

## NAV, PORTFOLIO UPDATE AND DIVIDEND DECLARATION

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Impact Healthcare REIT PLC  
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29 July 2021

### Impact Healthcare REIT plc

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

#### NET ASSET VALUE, PORTFOLIO UPDATE AND DIVIDEND DECLARATION

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 business and trading update for the quarter to 30 June 2021.

#### HIGHLIGHTS FOR THE QUARTER

- 100% rent collection, demonstrating the continued resilience of our business model.
- Unaudited net asset value ("NAV") at 30 June 2021 of £388.0 million, 110.66 pence per share (NAV at 31 March 2021: £352.4 million, 110.48 pence per share).
- Dividend per ordinary share of 1.6025 pence declared today for the period, in line with the Company's annual dividend target of 6.41 pence per share for the year to 31 December 2021<sup>2</sup>, a 1.91% increase over the 6.29 pence in dividends paid per ordinary share for the year ended 31 December 2020.
- The Group's property portfolio ("Portfolio") was independently valued at £432.4 million as at 30 June 2021 (valuation as at 31 March 2021: £427.0 million), an increase of £5.4 million, or 1.3% in the quarter.
- Successful equity raise of £35 million closed.
- New £26 million RCF secured with NatWest, with an accordion agreement to increase this facility to £50 million, subject to lender approval.
- Gross Loan to value ratio ("LTV") reduced to 13.7% as at 30 June 2021 (at 31 March 2021: 21.3%).

#### 100% RENT COLLECTION CONTINUING AND PORTFOLIO UPDATE

- The Group continued to receive 100% of rent payments as they fall due.
- Contracted rent increased to £33.8 million at the quarter end (at 31 March 2021: £31.7 million) as a result of 10 rent reviews alongside the committed new investments and asset management initiatives in the quarter.
  - In the quarter, the Group exchanged on one operational property for a net purchase price of £10.3 million and entered into a forward-funded development agreement for net consideration of £10.5 million, both with a new tenant for the Group, Carlton Hall, on yields of 6.3% and 7.1% respectively. The operational property is a high-quality 86 bed care home near Lowestoft and the second is a pre-let forward funding arrangement for a new 80-bed care home in Norwich, on leases of 30 and 35 years respectively with upward-only Retail Price Index-linked rent reviews (with a floor and cap of 2% p.a. and 4% p.a.).
  - Work commenced at Fairview to add a new 17-bed building that links Fairview House and Fairview Court and will have modern services (kitchen and laundry) in its basement. In parallel, the interior of Fairview House will be remodelled, reducing the number of bedrooms there from 20 to 14 of a consistently high quality. Once completed the home will have a net 11 additional rooms and can be operated as a single unit by Welford, the Group's tenant. The Group has committed up to £3.5 million on the refurbishment in return for a rent increase of up to £0.3 million. The completed development will provide an enhanced environment for both staff and residents and we have invested in incremental improvements to target an EPC A rating for the home.
- At 30 June 2021, the Portfolio comprised 111 healthcare properties<sup>3</sup>, of which 109 are care homes let to 12 tenants<sup>1</sup> on fixed-term leases of 20 to 35 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 100 leases, and 1% p.a. and 5% p.a. on nine). In addition, the Group owns two healthcare facilities leased to the NHS with annual CPI uplift. In total, the Group had 13 tenants<sup>1</sup> across its Portfolio.
- EPRA Topped Up Net Initial Yield for the Portfolio of 6.75% (31 December 2020: 6.71%).
- Weighted average unexpired lease term across the Portfolio of 19.5 years at 30 June 2021.

#### NET ASSET VALUE AND FINANCING UPDATE

- Unaudited NAV at 30 June 2021 of £388.0 million, 110.66 pence per share (unaudited NAV at 31 March 2021: £352.4 million, 110.48

pence per share).

	Pence per share
Unaudited NAV per share as at 31 March 2021	110.48
Revaluation gains/(losses) on investment properties	0.42
Movement in revenue reserve	1.54
First interim Dividend payment for the year to 31 December 2021	(1.60)
Non recurring and exceptional items*	(0.18)
Unaudited NAV as at 30 June 2021	110.66
Percentage change in quarter	0.17%

\* Comprises equity issuance costs in the period.

- The NAV attributable to the ordinary shares of the Company is calculated under International Financial Reporting Standards (IFRS) and incorporates the independent portfolio valuation at 30 June 2021 and net income for the period. There is no difference between the IFRS NAV reported above and EPRA NTA.
- The unaudited NAV total return for the quarter was 1.6%, comprising dividends paid in the quarter of 1.6025 pence and 0.18 pence per share growth in NAV.
- Gross LTV of 13.7% as at 30 June 2021 (at 31 March 2021: 21.3%) after the Group's repayment of facilities following the successful raise of £35 million from an equity placement announced on 30 April 2021. The Group has maintained a healthy level of cash reserves, which stood at £17.7 million at the quarter end.
- The Group secured a new revolving credit facility ("RCF") of £26 million with National Westminster Bank Plc ("NatWest"), with an accordion agreement to increase this facility to £50 million, subject to lender approval. This allowed the group to repay £10 million of its £25 million term loan with Metro Bank Plc ("Metro"), the NatWest facility has a margin of 190 basis points p.a. over SONIA whilst the Metro loan has a margin of 265 basis points p.a. over Metro's base rate. The Group now has £141 million in committed facilities of which £15 million is term loan and £126 million is RCFs.

Summary balance sheet (unaudited)

	Jun-21 £'m	Mar-21 £'m	Dec-20 £'m	Sep-20 £'m
Property portfolio*	432.4	427.0	418.8	399.4
Cash	17.7	24.1	8.0	24.8
Net assets/(liabilities)*	0.3	(2.2)	(0.9)	(0.2)
Bank loans	(62.4)	(96.5)	(76.4)	(76.2)
<b>Net assets</b>	<b>388.0</b>	<b>352.4</b>	<b>349.5</b>	<b>347.8</b>
NAV per share (pence)	110.66	110.48	109.58	109.05

\* Properties within the portfolio are stated at the market value provided by the external valuer and excludes the IFRS effects of guaranteed rent reviews and initial lease rental payments.

## PROPERTY VALUATION

- The Group's property portfolio ("Portfolio") was independently valued at £432.4 million as at 30 June 2021 (valuation as at 31 March 2021: £427.0 million), an increase of £5.4 million, or 1.3% in the quarter.
  - £0.8 million of this related to assets with rent reviews, a 1.4% increase in value on a like for like basis.
  - £1.2 million was from small yield contractions due to general market and trading improvements on the remainder of the portfolio, a 0.3% increase in value on a like for like basis
  - £1.0 million related to investment in assets under construction and capital improvements.
  - £2.4 million related to the acquisition of the forward funded development with Carlton Hall.

## INVESTMENT PIPELINE

- The Investment Manager continues to progress a strong and growing pipeline of attractive investment opportunities with a number in exclusivity.
- The pipeline investment opportunities are managed by high-quality operators, are well-maintained and offer the Company attractive levels of rent cover and a blended net initial yield in line with previous acquisitions the Company has made.
- Each of these potential investments, which would be subject to Board approval, would further diversify the Company's portfolio and tenant mix and enhance value to shareholders.

## DIVIDEND DECLARATION

- The Board has today declared the Company's second interim dividend for the year ending 31 December 2021 of 1.6025 pence per ordinary share, payable on 27 August 2021 to shareholders on the register on 6 August 2021. The ex-dividend date will be 5 August 2021. This dividend will be paid as a Property Income Distribution ("PID").
- This is in line with the Company's annual dividend target of 6.41 pence per share for the year ending 31 December 2021<sup>2</sup>, a 1.91% increase over the 6.29 pence in dividends paid per ordinary share for the year ended 31 December 2020.

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

"The Board is pleased with the continued growth and trading performance of the business. With the £35 million equity raise in the quarter alongside the new £26 million bank facility with NatWest, the Company is well placed to continue to diversify and enhance its portfolio with a strong pipeline of attractive investment opportunities that are expected to deliver further attractive returns to our shareholders.

We remain a long-term business focused on healthcare real estate that provides crucial social care infrastructure supporting vulnerable elderly people across the UK. I was delighted to attend the commencement of works at Fairview in the quarter, and these extension and improvement works will help further enhance the quality and value of our portfolio and improve the environment for our tenants' residents.

While there remain uncertainties produced both by the pandemic and also the effects of the easing of the lockdown restrictions, the fundamental drivers of the Group's market and business remain strong and sustainable over the long term. We would like to thank our tenants and their teams for their continued effort to provide high quality, responsible and responsive care for their residents."

**Notes:**

- 1 Minster and Croftwood (both subsidiaries of Minster Care Group), Careport, Prestige, Renaissance, Welford, Maria Mallaband Countrywide Group, NHS Cumbria, Optima, Holmes Care, Silverline, Electus Healthcare, Carlton Hall and Fairview.
- 2 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.
- 3 Includes exchanged and under construction assets.

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

<b>Impact Health Partners LLP</b>		Via Maitland/AMO
Mahesh Patel		
Andrew Cowley		
<b>Jefferies International Limited</b>		+44 20 7029 8000
Tom Yeadon	tyeadon@jefferies.com	
Neil Winward	nwinward@jefferies.com	
Francesco Namari	fnamari@jefferies.com	
<b>Winterflood Securities Limited</b>		+44 20 3100 0000
Neil Langford	neil.langford@winterflood.com	
Joe Winkley	joe.winkley@winterflood.com	
<b>Maitland/AMO (Communications adviser)</b>		+44 7747 113 930
James Benjamin	impacthealth-maitland@maitland.co.uk	

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 acquires, renovates, extends and redevelops high quality healthcare real estate assets in the UK and lets these assets on long-term full repairing and insuring leases to high-quality established healthcare operators which offer good quality care, under leases which provide the Company with attractive levels of rent cover.

The Company aims to provide shareholders with an attractive sustainable return, principally in the form of quarterly income distributions and with the potential for capital and income growth, through exposure to a diversified and resilient portfolio of UK healthcare real estate assets, in particular care homes for the elderly.

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.

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 per ordinary share for the year ended 31 December 2020.

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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