

Q3-2016 Rehabilitation Update



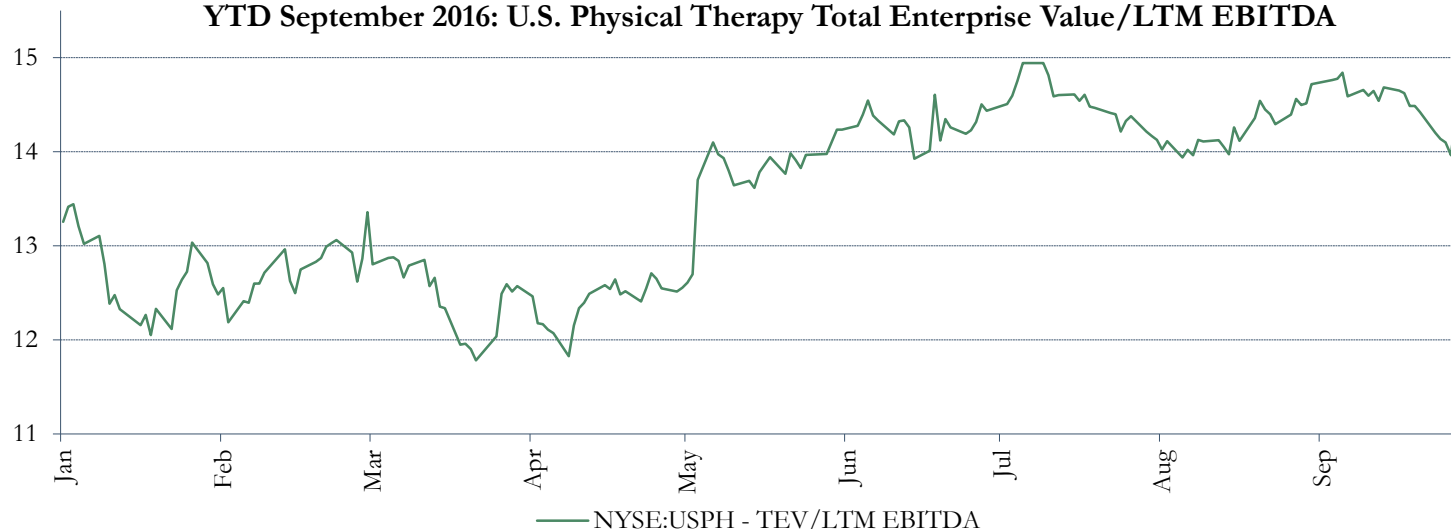
Market Overview

After a busy first half of the year in the rehabilitation sector with 17 deals, completed transactions in the third quarter were limited to five announced acquisitions. The most notable transaction of the quarter was Gryphon Investors' recapitalization of CORA Health Services ("CORA"), a top 10 provider nationally of outpatient PT services. With over 100 locations, CORA was one of few organizations able to achieve significant scale in the physical therapy sector prior to receiving its first institutional capital.

Gryphon is the second private equity firm to exit an investment in outpatient physical therapy and reenter the market through another platform investment, a strategy that has been utilized more commonly among investors within the dental practice management sector. KRG Capital Partners is the other group, exiting ATI Physical Therapy in 2010 and reinvesting into the Company in 2012. Gryphon Investor's initial success in the PT market started in 2008 with its investment in Accelerated Rehabilitation Centers when the organization had 110 centers in six states. Over three years, Gryphon helped grow Accelerated to 223 clinics in eight states, tripling EBITDA through six acquisitions and 36 de novo clinics. Gryphon exited their position to OMERS Private Equity in 2011 and is looking for repeat success with CORA as its platform.

Looking forward, strong industry valuation multiples will continue to drive the widespread consolidation the sector has been seeing.

YTD September 2016: U.S. Physical Therapy Total Enterprise Value/LTM EBITDA



Month	Acquirer	Target Company	Details
Sept 2016	Professional Physical Therapy	Sports Training Physical Therapy	Professional Physical Therapy acquired Sports Training Physical Therapy, adding nine new locations in New Jersey. Professional now has 31 locations in New Jersey and 98 total clinics.
Aug 2016	PHOENIX Rehabilitation and Health Services	The Physical Therapy Connection	PHOENIX Rehabilitation and Health Services, a portfolio company of 3 Rivers Capital, expanded into Delaware through the acquisition of The Physical Therapy Connection, a one clinic practice.
July 2016	Professional Physical Therapy	Achieve Sports Medicine & Rehab, PRO Physical Therapy	Great Point Partners backed Professional Physical Therapy completed its sixth and seventh tuck-in acquisitions of the year through the additions of Achieve Sports Medicine & Rehab and PRO Physical Therapy. The deals add three new clinics in New Jersey.
July 2016	ATI Physical Therapy	The KOR Physical Therapy	ATI Physical Therapy added three new clinics in Oregon through the acquisition of The KOR Physical Therapy. This is ATI's fourth acquisition in the state.
July 2016	Gryphon Investors	CORA Health Services	Gryphon Investors recapitalized CORA Health Services ("CORA"). CORA operates with over 100 clinics in the Southeast. Financial terms of the deal were not disclosed.