

Q4-2016 Behavioral Health Update



Market Overview

In the fourth quarter of 2016, consolidation activity in the behavioral healthcare sector remained robust as both financial sponsors and private equity backed strategies were actively acquiring treatment providers to diversify their platforms' service offerings and expand into new geographies. Two notable transactions included The Riverside Company's platform acquisition of Lakeview Health and Promises Treatment Centers', a portfolio company of Frazier Healthcare, acquisition of The Sundance Center. Provident anticipates consolidation activity to continue into 2017 as competition to acquire industry leading providers increases with the broadening buyer landscape.

Select Transactions

Month	Acquirer	Target Company	Details
December 2016	The Riverside Company	Lakeview Health	The Riverside Company, a New-York based private equity firm, acquired Lakeview Health, an operator of two behavioral health treatment facilities in the Jacksonville market. Riverside plans to deploy its capital to complete add-on acquisitions in the Florida market. Financial terms of the deal were not disclosed.
December 2016	Odyssey Behavioral Healthcare / Nautic Partners	Magnolia Creek Treatment Center	Odyssey Behavioral Healthcare, a Tennessee-based platform company of Nautic Partners, acquired Magnolia Creek Treatment Center for Women, an eating disorder treatment facility in Alabama. This acquisition allows Odyssey to integrate eating disorder treatment options within its existing outpatient facilities. Financial terms of the deal were not disclosed.
November 2016	Seaside Healthcare / Pharos Capital	Pride In North Carolina	Seaside Healthcare, a Louisiana-based portfolio company of Pharos Capital, acquired Pride In North Carolina, a private community-based mental health provider. Through this acquisition, Seaside Healthcare expands into the North Carolina market where it will operate Pride's 12 clinic locations. Financial terms of the deal were not disclosed.
November 2016	Promises Treatment Centers / Frazier Healthcare	The Sundance Center	Promises Treatment Centers, a subsidiary of Frazier Healthcare's portfolio company Elements Behavioral Health, acquired The Sundance Center, an addiction and mental health disorder treatment facility in Scottsdale, Arizona. The Sundance Center will be rebranded as Promises Scottsdale. The deal expands Elements Behavioral Health's market coverage to 9 states. Financial terms of the deal were not disclosed.
November 2016	LLR Partners	SUN Behavioral Health	SUN Behavioral Health, a national operator of freestanding psychiatric hospitals, received a \$34 million growth capital investment led by LLR Partners. The capital injection will enable SUN Behavioral Health to open additional freestanding facilities and acquire smaller operators in underserved geographies.
October 2016	BC Partners	Priory Group	BC Partners, a European private equity firm, announced its acquisition of 22 mental health hospitals from Priory Group, a subsidiary of publicly-traded Acadia Healthcare, for a purchase price of \$390 million. This acquisition serves as BC Partners entrance into the mental health services sector. They plan to acquire additional hospitals throughout the UK.