



ICADE SANTÉ

INVESTOR PRESENTATION SOCIAL BOND ROADSHOW

September 2020

AGENDA

Today's speakers

1. Icade Santé at a glance
2. Icade Santé's strategy
3. Icade Santé: an embedded social impact
4. Icade Santé's inaugural Social Bond
5. Examples of eligible projects
6. Financial performances and credit highlights

Appendices

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SPEAKERS

TEAM A



Victoire AUBRY

Executive committee member in charge of Finance and IT – CFO of Icade



Etienne MAURER

Financial Director of Icade Santé



Daphné MILLET

CSR Director – Icade

TEAM B



Xavier CHEVAL

Executive committee member in charge of Healthcare Investment division – CEO of Icade Santé



Jean-Philippe CARRASCOSA

Head of Corporate and Financing – Finance Department Icade



Elsa COUTEAUD

Development Officer / CSR Manager of Icade Santé

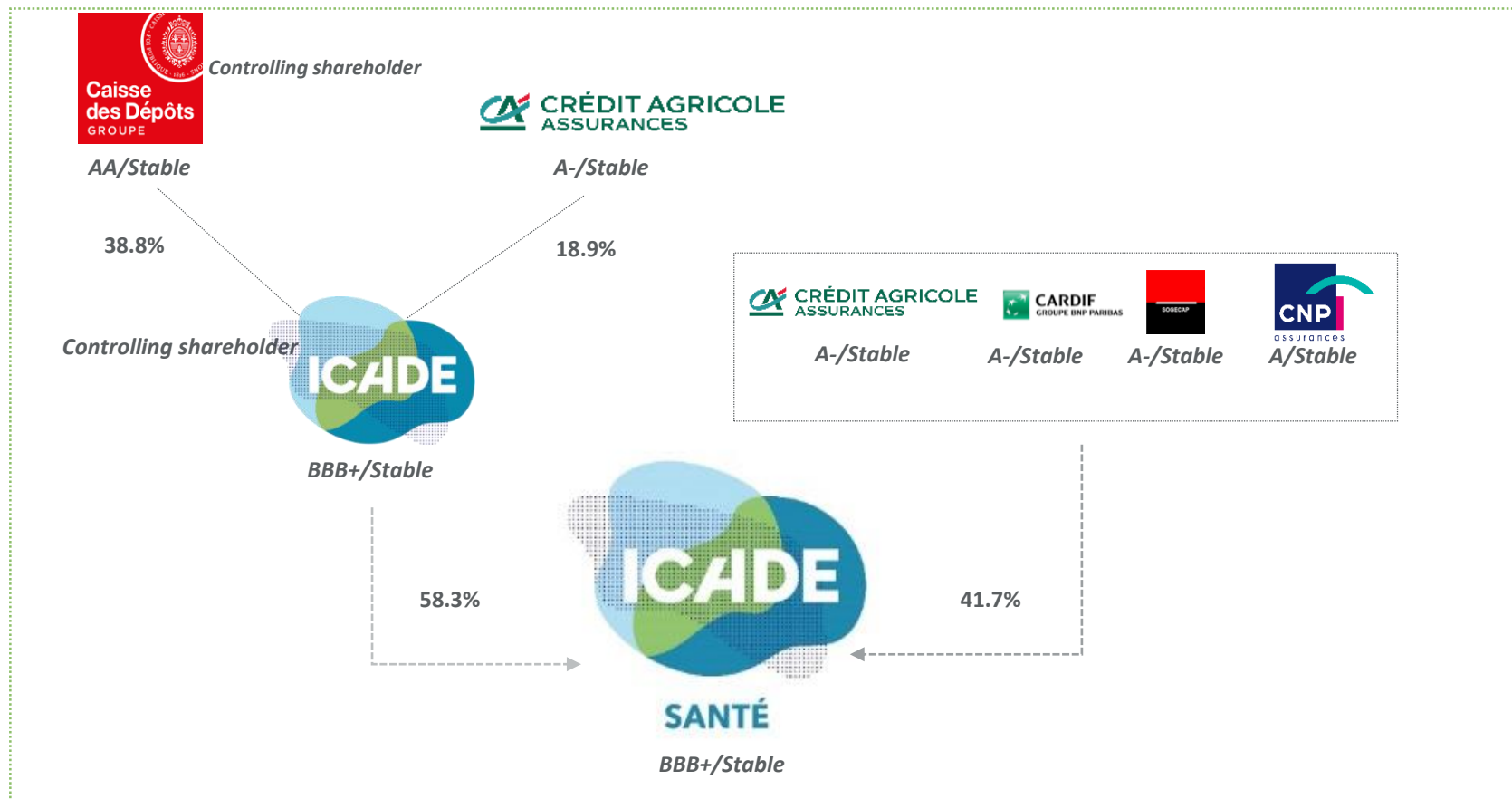
1. ICADE SANTÉ AT A GLANCE



ICADE SANTÉ, ICADE'S SUBSIDIARY DEDICATED TO HEALTHCARE PROPERTY IN FRANCE

LEADER IN INVESTMENTS IN PRIVATE CLINIC FACILITIES IN FRANCE,
ICADE SANTÉ IS 58,3% OWNED BY ICADE AND 41,7% OWNED BY INSTITUTIONAL INVESTORS.

A STRONG OWNERSHIP STRUCTURE



ICADE SANTÉ, THE LARGEST FRENCH HEALTHCARE REIT



A diversified **€5,0bn portfolio** with critical size and scarcity value



132 facilities

Broad coverage of the French territory

100%

Occupancy rate

14

Healthcare operators

94% of GAV

Short and medium stay healthcare facilities

5,7%

Net initial yield (xcl. Duties)

7 years

WAULT⁽⁴⁾ as of June 30, 2020



Notes :

(1) MSO : Medicine, Surgery, Obstetrics

(2) PAC : Post-acute care and rehabilitation

(3) MHE : mental Health Establishment

(4) WAULT: Weighted Average Unexpired Lease Term

A STRONG BUSINESS MODEL WITH LONG-TERM CASH FLOWS AND POSITIVE SOCIAL IMPACT

✓ Strong Fundamentals

- ✓ In depth **market knowledge** & understanding of **operators needs**
- ✓ Very sound **financial performance**
- ✓ **Tax-efficient** 'SIIC' Regime

Robust business profile

- ✦ **Comprehensive in-house platform** to source, develop, acquire & manage assets
- ✦ Track-record of **strategic partnerships with top-tier operators**
- ✦ A de-risked pipeline, with **100% pre-letting and attractive characteristics**

Targeted and result driven Strategy

- 🎯 **Value creation** as a key driver: rental growth achieved through steady investments and **adequate capex plan**
- 🎯 Regular growth: **long term, inflation-linked cash flows with high predictability**

3 GOOD HEALTH AND WELL-BEING Social impact

- 🏥 **Investments exclusively dedicated to healthcare and elderly care real estate** (acquisition, extensions, refurbishment...)
- 🏥 **Embedded positive social impact:** Icade Santé's activity contributes to increased accessibility of care and social benefits for the general population



Average lease term in France: 12 years



CSR and Innovation Committees with Health Operators



KEY DIFFERENTIATING FACTORS OFFERING A ROBUST PROFILE

STRONG FINANCIAL STRUCTURE

Important milestone's in Icade Santé's debt management

Rating

A BBB+ rating by S&P since 2019, anchored in the Group's rating

A first step in financial markets

An inaugural €500m bond issued in October 2019, largely oversubscribed

A monitored leverage

A « best in class » Loan to Value ratio : 36.1% at the end of June 2020
Strong Interest Cover Ratio of 8.1x at the end of June 2020

Active Liability management

Optimisation of cost of debt (-0.45% since 1 year) and its duration (+0.6 year since 1 year),
but also a reduction of shareholder loans

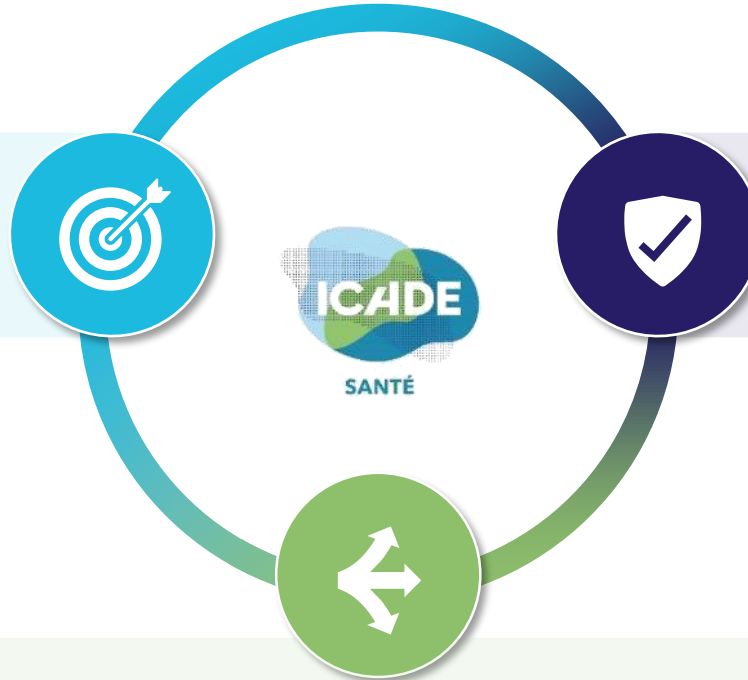


2.

ICADE SANTÉ'S STRATEGY

A DISCIPLINED INVESTMENT POLICY

Focus on healthcare assets
leveraging on leading position, tenant relationship & market trends



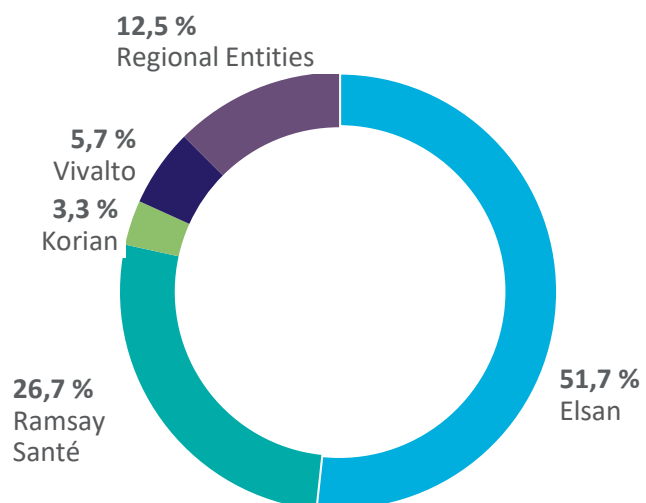
Attractive asset base
fueled by a 12 years growth story offering an undisputed market leadership

Continued Product diversification (long-term care) while keeping growth in existing markets

*Investment of €1.0bn by 2022
(Yield target = In line with market levels)*

A STRONG AND LOW RISK TENANTS' BASE

INDUSTRY-LEADING OPERATORS AS TENANTS



TENANTS' CREDITWORTHINESS: A SECURED & UNIQUE THREE-LEVEL UNDERWRITING SCHEME

Level 3

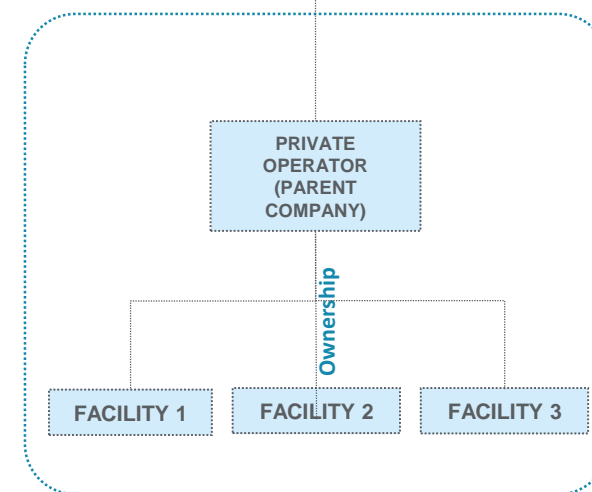
Enforceable claims on tenants' receivables from the french social security

Level 2

Irrevocable corporate guarantee of the parent company of each facility

Level 1

Lease agreement with each facility



LESSONS FROM THE COVID-19 OUTBREAK



MSO dedicated to the sanitary crisis

- ✓ Both public and private hospitals mobilized to address the COVID-19, under the ministry of health supervision



NH highly responsive

- ✦ **Nursing homes quarantined from as early as February in some cases**
- ✦ Over mortality reported estimated 14% for Korian in 2020
- ✦ **Expected return to pre-COVID-19 occupancy rate by end of 2020 or early 2021**



Massive support from public policies

- 🎯 Supportive financial scheme based on 2019 activity for the healthcare sector
- 🎯 **Ségur de la Santé : €19bn new investments announced in favor of the healthcare system + €8.2bn per year for increased wages**

3.

ICADE SANTÉ: AN EMBEDDED SOCIAL IMPACT



ICADE SANTÉ IS A KEY PLAYER IN THE FRENCH HOSPITAL CARE LANDSCAPE



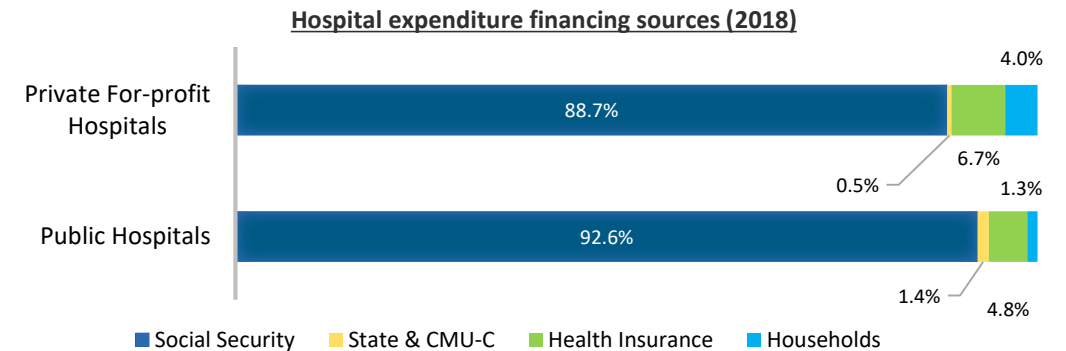
Historical **co-existence of private and public hospitals** in the French healthcare system (33% of procedures performed in the private sector)

- French hospital care **heavily regulated** by public body ARS* which assess need for care and grant operating licenses (very few authorizations granted and no new facilities allowed)
- Market prices set annually by French State (« T2A »)**. Reimbursement rate based upon a nation-wide tariff list for all hospitals (public and private)
- Even private care largely covered by the **French Social Security**
 - Rest covered by health insurance and CMU-C
 - Household contributes for a very limited part (c. 4%)
- Icade Santé provides about 1/5th of all beds and places across the private sector**

*Autorité Régionale de Santé

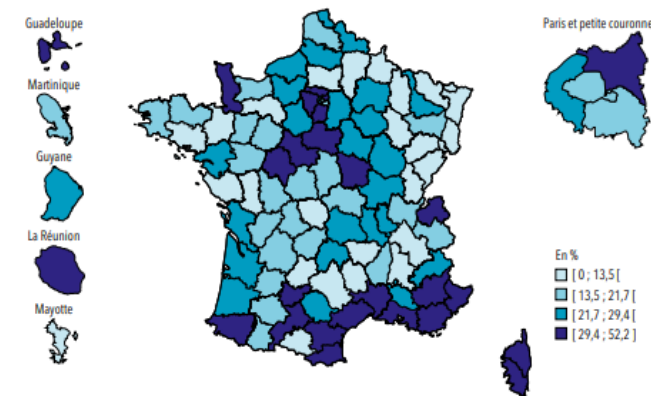


Even for private hospitals, the bulk of the revenue is publicly financed



The for-profit private hospital sector is represented in all the French territory

Private for-profit sector share (as % of full and partial capacity in 2018)



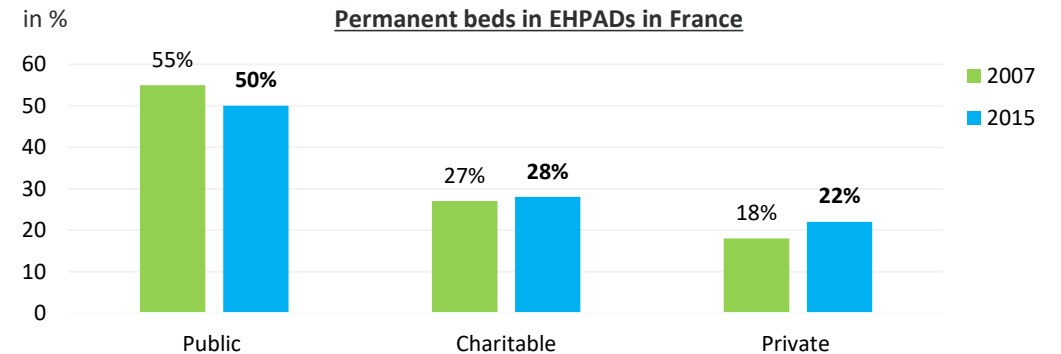
ICADE SANTÉ MEETING GROWING DEMAND FOR ELDERLY CARE FACILITIES



Final users (residents) categorized based on their dependency levels (GIR), ranking from 1 (total/severe dependency) to 6 (total autonomy)

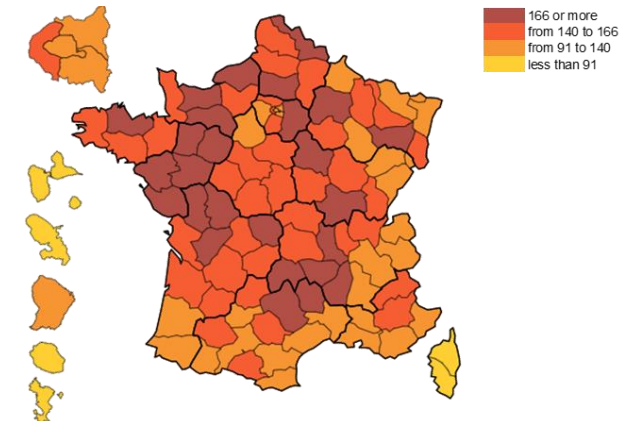
- "EHPAD (Etablissements d'Hébergement pour Personnes Agées Dépendantes") are dedicated to **dependant elderly people**
- **Highly regulated by French law** (both public and private elderly care)
 - New beds openings are initiated by public authorities and awarded through a tender offer process under strict control of ARS
- **New legislation** on dependency expected to **benefit private sector players**
- Rising life expectancy creates strong demand for elderly care services, leading to a natural **shift towards the private sector**
- **Since 2018 Icade Santé has diversified its investment in EHPAD and owns 24 facilities totalling 2,130 beds**

French EHPAD capacity is shifting towards the private sector



There is needs for EHPAD facilities across all the French territory

EHPAD distribution by territory (no. of places per 1000 people over 75 years old)



SOCIAL IMPACT AT THE CORE OF OUR PROJECTS

2019-2022 Icade Santé's social commitments

Territorial cohesion and inclusion

- Adapting real estate solutions to help healthcare operators improve the quality of patient care.
- Developing a "Quality of Life Charter" setting out the quality requirements for investing in nursing homes.



Assisting operators in improving their CSR performance and integrating social innovations

- Set up CSR & innovation committees with at least **70%** of healthcare operators by 2020.
- For HQE-certified projects, ensure that at least **75%** of floor space is composed of low-emitting materials starting in 2020.



Responsible procurement policy

- Implement responsible procurement charters on **100%** of the construction contracts.



2019 results

- Audit process to assess the quality of patient care.
- Icade's Charter finalised in 2019, currently tested as part of the acquisition due diligence process.

- **59%** of healthcare operators benefited from CSR & innovation committees in 2019.
- The objective was met in 2019, one year ahead of schedule.

- Objective met in 2019.



- ICADE SANTÉ'S CSR POLICY AIMS AT IMPROVING SOCIAL IMPACT OF ITS INVESTMENTS.
- INVESTMENT IN WELL-POSITIONED HEALTHCARE FACILITIES PROVIDING THE WHOLE SPECTRUM OF HEALTHCARE FOR THE POPULATION.



ADDITIONNAL MEASURES TO IMPROVE ENVIRONMENTAL IMPACT

2019-2022 Icade Santé's environmental commitments

Impact on Climate Change

- Monitor the energy performance of at least **75%** of healthcare facility operators starting in 2019.
- Offer solutions to improve energy performance for **100%** of extensions and major construction projects (façade renovations and sealing) starting in 2019.



Biodiversity

- Fund the restoration and preservation of **1 sq.m** of natural habitat for **1 sq.m** built as part of developing new projects starting in 2019 (Nature 2050 Program).



Circular economy

- Implement a reuse process for refurbishments over 3,000 sq.m starting in 2021.



Certification and labelling standards

- **100 %** of major new projects (>7.500 sq.m) HQE certified starting in 2019.



2019 results

- **76%** of healthcare facility operators covered in 2019.
- Objective met in 2019, with measures such as the improvement of insulation and the use of more energy-efficient materials.

- Objective met in 2019. 31,250 sq.m of biodiversity restored and maintained since the beginning of Icade Santé's contribution in 2017.

- Icade Santé is testing out the implementation of such measures in several pilot projects.

- Objective met in 2019.

4.

ICADE SANTÉ'S INAUGURAL SOCIAL BOND



ICADE SANTÉ'S SOCIAL BOND KEYS TAKEWAYS






A social issuer
by nature

- ✓ Focus on **healthcare assets**
- ✓ **Key player in the French healthcare system**, where the private sector holds a significant role
- ✓ **Social impact on the entire population of France**



Social impact

-  **Embedded positive social impact:** Activity oriented by itself toward improving social benefits
-  Invest to **deliver modern and cost-efficient care in line with CSR objectives**
-  Contribution to the **UN Sustainable Development Goals**



Greater
transparency
towards market
participants

- 🎯 Committing to greater transparency vis-à-vis investors and market participants
- 🎯 Supporting the **development of sustainable finance**, and the social bond market in particular





Alignment with
market standards

- Icade Santé's Social Bond Framework is **aligned with the ICMA's Social Bond Principles (2020)**
- Sustainalytics provided a **Second Party Opinion**
- Ex-post independent verification** of both allocation and actual eligibility
- Impact **reporting commitments**



USE OF PROCEEDS

Eligible Asset Categories

	Eligible Asset Category	Target Populations	Social Goals	Contribution to the UN SDG
Access to essential services	<u>Hospital Care Real Estate</u> <ul style="list-style-type: none"> - MSO clinics (Medicine, Surgery & Obstetrics) - MHE facilities (Mental Health Establishments) - Rehabilitation Facilities (Post-acute care and rehabilitation) - Medical Houses 	- People in need of medical care and support	- Improve the availability of medical care and the health situation of the population	 
	<u>Elderly Care Real Estate</u> <ul style="list-style-type: none"> - Nursing homes (EHPAD: Accommodation Facilities for Dependent Elderly Persons) 	- Dependent elderly people	<ul style="list-style-type: none"> - Improve well being and health situation of elderly people - Improve access to care and the quality of care for elderly people 	

Eligible types of expenditures

Eligible types of expenditures:

- Acquisitions of existing assets
- Construction/development of on-going or future assets
- Refurbishment and/or extension of existing assets



Eligible Geographies

Eligible Expenditures **located in France**

 **Icade Santé's inaugural Social Bond: refinancing of existing Eligible Expenditures not older than 3 years**

MANAGEMENT OF PROCEEDS AND PROCESS FOR PROJECT SELECTION



An amount equal to the net proceeds of the Social Bonds issue will be credited to Icade Santé's Treasury liquidity portfolio and earmarked to the (re)financing of existing eligible expenditures in line with the Use of Proceeds section of the Social Bond Framework



Allocation of net proceeds will be monitored by Icade Santé Social Bond Committee, who will decide annually on the earmarking of disbursements to eligible expenditures, including expenditures starting from 1st, January of each year

Icade Santé has established a Social Bond Committee (SBC) comprising:

- the CEO of Icade Santé
- the Chief Financial Officer of Icade's group
- the Head of CSR and Innovation of Icade's group
- the Head of Portfolio Management of Icade's group

REPORTING & IMPACT INDICATORS

Annual report until full allocation

Publication of an external third-party assurance on the satisfactory allocation of the net proceeds

A standalone report which will include allocation report and impact report

Allocation Report

- Allocated amount breakdown by Eligible Asset Category
- Breakdown of allocated amount by type of Eligible Expenditures (Capital Expenditures, Acquisitions, etc.)
- Proportion of financing versus refinancing
- Total amount of funds pending allocation



Impact Report	
Eligible Asset Category	Examples of potential indicators
Hospital Care Real Estate <ul style="list-style-type: none"> • MSO clinics (Medicine, Surgery & Obstetrics) • MHE facilities (Mental Health Establishments) • Rehabilitation Facilities (Post-acute care and rehabilitation) • Medical Houses 	<p>Beneficiaries</p> <ul style="list-style-type: none"> • Number of beds and places • Split of beds and places by type of activities (MSO, MHE, PAC) • Number of stays <p>Territorial Equipment</p> <ul style="list-style-type: none"> • Territorial impact Data (such as, for example, equipment rate of the territory or catchment area of the facilities) <p>Facilities Equipment Rate</p> <ul style="list-style-type: none"> • Number of equipment available (scanners, MRIs, operating theatres) • “Haute Autorité de Santé” – HAS (High Authority of Health) Certification (and level achieved)
Elderly Care Real Estate <ul style="list-style-type: none"> • Nursing homes (EHPAD: Accommodation Facilities for Dependent Elderly Persons) 	<p>Beneficiaries</p> <ul style="list-style-type: none"> • Number of beds and places • Occupancy rate <p>Territorial Equipment</p> <ul style="list-style-type: none"> • Territorial impact data (such as, for example, equipment rate of the territory for the elderly or catchment area of the facilities) <p>Facilities Equipment Rate</p> <ul style="list-style-type: none"> • Availability of UVP - “Unité de Vie Protégée” (Protected living Unit)

EXTERNAL REVIEW

Pre-issuance

Sustainalytics was commissioned as Second Party Opinion Provider to evaluate Icade Santé Social Bond Framework and its alignment with the Social Bond Principles (2020), as published by ICMA.

“Sustainalytics is of the opinion that the Icade Santé Social Bond Framework is credible and impactful and aligns with the four core components of the Social Bond Principles 2020”

Post-issuance

An independent auditor, appointed by Icade Santé, will verify annually:

- The proceeds allocated to eligible expenditures and the remaining balance of unallocated proceeds in accordance with the Management of Proceeds section of the Social Bond Framework
- The conformity of the eligible expenditures financed and / or refinanced by Social Bonds with the Use of Proceeds section of the Social Bond Framework



5.

EXAMPLES OF ELIGIBLE PROJECTS



EXAMPLE 1 – EXPANSION / RENOVATION : CLINIQUE SANTÉ ATLANTIQUE



- Budget 26,4 M€ incl VAT of which 19,5 M€ incl VAT on 2017, 2018 et 2019
- Renovation work in the existing area, in particular, the refurbishment of around twenty blocks
- Extension of 8 000 sq.m with :
 - Consultation and imaging platforms
 - A restaurant
 - An energy plant

- Operator : Elsan
- Location : Saint-Herblain (Loire-Atlantique)
- Activity / specialty : MSO Clinic
- Acquisition by Icade Santé in 2008 - extension and refurbishment works in 2017-2019
- Surface area: 40 597 sqm including 8 000 sq.m of extension
- Beds and places : 292
- Number of beds per 10,000 inhabitants in the *Département* (2017) : 49,7*
- Number of places per 10,000 inhabitants in the *Département* (2017) : 12,6**
- Number of stays : 74 040 ***
- Rankings and certifications :
 - HQE certification : Excellent level of the extension
 - 2nd in the Top 50 2019 ranking of Le Point and numerous rankings in various specialties
 - HAS certification (2019) : C****

*Metropolitan France average: 62,4

** Metropolitan France average : 10,9

*** Including Santé Atlantique –Bromélia

**** HAS rating from A to E

EXAMPLE 2 – DEVELOPMENT / EXTENSION : CLINIQUE DE DOMONT



- Development of a clinic dedicated to ambulatory surgery, with around 20+ specialties organised around 3 main sectors: orthopedic surgery, ophtalmologic surgery and digestive endoscopy.
- Blocs extension for a surface area of 200 sq.m in 2019

- Operator : Ramsay Santé
- Location : Domont (Val-d'Oise)
- Activity / Specialty : MSO Clinic - 100 % ambulatory clinic
- Completion in 2018, extended in 2019 by Icade Santé
- Surface area : 3 521 sq.m
- Bed and places : 34
- Number of places for 10 000 inhabitants from the *Département* (2017) : 8,5*
- Rankings and certifications:
 - Certification HQE: level Very Good
 - Ranking *Le Point* 2019
 - Orthopedic surgery : 13th
 - Knee Ligament : 30th
 - Certification HAS (2017) : A**

* Average France : 10,9

** Notation HAS from A to E

EXAMPLE 3 – ACQUISITION : EHPAD REFLET DE LOIRE



- Operator : Korian
- Location : La Chapelle Saint-Mesmin (Loiret)
- Activity / Speciality: EHPAD
- Construction in 2013
- Acquired by Icade Santé in 2019
- Surface : 4 293 sq.m
- Beds and number of places : 88 including one UVP (protected living unit)* of 13 beds
- Occupation rate: 98 %
- Number of places in the *Département* (for 1000 personnes aged 75 years old +) : 146**

* Unité de Vie Protégée = protected living unit

** Average France : 147

6. HÔPITAL
PRIVÉ
DE L'OUEST
PARISIEN

FINANCIAL PERFORMANCES AND CREDIT HIGHLIGHTS

COVID-19 : ICADE SANTÉ'S RESILIENCE PROVEN DESPITE THE HEALTH CRISIS

1

Robust rental income driven in part by 2019 acquisitions

- H1 2020 Gross rental income at €141.5m : **+9,5%** on a reported basis
- **+1.8%** like-for-like

2

Assets **100%** leased on long-term contracts

	Number of assets	% of portfolio fair value excl. duties	LFL (1)	Weighted average unexpired lease term (years)	Financial occupancy rate
Short- and medium-term care	108	94%	+1.8%	6.9	100%
Long-term care	24	6%	+1.5%	8.8	100%
TOTAL	132		+1.8%	7.0	100%

Impact of COVID-19

- Very limited impact on NCCF (c. €1m in H1 2020)
- Rents almost back to normal by the end of June



SOUND FINANCIALS, SUPPORTED BY DYNAMIC CASH-FLOWS

LARGE & SOUND PORTFOLIO

As of H1 2020

€5.0bn

CAGR vs H1 2019: +11%

PORTFOLIO GAV

100%

OCCUPANCY RATE

7.0 years

WAULT

SOLID CASH FLOW GENERATION

€263m

€236m FY 2018 (+11,4% YoY)

FY 2019 NET RENTAL INCOME

5,8%

7,3 % FY 2018 (-1,50% YoY)

FY 2019 EPRA COST RATIO

€213m

€191m FY 2018 (+11,6% YoY)

FY 2019 NET CURRENT CASH FLOW

STRONG BALANCE SHEET

As of H1 2020

1,65%

vs. 2.10% as of 30/06/2019

AVERAGE COST OF DRAWN DEBT AFTER HEDGING

>5years

5.7 years

AVERAGE DEBT MATURITY

+0.3 pts vs H1 2019

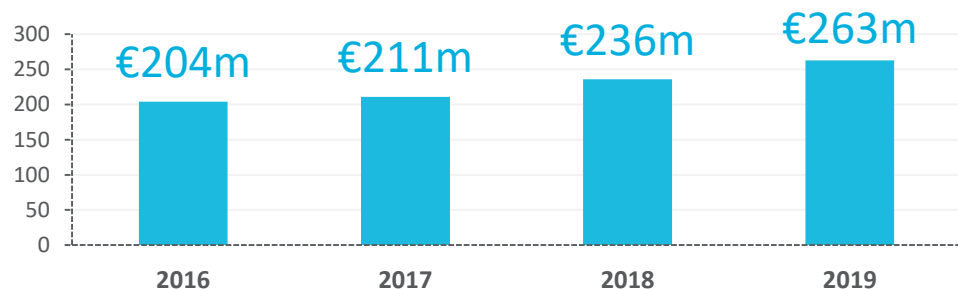
36.1%

vs. 33.9% as of 31/12/2019

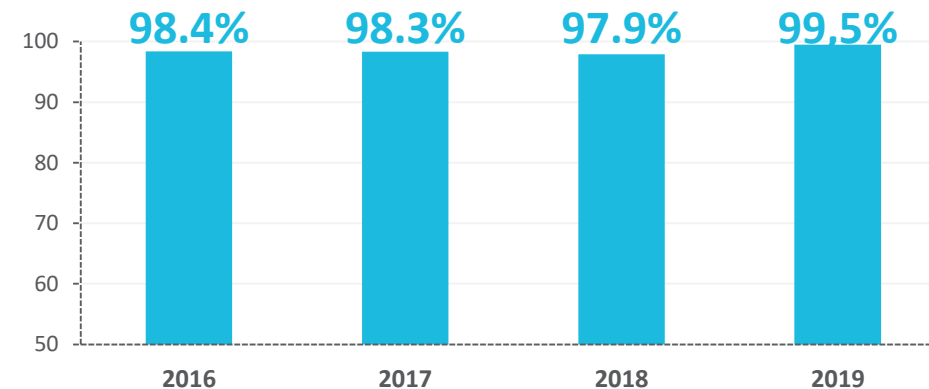
LTV

FINANCIAL HIGHLIGHTS: STRONG CASH-FLOW GENERATION

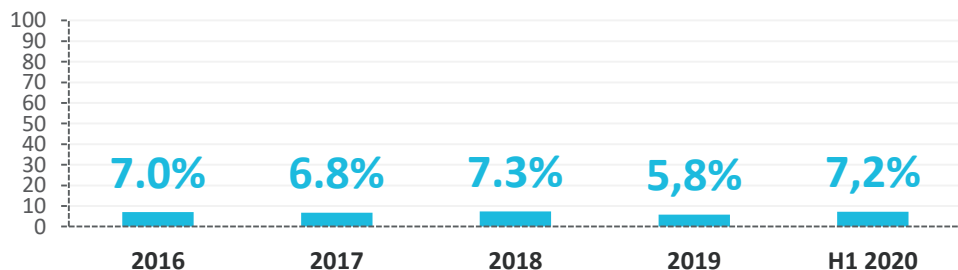
Net Rental Income: 8,9% CAGR over the past 4 years



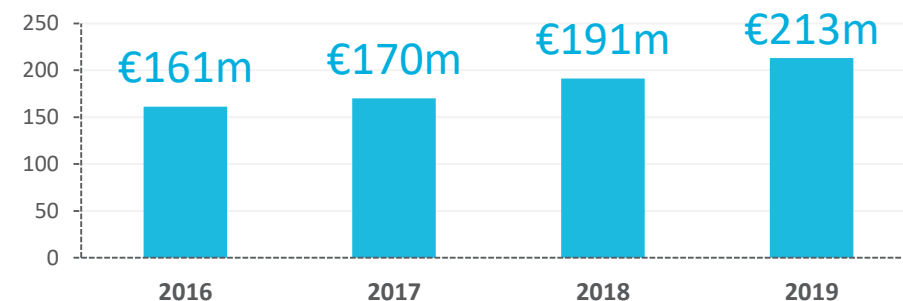
Margin rate (Net rental income / Gross rental income) close to 100%



EPRA Cost Ratio



RNR/NCCF: 9,8% CAGR over the past 4 years

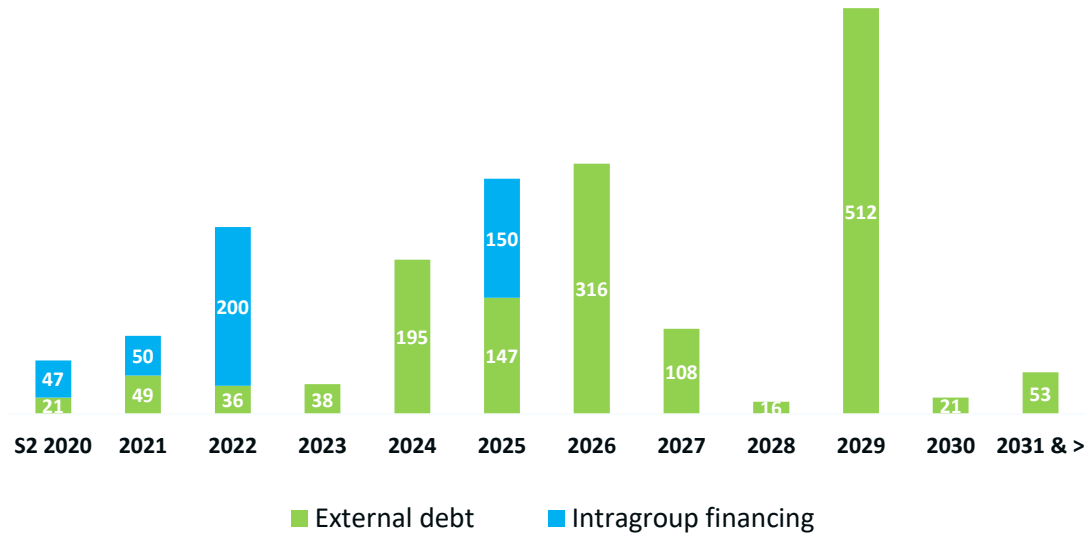


- STEADY GROWTH OF P&L METRICS OVER THE PAST 4 YEARS...
- ... ASSOCIATED WITH STABLE AND CONFORTABLE EBITDA MARGIN

A STRONG DEBT STRUCTURE (1/2)

Maturity schedule of drawn debt
(in €m)

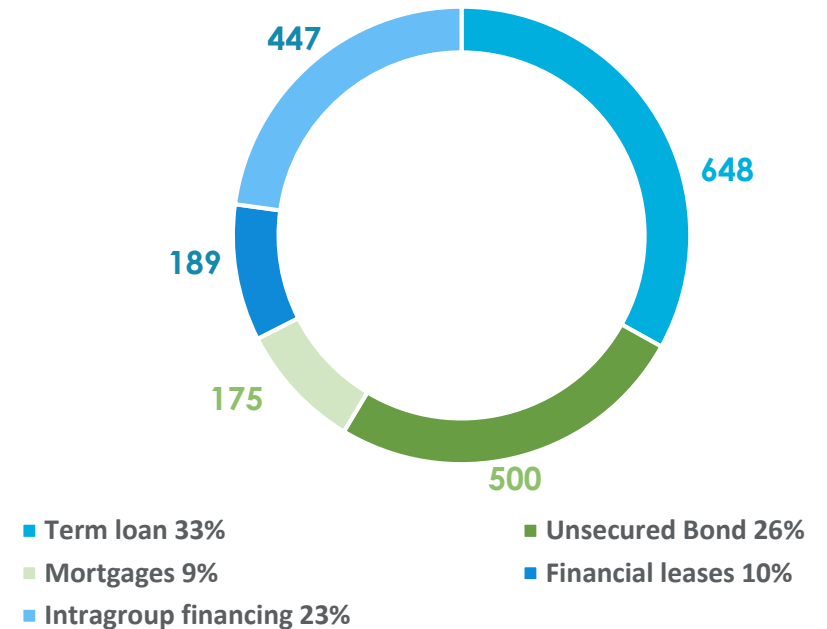
GROSS DEBT AS OF 06/30/2020 €1,959.0m



- HEDGED OR FIXED-RATE DEBT REPRESENTS 91% (AS OF JUNE 30TH, 2020)
- AVERAGE DEBT MATURITY ABOVE 5 YEARS AT THE END OF JUNE
- STRONG LENDER POOL (TOP TIER FRENCH FINANCIAL INSTITUTIONS)



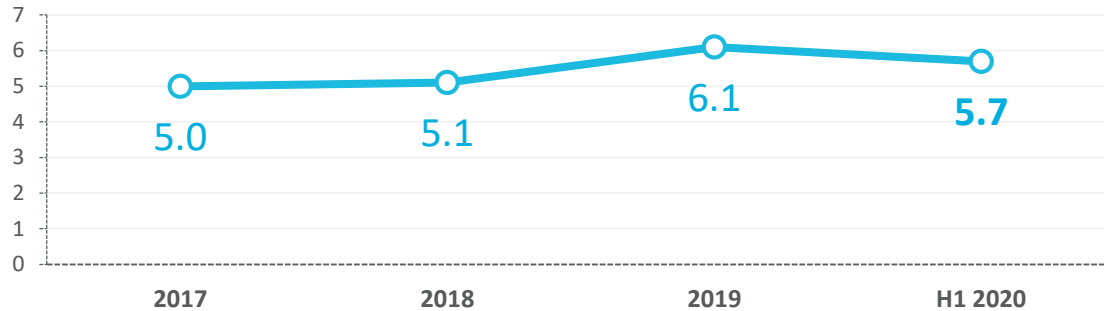
Diversification of funding sources
(in €m ; excluding accrued interest)



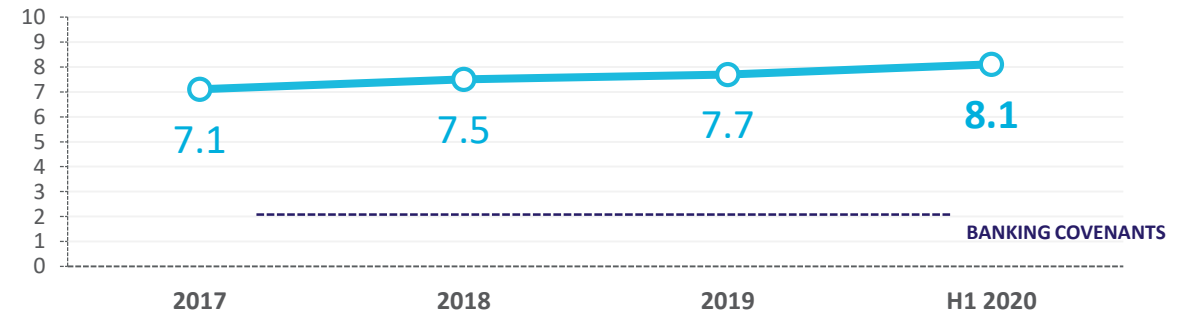
- DIVERSIFIED FUNDING
- 81% OF UNSECURED DEBT
- 52% OF DEBT GRANTED BY FINANCIAL INTERMEDIARIES
- INCREASE EXTERNAL DEBT FROM 40% IN 2015 TO 77% AT THE END OF JUNE 2020

A STRONG DEBT STRUCTURE (2/2)

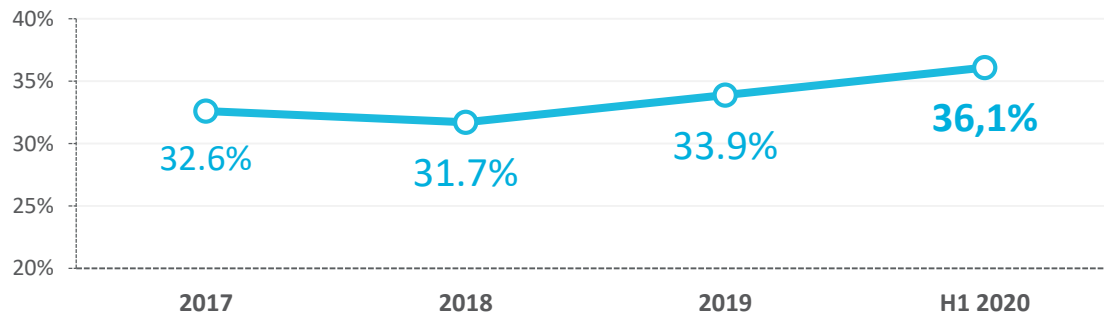
Average debt maturity above 5 years



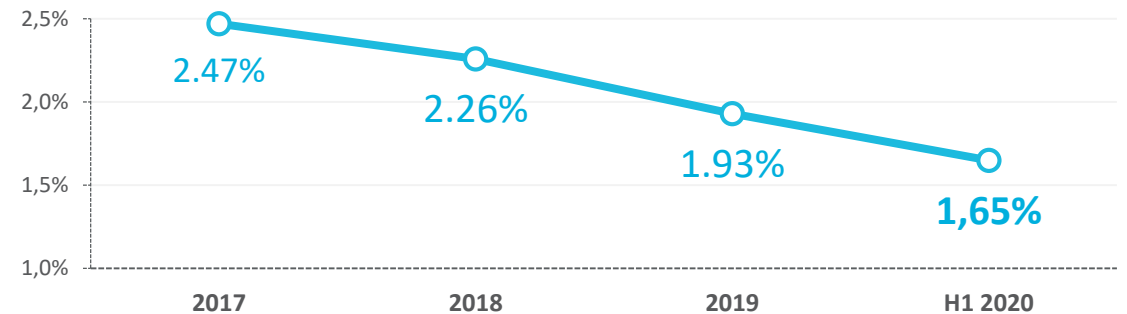
Robust interest cover ratio ⁽¹⁾



LTV ratio at 36.1%



Lower cost of debt



Notes:
(1) On a consolidated basis

- MATURITIES HAVE BEEN LENGTHENED ABOVE 5 YEARS WHILE COST OF DEBT REMAINS ATTRACTIVE
- LOW LTV RATIO LEAVING ROOM TO SUPPORT INVESTMENT GROWTH

FINANCIAL POLICY



LTV and ICR

- LTV ratio: aiming at c.40% end of the plan
- Maintain robust ICR level



Liquidity and hedging policies

- Hedging ratio: minimum 80%
- RCF line already in place



Optimizing financing structure

- Opportunity to access the bond market and increase the average debt maturity while taking profit of the low rate environment



Autonomy of the financing resources

- Rating and access to bond market
- Benefit from strong shareholders support



Dividend policy

- Pay-out ratio \geq 80% of NCCF

OVERALL, ICADE SANTÉ IS COMMITTED TO MAINTAIN A STRONG INVESTMENT GRADE PROFILE IN LINE WITH ICADE'S OWN STRONG BBB+ RATING

INDICATIVE TERMS AND CONDITION OF THE SOCIAL BOND ISSUE

Issuer	Icade Santé
Issuer's rating	BBB+ by S&P (Stable)
Notes rating	BBB+ expected
Notional amount	EUR Benchmark
Type	Fixed
Status of the Notes	Senior Unsecured
Maturity	10 to 12 years
Global Coordinators & Structuring Advisors	BNP Paribas, Natixis (B&D)
Joint Bookrunners	CACIB, CIC, Société Générale CIB
Documentation	Standalone
Specific clauses	Negative pledge, Change of Control, Make Whole call option, Clean up call (75%), 3m par call, Restrictions on Secured borrowings
Law	French
Listing	Euronext Paris Regulated Market
Denominations	€100,000 + €100,000
Use of Proceeds	The proceeds of the issue of the Notes will be earmarked to the refinancing, in whole or in part, of existing Eligible Expenditures in Eligible Asset Categories ("Social Bonds") as set out in the Issuer's Social Bond Framework (as amended and supplemented from time to time) (the "Framework") available on the Issuer's website ([insert weblink once available])
Target Market	Manufacturer target market (MIFID II product governance) is eligible counterparties professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as available to retail in EEA or in the UK.
NetRoadshow	[]

A TOP-NOTCH HEALTHCARE REIT IN EUROPE

**A unique credit signature on the French healthcare real estate market
BBB+ rating confirmed by S&P in July 2020**

MARKET

**Supportive trends in the French
healthcare market**

UNIQUE
PORTFOLIO

**Diversified and qualitative
portfolio of real assets**

MODEL

**A robust and stable investment
property business model with high
predictability of cash flows**

SUPPORT

A sound ownership structure

**An ESG bond which funds Icade Santé's growth and channels capital to
the healthcare sector**



APPENDICES

Résidence Valois

Résidence médicale
pour personnes âgées

▲ Accueil

← Accueil de jour

SPEAKERS

TEAM A



Victoire AUBRY

Executive committee member in charge of Finance and IT – CFO of Icade

Victoire Aubry is a graduate from Dauphine University and HEC Paris. After 10 years in the Investment Bank Ixis, she joined in 2000 the Caisse des Dépôts group Finance and Strategy Department. In September 2005, she became Head of the Performance Steering management team for CNP Assurances and in 2012, became a member of the Executive Committee in charge of Finance, Risk, IT systems, Purchases and Legal at Compagnie des Alpes. Victoire joined Icade on 1st September 2015 as a member of the Executive Committee, in charge of Finance and IT.



Etienne MAURER

Financial Director of Icade Santé

Etienne Maurer is a graduate from ISC Paris. He started his career in 1985 and then successively held several positions in securities management for life insurance companies and securities broker. Etienne joined the financing division of Icade in 1997 and successively held the positions of financial director of Icade Foncière Publique, director of financial structuring of Icade Pôle Equipements Publics and Santé. He became CFO of Icade Santé in 2014.

TEAM B



Xavier CHEVAL

Executive committee member in charge of Healthcare Investment division – CEO of Icade Santé

Xavier Cheval, 36 years old, holds a master of business administration from INSEAD (2016) and master of engineering from Centrale Paris (2005). He began his career in 2005 with EY as a consultant in project finance. In 2007, he joined Icade to establish and grow the nascent healthcare property division as an analyst and from 2009 as head of investments. Xavier Cheval was appointed Deputy CEO of the Healthcare Property Division on January 2017. On April 25, 2019, Xavier Cheval has been appointed CEO of Icade Santé.



Jean-Philippe CARRASCOSA

Head of Corporate and Financing – Finance Department Icade

Jean-Philippe Carrascosa joined Icade in 2007 and successively held the positions of Head of debt and Director of financing and cash management. Jean Philippe began his career working for Caisse d'Epargne Rhône-Alpes capital markets division. He subsequently served as an Actuary and then as Head of Financial Services at Locindus, a finance company specialized in real estate leasing.

SPEAKERS

TEAM A



Daphné MILLET
CSR Director – Icade

Daphné Millet graduated from the Dauphine University. She started her career in 2006 as an SRI analyst within Groupama Asset Management. She joined Icade in 2015 as CSR manager and has been CSR Director of Icade since 2017. She is a member of the Sustainability Committee of EPRA (European Public Real Estate Association) and of the Corporate Forum on Sustainable Finance.

TEAM B



Elsa COUTEAUD
Development Officer / CSR Manager of Icade Santé

Elsa Couteaud graduated from the Sorbonne University in urban planning. She completed her studies by a Master's degree specialized in Project Management and Real Estate Management from the ESTP. She has been in charge of development / CSR at Icade Santé since 2017.

A STRONGLY EXPERIENCED AND DEDICATED MANAGEMENT TEAM



XAVIER CHEVAL
CEO OF ICADE SANTÉ

Icade S.A.
represented by
Olivier Wigniolle,
Chairman



OPERATIONS
11 professionals



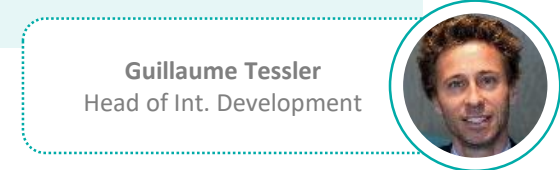
Philippe Ingouf
Head of Operations



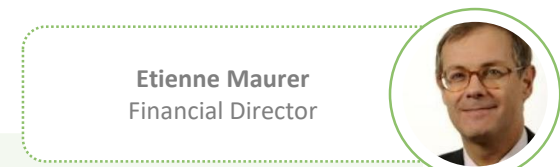
Benoit Fosse
Director

LEGAL / DEVELOPMENT
4 professionals

INVESTMENTS
5 professionals



Guillaume Tessler
Head of Int. Development

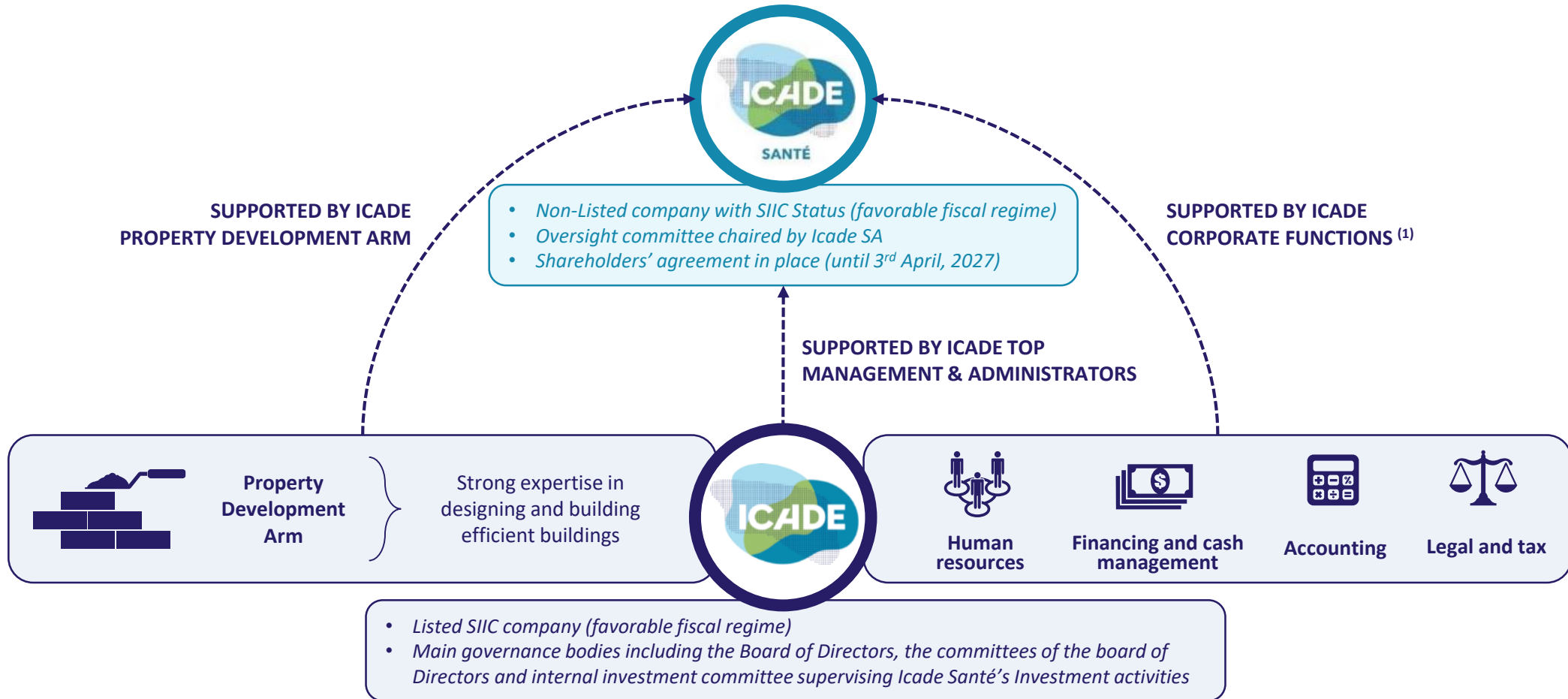


Etienne Maurer
Financial Director

FINANCE
3 professionals



ICADE SANTÉ AT A GLANCE: FOCUS ON RELATIONSHIP WITH ICADE S.A.

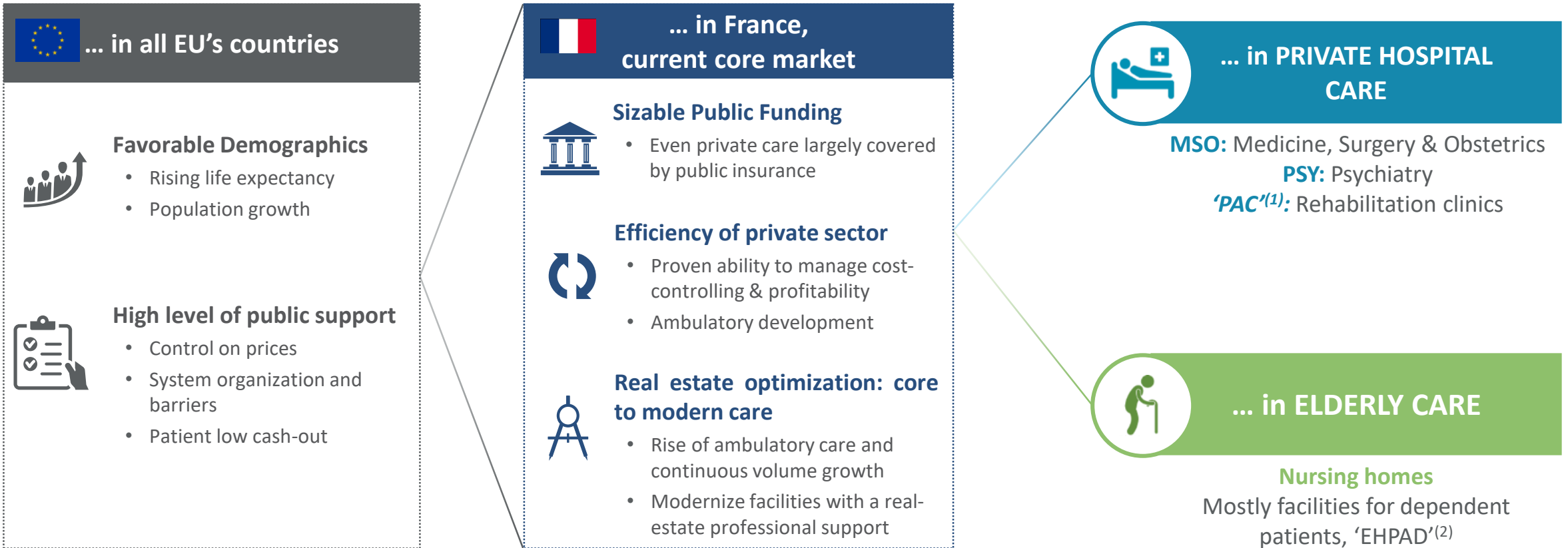


- ICADE SANTÉ GOVERNANCE PROCESS BENEFITS FROM ICADE TOP MANAGEMENT AND ADMINISTRATORS' EXPERTISE
- STRONG RELATIONSHIPS BETWEEN ICADE SANTÉ'S TEAM AND ICADE GROUP'S CORPORATE FUNCTIONS
- CONTINUOUS INTERACTION BETWEEN ICADE SANTÉ AND THE GROUP'S PROPERTY DEVELOPMENT ARM



Note : (1) Icade's group support to Icade Santé includes four areas of expertise and is subject to management fees

SUPPORTING TRENDS FOR ICADE SANTÉ ACTIVITIES



GENERAL TRENDS IN EUROPE AND FRENCH SPECIFICITIES CREATE STRONG DEMAND FOR HEALTHCARE SERVICES

EMBEDDED POSITIVE SOCIAL IMPACT

- Activity oriented by itself toward **improving social benefits**
- Invest to **deliver modern and cost-efficient care in line with CSR objectives**

Assisting operators in improving their social performance



CSR and Innovation Committees with Health Operators

“Quality of life” Charter launched in nursing homes

Audit process to assess the quality of patient care launched in its healthcare facilities

Partnership approach with Public authorities

25,165 



Social

Assisting customers in matters of environmental performance



Reduction of the CO₂ emissions intensity of Clinics on a like-for-like basis of 6% between 2017 and 2019

Integrating the best certification standards



Polyclinique Reims Bezannes



100% of major new projects have a HQE Certification with a level of Very Good or Excellent

Preserving biodiversity and promoting nature in cities



31,250 sq.m of biodiversity were restored and maintained in 2018 and 2019

Environmental

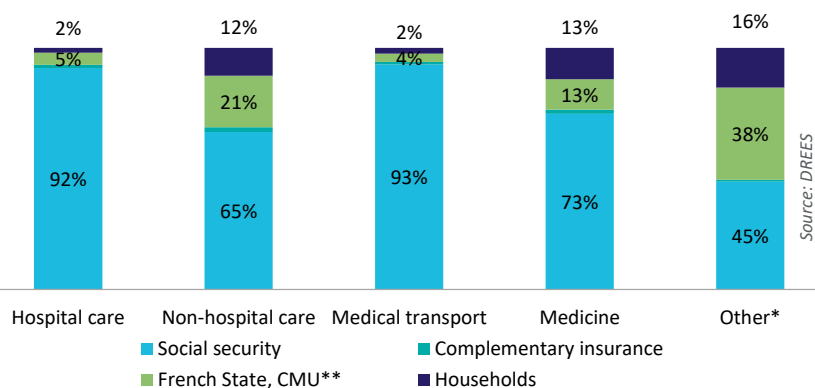


ICADE SANTÉ IS WELL ON TRACK TO MEET-UP ITS DEMANDING CSR TARGETS

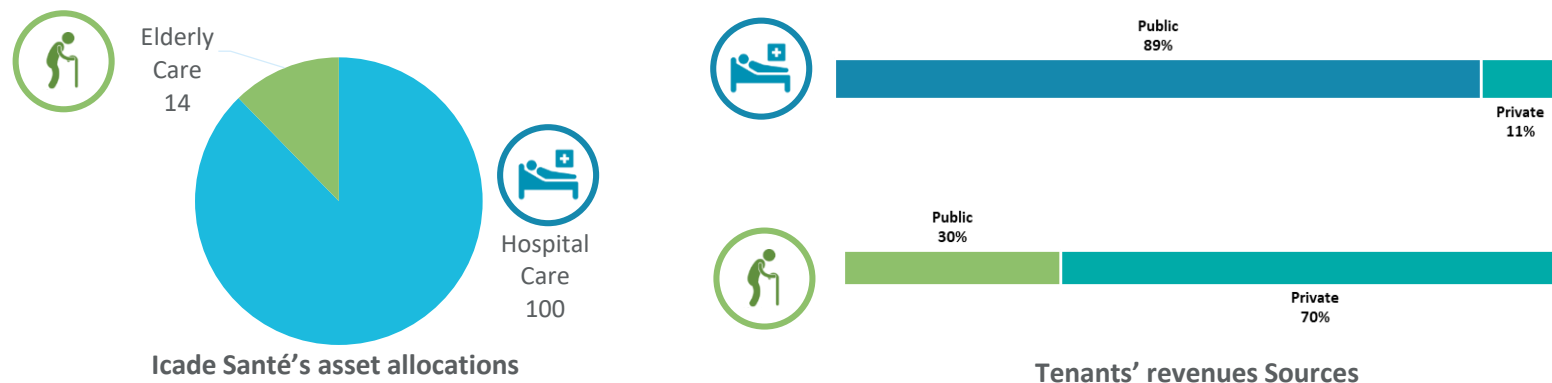
HEALTHCARE EXPENDITURES : A SOUND LEVEL OF PUBLIC COVERAGE

Very low Households' participation in healthcare financing

Consumption of medical care and goods (CSBM)



Icade Santé's tenants and their source of revenue



95%

of the French population is covered



64%

of the private sector employees covered by a collective complementary health insurance



93%

of the retirees covered under a collective agreement

- TENANTS' REVENUES MAINLY COMPOSED OF PUBLIC FUNDING, BOTH IN THE PUBLIC AND PRIVATE SECTORS
- IN ELDERLY CARE, ALL MEDICAL FEES ARE STATE-FUNDED, ONLY HOUSING IS MOSTLY FUNDED BY OCCUPANTS
- MOST LONG-LASTING DISEASES ELIGIBLE TO A 100% SOCIAL-SECURITY COVER

FRENCH MARKET: STRONG MOMENTUM AND HIGH BARRIERS TO ENTRY



HOSPITAL CARE

(MSO, PAC, PSY)

- Public hospitals and non for-profit organisation account for **76% of the beds vs. 24% for private hospitals**
- Number of beds defined by ARS¹ **with very few authorizations granted and no new facilities allowed**
- Market prices set annually by French State (« T2A »)
- Significant investments expected to introduce new technology, upgrade facilities and increase outpatient and ambulatory
- Call for efficiency driving growing market share of large private operators



ELDERLY CARE

(Nursing homes)

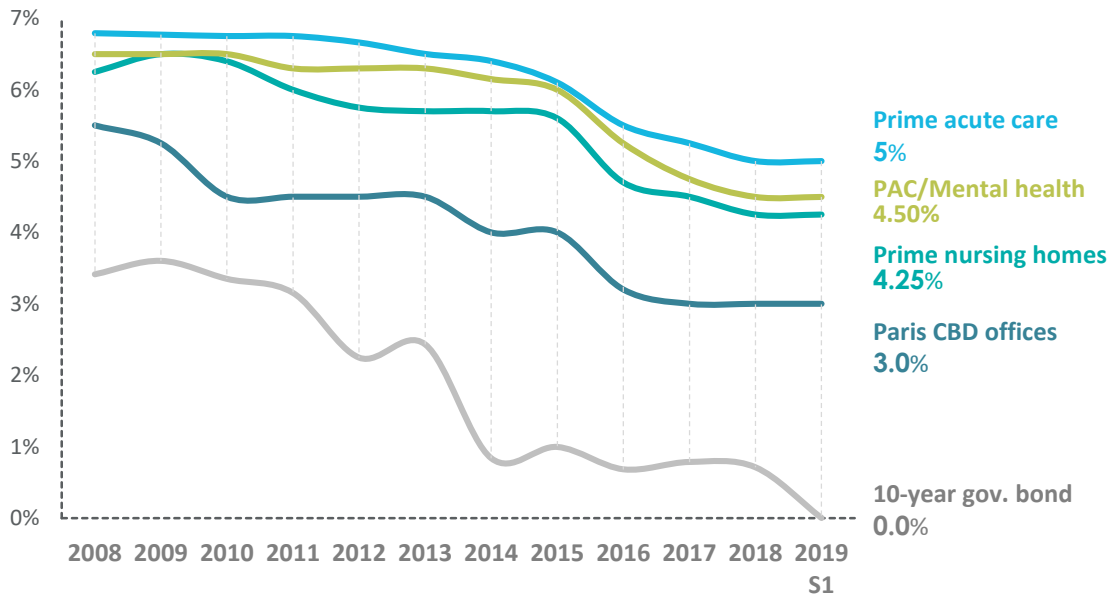
- Public hospitals sector account for **50% of the market**
- Number of beds defined by ARS **with very few authorizations granted since 2010**
- Market prices set annually by the State for 30% of the market and 70% is priced freely by operators
- Large private operators (both France- and foreign-based) **growing dynamically** in France and Europe
- Legal framework: **new legislation on dependency by the end of the year expected to benefit private sector players**

LOW RISK, LONG-TERM, NON-CYCLICAL ASSET CLASS WITH INFRA-LIKE CHARACTERISTICS

An attractive risk premium in France

- Stable prime yields in H1 2019 in healthcare
- Attractive yield with a risk premium of over **125 bps** to **200 bps** compared to Paris CBD offices

Prime yields (at period end)



Market data

LOW RISK

- Triple net leases
- **Lower volatility** compare to other real estate classes
- **Attractive risk-adjusted return**
- **Increasingly structured and liquid asset class** with track-record of 2nd hand transactions

LONG TERM

- **12-25 year lease term** in Europe
- **No break clause**
- **Options to extend**

NON-CYCLICAL

- **Continued healthcare spending growth** irrespective of economic cycle
- **Non-discretionary spending**
- **Captive tenants**

INFRA-LIKE

- **Regulated market with significant barriers to entry**
- **Controlled supply** (ARS authorization)
- **High income yield**
- **High margin** and 100% occupancy rate



THE ASSET CLASS IS ATTRACTIVE GIVEN THE LOW VOLATILITY OF THE HEALTHCARE DEMAND, THE NATURE OF OPERATORS REVENUES (MOSTLY PUBLICLY FUNDED) AND THE LEASE DURATION

PROCESS FOR PROJECT SELECTION (GOVERNANCE)

The Social Bond Committee is in charge of the governance of the Social Bond Framework, will meet at least once year and will be responsible of the following:

- Allocation of the proceeds of social bonds to eligible expenditures;
- Manage update to the Social Bond Framework;
- Monitor external reviews (Second Party Opinion and Independent Verifier);
- Review and approve the annual report;
- As the case may be, address changes in the list of Eligible expenditures in eligible asset categories earmarked to Social Bonds and put forward potential alternative eligible expenditures.

Icade Santé has established a Social Bond Committee (SBC) comprising:

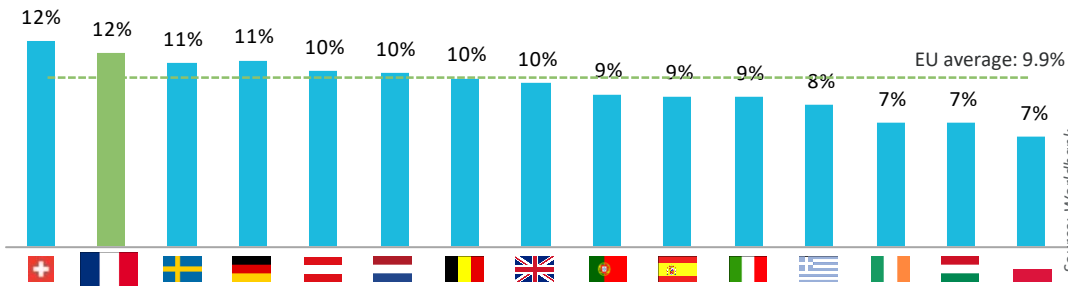
- the CEO of Icade Santé (Chairman of the Committee)
- the Chief Financial Officer of Icade's group,
- the Head of CSR and Innovation of Icade's group,
- the Head of Portfolio Management of Icade's group.

Eligible expenditures financed and/or refinanced through the net proceeds of the Social Bonds will be evaluated and selected by the Social Bond Committee.

FRANCE IS EUROPE'S 2ND LARGEST HEALTHCARE MARKET

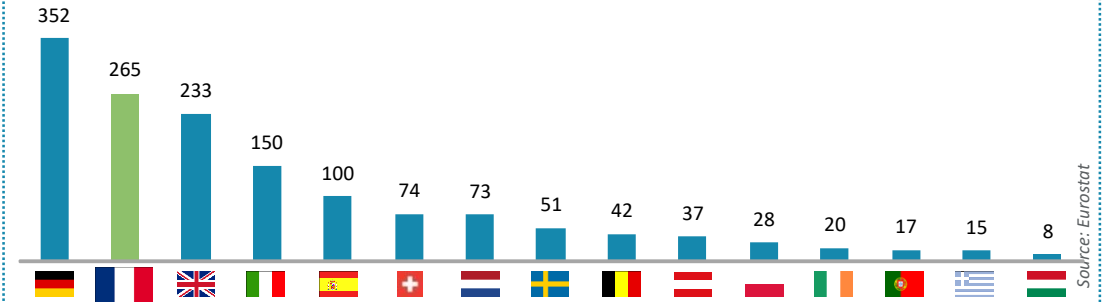
France allocates a significant share of its GDP to health expenditures...

Current health expenditure (% of GDP, 2016)



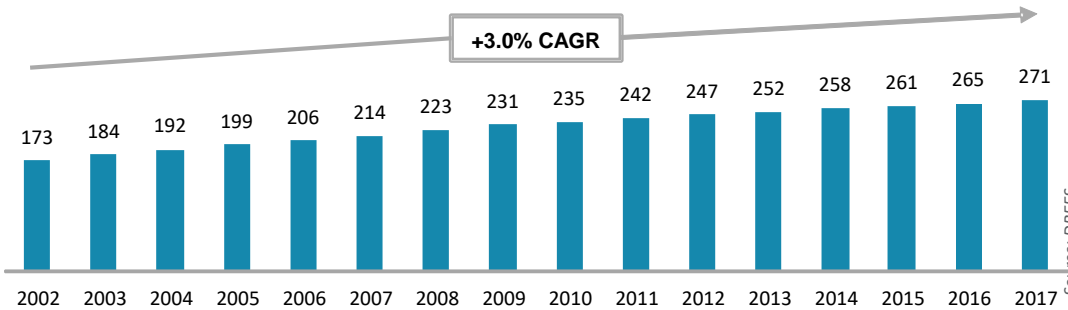
...and is Europe 2nd largest healthcare market

Current healthcare expenditure across the EU (€bn)



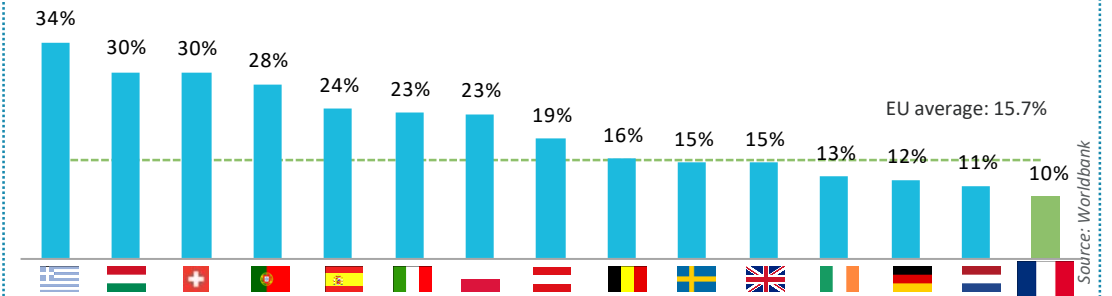
Current health expenditure growing steadily in France

Current health expenditure - France (€bn)



Only a fraction of health expenditure is paid for by households

Out-of-pocket expenditure (% of current health expenditure)



ICADE SANTÉ - LEADERSHIP IN SOURCING, DEVELOPING, ACQUIRING & MANAGING HEALTHCARE ASSETS

- **Demonstrated capacity to grow to >100 assets** in a **dozen years**, providing Icade Santé with a market leader position
- Ability to **see and participate in all commercial discussions** to source attractive and highly efficient buildings for its operating partners
- **Uniqueness of Icade Santé's expertise** thanks to its **close ties with the Group's Property Development arm**, strong know-how in designing and building efficient buildings meeting operators expectations
- Icade Santé's **capacity to be a key partner financially as well as technically** – through modernization, reorganization and optimization – is a key driver of its portfolio attractivity, and financial return.
- **Virtuous cycle** of Icade Santé's model: **long-term partnerships with tenants** allowing to match their operating needs and achieve organic operational growth

CASE STUDIES OF 2018 ACHIEVEMENTS

Croix du Sud – Ramsay Santé *Quint-Fonsegrives (Haute-Garonne)*



- Develop a **leading multi-disciplinary** healthcare **facility**
- **Reorganize** healthcare **services** and **merge three different sites into one**
- A medical project which sharply **increases the ambulatory surgery component**, expected to represent **70%**
- **Icade Promotion** worked **hand-in-hand with tenant** to **design** facilities

Nursing Homes - Résidalya *Le Grand Jardin (Le Lavandou, Var)*



- Seek to capitalize on the **rapid expansion** in the **nursing home** sector
- **Typical** nursing homes **sale-and-leaseback transaction following** a first call for tender and **disposal of 14 nursing homes in Sep. 2017**
- Tenant **externalization strategy** to **reduce** the **financial burden of real estate** investments

ATTRACTIVE LEASE CHARACTERISTICS FOR THE FRENCH MARKET

STRONG COMMON FEATURES

12 years

Usual lease term
With no break option

9-12 years

Renewal

Triple Net Leases

100% of charges (excl. maintenance)
paid by tenants

Art. 606

States that the landlord is responsible
for maintenance major works only



HEALTH SECTOR



MEDICAL-SOCIAL SECTOR

	Short-term care facilities – acute care (MSO)	Medium-term care facilities PAC/PSY	Long-term care facilities (nursing homes...)
Real estate	Mostly technical space & equipment more ambulatory care & reduced accommodation structures	Mostly accommodation structures with less technical equipment (easier to convert the properties)	Primarily accommodation structures little or no technical equipment (easier to convert the properties in urban settings)
Investment	+++	+	+
Operators	3 nationwide operators incl. 2 leaders (RS and ELSAN)	National or regional operators from the healthcare (RS) or medical-social segment (KORIAN / ORPEA)	About ten nationwide operators incl. 3 leaders (Korian, Orpea, DomusVi) rapidly expanding abroad
Index-linked rent reviews	ILC (commercial rent index) ¹		50% IRL (rent review index) + 50% nursing home fees
Yield <i>(prime assets at end of 2018)</i>	Higher yields <i>(Prime 5.0% incl. Duties)</i>	« Intermediate » yields <i>(Prime 4.50% incl. Duties)</i>	Yields driven by the LMP status <i>(Prime 4.25% incl. Duties)</i>

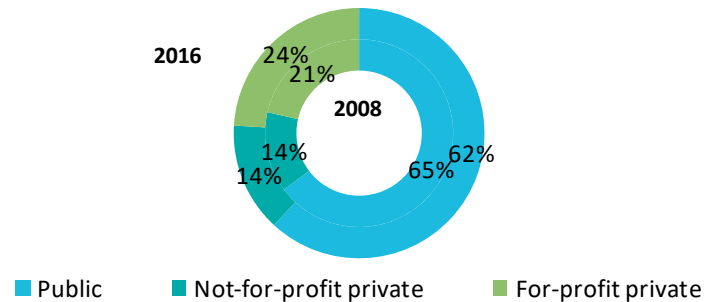
- **Very attractive lease profiles** which have favored the **rise of this alternative market** for real estate specialists
- **Long-term leases** (no longer than 12 years to avoid costly notary leases)
- **Similarly to retail, most charges are born by tenants**
- **Icade Santé** holds **the largest portfolio of MSO facilities** in France and is present **across all segments**. It benefits from **its expertise** in **satisfying complex building optimization**
- **Initial rent level determined in partnership with operators to match expected operational performance**



PRIVATE HOSPITAL MARKET: FUNDAMENTALS AND TRENDS

Private (for-profit) hospitals on a positive trend

Hospital beds by hospital ownership



2004 reform - "Tarification à l'Activité" (T2A)

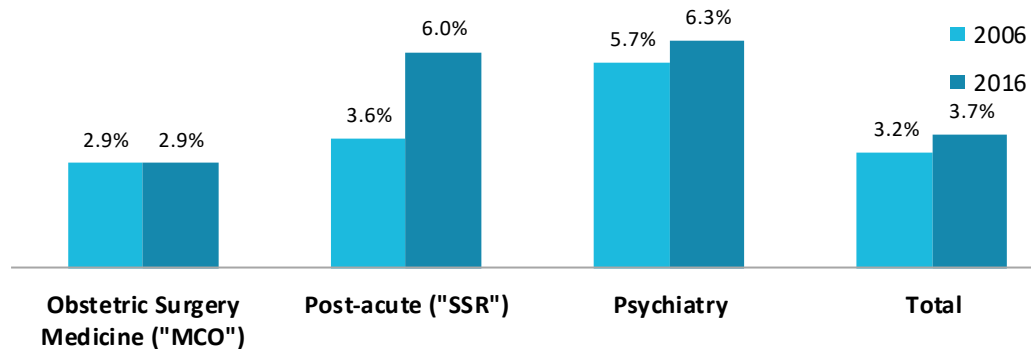
Before 2004

- **Public and private non-for-profit:** A global endowment for each hospital
- **Private for-profit:** Reimbursement based on a tariff list negotiated with the local authorities ("ARS")

After 2004

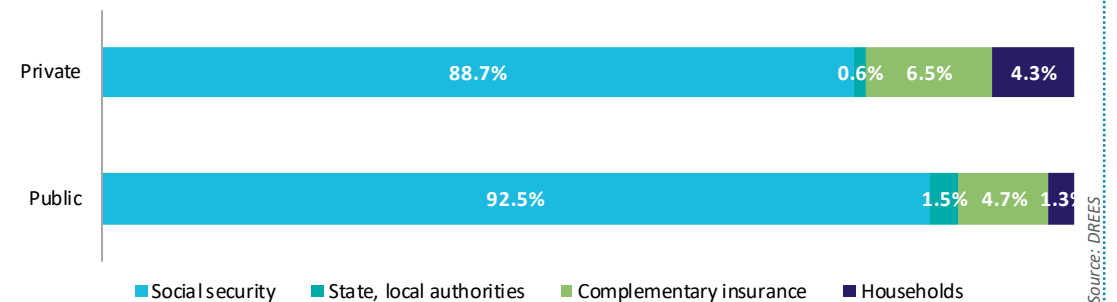
- Reimbursement rate of each service based upon a **nation-wide** tariff list
- Applies to all hospitals (public and private)

Net income (% of revenue) of private hospitals increases



Even for private hospitals, the bulk of the revenue is publicly financed

Hospital expenditure financing sources (2017)



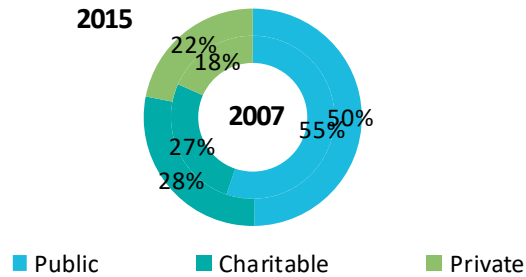
- PRIVATE HOSPITALS BENEFIT FROM A STRONG GOVERNMENTAL SUPPORT
- INCREASE OF THEIR MARKET SHARE WHILST MAINTAINING A LOW BUT STABLE PROFITABILITY



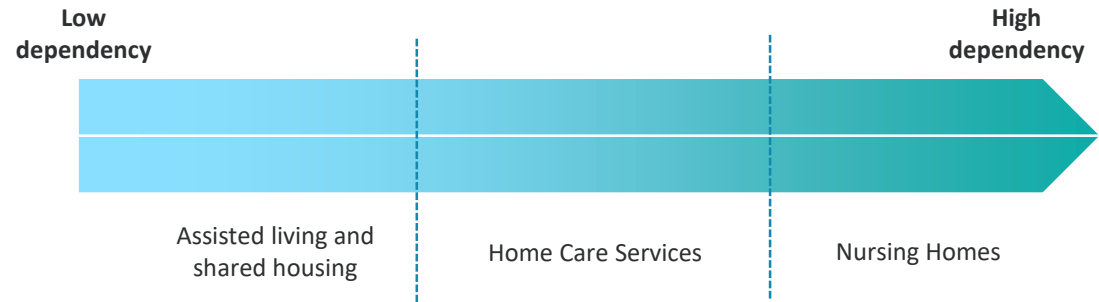
ELDERLY CARE MARKET: FUNDAMENTALS & TRENDS

French EHPAD capacity is shifting towards the private sector

Permanent beds in EHPADs in France



Elderly care encompasses a broad range of services



Since 2010, the French legal framework limits new bed openings, hence sustaining prices

- In France, health policy is set on a national level but coordination is regional
 - Before 2010:** EHPAD operators had to request the “Conseil Général” (local authority) and the relevant ARS (“Agence Régionale de Santé”)
 - Since 2010:** New bed openings are initiated by public authorities and awarded through a tender offer
- The new regulation had several consequences:
 - Bed volume growth stiffly decreased, hence sustaining prices
 - Existing EHPAD players are favored

France enjoys favorable pricing structure (nursing homes)

Share of nursing homes expenses



Accommodation / services	Dependency	Care
70%	10%	20%
Prices can be set freely by nursing homes operators May be eligible for public housing subsidies	Fixed on a yearly basis and regionally	French Social Security

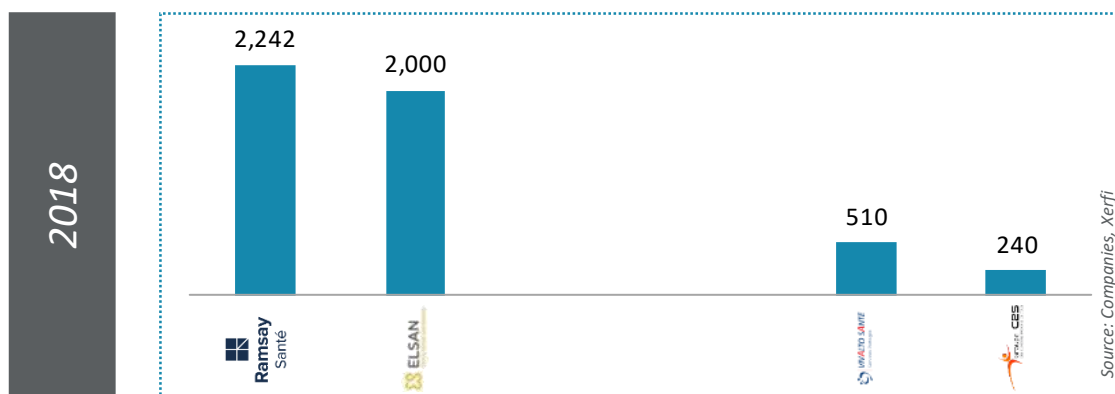
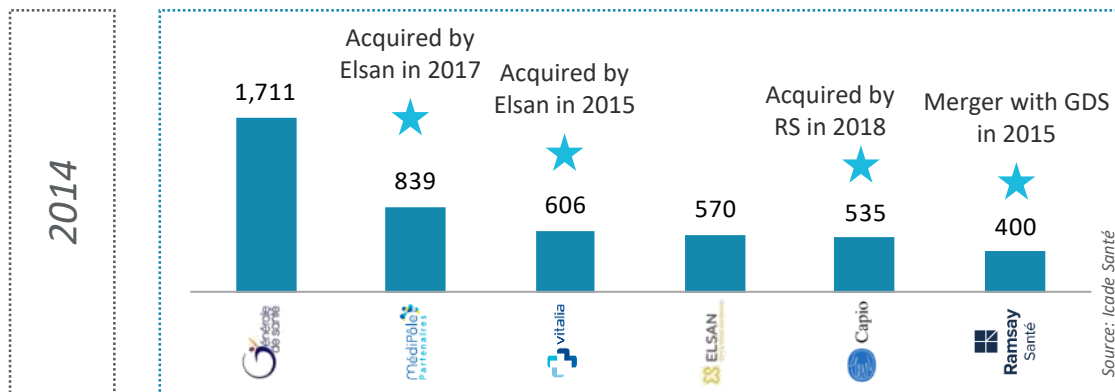
Source: Korian, FY18 annual report

- SECTOR IS SUPPORTED BY STRICT PUBLIC REGULATION AND PARTIAL REIMBURSEMENT
- EXISTING PLAYERS ARE FAVORED BY REGULATION, WITH FOCUS ON GROWING EXISTING ASSETS

SECTOR CONSOLIDATION LED BY OPERATING EFFICIENCIES AND ECONOMIES OF SCALE

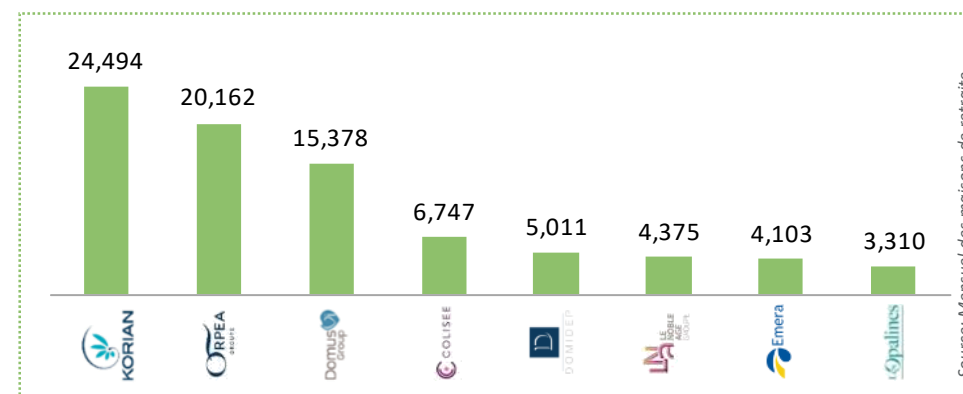
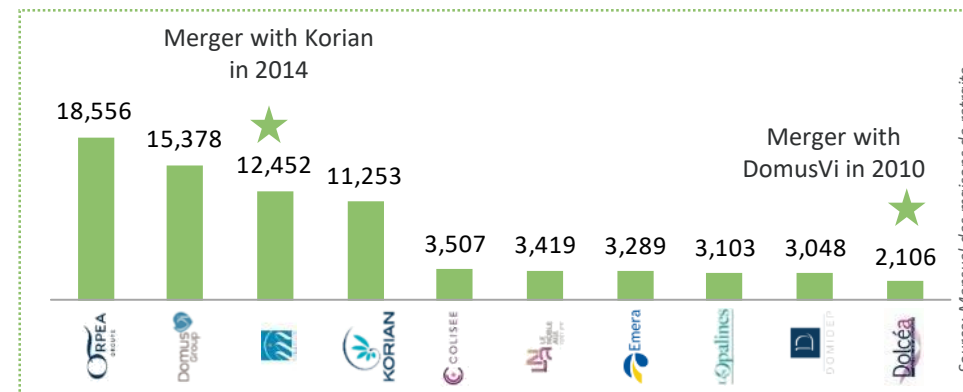
HOSPITAL CARE (France)

Revenue (€m)



ELDERLY CARE (France)

Number of beds

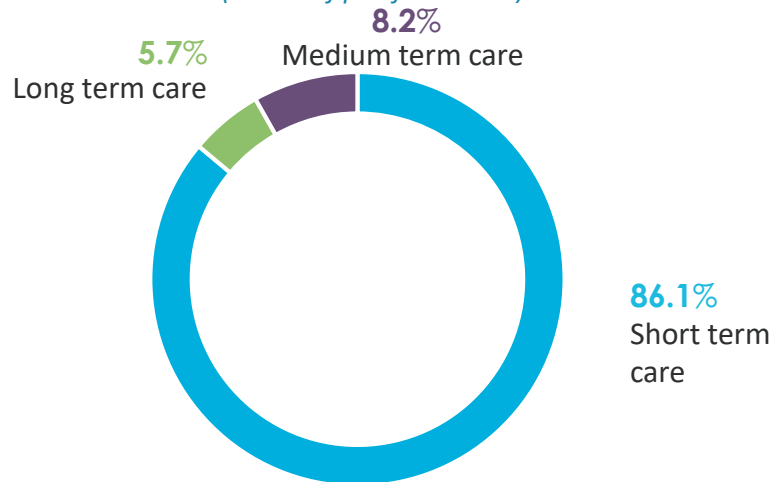


- THE HOSPITAL CARE SECTOR WITNESSED A FAST CONSOLIDATION GIVEN THE STRONG SCALE ECONOMIES IT ALLOWS
- FEWER PLAYERS NOW ENSURE A CRITICAL SERVICE TO THE FRENCH STATE MAKING THEM STRONGER TENANTS

PRODUCT MIX EVOLUTION

Product mix by segment as of June 30, 2020

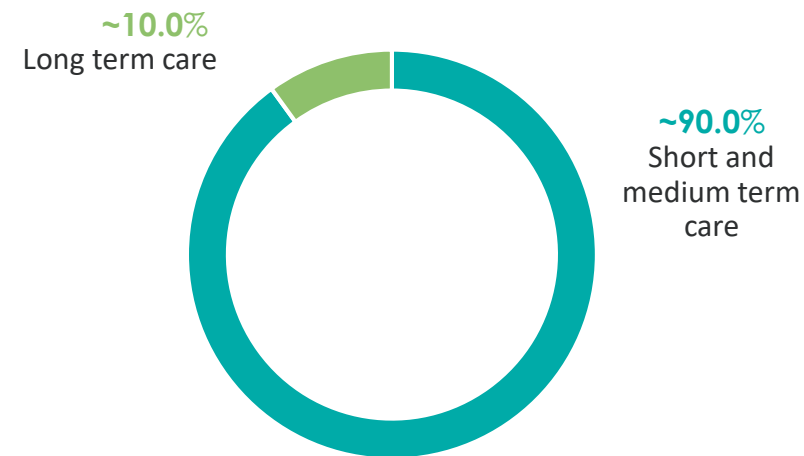
(as a % of portfolio value)



€5.0 BN
PORTFOLIO SIZE

Product mix by segment as of December 31, 2022

(as a % of portfolio value)



€5.5 BN⁽¹⁾
PORTFOLIO SIZE

- DIVERSIFICATION OF THE ASSETS PORTFOLIO INTO LONG TERM CARE...
- WHILE MAINTAINING ITS STRONG BASIS OF SHORT TERM CARE ASSETS

CONTINUED DIVERSIFICATION INTO LONG-TERM CARE FACILITIES IN H1 2019 (1/2)



Residalya – Granvelle nursing home, Besançon (Doubs)

Performance in H1 2019 buoyed by acquisition-led growth and completions in 2018:

Rental income up +12.3% at €129.3m

Renewal ⁽¹⁾ of 8 leases helping to extend WAULT to break to 7.6 years

Continued diversification into long-term care facilities

- Acquisition of **12** healthcare facilities including **7** nursing homes for **€191m** incl. duties

**STRATEGY IMPLEMENTED
IN ACCORDANCE WITH THE ROADMAP**

CONTINUED DIVERSIFICATION INTO LONG-TERM CARE FACILITIES IN H1 2019 (2/2)



Le Diamant nursing home (Korian) – Alençon (Marne)



Jardin Atlantique nursing home (Korian)
Le Pouliguen (Loire-Atlantique)



Villa Saint Do nursing home (Korian)
Bois-Guillaume (Seine-Maritime)

Continued diversification into long-term care facilities

- 7 nursing homes
- 4 PAC facilities
- 1 psychiatric facility

Leading operators: **Korian, Ramsay Santé, INICEA and SGMR**

Average unexpired lease term of **6 years**, with rental income generated immediately

Yield in line with market yield for comparable assets

→ Transaction completed in July 2019

**STRENGTHENED MARKET LEADERSHIP IN HEALTHCARE REAL ESTATE
WITH A PORTFOLIO OF 126 ASSETS AFTER THE ACQUISITION
FOR A TOTAL VALUE OF €4.7bn (EXCLUDING DUTIES)**

ICADE SANTÉ IS ABLE TO BUILD LONG-TERM PARTNERSHIPS



Parc Clinic (Hérault)



Private hospital de l'Ouest Parisien (Yvelines)



Le Mont des Landes nursing home (Gironde)



Claude Bernard Clinic (Val-d'Oise)



Porte Océane Clinic (Vendée)



Esquirol Saint-Hilaire Clinic (Lot-et-Garonne)

SHIFT TO EXTERNALIZATION: SUPPORTING OPERATORS TO FOCUS ON CORE GROWTH

Externalization drivers

- **Source of financing for core operations:** Selling assets provides cash to finance growth, medical equipment
- **Asset optimization:** benefit from REIT expertise in handling real estate asset: capacity to invest (capex), know-how in redevelopment, day-to-day property management and optimization of building consumption etc.
- **Optimal capital allocation:** real estate ownership is equity-consuming. Operators' shareholders may expect their resources to be focused on operating healthcare services, not owning assets

Similar trends as in retail, lodging or services: ownership of Real Estate is not core to operators' business model

Operators highlight their focus on operating facilities



“LNA Santé is not meant to own its buildings as the final objective is to lighten each operating company’s asset base and to dedicate the bulk of its resources to optimizing their operations” 2018, Registration document translated from French



“The group regularly engages a review of its long term real estate strategy to rebalance its activity towards its core operations as a provider of hospital care [...]. Under this frame, Ramsay Santé has externalized – in several waves – a share of its real estate portfolio” 2018, Registration document – translated from French

Shareholders of key players are not expecting real estate ownership as part of the strategy of their investments

- REAL ESTATE OWNERSHIP IS NOT CORE TO HEALTHCARE OPERATORS STRATEGY
- HENCE THE TREND TO EXTERNALIZE ASSETS, WHICH HAS LED TO THE EMERGENCE OF A NEW ASSET CLASS