IMPACT Healthcare REIT

FULL YEAR RESULTS

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Impact Healthcare REIT plc

("**Impact**" or the "**Company**" or, together with its subsidiaries, the "**Group**")

RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2017

Impact Healthcare REIT plc (ticker: IHR), a REIT investing in high-quality healthcare real estate assets in the UK, today announced the Company's annual results for the period ended 31 December 2017.

Financial Highlights

- Dividends per share of 4.50p paid or declared for the period to 31 December 2017, delivering against the target set at the time of the IPO.
- Paid and declared dividends 97.56% covered by adjusted earnings per share for the full period.
- Net asset value of 100.65p per share as at 31 December 2017.
- Portfolio independently valued at £156.17 million as at 31 December 2017, representing an uplift on the aggregate purchase price and costs of 1.5%.
- Contracted annual rent of £11.34 million calculated from Admission, increased to £11.60 million following the acquisition of Saffron Court in June 2017 and £11.86 million following the commitment to fund capital improvements at two homes.
- Profit before tax in the period between inception and 31 December 2017 of £9.46 million.
- The Group had no debt as at 31 December 2017.
- Raised £160.2 million of equity through a fully subscribed initial public offering and vendor issue and a further £32.6 million through a second equity raise in November 2017. The majority of the proceeds were invested by the period end and the balance is being committed to income-producing capital improvements and acquisitions.
- 7.19% EPRA NAV total return. EPRA NAV total return for the period from the IPO to 31 December 2017 was 7.19%, compared to 10.79% for the FTSE EPRA/ NAREIT UK REITs Index.

Operational Highlights

- Acquired 57 care homes with 2,527 beds, at an aggregate net purchase price of £152.20 million.
- The Group has a contracted rent roll of £11.86 million and a portfolio market value of £156.17 million delivering an investor contracted yield of 7.59% (compared to an EPRA NIY of 7.02%).
- Impact has maintained a strong asset management pipeline with planning permission to add 249 beds to the portfolio with discussions underway with planners for a further 215 beds. During the period, the board approved projects for the first 92 beds, at a cost of £7.94 million.

Post balance sheet highlights

- The Group's initial asset management project at Turnpike is due to complete in April 2018, adding 25 of the initial 92 beds approved.
- Conditional contracts were exchanged on 11 January 2018 to acquire 234 beds across three assets in the North East of England. The first of these three assets completed on 16 March 2018.
- The Seed Portfolio is subject to annual RPI uplifts with a floor of 2% and cap of 4%. The uplift was due in March 2018 and increased the rent roll from £11.9 million to £12.3 million.
- Impact Health Partners LLP is our Investment Adviser. It sources investments for the company, reviews opportunities and makes recommendations to the board, and the Investment Manager, carries out the transactions the board approves and monitors the progress of our assets. It also recommends the asset management strategy for board approval and then implements it.
- Carne Global AIFM Solutions (C.I.) Limited is our AIFM. It is responsible for the portfolio and risk management services for the Group.

Rupert Barclay, non-executive Chairman of Impact Healthcare REIT plc, commented:

"Impact Healthcare is a well-managed investment company, combining a good yield with attractive upside potential. We know that many of our shareholders prioritise a safe dividend and we believe that the quality of our initial tenant group, our secure and well-covered rental stream and our prudent approach to gearing limits downside risk. We have a pipeline of opportunities to add value, through asset management and acquisitions, and have made good progress since the period end.

The fundamentals of our market are strong, with growing demand for beds and limited supply. Care is an essential service and the

government needs to continue to relieve the pressure on adult social care and hospitals. Residential care homes will be an important part of the solution and we therefore see good prospects for the Group. The Company remains well placed to continue delivering attractive and sustainable returns to our shareholders for 2018 and beyond."

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.

A Company presentation to analysts and will be held at 11:00am today at:
Newgate
Sky Light City Tower
50 Basinghall Street
London, EC2V 5DE

The presentation will also be accessible via a live conference call and on-demand via the Company website: http://www.impactreit.uk/documents

Those wishing to attend the presentation or access the live conference call are kindly asked to contact Newgate at impact@newgatecomms.com or by telephone on +44 (0) 20 7680 6550.

In addition, a recorded webcast of this meeting and the presentation will also be available to download from the Company's website: www.impactreit.uk.

The Annual Report and Accounts will today be available on the Company's website at www.impactreit.uk. In accordance with Listing Rule 9.6.1, copies of these documents will also be submitted today to the UK Listing Authority via the National Storage Mechanism and will be available for viewing shortly at www.morningstar.co.uk/uk/NSM.

Hard copies of the Annual Report and Accounts will be sent to shareholders, along with the notice for Annual General Meeting 2018, on or around 28 March 2018.

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 a fully covered 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 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.

CHAIRMAN'S STATEMENT

This was a successful first period for the Group. The acquisitions which followed our fully subscribed IPO have given us an excellent initial tenant group and a strong and secure revenue stream, allowing us to meet our dividend target. We have also begun the process of adding value through asset management and identified a pipeline of further acquisition opportunities.

The Company's IPO on 7 March 2017 raised gross proceeds of £160.2 million, from a high-quality shareholder base. We invested the majority of the net proceeds on 4 May 2017, when we acquired the Seed Portfolio for a net purchase price of £148.75 million. This gave us 56 assets with 2,479 beds. On 29 June, we acquired Saffron Court (48 beds) for a net purchase price £3.4 million. The portfolio is fully leased and delivering a 7.59% Contracted Yield to our investors.

The portfolio was independently valued at £156.2 million as at 31 December 2017. This represented a 1.5% uplift against the aggregate purchase price and capital improvements of £153.8 million.

Asset management is an important way for us to grow value, as it offers an accretive yield on the capital we invest. The board was therefore pleased to approve the first phase of our asset management programme, which will add 92 beds at three assets. The initial project, adding 25 beds to our Turnpike care home, is due to complete in April 2018. More details of our other projects and plans can

be found in the Investment Adviser's report.

In addition, we have a pipeline of attractive acquisition opportunities, drawing on the Investment Adviser's extensive contacts and industry knowledge. These opportunities would further diversify the portfolio by geography and tenant, while satisfying our investment criteria. A successful placing on 8 November 2017 raised £32.6 million of equity, ensuring we have the financial capacity to pursue acquisition opportunities (see post balance sheet events below) and fund our initial asset management projects. The placing was significantly oversubscribed and added high-quality institutions to our share register.

Financial performance

At 31 December 2017, the Net Asset Value (NAV) and EPRA NAV were £193.5 million and 100.65p per share. Our annualised rent roll at the period end was £11.9 million. Earnings per share (EPS) for the period was 5.82p (basic and diluted). Adjusted EPS, which is supported by cash receipts including our right to receive rent from our assets as if we had acquired them on the day of our IPO, was 4.39p. During the period, we focused on bedding down the portfolio and advancing our asset management and acquisition plans. Looking forward, our priorities will include being as efficient as possible, as an important part of generating enhanced returns for shareholders.

More information about our financial performance can be found in the Investment Adviser's report.

Dividends

For the 12 months following admission, we are targeting a dividend of 6.0p per share, equating to a yield of 6% on the 100p IPO issue price, on an ungeared basis. For the period from admission to 31 December 2017, our target dividend was therefore 4.5p per share. We met this target, declaring and paying three quarterly dividends of 1.5p each in respect of the period. Looking ahead, our intention over the longer term is to operate a progressive dividend policy, supported by the inflation-linked rental uplifts in our leases.

Adjusted EPS is the most relevant measure when considering dividend cover, as it more closely reflects our long term cash income than EPS calculated under IFRS. The total dividend for the period was 98% covered by adjusted EPS. The November placing reduced our dividend cover, as it increased our shares in issue without a corresponding increase in earnings from investing the proceeds before the period end. Stripping out the impact of the placing, our total dividend would have been fully covered by adjusted EPS for the period. Our investment strategy is focused on returning our adjusted EPS to covering fully these dividend payments.

Financing

The Group had no debt at the period end. While gearing can enhance returns, we want to be prudently and sustainably financed, recognising our obligation to provide stability and security for the residents of our homes. Our investment policy therefore limits borrowing to 35% of the Group's gross asset value at the time of drawdown.

The Group continues its discussions with finance providers to arrange a debt facility to finance acquisitions and capital enhancements.

Post balance sheet events

Since the end of the period, we are continuing to advance our value-creation strategy.

We exchanged a conditional contract for the acquisition of a portfolio of three assets with 234 beds, adding Prestige Care Group as a new tenant. The total cost of the acquisition, is £17 million, including costs, with a net initial yield and rent cover in line with the terms on which we acquired the Seed Portfolio.

More information on these post balance sheet events can be found in the Investment Advisers' report.

Corporate governance

We recognise the importance of good governance and have a strong and independent board. At IPO, the board comprised me as chairman and three other independent non-executive directors. Since then we have further strengthened the board, appointing Paul Craig as a non-executive director on 30 June. Paul manages funds which, together, are owned by the largest shareholder in the Company, Old Mutual Global Investors. His significant investment experience, particularly within closed-end funds, is already proving invaluable. The board works well together, with a collegiate atmosphere and a broad range of complementary experience, including in real estate, healthcare, financial markets and corporate finance.

See the corporate governance section for more information.

Working with our tenants

As described in the business model, we work closely with our tenant group and carefully monitor their performance. The initial tenant group are strong and longstanding operators and we are pleased with their progress during the period.

The Investment Adviser

The board recognises the Investment Adviser's achievements in this period. It did substantial work pre-IPO to structure the acquisition of the Seed Portfolio, which has enabled us to be cash flow positive since launch, supporting our dividend target. We are confident that the Investment Adviser's diligent work to implement our growth strategy positions us well for the next phase of the Group's development.

The appointment of David Yaldron as the Investment Adviser's Finance Director in June further strengthened its senior team.

Summary and outlook

Impact Healthcare is a well-managed investment company, combining a good yield with attractive upside potential. We know that many of our shareholders prioritise a safe dividend and we believe that the quality of our initial tenant group, our secure and well-covered rental stream and our prudent approach to gearing limits downside risk. We have a pipeline of opportunities to add value, through asset management and acquisitions, and have made good progress since the period end.

The fundamentals of our market are strong, with growing demand for beds and limited supply. Care is an essential service and the government needs to continue to relieve the pressure on adult social care and hospitals. Residential care homes will be an important part of the solution and we therefore see good prospects for the Group. The Company remains well placed to continue delivering attractive and sustainable returns to our shareholders for 2018 and beyond.

Rupert Barclay Chairman
21 March 2018

COMPANY OVERVIEW

An attractive market

Five drivers influence the demand for, and provision of, care for the elderly, making it an attractive market for well-capitalised asset owners working with well-managed tenant operators.

- People are living longer
- The number of beds available has fallen
- The market is highly fragmented
- There is severe pressure on the NHS
- Government funding has increased

Our value-creating business model

We have a five-stage business model, which aims to create value for all our stakeholders.

- Build relationships with high-quality operators
- Identify assets for the operators to run
- Perform due diligence, purchase and lease assets
- Work with tenants to create value
- Optimise the portfolio for long term income security

Our tenants

At the period end we had two tenants - Minster Care and Croftwood Care - which are both part of the Minster Group. They are established providers, offering a quality of care that exceeds the national average. Both are free of third-party debt and they earn fees from more than 80 public sector customers and in excess of 700 private residents between them.

Since the period end, we have announced the conditional acquisition of three care homes in North East England, which adds Prestige Care Group as a tenant when completed. Prestige is a developer and operator with over 20 years' experience in the care home industry and a reputation for providing high-quality, affordable care. For two of the properties, the transaction remains conditional upon CQC re-registration.

For more information on our tenants, see the Investment Adviser's report.

Our focused strategy

Our strategy is to identify new healthcare properties and tenants who will diversify our portfolio and deliver strong economies of scale, with efficient operations alongside a good quality of care. We look for investments that, under our ownership, will provide value for money to our tenants' customers and residents, while delivering attractive and stable returns to our investors for the long term.

Our portfolio - key characteristics

- Well-diversified geographically
- Long leases, with 19.2 years WAULT at 31 December 2017 and the option for two 10-year extensions
- Annualised rent of £11.9 million, with annual rental uplifts based on the Retail Prices Index, with a floor of 2% and a cap of 4% per annum
- Majority of the assets owned freehold, with six on 999-year leases
- High-quality, financially sound tenant group

Market drivers

A growing and under-supplied market for an essential service.

We have identified five key drivers which make the UK market for elderly care attractive to well-managed care home operators. This in turn creates opportunities for well-capitalised asset owners, such as us, to grow in partnership with these operators and build portfolios of assets offering secure and rising income, with the potential for further value creation through careful asset management.

1. People are living longer

The UK population is ageing rapidly. The number of people more than 85 years old in the UK is forecast to increase from 1.5 million in 2014 to 3.6 million by 2039. A substantial minority of this age group will need some form of residential care, which can only be provided in a care home or in hospital.

2. Care home capacity has shrunk while real spending per bed has risen

The number of beds available has fallen 17% from its peak in 1996. Recent research by the Consumer Association shows that in England alone, there could be a shortfall of 42,000 beds by 2022. Of the 150 local authorities (LAs) the Consumer Association surveyed, only 20 are adding beds at a sufficient rate to keep up with likely demand over this period.

At the same time, annual spending on residential care for older people has risen from £9.3 billion in 1995 to £15.9 billion in 2017. This represents a sizeable increase in real spending per bed, with fees continuing to rise ahead of inflation in 2017.

3. The market is highly fragmented

The UK has numerous small operators of care homes. In total, there are around 5,500 different providers, operating 11,300 care homes between them (source: Competition & Markets Authority (CMA)). Operators with fewer than 26 homes have 69% of the market. This fragmentation offers scope for stronger asset owners and stronger operators to grow through consolidation, and for asset owners to broaden the range of tenants in their portfolios. At the period end, the Group owned 0.6% of the private care beds in the market.

4. Helping relieve the severe pressure on the NHS

In the 12 months to June 2017, the NHS in England lost cumulatively 2,274,300 bed days through delayed transfers, an increase of 66% on 2010. The majority of these beds are occupied by elderly people who cannot safely be sent home but could be more effectively and efficiently looked after in a care home environment. This is highly wasteful for the NHS at a time when its budget is under unprecedented pressure, as the average hospital bed costs four times more than the average care home bed. In order to manage these pressures better, in January 2018 the Secretary of State for Health, Jeremy Hunt, was also put in charge of adult social care.

5. Government funding has increased

According to the recent study by the Competitions and Markets Authority

- 41% of care home residents fund themselves;
- 49% receive LA funding (with around one quarter of these paying top-ups); and
- 10% are funded by the NHS, as they have primary health problems.

This means that the public sector is responsible for funding at least some of the cost of care for the majority of care home residents. The combination of rising demand, insufficient supply and the need to reduce pressure on the NHS has led the government to announce a series of initiatives over the past two years, to increase LA funding for elderly care. These initiatives reflect the fact that care is an essential service, which LAs are legally obliged to provide.

The initiatives are set out below. Together, they represent a substantial increase in public sector spending, in a market worth around £16 billion a year:

- A social care precept. When first announced, this allowed LAs to increase council tax by up to 2% each year between 2016/17 and 2019/20. However, in December 2016 the government enabled LAs to bring the social care precept forwards, by raising council tax by up to 3% in 2017/18 and 2018/19. The Treasury estimates this could produce an additional £2 billion a year by 2019/20.
- An improved Better Care Fund. This will provide an additional £4.4 billion of funding between 2017/18 and 2019/20.
- A new Adult Social Care Support Grant. To provide £240 million to LAs in 2017/18.

Our business model

We use the following resources to create value for our stakeholders:

Physical assets
Residential care homes are central to our value-creation model

Relationships
We draw on our Investment Adviser's strong relationships with operators, asset owners and other key stakeholders.

Specialist knowledge
Our Investment Adviser's deep understanding of the residential care home sector helps us to identify strong operators and attractive assets.

Financial assets
We finance our business using shareholders' equity and intend to incorporate a prudent level of debt.

1. Build relationships with high-quality operators

We start by strengthening and developing our relationships with operators we want to work with for the long term. As our tenants will run our care homes for at least 20 years, we want to be certain they have a track record of providing good care, while running a sustainable and profitable business. Their capabilities will underpin a secure, well-covered rental stream for us. We also look to broaden our range of tenants over time, so we have a diversified portfolio.

We draw on our Investment Adviser's existing strong relationships with operators and develop relationships with new operators, by clearly communicating what we are looking for in a tenant. The Investment Adviser's deep knowledge of how to run care homes is a critical advantage in assessing potential operators.

2. Identify assets

Once we have identified the right operators, we look to acquire assets our existing or proposed operators would run well. We jointly review their existing portfolios or identify assets owned by third parties, where the operator could create value with us. The Investment Advisers' relationships with vendors mean we can buy some assets off-market, at attractive purchase prices. We can also move quickly, using the Investment Advisers' knowledge to carefully and swiftly assess the quality of a potential opportunity through our selection process and procedures.

We typically look for portfolios of homes which have a record of operating well and where we can add value through asset management. In portfolios we will seek a combination of assets which offer solid performance, assets with potential for value creation

and possibly some non-core assets which we will sell. While our preference is to acquire portfolios, we may buy single assets either to add to an existing tenant portfolio or with a strategy to acquire more assets with the new tenant.

We look to have a portfolio that is diversified by location across the UK, focusing on areas where there is a good balance of supply and demand for care and assets are available at attractive valuations.

3. Perform due diligence, purchase and lease assets

Before we purchase assets, we perform thorough due diligence. This combines an in-depth assessment of the operator and its quality of care, as well as ensuring that the assets are sound, that they align with our investment objectives and that there is sufficient demand for care in the area.

We will fund asset purchases through equity and a prudent level of debt, recognising that appropriate gearing can help to drive returns. Our policy is to sign leases of at least 20 years with tenants, with upwards-only inflation-linked rental growth (see investment objectives for more details).

4. Work with tenants to create value

The security of our rental streams depends on our tenants continuing to provide high-quality care, so they remain in demand and sustain their profits. The Investment Adviser therefore reviews CQC ratings and the outcomes of inspections, as well as visiting assets. Our tenants also report to the Investment Adviser on a quarterly basis, to ensure they are complying with their covenants. Our Investment Adviser's sector knowledge helps it to engage with tenants and support their operations. The leases specify the minimum amounts tenants must spend on repairs and maintenance, so we can be confident our buildings are being kept in good condition.

We work with tenants to identify asset management opportunities that create value for them and for us. Examples could include adding beds, improving facilities or enhancing communal space. These projects increase revenue for the tenant, further strengthen their rental cover and grow rental income and capital values for us.

5. Optimise portfolio for long term hold

We continue to review the portfolio on an ongoing basis, to ensure it remains effective and efficient for us and our operators. If we believe it is value enhancing for shareholders, we may agree with the operator to sell an asset, so we can reinvest the proceeds in opportunities to create more value.

How we generate profit and cash
Our leases provide highly predictable and growing revenue streams. We look to control rigorously costs and exploit economies of scale as the portfolio grows, as many of our costs are fixed and some variable costs step down as our asset value rises. As a REIT, we are not subject to corporation tax on our qualifying property rental business, maximising our ability to distribute profits to shareholders as dividends.

Tenants
Tenants can grow their business alongside us, in a mutually beneficial relationship

Tenants' customers
The residents in our care homes benefit from security and stability, with an operator providing the right level of care

Shareholders
Shareholders benefit from secure and growing rental streams supporting quarterly dividends, with the potential for capital growth.

INVESTMENT ADVISER'S Q&A

Andrew Cowley, Managing Partner of our Investment Adviser, answers some common questions about our market, our business and our strategy for growth.

1. What pleased you most about the Group's first period in operation?

I think we delivered everything we promised and perhaps a little bit more. The Group is up and running, with a strong portfolio, excellent tenants and positive cash flow from day one, which has enabled us to meet our dividend targets. That gives us a really solid platform to expand from, so we can create value for shareholders, tenants and residents alike for the long term.

2. What do you think is the biggest attraction of the care home market?

The market has many attractive characteristics but at its most basic, it is not often that you see an opportunity where the supply and demand fundamentals are so strong. Demand for residential care is only going to grow and there are not enough beds to provide that care, so we think that undersupply is set to increase. That dynamic will create real opportunities to generate value for well-capitalised landlords, working in partnership with high-quality operators to deliver good quality care.

3. There is significant demand for healthcare real estate. Are you able to source acquisitions for the Group at attractive yields?

Yes we are, as we have shown with the acquisition we have announced since the period end. There has been yield compression but it has primarily been at the very top end of the market, in the super prime segment. We are looking to source assets for the Group in the upper-middle market, where we continue to see a good pipeline of opportunities at appropriate prices, with new tenants and robust operations, and where we can add value through asset management.

4. How quickly do you think the portfolio can grow?

We have said we are looking to add around 100 beds each year through our asset management programme. As far as acquisitions are concerned, we are in a growth phase but it is much more about the quality of opportunity than the quantity. This is a long-term business and we need to ensure we carefully choose the right operators and the right assets.

5. What do you think differentiates the Group from other healthcare real estate owners?

The tenant-centric approach is important. Our view is that if you find a good operator, who provides a high standard of care and earns a sustainable profit, then by definition their assets are more than fit for purpose. We can always work with them to improve the quality of the buildings, but what we cannot do is turn a bad provider of care into a good one. The other reason for starting with the tenant is that it is a long-term partnership. Where we are establishing new leases, these are at least 20 years, so you have to have the right partner and we do a lot of due diligence on them before we proceed.

6. What do you see as the key findings in the CMA market study?

There were two main findings. The first was that generally speaking, residents in care homes receive good care and the sector as a whole performs a vital public service. The UK's demographics mean that service is only going to become more important. Second, despite the significant increases in government expenditure announced in the past two years or so, local authorities are still not paying enough to meet the full cost of care for the nearly 60% of residents they fully or partly support. The CMA conclude that this means either more public funding for residential care or new funding models for care. Either way, these will benefit the economics of the sector

7. Are your tenants able to find enough staff?

The sector has had to face many operational challenges over the years, from the introduction of National Minimum Standards to changing regulation, inspection and rating regimes, to the financial crisis. Maintaining appropriate staffing levels is another of those challenges and probably the most important factor in providing good quality care.

What we find is that well-positioned businesses with good operators are able to adapt to changing market conditions, which is another reason for remaining highly selective about the operators the Group chooses to work with. It is also true that staffing shortages are likely to be more significant in areas with super prime assets, where staff cannot afford to live. The Group is operating in a different part of the market

8. Do the problems at Four Seasons have any implications for the care home sector?

Four Seasons is a complex story. At a financial and operational level, the business hit a low point in 2015. Since then there have been clear signs the management team is delivering a turnaround at the operating level. However, its balance sheet is not sustainable and needs restructuring and this is now happening. We draw two conclusions from this. First, do not forget the dangers of excessive leverage, which is why we have adopted a conservative approach to debt. Second, some interesting opportunities for us might emerge from the restructuring of Four Seasons.

9. How are you progressing with negotiating debt facilities?

We said at the half year that we were looking to put in place the funding structures to implement our growth plans for the Group. Part of that was the additional equity raise, which was successfully completed in November, and part was introducing a debt facility. We are continuing to actively discuss debt facilities with finance providers and want to ensure the timing of these facilities is aligned as close as possible with the acquisitions these facilities will fund.

INVESTMENT ADVISER'S REPORT

This was a busy and successful first period for the Group.

Initial public offering, vendor issue and placing

The Company raised total gross proceeds of £160.2 million through its IPO and vendor issue. Its shares were admitted to the Specialist Fund Segment of the London Stock Exchange's Main Market on 7 March 2017, following the issue of 146,172,358 ordinary shares at 100p each. On 5 May 2017, the Company issued a further 14 million ordinary shares at 100p each, as a vendor issue in connection with its acquisition of the Seed Portfolio.

On 8 November, the Company raised additional gross proceeds of £32.6 million to fund the next phase of its growth, through a placing of 32,034,471 shares at a price of 101.75p each. The shares placed represented 19.99% of the Company's issued share capital prior to the placing. Following the placing, the Company has 192,206,831 shares in issue.

Investment activity

The Group invested the majority of the net proceeds from the IPO and vendor placing during the period, acquiring 57 properties with 2,527 beds.

The acquisition of the Seed Portfolio completed on 4 May 2017, for a total consideration of £148.75 million and at a net initial yield of 7.6%. The 56 care homes are leased to the initial tenants for 20 years with no tenant break rights, and with an option to extend for two further 10-year periods. All outstanding debt facilities were repaid in full and the Group acquired the Seed Portfolio debt free.

On 29 June 2017, the Group acquired Saffron Court for £3.4 million, at a net initial yield of 7.7%. Saffron Court has 48 beds. The terms of the lease are the same as for the Seed Portfolio.

Valuation

The Group's properties were independently valued by Cushman & Wakefield as at 31 December 2017, in accordance with the RICS Valuation Professional Standards (the Red Book). The portfolio's valuation was £156.2 million, an increase of £2.32 million or 1.5% over the aggregate purchase price of, and capital investment in the assets.

Financial results

The Group received rent from the Seed Portfolio as if it had acquired the portfolio on admission on 7 March 2017. As a result, the rent received in the period was £9.5 million. Under IFRS, the upfront initial lease rental payment from admission and the minimum annual rental increase of 2.0% are recognised over the lease term on a straight-line basis. In the current financial period, these two adjustments have substantially offset each other.

The EPRA cost ratio, which is calculated as administrative and operating costs as a percentage of gross rental income, was 24.7% for the period. Cost control is a key focus and the EPRA cost ratio is expected to decline as the Group grows its portfolio and benefits from economies of scale.

Profit before tax was £9.5 million. As a REIT, the Group is exempt from corporation tax on the profits and gains from its property investment business. All its profits, except net interest income, qualified for this exemption, so there was only a nominal tax charge for the period. This resulted in IFRS EPS of 5.82p and EPRA EPS of 4.35p. The Group's primary measure of earnings is adjusted EPS, which is supported by cash receipts and which the board considers is the appropriate measure for calculating dividend cover. Adjusted EPS for the period was 4.39p.

Over the coming years, the Group will often have cash reserved on account for capital expenditure, which will not earn a significant return until it is utilised. This capex will be funded under a licence to vary the lease with the tenant. Additional income from the licence to vary will be recognised on a straight-line basis from the date the licence is signed, offsetting the impact of this element of the cash drag on the Group's earnings. The Group is therefore considering reporting an additional EPS measure in future periods, which adjusts for this impact and shows the Group's underlying performance.

All the EPS figures listed above are on both a basic and diluted basis. More information on the calculation of EPS can be found in note 9 of the financial statements.

Dividends and distributable reserves

To ensure the Company benefits from the full exemption from tax on rental income afforded by the UK REIT regime, it must distribute at least 90% of the qualifying profits each year from the Group's qualifying rental business.

The Company has declared and paid three quarterly dividends of 1.5p each in respect of the period. All three dividends were Property Income Distributions. The details of these dividends were as follows:

Quarter to	Declared	Paid	Cash cost £m
30 June 2017	31 July 2017	31 August 2017	2.40
30 September 2017	1 November 2017	30 November 2017	2.88
31 December 2017	1 February 2018	22 February 2018	2.88
Total			8.16

Earnings cover per share is discussed in the Chairman's statement.

At 31 December 2017, the Company had distributable reserves of £51.0 million, giving it significant capacity to pay dividends in line with its dividend policy. The distributable reserves were increased during the period by the capital restructuring described below.

Net cash

At the period end, the Group had net cash of £38.4 million, reflecting the remaining proceeds from the IPO and the proceeds of the placing in November. Of this cash, £7.9 million is committed for asset management projects approved by the board and a further £17.0 million was committed after the period end, to fund the acquisitions described under post balance sheet events below.

Capital restructuring

On 12 April 2017, a successful application to the High Court was made for the reduction of £0.30 per share of the share premium account plus £3,000,000, which allowed the transfer of £46,851,708 to the capital reduction reserve (refer to note 17 of the financial statements). This is a distributable reserve.

The initial tenants

The acquisitions during the period have given the Group two initial tenants - Minster Care and Croftwood Care (both part of the Minster Group). They are established providers, offering quality of care that exceeds the national average.

Minster Care portfolio

Minster Care Portfolio
Valuation at 31 December 2017: £101.9 million
Rent payable (FY18)*: £7.1 million
Total homes: 30
Total beds: 1,471
* FY18 is the operator's financial year to 31 March 2018

Croftwood Care portfolio

Valuation at 31 December 2017: £54.3 million
Rent payable (FY18)*: £4.5 million
Total homes: 27
Total beds: 1,056
* FY18 is the operator's financial year to 31 March 2018

Asset management

During the period, the board approved the first phase of the Group's asset management programme. This will see 92 beds added across three homes, which had 144 existing beds between them. The total cost is expected to be £7.9 million. The first project is due to complete in April 2018, adding 25 beds at the Turnpike home. Work has begun to add 21 beds at Littleport, with completion expected in mid-2018. The largest of the three projects, the 46 new beds at Freeland House, is expected to begin later this year and complete in 2019. The extra beds are expected to increase rent on these three assets by £0.75 million or approximately 54%.

The Group is also advancing plans to add a further 372 beds over the next three years. In aggregate, this programme would therefore add 464 beds, increasing the number of beds at the Group's existing assets by 18% and growing both rent and net asset values. The programme is expected to take around three years to complete.

Post balance sheet events and acquisition pipeline

On 11 January 2018, the Group announced that it had exchanged contracts to acquire a portfolio of three purpose-built care homes in the North East, on a sale and leaseback basis. The acquisition is conditional on regulatory approval, among other things. The first asset with 54 beds has now been acquired and the remaining two will follow. The total consideration is £17 million, including costs. The care homes have 234 high-quality care beds and an asset management opportunity to add a further 40 beds.

The operator is Prestige Care Group, which purpose-built the homes between 2005 and 2015. Prestige will continue to operate the homes and is entering into a 20 year lease in respect of each property, with an option to extend by a further 10 years. The rents receivable are subject to annual, upward only rent reviews in line with the Retail Prices Index, with a floor of 2% per annum and a cap of 4% per annum. The net initial yield and rent cover are in line with the terms on which the Group acquired the Seed Portfolio.

Responsible business

The most significant impact the Group can have is protecting the rights of the people who live in its care homes. As described in the business model section, the Group therefore works closely with its tenants to ensure they provide the quality of care that their residents deserve and that the homes are well maintained and pleasant places to live. The Group's asset management programme also substantially enhances the homes involved. Stability is also crucial for residents, so the Group ensures it is sustainably financed and only works with financially sound tenants, who will be able to provide long-term care.

We are pleased that this concern for the well being of the residents in our homes is reflected in our initial tenants' regulatory performance. 85% of the homes in the Seed Portfolio are rated "Good" or "Outstanding" by the Care Quality Commission versus a national average of 74% for all medium (10-48 beds) and large (>50 beds) residential and nursing homes.

Pipeline

The Investment Adviser is actively pursuing a pipeline of further investment opportunities, which it believes comply with the Company's investment policy, will be accretive to earnings and will enhance diversification. After completion of the Prestige transaction, the Company will own 2,761 beds which is equal to approximately 0.6% of the privately-owned care beds in the UK market. The Investment Adviser has reviewed opportunities which comprise circa 5% of the beds in the market and is at an advanced stage of negotiation on a number of portfolios which, if approved by the board and subject to the availability of debt financing, could add in excess of 800 beds and five new tenants to the existing portfolio.

Outlook

The fundamentals of continuing growth in demand and limited supply of good quality well operated residential care home beds persist. The Group remains well positioned to selectively invest in a growing pipeline of identified opportunities that meet the Company's strict investment criteria and we continue to look forward to delivering secure and attractive returns to shareholders in 2018 and for the long term.

Impact Health Partners LLP Investment Adviser
21 March 2018

INVESTMENT OBJECTIVES AND POLICY

Our Objective

We aim to provide shareholders with attractive long term and sustainable returns, primarily in the form of quarterly dividends. These dividends are underpinned by our secure and stable income, which comes from two tenants within a group that is financially sound and committed to providing high standards of care. We benefit from long leases with inflation-linked annual rent reviews. Through active asset management we also aim to deliver growth in net asset values over the medium term.

Our Policy

Our investment policy is to acquire, lease, renovate, extend and redevelop high-quality healthcare real estate assets in the UK, and to lease those assets, under full repairing and insuring leases, primarily to operators providing residential healthcare services. We complied with this policy during the period and met our investment objectives, as set out below.

✓ achieved
--- partially met
X not met

Investment policies	*Status*	*Performance*
Our target dividend for the first 12 months from admission equates to a yield of 6% per annum on the issue price, on an ungeared basis.	✓	We declared and paid dividends totalling 4.5p per share for the three quarters to 31 December 2017, without using leverage, in line with our target.
We aim for our dividends to be covered by ordinary earnings. +	---	Paid and declared dividend, we were 98% covered by adjusted earnings per share. The dividend on the original IPO share placement was fully covered by adjusted earnings per share, after excluding the impact of the November share placing, whose proceeds had not been invested by the period end.
We have a conservative gearing policy. Borrowings as a percentage of our gross assets may not exceed 35% LTV at the	✓	The Group was ungeared at 31 December 2017. We continue to engage with finance providers for debt facilities within these

time of drawdown.		gearing limits and we are seeking to align this funding with future acquisitions.
After acquiring the Seed Portfolio and some of the optional assets, we targeted annual rent receivable from our initial tenants of between £11.0 million and £11.6 million.	✔	Our rent roll at the period end was £11.9 million, comprising £11.6 million base rent plus a further £0.3 million in relation to rent commitments from funded capital improvements.
Minimise cash drag.+	--	We invested 95% of our net IPO proceeds within two months of admission, with cash rent calculated from the admission date. 98% invested by June and committed the remainder to fund income-increasing asset management initiatives. We raised a further £32.6 million in November 2017 and committed to an acquisition of 234 beds for £17.0 million in January 2018. Other acquisitions are being actively pursued.
We manage risk by owning a diversified portfolio, with no single asset exceeding 15% of the Group's total gross asset value.	✔	The largest single asset is Freeland, which was valued at £11.7 million at the period end, equating to 7.5% of our gross asset value.
We also manage risk by limiting our exposure to our tenants' customers. No single customer paying for care provided in our assets can account for more than 15% of our tenants' aggregate revenues	✔	The largest single customer paying for care represents only 8.2% of the aggregate revenues of the tenant which leases the assets.
We grant leases that are linked to the Retail Prices Index (RPI), have an unexpired term of at least 20 years and are not subject to break clauses. We seek to amend any leases we acquire to obtain similar terms.	✔	The initial portfolio is leased on 20-year terms, with no break clauses and upward-only rent increases at RPI, with a floor of 2% and a cap of 4%. The portfolio being acquired from Prestige Care Group after the period end (see the Investment Advisers' Report) will be let on substantially similar terms.
We will not speculatively develop assets, which means we will not develop a property which has not been leased or pre-leased.	✔	We did not undertake any speculative development in the period.
We may invest in forward funding agreements or forward commitments to pre-let developments, where we will own the completed asset.	✔	The 92 additional beds approved during the period, for development at existing assets, will enhance our rental income under a forward funding agreement through which we fund the tenant's capital expenditure in return for an accretive increase in rent, both in terms of contractual rent and portfolio valuation.

+ These were not defined as investment policies at the time of IPO but have since been agreed by the board as appropriate policies for the Group.

The investment policy set out in the prospectus allows us to invest in a range of healthcare real estate assets, in addition to residential care homes. We have not yet sought to invest in any of these alternative assets.

Our investment policy also allows us to generate up to 15% of our gross income from non-rental revenue or from profit-related payments from tenants. We did not generate any income from these sources during the period.

Principal risks and uncertainties

The tables that follow show the principal risks and uncertainties facing the Group and explains how we mitigate them.

Political

1. Changes to government policy

Probability: Low	Impact: High	Mitigation
	Care for the elderly is at the heart of our business. We expect the government to continue to focus on the sector, to ensure it operates effectively.	We actively engage with our tenants to understand their position on the risks and opportunities of potential legislative changes and how our

	This creates both opportunity and risk, depending on the nature of the changes proposed and our preparedness to engage in the drafting and implementation of legislation.	joint strategies may need to adapt to deliver any requirements or maximise the opportunity arising from these. As a business and alongside our Investment Adviser, we are looking to engage more with organisations that support and represent the property and investment sectors focused on the healthcare industry.

Market Conditions

2. Adverse change in investment opportunities

Probability: Low	Impact: Moderate	Mitigation
	Our investment objective allows us to invest in further assets. Market conditions may restrict the availability of investments and reduce our ability to identify and acquire suitable assets that would generate acceptable returns. Any delay in making investments for secured funding, will reduce our returns.	We have a robust due diligence process to assess new investments, to ensure they align with our investment objectives and that we understand and appropriately manage any associated risks. The quality of deal flow that the Investment Adviser is reviewing allows us to be selective in the assets that we our acquiring.

3. Weakening asset investment performance and investor perception of the healthcare sector

Probability: Moderate	Impact: low	Mitigation
	The independent valuation of our portfolio is based, in part, on comparable market evidence. An adverse change in investment demand across the market will affect valuation yields, with a corresponding impact on our investment value and NAV.	A reduction in investment values would not affect our revenues or ability to pay dividends. Our long-term hold strategy focuses on enhancing our income and its security, to manage the value of our portfolio for our investors. In addition, we will continue to pursue active asset management across our portfolio, to enhance the value of our assets. With any future financing, we will consider the impact of a fall in values on any LTV covenants.

4. Weakening care market

Probability: Low	Impact: moderate	Mitigation
	Several factors may affect the market for elderly residential care, including: • adverse conditions in the healthcare sector. • local authority funding partners amending their payment terms, impacting our tenants' revenues. • increased regulatory responsibility and associated costs for our tenants. These could all materially impact our tenants' covenant strength and their ability to pay rent, resulting in a higher risk of default.	We work closely with our tenants to understand the underlying performance of the individual assets, so we identify any concerns early and can explore mitigating actions such as additional investment, staffing levels and the public/private resident mix.

Underperformance of assets

5. Default of one or more tenants

Probability: Low	Impact: High	Mitigation

	Our IPO was based on the acquisition of a Seed Portfolio of assets, with two tenants under a single framework agreement (the 'tenant group'). As a result, we have a high exposure to a single tenant group default, which would affect the value of our assets and our ability to pay dividends to our shareholders.	We actively engage with the Seed Portfolio tenant group, with regular reviews and reporting on performance, repairs and maintenance spend and strategic planning. We have a proactive relationship to identify issues early and put mechanisms in place to resolve them. Our tenant group have a clear objective to enhance the assets and further improve their rent cover. In addition, we are actively pursuing new investments with new tenants to dilute our single tenant group exposure, with appropriate due diligence to ensure the operating capability of these new tenants is strong and maintainable.

6. Under investment by tenants I the repair and maintenance of our assets

Probability: Low	Impact: moderate to high	Mitigation
	The attractiveness of our portfolio is based on the quality of the operators, measured by their regulatory and financial performance, and our properties' ability to provide effective space from which our tenants can operate. This does not require our assets to be new but it does require them to be well maintained and fit for purpose.	We work very closely with our tenants to identify opportunities to improve and enhance the portfolio and where appropriate agree to fund these improvements, in return for an increase in rent. The benefit of operating a portfolio reduces our exposure to changes in individual properties. In addition, all of our leases with tenants have full repair and maintenance obligations, with the additional clarity of a minimum spend per annum per bed, which tenants are required to report against and we actively monitor.

7. Cost overruns on development activity

Probability: moderate	Impact: low to moderate	Mitigation
	We actively work with our tenants to identify opportunities to enhance and improve our assets, in return for an increase in rent. This includes material refurbishment to existing buildings or new developments on our land. Development contracts have inherent risks in relation to cost and quality management that can result in cost overruns and delays.	Our tenants are directly responsible for any improvements under a licence to vary of the lease, and are required to manage developments in a safe and efficient manner. We factor in a material contingency balance into our investment strategy and ensure that the investment remains attractive and affordable to our tenant at this higher level of funding. In the event there are material delays and increases in costs above these assumed levels, these are our tenants' responsibility to fund.

Financing

8. Ability to secure financing

Probability: low	Impact: moderate	Mitigation
	We expect to borrow to fund our	While securing debt financing is

	investment activities, which may expose us to interest rate risk (if left unhedged) and additional losses if the value of our investments fall. We may be required to grant security in respect of any borrowings. This security may be over particular properties or over the portfolio as a whole, and will rank ahead of shareholders' entitlements. This means that if the Group were wound up, shareholders might not recover their initial investment. If debt is not available on acceptable terms, we may be unable to progress investment opportunities as they arise or continue to grow in line with our strategy.	part of our growth strategy, it is not required for operational financing or to deliver a fully covered dividend to existing shareholders, on the current investment portfolio. As such, the board does not need to pursue debt financing if it cannot be secured on accretive terms to shareholders. We intend to cap future borrowings at 35% LTV, to ensure debt levels are manageable across the business, and we have established a clear hedging policy to mitigate any risk from interest rate fluctuations.

Corporate Risk

9. Reliance on the Investment Adviser

Probability: low	Impact: high	Mitigation
	As an externally managed company, we rely on the Investment Adviser's services and reputation to execute our strategy and support our day-today relationships. As a result, our performance will depend to some extent on the Investment Adviser's ability and the retention of its key staff. There is a risk of potential conflicts with the investment adviser and its tenant for the Seed Portfolio.	We have an Investment Advisory Agreement with the Investment Adviser, which sets out the basis on which the Investment Adviser provides services to us, the restrictions it must operate within and certain additional rights we have, such as a right of pre-emption for investment opportunities. The Agreement may be terminated by 12 months' notice, which cannot be served before the fourth anniversary of Admission, except in certain circumstances such as a material breach, when it can be terminated immediately. The Management Engagement Committee's role and responsibilities include reviewing the Investment Adviser's performance. The board as a whole remains actively engaged with the Investment Adviser, to ensure a positive and collaborative working relationship. The board has put in a number of controls to mitigate this risk.

Taxation Risk

10. Change to the Company's REIT status

Probability: low	Impact: high	Mitigation
	We are a UK REIT and have a tax-efficient corporate structure. Any change to our tax status or in UK tax legislation could affect our ability to achieve our investment objectives and provide favourable returns to shareholders. If the Company fails to remain a REIT, our primary profits and gains will be subject to UK corporation tax.	The board is ultimately responsible for ensuring we adhere to the UK REIT Regime. The board has engaged a third-party tax adviser to help monitor our REIT status and ensure our investment and shareholding structure do not put this status at risk. The REIT structure discourages ownership of more than 10% in a single entity and the Company is

	Should there be a change of control within 3 years of the Seed Portfolio acquisition, there could be a £7.5 million SDLT liability.	monitoring its shareholder register.

Going concern and viability statements

Going Concern Statement

This Strategic Report describes the Company's and Group's financial position. Our principal risks and note 15 to the financial statements also provide details of the Group's exposure to liquidity and credit risk. The Group currently has no debt in place and a Group LTV cap of 35%.

The Group also benefits from a secure income stream from leases with long average unexpired terms. The Group's cash balance as at 31 December 2017 was £38.4 million, of which £7.9 million was committed to capital improvement projects and subsequent to the year end, £17.0 million was committed to acquisitions.

As a result, the directors believe that the Group is well placed to manage its business risks.

The directors believe that there are currently no material uncertainties in relation to the Company's and Group's ability to continue for a period of at least 12 months from the date of approval of the Company and Group financial statements. The board is, therefore, of the opinion that the going concern basis adopted in the preparation of the Annual Report is appropriate.

Assessment of viability

The period over which the directors consider it feasible and appropriate to report on the Group's viability is the three year period to 31 March 2021. This period has been selected because of the various strategic and growth options open to the business at this early stage. It is expected that the period will extend to a five year model in the future, but it is felt that the business will be under constant review while the initial growth strategy is implemented and any longer projections will be less accurate and no more informative in assessing the viability of the business.

The assumptions underpinning these cash flow forecasts were reviewed against the Group's underlying income to explore the resilience of the Group to the potential impact of the Group's significant risks, or a combination of those risks.

The principal risks table above summarises those matters that could prevent the Group from delivering on its strategy and is derived from our robust assessment of the principal risks to our business model, future performance, liquidity and solvency. A number of these principal risks, because of their nature or potential impact, could also threaten the Group's ability to continue in business in its current form if they were to occur.

The directors paid particular attention to: a weakening investment and financing market, rising operational costs, and a tenant default as a result of poor operational performance. Based on this assessment, and on the assumption that there are no significant changes to regulatory policies or levels of funding by local authorities, the directors have developed their reasonable expectations that none of these risks would compromise the Group's viability, either on their own or in combination. The remaining principal risks, whilst having an impact on the Group's business model, are not considered by the directors to have a reasonable likelihood of impacting the Group's viability over the next three years to 31 March 2021.

The analysis performed was designed to take full account of the availability of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks. The material financial mitigation while undertaking these measures is to restrict or refrain from paying dividends.

Viability Statement

Having considered the forecast cash flows and the impact of the main financial risks, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 31 March 2021.

Key performance indicators

The Group uses the following measures to assess its strategic progress

KPI and definition	**Relevance to strategy**	**Performance**	**Result**
1. EPRA Net Asset Total Return (NATR)			
The change in the EPRA net asset value over the period plus dividends paid.	Our NATR demonstrates our ability to add value for our shareholders, by growing our portfolio value and distributed earnings.	7.19% as at 31 December 2017	Positive growth in NATR
2. Dividend			
Dividends paid to	The dividend reflects	4.5p/share	**Met**

shareholders and declared in relation to the period. Our objective is to pay a 6p dividend for the first 12 months from IPO.	our ability to generate a secure and growing income stream from our portfolio.	for the period to 31 December 2017	We are on target to deliver our commitment for the first 12 months. We have a clear objective to achieve a fully covered dividend in 2018.
3. EPRA NAV Per share			
The value of our assets (based on an independent valuation of the property portfolio) less the book value of our liabilities, attributable to shareholders and calculated in accordance with EPRA guidelines.	By working with our tenants, we expect to grow our NAV, and hence our NATR, through a combination of improved performance and value-add capital investment.	100.65p/share at 31 December 2017	**Met** Positive growth in NAV.
4. Loan to value (LTV)			
The proportion of our gross asset value that is funded by borrowings.	We have a conservative gearing policy, with borrowings as a percentage of Group assets limited to 35% at the time of drawdown	0.0% at 31 December 2017	**Met** Gearing opportunities are being explored and are being timed to align with investment opportunities and to remain within the investment parameters.
5. Adjusted earnings per share			
Reflects the sustainable earnings per share achievable by the company, including rent paid and rent receivable from capital improvements, and adjusts for all other earnings not supported by cash flows.	We intend to deliver a sustainable and growing dividend which is fully covered by the underlying sustainable earnings of the business.	4.39p/share for the period to 31 December 2017	**Partially met** The additional equity raised in November was not fully invested in the period, resulting in an element of cash drag. Excluding the additional equity raise, earnings per share were 4.54p, delivering against our commitment on the initial equity and Seed Portfolio returns. We have a clear objective to achieve a fully covered dividend in 2018.
6. Total expense ratio (TER)			
The ratio of total administration costs expressed as a percentage of average net asset value throughout the period	The TER is a key measure of our operational efficiency and keeping costs low supports our ability to pay a growing dividend.	1.43% for the period to 31 December 2017	**Met** Our TER is expected to reduce as the Company grows, but is in line with the 1.4% estimate set out in the IPO prospectus
7. Diversified portfolio			
Largest single asset as a percentage of the most recent valuation for the property portfolio.	We manage risk by ensuring no single asset exceeds 15% of the Group's total property valuation	7.49% at 31 December 2017	**Met** Freeland House is the largest single asset, at £11.7m.
8. Diversified customer base			
Revenue from our	We manage risk by	8.20%	**Met**

tenants' largest single customer as a percentage of the total tenant revenue.	ensuring that no single customer who is paying for care accounts for more than 15% of the aggregated revenue of the Group's tenants	for the period to 31 December 2017	Wigan Borough Council is the largest single customer in the underlying portfolio.
9. Weighted average unexpired lease term			
The average unexpired lease term of the property portfolio, weighted by annual passing rents.	The WAULT is a key measure of the secure nature of our portfolio. Long lease terms underpin the quality of our income stream and hence our dividends.	19.2 years for the period to 31 December 2017	We set a minimum lease term of 20 years on any new leases established as part of a sale and leaseback acquisition.

EPRA performance measures

The table below shows additional performance measures, calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association (EPRA). We provide these measures to aid comparison with other European real estate businesses.

KPI and definition	Purpose	Performance
1. EPRA Earnings per share		
Earnings from operational activities	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	£7.08m/4.35p per share for the period to 31 December 2017
2. EPRA NAV per share		
Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long term investment strategy.	£193.45m/100.65p as at 31 December 2017 (No adjustment to IFRS NAV)
3 EPRA Triple Net Asset Value (NNNAV)		
EPRA NAV adjusted to include the fair values of: (i) financial instruments; (ii) debt and; (iii) deferred taxes.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.	£193.45m/100.65p as at 31 December 2017 (No adjustment to IFRS NAV)
4.1 EPRA Net Initial Yield (NIY)		
Annualised rental income based on the cash rents passing at the balance sheet date, less non recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	This measure should make it easier for investors to judge for themselves how the valuation of one portfolio compares with another portfolio.	7.02% as at 31 December 2017
4.2 EPRA 'Topped-Up' NIY		
This measure adjusts the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives, such as discounted rent periods and step rents).	This measure should make it easier for investors to judge for themselves how the valuation of one portfolio compares with another portfolio.	7.02% at 31 December 2017
5. EPRA vacancy rate		

Estimated market rental value (ERV) of vacant space divided by the ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.	0.00% as at 31 December 2017
6. EPRA cost ratio		
Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	A key measure, to enable meaningful measurement of the changes in a company's operating costs.	24.68% for the period to 31 December 2017

The Strategic Report was approved on behalf of the board by:

Rupert Barclay Chairman
21 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 7 November 2016 to 31 December 2017

	Notes	Period ended 31 December 2017 £'000
Gross Rental Income	5	9,392
Insurance/service charge income	5	57
Insurance/service charge expense	5	(57)
Net Rental Income	5	**9,392**
Administrative and other expenses	6	(2,318)
Operating profit before changes in fair value of investment properties		7,074
Changes in fair value of investment properties	11	2,378
Operating profit		**9,452**
Finance income		6
Profit before tax		**9,458**
Tax charge on profit for the period	8	(1)
Profit and comprehensive income (attributable to shareholders)		**9,457**
Earnings per share - basic and diluted (pence)	9	**5.82p**

No operations were discontinued in the period.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	31 December 2017 £'000
Non-current assets		
Investment property	11	156,226
Trade and other receivables	12	1,651
Total non-current assets		**157,877**
Current assets		
Trade and other receivables	12	119
Cash and cash equivalents	13	38,387
Total current assets		**38,506**
Total assets		**196,383**
Current liabilities		
Trade and other payables	14	(1,221)

Total current liabilities		(1,221)
Non-current liabilities		
Trade and other payables	14	(1,712)
Total liabilities		**(2,933)**
Total net assets		**193,450**
Equity		
Share capital	17	1,922
Share premium reserve	17	140,505
Capital reduction reserve	17	41,566
Retained earnings		9,457
Total equity		**193,450**
Net Asset Value per ordinary share (pence)	19	**100.65 p**

The consolidated financial statements were approved and authorised for issue by the board of directors on 21 March 2018 and are signed on its behalf by:

Rupert Barclay, Director

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 7 November 2016 to 31 December 2017

	Notes	Period ended 31 December 2017 £'000
Cash flows from operating activities		
Profit for the period (attributable to equity shareholders)		9,457
Finance income		(6)
Less: changes in fair value of investment properties	11	(2,378)
Increase in trade and other receivables		(1,770)
Increase in trade and other payables		2,933
Net cash flow from operating activities		**8,236**
Investing activities		
Purchase of investment properties	11	(152,154)
Acquisition costs capitalised	11	(1,184)
Capital improvements	11	(510)
Interest received		6
Net cash flow from investing activities		**(153,842)**
Financing activities		
Proceeds from issue of ordinary share capital	17	192,767
Issue costs of ordinary share capital	17	(3,488)
Dividends paid	10	(5,286)
Net cash flow from financing activities		**183,993**
Net increase in cash and cash equivalents for the period		38,387
Cash and cash equivalents at the start of the period		-
Cash and cash equivalents at the end of the period		**38,387**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Retained earnings £'000	Total £'000
7 November 2016		**-**	**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**-**	**9,457**	**9,457**
Transactions with owners						
Issue of management shares	17	50	-	-	-	50

Cancellation of management shares	17	(50)	-	-	-	(50)
Issue of ordinary shares	17	1,922	190,845	-	-	192,767
Share issue costs	17	-	(3,488)	-	-	(3,488)
Transfer to capital reduction reserve	17	-	(46,852)	46,852	-	-
Dividends paid	10	-	-	(5,286)	-	(5,286)
31 December 2017		**1,922**	**140,505**	**41,566**	**9,457**	**193,450**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 7 November 2016 (incorporation date) to 31 December 2017

1. Basis of Preparation

The financial information contained in this announcement has been prepared on the basis of the accounting policies set out in the financial statements for the period ended 31 December 2017. Whilst the financial information included in this announcement has been computed in accordance with IFRS, as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRS. The financial information does not constitute the Group's financial statements for the period ended 31 December 2017, but is derived from those financial statements. Those accounts give a true and fair view of the assets, liabilities, financial position and results of the Group. Financial Statements for the period ended 31 December 2017 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors' report on the 31 December 2017 financial statements was unqualified; did not draw attention to any matters by way of emphasis; and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

General information

The consolidated financial statements for the period from incorporation on 7 November 2016 to 31 December 2017, are prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the European Union and in accordance with the Companies Act 2006, except for the requirement to include prior period comparatives as this is the Company's first financial period since incorporation.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties which have been measured at fair value.

The Group has chosen to adopt EPRA best practice guidelines for calculating key metrics such as net asset value and earnings per share.

The Company is a public listed company incorporated and domiciled in England and Wales. The Company's Ordinary Shares are listed on the main market of the London Stock Exchange, in the Specialist Fund Segment. The registered address of the Company is disclosed in the Corporate Information.

Convention

The consolidated financial statements are presented in Sterling, which is also the Group's functional currency, and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

Going concern

The Strategic Report describes the Company's financial position, cash flows, and liquidity position. The principal risks table and Note15 to the financial statements also provide details of the Group's financial instruments and its exposure to liquidity and credit risk.

The directors believe that there are currently no material uncertainties in relation to the Company's ability to continue for a period of at least 12 months from the date of the Company's financial statements. The board is, therefore, of the opinion that the going concern basis adopted in the preparation of the Annual Report is appropriate.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosures. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustment to the carrying amount of the assets or liabilities in future periods.

Judgements

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are disclosed below.

Fair valuation of investment property

The value of investment property is determined by independent real estate valuation experts, to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Each property has been valued on an individual basis. The valuation experts use recognised valuation techniques in accordance with those recommended by the International Valuation Standard Committee and are compliant with IFRS 13.

The valuations have been prepared in accordance with the RICS Valuation - Global Standards 2017 incorporating the IVSC International Valuation Standards ("the Red Book"). Factors reflected include current market conditions, annual rentals, lease

lengths, and location. The significant methods and assumptions used by the valuers in estimating the fair value of investment property are set out in note 11.

Gains or losses arising from changes in the fair values are included in the consolidated statement of comprehensive income in the period in which they arise. In order to avoid double accounting, the assessed fair value may be increased or reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or lease income straight-lining assets or liabilities to the statement of comprehensive income.

Operating lease contracts - the Group as lessor
The Group has acquired investment properties that are subject to commercial property leases with tenants. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

The leases are for 20 years with a tenant only option to extend for 2 periods of 10 years. It has been assumed at this stage that the tenants do not exercise the option to extend.

Business combinations
The Group acquires subsidiaries that own property. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or deferred tax arises.

All acquisitions in the period have been judged not to be acquisitions of a business.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Basis of consolidation
The Company holds 100% of the issued share capital in Impact Property 1 Limited ("Propco 1") and Impact Property 2 Limited ("Propco 2"). The Company and its subsidiaries, Propco 1 and Propco 2 (together "the Group") is a property investment group.

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries drawn up to 31 December 2017. Subsidiaries are those entities, including special purpose entities, controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Segmental information
The board is of the opinion that the Group is engaged in a single segment business, being the investment in the United Kingdom in healthcare assets.

Rental income
Rental income arising on investment properties is included in gross rental income in the consolidated statement of comprehensive income and is accounted for on a straight line basis over the lease term. The resulting asset or liability is reflecting as a receivable or payable in the consolidated statement of financial position.

The valuation of investment properties is increased or reduced by the total of the unamortised lease incentive and straight line receivable or payable balances, where relevant. Any remaining balances in respect of properties disposed of are included in the calculation of the profit or loss arising at disposal.

The initial lease rental payments and guaranteed rental uplifts are spread evenly over the lease term, even if payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, except for where, at the inception of the lease, the Directors have no certainty that the tenant will exercise that option.

Increased rental payments arising from the variation of the lease on capital improvement licenses are spread evenly over the remaining lease term from the date of signing the license agreement.

Income and expenses
Income and expenses are accounted for on an accruals basis. The Group's income and expenses are charged through the consolidated statement of comprehensive income.

Taxation
The Group is a REIT on its property investments is therefore exempt from tax, subject to the Group maintaining its REIT status.

Taxation arising as a result of non-REIT taxable income comprises current and deferred tax. Taxation is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised as direct movements in equity, in which case it is also recognised as a direct movement in equity.

Current tax is the expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date.

Investment properties
Investment properties consist of land and buildings (principally care homes) which are held to earn rental income and for capital growth potential.

Investment properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the investment property. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the period incurred and included within the book cost of the property.

After initial recognition, investment properties are measured at fair value, with gains and losses recognised in the consolidated statement of comprehensive income in the period which they arise.

Gains and losses on disposals of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset. These are recognised in the consolidated statement of comprehensive income in the period in which they arise.

Trade and other receivables
Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are initially recognised at fair value and subsequently measured at amortised cost. A provision for impairment is made when there is objective evidence that the Group will not be able to recover balances in full.

Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents
Cash and cash equivalents include cash at bank.

Dividends
Dividends are recognised when they become legally payable.

Share capital
The share capital relates to amounts subscribed for share capital at its par value.

Share premium
The surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account. The reserve is non-distributable.

Capital reduction reserve
On 12 April 2017, an application to the High Court was successfully made for the reduction of £0.30 per share of the share premium account plus £3,000,000 which allowed the transfer of £46,851,708 to the capital reduction reserve (refer to note 17). This is a distributable reserve.

Trade payables
Trade payables are initially recognised at their fair value and are subsequently measured at cost.

4. Standards issued but not yet effective

The following standards have been issued but are not effective for this accounting period and have not been adopted early:

IFRS 9 'Financial Instruments'

In July 2014, the IASB published the final version of IFRS 9 'Financial Instruments' which replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'.

The IFRS 9 requirements represent a change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

For financial liabilities, IFRS 9 largely carries forward without substantive amendment the guidance on classification and measurement from IAS 39. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss.

The standard introduces new requirements for hedge accounting that align hedge accounting more closely with risk management and establishes a more principles-based approach to hedge accounting. The standard also adds new requirements to address the impairment of financial assets and means that a loss event will no longer need to occur before an impairment allowance is recognised.

The Group's financial assets comprise of trade and other receivables, cash and cash equivalents and trade and other payables.

Under IFRS 9 financial instruments trade and other receivables and trade and other payables would be classified and measured at amortised cost. This is in line with the current accounting policies already adopted for these financial instruments. Accordingly, no adjustments are expected with regards to the measure and classification of these financial instruments.

Under IFRS 9 expected credit losses would be recognised from the point at which financial instruments are originated or purchased. There would no longer be a threshold (such as a trigger loss event of default) before expected credit losses would start to be recognised. With limited exceptions, a 12-month expected credit losses must be recognised initially for all assets subject to impairment. For example, an entity recognises a loss allowance at the initial recognition of a purchased debt instrument rather than when an event of default by the issuer occurs. The amount of expected credit losses that are recognised would depend on the change in the credit quality since initial recognition to reflect the link between expected credit losses and the pricing of the financial instrument. With limited exceptions, IFRS 9 requires that at each reporting date, an entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

The Group's assessment in applying the new impairment approach will result in immaterial changes given the Group's requirement for tenants to pay rental payments in advance. No restatement is anticipated in the current period once the standard is adopted and becomes effective.

The standard will be effective for annual periods beginning on or after 1 January 2018. The Group will adopt IFRS 9 for the year ending 31 December 2018.

IFRS 16 'Leases'
In January 2016, the IASB published the final version of IFRS 16 'Leases'. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise lease assets and lease liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from the previous leases standard, IAS 17.

The Group is still assessing the full impact of the new guidance under IFRS 16 on variable lease payments (including rental uplifts), lease modifications (including renewal options and breaks) and lease incentives. It is not anticipated that this standard will result in restatement in the current period once the standard is adopted and becomes effective.

The standard will be effective for annual periods beginning on or after 1 January 2019. The Group will adopt IFRS 16 for the year ending 31 December 2019.

The Group does not consider the adoption of any new standards or amendments, other than those noted above to be applicable to the Group.

5. Property Income

	Period ended 31 December 2017 £'000
Rental income - freehold and leasehold property	**9,453**
Rent received in advance of recognition[1]	(1,712)
Rent recognised in advance of receipt[2]	1,651
Gross rental income	**9,392**
Insurance/service charge income	57
Insurance/service charge expense	(57)
Net rental income	**9,392**

1 Rent received in relation to the period from admission to acquisition, deemed to be a premium over the term of the leases of the seed acquisition portfolio
2 Rent recognised in the period to reflect the minimum 2% uplift in rents over the term of the lease on a straight line basis

Rent recognised in advance of receipt arises through the Group's accounting policy in respect of leases, which requires the recognition of rental income on a straight line basis over the lease term certain, including the passing rent as at 31 December 2017 which increases by RPI each lease anniversary with a floor of 2% and a cap of 4%. During the period, the rent received in advance of recognition less rent recognised in advance of receipt resulted in a net decrease in revenue and an offsetting entry is recognised in the consolidated statement of comprehensive income as a gain on investment property revaluation.

The following tenants are both part of the Minster Group and represent more than 10% of the property income:

	2017
Minster Care Management Ltd	60%
Croftwood Care UK Ltd	40%

6. Administrative and other expenses

	Period ended 31 December 2017 £'000
Investment Adviser fees (note 18)	1,609
Directors' remuneration (see below)	132
Auditor's fees [1]	
- Statutory audit of the Company and Group (including subsidiaries)	88
- Agreed upon procedures of the Company's 30 June 2017 interim report	13
- Audit of the 30 April 2017 Initial Financial Information of the Company	10
Administration fees	113
Investment Manager fees	80
Regulatory fees	14
Legal and professional	100
Other administrative costs	159
	2,318

1. The Auditor also received £72,000 for non-audit services performed relating to the Company's IPO. This amount has been included within share issues costs and deducted from the share premium account.

The amounts shown above include irrecoverable VAT as appropriate.

7. Directors' remuneration

The Group had no employees in the current period. The Directors, who are the key management personnel of the Company, are appointed under letters of appointment for services. Directors' remuneration, all of which represents their fees for services provided during the period, are as follows:

	Period ended 31 December 2017

	£'000
Rupert Barclay (Chairman)	32
Rosemary Boot	25
David Brooks	25
Philip Hall	25
Paul Craig	15
	122
Employer's National Insurance	10
	132

Directors' remuneration for the period from incorporation to 31 December 2017 reflects fees for their services provided from the IPO on 7 March 2017, or later if appointed after this date.

Directors' remuneration payable at 31 December 2017 amounted to £7,000.

8. Taxation

As a REIT, the Group is exempt from corporation tax on the profits and gains from its property investment business, provided it continues to meet certain conditions as per REIT regulations. Any non-qualifying profits and gains however will continue to be subject to corporation tax.

Tax charge in the consolidated statement of comprehensive income:

	Period ended 31 December 2017 £'000
UK corporation tax	1

Reconciliation of the corporation tax charge:

	Period ended 31 December 2017 £'000
Profit before tax	**9,458**
Theoretical tax at UK corporation tax rate (19%)	1,797
Effects of:	
Investment property revaluation not taxable	(452)
Qualifying property rental business not taxable	(1,344)
Total tax charge	1

The Company and its subsidiaries operate as a UK Group REIT. Subject to continuing compliance with certain rules, the UK REIT rules exempt the profits of the Group's UK property rental business from UK corporation tax. Capital gains on the Group's UK properties are also generally exempt from UK corporation tax, provided they are not held for trading.

9. Earnings per share

Earnings per share (EPS) amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the time weighted average number of Ordinary Shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The number of ordinary shares is based on the time weighted average number of ordinary shares in issue from the date of the Initial Public Offering (IPO) on March 7 2017 to 31 December 2017. This excludes the period from 7 November 2016 to 7 March 2017 when the Company was dormant. Refer to note 17 for the movement in shares issued. The weighted average number of shares for the period has been calculated as 162,552,476.

	Period ended 31 December 2017 Total
Net attributable to ordinary shareholders	
Total comprehensive income (£'000)	9,457
Average number of ordinary shares	162,552,476
Basic and diluted earnings per share (pence)[1]	**5.82p**

1 There is no difference between basic and diluted earnings per share

The European Public Real Estate Association ("EPRA") publishes guidelines for calculating adjusted earnings designed to represent core operational activities.

The EPRA earnings are arrived at by adjusting for the revaluation movements on investment properties.

EPRA earnings have been adjusted to exclude the effect of straight lining of rental income in order for the board to consider the level of cash covered dividend. The upfront initial lease rental payment received for the period between incorporation and the portfolio acquisition results in an uplift in the current period.

The reconciliations are provided in the table below:

	Period ended 31 December

	2017 £'000
Net attributable to ordinary shareholders	
Total comprehensive income	**9,457**
Adjusted for:	
Change in fair value of investment property during the period	(2,317)
Rental income arising from recognising guaranteed rent uplifts and initial lease rental payment	(61)
EPRA earnings	**7,079**
Adjusted for:	
Rental income arising from recognising guaranteed rent uplifts and initial lease rental payment	61
Adjusted earnings	**7,140**
Average number of Ordinary shares	162,552,476
Earnings per share (pence)[1]	**5.82p**
EPRA basic and diluted earnings per share (pence)[1]	**4.35p**
Adjusted basic and diluted earnings per share (pence)[1]	**4.39p**

1 There is no difference between basic and diluted earnings per share

10. Dividends

	Dividend rate (pence per share)	Period ended 31 December 2017 £'000
First interim dividend (ex-dividend on 10 August 2017)	1.5p	**2,403**
Second interim dividend (ex-dividend - 16 November 2017)	1.5p	**2,883**
Total dividends paid		5,286
Total dividends paid for the period	3.0p	
Total dividends unpaid but declared	1.5p	
Total dividends declared for the period	4.5p	

On 31 July 2017, the Company declared a fully covered dividend of 1.50 pence per ordinary share (£2.4 million in total) for the period to 30 June 2017. This dividend was a Property Income Distribution ("PID") and paid on 31 August 2017.

On 1 November 2017, the Company declared a dividend of 1.50 pence per ordinary share (£2.9 million in total) for the period from 1 July 2017 to 30 September 2017. This dividend was a Property Income Distribution ("PID") and paid on 30 November 2017.

On 1 February 2018, the Company declared a dividend of 1.50 pence per ordinary share for the period from 30 September 2017 to 31 December 2017 with an ex-dividend date on 8 February 2018. This dividend is a Property Income Distribution ("PID") and was paid on 22 February 2018 to shareholders on the register on 9 February 2018.

11. Investment property

In accordance with IAS 40: Investment Property, the properties have been independently fair valued by Cushman & Wakefield, an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment property being valued. The valuations have been prepared in accordance with the RICS Valuation - Global Standards 2017 incorporating the IVSC International Valuation Standards ("the Red Book"). The valuers have sufficient current local and national knowledge of the particular property markets involved, and have the skills and understanding to undertake the valuations competently.

The valuation models prepared in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13.

The valuations are the ultimate responsibility of the Directors. Accordingly, the critical assumptions used in establishing the independent valuation are reviewed by the Board.

All corporate acquisitions during the period have been treated as asset purchases rather than business combinations because they are considered to be acquisitions of properties rather than businesses.

	31 December 2017 Total[1] £'000
Opening value	-
Property additions	152,154
Acquisition costs capitalised	1,184
Capital improvements	510
Revaluation movement	2,317
Closing value per independent valuation report	**156,165**

Rental income arising from recognising guaranteed rent uplifts and initial lease rental payment	61
Closing fair value per consolidation statement of financial position	**156,226**

1 Investment properties were held freehold and long leasehold during the period.

During the period, the Group successfully acquired 57 properties with 2,527 beds. The acquisition of the seed portfolio of 56 care homes completed on 4 May 2017, for total consideration of £148.75 million. On 29 June the Group acquired Saffron Court for £3.4 million. The majority of the properties acquired are freehold except for 6 properties which are long leasehold under 999 year leases at a peppercorn rent.

Change in fair value of investment properties
The following elements are included in the change in fair value of investment properties reported in the consolidated financial statements:

	31 December 2017 £'000
Revaluation movement	2,317
Rental income arising from recognising guaranteed rent uplifts and initial lease rental payment	61
Change in fair value of investment properties	**2,378**

Rental income arising from recognising guaranteed rent uplifts and initial lease rental payment includes the adjustments to rental receipts for the period to reflect the total minimum income recognised over the expected lease terms on a straight line basis. During the period, the Group benefited from an upfront premium to reflect a rent calculation from the date of admission. For accounting purposes, this premium is being reflected over the term of the lease. In addition, the Group benefits from a minimum annual rental uplift of 2% on all leases. For accounting purposes these uplifts are also incorporated to recognise income on a straight line basis. The elements are reporting in the table below.

	Note	Period ended 31 December 2017 £'000
Rent received in advance of recognition[1]	5	(1,712)
Rent recognised in advance of receipt[2]	5	1,651
Rental income arising from recognising guaranteed rent uplifts and initial lease rental payment		**(61)**

1 Rent received in relation to the period from admission to acquisition, deemed to be a premium over the term of the leases of the seed acquisition portfolio
2 Rent recognised in the period to reflect the minimum 2% uplift in rents over the term of the lease on a straight line basis

Descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining fair values are as follows:

Valuation techniques used to derive fair values
The valuations have been prepared on the basis of market value which is defined in the RICS Valuation Standards as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion." Market value as defined by RICS Valuation Standards is the equivalent of fair value under IFRS.

Unobservable inputs
These include: estimated rental value ("ERV") based on market conditions prevailing at the valuation date; estimated average increase in rent based on both market estimations and contractual situations; equivalent yield (defined as the weighted average of the net initial yield and reversionary yield); and the physical condition of the property determined by inspections on a rotational basis. A decrease in the ERV would decrease fair value. A decrease in the equivalent yield would increase the fair value. An increase in the remaining lease term would increase the fair value.

Sensitivity of measurement of significant unobservable inputs
Initial yields range from 5.5% to 9% across the portfolio.

A 0.25% movement of the valuation yield would have approximately a £5.2 million impact on the investment property valuation. A 1% movement in the rental income would have approximately a £1.6 million impact on the investment property valuation.

Fair value hierarchy
The Group is required to classify fair value measurements of its investment properties using a fair value hierarchy, in accordance with IFRS 13 'Fair Value Measurement'. This hierarchy reflects the subjectivity of the inputs used, and has the following levels:

- Level 1 - unadjusted quoted prices in active markets;
- Level 2 - observable inputs other than quoted prices included within level 1;
- Level 3 - unobservable inputs.

The following table provides the fair value measurement hierarchy for investment property:

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Assets measured at fair value:				
Investment properties	**156,226**	-	-	**156,226**

There have been no transfers between any of the levels during the period.

12. Trade and other receivables

	31 December 2017 £'000
Non-current	
Rent recognised in advance of receipt	1,651
Current	
Prepayments	119
	1,770

13. Cash and cash equivalents

	31 December 2017 £'000
Cash and cash equivalents	38,387

None of the Group's cash balances are held in restricted accounts.

14. Trade and other payables

	31 December 2017 £'000
Non-current	
Rent received in advance of recognition	1,712
Current	
Trade and other payables	354
Withholding tax payable - (PID Dividends)	329
Insurance service charge income received in advance	28
Capital improvements payable	510
	1,221
	2,933

15. Financial instruments and financial risk management

The Group's principal financial assets and liabilities are those that arise directly from its operations: trade and other receivables, trade and other payables and cash held at bank.

Set out below is a comparison by class of the carrying amounts of the Group's financial instruments held:

	Total £'000
Financial Assets:	
Cash and cash equivalents	38,387
Financial liabilities:	
Trade and other payables	1,193

The Group is exposed to market risk (including interest rate risk), credit risk and liquidity risk. The Board of Directors oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks that are summarised below.

Market risk (including interest rate risk)
Market risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Group that are affected by interest rate risk are principally the Group's cash balances.

The Group monitors its interest rate exposure on a regular basis. A sensitivity analysis performed to ascertain the impact on profit or loss and net assets of a 50 basis point shift in interest rates would result in an increase of £192,000 or a decrease of £192,000.

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its leasing activities. Credit risk is also minimised by requiring tenants to pay rentals in advance under their lease obligations. The credit quality of the tenant is also assessed based at the time of entering into a lease agreement thereby minimising credit risk. Outstanding trade receivables are regularly monitored.

At the reporting date, the Group's financial assets exposed to credit risk amounted to £nil.

Credit risk also arises with the cash balances held with banks and financial institutions. The board of directors believes that the credit risk on current account cash balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk
Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due, as the majority of the Group's assets are property investments and are therefore not readily realisable. The Group's objective is to ensure it has sufficient available funds for its operations and to fund its capital expenditure. This is achieved by continuous monitoring of forecast and actual cash flows by management ensuring it has appropriate levels of cash and available drawings to meet liabilities as they fall due.

The Group's financial liabilities based on the contractual undiscounted payments amounting to £1,193,000 are expected to be settled within 3 months.

16. Capital management

The objective of the Group is to acquire, own, lease, renovate, extend and redevelop high quality, healthcare real estate assets in the UK and lease those assets, under full repairing and insuring leases, primarily to healthcare operators providing residential healthcare services. This provides ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified portfolio of freehold and long leasehold care homes.

The board has responsibility for ensuring the Group's ability to continue as a going concern and continues to qualify for UK REIT status. This involves the ability to borrow monies in the short and long term; and pay dividends out of reserves, all of which are considered and approved by the board on a regular basis.

The Company is targeting an aggregate dividend of 6.0p 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.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or buyback shares for cancellation or for holding in treasury. Capital consists of ordinary share capital, other capital reserves and retained earnings.

17. Share capital, Share premium and Capital reduction reserve

	Shares in issue Number	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Total £'000
As at 7 November 2016	-	-	-	-	-
Issue of management shares	50,002	50	-	-	50
Cancellation of management shares	(50,000)	(50)	-	-	(50)
Shares issued 7 March 2017	146,172,358	1,462	144,710	-	146,172
Shares issued 5 May 2017	14,000,000	140	13,860	-	14,000
Shares issued 13 November 2017	32,034,471	320	32,275		32,595
	192,206,831	1,922	190,845	-	192,767
Share issue costs	-	-	(3,488)	-	(3,488)
Transfer to capital reduction reserve	-	-	(46,852)	46,852	-
Dividend declared (note 10)	-	-	-	(5,286)	(5,286)
As at 31 December 2017	**192,206,831**	**1,922**	**140,505**	**41,566**	**183,993**

On incorporation the Company issued 2 ordinary shares of £0.01 each and 50,000 management shares of £1 each which were fully paid up. These were issued to Impact Health Partners LLP. The 50,000 management shares were redeemed following the IPO.

On 7 March 2017 Impact Healthcare REIT PLC raised £143.2 million net of share issue costs through its IPO and the ordinary shares issued were admitted to trading on the Specialist Fund Segment of the main market of the London Stock Exchange. The company's ticker symbol is (IHR). The initial public offer by the company involved the issue of 146,172,360 ordinary shares to the relevant subscriber at a price of 100p per ordinary share.

The consideration received in excess of the par value of shares issued (net of total expenses of issue) of £141,793,095, was credited to the share premium account.

On 12 April 2017, an application to the High Court by Special Resolution was successfully made for the capital of the Company to be reduced by the reduction of the share premium account by an amount equal to 30p multiplied by the number of ordinary shares in issue immediately following Admission plus £3,000,000. This was effected by a transfer to the capital reduction reserve.

On 5 May 2017, the Company issued a further 14,000,000 Ordinary Shares at a price of 100p per ordinary share raising gross proceeds of £14 million. This increased the total number of ordinary shares in the Company in issue to 160,172,360. The consideration received in excess of the par value of shares issued of £13,860,000, was credited to the share premium account.

On 13 November 2017, the Company issued a further 32,034,471 Ordinary Shares at a price of 101.75p per ordinary share raising gross proceeds of £32.6 million. This increased the total number of ordinary shares in the Company in issue to 192,206,831. The consideration received in excess of the par value of shares issued of £32,275,000, was credited to the share premium account.

18. Transactions with related parties

Investment Adviser

The fees calculated and paid for the period to the Investment Adviser were as follows:

	Period ended 31 December 2017 £'000
Impact Health Partners LLP	**1,609**

For the period ended 31 December 2017 the principals and finance director of Impact Health Partners LLP, the Investment Adviser, are considered key management personnel. Mr Patel and Mr Cowley are the principals and Mr Yaldron is the finance director of Impact Health Partners LLP and they own 5.20%,0.31% and 0.02% respectively (either directly or through a wholly-owned company) of the total issued ordinary share capital of Impact Healthcare REIT plc. Mr Patel also (directly and indirectly) holds a majority 72.5% stake in Minster Care Group Limited (MCGL), the company which was established to be the holding company of each of the initial tenants to which the Company leased the seed portfolio upon completion of the acquisition of the seed portfolio. Mr Cowley also holds a 20% interest in MCGL. 100% of the Group's rental income is received from MCGL or its subsidiaries. There were no trade receivables or payables outstanding at the period end.

During the period the key management of Impact Health Partners LLP received the following dividends from Impact Healthcare REIT plc: Mahesh Patel £300,000; Andrew Cowley £18,000 and David Yaldron £525.

In addition, prior to the acquisition of the Seed Portfolio, Mr Patel was a beneficial owner of the seed portfolio so he became entitled to a share of the total consideration payable by the Company on the acquisition of the Seed Portfolio.

Directors' interests

Paul Craig is a director of the Company. He is also the portfolio manager at Old Mutual Global Investors, which has an interest in 39,617,784 ordinary shares of the Company through funds under management. The remaining directors do not hold significant interest in the ordinary share capital of the Company.

During the period the Directors received the following dividends from Impact Healthcare REIT plc: Rupert Barclay £3,000; David Brooks £900; Rosemary Boot £900 and Philip Hall £900. In addition, funds managed by Paul Craig received dividends from the Company of £1,111,767.

Directors' remuneration for the period is disclosed in note 7 as well as in the Directors' Remuneration Report.

19. Net Asset Value (NAV) per share

Basic NAV per share is calculated by dividing net assets in the statement of financial position attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding at the end of the period. As there are no dilutive instruments outstanding, basic and diluted NAV per share are identical.

EPRA has issued guidelines aimed at providing a measure of net asset value on the basis of long term fair values. There are no adjustments between basic and EPRA NAV.

	31 December 2017 £'000
Net assets per consolidated statement of financial position	193,450
Adjustments	-
EPRA NAV	193,450
Issued share capital (number)	192,206,831
Basic and EPRA NAV per share	**100.65p**

20. Operating leases

The future minimum lease payments under non-cancellable operating leases receivable by the Group are as follows:

	Within 12 months £'000	2-5 years £'000	>5 years £'000	Total £'000
31 December 2017	11,827	50,654	218,274	280,755

The Group's investment properties are leased to tenants under the terms of a property lease that includes upward only rent reviews which are performed annually. These are linked to annual RPI uplifts, with a floor of 2% and cap of 4%.

21. Capital commitments

The Group has entered into a License for Alteration and Deed of Variation contract for 2 of its properties namely, Turnpike Court and Littleport Grange Nursing Home, on 17 November and 18 December 2017 respectively with an expected date of completion on the improvements of the properties being April and August 2018 respectively. The Group has committed to cover up to a maximum of £1.1 million and £2.6 million respectively in relation to the cost of improvements on these properties.

22. Contingent liabilities

Full relief for Stamp Duty Land Tax (SDLT) has been granted in relation to the transfer of properties between companies which are members of the Group. Should there be a change in control of the Company within 3 years of completion, or a single shareholder acquires a substantial stake in the Company a liability in the subsidiary companies could arise. This is equal to approximately 5% of the aggregate value of the properties and is estimated at £7.5 million on the net purchase price of assets acquired in the period.

The Company is not aware of any person who, directly or indirectly owns or controls the Company. The Company is not aware of any arrangements the operations of which may give rise to a change in control of the Company.

23. Subsequent events

Acquisition
On 11 January 2018, the board of directors announced that the Group had exchanged contracts to acquire as part of a sale and leaseback transaction a portfolio of three purpose-built care homes in the North-East of England for a total consideration of £17 million (including costs). The completion was conditional on, among other things, regulatory approvals on the individual properties. The first of the 3 assets completed on 16 March 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. The portfolio comprises a total of 234 high-quality care beds and an additional 40 beds which present an asset management opportunity. Prestige will continue to operate the homes as the Group's tenant following completion. The net initial yield and level of rent cover are expected to be in line with the terms on which the Group acquired its initial seed portfolio.

Rent review
The investment properties comprising 57 care homes previously acquired from Minster and Croftwood on 5 May 2017, were subject to their annual rent review on 7 March 2018 which is linked to the annual RPI over the 12 month period with a floor of 2% and a cap of 4%.

As a result of this review the annual passing rent increased on the 7th March 2018 from £11.6 million to £12.1 million and the annual contracted rent increased from £11.9 million to £12.3 million.

No other significant events have occurred between the Statement of Financial Position date and the date when the financial statements have been authorised by the directors, which would require adjustments to, or disclosure in the financial statements.

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2017

Company Registration Number: 10464966

	Notes	As at 31 December 2017 £'000
Non-current assets		
Investment in subsidiaries	6	153,338
Total non-current assets		**153,338**
Current assets		
Trade and other receivables	7	91
Cash and cash equivalents	8	38,387
Total current assets		**38,478**
Total assets		**191,816**
Current liabilities		
Trade and other payables	9	(683)
Loan from Group companies		(9,453)
Total liabilities		**(10,136)**
Total net assets		**181,680**
Equity		
Share capital	10	1,922
Share premium reserve	10	140,505
Capital reduction reserve	10	41,566
Retained earnings		(2,313)
Total equity		**181,680**
Net Asset Value per ordinary share (pence)	12	**94.52p**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss attributable to the Parent Company for the period ended 31 December 2017 amounted to £2.3 million.

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2018 and are signed on its behalf by:

Rupert Barclay, Director

COMPANY STATEMENT OF CHANGES IN EQUITY

		Undistributable reserves		Distributable reserves		
	Notes	Share capital	Share premium	Capital reduction reserve	Retained earnings	Total

		£'000	£'000	£'000	£'000	£'000
7 November 2016		**-**	**-**	**-**	**-**	**-**
Total comprehensive loss		**-**	**-**	**-**	**(2,313)**	**(2,313)**
Transactions with owners						
Issue of management shares		50	-	-	-	50
Cancellation of management shares		(50)	-	-	-	(50)
Issue of ordinary shares	10	1,922	190,845	-	-	192,767
Share issue costs	10	-	(3,488)	-	-	(3,488)
Transfer to capital reduction reserve	10	-	(46,852)	46,852	-	-
Dividends paid	5	-	-	(5,286)	-	(5,286)
31 December 2017		**1,922**	**140,505**	**41,566**	**(2,313)**	**181,680**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the period from 7 November 2016 (incorporation date) to 31 December 2017

1. Basis of Preparation

General information
The financial statements for the period from incorporation on 7 November 2016 to 31 December 2017, are prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and in accordance with the Companies Act 2006, except for the requirement to include prior period comparatives as this is the Company's first financial period since incorporation.

Disclosure exemptions adopted
In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 102.

Therefore these financial statements do not include:

- A statement of cash flows;
- Presentation of a reconciliation of shares outstanding in the period;
- Financial instrument disclosures where equivalent disclosures have been presented in Note 15 to the Consolidated Financial Statements; and
- The disclosure of the remuneration of key management personnel.

Convention
The financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

Going concern
In assessing the going concern basis of accounting, the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for next 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosures. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustment to the carrying amount of the assets or liabilities in future periods. There were no significant accounting judgements, estimates or assumptions in preparing these financial statements.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Income and expenses
Income and expenses are accounted for on an accruals basis. The Company's income and expenses are charged through the statement of comprehensive income.

Trade and other receivables
Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are initially recognised at fair value and subsequently measured at amortised cost. A provision for impairment is made when there is objective evidence that the Group will not be able to recover balances in full.

Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents
Cash and cash equivalents include cash at bank.

Dividends
Dividends are recognised when they become legally payable.

Share premium
The surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account. The reserve is non-distributable.

Capital reduction reserve
On 12 April 2017, an application to the High Court was successfully made for the reduction of £0.30 per share of the share premium account plus £3,000,000 which allowed the transfer of £46,851,708 to the capital reduction reserve (refer to note 10). This is a distributable reserve.

Trade payables
Trade payables are initially recognised at their fair value and are subsequently measured at cost.

Investments in subsidiaries
The investments in subsidiary companies are included in the Company's balance sheet at cost less provision for impairment.

4. Taxation

The Company is exempt from corporation tax on the profits and gains from its property investment business, provided it continues to meet certain conditions as per REIT regulations. Any non-qualifying profits and gains however will continue to be subject to corporation tax.

Tax charge in the consolidated statement of comprehensive income:

	Period ended 31 December 2017 £'000
UK corporation tax	1

5. Dividends

Details of dividends paid by the Company are included in Note 10 to the Consolidated Financial Statements.

6. Investment in subsidiaries

	Total £'000
As at 7 November 2016	-
Cost of investments acquired through share purchases	153,338
As at 31 December 2017	153,338

The Company has the following subsidiaries as at 31 December 2017:

	Principal activity	Country of incorporation	Ownership %
Impact Property 1 Limited ("Propco 1")	Real Estate Investment	England and Wales	100
Impact Property 2 Limited ("Propco 2")	Real Estate Investment	England and Wales	100

The registered address for both the above subsidiaries is: 7th Floor 9 Berkeley Street, London, London, England, W1J 8DW.

7. Trade and other receivables

	31 December 2017 £'000
Prepayments	91

As at 31 December 2017, there were no trade receivables past due or impaired.

8. Cash and cash equivalents

	31 December 2017 £'000
Cash and cash equivalents	38,387

9. Trade and other payables

	31 December 2017 £'000
Trade and other payables	354
Withholding tax payable - (PID Dividends)	329
	683

10. Share capital, Share premium and Capital reduction reserve

Details on movements in share capital, share premium and capital reduction reserve of the Company are the same as that of the Group and is included in Note 17 to the Consolidated Financial Statements.

11. Transactions with related parties

The Company has taken advantage of the exemption not to disclose transactions with other members of the Group as the Company's own financial statements are presented together with its consolidated financial statements.

See note 18 of the consolidated financial statements for disclosure of related party transactions of the Group.

12. Net Asset Value (NAV) per share

Basic NAV per share is calculated by dividing net assets in the statement of financial position attributable to ordinary equity holders of the parent by the number of Ordinary Shares outstanding at the end of the period. As there are no dilutive instruments outstanding, basic and diluted NAV per share are identical.

EPRA has issued guidelines aimed at providing a measure of net asset value on the basis of long term fair values. There are no adjustments between basic and EPRA NAV.

	31 December 2017 £'000
Net assets per statement of financial position	181,680
Adjustments	-
EPRA NAV	181,680
Issued share capital (number)	192,206,831
Basic and EPRA NAV per share	**94.52p**

13. Capital commitments

See Note 21 to the consolidated financial statements where the capital commitments of the Company and Group have been disclosed.

14. Subsequent events

Significant events after the reporting period are the same as those of the Group. See Note 23 to the consolidated financial statements.

No other significant events have occurred between the statement of financial position date and the date when the financial statements have been authorised by the directors, which would require adjustments to, or disclosure in the financial statements.

NOTES TO THE EPRA PERFORMANCE MEASURES (UNAUDITED)

For the period from 7 November 2016 (incorporation date) to 31 December 2017

1. EPRA earnings per share

See note 9 of the Group's financial statements

2. EPRA NAV and NNNAV per share

See note 12 in parent company financial statements

3. EPRA Net Initial Yield (NIY) and Topped up NIY *

	31 December 2017 £'000
Investment property market value per independent valuation	156,165
Less: forward funded development property	(510)
Completed property portfolio	155,655
Allowance for estimated purchasers' costs	9,583
Gross value of completed property portfolio (B)	**165,237**
Annualised contracted rental income	11,861
Less: contracted rental income on forward funded development property	(261)
Annualised net rents and Topped up annualised net rents (A)	**11,600**
EPRA Net Initial Yield (A/B)	7.02%

*Assumes a purchaser of the Company's portfolio would pay SDLT and transaction costs equal to 6.2% of the portfolio's value.

4. EPRA vacancy rate

There is no vacancy in the portfolio, all properties are leased to tenants

5. EPRA cost ratio

	31 December 2017 £'000
Administration expenses	2,318
Total costs including, and excluding, vacant property costs	2,318
Total gross rental income	9,392
Total EPRA cost ratio (including, and excluding, vacant property costs)	**24.68%**

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