

PRESS RELEASE

BNP PARIBAS REIM REVIEWS CONDITIONS FOR ITS FUND HEALTHCARE PROPERTY FUND EUROPE

The healthcare sector is enjoying robust growth in Europe, underpinned by economic, demographic and structural factors. Investors are therefore increasingly focusing on healthcare assets to harness these long-term fundamentals and diversify their portfolios. A recent survey found that 35% of investors in Europe intend to allocate capital to this asset class in 2024, compared with 19% the previous year^[1].

Key features driving investor interest in the sector

A market underpinned by structural factors

According to the latest projections, almost 30% of Europe's population will be over 65 by 2050 (vs. 22% today) and the number of people aged over 80 is set to almost double^[2]. This demographic change means there is growing demand for health services and infrastructure adapted to the needs of the elderly. Real estate investors are therefore identifying healthcare properties such as hospitals, specialist clinics and retirement homes as strategic assets with high potential for value creation.

A countercyclical market

Healthcare assets are underpinned by long-term fundamentals and are fairly resistant to economic shocks, making them an attractive diversification option for investors. Relatively long leases compared with other asset classes also guarantee a measure of yield stability.

Choosing the right operators is key to performance

Costs in this sector are inherently high: payroll, maintaining medical equipment, complying with safety standards, regular major renovations, etc. Due to inflation and especially recruitment difficulties, some healthcare players are struggling more than they used to economically. Choosing the right operators is therefore vital to ensuring the profitability and viability of investing in healthcare property.

“The current economic environment in Europe creates a bright outlook for the healthcare sector, with greater viability for operators and more stable returns. Healthcare should deliver high returns and be one of the best-performing sectors in Europe. This is an opportunity for BNP Paribas REIM to pursue its healthcare fund and diversification strategies” indicates **Laurent Ternisien, Deputy Global Head of BNP Paribas REIM.**

HPF Europe: the investment solution offered by BNP Paribas REIM to institutional clients

Healthcare Property Fund Europe (HPF Europe) was launched in March 2020. It is a pan-European platform focusing on healthcare facilities in the main eurozone countries, which may be for short, medium or long stays. Its portfolio comprises 55 secure assets in France, Belgium, Germany and Italy, of which 60% are retirement homes and 40% clinics, with a value of over € 700m as of 30 June 2024, making it one of the foremost investment platforms for institutional investors in Europe. It is operated by some 20 market-leading operators selected by BNP Paribas REIM. The fund manager is thereby making its 15 years of experience in this asset class available to the forty or so investors in HPF Europe, refining its selection of operators in an increasingly complex market.

[1] Source: INREV survey of investment intentions

[2] Source: World Bank

The HPF Europe fund has continued to grow since the beginning of 2023 with the acquisition of 10 facilities operated under long-term leases as well as securing the development of new facilities, pre-let on long-term leases, in Italy. The fund has also focused on renewing the leases in its portfolio, successfully finalising the first lease renewal for one of its French clinics for a further twelve years. As of 30 June 2024, HPF Europe's portfolio had an average remaining lease term of 12 years.

BNP Paribas REIM is continually striving for improvement and has defined **3 strategic principles** for HPF Europe over the coming months:

1. Investment policy: in terms of acquisitions, HPF Europe plans to increase the allocation of its portfolio by sector to clinics and hospitals, and geographically to France, Italy and the Iberian Peninsula. This drive is already underway, notably with the delivery of new healthcare facilities currently under construction in Italy and other investment opportunities currently being considered.

2. Achieving high performance and creating value by pursuing a dynamic asset management strategy: the BNP Paribas REIM teams will focus on performance, namely by renewing leases with expiry dates from 2025 onwards. HPF Europe also wants to increase the number of extension or refurbishment schemes, to create value in partnership with operators.

3. Achieving ESG targets: The fund will also implement its ESG strategy, in keeping with its SRI certification obtained in 2023 and its classification under Article 8 of the SFDR (Sustainable Finance Disclosure Regulation).

“These strategic priorities will enable HPF Europe to continue growing in the years to come. We are determined to offer our clients distinctive investment strategies. The healthcare sector, where we’ve developed strong convictions over the past 15 years, is a perfect fit for us. We are also delighted to report that HPF Europe had attracted new inflows as of 30 September 2024, which will drive the growth of its platform” remarks **Paul Darrière, Head of Fund Management – Institutional Funds and Mandates for BNP Paribas REIM.**

About BNP Paribas REIM

With BNP Paribas REIM, you invest in REAL ESTATE AS LIVING ASSETS.

BNP Paribas REIM, a business line of BNP Paribas Real Estate, provides a wide range of real estate funds and investment solutions for investors, based on strong convictions.

Deeply European, we have a close understanding of local markets, a view of every square metre, every street, every neighbourhood, every urban eco-system.

With our 340 employees, we care for assets as we care for living beings, aiming to build a better living environment for our 250+ institutional investors and 140,000+ private investors.

We believe in ESG to reconcile social, environmental and financial performance.

We apply innovation in order to better adapt to the risks and opportunities of today and tomorrow.

At the end of 2023, BNP Paribas REIM managed €26.1 billion of living European assets on behalf of institutional and private investors.

BNP Paribas Real Estate Investment Management is composed of regulated entities in the following countries: France, BNP Paribas Real Estate Investment Management S.A.; Italy, BNP Paribas Real Estate Investment Management Italy SGR; Germany, BNP Paribas Real Estate Investment Management Germany GmbH; UK, BNP Paribas Real Estate Investment Management UK Limited; Luxembourg, BNP Paribas Real Estate Investment Management Luxembourg S.A.

Each of the legal entities responsible for offering products or services to their customers is referred to in the product documentation, contracts and related information.

This is an advertising communication.

Investment in a real estate AIF is a long-term investment whose performance is linked to the development of the real estate market, which is cyclical in nature, and which must be adapted to the client’s wealth objective with a view to diversification. The AIF in real estate can use debt up to the limit set out in its pre-contractual documentation; in the event of recourse to debt, the risk of capital loss will be increased. References to a prize/label do not prejudice the future results of the fund or the manager. The HPF Europe fund falls under Article 8 of the Sustainable Financial Disclosure Regulation (SFDR) (UE) 2019/2088 of 27 November 2019 on information to be provided on sustainable development in the financial services sector. The investments underlying this financial product do not take into account the European Union’s criteria for environmentally sustainable economic activities.

For a more complete description of the risks, please refer to regulatory documents (the fund prospectus, information notes or detailed characteristics) and fund information documents before making any final investment decision.

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