

Acquisition

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Impact Healthcare REIT PLC
21 September 2018

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Impact Healthcare REIT plc

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

ACQUISITION

The Board of Directors of Impact Healthcare REIT plc (ticker: IHR), the real estate investment trust which gives investors exposure to a diversified portfolio of UK healthcare real estate assets, in particular care homes, is pleased to announce that the Group has exchanged contracts to acquire Yew Tree Care Centre ("**Yew Tree**" or the "**Home**") with 76 beds for an initial consideration of £2.8 million (including acquisition costs to the Group).

Yew Tree is located in Redcar in the north-east of England and is being sold by Monarch Alternative Capital LP. The Home was purpose-built to a high standard with fully en-suite bathrooms and opened in 2010. It currently has strong occupancy at 99% and is rated Good by the CQC in its most recent published inspection report.

The Group has agreed to appoint one of its existing tenants, the Prestige Care Group ("**Prestige**"), as the new tenant of the Home. Prestige is a high quality, local operator and developer of care homes with over 20 years' experience in the care industry.

The terms of the new full repairing and insuring lease with Prestige for the Home are substantially the same as the Group's existing leases with them and will come under the Group's master lease with Prestige. The new lease has a fixed 25-year term with no break clauses and a tenant option to extend to 35 years at the end of year 20. The rent receivable under the lease will be subject to annual upward-only rent reviews linked to the Retail Prices Index, with a floor of 2% p.a. and a cap of 4% p.a., and will generate a net initial yield in line with the Company's investment criteria. Prestige has committed to a minimum annual expenditure on maintenance of the Home.

The Group has agreed to make a deferred performance-linked payment to Prestige, conditional upon Prestige delivering on its plan to improve both the level of care provided and financial performance. The rent due from the Home will increase based on the amount of this deferred payment, on terms which will be yield-enhancing for the Group, thus aligning the incentives for both the Group and Prestige to realise the full potential of the Home.

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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The Company's LEI is 213800AX3FHPMJL4IJ53.

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

NOTES:

Impact Healthcare REIT plc (the "**Group**") is a real estate investment trust which aims to provide shareholders with an

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

The Group has paid an aggregate dividend of 6.0 pence per share for the most recent 12 months of trading, which equates to a yield of 6 per cent. per annum on the IPO Issue Price, paid in quarterly instalments.

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

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