

ACQUISITIONS UPDATE

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Impact Healthcare REIT PLC
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Impact Healthcare REIT plc
(the "**Company**" and with its subsidiaries, the "**Group**")

ACQUISITIONS UPDATE

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 UK healthcare real estate assets, in particular care homes, is pleased to announce that the Group has exchanged contracts to acquire five care homes (the "**Homes**") with a combined total of 218 beds for a total consideration of £12.15 million (including acquisition costs to the Company). The homes are: Briardene Care Home, Sovereign Lodge and Sovereign Court, all in Westerhope to the west of Newcastle; Derwent Care Home in Hamsterley, Durham; and The Grove in Marton, a suburb of Middlesbrough.

All of the Homes were purpose-built between 1999 and 2007. Between February 2016 and December 2017, their current owner, Monarch Alternative Capital LP ("**Monarch**"), invested £1.39 million (£6,380 per bed) to refurbish all five Homes to a high standard. These Homes are part of a larger portfolio held by Monarch.

The Homes are currently managed on behalf of Monarch by Careport Advisory Services Limited ("**Careport**"), under their Mariposa and Papillon brands. Careport will continue to operate the Homes following the acquisitions.

Careport was formed nine years ago by John Beastall and Christopher Briddon to manage care homes owned by banks and other asset owners on the basis of short-term management contracts. Careport has established a successful track record of turning around underperforming care homes. With backing from the Company, Careport will become the long-term tenant of homes that they have improved and stabilised through new long-term leases. The Homes are trading well with 94% occupancy. Four of the Homes being acquired by the Company are rated Good by the CQC and one is rated Requires Improvement.

The Company has agreed to enter into a new lease in respect to each Home with Careport. The terms of the five new full repairing and insuring leases will be substantially the same as the leases within the Group's existing portfolio and will be reinforced by a new Company framework agreement now in place with Careport. Each lease has a fixed 25-year term with no break clauses and a tenant option to extend to 35 years at the end of year 10.

The total initial rent of £875,000 receivable under the leases will be subject to annual upward-only rent reviews linked to the Retail Prices Index ("**RPI**"), with a floor of 2% p.a. and a cap of 4% p.a., and will generate net initial yields in line with the Company's investment criteria and returns profile. Careport has agreed to commit to a minimum annual expenditure on maintenance.

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

- the level of initial rent offers an attractive net initial yield;
- a high level of rent cover to ensure the rent is sustainable;
- an increased diversification of rent by adding a high-quality new tenant; and
- through working in partnership with Careport, the Company expects to acquire more homes that Careport will manage for the Company as a long-term tenant.

Completion will take place as soon as regulatory approvals from the CQC for the reorganisation of the management arrangements have been received.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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

NOTES:

Impact Healthcare REIT plc 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 has 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.

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