

Xior announces its entry into the Spanish and Portuguese markets and aims to make Iberia its second home market in addition to the Benelux

Xior enters into agreements to acquire 1 asset in Spain (Barcelona) and 2 projects in Portugal (Lisbon and Porto)
Total investment value of approximately EUR 53.7 million

Antwerp, Belgium – 13 March 2019 – Xior Student Housing NV, the Belgian real estate investment trust (BE-REIT) specialising in student housing in Belgium and the Netherlands, announces its entry into Spain and Portugal, thereby adding two additional countries to its real estate portfolio. With this transaction, Xior realises an important step in the further rollout of its growth plan. In these two countries as well, Xior wishes to be a pioneer in the further consolidation and professionalisation of the student housing market. In Barcelona, Xior has signed an agreement to acquire a student residence on the new Diagonal-Besòs campus of the *Universitat Politècnica de Catalunya* in Barcelona. In Portugal, it has reached an agreement on the development of two projects in Lisbon and Porto as part of a joint venture. Once the proposed development is completed, these transactions will have a total investment value of approximately EUR 53.7 million.



Campus Diagonal Besòs – Barcelona



Xior enters the Spanish and Portuguese markets

Christian Teunissen, CEO of Xior: *"By acquiring these three state-of-the-art student complexes, Xior is adding two new countries to its portfolio and further implements its growth strategy as a pure player in student housing into two interesting European markets. This allows us to expand our range further and to offer suitable housing to our students in an ever increasing number of student towns. We are convinced, also in these countries, that there is a great need for quality student housing, which is exactly what Xior offers and which has allowed us to set the gold standard in the Dutch and Belgian markets. In time, we aim to develop a substantial portfolio in these two countries exceeding EUR 250 million."*

13 March 2019 – Embargo until 7.00 a.m. (CET)

Regulated Information – Inside Information

Xior Student Housing announces its entry into Spain and Portugal. The existing student housing markets in Spain and Portugal are characterised as immature, fragmented and in a state of flux. The current range of student accommodation is largely insufficient, considering the numbers of international students and domestic students who are studying outside of their own region, and in addition largely outdated. With the planned acquisitions, Xior realises an important step in expanding, after the Benelux now also in Iberia as its second home market, its pioneering role as a pure player in student housing.

1. Spain

Description of the student housing market in Spain/Barcelona: popular and scarce

Spain has 84 public and 32 private universities and a total student population that reached almost 1.5 million full-time students in the academic year 2016-2017¹. The *QS World University Ranking 2019* - Top 500 included 13 Spanish universities, of which 4 are located in Barcelona and 4 in Madrid. The largest student populations are situated in the regions of Madrid and Catalonia, Barcelona being the main university town of the latter.

Spain has evolved into one of the top study destinations in the world. It is popular among international students mainly thanks to a combination of leading universities, nice weather conditions, good quality of life and the fact that Spanish is one of the most widely spoken languages in the world. An increasing number of courses and programmes are now also offered in English.

The total Spanish student population has remained stable in recent years, but is characterised by a strong increase in the number of international students. These students and Spanish students studying outside of their own region make up an important target group in need of quality student housing. The current offer on the market provides purpose-built student accommodation for only 93,000 students, a large part of this offer being severely outdated and consisting of the so-called *Colegios Mayores*, which are often run by religious orders, while an estimated² 636,000 students are in need of housing. Due to the large shortage, more than half a million students in Spain find their accommodation on the private residential rental market. This is not an ideal situation, particularly for students in the ERASMUS programme and other foreign students. Therefore, there exists a clear and currently underserved demand for quality student housing.



¹ DBK “Residencias para Estudiantes” – January 2018

² CBRE and public information

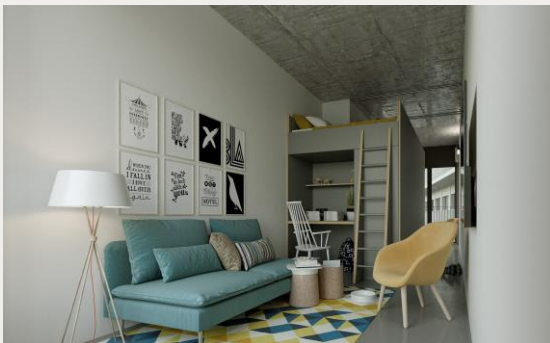
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Campus Diagonal-Besòs project

The first project for which Xior has signed an agreement concerns a brand new student residence located on the recently opened new campus of the *Universitat Politècnica de Catalunya (UPC)* (with 3,500 students and 400 professors and researchers), near the beach and the trendy 22@ district. The residence will have 191 self-contained rooms and will offer all modern facilities, such as an in-house restaurant, a gym, study rooms, a swimming pool and a roof terrace. Additional services, such as full and half board, linen and cleaning will be offered in line with the Spanish student housing market.

This residence is very well served by public transport. There is a tram stop right outside the door. It is within walking distance of the beach, close to *Avenida Diagonal* (one of Barcelona's most important avenues) and next to *Parc del Forùm* (a well-known conference and event venue). The residence also has direct access to a bicycle boulevard along the coast that connects the campus with the rest of Barcelona.



The building is fully furnished and was constructed based on a 50-year concession (until 2067). Its completion is expected by the summer rental season of 2019 (when it will start to generate rental income). The seller has given a 50% rental guarantee for the building's occupancy during the summer months (July and August) for a duration of 3 years (from 2019). This allows Xior to find occupants for the remaining units during the summer holidays in

collaboration with the university, local companies and summer traineeship providers. During the academic year, the units are rented out under 10-month contracts. The concession was awarded and is actively managed by a consortium made up of the UPC and three local authorities (Catalonia, Barcelona and Besòs), with whom Xior expects to be working closely and productively in order to make the residence and the entire campus a success.

The transaction will mean that all shares of the project company concerned will be transferred from LIFE, a Belgian developer with which Xior has already worked successfully in the past, in Belgium (the KVS projects in Brussels) and the Netherlands (the Carré building in Maastricht and Ariënsplein in Enschede). The acquisition is subject to various conditions precedent, including a positive decision by the consortium regarding the transfer.



The total investment value is approximately EUR 25.5 million, with an expected gross initial yield of approximately 7%.

2. Portugal

Description of the student housing market in Portugal (Porto/Lisbon): a market that is ready to take off

Portugal has 290 higher education institutions, of which 117 are universities. The *QS World Ranking 2019 Top 500* includes 5 Portuguese universities, 2 of which are located in Lisbon, 2 in Porto and 1 in Coimbra, which are the 3 biggest student towns in Portugal. 31% of higher education institutions are located in Lisbon and 22% are located in Porto.

Portugal has been an increasingly sought-after destination for international students in recent years. The number of international students in Portugal has increased by 80% from 2009/2010 to 2016/2017³. The combination of old and renowned universities, a growing range of prestigious programmes in English, pleasant weather conditions, a high quality of life and a relatively low total cost of living have made Portugal a top destination for international students, regardless of whether they speak Portuguese or not.



Portugal has about 372,000 students. 42,000 of which are international students⁴ and about 56,000 are Portuguese students studying at an institution far from home. Housing that is specifically aimed at students is a relatively immature market in Portugal. The current supply of around 15,000 beds is mainly in the hands of universities and religious orders. Outside of this supply (and therefore for the vast majority) housing is rented on the private residential market. This imbalance has recently attracted the attention of various investors, so

the market for new projects specifically aimed at students (primarily international students) is very much evolving at the moment.

The Lisbon region has the highest number of students: 34% of all students or 122,000 in 2016⁵, of which 17,000 were international students. Only 25 university residences (offering a total 1,900 beds) and about 10 private residences (offering 1,200 beds) are currently operating in the city. There are also numerous development projects in the pipeline. The projects that are currently known and have been announced represent approximately 2,000 beds, but there remains obviously a huge, acute shortage.

Porto is the country's second largest student city with a total of 73,500 students (including 7,500 international students)⁶. Porto universities are currently supplying approximately 1,400 beds, while private specialised providers are only renting out 240 student beds. The projects that have already been announced will offer an additional 2,000 beds in the coming years. Despite the

³ Source: Savills

⁴ Source: Savills

⁵ Source: Direção-Geral de Estatísticas da Educação e Ciência 2016/2017

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announced projects in the pipeline, the population of international and national students in need of housing will continue to significantly exceed the supply of quality student housing.

Project in Lisbon – Artur Lamas

The Lisbon project will be developing a student residence of 124 units (254 beds) and 14 parking spaces on a fully-owned greenfield site. For this residence a 12-year triple net lease agreement was already reached with Odalys Portugal at a fixed rent. Odalys Portugal is the Portuguese subsidiary of Odalys Groupe, a French group that offers holiday homes, student housing, short-stay residences and other types of accommodation in the South of Europe (France, Italy, Spain and so on). This group has more than 400 locations and employs more than 1,100 people. In its 20 years of existence, it has focused mainly on holiday accommodation, but has also been offering student residences under the Odalys Campus brand since 2011. The parent company has provided a full parent guarantee for its Portuguese subsidiary.



Faculty of Veterinary Medicine are 2 km away.

The project is located near the central historic district of Belém. The site can be reached easily by public transport. A train connection and tram stop within walking distance offer direct access to the centre of Lisbon. The site is located at 200 metres of Lusíada University, which has 5,000 students, including 850 international students. It is also within walking distance of other educational institutions, such as IHMT. The ISA School of Agriculture and

According to the current plan, the project will accommodate 254 students in 121 double studios and 3 apartments and will also include a laundry room, gym, study room, cafeteria and reception area.

The development will involve a joint venture with a.o. Promiris, a Belgian party with which Xior has already worked successfully on projects in Belgium in the past. Xior's entry will be phased: 50% of the joint venture shares will be purchased upon obtaining the necessary administrative assurances that the permit will be obtained (under certain suspensive conditions) and the remaining 50% will be acquired upon completion. Completion is planned in 2021. Entry into the joint venture's capital is scheduled to take place later this year.



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Project in Porto – Granjo

The Porto project will be redeveloping an existing, wholly owned building into a student complex with 211 units (420 beds) and 3 parking spaces. The building will also include a laundry, reception, gym, study room and cafeteria. The transaction also includes 16 residential apartments to be realised as part of the project.



The project is located in the centre of Porto at walking distance of metro stations *Heroísmo* and *24 de Agosto*. The faculties in the centre of Porto are also within walking distance, and the large *Asprela* campus is only 5 metro stops away.

Odalys Portugal will also act as the operator and tenant on a triple net basis (with a guarantee by the Odalys Groupe) for 12 years at an annually increasing rent, which the seller will guarantee and supplement during the first 7 years (up to the level that is reached in year 7). This ensures a stable, high rent for Xior.

The development will be structured in the same way as the Lisbon project in a joint venture in which Promiris is also involved and with a phased entry. Completion is expected in the second half of 2021.

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The total investment value of both projects is approximately EUR 28.2 million. The theoretical expected GIY of 8%⁷.

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⁷ In order to allow a correct comparison to the other assets in the portfolio, which are directly rented out to students, and for which GIYs consistently communicated, this GIY was calculated on a theoretical grossed-up basis.

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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 and the Netherlands. 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 housing 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 REIT under Belgian law since 24 November 2015. Xior Student Housing's shares have been listed on Euronext Brussels (XIOR) since 11 December 2015. On 31 December 2018, Xior Student Housing had a property portfolio worth approximately EUR 815 million. More information is available at www.xior.be.

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