



Belgium's Aedifica lands in UK with £450m care home portfolio purchase

By Richard Hook - 21 December 2018

Belgian investor Aedifica has agreed to acquire a £450m portfolio of 93 care homes from Lone Star's Real Estate Fund IV in its debut UK purchase.

Building on its €1.8bn (£1.6bn) existing assets under management in Belgium, Germany and the Netherlands, Aedifica has acquired a portfolio of 93 predominantly purpose-built care homes containing 5,700 ensuite beds in 91 locations across the UK predominantly weighted towards London and the South East. The deal reflects a gross initial yield of 7%.

In addition to 56 assets from Lone Star's former Quercus healthcare business, the transaction includes 21 assets from the former LifeStyle portfolio as well as 12 Care UK assets separately acquired and another four individual acquisitions.

The portfolio, which Aedifica will manage through retained asset managers Layland Walker, offers potential for enhancement through extensions and upgrade programmes. The leases in the portfolio, to 14 care home operators including Care UK, Burlington Care and Maria Mallaband Care Group, have a weighted average remaining length of more than 22 years.

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

The Belgian firm said it would look to buy further UK healthcare assets in the future having completed the largest ever acquisition for a European Healthcare REIT. It has financed the Quercus acquisition through existing and new debt facilities with the deal expected to close in Q1 2019.

Bruce Walker, founder of Layland Walker, said: “It’s been great working with Lone Star in improving and expanding the portfolio over the past few years and the success of that work by the team is borne out by the fact that the sale is to a leading sector specialist investor.

We look forward to working with Aedifica and continuing to work with our key tenant relationships in helping them move their businesses forward.”

JLL advised Aedifica in its underwriting and due diligence process.

John Gladstone, director of JLL’s EMEA healthcare capital markets team, added: “This transaction marks the first time a specialist European healthcare REIT has invested in the UK and one of the largest transaction for the UK market for 2018. The UK’s fast growing elderly care market continues to attract new investment due to strong fundamentals. The number of people aged over 80 in the UK is set to double by 2050 and demand for care services and purpose-built facilities will only increase.”