KKR and Cornerstone Companies, Inc. Establish Joint Venture to Invest in Healthcare Real Estate

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KKR Recapitalizes 25 Properties with Cornerstone to Seed New Portfolio

NEW YORK & INDIANAPOLIS--(BUSINESS WIRE)-- KKR, a leading global investment firm, and Cornerstone Companies, Inc. (“Cornerstone”), a full-service healthcare real estate investment, development and management firm, today announced that Cornerstone and KKR have entered into a joint venture (the “Joint Venture”) to acquire and develop a portfolio of diversified healthcare properties across the United States. KKR and Cornerstone have seeded the portfolio with the recapitalization of 25 healthcare properties owned by Cornerstone. With funding commitments provided by KKR’s real estate and credit funds and Cornerstone, the Joint Venture is positioned to acquire more than $1 billion in real estate assets over the next few years.

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The portfolio recapitalized by KKR and Cornerstone includes 713,705 square feet of medical office buildings and ambulatory surgery centers located across 12 states, with in place long-term leases to a high quality group of healthcare systems, physician group practices and surgery center operators. Cornerstone and KKR will work together to grow the portfolio through acquisitions and net lease development opportunities, with a focus primarily on long-term leased single-tenant medical office buildings, ambulatory surgery centers and facility-based outpatient healthcare assets.

“KKR is one of the world’s largest investment firms with incredible connectivity across industries, including deep experience investing in the healthcare and real estate sectors,” said Tag Birge, President and CEO of Cornerstone. “This strategic partnership significantly increases our reach and capacity to deliver investment and development solutions for leading physician groups and health systems. We are very excited to work with a partner in KKR who shares our commitment to lasting client relationships and strong focus on portfolio construction and underwriting.”

“We are pleased to collaborate with the highly-regarded team of industry specialists at Cornerstone to invest in a scaled portfolio of healthcare properties,” said Peter Sundheim, Director at KKR. “The recapitalization of 25 well-situated seed assets creates a strong foundation for our Joint Venture.”

“We will contribute capabilities from across KKR’s real estate, credit and healthcare industry teams to support sourcing and underwriting of assets for the Joint Venture,” said Michelle Hour, Director at KKR. “As investors in the healthcare sector for more than two decades, our relationships and understanding of the needs of tenants will help us to provide attractive ownership for their mission-critical real estate.”

Additional financial terms of the Joint Venture and recapitalization transaction were not disclosed.

Newmark’s Healthcare Capital Markets Group advised Cornerstone and KKR on establishing the Joint Venture, represented Cornerstone on the portfolio recapitalization transaction, and provided advice to KKR on debt financing. CBRE’s Healthcare and Life Sciences Capital Markets Group provided buyside advisory services to KKR on the portfolio recapitalization transaction. Simpson Thacher & Bartlett LLP acted as legal counsel to KKR.

About KKR

KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR’s insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group. References to KKR’s investments may include the activities of its sponsored funds and insurance subsidiaries. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR’s website at www.kkr.com and on Twitter @KKR_Co.

About Cornerstone Companies, Inc.

Cornerstone Companies, Inc. is a leading healthcare real estate firm, drawing on more than 35 years of experience. With an exclusive focus on the healthcare real estate industry, Cornerstone helps physicians, hospitals, and third-party owners across the nation develop, build, lease, manage and optimize their healthcare real estate while enhancing the patient and provider experience. To date, Cornerstone has successfully completed more than $1 billion of medical office developments and currently manages more than 100 medical facilities encompassing 7.7M SF. To learn more, visit cornerstonecompaniesinc.com

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