

## NAV, DIVIDEND, DIVIDEND TARGET AND UPDATE

Released : 29/01/2021 07:00

RNS Number : 2839N  
Impact Healthcare REIT PLC  
29 January 2021

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29 January 2021

### Impact Healthcare REIT plc

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

#### NET ASSET VALUE, DIVIDEND DECLARATION, DIVIDEND TARGET FOR 2021 AND PORTFOLIO 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, is pleased to provide the following update.

##### NET ASSET VALUE

- Unaudited net asset value ("**NAV**")<sup>1</sup> at 31 December 2020 of £349.5 million, 109.58 pence per share (NAV at 30 September 2020: £347.8 million, 109.06 pence per share).

##### DIVIDEND DECLARATION

- The Board has today declared the Company's fourth and final interim dividend for the year ended 31 December 2020 of 1.5725 pence per ordinary share, payable on 26 February 2021 to shareholders on the register on 12 February 2021. The ex-dividend date will be 11 February 2021. This dividend will be a property income distribution dividend ("**PID**").
  - When this dividend is paid the Company will have delivered on its target of paying a dividend of 6.29 pence per share for the year ended 31 December 2020.

##### DIVIDEND TARGET FOR 2021

- At the beginning of 2019, the Company introduced a progressive dividend policy under which it seeks to grow its target 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<sup>2</sup>.
- 100% of the Group's leases are inflation linked. During the year to 31 December 2020, the Group received a total increase from RPI uplifts of £483,826.
- On this basis, the target total dividend for the year ending 31 December 2021 is 6.41 pence per share<sup>2</sup>, a 1.91% increase over the 6.29 pence in dividends paid or declared per ordinary share for FY 2020.

##### NAV TOTAL RETURN

- Unaudited NAV<sup>(1)</sup> total return for the year ended 31 December 2020 of 8.46%, composed of dividends paid in the year and 2.77 pence per share growth in NAV.
  - The Company continues to target an average NAV total return of 9% per annum<sup>2</sup>.

##### PROPERTY VALUATION

- The Group's property portfolio ("**Portfolio**") was independently valued<sup>1</sup> at £418.8 million as at 31 December 2020 (valuation as at 30 September 2020: £399.4 million), an increase of £19.4 million, or 4.9% in the quarter. As is customary, the independent valuation remains subject to finalisation pending full review of underlying trading performance to 31 December 2020.
  - £16.7 million of the increase relates to investments in acquisitions and £0.3 million relates to capital improvements.
  - Net valuation uplifts of £2.4 million were recognised in the quarter, including £0.8 million on new acquisitions.

##### VACCINATIONS UPDATE

- Further to the business update published on 19 January 2021, as at 28 January, residents at 100 (93%) of the homes owned by the Group had received at least the first dose of a COVID-19 vaccination.

##### PORTFOLIO UPDATE

- At 31 December 2020, the Portfolio comprised 108 healthcare properties, of which 106 are care homes let to 11 tenants<sup>3</sup> 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 on 99 leases, and 1% p.a. and 5% p.a. on nine). In addition, the Group owns two healthcare facilities leased to the NHS. In total, the Group today has 12 tenants<sup>3</sup> across its portfolio.
- Since the year end, the Group has acquired a further property taking our total portfolio to 109 healthcare properties.
- Rent cover, which was 1.8 times across the Group's portfolio in the year to 31 December 2019, fell to 1.7 times for the six

months to 30 June 2020 as a result of the impact of the first wave of the pandemic. In the third quarter of 2020, rent cover recovered to above 2019 levels reflecting: acquisitions completed during the quarter; fee increases received by the Group's tenants in the second quarter; and government support measures for care homes.

- Weighted average unexpired lease term across the Portfolio of 20.0 years.
- Loan to value ratio of 17.8% as at 31 December 2020.
- The Portfolio had an annualised contracted rent roll of £30.9 million at 31 December 2020 (31 December 2019: £23.1 million), which has since increased to £31.4 million.

The Investment Manager continues to progress a strong identified pipeline of attractive investment opportunities and expects to announce further activity in the quarter.

**Rupert Barclay, Chairman of Impact Healthcare REIT plc, commented:**

"The Board is pleased to see that substantially all of our care homes have received the first dose of a COVID-19 vaccination and would like to thank all of our tenants and their care teams for their continued exceptional efforts in caring for their residents through these challenging times. We have made continued good progress over the past year, with our tenants sustaining their underlying performance and we have delivered 100% rent collection for 2020, which has continued into Q1 2021. Although signs of recovery first appeared in the Autumn before worsening in the last two months, we remain cautiously optimistic with the ongoing roll out of the vaccine in the UK.

The completion of capital improvements alongside accretive acquisitions and a stable performance of our core portfolio has delivered an unaudited NAV<sup>1</sup> total return of 8.46%, which is a resilient performance especially given the environment we are in."

Note:

- <sup>1</sup> The NAV and other financials reported in this announcement remain unaudited and subject to change. Final audited financial statements are expected to be published at the end of March 2021.
- 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.
- Minster and Croftwood (both subsidiaries of Minster Care Group), Careport, Prestige, Renaissance, Welford, Maria Mallaband Countrywide Group, NHS Cumbria, Optima, Holmes Care, Silverline and Electus Healthcare.

**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](http://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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