

RENT COLLECTION, DIVIDEND DECLARATION AND NAV

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Impact Healthcare REIT PLC
28 October 2020

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28 October 2020

Impact Healthcare REIT plc

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

100% RENT COLLECTION YEAR TO DATE, DIVIDEND DECLARATION, NET ASSET VALUE AND UPDATE

The board of Directors (the "Board") 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 for the elderly, is pleased to provide the following update for the quarter ended 30 September 2020.

ROBUST RENT COLLECTION

- The Company confirms receipt of 100% of the rent due on 1st October for quarterly and monthly rent payments payable in advance. The Company has received 100% of its contracted rent for 2020 year to date.

DIVIDEND DECLARATION

- The Board has today declared the Company's third interim dividend for the year ending 31 December 2020 of 1.5725 pence per ordinary share, payable on 27 November 2020 to shareholders on the register on 6 November 2020. The ex-dividend date will be 5 November 2020.
- 0.7863 pence per ordinary share will be paid as a property income distribution dividend ("PID") and 0.7862 pence per ordinary share will be paid as an ordinary UK dividend ("non-PID").
- This dividend is in-line with the annual total dividend target of 6.29 pence per share⁽¹⁾ for the year ending 31 December 2020.

NET ASSET VALUE PROGRESSION

- Unaudited net asset value ("NAV")⁽²⁾ as at 30 September 2020 of £347.8 million, 109.06 pence per share (NAV as at 30 June 2020: £341.8 million, 107.17 pence per share).

STRONG BALANCE SHEET

- The Company has deliberately maintained low gearing with a loan to value ("LTV") ratio of 17.8% as at 30 September 2020. The LTV ratio will rise to 21.3% if all committed transactions complete.
- As at 1 October 2020, the Group had cash of £24.8 million and headroom on its undrawn debt facilities of £49.0 million, of which £33.5 million is available immediately.

PROPERTY VALUATION AND PORTFOLIO UPDATE

- The Group's property portfolio ("Portfolio") was independently valued (unaudited) at £399.4 million as at 30 September 2020 (at 30 June 2020: £346.0 million), an increase of £53.4 million, or 15.4% in the quarter.
 - £48.4 million of the increase relates to investments in acquisitions and £0.2 million relates to capital improvements.
 - Net valuation uplifts of £5.6 million were recognised in the quarter, including £1.9 million on new acquisitions.
 - One non-core property was also sold in the period for £0.9 million, a 24% premium to carrying value of £0.8 million.
- In the quarter, the Group welcomed its 11th tenant, Holmes Care, with the completion of the acquisition of nine homes with 649 beds across Scotland. The Group also exchanged contracts on an additional care home, St Peters House close to Bury St Edmunds, with 62 single en-suite bedrooms. St Peters House will be leased to an existing tenant, Welford, on completion and in-line with the Group's standard lease terms. Completion is awaiting CQC re-registration.
- As at 30 September 2020, the Portfolio comprised 102 healthcare properties and one forward funded development under construction. 101 of these properties 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 of varying ranges between 1% and 5% respectively). In addition, the Group owns two healthcare facilities leased to the NHS. In total, the Group has 11 tenants across the Portfolio⁽³⁾.
- Weighted average unexpired lease term across the Portfolio of 20.0 years.
- The Portfolio had an annualised contracted rent roll of £29.9 million as at 30 September 2020.
- The Investment Manager continues to progress a strong identified pipeline of investment opportunities and while the Company remains cautious with the ongoing effects of the pandemic, it also remains confident in the ongoing long-term outlook for the sector and the investment and diversification strategy the Group has set out.

BUSINESS UPDATE

- The Group's top priority remains the health, welfare and safety of its 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.
- The installation of thermal imaging cameras in the entrances of the Group's homes provides an added layer of infection control to support residents and healthcare professionals.
- Our tenants are in a good position, given the challenges, to face the challenges which lie ahead. Testing remains critical to effective infection control measures, with a typical regime of staff being tested once a week and residents once a month. As at 20th October 10 residents living in six homes had tested positive, and 10 staff working at four homes were positive. All are now self-isolating. Occupancy was stable across the portfolio during the third quarter, with home managers reporting good levels of enquiries. However, new admissions are not expected to rise substantially until current restrictions on visitors to homes are eased.

Rupert Barclay, Chairman of Impact Healthcare REIT PLC, commented:

"The Company's business model remains strong and resilient, underlined by the Group's collection of 100% of rent due for the year to date, while our tenants continue to provide good quality care during an exceptionally challenging period. We continue to have solid levels of rent cover due to the sustainable and affordable lease terms we have put in place.

The need remains strong for good quality care from well maintained, fit for purpose residential care homes with strong infection controls in place, yet a material undersupply persists. 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 high quality care to vulnerable elderly people during this pandemic.

We continue to be well positioned, with a strong balance sheet, modest levels of debt and significant liquidity and headroom. We will continue responsibly to deliver long-term, sustainable value to our tenants' residents in the care homes we own, our tenants' healthcare professionals and our shareholders."

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) The NAV and other financials reported in this announcement are unaudited [and subject to change].
- (3) Minster and Croftwood (both subsidiaries of Minster Care Group), Careport, Prestige, Renaissance, Welford, Maria Mallaband Countrywide Group, NHS Cumbria, Optima, Holmes Care and Silverline Care.

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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.

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