Overview
Impact Healthcare REIT plc (ticker: IHR) is a real estate investment trust. We invest in a diversified portfolio of UK healthcare real estate assets, in particular residential and nursing care homes.

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 6.29p per share in respect of 2020; and
• a NAV total return of 9.0% per annum.

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.

Key achievements in Q1 2020
• Declared and paid the Q4 dividend of 1.5425p per share delivering the annual dividend target of 6.17 pence per share for 2019.
• Acquired eight homes, three are leased to a new tenant, Silverline.
• Exchanged contracts to acquire nine homes in Scotland with a new tenant, Holmes Care.
• Forward funded the development of a new 94 bed care home with Prestige.

Below, the Freeland House extension completed in January 2020 has now received CQC registration adding 46-beds.
Portfolio update
The unaudited NAV per share at 31 March 2020 was 106.98p per share, up from 31 December 2019 NAV of 106.81p.

The net asset value increased to £341.2 million from £340.7 million, an uplift of 0.15% including the increase in property value.

The property portfolio experienced an 8.3% rise for the quarter being valued at £345.1 million, this consisted £21.7 million for the acquisition of eight care homes with across three tenants (three of these homes were leased to a new tenant, Silverline), £1.2 million on a new forward funded development with Prestige, £0.7 million investment in capital improvements in homes, £0.7 million in deferred consideration on a home leased to Careport and a net value uplift of £2.0 million primarily as a result of the inflation linked rent reviews performed in the quarter.

Acquisition pipeline
Due to COVID-19 the Company has decided to pause acquisitions. This position is under regular review and we remain in active dialogue with vendors on a number of opportunities. The timing of future acquisitions will be considered carefully, taking into account, amongst other things, the homes’ trading performance and the market outlook.

Operational update
The Investment Manager (“IM”) continues to be in regular communication with the Group’s tenants and key service providers to monitor the pandemic’s effect on them and also, to share information and ideas on how to manage the current situation.

In addition to the tenants’ detailed operating and financial data the IM receives on a quarterly basis, tenants have been providing weekly updates on occupancy and how the pandemic is affecting their operations.

The first deaths from COVID-19 in care homes were recorded in mid-March and therefore the effect of the virus on our portfolio in the period to 31 March was modest. Our tenants’ principal concerns at the end of the quarter were the safety of residents and staff, alongside the availability of staff and personal protective equipment (“PPE”). Tenants are now reporting that pressure on staffing has eased and PPE is more widely available. There are also encouraging signs that COVID-19 testing for care home residents and staff is becoming more widely and promptly available.

Despite the continuing uncertainty created by the pandemic, the Company has continued to receive all rent due as normal and will provide updates with material developments as the pandemic evolves.

Our portfolio
(as at 31 March 2020)

Scotland
Number of properties: 7
Beds: 466
% of portfolio income: 7.8%

North West
Number of properties: 32
Beds: 1,236
% of portfolio income: 26.6%

West Midlands
Number of properties: 9
Beds: 419
% of portfolio income: 8.9%

Wales
Number of properties: 2
Beds: 103
% of portfolio income: 1.6%

South West
Number of properties: 5
Beds: 214
% of portfolio income: 4.5%

Yorkshire & The Humber
Number of properties: 5
Beds: 168
% of portfolio income: 3.1%

North East
Number of properties: 11
Beds: 671
% of portfolio income: 11.2%

East Midlands
Number of properties: 6
Beds: 265
% of portfolio income: 7.3%

South East
Number of properties: 2
Beds: 104
% of portfolio income: 4.6%

East of England
Number of properties: 6
Beds: 196
% of portfolio income: 11.6%

Portfolio analysis
Security of income (%)
Based on % revenue to care home tenants

Private Pay 34.2%
Local Authority 57.4%
NHS 8.4%

Regionally diverse (%)
Based on % portfolio market value

South West 3.1%
Scotland 8.1%
South East 6.5%
North East 12.5%

North West 2.36%
Yorkshire & The Humber 13.1%

Our tenants include MMCG, Prestige, NHS, Optima, Silverline, Careport and Renaissance, all Care Home tenants.

Tenants
■ MMCG
■ Prestige
■ NHS
■ Optima
■ Silverline
■ Careport
■ Renaissance
■ MMCG
■ NHS
■ Optima
■ Silverline

MMCG 11.6%
NHS 8.4%

Our portfolio is geographically diverse:
■ Regionally diverse (%)
■ East 11.9%
■ Wales 1.3%
■ West Mid 8.9%
■ Yorkshire & The Humber 13.1%

■ North East 12.5%
■ North West 2.36%
■ Scotland 8.1%
■ South East 6.5%

Our tenants

Silverline
Optima
NHS
MMCG
Renaissance
Careport
Prestige
Croftwood*
Minster*
Welford

*Part of the Minster Care Group*