



Company: St. Croix Hospice, LLC
Location: Oakdale, MN
Sector: Healthcare Services
Investment Date: October 2013
Investment Status: Exited September 2017
Fund Equity Invested: \$18.1 million
Process Type: Auction sourced by Lawrence Simon
Clearview Board Members: Calvin Neider, William Case, Matthew Blevins

Company Description: St. Croix Hospice, LLC (“St. Croix”) is a leading provider of end-of-life hospice care for patients suffering from a life-limiting illness or terminal disease. The company is the dominant player in the underserved Upper Midwest region.

Background: St. Croix was founded in 2008 by three members of senior management with financial backing from several wealthy individuals. Clearview recognized an opportunity to back an impressive, experienced management team in a large, growing, fragmented industry, supported by an aging population and increasing utilization of the hospice benefit nationwide. The transaction provided liquidity to the high-net-worth individuals, while management reinvested the majority of its proceeds alongside Clearview in the recapitalized business.

Post-Acquisition Initiatives:

Management Augmentation

- Hired a descendant of the family that founded The Mayo Clinic to serve as the company’s first Chief Medical Officer.
- Incentivized the second layer of management via inclusion in a stock option plan to support future succession planning.

Operational Improvements

- Implemented the industry-leading electronic medical record system across the platform.
- Rolled out a new bonus program for the sales team to better align interests.
- Renegotiated durable medical equipment and pharmacy contracts, yielding annual savings of 18% and 8%, respectively.
- Implemented a fleet management program to reduce mileage reimbursement expense.

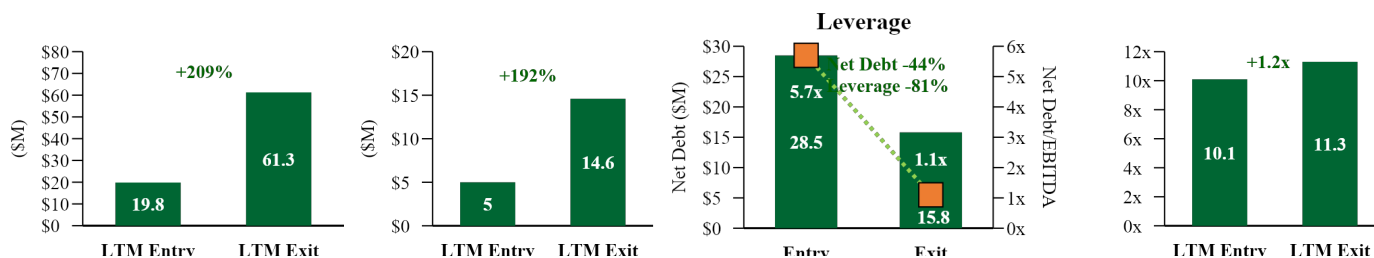
Organic Growth

- Successfully executed the strategic plan to further solidify the company’s leading presence in the Upper Midwest, by adding additional locations in core Minnesota and Wisconsin markets, while entering Iowa via two *de novo* sites.
- Doubled the number of office locations to lay the groundwork for future growth.

Acquisition Growth

- Completed one highly-strategic acquisition in 2015.
- Bolstered scale in existing states while expanding to two additional states.
- Attractive purchase price multiple due to poorly managed operation that offered significant upside.
- The acquisition was financed entirely with debt due to significant organic growth of the underlying platform.

Operating Results: Revenue more than tripled while EBITDA nearly tripled due to rapid organic growth augmented by one strategic acquisition.



Outcome: The company was sold to financial buyer, The Vistria Group, generating a gross IRR of 53% and a 5.5x gross multiple of invested equity.

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