and Massachusetts. Approximately 340 of its 1,000 employees are based in greater Cincinnati. BrightView’s substance abuse treatment programs focus on meth addiction, heroin addiction, opioid addiction as well as Suboxone and Vivitrol treatment. BrightView is backed by healthcare-focused private equity firm **Shore Capital Partners**.

The Column Health acquisition marks BrightView Health’s second acquisition of the year. In February, the company acquired **New Leaf Center**, a substance use disorder treatment center based in Murphy, North Carolina, for an undisclosed price.

Discovery Behavioral Health, Inc., an expanding network of evidence-based mental health, substance use and eating disorder treatment centers, acquired **Brookdale Premier Addiction Recovery** in Scotrun, Pennsylvania. This is Discovery Behavioral Health’s first clinic in Pennsylvania. The financial terms were not disclosed.

Brookdale Premier Addiction Recovery is a 110-bed residential treatment center. Its amenities include private and semi-private cabins, indoor and outdoor pools, fitness center and walking trails.

Discovery Behavioral Health (DBH), a portfolio company of **Webster Equity Partners**, specializes in the evidence-based treatment of alcohol and drug addiction, eating disorders and a broad array of mental health conditions. DBH is a contracted provider with 100 payers and other managed care organizations, and a portfolio of more than 145 treatment centers.

ARC Health, a **Thurston Group** portfolio company, announced the acquisition of **Southeast Psych**, a mental health provider group with two locations in Charlotte, North Carolina, and one in Nashville, Tennessee.



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With the purchase of Southeast Psych, ARC Health said it's "expanding rapidly throughout the country, partnering with leading mental health providers in attractive geographies." Terms of the deal were not disclosed.

Southeast Psych has 52 employees at its three locations. It offers individual and group therapy including Asperger's Syndrome/autism, eating disorders, mental health disorders and family/parent counseling.

ARC Health is a mental health specialty services organization supporting psychiatry, psychology and therapy providers in multiple locations throughout the U.S. ARC was formed in 2021 in partnership with outpatient mental health provider **Advanced Recovery Concepts**.

 **HOME HEALTH & HOSPICE**

On August 2, **Care Advantage, Inc.**, one of the largest privately owned home health companies in Virginia,

completed its acquisition of **National Home Healthcare**, marking the 16th acquisition Care Advantage has completed since 2018, as well as the fourth skilled care company under its wing. It also marks the fourth acquisition since joining forces with private equity firm **Searchlight Capital Partners** in 2021.

National Home Healthcare has been offering personal home care as well as home health services to clients in the Herndon, Virginia, area since 2004.

Care Advantage provides private duty nursing and personal care services. Its corporate headquarters is in Richmond, Virginia, and there are 24 branch locations throughout Virginia, Maryland, Delaware, and Washington D.C. The company provides a mix of Medicaid and self-pay nursing and personal care services.

Focus Forward Skilled Care, LLC (FFSC), headquartered in Orlando, has been sold to **Sonos Home Health Care** for an undisclosed price. **The DAK Group** served as the exclusive investment banker and financial advisor to

FFSC. FFSC is a multi-site, pediatric home health care company that provides individualized, in-home care for medically complex children and infants throughout central Florida, Tampa Bay and the I-4 corridor.

Sonas Home Health Care, a portfolio company of Miami-based private equity firm **Boyne Capital**, provides pediatric and skilled health care services in Florida.

The Pennant Group, Inc. (NASDAQ: PNTG), the parent company of the Pennant group of affiliated home health, hospice, home care and senior living companies, announced on August 16 that it acquired **Ardent Hospice and Palliative Care** in San Diego.

This announcement follows The Pennant Group's acquisition of **First Choice Home Health**, a locally owned and managed home health agency in Bozeman, Montana, in May 2022.

Ardent Hospice and Palliative Care offers home health care, serving between 20 and 50 hospice patients per day. The company received its Medicare certification in 2013.

Headquartered in Eagle, Idaho, The Pennant Group is a holding company of independent operating subsidiaries that provide healthcare services through 94 home health and hospice agencies and 49 senior living communities in 14 states. Its home health and hospice division is **Cornerstone Healthcare**.



Temple Health is partnering with **Redeemer Health** and **Philadelphia College of Osteopathic Medicine** to purchase **Chestnut Hill Hospital**, a 148-bed, community-based, university-affiliated, teaching hospital, from **Tower Health**. The newly formed alliance was announced on August 8.

Chestnut Hill Hospital provides inpatient, outpatient, diagnostic and treatment services for people in northwest Philadelphia and eastern Montgomery County,

Pennsylvania. With more than 300 board-certified physicians, Chestnut Hill Hospital's specialties include minimally invasive laparoscopic and robotic surgery, cardiology, gynecology, oncology, orthopedics, urology, family practice and internal medicine.

Temple Health is a major Philadelphia-based academic health system with four hospitals and several clinics and physician groups. It has nearly 1,000 beds and employs more than 1,500 physicians.

Formerly known as **Holy Redeemer Health System**, Redeemer Health is a Catholic health system headquartered in Meadowbrook, Pennsylvania. Its flagship hospital, **Holy Redeemer Hospital**, is a 239-bed hospital. The system offers services in Pennsylvania and New Jersey and also provides home health and skilled nursing services.

The Philadelphia College of Osteopathic Medicine provides an education for physicians, health practitioners and behavioral scientists.

The **Ontario Teachers' Pension Plan Board** announced on August 17 an agreement to acquire a significant majority stake in **Sahyadri Hospitals Group**, the largest private hospital chain in the state of Maharashtra, India, from private equity firm **Everstone Group**.

Everstone Group, along with key management and founders, will retain minority stakes in the company. The transaction is expected to close in the fourth quarter of 2022 and is subject to customary closing conditions.

Sahyadri Hospitals Group has eight hospitals with 900 operating beds and 300 critical-care beds. The hospital chain has plans to grow capacity by over 500 beds during the next five years. With 2,000 clinicians along with 2,600 supporting staff across its network of hospitals, Sahyadri's facilities are concentrated around the city of Pune, the second-largest city in Maharashtra by population.

The Ontario Teachers' Pension Plan Board is the administrator of Canada's largest single-profession

pension plan. It pays pensions and invests plan assets on behalf of 333,000 retired and working teachers. The company has offices in Hong Kong, London, San Francisco, Singapore and Toronto. Ontario Teachers reported net assets of C\$242.5 billion (\$189.15 billion USD) as of June 30, 2022.

LABORATORIES, MRI AND DIALYSIS

Bio-Rad Laboratories, Inc. (NYSE: BIO), a global leader in life science research and clinical diagnostic products, announced on August 3 that it would acquire all of the outstanding shares of **Curiosity Diagnostics, Sp. Z. o. o.** from **Scope Fluidics, S.A.** (WSE: SCP) for \$100 million in cash and up to \$70 million in future milestone payments. Curiosity

Diagnostics will join Bio-Rad's Clinical Diagnostics Group and work together to bring a new generation of rapid PCR systems to market.

Headquartered in Warsaw, Curiosity Diagnostics is a late-stage, pre-commercial platform company in the process of developing a rapid diagnostics PCR system for the molecular diagnostics market.

Bio-Rad Laboratories designs, manufactures and distributes a range of products and solutions for the life science research and clinical diagnostic markets. Bio-Rad's annual revenue for 2021 was \$2.923 billion.

Intelrad Medical Systems announced on August 16 its acquisition of **PenRad Technologies, Inc.**, a software provider for enhancing productivity for breast imaging and lung screening. The acquisition will expand Intelrad's product offerings for mammography and lung analytics, optimizing workflows for radiologists. Terms of the deal were not disclosed.

Founded in 1995 and based in Buffalo, Minnesota, PenRad Technologies, Inc. has three core product offerings; PenRad for breast imaging, PenLung for lung screening and PenTrac for patient tracking and reporting, all of which have a track record of eliminating overhead

costs, decreasing liability exposure and increasing patient satisfaction for innovative enterprise systems and diagnostic imaging centers and facilities.

Intelrad, a portfolio company of private equity firm **Hg Capital**, was founded in 1999. It offers an imaging and analytics platform and has approximately 850 employees across six countries. Nearly 2,000 healthcare organizations globally rely on Intelrad products to manage patient data.

MANAGED CARE

Marpai Health, Inc. announced its acquisition of **Maestro Health**, a Chicago-based health and benefits company, on August 4. This marks Marpai's second acquisition since the start of 2021 and the first of 2022. The purchase price was \$22.1 million.

Founded in 2013, Maestro Health offers a platform that serves employers, employees, brokers and carriers. It serves more than 25,000 people and has more than 80 customers in more than 40 states with a 93% client retention rate. The company previously received growth capital financing from lead investor **Oak HC/FT** and **SV Health Investors**.

Marpai Health uses artificial intelligence and its platform Marpai Labs to help reduce healthcare costs for self-insured companies and their employees. Marpai competes in the \$22 billion third party administrator sector serving self-funded employer health plans representing over \$1 trillion in annual claims.

The combined company will serve more than 40,000 employees with expected combined annual revenue of approximately \$40 million in 2022.

The purchase will be financed over four years, reflecting a 10% per annum cost of capital in amounts of \$5 million, \$6 million, \$8 million and \$9 million, which will be payable on December, 31 in 2024, 2025, 2026 and 2027, respectively.

Humana Inc. (NYSE: HUM) announced on August 12 that it would acquire substantially all of the assets of **Inclusa, Inc.**, a managed care organization (MCO) in Wisconsin that provides long-term care services and supports to approximately 16,600 older adults and adults with disabilities through the state's Family Care program. Terms of the deal were not disclosed.

Inclusa partners with local healthcare providers and community resources to connect members with the support and services they need. Inclusa's programs help eligible seniors and adults with disabilities to live independently at home.

As an MCO, Inclusa works with over 6,000 service providers in approximately 40 service categories and is contracted within Wisconsin and permitted through the Office of the Commissioner of Insurance to provide Family Care services and supports in 68 of Wisconsin's 72 counties.

Humana is one of the largest health insurance companies in the U.S., providing private, Medicare and Medicaid plans.

The acquisition of Inclusa follows Humana's 2020 acquisition of Wisconsin health care company **iCare** and will further increase the number of Medicaid recipients served by Humana, which totals approximately 1 million Medicaid members across five states – Florida, Illinois, Kentucky, South Carolina and Wisconsin. Humana was also recently awarded contracts in Ohio and Louisiana.



U.S. Orthopaedic Partners (USOP), backed by private equity firms **FFL Partners** and **The Thurston Group**, acquired **Bienville Orthopaedic Specialists** in Gautier, Mississippi. The transaction was announced on August 18 and marks the ninth acquisition for USOP since it formed in October 2020 and brings USOP's presence in Mississippi to 96 orthopedic providers. Terms of the deal were not disclosed.

Serving the lower six counties of Mississippi, Bienville Orthopaedic Specialists is one of the largest orthopedic providers on the Mississippi Gulf Coast. The company was founded in 1981 and has five locations. Bienville Orthopaedic Specialists consists of 32 providers (17 physicians and 15 physician extenders), offering full-service orthopedic care in the specialties of hand and wrist, shoulder and elbow, spine, joint replacements, foot and ankle, sports medicine and pain management.

Headquartered in Jackson, Mississippi, USOP is an orthopedic care platform that provides the full continuum of musculoskeletal treatment to patients in the Southeastern U.S. The USOP platform partners with industry-leading practices to deliver insight, tools, resources, training, education and access to leading-edge technologies. USOP supports more than 170 providers across 39 locations in Alabama and Mississippi.

The announcement follows USOP's acquisitions of Montgomery, Alabama-based **Southern Orthopaedic Surgeons** in February and Huntsville, Alabama-based **SportsMED Orthopedic Surgery & Spine Center** in May.

U.S. Oral Surgery Management (USOSM), a management services organization serving oral and maxillofacial surgeons, announced on August 23 a partnership with **Oral and Facial Surgeons of Michigan**, marking USOSM's first partner practice in the state.

USOSM will provide Oral and Facial Surgeons of Michigan with support services, such as HR, technological support and negotiations of third-party payment schedules. Oral and Facial Surgeons of Michigan will retain complete clinical autonomy.

Oral and Facial Surgeons of Michigan is an oral and maxillofacial practice with four locations in southeast Michigan. It has locations in Brighton, Clarkston, Hartland and Waterford. The practice has six doctors who provide dental implants, wisdom tooth removal, corrective jaw surgery and the diagnosis and treatment of facial pain and injuries.

USOSM, a portfolio company of New York City-based

private equity firm **Oak Hill Capital Partners**, has partnered with practices in 20 states. The company was formed in 2017.

Ivy Fertility, on August 2, acquired **Los Angeles Reproductive Center**. The price was not announced, nor was the seller. The acquisition further expands Ivy Fertility's reach into California and marks the company's third transaction of the year.

Los Angeles Reproductive Center is run by two doctors, Drs. Marc Kalan and Nurit Winkler, who are double board-certified in obstetrics and gynecology as well as reproductive endocrinology and fertility.

Ivy Fertility, a portfolio company of private equity firm **InTandem Capital Partners**, is nationally and internationally recognized as pioneers and innovators in the field of advanced reproductive technologies, in vitro fertilization, third-party reproduction, andrology and research.

REHABILITATION

Sila Realty Trust, Inc., a public, non-traded real estate investment trust headquartered in Tampa, Florida, announced on August 8 the acquisition of an inpatient rehabilitation facility in Escondido, California, from **Harrison Street**, an investment management firm with approximately \$46 billion in assets under management. This is Sila Realty's sixth acquisition of 2022.

Known locally as the **Palomar Health Rehabilitation Institute**, the newly constructed inpatient rehabilitation hospital is located on 4.1 acres in the San Diego-Carlsbad MSA. The building has 56,000 rentable square feet and 52 beds and is fully leased to **Palomar Health Rehabilitation Institute**. A joint venture between Harrison Street and **Pacific Medical Buildings** developed the property.

Sila Realty Trust, Inc. is focused on investing in and managing strategic healthcare assets across the continuum of care, with an emphasis on lower-cost

patient settings. It owns 126 operating healthcare properties in 56 markets across the U.S.

On the same day, **H2 Health** announced its acquisition of **Fort Worth Physical Therapy**, one of the leading providers of therapy services in the greater Fort Worth, Texas market. After closing the deal, H2 Health will own and operate 155 clinic locations, including 28 in Texas.

Founded in 2008, Fort Worth Physical Therapy offers physical therapy, occupational therapy, certified hand therapy and an amputee program including prosthetic training. FWPT operates two locations in the Dallas-Fort Worth MSA, with three additional locations opening in the coming months.

H2 Health, a portfolio company of **Grant Avenue Capital, LLC**, provides physical therapy and rehabilitation services in eight states. H2 owns, operates and manages more than 100 clinics across the country.

OTHER SERVICES

H.I.G. Capital, a global private equity and alternative assets investment firm based in Boston, completed its acquisition of **Barton & Associates Inc.** on August 1.

UBS Investment Bank and **BofA Securities** acted as financial advisors and **McDermott Will & Emery LLP** acted as legal counsel to H.I.G. **JP Morgan Securities LLC** acted as exclusive financial advisor and **WilmerHale LLP** served as legal counsel to Barton.

Barton & Associates Inc., founded in 2001, is a healthcare staffing company specializing in travel nursing, allied health care and government-related physician staffing markets. Headquartered in Peabody, Massachusetts, Barton offers staffing services on a temporary basis to hundreds of healthcare facilities.

Since its founding in 1993, H.I.G. Capital has invested in and managed more than 300 companies worldwide. The firm's portfolio includes more than 100 companies with combined sales of more than \$30 billion. H.I.G.

Capital has more than \$50 billion of equity capital under management.

On August 3, **Montecito Medical Real Estate** announced it acquired a medical office building (MOB) in Lithia, Florida, for an undisclosed price. According to the LevinPro HC database, this marks the 119th MOB deal of the year and the 33rd Montecito deal of the year.

Montecito Medical Real Estate specializes in healthcare-related real estate acquisitions and funding. Since 2006, it has completed transactions across the U.S. involving more than \$5 billion in medical real estate.

On August 9, New Jersey-based **Catalent, Inc.** (NYSE: CTLT) announced an agreement to acquire **Metrics Contract Services**, a specialty contract development and manufacturing organization (CDMO) with a facility in Greenville, North Carolina, for \$475 million from **Mayne Pharma Group Limited** (ASX: MYX).

Metrics Contract Services' 333,000-square-foot Greenville facility features the ability to accelerate and de-risk customer programs from early development through commercial launch with a streamlined one-site solution.

Upon completion, the acquisition will strengthen Catalent's capabilities in integrated oral solid formulation development, manufacturing and packaging, while also expanding Catalent's capacity to handle highly potent compounds. The acquisition is expected to close before the end of 2022.

Catalent, Inc., a contract research organization (CRO), offers development services, delivery technologies and supply solutions for drugs and biologics.

Catalent's Cell & Gene Therapy segment is a technology, development and manufacturing partner for advanced therapeutics.

Catalent's cell and gene therapy network includes six U.S. facilities across Maryland and Texas, a European center in Belgium and its cell innovation facility in Germany. These sites offer a range of small- and large-scale clinical

and commercial manufacturing as well as fill/finish capabilities.

Physician Real Estate Capital Advisors, LLC (PRECAP) announced on August 15 that it advised on the sale of an ambulatory surgery center (ASC) in Naperville, Illinois for \$15.2 million. The acquirer is undisclosed, but it is a privately held company that specializes in healthcare-related real estate acquisitions.

The 19,000-square-foot building was built in 2008 and is occupied by **Suburban Gastroenterology, Ltd (SGI)** and **Midwest Endoscopy Center, LLC**. Midwest Endoscopy Center is run by 11 doctors. SGI employs nine physicians with a 10th starting in 2023. The price is \$763 per square foot.

PRECAP provides sale-leaseback and investment sale healthcare real estate advisory services to physicians, private equity sponsors, investors and developers. Company principals have executed more than \$1.1 billion of transactions throughout the United States. This is the third transaction that PRECAP has advised on this year.

On August 9, an undisclosed Dallas-based investor acquired a Vestavia Hills, Alabama medical office building. The purchase price is \$27.16 million, or \$679 per square foot.

Swaid Vestavia Medical Center is a multi-specialty medical office facility. It spans 40,000 square feet and consists of an ambulatory surgery center and medical office space.

Swaid Vestavia Medical Center consists of the **Surgical Institute of Alabama, Vestavia Diagnostics, Swaid Clinic, Bramlett Orthopedics, Birmingham Vascular Associates, Pain Management Services, Lab First** and **Champion Physical Therapy**.

Matthews Real Estate Investment Services brokered the sale of Swaid Vestavia Medical Center. Matthews' healthcare division sourced the buyer.

MOB M&A Market.....continued from page 1

from in-person care to the inflation of construction costs preventing new building projects, the market has proved time and time again to be 'recession resistant'. At the start of 2022, a report by CommercialEdge reported that there were more than 16 million square feet of properties under construction that include medical space.

Other aspects of the MOB market that ensure strong numbers are grounded in the requirement for need-based, in-person medical care, which causes high occupancy rates and adds to the longevity of tenants' leases. In the first quarter of 2022, occupancy rates for MOB were at 91.7%, a small increase from the same time in 2020. Coupled with high occupancy rates, MOB have low overhead costs, increasing their profitability. In February, CAP rates were estimated to be at 6.73% with a nine-year lease average.

A driving force behind the demand for MOB is a demographic shift, necessitating more space. On an average day, more than 10,000 Americans turn 65 years old and between 2018 and 2060, the number of Americans aged 65 and older is anticipated to nearly double from 52 million to 95 million. The states with the most MOB activity this year are Florida with 11 deals, Arizona with 10 deals and Texas and California, both with eight deals. Backing up the idea that MOB M&A activity happens in areas with shifting demographics, states such as Texas, Arizona and Florida are experiencing a high percentage of population growth. It is no surprise that investors are keen to allocate capital to MOB and carve out a piece of the MOB pie for themselves.

Over the course of the year, we've seen a swell of investors entering and consolidating the market, from REITs like **JLL** (NYSE: JLL) to private equity firms such as **Harrison Street Real Estate Capital** and investment firms like **Lionstone Investments**.

The most active acquirer type in 2022 has been real estate investment firms with 76 transactions (56%) totaling more than \$1.5 billion in disclosed prices. The most active real estate investment firm this year has

been **Montecito Medical Real Estate** with 23 deals. The second-most active type is REITs with 36 deals (26%) that totals \$18.6 billion in disclosed prices. JLL Income Property Trust has been an active REIT player. Miscellaneous acquirers represent 9% of the total with 12 deals and private equity trails behind with eight deals, representing 6%. Combined, miscellaneous and private equity reached a combined \$391 million in prices.

The demand for MOB and aging populations forces medical facilities to require more room, thus increasing the amount of square footage that's bought or sold. Square footage increased to 11,484,597 square feet from 7,041,870 square feet in the first eight months of the year, a 63% escalation. In 2022, the cost of medical office buildings averaged more than \$1,780 per square foot, based on data taken from the LevinPro HC database. Although, it should be noted that this number is skewed much higher because **Healthcare Realty Trust** (NYSE: HR) entered into a strategic agreement with **Healthcare Trust of America**, a company with more than 26 million square feet in gross leasable area, for \$18 billion.

When looking at the deals with smaller square footage (less than 1 million square feet) and smaller purchase prices (under \$1 billion), the price per square foot averages \$264 per square foot. The largest deal in terms of square footage is **National Real Estate Advisors** and **Catalyst Healthcare Real Estate**, both investment firms, acquiring 40 facilities in multiple states across the country that total 1,200,000 square feet for \$420 million. The price comes to \$350 per square foot.

The August transaction with the highest square footage is **Big Sky Medical Real Estate** and **GFH Capital** (BSE: GFH) purchasing a 13-facility medical office building portfolio that totals 714,000 square feet. The price was not disclosed; BMO's Healthcare Real Estate Finance group loaned \$200 million on behalf of the joint venture between GFH and Big Sky Medical. This acquisition marks Big Sky Medical's fourth deal of the year and brings the company's yearly acquisition total to 1,049,827 square feet. This transaction represents 43% of August's total square footage of 1,674, 164.

A deal with a significant square footage and known purchase price is **Global Medical REIT Inc.** (NYSE: GMRE) buying a three-facility MOB in Toledo, Ohio that totals 110,780 square feet. The price was \$17.2 million, marking the second-largest MOB purchase price of the month. This deal accounts for 7% of the known square footage in August and represents under 1% of the entire year. This is Global Medical REIT's second acquisition in 2022 where it previously bought a 96,070-square-foot facility in Fairfax, Virginia for \$21 million.

In August 2022, the purchase prices totaled \$102.76 million, across seven deals, accounting for a .5% of the \$20.4 billion spent in all of 2022 and a 88% decrease from August 2021. The deal with the largest price tag in August is the acquisition of a 93,000-square-foot facility in Pleasanton, California by **Welltower Inc.** (NYSE: WELL) for \$35 million. The price is \$376 per square foot and represents .5% of 2022's total disclosed MOB prices.

Carrying on the trend of being one of the most active MOB acquirers, Montecito Medical Real Estate has had a busy month. In August, the company made seven transactions (or 36% of all August MOB deals) totaling 178,793 square feet across 14 facilities. The facilities are in Florida, Louisiana, Pennsylvania, Nevada, Kentucky, Indiana and Arizona. None of the prices were disclosed. In 2022, Montecito Medical has made 34 transactions, totaling more than 2.9 million square feet and a combined purchase price of \$198.3 million.

Although August has been a slow month for **JLL Income Property Trust** with no announced deals, the year overall has been more active. The company has completed seven deals totaling 255,869 square feet across 24 facilities and totaling \$109.4 million in disclosed prices. The facilities are in North Carolina, Missouri, Texas, Arizona, Nevada and Kansas. On average, the facilities sold for \$427 per square foot.

The MOB market seems to be one of the few markets that is consistently in demand, which leads us to be optimistic about the upcoming months. Even if inflation puts pressure on investors to slow their interest in other markets, the medical office space has been steady.

HEALTH CARE TECHNOLOGY NEWS

BIOTECHNOLOGY & PHARMACEUTICALS

The month started off with a bang in the Biotechnology & Pharmaceuticals space, with a multi-billion dollar deal announced within the first few days. **Amgen** (NASDAQ: AMGN) will acquire **ChemoCentryx**, a biopharmaceutical company focused on orally administered therapeutics to treat autoimmune diseases, inflammatory disorders and cancer, for \$52 per share in cash, representing an enterprise value of approximately \$3.7 billion. ChemoCentryx reported total revenue of \$32.2 million during 2021.

The acquisition allows Amgen to leverage ChemoCentryx's newly FDA-approved drug Tavneos (used to treat ANCA-associated vasculitis) to strengthen its inflammation and nephrology portfolio. The deal is expected to close in Q4:22.

PJT Partners acted as financial advisor to Amgen and **Wachtell, Lipton, Rosen & Katz** is serving as its legal advisor. **Goldman Sachs** acted as financial advisor to ChemoCentryx and **Latham & Watkins LLP** is serving as its legal advisor.

Founded in 1980, Amgen Inc. is a multinational biopharmaceutical company headquartered in Thousand Oaks, California. The company discovers, develops, makes and delivers therapeutics in the areas of oncology, cardiovascular, inflammation and neuroscience.

Celltrion Healthcare (KOSDAQ: 091990) has officially begun preparing to directly market its drugs in the United States by acquiring a 100 percent stake in **Celltrion USA** from **Celltrion** for about 18 billion won, or approximately \$13.8 million USD. The transaction will make Celltrion USA a wholly owned subsidiary of Celltrion Healthcare.

The acquisition allows Celltrion Healthcare to immediately utilize the licenses held by Celltrion USA. Celltrion Healthcare has also secured the distribution rights for Celltrion's chemical drugs and COVID-19 diagnostic kits and intends to recruit key personnel from global

pharmaceutical companies to roll out at least one drug every year.

Founded in 2018, Celltrion USA operates as a wholly owned subsidiary of Celltrion, responsible for the parent company's entry into the U.S. chemical drug market. The company has been building its supply networks mainly for generic drugs, acquiring the license to sell products including COVID-19 detection kits across the country.

Founded in 1999, Celltrion Healthcare provides worldwide marketing, sales and distribution of biological medicines through a global network that spans more than 120 countries, including REMSIMA, the world's first biosimilar mAb approved by the European Medicines Agency for the treatment of autoimmune disease.

Pfizer (NYSE: PFE) announced on August 8 that it had entered into a definitive agreement to acquire **Global Blood Therapeutics, Inc.** (NASDAQ: GBT) for a total enterprise value of approximately \$5.4 billion, including debt and net of cash acquired. Pfizer expects to finance the transaction with existing cash on hand.

Pfizer's financial advisors for the transaction are **Morgan Stanley** (NYSE: MS) and **Goldman Sachs** (NYSE: GS), with **Wachtell, Lipton, Rosen & Katz** acting as its legal advisor. GBT's financial advisors for the transaction are **J.P. Morgan Securities LLC** and **Centerview Partners LLC**, with **Cravath, Swaine & Moore LLP** and **Goodwin Procter LLP** acting as legal advisors.

Founded in 2011, Global Blood Therapeutics, Inc. is a biopharmaceutical company dedicated to the discovery, development and delivery of treatments for underserved patient communities, starting with sickle cell disease (SCD).

Pfizer is a global biopharmaceutical company that discovers, develops, manufactures and sells healthcare products. In 2021, Pfizer generated annual revenue of \$81.3 billion.

Curaleaf Holdings (OTC: CURLF), a U.S. provider of consumer products in cannabis, announced on August

9 that **Curaleaf International Holdings Limited**, the company's European holding company, has signed a definitive agreement to acquire a majority stake in **Four 20 Pharma GmbH**. The purchase price was €19.7 million, or approximately \$20 million USD).

The acquisition allows Curaleaf to acquire a 55% stake in Four 20 Pharma GmbH and create a strategic pathway for Curaleaf to acquire complete control of Four 20 Pharma within two years of the commencement of adult use of cannabis in Germany, but no later than the end of 2025 if adult use launch has not occurred by that date.

Founded in 2018, Four 20 Pharma is an EU-GMP and GDP-licensed German producer and distributor of medical cannabis with its own product line and more than a 10% market share. Curaleaf Holdings, Inc. is a provider of cannabis consumer products in the U.S. and Europe.

MedMen Enterprises Inc. sold its Florida assets to Florida-based **Green Sentry Holdings LLC** for \$83 million in cash. The deal includes the sale of substantially all of MedMen's Florida-based assets, including its license, dispensaries, inventory and cultivation operations. Additionally, MedMen agreed to license its trademarks in the state for two years, subject to termination rights, for a quarterly revenue-based fee.

This acquisition follows MedMen's previous divestment of its New York operations to **Ascend Wellness Holdings** in February 2022.

Green Sentry Holdings LLC is associated with Brady Cobb, an attorney, lobbyist, strategist and consultant based in Florida who focuses his practice in the areas of regulated medical cannabis, federal and state government relations and regulatory matters.



Revecore, a provider of revenue integrity and claims solutions for health systems, announced on August 3 its acquisition of two specialized revenue cycle management (RCM) firms. They include **Kemberton**, based in Franklin,

Tennessee, and **Cura Revenue Cycle Management** (CRCM), based in Tampa, which were acquired for undisclosed prices. Dave Wojczynski, CEO of Revecore, will lead the newly combined entity.

Founded in 2008, Kemberton is a specialized RCM firm that improves complex claims reimbursement. The company serves more than 400 hospitals and processes more than 1 million claims per year.

CRCM is a specialized provider of software-enabled underpayment identification and recovery services to hospitals and health systems nationwide. CRCM solves complex revenue cycle challenges that are often missed by healthcare providers and vendors. Leveraging its proprietary software, CRCM reviews millions of accounts annually and identifies those with actionable underpayments.

Revecore partners with approximately 1,200 hospitals across the U.S. to deliver specialty reimbursement solutions for the most challenging areas of the hospital revenue cycle. Revecore is supported by its institutional shareholders **GrowthCurve Capital**, which completed its acquisition of Revecore in April 2022, and **Riverside Partners**, which continues to be a significant investor in the business alongside GrowthCurve and management.

Upfront, a Chicago-based patient engagement and access platform, acquired **PatientBond**, a digital patient engagement platform, on August 18, creating a single enterprise technology solution to drive patient acquisition and loyalty. PatientBond is based in Salt Lake City, Utah and was founded in 2011. Terms of the deal were not disclosed.

Upfront delivers digital care navigation to improve patient experience, increase necessary visits, reduce no-shows and improve population health performance. Since 2016, Upfront has supported millions of patients through its digital platform, now serving more than 4,000 locations.

Eir Partners, a New York-based private equity firm focused

exclusively on companies operating in the healthcare and healthcare technology marketplace sectors, announced on August 16 the completion of a growth recapitalization of **ClaimLogiq**. Terms of the deal were not disclosed.

ClaimLogiq is a medical claims processing company that provides integrated revenue cycle management (RCM) solutions and electronic transaction processing systems and tools for healthcare providers of all size, including hospitals and physicians.

Founded in 2015, Eir Partners' targeted stages of investment include growth equity through control buyouts. Eir Partners has completed or partnered on over \$4.2 billion in healthcare technology transactions and has been involved with several large health tech companies including **CloudMed**, **Equian**, **Millennia**, **Convey** and others.

The announcement follows ClaimLogiq's acquisition of **SyTrue**, a provider of healthcare natural language processing technology, in July 2022.

Near the end of August, **MindCare Solutions Group, Inc.**, one of the nation's leading telepsychiatry providers, announced the firm's acquisition of **Psych360** for an undisclosed amount. **Stephens, LBMC** and **Waller Law** served as MindCare Solutions' advisors in the transaction.

Psych360 provides mental health solutions to long-term care facilities including skilled nursing homes, assisted living communities and group homes, offering onsite and telepsychiatry services.

Founded in 2015, Psych360 has grown to service nearly 300 communities throughout Ohio, Pennsylvania, West Virginia and Missouri. In the last 12 months, Psych360's providers have conducted more than 85,000 patient encounters.

Founded in 2013, MindCare Solutions is a psychiatric and behavioral telehealth provider, offering 24/7 telepsychiatry to emergency rooms nationally and delivering more than 200,000 telepsychiatry consults

and evaluations annually. MindCare is a portfolio company of WP Global Partners, a Chicago-based private equity firm investing in the lower-middle market.

MEDICAL DEVICES

CONMED Corporation (NYSE: CNMD) announced its acquisition of U.S.-based medical device start-up **Biorez** for \$85 million in cash consideration at closing, and up to an additional \$165 million in growth-based earnout payments over a four-year period, to be financed through the company's existing credit facility. CONMED expects the acquisition to add approximately \$1 million in revenue. The deal closed on August 9, 2022.

Sullivan & Cromwell LLP and **DLA Piper LLP** acted as legal advisors to CONMED. **Canaccord Genuity LLC** acted as financial advisor to Biorez, and **Shipman & Goodwin LLP, Burns & Levinson LLP** and **Latham & Watkins LLP** are serving as legal advisors.

Founded in 2016, Biorez, Inc. is a medical device company focused on advancing the healing of soft tissue using its proprietary BioBrace implant technology.

Founded in 1970, CONMED operates as a medical technology company that provides surgical devices and equipment for minimally invasive procedures serving surgeons and physicians in a variety of specialties, including orthopedics, general surgery, gynecology, thoracic surgery and gastroenterology.

Massachusetts-based **Boston Scientific Corporation** (NYSE: BSX) announced on August 15 its acquisition of **Obsidio, Inc.**, a medical device company headquartered in Columbia, South Carolina, for an undisclosed price. The transaction is expected to be immaterial to Boston Scientific's GAAP and adjusted earnings per share in 2022.

Founded in 2019, Obsidio, Inc. is pioneering an injectable solid biomaterial platform technology with broad applications in interventional radiology and

interventional oncology. The company's first product, Gel Embolic Material (GEM), is used for embolization of blood vessels in the peripheral vasculature.

Boston Scientific develops and manufactures minimally invasive medical devices used in interventional cardiology, cardiac rhythm management, peripheral interventions, electrophysiology, neurovascular intervention, endoscopy, urology and gynecology.

Boston Scientific's revenue for the 12 months ending June 30, 2022 was \$12.3 billion, a 10.12% increase year-over-year.

Teleflex Incorporated's (NYSE: TFX) announced acquisition of **Standard Bariatrics, Inc.** for an upfront cash payment of \$170 million at closing, plus \$130 million in potential commercial milestone payments. The acquisition is expected to close early in the fourth quarter of 2022.

The acquisition of Standard Bariatrics is not expected to contribute meaningfully to Teleflex's revenue for fiscal year 2022. However, for fiscal year 2023, the transaction is expected to contribute between \$30 million and \$35 million of revenue and be approximately \$0.10 to \$0.15 dilutive to adjusted earnings per share. The transaction is expected to be accretive to revenue growth and adjusted EPS thereafter.

Standard Bariatrics develops and offers surgical instruments for weight-loss surgeries. The Titan SGS from Standard Bariatrics addresses needs in sleeve gastrectomy by offering surgeons the longest continuous staple cutline of 23 centimeters.

Teleflex designs, develops, makes and supplies single-use medical devices for common diagnostic and therapeutic procedures in critical care and surgical applications. Teleflex reported an annual revenue of \$2.81 billion in 2021, a 10% increase from 2020 when Teleflex reported \$2.537 billion in revenues.

Deal Summaries: Services**Behavioral Health Care**

TARGET	LISTING	ACQUIRER	LISTING	DATE	PRICE
Action Behavior Centers Austin, TX	Private	Charlesbank Capital Partners Boston, MA	Private	8/17/2022	\$840,000,000

In Brief: Action Behavior Centers provides applied behavior analysis (ABA) therapy services for children on the autism spectrum through its numerous clinics across Texas. The company has more than \$60 million in projected annual adjusted earnings. This is Charlesbank Capital Partners' first investment in the behavioral health care market.

Deal Summaries: Services**Hospitals**

TARGET	LISTING	ACQUIRER	LISTING	DATE	PRICE
Mediclinic International Ltd. Stellenbosch, South Africa	LON: MDC	2 international firms South Africa & Switzerland	JSE: REM Private	8/4/2022	\$7,442,000,000

In Brief: Mediclinic is a diversified international private healthcare services group, founded in South Africa in 1983, with divisions in Switzerland, southern Africa (South Africa and Namibia) and the United Arab Emirates. The company has 74 hospitals, including five subacute hospitals and two mental health facilities, 20 day case clinics and 23 outpatient clinics.

Northwest Specialty Hospital Post Falls, ID	Private	Hammes Partners Milwaukee, WI	Private	8/17/2022	\$67,500,000
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In Brief: Northwest Specialty Hospital consists of a multi-specialty surgical hospital with 32 beds, eight operating rooms, two procedure rooms, two anesthesia recovery units, an endoscopy center and a connected 36,000-square-foot medical office building.

SPANV Medisearch Lifesciences Nagpur, India	Private	Krishna Inst. of Med. Sciences Maharashtra, India	Not-For-Profit	8/30/2022	\$10,040,336
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In Brief: SPANV Medisearch Lifesciences runs a multi-specialty hospital in the name of Kingsway Hospitals, with more than 300 beds. It was started in 2019 by the Sancheti family along with a few top practicing doctors at Nagpur. The top specialties of Kingsway include cardiology, nephrology, urology, orthopedics, pediatrics and oncology.

Deal Summaries: Services**Laboratories, MRI and Dialysis**

TARGET	LISTING	ACQUIRER	LISTING	DATE	PRICE
Oncotype DX GPS test NA	NA	MDxHealth SA Herstal, Belgium	NASDAQ: MDXH	8/2/2022	\$30,000,000

In Brief: Genomic Health, Inc., a subsidiary of Exact Sciences Corporation, is selling assets related to the Oncotype DX GPS (Genomic Prostate Score) test. The deal includes most of its urology sales and marketing professionals.

Curiosity Diagnostics, Sp. Z. o. o. Warsaw, Poland	Private	Bio-Rad Laboratories, Inc. Hercules, CA	NYSE: BIO	8/3/2022	\$100,000,000
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In Brief: Headquartered in Warsaw, Curiosity Diagnostics is a late-stage, pre-commercial platform company in the process of developing a rapid diagnostics PCR system for the molecular diagnostics market. Curiosity Diagnostics will join Bio-Rad's Clinical Diagnostics Group and work together to bring a new generation of rapid PCR systems to market.

TRACE Analytics Braunschweig, Germany	Private	908 Devices Boston, MA	NASDAQ: MASS	8/9/2022	\$15,300,000
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In Brief: Founded in 2003, TRACE Analytics develops online aseptic sampling systems and novel biosensors for bioreactor monitoring and control.

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Deal Summaries: Services**Managed Care**

TARGET	LISTING	ACQUIRER	LISTING	DATE	PRICE
Reserve National Insurance Co. Oklahoma City, OK	Private	Medical Mutual of Ohio Cleveland, OH	Private	8/1/2022	\$90,000,000

In Brief: Reserve National is based in Oklahoma City and sells accident and health insurance products in both the individual and group markets with written premiums of more than \$170 million in 2021.

Maestro Health Chicago, IL	Private	Marpai Health, Inc. Tampa, FL	Private	8/4/2022	\$22,100,000
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In Brief: Maestro Health, a health and benefits company, delivers a platform that serves employers, employees, brokers and carriers. It employs more than 25,000 people. Maestro has more than 80 customers in more than 40 states with a 93% client retention rate. The company previously received growth capital financing from lead investor Oak HC/FT and SV Health Investors.

Deal Summaries: Services**Rehabilitation**

TARGET	LISTING	ACQUIRER	LISTING	DATE	PRICE
The Escondido IRF Escondido, CA	Private	Sila Realty Trust, Inc. Tampa, FL	Private	8/8/2022	\$63,400,000

In Brief: The Escondido IRF, known locally as the Palomar Health Rehabilitation Institute, is an inpatient rehabilitation hospital located on 4.1 acres in the San Diego-Carlsbad MSA. The building has 56,000 rentable square feet and 52 beds and is fully leased to Palomar Health Rehabilitation Institute. A joint venture between Harrison Street and Pacific Medical Buildings developed the property.

Deal Summaries: Services				Other Services	
TARGET	LISTING	ACQUIRER	LISTING	DATE	PRICE
Phoenix, Arizona MOB Pheonix, AZ	NA	Undisclosed non-profit NA	NA	8/1/2022	\$1,800,000
In Brief: The 15,750-square-foot medical office building that was built in 1991 houses individual clinical spaces and a community training room. The price was \$114 per square foot.					
Toledo, Ohio MOB Toledo, OH	NA	Global Medical REIT Inc. Bethesda, MD	NYSE: GMRE	8/3/2022	\$17,200,000
In Brief: The portfolio is in Toledo, Ohio, and consists of three buildings. The Regency Medical Campus features a surgery center, exam rooms, numerous physician and patient amenities, waiting areas and treatment areas. The price is \$155 per square foot.					
Fullerton Health Corporation Ltd. Singapore	Private	RRJ Capital Hong Kong	Private	8/4/2022	\$284,700,000
In Brief: Fullerton Health is a vertically integrated healthcare provider that offers services in managed care and network management, primary care, diagnostics, specialty and ancillary care. It owns over 550 facilities and has more than 6,000 employees.					
Cape Coral, Florida MOB Cape Coral, FL	NA	2609 Santa Barbara Blvd LLC Hollywood, FL	Private	8/4/2022	\$5,100,000
In Brief: The 7,000-square-foot building is occupied by Aspen Dental and MD Now Urgent Care. The price is \$728 per square foot.					
Metrics Contract Services Greenville, NC	Private	Catalent, Inc. Somerset, NJ	NYSE: CTLT	8/9/2022	\$475,000,000
In Brief: Metrics Contract Services is a specialty contract development and manufacturing organization (CDMO) with a 333,000-square-foot facility in Greenville, North Carolina. It was founded in 1994.					
Pleasanton, CA MOB Pleasanton, CA	NA	Welltower Inc. Toledo, OH	NYSE: WELL	8/9/2022	\$35,000,000
In Brief: A medical office building in Pleasanton, California, is being acquired. The property has approximately 93,000 rentable square feet and is 90% leased. The price is \$376 per square foot.					
Vestavia Hills, Alabama MOB Vestavia Hills, AL	NA	Dallas-based investor Dallas, TX	NA	8/9/2022	\$27,160,000
In Brief: Swaid Vestavia Medical Center is a multi-specialty medical office facility located in Vestavia Hills, Alabama. The new facility spans 40,000 square feet and consists of an ambulatory surgery center and medical office space. The price is \$679 per square foot					
Cleveland, Ohio MOB Cleveland, OH	NA	MDC Coastal 27 LLC Wilmington, DE	Private	8/12/2022	\$5,200,000
In Brief: A 10,000-square-foot medical office building housing The Fresenius Kidney Care clinic is being acquired for \$520 per square foot.					
Naperville, Illinois ASC Naperville, IL	NA	Undisclosed buyer NA	Private	8/15/2022	\$15,200,000
In Brief: The 19,900-square-foot facility, built in 2008, is occupied by Suburban Gastroenterology, Ltd. and Midwest Endoscopy Center, LLC, a four-operating-room ambulatory surgery center. The price was \$764 per square foot.					

Deal Summaries: Services Other Services (cont'd)

TARGET	LISTING	ACQUIRER	LISTING	DATE	PRICE
Little Rock, Arkansas ASC Little Rock, AR	NA	Ryan Properties Minneapolis, MN	Private	8/29/2022	\$4,020,000

In Brief: The 9,969-square-foot ASC property was previously purchased in August 2020 for \$3.2 million by Stage Equity Partners. The price was \$403 per square foot.

Raleigh, North Carolina MOB Raleigh, NC	NA	Healthcare Realty Trust Nashville, TN	NYSE: HR	8/30/2022	\$11,300,000
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In Brief: The facility was purchased in 2019 for \$6.1 million, or \$193 per-square-foot. It is selling this time for nearly \$359 per square foot.

Deal Summaries: Technology Biotechnology & Pharmaceuticals

TARGET	LISTING	ACQUIRER	LISTING	DATE	PRICE
ChemoCentryx, Inc. San Carlos, CA	NASDAQ: CCXI	Amgen Inc. Thousand Oaks, CA	NASDAQ: AMGN	8/4/2022	\$3,700,000,000

In Brief: ChemoCentryx, Inc. is a biopharmaceutical company focused on orally administered therapeutics to treat autoimmune diseases, inflammatory disorders and cancer. The acquisition allows Amgen to leverage ChemoCentryx's newly FDA-approved drug Tavneos (used to treat ANCA-associated vasculitis) to strengthen its inflammation and nephrology portfolio. The deal is expected to close in Q4:22.

MiroBio Ltd Oxford, United Kingdom	Private	Gilead Sciences, Inc. Foster City, CA	NASDAQ: GILD	8/4/2022	\$405,000,000
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In Brief: MiroBio is a clinical-stage biotechnology company that develops new classes of therapeutic agents and checkpoint agonist antibodies to restore immune balance in autoimmune patients. MiroBio developed I-ReStoRE, a proprietary discovery platform.

Celltrion USA Jersey City, NJ	Private	Celltrion Healthcare Incheon, South Korea	KOSDAQ: 091990	8/5/2022	\$13,800,000
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In Brief: Founded in 2018, Celltrion USA operates as a wholly owned subsidiary of Celltrion, responsible for the parent company's entry into the U.S. chemical drug market. The company has been building its supply networks mainly for generic drugs, acquiring the license to sell products including COVID-19 detection kits across the country.

Global Blood Therapeutics, Inc. San Francisco, CA	NASDAQ: GBT	Pfizer Inc. New York, NY	NYSE: PFE	8/8/2022	\$5,400,000,000
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In Brief: Founded in 2011, Global Blood Therapeutics, Inc. is a biopharmaceutical company dedicated to the discovery, development and delivery of treatments for underserved patient communities, starting with sickle cell disease (SCD).

Four 20 Pharma GmbH Paderborn, Germany	Private	Curaleaf Holdings, Inc. Wakefield, MA	CSE: CURA	8/9/2022	\$20,000,000
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In Brief: Founded in 2018, Four 20 Pharma is an EU-GMP and GDP-licensed German producer and distributor of medical cannabis with its own product line and more than a 10% market share.

Aerie Pharmaceuticals, Inc. Durham, NC	NASDAQ: AERI	Alcon Fort Worth, TX	NYSE: ALC	8/22/2022	\$770,000,000
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In Brief: Aerie Pharmaceuticals, Inc. is a pharmaceutical company focused on the discovery, development, manufacturing and commercialization of ophthalmic therapies.

Deal Summaries: Technology

Biotechnology & Pharmaceuticals (cont'd)

TARGET	LISTING	ACQUIRER	LISTING	DATE	PRICE
MedMen Enterprises' FL operations FL	NA	Green Sentry Holdings LLC Fort Lauderdale, FL	Private	8/25/2022	\$67,000,000

In Brief: MedMen Enterprises is selling its Florida operations, including its medical-marijuana license, dispensaries and cultivation operations. Additionally, MedMen agreed to license its trademarks in the state for two years, subject to termination rights, for a quarterly revenue-based fee.

Diurnal Group PLC Cardiff, United Kingdom	LON: DNL	Neurocrine Biosciences, Inc. San Diego, CA	NASDAQ: NBIX	8/30/2022	\$56,500,000
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In Brief: Founded in 2004, Diurnal Group is a specialty pharmaceutical company working on hormone therapeutics to treat rare and chronic endocrine conditions. The company has a pipeline of candidates to treat hypogonadism, hypothyroidism and other endocrine disorders.

Ocean Biomedical, Inc. Providence, RI	Private	Aesther Healthcare Acq. Corp. New York, NY	NASDAQ: AEHA	8/31/2022	\$345,000,000
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In Brief: Ocean Biomedical, Inc. is a biopharma company originally spun off from a Brown University bioscience project. The company aims to accelerate the development and commercialization of assets developed by universities and medical centers. Ocean Biomedical is developing five candidates for the treatment of lung cancer, brain cancer, pulmonary fibrosis and the prevention and treatment of malaria.

Deal Summaries: Technology

eHealth

TARGET	LISTING	ACQUIRER	LISTING	DATE	PRICE
KetaMD, Inc. Miami Beach, FL	Private	Braxia Scientific Corp. Toronto, Ontario	OTC: BRAXF	8/3/2022	\$6,262,902

In Brief: KetaMD is a HIPAA-compliant telemedicine platform providing at-home medical ketamine treatments. KetaMD is an alternative to conventional mental health treatments to relieve depression, anxiety and related mental health challenges.

Pilloxa AB Stockholm, Sweden	Private	iZafe Group Stockholm, Sweden	STO: IZAFE-B	8/23/2022	\$2,800,000
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In Brief: Pilloxa is a Swedish company that develops apps for patients to support them in adherence to their treatment and to connect patients, healthcare providers and the pharmaceutical industry. The company developed digital medication dispenser Dosell which reduces the risk of incorrect medication.

Deal Summaries: Technology

Medical Devices

TARGET	LISTING	ACQUIRER	LISTING	DATE	PRICE
Standard Bariatrics Cincinnati, OH	Private	Teleflex Incorporated Wayne, PA	NYSE: TFX	8/22/2022	\$170,000,000

In Brief: Standard Bariatrics is a medical device company that develops and offers surgical instruments for weight-loss surgeries. The Titan SGS from Standard Bariatrics addresses needs in sleeve gastrectomy by offering surgeons a continuous staple cutline of 23 centimeters.

Biorez, Inc. New Haven, CT	Private	CONMED Corporation Utica, NY	NASDAQ: CNMD	8/1/2022	\$85,000,000
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In Brief: Founded in 2016, Biorez, Inc. is a medical device company focused on advancing the healing of soft tissue using its proprietary BioBrace implant technology.

Additional Transactions			Services
SECTOR	TARGET	ACQUIRER	DATE
BEHAVIORAL HEALTH CARE	Column Health	BrightView Health	8/4/2022
	Brookdale Premier Addiction Recovery	Discovery Behavioral Health	8/10/2022
	The Incredible Years	Empower Community Care	8/10/2022
	Healthcare RM	HCML	8/11/2022
	Southeast Psych	ARC Health	8/17/2022
	Springstone	LifePoint Health	8/29/2022
HOME HEALTH & HOSPICE	Genesis House	United Recovery Project	8/30/2022
	Corpore Sano Hospice	St. Croix Hospice LLC	8/1/2022
	National Home Healthcare	Care Advantage, Inc.	8/2/2022
	Freedom Medical Inc.	US Med-Equip	8/6/2022
	Three Rivers Home Health	LHC Group Inc.	8/16/2022
	Ardent Hospice and Palliative Care	The Pennant Group, Inc.	8/16/2022
	Advanced Healthcare Services	InHome Therapy	8/18/2022
	Focus Forward Skilled Care, LLC	Sonas Home Health Care	8/22/2022
	8 BrightStar Care locations	BrightStar Care	8/23/2022
	GrayCare	Waverly Heights	8/26/2022
	2 Hospices	Residential Hospice	8/29/2022
HOSPITALS	Chestnut Hill Hospital	3 health systems	8/8/2022
	Sahyadri Hospitals Group	Ontario Teachers Pension Plan Bd.	8/16/2022
LABORATORIES, MRI & DIALYSIS	Dascena Labs, LLC	Cirrus Dx, Inc.	8/3/2022
	D&S Dental Laboratory	Frontier Dental Lab Group	8/8/2022
	Rapidix	Orange Health	8/10/2022
	PenRad Technologies, Inc.	Intelerad Medical Systems	8/16/2022
	Antigua Medical Services, LLC	MD Office Solutions	8/17/2022
	HBT Labs, Inc.	American Regent, Inc.	8/17/2022
	TechLab, Inc.	SSI Diagnostica	8/22/2022
	clinical outreach lab business	Labcorp	8/23/2022
	2 diagnostic providers	Prestige Medical Imaging	8/25/2022
	Interpace Pharma Solutions	Flagship Biosciences LLC	8/31/2022
	MANAGED CARE	National Health Plans & Benefits Agency	BRP Group
Trustmark Health Benefits		Health Care Service Corporation	8/11/2022
Inclusa, Inc.		Humana Inc.	8/12/2022
KS Plan Administrators		UnitedHealth Group	8/12/2022
MDAdvantage Holdings, Inc.		MagMutual Insurance Company	8/15/2022
2 managed care companies		Premier Choice Healthcare Ltd	8/24/2022
PHYSICIAN MEDICAL GROUPS	Glacial Lakes Orthopaedics	Prairie Lakes Healthcare System	8/1/2022
	The Centre for Repr. and Genetic Health	FutureLife	8/2/2022
	Foot & Ankle Specialists of Central PA, PC	U.S. Foot & Ankle Specialists LLC	8/2/2022
	Carolina Cardiology Associates	Cardiovascular Assoc. of America	8/2/2022
	Regional Eye Center	Unifeye Vision Partners	8/2/2022
	Los Angeles Reproductive Center	Ivy Fertility	8/2/2022
	Berro Orthodontics	Bond Orthodontic Partners	8/2/2022
	Hanji Dental Group	Riverdale Healthcare	8/2/2022
	5 dental practices	MB2 Dental Solutions	8/2/2022
	Center for Reproductive Care	Pinnacle Fertility	8/4/2022
	2 women's health practices	Women's Care Enterprises	8/4/2022
	Gastroenterology, Ltd. of Virginia Beach	Capital Digestive Care	8/5/2022
	The Retina Eye Center	Retina Consultants of America	8/8/2022
	Dill Family Dentistry	Signet Leadership	8/8/2022
	Boulder Eyes/Beyer LASIK	Panorama Eyecare	8/9/2022
	West Chester Pediatrics	Cincinnati Children's Hospital	8/11/2022
	Dental Care New Jersey	2 dental MSOs	8/12/2022
	2 dental practices	Guardian Dentistry Partners	8/15/2022
	2 orthodontic practices	Bond Orthodontic Partners	8/16/2022

Additional Transactions		Services (cont'd)		
SECTOR	TARGET	ACQUIRER	DATE	
PHYSICIAN MEDICAL GROUPS	Austin Retina Associates	Retina Consultants of America	8/16/2022	
	Tri-County Medical, PC	Mohawk Valley Health System	8/16/2022	
	Meadow Place Dental	Smile Brands Inc.	8/17/2022	
	Bienville Orthopaedic Specialists	U.S. Orthopaedic Partners	8/18/2022	
	The Whetstone Medical Clinic	Fairfield Healthcare Professionals	8/18/2022	
	Paradise Valley Foot & Ankle, LLC	Pacesetter Health	8/22/2022	
	Seidenberg Protzko Eye Associates	Prism Vision Group	8/22/2022	
	The practice of Jeff Montgomery DDS	MB2 Dental Solutions	8/22/2022	
	Solomon Orthodontics	MB2 Dental Solutions	8/22/2022	
	Highland Creek Family Dental	MB2 Dental Solutions	8/22/2022	
	Garris Dental Care	Oakpoint	8/22/2022	
	Oral and Facial Surgeons of Michigan	U.S. Oral Surgery Management	8/23/2022	
	The Wilsonville Foot Health Center	Northwest Extremity Specialists	8/23/2022	
	NY Vision Group	OCLI Vision	8/23/2022	
	The Institute for Repr. Medicine & Science	CCRM Fertility	8/23/2022	
	Adams & Cheek Dentistry	Guardian Dentistry Partners	8/25/2022	
	Whispering Ridge Family Dentistry	MB2 Dental Solutions	8/29/2022	
	Pahrump Cardiology & Family Practice	P3 Health Partners-Nevada, LLC	8/29/2022	
	Lombardi Dental	MB2 Dental Solutions	8/29/2022	
	MY DR NOW	Kain Capital LLC	8/30/2022	
	2 OB/GYN practices	Together Women's Health	8/30/2022	
	Greenwich Ophthalmology Associates	ReFocus Eye Health	8/30/2022	
	Signature Dental Group	Great Lakes Dental Partners	8/30/2022	
	Erickson Oral & Maxillofacial Surgery	U.S. Oral Surgery Management	8/30/2022	
	Florida Dental Centers	Dental Care Alliance, LLC	8/31/2022	
	REHABILITATION	Fort Worth Physical Therapy	H2 Health	8/8/2022
		Interlude Restorative Suites	Allina Health	8/25/2022
		ONR	EmpowerMe Wellness	8/30/2022
	OTHER SERVICES	Barton & Associates Inc.	H.I.G. Capital	8/1/2022
		Frontage Clinical Services Inc.	Frontage Laboratories, Inc.	8/2/2022
		Premier Physician Support Services, LLC	Pine Tree Equity	8/2/2022
		Lithia, Florida MOB	Montecito Medical Real Estate	8/3/2022
		Montgomery DME	Incline Equity Partners	8/4/2022
Lykan Bioscience Holdings, LLC		RoslinCT	8/4/2022	
Las Vegas, Nevada MOB		Montecito Medical Real Estate	8/5/2022	
Invictus Clinics, LLC		Irwin Naturals Inc.	8/8/2022	
Matrix Clinical Trials		Emvenio Research	8/8/2022	
ToothFairy LP		Cloud 9 Software	8/9/2022	
Bomi Group		UPS	8/9/2022	
MOB portfolio in Kentucky and Indiana		Montecito Medical Real Estate	8/9/2022	
Sannova Analytical, Inc.		SFW Capital Partners	8/10/2022	
Hackettstown, New Jersey MOB		2 real estate firms	8/11/2022	
atria health		Cypress Ridge Capital	8/11/2022	
LivWell Infusions		Frontline Healthcare Partners	8/16/2022	
Bethlehem, Pennsylvania MOB		Montecito Medical Real Estate	8/16/2022	
Performance Health Surgery Center		HCA Healthcare	8/18/2022	
Tapemark Inc.		LTS LOHMANN Therapie-Systeme AG	8/22/2022	
Calgary, Alberta MOB		Harrison Street	8/22/2022	
LumaBridge		Summit Partners	8/23/2022	
4-building MOB portfolio in California		CBRE Investment Management	8/23/2022	
Oro Valley, Arizona MOB		Montecito Medical Real Estate	8/23/2022	
4-building MOB portfolio		Montecito Medical Real Estate	8/25/2022	
2 Lake Charles, Louisiana MOBs		Montecito Medical Real Estate	8/25/2022	
13 medical office building portfolio		2 real estate investment firms	8/26/2022	



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Additional Transactions			Services (cont'd)
SECTOR	TARGET	ACQUIRER	DATE
OTHER SERVICES	Wentzville, Missouri ASC	Orthopedic Care Partners	8/29/2022
	AcuraBio	2 investors	8/30/2022

Additional Transactions			Technology
SECTOR	TARGET	ACQUIRER	DATE
BIOTECH & PHARMA	Stealth BioTherapeutics Corp.	Stealth Parent Limited	8/1/2022
	Cypex	BioIVT	8/8/2022
	Disc Medicine, Inc.	Gemini Therapeutics, Inc.	8/10/2022
	Captura Biopharma	OceanTech Acquisitions I Corp.	8/10/2022
	Ohio Patient Access LLC	Ascend Wellness Holdings	8/15/2022
	Akili Interactive	Social Capital Suvretta Hold. Corp. I	8/19/2022
eHEALTH	WellSpring Consumer Healthcare	Avista Capital Partners	8/23/2022
	Payer Compass	Zelis Healthcare	8/1/2022
	Safe & Reliable Healthcare	Vizient, Inc.	8/1/2022
	mementor	ResMed Inc.	8/2/2022
	Avinty	Main Capital Partners	8/2/2022
	2 RCM providers	Revecore Technologies	8/3/2022
	2 RCM providers	Veritas Capital	8/4/2022
	CORE Analytics	Netsmart Technologies	8/8/2022
	Diameter Health	Availity LLC	8/9/2022
	QSiDental	Planet DDS	8/11/2022
	SyMed Corporation	Cosentus Business Services	8/12/2022
	OrboGraph	Revenue Management Solutions	8/15/2022
	Pharmaspectra	Listed, trade buyer	8/15/2022
	ClaimLogiq	Eir Partners LLC	8/16/2022
	Trulla	SpendMend, LLC	8/16/2022
	MediMatrix	ASG	8/18/2022
	PatientBond, LLC	Upfront	8/18/2022
	Health eFilings	Alpha II LLC	8/18/2022
	ECS Billing & Consulting North	ACU-Serve Corp.	8/22/2022
	Competitive Health	Recuro Health	8/22/2022
	Panacea Healthcare Solutions Inc.	The Firmament Group	8/23/2022
	2 RCM providers	Panacea Healthcare Solutions Inc.	8/23/2022
	Ciox Health's Legacy Real World Data Team	Target RWE	8/24/2022
	Psych360	MindCare Solutions	8/29/2022
	Occam Technologies	ESO Solutions	8/31/2022
	WellSpring Consumer Healthcare	Avista Capital Partners	8/23/2022
	MEDICAL DEVICES	Ethitech Diabetes	VitalAire Corporation
Freedom Medical Inc.		US Med-Equip	8/2/2022
Obsidio, Inc.		Boston Scientific Corp.	8/15/2022
Mi Healthcare		Probo Medical	8/15/2022
InnAVasc Medical		W.L. Gore & Associates, Inc.	8/22/2022

The August Slump

A Slight Slowdown, But Nothing to Worry Over

During August there were 226 deals across the healthcare and long-term care industry, a 13% decrease from July 2022, which had 259 deals. However, not all is gloomy as deal totals were 12% higher than August 2021 when there were 202 healthcare/long term care deals announced. After the busy first and second quarters, peaking at 361 transactions in January of this year, the third quarter seems to be more of a steady trickle of transactions as dealmakers return to a normal pace.

The busiest sector during August was Physician Medical Groups (PMGs), which saw 45 reported deals, encompassing 20% of the monthly deal volume across all sectors. Dental was the most active subsector with 18

deals, accounting for 40% of the monthly PMG market. The second most active subsector was Ophthalmology with six deals, making up 13% of the PMG market. The busiest acquirer in the PMG space was MB2 Dental, which saw six deals announced. Other active acquirers included **Bond Orthodontic Partners, Guardian Dentistry, Retina Consultants of America, U.S. Oral Surgery Management** and **Women's Care Enterprises**, which each saw two transactions announced.

Another busy sector during August was Other Services, which had 39 announced transactions across a wide range of subsectors, including medical office buildings (MOBs), clinical trials, ambulatory surgery centers (ASC), health clinics, healthcare staffing, contract research organizations (CROs) and more. Transactions in the Other Services sector accounted for approximately 17% of all deals announced during August 2022. The busiest Other

Deal Volume, August 2022 vs. July 2022 and August 2021

	August 2022 Deals	Share of total	July 2022 Deals	Change	August 2021 Deals	Change
Services						
Behavioral Health Care	8	4%	11	-27%	7	14%
Home Health & Hospice	10	5%	6	67%	16	-38%
Hospitals	5	2%	7	-29%	5	0%
Labs, MRI & Dialysis	13	6%	9	44%	9	44%
Long-Term Care	39	18%	36	8%	37	5%
Managed Care	8	4%	8	0%	4	100%
Physician Medical Groups	45	20%	60	-25%	27	67%
Rehabilitation	4	2%	8	-50%	6	-33%
Other Services	39	18%	46	-15%	40	-3%
Services subtotal	171	77%	191	-10%	151	13%
Technology						
Biotech & Pharma	16	7%	24	-33%	17	-6%
eHealth	27	12%	23	17%	25	8%
Medical Devices	7	3%	12	-42%	12	-42%
Technology subtotal	50	23%	59	-15%	48	4%
Grand total	221	100%	250	-12%	198	12%

Source: LevinPro, September 2022

Services subsector during August was MOB's with 18 announced transactions, and disclosed totals of \$102.76 million and 1.67 million square feet. Active subsectors within the Other Services sector were ASCs, CROs and CDMOs, each with four announced transactions.

One of the largest acquirers in the Other Services sector during August was **Montecito Medical**, which announced seven acquisitions during the month. Montecito acquired a total of 178,793 square feet of medical real estate during August.

The breakout sector of the month was Home Health & Hospice, which jumped 67% from six deals in July to 10 publicly announced transactions during August. Some other rising sectors were Labs, MRI & Dialysis, which rose 44% from nine deals in July to 13 announced in August, and eHealth, which rose from 23 deals during July to 27

announced transactions during August, a 17% increase.

Other sectors experienced significant declines in their deal totals. Rehabilitation fell from eight deals during July to just four announced transactions during August, a 50% decline. Medical Devices also experienced a drop, going from 12 deals during July to seven announced during August.

Although there was a drop in deal totals during August across many sectors, activity was still strong, surpassing August 2021 in deal volume. Additionally, August deal values were 38% higher than July 2022, coming in at \$22 billion in announced spending. Even with a minor slowdown, the market seems to be healthy with money to spend.

Deal Value, August 2022 vs. July 2022 and August 2021

	August 2022 Deal Value	Share of total	July 2022 Deal Value	Change	August 2021 Deal Value	Change
Services						
Behavioral Health Care	\$840,000,000	1%	\$725,000,000	16%	\$0	#DIV/0!
Home Health & Hospice	\$0	0%	\$51,800,000	-100%	\$66,625,000	-100%
Hospitals	\$7,519,540,336	6%	\$0	0%	\$75,000,000	9926%
Labs, MRI & Dialysis	\$1,530,000,000	1%	\$1,530,000,000	0%	\$426,700,000	259%
Long-Term Care	\$1,193,850,000	1%	\$188,383,000	534%	\$748,172,000	60%
Managed Care	\$112,100,000	0%	\$5,576,500,000	-98%	\$900,000,000	-88%
Physician Medical Groups	\$0	0%	\$1,210,000	-100%	\$5,724,950	-100%
Rehabilitation	\$63,400,000	0%	\$1,301,200,000	-95%	\$0	#DIV/0!
Other Services	\$887,180,000	1%	\$4,316,444,000	-79%	\$952,877,000	-7%
Services subtotal	\$12,146,070,336	10%	\$13,690,537,000	-11%	\$3,175,098,950	283%
Technology						
Biotech & Pharma	\$107,773,000,000	90%	\$2,241,420,000	4708%	\$9,283,800,000	1061%
eHealth	\$9,062,902	0%	\$6,300,000	44%	\$7,649,725,000	-100%
Medical Devices	\$255,000,000	0%	\$7,400,000	3346%	\$2,923,700,000	-91%
Technology subtotal	\$108,037,062,902	90%	\$2,255,120,000	4691%	\$19,857,225,000	444%
Grand total	\$120,183,133,238	100%	\$15,945,657,000	654%	\$23,032,323,950	422%

Source: Source: LevinPro, September 2022