



Briardene / Westerhope / Tyne and Wear

Overview

Impact Healthcare REIT plc (ticker: IHR) is a real estate investment trust. We are traded on the Specialist Fund Segment of the Main Market of the London Stock Exchange.

The Company aims to provide shareholders with an attractive return, by investing in a diversified portfolio of UK healthcare real estate assets, in particular residential care homes. This return will primarily be in the form of quarterly dividends. High-quality and financially sound tenants, long leases and inflation-linked rent reviews give us secure and stable income, which underpins our dividend payments. The Company's ability to add value through selective acquisitions and asset management offers the potential for income and capital growth for shareholders.

We and our Investment Adviser believe that residential healthcare is a significant and attractive investment opportunity in the UK.

A growing and ageing population is increasing demand for care, while the supply of suitable assets for providing that care is falling. As a well-capitalised landlord with an experienced Investment Adviser, we remain well positioned to deliver attractive returns to investors, while providing stability to residents and a commitment to enhance their homes wherever possible.

Investment objectives

The Company's investment policy is:

- to acquire, renovate, extend and redevelop high-quality healthcare real estate assets in the UK
- to lease those assets, under full repairing and insuring leases, primarily to operators providing residential healthcare services.

Key achievements in Q3 2018

- Declared and paid the Q2 dividend of 1.5p per share.
- Remain on track to deliver an annual dividend of 6.0 pence per share for the current year¹.
- Issued our interim accounts for the six months to 30 June 2018.
- Exchanged contracts to acquire a portfolio of five homes with 218 beds in the North East, leased to Careport, a new tenant.
- Exchanged contracts to acquire a further home with 76 beds, leased to Prestige, an existing tenant.
- Portfolio value increase of 7.3% in the quarter, with like-for-like value up 0.6%.

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.

Impact at a glance

	30 September*	30 June*
Shares in Issue	192,206,831	192,206,831
Share price (p)	104.50	103.00
NAV per share (p)	102.30	102.03
Market Cap (£ million)	200.9	198.0
NAV (£ million)	196.6	196.1
Gross Debt (£ million)	25.0	25.0
WAULT (years)	19.3	19.2

* Unaudited

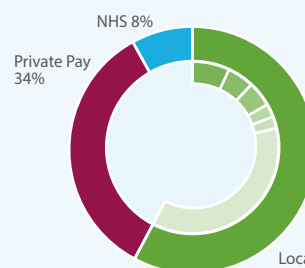
Dividend history (per share)

Q2 2017	1.5p
Q3 2017	1.5p
Q4 2017	1.5p
Q1 2018	1.5p
Q2 2018	1.5p
Q3 2018	1.5p
	9.0p

Portfolio analysis – 30 September 2018

Security of income (%)

based on % revenue to tenants

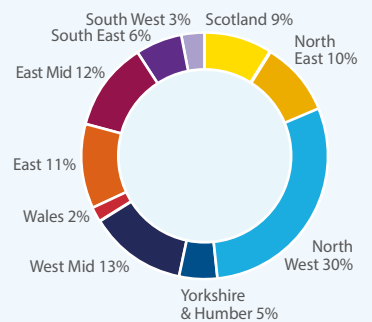


Local Authority top five (% of total revenue)

Wigan Council	7.0%
Cheshire West	5.0%
Cheshire East Council	4.6%
Worcester County Council	2.5%
Warrington Borough Council	2.3%
Other	36.2%

Regionally diverse (%)

based on % portfolio market value



Financial position and performance

	30 September*	30 June*	% change
Number of properties	67	63	6.3%
Number of beds	3,152	2,909	8.4%
Market value (£ million)	197.9	184.3	7.4%
– per property (£ million)	2.95	2.93	1.0%
– per bed (£000)	62.8	63.4	(0.9)%
Contracted rent roll (£ million)	17.0	14.5	15.9%
Contracted Yield (%)	7.60	7.57	0.4%

* Unaudited

Company overview

IPO	7 March 2017	Registered address	7th Floor, 9 Berkeley Street London W1J 8DW
Market	LSE Main Market Specialist Fund Segment		
Index Inclusion	–		
Ticker	IHR		
ISIN	GB00BYXVMJ03		
SEDOL	BYXVMJ0		
Dividend payments	Quarterly		

Board of Directors	Rupert Barclay (Chairman) Rosemary Boot Paul Craig Philip Hall
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Key dates	Full year end 31 December 2018 results announcement March Half year end 30 June
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Publication date: December 2018

Portfolio update

NAV and valuation

The unaudited NAV per share at 30 September 2018 was 102.30p up from 30 June unaudited 2018 NAV of 102.03p.

The portfolio value increased to £197.9 million from £184.3 million, an uplift of 7.4% including £2.6 million of capital improvements and £9.9 million of acquisitions in the quarter. The like-for-like uplift was 0.6%.

As at 30 September 2018, the portfolio has an annualised contracted rent roll of £15.8 million up from £14.5 million last quarter as a result of capital expenditure commitments and the completed acquisitions.

Market update

During the quarter independent healthcare consultancy, LaingBuisson, published its 29th edition of Care of Older People UK Market Report. The report's findings noted that:

- Total spending on residential care services for older people is £17 billion p.a. in 2018
- Approximately 45% of this amount is spent by families, with the remaining 55% financed by local authorities and the NHS

Acquisition pipeline

The Investment Adviser continues to pursue a number of active investment opportunities, which are in line with the Company's investment criteria and return profile and are expected to deliver further value for our shareholders. The Company and its Investment Adviser will continue to exercise robust capital discipline to deliver value at the point of acquisition or investment.

Asset management – Freeland House

During the quarter our tenant, Minster, broke ground on the development of the 46 bed extension at our property in Oxfordshire, Freeland House. The addition is due for completion towards the end of 2019 and has been designed to provide high quality specialist dementia care.

- 90% of the market is provided by independent for-profit and not-for-profit providers, with the balance provided by state-run homes.
- The revenues of for-profit independent providers have increased by 4.2% p.a., and for non-profit independent providers by 4.3% p.a. since 2005

Given the strength of the underlying market drivers, the Investment Adviser expects this growth of operators' revenues to be sustainable going forward.

New tenant – Careport

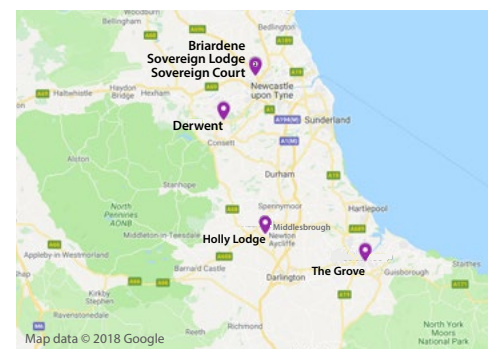
In August 2018 we announced the acquisition of five care homes with a new tenant, Careport.

Careport was formed nine years ago by John Beastall and Christopher Briddon to manage care homes controlled by banks and other asset owners on the basis of short-term management contracts. Careport has established a successful track record of turning around underperforming care homes. With backing from the Company, Careport will become the long-term tenant of homes that have already been improved by Careport's interim management.

The Homes are trading well with 94% occupancy. Five of the Homes being acquired by the Company are rated Good by the CQC and one is rated Requires Improvement.

The Company has agreed to enter into a new lease in respect to each home with Careport. The terms of the six new full repairing and insuring leases will be substantially the same as the leases within the Group's existing portfolio and will be reinforced by a new Company framework agreement now in place with Careport. Each lease has a fixed 25-year term with no break clauses and a tenant option to extend to 35 years at the end of year 10.

Homes leased to Careport, from left: Briardene and Derwent



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