

INVESTMENT IN TWO CARE HOMES IN MANSFIELD

Released : 18/03/2022 07:00

RNS Number : 2080F
Impact Healthcare REIT PLC
18 March 2022

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Impact Healthcare REIT plc

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

INVESTMENT IN TWO CARE HOMES IN MANSFIELD, NOTTINGHAMSHIRE WITH WELFORD CARE GROUP

The Group has invested in two care homes which were owned and operated by Woodleigh Care whose owners are retiring from the care home business. Both homes will be operated by an existing Group tenant, Welford Healthcare, and are in Mansfield, Nottinghamshire, offering 107 high quality predominantly en-suite beds, located within established residential areas.

The homes each have a track record of delivering high quality care with CQC ratings of Good and Outstanding and Welford Healthcare will look to continue the strong operational performance under its stewardship. One home has an EPC rating of B and the other is rated C with a strategy in place for achieving an EPC rating of B.

The consideration is £11.1 million and has been made initially by way of a loan to Welford Healthcare, which will allow it to complete the acquisition of Woodleigh Care immediately. The structure creates several benefits for all stakeholders, including enabling Welford Healthcare to take immediate operational control of the homes, thereby avoiding a potentially lengthy transition period while regulatory approvals are sought to register the operation of the homes in new legal entities, as well as other financial and operational efficiencies.

Once the regulatory approvals are received, Impact then has the option to acquire the property assets from Welford Healthcare, which also has the option to sell the property assets to Impact. Impact will receive interest payments equal to 7.7% per annum for the duration of the loan and, if either option is exercised, new 30-year leases on Impact's standard terms have been pre-agreed with Welford Healthcare. Initial rent under the new leases is set at £713,750, reflecting a gross initial yield of 6.4%. Based on the homes' current trading performance, rent cover is expected to be greater than 2.0 times.

The loan structure used to make this investment contains additional protections for Impact's shareholders, including security over the applicable property assets under option and a number of operational covenants from Welford Healthcare, whilst the options also allow Impact to fix the future price of the property assets and associated rents in advance.

This investment will take the Group's relationship with Welford Healthcare to nine care homes across England, with 462 beds.

The Company's investment manager, Impact Health Partners LLP (the "Investment Manager") is in developed legal discussions on several projects and expects to make further announcements in the near future.

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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 Company is targeting a dividend for the year to 31 December 2022 to increase by 2.0% to 6.54 pence per share*.

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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* 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.

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