

Acquisition

Released : 23/05/2018 07:00

RNS Number : 95080
Impact Healthcare REIT PLC
23 May 2018

23 May 2018

Impact Healthcare REIT plc

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

FURTHER ACQUISITIONS

The Board of Directors of Impact Healthcare REIT plc (ticker: IHR), the real estate investment trust which gives investors exposure to a diversified portfolio of healthcare real estate assets, is pleased to announce that the Group has acquired two care homes with a combined total of 138 beds - Carnbroe Care Centre ("**Carnbroe**"), near Glasgow, and Grenville Court Care Home ("**Grenville**"), near Norwich - for a total consideration of £8.3 million (including costs).

Carnbroe was built in 2007 and offers 74 beds, including specialised dementia care units. Grenville was built in 1997 with 64 beds and also offers dementia care. The homes were previously operated by Alpha Care Management Services Ltd ("**Alpha Care**") and are being sold by the current owners as part of their retirement from the business.

The Company has agreed to enter into a new lease for each home with Minster Care Group Limited ("**Minster**"). The terms of the two new full repairing and insuring leases will be substantially the same as the leases for the Group's existing Minster portfolio, and will be reinforced by the existing Framework Agreement in place with Minster. Each lease has a 20-year term with no break clauses and an option to extend for a further two 10-year periods. The total initial rent of £608,000 receivable under the leases will be subject to annual upwards-only rent increases linked to the Retail Prices Index ("**RPI**"), with a floor of 2% p.a. and a cap of 4% p.a.

Minster has agreed to commit to a minimum annual expenditure on maintenance. In addition, Minster will also operate another care home, previously operated by Alpha Care, which is owned by a third party. The net initial yield and level of rent cover are in line with the terms on which the Group acquired its seed portfolio and in line with the Group's investment criteria and returns profile.

The Board believes that the principal benefits that make these care homes an attractive addition to the Company's portfolio include:

- the level of initial rent offers an attractive net initial yield, combined with a high level of rent cover to ensure the rent is sustainable; and
- attractive asset management opportunities including the re-opening of 15 of the 74 beds at Carnbroe, and a management turnaround opportunity at Grenville with planning permission in place to add further beds at Grenville once Minster has completed the turnaround.

In addition, the Board is also pleased to confirm that the Group has completed on the second of the three Prestige homes which exchanged in January 2018, Roseville with 103 beds. In total so far during 2018, the Company has added 366 operating beds to its portfolio, a 14.5% increase on the number of beds as at 31 December 2017.

The Group has also agreed exclusivity on a number of further acquisitions, continues to make progress in adding beds to its existing portfolio through its programme of active asset management and continues to pursue a strong pipeline of potential new investment that are in line with our investment criteria and returns profile.

The Company complies with the relevant provisions of the Listing Rules ("**LR**") and has adopted a related party policy consistent with LR 11. Minster is considered a related party under this policy and entering into new leases for Carnbroe and Grenville constitutes a smaller related party transaction as defined in LR 11.1.10. The Board is satisfied that this transaction is fully compliant with the Company's related party policy.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Impact Health Partners LLP
Mahesh Patel
Andrew Cowley

via Newgate Communications

Winterflood Securities Limited

Joe Winkley
Neil Langford

Tel: 020 3100 0000

Newgate Communications (PR Adviser)

James Benjamin
Anna Geffert
Patrick Hanrahan
Leena Patel

Tel: 020 7680 6550

Email: impact@newgatecomms.com

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 will have paid 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.

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.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

ACQPGUPUAUPRPPP