

Acquisition Of Three Care Homes

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Impact Healthcare REIT PLC
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1 June 2022

Impact Healthcare REIT plc

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

ACQUISITION OF THREE CARE HOMES IN DEVON AND SOMERSET FOR £25.0 MILLION

The Board of Directors 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 announce that the Group has recently completed the accretive acquisition of three properties (one in Somerset and two in Devon) with an existing Group tenant, Welford Healthcare, for £25.0 million, plus transaction costs.

The portfolio includes a 61-bedroom specialist dementia nursing home in Devon which was purpose-built in 2011 and benefits from 100% en-suite wet rooms, and two part-converted and extended nursing and residential homes in Devon and Somerset registered for 54 and 69 elderly clients, respectively. All three properties are well located with long-standing exceptional local reputations for providing high-quality care within the local community. The homes have CQC ratings ranging between Good and Outstanding and benefit from favourable underlying demographics in the local catchment areas with attractive demand/supply fundamentals.

The transaction is expected to deliver the following benefits to the Group:

- add three care homes comprising 184 predominantly en-suite beds to the Group's portfolio, which will then total 134 properties with 7,316 beds (at 31 March 2022: 128 homes and 6,977 beds)¹;
- initial rent under the new leases is set at £1.7 million, reflecting a gross initial yield of 6.8%.
- based on the homes' current trading performance, rent cover is expected to be greater than 2.0 times;
- contributing to continued growth in the Group's contracted annual rent roll to £42.0 million, an increase of 6.6% since 31 March 2022 (£39.4 million);
- EPC ratings of B on one home and EPC C on two homes with a clear pathway to convert both of these to EPC B;
- all of the acquisitions will be leased on Impact's green leases, with fixed terms of 30 years and annual upward-only rent reviews linked to the Retail Price Index ("RPI"), with a floor of 2% p.a. and a cap of 4% p.a., with commitments to a minimum annual expenditure by the tenant on the maintenance of the care homes; and
- this investment will take the Group's relationship with Welford Healthcare to 12 care homes across England, with 646 beds.

The Company's investment manager, Impact Health Partners LLP, is also in exclusivity on several further 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. The Company lets these assets on long-term fully repairing and insuring, inflation-linked 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 total dividend of 6.54 pence per share for the year ending 31 December 2022².

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.

Neither the content of the Company's website, nor the content on any website accessible from hyperlinks on its website for any other website, is incorporated into, or forms part of, this announcement nor, unless previously published by means of a recognised information service, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of, securities in the Company.

- 1 including homes and beds which have exchanged, are under construction and care homes funded via a loan, with an option to acquire.
- 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.

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