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**Icade Santé announces the approval of its Registration Document by the French *Autorité des marchés financiers* (“AMF”) and takes a further step towards an IPO on Euronext Paris**

- Icade Santé is a leading investor in healthcare real estate in Europe<sup>1</sup>, with a portfolio representing a Gross Asset Value of €6bn as of June 30, 2021 and 183 healthcare facilities in France (92% of portfolio), Germany, Italy and Spain, the four most populated countries in the Eurozone.
- Icade Santé holds a unique and non-replicable portfolio, with a primary focus on infra-like private hospital assets (MSO: Medicine, Surgery, Obstetrics). Since 2017, Icade Santé has also started to diversify into the nursing home segment.
- Icade Santé benefits from an in-depth expertise to design, develop, acquire, and manage complex healthcare property assets, combined with long-standing relationships with premier European healthcare operators.
- Icade Santé’s portfolio offers immediate cash flow generation, long initial lease term and a financial occupancy rate of 100%. In 2020, Icade Santé generated a Gross Rental Income of €301m compared with €265m in 2019 and €241m in 2018, representing an increase of +25.2% between 2018 and 2020.
- Backed by a robust balance sheet, Icade Santé is rated BBB+ for its long term debt by S&P (French perimeter) and benefits from the SIIC regime (French REIT regime).
- Icade Santé is contemplating an Initial Public Offering (“IPO”) on Euronext Paris that will include a €800m capital increase notably to finance its €3bn investment plan over the 2021-2025 period.
- Icade, which currently holds 58.3% of Icade Santé, intends to remain the controlling shareholder of the company post IPO.

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<sup>1</sup> Company’s estimates, based on last available reported gross asset values of main listed healthcare REITs in Europe (sources: annual reports and press releases), and on Company’s GAV as of June 30, 2021

**Paris, 10 September 2021** – Icade Santé, the largest player among listed healthcare REITs in Europe, today announces the approval of its registration document, dated September 9, 2021, by the French financial markets authority (*Autorité des marchés financiers*, “AMF”) under the number I.21-047.

The approval of Icade Santé’s registration document constitutes the first step of its contemplated (IPO) on the regulated market of Euronext Paris. The completion of the IPO is subject to the approval of the prospectus relating to the offering by the AMF, as well as favourable market conditions.

**Xavier Cheval, CEO of Icade Santé, said<sup>1</sup>:**

“ Icade Santé is a leader in healthcare real estate in Europe. It benefits from a very solid business model, remarkable features and a strong strategic position in Europe. Since its creation fourteen years ago, the company has experienced a fast-growth trajectory and is today ideally set to continue to grow and create value together with the best operating tenants in the sector while delivering attractive total shareholder returns to real estate investors. Our initial public offering is designed to finance our 2025 higher-growth ambitions, which will be supported by the acceleration of our international expansion and the further diversification of our portfolio. Icade Santé’s teams and I are very proud to initiate this planned offering, which will enable us to consolidate our leadership in Europe while welcoming new shareholders.”

### **Icade Santé, the leading European platform dedicated to healthcare real estate**

Icade Santé provides long-term support to its partner healthcare operating companies and the necessary expertise to expand and modernise their facilities to the highest technical standards. This know-how helps offering high quality care in buildings which meet new needs. The Group has established long-term relationships with leading private hospital healthcare providers in France such as Elsan and Ramsay Santé, with leading European operators in senior services such as Korian et Orpea as well as with other groups which are firmly established in their markets.

Icade Santé has developed a growth business model based on:

- i. **An essential and resilient asset class fuelled by favourable long-term demographic trends.** Icade Santé benefits from structural trends in the market in which it operates, in particular the ageing of populations and the increase in healthcare needs and expenses.
- ii. **Its leadership position in healthcare real estate in Europe.** Icade Santé considers it its the largest player among listed healthcare REITs in Europe, with 183 facilities representing a gross asset value of €5.98bn (€6.36bn including duties) and a total leasable surface of approximately 2.04m sqm as of 30 June 2021. There is significant growth potential in the European listed healthcare real estate market, which is already a €100bn sector in the United States (with 11.1% of healthcare space being owned by listed real estate companies), compared to €9bn in Europe and only 3.4% of healthcare space being owned by listed real estate companies in European markets<sup>2</sup>.
- iii. **A unique and non-replicable real estate portfolio with an infra-like component.** The main characteristics of this portfolio are: immediate cash flow generation; a long initial lease term,

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<sup>1</sup> M. Xavier Cheval, currently Deputy CEO of Icade Santé, will be appointed CEO from the date of approval by the Autorité des marchés financiers of the prospectus relating to the admission of the company’s shares to trading on Euronext Paris.

<sup>2</sup> Based on FTSE EPRA NAREIT developed European index as of 31 May 2021 where European developed healthcare index constitutes 3.4% of the total listed property sector in Europe; exchange rate: 6 months average GBP/EUR of 1.2.

- with an average lease term<sup>1</sup> of 7.2 years as of 30 June 2021; a net initial yield of 5.1% (5.2% in France, 4.4% in Germany and 5.3% in Italy); and a financial occupancy rate of 100%<sup>2</sup>.
- iv. **A proven track-record of growth and cashflow generation backed by a robust balance sheet, providing firepower for developments and acquisitions.** The Group's loan-to-value<sup>3</sup> ratio as of 30 June 2021 stands at 34.4%. The Group's interest coverage ratio was 8.0x as of 30 June 2021 compared to 7.9x as of 31 December 2020 and its average cost of debt was 1.47% as of 30 June 2021. Group's net financial debt stood at 2,187.4 million euro as of 30 June 2021.
  - v. **A leading growth potential supported by strong relationships with the top healthcare operators.** Icade Santé has adopted a flexible approach to acquisitions, allowing it to acquire both single assets and portfolios. The Group can engage in sale and leaseback transactions but also has the possibility to proceed with acquisitions on the secondary market or with new greenfield developments. Thanks to its expertise, Icade Santé has the ability to execute significant and complex transactions and to collaborate with healthcare operators on M&A transactions.
  - vi. **An embedded positive social impact reinforced by a proactive strategy putting ESG at the core of the business model.** Icade Santé is committed to integrating a policy of sustainable development into all of its activities, its governance and its growth strategy, from a social, societal and environmental perspective. The Group considers ESG to be a lever for improving its risk management and a source of opportunities and value creation, and recently obtained an A1 rating based on an overall score of 63/100, from V.E (part of Moody's ESG Solutions).
  - vii. **An agile and optimized investment platform featuring a highly experienced management team.** All key functions for value creation will be internalised within Icade Santé.

### Attractive market dynamics supporting strong and profitable growth

Icade Santé operates on the healthcare real estate market in Europe, where it is currently present in France, Italy, Germany and Spain. This market benefits from positive growth outlook, supported by trends such as population ageing, the market consolidation of healthcare providers or the attractive characteristics and resilience of the healthcare asset class. In particular, the Covid-19 crisis has highlighted the resilience and the importance of the healthcare sector, essential for the economic system.

In addition, in all the countries where the Group operates, healthcare activities and operators are financed mainly by public healthcare systems and policies (compulsory health insurance systems in France and Germany, and financing by the State and local authorities in Italy and Spain). In France, current health expenditure has risen from 10.2% in 2005 to 11.1% of gross domestic product in 2019, representing an amount of €270bn. Over the same period, healthcare spending rose from 10.3% to 11.7% of gross domestic product in Germany (€403bn), from 8.3% to 8.7% in Italy (€155bn) and from 7.7% to 9.1% in Spain (€114bn) (Source: OECD).

The increase in healthcare expenditure is very dynamic due to fundamentals such as demographic ageing, better detection techniques, innovation and development of new cares, tougher sanitary

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<sup>1</sup> Or WALB (weighted average lease break): weighted average lease period until the first break option

<sup>2</sup> Financial occupancy rate represents the value of contracted rents divided by the amount that would be charged if the entire property portfolio was rented

<sup>3</sup> Loan-to-Value ratio is computed as net financial debt to gross asset value including rights

regulation, the rise in the cost of care and the increase in chronic diseases linked to greater exposure to risk factors and to changes in lifestyles, such as a sedentary lifestyle or nutrition.

### **Strategy and FY 2021 guidance**

Icade Santé is ideally positioned to benefit from identified opportunities that will drive long-term value creation, including (i) **foster its external growth through a thorough and disciplined acquisition strategy targeting the most attractive European markets**, (ii) **continue the development of its greenfield projects thanks to its unique expertise in this segment** and (iii) **lead a proactive asset management strategy regarding its existing portfolio**.

Icade Santé supports its strategy by operating one of the very few and among leading integrated real estate platforms in Europe with genuine healthcare real estate expertise, backed by a full set of in-house capabilities to source, develop, acquire and manage healthcare properties. Icade Santé also has in-depth market knowledge and long-lasting relationships with major market participants, notably healthcare operators. This has enabled Icade Santé to deliver on average more than €450m yearly investment over the past 6 years, with more than €1bn invested in acquisitions and €200m invested in greenfield projects and extensions/renovations over the last 3 years, and to present a €489m development pipeline<sup>1</sup> as of 30 June 2021, of which €28m of acquisitions, €312m of greenfield projects and €149m of investments in its existing portfolio.

For the financial year ending December 31, 2021, Icade Santé targets a gross rental income up c. +5.5% to €318m compared to FY 2020 and EPRA earnings up c. +6% to €251m compared to FY 2020.

### **Post-IPO outlook 2021-2025**

Icade Santé has high growth ambitions, with a €3bn investment plan up to 2025, including, to date:

- Pipeline of projects launched or yet to be committed for €489m
- Acquisitions subject to exclusivity agreements for c.€350m
- Rolling volume of investments under review between €600m and €1bn

The other main elements of the 2025 outlook are as follows:

- Average annual investments of c.€600m, of which €450-500m in 2021
- EPRA earnings growing at a c.+6% CAGR
- EPRA cost ratio<sup>2</sup> for the period of c.9% - 10%
- Target LTV<sup>3</sup> ratio of c.40% - 42%, in line with a BBB+ rating
- Dividend policy with a payout ratio of 85% minimum (based on EPRA earnings)

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<sup>1</sup> Including €74 million preliminary agreement signed in the first semester of 2021, €45 million for the preliminary agreement signed in July 2020 for the acquisition of the Berlin Weissensee facility from ORPEA, completed in early July 2021, c. €13m for the acquisition of a nursing home in Campodarsego, Italy, in July 2021 and c. €26m for the acquisition of a PAC facility in Olivet (French Loiret department) whose closing was in early September 2021.

<sup>2</sup> The purpose of the EPRA cost ratio is to present the general and operating expenses of real estate activity. The EPRA cost ratio including vacancy effects is the ratio between i) the total of operational costs (net of rental costs rebilled and management fees collected) and administrative costs and (ii) gross rental income. The EPRA cost ratio excluding vacancy effects is obtained by excluding rental expenses related to vacant surfaces from the previous ratio.

<sup>3</sup> Loan-to-Value ratio (LTV) is computed as net financial debt to gross asset value including rights.

## **IPO on Euronext Paris**

As part of the contemplated IPO, Icade Santé intends to raise a primary component of c.€800m notably to finance its €3bn investment plan. Icade intends to remain the controlling shareholder post-IPO.

BNP Paribas, Crédit Agricole Corporate and Investment Bank, J.P. Morgan, and Société Générale are acting as Joint Global Coordinators and Joint Bookrunners and BofA Securities, Natixis and UBS are acting as Joint Bookrunners in the contemplated IPO. Rothschild & Co. is acting as independent financial adviser to Icade Santé.

**Availability of the registration document** – Icade Santé’s registration document is available on the Group’s website ([www.icode-sante.eu](http://www.icode-sante.eu)) as well as the AMF’s website ([www.amf-france.org](http://www.amf-france.org)). It is also available free of charge upon request from the company at Icade Santé, 27 rue Camille Desmoulins, 92130 Issy-les-Moulineaux, France. The Group would like to draw the attention of potential investors to Chapter 3: ‘Risk Factors’ in the registration document approved by the AMF.

## **About Icade Santé**

### **PLACES THAT CARE FOR PEOPLE**

Icade Santé is a European leader in healthcare real estate, which assists healthcare and senior services operators with the ownership and development of healthcare properties. The Group's teams have a wide range of expertise in property investment, the management of complex projects and in-depth knowledge of the challenges facing healthcare players. As of 30 June 2021, Icade Santé operates 183 facilities, representing assets of €6.0bn (€6.4bn including duties) and a total leasable surface of approximately 2.04m sqm.

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