

Acquisition

Released : 11/01/2018 07:00

RNS Number : 5529B
Impact Healthcare REIT PLC
11 January 2018

11th January 2018

Impact Healthcare REIT plc

(the "Company" and with its subsidiaries, the "Group")

ACQUISITION OF CARE HOME PORTFOLIO

The Board of Directors of Impact Healthcare REIT plc (ticker: IHR) is pleased to announce that the Group has exchanged contracts to acquire in a sale and leaseback transaction a portfolio of three purpose-built care homes in the North-East of England (the "Portfolio") for a total consideration of £17 million (including costs). Completion is conditional on, among other things, regulatory approvals, and is expected to take place before the end of the first quarter of 2018.

The Portfolio is being acquired from the Prestige Care Group ("Prestige"), a developer and operator of care homes with over 20 years' experience in the care industry. Prestige will continue to operate the homes as the Group's tenant following completion. The Group will enter into new full repairing and insuring leases with Prestige in respect of each of the properties for an initial 20 years, with an option for the Group to extend to 30 years. Prestige has committed to a minimum annual expenditure on maintenance.

The rents receivable under the leases are subject to annual, upward only rent reviews, increasing in line with Retail Prices Index, with a floor of 2% p.a. and a cap of 4% p.a.

The net initial yield and level of rent cover are in line with the terms on which the Group acquired its seed portfolio shortly following the Company's initial public offering.

Each of the care homes in the portfolio was purpose-built by Prestige and the portfolio comprises a total of 234 high-quality care beds and an additional 40 beds which present an asset management opportunity. The care provided by Prestige at each of the three homes is currently rated "Good" by the Care Quality Commission.

The Portfolio consists of the following properties:

- Sand Banks in Redcar, the home town of Prestige's founder, was built in 2015 and opened at the end of that year. It was built to a high standard with 77 large bedrooms set in well-landscaped grounds. Since opening it has established a track record of delivering good quality care while also delivering on its operating and financial targets.
- Roseville is in the heart of Ingleby Barwick, one of the largest private residential housing estates in the country. It was built to the same standards as Sand Banks with the first phase delivered in 2010 and an extension in 2012 and today the home offers a total of 103 bedrooms across the two units. Both homes have good provision of well-appointed common areas for activities and recreation.
- Parkville, in central Middlesbrough consists of two units on one site both of which are two-storey buildings offering a total of 94 beds. The Group will acquire the freehold of both units on completion. The home was built by Prestige in 2005 and was originally let to Southern Cross. However, after Southern Cross ran into difficulties, Prestige took back control of the home in 2013. Subsequently:
 - The 54-bed unit was refurbished in 2013 and has been a popular and well occupied care home since then.
 - The 40-bed unit was closed awaiting further investment. The Group and Prestige have agreed that Prestige will reinvest sufficient capex to bring this home up to the same standards internally as the newer homes in the Portfolio. Once this unit has reopened and is operating successfully, the Group will make a further, performance-based payment to Prestige. The rent due from Parkville will increase in line with the amount of this deferred payment.

The Portfolio is one of the target portfolios identified by the Group at the time of the fundraise completed in November 2017. The Group has also agreed exclusivity on three further acquisitions, with three different tenants, and continues to evaluate a strong attractive pipeline of potential investment opportunities.

Rupert Barclay, Chairman of Impact Healthcare REIT plc, commented:

"We are pleased to announce the first of a number of potential acquisitions that the Group expects to make in 2018. Prestige brings high quality purpose-built care homes to the Group at an attractive price, which will increase our total number of beds by 11%. Prestige is a new tenant for the Group and one with an enviable reputation for being committed to providing high quality, affordable care.

The Portfolio has the potential to deliver upside through active asset management at Parkville. We are considering other projects with Prestige, with whom we look forward to having a long and successful partnership."

FOR FURTHER INFORMATION, PLEASE CONTACT:

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The Company's LEI is 213800AX3FHPMJL4IJ53.

Further information on Impact Healthcare REIT is available at www.impactreit.uk

NOTES:

The Group is a real estate investment trust ("REIT") which aims to provide shareholders with an attractive return, principally in the form of quarterly income distributions and with the potential for capital and income growth, through exposure to a diversified portfolio of healthcare real estate opportunities, in particular residential care homes. The Group's investment policy is to acquire, renovate, extend and redevelop high quality healthcare real estate assets in the UK and lease those assets primarily to healthcare operators providing residential healthcare services under full repairing and insuring leases.

The Group is targeting an aggregate dividend of 6.0 pence per share for the first 12 months from Admission which equates to a yield of 6 per cent. per annum on the IPO Issue Price, payable in quarterly instalments⁽¹⁾.

The Group's Ordinary Shares were admitted to trading on the main market of the London Stock Exchange, Specialist Fund Segment, on 7 March 2017.

(1) This is a target only and not a profit forecast and there can be no assurance that it will be met and it should not be taken as an indication of the Group's actual or expected future results.

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