



Aedifica in the UK

Acquisition of a portfolio of 93 healthcare properties

21 December 2018

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Portfolio

United Kingdom

93

Healthcare properties

>22 years

WAULT

±£32 million

Contractual rent (triple net)

±£450 million

Acquisition value

14 tenants

Top tier national and local operators

±5,700

Beds across UK

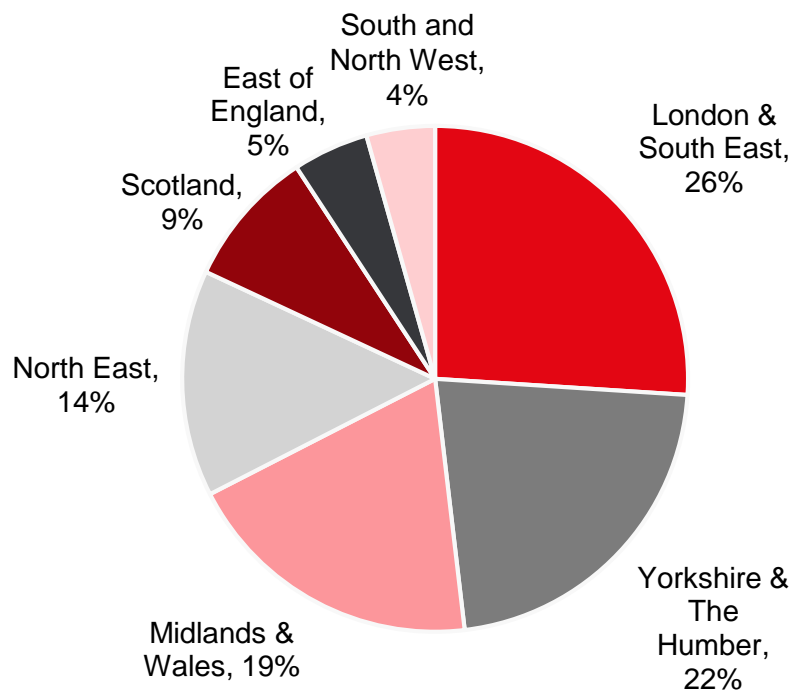
Portfolio

- > **93 largely purpose built healthcare properties at 91 locations**
- > **Acquisition value:** approx. £450 million
- > **Contractual rent:** approx. £32 million
 - Increase to approx. £33-34 million within two years¹
- > **Attractive initial gross yield:** approx. 7%
- > **Good geographical diversification**
 - 26% of rent income in London and South East
- > **Good tenant diversification:** 14 operators
- > **WAULT:** more than 22 years
- > **Inflation linked triple net leases**
- > Opportunities for **further development** (incl. yielding capex)
- > Experienced **portfolio management** platform

¹ Given completion of investment projects currently in progress and the expiration of rent incentives

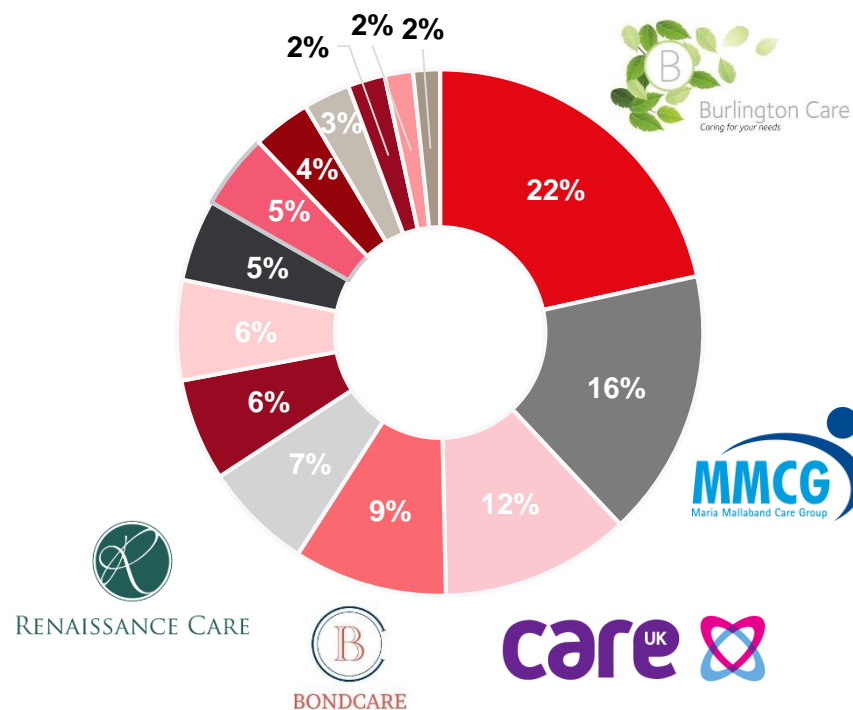
Key performance indicators

> Good geographical diversification¹



> Good tenant diversification

Diversified tenant base with 5 largest tenants only accounting for approx. 66% of contractual rent

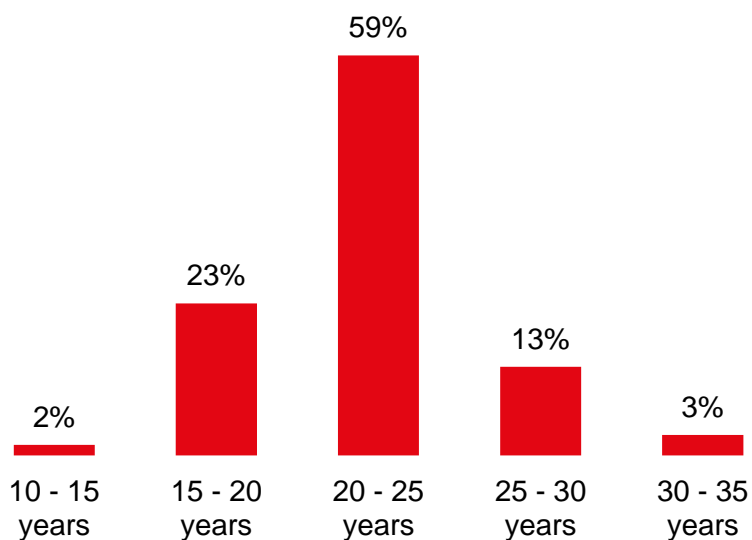


¹ Based on contractual rent

Key performance indicators

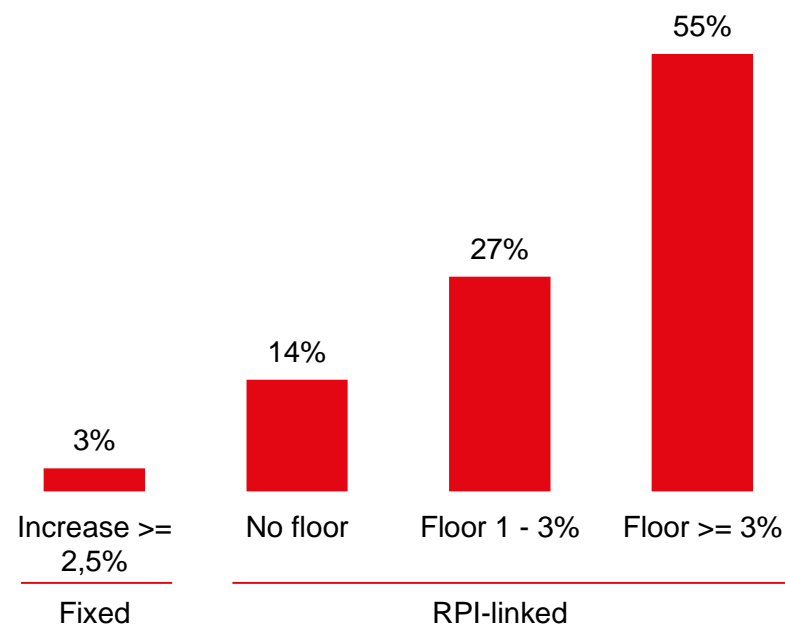
> Long lease duration

WAULT of 22 years, with 75% of rent from leases with >20 years remaining to expiration



> Inflation-linked income stream

More than 50% of the contractual rent is subject to minimum annual increases of 3%

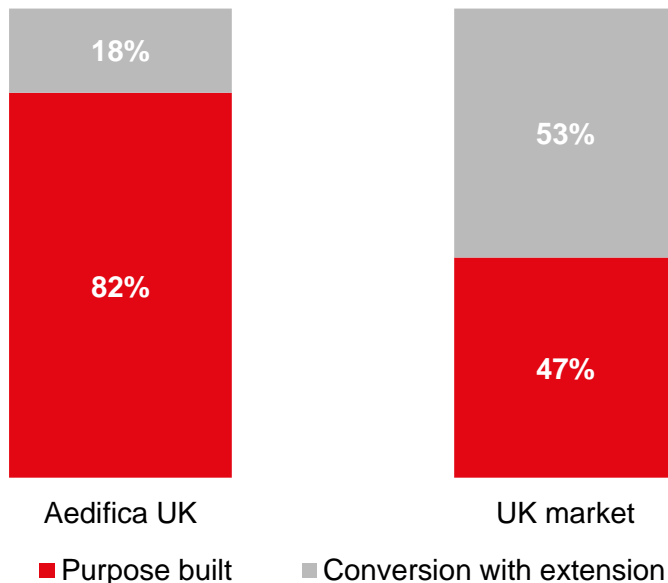


¹ Retail Price Index

Asset features

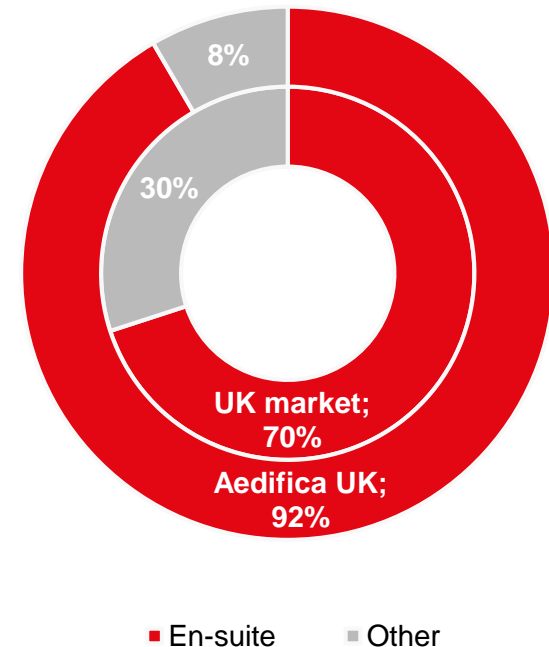
> Purpose built healthcare sites

Percentage of purpose built healthcare sites in the Aedifica UK portfolio is higher than the UK market's average



> En-suite bathrooms

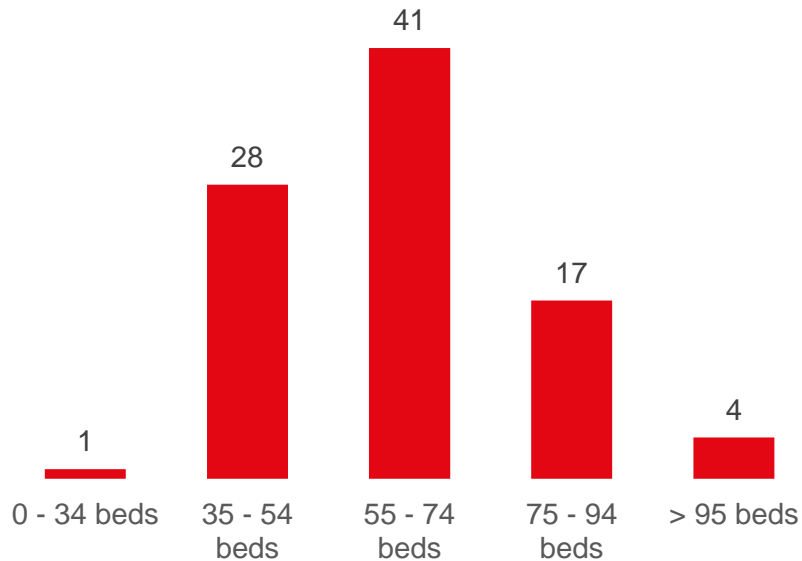
100% single bedroom ratio with a higher percentage of en-suite bathrooms compared to the market average



Asset features

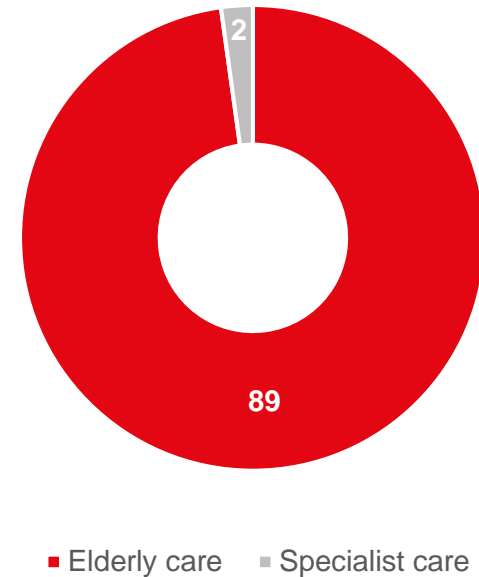
> Distribution of sites by # of beds

The portfolio averages 63 beds per site



> Focus on general care needs

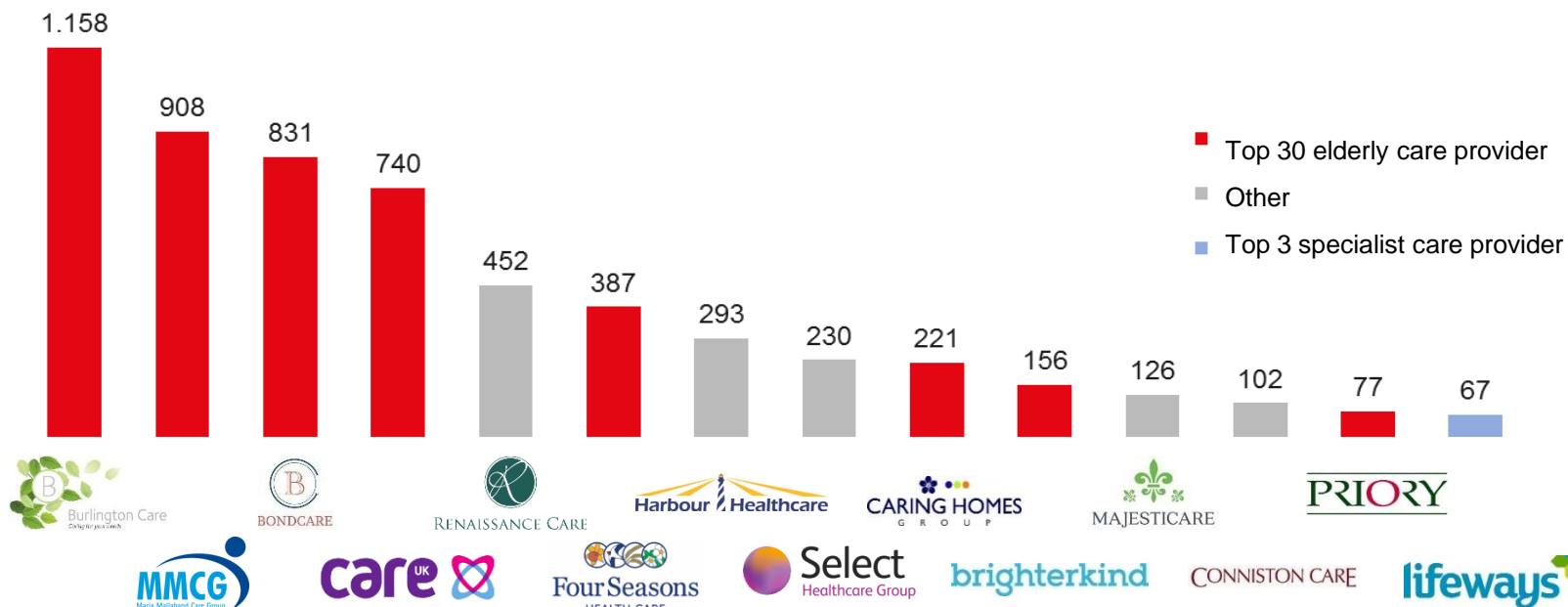
89 sites provide general elderly care, 2 sites provide specialist care



Tenants

Diversified tenant base

> Number of beds by tenant



> 78% of beds operated by UK top 30 largest care operators

> 7 operators¹ are considered “strategically important” to the UK care home market by the Care Quality Commission and are therefore subject to specific regulatory and financial oversight

¹ MMCG, Care UK, Four Seasons, Caring Homes, Brighterkind, Priory and Lifeways + potentially Burlington and Bondcare in the near future

Portfolio management



> Experienced portfolio management team: Layland Walker

- Team of 7 experienced professionals dedicated to this portfolio
- 5 years of experience managing this portfolio
- Strong track record of hands on portfolio management, operator engagement and value enhancement
- Exclusive service agreement with Aedifica

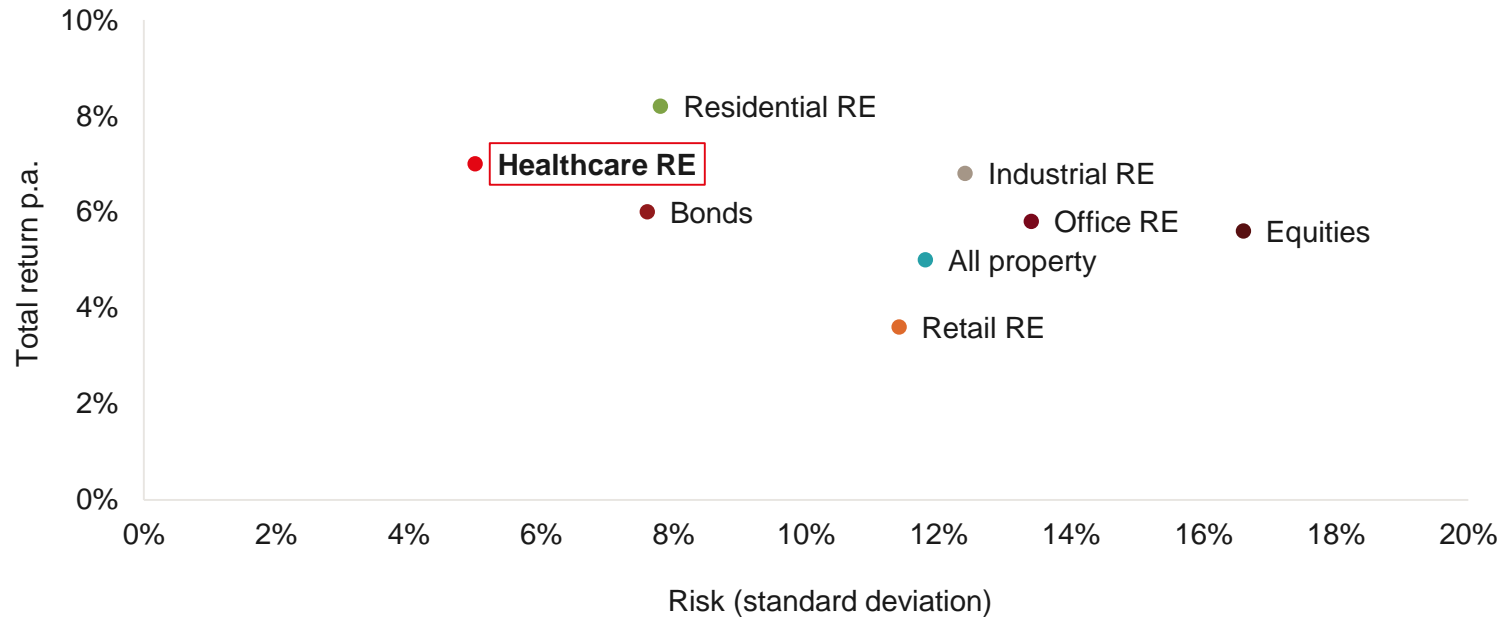


Armstrong House (Gateshead)



Heritage (Tooting)

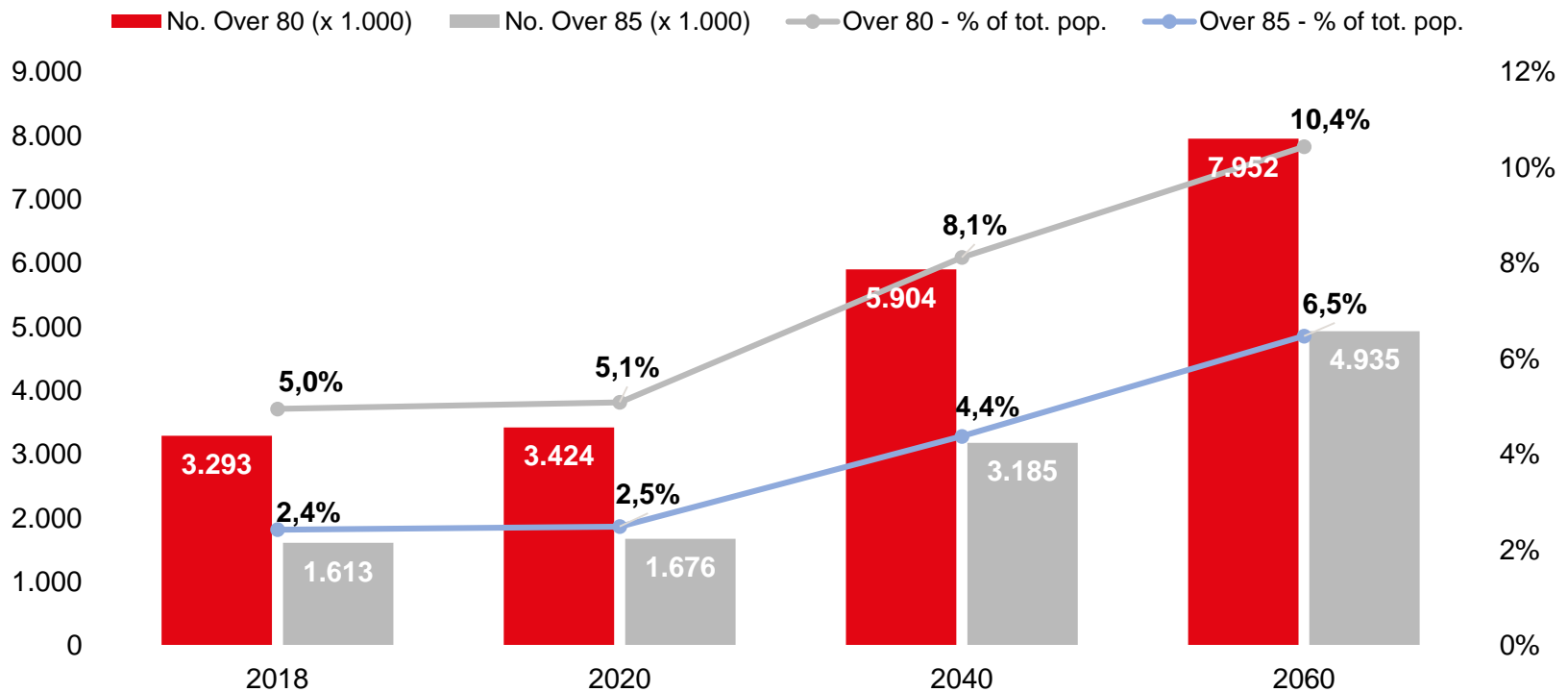
UK healthcare real estate market



- > Healthcare real estate has offered investors strong risk-adjusted returns over the last 11 years (2006 – 2016)

UK elderly care market

> Expected evolution of elderly population growth in the UK



UK elderly care market

> Ageing UK population

- Demographic change is one of the key drivers of increasing demand for care assets
- Population of +85 years expected to double over the next 35 years
- Segment of +85 years shows the highest care needs

> Fragmented UK care home market

- Top 4 largest operators account for approx. 15% of the market
- Top 30 largest operators account for approx. 30% of the market

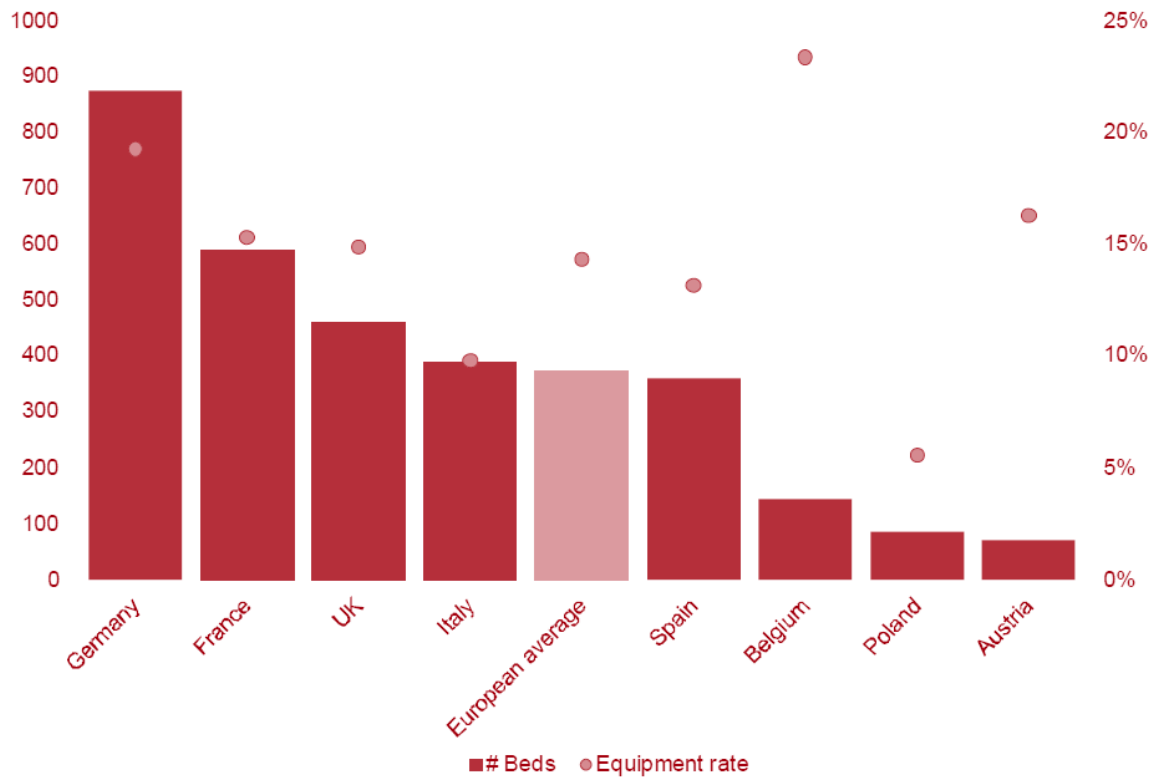
> Under-provision of beds

- The UK provides approx. 466,000 beds for elderly, nursing and physically disabled
- The equipment rate in the UK is lower than in BE, G, NL
- Market occupancy is currently at record levels of approx. 90%
- In recent years, new build has not always kept up with de-commissioning¹

¹ Knight Frank UK Healthcare Development Opportunities September 2017

UK elderly care market

> Equipment rate

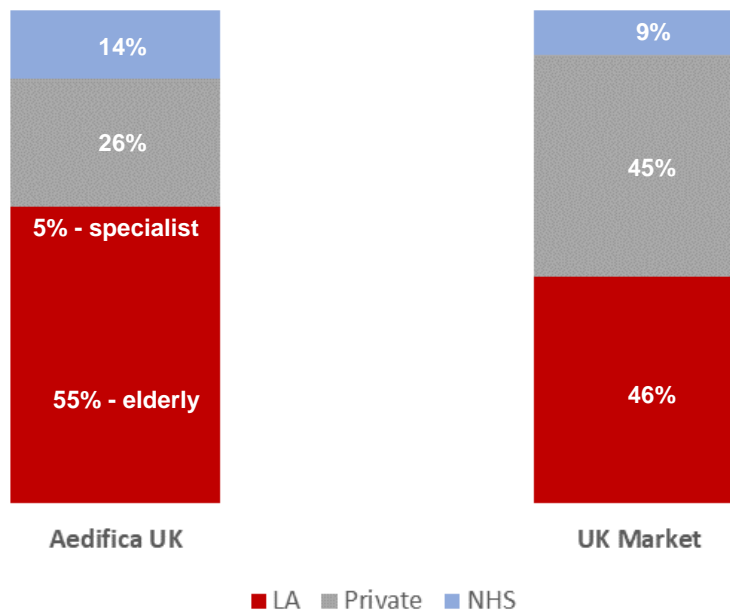


Equipment rate = number of beds / population aged 80y and above
Source: Eurostat, Cushman & Wakefield: European Retirement Homes Study

UK elderly care market

Diversified funding streams

> Income by source of funds



- > Funding spread in line with market's average¹
- > Strengthening diversification of funding sources: expected growth of private funding sources

¹ LaingBuisson

UK elderly care market

Care home segments

11,300 elderly care homes

466,000 care beds - elderly and specialist

> 90% of beds provided by private sector

Super Prime

- High value, premium location, high fees



Prime

- Modern purpose built, mostly private fees



Tier 1

- Older purpose built, mix of private and LA fees



Tier 2

- Old conversion, mostly LA fees



Net initial yield

4.0-5.0%

5.5-6.5%

6.0-7.5%

9.0-10.0%

Value per bed

>£250k

>£150k

>£70k

>£40k

AWF

£1,500

£1,000

£800

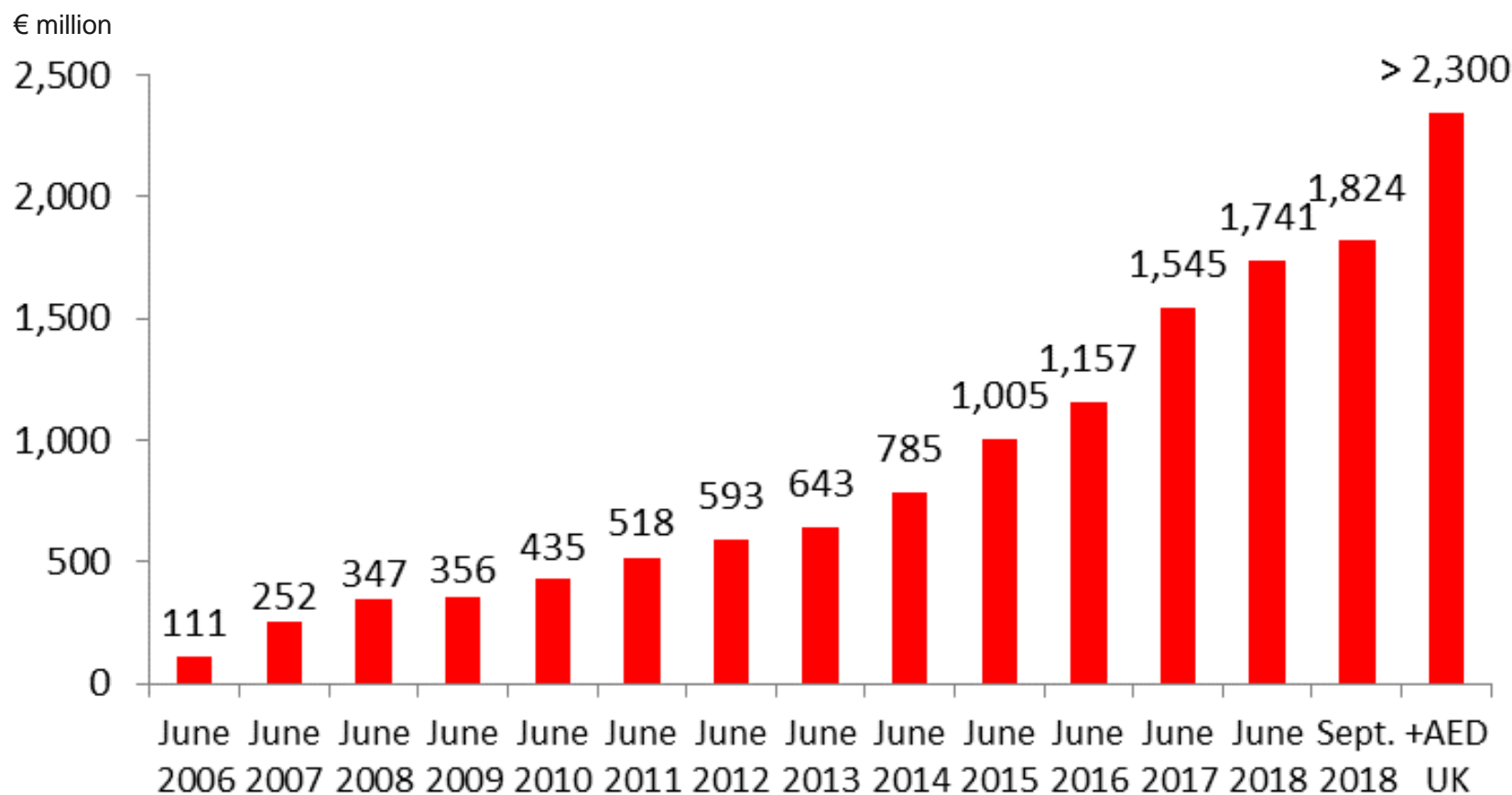
£700

¹ Source: UK listed care homes, sector presentation, Numis, October 2018

² Average weekly fee

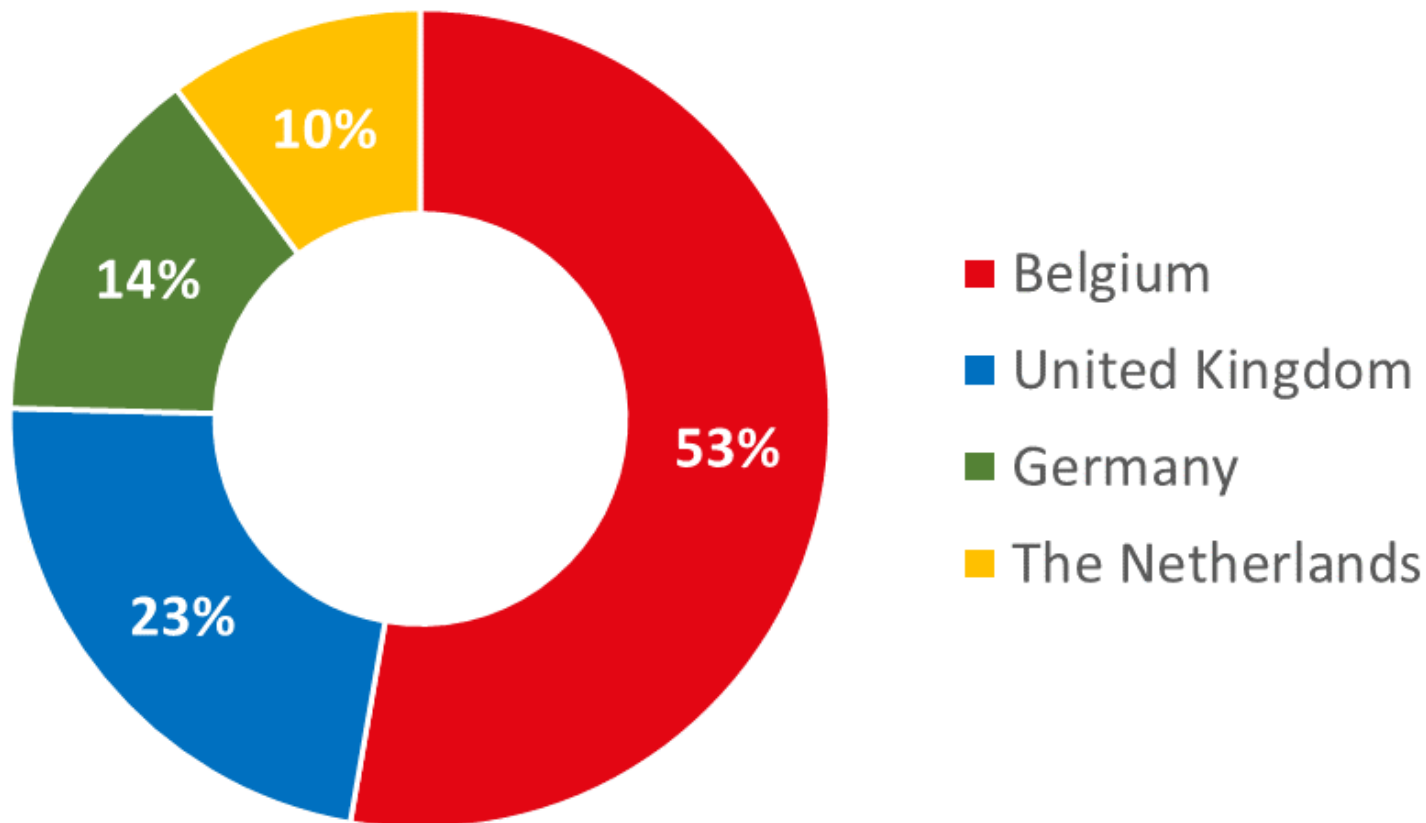
Aedifica going forward

Est. portfolio evolution



Aedifica going forward

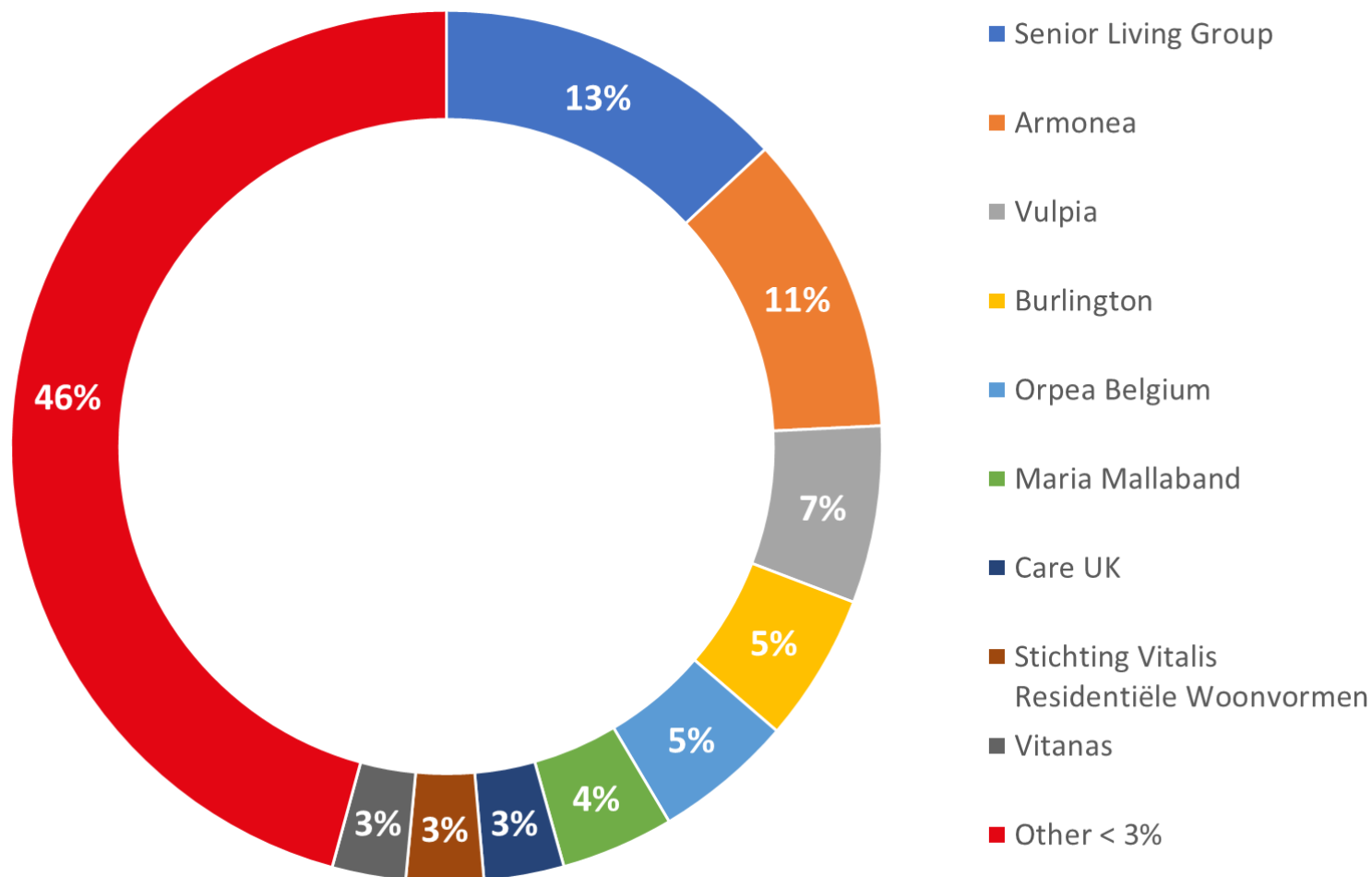
Est. geographic diversification¹



¹ Based on fair values

Aedifica going forward

Est. tenant diversification¹



¹ Based on contractual rents

Key investment highlights



- > Confirmation of Aedifica's strategy as **European pure play healthcare REIT**
- > Geographical & tenant **diversification**
- > Attractive initial gross **yield**
- > Acquisition of a **portfolio** of 93 properties at a **±5% discount** to fair value
- > **Inflation-linked triple net leases**
- > **Further portfolio development potential** through new acquisitions and yielding capex
- > Established portfolio **management platform**

Stefaan Gielens – Chief Executive Officer

Ingrid Daerden – Chief Financial Officer



Aedifica SA/NV



Public REIT under Belgian Law
Regulated Real Estate Company (RREC)
Société immobilière réglementée (SIR)
Gereguleerde vastgoedvennootschap (GVV)

Rue Belliard 40 / Belliardstraat 40 (box 11)
1040 Brussels

Tel: +32 (0)2 626 07 70 - Fax: +32 (0)2 626 07 71

info@aedifica.eu

www.aedifica.eu



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