



H2C CLIENT TRANSACTIONS

Hicks Ventures' Sale of National IRF Portfolio Led by H2C



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— Larry Vaile
Principal/Director of the
Healthcare Group at Hicks Ventures



NEW YORK — February 17, 2021 — H2C, a healthcare-focused strategic advisory and investment banking firm, served as the exclusive financial advisor to Hicks Ventures, a privately held development company, on its disposition of three absolute triple-net-leased inpatient rehabilitation facilities ("IRFs") for \$86.8 million.



The Portfolio consisted of three state-of-the-art, 57,000-square-foot IRFs that were built-to-suit for Cobalt Rehabilitation ("Cobalt") from 2018-2019, which leased each location under a 20-year absolute triple-net lease. Cobalt, which was acquired by Curahealth Rehabilitation Holdco LLC in July 2019 to form Curahealth Hospitals and Cobalt Rehabilitation, is a regionally focused and expanding operator of IRFs and long-term acute care hospitals. Operations of the Fargo IRF were transferred to Post Acute Medical ("PAM"), which operates 18 IRFs across the United States, in October.

Each property in the Portfolio features distinct competitive advantages to other post-acute and rehabilitation providers within the primary market areas. The El Paso IRF is located across the street from The Hospitals of

Providence's Sierra Campus (284 beds) as well as more than 630,000 square feet of multispecialty medical office buildings. The Fargo IRF is located within two miles of Essentia Health (133 beds), and The Sanford Medical Center (481 beds). Cobalt Rehabilitation of Louisville is located less than four miles from Norton Healthcare's Clark Memorial Hospital (241 beds) and is the only freestanding IRF within a 10-mile radius, which enables the IRF to generate patient volumes from Louisville, Ky.

H2C conducted an expedited-yet-thorough marketing process for the Portfolio that resulted in multiple offers from investors, ranging from 1031 buyers to net-lease investors, publicly traded REITs, first-time IRF investors, and established healthcare real estate private equity firms. The Portfolio was sold in two transactions to separate buyers and closed within 130 days of H2C being retained, demonstrating a highly efficient marketing process.

Notably, the closing marked H2C's fifth medical office portfolio transaction of 2020 and H2C's fifth transaction in the IRF space over the past 24 months.

"H2C's expertise in the IRF space provided us the certainty that investors would understand the operations of the IRFs and prospects for long-term profitability at each facility," said Larry Vaile, Principal/Director of the Healthcare Group at Hicks Ventures. "The selection of two buyers that closed before the end of the year allowed us to achieve our targeted exit timeline and maximize the value of the Portfolio."

"The healthcare real estate experts at Hicks developed three exceptional IRFs for top operators," said PJ Camp, Managing Director at H2C. "By telling a compelling story about the ramp-up in operations and profitability in these highly efficient facilities, and by directly marketing to investors whom we knew could perform, we were able to close this transaction in record time at above-market pricing." [Email PJ](#).

"The combination of low supply and high demand in the healthcare real estate space led to a competitive process as investors seek yield that can be attained by acquiring IRFs. We had interest from several groups looking to enter into the space for the first time because of this, and we believe that the macro tailwinds will continue to drive profitability in the IRF space and command strong investor interest," said Matthew Tarpley, Vice President, H2C. [Email Matthew](#).

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About Hicks Ventures

Headquartered in Houston, Texas, Hicks Ventures was founded in 2007 by Patrick Hicks. The company's real estate professionals have more than 100 years of cumulative experience in construction, development, property management, marketing, leasing, building improvement, market analysis, project selection and advisory services. The Hicks team has completed over a billion dollars of healthcare projects and over a half-billion of office, land and retail.

While Hicks Ventures offers a full suite of real estate services, from development through leasing and property management, the company also specializes in acquiring attractively priced Class A and B office, medical and hotel properties in markets with strong fundamentals. Hicks Ventures adds value by redeveloping, recapitalizing and providing superior property management, marketing and leasing services.

At Hicks, "Success is turning our client's vision into reality."

About H2C

H2C is a strategic advisory and investment banking firm committed to providing superior advice as a trusted advisor to healthcare organizations and related companies throughout the United States. H2C's professionals have a long track record of success in healthcare real estate, mergers and acquisitions, capital markets and restructuring transactions, acting as lead advisors on hundreds of transactions representing billions of dollars in value.

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ATLANTA

3333 Piedmont Road
Suite 725
Atlanta, GA 30305
404 937 1350

CHICAGO

311 S. Wacker Drive
Suite 5425
Chicago, IL 60606
312 508 4200

NEW YORK

623 Fifth Avenue
29th Floor
New York, NY 10022
212 257 4500

SAN DIEGO

4655 Executive Drive
Suite 280
San Diego, CA 92121
858 242 4800

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