

NAV, PORTFOLIO UPDATE AND DIVIDEND DECLARATION

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Impact Healthcare REIT PLC
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15 October 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 September 2021.

HIGHLIGHTS FOR THE QUARTER

- Unaudited net asset value ("**NAV**") as at 30 September 2021 of £392.1 million, 111.82 pence per share (NAV as at 30 June 2021: £388.0 million, 110.66 pence per share).
- The unaudited NAV total return for the quarter was 2.5%, comprising dividends paid in the quarter of 1.6025 pence and 1.16 pence per share growth in NAV.
- 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 2021¹, 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 £447.7 million as at 30 September 2021 (valuation as at 30 June 2021: £432.4 million). This represents a 1.4% increase in value on a like for like basis in the quarter and a total increase of 3.5% over that period including an acquisition and a disposal.
 - The like-for-like movements resulted from both rental growth and some yield compression.
 - The Group achieved an attractive average rental growth level of 3.79% on assets which were reviewed during the period.
 - 100% of the Group's rental income is linked directly to inflation: 87.4% RPI (with a floor and cap at 2% p.a. and 4% p.a.), 11.5% RPI (with a floor and cap at 1% p.a. and 5% p.a.) and 1.1% annual CPI uplift.
- The portfolio EPRA 'topped up' Net Initial Yield at 30 September 2021 was 6.67% (30 June 2021 6.75%)
- The Group continues to receive 100% of rent payments as they fall due.
- Gross loan to value ratio ("**LTV**") was 14.5% as at 30 September 2021 (at 30 June 2021: 13.7%).
- The Investment Manager continues to progress a strong and growing pipeline of attractive investment opportunities with a number in exclusivity. The potential investment opportunities in the pipeline are managed by high-quality operators, well maintained and offer the Company attractive levels of rent cover and a blended net initial yield in line with previous acquisitions made by the Company.

NET ASSET VALUE

- Unaudited NAV as at 30 September 2021 of £392.1 million, 111.82 pence per share (unaudited NAV at 30 June 2021: £388.0 million, 110.66 pence per share).

	Pence per share
Unaudited NAV per share as at 30 June 2021	110.66
Revaluation gains/(losses) on investment properties	0.75
Movement in revenue reserve	2.01
Quarterly dividend for the period to 30 June 2021	(1.60)
Unaudited NAV per share as at 30 September 2021	111.82
Percentage change in quarter	1.05%

- 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 September 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 2.5%, comprising dividends paid in the quarter of 1.6025 pence and 1.16 pence per share growth in NAV.
- Gross LTV of 14.5% as at 30 September 2021 (at 30 June 2021: 13.7%) following the Group's drawdown of £5 million from its revolving credit facilities ("RCF"). The Group has maintained a healthy level of cash reserves, which stood at £13.6 million at the quarter end.

Summary balance sheet (unaudited)

	Sep-21 £'m	Jun-21 £'m	Mar-21 £'m	Dec-20 £'m
Property portfolio*	447.7	432.4	427.0	418.8
Cash	13.6	17.7	24.1	8.0
Net assets/(liabilities)*	(1.7)	0.3	(2.2)	(0.9)
Bank loans	(67.5)	(62.4)	(96.5)	(76.4)
Net assets	392.1	388.0	352.4	349.5
NAV per share (pence)	111.82	110.66	110.48	109.58

* 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 £447.7 million as at 30 September 2021 (valuation as at 30 June 2021: £432.4 million). This represents a 1.4% increase in value on a like for like basis in the quarter and a total increase of 3.5% over that period, including an acquisition and a disposal.
 - £2.6 million of this related to assets with rent reviews, a 3.79% increase in value per annum on a like for like basis.
 - £1.2 million was from some yield contractions due to general market and trading improvements in the portfolio, a 1.33% increase in value on a like for like basis.
 - There has been a £2.4 million increase as a result of a deferred payment linked to an enhanced performance of a home with an associated increase in rent.
 - There was a £1.5 million reduction in the portfolio value from the sale of Heeley Bank.
 - £10.6 million related to the acquisition of Carlton Hall.
 - The portfolio EPRA 'topped up' Net Initial Yield at 30 September 2021 was 6.67% (30 June 2021 6.75%).

PORTFOLIO UPDATE

- The Group continues to receive 100% of rent payments as they fall due.
- Contracted rent increased to £33.9 million at the quarter end (at 30 June 2021: £33.8 million) as a result of 12 rent reviews during the period and impacted by the disposal of a non-core asset.
- Portfolio changes in the quarter:
 - The Group completed on the acquisition of a high-quality 86-bed care home near Lowestoft leased to a new tenant, Carlton Hall. The lease term is 30 years with upward-only Retail Price Index-linked rent reviews (with a floor and cap of 2% p.a. and 4% p.a.).
 - Impact has completed on the sale of Heeley Bank a 67-bed care home in Sheffield, acquired as part of a portfolio of four homes leased to MMCG in March 2020. The home was not a long-term strategic asset for Impact or MMCG, and as part of our active portfolio management strategy, was jointly marketed post acquisition. The sale at £1.68 million was 29% above the purchase cost of the home and 12% above the carrying value at 30 June 2021.
- At 30 September 2021, the Portfolio comprised 111 healthcare properties², of which 109 are care homes let to 12 tenants³ 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 tenants³ across its Portfolio.
- Weighted average unexpired lease term across the Portfolio of 19.4 years as at 30 September 2021.

INVESTMENT PIPELINE

- The Investment Manager continues to progress a strong and growing pipeline of attractive investment opportunities with a number in exclusivity.
- The potential investment opportunities in the pipeline are managed by high-quality operators, well maintained and offer the Company attractive levels of rent cover and a blended net initial yield in line with previous acquisitions made by the Company.
- 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 third interim dividend for the year ending 31 December 2021 of 1.6025 pence per ordinary share, payable on 19 November 2021 to shareholders on the register on 29 October 2021. The ex-dividend date will be 28 October 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 2021¹, a 1.91% increase over the 6.29 pence in dividends paid per ordinary share for the year ended 31 December 2020.

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 Includes exchanged and under construction assets.
- 3 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 and Carlton Hall.

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The Company's LEI is 213800AX3FHPMJL4IJ53.

Further information on Impact Healthcare REIT is available at 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 share¹, 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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