NCA Seminar - 24 May 2016

Sector Landscape and Opportunities

Private & Confidential

Presentation by

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Who's presenting

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Specialties:
- With Christie & Co for over 15 years
- Elderly Care Transactions
- Specialist Care Transactions
- Regional Focus on the South East

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Specialties:
- Focus on Healthcare
- Strategic Business Reviews
- Commercial Due Diligence
- Feasibility Analysis
- Data Analytics
- Market Research

Who are Christie & Co?

80 years of progressive growth and development

80 years of progressive growth and development

Established by three Partners in London's West End in 1935

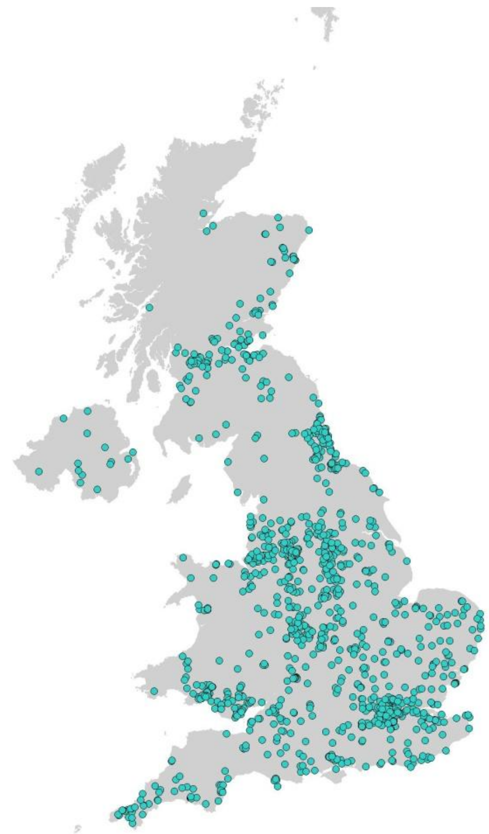
First International offices opened in Frankfurt and Paris in 1998

Corporate functions added to areas of expertise

Transfer from the London Stock Exchange in 1988 to the AIM (Alternative Investment Market) in 2005

Christie & Co today

- More than **250 professionals**
- **Leading** valuers, consultants and advisers
- **Specialists** across **7 sectors**
- Pan-European **multi-language** team
- **3,554** care businesses visited in 2015
- Care transactional market share of over **50%**
- Launch of the **Asia Desk** in 2015



Christie & Co Care Advisory Mandates 2015

We inspected on average 68.3 care homes every week during 2015 - this equates 18% of all registered provision

Christie & Co routinely sells more than 50% of all individually transacted care homes
(Source: Caring Business)

What we do

- Care
- Hotels
- Pubs
- Restaurants
- Leisure
- Retail
- Medical

Agency & Brokerage

- Sales and PR Strategy
- Maximise Pricing
- Marketing of the Asset
- Manage Deliverability
- Control Disposal Process

Valuation & Consultancy Services

- RICS Valuations (single assets to the largest portfolios)
- Strategic Reviews/ Options Analysis
- Commercial Due Diligence
- Operational/Performance Benchmarking
- Feasibility Analysis
- Development Appraisals
- Lease Consultancy
- Research Commissions

Investment & Development

- Securing Forward Funding and Forward Sales
- PropCo/OpCo/JV Structures
- Lease, Franchise, Management Contracts
- Investment Sales and Acquisition
- Operator Search and Selection
- Site Sales & Acquisitions

What we are talking about today

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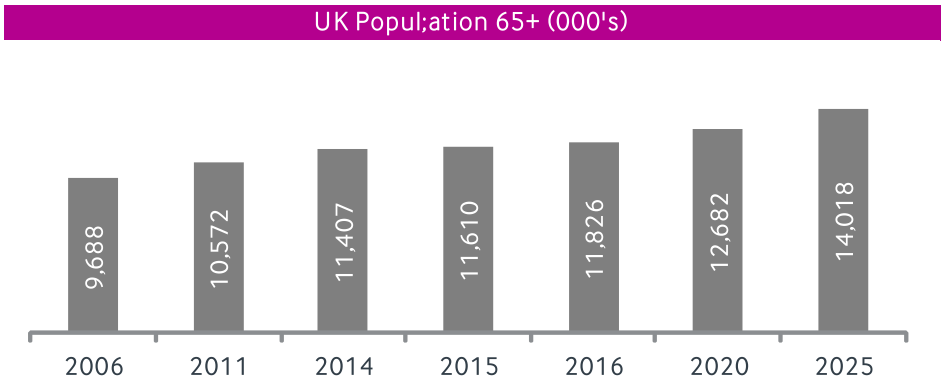
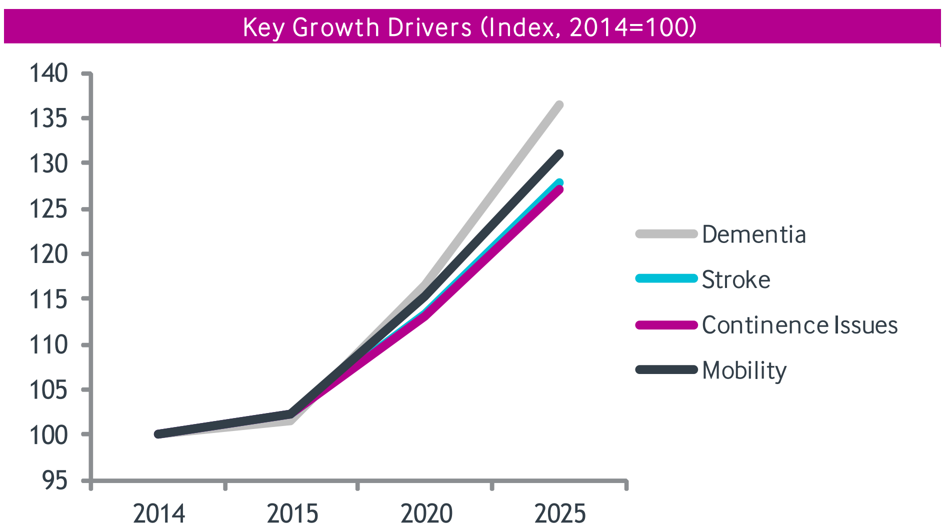
Elderly Care Sector – Demographic Drivers

Demand is driven by ageing population and growth in diagnosed conditions



CAGR
2014-2030

1.8%



CAGR
2014-2020

2.1-
2.6%

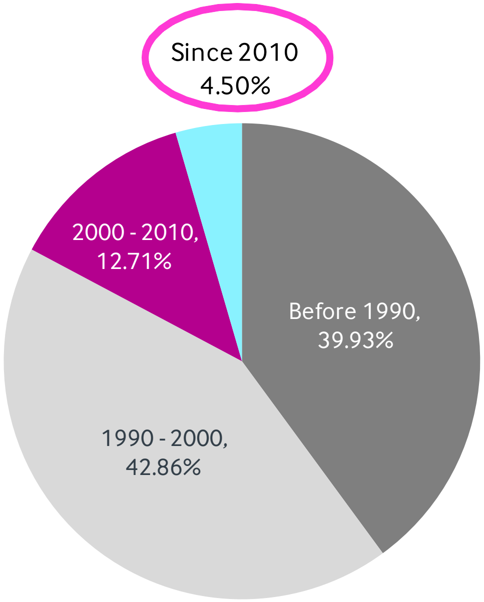
Source: Office of National Statistics, Institute of Public Care

Evolution of UK Care Homes

83% of Care Homes developed before 2000 with only 4.5% since 2010

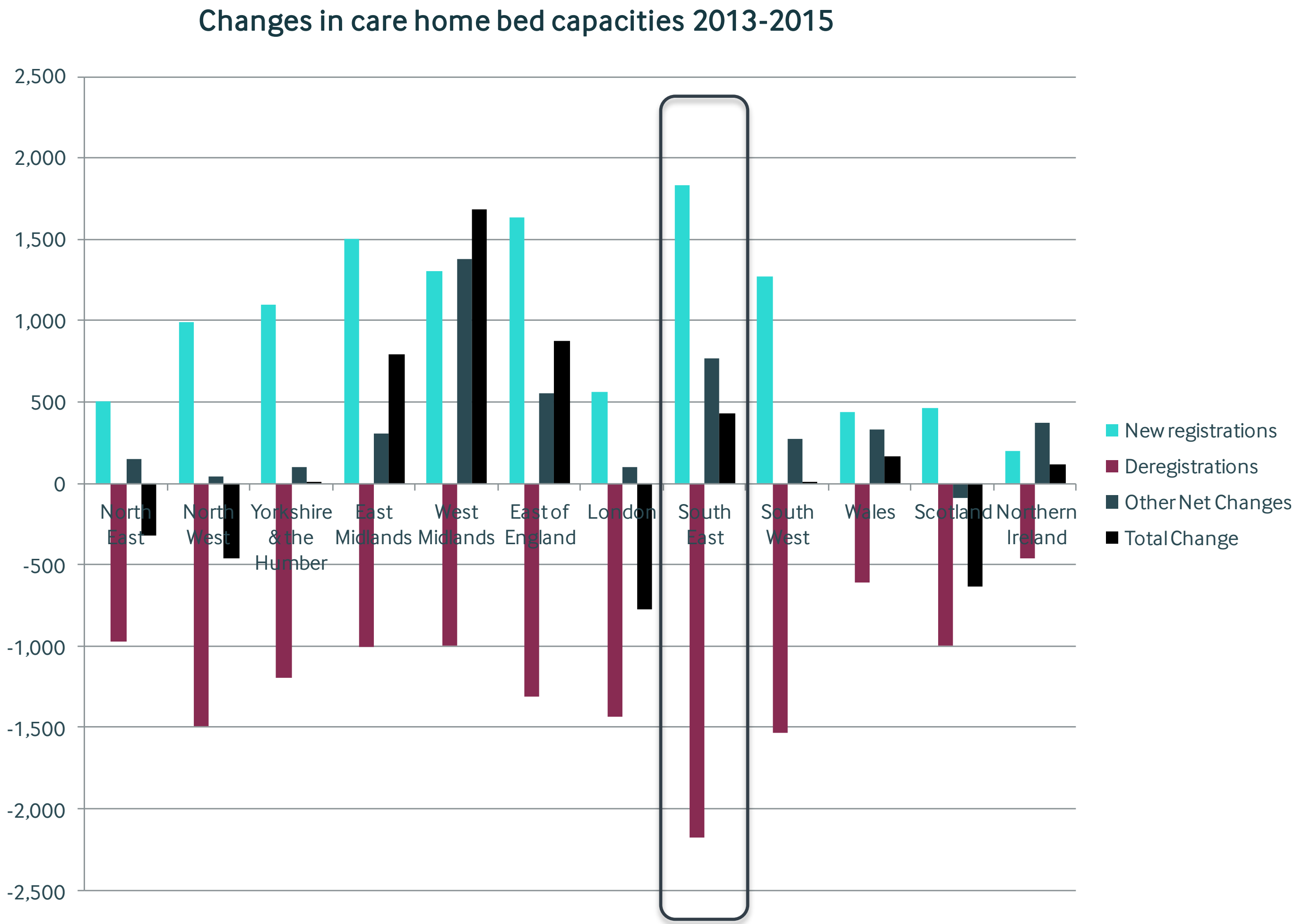
Residential Care Capacity UK, 1990-2014

Age of Care Home Stock - % of Capacity Open



Registrations in the South-East

More registration activity over the past two years than any other region



Today's Provision & Performance

High quality provision with good performance driven by private resident share

Elderly Care Home Provision

	Beds per 1,000 Elderly	En suite %	PB%	Avg Size
South East	44	72%	44%	34
UK	42	68%	52%	36

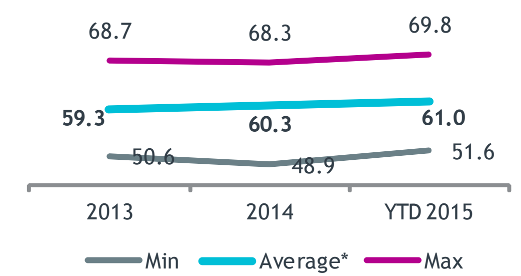
Elderly Care Home Performance

	Occupancy	Private resident %	AWF	EBITDARM per Bed
South East	89%	50%	733	7,181
UK	88%	40%	645	5,928

Market Challenges – Christie & Co Research

Average staff cost ratio of 61% with agency costs at 7.1% in 2015

Staff Costs / Revenue (%)



*Weighted Average

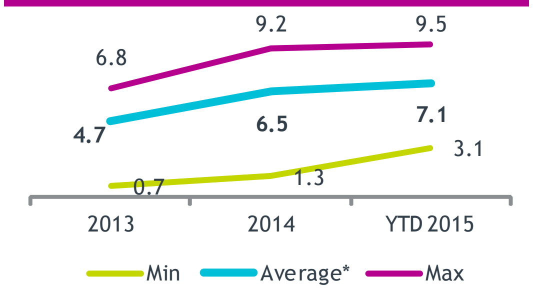
Source: Christie + Co Survey 2015

Average: 1.7%-ppts

Largest increase: 5.8%-ppts

Largest improvement: -2.2%-ppts

Agency Costs / Staff Costs (%)



Source: Christie + Co Survey 2015

Average %-change: 51%

Largest increase: 971%

Largest improvement: -26%

What is the impact of the NLW?

Where will LA fees be this year?

How are Specialist Care operators impacted?

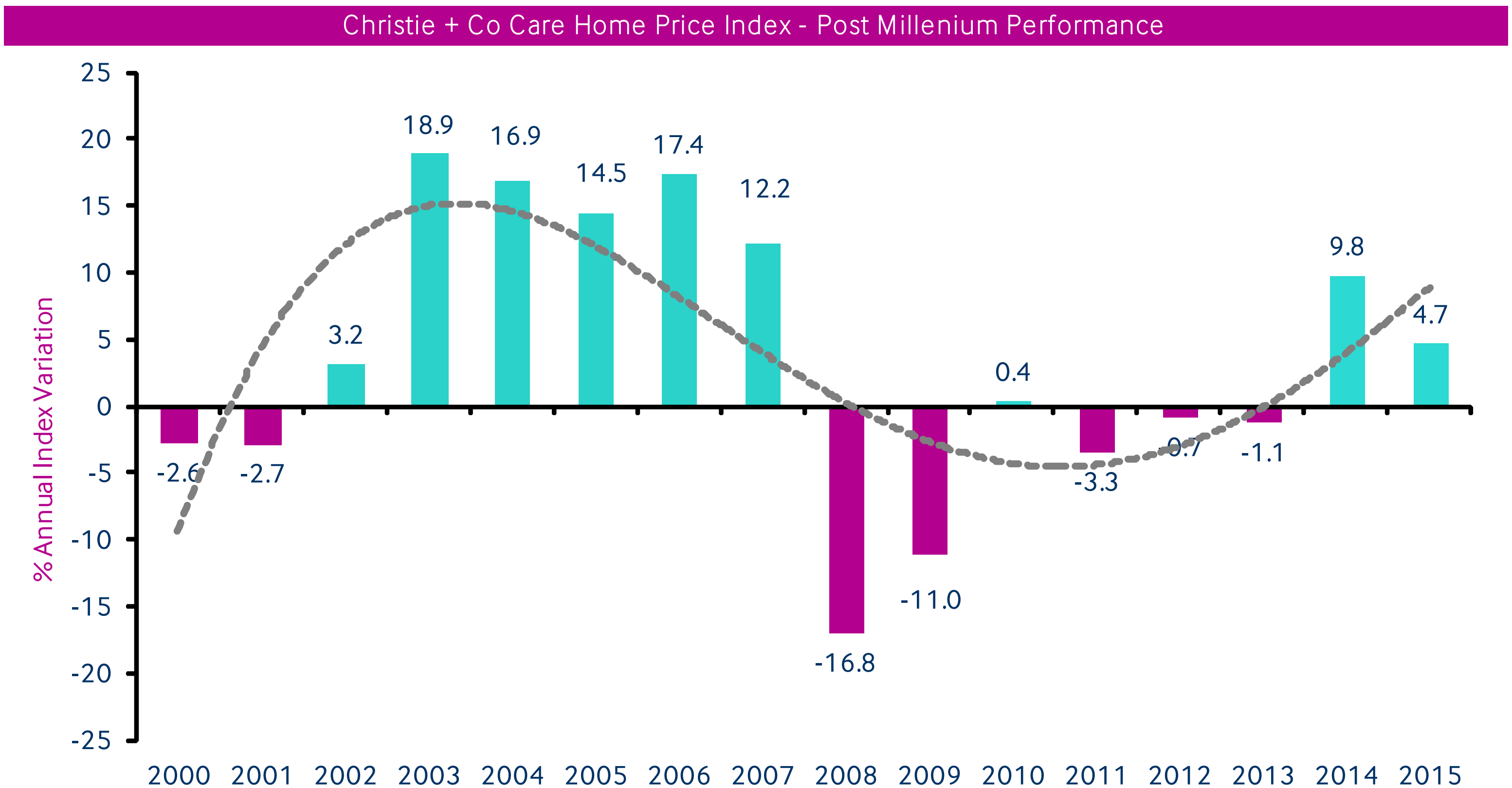
New Report

Funding, Staffing & the Bottom Line Impact on Adult Social Care

to be published July 2016

Average Price Trends – Christie + Co Price Index

2014 saw a material increase – fuelled by increased liquidity & buyer appetite



Source: Christie & Co Business Outlook 2016

Local Market Dynamics in the South East

Dynamic market with significant investor interest and good opportunities

What are investors looking for?

Opportunities to turnaround and add value vs Opportunities with good management run returns

Who is buying?

South East based First time operators with deposits of 40% attracted by returns available

vs

Existing local operators looking to build portfolios and achieve economies of scale

What is available?

Confidential Information Summary:

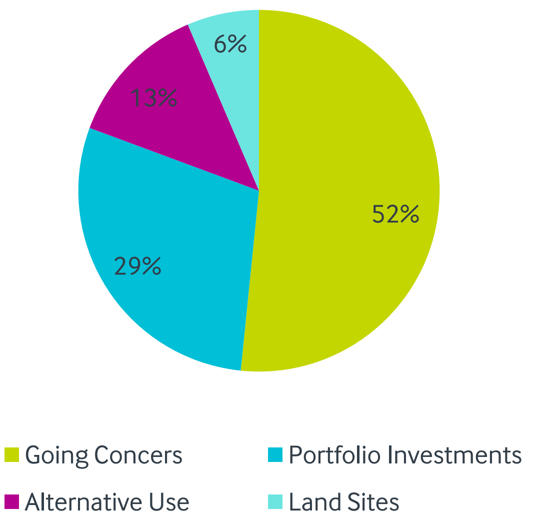
1. 21 Registration, Managed Home, Kent Coast **£650,000**, EBITDA £74K
2. 67 Registration, Managed Home, Kent Coast **£2.25m**, EBITDA £354K

www.christie.com for details of 17 homes in Kent

What has been sold?

Diversified transaction history with the majority being Going Concerns

Over the last 3 years, Christie & Co have transacted 31 Care transactions in Kent



Bowercroft, Maidstone

£995,000

18 Registration
EBITDA £158K,
sold to a first time operator

Keele House, Ramsgate

£1,100,000

31 Registration
EBITDA £155K,
sold to a first time operator

What Next?

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