

PRESS RELEASE
Regulated information – Inside information

21 December 2018 – before opening of markets
Under embargo until 7:30 CET

AEDIFICA

Public limited liability company
Public regulated real estate company under Belgian law
Registered office: Rue Belliard 40 (box 11), 1040 Brussels
Enterprise number: 0877.248.501 (RLE Brussels)
(the “Company”)

**Aedifica acquires a portfolio of 93 healthcare properties
in the United Kingdom**

- **Agreement for the acquisition of a healthcare real estate portfolio in the United Kingdom**
 - **Contractual value: approx. £450 million**
 - **Initial gross rental yield: approx. 7 %**
 - **Capacity: more than 5,700 units across 93 properties**
 - **Diversified tenant base: 14 operators**
 - **Inflation-linked triple net leases**
 - **WAULT: > 22 years**

Stefaan Gielens, CEO of Aedifica, commented: *"Aedifica acquires a significant healthcare real estate portfolio including 93 properties in the United Kingdom. By entering the UK market, Aedifica adds a fourth country to its portfolio and anchors its strategy as a pure play investor in European healthcare real estate. The United Kingdom provides an attractive investment opportunity for Aedifica, since the healthcare market is still very fragmented and the ageing population leads to increasing demand for care assets. Moreover, given current market conditions, Aedifica will acquire this portfolio at a discount as compared to the independently appraised fair value of the buildings. This transaction, in combination with our pre-let development pipeline, will further establish Aedifica as the market reference in listed European healthcare real estate."*



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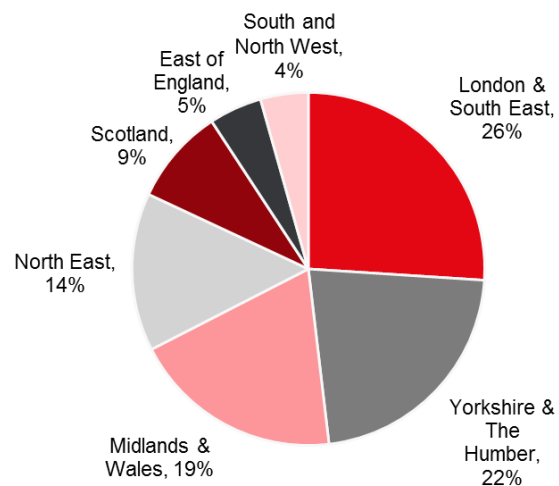
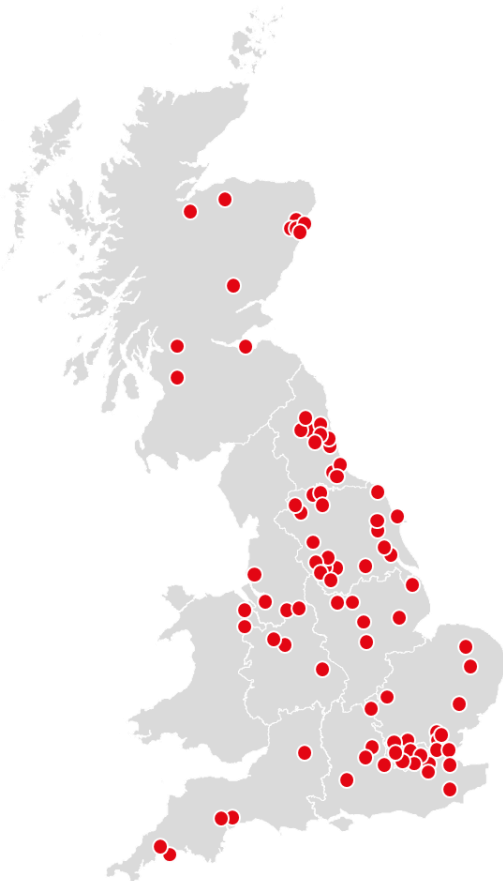
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Aedifica has signed an agreement (subject to limited conditions) with an affiliate of Lone Star Real Estate Fund IV to acquire a significant UK healthcare real estate portfolio. Parties to the agreement aim to close the transaction at end of January 2019. This transaction marks Aedifica's entry into the UK market, thereby adding a fourth country to its portfolio. The United Kingdom is one of the largest markets in Europe with attractive fundamentals supporting healthcare real estate.

Description of the portfolio

The Aedifica UK portfolio will consist of 93 healthcare properties, on 91 locations, with a total capacity for more than 5,700 residents. These care assets are largely purpose-built care homes offering a 100% single bedroom ratio and above market average care quality ratings (Care Quality Commission – “CQC”, the sector regulator in England and the Care Inspectorate, the sector regulators in Scotland and Wales). The portfolio offers good geographical diversification with locations all across the United Kingdom (see chart below). Approx. 26% of the portfolio rent comes from assets located in London and the South East. The portfolio also offers the potential for further improvement through ongoing and identified extension and upgrade projects.



Aedifica will manage and expand its UK portfolio with the support of Layland Walker that has been providing portfolio management services for this portfolio during the past five years. Layland Walker will offer its services exclusively to Aedifica. The Layland Walker team consists of seven experienced professionals dedicated to this portfolio and maintains long term working relationships with the tenants of the portfolio and the UK healthcare market.



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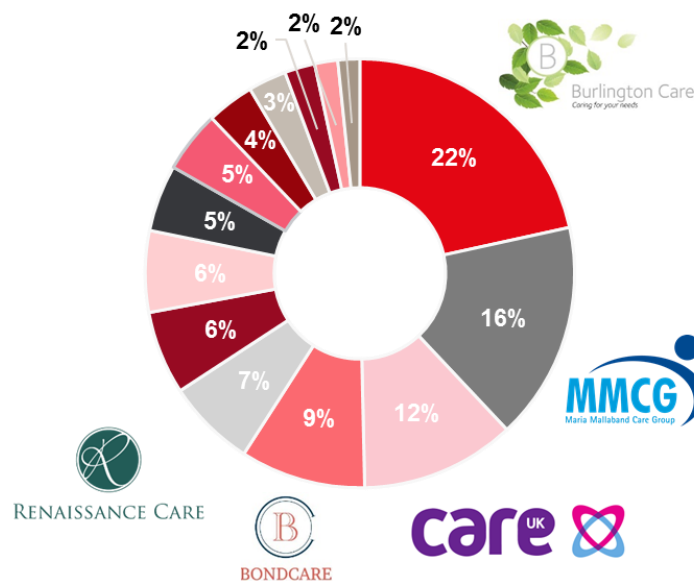
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Coplands – Wembley (London)

Description of the operators and the leases

The Aedifica UK portfolio will have a diversified tenant base of 14 well-established operators, eight of which are in the top 30 largest elderly care home providers in the UK. These operators include strong and well-known care providers like Burlington Care, Maria Mallaband Care Group and Care UK (see chart below). Moreover, seven tenants are deemed “strategically important” to the UK care home market (due to their size) by the CQC and are therefore subject to specific regulatory and financial oversight.



The leases in this portfolio are inflation-linked triple net leases with a weighted average remaining lease term of more than 22 years. The initial gross yield amounts to approx. 7 %.



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Kings Court Care Centre – Swindon

Description of the UK elderly care market

The United Kingdom is one of the largest markets in Europe with attractive fundamentals supporting healthcare real estate. The elderly population in the UK is expected to grow significantly. In particular, the number of people over 80 years old is expected to more than double by 2050. An increasingly ageing population requiring greater care and nursing needs is expected to continue to drive significant demand for healthcare real estate in the foreseeable future and support a positive outlook for occupancy levels. The UK care home market is still very fragmented and features approx. 5,500 operators, of which a very high portion are independent private players running operations in small and outdated assets. The top four largest care home operators account for 15% of the total bed capacity, while the top 30 represents 30%.

Care home operators in the UK are regulated and must be approved by the regulator before and during operations. Care homes in the UK are frequently inspected by the sector regulator, with reports made publicly available.

The funding of the senior housing market in the UK is based on a mixture of public financing (Local Authorities and National Health Services) and private financing (self-payers). The self-pay market has experienced the fastest growth of all funding sources and represents 45% of the overall market. Local Authorities provide social care after an assessment of a person's eligibility for care and their financial position. The portion of residents funded by Local Authorities in care homes represents on average 46%. The National Health Services fund residents who have been assessed as having a primary health need, representing 9% of the market.



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Armstrong House – Gateshead

Description of the transaction

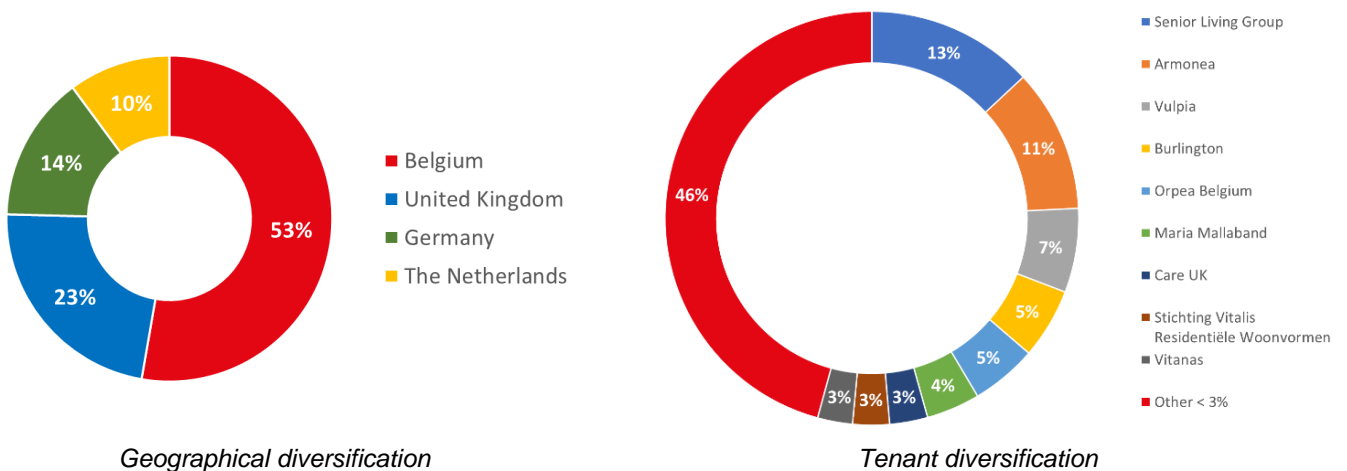
On 21 December 2018, Aedifica signed a share purchase agreement (subject to limited conditions) with an affiliate of Lone Star Real Estate Fund IV for the acquisition of 100% of the shares of the companies that own, directly or through 100% controlled subsidiaries, the real estate portfolio. The contractual value¹ of the portfolio amounts to approx. £450 million. The portfolio will be acquired at a discount of approx. 5 % compared to its fair value as estimated by an independent valuation expert. Closing of the transaction is expected at end of January 2019.

The closing of this transaction will be financed through existing and new debt facilities already in place. This acquisition will increase the debt-to-assets ratio of Aedifica by approx. 10 percentage points.

Impact of this transaction on the Aedifica portfolio

This UK portfolio fits perfectly with Aedifica’s pure play European healthcare real estate investment strategy and its current portfolio. This deal further diversifies the Group’s geographical spread and tenant base. The inflation-linked triple net leases with a weighted average remaining lease term of more than 22 years will strengthen the exceptional WAULT of Aedifica’s portfolio and offer stable long-term cash flows.

The charts below show the theoretical impact of this transaction on the diversification of Aedifica’s portfolio:



¹ The contractual value complies with the provisions of article 49 § 1 of the Belgian Act of 12 May 2014 on regulated real estate companies.



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The English version of this press release constitutes a free translation of the Dutch language text and is made for information purposes only. In case of inconsistency with the Dutch version or inaccuracy of the Dutch translation, the Dutch text shall prevail.

Aedifica is a Regulated Real Estate Company under Belgian law specialised in healthcare real estate, particularly in senior housing. Aedifica has developed a portfolio worth more than €1.8 billion in Belgium, Germany and in The Netherlands. In early 2019, the Group will enter the UK market.

Aedifica has been quoted on Euronext Brussels (regulated market) since 2006 and is identified by the following ticker symbols: AED; AED:BB (Bloomberg); AOO.BR (Reuters).

The Company's market capitalisation was €1.4 billion as of 30 November 2018.

Aedifica is included in the EPRA indices.

Forward-looking statement

This document contains forward-looking information that involves risks and uncertainties, including statements about Aedifica's plans, objectives, expectations and intentions. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Aedifica. Should one or more of these risks, uncertainties or contingencies materialise, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected. As a result, Aedifica does not assume any responsibility for the accuracy of these forward-looking statements.

For all additional information

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