



Belmont House / Harrogate / North Yorkshire


81
Care homes

£271.6m
Property value

19.6 yrs
WAULT long leases

£21.6m
Contracted rent roll

100%
Inflation linked leases¹
¹ Linked to the Retail Price Index, with a floor of 2% per annum and cap of 4% per annum

Overview

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

Strategy – We have an established strategy, supported by a disciplined approach to putting capital to work. Our strategic target is to deliver accretive growth by working in a long-term partnership with carefully selected care home operators, who:

- have a track record of delivering high-quality care;
- are consistently and sustainably profitable; and
- are ambitious to grow their businesses, through Impact acquiring more homes they will manage and through asset management opportunities, to expand and improve the homes they already manage.

Objectives – We aim to provide shareholders with attractive and sustainable returns, primarily in the form of quarterly dividends. Through active asset management, we also aim to generate growth in net asset values over the medium term. Our targets are to deliver:

- a progressive dividend policy, with a total target dividend of 6.17p per share in respect of 2019¹; and
- a NAV total return of 9.0% per annum¹

Investment Policy – To acquire, own, lease, renovate, extend and redevelop high-quality healthcare real estate assets in the UK, in particular care homes, and to lease those assets to care home operators and other healthcare service providers, under full repairing and insuring leases.

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.

Key achievements in Q2 2019

- Declared and paid the Q1 dividend of 1.5425p per share delivering on the annual dividend target of 6.17 pence per share for 2019.
- Successfully raised £100 million of new equity in a significantly over subscribed placement.
- Acquired six care homes four of which were leased to MMCG and two properties leased to the NHS, increasing tenant count to eight.

Dividend history (per share)

	2019	2018	2017
Q1	1.5425p	1.50p	n/a
Q2	1.5425p	1.50p	1.50p
Q3		1.50p	1.50p
Q4		1.50p	1.50p
	3.0850p	6.00p	4.50p

Impact at a glance

	30 June 2019*	31 March 2019*	% change
Shares in issue	286,546,454	192,206,831	
Share price (p)	110.00	103.50	
NAV per share (p)	104.67	103.18	
Market Cap (£m)	315.2	198.9	
NAV (£m)	299.9	198.3	
Bank borrowings (£m)	23.2	26.0	
Number of properties	81	73	10.9%
Number of beds	3,924	3,529	11.2%
Market value (£m)	271.6	230.4	17.9%
– per property (£m)	3.35	3.16	6.0%
– per bed (£'000)	69.2	65.4	5.8%
Contracted rent roll (£m)	21.6	18.10	19.3%
Contracted Yield (%)	7.54	7.47	

* Unaudited

Below, four of the properties leased to MMCG. From left: Belmont House, Harrogate; Parksprings, Motherwell; Wallace View, Stirling; and Thorntree Mews, Falkirk.



Company overview

IPO 7 March 2017
Market LSE Main Market
Premium Segment
Index Inclusion –
Ticker IHR
ISIN GB00BYXVMJ03
SEDOL BYXVMJ0
Dividend payments Quarterly

Registered address
7th Floor, 9 Berkeley Street
London W1J 8DW

Board of Directors
Rupert Barclay (Chairman)
Rosemary Boot (Senior Independent Director)
Amanda Aldridge
Paul Craig
Philip Hall

Key dates
AGM May 2019
Half year end 30 June
Full year end 31 December

Publication date: December 2019

Portfolio update

NAV and valuation

The unaudited NAV per share at 30 June 2019 was 104.67p per share, up from 31 March 2019 NAV of 104.18p.

The portfolio value increased to £271.6 million from £230.4 million, an uplift of 17.9% including £2.0 million of capital improvements and £35.9 million of acquisitions in the quarter. The like-for-like uplift was £3.0 million (1.4%).

Acquisition pipeline

The Investment Adviser continues to pursue a strong pipeline of investment opportunities including six opportunities in advanced negotiations with over 600 beds.

The Company and its Investment Manager will continue to exercise robust capital discipline to deliver value at the point of acquisition or investment.

Asset management

This quarter the internal reconfiguration and extension of Garswood House in Wigan has been completed, adding a further 11 en suite bedrooms to the existing registration alongside new day space. The extension has been well received by residents and their families. Construction work remains ongoing at Diamond House and Freeland, delivering a further 75 beds in total. We continue to work closely with all our tenants to explore new capital improvement schemes across the portfolio.

New Tenant – MMCG

The Group has acquired four care homes and added a high-quality new tenant. The net purchase price is £21.0 million, reflecting a net initial yield of 7.4%.

The four homes are being acquired from subsidiaries of the Maria Mallaband and Countrywide Group (“MMCG”) in a sale and leaseback transaction. MMCG will continue to operate the homes after completion. The four homes have a combined total of 296 elderly care beds, of which 270 are currently in operation. MMCG is a top-10 operator of care homes across the UK, with the group comprising 82 homes.

One home, Belmont House, is located in Harrogate. Opened in 2007, it has 100 beds, all of which have en suite bathrooms.

The other three homes are in Scotland. Wallace View in Stirling opened in 2004 and has 60 beds. Parksprings in Motherwell opened in 1997 and currently operates 70 beds and is bringing a further 26 beds into operation this year. All of the bedrooms in each home are en suite. Thornree Mews is an attractive converted period building in Falkirk with a modern extension offering a total of 40 beds, over two thirds of which are en suite.

There is a potential asset management opportunity at Parksprings to convert a unit formerly leased to the NHS, which is currently mothballed, into a complex care unit.

Our portfolio

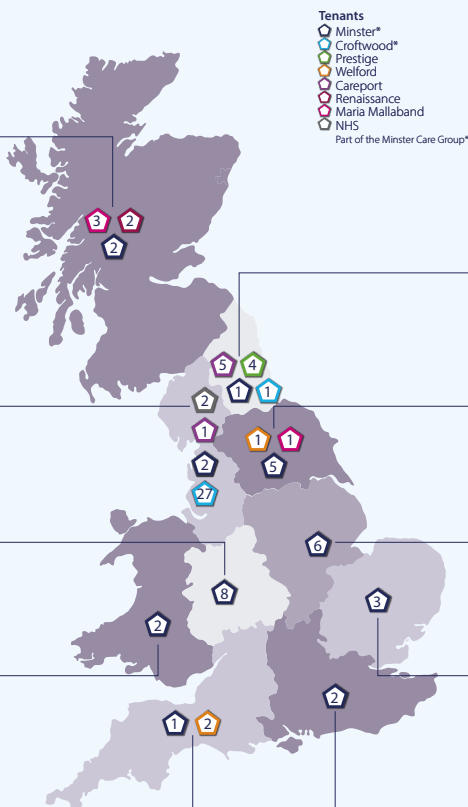
Scotland
Number of properties: 7
Beds: 446
% of portfolio income: 9.3%

North West
Number of properties: 32
Beds: 1,286
% of portfolio income: 31.0%

West Midlands
Number of properties: 8
Beds: 365
% of portfolio income: 9.7%

Wales
Number of properties: 2
Beds: 105
% of portfolio income: 1.9%

South West
Number of properties: 3
Beds: 103
% of portfolio income: 2.2%



North East
Number of properties: 11
Beds: 671
% of portfolio income: 14.3%

Yorkshire & The Humber
Number of properties: 7
Beds: 422
% of portfolio income: 10.8%

East Midlands
Number of properties: 6
Beds: 265
% of portfolio income: 9.2%

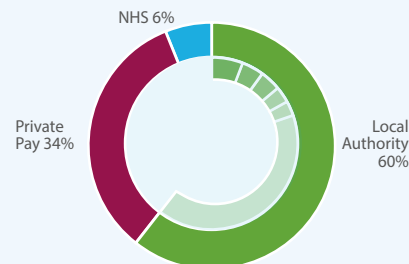
East of England
Number of properties: 3
Beds: 209
% of portfolio income: 5.7%

South East
Number of properties: 2
Beds: 152
% of portfolio income: 5.9%

Portfolio analysis

Security of income (%)

based on % revenue to care home tenants

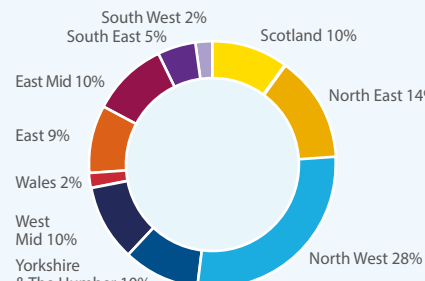


Local Authority top five (% of total revenue)

- Wigan Council 5.8%
- Redcar Borough Council 2.9%
- Cheshire West Council 4.3%
- Newcastle City Council 2.7%
- Cheshire East Council 3.9%
- Other 40.7%

Regionally diverse (%)

based on % portfolio market value



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