



## **Korian closes a long-term real estate equity partnership with BAE Systems Pension Funds**

- **BAE Systems Pension Funds invests c.€100m into a newly created Korian-controlled real estate vehicle**
- **Pan-European portfolio of 23 long term care and healthcare assets including one greenfield development**
- **A portfolio net equity value of c.€ 200 million, based on a gross value of c.€320 million:**
  - **including development capex and portfolio structuration fee**
  - **with a capitalisation rate of c.4.9%**
  - **and LTV ratio of c.38%**
- **A new milestone in Korian's real estate strategy optimising equity allocation and a testimony to the attractiveness of its real estate portfolio**

*Paris, 5<sup>th</sup> January, 2022*

Korian, the leading European care services group for elderly and fragile people, has concluded in December 2021 a long-term investment partnership with funds from BAE Systems Pension Funds advised by Elevation. Korian will be the asset and property manager in the real estate structure and will continue to consolidate the structure in its accounts.

BAE Systems Pension Funds invest in real estate, infrastructure, alternative and other private markets assets globally, in addition to listed equities and fixed income. Elevation is a healthcare real estate investment manager.

BAE Systems Pension Funds invested around €100m of equity into a real estate portfolio of 23 Long Term Care and Healthcare assets including nursing homes, post-acute and mental healthcare clinics across France, Germany and Spain. The partnership includes one greenfield site and four assets which are being redeveloped.

The portfolio has a net equity value of around € 200 million, including a portfolio structuration fee and based on Cushman & Wakefield's valuation (blended capitalisation rate of c.4.9%) and a LTV (loan to value) of around 38% as of December 2021. Further capex investment into the greenfield and redevelopment sites expected between 2022 and 2024 will bring the overall gross value of the portfolio to around € 320 million.



This long- term partnership has a similar structure to the one set up in 2020 with BNP Cardiff and EDF Invest, as a partnership of 15 years with a possible extension and a minimum lock up of 7 years for BAE Systems Pension Funds. The expected remuneration is around 4.5% per annum, with a floor and a cap on the exit yield, which allows Korian to benefit from any significant increase of the value of real estate portfolio above the cap over the long term.

This new agreement confirms the group's capability to leverage its attractive and liquid existing portfolio and to raise equity financing on a regular basis in order to match the real estate investments related to its sustained development momentum, while keeping a prudent loan to value rate (55% or below).

Korian's real estate strategy, launched in 2016, has multiplied by over 3 times the value of its real estate portfolio to € 2.9 billion as of 30 June 2021, for 25% of the operated network across Europe.

Korian has also been able to build a consistent new build pipeline, representing to date around 120 projects, using internal expertise and entering into partnerships with land developers and investors.

Korian continues to invest in real estate, in order to serve its growth ambitions. It is expected that the real estate portfolio will reach € 4 billion by 2023 consisting of primes assets in key locations across Europe.



### About Korian

Korian, the leading European care services group for elderly and fragile people. [www.korian.com](http://www.korian.com)

**Korian has been listed on Euronext Paris Section A since November 2006 and is included in the following indices: SBF 120, CAC Health Care, CAC Mid 60, CAC Mid & Small and MSCI Global Small Cap**

**Euronext ticker: KORI - ISIN: FR0010386334 – Reuters: KORI.PA – Bloomberg: KORI.FP**

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