

NET ASSET VALUE, PORTFOLIO UPDATE AND DIVIDEND

Released : 25/04/2022 07:00

RNS Number : 1252J
Impact Healthcare REIT PLC
25 April 2022

The information contained in this announcement is restricted and is not for publication, release or distribution in the United States of America, any member state of the European Economic Area (other than the Republic of Ireland or the Netherlands), Canada, Australia, Japan or the Republic of South Africa.

This announcement contains inside information. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

25 April 2022

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 31 March 2022.

HIGHLIGHTS

- The unaudited net asset value ("**NAV**") as at 31 March 2022 was £443.3 million, 114.93 pence per share, representing increases on the previous quarter of 12.5% and 2.22%, respectively (NAV as at 31 December 2021 of £394.2 million, 112.43 pence per share).
- The unaudited NAV total return for the quarter was 3.6%, comprising dividends paid in the quarter of 1.6025 pence and 2.50 pence per share growth in NAV.
- A dividend per ordinary share of 1.635 pence declared today for the period, in line with the Company's annual dividend target of 6.54 pence per share for the year to 31 December 2022⁽¹⁾, an increase of 2.0% on the dividend paid in 2021 of 6.41 pence per share.
- The Group's property portfolio ("**Portfolio**") was independently valued at £484.0 million as at 31 March 2021 (valuation as at 31 December 2021: £459.4 million). This represents a 2.9% increase in value on a like-for-like basis in the quarter, and a total increase of 5.3% over that period, including the acquisition of two homes.
 - The like-for-like movements in value were primarily driven from RPI uplifts from rent reviews in the quarter and the benefits of active asset management.
 - 69 rent reviews were completed in the quarter at an average uplift of 4% per annum in line with the rental increase cap on these leases.
 - The Group also completed on the acquisition of two homes in Northern Ireland with 147 beds, for £11.5 million. The homes are being operated by an existing tenant, Electus Healthcare.
 - 100% of the Group's rental income is linked to inflation, with 90% of the Group's leases linked to RPI with a floor and cap at 2% p.a. and 4% p.a., 8% linked to RPI with a floor and cap at 1% p.a. and 5% p.a. and 2% with an annual CPI uplift.
 - In addition to the Portfolio value above, the Group made an investment of £11.1 million in two homes with 107 beds by way of a loan to Welford Healthcare with an option for the Group to acquire the homes once reregistration of the operations is granted by CQC. This is in addition to the £37.5 million invested in 12 homes with 480 beds by way of a loan to Holmes Care Group last quarter with an option for the Group to acquire the homes once reregistration of the operations is granted.
- The Portfolio EPRA 'topped up' Net Initial Yield at 31 March 2022 was 6.71% (31 December 2021 6.71%).
- Contracted rent increased to £39.4 million⁽²⁾ at the quarter end (at 31 December 2021: £38.0 million) an increase of 3.9%. This increase was as a result of the Group's investment in a portfolio of two homes with Welford and the 69 rent reviews during the period.
- At 31 March 2022, the Portfolio comprised 128 healthcare properties⁽³⁾, of which 126 are care homes let to 12 tenants⁽⁴⁾ 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 99 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⁽⁴⁾ across its Portfolio.
- The weighted average unexpired lease term across the Portfolio was 19.2 years as at 31 March 2022.
- The Company successfully raised gross proceeds of £40.0 million in the period through an equity raise in February 2022.
- The Group deployed capital of £25.6 million in the period; £22.6 million in four care homes with a total of 254 beds and a further £3.0 million in capital improvements and forward funded developments.
- After the quarter end the Group also exchanged contracts on three further homes in and around Glasgow with 155 beds for £8.1 million which will be leased to Silverline, an existing tenant, on completion.
- The Group continues to receive 100% of rent payments as they fall due with no lease variations.

- The gross loan to value ratio was 19.4% as at 31 March 2022 (at 31 December 2021: 22.3%). The Group has total available debt facilities of £168 million, of which £107.6 million is currently drawn. Additionally, the Group has the second £38 million tranche of institutional debt, which is committed to be issued in June 2022, and the option to expand the NatWest facility by a further £24 million.
- The Group has maintained a healthy level of cash reserves, which stood at £18.6 million at the quarter end.
- The Group's investment manager, Impact Health Partners LLP, is in developed legal discussions on several projects and expects to make further announcements in the near future.

NET ASSET VALUE

- The unaudited NAV as at 31 March 2022 of £443.3 million, 114.93 pence per share, representing increases on the previous quarter of 12.5% and 2.22%, respectively (NAV at 31 December 2021: £394.2 million, 112.43 pence per share).

	Pence per share
NAV per share as at 31 December 2021	112.43
Revaluation gains/(losses) on investment properties	2.38
Net remaining contribution to reserves	1.71
Quarterly dividend for the period to 31 December 2021	(1.60)
Unaudited NAV per share as at 31 March 2022	114.93
Percentage change in quarter	2.22%

- 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 31 March 2022 and net income for the period. There is no difference between the IFRS NAV reported above and EPRA Net Tangible Assets.

Summary balance sheet (unaudited)

	Mar-22 £'m	Dec-21 £'m	Sep-21 £'m	Jun-21 £'m
Property portfolio*	484.0	459.4	447.7	432.4
Property Investments via loans	48.6	37.5	-	-
Cash	18.6	13.3	13.6	17.7
Net assets/(liabilities)	(0.3)	(1.5)	(1.7)	0.3
Bank loans	(107.6)	(114.5)	(67.5)	(62.4)
Net assets	443.3	394.2	392.1	388.0
<i>NAV per share (pence)</i>	<i>114.93</i>	<i>112.43</i>	<i>111.82</i>	<i>110.66</i>

* 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 was independently valued at £484.0 million as at 31 March 2022 (valuation as at 31 December 2021: £459.4 million). This represents a 2.9% increase in value on a like for like basis in the quarter, and a total increase of 5.3% over that period, including the acquisition of two homes:
 - £9.2 million of this related to assets with rent reviews, a 2.0% increase in value on a like for like basis.
 - £0.9 million was from yield movements due to underlying performance of the homes a 0.2% increase in value on a like for like basis.
 - £3.0 million related to capital expenditure on existing properties a 0.7% increase in value on a like for like basis.
 - £11.5 million related to completion of the acquisition of two homes in Northern Ireland, leased to Electus Healthcare, which exchanged in December 2021.
- In addition to the portfolio value above, the Group made an investment of £11.1 million in two homes with 107 beds by way of a loan to Welford Healthcare. This is in addition to the £37.5 million in 12 homes with 480 beds by way of a loan to Holmes Care Group last quarter.

DIVIDEND DECLARATION AND 2022 DIVIDEND TARGET

- The Board has today declared the Company's first interim dividend for the year ending 31 December 2021 of 1.635 pence per ordinary share, payable on 20 May 2022 to shareholders on the register on 6 May 2022. The ex-dividend date will be 5 May 2022. This dividend will be paid as a Property Income Distribution ("PID").
- This is in line with the Company's annual dividend target of 6.54 pence per share for the year ending 31 December 2022⁽¹⁾, a 2.0% increase over the 6.41 pence in dividends paid per ordinary share for the year ended 31 December 2021.

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) Contracted rent includes all post tax income from investment in properties, whether generated from rental income or post tax interest income.

- (3) Includes exchanged and under construction assets.
- (4) 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.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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

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 2022 is 6.54 pence per share¹, a 2.0% increase over the 6.41 pence in dividends paid or declared per ordinary share for the year ended 31 December 2021.

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.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

MSCSEEFADDEESL