

MARKETBEAT

EUROPEAN NURSING HOMES REPORT

*Overview of the European
Nursing Homes Market*

2020 Summary & 2021 Outlook



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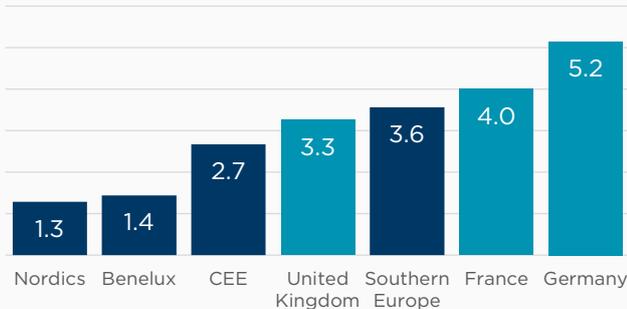
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EUROPEAN CONTEXT

DEMOGRAPHIC EVOLUTION

POPULATION OVER 80

POPULATION OVER 80 YEARS IN 2018 IN MILLION



Source : Eurostat

Benelux: Belgium, Luxemburg and the Netherlands

CEE: Czechia, Hungary, Poland, Romania and Slovakia

Nordics: Denmark, Finland, Norway and Sweden

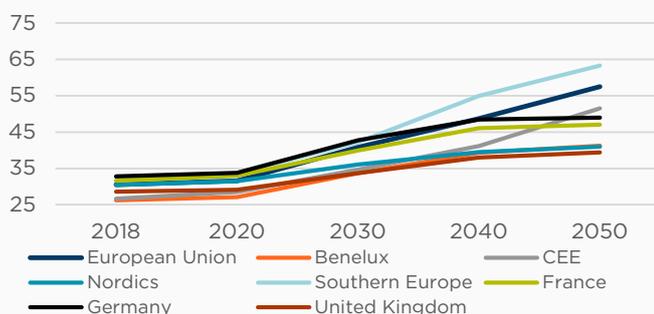
Southern Europe: Italy, Portugal and Spain

The European Union (28 countries) in 2018 counts for more than 25 million people over 80 years, up by 25% over the last decade. This older population is predominantly in Germany (5.1 million people over 80 years), France (4 million), in the Southern part of the region (3.6 million) and the United Kingdom (3.3 million). Combined, these countries account for 56% of the over 80 years population in Europe. Two thirds of this population is composed by females with the ratio of the total population varying between 60% and 70% depending on countries. The pace of growth of this population is faster than other age groups. Between 2018 and 2050, the elderly population in the European Union is projected to more than double, up by 130%.

In a recent report “Ageing Europe - looking at the lives of older people in the EU”, an analysis of the older populations’ life location indicated that in 2018, 42% of people over 65 were living in predominantly urban regions and 38% in intermediate regions, leaving 20% in predominantly rural regions. This pattern is a higher-than-average proportion of older people living in rural regions – could be observed in the vast majority of the region with only exceptions for Belgium and Poland. By contrast, the share of older people living in rural regions was high in France, United Kingdom, the Netherlands and particularly in Spain.

DEPENDENCY RATIO

DEPENDENCY RATIO (in %)



Source : Eurostat

Dependency ratio = the number of people aged over 65 / the population aged 15-64

The dependency ratio (the number of people aged over 65/ the population aged 15-64) in the European Union was at 30.5% in 2018. It is forecasted to increase to 40.8% by 2030 and 57.5% by 2050. The pace of this increase will be significantly different depending on the country and we can identify 3 groups within the region:

- A 1st group which includes Benelux, Nordics and the United Kingdom where the dependency ratio is expected to reach 39%-41% by 2050, far below the European average.

- A 2nd group which includes France, CEE and Germany with dependency ratio expected to reach 47%-51% by 2050.
- A third one which includes Southern Europe (Italy, Spain and Portugal) where dependency ratio is expected to be significantly higher than the European average, with an estimated ratio of 63%.

EUROPEAN CONTEXT

NURSING HOME LANDSCAPE

EQUIPMENT RATE

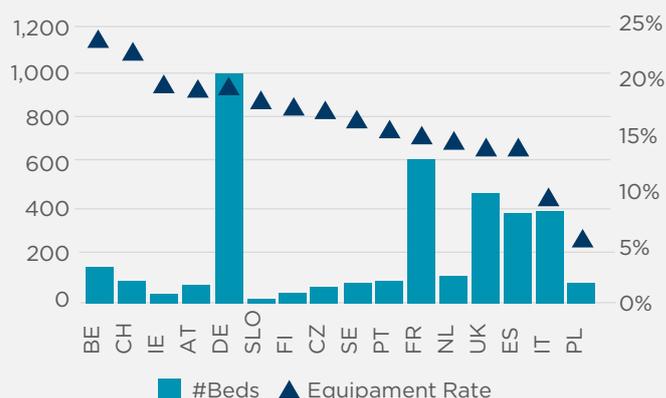
The equipment rate represents the number of beds / 80 plus population. Across Europe, this rate varies very widely from 6% in Poland (the lowest rate) to 23% in Belgium (the highest one) with the European average standing at 16%. The lack of nursing homes is quite visible in some countries such as Italy, Czech Republic and Poland. In some of them, traditional family structures could still prevail as a solution for older people living for a while; however, we can expect in the medium/long term a growing demand both from operators and investors, in order to provide alternative solutions for this ageing population.

TYPE OF OPERATORS

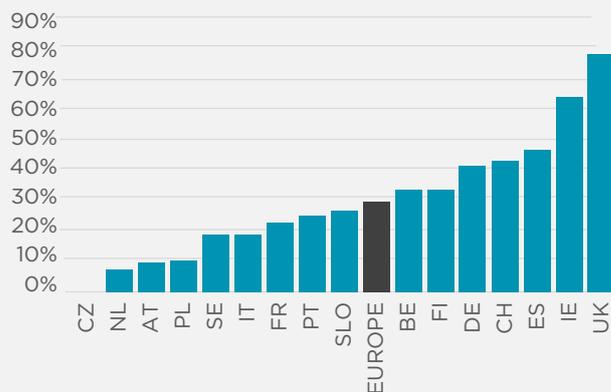
Nursing homes management can be split between different types of operators: public, non-profit or private ones. The share of those operators in the local markets often depends on regulations (licensed operators, outsourced or free market). At the European level, the market share of care homes managed by private operators reaches 31% of total beds (+300 bps in 2 years). Across the region, the United Kingdom has a specific position with private operators managing 81% of total beds dedicated to ageing population. This is by far the highest ratio in Europe, with Germany following quite far at 45%. Private operators can find some space to grow their business in a wide range of countries such as Czech Republic, Poland, The Netherlands for the most obvious ones and then extend to Sweden, Italy, France and Portugal.

Supported in their development by shareholders and corporate investment funds but limited by their growth in their domestic market, major healthcare providers have already started exporting their expertise abroad. Over the last 20 years, ORPEA is becoming the leader of the care homes industry with homes in 22 countries and 67% of its networks currently outside of France (Europe mainly but also Brazil, China, Colombia, Chile, Mexico and Uruguay). On its end, DOMUS VI has accelerated its development in Southern Europe (Spain and Portugal) but also in Southern America (Chili, Uruguay and Colombia). Most of the international expansion of healthcare operators is made by the acquisitions of local private operators in order to get a rapidly critical mass. They can also create joint-ventures in order to increase their weight; this has been the case in 2019 for COLISEE (France) and ARMONEA (Belgium) or for KORIAN (France) buying STEPPING STONES, a Dutch operator. Beyond the European market, some operators have already started to develop their business in Asia - with China being at the top of their priorities - and in South America.

NUMBER OF NURSING HOME BEDS* AND EQUIPMENT RATE IN 2020



BEDS MANAGED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

The M&A operators activity to grow their platforms in Europe remained strong in 2020. The deals often involve a real estate investor from the early stages of the process to execute more efficiently the transactions. Investors having an existing close relationship with operators can then better leverage their existing presence; this makes it harder for new entrants to close such deals

EUROPEAN CONTEXT

INVESTMENT MARKET

MARKET TRENDS

The pandemic crisis of Covid 19 has not slowdown the pace of investment activity in care homes across Europe. The volume of transactions recorded in 2020 has increased to reach a record level of €7.6 billion, up by 24% year-on-year. After several months of questioning in the early stage of the crisis about their potential obsolescence and capacity to survive to the very strict sanitary rules, care homes assets have rapidly demonstrated their resilience in a quite challenging times for the commercial real estate market. First, the care homes operators have overall gone through the crisis in a pretty good shape, consolidating their position and the relevance of their business models. Secondly, the fast closing of care homes acquisitions by investors in Q2 and Q3 2020 have re-assured the market players in the bright future of this asset class and brought some clarity regarding the current prices. Care homes are still highly sought after by investors in Europe with Germany confirming its leading role within the region with more than €3 billion of transactions recorded in 2020 (42% of total volume). The Netherlands and the United Kingdom have also posted a quite good market performance with €1 billion and €800 million of transactions respectively in 2020. Market activity has continued to be dynamic in the Northern part of the region with Sweden and Finland totalling a volume close to €1.6 billion while the Southern countries (mainly Spain and Italy) have benefitted from a regain of interest from investors keen to increase their investment return ratio. French investors such as ICADE or PRIMONIAL / PRIMOVIE or some Belgian ones such as COFINIMMO have been quite active in 2020 on the buy side in these two countries, bringing the investment volume to €843 million, up from €510 million recorded a year ago. Finally, the French market is still suffering from a lack of care homes opportunities, constraining the investment volume to €210 million in 2020.

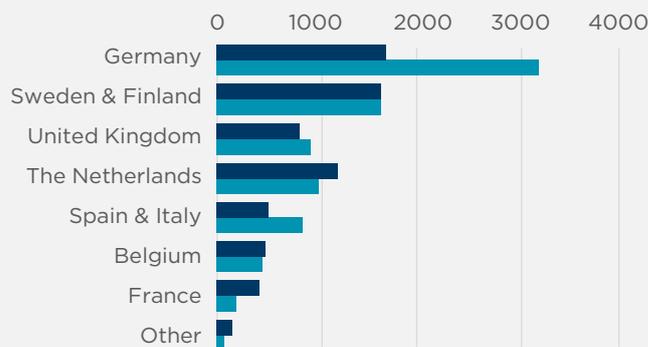
The care homes investment market should continue to grow over the next few years, based on favorable demographic fundamentals coupled with a desire for development from care homes operators who are increasingly partnering with investors for the real estate component. In this context, we should see the volume of investment continuing to grow, with the Southern and Central European markets gaining in share.

INVESTMENT VOLUME IN CARE HOMES IN EUROPE, € MILLION



Source : Cushman & Wakefield

INVESTMENT VOLUME IN CARE HOMES IN EUROPE IN 2019 & 2020, € BN



Source : Cushman & Wakefield

EUROPEAN CONTEXT

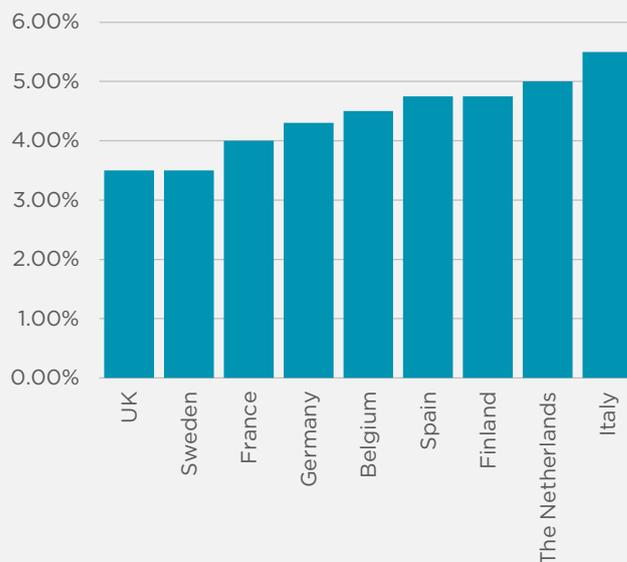
INVESTMENT MARKET

PRIME YIELDS

Prime yields for care homes in Europe have remained broadly stable in 2020 even if some compressing trends have been observed in a few European countries. They are still ranging from 3.50% in the United Kingdom and Sweden. France and Germany still occupy an intermediate position in the Europe landscape with highest prime yields standing at 5.25% in Italy and 5.40% in Poland.

Comparing these yields from a country to another one across Europe is still a challenging exercise as major differences exist regarding the lease duration, the type of lease (double or triple net) and the rents indexation.

PRIME YIELDS IN THE HEALTHCARE SECTOR IN EUROPE



Source : Cushman & Wakefield

AUSTRIA

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

As per last official statistics, the dependency ratio in Austria was 28.6% in 2019 (share of citizens over 65 compared to citizens between 20 and 65).

Compared to other European countries, the dependency ratio is lower than the average of the European Union (approx. 31%).

POPULATION OVER 80

As of January 2020, the 65+ year old population represents 19.0% of Austrian inhabitants.

The 80+ category represents 5.3% of the Austrian population. On average, life expectancy in Austria in 2019 was 79.5 years for men and 84.2 years for women.

NURSING HOME LANDSCAPE

The equipment rate represents the number of beds / 80 and over population. It stands at approx. 17.5% in Austria.

As per recent studies, Austria is expected to need approximately 13,000 additional beds by 2030.

In Austria, the growth in the nursing home capacity over the last 10 years has been lower than that of the 65+ population.

OPERATORS LANDSCAPE

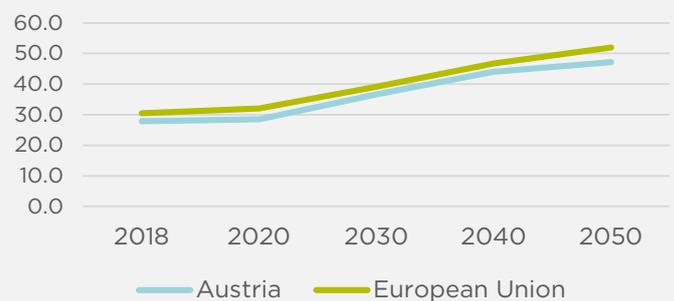
Across Austria, the development and operations of nursing homes are subject to specific federal and communal rules and laws. Operator's typology can be split as follows:

Public actors represent approx. 55% of the market

Non-profit operators manage around 35% of all the beds.

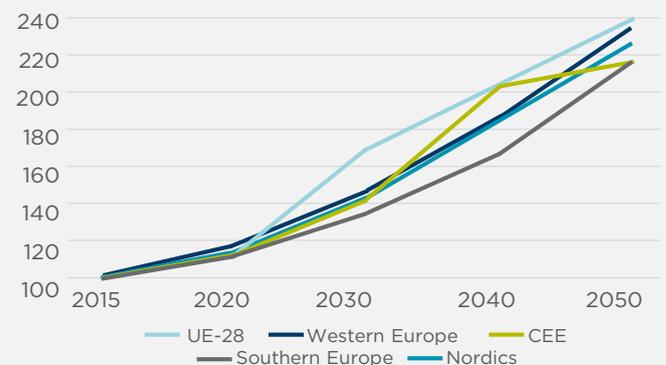
Private commercial operators manage around 10% of all the beds.

DEPENDENCY RATIO



Source : Eurostat

POPULATION OVER 80 YEARS



Source : Eurostat

NUMBER OF NURSING HOMES BEDS*AND EQUIPMENT RATE IN 2020



Source : Eurostat

AUSTRIA

OPERATORS LANDSCAPE

MAIN OPERATORS

Austrian private commercial providers can be divided into two categories:

- large groups managing more than 1,000 beds,
- smaller groups often owned by their founders.

The biggest private operator in Austria is SeneCura, who experienced a significant growth over the last few years.

The majority of private nursing homes are small structures.

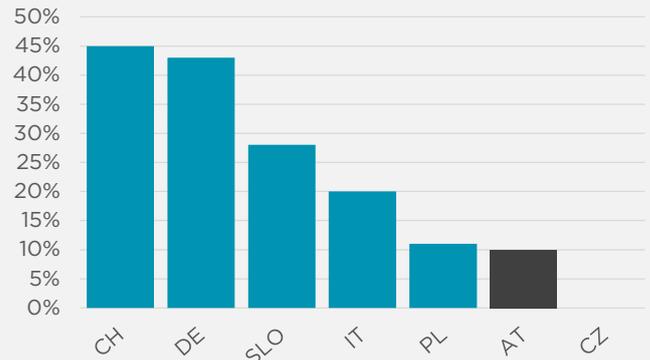
MARKET TRENDS

As development opportunities are rare in the cities and in their immediate vicinity, many developments are now launched in the outskirts where there are more unoccupied lands.

INVESTMENT MARKET

As the biggest operator of nursing homes in Austria is the public sector, there is comparably low investment action in this asset class. SeneCura (ORPEA) is the biggest private operator with various acquisitions and new opening of nursing homes.

PERCENTAGE OF CARE HOME BEDS MANAGED BY PRIVATE OPERATORS



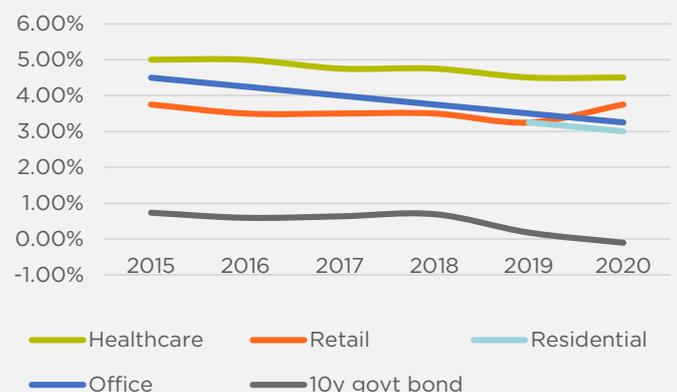
Source: National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN BELGIUM, NUMBER OF BEDS

NAME	NUMBER OF BEDS
SENECURA (ORPEA)	7,815 beds
KURSANA	233 beds

Source : Cushman & Wakefield

PRIME YIELDS IN SEVERAL SECTORS IN AUSTRIA



Source : Cushman & Wakefield

BELGIUM

KEY TRENDS

- More than €400 M invested in 2020,
- Prime yields are currently at 4.25% and are expected to stabilise in 2021.

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

According to Statbel, on 1st January 2020, Belgium had a population of 11,493,000, which was a slight rise compared with 2019. It is important to underline that in the space of ten years, the number of people aged over 65 has risen significantly in comparison with the overall Belgian population. However, the population is younger in Brussels than in the country's two other regions.

Indeed, the proportion of people aged 67 and over in the working population (18-66 years), called the dependence coefficient, is currently around 32% and is likely to be 40% by 2040 according to the latest population forecasts. This ratio is just below the European average. This ageing of the population can be explained, among other factors, by the fact that the baby-boomer generation is gradually leaving the working age population. The ageing of the Belgian population is forecast to stabilise by 2040.

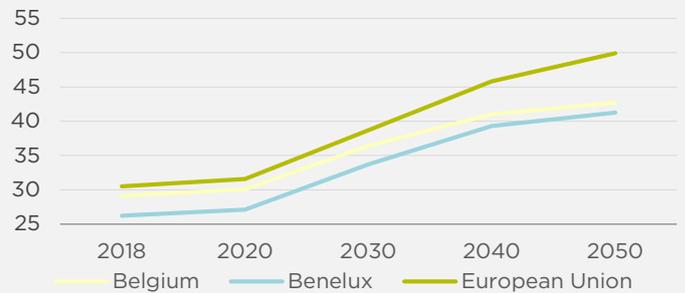
According to the latest statistics available, Belgium has some 1,500 nursing homes and approximately 110,000 beds in the sector for nursing and care homes. The total market of nursing homes managed by providers was estimated at €5.8 billion in 2018.

Taking these population prospects into account, Femarbel estimates an overall capacity need of around 178,500 accommodation units by 2030 and 287,000 units in 2050. This will represent an average annual growth of 4,500 accommodation units between now and 2050.

NURSING HOME LANDSCAPE

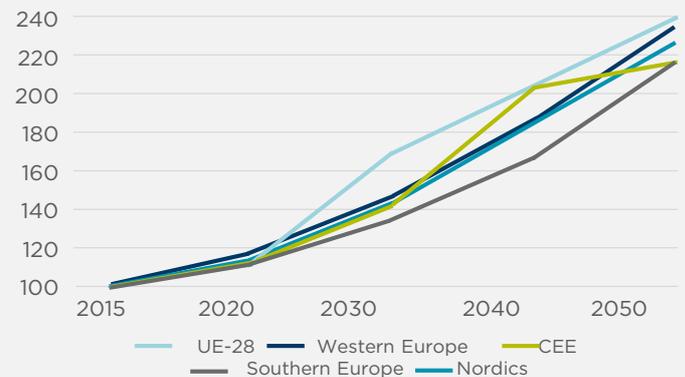
2020 was an unusual year for nursing homes, with the appearance of Covid-19 at the end of the winter in Europe. As with other economic sectors impacted by the crisis, the relevant authorities in Belgium - the Regions - acted to offset the financial losses caused by the deaths and the falls in the occupancy rates of these retirement homes. While the occupancy rate of was 95% in 2019, we estimate in the absence of official figures that they were 10% lower by the end of 2020. However, this impact will be temporary, and the occupancy rate should return to its prior level in the years to come.

DEPENDENCY RATIO



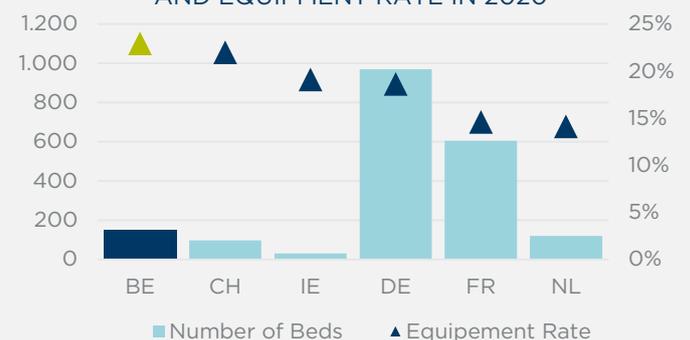
Source : Eurostat

POPULATION OVER 80 YEARS



Source : Eurostat

NUMBER OF NURSING HOMES BEDS* AND EQUIPMENT RATE IN 2020



Source : Eurostat

BELGIUM

TYPES OF OPERATOR

According to the latest figures available, the respective market shares (in number of beds) of the three different categories of Belgian providers remain relatively stable at a national level.

The public providers (PSAC) have approximately 30% of beds, with private providers at around 35% and non-commercial private providers (non-for-profit) also at about 35%.

MAIN OPERATORS

In 2020, the main private operators active in Belgium are traditionally Armonea, Senior Living Group (Korian), Orpea, and Vulpia. However smaller local actors such as Vivalto or Care Ion have also appeared these latest years.

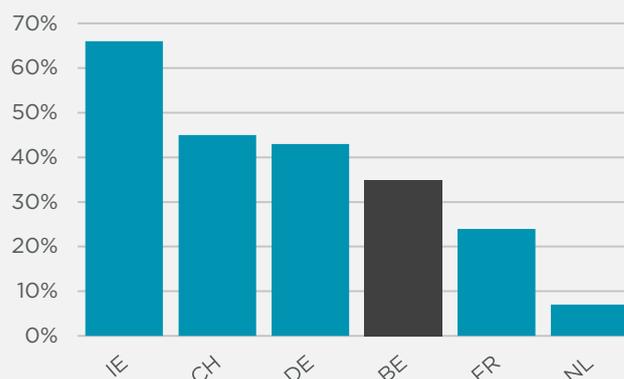
Altogether, these companies operate between 20% and 25% of all the beds available in Belgium. The three Belgian leaders alone, Korian, Armonea and Orpea, have approximately 17% of beds between them.

ARMONEA: Five years ago, the Belgian company Armonea purchased the care home operator Soprim@, taking their total number of beds to over 9,000. They operate around 85 retirement homes throughout Belgium. In 2019, French operator Colisée became the new shareholder of Armonea in February 2019, leading to a total of 270 homes in France and Belgium as well as Germany, Spain and Italy.

ORPEA: The French group has more than 7,000 beds, spread across 60 homes in Belgium.

KORIAN: Since the merger with MEDICA that took place in 2013, KORIAN has enlarged its geographical coverage to include Belgium and is currently the local leader with 13,366 beds.

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN BELGIUM, NUMBER OF BEDS

NAME	NUMBER OF BEDS
KORIAN	13,366 beds
ARMONEA	9,000 beds
ORPEA	7,437beds
VULPIA	> 4,000 beds
VIVALTO	> 2,100 beds
CARE ION	> 1,100 beds

Source : Cushman & Wakefield

BELGIUM

MARKET TRENDS

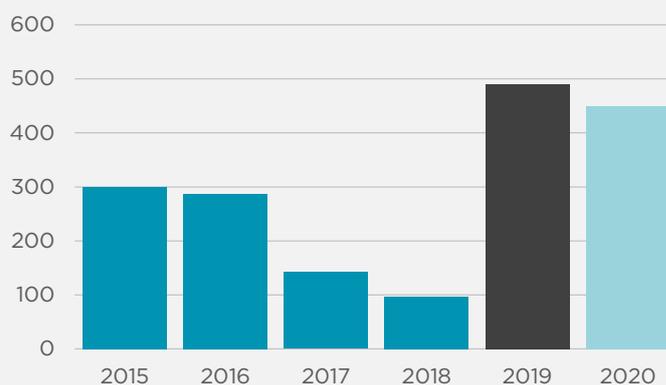
After two mitigated years in 2017 and 2018, the invested volumes in nursing homes reached a new high in 2019 and 2020, as a result of the acquisition of several important portfolios. In 2020 more particularly, the total volume of investment in the nursing home sector exceeded €400 million in the wake of numerous acquisitions, in particular by the specialized Belgian Reits such as Cofinimmo, Aedifica or Care Property Invest (CPI). Some insurance companies purchased nursing homes over recent years without any communication on amounts invested and/or corresponding yields and are therefore not included in the main investors below.

The security offered by this type of investment and the appetite for long-term and indexed cash flows (based on long-term lease contracts) combined with limited capex for operational buildings (due to triple net leases) make investments in this sector very attractive.

PRIME YIELDS

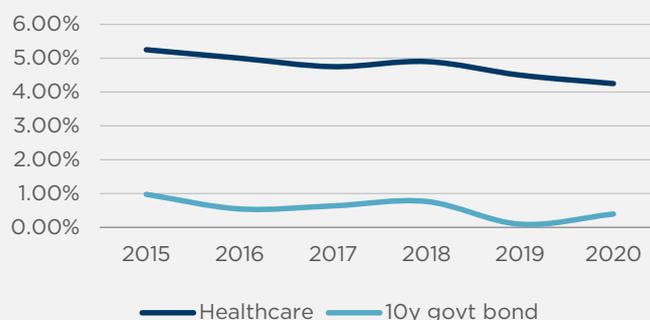
Like virtually all branches of real estate, prime yield continues to contract (some transactions taking place at rates below 4.30%), making nursing homes an attractive asset to hold in the portfolio. However, it should also be noted that the health crisis may cause this contraction to slow in the months ahead. Having said that, in the long term, the ageing population and the use of nursing homes should continue, making this type of investment a secure one.

INVESTMENT VOLUME IN CARE HOMES IN BELGIUM, € MILLION



Source : Cushman & Wakefield

PRIME YIELDS IN THE HEALTHCARE SECTOR IN BELGIUM



Source : Cushman & Wakefield for real estate yields and Oxford Economics for government bond yields

MAIN HEALTHCARE ASSETS DEALS IN BELGIUM

YEAR	PROPERTY NAME	LOCATION	BUYER	SELLER	NUMBER OF BEDS	PRICE*	YIELD
2020 - Q4	Ten Berch	Antwerp	ITrust	Orpea	Confidential	Confidential	
2020 - Q4	Integrale portfolio	Multiple	Cofinimmo	Intégrale	436	95	
2020 - Q4	Le Jardin Intérieur	Frasnes-lez-Anvaing	Aedifica	Private	101	22	
2020 - Q3	Astor Klein Veldekens	Geel	Aedifica	Astor	132	39	
2020 - Q2	Aurore portfolio	Multiple	Cofinimmo	Private	562	105	
2020 - Q2	Zorginfra portfolio	Multiple	Care Property Invest	Zorginfra	366	86.9	

* Price in € million, Source : Cushman & Wakefield

CZECH REPUBLIC



KEY TRENDS

- Rising demand for nursing homes - the current system does not have sufficient capacity.
- Increasing standards expected.
- The purchasing power of seniors is growing due to higher savings, higher family participation, and rising pensions.
- Covid-19 pandemic has no major impact on the performances of the assets.
- Health industry stood as a refuge investment field in 2020: prime yields are decreasing despite the Covid-19 pandemic.

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

The prediction of the dependency ratio up until 2050 does not differ significantly from other European countries. In contrast to most countries in Central Europe, the Czech Republic has a positive migration balance, which causes the population to increase despite the low birth rate. However, extended life expectancy, reduced mortality, retirement of the post-war generation and, the aging of the late 1970s and early 1980s, all contribute significantly to increase the dependency ratio. The current population of 2.13 million people over 65 years of age is expected to add 160,000 by 2025, 355,000 by 2035 and 941,000 by 2050, with their total number exceeding 3 million.

POPULATION OVER 80

A sharp increase is also expected for the population over 80, which now has 441,000 people in 2020. By 2025, it will grow by 95,000, 2035 by 369,000 and 2050 by 466,500. Combined with a rising life expectancy, it is therefore clear that the most dynamic growth is expected in the next 15 years and by 2050 the number of seniors over 80 will more than double the current figure.

NURSING HOME LANDSCAPE

The income of nursing facilities comes from social services (senior's pension), state allowance for senior care (high according to health status, e.g. people with dementia are entitled to higher allowance), state subsidies for current expenditure and revenues from public health insurance (reimburses health actions). There are, of course, additional resources from possible secondary economic activity, donations, grants, etc.

In practice, users of social services don't have enough money from their pensions, but they help themselves through life savings, family contributions, or even contributions from municipal budgets. The average pension amounted to approximately €575 in 2019, whereas the monthly accommodation fee varies from €350 to €1,600 depending on the level of services provided.

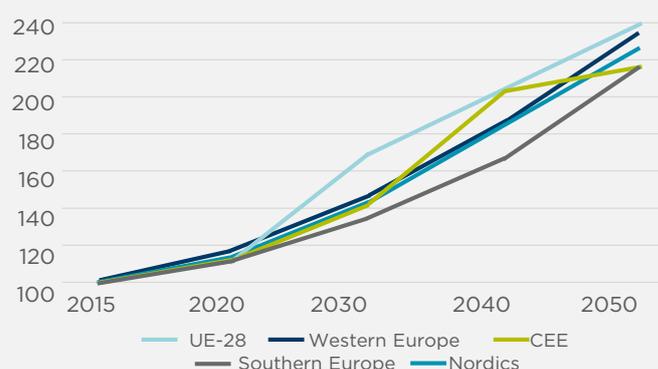
The number of nursing home beds is low in Czech Republic, compared to the number of persons over 80 year-old.

DEPENDENCY RATIO

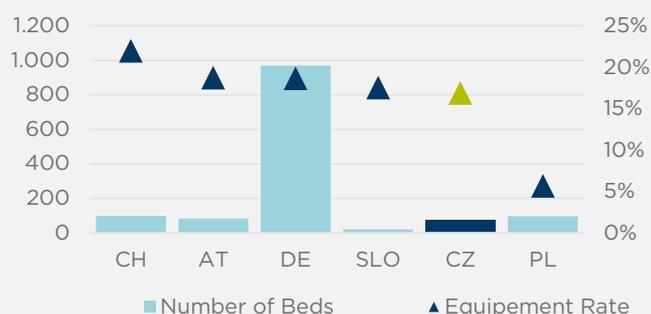


Source : Eurostat

POPULATION OVER 80 YEARS



Source : Eurostat



Source : Eurostat

CZECH REPUBLIC

OPERATORS LANDSCAPE

TYPES OF OPERATOR

There are several types of residential facilities for seniors in Czech Republic. This is mainly retirement homes, which are complemented by special regime homes, where they care for people with reduced self-sufficiency due to mental illness and people with Alzheimer and other types of dementia, whose situation requires regular assistance from another person.

Most residential facilities for seniors are operated by regions or municipalities. Public facilities represent 80% of the nursing homes and 58% of the homes with special regime. A small number of beds are provided by churches. The remaining nursing homes are run by private and non-profit organisations. For special regime homes, their share is higher, presumably due to higher contributions to state care allowances.

MAIN OPERATORS

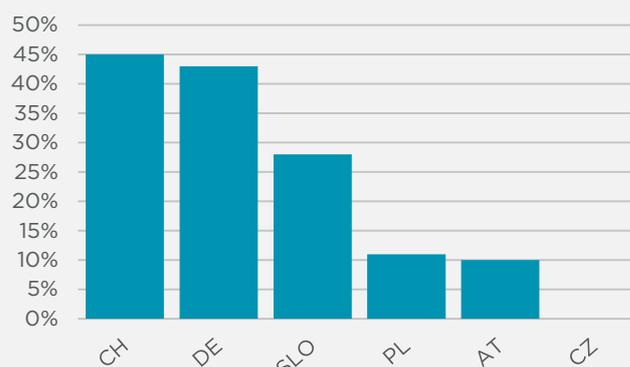
In addition to the public sector, there are many small providers of social services. There is no official ranking of the most important operators yet but private entities worth mentioning are the Austrian company SENEcura, owned by the French group ORPEA, which operates 15 homes with more than 2,000 beds in Czech Republic. Another one is ALZHEIMERCENTRUM owned by the investment group UNICAPITAL, which already operates 13 facilities with a capacity of approximately 1500 beds, focusing on clients with Alzheimer's disease.

MARKET TRENDS

As the population in Czech Republic is aging, the demand for services for the elderly is growing. Furthermore, the model of family has changed: it is no longer multi-generational, young people move to cities for different lifestyles and it is harder for them to look after their parents. Yet home care still prevails, although this is often not the best, it can be provided to a person in need of help. Apart from a family, seniors can rely on a wide range of field services. However, the oldest generation is not accustomed to this help and is predominantly feeling that homes for the elderly are a "place to die" and prefer to be at home.

However, this perception is changing, and the purchasing power of seniors is growing significantly, as the number of those who enter their pension with their own savings increases, as well as the pensions and financial participation of relatives. The demand for accommodation, food, social and medical care is growing. New and future pensioners have a better physical condition, more interests, and want to be more active.

CARE HOME BEDS MANAGED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN CARE HOME OPERATORS IN CZECH REPUBLIC, # OF BEDS AND THEIR SHARE IN 2019 *

Type	Homes For The Elderly	Special Regime Homes
Regional	15,655 43%	7,540 36%
Municipal	13,765 37%	4,552 22%
Ecclesiastical	2,404 7%	678 3%
Other	4,864 13%	8,134 39%
TOTAL	36,688	20,904

Source : Czech Statistical Office, edited by Cushman & Wakefield

* Data for 2020 was not available at the date of writing this report.

The quality of equipment and leisure activities can also be a deciding factor.

The trend is building smaller homes in more accessible, locations so that seniors stay in a familiar environment and close to their loved ones. The state is not and will not be able to satisfy all demands. The waiting period for public facilities has increased from 6 months to two years. It is estimated that 15,000 beds in retirement homes are lacking and 5,000 beds in special regime homes.

There is potential for investors and the private sector in all Czech regions. Around 360,000 people are already entitled to care allowance. Before 2050 there should be 630-735 thousand. The fastest growth should be in the first half of this period, i.e., by 2035, which makes this business one of the most promising areas.

CZECH REPUBLIC

COVID IMPACT

COVID IMPACT

The Covid-19 outbreak has been declared a global pandemic on 11th March 2020 and has impacted global financial markets. Travel restrictions have been implemented in many countries and the economy has been severely impacted.

However, it is observed that nursing homes and health industries were one of the least impacted by the pandemic, as health became at the center of all business. Although the nursing home staff do not necessarily have medical training, the performances of the assets are generally increasing despite the health crisis.

Health and nursing home industries are considered stable and safe opportunities.

The market is very young, and a large part is still covered by public facilities. The spread of the virus was relatively high in nursing homes and had fatal impacts. In an effort to reduce the spread of the virus, as in other countries, patient visits have been restricted, which does not contribute to their health either.

This brings to the fore the debate over whether the future of care for the elderly should be more within their existing homes.

However, given the demographic development, it is certain that even in such a case, nursing homes will still have their place, and many will need to be built in a relatively short period of fifteen years.

INVESTMENT MARKET

MARKET TRENDS

The Czech Republic market is not mature yet. However, development opportunities exist in the capital city Prague as well as secondary cities such as Olomouc, Kolin. A moderate increase of investment and rise of awareness and appetite from investors are expected in the next coming years.

Covid-19 pandemic has not provoked negative impacts on the assets values, and rising interest from all kinds of investors is observed. During the 2020 health crisis, the logistic and health industries stood as "refuge" opportunities, which increase the investors' interests.

PRIME YIELDS

The nursing home supply in the Czech Republic is limited and quality products are missing. However, the interest of investors for health centers is slowly rising and Penta Group is investing in hospitals and disease care homes, as well as Hartenberg Capital which also financed the acquisition of a large healthcare center in Prague.

Although the market has a limited growth pace, the pipeline for health and nursing homes is expected to develop, and the industry has proved its stability during the Covid-19 crisis. Therefore, the yields for the next coming years are predicted to be gradually compressed and it is reasonable to expect yields to reach around 5.0% in the coming year, supported by the anticipated increase of appetite from investors.

PRIME YIELDS IN CZECH REPUBLIC



Source : Cushman & Wakefield for real estate yields and Oxford Economics for government bond yields

FINLAND

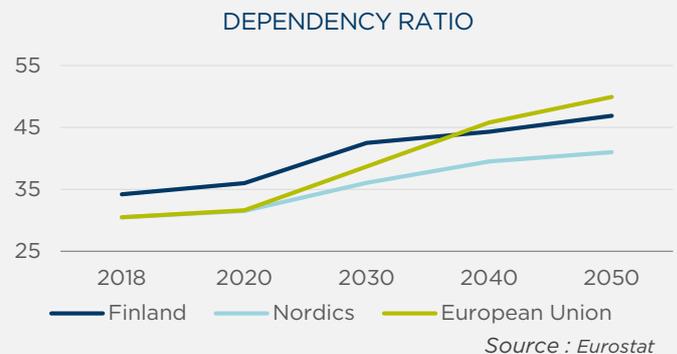
KEY TRENDS

- New nurses-per-patient ratio legislation causes uncertainties for sector
- 45% of beds are operated by private operators
- Demand for care properties is high, some new investors entered the market in 2020
- Yields have remained sharp in 2020

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

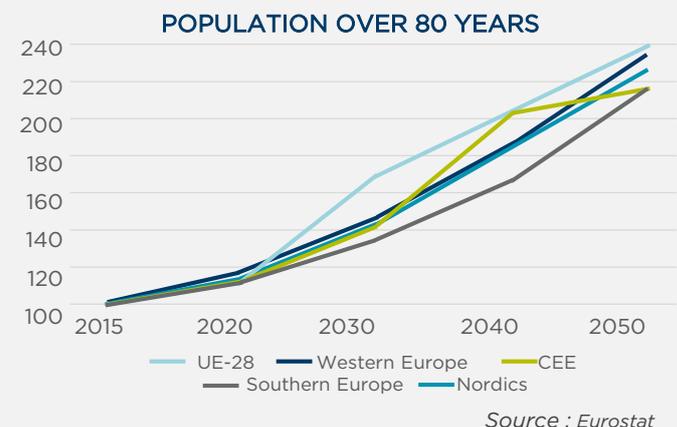
According to Eurostat, Finland had the second highest old-age dependency ratio at 34.2% in 2018 in Europe. However, going forward the projected increase is slower than in multiple other European countries, which can be seen on the graph. In 2030-2040 the EU average is projected to be higher than in Finland.



POPULATION OVER 80

In 2019 the total population over 80 years of age was 312,000 people in Finland, which accounts for 5.6% of the total population.

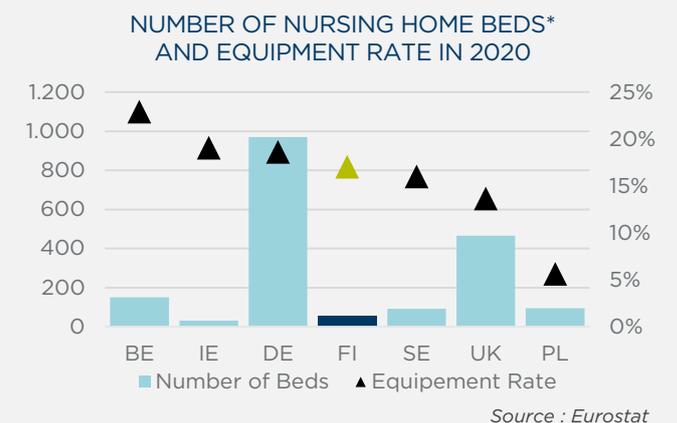
According to the projection by Statistics Finland, in 2030 the ratio is estimated to be 8.8%, and in 2040 10.9%. As the population over 80 steadily increases going forward, the overall population is estimated to decrease after 2030.



NURSING HOME LANDSCAPE

The equipment rate represents the number of beds of the 80+ population. In Finland, the equipment rate is approximately 18.2%. The number of beds has remained stable for the past 10 years in elderly care. However, the number of beds has clearly increased in assisting living (care homes), while decreasing sharply in 'old-style' old people's homes and in hospitals.

Private operators have been cautious to sign new leases for new nursing homes in 2020. This has caused a decrease for new developments projects started in 2020.



FINLAND

OPERATORS LANDSCAPE

TYPES OF OPERATOR

In Finland the nursing home management has been split into public and private operators. The share of public operators is 55% and private operators 45%, thus the market is quite balanced between the two management types. The total number of beds in Finland is ca. 53,100.

MAIN OPERATORS

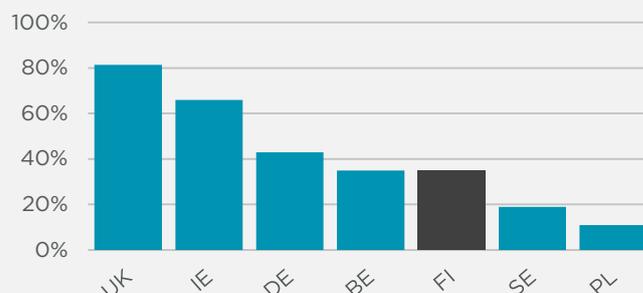
The main private operators are Attendo, Esperi Care and Mehiläinen. The figures provided for the largest operators include elderly, disabled, and mental health care units. The above total figure (53,100 beds) is only for elderly care.

MARKET TRENDS

Private operators have been cautious to sign new leases for new nursing homes in 2020. There are at least three evident reasons for this.

1. The main reason is new legislation concerning 'nurses-per-patient' ratio in the elderly care. According to the new legislation (effective from 1 Oct. 2020) the ratio is 0.55 in 2021. However, the ratio will increase in steps. Starting from 1.1.2022 there need to be at least 0.60 employees per patient and starting from 1.1.2023 at least 0.70. The increase in employments causes concern for profitability and overall it is uncertain whether there are enough registered nurses to fulfill the future employment requirements in the sector
2. The other legislation concern is the Finnish Health Care Reform 'Sote'. Finland currently organises health and social care through its 295 municipalities. A massive legislation proposal to change this pattern is under serious attempt. One main concern for private healthcare operators (same operators as elderly care) is that some healthcare agreements in effect with municipalities are deemed to expire after new legislation. The Government, headed by Social Democratic Party, has indicated that this could be the case. This causes uncertainties for private operators
3. The organizations simply do not have enough resources to plan future projects; as the employees typically in charge of future developments are re-organized to be in charge of COVID-19 challenges

CARE HOME BEDS BY PRIVATE OF OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN FINLAND, NUMBER OF BEDS

Name	Number of beds
Attendo Finland	13,500
Esperi Care Group	7,000
Mehiläinen Hoitopalvelut	6,800

Source : Cushman & Wakefield

FINLAND

INVESTMENT MARKET

MARKET TRENDS

There are numerous active investors in the care home sector e.g. Hoivatilat Oyj (owned by Aedifica), Erikoissijoitusrahasto eQ Hoivakiinteistöt, Erikoissijoitusrahasto OP-Palvelukiinteistöt, SBB i Norden AB, Hemsö, Cofinimmo, Erikoissijoitusrahasto Titanium Hoivakiinteistö etc.

The demand for care properties has been high while the number of assets is limited. As the unit size is typically small, the major transactions have been portfolio deals.

PRIME YIELDS

Due to the impact of COVID-19 and the containment measures on the Finnish property market, there were high uncertainties for yield levels in 2020Q2. The market activity was halted due to uncertainties in the market. However, starting on 2020Q3 the market activity started to recover. Logistics, Residential and Public properties have been the asset class with highest demand in 2020H2.

During the past few years, there has been steady compression on prime yields. Care Home prime yield currently stands at 4.75%. There is still slight uncertainty for the prime yield level as the number of concluded deals is limited.

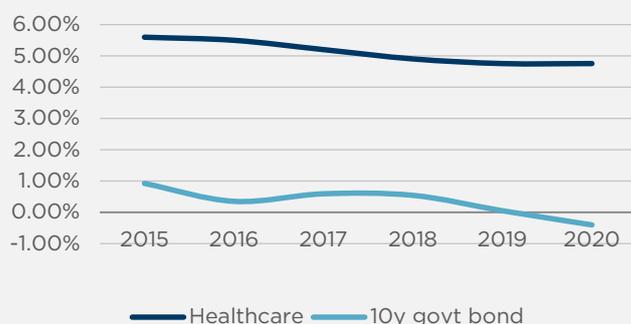
The amount of capital raised by investors, low interest rates and positive economic outlook for the Nordics compared to Southern Europe is expected to fuel active investment market as soon as COVID-19 restrictions are eased.

INVESTMENT VOLUME IN NURSING HOMES IN FINLAND, € MILLION



Source : KTI

PRIME YIELDS IN THE HEALTHCARE SECTOR IN FINLAND



Source : Cushman & Wakefield

MAIN HEALTHCARE ASSETS DEALS IN FINLAND

YEAR	PROPERTY NAME	LOCATION	BUYER	SELLER	NUMBER OF BEDS	PRICE*
2020	Hoivatilat Plc	Multi-city	Aureit Holding Oy (owned by Aedifica)	Shareholders of Hoivatilat	480	
2020	Hemfosa Finland	Multi-city	SBB i Norden AB	Shareholders of Hemfosa	370	
2020	55 care properties	Multi-city	SBB i Norden AB	Erikoissijoitusrahasto eQ Hoivakiinteistöt	222	
2020	10 care properties	Multi-city	Hoivatilat Plc	Ilmarinen Mutual Pension Insurance Company	82	

* Price in EUR million, Source : Cushman & Wakefield

FRANCE

HIGH POTENTIAL AND FIERCE COMPETITION

KEY TRENDS

- Growing demand for nursing homes
- Sector dominated by public operators with private ones owning only 24% homes.
- Top 3 private operators in France are now looking for pan European expansion
- Investment market activity subdued by lack of opportunities

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

As a direct consequence of the post-war baby-boom (1946 to 1976), the proportion of over 80s is inevitably set to rise through up to 2050. By this date, one fifth of the French population will be over 80. The dependency ratio in France was at 31.6% in 2018 and is forecasted to increase to 57% by 2050. Currently, France's dependency ratio is slightly above the European average and is expected to fall just below the EU28 average in 2050.

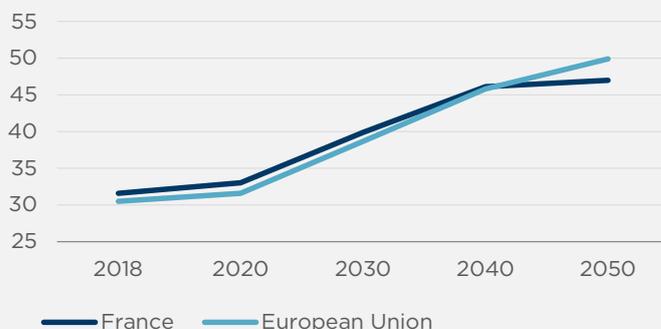
POPULATION OVER 80

As of 1st January 2021, 13.9 million people residing in France are 65 years old or more, representing 21% of the population. This proportion has increased by 5 points in 20 years, France reaches next to the EU average. The over 80 group represents 6.1% of the French population, this share is expected to grow and reach 9.3% by 2040. Home life remains the favored way of life for seniors (96% of men and 93% of women in 2016 still leave in their own homes), including nonagenarians. However, under the effect of the aging of the population, the proportion of dependent people tends to increase over time. The share of beneficiaries of the APA (Personal Autonomy Allowance) in the population increases strongly with age. As at end of 2019, up to 79 years old, the share of beneficiaries is rather low (2%). Between 80 and 89 years old, 18% of population perceives APA (21% among women and 14% among men). From 90 years old, half of the population benefits from it (54% women and 42% of men).

NURSING HOME LANDSCAPE

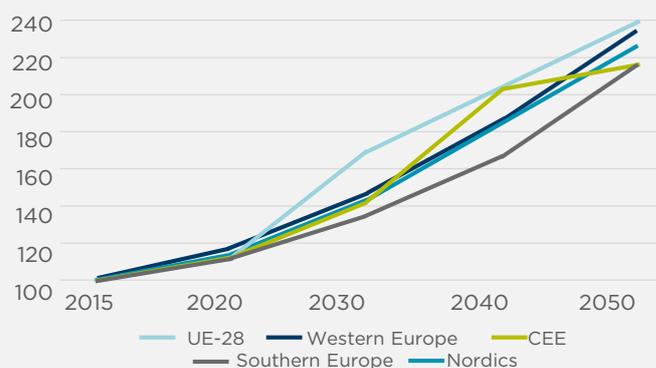
Nursing homes beds in France account for more than 605,000 beds in 2016. The supply of nursing home beds is unevenly distributed across the country and levels are generally higher in more rural departments. On European level, nursing home equipment rate stands close to 16% in France, a level between the UK (14%) and Germany (19%).

DEPENDENCY RATIO



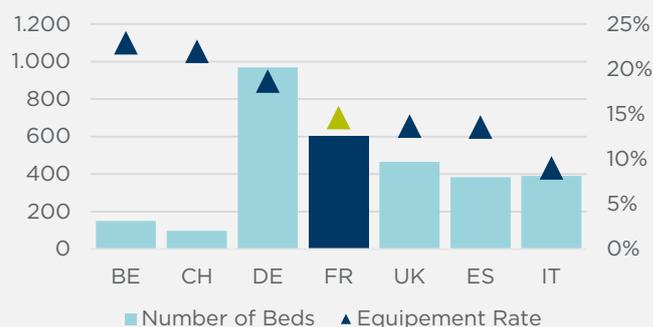
Source : Eurostat

POPULATION OVER 80 YEARS



Source : Eurostat

NUMBER OF NURSING HOMES BEDS* AND EQUIPMENT RATE IN 2020



FRANCE

OPERATORS LANDSCAPE

TYPES OF OPERATOR

The proportion of nursing homes beds managed by private for-profit operators remains low (24%). The bed capacity for senior citizens is still largely dominated by non-profit public or public structures (76% of nursing home stock).

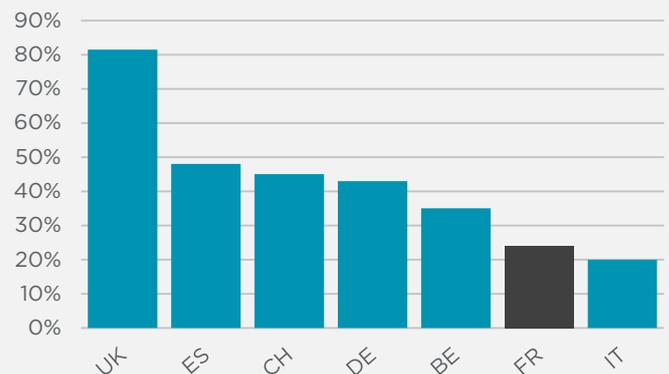
MAIN OPERATORS

Assisted-living operators are primarily specialists in long-term stays (nursing homes) but, like their medical counterparts, they are starting to diversify into medium-stay centres - follow-up and rehabilitation (F&R) and psychiatric centres. Although there are plenty of operators in this highly competitive market, the KORIAN, ORPEA and DOMUS VI trio accounts for almost 40% of for-profit nursing home supply in France. With respectively 303 establishments and 25,117 beds, KORIAN is ranked as the first nursing homes operator in France, followed by ORPEA (222 homes for a total of 19,914 beds) and DOMUS VI (17,144 beds). In the top 15 operators, the gap with the followers is significant; COLISÉE - ranked in 4th position accounts for only 7,490 beds over 96 homes and DOMIDEP ranked in 5th position (6,645 beds). Interestingly, France's main operators are increasingly developing business Europa-wide with the most dynamic being MAISONS DE FAMILLE ranked in 5th position on the international market and acquiring 20 new homes and 2,695 beds in 2019 worldwide.

MARKET TRENDS

Health and social care operators currently face several challenges. The first is linked to a lack of land; this is limiting development projects and encouraging operators to approach developers and real estate specialists to support their hunt for new development opportunities. The second is human in nature with pressure on the employment market in this sector and genuine difficulties in recruiting qualified and specialist staff: doctors, nurses, care workers. The third is demographic, with a growing need for residential care and an increase in chronic illness which require trained staff, specific care and facilities. Encouraged by public authorities, specialists in care services and assisted living are now diversifying into the senior citizen market. Strategies vary from one operator to the other: diversifying home-support services, creating a network of shared housing solutions for seniors, etc.

CARE HOME BEDS MANAGED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN FRANCE, NUMBER OF BEDS

Name	Number of beds
KORIAN	25,117 (303 homes)
ORPEA	19,914 (222 homes)
DOMUS Vi	17,144 (211 homes)
COLISÉE	7,490 (96 homes)
DOMIDEP	6,645 (100 homes)

Source : Revente-ehpad-occasion.fr - Classement 2020, C&W

FRANCE

INVESTMENT MARKET

MARKET TRENDS

In 2020 almost €210 million was invested in nursing homes on the French market out of a total of about €850 million recorded for the healthcare assets sector. The Nursing Home volume, which slightly stands below the one recorded in 2019, was mainly driven by 2 transactions of portfolios including the DREI portfolio (partnership between KORIAN and BNP PARIBAS CARDIF and EDF INVEST which have both invested €336 million into a real estate vehicle controlled by KORIAN owning 81 healthcare assets in Europe) and the 4-asset-sale & lease back from KORIAN to ICADE SANTE. The market has also been animated by a couple of other isolated deals done between investors and operators. Despite the strong appetite of investors for French healthcare assets, few Nursing Homes transactions have been recorded in 2020 due to lack of opportunities on the market.

The French market has been experiencing an increasing investor appetite for surgical clinics - long considered risky, more Capex-demanding with lower operational margins and larger investment sizes. This appetite shows that any healthcare related opportunity would likely be appreciated by investors.

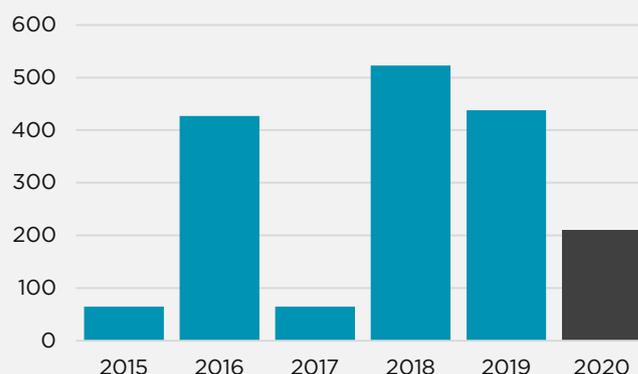
PRIME YIELDS

In contrast to other commercial real estate asset classes, nursing homes market has shown a great resilience following the Covid-19 outbreak and has been considered as a haven for investment with no repricing nor yield increase recorded.

The prime yields for nursing homes leased by major operators through long fixed-period leases are still under pressure and can reach 4.00% in region.

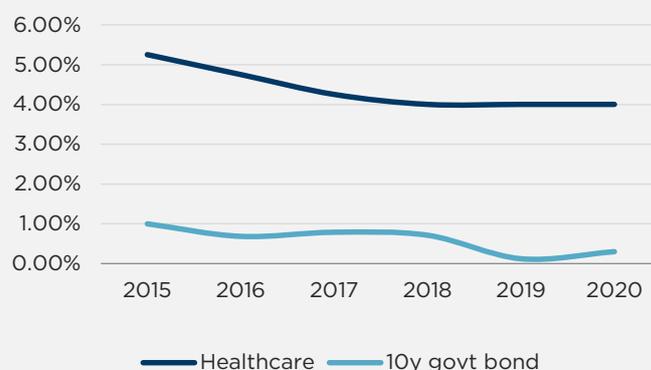
Prime yields in Paris and Greater Paris area could reach the 3.50% mark although no deal has been recorded at this level in 2020.

INVESTMENT VOLUME IN CARE HOMES IN FRANCE, € MILLION



Source : Cushman & Wakefield

PRIME YIELDS IN THE HEALTHCARE SECTOR IN FRANCE



Source : Cushman & Wakefield for real estate yields and Oxford Economics for government bond yields

MAIN HEALTHCARE ASSETS DEALS IN FRANCE

YEAR	PROPERTY NAME	LOCATION	BUYER	SELLER	NUMBER OF BEDS	PRICE*
T1 2021	SEMAPHORE PORTFOLIO - 4 ASSETS - EHPAD	France	COFINIMMO	DOMUS VI	344	44
T1 2021	PORTFOLIO 5 ASSETS - EHPAD	France	KORIAN	PRIVATE INVESTOR	500	Confidential
2020	DREI PORTFOLIO (81 assets)	France, Germany, Italy, Belgium	KORIAN	BNP CARDIF & EDF INVEST	NA	Confidential
2020	KORIAN SALE & LEASEBACK (4 assets)	France	ICADE	KORIAN	318	38
2020	EHPAD LE BASTION (SLB)	Carcassonne	ICADE	KORIAN	75	7
2019	SWISS LIFE PORTFOLIO - 7 EHPAD	Normandy - PACA	ICADE SANTE	SWISS LIFE REIM	NA	86
2019	SWISS LIFE PORTFOLIO (2 assets)	Paris 18ème Aubervilliers	SCPI PRIMOVIE (PRIMONIAL REIM)	SWISS LIFE REIM	230	73

* Price in € million, Source : Cushman & Wakefield

GERMANY

RISING DEMAND

KEY TRENDS

- Increasing number of elderly
- High demand for nursing home places, triggering waiting lists for available spots.
- Resilient Covid-19 asset class, doubled the transaction volume in 2020
- Labor availability; a crucial aspect for the healthcare industry

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

The dependency ratio in Germany was at 32.8% in 2018 and is forecasted to increase to 49% by 2050.

Currently, the German dependency ratio is above the European average and is one of the highest in Europe, with only Italy, Finland, Greece and Portugal having higher rates. Up until 2050 the German ratio will fall below the European average. Nevertheless, with one person for every two-working people in the age group of 65+, the ratio is a challenging one not only for the German economy and its old age pension system but also for its old age care infrastructure.

POPULATION OVER 80

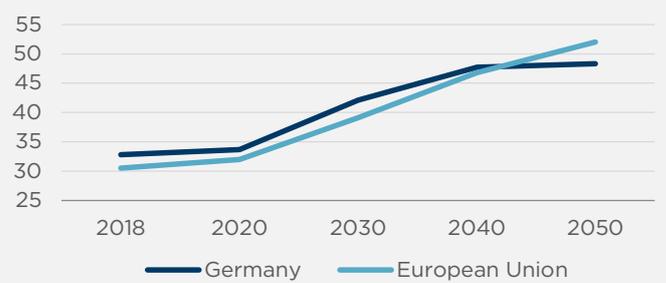
Due to good living conditions and an equally good health care system, the share of people who are 80 years and older is higher in Germany than the average of the European Union. In Germany, the share is 6.2% of the total population, while the average in the European Union is 5.6%. The number of elderly people is forecasted to grow stronger than the one of the total population. By 2050, in Germany the number of inhabitants in the 80+ age group will be almost twice the number for 2018, while the total population is forecasted to remain almost the same as in 2018. In 2050, the population of 80+ will account for a share of 12% of the total population in Germany.

NURSING HOME LANDSCAPE

The equipment rate represents the number of beds divided by the population aged 80 and above. At present, the equation stands at 19% in Germany. Thus, Germany appears as one of the most matured markets in Europe. The country benefits from holding the second highest equipment rate in Europe, from the highest number of establishments and a stable funding system.

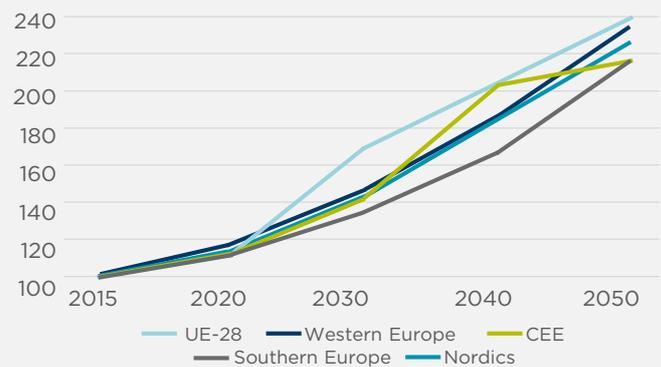
Nursing homes in Germany are regulated regionally. This has prevented a high degree of market consolidation and limited the access of foreign investors.

DEPENDENCY RATIO



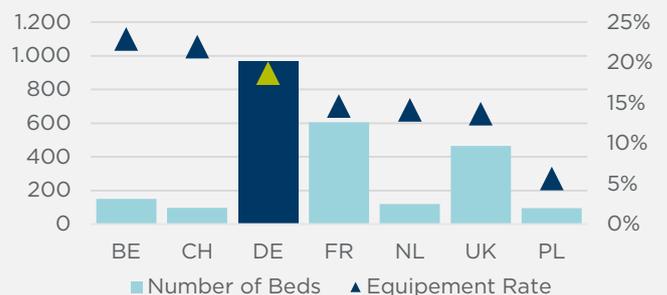
Source : Eurostat

POPULATION OVER 80 YEARS



Source : Eurostat

NUMBER OF NURSING HOMES BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2020



Source : Eurostat

GERMANY

SHORTFALLS IN SUPPLY

OPERATORS LANDSCAPE

TYPES OF OPERATOR

In Germany, nursing home facilities are operated by public, non-profit or private organisations. The majority of operators are non-profit organizations, they manage more than half of all nursing home beds and are often focused on a specific region. On the contrary, public operators have a small market share, they manage only 5% of all beds. Private commercial providers operate 43% of all beds with an upward trend.

MAIN OPERATORS

The German care home market is fragmented. The top 10 private operators who manage approximately 130,000 beds in total, have a combined market share of 13%. In total, 15,380 facilities operated more than 970,000 beds in Germany as at the end of 2019, according to the German Federal Statistical Office. The two largest operators are the French operator KORIAN and the German operator ALLOHEIM. All other operators manage less than 20,000 care beds each.

MARKET TRENDS

The obvious shift in the population towards people over the age of 65 requires an additional amount of care homes and care beds as currently are operating. At the end of 2019, a total of 4.13 people needed care, therefore it is expected that the number will increase to more than 5 million by 2050. Not all these people will need care homes, not least as the German government is currently stimulating outpatient care. Forecasts say, that approximately 330,000 additional care beds will be needed by 2035. Even today, the level of demand exceeds the supply of care places and waiting lists for nursing beds have become the norm.

However, building activities are not as strong as they could be. German planning regulations and requirements to meet minimum standards for care homes, vary in each federal state which impedes the realisation of standard care homes. As land prices are increasing, specifically in larger cities and more ecological based requirements will increase the present-day building costs. Operators also struggle with a significant shortage of manpower. As the salaries on average are low, with the extended workload required and the requirements for profitability increasing, working in a care home attracts fewer than in other fields.

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN GERMANY, NUMBER OF BEDS

Name	Number of beds
KORIAN	30,186
ALLOHEIM	26,400
ORPEA	19,075
KURSANA	13,600

Source : CareInvest, Cushman & Wakefield

GERMANY

NURSING HOME PERFORMANCE

INVESTMENT MARKET

MARKET TRENDS

The German investment market in nursing homes is dominated by listed real estate companies and institutional investors pursuing long term investment strategies. The number of investment funds specialising in this asset class (AIF and Lux vehicles) continues to steadily increase.

More than €3 bn was invested in nursing homes and senior housing in 2020 hence almost doubling the transaction volume. In this respect, the Covid-19 crisis had no impact on the transaction volume; on the contrary, demand has increased. Main investors as AEDIFICA, COFINIMMO, PRIMONIAL, ICADE, HEMSÖ and AVIARENT are based abroad. With more supply, the volume could have been higher as the demand proved strong.

Germany has become one of the most attractive healthcare market in Europe offering opportunities for international and pan European investors and operators.

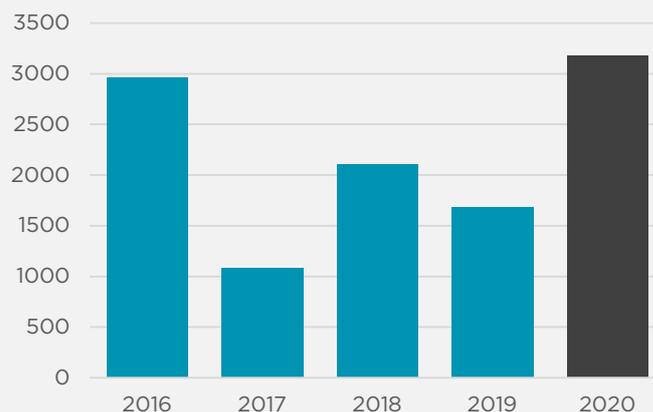
PRIME YIELDS

Prime yields (net) were compressed steadily year by year, confirming once again the high interest from institutional and international investors and the lack of a suitable newly built investment product.

At the end of 2020, the prime yield was 4.00% - a decrease of 30 bps compared to the end of 2019. This level is the lowest ever recorded for nursing homes but is still significantly higher than the yields of the main asset categories. Offices, for example, have an average prime yield of 2.76% across the five major German investment markets, and prime logistics have an average prime yield of 3.46%.

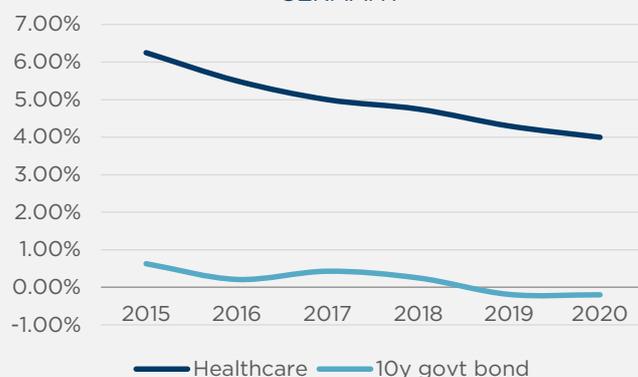
It is expected that demand from national and international institutional investors for well-positioned care homes will remain high, with new development activity in this asset class remaining far too low. Pressure on yields will therefore remain high.

INVESTMENT VOLUME IN CARE HOMES IN GERMANY, € MILLION



Source : Cushman & Wakefield

PRIME YIELDS IN THE HEALTHCARE SECTOR IN GERMANY



Source : Cushman & Wakefield for real estate yields and Oxford Economics for government bond yields

MAIN HEALTHCARE ASSETS DEALS IN GERMANY

YEAR	PROPERTY NAME	LOCATION	SELLER	BUYER	NUMBER OF BEDS	PRICE*
Q4 2020	5 Nursing Care Homes	Multiple	AG Real Estate/ Cardif Lux Vie	BNP REIM	534	47
Q4 2020	10 Nursing Care Homes	Throughout Germany	AviaRent AG	Hemsö	907	99
Q3 2020	S&LB ORPEA (8 Nursing Homes)	Multiple	Orpea	Icade	1,049	145
Q3 2020	Sartec Nursing Care Homes Portfolio	Throughout Germany	Sarec Gesellschaft für Beteiligungs- und Vermögensverwaltung	Primonial REIM	900	145
Q2 2020	Residenz Bergstraße	Bickenbach		Cofinimmo	145	16
Q2 2020	12 Nursing Care Homes	Throughout Germany	Deutsche Wohnen	AviaRent AG	1,400	185

* Price in € million, Source : RCA, Cushman & Wakefield

IRELAND

AGING DEMOGRAPHIC



KEY TRENDS

- Increasing older demographic
- An undersupply of bed spaces
- High occupancy rates for long-term care
- A marked increase in new European entrants
- An expected hardening of yields

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

Ireland's elderly population is forecasted to significantly increase in both absolute terms and as a proportion of the overall population, aided by the increasing life expectancy and improving the standard of living. Population growth is expected in ages 65 and older, with growth in the 80 or over age cohort in particular expected to place increasing pressure to provide further long-term care facilities.

POPULATION OVER 80

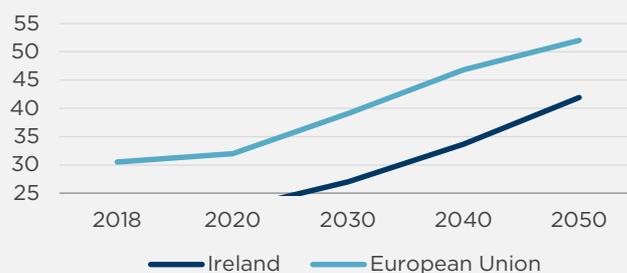
Figures from the Central Statistics Office (CSO) show that the population aged 80 or over in Ireland increased from 128,000 in 2011 to 148,000 in 2016 (the most recent National census) and this cohort is forecast to reach 344,900 by 2036. Furthermore, the number of people in Ireland aged 85 increased from 58,000 in 2011 to 67,555 in 2016 and is projected to grow to 179,500 by 2036. The proportion of the population aged 80 or over is forecast to increase from 3.2% in 2016 to 5.8% by 2036. Similarly, the 85 or over cohort is forecast to increase to 3.0%.

NURSING HOME LANDSCAPE

The current demand for long-term residential care is demonstrated by high occupancy rates in private and voluntary nursing homes across the country. The median average occupancy rate nationally is estimated at approx. 95%, which in practical terms, signifies full capacity. In general terms, older homes are operating below maximum capacity with newer modern homes with dedicated single en-suite facilities tending to operate at full or close to full capacity.

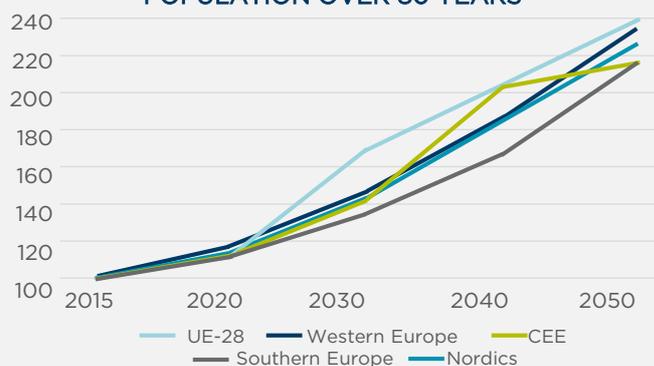
The overall supply of nursing beds in Ireland is estimated at approximately 31,300 beds with approximately 20% of beds provided by the State; approx. 13% within the voluntary sector with the remainder being provided by the private sector. As at Q2 2020, the average number of beds spaces within homes is 58.

DEPENDENCY RATIO



Source : Eurostat

POPULATION OVER 80 YEARS



Source : Eurostat

NUMBER OF NURSING HOMES BEDS* AND EQUIPMENT RATE IN 2019



Source : Eurostat

IRELAND

INCREASE IN EUROPEAN ENTRANTS

OPERATORS LANDSCAPE

TYPES OF OPERATOR

Approximately 25,250 beds are provided across 432 nursing homes within the private and voluntary sector as at Q4 2020. Some increases in the supply of long-term beds have taken place through extension works and the opening of some new facilities.

The private and voluntary nursing home sector in Ireland has traditionally been characterised by small, owner operated homes. It is estimated that 60% of long-term beds were provided in homes by single owners, while the remaining 40% were in group owned homes. Operators in both cohorts are all principally domestic albeit many are becoming increasingly backed by European based investment and/or new European entrants.

MAIN OPERATORS

Nursing home groups remain moderate in size with six or fewer homes owned by one group.

The Mowlam Healthcare group is the largest national operator, with approximately 1,400 beds private beds across 24 homes; with a further 200 beds operated on behalf of the State.

Carechoice currently operate approx 1,200 beds within 11 facilities, whilst Brindley Healthcare/The TLC Group jointly hold approximately 1,000 bed spaces across 11 homes.

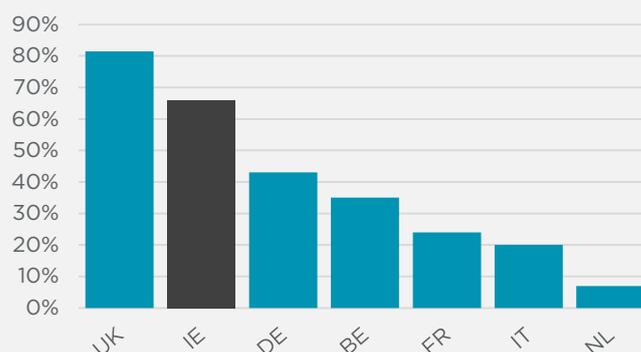
MARKET TRENDS

There is currently a shortage of nursing home beds within the State and demographically, a forecast increase within the older age dependency ratio.

Regulatory change owing to the 2016 National Standards for Residential Care Settings for Older People, which is set for enforcement by year end 2021, is set to temper any significant real growth in bed number growth from new build homes; as a sizeable quantum of the older stock is likely to become defunct in tandem.

The Irish market has witnessed a marked increase in new European entrants in recent years, both in the form of investors and operators alike, with the imbalance in supply creating commercial opportunities. This is additionally leading to mergers and takeovers of many of the States domestic operators.

CARE HOME BEDS MANAGED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN ITALY, NUMBER OF BEDS

Name	Number of beds
CARE CHOISE	1,200
ORPEA	674
SONAS	600

Source : Cushman & Wakefield

IRELAND

EMERGING SALE AND LEASEBACK MARKET

INVESTMENT MARKET

INVESTMENT VOLUME

The majority of investment activity within the Irish nursing home market has been led in recent years by operator entry, expansion and amalgamation. Of particular note operationally, was the entry of Orpea through their reported €150M acquisition of the TLC portfolio. A portfolio of 5 homes within the Greater Dublin Area, with a total of 674 bed spaces. Within the same year, Orpea acquired a 50% stakeholding within Brindley Healthcare with an option to purchase the remaining 50% by 2022. The Brindley Healthcare portfolio extends to approx 300 bed spaces across 10 homes.

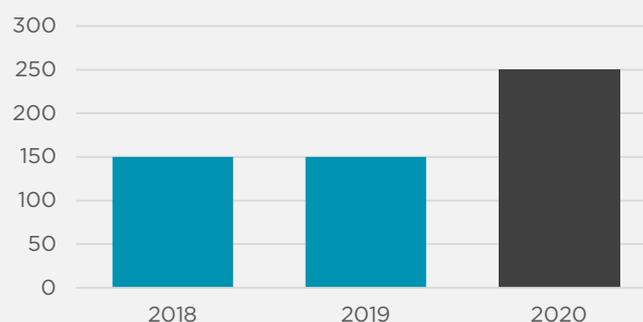
In a sale and leaseback context; Belgian REITS Cofinimmo and Aedifica entered the Irish market in Q1 2021. We estimate investment within the market to have equated to approx €150m within 2018 and 2019; and at approx. €250M within 2020.

PRIME YIELDS

Comparative to mainland Europe, there has hitherto been a paucity of sale and leasebacks within Ireland, save as to the recent Cofinimmo acquisition of the Trinity Care portfolio for a consideration of €93M with an onward lease agreement to DomusVi. This portfolio comprised 491 bed spaces across a total of 7 homes; 5 of which were in the more lucrative/prime Greater Dublin area. Also within Q1 2021, fellow Belgian REIT Aedifica entered the Irish market through a €25M acquisition of a 184 bed Nursing Home facility leased to an EMERA subsidiary. Prior to this, S&LB activity of substance is largely confined to AXA's acquisition of 10 provincially based Mowlam operated homes within 2019; in addition to Primonial's acquisition of the Cloverhome Dublin based portfolio of 4 assets, within 2017 which are believed to have been concluded at a yield range of between 5.50 to 6.00%.

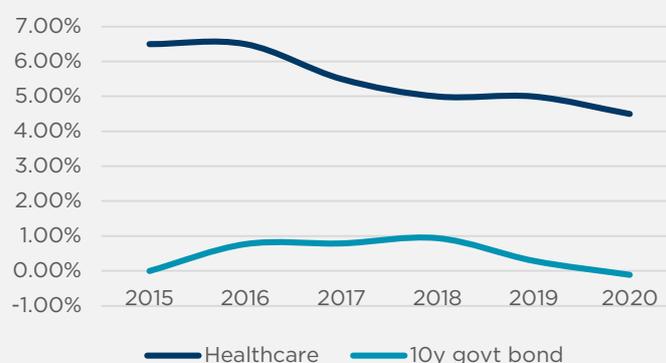
There is an expectancy that further S&LB opportunities will be presented to the market within 2021; wherein transactional activity at Net Yields of c. 5.00% (or below) are envisaged for quality assets of good covenant, location and term certainty.

INVESTMENT VOLUME IN CARE HOMES IN IRELAND, € MILLION



Source : Cushman & Wakefield

PRIME YIELDS IN THE HEALTHCARE SECTOR IN IRELAND



Source : Cushman & Wakefield

MAIN HEALTHCARE ASSETS DEALS IN IRELAND

YEAR	PROPERTY NAME	BUYER	SELLER	LOCATION	NUMBER OF BEDS	YIELD	PRICE*
2021	Bridhaven	Aedifica	Brid Haven NH Ltd	Cork	184	5.50%	25
2021	Trinity Care Portfolio	Cofinimmo	Trinity Care	Dublin	491	NDA	93
2020	Newtownpark House	Carechoice	Newtownpark House	Dublin	59		10
2020	TLC Portfolio	Orpea	TLC	Dublin	674		150
2019	Part Mowlam Portfolio	AXA	Mowlam	Provincial	600	c. 6.00%	NDA
2017	Cloverhome Portfolio	Primonial	Cloverhome	Dublin	360	c. 5.50%	64

* Price in € million, Source : Cushman & Wakefield

ITALY

EMERGING AND RECENTLY EXPANDING MARKET

KEY TRENDS

- Italy offers good nursing home fundamentals.
- Equipment rate is among the lowest in Europe.
- Private operators only account for 20% of the total bed supply in the country.
- Strong experience of French and pan-European private operators on this market.
- Increasing demand - sharpening prime yields.

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

The dependency ratio in Italy laid at 33.7% in 2015 and is forecasted to increase to 62.5% by 2050. Italy's dependency ratio is well above the European average; reaching 10 points above the European average by 2050.

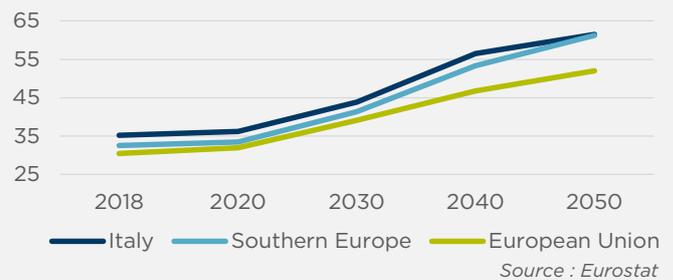
POPULATION OVER 80

In 2020, 23.2% of the Italian population was over 65. 7.3% of Italian people were aged 80 and over in 2020; this number is expected to reach 10.5% by 2040. As the 80+ population has already grown substantially over the last few years, demographic perspectives do not show, for this part of the population, an increase as large as observed in the rest of the CEE countries. The average life expectancy in Italy in 2020 is 81 years and is expected to increase to 87 years by 2050.

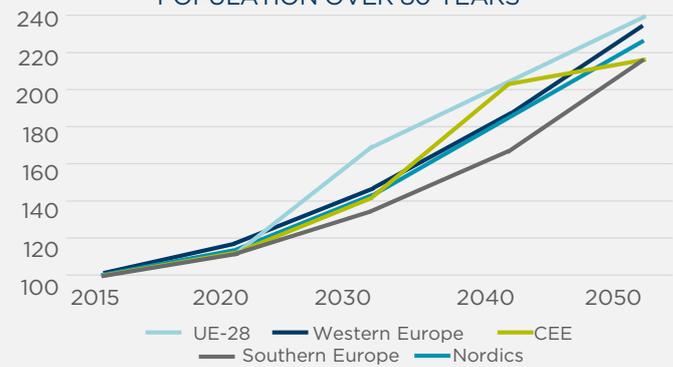
NURSING HOME LANDSCAPE

The equipment rate represents the number of beds for the population aged 80 and above. It stands at 11% in Italy. The equipment required depends on the family structure and considers the diversity of the countries as well as the aging rate and growth. Italy sits close to the European average and is expected to need 80,000 more beds by 2030; there are important discrepancies between regions as a large part of the current 390,000 bed supply is located in the northern region.

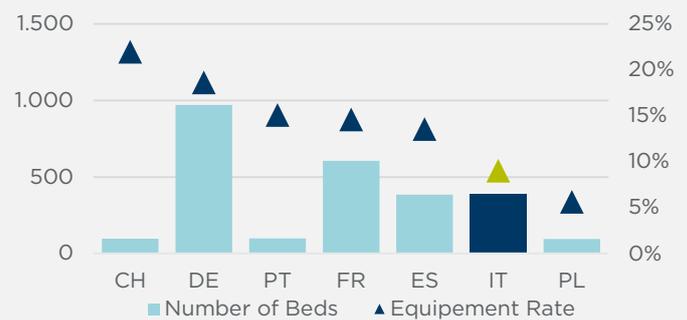
DEPENDENCY RATIO



POPULATION OVER 80 YEARS



NUMBER OF NURSING HOME BEDS* AND EQUIPMENT RATE IN 2020



ITALY

OPERATORS LANDSCAPE

TYPES OF OPERATOR

- Public operators account for 45% of the total number of beds.
- Private commercial providers operate approximately 20% of the total beds.
- Private non-profit providers operate approximately 35% of the total beds.

MAIN OPERATORS

Accounting for around 15,000 beds, the top four private operators are:

KORIAN (Segesta) operates 55 nursing homes with 5,605 beds. KORIAN is the only provider of healthcare services in Italy which is present in all sectors: long-term care nursing homes, specialised clinics, assisted living facilities and home care networks. Considering all sectors, the group operates 82 facilities with 7,195 beds in Italy.

KOS operates 50 nursing homes in Italy with around 5,500 beds. KOS manages a total of 86 facilities representing over 8,150 beds within rehabilitation facilities or medical service facilities. KOS, which has long focused within the domestic market is now also operating in the UK, India and Germany, acquiring Charleston in 2019.

Maisons de Famille (La Villa) operates around 2,000 beds spread across 27 nursing homes.

ORPEA (Casa Mia) operates 16 nursing homes representing over 1,800 beds.

MARKET TRENDS

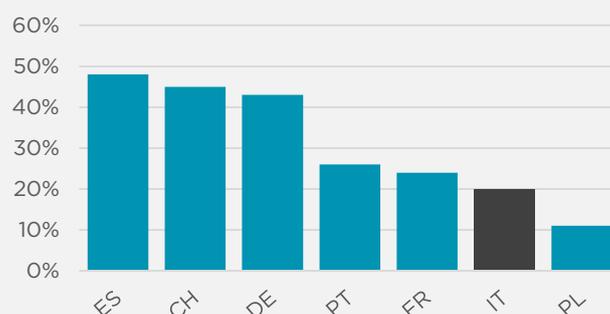
The privately-operated market in Italy is rather fragmented, with a high number of individual regional operators. In Italy, healthcare policies are decided at a regional level. Free care is for example, the rule in Lombardy and Venetia. However, this is not the case in the other Italian regions.

The largest private operators in Italy include the major international companies. The French operators such as Maisons de Famille, ORPEA and KORIAN have been dominating the private market in the country for several years.

The main domestic operator is KOS, a healthcare group headquartered in Milan that also operates rehabilitation centers and hospitals.

The rather low equipment rate, especially in southern Italy, is expected to attract both foreign and domestic operators which will be interested in strong operating perspectives.

CARE HOME BEDS MANAGED BY TYPE OF OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN ITALY, NUMBER OF BEDS

Name	Number of beds
Korian	5,605 (+ 111 AL)
KOS	5,500
La Villa (Maisons de Famille)	2,000

Source : Cushman & Wakefield

ITALY

INVESTMENT MARKET

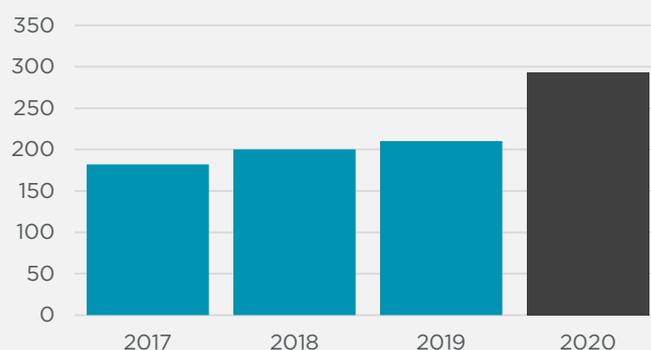
MARKET TRENDS

Investors in Italy are mainly focused on high-quality assets in good locations (especially in the northern regions) that benefit from good tenants and long lease agreements. In 2018 the nursing home investment volume in Italy almost reached €200M. The investment volume was driven by one main deal, the acquisition by ICADE of 7 nursing homes, for a total of €130M.

In 2019, the investment market volume showed a slight increase compared to 2018, reaching around €210M. The market was largely dominated by French players, including Primonial REIM and ICADE.

Finally, 2020 investment volume continued growing, reaching around €250M. This increase has been mainly driven by the Blue Sgr IT Senior Housing purchased by ICADE & Care Portfolio 2020 and the Numeria ITA senior housing portfolio 2020 purchased by PRIMONIAL, which together accounted for around €240M.

INVESTMENT VOLUME IN CARE HOMES IN ITALY, € MILLION

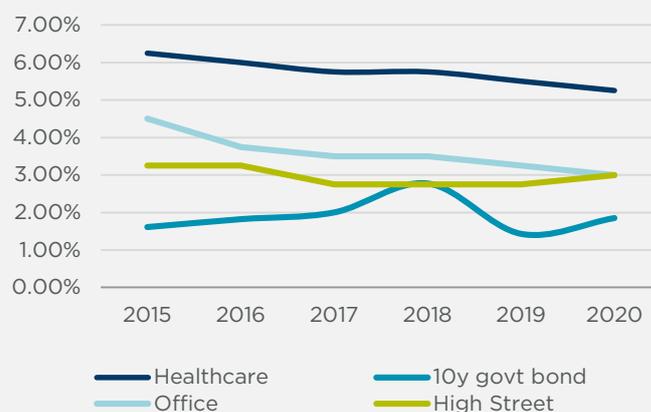


Source : Cushman & Wakefield

PRIME YIELDS

Considering the characteristics of this asset's typology (revenue security, long-term leases, condition, structure, and location), we can extrapolate healthcare yields analysing retail and office yields. High quality nursing homes (in terms of the building and the services offered), located near to or in urban centers that are considered 'prime,' are expected to reach gross yields at around 5.25%, marking a slight decrease compared to the previous years' levels - no transaction has yet been closed at this level. Based on the latest activity in Italy, prime assets continue to interest more and more foreign investors - attracted by the low equipment rate of the country and betting on a further yield compression that is expected to reach 5.00% level by 2021. For secondary assets, yields could rise to 6.50%-8.50% depending on the property and location.

PRIME YIELDS IN THE HEALTHCARE SECTOR IN ITALY



Source : Cushman & Wakefield

MAIN HEALTHCARE ASSETS DEALS IN ITALY

YEAR	PROPERTY NAME	LOCATION	BUYER	SELLER	NUMBER OF BEDS	PRICE*
2021	Domitys Senior Housing	Milan	Swiss Life AM	N.a.	128	N.a.
2021	RSA San Giorgio	Milan	Primonial	N.a.	N.a.	N.a.
2020	RSA Bologna Centrale	Bologna	ENPAM, Antirion	DeA Capital Real Estate	100	10
2020	Blue Sgr IT Senior Housing & Care Portfolio 2020	Multiple location	ICADE Fonciere des Pimonts	Batipart	1,056	130
2020	Villa Alfieri	Tuscany	Threestones Capital	N.a.	120	N.a.
2020	Casa di Riposo Zucchi e Falcina	Soresina	Fonciere Siscare	N.a.	213	N.a.
2020	Numeria ITA snr hsg portfolio 2020	Multiple location	Primonial REIM, SCPI Primovie	Numeria SGR	900	110
2020	Residenza Oasi	Cerro Maggiore	Threestones Capital	N.a.	114	N.a.

* Price in € million, Source : Cushman & Wakefield

POLAND

GOOD FUNDAMENTALS AND HIGH POTENTIAL FOR DEVELOPMENT



KEY TRENDS

- Growing number of elderly people and limited offer of high-quality senior accommodation.
- Dependency ratio is forecasted to double by 2050.
- The underdeveloped senior housing market with only 5% equipment rate (number of beds over the population 80+).
- High potential for the development of services for elderly people.

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

The dependency ratio in Poland (27.5%) is currently slightly below the European average, however, it is forecasted to double (to 52.2%) by 2050. By 2100, it is going to reach 63.2%, which will be the highest result in EU.

POPULATION OVER 80

As of 2020, the share of population aged 80+ amounts to 4% and is forecasted to rise to 10% by 2050. The average life expectancy in Poland is currently 74.2 years for men and 82.1 years for women.

NURSING HOME LANDSCAPE

The equipment rate representing the number of beds over the population aged 80+ stands currently at 5%, which is three times lower than the European average.

The Polish senior housing market is underdeveloped with only ca. 95,000 beds owned by public, non-profit or small private operators and ca. 1,300 beds owned by two institutional private operators.

71% of the total stock is publicly operated, another 17% is operated by non-public entities on behalf of local governments, whereas 10% is private and the remaining 2% works as non-profit organizations.

MAIN OPERATORS

As of 2020, only ca. 1,300 beds within nine assets managed by two private institutional operators were available for seniors in Poland.

The private operators existing on the Polish market are:

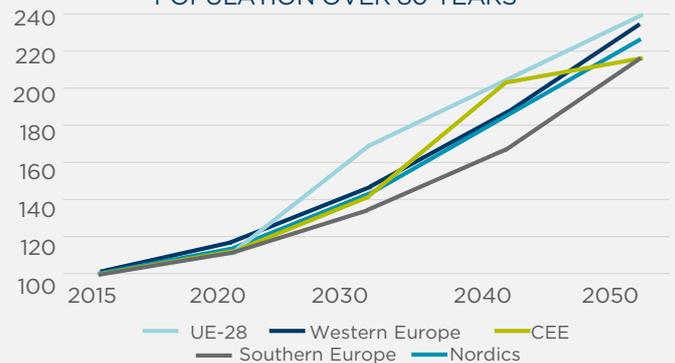
- ORPEA with 8 locations (ca. 1,200 beds),
- ORIGIN with 1 location (ca. 120 beds).

DEPENDENCY RATIO



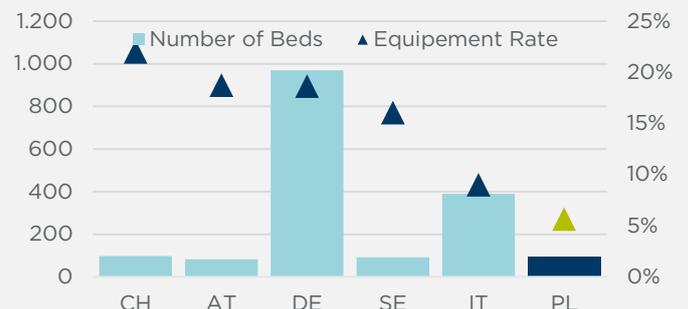
Source : Eurostat

POPULATION OVER 80 YEARS



Source : Eurostat

NUMBER OF NURSING HOMES BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2020



Source : Eurostat

POLAND

EQUIPMENT RATIO

Currently, the equipment ratio in Poland, calculated as a total number of beds over the population 80+, is 5%, which is the lowest in the EU.

OPERATORS LANDSCAPE

The Polish senior housing market is immature with only two private institutional operators managing ca. 1,300 beds.

A Growing number of elderly people and limited offer of high-quality senior accommodation creates a great opportunity for development on the Polish market.

The 95% occupancy in existing senior houses managed by private institutional operators as well as their plans of further development demonstrate good market fundamentals and a great opportunity for investors.

Another positive factor is the substantial number of senior citizens, who accumulated enough savings and assets to be able to afford serviced care offered by high quality operators

INVESTMENT MARKET & MARKET TRENDS

The apartments for rent offered by institutional investors are in a seed phase with only few buildings generating income so far.

There are several developments of serviced apartments and assisted living in progress. They can be used not only by young professionals, couples and families, but also by elderly people.

Polish senior housing market is immature but there is a huge potential for development due to the demographic situation and savings owned by a part of the baby-boomers group.

Due to the early stage of the market, there was only one transaction of senior property in Poland so far (in Wrocław), which affects the lack of reference yields in the sector.

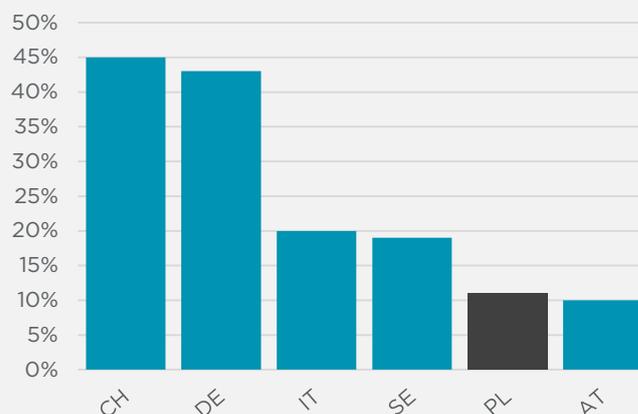
The group of users of senior housing in Poland is diversified and driven by income.

As the public sector offers nursing accommodation with average or poor standard and the serviced or assisted living offer is very limited, there is a demand for good quality serviced apartments, nursing care as well as affordable senior homes.

Low level of pensions affecting still a substantial number of seniors in Poland creates a need for the development of affordable nursing homes, which are currently handled by municipalities because of the lack of interest within private investors.

Limited bank financing as well as the lack of professional operators are the factors stopping a rapid development of senior homes of all categories

CARE HOME BEDS MANAGED BY PRIVATE OPERATORS



MAIN PRIVATE OPERATORS IN POLAND, # OF BEDS

Name	Number of beds
ORPEA	1,200
ORIGIN	120

Source : Cushman & Wakefield

PRIME YIELDS IN REAL ESTATE SECTORS IN POLAND



Source : Cushman & Wakefield for real estate yields and Oxford Economics for government bond yields

PORTUGAL

AGING DEMOGRAPHIC PROFILE



KEY TRENDS

- Dependency ratio forecasted to be the highest in Europe by 2050
- Expected increasing demand for senior housing units
- International players with strong expansion plans
- Institutional investment limited by shortage of quality supply

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

The challenge of socio-demographic aging in Portugal is currently one of the greatest in Europe. According to Eurostat, the dependency ratio in Portugal was at 33.9% in 2019 and is forecasted to increase at a fast pace over the next decades, up to 62.8% by 2050.

The current dependency ratio is not only above Europe's average of 30,5%, but it is also the fourth-highest among its 28 countries. By 2050 Portugal will have the highest rate, which compares with an expected European average of 49,9%.

POPULATION OVER 80

According to Eurostat, the share of people over 80 years in Portugal stood at 6.5% in 2020, above the Europe average of 5.9%. By 2050, the increasing life expectancy (currently at 78.6 years and forecasted to reach 83.2 years in 2050), 9% decrease of the total population and elderly population growth by 42%, will lead to a national share of the latter to 10.1%, therefore contribution for higher demand for senior housing units.

NURSING HOME LANDSCAPE

According to the Office for Strategy and Planning (GEP), the number of senior housing beds in Portugal amounts to circa 100,000, distributed over 2,500 units. The equipment rate represents the number of beds divided by the population aged 80 and above, standing at 15.1% in the country, above the European average of 14.2%.

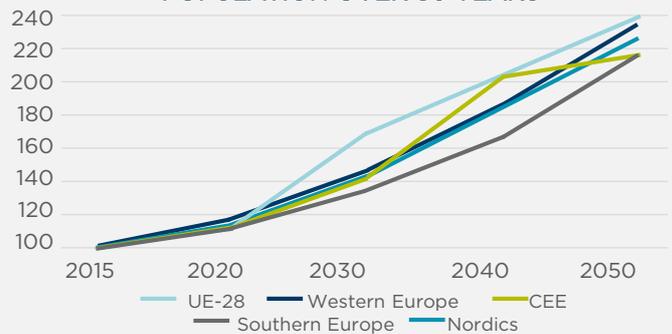
Nursing homes in Portugal are regulated through licensing approvals by the respective municipality and competent entities. Among the latter, a 120 beds limit is considered a drawback by some players.

DEPENDENCY RATIO



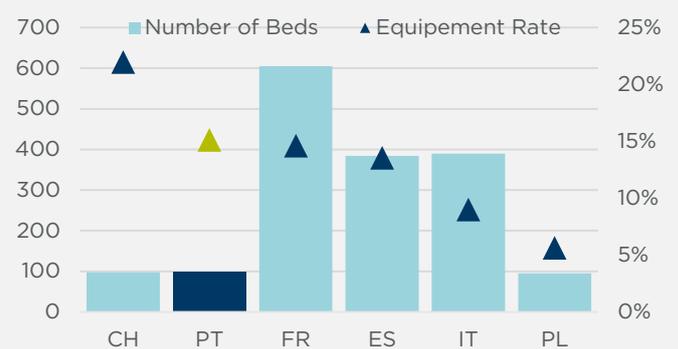
Source : Eurostat

POPULATION OVER 80 YEARS



Source : Eurostat

NUMBER OF NURSING HOMES BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2020



Source : Eurostat

PORTUGAL

INTERNATIONAL PLAYERS EXPANDING

OPERATORS LANDSCAPE

TYPES OF OPERATORS

The country has no public operators, as the supply of public senior housing beds is subsidized, through agreements with both non-profit and private operators.

Non-profit operators dominate the market and are estimated to provide 74% of total beds. Private commercial providers have been increasing over the past years and operate the remaining 26% of total beds

MAIN OPERATORS

Among private operators, the top 4 in Portugal manage 2,370 beds and are responsible for 9% of the total supply.

Residências Montepio currently offers circa 1,010 beds, distributed over 8 nursing homes, with the most recent projects being Entrecampos (Lisbon) with 176 beds and Albergaria (Aveiro) with 110 beds.

The Orpea group entered the Portuguese market in 2017 and is already the second largest private operator, with 9 properties with 710 beds (and a hospital), including the recently opened Orpea Viseu with 120 beds. The expansion plans regard 15 additional units, including the under construction Belém (Lisbon) project with 116 beds.

Naturidade is a Portuguese group with 7 units and 380 beds, whose most recent completion is the Porto de Mós (Leiria) project with 68 beds.

DomusVI entered the national market in 2017 following the acquisition of Carlton Life and Bella Vida groups, and has currently 4 nursing homes with 340 beds. The group expects to open further 10 units (plus one expansion), with the project in Estrela (Lisbon) with 96 beds being among the 5 currently under construction.

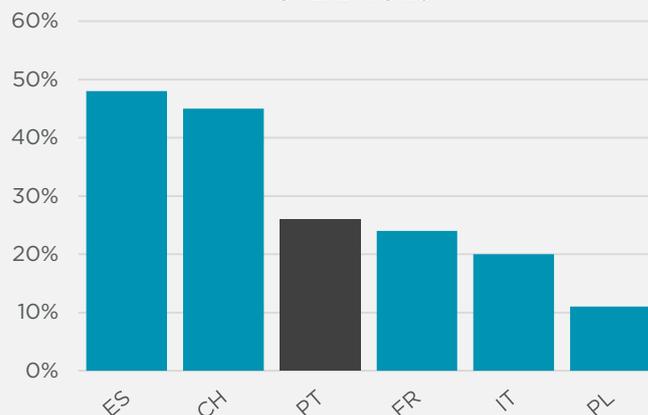
MARKET TRENDS

Over the past years, the private operated sector has been gradually evolving from a highly fragmented supply, distributed over several individual operators, into a more professionalized management, particularly following the recent entry of new international players in the market.

A national occupancy rate of 92%, shortage of quality supply and an aging population justify an increasing pipeline, particularly among international players.

The negative impact of the current pandemic on the sector should increase the focus of operators on the health and well-being of their users.

CARE HOME BEDS MANAGED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN GERMANY, NUMBER OF BEDS

Name	Number of beds
RESIDÊNCIAS MONTEPIO	1,010
ORPEA	710
NATURIDADE	380
DOMUS VI	340

Source: GEP - Carta Social, Cushman & Wakefield

PORTUGAL

INVESTMENT STILL AT AN EARLY PHASE

INVESTMENT MARKET

MARKET TRENDS

Institutional investment in the sector continues at an early stage given the lack of structured investment products. Nevertheless, the: (i) increasing pipeline and (ii) preference of several private operators, particularly international ones, to focus on the operating business, rather than in real estate investment market; activity is expected to gradually increase in the short-term.

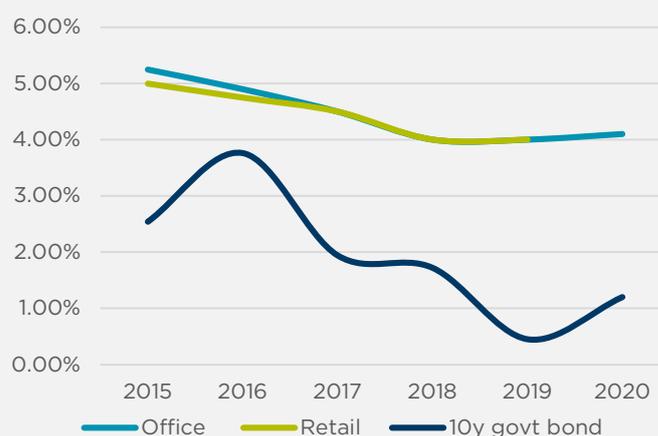
A single senior housing deal in 2020 outlines the above, consisting of the sale of Expo Living by GMG to Square Asset Management for an estimated value of €19-23 million. This project includes the Residências Montepio Parque das Nações with 92 beds, a unit that had been acquired to Selecta in 2018 for €12-14 million.

PRIME YIELDS

Very few healthcare transactions have been observed over the last years in Portugal.

Based on the latest healthcare market activity in Europe as well as on the overall real estate activity (office, retail) in Portugal, we are in the opinion that prime nursing home assets will interest more and more foreign investors. Prime yields are expected to reach around 5.75% levels whereas prime yields for offices stand at 4.10% and high-street retail stand at 4.25%.

PRIME YIELDS



Source : Cushman & Wakefield for real estate yields and Oxford Economics for government bond yields

MAIN HEALTHCARE ASSETS DEALS IN PORTUGAL

DATE	PROPERTY NAME	LOCATION	BUYER	SELLER	OPERATOR	NUMBER OF BEDS	PRICE***
Q3-20	Expo Living*	Lisbon (Greater Lisbon)	Square Asset Management	GMG	Residências Montepio	92**	€19-23
Q1-20	CUF Viseu Hospital	Viseu (Central Portugal)	Medical Properties Trust	José de Mello Group			€28
Q4-20	Trofa Saúde Vila Real Hospital	Vila Real (Greater Porto)	Healthcare Activos	Trofa Saúde			€25

* Five-floors with Residências Montepio Parque das Nações and other five-floors with rental apartments ** beds in the assisted-living residences
 *** Price in € million, Source : Cushman & Wakefield

RUSSIA

EMERGING MARKET



KEY TRENDS

- Population is aging
- Purchasing power in the Moscow Metropolitan Area keeps growing
- Consumer perception of nursing home care improves
- The market is open for professional players and investors

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO & OTHER STATISTICS

According to the official statistics, in Jan 2020 the total population of the Russian Federation comprised 146.75 million people, 36.6 million (25%) of them older than active working age. Significantly, the long-term population growth curve in Russia has a negative trend, and by 2036, the country is projected to have 143 million people. On the positive side, however, the life expectancy is expected to increase from 72.9 years in 2018 to 77.1 - in 2035.

Forecast of dependency ratio* for the Russian Federation shows that it is set to scale down - from 45% in 2021 to 39% in 2036.

* dependency ratio calculated as population older than active working age to population of working age

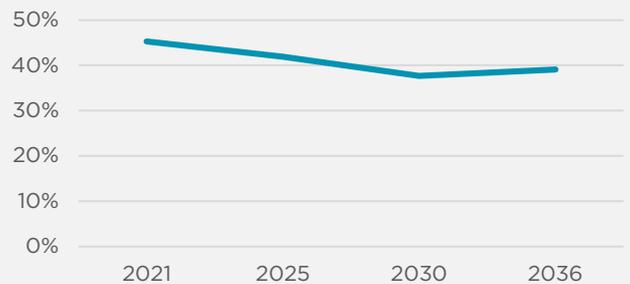
General tendency in Russia is similar to Europe: the population is aging.

Unlike the declining trend projected for the Russian Federation, population of the Moscow Metropolitan Area is expected to remain stable, even with a chance of a modest increase - from 20.5 million in 2021 to 20.7 million in 2036 (Rosstat). Importantly, the Moscow population is aging faster than the average in the country

POPULATION OVER 80

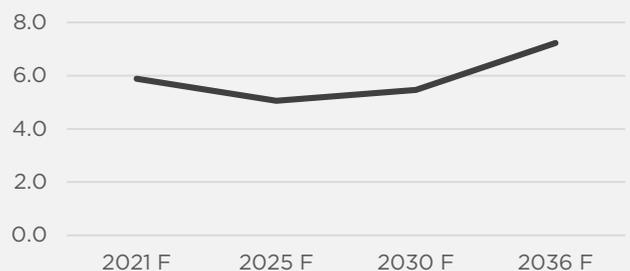
In the long-term, it is forecasted that the Russian population over the age of 80 will grow from 5.9 million people in 2021 to 7.2 million in 2036, to reach 5.1% of overall population of Russia.

DEPENDENCY RATIO



Source : Rosstat

POPULATION OVER 80 YEARS



Source : Rosstat

RUSSIA

OPERATORS AND INVESTMENT MARKET

OPERATORS LANDSCAPE

NURSING HOME LANDSCAPE

The official statistics on the nursing-home care market in Russia are fragmented and inaccurate. Certification of private nursing homes is not obligatory, which allows a lot of them to work unofficially.

Experts estimate that in the Moscow Metropolitan Area there are around 26,000 nursing-home beds (16,000 in governmental facilities and 10,000 - in private ones). The real demand, however, is estimated at 40,000-100,000 beds.

MAIN OPERATORS

There are very few professional market players now. Among the most well-known are :

- Senior Group - 3 geriatric homes in the Moscow Region, total number of beds - 340;
- Opeka - 10 small-size pensions in Saint Petersburg and the region and in Moscow;
- Zabota - 9 pensions in the Moscow Region;
- Idilliya - 1 recently opened residence home for the elderly people in Moscow, total number of beds - 80.

MARKET TRENDS

The ageing of the Russian population potentially creates demand for nursing-home care for the elderly. Another factor which might stimulate demand for nursing homes is the growing well-being of the population - more families can afford to pay for these services in modern quality retirement homes. Traditionally, however, the Russian families have cared for their own elderly relatives (sometimes, by means of hired help) instead of using services of professional nursing homes. Apart from the purely moral reasons behind such choice, the state-run nursing homes have not been seen as the most comfortable places for ageing.

The attitude to these services is slowly changing, although the modern quality offer in the nursing-home segment is still limited - as demonstrated by the shortage of comfortable facilities and professional investors/operators.

Demand for nursing-home services is currently strong in large metropolitan areas with high disposable incomes - the Moscow Metropolitan Area and the St. Petersburg Metropolitan Area. Smaller-size cities with population over 1 million residents will be viable for modern-quality nursing-home development, once the general attitude to these services improves.

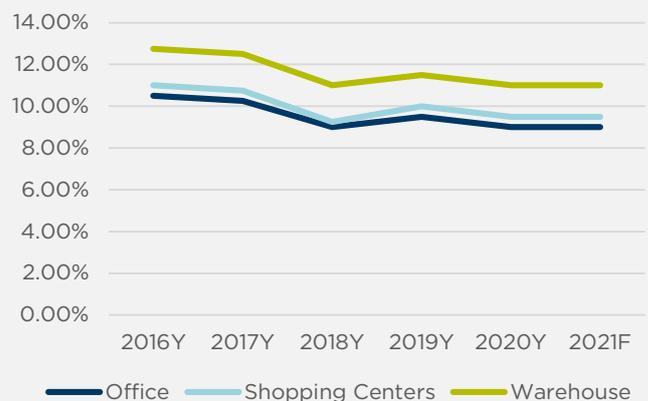
INVESTMENT MARKET

With very few professional market players and limited investments in the nursing-home care segment, the Russian market is at early stages of development.

PRIME YIELDS

The modern quality nursing home supply in Russia is very limited. No information on deals and yields is available. For the reader to get general understanding of the Russian market we have included information on prime yields in main sectors of commercial real estate such as office, retail and warehouse.

PRIME YIELDS IN RUSSIA



Source : Cushman & Wakefield

SPAIN

STRONG FUNDAMENTALS

KEY TRENDS

- Spain offers good nursing home fundamentals:
- High average life expectancy and an ageing population which is estimated to be the oldest in Europe by 2050.
- Lack of beds, obsolete stock and a fragmented market with the potential for consolidation (the top 10 operators hold 20% of the total beds).
- Investment volume has significantly increased over recent years with the entrance of new national and international capital.
- The increasing investor demand in recent years has sharpened yields, closing the gap between Madrid and Barcelona (4.75%) and other main provinces (5.00%).

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

The dependency ratio in Spain was at 29.4% in 2020 and is forecasted to increase to 54% by 2040. In 2020, the dependency ratio in the Canary and Balearic Islands was lower than the national average (22% vs 29,4%) whereas, Castilla y León, Galicia and Asturias had by far the highest (+40%). Currently, Spain's dependency ratio is slightly below the European average however, in 2040 it is expected to increase just over the EU28 average and is forecasted to have the second highest old-age dependency ratio of any European country by 2050.

POPULATION OVER 80

In 2020, 20% of the Spanish population was over 65. This figure is forecasted to rise to 31.1% by 2040. Approximately 6% of people in Spain were over 80 in 2020. This demographic is expected to increase to 10.3% by 2040. The average life expectancy in Spain in 2020 was 82 years old, amongst the highest in the world. By 2050 it is expected that Spain will be the oldest country in Europe, 2nd worldwide after Japan.

NURSING HOME LANDSCAPE

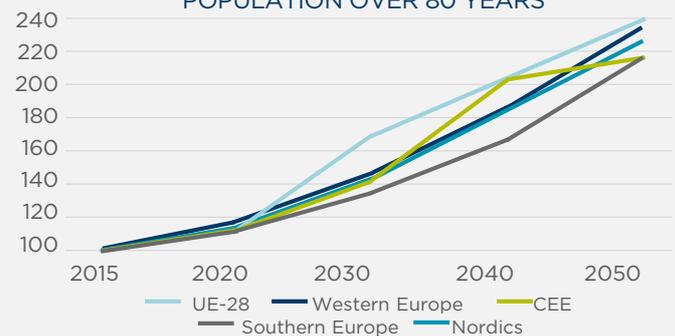
The equipment rate represents the number of beds divided by the population aged 80 and above. It stands at 13.6% in Spain. The equipment rate in Spain is close to the European average but varies between regions, with much lower equipment rates in regions such as Murcia, Galicia, Valencia or Andalucía, than in the Castilla León and Castilla La Mancha regions. In 2020 is estimated that Spain needs approximately 100,000 more beds and it is expected to continue increasing driven by the changes in family structures and the ageing of the population.

DEPENDENCY RATIO



Source : Eurostat

POPULATION OVER 80 YEARS



Source : Eurostat

NUMBER OF NURSING HOMES BEDS* AND EQUIPMENT RATE IN 2020



SPAIN

FRAGMENTED ARENA - POTENTIAL FOR CONSOLIDATION

OPERATORS LANDSCAPE

TYPES OF OPERATORS

In Spain, organised mainly as a free market, operators are split as follows: Public operators manage 27% of the total stock, whilst private operators manage 73% of the total stock. Approximately 25% of the total are privately operated beds but publicly subsidized (“camas concertadas”). Therefore, fully private demand represents approximately 50% of the total stock.

MAIN OPERATORS

In 2020, only six private operators were managing more than 5,000 beds. The top ten operators managed approximately 20% of the total beds. Despite the fact that the main operators have implemented an expansion plan which is progressively consolidating the operator market, the Spanish market continues to be a fragmented arena.

DomusVi: Operates 140 properties with more than 24,000 beds following the Geriatros and SARquavitae acquisitions. Furthermore, DomusVI acquired the group Gerovida in 2018 and has 4 more properties with 426 beds in Spain expected.

Orpea Ibérica: Operates 53 properties with more than 8,500 beds.

Vitalia Home: Operates 61 properties with more than 8,481 beds.

Ballesol: Operates 50 properties with more than 7,000 beds and 6 properties with 698 beds expected.

Amavir (Maisons de Famille): Operates 42 properties with approximately 6,200 beds.

Sanitas Residential: Operates 46 properties with approximately 6,200 beds.

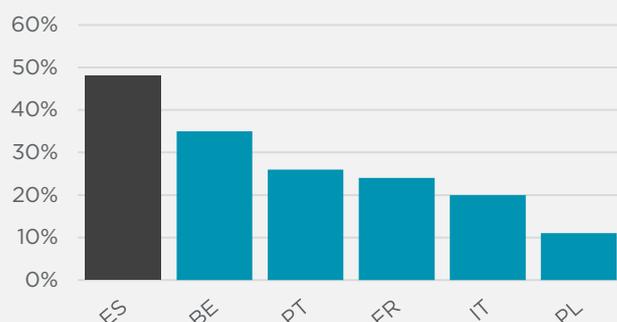
Most of the future projects for new property openings will be executed by private operators. DomusVI and Orpea are French companies, relegating the first Spanish operator to 4th place (Grupo Ballesol) and reflecting the rising appetite of French operators for the Spanish market.

MARKET TRENDS

A large number of transactions took place during 2019, 2020 and the trend is expected to continue in 2021. Over the course of 2020, most of the top operators like DomusVi and Orpea have implemented an international expansion strategy. DomusVi expanded its presence into South America and Portugal. During 2019-2020 the Spanish market has continued to be a target for European nursing home leaders: Korian continued with their expansion strategy in Spain acquiring 6 assets in Mallorca (696 beds), thus now holding a portfolio of over 2,000 beds. Another operator that recently entered the Spanish market is Vivalto, which acquired the regional operator Solimar.

Nursing homes with more than 100 beds in Spain represent 51.3% of the total market. Most of these centres are managed by private operators.

CARE HOME BEDS MANAGED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN SPAIN, NUMBER OF BEDS

Name	Number of beds
DomusVi	24,594
Orpea	8,500
Vitalia Home	8,481
Ballesol	7,098
Amavir (Maisons de Famille)	6,223
Sanitas Mayores	6,196
Clece Mayores	3,800
La Saleta (Colisée)	3,300
Seniors (Korian)	2,117
Total beds	70,309

SPAIN

INCREASING COMPETITION (INCREASING INTEREST FOR NON-SPECIALIZED INVESTORS).

INVESTMENT MARKET

MARKET TRENDS

Despite Covid-19, investment activity in 2020 was higher than in previous years with acquisitions and mergers being the dominant activities in the market. We estimate that around €550M of care homes were traded in 2020 based on RCA and in-house data. The number of partnerships between investors and operators has increased in recent years and is expected to continue in the future, leading to further increases in investment volumes.

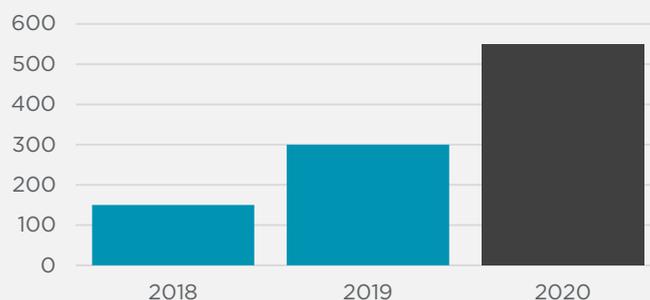
The Spanish market is not as developed as the French or German ones. The real estate component is often still owned by the operators. However, in recent years there has been an externalization of the real estate component; several portfolios have recently been acquired by investment funds. In only 3 years, the landscape of investors has considerably broadened and changed. The good health of the Spanish

economy is reflected by the large number of deals signed during 2018 and 2019. Most of these deals were carried out by top operators such as DomusVi or Orpea. Colisée, the French operator of nursing homes has implemented an ambitious expansion plan which has placed them amongst the eight largest operators in terms of number of beds, with over 6,000 beds after the acquisition of La Saleta (Armonia) and STS in 2019. During 2019 we also saw the acquisition of Grupo 5 which operated six care homes in Mallorca by Korian, Vivalto acquired the operator Solimar which operated 7 nursing homes and Adriano Care (part of the Spanish REIT, Azora) acquired six nursing homes with over 760 beds and a plot of land to develop a care home comprising 350 beds, amongst others. Additionally, we have seen the arrival of established European funds: Cofinimmo, Care Property, Threestones and Swiss Life amongst others.

PRIME YIELDS

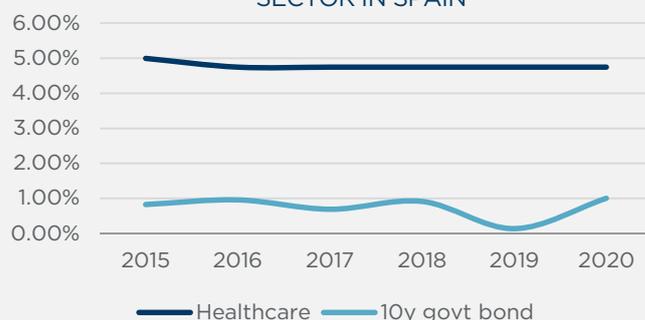
Yield compression has become widespread amongst healthcare assets which are becoming harder to find considering the growing interest of investors. Although during these last 3 years prime yields have maintained stable at approximately 4.75% - 5.00% for city centre locations in Madrid & Barcelona and considering good covenant, long duration (approx. 20-years), investment volume has significantly increased during this period as, unlike previous years, investors (and operators) are looking at Tier II cities (such as Valencia, Seville, Murcia, Málaga, etc.) and Tier III cities (such as Huesca, Teruel, Burgos, etc.). A yield compression has been observed during the last 12 months and the current prime yields are close to 4.75%. The spread between "prime" (Madrid / Barcelona) and Tier II cities is compressing. Taking this into account, Tier II cities should be ca +5.00% and Tier III ca +5.25% - 5.50%.

INVESTMENT VOLUME IN CARE HOMES IN SPAIN, € MILLION



Source : Cushman & Wakefield

PRIME YIELDS IN THE HEALTHCARE SECTOR IN SPAIN



Source : Cushman & Wakefield for real estate yields and Oxford Economics for government bond yields

MAIN HEALTHCARE ASSETS DEALS IN SPAIN

YEAR	PROPERTY NAME	LOCATION	BUYER	SELLER	NUMBER OF BEDS	PRICE*
2020	Portfolio Valencia of 7 nursing homes	Region of Valencia	Vivalto	Private	930	N/A
2020	Portfolio of 5 nursing homes	Various in Spain	Healthcare Activos	Mapfre	800	€50M
2020	Three nursing homes across Spain	Murcia, Carabanchel and Móstoles	Care Property Invest	Private	532	€37.4M
2020	Two operating nursing homes	Region of Andalucía	Cofinimmo	Private	353	€15M
2020	Two nursing home developments	Tarragona and Tenerife	Cofinimmo	Thor Equities	311	N/A

* Price in € million, Source : Cushman & Wakefield

SWEDEN

DEMAND EXCEEDING THE SUPPLY

KEY TRENDS

- Sweden's low dependency ratio is expected to stay steady over time.
- The population aged 80 and over is expected to nearly double over the next 25 years.
- 38% of the Swedish municipalities are not able to provide enough nursing home beds.
- Public dominated market.

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

Sweden is known to have one of the lowest dependency ratios in Europe, due to a positive demographic balance with high birth rate and positive migration. The dependency ratio should be steady towards 2050.

POPULATION OVER 80

The population aged 80 and over is expected to grow from 573,000 people today to over 1,000,000 people in 2045.

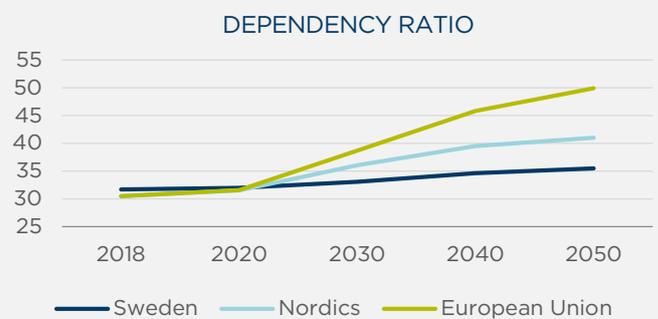
Due to generally improved health, the life expectancy of women in Sweden today is 84.7 years and 81.3 years for men, this means that an increasing number is expected to develop dementia and other health issues related to old age.

NURSING HOME LANDSCAPE

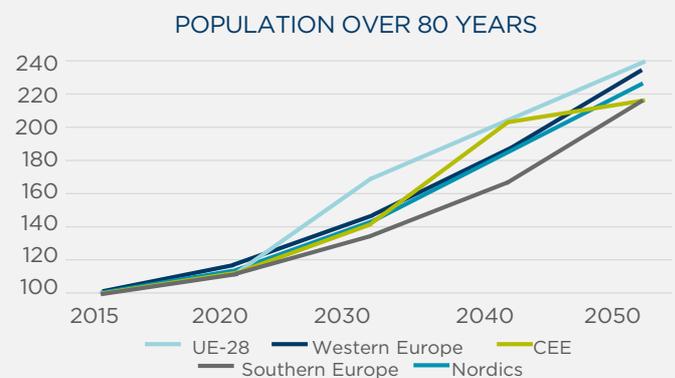
The equipment rate of 16%, corresponding to 92,000 beds in nursing homes, is in line with the European average. However, about 38% of the Swedish municipalities are currently indicating that they can't provide enough nursing homes given the local need and 26% of the municipalities estimate that they will not be able to meet the demand in five years. The problem is most severe in the Greater Stockholm and Greater Gothenburg regions and least evident in the less populated municipalities.

According to a forecast from the Ministry of Finance, the country needs about 700 new nursing homes between now and 2026 to meet the short-term demographic shift with baby-boomers now reaching the age of 80 and above.

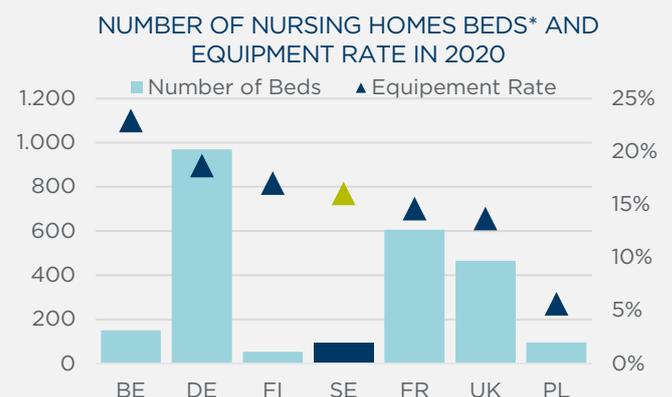
The need for new nursing homes is also spurred by the fact that a large portion of the existing stock consists of facilities constructed during the 1960-1980s. By today's standards they are both inefficient and costly to rebuild.



Source : Eurostat



Source : Eurostat



Source : Eurostat

SWEDEN

SIGNIFICANT MARKET POTENTIAL

OPERATORS LANDSCAPE

TYPES OF OPERATOR

Traditionally Sweden has had a majority of municipality owned nursing homes and a small share of non-profit operators. However, in the last decade private operators have expanded at a rapid pace, both acquiring existing assets and building new facilities. The market share of private operators is approximately 20% and expected to increase ahead.

MAIN OPERATORS

After Ambea's purchase of their competing operator Aleris in 2018, they became one of the top care providers in the Nordic region.

Another large private operator is Attendo that also has been very active in new construction over the past years.

The largest operator is however the public sector with almost 80% of the market, often with both municipality owned and managed properties. However, the increasing demand due to demographic needs to open for private initiatives.

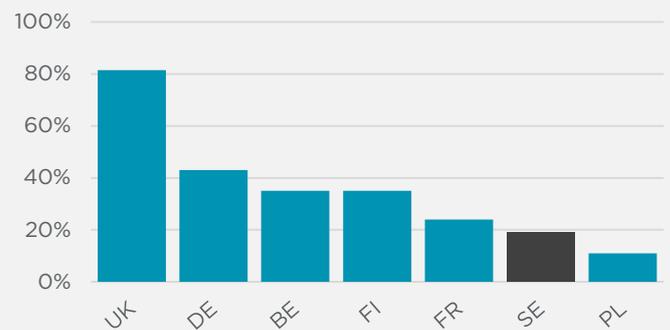
MARKET TRENDS

With many Swedish municipalities facing difficulties keeping up the pace of shifting demographics there is a huge market potential for private operators and real estate investors in the nursing home market.

Operators are aggressive in acquiring smaller competitors in order to increase their market share. The market for private operators is still in an early stage and when considering the forecasted need the potential for future growth is significant.

However, according to Swedish law and the Act on System of Choice in the Public Sector (2009) there is still the local municipality that decides if municipality run nursing homes also should be exposed to competition from private operators by giving the patient the right to choose freely among operators. Some municipalities are still reluctant to accept private operators in the health care sector.”.

CARE HOME BEDS MANAGED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN SWEDEN, NUMBER OF BEDS

Name	Number of beds (Q4 2020)
Attendo	5,475
Ambea	2,792
Humana	809

SWEDEN

PUBLIC PROPERTIES HAS GAINED ATTENTION

INVESTMENT MARKET

MARKET TRENDS

The investment market for nursing homes in Sweden amounted to approximately SEK 9,600 million in 2020, which was lower than the previous year.

However, in December 2019 Swedish stock-listed company SBB bought the rivaling company Hemfosa with properties to a total worth of approximately SEK 40,000 million in the Nordics. A substantial share of about SEK 5,600 million constituted health care properties in Sweden, thus making the yearly volume comparison somewhat skewed.

A fairer comparison in terms of market activity is probably instead to look at the number of transactions. In 2020, a total number of 45 deals (SEK 50 million or larger) were completed within the health care segment which can be compared to 35 deals in 2019.

Usually, the investment volume of a single nursing home in Sweden often ranges from approximately SEK 150 to 300 million.

The market for newly built elderly homes is characterized by high liquidity, with several purchasers at prime yields or slightly above. The market has been dominated by private or public companies, but several institutions are now also keen on entering the sector. A portfolio deal with nursing homes on long leases with stable tenants would most likely attract many investors and a portfolio premium is likely to be achieved.

PRIME YIELDS

Prime yields for modern nursing homes have shifted slightly downwards during the last five years and currently stand at approximately 3.5 % in the larger city regions.

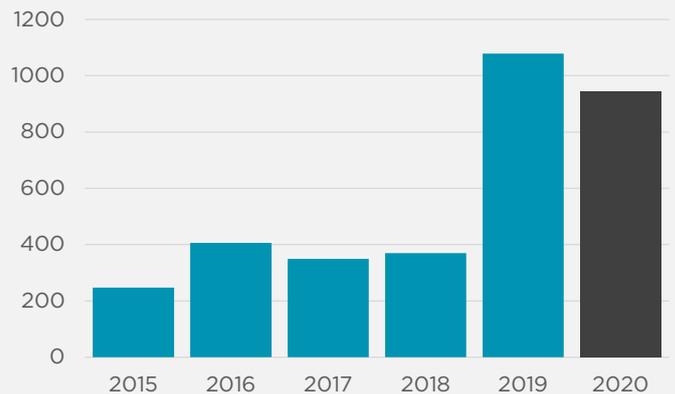
The high demand in recent years has also diminished the difference in yield between a strong private operator and a facility operated by the local municipality.

MAIN HEALTHCARE ASSETS DEALS IN SWEDEN

YEAR	PROPERTY NAME	LOCATION	BUYER	SELLER	NUMBER OF BEDS	PRICE	YIELD
2020	Portfolio (5 assets)	Borås	Estea	Wilhem	-	221.5 MSEK	-4.25%-4.50%
2020	Portfolio (5 assets)	Sevreal	Estea	Näckström	-	415 MSEK	-5.50%
2020	Villa Brogården	Alingsås	Nothern Horizon	Skanska	80	260 MSEK	-
2020	Kvarteret Gåsen	Helsingborg	Folksam	Skanska	60	202 MSEK	4.00%
2020	Täby Park	Täby	SPP	Skanska	80	320 MSEK	-3.50%-3.70%

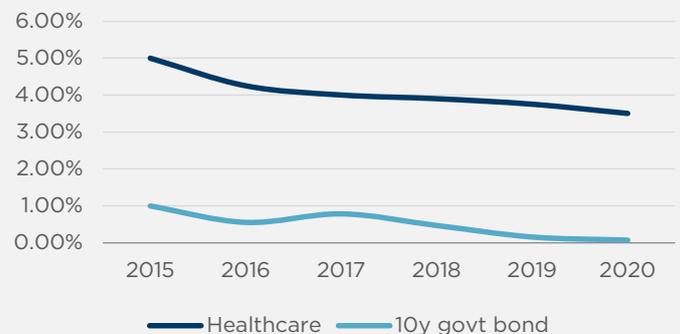
Source : Cushman & Wakefield

INVESTMENT VOLUME IN CARE HOMES IN SWEDEN, € MILLION



Source : Cushman & Wakefield

PRIME YIELDS IN SWEDEN



Source : Cushman & Wakefield for real estate yields and Oxford Economics for government bond yields

SWITZERLAND

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

As per the last official statistics, the dependency ratio in Switzerland was 30.4% in 2019. It is forecasted to increase to 46.5% by 2050. Over the 26 cantons, the dependency ratio ranges from 25.90% (canton of Fribourg) to 38,90% (canton of Ticino).

Compared to other European countries, the dependency ratio is low and should stay in the low range over the next 30 years.

POPULATION OVER 80

As of December 2019, the 65+ year old population represents 18.65% of Swiss inhabitants. This figure is forecasted to reach 25.5% by 2050.

The 80+ category represents 5.27% of the Swiss population and is expected to reach 10.7% by 2050. On average, life expectancy in Switzerland in 2019 was 81.9 years for men and 85.6 years for women.

NURSING HOME LANDSCAPE

The equipment rate represents the number of beds / 80 and over population. It stands at 22.45% in Switzerland.

As per recent studies, Switzerland is expected to need approximately 50,000 additional beds by 2045.

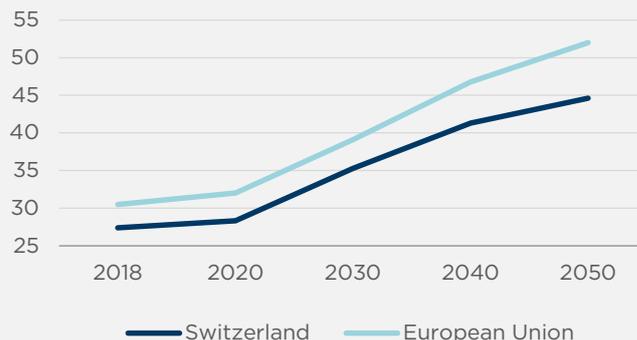
In Switzerland, the nursing home capacity growth over the last 10 years has been lower than that of the 65+ population. Even though the sector is increasingly attractive to investors, there is a high number of legal restrictions impacting the development of this market

OPERATORS LANDSCAPE

Across Switzerland, the development and operations of nursing homes are subject to specific federal and communal rules and laws. Additionally, some cantons put some restrictions in terms of operation profits. Operator's typology can be split as follows:

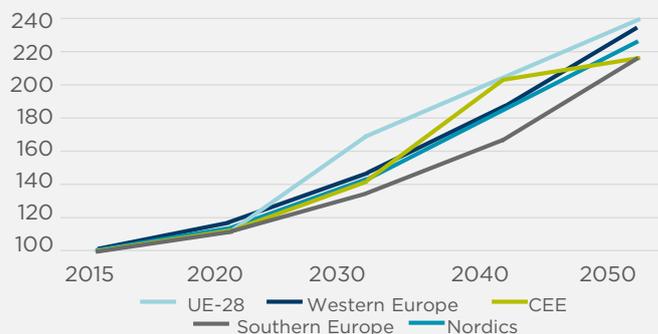
- Public actors represent approx. 25% of the market and mainly depend on municipalities and cantons.
- Non-profit operators (i.e. private operators supported by the cantons / municipalities) manage around 30% of all the beds.
- Private commercial operators manage around 45% of all the beds.

DEPENDENCY RATIO



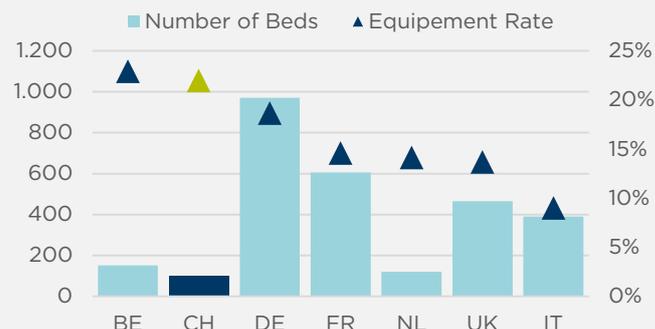
Source : Eurostat

POPULATION OVER 80 YEARS



Source : Eurostat

NUMBER OF NURSING HOMES BEDS AND EQUIPEMENT RATE IN 2020



Source : Eurostat

SWITZERLAND

MAIN OPERATORS

Swiss private commercial providers can be divided into two categories:

- large groups managing more than 1,000 beds,
- smaller groups often owned by their founders.

The biggest operator in Switzerland is TERTIANUM group, which experienced significant growth over the last few years by acquiring several competitors.

The majority of private nursing homes are small structures.

Most private nursing homes are small structures.

MARKET TRENDS

As development opportunities are rare in the cities and their immediate vicinity, many developments are now launched in the outskirts where there are more unoccupied lands.

We observe a growing market showcased by large groups continued creation; as mentioned before, with TERTIANUM group who acquired SENIOCARE and BOAS group.

Moreover, foreign operators such as DUSSMANN (German) and ORPEA (French) have settled in Switzerland.

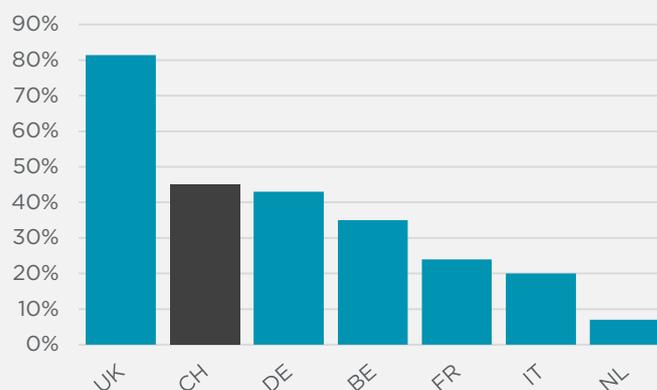
INVESTMENT MARKET

After three impressive years from 2015 to 2017 (a total of EUR 395M invested), the senior residences market experienced a lull in 2019 and 2020 years with only EUR 57M transacted last year.

The important volume observed a few years back is largely due to the concentration of market operators / owners. For example, SWISS PRIME SITE (one of the biggest real estate companies in Switzerland and owner of the TERTIANUM GROUP) acquired in 2016 the BOAS Group portfolio.

Apart from local owners and site operators, the market is mainly characterized by the growing presence of important investors such as CAPVIS, ZURICH FINANCIAL, PATRIMONIUM and NOVAVEST. Investors like CREDIT SUISSE are also present on the market with specific investment vehicles dedicated to such assets.

% OF CARE HOME MANAGED BY PRIVATE OPERATORS



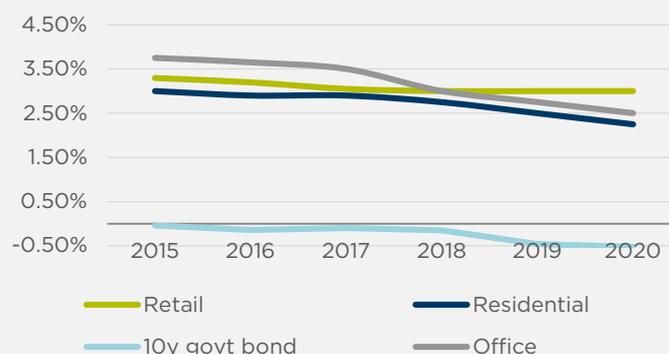
Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN SWITZERLAND, NUMBER OF BEDS

Name	Number of beds (Q4 2020)
TERTIANUM	2,952 beds
ORPEA	3,700 beds

Source : Cushman & Wakefield

PRIME YIELDS IN SEVERAL SECTORS IN SWITZERLAND



Source : Cushman & Wakefield

THE NETHERLANDS

KEY TRENDS

- Measures undertaken to guarantee the financial continuity of operators during the COVID-19 pandemic appear effective.
- Pan-European private operators continue to consolidate and expand on the Dutch market
- An estimated 160,000 extra beds will be needed by 2050 to meet future demand.
- Yields decreased throughout the pandemic as a result of a lack of prime real estate.

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

Currently, 19.8% of the Dutch population is over 65 years of age. This share is expected to increase to 25.2% by 2050. The dependency ratio (population over 65 / population aged 15-64) in The Netherlands is currently at 30.6% and is forecasted to increase to 42.7% in 2050.

People over 80 years of age are a prime demographic for nursing home care. 4.8% of the population is currently over 80 years old. This share is forecasted to more than double to 10.4% of the total population by 2050.

In 2021, the average life expectancy in The Netherlands is 80.6 years for men and 83.8 years for women. While the life expectancy for Dutch women is comparable to the European average, the life expectancy for Dutchmen is two years higher than the European average. In 2050, an average life expectancy of 85.0 years for men and 88.6 years for women is forecasted.

NURSING HOME LANDSCAPE

With a current total capacity of approximately 130,000 beds, the equipment rate (amount of beds / population over 80) in The Netherlands is currently registered at 15.3%.

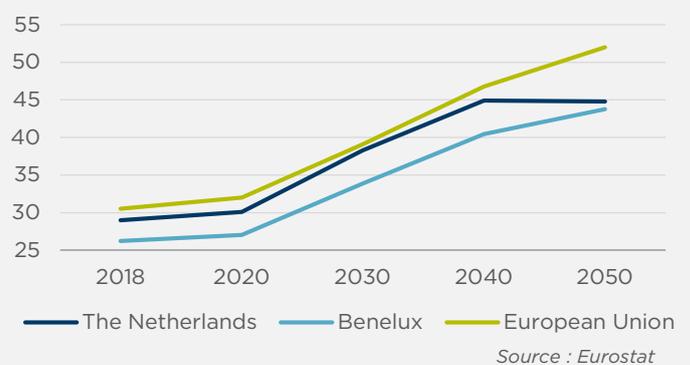
However, given the demographic projections, it is expected that an additional 160,000 nursing home beds will be needed by 2050. In addition to these extra beds, redevelopment of existing nursing homes across the country is required as well.

In contrast to this construction task, non-profit operators have been reticent regarding new real estate developments. Due to the limited financial margins in the sector, non-profit operators are not getting ahead to meet the increasing demand for added capacity.

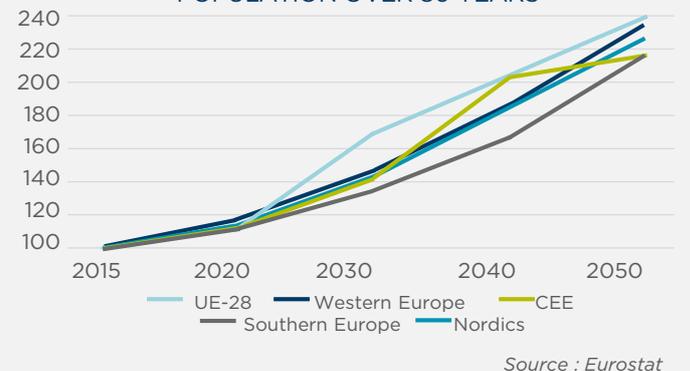
OPERATORS LANDSCAPE

In the Netherlands, nursing home care is mainly provided by 250 non-profit operators, each servicing their own operating area. Because these operators are geographically and demographically dispersed, there is no distinct market leader.

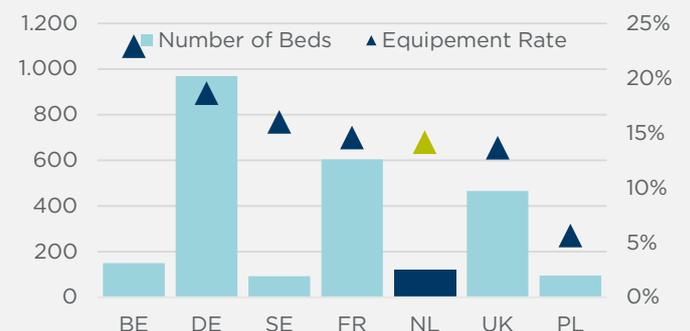
DEPENDENCY RATIO



POPULATION OVER 80 YEARS



NUMBER OF NURSING HOMES BEDS* AND EQUIPMENT RATE IN 2020



THE NETHERLANDS

TYPES OF OPERATOR

Non-profit operators manage approximately 94% of the current 130,000-bed capacity. On average, non-profit nursing homes are relatively large, with 55 beds per home.

Significant changes for the Dutch healthcare system introduced more freedom of choice for those with a healthcare demand. As a result, private operators entered the market and the number of private nursing homes has grown rapidly. Nonetheless, the market share of this private sector is still relatively small compared to the non-profit sector.

Private operators currently manage approximately 8,000 beds, or 6% of the total capacity. On average private nursing homes are relatively small, with 22 beds per home. However, the average size of private nursing homes has increased over the past couple of years.

MARKET TRENDS

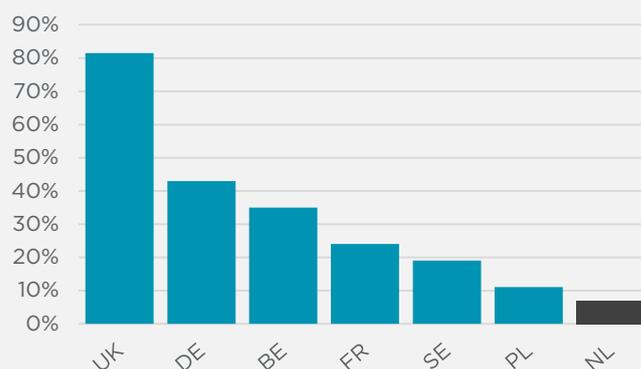
The financial margins of Dutch non-profit healthcare operators are limited. Investment levels in the sector have been relatively low for quite some years, although it does not appear that these cost savings improve the operators' bottom line. Instead, the savings are presumably used to cover increased personnel costs. In the long term, this might pose a problem for the financial continuity of operators and for meeting demand for increased capacity and renovation of existing assets.

Operators will have to increase their real estate developments in order to meet future demand. Investors may provide the necessary funding to do so, when traditional ways of financing by covered loans prove insufficient.

Finding new and suitable locations for nursing homes proves to be an increasing challenge.

Private operators used to focus mostly on high-end concepts. In recent years however, operators are developing middle and low-end concepts, as these concepts can compete better with non-profit operators.

CARE HOME BEDS MANAGED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN THE NETHERLANDS, # OF BEDS

Name	Number of beds
ORPEA	2,261
KORIAN	1,019

Source : Cushman & Wakefield

THE NETHERLANDS

A consolidation amongst private operators, as previously seen in other European countries, is gaining traction in The Netherlands as well. The largest pan-European private operators are currently actively expanding their portfolio on the Dutch market. It is expected that this trend will continue in the coming years.

INVESTMENT MARKET

Investment volume in the Dutch healthcare sector has grown rapidly over the past years and reached its highest level in 2019. Despite the impact of the COVID-19 pandemic on real estate and healthcare markets, healthcare assets remained an attractive long-term investment option in 2020.

Around 1 billion euros was invested in this segment last year, including investments in nursing homes, clinics, health centers and residential real estate focused on seniors. Besides the impact of the pandemic, one of the main causes of the year-on-year decline is the shortage of investment grade supply.

International investors like the Belgian AEDIFICA, COFINIMMO and CPI were yet again among the most active purchasers on the Dutch market in 2020. Dutch investors like pension fund SYNTRUS ACHMEA and investment funds like HOLLAND IMMO GROUP and SECTIE5 were also active on the Dutch market this past year.

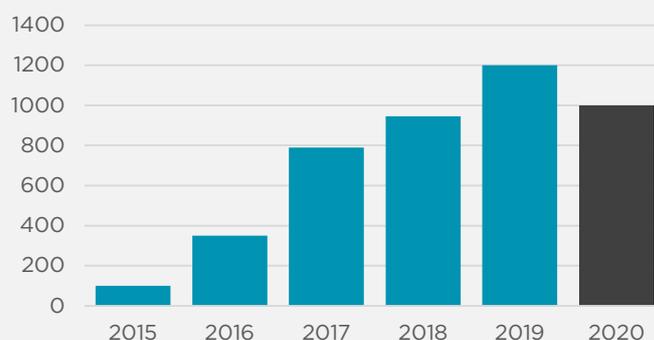
PRIME YIELDS

Following the continuous interest among investors in nursing homes, prime yields for both non-profit and private nursing homes decreased throughout 2020. Currently, prime yields stand around 4.50%.

Over the past year, transactions mainly consisted of prime real estate; modern or recently renovated assets in a favorable location, with long-term market level lease agreements.

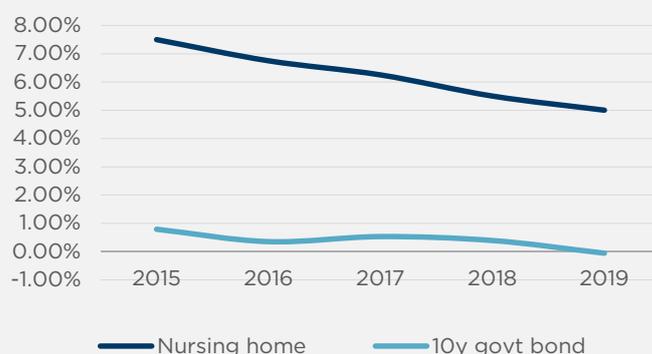
It is expected that under current market conditions, and given the scarcity of prime real estate, yields are expected to compress over the course of 2021.

INVESTMENT VOLUME IN CARE HOMES IN THE NETHERLANDS, € MILLION



Source : Cushman & Wakefield

PRIME YIELDS IN THE HEALTHCARE SECTOR IN THE NETHERLANDS



Source : Cushman & Wakefield for real estate yields and Oxford Economics for government bond yields

MAIN HEALTHCARE ASSETS DEALS IN THE NETHERLANDS

YEAR	PROPERTY NAME	LOCATION	SELLER	BUYER	NUMBER OF BEDS	PRICE*
2020	Moermont	Bergen op Zoom	Cofinimmo	Stadlander	227	43,5
2020	Hoog Dalem	Gorinchem	Holland Immo	V.O.F. Oosterlinge 2	84	27,3
2020	Retraitehuis	Uden	Aedifica	St. Hercules	110	21,3
2020	Rivierenbuurt	's-Gravenhage	Cofinimmo	HWZ Zorg	87	13,2
2020	Hilverzorg	Hilversum	Aedifica	Van Ettehoven	52	12,6

* Price in € million, Source : Cushman & Wakefield

UNITED KINGDOM

KEY TRENDS

- Private commercial providers manage 82% of all beds (highest share in Europe)
- The UK market is fragmented with the top five operators holding only 13% of beds
- The volume of investment for nursing and residential care homes reached almost 800m Eur in 2020.
- Private-pay, care homes achieved pricing in the 4.0% to 5.0% yield range

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

The dependency ratio in the UK was at 29% in 2018 and it is forecasted to increase to 39% by 2050. In 2015, the dependency ratio was only 12% in London; this is significantly lower than the country's average. Compared to other European countries the UK has a reasonably low dependency ratio. It is currently below the EU28 average and is forecast to increase at a far slower rate than that of the EU average.

OLDER POPULATION

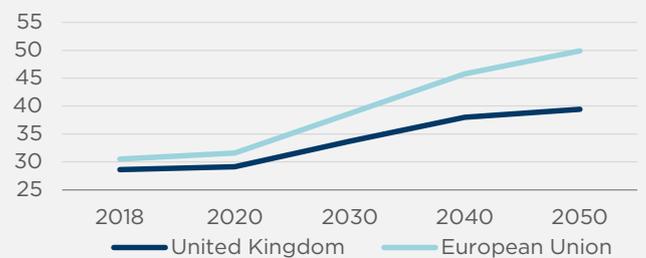
While the latest forecasts for UK population growth have been revised down, the number of people in the UK should equal that of France by the end of 2022 (67.6m). Considering the lower projections and the UK leaving the EU, Germany will remain the most populated country in the EU for the foreseeable future.

At present, 18.5% of the UK population is over 65, and this figure is forecast to rise to 24.5% by 2040. Looking at the slightly older age group (75+), a huge increase is a forecast. At present, there are 5.7m people in the category, but this figure is expected to rise beyond 10m by 2047, at which point it will represent 14.3% of the entire population (presently 8.6%).

NURSING HOME LANDSCAPE

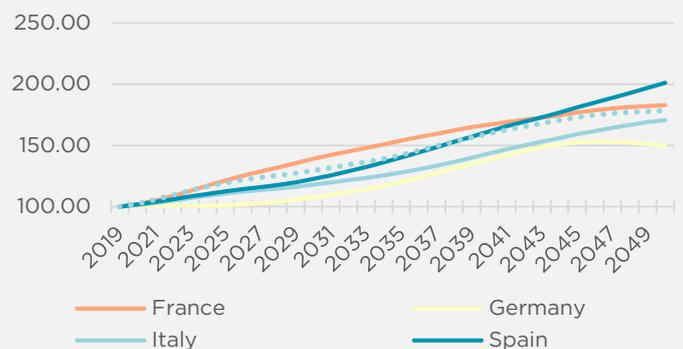
This report includes all residential and nursing home beds (i.e. the UK definition of the care home market). The equipment rate represents the number of beds/population aged 80 and above. It varies from 6% in Poland to 23% in Belgium and stands at 15% in the UK. The provision of residential and nursing care in the UK has effectively been privatised since the 1980s. The independent sector remains the key driver of the market, motivated by a strong asset base, comparably good returns and the demographic underpinnings of an aging UK population. Despite the private sector's dominance, state funding still accounts for almost half of care home revenues.

DEPENDENCY RATIO



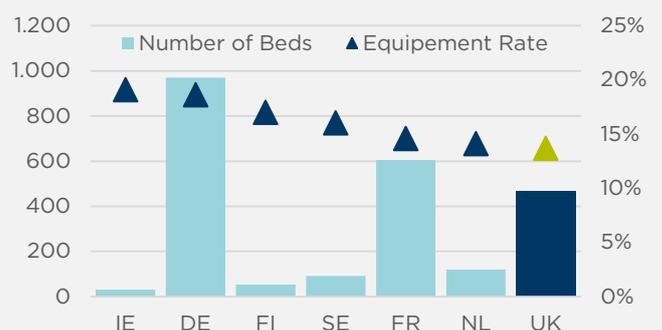
Source : Eurostat

POPULATION OVER 75 YEARS OF AGE INDEX (2019=100.00)



Source : Oxford Economics

NUMBER OF NURSING HOMES BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2020



Source : Eurostat

UNITED KINGDOM

SIGNIFICANT MARKET POTENTIAL

OPERATORS LANDSCAPE

TYPES OF OPERATOR

Public Operators in the UK operate 6% of beds, the lowest share in Europe along with Germany. In contrast, private commercial providers manage 82% of the total beds which is by far the highest ratio in Europe. Private non-profit providers operate 12% of the total beds

MAIN OPERATORS

The UK market is fragmented with the top five operators holding only 13.0% of beds, down from 15% in 2019, mostly through divestments from Four Seasons Health Care ("FSHC").

HC-One remains the largest provider of care home beds in the UK, following its 2019 acquisition of 122 care homes from Bupa. It is currently owned by the PE firms Formation Capital and Safanad.

FSHC remains a Top 5 operator by volume, but during 2019 has lost almost 600 beds through divestment, forced by administrators in the majority of cases as it continues to struggle with debt. An ongoing decline in scale is likely.

Barchester Healthcare continues to grow, adding over 2,000 beds in 2019, many through the acquisition of the FSHC owned Brighterkind business, and the acquisition of FSHC branded units. In 2019 a platform sale faltered and the business has returned to a focus on growth, but most agree that it will return to the market in time.

Care UK has seen steady growth through development and has intentions to improve the quality of its portfolio as well as its scale.

Bupa remains one of the largest UK providers, despite selling almost 150 homes in 2019.

MARKET TRENDS

Capacity and demand in the care home sector will grow for several decades. However, in the medium term, increased demand is more likely to boost care home occupancy rates and drive demand for retirement living (independent and assisted living in self-contained homes). Clearly, Covid impacted occupancy in 2020, but most agree this to be a temporal, not structural shift.

Growth in the average home size will continue as more new homes enter the sector and the oldest and smallest assets fall away to alternative uses. To that end, given that most newly developed care homes are focused upon private pay clients as a means to justify ever increasing costs of development, the proportion of total revenues generated from private payers may gradually increase.

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN THE UK, NUMBER OF BEDS*

Operator name	Number of beds
HC-One	20,175
Four Seasons Healthcare	10,042
Barchester Healthcare	14,716
Burpa Care Homes	7,729
Care UK	8,429

Source : Laing Buisson, Cushman & Wakefield

UNITED KINGDOM

RISING TREND OF INVESTOR DEMAND DRIVING YIELD COMPRESSION

INVESTMENT TRENDS

MARKET TRENDS

The volume of investment for nursing and residential care homes in 2019 reached almost £1.5bn, which was significantly higher than the previous year's total of £396m.

The care home market has been polarised for some time. Assets spanning the mid-to-upper end of the quality spectrum benefit from strong investor demand. Meanwhile, investor demand for assets at the opposite end is flat. Many investors might question these weaker assets pricing and find their funding options dwindling.

Two key trends are: operator restructuring and targeting privately funded fees. The former was not only the precursor for the creation of HC One after the failure of Southern Cross, but the driver of the downsizing of Bupa and likely part of the story of Four Seasons in the coming years.

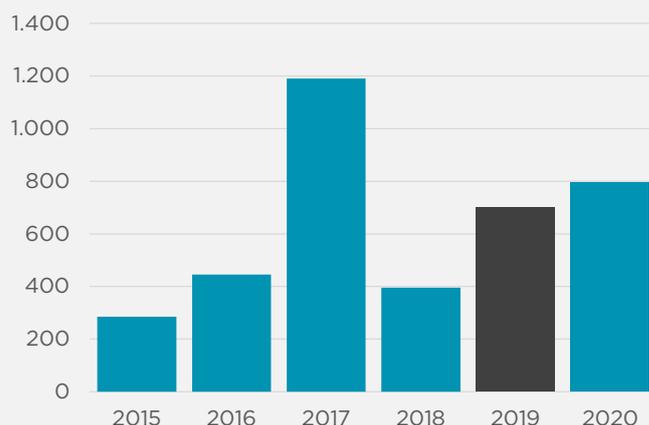
The targeting of privately funded fees underpins the majority of new care home development in the UK. Premium fees are typically required to cover land costs and make the development viable. Publicly funded fees are seldom strong enough to underpin the required investment. Consequently, much of the new development has focussed on the south of England or pockets of affluence elsewhere.

YIELDS

At the top end of the quality spectrum, the super prime and prime, private pay luxury care home disposals attract numerous bidders and have achieved pricing in the 3.5% - 5.5% yield range.

Assets in the mid-market space have achieved softer yields, often over 6.5% with factors such as asset management opportunities having more prevalence on pricing.

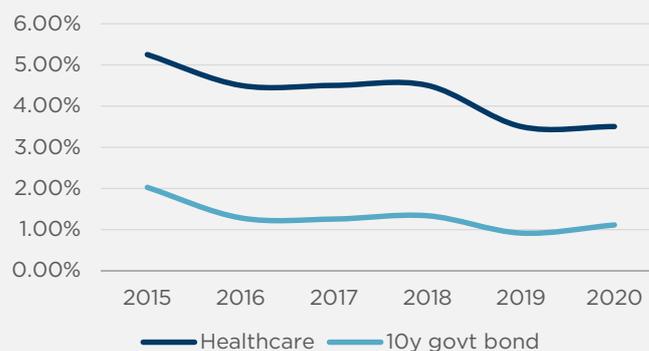
INVESTMENT VOLUME IN CARE HOMES IN THE UK, £ MILLION



Source : Cushman & Wakefield

Notes: Volumes in GBP; Only includes Care Homes (no retirement housing or housing-with-care)

PRIME YIELDS IN THE HEALTHCARE SECTOR IN THE UK



Source : Cushman & Wakefield for real estate yields and Oxford Economics for government bond yields

MAIN HEALTHCARE ASSETS DEALS IN THE UK

YEAR	PROPERTY NAME	LOCATION	SELLER	BUYER	NUMBER OF BEDS	PRICE*	YIELD
Q4 2020	LNT Portfolio	Mixed	LNT	Octopus	528	100	5.40%
Q3 2020	Holmes Care	Scotland	Holmes Care	Impact REIT	649	47.5	6.90%
Q3 2020	Launton Grange	Oxfordshire	LNT	Target REIT	66	15	5.15%
Q3 2020	Richmond Manor	Bedfordshire	Hamberley	Aedifica	69	16.560	5.16%
Q2 2020	Foxbridge House	Kent	Janus Henderson UK Property PAIF	RPMI Railpen	84	22.8	4.07%
Q1 2020	Lifestyle Portfolio	Various	Lifestyle	Aedifica	467	61	5.37%

* Price in £ million, Source : Cushman & Wakefield



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