22 November 2019

Open Letter from Clearance Capital to Hoivatilat plc shareholders recommending that you reject the Tender Offer in its current form as it does not fully reflect the value of the Company.

Dear Fellow Hoivatilat plc Shareholders,

The funds we manage hold 8.6% of Hoivatilat plc ("Hoivatilat" or the "Company"). Following careful consideration of Aureit Holding Oy's ("Aedifica" or "the Offeror") voluntary public cash tender offer for the shares in Hoivatilat announced on 4 November 2019 ("Tender Offer"), we have come to the conclusion that the Tender Offer does not reflect the value of the Company and its unique growth prospects. We have, therefore, decided to reject the offer. We urge you to do the same.

In reaching our decision, we have reflected on Aedifica's development since it joined the public market. We have admired the Offeror's business for many years. Firstly, Aedifica identified the unique opportunity in Belgian healthcare properties and executed its strategy well. Secondly, the company has been very astute to leverage its premium share price rating to fund its growth as an independent business in a highly accretive manner. It is no surprise that it has made the Tender Offer. The Offeror is seeking to take advantage of the unique opportunity in Finland and Sweden at a price that will place much of the value that Hoivatilat's business will generate over the coming years in the hands of the Aedifica shareholders.

Our conviction in the prospects of the Company remains steadfast. Hoivatilat offers shareholders growth prospects shared by very few other companies in the European real estate public market, if any. The opportunity to further develop community assets in Finland – be they kindergartens, schools or care homes – sets the Company apart. The Finnish care homes market is very attractive given the breadth of demand as Finland deals with the needs of its ageing population and the highly supportive stance of the Finnish state. The Company's prospects are enhanced by the addition of Sweden to the Company's areas of focus. The Offeror's stated intention to keep the Company's business separate within the proposed combined entity underscores Hoivatilat's unique access to these attractive markets with their unique cultures and regulatory frameworks.

We are not swayed by the apparent premium of the offer price over the EPRA NAV based on the unaudited consolidated business review of Hoivatilat for the nine-month period ended 30 September 2019 as the NAV does not include the significant economic value of the development business and the development pipeline.

The Company and the Board should feel justifiably proud of what they have achieved thus far. We share their excitement about the Company's growth prospects and are keen to support them on this journey. While the Hoivatilat Board believes that Hoivatilat would benefit from Aedifica's access to the equity markets in order to finance Hoivatilat's future growth in the Nordic markets, we see no reason why the Company should not be able to raise its own capital to fund growth as an independent entity. We, for one, would be supportive of the Company issuing new equity to fund accretive transactions and developments.

Whilst shareholders owning 22.5% of the Company have irrevocably undertaken to accept the Tender Offer in the absence of an offer above €16 per share, we expect that there are many shareholders that feel, like us, that the Tender Offer does not adequately compensate them for the future returns they were looking forward to. We are aware of shareholders holding 28.4% of the Company, which includes holdings managed by Länsförsäkringar Fondförvaltning, OP Fund Management Company Ltd on behalf of OP funds and Clearance Capital, who have no intention to accept the Tender Offer.

It is our hope that our fellow shareholders will reject the Tender Offer to either allow Hoivatilat to continue as an independent business or to prompt the Offeror to improve its offer significantly.

Yours faithfully

Oliver Gilbert
Portfolio Manager
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