

DIVIDEND DECLARATION, NAV AND TRADING UPDATE

Released : 07/05/2020 07:00

RNS Number : 1912M
Impact Healthcare REIT PLC
07 May 2020

The information contained in this announcement is restricted and is not for publication, release or distribution in the United States of America, any member state of the European Economic Area (other than the Republic of Ireland or the Netherlands), Canada, Australia, Japan or the Republic of South Africa.

7 May 2020

Impact Healthcare REIT plc

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

DIVIDEND DECLARATION, NET ASSET VALUE AND TRADING 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, is pleased to provide the following update for the quarter ended 31 March 2020.

DIVIDEND DECLARATION

- The Board has today declared the Company's first interim dividend for the year ending 31 December 2020 of 1.5725 pence per ordinary share. This dividend is for the period from 31 December 2019 to 31 March 2020 and is payable on 12 June 2020 to shareholders on the register on 22 May 2020. The ex-dividend date will be 21 May 2020. This dividend will be a property income distribution dividend ("PID").
- The Company received 100% of rent for Q1 and 100% of rent due in April 2020. This first quarterly dividend is in line with the aggregate total dividend target of 6.29 pence per share⁽¹⁾ for the year ending 31 December 2020 announced on 31 January 2020, a 1.94% increase over the 6.17 pence per share declared and paid for the 12 months ended 31 December 2019. The Company is keeping this approach under careful review. If the trading outlook changes because of the effects of the COVID-19 pandemic the Company will take appropriate decisions based on the long term interests of the Company and its stakeholders.

NET ASSET VALUE

- Unaudited net asset value ("NAV") at 31 March 2020 of £341.2 million, 106.98 pence per share (NAV at 31 December 2019: £340.7 million, 106.81 pence per share).

BALANCE SHEET RESILIENCE

- The Company has deliberately maintained low gearing with a loan to value ("LTV") ratio of 6.8% at 31 March 2020. LTV will rise to a maximum of 18% if all committed transactions complete.
- As at 1 May 2020, the Group had cash of £25 million and headroom on its undrawn debt facilities of £98.9 million, of which £84.4 million is available immediately.

PROPERTY VALUATION AND PORTFOLIO UPDATE

- The Group's property portfolio ("Portfolio") was independently valued (unaudited) at £345.1 million as at 31 March 2020 (valuation as at 31 December 2019, £318.8 million), an increase of £26.3 million, or 8.3% in the quarter.
 - This includes £21.7 million in relation to acquisitions in the quarter of eight care homes with three tenants, including three homes with a new tenant, Silverline.
 - In addition, £1.2 million was invested in a new development with Prestige Care and a further £0.7 million on capital improvements across a further three homes.
 - A deferred payment of £0.7 million was made in relation to a one property leased to Careport.
 - A further £2.0 million of value uplifts were recognised across the Portfolio, primarily as a result of rent reviews in the quarter.
 - Annualised contracted rent grew to £29.2 million at 31 March 2020 (at 31 December 2019: £23.1 million) including £3.5 million in relation to the portfolio of nine homes with a new tenant Holmes Care (on which the Company recently exchanged), £2.2 million from acquisitions and forward funding development and a further £0.4 million from rent reviews at an average uplift of 2.6%.
 - In light of current market uncertainty created by COVID-19, the valuation has been reported on the basis of 'material valuation uncertainty' in line with recent RICS guidance.
- At 31 March 2020, the Portfolio comprised 94 healthcare properties, of which 92 are care homes let to 10 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). In addition, the Group owns two healthcare facilities leased to the NHS. In total, the Group has 11 tenants⁽²⁾ across its Portfolio.
- Weighted average unexpired lease term across the Portfolio of 19.8 years.

COVID-19 UPDATE

The Group's tenants provide an essential service to the communities in which they operate and are playing 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.

The Investment Manager continues to be in regular communication with all the Group's tenants and key service providers to monitor how the pandemic is affecting them and also, where appropriate, to share information amongst the tenants and ideas on how to best manage issues caused by the pandemic.

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 weekly situation report on how the pandemic is affecting their operations. Over the eight weeks between the week ending 6 March 2020, in which the first COVID-19 related death was registered in the UK, and the week ending 1 May 2020 the number of occupied beds in the Company's portfolio has reduced by 173, from 4,225 to 4,052, a fall of 4%.

At the onset of the pandemic, tenants' principal concerns were how to ensure adequate staff were available to provide care and ensuring staff had sufficient personal protective equipment ("PPE"). Tenants are now reporting that pressure on staffing has eased as staff, who initially had to self-isolate, return to work, and that, as pressure on hospitals from COVID-19 reduces, PPE is more widely available. There are also encouraging signs that COVID-19 testing for care homes residents and staff is becoming more widely and promptly available across the country.

Despite the ongoing uncertainty as to the impact and duration of the COVID-19 pandemic, the Company continues to be well positioned for the uncertainties which lie ahead and will provide updates with material developments as the pandemic evolves.

Notes

- (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.
- (2) Minster, Croftwood, (both subsidiaries of Minster Care Group), Careport, Prestige, Renaissance, Welford, Maria Mallaband Countrywide Group, NHS Cumbria, Optima, Holmes Care and Silverline Care.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Impact Health Partners LLP Mahesh Patel Andrew Cowley	via Maitland/AMO
Winterflood Securities Limited Joe Winkley Neil Langford	Tel: 020 3100 0000
RBC Capital Markets Rupert Walford Matthew Coakes	Tel: 020 7653 4000
Maitland/AMO (Communications Adviser) James Benjamin	Tel: 020 7379 5151 Email: maitland@maitland.co.uk impacthealth-

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.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

DIVUNRWRRNUVRAR