IMPACT Healthcare REIT

Trading And Business Update

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Impact Healthcare REIT PLC
26 March 2020

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26 March 2020

Impact Healthcare REIT plc

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

TRADING AND BUSINESS UPDATE

The Board of Directors of Impact Healthcare REIT plc (ticker: IHR), the real estate investment trust which gives investors exposure to a diversified portfolio of UK healthcare real estate assets, in particular care homes, confirms that it will follow the guidance issued on 21 March 2020 by the Financial Conduct Authority ("FCA") and on 23 March 2020 by the Financial Reporting Council ("FRC") that public companies should delay the announcement of their results for two weeks in order to give themselves more time to ensure the challenges caused by the COVID-19 virus are fully reflected in their reporting.

In light of the above, while Impact had intended to announce its audited annual results for the year ending 31 December 2019 today, the Company will defer the publication of its audited annual results until 8 April 2020, subject to any further guidance from the FCA and FRC being published before then.

In the meantime, the Company is providing the following trading and business update below.

The Company will be holding a webcast and conference call for investors and analysts at 9.00am today, Thursday, 26 March 2020, which will be hosted by Rupert Barclay (Chairman) and Andrew Cowley, Mahesh Patel and David Yaldron (the Company's Investment Manager, Impact Health Partners LLP).

For those who wish to access the live webcast, please register here: https://www.investis-live.com/impact-reit/5e78b266f9c5af8d000d0e01/lsyg

For those who wish to access the live conference call, please contact Maitland/AMO at impacthealth-maitland@maitland.co.uk or by telephone on +44 (0) 20 7379 5151.

The recording of the webcast/conference call will also be made available later in the day via the Company website: http://www.impactreit.uk/documents.

Update

The Group's tenants provide an essential service to the communities in which they operate and will play a critical role in helping to provide care to vulnerable elderly people during the COVID-19 pandemic. The Group's top priority remains the health, welfare and safety of the Group's tenants, care home residents, healthcare professionals and wider stakeholders.

All the Group's tenants have business continuity procedures and protocols in place to manage virus pandemics. During March this year the Company's Investment Manager met with each tenant to review the additional steps they have been putting in place to prepare for COVID-19.

These measures are focussed on three main areas: ensuring home managers have clear guidance on how to implement the most recent advice from the relevant public health authorities, in particular on closing homes to visitors and how to implement self-isolation; increasing stocks of critical supplies; and putting in place measures to ensure adequate staffing.

The Investment Manager continues to be in constant communication with all its tenants and key service providers.

The Group's tenants have a strong level of rent cover, with an average of 1.8 times rent cover across Impact's portfolio in the year to 31 December 2019.

In addition to the detailed monthly operating and financial data the Investment Manager receives from all tenants at the end of each quarter, the Group has asked its tenants to provide weekly occupancy data for the duration of the pandemic, along with a situation report on how the pandemic is affecting their operations. So far this year the number of occupied beds in the Company's portfolio has been stable, with 3,848 beds occupied on 3 January 2020, and 3,886 beds occupied on 20 March 2020[1].

A number of the Group's tenants are in discussions with the NHS about making beds available in order to relieve pressure on hospitals.

A principal concern of tenants is to ensure they have adequate staff available to provide care. However, some are reporting a higher than normal number of job applications.

With the exception of two buildings leased to the NHS, all of the Group's portfolio of properties are let or pre-let to a diversified and growing number of high quality tenants on fixed-term leases of 20 to 25 years (no break clauses), subject to annual upward-only Retail Price Index-linked rent reviews (with a floor and cap at 2% p.a. and 4% p.a., respectively).

The weighted average unexpired lease term across the Group's portfolio is 19.7 years and each lease is drawn on a fully repairing and insuring basis - tenants are responsible for repair, maintenance and outgoings, so there is no cost leakage for the Company. Each property is let on a fixed rent basis (i.e., not related to turnover or trading by the tenant).

A resilient balance sheet with low gearing, significant covenant headroom and undrawn credit facilities

The Group has deliberately maintained low gearing, with a loan to value ("LTV") ratio of 6.8% at 31 December 2019. £25 million of debt is currently drawn from Metro Bank and a further £50 million of revolving credit facilities remain available from Metro and Clydesdale (CYBG), but which are now undrawn. If both were fully drawn, it would take the Group's LTV to c.20%.

Interest cover covenants are 200% (Metro) and 325% (CYBG). Current headroom is significant and, if all facilities were fully drawn, would be over 800% and 550% for Metro and CYBG respectively. The Group does not have to refinance any debt before June 2023.

As at 25 March 2020, the Group had £22 million of available cash and £50 million of undrawn RCF facilities. The Group has £54.6 million of outstanding commitments to acquisitions and asset management, and a further contingent commitment of £7.2 million deferred payments based on the financial performance of certain of its tenants at acquired homes, all of which are expected to deliver incremental rental returns.

Summary of unaudited financial highlights for the year ended December 2019

The Company delivered a strong financial performance in 2019 leaving it well positioned to meet the challenges ahead.

Year ended	31 December 2019	31 December 2018	Change %
Dividends	**6.17p**	6.0p	+2.8%
Profit before tax	**£26.3m**	£16.5m	+59.4%
Earnings per share	**10.37p**	8.57p	+21.0%
EPRA earnings per share	**6.95p**	6.47p	+7.4%
Adjusted earnings per share	**5.10p**	5.07p	+0.6%
Contracted rent roll	**£23.1m**	£17.8m	+30.1%
NAV per share	**106.81p**	103.18p	+3.5%
NAV total return	**9.5%**	8.5%	+11.8%
Loan to value	**6.8%**	11.6%	-41.4%

Post balance sheet events

Since 31 December 2019, the Group has completed the acquisition of eight homes: five leased to existing tenants (four to Maria Mallaband Countrywide Group and one to Minster); and three leased to a new tenant (Silverline).

The Group has also exchanged contracts to acquire nine homes in Scotland for £47.5 million, adding its 11th tenant, Holmes Care, on attractive terms with initial rent cover above two times.

In addition, the Group has committed to forward fund a new home in Hartlepool to be constructed and operated by an existing tenant, Prestige.

Once completed, these transactions will increase our number of properties from 86 at 31 December 2019, to 104; and grow our contracted rent roll from £23.1 million at 31 December 2019, to £29.4 million.

The Company is continuing to monitor the development of COVID-19 carefully and will keep shareholders updated with material developments as they affect the Company as the situation evolves.

[1] Data for all tenants, except two homes leased to Renaissance Care and two buildings leased to the NHS

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 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 care homes for the elderly. 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 has a progressive dividend policy with a target to grow its annual aggregate 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 segment, on 8 February 2019. The Company is a constituent of the FTSE EPRA/NAREIT index.