

GFH acquires \$200m medical offices portfolio in the US leased to Cleveland Clinic and Texas A&M University

- GFH acquires 11 assets across seven states as part of strategy to focus on sectors positioned for continued long-term growth and solid fundamentals

Manama, Bahrain. 30 November 2021: GFH Financial Group has acquired a portfolio of medical offices in the US worth around \$200 million as part of its strategy to build a portfolio of stabilised assets driven by solid long term fundamentals and operating growth.

Spread across seven states – North Carolina, South Carolina, Georgia, Utah, Wisconsin, Ohio and Texas – the medical offices portfolio consists of 11 assets and 400,000 square feet of space. The Sharia-compliant deal brings the value of the GFH’s group’s US healthcare portfolio to over \$400 million. Medical Offices refers to facilities leased to outpatient medical and medical related services. These include different specializations of medicine (including dermatology, pediatrics and other various specializations) as well as labs and ancillary medical services.

The portfolio comprises assets that are leased to some of the largest names in US healthcare, including Cleveland Clinic, Texas A&M Health Science Center, Novant Health, Spartanburg Regional Healthcare System, Texas Health Resources and Baylor Scott & White Health. The assets cover a range of specialist care sectors and are positioned on hospital campuses or near hospitals with a solid customer base across the Southeast, Midwest and Southwest. The portfolio with a WAULT of near 10 years comprises of both long term and short term leases, allowing it to benefit from long term stability as well potential upside.

The medical offices market is positioned for steady growth in the wake of the pandemic following a sizeable shift towards outpatient care to reduce pressure on overstretched hospital systems. The resilience of the medical offices sector was evident in investment activity through most of 2021.

The US Census projects that in 2030 the country will reach a demographic turning point. Beginning that year, all baby boomers will be older than 65, or roughly one in every five Americans. The 65-and-older population is projected to increase by some 40 million over the next 40 years, reaching 95 million in 2060. The ageing US population will be a lead factor in increasing the need for healthcare services over the near term.

“The pandemic has underlined a need for more outpatient services and continued demand for healthcare services. As a result we are seeing strong investor sentiment in the medical offices sector. This trend is particularly true in the US, where healthcare spending comprises around 18% of GDP, compared to around 10% for most other developed countries,” said Mr. Nael Mustafa, Co-Chief Investment Officer – Real Estate at GFH.

Investment in medical offices has quadrupled over the last decade and medical office closings accounted for nearly 30% of all US office sales for the year ending in March 2021.

Mr. Nael added: “GFH’s focus on defensive sectors and recession proof investments, such as healthcare, is known for delivering both value and returns for shareholders. We are confident that our US medical offices portfolio will help our partners to capitalise on the surging demand for healthcare in the US in the coming decades.”

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About GFH Financial Group B.S.C:

GFH is known among the global investor community as one of the Middle East region's most highly regarded and credible financial investment groups. Over two decades, GFH has established a strong and diverse portfolio of investments across the Middle East, US, UK, Asia and other key markets. Focusing on defensive sectors, including healthcare, education, and logistics, GFH is focused on delivering growth and value creation for stakeholders.