

Acquisitions

Released : 10/06/2019 07:00

RNS Number : 5681B
Impact Healthcare REIT PLC
10 June 2019

10 June 2019

Impact Healthcare REIT plc

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

ACQUISITIONS

The Board of Directors of Impact Healthcare REIT plc (ticker: IHR), the real estate investment trust which gives investors exposure to a diversified portfolio of UK healthcare real estate assets, in particular care homes, is pleased to announce that the Group has recently exchanged contracts on three acquisitions, detailed below.

These acquisitions comprise a total initial investment of £20.2 million, plus transaction costs. Once completed, these acquisitions, plus the acquisition of four homes from Maria Mallaband Countrywide Group announced on 2 May 2019 and rent increases achieved so far in 2019, will grow the Group's annualised contracted rent by 19% to £21.3 million, up from £17.8 million at 31 December 2018.

The three care homes being acquired will be leased to two of the Group's existing tenants, Welford and Careport, and the two medical units being acquired are on existing leases to the NHS, adding an eighth tenant for the Group. Each of the investments has a strong occupancy record.

The rent receivable under each of the new care home leases 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. The tenants have committed to a minimum annual expenditure on maintenance of each care home.

These three acquisitions are in line with the Group's investment criteria and returns profile.

Through the combination of these three acquisitions and the full repayment of the Group's revolving debt facilities, the Group will have deployed over half the proceeds from the oversubscribed £100 million equity fundraise which closed on 10 May 2019.

The Group has agreed exclusivity on a number of further acquisitions and continues to evaluate a strong pipeline of potential investment opportunities.

Holmesley Nursing Home

Holmesley is a care home in Sidmouth, Devon, with 49 of its 52 bedrooms providing en-suite facilities. It is being acquired for a net purchase price of £5.85 million and the initial annual rent will be £450,000.

The existing owner is fully exiting its interest in Holmesley, and the Group has agreed to appoint one of its existing tenants, Welford, as the new tenant. Welford has entered into a new 25-year lease on Impact's standard terms, as detailed above.

Completion will take place as soon as regulatory approvals from the CQC for the change of operator have been received.

Kingston

The Group is acquiring three units adjacent to the Cumberland Infirmary, the main general hospital in Carlisle. One unit, Kingston Court, is a care home offering 74 beds, all with en-suite bathrooms.

The care home is currently operated under a management contract by Careport, one of the Group's existing tenants. The management contract has been replaced with a new 25-year lease to Careport on Impact's standard terms, as detailed above.

The other two units are Reiver House, currently used as a cancer out-patient facility, and a surgery used to provide orthodontic care. Both are leased to NHS Cumbria University Hospital NHS Trust on leases which have annual CPI uplifts and have four years and six years respectively left to run. The Investment Manager believes that in the medium-term, and through working in partnership with the NHS, both units have asset management potential.

The total net consideration being paid for all three units is £9.5 million, with initial annual rent due of £365,000 from Careport and £302,000 from the NHS. Completion took place on exchange.

Old Prebendal House

Old Prebendal House is a 37-bed care home in Oxfordshire, with an adjacent development of senior living units comprising 16 apartments and four cottages (all held on long-term leases by their occupiers). Original elements of the building date back to the 15th century and were converted and extended to their current use in 1990.

The existing owner is fully exiting its interest in Old Prebendal House, and the Group has agreed to appoint Careport as the new tenant. Careport has entered into a new 25-year lease on Impact's standard terms, as detailed above.

The home currently enjoys a good reputation in its affluent market. However, the Group has committed an additional £750,000 of capital expenditure to modernise fully the interior of the home. The initial net consideration being paid to the vendor is £4.75 million and the initial annual rent due from Careport is £330,000, which will increase to £390,000 once the asset management works have been completed.

Completion will take place as soon as regulatory approvals from the CQC for the change of operator have been received.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Impact Health Partners LLP via Maitland/AMO
Mahesh Patel
Andrew Cowley

Winterflood Securities Limited Tel: 020 3100 0000
Joe Winkley
Neil Langford

RBC Capital Markets Tel: 020 7653 4000
Rupert Walford
Matthew Coakes

Maitland/AMO (Communications Adviser) Tel: 020 7379 5151
James Benjamin Email: maitland@maitland.co.uk impacthealth-
Andy Donald maitland@maitland.co.uk

The Company's LEI is 213800AX3FHPMJL4IJ53.

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

NOTES:

Impact Healthcare REIT plc is a real estate investment trust ("REIT") which aims to provide shareholders with an attractive return, principally in the form of quarterly income distributions and with the potential for capital and income growth, through exposure to a diversified portfolio of UK 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 Company's intention is to pay a target dividend of 6.17 pence per share for the year to 31 December 2019¹.

The Company will seek to grow the target dividend in line with the inflation-linked rental uplifts received by the Group under the terms of the rent review provisions contained in the Group's leases in the prior financial year.

The Group's Ordinary Shares were admitted to trading on the main market of the London Stock Exchange, premium fund segment, on 8 February 2019.

¹ This is a target only and not a profit forecast. There can be no assurance that the target will be met and it should not be taken as an indicator of the Company's expected or actual results.

