

Xior acquires part of skyline Groningen and reaches 1 billion EUR portfolio in The Netherlands

Zernike Tower offers 698 brand new, up and running student units and will become Xior's largest asset

Estimated total investment value of approx. 91.5 MEUR



Antwerp, Belgium – 16 December 2020 – Xior Student Housing NV, the Belgian public regulated real estate company (RREC), specialised in the student housing segment in Belgium, the Netherlands, Spain and Portugal, announces the acquisition of the Zernike Tower (Groningen) from leading global investment firm KKR, which acquired and developed the site in 2018. This recently delivered (2020), eye-catching 74m high tower, which is already up and running and fully let, will add 698 independent units to Xior's portfolio, becoming Xior's number 1 asset. This flagship residence is strategically located, close to the city centre and just a two-minute cycle ride from the Zernike student campus of Groningen, one of the top 4 student cities in the Netherlands. The total expected investment value amounts to approx. 91.5 MEUR with a total expected yield of approx. 6%.



Xior Student Housing is proud to announce the acquisition of Zernike Tower, which ticks all of Xior's boxes: highly sustainable, newly built, carefully designed, fully operational & fully let, all of this situated on a prime location just a stone's throw from the popular Zernike campus and nearby the city centre of Groningen.

Groningen is known as one of the most bustling student cities in the Netherlands. With two main educational institutions, the Rijksuniversiteit Groningen ('RUG') and the Hanze Hogeschool Groningen ('HHG'), it is the 4th largest student city in the Netherlands and 2nd in terms of students not living at home. Of all students in Groningen, 14% are from abroad and their numbers are expected to grow. One reason for the high percentage of international students are the more than 120 English taught Master's degrees and over 35 English Bachelor programmes. Per 2020, about 60,000 students are living in Groningen, which is almost a quarter of the total inhabitants in the city. Zernike campus is one of Groningen's most popular campuses and all faculties are located at this campus, except the faculties of Law and Psychology which are located in the historical city centre. Zernike also houses sporting facility ACLO, with almost 19,000 members.

This brand new, 23 floor student tower, which recently opened in 2020 and achieved full occupancy shortly thereafter, offers 698 fully furnished independent studios. The asset has a total usable floor area of approx. 20,000sqm and comprises two separate buildings; one landmark tower with 467 long-stay studios and the adjacent four storey building with 231 short stay units. Next to the studios the Zernike Tower offers the following communal facilities for students to enjoy during their stay:

- 48 car parking spaces
- Communal courtyard
- Private dining room with panoramic view
- Superfast wifi
- Gaming area
- Laundry facilities
- Bike storage for over 700 bicycles
- Multiple quiet study spaces
- Spacious gym



This student residence offers an excellent combination of the nearby study facilities of the Zernike campus, sporting facilities of ACLO, and nearby essentials for day to day necessities such as a supermarket and local shops and the city centre of Groningen. The tower was built with an eye for sustainability: it has A energy labels and is also earth quake resistant to provide the best health & safety for the residents. In order to turn the tower into a true eyecatcher, a painting of Groningen famous artist H.N. Werkman was also incorporated into the buildings' window panels.

Through this acquisition, Xior is adding a third asset to its portfolio in Groningen, thereby strengthening its position in this large student city. Xior is already active in Groningen on the Oosterhamrikkade (180 units) and also with the residence "Black Box" located on Eendrachtsskade (283 units), elevating the total amount of student rooms in Groningen to 1.161. In one fell swoop, this acquisition will not only become the largest asset in Xior's portfolio, but will also lift Groningen to join the elite cities in which Xior has over 1,000 units. With this acquisition Xior also achieves a total real estate portfolio in the Netherlands of more than 1 billion EUR.

This property was acquired through the purchase of 100% of the shares in the real estate company involved including its subsidiary companies. The price of the shares in the property company is based on an agreed value for the property of approximately 91.5 MEUR, and the expected initial yield for the transaction is approx. 6%. The property has been completed in 2020 and has successfully been operated by Nido Student who quickly achieved full occupancy. By acquiring the property company the operational

company will also be taken over and Xior will fully operate this property under the Xior brand, immediately generating rental income. JLL, Loyens & Loeff and Deloitte advised the seller in respect of this transaction. Van Doorne and Sincerius assisted Xior in completing the acquisition.

As of 30 September 2020 Xior's debt ratio stood at 53.62%. After this transaction the *pro forma* debt ratio will stand within the long term debt ratio target range of 50-55%.

This *pro forma* debt ratio calculation includes the effects of the following elements, starting from the 30 September 2020 debt ratio:

- i. the results from the ordinary course of business and commitments becoming due, until 30 November 2020;
- ii. the capital increases resulting from the contribution in kind of 365 Rooms in Brussels and the ABB;
- iii. the acquisition of Zernike Tower;
- iv. the currently projected maximum effect of the change in the Dutch real estate transfer tax (we are still awaiting a number of valuations to finally assess this but it is clear that it will be lower than the maximum impact communicated earlier, which was a 1.7% rise in debt ratio); and
- v. a downward adjustment in the valuation of a Belgian retail property which is currently given out in a long lease (*erfpacht*). As previously reported, the tenant of this property has, as a result of the COVID19 crisis, incurred liquidity problems and had initiated a judicial reorganization procedure¹. In the course of this procedure it has become clear that the long lease will be terminated as part of a settlement agreement to be finalized between Xior and the tenant, which should allow Xior to recuperate a larger than initially estimated portion of the outstanding rental amount from this tenant. As a result of the expected end of the long lease, however, the property has been re-valued on the basis of the estimated rental value of the property, which, as a high street retail property (with a potential alternate use as an office), is, of course, currently affected by the COVID19 crisis in a way that the rest of our portfolio is not. This downward adjustment had an effect of ca. 0.3% on the *pro forma* debt ratio;
- vi. the projected impact of the further closing of the Uhub transaction, which is planned to take place later this year².

Christian Teunissen, CEO of Xior: *"We are extremely proud to acquire this top-notch, brand new operational tower, thereby gaining a firmer foothold in the heart of one of the most important student cities in the Netherlands, which is characterised by an acute shortage of qualitative student housing. With its 74m height, Xior is happy to join the skyline of Groningen. It is a great achievement to acquire such a large operational asset, immediately generating rental income. A perfect example of accretive & sustainable growth!"*

Seb D'Avanzo, Managing Director in European Real Estate at KKR: *"With this investment, we have helped address the growing demand for quality and well-located student accommodation in the Netherlands, as demonstrated by the very strong leasing of the asset in its first year of operations. We wish Xior Student Housing NV every success with the acquisition of Zernike Tower."*

¹ See also our Q3 Results press release dated 23 October 2020, p. 11.

² The obligation to purchase (put and call option) the remaining shares of the Uhub companies was already reflected in the consolidated balance sheet as of the initial acquisition. Upon completing the exercise of the option, there will therefore only be a very limited impact on the debt ratio.

For more information about this transaction, please contact:

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About Xior Student Housing

Xior Student Housing NV is the first Belgian public regulated real estate company (RREC) specialising in the student housing segment in Belgium, the Netherlands, Spain and Portugal. Within this property segment, Xior Student Housing offers a variety of accommodation, ranging from rooms with shared facilities to en-suite rooms and fully equipped studios. Since 2007, as owner-operator, Xior Student Housing has built high-quality, reliable student accommodation for students looking for the ideal place to study, live and relax. A place with that little bit extra, where every student immediately feels at home.

Xior Student Housing has been accredited as a public RREC under Belgian law since 24 November 2015. Xior Student Housing's shares have been listed on Euronext Brussels (XIOR) since 11 December 2015. On 30 September 2020, Xior Student Housing held a property portfolio worth approximately EUR 1.39 billion. More information is available at www.xior.be.

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