

MARKETBEAT

EUROPEAN NURSING HOMES REPORT

*Overview of the European
Nursing Homes Market*

2019 Summary & 2020 Outlook



DISCLAIMER

The European Healthcare Market Study you are about to read has been finalised before the outbreak of the Novel Coronavirus (COVID – 19), declared by the World Health Organisation as a « Global Pandemic» on the 11th March 2020.

Facing this unprecedented sanitarian crisis, European countries are taking various series of measures, to limit the number of victims, support families and victims, develop a cure and sustain the economy.

Europe is, as for now, the new epicentre for the propagation of this pandemic. The 65+ part of the population is particularly affected by this novel disease, thus causing specific measures to apply to nursing homes.

This epidemic might bring to light the differences between countries in care for the elderly, with a different potential impact between countries with dominant inter-generational households and countries with a more developed retirement homes' model.

The operators face an array of challenges to care for the elderly, abiding by the new sanitation rules and facing manpower shortage. This study summarises the state of the European Healthcare Market as known before the COVID – 19 pandemic. There are implications of this pandemic for the wider economy, businesses and employment. This humanitarian challenge is likely to affect the real estate market, in short and average term.

A new market research will be undertaken after the COVID-19 crisis is over, to analyse its effects on nursing homes operators and investors. Unexpected consequences might appear. Will this crisis redefine the way nursing homes are built and operated?



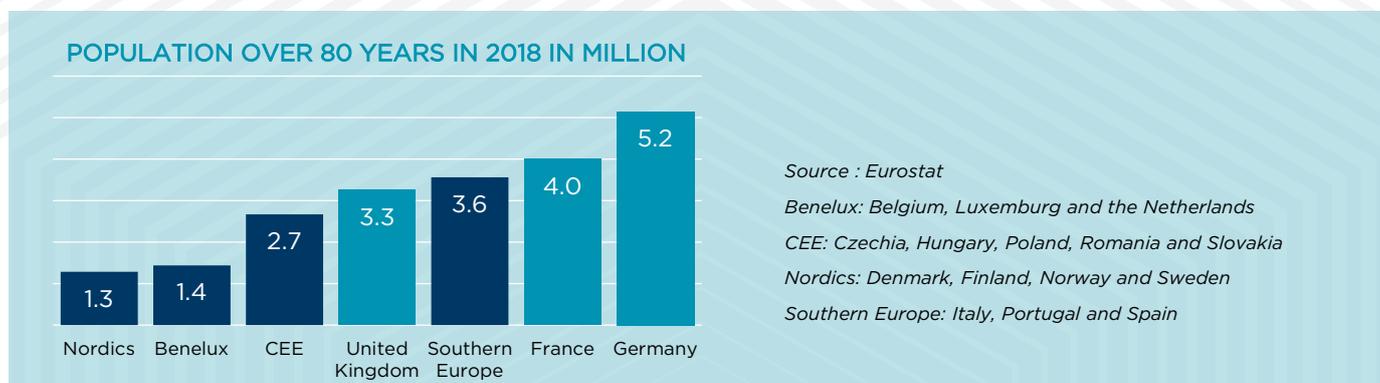
CONTENT

EUROPEAN CONTEXT	Page 4
BELGIUM	Page 8
CZECH REPUBLIC	Page 11
FINLAND	Page 14
FRANCE	Page 17
GERMANY	Page 20
ITALY	Page 23
POLAND	Page 26
PORTUGAL	Page 28
SPAIN	Page 30
SWEDEN	Page 33
SWITZERLAND	Page 36
THE NETHERLANDS	Page 38
UNITED-KINGDOM	Page 42
CONTACTS	Page 46

EUROPEAN CONTEXT

DEMOGRAPHIC EVOLUTION

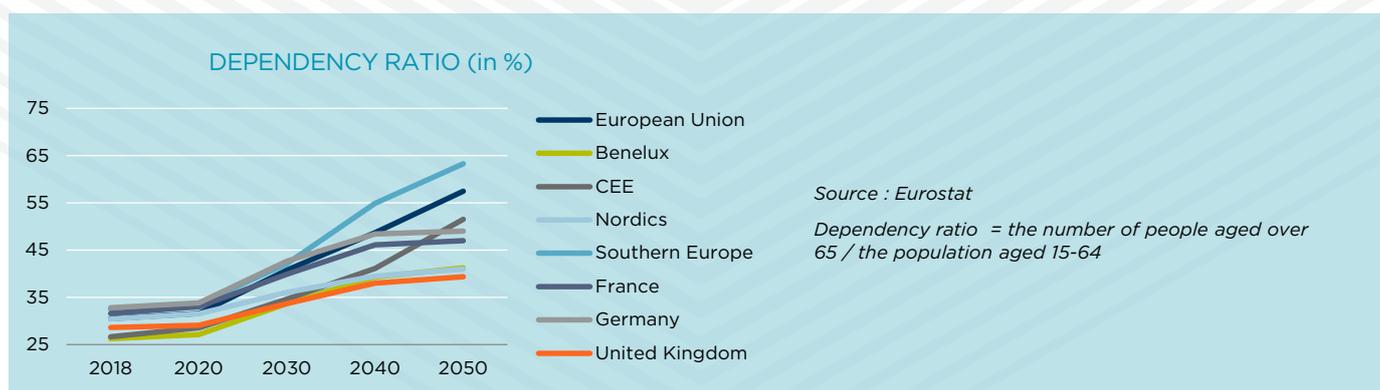
POPULATION OVER 80



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 population 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 most 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



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%.

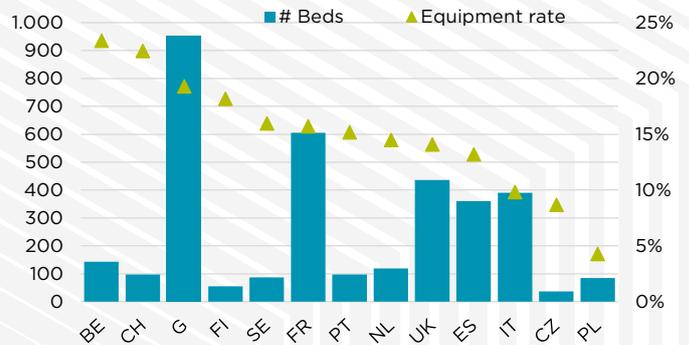
EUROPEAN CONTEXT

NURSING HOME LANDSCAPE

EQUIPMENT RATE

The equipment rate represents the number of beds / 80 plus population. Across Europe, this rate varies very widely from 4% in Poland (the lowest rate) to 23% in Belgium (the highest one) with the European average standing at 14%. 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.

NUMBER OF NURSING HOME BEDS* AND EQUIPMENT RATE IN 2019

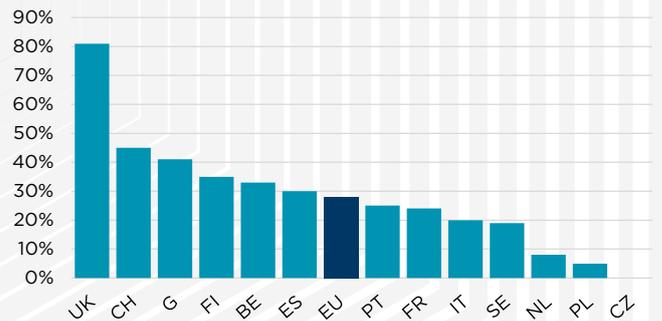


Source : Eurostat - number of beds in 000 unit

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 28% of total beds. 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 being the second highest 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.

BEDS MANAGED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

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 and China). 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.

EXAMPLES OF INTERNATIONAL EXPANSION BY HEALTHCARE AND SOCIAL WELFARE OPERATORS

Operator	Country
EUROPE	
COLISEE	FR, IT, ES
ORPEA	FR, IT, ES, DE, NL, UK, PT, BE, SE, CZ, PL, CH
KORIAN	FR, IT, ES, DE, NL, UK
DOMUS VI	FR, ES, PT
ASIA	
COLISEE	CH
ORPEA	CH
DOMUS VI	CH
SOUTH AMERICA	
ORPEA	BR
DOMUS VI	CL, CO, UY

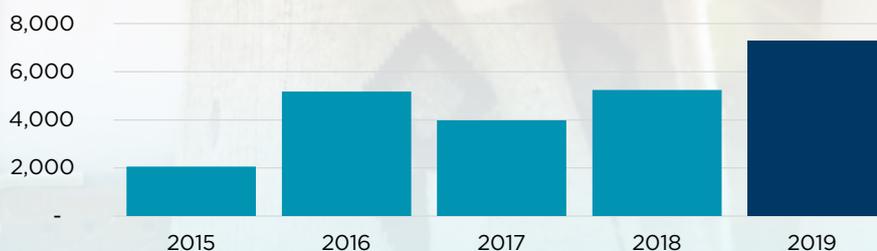
Source : Cushman & Wakefield

EUROPEAN CONTEXT

INVESTMENT MARKET

MARKET TRENDS

INVESTMENT VOLUME IN CARE HOMES IN EUROPE, € MILLION



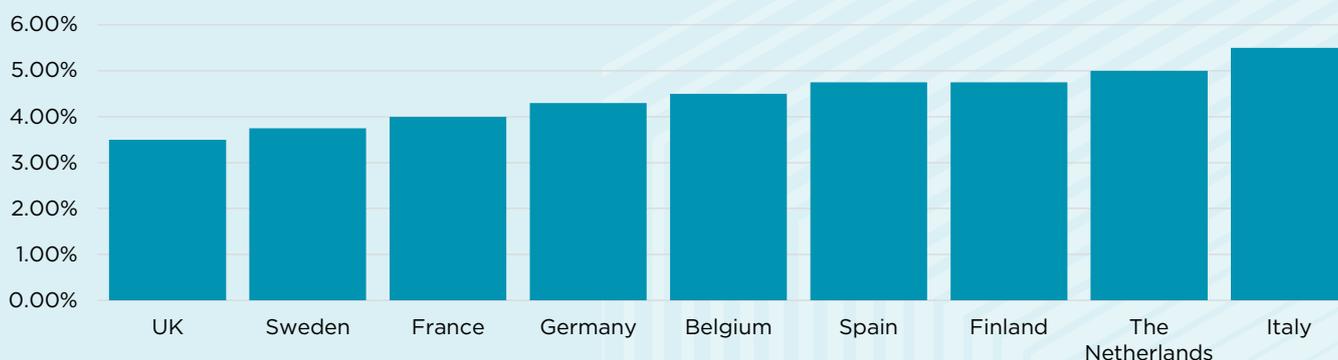
Source : Cushman & Wakefield

Care homes real estate investment has become rapidly a new strategy for diversification for many rich equity players; some positive demographic trends and the structure of the nursing homes landscape of across Europe have created some opportunities for private operators to develop their business with the investors' support for their real estate. In this context, investment volume in care homes in Europe has increased quite sharply from €2 billion of transactions recorded in 2015 to a volume of €4-5 billion of deals per year in 2016-2018. We have identified a new record level for 2019 with €7.3 billion of transactions. Four countries - Germany, United Kingdom, Sweden and The Netherlands - have over-performed with market activity above €1 billion in 2019 while investment volumes are still subdued by the lack of opportunities in countries such as France, Spain or Italy.

Cross-border activity has been much more intense in 2019 and could partially explain the increase of the investment volume occurred in 2019; this has been the case in Germany with a couple of deals done by French investors such as ICADE or PRIMONIAL. Belgian market players like AEDIFICA or COFINIMMO have, on their side, been more active in the Dutch market. This trend is expected to continue in the near future as the pan European consolidation of healthcare private operators is ongoing and will create some new opportunities for real estate investors.

PRIME YIELDS

PRIME YIELDS IN THE HEALTHCARE SECTOR IN EUROPE



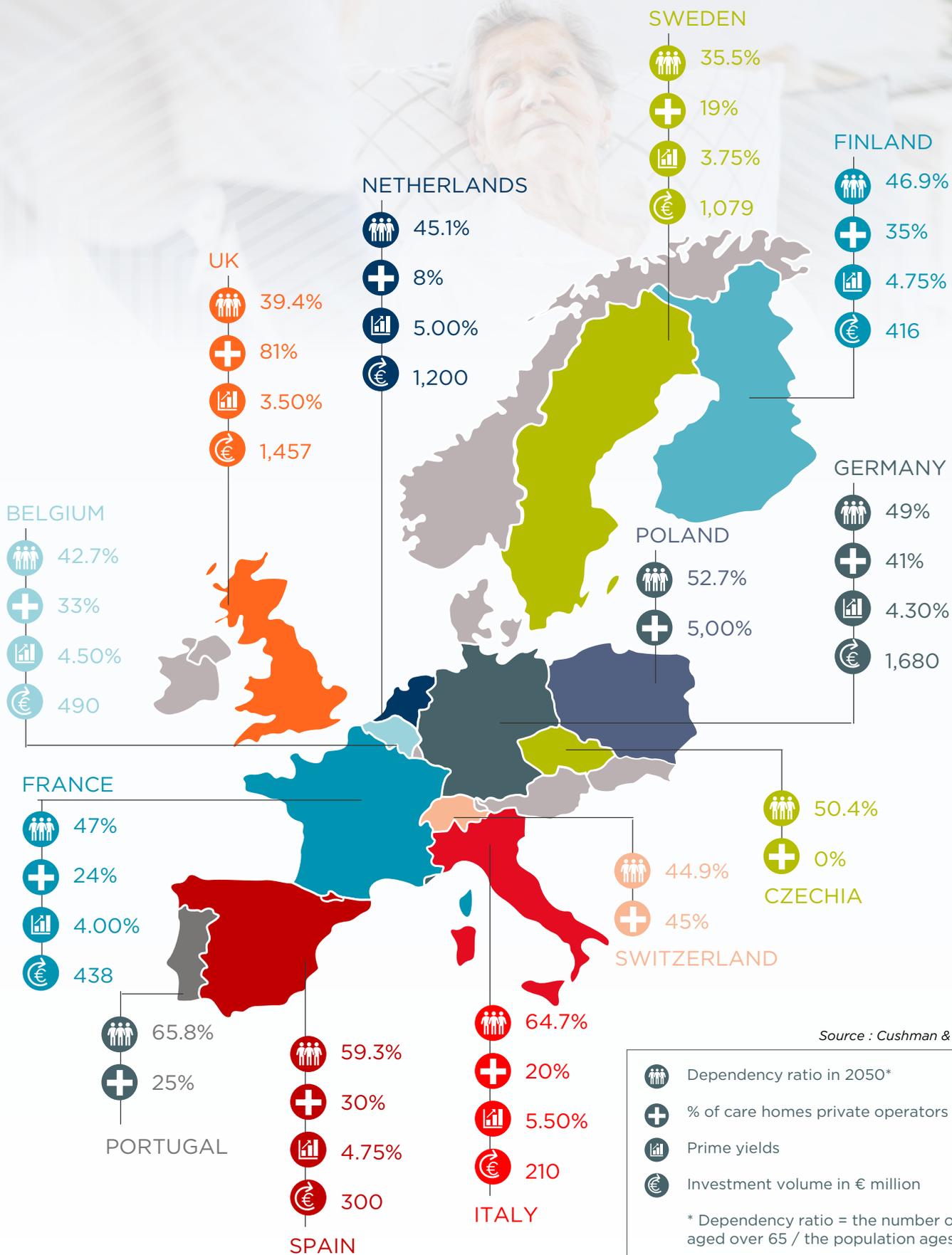
Source : Cushman & Wakefield

A benchmark of the yields evolution for the nursing home market across European countries has to be regarded with attention since major differences exist. Indeed, we notice some significant differences regarding the lease duration, the type of the lease (double net or triple net for example) and the indexation of the rents. All these elements have an impact on the yields, which makes comparisons less relevant.

The most aggressive prime yields are to be found in the United Kingdom where prime yields for retirement nursing homes stand in 2019 at 3.50%, followed by Sweden (3.75%). France, Germany and Belgium occupy an intermediate position in the European landscape with yields ranging from 4.00% and 4.50%

EUROPEAN CONTEXT

MAIN INDICATORS IN EUROPE



Source : Cushman & Wakefield

- Dependency ratio in 2050*
- % of care homes private operators
- Prime yields
- Investment volume in € million

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

BELGIUM

BOOMING MARKET AND MORE TO COME IN THE FUTURE

KEY TRENDS

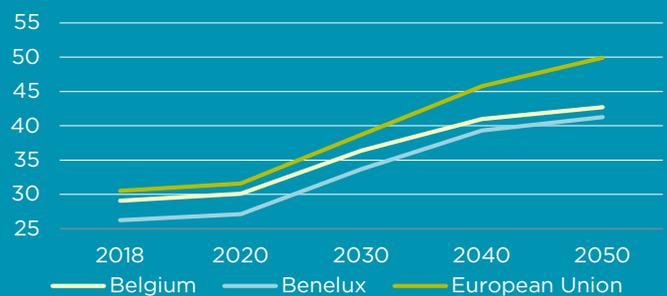
- A record 490 M€ has been invested in 2019.
- Prime yields are low at 4.5% and could experience slight compression in 2020.

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

The dependency ratio (the number of people aged over 65 / the population aged 15-64) in Belgium was at 27.9% in 2015 and is forecasted to increase to 41.4% by 2050. In comparison to other European countries, the Belgian dependency ratio is currently just below the European average and is forecasted to become one of the lowest dependency ratios by 2050. As observed in other European countries, the dependency ratio is lower in the capital city than in the rest of the country. The dependency ratio in the Brussels-Capital region is only around 20%.

DEPENDENCY RATIO

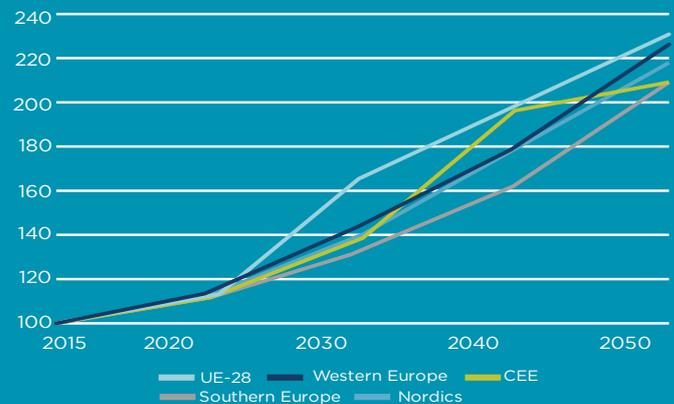


Source : Eurostat

POPULATION OVER 80

In 2015, 17.9% of the Belgian population was over 65, and this figure is forecasted to rise to 22.5% by 2040. In terms of the over 80's population, 5.4% of people in Belgium were over 80 in 2015, and this age group is also expected to increase to 7.5% by 2040. Average life expectancy in Belgium in 2016 was 84.1 years and should slightly increase in the coming years.

POPULATION OVER 80 YEARS



Source : Eurostat

NURSING HOME LANDSCAPE

In Belgium, we noticed a constant increase in the total number of beds since 2000, reaching around 148,000 beds in 2018. Flanders presents the lowest equipment rate with 116 beds per 1,000 inhabitants of 75+, compared to Brussels (189) and Wallonia (158). Average for Belgium is around 135. The growth rate in number of beds has been relatively stable, around 1% per year, between 2003 and 2012. It is slightly increasing since 2013 as demographic ageing implies additional needs. In absolute figures, it represents a yearly increase of around 2,000 to 2,400 beds, while the annual needs are estimated between 3,000 and 3,500 beds.

NUMBER OF NURSING HOMES BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2019



Source : Eurostat

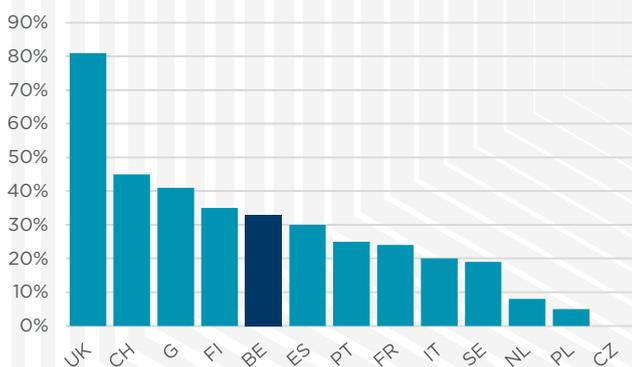
BELGIUM

OPERATORS LANDSCAPE

TYPES OF OPERATOR

Public operators manage 30% of the total bed supply. On average they manage the largest homes (around 105 beds per home). Private non-profit providers operate around 37% of total beds. This type of operator dominates the market in Flanders (over 50% of beds). Private commercial providers operate 33% of total beds. This type of operator is predominant in the Brussels region and makes up over 60% of the market (in terms of no. of beds).

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MARKET TRENDS

In Belgium, private operators manage around 32% of the total number of beds, representing around 45,000 units. As witnessed in Europe, we have noticed a trend towards an expansion and consolidation of the private sector in the nursing homes landscape in Belgium. In Belgium, the three biggest private operators managed a total of around 25,000 beds in 2017. This represents around 20% of the total number of existing beds. Compared to 2012, the three biggest operators increased the number of beds by more than 7,500, mainly through mergers and acquisitions. Local operators like ARMONEA have started developing and operating abroad through acquisitions, in order to ensure faster growth. This trend is similar to the one we have seen in past years mainly in France.

MAIN OPERATORS

ARMONEA: In 2015, 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. Moreover, in July 2016 Armonea acquired two operators from abroad: La Saleta in Spain (running 32 nursing homes) and DPUW in Germany (operating 17 nursing homes). 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, which now accounts for around 11% of their total beds (over 7,000 beds).

MAIN PRIVATE OPERATORS IN BELGIUM, NUMBER OF BEDS

NAME	NUMBER OF BEDS
ARMONEA	9,000
ORPEA	7,000
KORIAN	7,000

Source : Cushman & Wakefield

BELGIUM

INVESTMENT MARKET

MARKET TRENDS

After two mitigated years in 2017 and 2018, the invested volumes in nursing homes reached a new high in 2019 with close to €490M recorded, as a result of the acquisition of several important portfolios. 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. Assuming a requirement for 3,500 beds per year, the nursing home market should record between €450M and €525M of investments on an annual basis in the coming years.

Belgian REITs continue to remain the most active investors on the Belgium market. Some insurance companies (such as GENERALI, BELFIUS, FEDRALE ASSURANCE or ETHIAS) 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.

PRIME YIELDS

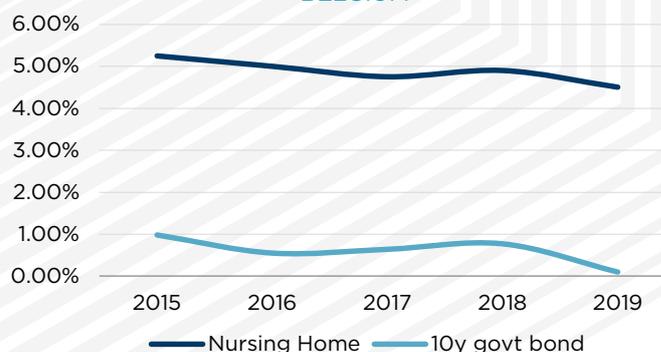
Following the strong compression observed over the last few years, combined with growing involvement of institutional investors and the low level of interest rates, prime yields recorded a new compression in 2019 to stand at a historically low 4.50%.

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*
2019	Portfolio	Multi-city	Cofinimmo	-	1,576	297
2019	New Beaugency	Bernissart	Care Property Invest	-	93	16.4
2019	La Reposée	Mons	Care Property Invest	-	111	17.2
2019	Bremdael Herentals	Herentals	Aedifica	-	66	7
2018	Portfolio	Multi-city	Cofinimmo	-	1,576	297

* Price in € million, Source : Cushman & Wakefield

CZECH REPUBLIC

EMERGING MARKET WITH GOOD FUNDAMENTALS

KEY TRENDS

- Rising demand for nursing homes - the current system does not have sufficient capacity.
- Raising standards expected.
- The purchasing power of seniors is growing due to higher savings, higher family participation, and rising pensions.
- Tendency to build smaller facilities in multiple locations, in familiar surroundings and close to the family.

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

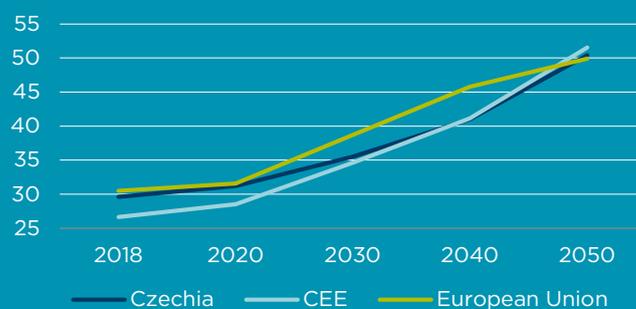
A sharp increase is also expected for the population over 80, which now has 442,000 people. By 2025, it will grow by 100,000, 2035 by 393,000 and 2050 by 504,000. It is therefore clear that the most dynamic growth is expected in the next 15 years and by 2050 the number of seniors over 80 will more than double the current figure.

NURSING HOME LANDSCAPE

The income of nursing facilities come 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.

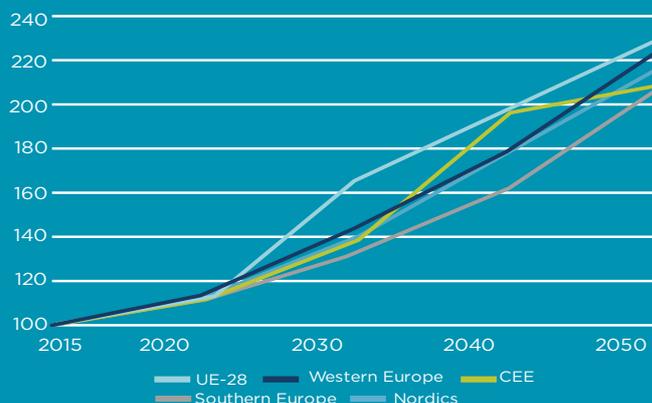
In practice, users of social services don't have enough from their pensions, but they help themselves through life savings, family contributions, or even contributions from municipal budgets. The average pension amounted to approximately €575 in 2019, whereas the monthly accommodation fee varies from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

DEPENDENCY RATIO



Source : Eurostat

POPULATION OVER 80 YEARS



Source : Eurostat

NUMBER OF NURSING HOMES BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2019



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

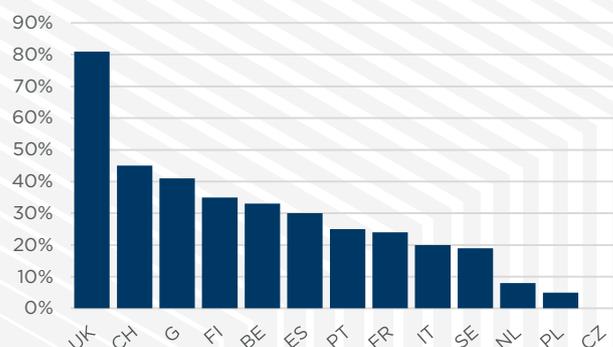
In addition to the public sector, there are many small providers of social services. There is no official ranking of the most important operators yet but private entities worth mentioning are the Austrian company SENECURA, owned by the French group ORPEA, which operates 15 homes with more than 2,000 beds in Czech Republic and is building. 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 ageing, 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.

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN CARE HOME OPERATORS IN CZECH REPUBLIC, NUMBER OF BEDS AND THEIR SHARE IN 2018

Type	Homes For The Elderly		Special Regime Homes	
Regional	16,044	43%	7,243	36%
Municipal	13,833	37%	4,400	22%
Ecclesiastical	2,400	7%	653	3%
Other	4,771	13%	7,779	39%
TOTAL	37,048		20,075	

Source : Czech Statistical Office, edited by Cushman & Wakefield

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 demand. 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.

The state wants to build 12 to 15 thousand beds by 2030, and this is very inadequate given the demographic forecast. There is definitely 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

INVESTMENT MARKET

MARKET TRENDS

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

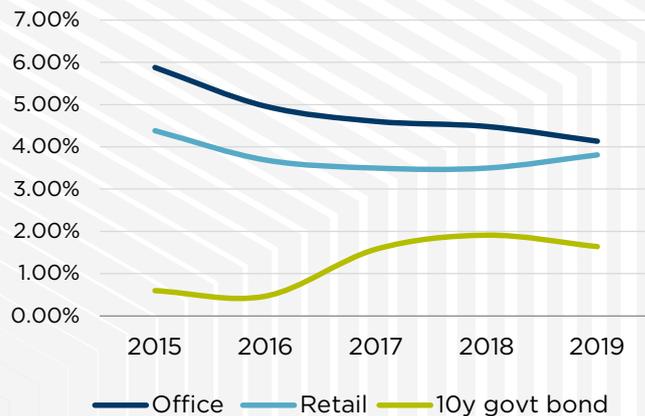
PRIME YIELDS

Availability of yields data for nursing homes is limited. Yields for nursing homes in Czech Republic were at around 6.75% in 2017.

The nursing home supply in Czech Republic is limited and quality products are missing. However, the interest of investors for health centres 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 centre in Prague.

Although the market has a limited growth pace, the pipeline for health and nursing homes is expected to develop. Therefore, the yields for the next coming years are predicted to be gradually compressed and it is reasonable to expect yields to reach 6.4% in 2019, 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

PROPERTY SECTOR WITH HIGH INVESTMENT DEMAND

KEY TRENDS

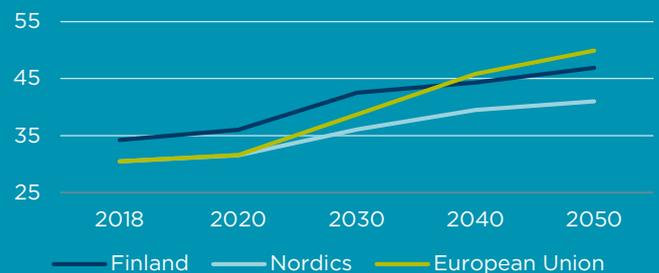
- Uncertainties regarding new nurses-per-patient ratio legislation.
- 45% of beds are operated by private operators.
- Demand for care properties has steadily increased and pressure on yields have been evident.

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.

DEPENDENCY RATIO



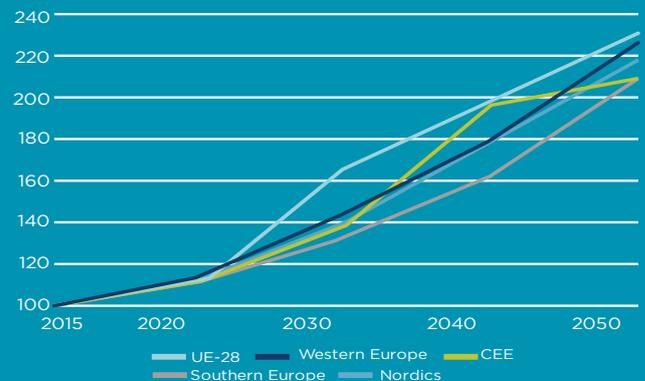
Source : Eurostat

POPULATION OVER 80

In 2019 the total population over 80 years of ages 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.

POPULATION OVER 80 YEARS



Source : Eurostat

NURSING HOME LANDSCAPE

The equipment rate represents the number of beds of the 80+ population. In Finland, the equipment rate is approximately 17.8%. The number of beds have remained stable for the past 10 years. However, the number of beds has clearly increased in assisting living (care homes), while decreasing in the number of beds in 'traditional' elderly care homes and long-term care in hospitals has been evident.

NUMBER OF NURSING HOME BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2019



Source : Eurostat

FINLAND

OPERATORS LANDSCAPE

TYPES OF OPERATOR

In Finland the nursing home management have 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. 55,400.

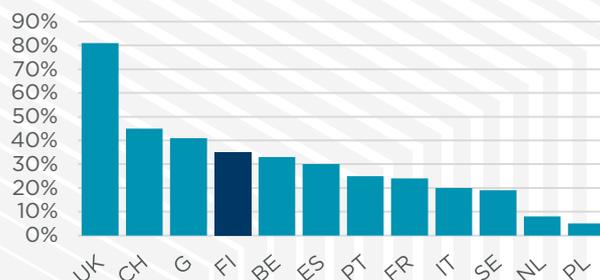
MAIN OPERATORS

The main private operators in Finland are Attendo Finland, Esperri Care Group, and Mehiläinen Hoitopalvelut. The figures provided for the largest operators include elderly, disabled, and mental health care units. The above total figure (55,400 beds) is only for elderly care.

MARKET TRENDS

There are currently changes in the planning stage for the required 'nurses-per-patient' ratio. Currently the ratio is 0.5 however, the new plan aims for a 0.7 nurses-per-patient ratio in the elderly care. In the short-term these new plans bring uncertainty for the operators and challenges for the profitability of the elderly care units.

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN FINLAND, NUMBER OF BEDS

Name	Number of beds
Attendo Finland	11,700
Esperi Care Group	8,000
Mehiläinen Hoitopalvelut	6,000

Source : Cushman & Wakefield

FINLAND

INVESTMENT MARKET

MARKET TRENDS

The first care fund was launched in 2007 (Northern Horizon Capital EPI Healthcare 1 Ky).

The funds in the sector have easily gained capital. Several new funds came into the market over the last years and expanded (e.g. eQ Hoivatilat, & OP Palvelukiinteistöt).

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

Investors have been very demanding in terms of the demographic development of the target locations. Target locations need to show expected positive population development even for the 2040-2050 period.

PRIME YIELDS

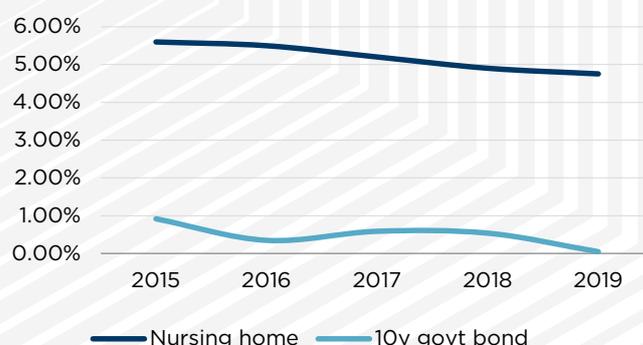
During the past few years there has been steady compression on prime yields, it currently stands at 4.75%.

INVESTMENT VOLUME IN CARE HOMES IN FINLAND, € MILLION



Source : Cushman & Wakefield

PRIME YIELDS IN THE HEALTHCARE SECTOR IN FINLAND



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

MAIN HEALTHCARE ASSETS DEALS IN FINLAND

YEAR	PROPERTY NAME	LOCATION	BUYER	SELLER	NUMBER OF BEDS	PRICE*
2019	Hoivatilat Oyj Tender Offer	Multi-city	Aedifica SA/NV	Several	NA	NA
2019	48 care properties	Multi-city	SBB i Norden AB	eQ Hoivakiinteistöt	NA	142
2019	8 care properties	Turku	Hemsö	City of Turku	NA	130
2019	30 care properties	Multi-city	SBB i Norden AB	AB Humana	NA	NA
2019	11 care properties	Multi-city	Hemfosa Fastigheter Ab	CapMan Nordic Real Estate II	NA	NA

* Price in EUR million, Source : Cushman & Wakefield

FRANCE

THE 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 to 2050. By this date, 1 in every 5 people in France 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.

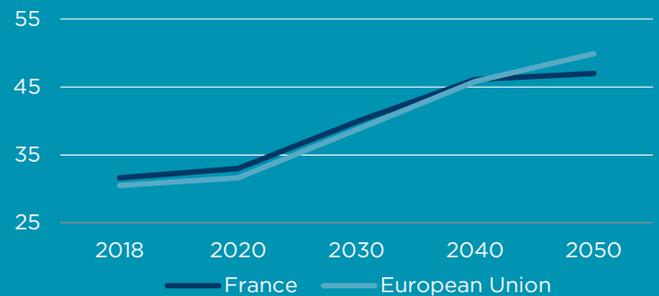
POPULATION OVER 80

As of January 1, 2019, 13.4 million people residing in France are 65 years old or more, or 20% of the population. This proportion has increased by 4 points in 20 years and puts France at the level of the average of the European Union. The over 80 group represents 5.8% of the French population, this share is expected to grow and reach 9.3% by 2040. Home life remains the way of life majority of seniors (96% of men and 93% of women in 2016), including among nonagenarians. However, under the effect of the aging of the population, the proportion of dependent people tends to increase over time, but seniors are generally independent until old age. The share of beneficiaries of the APA (Personal Autonomy Allowance) increases strongly from 75 years: 2% between 70 and 74 late 2017, it goes to 6% for the 75 to 79 years old, 13% for 80 to 84 year old, more than a quarter for the 85 to 89 age group, almost half for 90 to 94 years and three quarters for 95 or older. Therefore the question of the living conditions could become central.

NURSING HOME LANDSCAPE

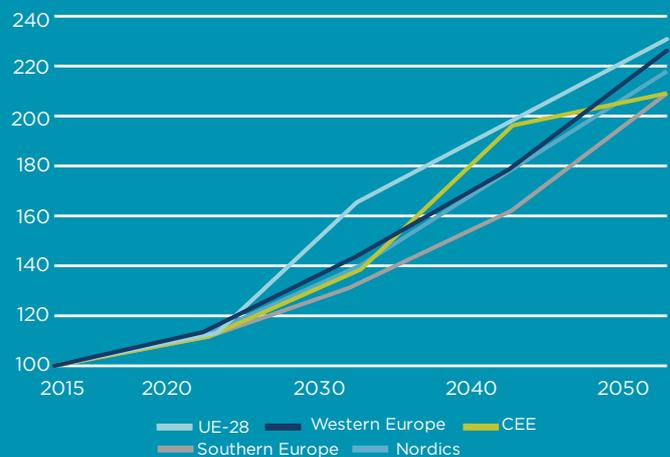
With a total of 605,000 beds in 2016, nursing homes accounted for over 80% of beds. The supply of nursing home beds is unevenly distributed across the country and levels are generally higher in more rural departments. On a European level, nursing home equipment rate stands close to 16% in France, a level between the UK (14%) and Germany (19%).

DEPENDENCY RATIO



Source : Eurostat

POPULATION OVER 80 YEARS



Source : Eurostat

NUMBER OF NURSING HOME BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2019



Source : Eurostat

FRANCE

OPERATORS LANDSCAPE

TYPES OF OPERATOR

The proportion of operators in the for-profit private sector remains low (24%) in the healthcare and social welfare sector. The bed capacity for senior citizens is therefore still largely dominated by non-profit public or private structures (76% of nursing home stock), particularly in those territories where the economic rationale is unclear.

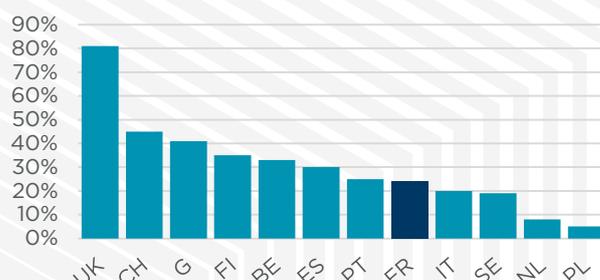
MAIN OPERATORS

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 304 establishments and over 25,232 beds, KORIAN is ranked as the first nursing homes operators in France, followed by ORPEA (223 homes for a total of 19,716 beds and DOMUS VI (17,144 beds). In the top 15 operators, the gap with the followers is significant as COLISEE ranged at 4th position accounts for only 7,490 beds over 96 homes. Interestingly, most of the biggest operators in France are increasingly developing business across the region with the most dynamic being MAISONS DE FAMILLE ranged 5th position both on the French and international market but 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 urban in nature and linked to a lack of land; this is limiting development projects and encouraging operators to approach developers and real estate specialists that can support them in their search. The second is human in nature with pressure on the employment market in this sector and genuine difficulties in recruiting qualified and specialist personnel: doctors, nurses, care workers. The third is demographic with a growing need for residential care and an increase in chronic illness which require trained personnel and specialist care and establishments. Encouraged by public authorities, specialists in supported living are now diversifying into the senior citizen market. Strategies vary from one operator to the next.: diversifying home-support services, creating a network for supporting senior citizens by increasing the number of agreements for example.

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN FRANCE, NUMBER OF BEDS

Name	Number of beds
KORIAN	25,232 (304 homes)
ORPEA	19,716 (223 homes)
DOMUS Vi	17,144 (211 homes)

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

FRANCE

INVESTMENT MARKET

MARKET TRENDS

In 2019 almost €286 million was invested in nursing homes on the French market out of a total of €750 million recorded for the healthcare assets sector. This volume, which slightly below the one recorded in 2018, was mainly driven by 5 transactions of portfolios: 2 transactions done with an operator (sale & lease back from KORIAN to ICADE, and a corporate deal between OMEGA (vendor) and KORIAN). The market has also been animated by a couple of deals done between investors such as the sale by SWISS LIFE of a portfolio of 7 EHPAD to ICADE SANTE and 2 to PRIMONIAL REIM for its SCPI PRIMOVIE.

Alongside the investment market, the stock of healthcare assets also grows with the addition of new constructions and extensions that, in partnership with operators, can directly be added to the portfolio of partner property companies.

PRIME YIELDS

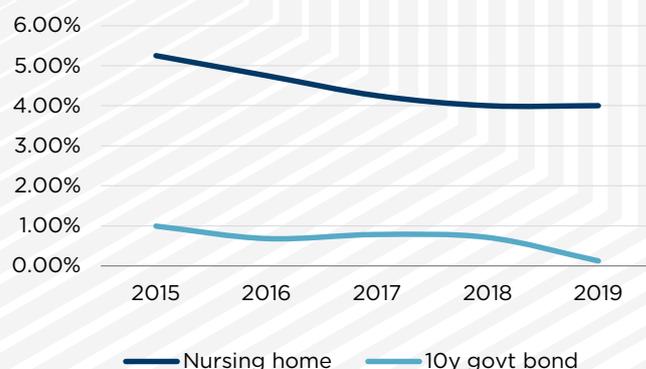
The multiple benefits of healthcare real estate have not escaped investor attention: an asset class that is aligned with a clear, understandable demographic reality that enables portfolio diversification, long-term leases that guarantee rental income and attractive yields within a climate of record low yields. By following the broader market trend for yield compression, those for healthcare real estate fell by almost 200 bps over the 2012-2017 period before stabilizing in 2018 and 2019. The prime yields for nursing/retirement homes reached 4.00% in 2019.

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*
2019	SWISS LIFE PORTFOLIO - 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	72
2019	KORIAN SALE & LEASE BACK	Le Teilleul & ND de Sanilhac	ICADE SANTE	KORIAN	146	15
2019	PORTFOLIO PRINCIP (5 EHPAD)	France	SCPI PRIMOVIE (PRIMONIAL REIM)	PRINCIP	NA	34
2019	RESIDENCE DUPUYTREN	DRAVEIL	AXENTIA	APHP	NA	20

* 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 .
- Slowdown in new supply because of the current regulation.
- Labour availability; a crucial aspect for the healthcare industry.

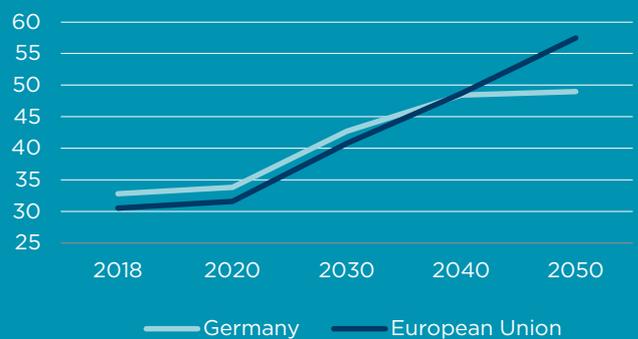
DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

The dependency ratio in Germany was 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 even 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 it is old age pension system but also for its old age care infrastructure.

DEPENDENCY RATIO

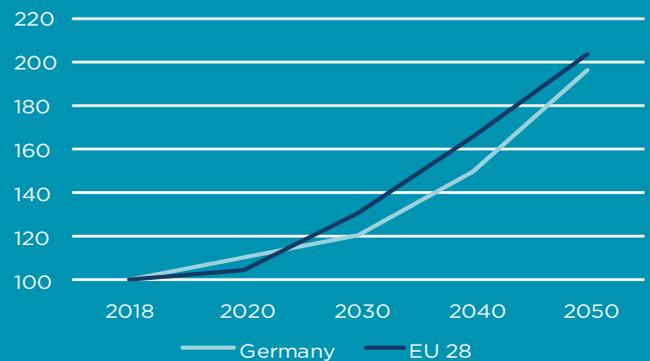


Source : Eurostat

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 in 2018, while the total population number 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.

POPULATION OVER 80 YEARS



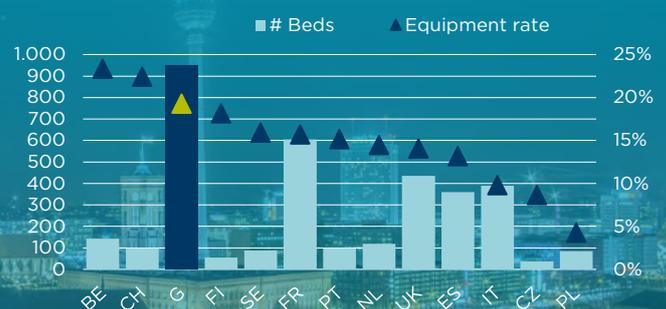
Source : Eurostat

NURSING HOME LANDSCAPE

The equipment rate represents the number of beds divided by the population who are 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 third highest equipment rate in Europe, from the highest number of establishments and from 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.

NUMBER OF NURSING HOME BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2019



Source : Eurostat

GERMANY

SHORTFALLS IN SUPPLY

OPERATORS LANDSCAPE

TYPES OF OPERATOR

In Germany, nursing home facilities are operated by public, non-profit or private organizations. Most 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 41% of all beds.

MAIN OPERATORS

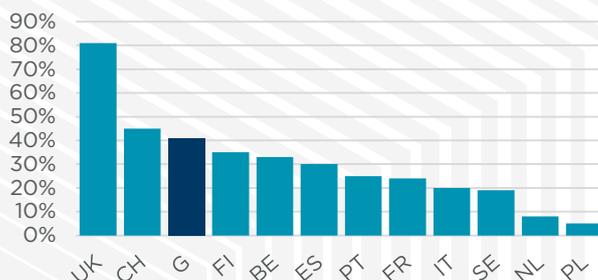
The German care home market is fragmented. The top 10 private operators who manage almost 130,000 beds in total, have an average market share of below 20%, namely 13%. In total, 14,480 facilities operated more than 952,000 beds in Germany as of the end of 2017, according to the German Federal Statistical Office. The two largest operators are French KORIAN and German 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 2017, a total of 3.4 people needed care, therefore it is expected that the number will increase to more than 4 million by 2030 and exceeded 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 realization of standard care homes. Increasing land prices, specifically in larger cities and more ecological based requirements will increase the present-day building costs. Operators also struggle with significant shortage of manpower. As the salaries on average are low, with 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	29,418
ALLOHEIM	26,400
ORPEA	19,085
CONVIVO	10,946

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.

Almost €5bn was invested in nursing homes and senior housing between 2017 and 2019 with half of this volume invested by six key market players alone. Of these, the only German based investor, DEUTSCHE WOHNEN, was the most crucial, due to strong activities in 2018. The other five major investors, namely AEDIFICA, COFINIMMO, PRIMONIAL, ICADE and AVIARENT, have foreign roots, with ICADE signing the first contract for nursing homes in Germany towards the end of 2019. In 2019 more than €1.6bn was invested in nursing homes and senior housing. With more supply, the volume could have been higher as demand proved strong.

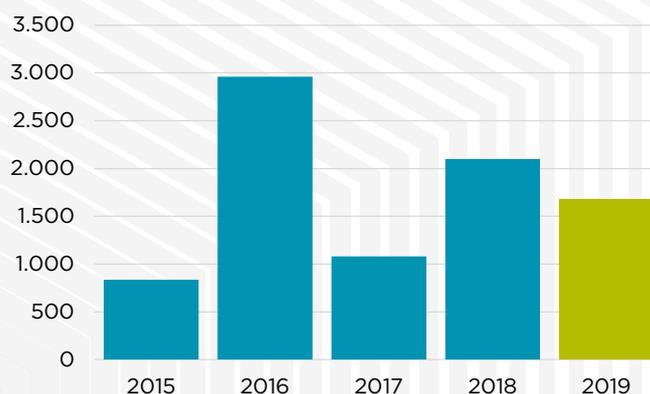
PRIME YIELDS

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

At the end of 2019, the prime yield was 4.30% - a decrease of 45 base points compared to year end 2018. 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 2.75% across the five major German investment markets, and prime logistics have an average prime yield of 3.80%.

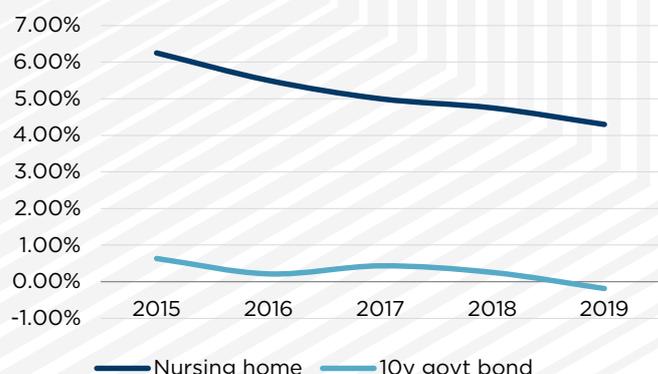
It is expected that demand from national and international institutional investors for well-positioned care homes will remain high, with new development activity in this asset class remaining far too low. Pressure on yields will therefore remain high.

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	BUYER	SELLER	NUMBER OF BEDS	PRICE*
2019	19 MK-Kliniken Nursing Care Homes	National	ICADE	MK-KLINIKEN	2,300	266
2019	20 Nursing Care Homes	National	PRIMONIAL REIM	EQT / CHARLESTON	1,916	NA
2019	12 Nursing Senior Living properties (S&L)	National	PRIMONIAL REIM	ADVITA PFELGE	NA	115
2019	Vitanas portfolio (7 assets)	National	AEDIFICA SA	OAKTREE CAPITAL	960	64
2019	INP portfolio (5 assets)	National	INP HOLDING	EYEMASS REAL ESTATE & OTHERS	431	60

* Price in € million, Source : RCA, 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 to the investment market for private nursing homes.
- Increasing demand is sharpening prime yields.

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

The dependency ratio in Italy was 33.7% in 2015 and is forecasted to increase to 62.5% by 2050. Italy's dependency ratio is well above the European average; it will be 10 points above the European average by 2050.

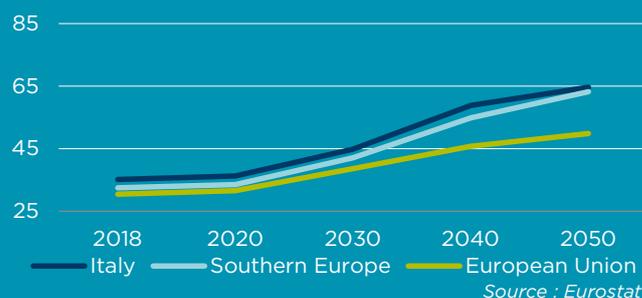
POPULATION OVER 80

In 2018, 21.5% of the Italian population was over 65. 6.67% of people in Italy were over 80 in 2018; this demographic is expected to increase to 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. Average life expectancy in Italy in 2018 is 84 years, it is expected to increase to 87 years by 2050.

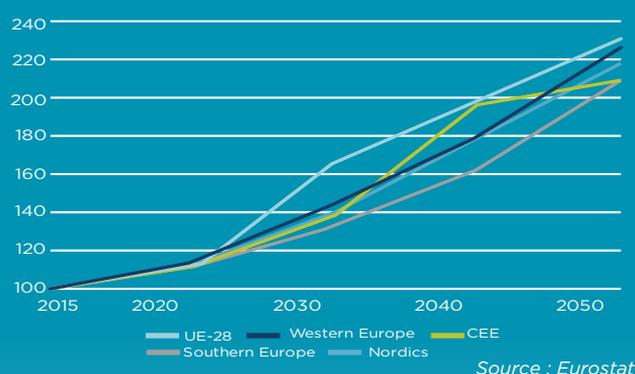
NURSING HOME LANDSCAPE

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 ageing 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 in the northern region.

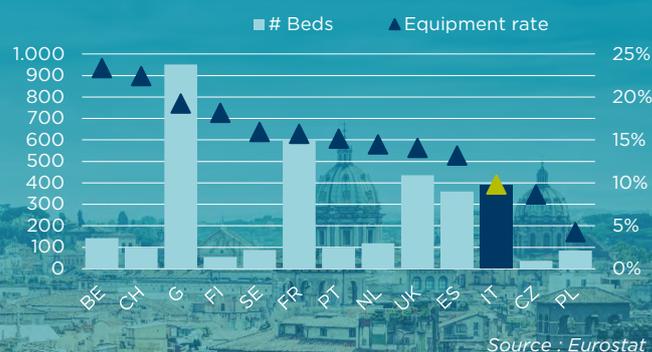
DEPENDENCY RATIO



POPULATION OVER 80 YEARS



NUMBER OF NURSING HOME BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2019



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 45 nursing homes with over 5,600 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 70 facilities with over 6,550 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 the German market in 2019 acquiring Charleston.

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

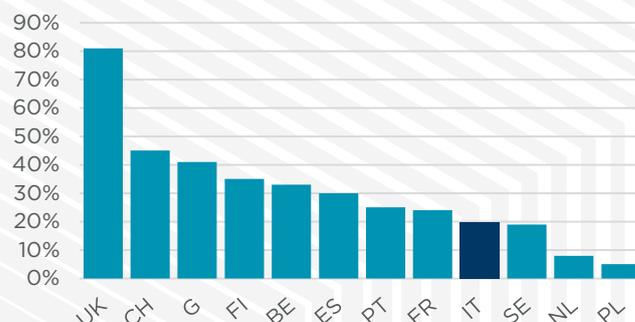
Orpea (Casa Mia) operates 16 nursing homes representing over 1,800 beds.

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.

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN ITALY, NUMBER OF BEDS

Name	Number of beds
Korian	5,600
KOS	5,500
La Villa (Maisons de Famille)	2,000

Source : Cushman & Wakefield

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

By 2020, 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.

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 SANTE of 7 nursing homes, for a total of €112M.

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 SANTE.

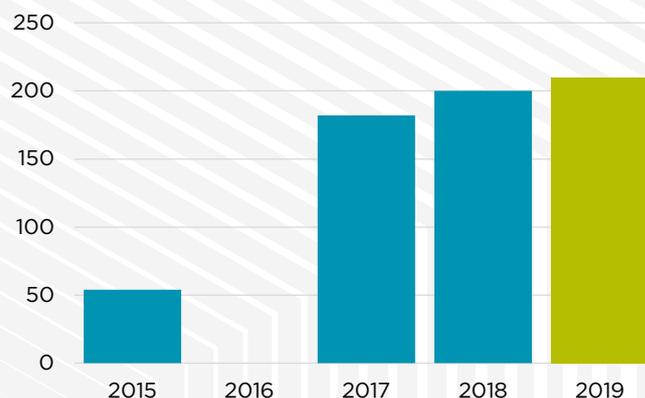
The main deal recorded in 2019, consisted of the acquisition by Primonial REIM, a portfolio of 14 nursing homes through a sale and leaseback operation. The facilities are operated by Zaffiro (13) and Serafin (1), half of them are currently in operation, with the other half being refurbished or redeveloped.

The rest of the market activity is mainly concentrated in the North of the country on lots ranging from €5M to €40M.

PRIME YIELDS

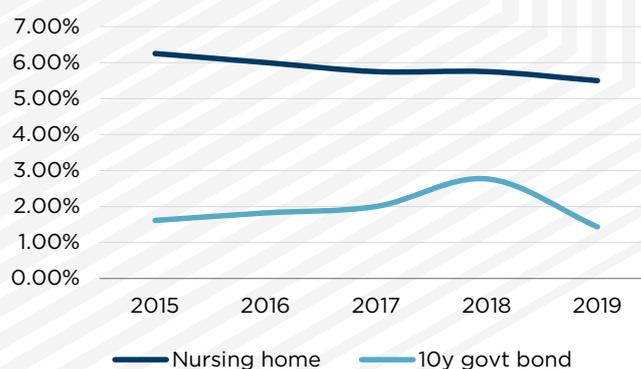
Considering the characteristics of this asset's typology (revenue security, long term leases, condition, structure, and location), we can extrapolate healthcare yields analysing retail and office yields. High quality nursing homes (in terms of the building and the services offered), located near to or in urban centres that are considered 'prime,' are expected to reach gross yields of around 5.50%, marking a slight decrease compared to 2018 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 the sub 5.50% level by 2020. For secondary assets, yields could rise up to 6.50%-8.50% depending on the property.

INVESTMENT VOLUME IN CARE HOMES IN ITALY, € MILLION



Source : Cushman & Wakefield

PRIME YIELDS IN THE HEALTHCARE SECTOR IN ITALY



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

MAIN HEALTHCARE ASSETS DEALS IN ITALY

YEAR	PROPERTY NAME	LOCATION	BUYER	SELLER	NUMBER OF BEDS	PRICE*
2019	Senior Housing Portfolio (14 assets)	Multi-city	Primonial REIM	Mittel RE SGR SpA (Zaffiro & Sarafin)	2,083	120
2019	Senior portfolio (5 assets)	North Italy	Icade	Numeria SGR	582	39
2019	Casa di Riposo Zucchi e Falcina	Soresina	Fonciere Siscare	Fidesimm Srl	213	30
2019	RSA Jesolo	Jesolo	Icade	Undisclosed	120	12
2019	I Glicini Residenza	Bra	REAM SGR S.p.A.	Undisclosed	92	7,6

* Price in € million, Source : Cushman & Wakefield

POLAND

HIGH POTENTIAL FOR DEVELOPMENT

KEY TRENDS

- The Polish senior housing market is underdeveloped (2 private operators owning only 1,200 beds).
- Growing number of elderly people and limited offer of high-quality senior accommodation.
- High potential for development on the Polish market.

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

The dependency ratio in Poland was at 27.3% in 2019 and is forecasted to increase to 52.7% by 2050. Currently Poland's dependency ratio is slightly below the European average however, in 2050 it is expected to increase just over the EU28 average.

DEPENDENCY RATIO



Source : Eurostat

POPULATION OVER 80

In 2019 5% of the Polish population was over 80. This figure is forecasted to rise to 10% by 2050. The average life expectancy in Poland in 2018 was 73.9 years old for men and 81.7 years old for women.

NURSING HOME LANDSCAPE

The equipment rate represents the number of beds over the population aged 80 and above. It stands at 4.3% in Poland. The equipment rate in Poland is three times lower than European average.

NUMBER OF NURSING HOME BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2019



Source : Eurostat

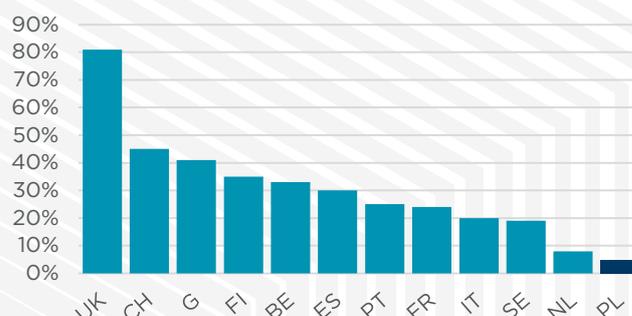
POLAND

OPERATORS LANDSCAPE

TYPES OF OPERATOR

- In Poland, ca 50% of the total stock of 85,000 beds is publicly operated.
- The Polish senior housing market is immature with only two private operators managing more than 1,200 beds.
- Growing number of elderly people and limited offer of high-quality senior accommodation creates great potential for development on the Polish market.
- The high development potential in Poland for senior housing might be demonstrated by 95% occupancy in existing ORPEA schemes and further development pipeline of ORPEA and ORIGIN in Poland.

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN OPERATORS

In 2019, only 2 private operators with 9 assets in total were managing more than 1,200 beds.

The private operators existing on the Polish market are:

ORPEA with 8 locations (ca. 1,100 beds)

ORIGIN with 1 location (ca. 120 beds)

MAIN PRIVATE OPERATORS IN POLAND, NUMBER OF BEDS

Name	Number of beds
ORPEA	1,100
ORIGIN	120

Source : Cushman & Wakefield

INVESTMENT MARKET

MARKET TRENDS

Polish senior housing market is immature. The apartments for rent offered by institutional investors are also in seed phase. There are a couple of developments of serviced apartments and assisted living which can be used not only by young professionals but also by elderly people. The quality of such apartments are of a good standard in Western Europe, and the monthly rent is on average four times higher than the average pension, so this is the main factor limiting both demand and supply.. Low level of pension in Poland creates risk for institutional investors investing in senior housing abroad as well as for banks. The public sector offers nursing accommodation with average/poor standard and are not serviced or assisted apartments. Due to the early stage of the market, there was only one transaction in Poland so far (Wrocław).

PRIME YIELDS IN REAL ESTATE SECTORS IN POLAND



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

PORTUGAL

A MORE PROFESSIONALIZED PRIVATE SECTOR

KEY TRENDS

- One of the highest dependency ratios in Europe.
- More professionalized private sector after the entry of new international players.
- Institutional investment still at an early phase given the shortage of supply.

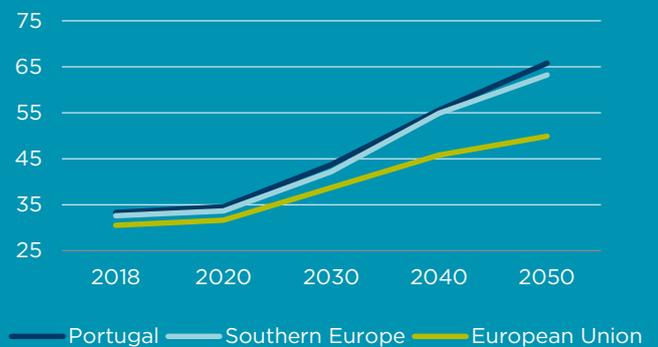
DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

One of the most challenging trends that Portugal currently faces is its aging demographic profile. According to Eurostat, the dependency ratio at Portugal was at 33.3% in 2018 and is forecasted to further increase to 55.6% by 2040.

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 2040 Portugal will have the second highest rate, which compares with a European average of 45,8%.

DEPENDENCY RATIO



Source : Eurostat

OPERATORS LANDSCAPE

TYPES OF OPERATOR

In Portugal, the public offer of nursing home beds is guaranteed through agreements with both non-profit and private operators and as such there are no public operators.

Non-profit operators are responsible for 75% of total beds, among which Santa Casa da Misericórdia, a Portuguese catholic charitable organization with units spread out throughout the country, is the main player.

Private commercial providers have been increasing over the past years, and currently operate 25% of the total beds.

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN OPERATORS

Among private operators, the top 3 in Portugal are totaling 1,700 beds and are responsible for 7% of the total supply.

Residências Montepio currently offers circa 700 beds, distributed over 6 nursing homes, which will increment into 8 during 2020.

After entering the Portuguese market in 2018, the Orpea group is already the second largest private operator, with 8 properties (and a hospital) and nearly 600 beds.

DomusVI also entered the national market in 2018, particularly through the acquisition of Carlton Life and Bella Vida groups. It currently has 5 nursing homes with circa 400 beds and a pipeline of 2 units with nearly 240 beds.

MAIN PRIVATE OPERATORS IN PORTUGAL, # OF BEDS

Name	Number of beds
RESIDENCIAS MONTEPIO	700
ORPEA	600
DOMUS VI	400

Source : Cushman & Wakefield

PORTUGAL

INVESTMENT STILL AT AN EARLY PHASE

MARKET TRENDS

The private operated nursing home sector in Portugal is still highly fragmented and distributed over several individual operators. However, given the recent entry of new international players in the market, and the intentions of expansion foreseen by all the main players, this will start to revert over the next years.

The shortage of quality offer and the ageing population are the main challenges of this market in Portugal, therefore justifying the pipeline from both non-profit and private sectors.

INVESTMENT MARKET

MARKET TRENDS

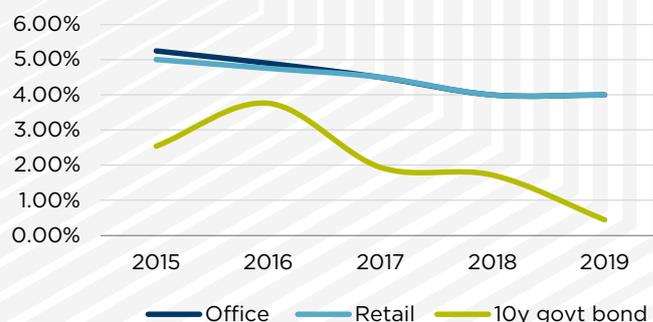
Institutional investment in the sector is still at an early phase, with a shortage of structured investment product supply. As the Portuguese investment market continues to increase its visibility internationally and following the entry of international market operators in the market, demand is expected to increase, although some might be through development/redevelopment deals.

PRIME YIELDS

As said, 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 and high-street retail stand at 4,00%.

PRIME YIELDS IN PORTUGAL



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

MAIN HEALTHCARE ASSETS DEALS IN PORTUGAL

YEAR	PROPERTY NAME	LOCATION	BUYER	SELLER	NUMBER OF BEDS	PRICE*
2018	Porto Salus Residence & Nossa Senhora da Arrábida Hospital	Setúbal	Orpea	Visabeira / Santa Casa da Misericórdia de Azeitão	120**	€23
2018	Montepio Senior Housing Parque das Nações	Lisboa	European Family Office	Selecta	92	€12-14

** Price in € million, ** Excludes hospital beds, Source : Cushman & Wakefield" below the transaction table.

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 country in Europe by 2050.
- Lack of beds, obsolete stock and a fragmented market with the potential for consolidation (the top 7 operators only hold 17% of the market).
- Investment volume has increased in 2019 with the entrance of new national and international capital. We predict the investment volume doubled in 2019 vs 2018.
- Increasing investor demand in recent years has sharpened yields to 4.75% for prime assets.

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

The dependency ratio in Spain was at 28.6% in 2017 and is forecasted to increase to 54% by 2040. In 2017, the dependency ratio in the Canary and Balearic Islands was lower than the national average (22% vs 28%) whereas, Castilla y León had by far the highest (38%). 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.

DEPENDENCY RATIO

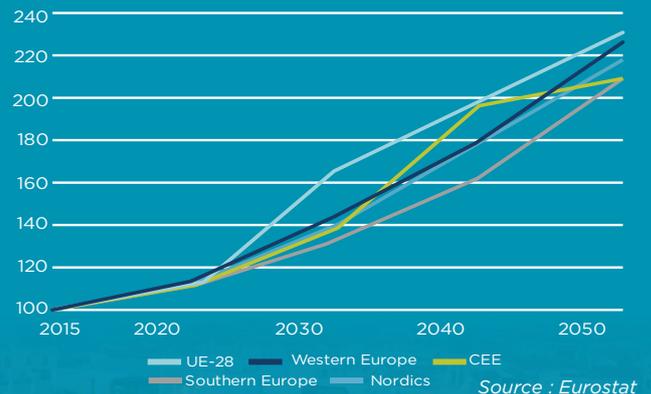


Source : Eurostat

POPULATION OVER 80

In 2018, 19% of the Spanish population was over 65. This figure is forecasted to rise to 31.1% by 2040. Approximately 6.2% of people in Spain were over 80 in 2018. This demographic is expected to increase to 10.3% by 2040. The average life expectancy in Spain in 2018 was 83 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.

POPULATION OVER 80 YEARS



Source : Eurostat

NURSING HOME LANDSCAPE

The equipment rate represents the number of beds divided by the population aged 80 and above. It stands at 14% 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. Spain is expected to need 70,000 more beds by 2030, and more than 150,000 by 2050, driven by the changes in family structures and the ageing of the population.

NUMBER OF NURSING HOMES BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2019



Source : Eurostat

SPAIN

FRAGMENTED ARENA - POTENTIAL FOR CONSOLIDATION OPERATORS LANDSCAPE

OPERATOR TYPES

In Spain, organised mainly as a free market, operators are split as follows: Public Operators manage 27% of the total stock.

Private operators manage 73% of the total beds. Semi-public beds represent approximately 43% of the stock and private beds represent 30% of the total beds.

MAIN OPERATORS

DomusVi: Operates 141 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 52 properties with more than 7,000 beds.

Intercentros Ballesol: Operates 48 properties with more than 7,000 beds and 6 properties with 698 beds expected.

Amavir (Maisons de Famille): Operates 43 properties with approximately 6,400 beds.

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

In 2018, only 7 private operators were managing more than 5,000 beds. In 2018, there was a total of 5,147 properties and 362,426 beds managed by 2,030 private operators. 33.17% of the future projects for new property openings will be executed by private operators. DomusVI and Orpea are now French companies, relegating the first Spanish operator to 3rd 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 and the trend is expected to continue in 2020. Over the course of 2019, most of the top operators like DomusVI and Orpea have implemented an international expansion strategy. DomusVI expanded their presence into South America and Portugal. During 2019 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. Other new

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED 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	7,191
BALLESOL	7,098
MAISONS DE FAMILLE	6,399

Source : Cushman & Wakefield

investors in the Spanish market in 2019 were Cofinimmo, Vivalto and Threestones, amongst others. Further to foreign investors, national capital has also been active during 2019 with Adriano Care (Azora REIT) acquiring over 1,100 beds and other smaller national players.

Nursing homes with more than 100 beds in Spain represent 23.45% of the total market. Most of these centres are managed by private operators.

SPAIN

INCREASING COMPETITION (INCREASING INTEREST OF NON-SPECIALIZED INVESTORS) INVESTMENT MARKET

MARKET TRENDS

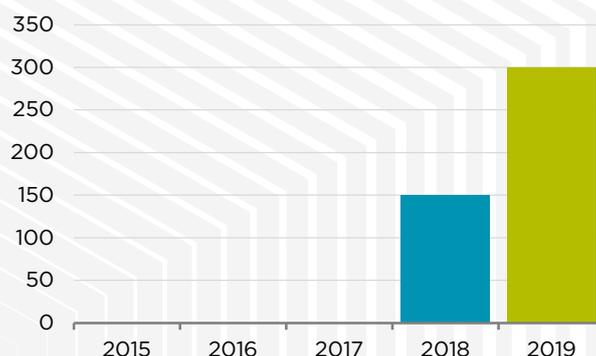
Investment activity in 2019 was higher than in previous years with acquisitions and mergers being the dominant activities in the market. We estimate that around €300M of care homes were traded in 2019 based on RCA and in-house data. The number of partnerships between investors and operators could increase in the future, leading to further increases in investment volumes.

The Spanish market is not as developed as the French or German markets. 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 (Armonea) and STS in 2019. During 2019 we also saw the acquisition of six care homes in Mallorca by Korian from Grupo 5, 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. Additionally, we have seen the arrival of established European funds: Cofinimmo, Vivalto and Threestones, amongst others.

PRIME YIELDS

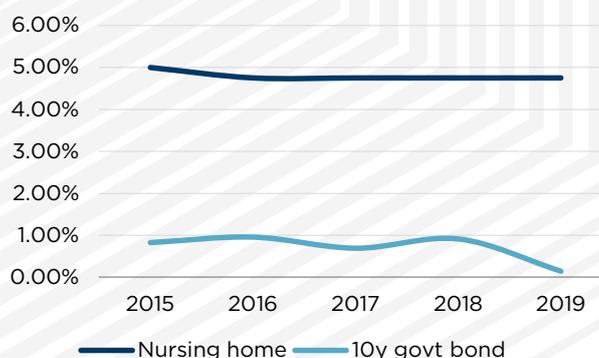
Yield compression has become widespread amongst healthcare assets which are becoming harder to find considering the growing interest of investors. C&W's opinion of yields for prime assets with good performances, located in prime cities, is estimated to range between 4.75%-5.00%. For more second-tier locations, we estimate higher yields to be appropriate, around 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*
2019	Portfolio Spain	Andalucia	Korian	Seniors	1,300	NA
2019	Portfolio Spain	Basque Country (4), Palencia (1) and A Coruña (1)	Adriano Care - Azora	Private	1,112	76
2019	Portfolio Spain	Various in península	Cofinimmo	Private	639	NA
2019	Portfolio Mallorca	Mallorca Island	Korian	Grupo5 / Corpfin	696	NA
2019	Portfolio Spain	Burgos, Ibiza, Barcelona	Threestones	Colisée	434	33

* Price in € million, Source : Cushman & Wakefield

SWEDEN

DEMAND EXCEEDING THE SUPPLY

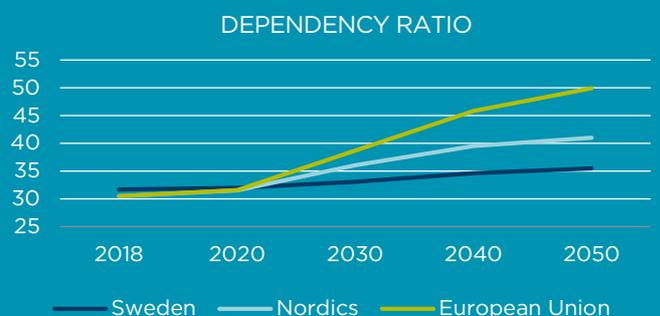
KEY TRENDS

- 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.
- 44% of the Swedish municipalities are not able to provide enough nursing homes 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.

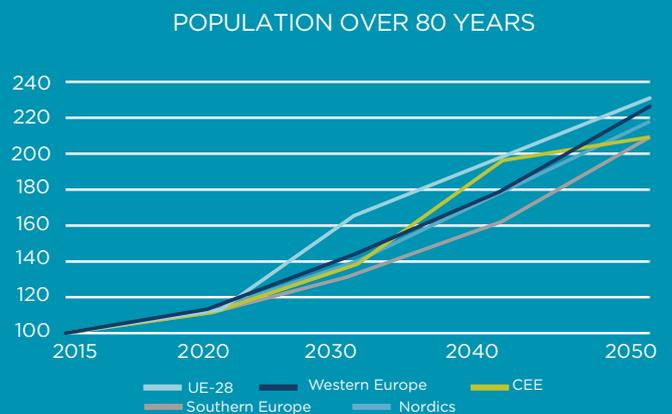


Source : Eurostat

POPULATION OVER 80

The population aged 80 and over is expected to grow from 545,000 to 1 million people in 2045, representing an increase of 42% from 2018 to 2028.

Due to generally improved health, the life expectancy of women in Sweden today is 91.7 years and 89.6 years for men, this means that an increasing number is expected to develop dementia and other health issues related to old age.



Source : Eurostat

NURSING HOME LANDSCAPE

The equipment rate of 16% representing 87,000 beds corresponding to the European average. However, with 44% of the Swedish municipalities not being able to provide enough nursing homes for the current demand.

According to calculations by the Ministry of Finance, Sweden needs 700 new nursing homes between now and 2026 to meet the short-term demographic shift.

This considers the additional demand as well as a large portion of the current stock, owned by the municipalities and constructed during the 1960s and 1980s, being inefficient and costly to replace.

NUMBER OF NURSING HOMES BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2019



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 AMBEAS purchase of competing operator ALERIS in 2018 it became one of the top care providers in the Nordic region. ATTENDO has also 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.

The yield spread between strong private tenants and public tenants is low and real estate investors are even examining the economy of individual municipalities before acquisitions.

MARKET TRENDS

With many Swedish municipalities facing difficulties keeping up the pace of shifting demographics there is 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 potential for private operators is still in an early stage and when considering the predicted demand the possibilities in this sector is significant.

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN SWEDEN, NUMBER OF BEDS

Name	Nber of beds (Q4 2019)
ATTENDO	16,618 (Nordics)
AMBEA	8,637 (Sweden & Norway)

Source : Cushman & Wakefield

SWEDEN

PUBLIC PROPERTIES HAS GAINED ATTENTION INVESTMENT MARKET

MARKET TRENDS

The investment market for nursing homes in Sweden reached record levels in 2019. There has been transactions of both newly constructed and older units.

In November Swedish stock-listed company SBB made a public offer on its rival HEMFOSA worth approximately BSEK 40. Both are focused on public properties such as nursing homes. In January it was announced the SBB controls 93.5% of the shares in HEMFOSA and therefore will go through with the offer.

Another main buyer of nursing homes is the Nordic public property owner ALTURA and the main seller has been developer SKANSKA. Institutions have been active on both the buyer and seller side.

The investment volume of a nursing home in Sweden often range from approximately 150M to 300M SEK.

The market for newly built elderly homes is characterized by high liquidity, with several buyers at prime yields or slightly above.

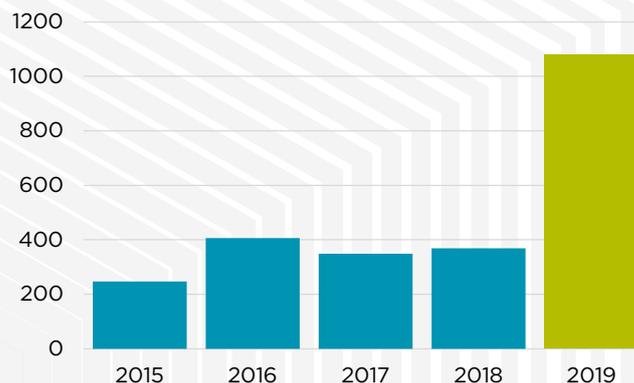
Several institutions are keen on entering the sector. A portfolio deal with nursing homes on long leases with stable tenants would most likely attract a lot of investors and a portfolio premium is likely to be achieved.

PRIME YIELDS

The yield compression applied to the Swedish real estate market in general made no exception for nursing homes which have moved from 5.0% in 2015 to the current prime yield of 3.75%.

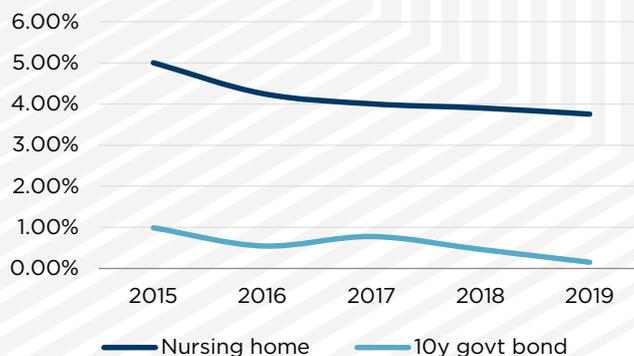
There is currently a low yield spread between primary and secondary locations.

INVESTMENT VOLUME IN CARE HOMES IN SWEDEN, € MILLION



Source : Cushman & Wakefield

PRIME YIELDS IN THE HEALTHCARE SECTOR IN SWEDEN



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

MAIN HEALTHCARE ASSETS DEALS IN SWEDEN

YEAR	PROPERTY NAME	LOCATION	BUYER	SELLER	NUMBER OF BEDS	PRICE
2019	Kviberg 29:40	Göteborg	Altura	Skanska	77	290 MSEK
2019	Harren 3	Ängelholm	Altura	Skanska	54	NA
2019	Tröinge 10:4	Falkenberg	Altura	Novum Samhällsfastigheter	60	NA.
2019	Erstavik 26:21	Nacka	Hemfosa	ICA-Handlarnas Förbund Finans AB	56	156 MSEK
2019	Silverdal	Sollentuna	SPP	Skanska	54	190 MSEK

* Price in € million, Source : Cushman & Wakefield

SWITZERLAND

ONGOING CONSOLIDATION OF OPERATORS DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

As per the latest official statistics, the dependency ratio in Switzerland was 22.6% in 2018. It is forecasted to increase to 45% by 2050. Over the 26 cantons, the dependency ratio ranges from 19% (canton of Fribourg) to 29% (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 2018, the 65+ year old population represents 18.5% of Swiss inhabitants. This figure is forecasted to reach 26% by 2045.

The 80+ category represents 5.19% of the Swiss population and is expected to reach 10% by 2045. On average, life expectancy in Switzerland in 2018 was 81.7 years for men and 85.4 years for women.

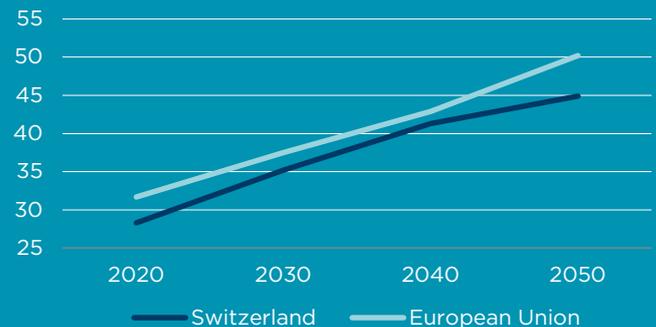
NURSING HOME LANDSCAPE

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 growth in the nursing home capacity 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.

DEPENDENCY RATIO



Source : Eurostat

NUMBER OF NURSING HOMES BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2019



Source : Eurostat

SWITZERLAND

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 on 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.

demand the possibilities in this sector is significant.

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, who experienced a significant growth over the last few years by acquiring several competitors.

Most private nursing homes are small structures.

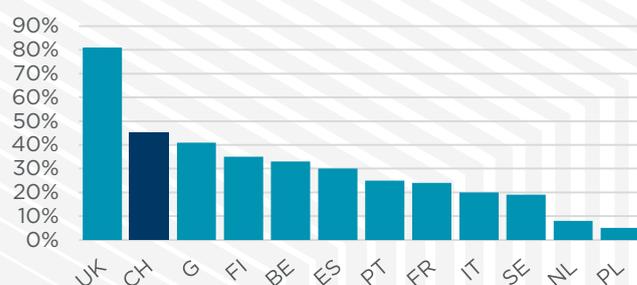
INVESTMENT MARKET

After three impressive years from 2015 to 2017 (a total of €395 million invested), the senior residences market experienced a lull 2018 and 2019 with only €15 million transacted last year.

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

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

CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

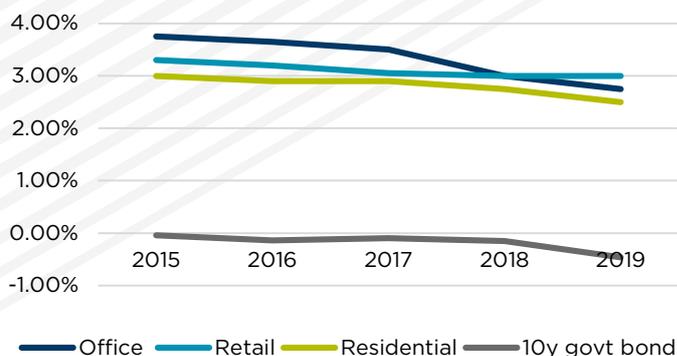
MARKET TRENDS

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

We have noticed a growing market showcased by the continued creation of large groups ; 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.

PRIME YIELDS IN SWITZERLAND



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

THE NETHERLANDS

HEALTHCARE HAS BECOME A MATURE ASSET CLASS

KEY TRENDS

- Financial results for Dutch non-profit operators remain under pressure.
- Demographic evolution will require non-profit operators to revitalize their existing nursing homes and expand with new properties.
- (Foreign) investors may provide the necessary financial means, traditional ways of financing by covered loans prove insufficient.
- Pan-European private operators to keep consolidating and expanding on the Dutch market for private nursing homes.

DEMOGRAPHIC EVOLUTION

DEPENDENCY RATIO

Currently, 19.5% of the Dutch population is over 65 years of age. This figure is expected to increase by more than a quarter to 25.2% by 2040. Additionally, 4.7% of the population is currently over 80 years old. This figure is forecasted to nearly double to 8.5% of the total population by 2040. The dependency ratio (number of people over 65 / the population aged 15-64) in The Netherlands is currently 30.0% and is forecasted to increase to 43.8% in 2040.

The Dutch dependency ratio is currently well below the European average and is expected to remain below the EU28 average in 2040 as well.

POPULATION OVER 80

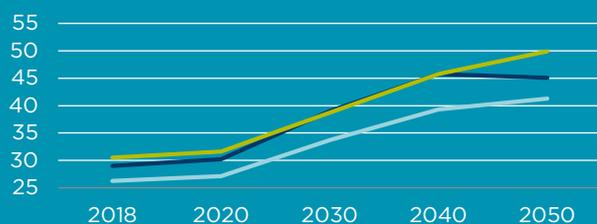
In 2020, the average life expectancy in The Netherlands is 80.5 years for men and 83.7 years for women. While the Dutch life expectancy for women is comparable to the European average, the life expectancy for Dutch men is two years higher than the European average. In 2040, an average life expectancy of 83.5 years for men and 87.3 years for women is forecasted.

NURSING HOME LANDSCAPE

The equipment rate (number of beds / population over 80) in The Netherlands is registered at approximately 14.5%. Due to the demographic evolution, it is expected that around 35,000 extra beds will be needed by 2030. This number is complementary to the required redevelopment of existing (and outdated) homes across the country.

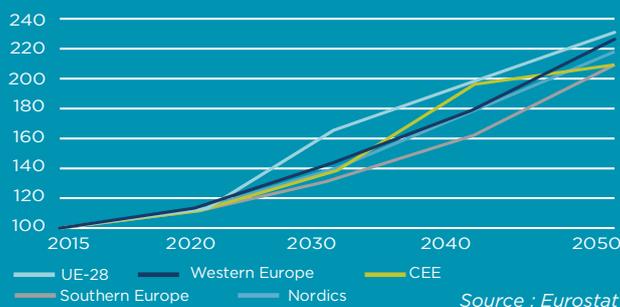
Traditional non-profit operators have been quite reserved in recent years where new real estate developments are concerned; this is due to the limited financial feasibility of new developments. In the wake of major changes in the funding structure of long-term and elderly care, non-profit operators are now redefining their processes and operations. This process, together with limited focus on financial returns, hampers non-profit operators to strive for and meet the growing demand for beds.

DEPENDENCY RATIO



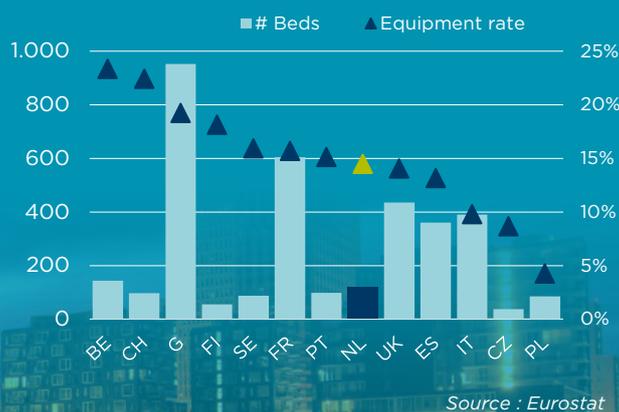
— The Netherlands — Benelux — European Union
Source : Eurostat

POPULATION OVER 80 YEARS



— UE-28 — Western Europe — CEE — Southern Europe — Nordics
Source : Eurostat

NUMBER OF NURSING HOMES BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2019



Source : Eurostat

THE NETHERLANDS

OPERATORS LANDSCAPE

TYPES OF OPERATOR

In the wake of the privatization of the Dutch market for elderly care, there is a rising number of private operators with private nursing homes. Although the market share of the private sector is still relatively small compared to the non-profit sector, the private sector has grown exponentially over the last couple of years.

Non-profit operators manage approximately 92% of the total 116,000 beds capacity. On average, non-profit operators manage larger homes (circa 60 beds per home). Private operators manage the remaining 8% of the total capacity. On average they manage smaller homes with around 24 beds per home. However, the size of these homes is increasing.

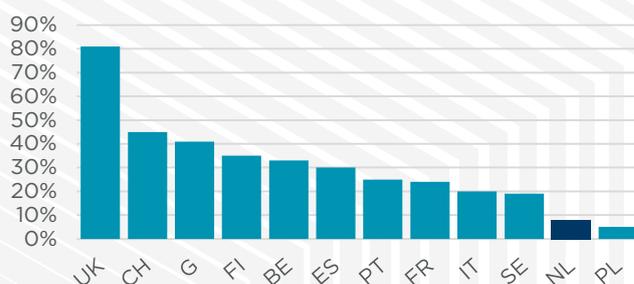
MAIN OPERATORS

Elderly care was traditionally provided by approximately 400 non-profit operators, each servicing their own region. Because they are dispersed geographically as well as demographically, there is no distinct market leader.

Since legislative changes concerning the funding structure and privatization of elderly care took effect in 2015, private operators have entered the market. Originally, these operators focused on mid-and high-end concepts. In recent years however, operators are developing more mid- and low-end concepts, given that lower-end concepts can work better with non-profit operators. More over, the market for higher-end concepts seems to be saturated.

Currently, approximately 385 private nursing homes are operated by 65 private operators. Although the number of private operators remain relatively constant, the number of nursing homes is on the rise. A consolidation between operators, as previously seen in other European countries, is expected in The Netherlands as well. Currently, the five largest private operators are actively expanding their portfolio. The biggest operators currently operate up to 70 properties.

PERCENTAGE OF THE TOTAL CARE HOME BEDS OPERATED BY PRIVATE OPERATORS



Source : ORPEA, National Statistics, Cushman & Wakefield

MAIN PRIVATE OPERATORS IN NETHERLANDS, NUMBER OF BEDS

Name	Number of beds
ORPEA	1,380
KORIAN	260

Source : Cushman & Wakefield

MARKET TRENDS

The financial results of Dutch non-profit operators have fluctuated in past years. This can be attributed to changes in government policy and incidental sale of real estate. Demographic evolution will require non-profit operators to revitalize their existing nursing homes and expand with new properties. (Foreign) investors may provide the necessary financial means to do so, when traditional ways of financing by covered loans prove insufficient.

Although they still account for a small part of total capacity, private operators are quickly gaining market share. They achieve this primarily through the opening of new locations. In 2019, pan-European private operators entered and expanded on the Dutch market for private nursing homes. It is expected that this trend will continue in the coming few years.

THE NETHERLANDS

INVESTMENT MARKET

MARKET TRENDS

Investment activity in the Dutch healthcare sector has grown rapidly and reached its highest level in 2019 with a total transaction volume of around €1.2 billion. This volume also includes investments in (regular) residential real estate focused on seniors as well as medical centers and clinics (cure). Of the total volume, (regular) residential real estate account for approximately a third of the total investment volume, and medical centers and clinics for approximately a sixth. It is expected that the total investment volume will continue to increase, although limited availability of investment grade real estate might hamper investment volumes. The healthcare sector is subject to changes in government policy which can influence investment decisions being made.

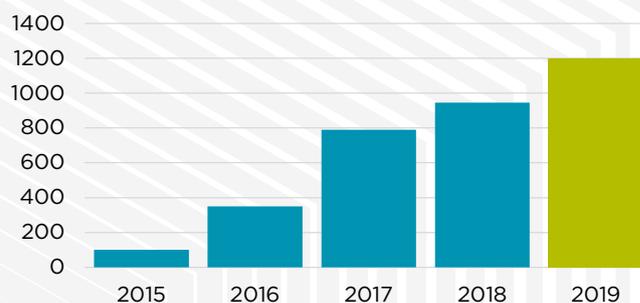
Due to the interest of foreign investors, the real estate market for healthcare started to develop and mature and, an externalization of real estate to investors is clearly visible. Average investment size per location varies from less than €10M for private care residences and over €10M for public nursing homes.

Foreign investors like the Belgian AEDIFICA, COFINIMMO and CPI were once again among the most active purchasers in 2019 on the Dutch market. Notable investments were also made by HEITMAN and NORTHWEST INVESTMENTS. Dutch investors like pension funds SYNTRUS ACHMEA and BOUWINVEST and investment funds like HOLLAND IMMO GROUP were active on the Dutch market as well.

PRIME YIELDS

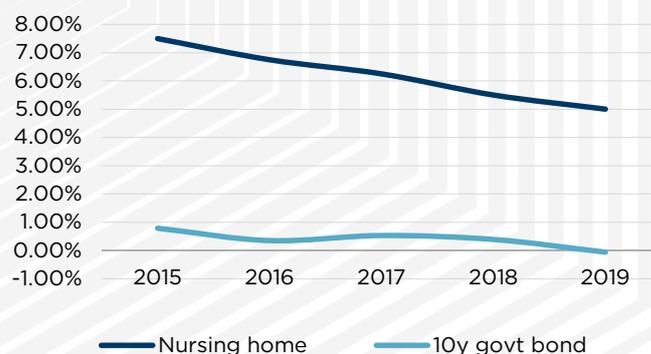
Following the growing involvement of foreign investors and the low level of interest rates, prime yields for both non-profit and private nursing homes continued to compress throughout 2019. Currently, prime yields stand around 5.0% for modern properties, let to a tenant with a proven track record and a long term (20 years) market level rental agreement. Under current market conditions, and given the scarcity of prime real estate, yields are expected to compress even further in years to come.

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*
2019	De Leyhoeve	Tilburg	Bonita Group	Heitman	285	85
2019	Woonconcept portfolio (portfolio, 5 assets)	Hoogeveen	Woonconcept	Aedifica	340	44
2019	Intermaris portfolio (Portfolio, 9 assets)	Hoorn	Intermaris	Holland Immo	256	30
2019	Zenobiagang	Zoetermeer	Dura Vermeer	Bouwinvest	62	25
2019	Nebo	Den Haag	Haaglanden Medisch Centrum	Cofinimmo	115	22

* Price in € million, Source : Cushman & Wakefield

UNITED KINGDOM

MATURE INVESTMENT AND OPERATIONAL BUSINESS

KEY TRENDS

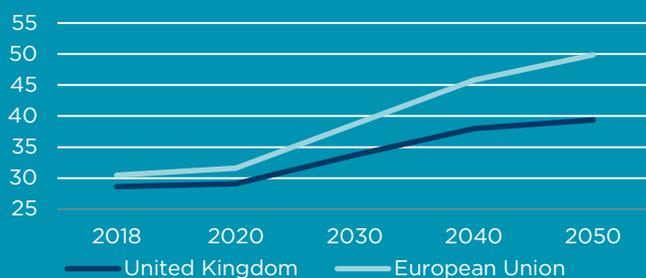
- Private commercial providers manage 82% of all beds (highest share in Europe)
- The UK market is fragmented with the top five operators holding only 15% of beds
- The volume of investment for nursing and residential care homes reached over £1.5bn in 2019
- Private-pay, care homes achieved pricing in the 3.5% to 5.5% 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. In comparison 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.

DEPENDENCY RATIO



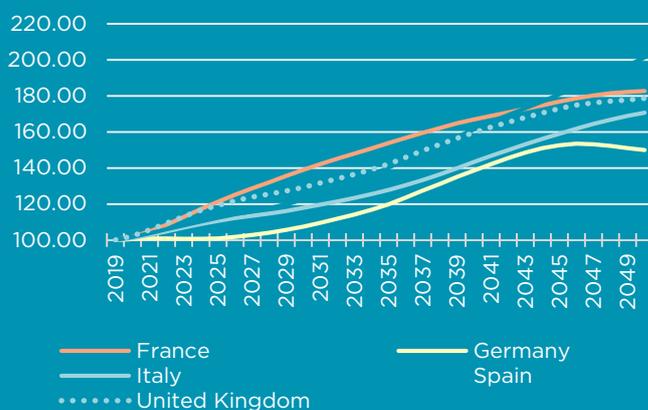
Source : Eurostat

OLDER POPULATION

While 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 that the UK is 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 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%).

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



Source : Oxford Economics

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 dominance of the private sector, state funding still accounts for almost half of care home revenues.

NUMBER OF NURSING HOMES BEDS IN THOUSANDS AND EQUIPMENT RATE IN 2019



Source : Eurostat

UNITED KINGDOM

SIGNIFICANT MARKET POTENTIAL

STRONG BIAS TOWARDS PRIVATE SECTOR PROVISION

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 15.1% of beds and the top 10, only 20.8%.

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

Four Seasons Health Care ("FSHC") has almost 17,000 beds and its structural issues and likely ongoing decline in scale are well documented.

Barchester Healthcare continues to grow through acquisition and a strong pipeline of new developments. In 2019 a platform sale faltered and the business has returned to a focus on growth.

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

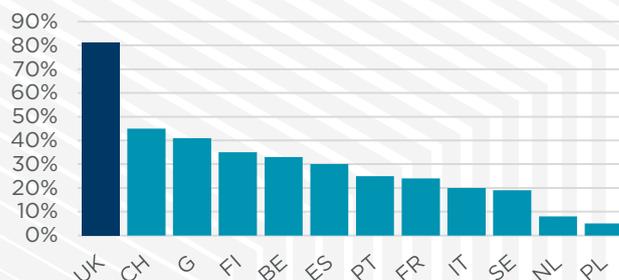
Bupa remains one of the largest UK providers, despite selling almost 150 homes in 2019.

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).

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 focussed upon private pay clients as a means to justify ever increasing costs of development, it is possible that the proportion of total revenues generated from private payers will 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	20,749
Four Seasons Healthcare	16,975
Barchester Healthcare	12,418
Care UK	7,934
Bupa Care Homes	7,663

Source : Laing Buisson, Cushman & Wakefield

* Data as at 2019

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 are benefitting from strong investor demand. Meanwhile, investor demand for assets at the opposite end is flat. Many investors might question the pricing of these weaker assets 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.

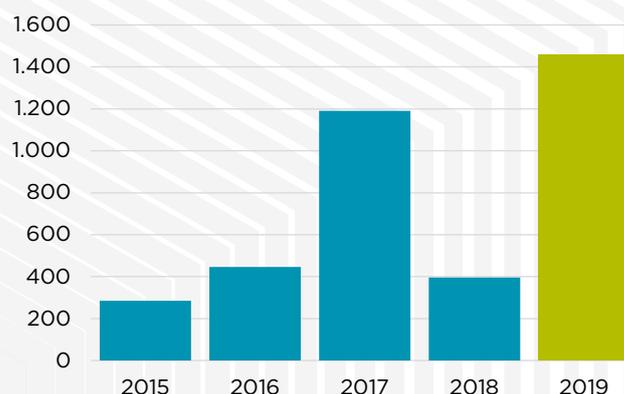
The targeting of privately funded fees is underpinning the majority of new care home development in the UK. Premium fees are typically required to cover land costs and make development viable. Publicly funded fees are seldom strong enough to underpin the required investment. Consequently, much of the 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.

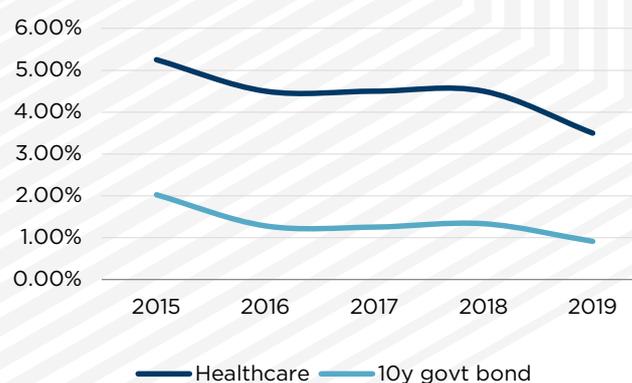
INVESTMENT VOLUME IN CARE HOMES IN THE UK, £ MILLION



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*
2019	Quercus Care Portfolio	Mixed	Lone Star	Aedifica	5,748	450
2019	Portfolio**	Mixed	Healthpeak Properties	Cindat-Omega	3,500	176
2019	Brighterkind Care Homes	Mixed	Terra Firma Capital Partners Limited	Barchester	1,570	165
2019	Portfolio	Mixed	Hadrian Healthcare	Aviva Investors	380	140
2019	Portfolio	East Midland Other	Tanglewood Care Homes	Elevation Advisors	389	45

* Price in £ million, Source : Cushman & Wakefield

** Acquisition of 49% for £176m



CONTACTS

EMEA coordination	Jérôme Salomon Partner – Valuation jerome.salomon@cushwake.com	Marc Guillaume Partner - Valuation marc.guillaume@cushwake.com
--------------------------	---	---

Valuation team

Research team

Belgium	Emeric Inghels Partner - Valuation emeric.inghels@cushwake.com	Cedric Van Meerbeeck Head of Research Belgium cedric.vanmeerbeeck@cushwake.com
Czech Republic	David Nath Head of Hospitality CEE david.nath@cushwake.com	Marie Balacova Head of Research CZ & SK marie.balacova@cushwake.com
Finland	Juha Mäki-Lohiluoma Head of Valuation Finland juha.maki-lohiluoma@cushwake.fi	Ville Suominen Head of Research Finland ville.suominen@cushwake.fi
France	Marc Guillaume Partner - Valuation marc.guillaume@cushwake.com	Magali Marton Head of Research France magali.marton@cushwake.com
Germany	Tino Müller Associate tino.mueller@cushwake.com	Ursula-Beate Neisser Head of Research Germany ursula-beate.neisser@cushwake.com
Italy	Dario Leone Partner Head of Hospitality Italy dario.leone@cushwake.com	Claudia Buccini Head of Research Italy claudia.buccini@cushwake.com
Poland	Mark Freeman Head of Valuation & Advisory Poland mark.freeman@cushwake.com	Małgorzata Dziubińska Associate Director Research malgorzata.dziubinska@cushwake.com
Portugal	Ricardo Reis Head of Valuation & Advisory Portugal ricardo.reis@cushwake.com	Andreia Almeida Head of Research Portugal andreia.almeida@cushwake.com
Spain	Eduardo Díaz Senior Valuer eduardo.diaz@cushwake.com	Marta Esclapés Associate Research & Insight marta.esclapes@cushwake.com
Sweden	Anders Elvinsson Head of Valuation & Advisory, Sweden Anders.Elvinsson@cushwake.com	Annika Edström Head of Research Sweden annika.edstrom@cushwake.com
Switzerland	Bertrand Maag Head of Valuation bertrand.maag@spgi.ch	-
The Netherlands	F.J.J. Pouwelse Senior Valuer Fabian.Pouwelse@cushwake.com	Jos Hesselink Research Lead Jos.Hesselink@cushwake.com
United-Kingdom	Martin Robb Head of Alternatives & Specialist Markets martin.robb@cushwake.com	Greg Mansell Head of UK Research & Insight greg.mansell@cushwake.com

Disclaimer

Specific high-quality professional advice should be sought before initiating any transaction based on this document. The report uses information obtained from public sources which Cushman & Wakefield LLP believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate or complete. Our prior written consent is required before this report can be reproduced in whole or in part. In any case, any distribution, reproduction or reference to this report must mention the source.