



Duncote, The Lakes / Northamptonshire

Overview

Impact Healthcare REIT plc (IHR) is a real estate investment trust. We are traded on the Specialist Fund Segment of the Main Market of the London Stock Exchange.

The Company aims to provide shareholders with an attractive return, by investing in a diversified portfolio of UK healthcare real estate assets, in particular residential care homes. This return will primarily be in the form of quarterly dividends. High-quality and financially sound tenants, long leases and inflation-linked rent reviews give us secure and stable income, which underpins our dividend payments. The Group's ability to add value through selective acquisitions and asset management offers the potential for income and capital growth for shareholders.

We and our Investment Adviser believe that residential healthcare is a significant investment opportunity in the UK.

A growing and ageing population is increasing demand for care, while the supply of suitable assets for providing that care is falling. As a well-capitalised landlord with an experienced Investment Adviser, we remain well positioned to deliver attractive returns to investors, while providing stability to residents and a commitment to enhance their homes wherever possible.

Investment objectives

The Group's investment policy is:

- to acquire, renovate, extend and redevelop high-quality healthcare real estate assets in the UK
- to lease those assets, under full repairing and insuring leases, primarily to operators providing residential healthcare services

Key achievements

- Declared and paid the Q4 2017 dividend of 1.5p per share.
- Exchanged on a portfolio of three assets with 234 beds in the North East, completing the acquisition of the first of these assets with 54 beds.
- Acquired a further two properties in Bristol with a further 71 beds.
- Published our first period end annual report to 31 December 2017.
- Portfolio value increase of 6.3% in the quarter, with like-for-like value up 1.2%.
- First Annual RPI rent increase increasing rent roll by 3.95%.

Impact at a glance

	31 March*	31 December
Shares in Issue	192,206,831	192,206,831
Share price (p)	100.50	102.38
NAV per share (p)	101.07	100.65
Market Cap (£ million)	193.2	196.8
NAV (£ million)	194.3	193.5
Debt (£ million)	–	–

* Unaudited

Dividend history (per share)

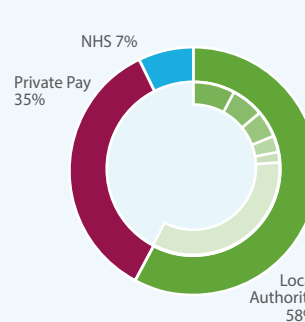
Q2 2017	1.5p
Q3 2017	1.5p
Q4 2017	1.5p
Q1 2018	1.5p*
	6.0p

* Declared, payable in May

Portfolio analysis – 31 March 2018

Security of income (%)

*based on % revenue to tenants

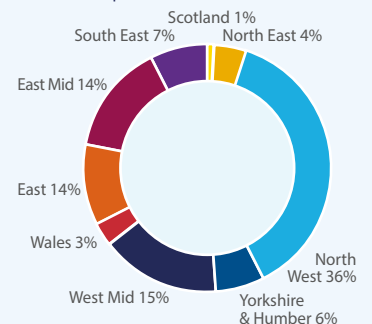


Local Authority top five

Wigan Council	7.7%
Cheshire West	5.6%
Cheshire East Council	5.0%
Worcester County Council	2.8%
Warrington Borough Council	2.3%
Other	34.0%

Regionally diverse (%)

*based on % portfolio market value



Financial position and performance

	31 March*	31 December	% change
Number of properties	60	57	5.2%
Number of beds	2,652	2,527	4.9%
Annualised rent roll (£ million)	12.9	11.9	8.4%
Market value (£ million)	166.0	156.2	6.27%
– per property (£ million)	2.77	2.74	
– per bed (£000)	62.6	61.2	
Contracted Yield (%)	7.77%	7.59%	

* Unaudited

Company overview

IPO	7 March 2017	Registered address	
Market	LSE Main Market		
	Specialist Fund Segment	7th Floor, 9 Berkeley Street	
		London W1J 8DW	
Index Inclusion	–		
Ticker	IHR		
ISIN	GB00BYXVMJ03		
SEDOL	BYXVMJ0		
Dividend payments	Quarterly		

Board of Directors	
Rupert Barclay (Chairman)	
Rosemary Boot	
David Brooks	
Paul Craig	
Philip Hall	

Key dates	
Annual General Meeting	26 April
Half year end	30 June
2018 interim results announcement	8 August
Full year end	31 December

Publication date: April 2018

Portfolio update

NAV and valuation

The unaudited NAV per share at 31 March was 101.07p per share, up from 31 December 2017 NAV of 100.65p.

The portfolio value increased to £166.0 million from £156.2 million, an uplift of 6.3% including £7.7 million in relation to new acquisitions. The like-for-like uplift was 1.2%.

Asset management

Of the 92 beds approved for development in Q3 2018. Turnpike (25 beds) completed shortly after the quarter end and is due to start taking residents towards the end of April. Littleport (21 beds) is due to complete in Q3 2018, and Freeland (46 beds) is due to start in summer 2018.

61 New beds approved

In addition to the above the Board have now approved capital investments to add a further 61 beds across four properties. This will take the total number of approved asset management enhancements to 153 beds on the original seed portfolio of 2,527 beds.

Acquisition pipeline

In addition to the acquisitions of Fairview and Parkville (the first of the three Prestige asset) announced in the quarter, the Investment Adviser is actively pursuing a number of active investment opportunities.

Market update

In January 2018, Secretary of State, Jeremy Hunt was put in charge of health and social care, the first time these two portfolios have been combined. He is now responsible for producing a Green Paper on social care for the Elderly before the summer recess.

In a major speech on 20 March, Mr Hunt announced the seven key principles which will be set out in the Green Paper:

- quality and safety embedded in service provision
- whole-person, integrated care with the NHS and social care systems operating as one
- the highest possible control given to those receiving support

- a valued workforce
- better practical support for families and carers
- a sustainable funding model for social care supported by a diverse, vibrant and stable market
- greater security for all – for those born or developing a care need early in life and for those entering old age who do not know what their future care needs may be.

The government's intention is that the Green Paper will build on the additional £2 billion it has provided to meet social care needs this year, reduce pressures on NHS services and stabilise the social care provider market over the next three years. Once published, the paper will be subject to a full public consultation.

Fairview acquisition

In addition to the Prestige portfolio of 234 beds reported by the Company on 11 January, we also announced on 26 March an acquisition in Bristol providing 71 beds in the South West for a total consideration of £4.9 million (including costs).

The home operates as two properties on one site: Fairview Court and Fairview House. It is being sold by its current owners as part of their retirement from the business. On completion the home will be operated by Welford Healthcare Limited ("Welford"), which is owned and managed by Peter Madden, who has an established track record of successfully managing and adding value to care homes. The Group has entered into a new full repairing and insuring lease with Welford for an initial term of 25 years, with an

option for Welford to extend to 35 years. Welford has committed to a minimum annual expenditure on maintenance.

The initial rent of £356,000 receivable under the lease is subject to annual, upward only rent reviews, increasing in line with the Retail Prices Index, with a floor of 2% p.a. and a cap of 4% p.a.

Fairview Court was built by the vendors in 2006 with 49 single bedrooms, all are en-suite, providing nursing with dementia care. Fairview House is a 22-bed unit in a period building, providing residential care. Both units are rated "Good" by the Care Quality Commission and are operating at or near full capacity.



Fairview House



Fairview Court



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