



Eastleigh, Periton Road, Minehead, Somerset.


135
Properties[†]
[†] Includes funded and under construction assets.

£568.8m
Property value[†]

19.7yrs
WAULT

£43.1m
Contracted rent roll

100%
Inflation linked leases

Overview

Impact Healthcare REIT plc (ticker: IHR) is a real estate investment trust. We invest in a diversified portfolio of UK healthcare real estate assets, in particular residential and nursing care homes.

Objectives – Our targets are to deliver:

- a progressive dividend, with a target for 2023 of 6.77 pence per share¹; and
- an average total accounting return of 9.0% per annum¹, with the capital growth element mainly coming from rising rents and our asset management projects, rather than relying on increases in market values.

Strategy – To achieve our objectives, we:

- buy the right assets that enhance our portfolio through improved geographic and tenant diversity and are accretive to

- shareholder returns, by implementing our investment strategy;
- effectively manage the portfolio and individual assets, by implementing our portfolio management and asset management strategies; and
- ensure we're appropriately financed, by implementing our financing strategy.

Investment Policy – To acquire, own, lease, renovate, extend and redevelop high-quality healthcare real estate assets in the UK, in particular care homes, and to lease those assets to care home operators and other healthcare service providers under full repairing and insuring leases.

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.

Key achievements in Q4 2022

- During the quarter, Impact sold a 68-bed care home in Wakefield, acquired as part of the seed portfolio in March 2017. The home was not a long-term strategic asset for Impact or the tenant, Minster Care Management Limited and was successfully marketed and sold for £2.65 million, 4% above the carrying value prior to sale.
- Secured an extension of £25 million to the revolving credit facility ("RCF") with HSBC on the same terms as the existing RCF, taking the total facility with HSBC to £75 million. The Group simultaneously cancelled the £15 million RCF element of its available facility with Metro which was expiring in June 2023.
- Successfully agreed improved terms on its existing RCF with Virgin Money with an increase in the size from £25 million to £50 million, an extension to the term to December 2029 and a reduction in the margin from 225 basis points to 200 basis point above SONIA.

Impact at a glance

	31 December 2022*	30 September 2022*	% change
Shares in issue	404,764,329	404,764,329	2.4
Share price (p)	105.00	102.60	2.3
NAV per share (p)	110.17	116.62	(5.5)
Market Cap (£m)	435.09	415.29	4.8
NAV (£m)	445.92	472.03	(5.5)
Bank borrowings (£m)	142.26	130.6	8.9
Number of completed properties ¹	134	133	0.8
Number of beds ¹	7,336	7,236	1.4
Market value (£m) ¹	566.0	579.3	(2.3)
– per property (£m)	4.2	4.4	(4.8)
– per bed (£'000)	77.2	80.1	(3.8)
Contracted rent roll (£m)	43.1	43.2	(0.2)
EPRA "topped-up" yield (%)	6.98	6.68	4.5

* Unaudited

¹ This excludes exchanged and under construction assets, but includes assets invested in via a loan to operator where the group has an option to acquire.

Dividend history (per share)

	2022	2021	2020	2019	2018
Q1	1.6350p	1.6025p	1.5725p	1.5425p	1.50p
Q2	1.6350p	1.6025p	1.5725p	1.5425p	1.50p
Q3	1.6350p	1.6025p	1.5725p	1.5425p	1.50p
Q4	*1.6350p	1.6025p	1.5725p	1.5425p	1.50p
	6.54p	6.41p	6.29p	6.17p	6.00p

* Declared in January 2023 and payable in February 2023.

Eastleigh, East Street & Rossiter House (left) and Raleigh Mead (right), South Molton, Devon.



overview

IPO 7 March 2017
Market LSE Main Market
Premium Segment
Index Inclusion EPRA/NAREIT
Ticker IHR
ISIN GB00BYXVMJ03
SEDOL BYXVMJ0
Dividend payments Quarterly

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Rupert Barclay (Chairman)
Simon Laffin (Chairman designate)
Rosemary Boot (Senior Independent Director)
Amanda Aldridge
Paul Craig
Philip Hall
Chris Santer

Key dates

Half year end 30 June
Full year end 31 December
AGM 11 May 2023
Publication date: March 2023

Portfolio update

NAV and valuation

Unaudited net asset value ("NAV") as at 31 December 2022 was £445.9 million, 110.17 pence per share. This represents a reduction of 5.5%, or £26.1 million (6.45 pence per share), against the 30 September 2022 NAV of £472.0 million (116.62 pence per share).

The investment portfolio has been independently valued by the Group's external valuer Cushman & Wakefield. The Group's EPRA "topped up" Net Initial Yield at 31 December 2022 is 6.98%, an upward movement of 30 basis points over the quarter as a result of changes in yields across the real estate sector driven, in large part, by increases in interest rates during 2022.

Acquisition pipeline

Shortly after the year end, the Group completed on an investment in six care homes for £56 million and drew a further £45 million from banking facilities (with the balance paid for through a share issue). As a result, the Group's drawn debt increased to £187 million with a gross LTV of 28.7%. The Group secured a further £50 million interest rate cap at a cost of £1.5 million, which caps SONIA at 3.0% for two years. The Group has now hedged the interest rates on 80% (£150 million) of drawn debt. The current average cost of drawn debt, including hedging and fixed rate borrowings, is 3.86%.

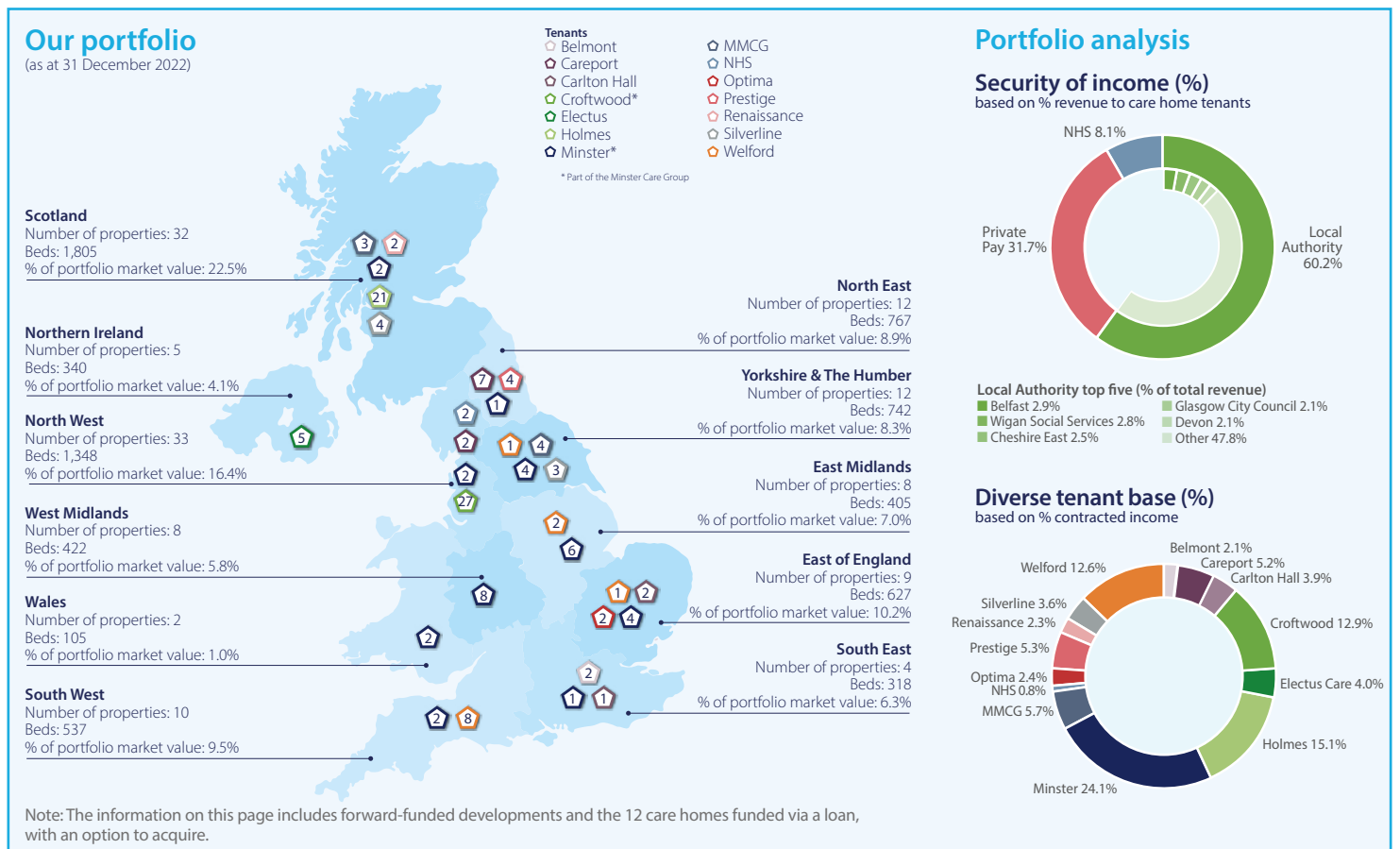
Operational update

Rent cover across our Portfolio remains strong and was just over 1.8x on average for the 12 months to 30 September 2022, and 1.9x for the quarter to the end of September 2022.

Occupancy at 30 December 2022 was 86.6%, down 0.7% on 30 September 2022 (87.3%), but in line with expected seasonal fluctuations over the Christmas and New Year holiday period. Occupancy has started to recover in January 2023.

Contracted rent remained flat at £43.1 million¹ at the year-end (at 30 September 2022: £43.2 million) with the increase from 16 rent reviews offsetting the lost rent from the disposal of one care home. Following the year-end, with the investment in the six care homes in January 2023, contracted rent has risen to £47.0 million.

¹ Contracted rent includes all post-tax income from investments in properties, whether generated from rental income or post-tax interest income



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