

20 June 2007

Global Health Partner plc

**Greenfield start up of Swedish Elderly Care Operating and Property Business (“Elutera”) with GHP Global Health Partner plc (“GHP”) acting on a Venture Capital basis**

GHP today announces that it is launching a new business venture within the Swedish elderly care market in partnership with Sture Ericsson, an experienced elderly care operating management executive, and property developer Alm Equity AB (“ALM”).

**Background**

The GHP Board and its new partners believe that a significant potential market exists within the elderly care market in Sweden. GHP has put together a partnership involving an elderly care operating executive entrepreneur and property expertise to address this market space.

Strong macro factors underpin the opportunity with favourable demographic factors in Sweden including a large 1940s birth cohort, a clear need for increased modern new capacity to replace existing municipality-run facilities and a shift towards freedom of choice for individuals within the elderly service agenda locally and nationally providing a potential spur to a market, that so far has limited private market penetration from the four leading players.

**Business Model**

Elutera will focus on selected municipalities within Sweden where investment requirements are most pressing and where there is openness to private market operations. Elutera will both run existing units within its operating business and restructure homes through the construction of new-build homes within the relevant municipality.

Operating margins are expected to be in line with industry norms with additional benefits expected from the efficient structuring of property investments.

**Capital Structure**

Elutera will be an operating management company formed with limited equity of SEK 3m provided by GHP (43.3%), Management (33.4%) and ALM (23.3%), as well as loan capital of SEK 4m provided by GHP and ALM in proportion to their equity investments. It will earn returns both from management fees from its operations and from success fees related to the operating and property returns generated in excess of an agreed threshold for investments made.

GHP and ALM are each committing SEK 1.4m into an Investment Company, for a 47.0% stake and each is additionally committing a further SEK 8.0m as loan. This committed funding will, in combination with debt finance provided by external third parties, be used to build and acquire elderly care facilities to be operated by the Operating Management Company.

In total GHP is therefore committing SEK 13m to this opportunity. It retains a minority stake in both the operating business and the property business without overall control of either. GHP has the option of buying-in both of its partners’ stakes after five years or agreeing to a third party sale.

## **The Parties**

Elutera management will initially consist of Sture Ericsson, who managed and sold Capio's Swedish long term care business to Attendo. He was previously also chairman of Capio's long term care business and is a well known and leading figure within this industry.

ALM is a Swedish property development company, controlled by Joakim Alm, with significant experience in the acquisition and building of properties of similar size and scope in a number of important localities within Sweden. Joakim Alm is an investor in GHP with a 1.0% holding.

Elutera will be located in new premises within Gothenburg after its inception on June 4, 2007, co-located with a representative from ALM. The Boards of both companies will comprise of representatives from each party and from GHP it will be Johan Wachtmeister and Daniel Öhman.

Johan Wachtmeister is a Board member of ALM and a family investment company is a 12% investor in ALM.

## **Objectives for 2007**

During 2007 there is likely to be only part of the committed capital invested as management seek to launch successfully ELUTERA's services, to make the combined elderly care operating and property services profile known to targeted Swedish municipalities and to win at least a couple of municipality mandates.

Commenting on this Greenfield start-up Per Båtelson, Chairman and Chief Executive of GHP, said:

"Our entry into the market with this carefully structured venture capital approach brings together leading elderly care management expertise and property expertise into one vehicle operating in a potentially growing sector in Sweden. While we believe that the underlying fundamentals mirror in part the conditions in the elderly care market seen in the UK in the period from 2003 onwards, our offering will be restricted to the Swedish market and is unlikely to be a precursor to further investment in this sector anywhere else in Europe.

We do believe however, that this departure from our established clinical service line model in acute care has the potential to deliver interesting returns to GHP investors, in a sector very known well to GHP Board members, which is why we have entered this market on a basis designed to develop the business with limited commitment of GHP management time and the opportunity for GHP to either fully commit to the expanded business after five years or exit. "

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