

Market Update

Consolidation in the highly fragmented veterinary services markets continued at a strong pace in the third quarter of 2016, led by private equity-backed veterinary practice management companies that aim to create multi-state networks of veterinary hospitals and clinics. Among the active consolidators were Southern Veterinary Partners (backed by Shore Capital Partners), Innovetive PetCare (backed by Prospect Partners), VetCor (backed by Harvest Partners and Cressey & Co.), and Community Veterinary Partners (backed by Cortec Group). Provident expects all of the aforementioned strategic consolidators, and others, to remain aggressive in their acquisition strategies as many DVMs continue to reach retirement age and others seek out the practice management benefits that these groups offer. In addition to expansion by strategic groups, two new veterinary platform investments were completed by private equity firms in the third quarter, with Morgan Stanley Global Private Equity and Pamlico Capital closing transactions in the sector with Pathway Partners Vet Holding LLC and Veterinary Practice Partners, respectively.

SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
September 2016	Southern Veterinary Partners	Herschel Animal Clinic & Horn Lake Animal Hospital	Southern Veterinary Partners (SVP), a portfolio company of Shore Capital Partners, has added two locations to its growing network of veterinary clinics and hospitals in the Southern United States. Horn Lake Animal Hospital marks SVP's entrance into Mississippi and also the Company's first 24/7 emergency veterinary hospital. Through these acquisitions, SVP now has 15 animal hospitals across six states.
September 2016	Innovetive PetCare	Crossroads Pet Hospital & Chisholm Trail Veterinary Clinic, PC	Innovetive PetCare, an owner and operator of veterinary clinics and portfolio company of private equity firm Prospect Partners, has acquired Crossroads Pet Hospital and Chisholm Trail Veterinary Clinic, PC. Through these acquisitions, Innovetive Petcare adds five new locations in Texas and expands its presence in the greater Dallas area.
September 2016	VetCor	West Allis Animal Hospital & Bellwood Animal Hospital	VetCor, backed by private equity firms Harvest Partners and Cressey & Co., has acquired West Allis Animal Hospital and Bellwood Animal Hospital, which represent its 184 th and 185 th hospital partnerships.
August 2016	Pamlico Capital	Veterinary Practice Partners	Pamlico Capital, a North Carolina-based private equity firm, has announced an investment into Veterinary Practice Partners (VPP). VPP was previously a portfolio company of Deerfield Management Company, which helped grow VPP into 22 clinics across 9 states.
August 2016	Community Veterinary Partners	Crossroads Animal Care Center & Great Falls Animal Hospital	Community Veterinary Partners, backed by private equity firm Cortec Group, has entered the state of Virginia through the acquisitions of Crossroads Animal Care Center and Great Falls Animal Hospital.
August 2016	Southern Veterinary Partners	Memphis Animal Clinic	Southern Veterinary Partners (SVP) has added Memphis Animal Clinic to its network of veterinary hospitals. Backed by private equity firm Shore Capital Partners, SVP now operates four hospitals in Tennessee.
August 2016	Community Veterinary Partners	Greenfields Veterinary Associates	Community Veterinary Partners, a veterinary practice management company, has expanded its network of veterinary hospitals through the acquisition of New Jersey-based Greenfields Veterinary Associates.
August 2016	Morgan Stanley Global Private Equity	Pathway Partners Vet Holding LLC	Morgan Stanley Global Private Equity has invested in Austin, TX-based Pathway Partners Vet Holding LLC, an operator of veterinary practices with 35 clinics in 9 states throughout the U.S.