

**FOR IMMEDIATE RELEASE**

**Pharos Capital to Build Dermatology and MedSpa, Inc.,  
a New Dermatology Platform**

*New Company Will Consolidate Leading Dermatology Practices in Eastern U.S.*

Dallas, Texas and Nashville, Tennessee, January 5, 2016 - Pharos Capital Group, LLC ("Pharos"), a private equity firm based in Dallas and Nashville, announced it has acquired a controlling position in Dermatology and MedSpa, Inc. ("the Company"), a premier dermatology and medspa services provider formerly known as The Dermatology Center. The Company offers a comprehensive suite of medical, surgical and cosmetic dermatology services across multiple locations in the Maryland/D.C. area. Additional terms were not disclosed.

Pharos is partnering with Steve Straus, a seasoned operating executive with deep knowledge and expertise in the dermatology and skin care business, to build the company into a platform for acquisitions and organic growth. Mr. Straus, who previously managed American Laser Skincare, will serve as Chief Executive Officer, and Dr. Roberta Palestine, The Dermatology Center's founder, will serve as Chief Medical Officer while continuing to practice medicine. The Dermatology Center and Dr. Palestine have been consistently recognized as a top practice and top doctor, respectively, in dermatology in the Maryland/D.C. area.

Bob Crants, Co-Founder and Managing Partner at Pharos, said, "Pharos has identified dermatology as a key area of interest for investment, with attractive demographic trends and a growing opportunity to improve outcomes for both patients and payors. Demand for dermatology services is outstripping supply, and we believe there is significant opportunity for consolidation in the sector. We are delighted to be working with Steve and Dr. Palestine to find complementary dermatology practices that will help the platform build the premier dermatology network in the eastern United States. We are confident that this is the first of many dermatology investments for Pharos."

Dr. Palestine noted, "We are very excited to partner with Pharos and Steve in our next phase of growth. Their proven track records and significant resources will be invaluable as we seek to expand our services and introduce the benefits of high quality skincare services to a broader group of patients."

Mr. Straus added, "Dr. Palestine and her team have created a patient-centric culture that clearly demonstrates why so many patients trust The Dermatology Center to help them and their loved ones optimize the health and appearance of their skin for a lifetime. We look forward to building upon this solid foundation as we replicate this model in our current and target markets."

This marks the fourth portfolio investment from Pharos Fund III, following Pharos' acquisition of behavioral health services provider Seaside Healthcare, Inc.; Employee Benefit Solutions, a provider of healthcare cost containment and wellness programs; and Motion PT, a leading provider of physical therapy and occupational therapy services in New York.

**About Dermatology and MedSpa, Inc.**

Dermatology and MedSpa, Inc. combines medical/surgical dermatology with cosmetic dermatology services and a full service medical spa in one center. The Company, formerly known as The Dermatology Center, operates multiple locations in the Washington, D.C. area. Dermatology and MedSpa, Inc. delivers exceptional patient care with a team consisting of 11 board certified dermatologists, one board certified plastic surgeon, knowledgeable, devoted staff and state-of-the art clinical facilities including a surgery center.

**About Pharos Capital Group**

Based in Dallas and Nashville, Pharos Capital Group is an SEC Registered Investment Advisor. Since inception, Pharos has invested in 47 companies and has managed over \$800 million of assets. Pharos typically invests \$25-\$50 million in rapidly growing middle market companies seeking later stage funding for internal growth, acquisitions, leveraged buyouts, management buyouts, or recapitalizations across industry sectors, with particular focus on healthcare and business services. For more information about Pharos, please visit [www.pharosfunds.com](http://www.pharosfunds.com).

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