

An abstract graphic consisting of four thick, L-shaped lines. One line is dark blue, and the other three are red. They are arranged in a staggered, overlapping fashion, creating a sense of depth and movement.

Aedifica and Hoivatilat joining forces in the Nordics

04 November 2019

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Recommended tender offer



Day-care center
Pori - Finland

Recommended tender offer

Summary

- > **Cash tender offer** on Hoivatilat, a listed Finnish healthcare real estate development and investment company
- > **Supported** by the Board of Directors and the executive management of Hoivatilat
- > **Irrevocables** signed by 19,7% of Hoivatilat's shareholders
- > **The offer**
 - Price of **€14,75 per share**
 - For all **25.439.229 issued and outstanding shares¹**
 - **Only cash consideration**
 - **Acceptance threshold at 90%** (can be waived by Aedifica)
- > **Premium of approx. 16%** compared to the closing price on 01 November 2019
- > Public offer implies an **enterprise value of approx. €577 million**

¹ An additional 63.400 shares will be issued to participants in Hoivatilat's existing long-term share-based incentive plan during the offer period, increasing the equity value of the offer to approx. €376 million

Recommended tender offer

Rationale

- > For Hoivatilat, the transaction is an opportunity to ensure and accelerate its **growth strategy**, both in Finland and the rest of the Nordics
 - > For Aedifica, the transaction is an opportunity to
 - **Enter the Nordics** via a high quality existing portfolio and experienced management and development platform
 - Move up the value chain by adding a **build and hold model** to its strategy
 - Consolidate its position as the **European reference in healthcare real estate**
- > **Joining forces in the Nordic healthcare real estate market**

Recommended tender offer

Structure and estimated timing

- > Offer period
 - Start: 11 November 2019
 - End: 02 December 2019¹
- > Preliminary result
 - 03 December 2019
- > Final result
 - 05 December 2019
- > Clearing and settlement
 - 09 December 2019
- > Acceptance threshold: 90%
- > Squeeze-out and delisting to be initiated when acceptance threshold is met

Hoivatilat



Elderly care home
Oulu - Finland

- > Finnish real estate company listed on Nasdaq Helsinki (main market)
- > Incorporated in 2008 and headquartered in Oulu
- > IPO in 2016
- > Focus on healthcare real estate
- > Two geographical markets
 - Finland: 100% of completed portfolio
 - Sweden: first projects signed in 2019
- > Build and hold strategy
 - Existing portfolio sourced through own development
 - Experienced in-house development team
 - Committed pipeline of projects

Portfolio and pipeline



Day-care center
Espoo - Finland

Portfolio and pipeline

Key takeaways¹

- > Focus on healthcare real estate
 - Elderly care
 - Specialist care
 - Day-care for children aged between 0 and 6 years
- > Portfolio of 182 properties
 - Completed portfolio: 127 sites
 - Committed pipeline: 55 sites
- > Annual contractual rent of €34,6 million
 - Completed portfolio: €22,5 million
 - Committed pipeline: €12,1 million
- > WAULT of completed portfolio of approx. 13 years²
- > 46 tenants for total of completed portfolio and committed pipeline
 - 39 private operators
 - 7 municipalities

¹ Per 30/06/2019

² Aligned with Aedifica's calculation method

Portfolio and pipeline

Key takeaways¹

- > Long-term lease agreements
 - Double net
 - Inflation-linked
- > 100% occupancy
- > High-quality buildings
 - 100% purpose built
 - Average age of completed portfolio of 2,5 years
 - Remote monitoring of energy consumption
- > > 80% of the completed portfolio is built on leasehold land²
- > Geographical diversification of the portfolio
 - Completed portfolio: 100% in Finland with main focus on major urban regions
 - Development pipeline: mainly Finland and first development projects in Sweden

¹ Per 30/06/2019

² With municipalities as land owners

Completed portfolio



Day-care center
Louna - Kuopio

Completed portfolio

Map¹

127

Properties

29

Tenants

84%

Contractual rent from most
populated Finnish areas

Segment focus

Children's day-care, elderly care
and specialist care

€22,5 million

Contractual rent

13 years²

WAULT of
completed portfolio



¹ Per 30/06/2019

² Aligned with Aedifica's calculation method

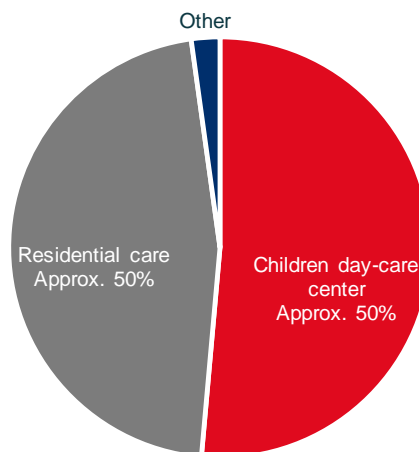
Completed portfolio

Breakdown by segments¹

> Care segment diversification²

- Approx. 50% of contractual rent: children day-care centers
- Approx. 50% of contractual rent: residential care (elderly care and specialist care)

Total contractual rent by segment



¹ Per 30/06/2019

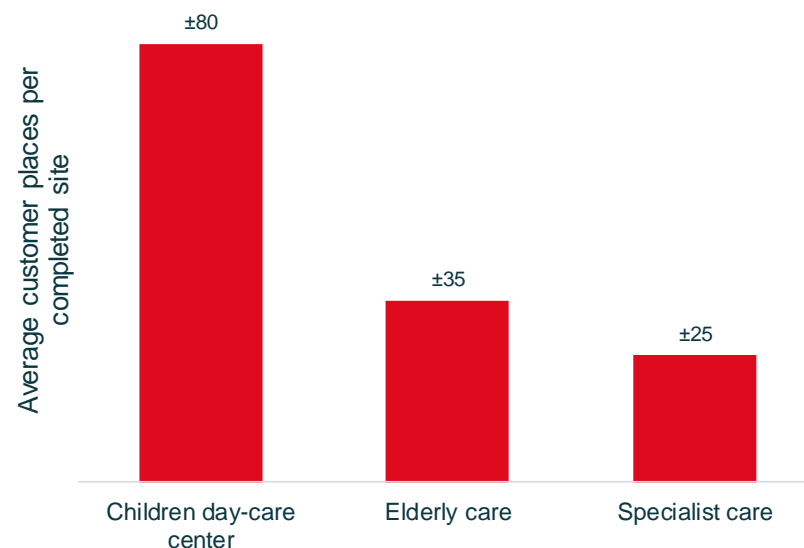
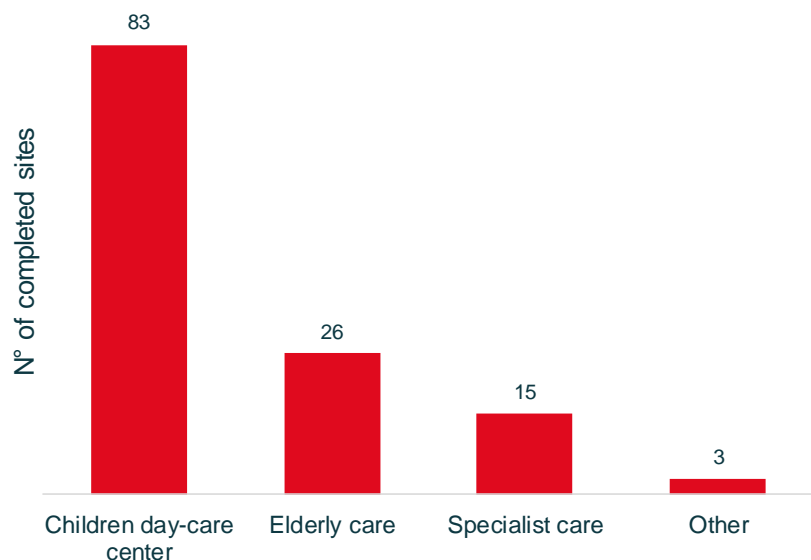
² Breakdown of Hoivatilat is an estimate; residential care includes elderly care and specialist care

Completed portfolio

Breakdown by segments¹

> Care segment diversification

- Customer places per segment
 - Approx. 6.700 children in day-care centers
 - Approx. 870 elderly care beds
 - Approx. 350 specialist care beds



¹ Per 30/06/2019

The asset class 'Other' includes child welfare centers

Completed portfolio

Land ownership and geographical diversification¹

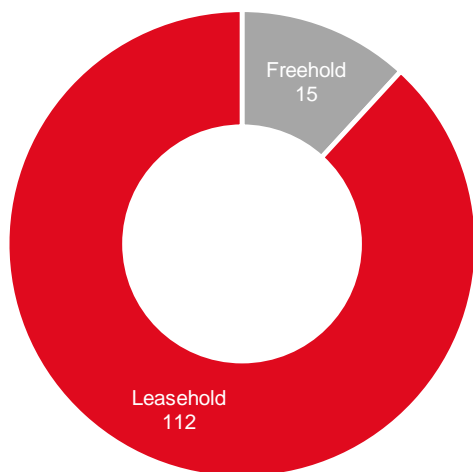
> Land ownership

- 112 of the 127 land plots are in leasehold with Finnish municipalities as land owner
- WAULT of leaseholds of approx. 40 years

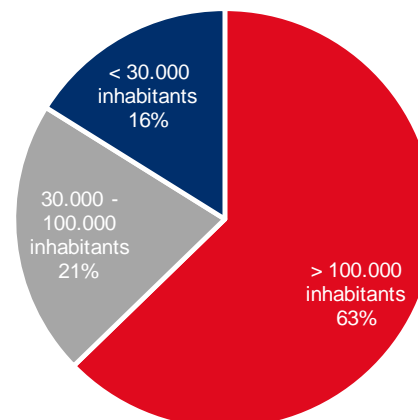
> Geographical diversification

- 100% Finland
- 63% located in the Greater Helsinki area/Uusimaa region and municipalities with more than 100.000 inhabitants

N° of completed sites



Per size of region/municipality (n° of inhabitants)²



¹ Per 30/06/2019

² Estimate based on location of properties

Completed portfolio

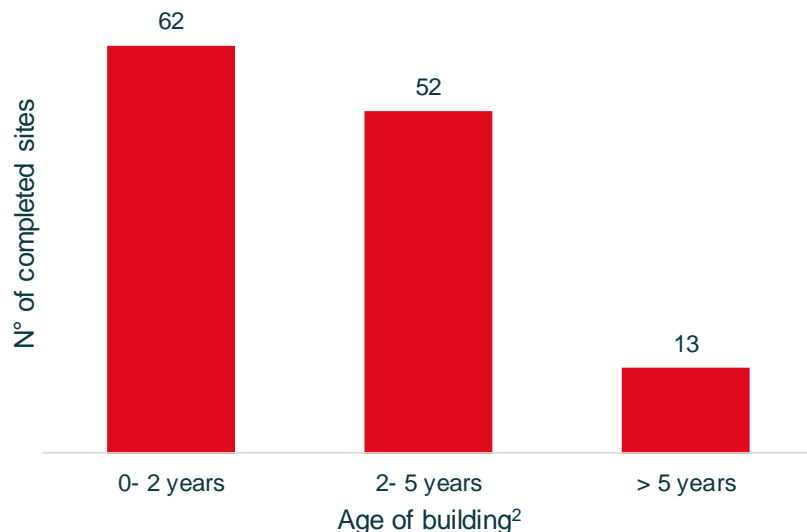
Quality of buildings and leases¹

> Quality buildings

- 100% purpose-built
- 100% single en-suite wetroom ratio (elderly care)
- 90% are < 5 years old

> WAULT³ of 13 years of completed portfolio

- > 90% of the contractual rent from assets with remaining lease terms of more than 10 years⁴



¹ Per 30/06/2019

² Based on publicly available information

³ Aligned with Aedifica's calculation method

⁴ Aedifica estimate

Completed portfolio

Tenants¹

> Tenant mix

- 95% operated by private operators, among them Touhula, Attendo, Mehiläinen, Pilke and Norlandia (cf. appendices)
- The three largest tenants cover > 50% of the contractual rent

Example of tenants (cf. appendices)

Attendo

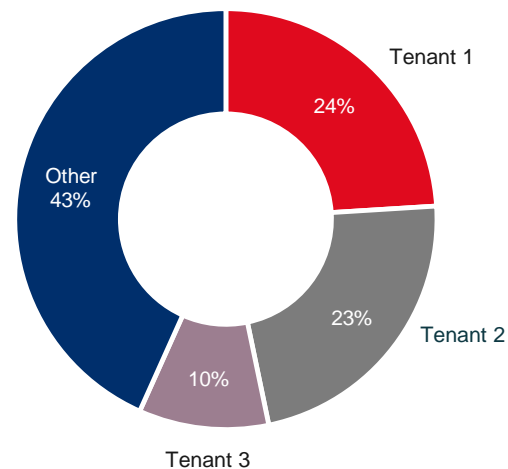
TOUHULA
PÄIVÄKODIT

MEHILÄINEN

PILKE

norlandia

Total contractual rent per tenant



Development



Day-care center project
Oulu - Finland

Development

Build and hold

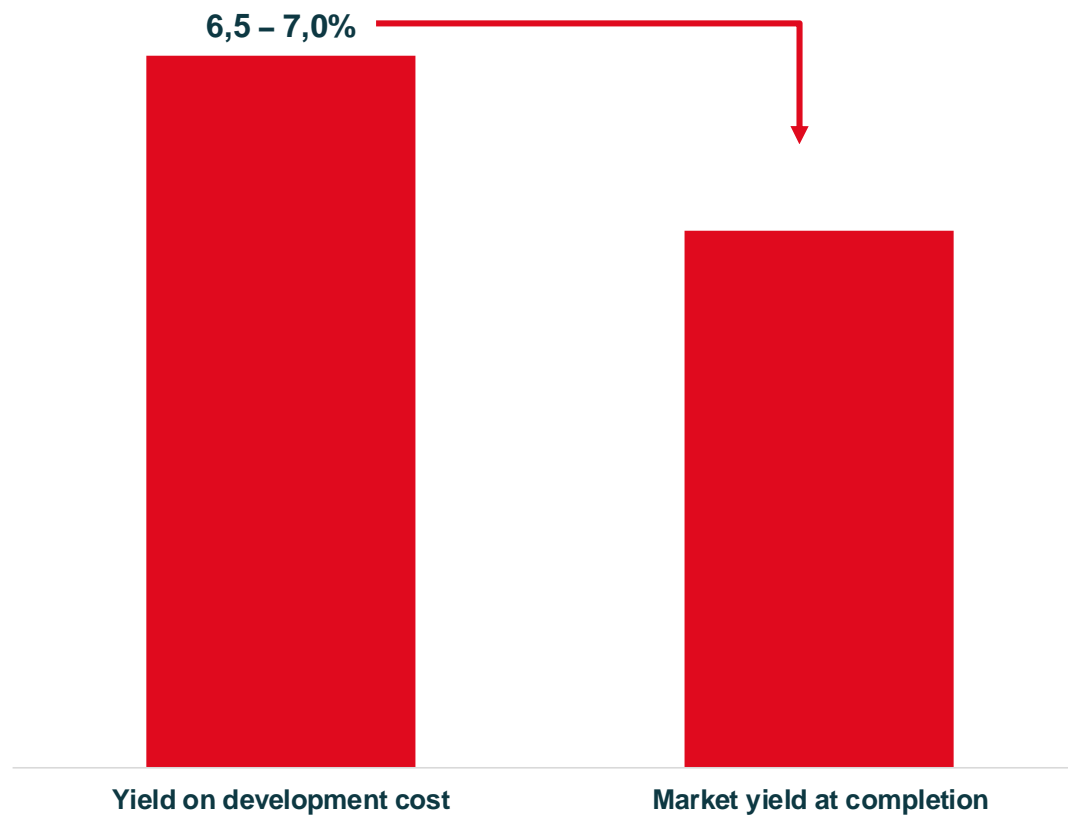
- > Experienced in-house development team
- > Strong development track record
 - Total existing portfolio results from own development activity
 - Yield on development cost¹ > market yield at completion
- > Well-established network amongst Finnish municipalities and operators
 - Cooperation with 60 municipalities
- > Committed development pipeline of approx. €174 million²
- > Strong market fundamentals support further growth

¹ Yield on development cost of the committed pipeline is approx. 7,0% -21-

² Per 30/06/2019

Development

Value creation



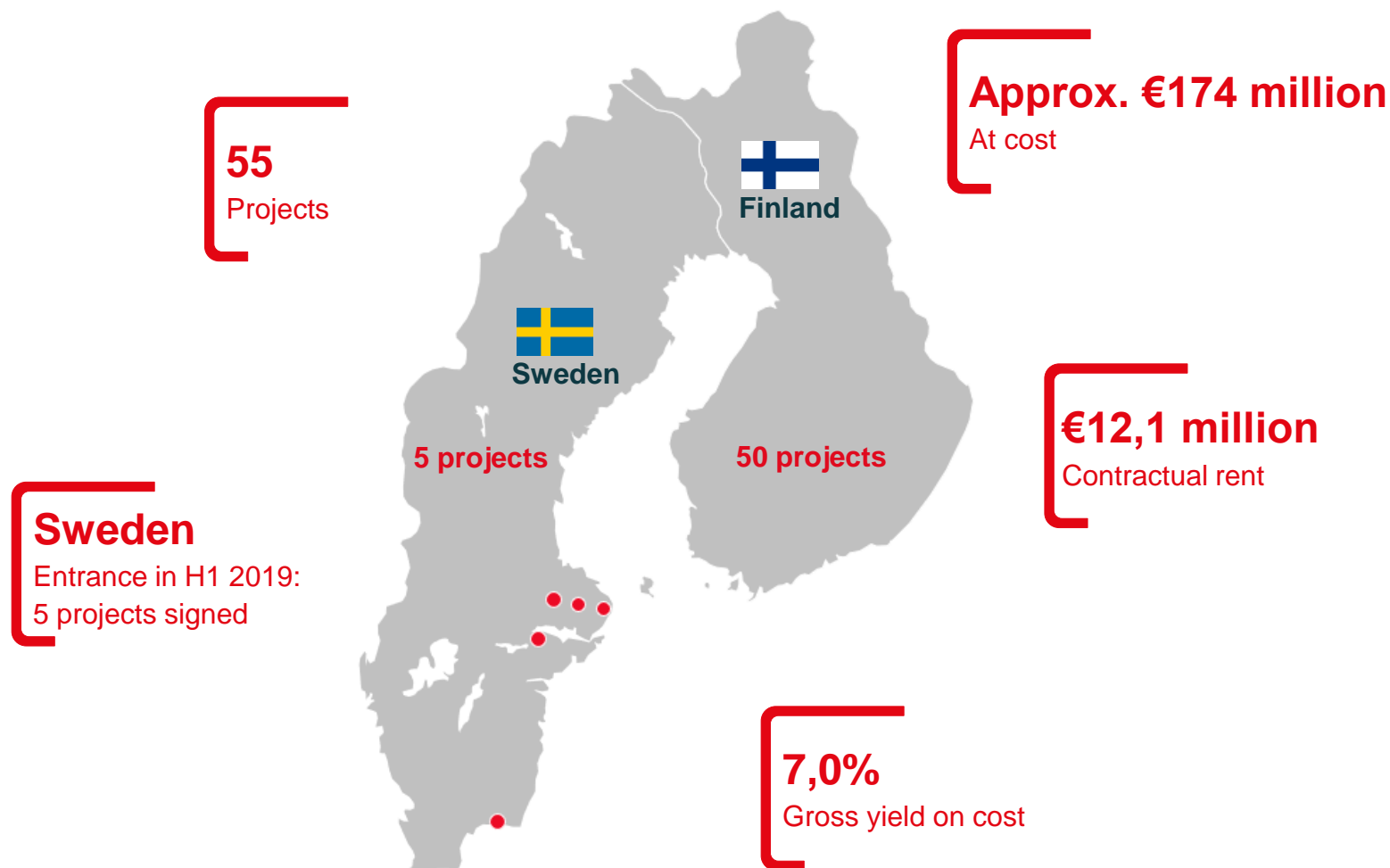
Development

Well-managed development risk

- > No speculative development
 - No speculative land bank
- > Upfront cooperation with municipalities reduces planning risk
- > Pre-signed lease agreement with operator
- > Standardized building concepts
- > Pre-agreed construction prices based on established relationships with construction companies
- > Short development cycle of 18 months on average
 - 3 – 6 months to obtain building permit
 - Construction period of 12 – 15 months

Development

Committed pipeline: map and features¹



Development

Committed pipeline¹

- > Completion
 - Development cycle of approx. 18 months
 - H1 2019 report: 15 projects delivered in August 2019
- > Future development pipeline constantly fueled by signing of new projects²

¹ Per 30/06/2019

² Cf. Hoivatilat's press release on 25/10/2019

Development Schools¹

- > Committed pipeline of two projects in Finland²
 - Siilinjärvi
 - Mikkeli
- > Investment cost of approx. €6 million
 - 3% of the committed pipeline
- > Rationale
 - Continuity of strong relationships with municipalities
 - “Service communities”: combination of day-care, residential care and schools
 - Long term leases with municipalities: stable cash flow

¹ Per 30/06/2019

² Recently, two projects were announced in Oulu and Järvenpää including a day-care centers (cf. press release per 25/10/2019)

Team



Service community
Lahti - Finland

Team

Experienced management

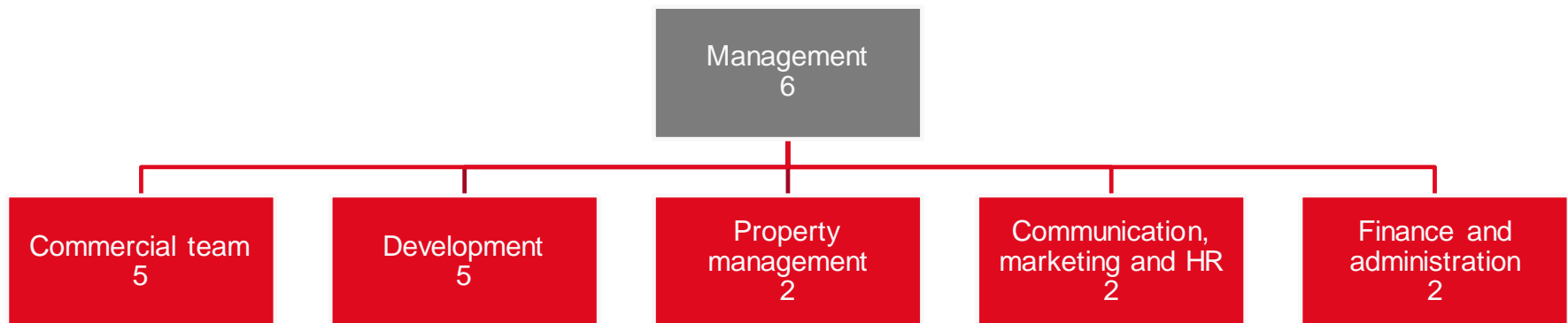
- > Jussi Karjula – CEO (since 2010)
 - CEO from Pohjoisen Kantaperuna from 2004 – 2010
- > Tommi Aarnio – CFO (since 2015)
 - Auditor at PwC from 2008 - 2015
- > Juhana Saarni – Property director (since 2017)
 - Employed at the company since 2011
- > Riikka Säkkinen – HR and communications director (since 2017)
 - Employed at the company since 2014 and previously at Nordea Bank
- > Riku Patokoski – Executive vice president and director of Southern Finland region (since 2018)
 - Previously worked at construction companies Peab and Skanska in responsible management positions
- > Timo Wikberg – Business director (since 2019)
 - Business director and sales director at healthcare operator Attendo from 2005 - 2019



Team

Organization chart

- > 22 team members¹
- > Offices in
 - Oulu (headquarter)
 - Espoo (Greater Helsinki)
 - Stockholm



Finnish healthcare market



Day-care center
Espoo - Finland

Finnish healthcare market

Municipalities

- > **Municipalities** are responsible for organizing care services¹
- > Municipalities have **two main options**:
 - **Public operations**
 - **Outsourcing** of the services to a private or third party operator
- > Care services are financed mainly through the municipalities with **public money** (municipal and national taxes) and to a certain degree by own contributions of residents/care consumers.
- > **Means test**
 - At municipal level
 - Contribution on the basis of personal income and wealth

Finnish healthcare market

Main market drivers

> Ageing population

- The Finnish population is among the fastest ageing populations in Europe¹

> Strong public finances

- GDP per capita of ±€37,000, 30% higher than the EU28 average¹
- Gross government debt of 59.3% of the GDP¹
- 9.1% of the GDP concerns healthcare expenditures (higher than the OECD average of 8.8%²)

> Growth and consolidation of the private operator's market

- Municipalities increasingly opt for outsourcing because of higher cost-efficiency of private operators; e.g. the private elderly care sector contributed for 75% of new beds during the period 2014 – 2018³
- Market share of large private care operators has increased significantly from 34% in 2013 to 51% compared to medium and smaller sized companies⁴

¹ Eurostat

² OECD statistics

³ Attendo investor materials

⁴ Statistics Finland

Finnish healthcare market

Main market drivers

> Urbanisation

- Urban population in Finland accounts for 85% of the total population in 2018¹
- 5 largest sub-regions are home to half of all day care-aged children²

> Increasing day-care enrolment

- Day-care enrolment rate in Finland is approx. 67%, while this figure reaches 80-90% in other Nordic countries²
- Enrolment rate has increased over recent years in Finland (even more rapidly in the private sector)³

> Ageing building stock

- Significant portion of the elderly care homes and day-care centers in Finland were built prior to 1990s⁴
- Replacement potential (e.g. indoor air problems - estimates of humidity and mold damages in 20-26% of the total of care properties and 12-18% of the total of day-care centers and schools⁵)

¹ The World Bank

² EQT website

³ Finnish Institute for Health and Welfare

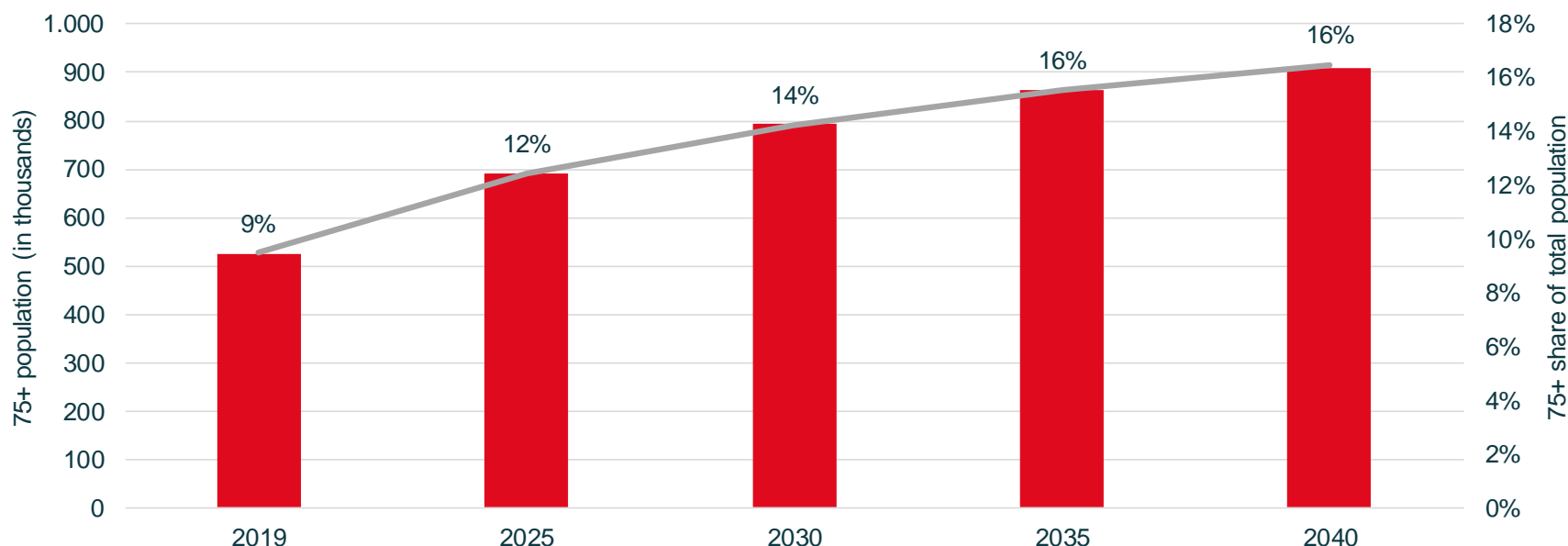
⁴ Development and saving potential in the municipalities' building stock (2018), Statistics Finland

⁵ Rakennusten kosteus- ja homeongelmat report (2012), Audit Committee of the Parliament of Finland

Finnish healthcare market

Ageing¹

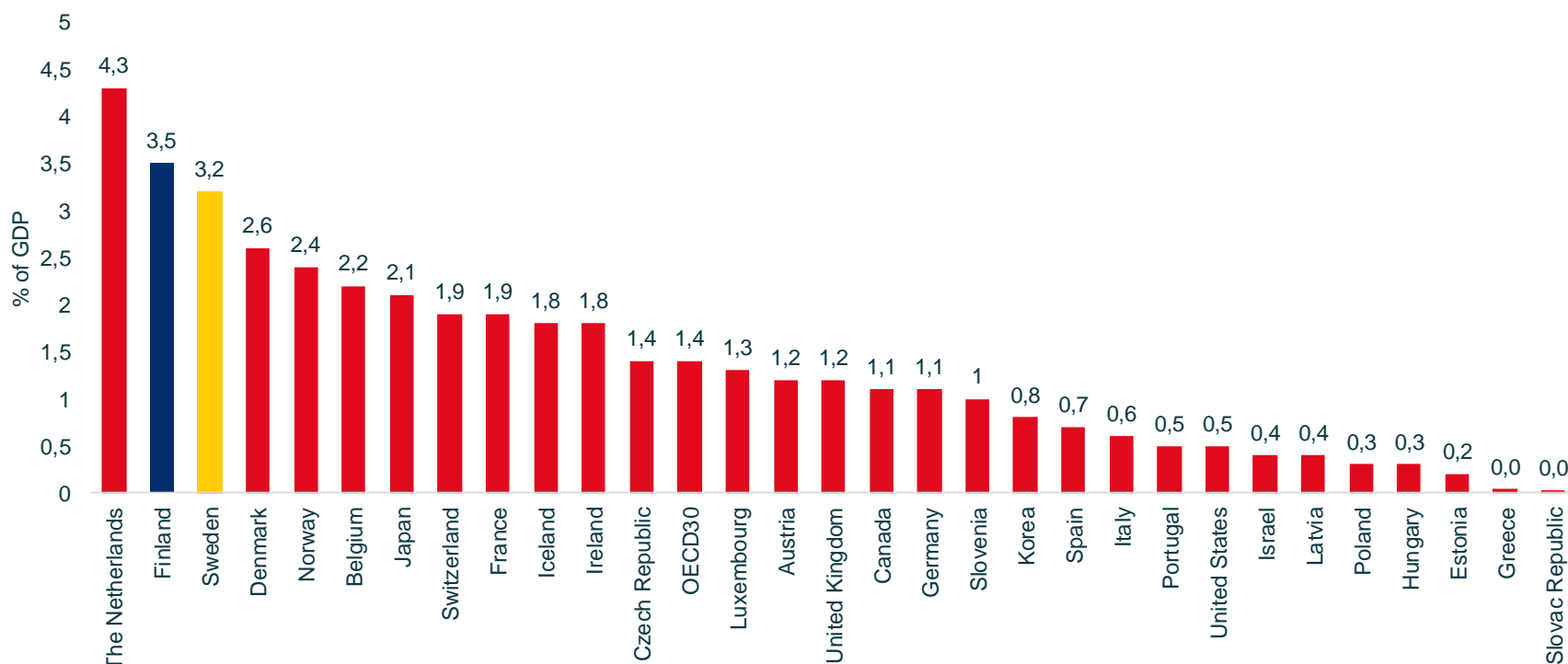
- > Finland counts 5,5 million inhabitants
 - 75+ population is 9% (± 500.000 inhabitants) of the total Finnish population
- > Projection of stable but ageing population towards 2040
 - 75+ population will grow towards ± 900.000 residents
 - By 2040, 16% of the total population will be aged 75 or older



Finnish healthcare market

Nordic welfare states

- > The Nordics have a high rate of long-term care public expenditure compared to other European countries¹



Public spending on long-term care (health and social components) in 2014 (OECD Health Statistics 2019)

¹ According to OECD Library, "LTC spending comprises both health and social services to LTC dependent people who need care on an ongoing basis. Based on the System of Health Accounts (SHA), the health component of LTC spending relates to nursing and personal care services (i.e. help with activities of daily living (ADL)). It covers palliative care and care provided in LTC institutions or at home"

Finnish healthcare market

Main markets: features

	Elderly care	Children day-care	Disabled care
Facts and figures¹	<ul style="list-style-type: none"> • ± 500.000 people aged 75+ of which $\pm 9\%$ in residential care • Market share of private operators in residential care: $\pm 51\%$ • Growth of private elderly residential care customer volume of $\pm 5\%$ p.a. (2014-2018) 	<ul style="list-style-type: none"> • ± 340.000 children between 1 and 6 years old of which $\pm 67\%$ is enrolled in day-care • Market share of private operators: $\pm 18\%$ • Growth of private day-care customer volume: $\pm 7-8\%$ (2014-2018) due to increasing enrolment (+ 4,5% p.a.) and private share (+ 4,8% p.a.) 	<ul style="list-style-type: none"> • ± 50.000 disabled people of which ± 9.800 in residential care • Market share of private operators: $\pm 45\%$ • Growth of private disabled care customer volume: $\pm 8\%$ p.a. (2014-2018)
Drivers	<ul style="list-style-type: none"> • Ageing population • Growing private sector 	<ul style="list-style-type: none"> • Increasing enrolment rate • Urbanisation • Growing private sector 	<ul style="list-style-type: none"> • Ageing • Growing private sector • Shift from 'institutional care' towards residential care
Challenges	Staffing	Declining birth rate (- 1,7% p.a.)	Tightening margins (but low risk)
Potential	Strong long-term growth potential	Limited local growth potential	Growth potential but smaller market

¹ Source: Nordic Healthcare Group

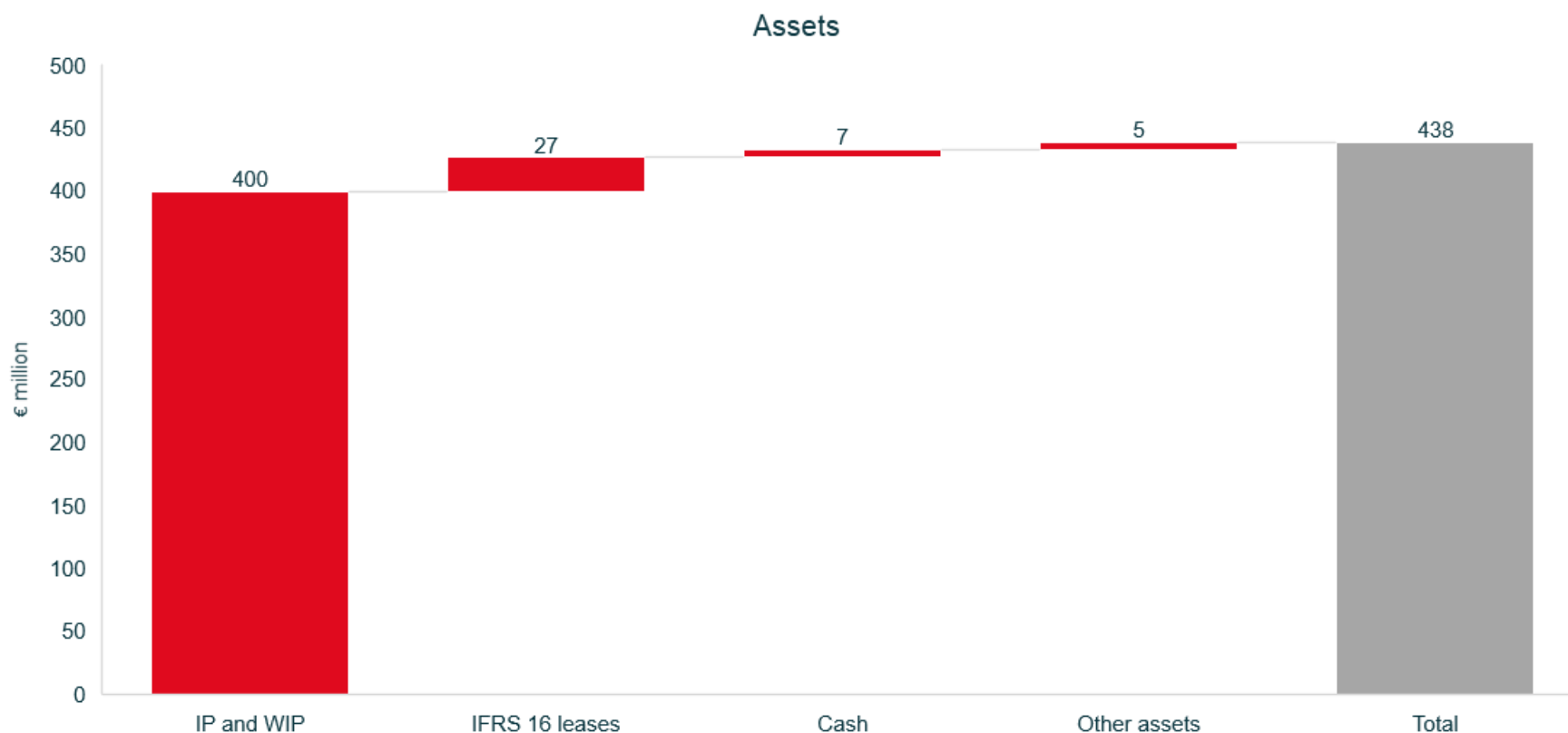
Financial information



Financial information

Key balance sheet figures¹

> Total assets of approx. €438 million



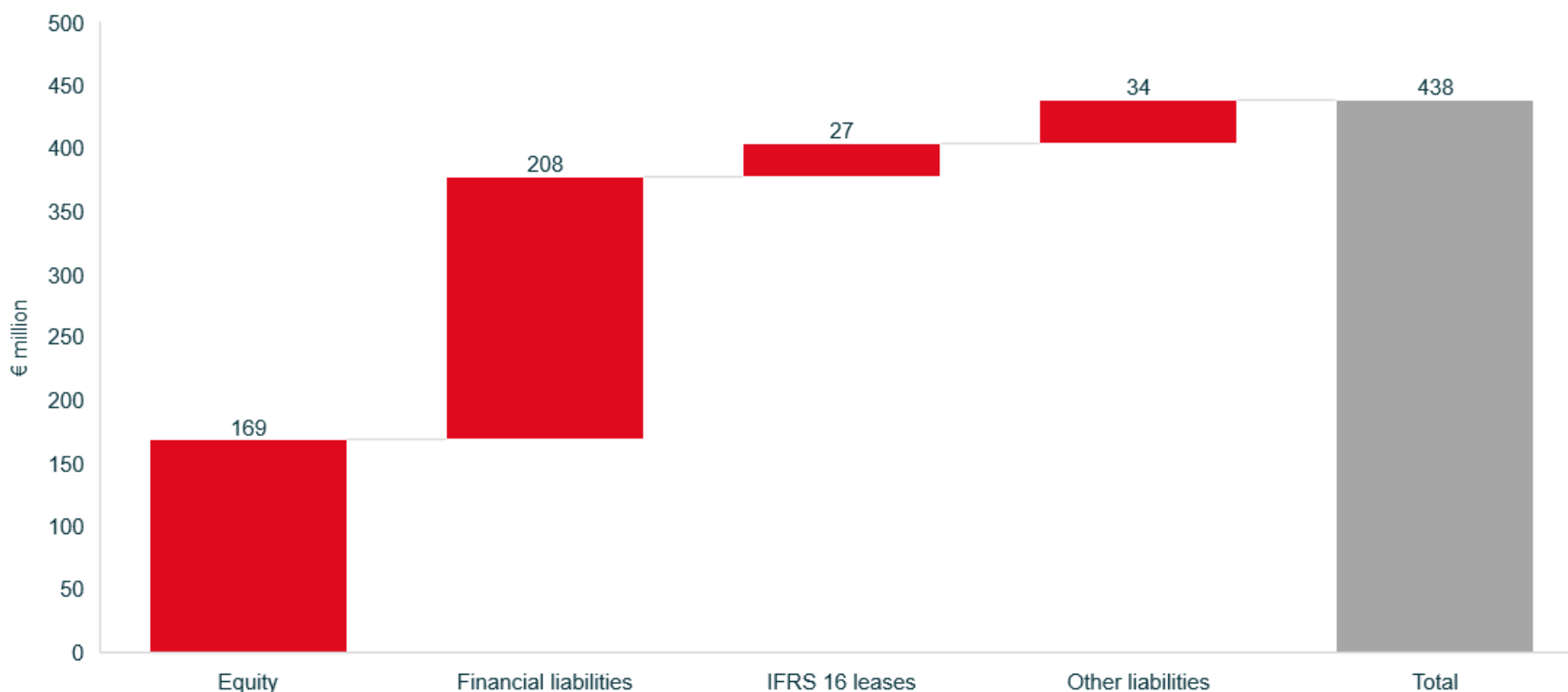
¹ Per 30/06/2019

Financial information

Key balance sheet figures¹

> Loan-to-value ratio of 50%²

Equity and liabilities



¹ Per 30/06/2019

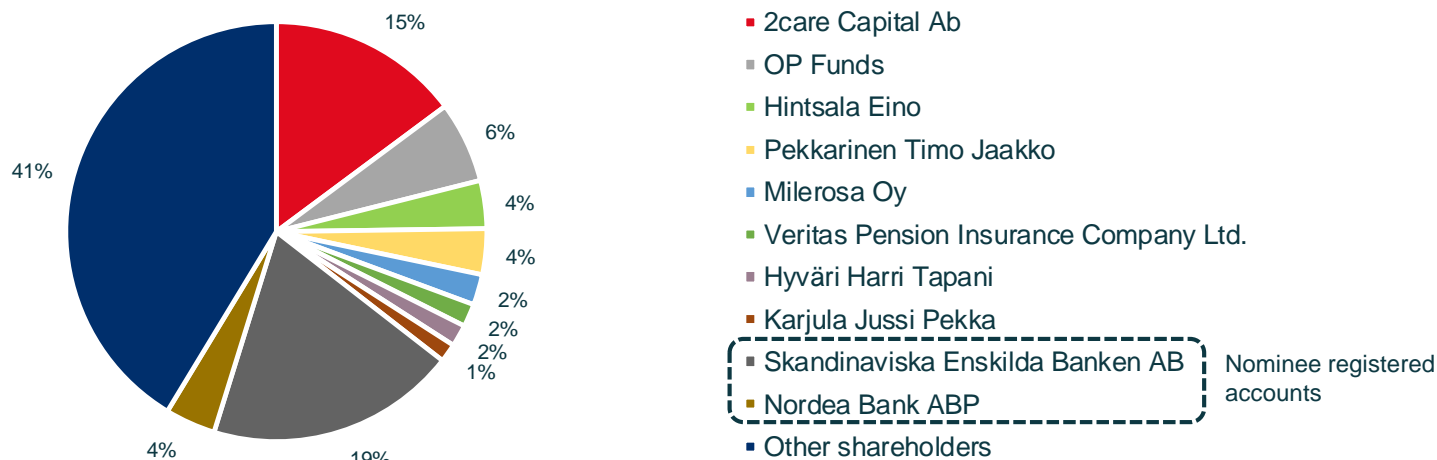
² Financial liabilities – cash and cash equivalents divided by fair value of investment properties and pipeline

Financial information

Shares and shareholders¹

- > Total of 25.439.229 outstanding shares²
- > Listed on Nasdaq Helsinki with ticker HOIVA (ISIN FI4000148648)
- > 8 largest shareholders (excluding nominee registered accounts) own 36% of the total of outstanding shares

Dispersion of ownership



¹ Per 31/10/2019

² An additional 63.400 shares will be issued to participants in Hoivatilat's existing long-term share-based incentive plan during the offer period

Financial information

Market cap

> Market cap¹

- Aedifica: approx. €2,6 billion
- Hoivatilat: approx. €320 million



¹ Per 01/11/2019

Offer price rationale



Day-care center
Porvoo - Finland

Offer price rationale

Implied enterprise value

- > Implied enterprise value of approx. €577 million
 - Equity valuation of €375 million (€14,75 per share)¹
 - Net financial liabilities of €202 million²
- > The valuation of Hoivatilat is based on two pillars
 - Valuation of existing portfolio and committed pipeline at market value³
 - Value creation of future development potential
 - Assumption regarding continuous fueling of the development pipeline
 - Yield on cost > market yield at completion

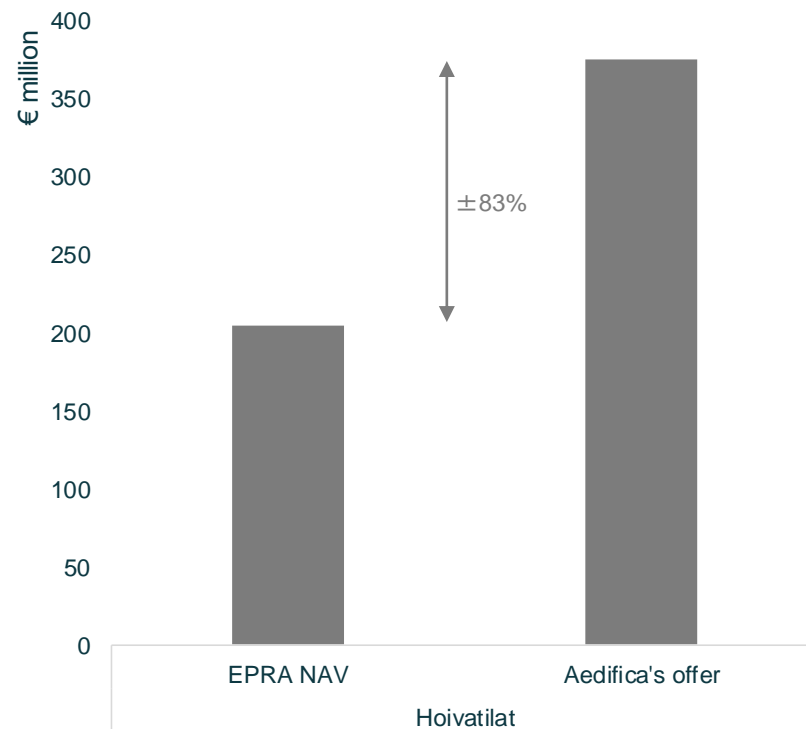
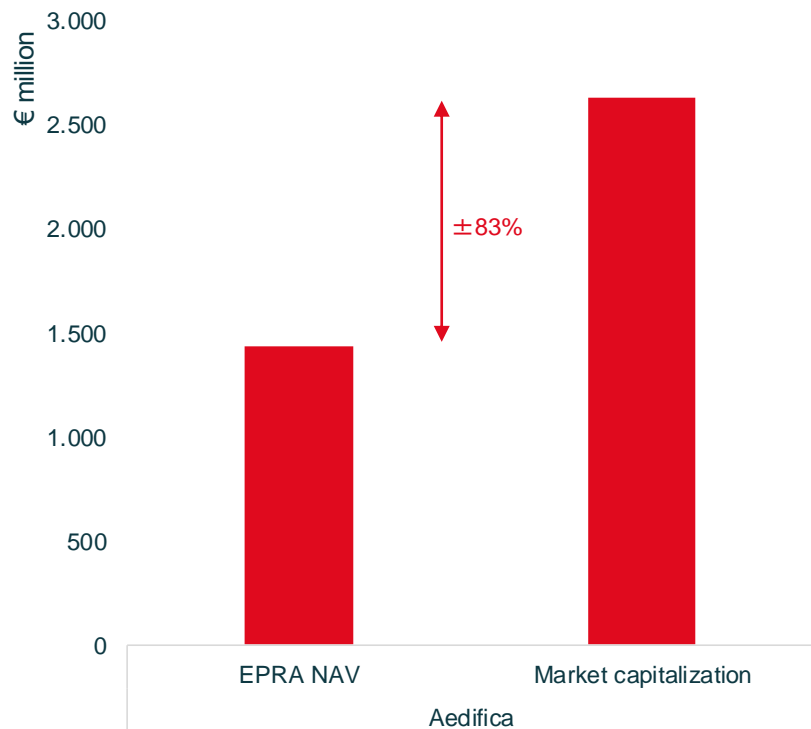
¹ An additional 63.400 shares will be issued to participants in Hoivatilat's existing long-term share-based incentive plan during the offer period, increasing the equity value of the offer to approx. €376 million

² Excluding IFRS 16 leases and net of cash; per 30/06/2019

³ The underlying valuation assumption for the Hoivatilat portfolio is confirmed by a professional local valuation expert.

Offer price rationale

Premium to NAV



Aedifica going forward

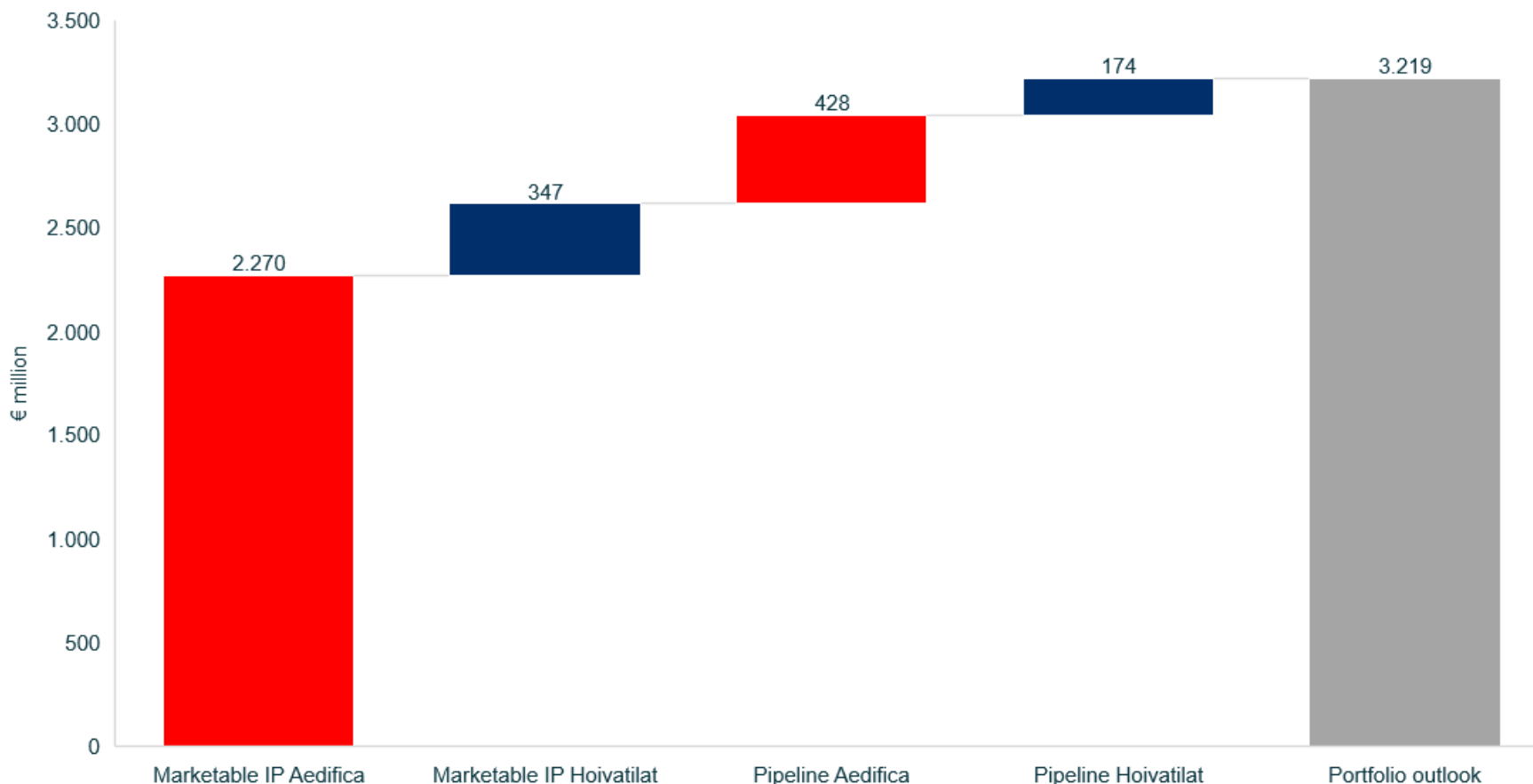


Elderly care home
Oulu - Finland

Aedifica going forward

Theoretical portfolio outlook¹

> Healthcare real estate portfolio > €3 billion in foreseeable future



¹ Per 30/06/2019

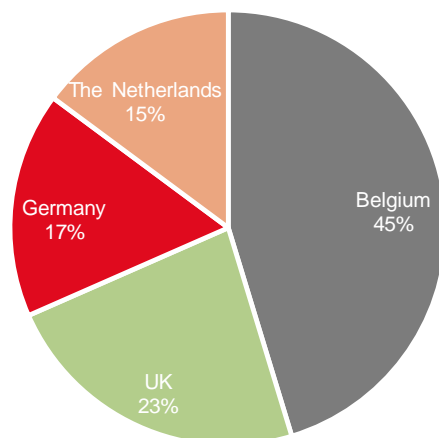
Aedifica going forward

Enhanced geographical diversification¹

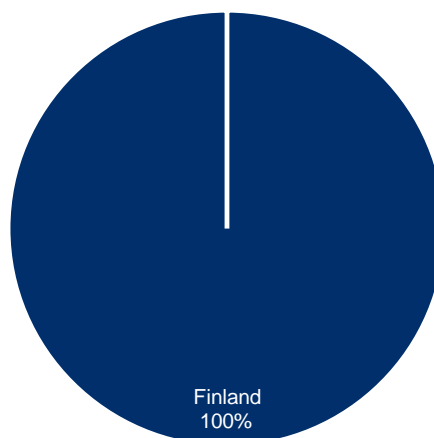
Aedifica

Hoivatilat

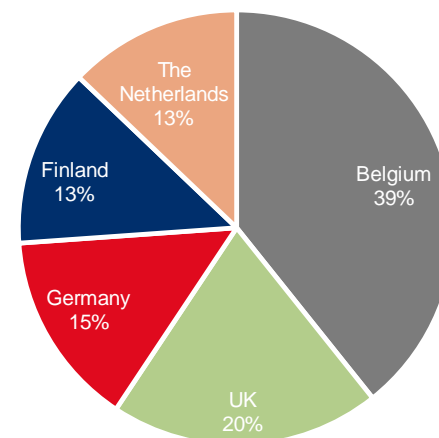
Combination



+



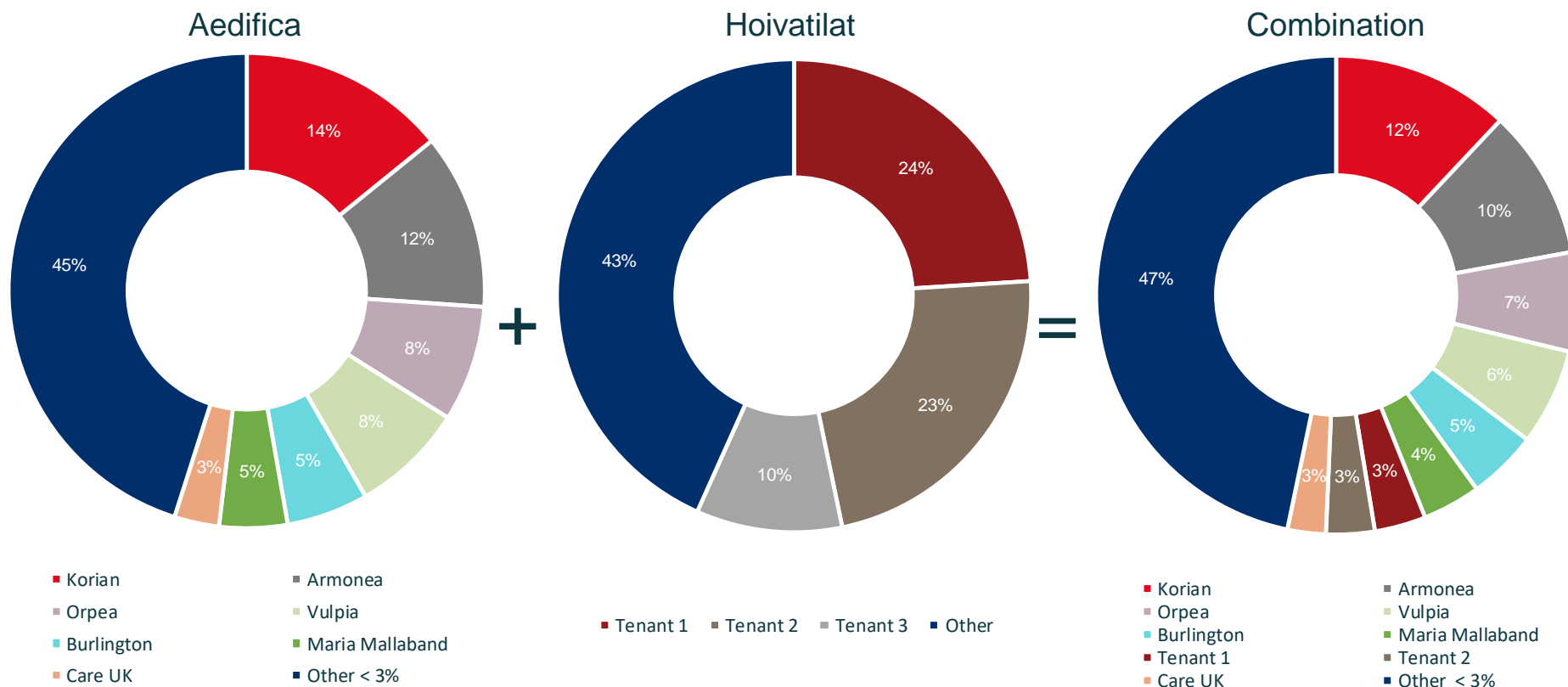
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¹ Measured by fair value of investment properties; per 30/06/2019

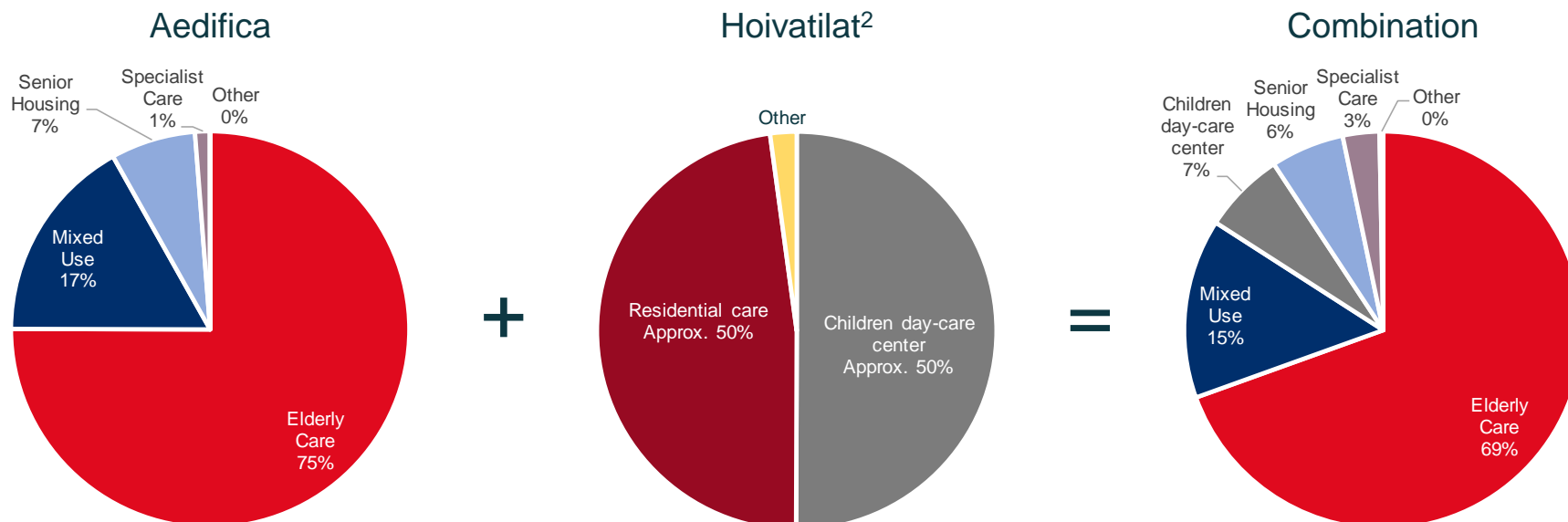
Aedifica going forward

Enhanced tenant diversification¹



Aedifica going forward

Segment breakdown¹

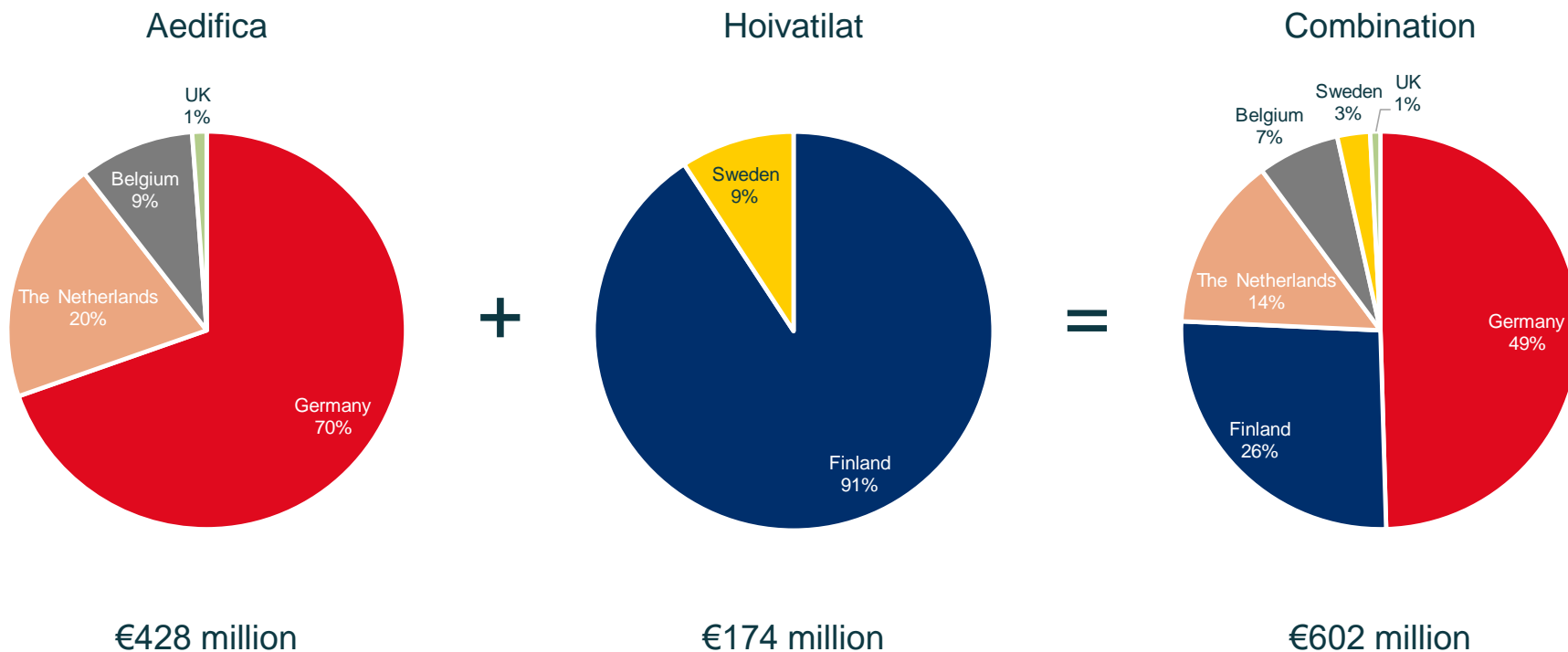


¹ Based on fair value of completed investment properties per 30/06/2019

² Breakdown of Hoivatilat is an estimate; residential care includes elderly care and specialist care

Aedifica going forward

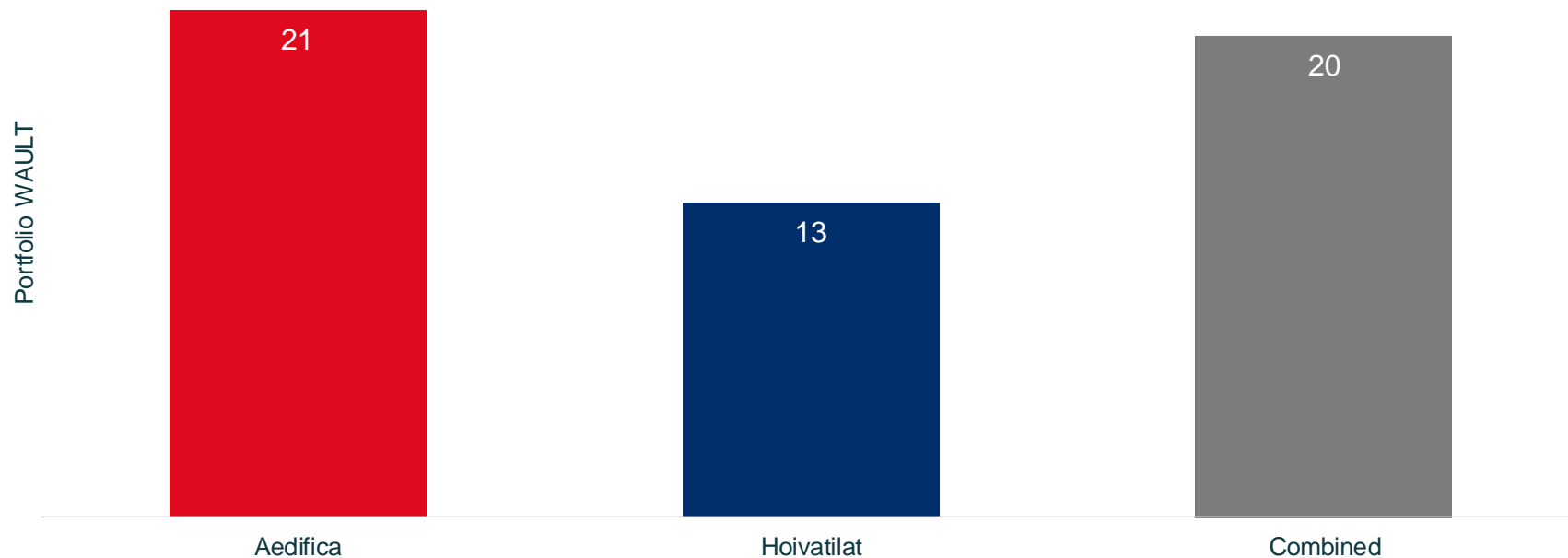
Enhanced growth potential: combined pipelines¹



¹ Based on investment cost; per 30/06/2019

Aedifica going forward

Portfolio WAULT of completed portfolio¹



¹ Aligned with Aedifica's calculation method; per 30/06/2019

Aedifica going forward

Debt-to-assets ratio and EPS

- > A 100% successful offer will result in an estimated increase of the **debt-to-assets ratio of approx. + 11% points**
- > **EPS/EPRA earnings impact**
 - Depending on debt and equity refinancing assumptions
 - Hoivatilat H1 2019 EPRA earnings of approx. €4,9 million
 - Estimate
 - Assumption of 100% of Hoivatilat shares on 01/01/2020
 - Assumption of 100% debt financing until end of book year 2019/2020
 - Assumption of cost of debt at marginal cost
 - Based on Hoivatilat's guidance
 - Estimate of positive EPS impact on H2 2019-2020 between €0,10 and €0,15

Conclusion



Service community
Uusikaupunki - Finland

Conclusion

- > **Entering the Nordic healthcare real estate markets**
 - One of the fastest ageing populations in Europe
 - Nordic welfare states
- > **Sizeable high quality healthcare real estate portfolio**
 - Average age of completed buildings of 2,5 years
 - 100% occupancy
 - Diversified tenant base with major Nordic healthcare operators
- > **Committed development pipeline and continuous fueling of future development pipeline**
- > **Long term inflation-linked leases**
 - WAULT of 13 years¹ of completed portfolio
- > **Well-established development and management platform with impressive track-record**
- > **Value-creation through build and hold model**
 - Yield on cost > market yield

¹ Aligned with Aedifica's calculation method

Conclusion

Aedifica and Hoivatilat joining forces in the Nordics

- > Unlocking potential for further value creation and growth**
- > Attractive returns vs compressing yields in today's European healthcare real estate market**
- > Solid underlying risk-profile of the Nordic welfare states**

Aedifica



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

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Appendices



Välke
Pori - Finland

Major care operators

Attendo 

aedifica 
housing with care

- > Attendo is the largest private provider for elderly care in Sweden and Finland (www.attendo.com)
- > Operating segments
 - Elderly care
 - Disabled care
 - Mental care
- > Total of 700 facilities (elderly and specialist care)
 - Approx. 16.500 beds
 - Approx. 24.000 employees
- > Listed on Nasdaq Stockholm with a 100% free float
- > Financial figures 2018¹
 - Revenue of approx. €1,0 billion
 - EBITDA of approx. €62 million
 - Total assets of approx. €1,3 billion
 - Net debt of approx. 233 million
 - Net debt/EBITDA ratio of 3,8

Major care operators



- > Mehiläinen is Finland's second largest care and care services operator (www.mehiläinen.fi)
- > Operating segments
 - Public social care services, of which elderly and specialist care
 - Private healthcare services
 - Public healthcare services
- > More than 170 residential care homes
 - Over 6.000 beds
 - Over 18.800 employees and private practitioners (for the total of activities)
- > Ownership
 - 57% by private equity group CVC Capital Partners
 - 38% by several insurance companies and funds
 - 5% others and private individuals
- > Financial figures 2018¹
 - Revenue of approx. €916 million
 - Underlying EBITDA of approx. €108 million
 - Total assets of approx. €670 million
 - Net debt of approx. 363 million
 - Net debt/EBITDA ratio of 3,6

Major care operators



- > Touhula is Finland's largest private operator of day-care centers (www.touhula.fi)
- > Operating segment: children's day-care
- > Over 180 ECEC¹ centers
 - Over 10.000 children
 - Over 2.500 employees
- > The major shareholder is the Nordic equity investment fund EQT that owns 79%
- > Financial figures 2018²
 - Revenue of approx. €110 million
 - EBITDA margin of approx. 5,6%
 - Total assets of approx. €127 million
 - Net debt of approx. 48 million
 - Net debt/EBITDA ratio of 4,8

¹ Early Childhood and Education Care

² Reported figures

Major care operators



- > Pilke is the second largest children's day-care operator in Finland (www.pilkepaivakodit.fi)
- > Operating segment: children's day-care
- > 128 ECEC centers in 60 municipalities for
 - Over 9.000 children
 - Over 1.450 day-care professionals
- > Owned by Finnish private equity group Korona Invest
- > Financial figures 2018¹
 - Revenue of approx. €47 million
 - EBITDA of approx. €2,4 million
 - Total assets of approx. €17 million
 - Net debt of approx. 4,4 million
 - Net debt/EBITDA ratio of 1,9

Major care operators

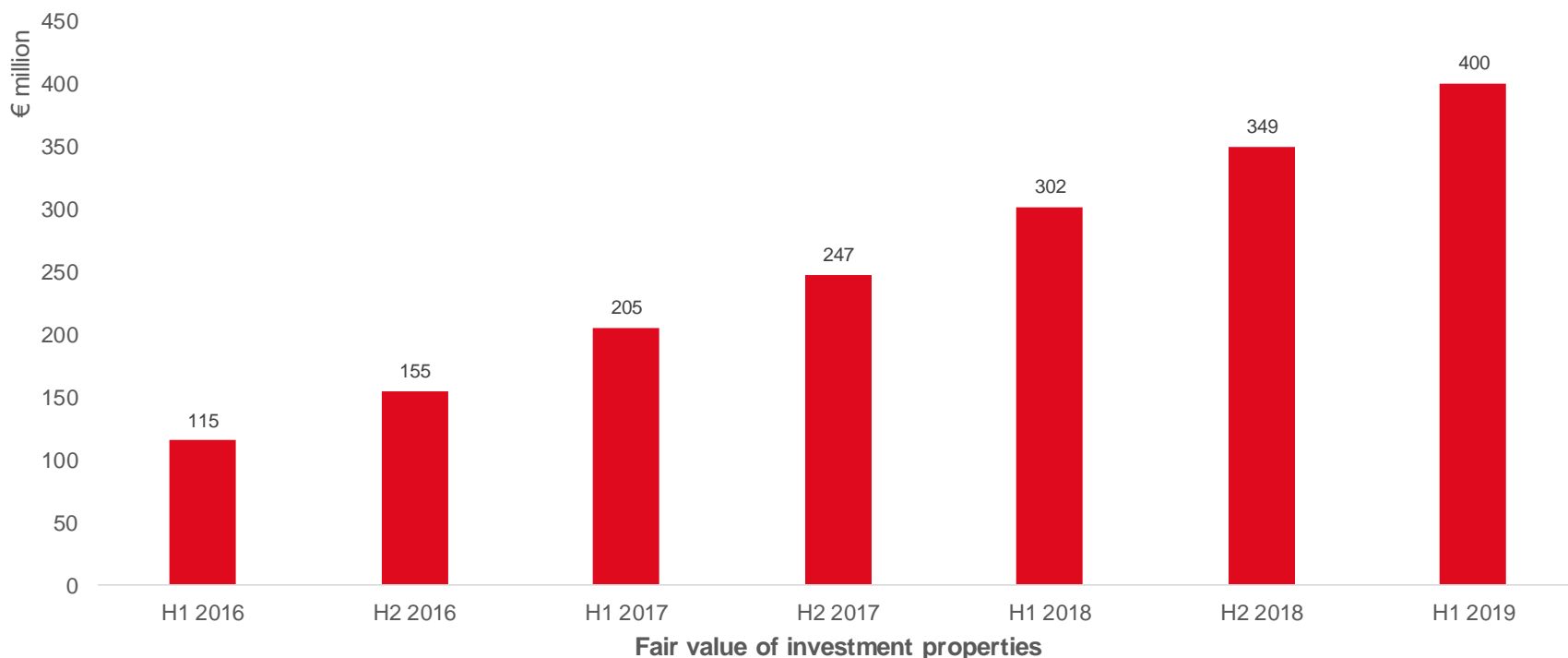


- > Norlandia Health & Care Group is a care operator and property developer primarily active in Norway, Sweden and Finland (www.norlandiacare.com)
- > Operating segments
 - Children's day-care
 - Elderly care
 - Rehabilitation hotels
- > More than 300 children's day-care centers and 49 elderly care homes
 - Over 10.000 children and 2.900 elderly people
 - Over 900 day-care professionals and 3.100 care employees
- > Owned by Hospitality Invest, an investment holding of the Norwegian Adolfsen family
- > Financial figures 2018²
 - Revenue of approx. €479 million
 - EBITDA of approx. €21 million
 - Total assets of approx. €354 million (of which approx. €155 million goodwill)
 - Net debt of approx. 186 million
 - Net debt/EBITDA ratio of 8,8

Historical CAGR

Evolution of total portfolio¹

- > Evolution of Hoivatilat's fair value of investment properties over the past three years shows a CAGR of 51% as a result of
 - Constant development pipeline
 - Yield compression



Committed pipeline

- > Hoivatilat's committed pipeline fuels constant growth
 - Committed pipeline higher than €82 million since 2017
 - Approx. €174 million in H1 2019

