# Annual Results Presentation

Year ended 31 December 2022

IMPACT Healthcare

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# Overview of 2022

# Executive Summary

We invest in care homes, which are essential social infrastructure

### The Platform

| | | | |
|---|---|---|---|
| A specialist investor in **UK social infrastructure** | **Deployed >£600m** into UK healthcare real estate | **7,300+ beds** in Main Market listed REIT | Track record of **disciplined capital deployment** |


### The Market

| | | | |
|---|---|---|---|
| **60%** Increase in 85+ UK population by 2036[1] | **Limited new supply** | Long term and **index-linked income** | **Highly fragmented market** |


### Delivering the strategy

| | | | |
|---|---|---|---|
| **Progressive dividend policy** | **Covered dividend** | **Robust balance sheet** | **Long-term** WAULT 20 years |


[1] Langbuisson / ONS

# 2022 financial highlights

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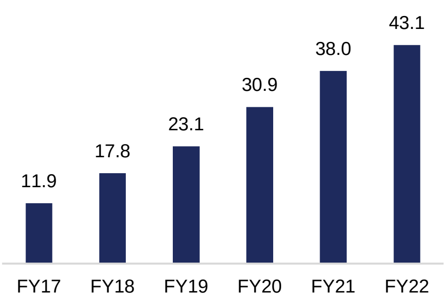
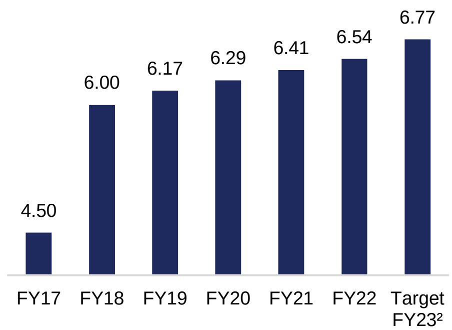
## Robust performance through a challenging year

- Leases are long-term and **100% are inflation-linked** (with caps and collars)
- 2022 **dividends fully covered** by EPRA earnings per share (128%) and adjusted earnings per share (109%)
- **Progressive dividend policy** targeting 2023 dividend to increase to 6.77 pence per share, up from 6.54 pence per share paid for 2022 (3.5% increase)[2]
- Delivered a **total accounting return of 3.8% for 2022,** through dividends of 6.51p paid and NAV reduction of 2.26p.
- 4% **reduction in value of property portfolio** recognized in Q4 2022. EPRA net initial yield moved up 30 basis points, from 6.68%, to 6.98%.
- **Strong balance sheet** with LTV at December 22 of 23.9% on a gross debt basis.
- Raised £62m **new equity** during the year with a further £11m issued post year end.

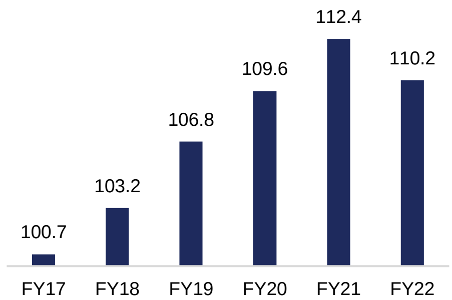
**Contracted income[1] (£m)**




**Dividends (pence per share)**




**NAV per share (pence)**




### 2022 financial highlights

Year ended 31 December 2022

**£43.1m** (+13.6% on Dec 21)
Contracted income[1]

**£16.9m** (-47.2% on FY21)
Profit before tax

**8.37p / 7.11p**
(+4.0% / +6.4% on FY21)
EPRA EPS / Adjusted EPS

**6.54p (+2.0% on FY21)**
Dividends declared per share

**128% / 109%**
EPRA EPS / Adjusted EPS dividend cover

**110.17p** (-2.0% on Dec 21)
NAV per share

[1] Contracted income includes all post tax income from investment in properties, whether generated from rental income or post tax interest income.
[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.

# Forming a long-term partnership with our tenants to provide vital social infrastructure

| | Core KPI | IHR FY22 |
| --- | --- | --- |
| **Careful tenant selection** | Rent collection for year | 100%[2] (FY21: 100%) |
| **Resilient tenant performance** | LTM rent cover[1] | 1.80x (FY21: 1.91x) |
| **Disciplined acquisitions with stable leases** | Average NIY | 6.9% (FY21: 7.1%) |
| **Predictable investor cashflows** | EPRA dividend cover | 128% (FY21: 126%) |


Old Prebendal

[1] Last Twelve Months rent cover.
[2] Rent collection 97% in Q1 2023

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# Financial results

# 22% growth in underlying cash earnings

| £'000 | FY22 | FY21 | |
|---|---|---|---|
| Rental income cash received | 35,889 | 30,472 | +17.8% |
| Interest income from loaned portfolio investments | 3,192 | 70 | |
| **Cash income from portfolio** | **39,081** | **30,542** | **+28.0%** |
| Administrative expenses | (7,009) | (5,766) | +21.6% |
| Profit on disposal | 130 | 308 | |
| **Cash profit before bank financing** | **32,202** | **25,084** | **+28.4%** |
| Net cash finance expenses | (4,464) | (2,389) | +91.8% |
| **Adjusted earnings** | **27,626** | **22,695** | **+21.7%** |
| ***Adjusted earnings per share*** | ***7.11p*** | ***6.68p*** | ***+6.4%*** |

| | | | |
|---|---|---|---|
| **EPRA cost ratio** | **16.6%** | **15.8%** | |
| *Adjusted cost ratio[1]* | *15.4%* | *15.8%* | |
| Dividend declared for the year | 6.54p | 6.41p | +2.0% |
| **Adjusted earnings dividend cover** | **109%** | **104%** | |

## Adjusted earnings growth

+21.7%

FY21: +19.0%

## Adjusted earnings dividend cover

109%

FY21: 104%

## EPRA cost ratio

16.6%

FY21: 15.8%

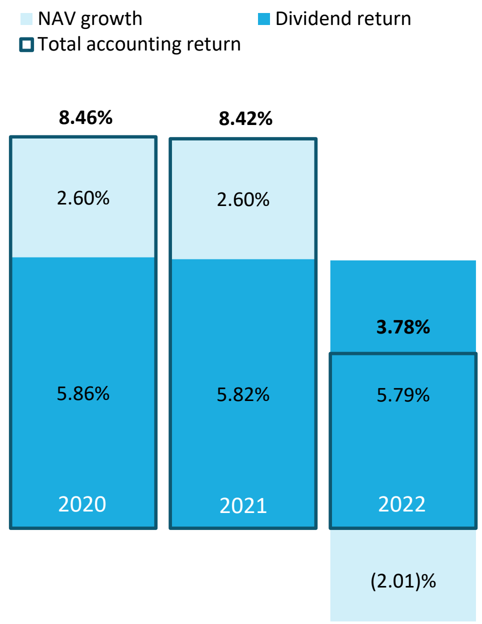
On and adjusted basis[1] our cost ratio is 15.4% for FY22 v 15.8% for FY21

[1] EPRA cost ratio adjusted to include the income on loans to operators for the purchase of property portfolios where the Group has an option to acquire.

# Strong operational performance offset by increase in investment yields

| £'000 | FY22 | FY21 | |
|---|---|---|---|
| Net rental income | 42,242 | 36,398 | +24.8% |
| Administrative expenses | (7,009) | (5,766) | +21.6% |
| Profit on disposal | 130 | 308 | |
| **Operating profit before changes in fair value** | **35,363** | **30,940** | **+25.3%** |
| Less profit on disposal | (130) | (308) | |
| Finance income | 3,200 | 72 | |
| Finance expense | (5,789) | (3,351) | |
| **EPRA Earnings** | **32,644** | **27,353** | **19.3%** |
| Profit on disposal | 130 | 308 | |
| Changes in fair value of invested properties[1] | (16,267) | 4,220 | |
| Change in fair value of derivatives | 381 | 87 | |
| **Profit and total comprehensive income** | **16,888** | **31,968** | **-47.2%** |
| EPRA earnings per share | 8.37p | 8.05p | +4.0% |
| Earnings per share | 4.33p | 9.41 | -54.0% |
| Total accounting return | 3.78% | 8.42% | |

## Total accounting return




[1] Includes £1.8m of fair value loss on the Group's option in relation to a portfolio of properties invested in via a loan to an operator, where the group has an option to acquire the properties.

# NAV movement in FY22

| | NAV p/share | EPRA Earnings p/share | Adjusted Earnings p/share |
|---|---|---|---|
| **31 December 2021** | **112.43** | | |
| Cash revenue | | 9.20 | 9.20 |
| Net rent smoothing revenue | | 1.63 | – |
| Net revenue | 10.83 | 10.83 | 9.20 |
| Interest income on portfolio investment loans | 0.82 | 0.82 | 0.82 |
| Operating costs | (1.79) | (1.79) | (1.79) |
| Net finance costs | (1.39) | (1.49) | (1.15) |
| Dividend paid in year | (6.51) | | |
| Profit on disposal of investment property | 0.03 | | 0.03 |
| Property investments value movement | (2.53) | | |
| Rent smoothing – value movement | (1.63) | | |
| Share issue | (0.09) | | |
| **31 December 2022** | **110.17** | **8.37** | **7.11** |

| | | | |
|---|---|---|---|
| FY22 Dividend Cover (Dividend of 6.54p) | | **128%** | **109%** |

# Valuation decline due to yield movements, partially offset by earnings and rental uplifts

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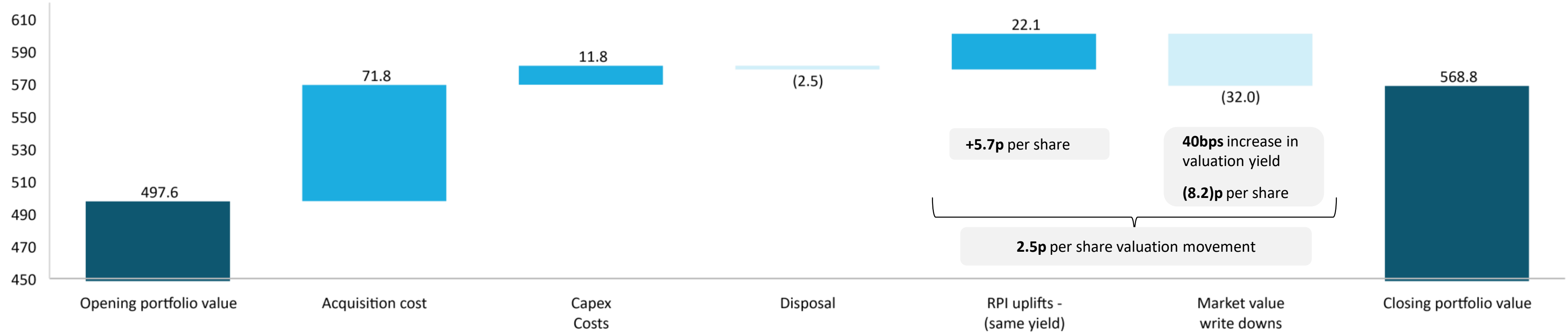
## Portfolio value movement (£'m)



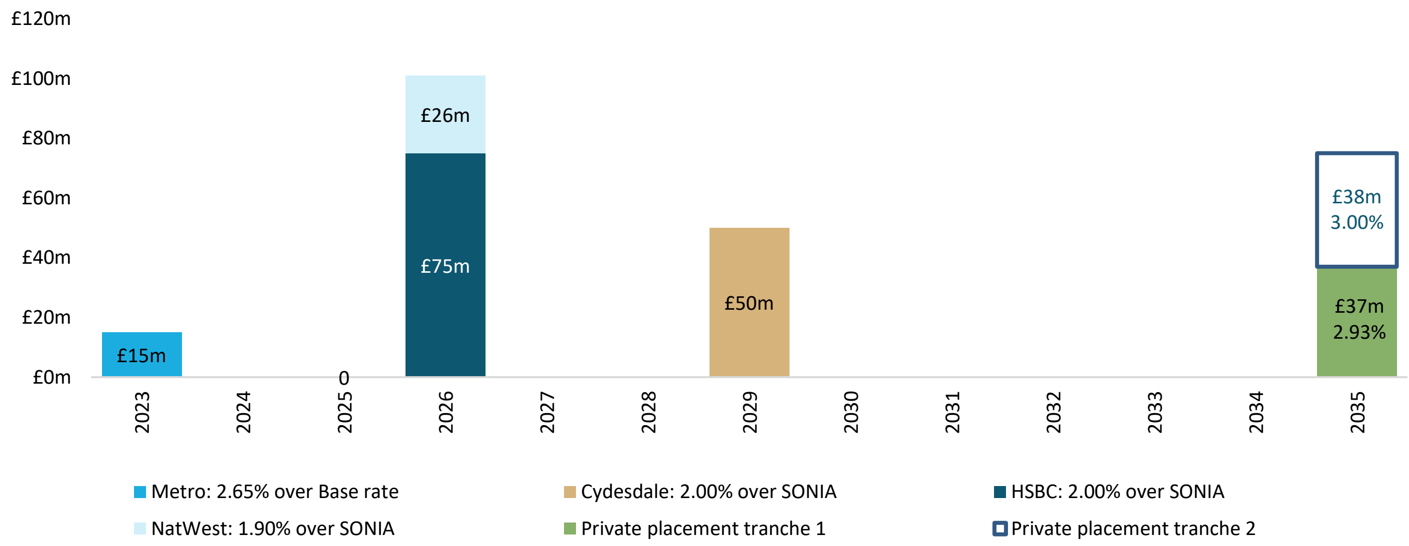

## NAV per share (pence)

# Improved debt facilities

In the year we:

- Increased the debt facility with Virgin Money from £25 million to **£50 million**. Extended its maturity from 2024 to **2029** and reduced the margin from 225bps to **200bp**s over SONIA
- Increased the debt facility with HSBC from £50 million to **£75 million**
- Drew down on the second tranche of our private placement of **£38 million** in June 2022 fixed at 3.00%
- Cancelled the **£15 million** Revolving Credit Facility with Metro which was expiring in June 2023 (£15 million term element remains in place)

**Debt maturities**




[1] As at December 2022, this assumes the exercise of the extensions on the NatWest and HSBC facilities

## New financing in 2022

£88m

FY21: £63 million

## Debt maturity (including extensions)[1]

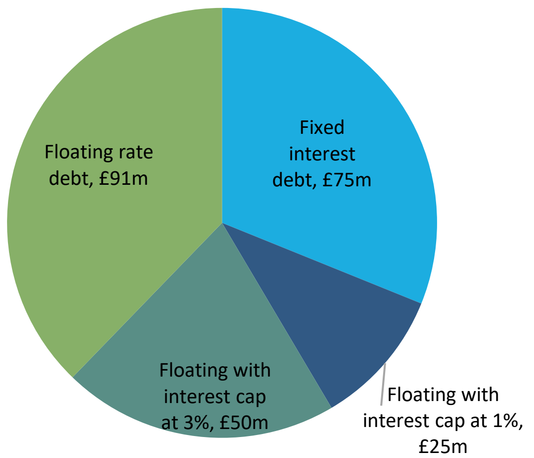
6.8 years

FY21: 6.3 years

# Improved hedging

- **£141 million** of £241 million debt facilities were drawn
- **£100 million** of debt was either fixed or capped at the year end, 70% of drawn debt
- Total hedged debt is now **£150 million** with a further £50 million interest rate cap at 3% against SONIA purchased shortly after the year end
- Current drawn debt is **£187 million**, reflecting a Gross LTV of 28.7%, **80%** of which is hedged.

**Current hedging (Mar 23)**




## Gross LTV

# 23.9%

FY21: 22.3%

## Weighted average cost of drawn debt[1]

# 3.6%

FY21: 2.9%

## Effect of 25bps increase in SONIA on cost of debt

# +7bps

Increase in weighted average cost of drawn debt

[1] Weighted average cost of debt drawn as at 31 December 2022, excluding arrangement fees. Weighted average including debt arrangement fees is 4.7%

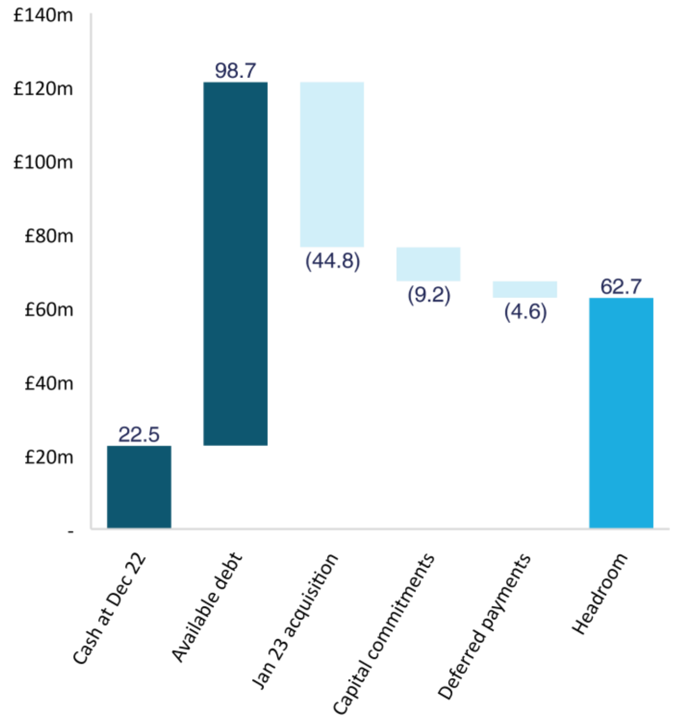
# Strong liquidity with £63m of headroom available

### Consolidated statement of financial position

| | As at 31 Dec 22 £'000 | As at 31 Dec 21 £'000 | |
|---|---|---|---|
| Investment property[1] | 532,479 | 459,442 | +15.9% |
| Market value of property portfolio invested via a loan | 36,360 | 38,171 | |
| Cash and cash equivalents | 22,531 | 13,261 | |
| Other assets | 873 | 980 | |
| Bank borrowings | (137,196) | (110,907) | |
| Other liabilities | (9,127) | (6,703) | |
| **Net assets** | **445,920** | **394,244** | +13.1% |

| | | | |
|---|---|---|---|
| Net asset value per share | 110.17p | 112.43p | (2.0)% |
| Loan to value | 23.85% | 22.26% | |

**Liquidity bridge**




**c.£63m of liquidity headroom**

[1] Independent market value undertaken by Cushman & Wakefield.

# 03

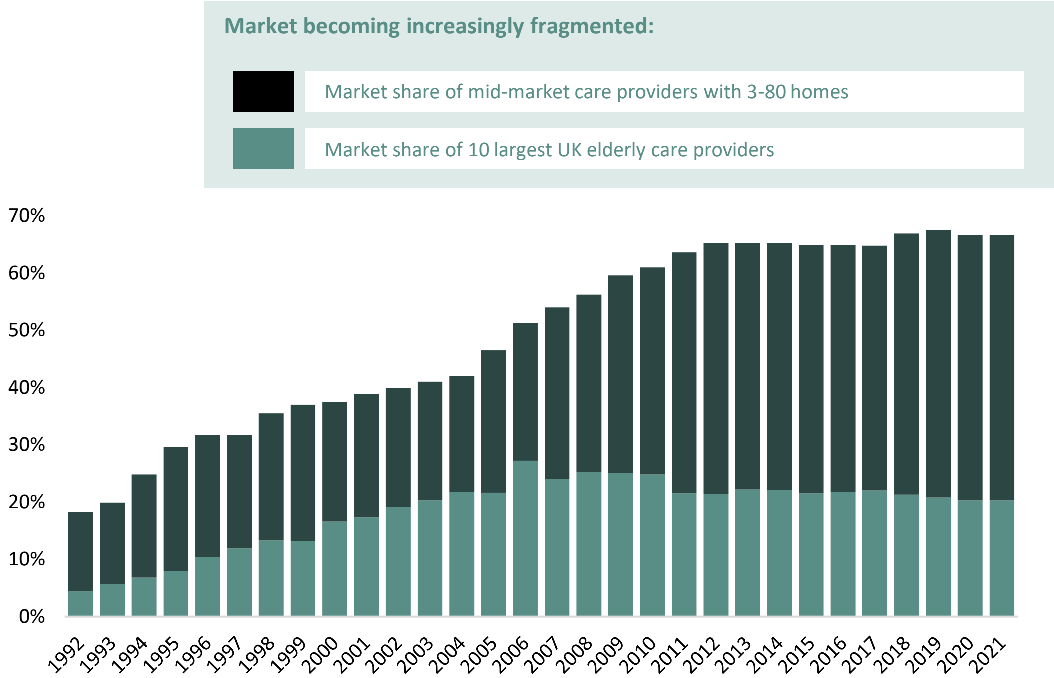
# Market update

# Overview of the market

Market dynamics support a knowledgeable and disciplined investment strategy

| | |
|---|---|
| **Institutional Investment** | Total value of UK elderly care market circa £40 billion. Institutional investment in 2022 £1.7 billion[1] |
| **Fragmented market** | **480,000 beds**<br>**12,046 registered care homes[2]** |
| **Ageing stock** | Over **50% of registered care homes** over 20 years old, presenting significant value-add opportunity[2] |
| **Growth in the elderly population** | Over 85's population forecast to grow 60% by 2036 |
| **Rising acuity of care needs** | Alzheimer's Society forecasts need for **245,000+ new specialist dementia beds** by 2050[3] |
| **Rate of modernisation** | **Between 1% and 2%** - several decades for sector to be fully 'modernised'[2] |

**Highly fragmented market**




***70% of the market held by SMEs***

Source: [1] CBRE Research Q1 2023 (excluding small, privately held investments) [2] Langbuisson 2022 [3] Alzheimer's Research UK 2022

# A growth market

## Evolving Demand

**Demographics**

**Ageing Population**

Over 85's population forecast to grow 60% from 1.7 million in 2020 to 2.7 million in 2036[1].

**Chronic Illness**

Significant rise in requirement for dementia care, projected need for 245,000+ new specialist dementia beds over the next 30 years[2].

**Structural**

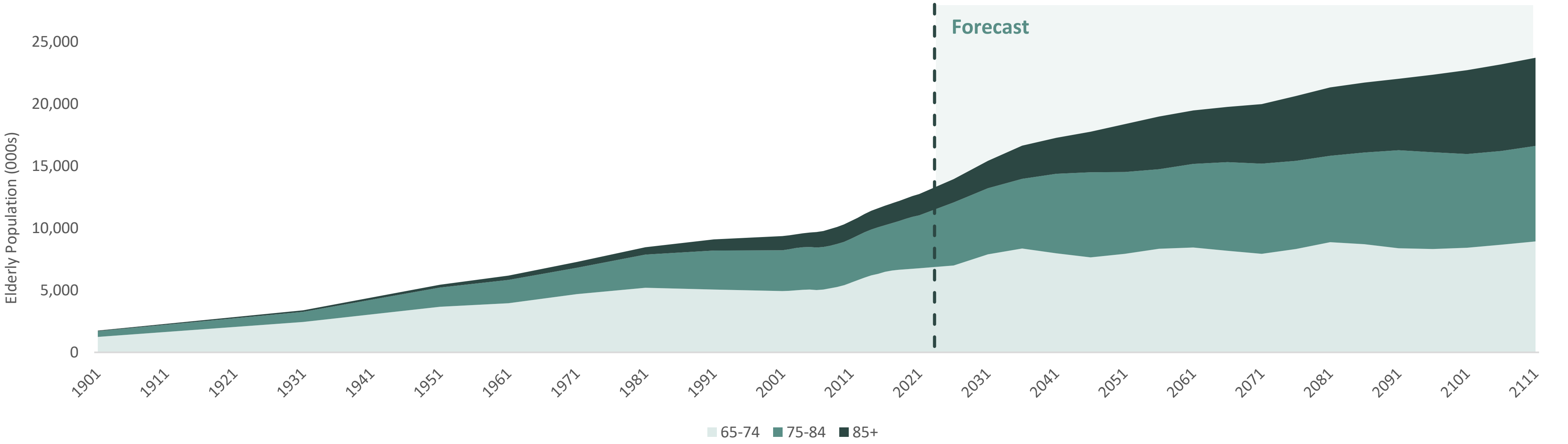
**Bed-Blocking**

Pressure on NHS to discharge elderly patients from hospitals into environments better suited to provide long-term care – a UK wide strategy.

**Rising Expectations**

Residents and LA commissioners expect homes to be able to provide care for increasingly frail residents.

**UK elderly population growth, 65yrs +**



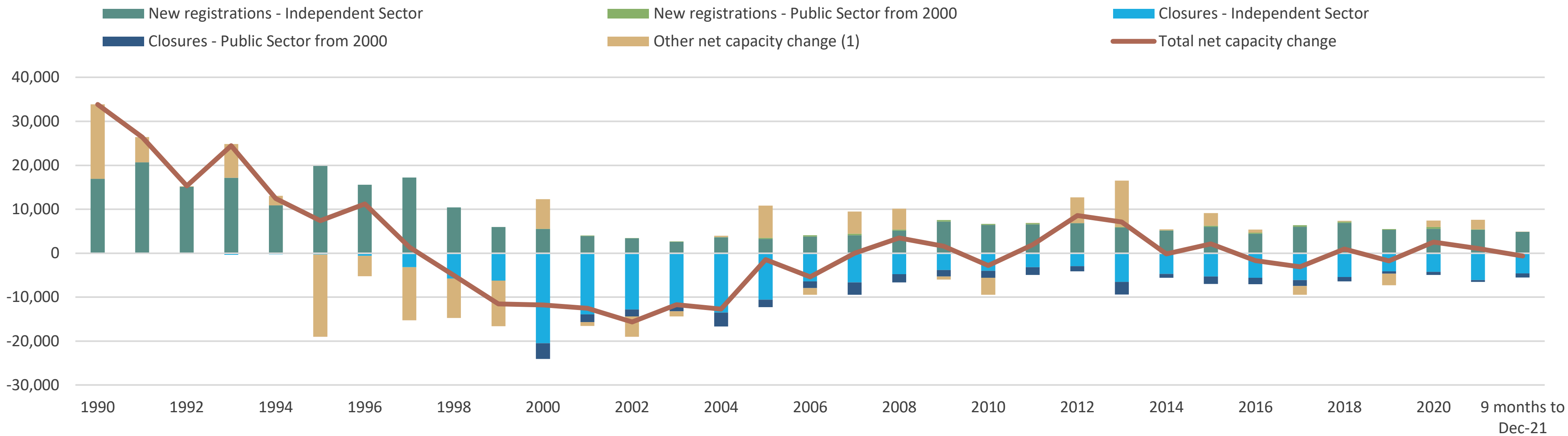

Source:: [1] ONS/LaingBuisson [2]Alzheimer's Research UK

# Shortage of Supply

## Supply failing to keep pace with potential rising demand

**Static Supply:**

**Net bed capacity change**




### Older Stock

Over 50% of registered care homes in the UK were first registered more than 20 years ago.

### Home Closures

Closures are driven by both the regulatory regime and operational inefficiencies causing smaller operators to exit the market.

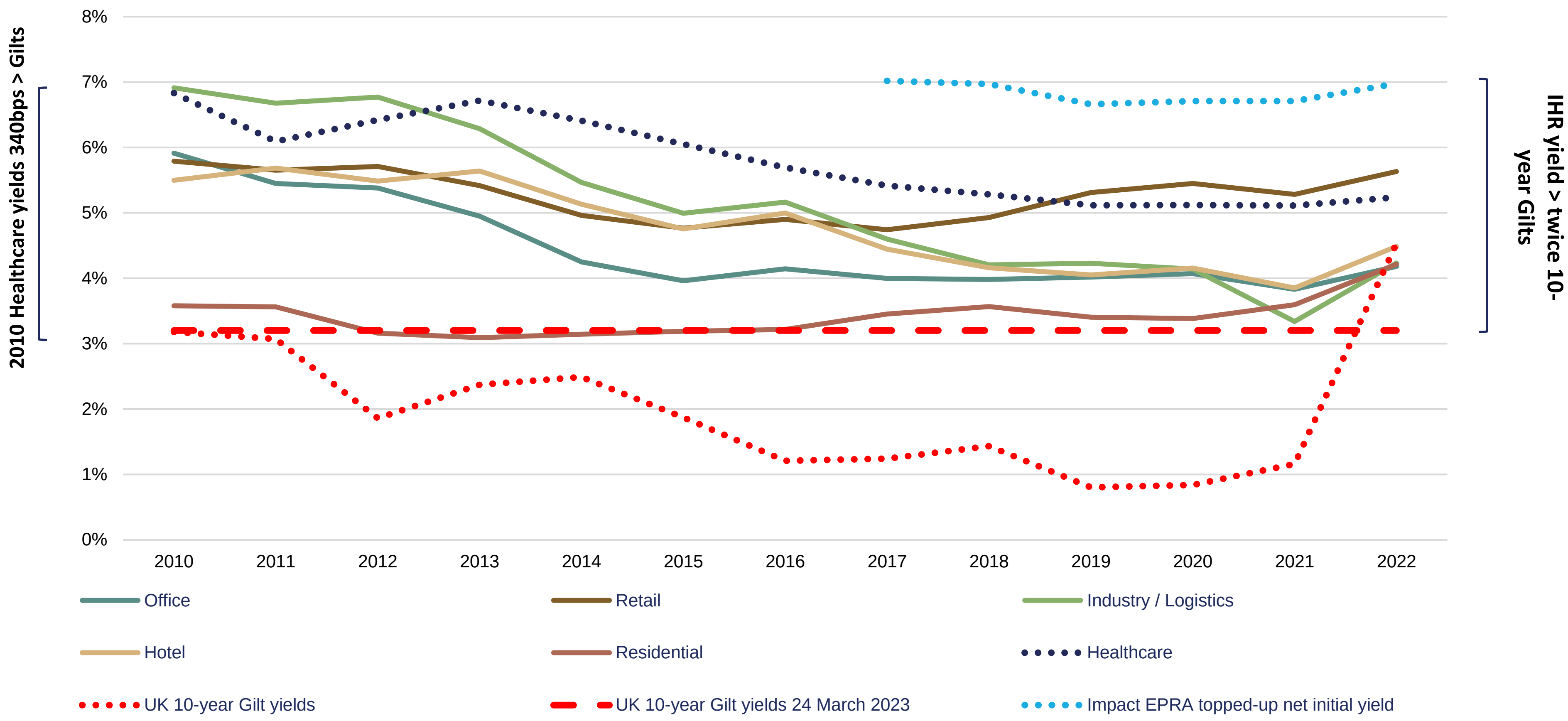
### Land

The supply of development land in the UK is constrained, with multiple high value competing alternative land uses.

Source: CBRE, LaingBuisson

# Healthcare real estate yields offer greater margin of safety as interest rates rise

## Real estate yields




Source: MSCI

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# Impact’s portfolio

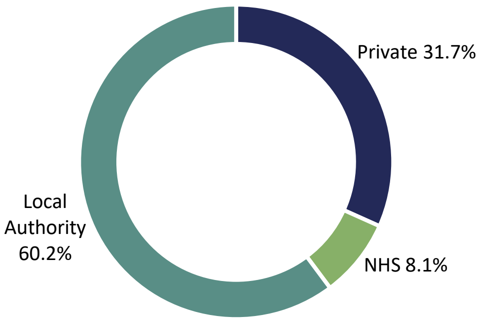
# A diversified portfolio

## Property evolution

| Properties (Dec 21) | FY22 Acquisitions | FY22 Disposals | Properties (Dec 22) | Post year end acquisitions | Post year end disposals |
|---|---|---|---|---|---|
| **124** | **+12** | **(1)** | **135** | **+6** | **(1)** |

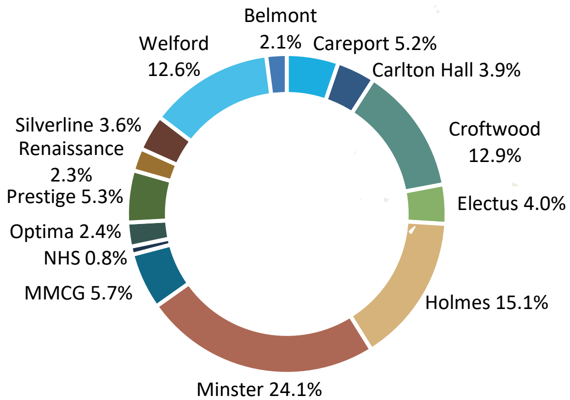
## Source of tenant income (%)

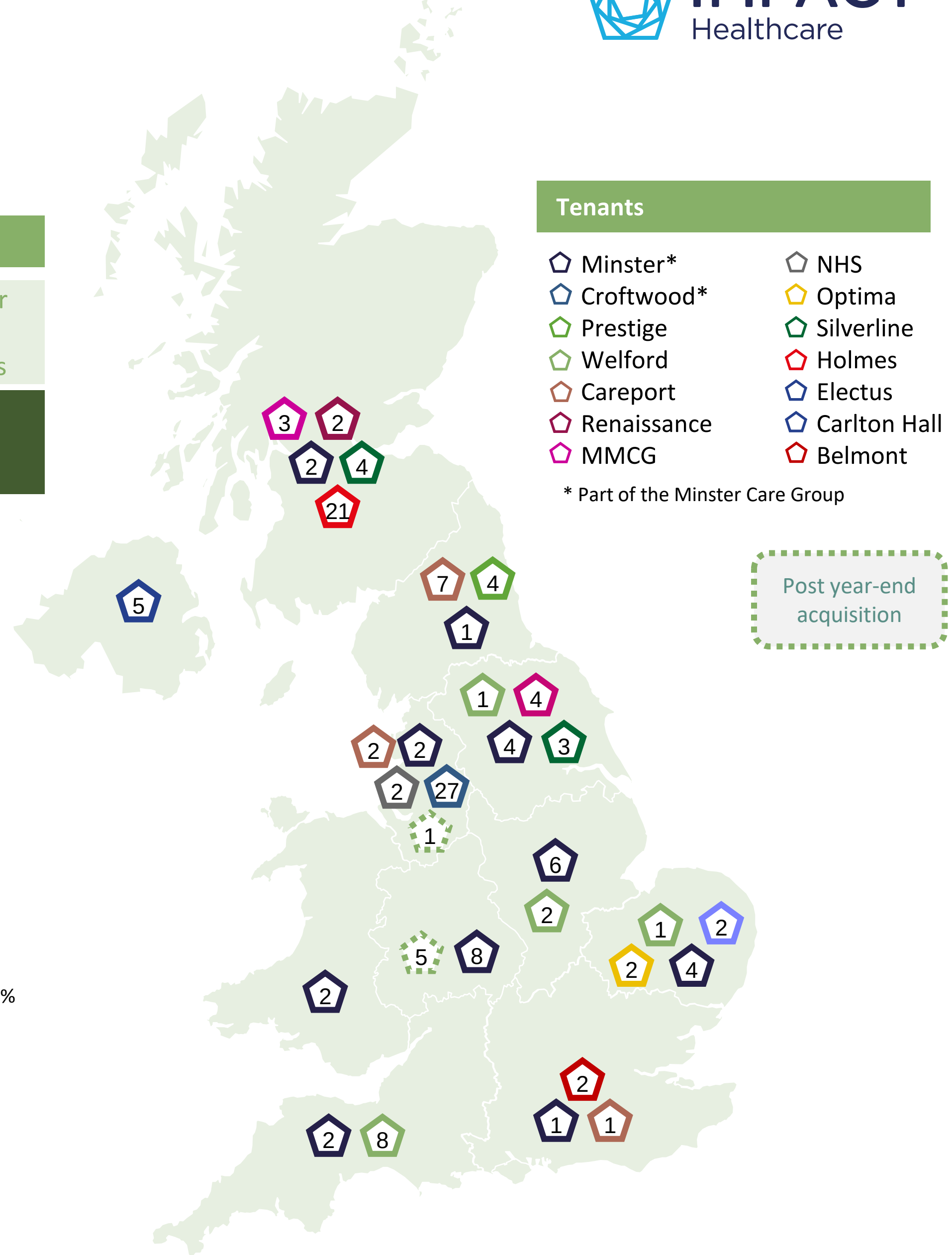
Based on % revenue, for the quarter to 31 December 2022, to care home tenants




## Diverse tenant base

Based on % of contracted income[1] at 31 December 2022




Data for the map and tenant by income chart include forward funded developments, exchanged properties and investment in properties via a loan to the operator, with an option to acquire.

[1] Contracted income includes all post tax income from investment in properties, whether generated from rental income or post tax interest income.

# Disciplined track record of capital deployment

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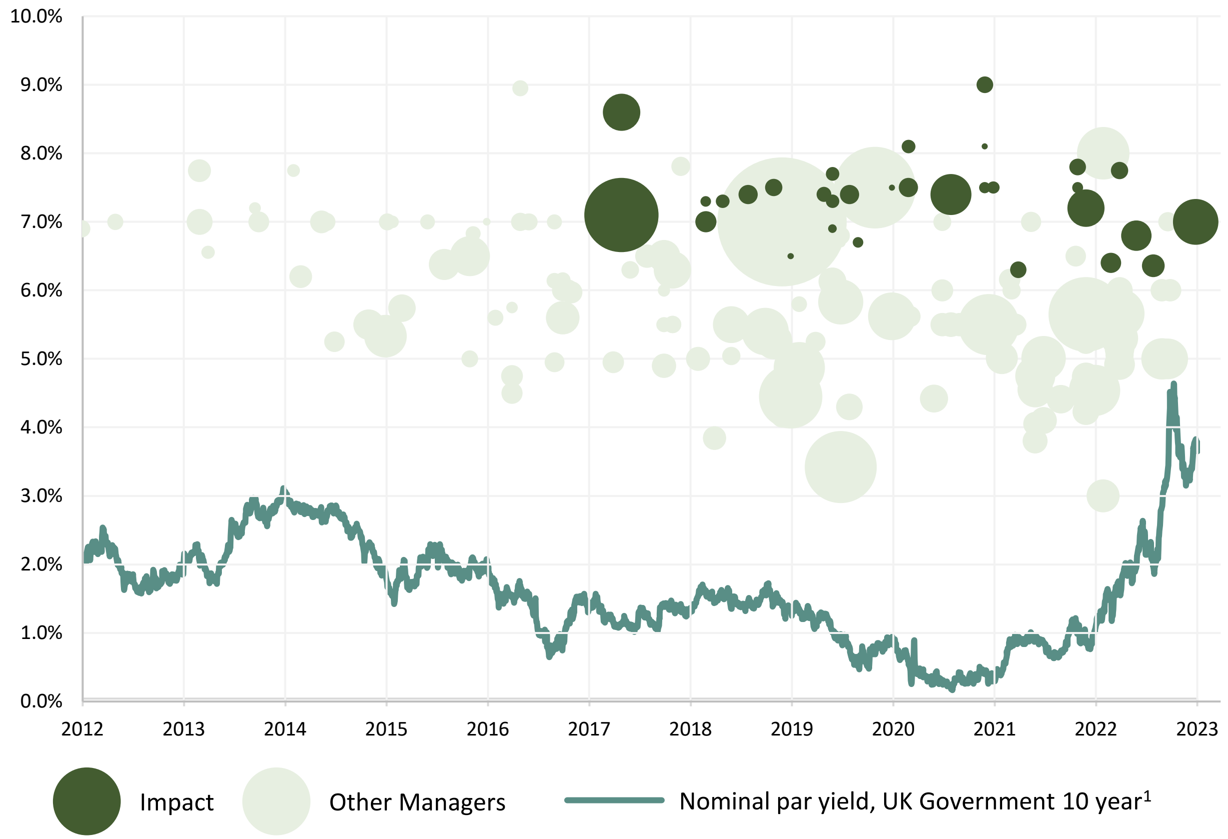
## Delivering consistent yields during years of yield contraction

**Prime elderly care transactions (bubble size: sale price)**




Active in a less competitive space

Investor in proven operational assets with trading history

Ability to source the right assets

Achieve lower entry prices through portfolio acquisitions

Source: MSCI, CBRE Analysis

[1] Bank of England Database 2023: Nominal par yield, UK Government 10 year

# Tailored Acquisition Structures

A focussed approach to asset acquisitions creates potential value while reducing downside risks

**The Target Assets**

| | | | | | |
|---|---|---|---|---|---|
| **Existing assets catering for the mid-market** | **Verifiable trading history** | **Attractive Day 1 yield** (coupled with strong rent cover) | **Portfolio acquisitions** | **Reduced purchase costs** (<2% average) | **Acquisitions below replacement costs** |

**Project Nightingale Case Study - £56 million acquisition completed post balance sheet**

| | | | | | |
|---|---|---|---|---|---|
| Homes provide **nursing care and complex dementia care** | **Strong regional reputation** in Shropshire | **7.0% Day 1 NIY 2.1x rent cover** (2.4x delivered in January 2023) | **6 asset portfolio** | **1.5% purchase costs** | **21% discount to replacement cost** |


Isle Court, exterior


Radbrook, interior


Stretton Hall, exterior

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# Tenant performance

# Most tenants performed well in 2022 at a time of strong headwinds

| Occupancy recovery | Strong underlying fee growth | Staff costs | Rent cover |
|---|---|---|---|
| **87.6% at 17 March 2023**<br>Tenant occupancy risen from 83.1% on 31 December 2021 and a COVID low point of 78.9% in January 2021. | **12.6% p.a. fee growth**<br>Underlying average weekly fee growth over the year to 31 December 2022[1]. | **Staff costs stable as % of tenant revenues**<br>Average staff costs per occupied bed were £592 in December 2022, up 9.5% from Q4 2021. | **1.80x rent cover**<br>Rent cover for 12 months to 31 December 2022. |
| Recovery in occupancy continues and tenants could achieve pre-COVID occupancy rates by year-end if no more lockdowns. | High fee growth will help tenants maintain profitability despite high wage and cost inflation. It has offset the ending of COVID-19 grant funding in Q1 2022. | Increases in fees have been higher than staff pay increases. Better pay for tenants' staff is positive and currently affordable given high underlying fee growth and occupancy gains. | High and stable rent cover which may benefit from further increases in occupancy and provides a level of protection against energy cost increases in Q4. |

1. Excludes the benefit of COVID infection control grant income, which largely ended in March 2022.

# Resilient performance through a pandemic

IMPACT Health Partners

A virus which was particularly deadly for vulnerable elderly people was a worst case scenario for a portfolio of care homes

**Closer Relationships with Tenants**

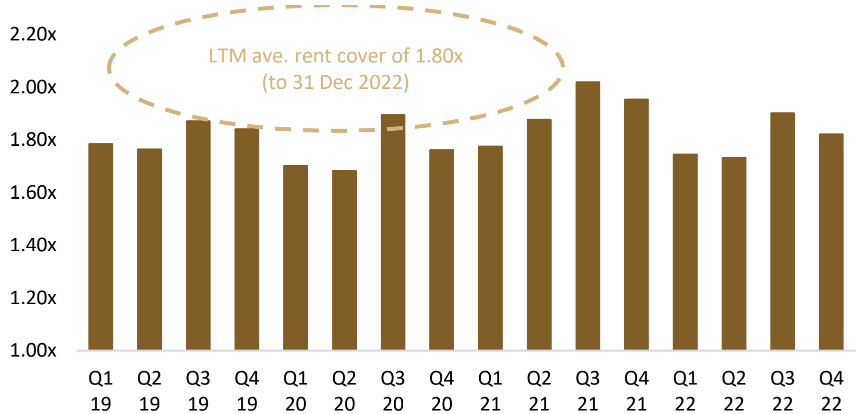
**Voluntary Reporting Increased**
(weekly occupancy etc.)

**100%**
**Rent Collection** 2017 - 2022[1]

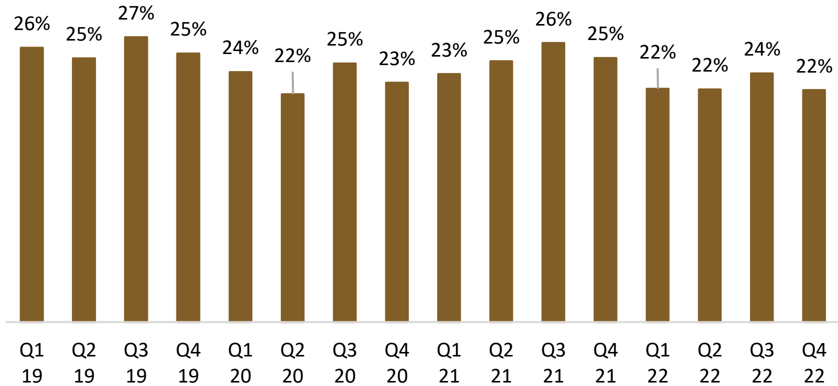
**-**
**Voids**

**Communication and sharing of best practice ensured operations and performance was maintained, whilst forming long-term partnerships with high-quality tenants to deliver vital social care infrastructure for vulnerable elderly people**

**Impact group rent cover**




**Tenant average EBITDARM margin**

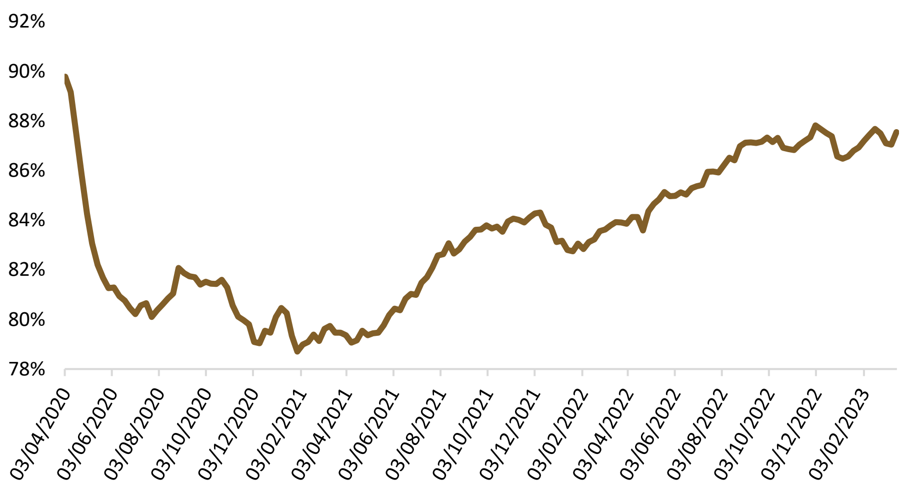



[1] Rent collection in Q1 2023 97%

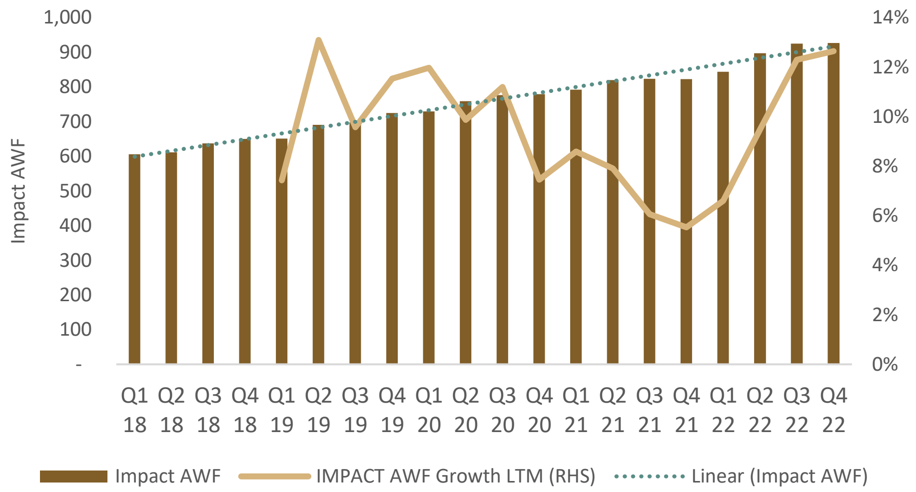
# Tenant resilience

100% rent collection during 2022. Occupancy gradually returning to normal levels, tenants reporting high levels of pent-up demand, but one tenant is under performing

## Impact group average adjusted occupancy



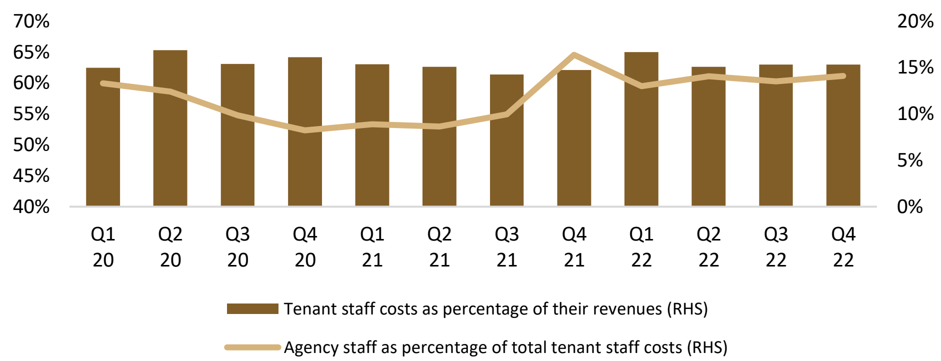

## Impact portfolio demonstrates significant AWF growth




## One underperforming tenant

- One tenant did not pay the quarter's rent due in advance on 1 January 2023 (3% of total rent due not received).
- The core of the problem relates to a number of homes bought in Q1 2020 as a turnaround project just before the start of the pandemic, which frustrated the delivery of that turnaround.
- We recognise the paramount importance of continuity of service to residents and staff.
- We remain confident in the quality of the buildings and their ability to enable the delivery deliver of good quality care and believe the rents are affordable. Average rent per bed is £3,987 on these homes. This compares favourably to the average across our portfolio of £5,875 which is supported by rent cover of 1.8x.

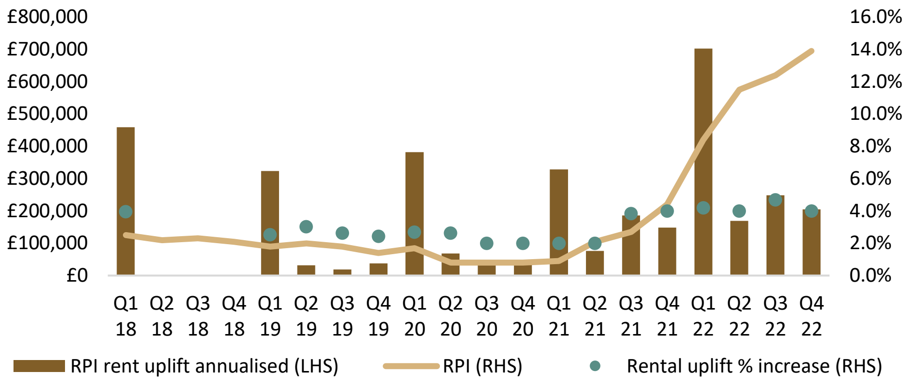
## Impact group tenant staff cost



# Double layer of inflation protection

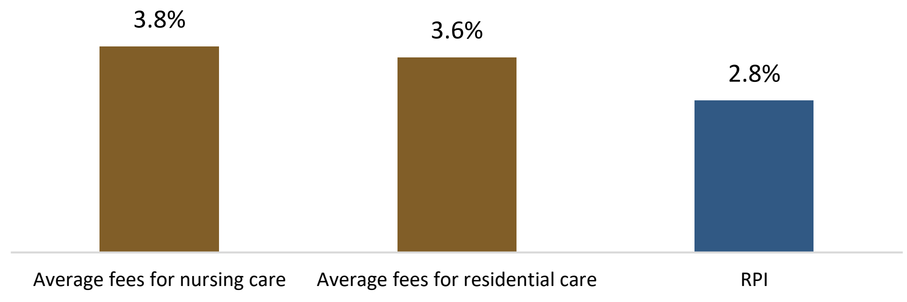
## 1) 100% of leases inflation linked

### Inflation-linked rent increases received



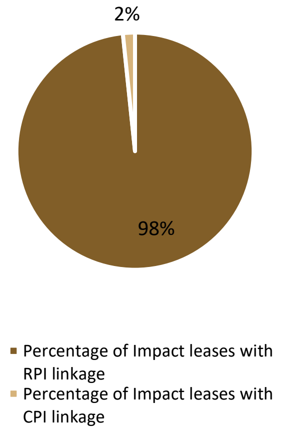

## 2) UK care providers have a track record of increasing fees in line with inflation

### Average annual fee increase 1998 - 2021

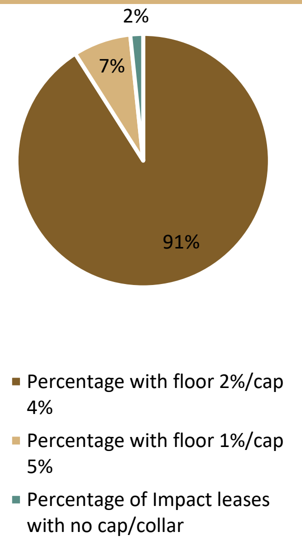



Source: LaingBuisson

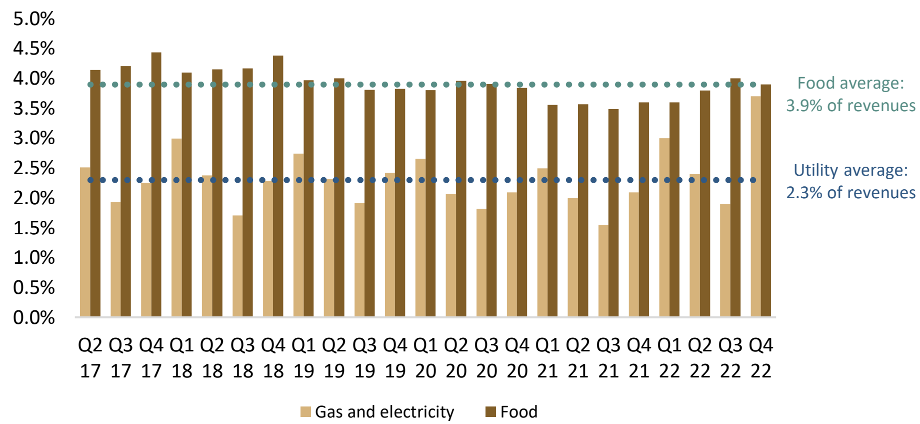
### Impact leases inflation linkage




### Impact leases caps and collars




### Impact tenant spending on utilities and foods as a % of revenues



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# ESG and asset management

# Creating Better Environmental and Social Outcomes

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## Through investing in existing care homes and creation of additional capacity

**Care homes are the cornerstone of social infrastructure for an ageing population**

**Improving environments for residents and staff through asset management projects**

**Enabling tenants to provide value for money care to public and privately funded residents**

**Investing in existing assets**

Comprehensive environmental due diligence undertaken on all new acquisitions and capex projects

**Reduce operational carbon**

Net zero carbon strategy to improve energy efficiency and use of renewable energy supplies

**Increasing all EPC ratings to at least a B**

88% of care homes in England and Wales have an EPC rating of C or above

THE GOOD ECONOMY

Providing **7,079 bed** spaces

**75%**
of current beds occupied are publicly-funded[1]

**£30.8 MILLION**
Spent since inception on improving stock, expansions of care homes and new-build homes

**87%**
Of tenants describe their working relationship with Impact as 'very good'

**64%** of beds are in the 40% most deprived areas of the country by local authority according to health outcomes

Source: The Good Economy as of December 2022

[1] When based on income source, rather than occupied beds, 69% of funding comes from public sources, whilst 31% comes from private payers.

# Net zero strategy

## A fully integrated approach to achieving net zero targets

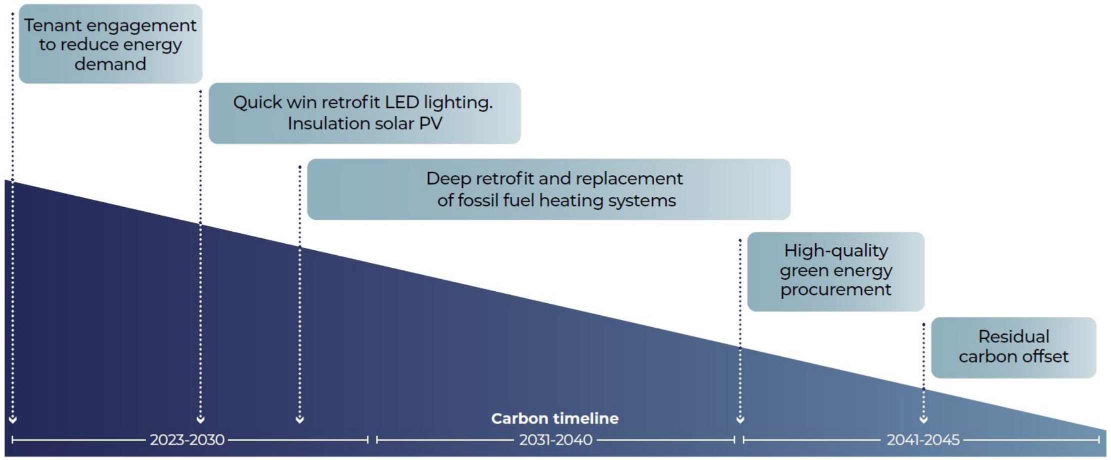
- Used industry leading software to model baseline carbon emissions of the portfolio.
- Reviewed carbon reduction pathways to achieve ‘net zero’ status.
- Net zero targeted in 2045 with interim milestone reductions.
- Pathway aligned with Paris climate treaty 1.5º trajectory.

**Net zero strategy targets**

| Year | Carbon Reduction (like for like) | Proportion of assets with EPC B or above |
|---|---|---|
| 2025 | 15% | 50% |
| 2030 | 50% | 100% |
| 2045 | 90%* | 100% |

* Residual emissions to be off-set using accredited schemes

**Impacts’ net zero pathway**




**A transparent approach**

TCFD reporting for 2022 started on a voluntary basis ahead of mandatory requirement.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

# Engaged asset management and development

IMPACT Healthcare

## A dedicated asset management team focussed on delivering value for tenants and investors

- Working closely with tenants we invest in value accretive asset management opportunities throughout the portfolio.
- 4 projects completed in 2022 with a further 15 projects commenced or in planning.
- Capital investment is de-risked through involvement of existing tenants on existing assets.
- Capital typically deployed at an unlevered yield on cost of 8.8%.
- All new projects include measures to enhance the environmental performance and social impact of the portfolio.
- Selective forward funding projects with existing tenants provides direct access to high-quality, purpose-built properties.


Harrogate


Hartlepool

**Number of projects**

19

o/w 4 have completed

**Committed capex[1]**

£37m

**Unlevered yield on cost**

8.8% ave.

**Forward funding**

2 projects

[1] Includes capital committed to identified projects with planning permission that are either in progress or planned.

# Asset Management Case Study: Fairview

IMPACT Healthcare

Addition of a building linking two existing units with 17 new beds; comprehensive refurbishment of older building reducing number of beds from 20 to 14; brand new staff working areas; and environmental improvements.

WelfordHealthcare

### Asset Overview

- **Standing investment**
- **Opportunity to actively add value**
- **EPC B/C to A**
- **Create net 11 additional beds**

| | Acquisition 2018 | 2023 |
|---|---|---|
| Beds | 71 | 82 |
| Cost | £4.9m | £4.9m + £3.5m asset management capex = £8.4m |
| Passing rent | £356k p.a. | £700k p.a. (initial rent + four years' rent increases + capex rentalised at 8.6%) |
| Yield | 7.3% | <6.0% |
| Implied valuation | £4.9m | TBC |
| Value per bed | £69,000 | TBC |
| Value uplift | | Potential for 30% - 40% uplift |
| EPC | B/C | A |

### Investment Highlights

- Acquired two units on one site in Bristol on a day 1 unlevered **yield of 7.3%.**
- Successful trading history: **£1,370 average weekly fee with strong occupancy**
- **Rent** cover 2018-2022 averaged **> 3x**
- Acquired with **planning permission to link two units**. Sub-optimal design
- Impact redesigned the project and **commenced work in 2022**
- Significant saving of **embodied carbon** while delivering **high quality increased capacity**
- **Reduced operational carbon** through **improved energy efficiency**
- Added **café, new kitchen, laundry & hairdressing salon**

07

# Summary

# Summary

IMPACT Healthcare

## A resilient portfolio well positioned for continued income growth

**Portfolio resilience**

100% rent collection for the year[1], zero voids.

**Tenant resilience**

Strong rent cover and underlying fee growth.

**Covered dividend**

Progressive dividend fully covered.

**Strong balance sheet**

Conservative LTV and extended debt maturities.

**Active investment**

Active asset management and development, with two new homes forward funded.

- ✓ Form long-term partnerships with high-quality tenants to deliver vital social care infrastructure for vulnerable elderly people.
- ✓ Well placed to continue to deliver attractive sustainable returns from resilient, fully covered income and capital growth – significant positive social impact.
- ✓ 100% inflation-linked income (with caps and collars).
- ✓ Target dividend for 2023 up 3.5% on 2022[2].
- ✓ Higher healthcare yields are attractive compared to alternative real estate sectors.

[1] 97% in Q1 2023
[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.

# A1

## Appendices

# Summary of company structure

| | |
|---|---|
| **Entity** | Impact Healthcare REIT plc |
| **Market** | Listed on the specialist fund segment of the Main Market of London Stock Exchange on 7 March 2017, transferred to the premium segment of the Official List on 8 February 2019 |
| **Current share capital** | 414,368,169 ordinary shares outstanding |
| **Target dividend** | Target dividend of 6.77 pence per share for 2023[1] |
| **Gearing** | The Company utilises prudent financing with a maximum LTV of 35% of gross assets |
| **Valuation** | Quarterly valuation by Cushman & Wakefield |
| **Independent Board** | Board comprised of seven experienced Non-Executive Directors and is independent of the AIFM. At the 2023 AGM two of the Non-Executive Directors will be stepping down. |
| **Discount control** | Share buy-back authority for up to 14.99% of issued share capital. |
| **AIFM** | Impact Health Partners LLP – Principals: Mahesh Patel and Andrew Cowley |
| **Management commitment** | Mahesh Patel 11m share holding[2] in the Company. Other members of management and board hold 2m shares |
| **Fees** | Management fees: 1% of NAV payable to Impact Health Partners LLP reducing to 0.70% on NAV above £500m |
| **Corporate brokers and other advisors** | Jefferies, Winterflood Securities, Travers Smith and BDO |

[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] Refers to share holdings Mahesh Patel owns or controls.

# Performance track record

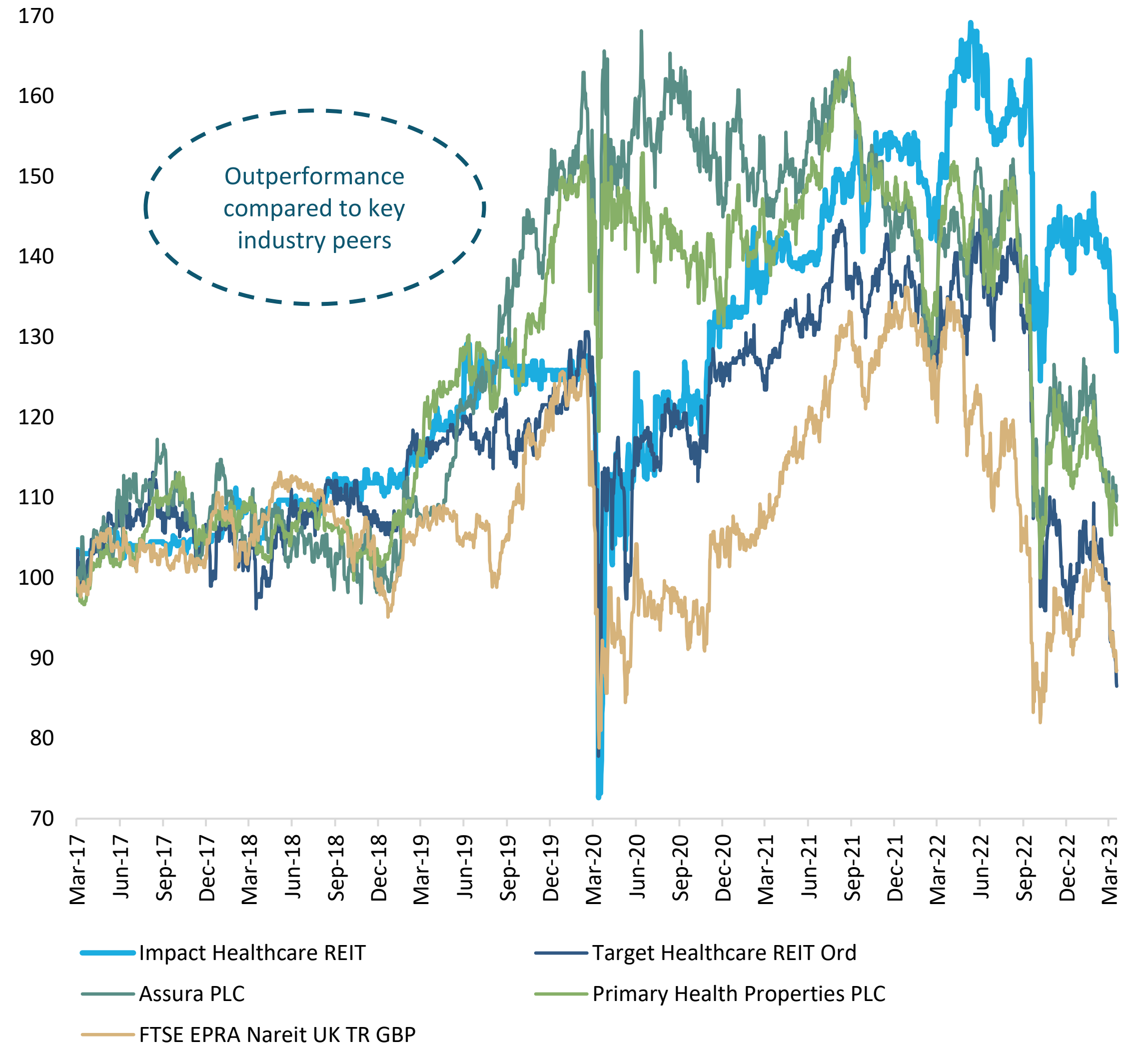
| | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
|---|---|---|---|---|---|---|
| Contracted rental income[1] | £11.9m | £17.8m | £23.1m | £30.9m | £38.0m | £43.1m |
| EPRA Cost ratio | 24.7% | 24.7% | 19.2% | 17.1% | 15.8% | 16.6% |
| EPS | 5.82p | 8.57p | 10.37p | 9.02p | 9.41p | 4.33p |
| Adjusted EPS | 4.39p | 5.07p | 5.26p | 5.93p | 6.68p | 7.11p |
| EPRA EPS | 4.35p | 6.47p | 6.95p | 7.25p | 8.05p | 8.37p |
| Dividend per share | 4.50p | 6.00p | 6.17p | 6.29p | 6.41p | 6.54p |
| Adjusted earnings dividend cover | 98% | 84% | 85% | 95% | 104% | 109% |
| EPRA earnings dividend cover | 97% | 108% | 113% | 115% | 126% | 128% |
| | | | | | | |
| Number of assets[2] | 57 | 72 | 86 | 108 | 124 | 135 |
| Property investments[3] | £156.2m | £223.8m | £318.8m | £418.8m | £497.6m | £568.8m |
| EPRA Topped-up NIY | 7.02% | 6.97% | 6.66% | 6.71% | 6.71% | 6.98% |
| WAULT | 19.2yrs | 19.5yrs | 19.7yrs | 20.0yrs | 19.2yrs | 19.7yrs |
| Gross LTV | 0% | 11.62% | 6.81% | 17.77% | 22.26% | 23.85% |
| NAV | £193.5m | £198.3m | £340.7m | £349.5m | £394.2m | £445.9m |
| NAV per share | 100.65p | 103.18p | 106.81p | 109.58p | 112.43p | 110.17p |
| Total accounting return | 7.19% | 8.47% | 9.46% | 8.46% | 8.42% | 3.78% |

[1] Contracted rent includes all income from investments in properties, whether generated from rental income or post-tax interest income.
[2] Includes forward funded developments and properties invested in via loans to operators for acquisitions of property portfolios, with an option to acquire.
[3] Property investments includes portfolio valuation along with loans to operators for acquisition of property portfolio, with an option to acquire.
Note 2017 figures are for the period form IPO on 7 March 2017 to 31 December 2017, except for Total accounting return where this figure has been annualised.

# Shareholder returns

IMPACT Healthcare

## Total shareholder returns




**Annnualised TSR since IHR IPO**

| |
|---|
| **IHR: 4.2%** |
| AGR: 1.6% |
| PHP: 1.1% |
| FTSE EPRA Nareit: (2.0)% |
| THR: (2.4)% |

## Active value creation strategies

Selective identification of tenants with solid rent cover underpins revenues.

Active asset management strategies tactically deployed to enhance asset value.

Index-linked, long-term, cap and collared leases generate steady revenue growth with inflation protection.

**Material value growth opportunities uncorrelated with wider market and economic environment.**

# Impact board

## The seven experienced Non-Executive directors comprising the board provide strong corporate governance and close alignment to shareholders via a significant shareholding

**Chairman: Rupert Barclay (independent non-executive)**

Chairman of Sanditon Investment Trust, Managing Partner of Cairneagle Limited, former Audit Committee Chair of Lowland Investment Co. and experienced board member of public and private companies.

Qualified accountant, INSEAD MBA and Cambridge MA.

Rupert will step down from the board on 31 March 2023

**Director: Paul Craig (non-executive)**

Portfolio manager at Quilter. Over 20 years of investment experience.

Quilter has a 17%[1] interest in the Company through funds managed by Paul.

**SID: Rosemary Boot (independent non-executive)**

Former Executive Director of Circle Housing Group and Finance Director of the Carbon Trust. 16 years corporate finance experience at UBS Warburg. Currently non-executive director of Southern Water, Urban & Civic and Triple Point Energy Efficiency Infrastructure Company. She is a trustee of Green Alliance and a co-founder and director of Chapter Zero.

Cambridge MA.

**Director: Chris Santer (independent non-executive)**

Chris is the Portfolio Manager for Schroders Capital Real Estate Impact Fund. Prior to this, Chris was Chief Investment Officer for Primary Health Properties PLC.

MBA from Warwick Business School and member of the Royal Institute of Chartered Surveyors.

**Chairman designate: Simon Laffin (independent non-executive)**

Simon has 30 years of board experience including real estate, previously serving as Chairman of Assura plc, Flybe Group plc and Hozelock Group. He has also held various other non-executive director positions and was previously an adviser to CVC Capital Partners for ten years. Prior to this, he was Group Finance & Property Director of Safeway plc.

He is a qualified accountant and graduate of Cambridge University.

**Director: Amanda Aldridge (independent non-executive)**

Former audit and advisory partner at KPMG LLP. Currently non-executive director of Headlam Group, The Brunner Investment Trust and Low Carbon Contracts Company.

Extensive audit and advisory experience.

**Director: Philip Hall (independent non-executive)**

Formerly chairman of Jones Lang LaSalle's healthcare team in the UK. 20+ years' experience in the healthcare sector internationally. In 2011 acted for landlords in the restructuring of Southern Cross.

Chartered Surveyor with further qualifications in environmental sciences and town planning.

# Experienced and tenured team

## A specialist, multi-disciplinary team

**Managing Partner: Andrew Cowley (MA(Oxon))**

Andrew is an experienced fund manager, working in infrastructure and private equity investment since 2000. He was previously a senior managing director at Macquarie and deputy chief executive of the listed Macquarie Airports.

**Managing Partner: Mahesh Patel (ACA)**

Mahesh is a qualified accountant who has over 30 years' experience in healthcare-related industries and assets, including positions in finance. Prior to 2006, he built up and then sold three healthcare-related businesses.

**Finance Director: David Yaldron (FCA)**

David is a chartered accountant with more than 20 years' experience, having held senior financial roles in real estate and investment companies. He was previously a senior director at Grosvenor, Britain & Ireland.

**Managing Director: Martin Robb (MRICS)**

Martin is a chartered surveyor with more than 28 years' experience, recently having held senior roles in a listed healthcare investment business and Cushman & Wakefield where Martin was Head of Alternatives and Specialist Markets Valuations.

**Investment Director: Killian Currey-Lewis (CA)**

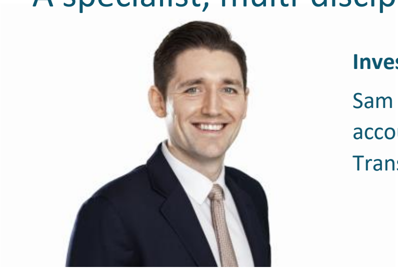
Killian is a chartered accountant with over 13 years' experience, previously a portfolio manager of a pan-European value-add real estate equity fund series at PGIM Real Estate. Prior to this he worked in the Ernst & Young Real Estate Corporate Finance team.

**Development Director: Simon Gould (MRICS)**

Simon is a chartered surveyor with over 25 years' experience in property development. He previously worked as Head of Sustainability and Head of Development at Assura plc.

# Experienced and tenured team

## A specialist, multi-disciplinary team



**Investment Manager: Sam Josland (CFA, ACA)**

Sam is a CFA® Charterholder, CFA Institute and chartered accountant. He previously worked as an Executive in Transaction Advisory Services at Smith and Williamson.

**Investment Manager: Charlotte Finch**

Charlotte has over 10 years' experience in the healthcare property sector. She previously worked as an Associate Director at Avison Young.

**Finance Manager: Sophie Shrestha (ACCA)**

Sophie is a chartered accountant with over 12 years' experience of finance in the healthcare sector. She previously worked as a Finance Manager at Westgate Healthcare.

**Office Manager: Alison Hayward**

Alison is a modern foreign language graduate and previously worked as a Project Manager at Imperial Clinical Research Support.

**Property Manager**

Contract signed.

**Finance Analyst**

Contract signed.

# Acquiring The Right Care Homes

IMPACT Healthcare

Track record and experience allows for quick and disciplined identification of mis-priced assets to enhance returns

### Staffing Stability

- ✓ Staff loyalty
- ✓ Agency usage lower than larger organisations

### Reputation

- ✓ Local home of choice
- ✓ Embedded in the care economy
- ✓ Strong healthcare commissioning relationships

### Real Estate

- ✓ Under utilised / invested assets with EPC B or better (or costed plan to get there)
- ✓ Dominant micro locations that facilitate operational out performance

### Care Quality

- ✓ Well managed, safe and with good care focussed on local market
- ✓ CQC ratings for five key lines of enquiry – safe, caring, well-led, responsive, effective

### Operational Performance

- ✓ Potential for operational enhancement
- ✓ Rent cover: 1.75x - 2.0x+

**Partnership approach with tenants**

Source: Impact Health Partners Q1 2023

# Secure financing

IMPACT Healthcare

| | METRO BANK | CYBG | HSBC | NatWest | *Private Placement Series A* | *Private Placement Series B* |
|---|---|---|---|---|---|---|
| **Facility** | £15m (Term) | £50m (RCF) | £75m (RCF) | £26m (RCF with Accordion to £50m) | £37m | £38m |
| **Expiry** | June 2023 | December 2029 | April 2025 (+one 1-year extension to 2026) | June 2024 (+ two 1-year extensions to June 2026) | Dec 2035 | June 2035 |
| **Margin** | 265bps (+Metro base rate) | 200bps (+SONIA) | 200bps (+SONIA) | 190bp (+SONIA) | 2.93% (Fixed) | 3.00% (Fixed) |
| **Security pool** | Propcos 1 and 2 | Propco 3 | Propco 4 | Propco 7 | Propco 8 | Propco 8 |
| **Propco interest cover covenant** | 200% | 250% | 250% | 250% | 250% | 250% |
| **Propco LTV covenant** | 35% | 50% | 55% | 50% | 55% | 55% |

# Consolidated statement of comprehensive income

| Consolidated statement of comprehensive income | | | |
|---|---|---|---|
| For the year ended | 31 Dec 2022<br>£'000 | 31 Dec 2021<br>£'000 | |
| Cash net rental income | 35,889 | 30,472 | 17.8% |
| Accounting / rent smoothing net income | 6,353 | 5,926 | |
| **Net rental income** | **42,242** | **36,398** | **16.1%** |
| Administration and other expenses | (7,009) | (5,766) | 21.6% |
| Profit on disposal of investment properties | 130 | 308 | |
| **Operating profit before changes in fair value** | **35,363** | **30,940** | **14.3%** |
| Changes in fair value of call option | (1,811) | - | |
| Changes in fair value of investment properties | (14,456) | 4,220 | |
| **Operating profit** | **19,096** | **35,160** | **(45.7)%** |
| Interest income | 3,200 | 72 | |
| Net finance expenses | (5,408) | (3,264) | 65.7% |
| **Profit before taxation** | **16,888** | **31,968** | **(47.2)%** |
| | | | |
| Earnings per share | 4.33p | 9.41p | (54.0)% |
| EPRA earnings per share | 8.37p | 8.05p | 4.0% |
| Adjusted earnings per share | 7.11p | 6.68p | 6.4% |
| Dividend declared for the year | 6.54p | 6.41p | 2.0% |
| | | | |
| Total expense ratio | 1.67% | 1.55% | |
| Adjusted cost ratio[1] | 15.4% | 15.8% | |

[1] EPRA cost ratio adjusted to include the income on loans to operators for the purchase of property portfolios where the Group has an option to acquire.

# Consolidated statement of financial position

| Consolidated statement of financial position | As at 31 Dec 22 £'000 | As at 31 Dec 21 £'000 | |
|---|---|---|---|
| Investment property[1] | 532,479 | 459,442 | +15.9% |
| Market value of property portfolio invested in via a loan to operator where the Group has an option to acquire | 36,360 | 38,171 | |
| Cash and cash equivalents | 22,531 | 13,261 | |
| Other assets | 873 | 980 | |
| Bank borrowings | (137,196) | (110,907) | |
| Other liabilities | (9,127) | (6,703) | |
| **Net assets** | **445,920** | **394,244** | +13.1% |
| Net asset value per share | 110.17p | 112.43p | (2.0)% |
| Loan to value | 23.85% | 22.26% | |

Investment Property 14.3%

[1] Independent market value undertaken by Cushman & Wakefield.