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ECONOMY

# Impact Healthcare REIT Annual Impact Assessment 2022

April 2023



This report has been commissioned by Impact Healthcare REIT plc (“Impact Healthcare” or “IHR”) and has been prepared by The Good Economy Partnership Limited (“The Good Economy” and “TGE”), a specialist advisory firm with expertise in impact measurement and management.

The Good Economy supported Impact Healthcare in developing its impact assessment methodology. This report is based on analysis of quantitative data and evidence, as well as interviews with management and staff at Impact Healthcare, interviews with care home operators, site visits and a survey of tenants.

The findings and opinions conveyed in this report are based on information obtained from a range of sources, which The Good Economy believes to be reliable and accurate. However, the information reviewed should not be considered exhaustive and The Good Economy, its principals and staff cannot and do not guarantee the accuracy, completeness and/or fairness of the information and opinions contained herein. This report shall not be construed as a financial promotion or as a recommendation, invitation or inducement to any person to engage in investment activity.

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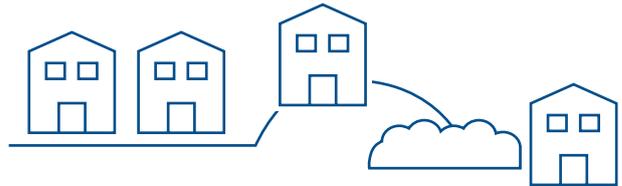
# HEADLINE RESULTS

AS OF DECEMBER 2022

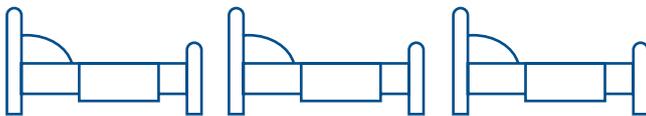


**£343 MILLION**  
INVESTED ACROSS  
THE PORTFOLIO

IN **130**  
CARE HOMES

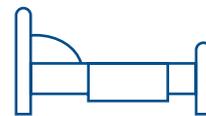


PROVIDING **7,079** BED SPACES



**75%** OF  
OCCUPIED BEDS ARE  
PUBLICLY FUNDED

THROUGH LOCAL AUTHORITIES OR THE NHS



**25%** OF  
OCCUPIED BEDS  
ARE PRIVATE PAYERS<sup>1</sup>

TYPE OF CQC REGISTERED CARE BEDS

**69%**  
NURSING  
CARE



**31%**  
RESIDENTIAL  
CARE

PARTNERSHIPS WITH  
**13** CARE HOME  
OPERATORS AS TENANTS\*



\*Impact Healthcare has 14 tenants however one (NHS) is not a care home operator.

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

**79%**  
OF CARE HOMES HAVE 'GOOD'  
OR 'OUTSTANDING' RATINGS  
FROM THE CQC



**88%**  
OF CARE HOMES  
IN ENGLAND AND WALES HAVE  
AN EPC RATING OF C OR ABOVE



**£30.8 MILLION**  
SPENT ON IMPROVING STOCK,  
CARE HOME EXPANSIONS  
AND NEW-BUILD HOMES



TENANTS IN IMPACT HEALTHCARE-  
OWNED HOMES GENERATE AN ESTIMATED  
**£50 MILLION**  
PER YEAR  
IN SAVINGS TO THE NHS BY  
PREVENTING 'BED BLOCKERS'



**87%** OF TENANTS DESCRIBE  
THEIR WORKING RELATIONSHIP  
WITH IMPACT HEALTHCARE AS  
'VERY GOOD'<sup>\*\*</sup>



**75%** OF TENANTS RATE  
IMPACT HEALTHCARE  
'VERY GOOD'  
AS A LONG-TERM PARTNER\*

\*\*Based on a tenant satisfaction survey, which gathered responses from 8 out of the REIT's 14 tenants in December 2022.

# EXECUTIVE SUMMARY

Impact Healthcare REIT plc (Impact Healthcare or IHR) is a real estate investment trust (REIT) launched in 2017 to invest in residential care homes throughout the UK. To date, it has invested £343M in 130 care homes run by 13 tenants.

This assessment has been produced for Impact Healthcare by The Good Economy (TGE), an independent impact advisory firm specialising in impact measurement and management. TGE assesses Impact Healthcare's impact performance against five key areas where we believe their current investment strategy has a direct influence. Whilst Impact Healthcare commissioned this assessment to understand the extent of their positive impact, the purpose of this report is to measure and monitor impact, rather than manage and optimise for positive impact.

## IMPACT ASSESSMENT: SUMMARY OF RESULTS

### IMPACT AREAS



#### Addressing Local Needs

Impact Healthcare is successfully supporting its tenants to address significant social need at scale across the UK through the provision of 7,079 beds in locations with high demand for healthcare beds. With 75% of beds being publicly funded, the REIT's investment strategy enables operators to deliver sustainable and quality care to those most in need, including those on lower incomes and with lower levels of wealth.



#### Increasing Supply and Improving Quality

Impact Healthcare has mostly acquired existing stock from care providers. However, the REIT has helped to increase the supply of care home beds since its inception by forward-funding one new home, which added 94 beds and financing asset management projects, which added 218 beds. The REIT has also committed significant capital to improving the quality of existing stock.



#### Providing Value for Money

Impact Healthcare invests in properties that can provide value for money for Local Authorities and the NHS, as well as providers and residents. This includes annual savings of more than £50m per year for the NHS by placing potential 'bed blockers' in Impact Healthcare homes. The REIT's responsible approach to rent-setting and rent increases helps tenants to operate sustainable businesses that can provide care to residents relying on the Local Authority allowance.



#### Quality Partnerships

Impact Healthcare partners with care home operators, who value their relationships with the REIT. Most (79%) have Good or Outstanding ratings from the Care Quality Commission (CQC), and our survey found that most also value working with the REIT.



#### Improving Energy Efficiency of Homes

The energy efficiency of Impact Healthcare assets is mixed compared with the wider residential sector but improvements are underway. All homes exceed minimum legal regulations, and, in 2022, the REIT invested £665k to enhance the energy efficiency of existing homes. Green clauses are also incorporated into all new leases to ensure tenants have strategies in place to improve environmental performance and ensure alignment with regulation.

### OUTCOMES



#### Provide high quality value for local authority and the NHS

75% of beds were publicly funded, suggesting the care services of the tenants provide value for local authorities and the NHS. For future reports however, we would like to speak directly to local authority and/or NHS representatives so as to gather feedback around the value of specific schemes.



#### Greater resident wellbeing

Limited data was available to understand resident well-being, however observations and feedback from residents on a small number of site visits was positive.



#### Release pressure on acute care

8% of the REIT's tenants' revenue came from the NHS in 2022. This implies that NHS referrals accounted for around 600 beds across the Impact portfolio, suggesting that the REIT's homes are helping to release pressure on acute care.



#### More environmentally sustainable assets

Some progress is being made to improve homes' energy efficiency but this has been limited to two properties to date, one of which is still in progress.



### Long term continuity for care provider

The average length of Impact Healthcare's new leases is 26 years. Results from the tenant satisfaction survey suggest operators value this feature – 75% of respondents rated the REIT 'Very Good' as a long-term partner.



### Sustain jobs with high staff wellbeing

Limited data was available to objectively measure staff wellbeing but anecdotal evidence is very positive. We found excellent staff on site visits, all of whom spoke highly of their jobs.

## STRENGTHS

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### – Partnerships

Impact Healthcare is valued by its tenants and maintains strong, long-lasting relationships that contribute to the operation of care homes. This includes working closely with tenants so they can manage and expand their businesses in a sustainable way.

### – Meeting needs

Impact Healthcare's tenants enjoy good occupancy levels and a high proportion of beds are funded by local authorities, suggesting that the REIT provides a much-needed service to communities across the UK.

### – Investing in improvements

Impact Healthcare is an active landlord – investing significant amounts of capital to improve the quality and quantity of healthcare beds in its portfolio.

## POTENTIAL WEAKNESSES AND RECOMMENDATIONS

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### – Tenant employment policies

Impact Healthcare could prioritise tenants that are good employers, including those who work on the professional development of their staff and offer all employees a living wage.

### – Additionality

To maximise its impact, the REIT could focus on building new facilities in places with lower-than average health outcomes, wherever this is financially viable.

### – Reporting

If Impact Healthcare wanted to better understand the incidental benefits of their properties to the NHS they could request further information from tenants.



# 1 / INTRODUCTION

## ABOUT IMPACT HEALTHCARE REIT

Impact Healthcare REIT plc (Impact Healthcare) is a real estate investment trust (REIT), launched in 2017 to invest in a diversified portfolio of healthcare real estate assets across the UK.

The REIT acquires and manages healthcare real estate assets, in particular residential and nursing care homes. These assets are leased to operators on long-term, inflation-linked leases and the rental income is used to fund investor returns. Operators are responsible for managing their homes and providing care services to residents. Services are funded by local authorities, the NHS or private paying residents.

Impact Healthcare invests specifically in residential care homes which aim to address the need for long-term care home beds and quality care facilities. The REIT is traded on the premium segment of the London Stock Exchange.

As of December 2022, Impact Healthcare had invested £343 million, acquiring 130 care homes across the UK. These homes provide 7,079 beds for vulnerable elderly people in need of appropriate accommodation and support.

### IMPACT HEALTHCARE'S GOVERNANCE

Impact Healthcare's business model is underpinned by several features, which aim to reduce risk and ensure sustainable value creation:

- Impact Healthcare's Investment Manager is Impact Health Partners LLP, which has a deep and specialist operational knowledge of the care home sector.<sup>2</sup> As such, the team can select tenants and identify opportunities for the REIT to add value through active asset management. In addition, this sectoral expertise ensures an understanding of tenants' operations and quality of service, building strong and supportive partnerships.
- The REIT partners with a diversified pool of tenants and no one tenant exceeds 40% of total annual contracted rent. The REIT conducts due diligence to ensure the financial strength of these tenants and assesses their financial performance on an ongoing basis. In particular, the REIT monitors tenants' ability to grow revenues in line with inflation and therefore maintain or increase rent cover. The REIT has developed a fully transparent approach to corporate governance, particularly in relation to its tenant partners, transactions with related parties and potential issues over conflicts of interest (see 'Relationship with Minster Care Group'). The Supplier and Service Provider Code of Conduct exemplifies this focus on strong governance, setting out the standards and obligations that the REIT expects suppliers and service providers to comply with, including the Ten Principles of the UN Global Compact.

### Relationship with Minster Group

Impact Healthcare REIT was established in March 2017 through an Initial Public Offering (IPO) on the London Stock Exchange. The REIT's initial investment activity saw it acquire portfolios of care homes from Minster Care Management and Croftwood Care (both part of Minster Care Group Limited).

This represents a transaction with a related party since the Minster Care Group was founded by Mahesh Patel, who is also a Managing Partner of Impact Health Partners, the Investment Manager for the REIT. Mr Patel continues to hold a majority stake in Minster Care Group. Andrew Cowley (the other Managing Partner of Impact Health Partners) also holds a minority stake in Minster Care Group.

The REIT has always been and remains fully transparent in disclosing this relationship, and in disclosing fees associated with transactions with Minster Care Group (which also remains the REIT's largest tenant). It is a responsibility of the board to manage oversight of any potential conflicts of interest arising from this relationship.

2. One of the founders and Managing Partners of Impact Health Partners has over 30 years' experience in healthcare-related industries and assets, including helping to found and grow several care homes operators.



## MARKET CONTEXT

The UK's population is ageing rapidly. It is estimated that the proportion of people aged 85 and over will soar from 1.7 million in 2020 to 3.1 million in 2045.<sup>3</sup> Many of these senior citizens will require residential care: consultants LaingBuisson forecast a need for 93,000 additional care home beds over the next ten years. To date however, supply has struggled to keep up with demand – in 2021, total care home beds increased by just 0.1 percent.<sup>4</sup>

Impact Healthcare was set up to meet the needs of older people in need of care. The REIT tends to acquire existing care homes from operators, freeing them up to release capital back into their businesses and concentrate on the quality of service they provide to residents. However, Impact Healthcare funds a small number of new-build care homes too and looks for opportunities to expand provision at existing homes. The REIT is also focused on providing quality care for people with dementia, another demographic which is forecast to rise substantially in the coming years.

## ASSESSMENT METHODOLOGY

This is an independent Impact Assessment, which has been prepared for Impact Healthcare by The Good Economy (TGE), an impact advisory firm specialising in impact measurement and management.

This is Impact Healthcare's first Impact Assessment, providing an analysis of the social and environmental impact delivered by the REIT in 2022. The report will be used to establish a baseline for the portfolio in terms of its impact performance, with subsequent reports used to assess progress thereafter.

The assessment within this report is based on Impact Healthcare's impact measurement framework. This was designed by TGE, in partnership with Impact Healthcare, to help the REIT measure, understand and report on the impact of its investments. The core element of the framework is a set of impact areas and outcomes. This frames the REIT's desire to identify and measure the positive social and environmental impacts of its investment strategy.

## METHODOLOGY

The assessment contained in this report is based on a mix of quantitative and qualitative data:

- Portfolio data provided by Impact Healthcare
- Interviews with members of the Impact Healthcare fund team
- Engagement with the Impact Healthcare Board
- A Tenant Satisfaction Survey conducted with care home operators
- Interviews with a selection of care home operators
- Site visits to selected schemes
- Example monitoring data and processes of care home operators
- Results and recommendations from ESG Review
- Information relating to rejected deals.

See Appendix 1 for a full overview of the data sources used to inform the content of this report.

3. ONS, [National population projections: 2020-based interim, Jan 2022](#).

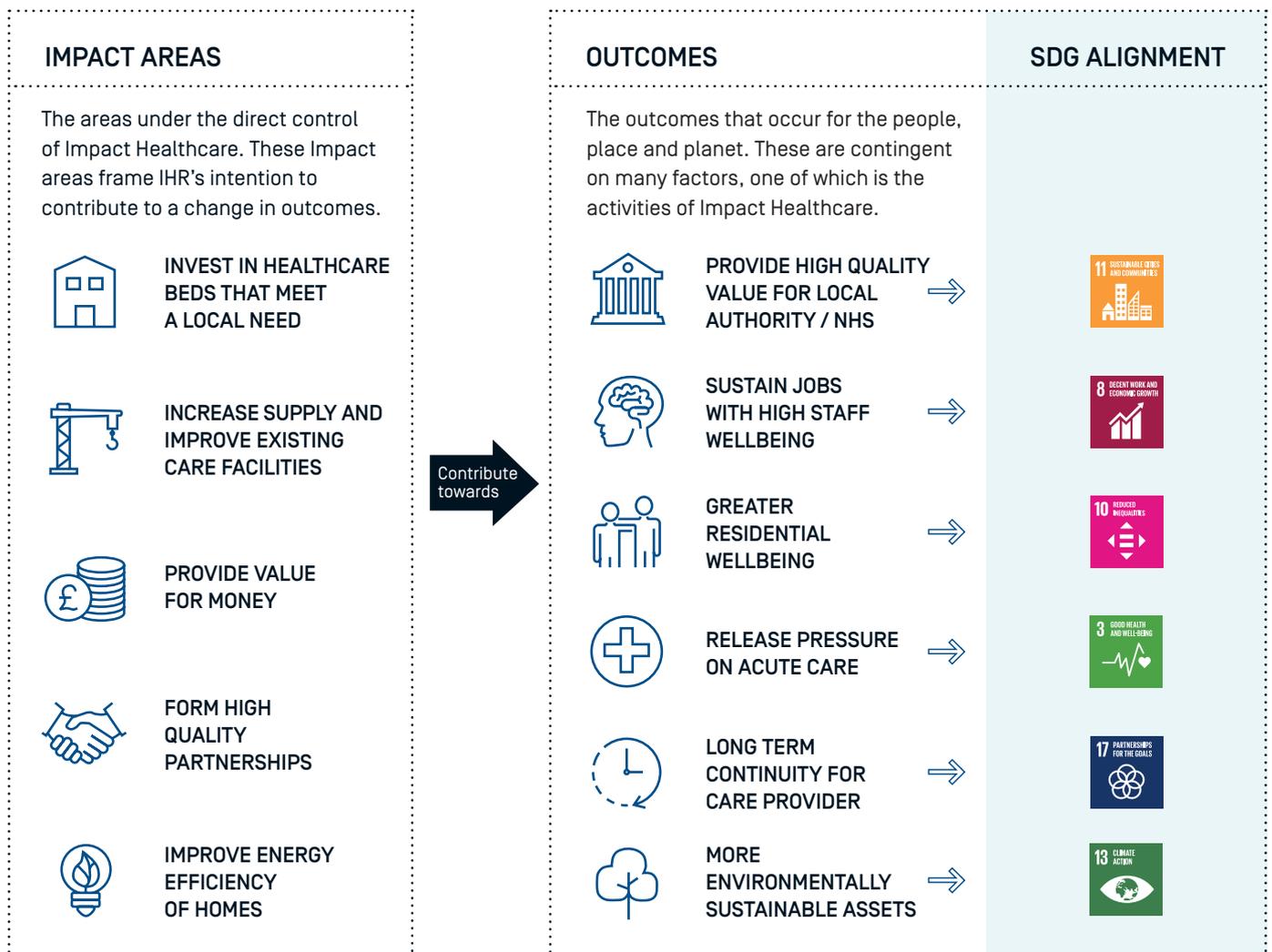
4. Knight Frank, [Healthcare Development Opportunities: Research 2021](#).

# 2 / INVESTMENT AND IMPACT THESIS

## IMPACT MEASUREMENT FRAMEWORK

Impact Healthcare wishes to identify and measure the positive impacts on people, places, and planet through its sustainable investment in, and as a landlord supporting their tenants in the responsible management of, care homes in the UK.

The Good Economy has identified five Impact areas and six Outcomes that the REITs investments may influence and support. These form the core of the measurement framework used in this report. A set of agreed metrics and areas of insight sit beneath each impact area and outcome and these are used to inform the assessment in Chapters 3 and 4 of this report.<sup>5</sup>



5. Note it can be more difficult to assess outcomes in a comprehensive manner. Therefore, we often aim to assess outcomes on an anecdotal basis in relation to specific schemes [e.g. through interviews, site visits or specific data points]. Also, for outcomes experienced over long time periods, proxy measures can be used to understand whether investor activities are likely to be contributing.

## FRAMING IMPACT HEALTHCARE'S INVESTMENT STRATEGY

Impact Healthcare invests in care homes across the UK for long-term financial return. The REIT's shares are publicly available to investors seeking a risk-adjusted return through exposure to care home properties. Every investment has an impact in the course of its regular activities; however the depth of this impact varies across different areas. Some activities are intentionally designed to create positive impact. Other activities simply strive to operate in a sustainable way.

When considering investments, we look across the spectrum of capital (outlined below) to classify the level of intentionality with regard to the effect on social and/or environmental outcomes. For Impact Healthcare, we believe the REIT falls within the "Sustainable Investment Approach" category.

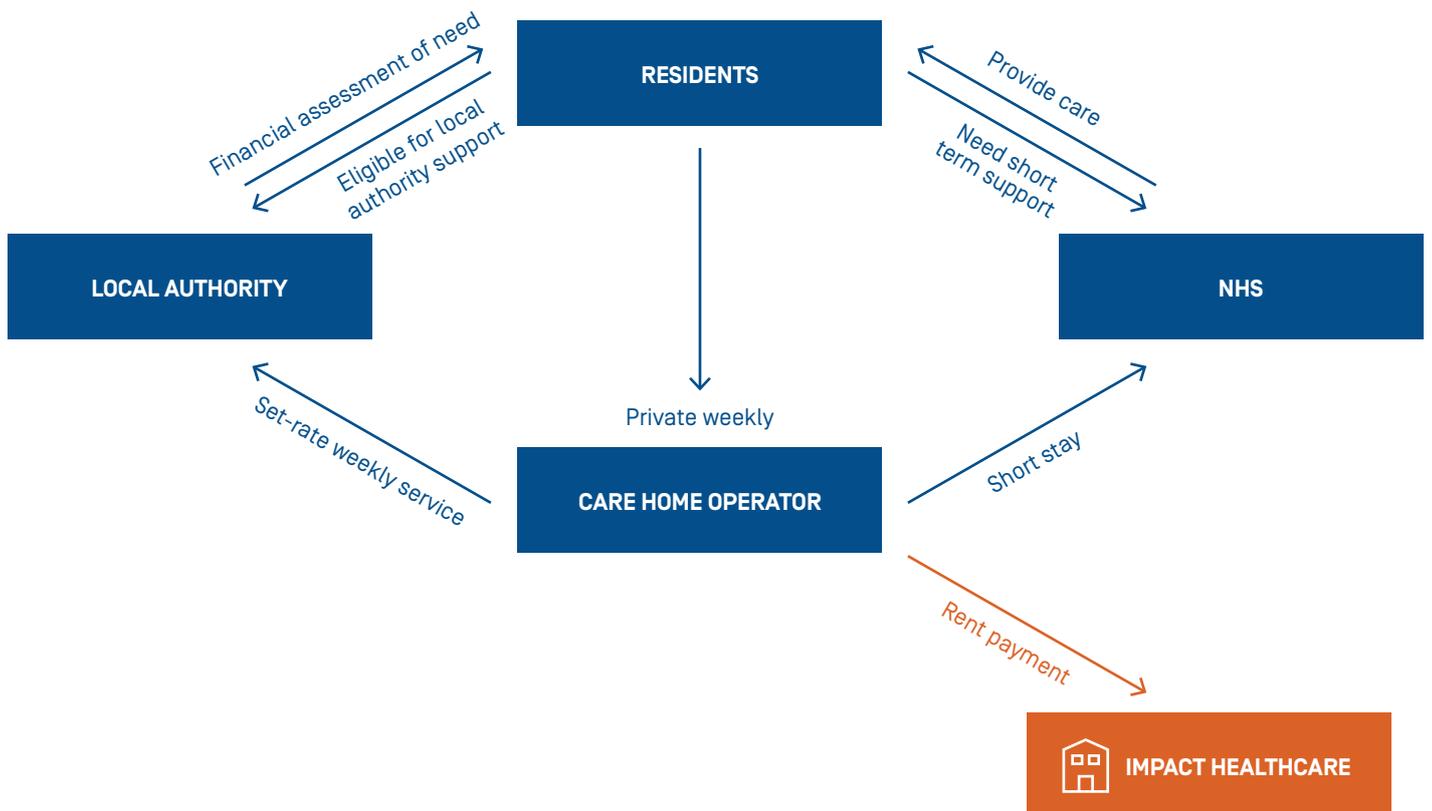


INVESTMENT APPROACH	TRADITIONAL	RESPONSIBLE	SUSTAINABLE	IMPACT-DRIVEN	
FINANCIAL GOALS	DELIVER COMPETITIVE	RISK-ADJUSTED	FINANCIAL RETURNS	TOLERATE HIGHER RISK	TOLERATE BELOW MARKET RETURNS
IMPACT GOALS	A VOID HARM AND MITIGATE ESG RISKS				
	B ENEFIT ALL STAKEHOLDERS				
	C ONTRIBUTE TO SOLUTIONS				
	<b>DON'T CONSIDER</b> MAY HAVE SIGNIFICANT NEGATIVE OUTCOMES FOR PEOPLE AND THE PLANET	<b>AVOID HARM</b> TRY TO PREVENT SIGNIFICANT EFFECTS ON IMPORTANT NEGATIVE OUTCOMES FOR PEOPLE AND PLANET	<b>BENEFIT</b> EFFECT IMPORTANT POSITIVE OUTCOMES FOR VARIOUS PEOPLE AND THE PLANET	<b>CONTRIBUTE TO SOLUTIONS</b> HAVE A MATERIAL EFFECT ON IMPORTANT POSITIVE OUTCOME(S) FOR UNDERSERVED PEOPLE OR THE PLANET	

Credit: Bridges Fund Management.



## STAKEHOLDER MAPPING



# 3 / IMPACT ASSESSMENT

## IMPACT ASSESSMENT: SUMMARY OF RESULTS

IMPACT AREAS	KEY MEASURES	IMPACT RESULTS
<p>INVEST IN HEALTHCARE BEDS THAT MEET A LOCAL NEED</p> 	<p>Occupancy rate across the portfolio</p>	<p>86%</p>
<p>INCREASE SUPPLY AND IMPROVE EXISTING CARE FACILITIES</p> 	<p>Capex spent on improving or expanding stock over the life of the REIT</p>	<p>£30.8 million</p>
<p>PROVIDE VALUE FOR MONEY</p> 	<p>Tenants in IHR homes generated an estimated saving to the NHS through placing potential 'bed blockers' in the REIT's homes</p>	<p>£50 million</p>
<p>FORM HIGH QUALITY PARTNERSHIPS</p> 	<p>Percentage of care homes rated 'Good' or 'Outstanding' by the CQC</p>	<p>79%</p>
<p>IMPROVE ENERGY EFFICIENCY OF HOMES</p> 	<p>Percentage of care homes with EPC rating C or above (England and Wales only)</p>	<p>88%</p>



## IMPACT AREA 1

### INVEST IN HEALTHCARE BEDS THAT MEET A LOCAL NEED

Impact Healthcare is successfully supporting its tenants to address the shortage of elderly care home beds at scale. The REIT is providing 7,079 care beds in areas where:

- There is a high demand for care beds
- Both private pay and local authorities can place residents and fund their care.

IMPACT AREA	IMPACT METRICS	RESULTS
Invest in healthcare beds that meet a local need	Total number of beds	7,079 beds
	Occupancy rate	86%
	Breakdown of residents by tenure type (LA / NHS; private)	75% Local Authority/NHS residents; 25% private residents
	Type of care provided	69% nursing care; 31% residential care

#### INVESTING IN AREAS WITH A HIGH DEMAND

Impact Healthcare's investment strategy explicitly prioritises areas where demand for care homes is high. First, the REIT incorporates data analysis of local needs into its due diligence process for acquiring new assets. Second, the portfolio's relatively high occupancy rate (averaging 86% compared to a national average of 83.4%),<sup>6</sup> indicates that homes are appropriately priced and generally meet local needs. Only two tenants had occupancy rates of less than 80%. One tenant's home is a brand-new build where the operator is managing the required fill period with a controlled number of referrals per week. The other tenant has faced a number of challenges coming out of the Covid-19 pandemic and is being monitored by Impact Healthcare.

#### INVESTING IN HEALTHCARE BEDS THAT CAN SUPPORT THE LOCAL AUTHORITIES AND THE NHS

Across the portfolio, 75% of residents are Local Authority or NHS funded, compared to a national average of 65%.<sup>7</sup> This suggests that Impact Healthcare is actively contributing to the provision of care for individuals who are eligible for public funding – usually those with lower levels of wealth and/or primary health needs.

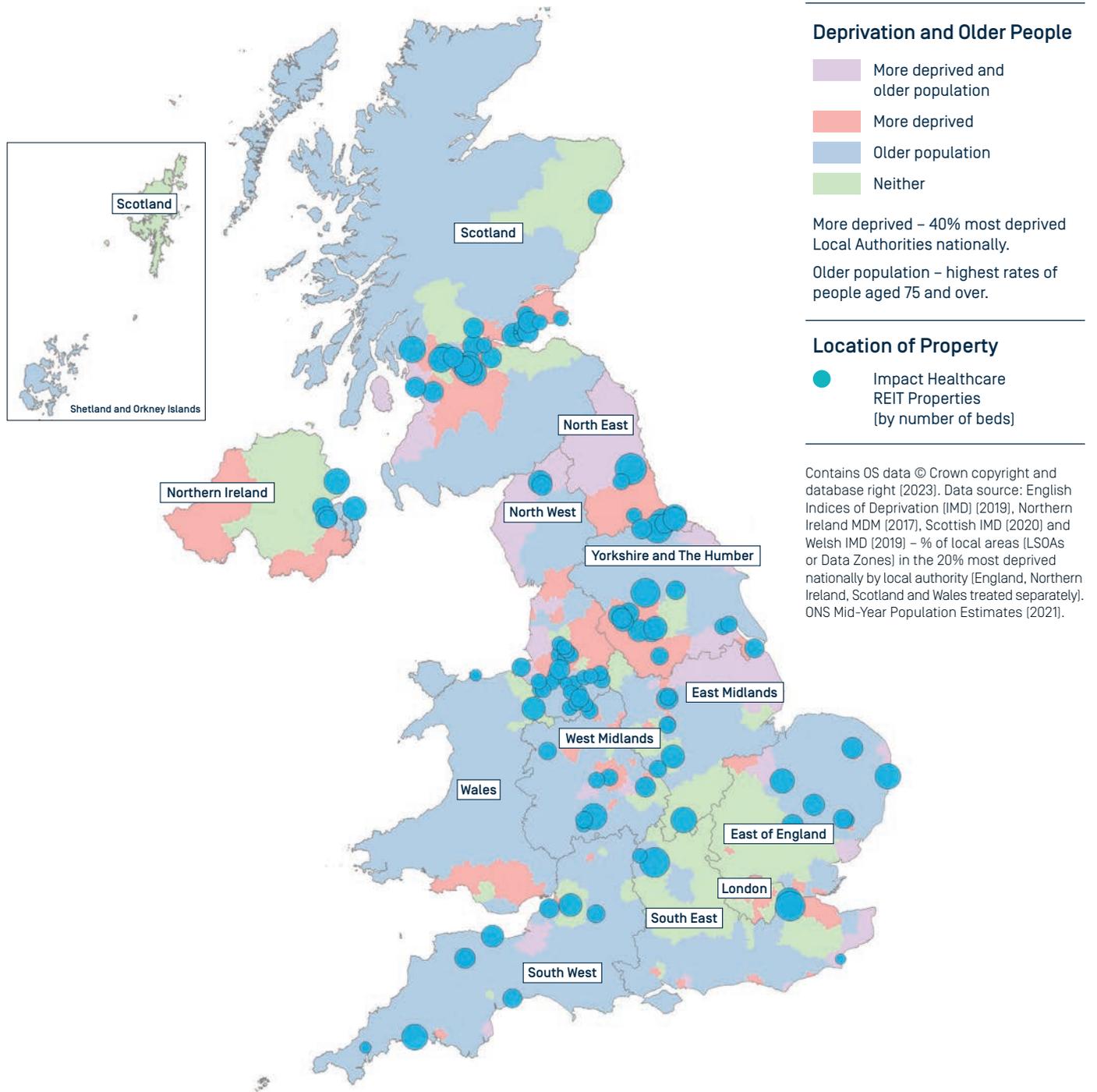
However, the ratio of publicly funded to privately funded residents varies significantly across the REIT's tenants – from 36% to 100%. We will continue to monitor this ratio and track individual operators' relative accessibility to publicly funded residents.

In terms of type of care needs, two-thirds of the portfolio is registered for nursing care while one-third provides residential care. Both nursing and residential care offer 24-hour on-site support, including help with daily living activities. Nursing care provides additional medical support for those with higher needs and qualified nurses are on-site at all times.

6. <https://content.knightfrank.com/research/548/documents/en/care-homes-trading-performance-review-2022-9616.pdf>

7. <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/socialcare/articles/carehomesandestimatingtheselffundingpopulationengland/2021to2022>

**IMPACT HEALTHCARE PROPERTIES – POPULATION AGE AND DEPRIVATION**





## IMPACT AREA 2

# INCREASE SUPPLY AND IMPROVE EXISTING CARE FACILITIES

Impact Healthcare contributes to improving existing care facilities and increasing supply by:

- Committing significant capex to improve existing facilities across the portfolio
- Supporting the growth plans of its tenants as an active landlord with significant expertise in the sector
- Funding new-build care homes and expansions of existing homes.

IMPACT AREA	IMPACT METRICS	RESULTS
Increase supply and improve existing care facilities	Number of new build care homes	1 completed (1 in pipeline)
	Number of beds in new build care homes	94 (80 in pipeline)
	Capex spent on improving or expanding stock for the year ended 31st December 2022	£11.8 million
	Number of additional care beds delivered through capex expansions across life of REIT	218

Impact Healthcare commits significant amounts of capital to improve the quality of its existing assets. The REIT also seeks out opportunities to increase supply by expanding provision and improving quality at existing care homes.

Impact Healthcare properties are leased on full repairing and insuring (FRI) terms so tenants are responsible for property maintenance and need to spend a set amount each year ensuring their homes are well maintained. Impact Healthcare is responsible for major works, improvements and extensions, including solar panels, additional buildings, extended car parks, reconfiguring kitchens, etc. These capital projects are agreed in advance with tenants, as they may result in an increase in rent, particularly if they create additional care capacity.

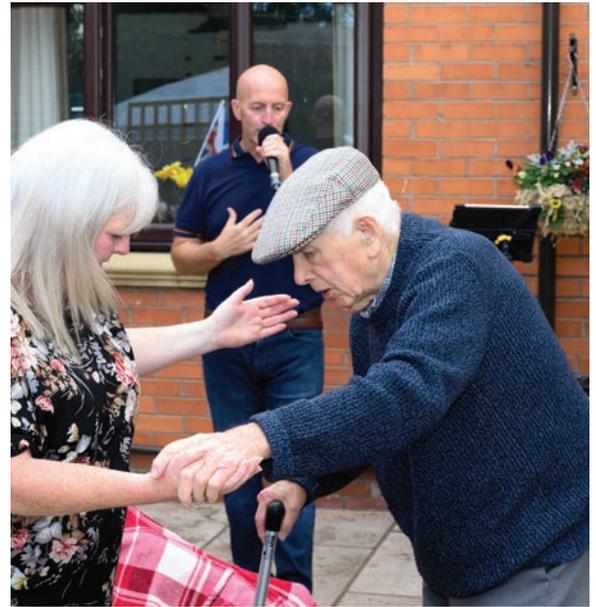
Impact Healthcare spent £11.8 million during 2022 on improving the quality of its assets. The majority of this funding was assigned to three care homes, managed by three operators: the first was a new build, the second an expansion, and the third a major refurbishment. This expenditure indicates that Impact Healthcare is committed to acting as a responsible landlord, ensuring assets remain fit-for-purpose over the long-term.

Feedback from tenants suggests Impact Healthcare's focus on asset management sets the REIT apart from its peers. One respondent to the tenant satisfaction survey said:

“ The asset management team take a large part of the burden from the operator in the oversight of building projects, as a pure operator rather than a developer/operator. This helpfully fills an expertise gap. Investment focus on standing, performing assets remains a key differentiator to other institutional investors.

In addition to its management of existing facilities, Impact Healthcare also looks for opportunities to increase supply where possible. Since inception, Impact Healthcare has spent £30.8 million in capital expenditure. A portion of this has gone towards expanding provision through funding new care homes or additional beds. Impact Healthcare has actively contributed to increasing supply through:

- Funding a 94-bed new-build care home
- Agreeing to fund an 80-bed new-build care home, currently in planning
- Committing capital to the expansion of existing facilities, resulting in the addition of 218 beds. Around 40% of this capital has been used to increase the supply of dementia units, including the development and conversion of closed buildings.



### **IMPACT HEALTHCARE ADDS VALUE BY SUPPORTING TENANTS WITH THEIR GROWTH PLANS**

One tenant told us that the REIT is very supportive of its growth plans. The tenant regularly shares expansion ideas with Impact Healthcare, and the relationship between them means that they can respond quickly to potential opportunities. The tenant described this as a major benefit and believes it will foster future expansion plans.

Responses to our tenant satisfaction survey support this view. Three-quarters of tenants said there is a 'Very Good' alignment of interests between Impact Healthcare and their organisation, while 88% of respondents rated the REIT as 'Good' or even better as a long-term partner.

One tenant said:

“ We are looking forward to more acquisitions in the future and Impact Healthcare are a very good partner to have to do that.

Another suggested:

“ We would welcome opportunities to work more proactively on development and growth through joint mid- to long-term planning.

### **IMPACT HEALTHCARE HAS THE GREATEST ADDITIONALITY WHEN IT FORWARD FUNDS NEW-BUILD HOMES**

One care home [94 beds] has been forward funded by Impact Healthcare and another [80 beds] is currently in the planning process. These homes have the greatest additionality regarding increasing supply, however they form a relatively small portion of the REIT's overall portfolio.



### IMPACT AREA 3

## PROVIDE VALUE FOR MONEY

Impact Healthcare is investing in healthcare properties that can provide value for money for local authorities and the NHS, as well as tenants and residents. It does this by:

- Setting rents at affordable levels that enable most residents to be publicly funded
- Taking a responsible approach to rent setting and rent increases.

This allows tenants in Impact Healthcare owned homes to provide cost effective alternatives for NHS referrals.

IMPACT AREA	IMPACT METRICS	RESULTS
Provide value for money	Average fees paid by Local Authorities	Local Authorities account for 69% of revenues. Local Authority fees average £816/week per resident <sup>8</sup>
	Average fees paid by private paying residents	Private fees account for 31% of revenues. These fees average £1046/week per resident <sup>9</sup>
	Proportion of operator's annual fair maintainable trade paid as rent	13%
	Portfolio aggregate rent cover ratio	1.8x
	Estimated savings tenants provide to the NHS through placing potential 'bed blockers' in the REIT's homes	£50 million

### IMPACT HEALTHCARE RENTS MAKE IT POSSIBLE FOR MOST RESIDENTS TO BE PUBLICLY FUNDED

Local authority rates vary throughout the UK and are set independently each year. Care homes can choose to accept local authority-funded residents or set their own fees to private paying residents. Across Impact Healthcare's portfolio, 69% of revenues come from publicly funded residents, while 31% come from private residents. Proportions vary significantly across tenants [between 36% and 100% revenue publicly funded]. However, the fact that all but one tenant collects more than half of their revenue from Local Authorities indicates that the properties are suitably priced so they can deliver publicly funded beds and maintain strong average rent cover. We will continue to proactively monitor this trajectory to gauge the REIT's accessibility to publicly funded residents.

Average fees received by tenants from both local authorities (£816 per week) and private residents (£1,046 per week) are significantly below the national average (£856 per week and £1,244 per week respectively).<sup>10</sup> This suggests that Impact Healthcare is operating in more affordable parts of the country.

8. Average weekly Local Authority and Private resident fees have been taken from a sample of three tenants' data.

9. Ibid.

10. [care-homes-trading-performance-review-2022-9616.pdf](https://www.knightfrank.com/care-homes-trading-performance-review-2022-9616.pdf) [knightfrank.com]

## IMPACT HEALTHCARE TAKES A RESPONSIBLE APPROACH TO RENT SETTING AND RENT INCREASES

The REIT aims to set rents at a sustainable level to ensure tenants have sufficient funds to provide quality care to residents at manageable prices. While all leases are linked to inflation (CPI/ RPI), there is a cap and collar protection across 98% of the portfolio,<sup>11</sup> with 90% capped at 4% increase and 8% capped at 5%. This provides some protection for tenants during periods of high inflation. Two leases – with the NHS – have uncapped/collared CPI-linked rent reviews. These are not based on their precedent lease terms.

We track two key figures to ensure Impact Healthcare is charging reasonable rent: the rent paid as a percentage of fair maintainable trade and the rent cover ratio.

The proportion of operator's rent paid as a percentage of fair maintainable trade indicates how much a tenant is paying in rent, compared to the other costs. During 2022, tenants' rent amounted to 13%, on average, of their fair and maintainable trade but the percentage ranged from 10% to 17% across different tenants. This is considered a reasonable range across the portfolio. Given that rents are RPI linked this range is expected to continue. We will continue to report these figures on an annual basis and monitor for change outside a reasonable range (greater than 25%).

The rent cover ratio indicates the value of earnings (EBITDARM) in proportion to the cost of rent, that is, how much money an a tenant has left to cover the rent each month after paying operating costs, such as staff, food, etc. If the rent cover ratio drops towards 1, tenants are struggling to meet rent payments, a situation that can arise if rents are too high or earnings are too low (because partners are not filling beds or receiving sufficient income for their services) The average rent cover ratio across the portfolio is 1.8x. We continue to monitor this year on year for changes.

Having reviewed the rent cover ratio and proportion of operator's annual fair maintainable trade paid as rent across the IHR portfolio, we will use these figures as a benchmark for the future, analysing trends or changes to these metrics and assessing whether rents remain sustainable across the portfolio.

Tenants were generally positive about the REIT's approach to rent setting. In the tenant satisfaction survey, three-quarters of respondents agreed that rents at Impact Healthcare properties



have been set at a fair and reasonable level. One respondent did suggest, however, that Impact Healthcare could 'consider the annual rent increase percentage against the backdrop of the economy and associated pressures on tenants.'

Another tenant has experienced cashflow management problems but evidence suggests that this is not due to inflated rents. Impact Healthcare has engaged closely with this tenant and all rent due has been paid to December 2022.

## IMPACT HEALTHCARE TENANTS ARE PROVIDING COST EFFECTIVE ALTERNATIVES FOR NHS REFERRALS

By providing beds for residents referred and funded by the NHS, Impact Healthcare tenants free up much-needed bed spaces in NHS hospitals. This has a clear societal benefit, allowing NHS Trusts to provide hospital beds for those most in need. There is a clear economic benefit too, as hospital care costs an average of £2,482 per week while Impact Healthcare homes provide care for an average of £816 per week.<sup>12</sup>



It is estimated that the NHS saves over £50 million per year by placing potential 'bed blockers' in Impact Healthcare homes.<sup>13</sup>

11. The remaining 2%, relating to 1 property, do not have a cap and so rents will increase with inflation.

12. NHS Cost Reference Data 2015/16 – The reference cost of excess bed days has been used from this report. The NHS has since stopped calculating Excess Bed Days costs so yearly RPI has been applied to calculate an updated figure for the weekly cost of a bed space in hospital as a result of delayed discharge.

13. Calculated based on 8% Impact Healthcare fees coming through NHS referrals and based on the difference between fees paid to Impact Healthcare homes for associated beds compared to the average cost of equivalent excess bed days in hospital (see footnote above).



#### IMPACT AREA 4

### FORM HIGH QUALITY PARTNERSHIPS

Impact Healthcare partners with high-quality operators and develops strong relationships with them. The REIT:

- Partners with established, long-term care operators
- Works with organisations that mostly benefit from ‘Good’ ratings by the CQC
- Is appreciated/supported/recognised by tenants, who value working with the Impact Healthcare team.

IMPACT AREA	IMPACT METRICS	RESULTS
Form high quality partnerships	Number of tenants	13
	CQC rating of Impact Healthcare’s care homes (England and Wales assets only)	
	Outstanding	9%
	Good	70%
	Requires improvement	20%
	Inadequate	1%
	Average length of new leases	26 years

#### IMPACT HEALTHCARE PARTNERS WITH WELL-ESTABLISHED, LONG-TERM CARE OPERATORS

On average, Impact Healthcare’s tenants have been established for more than 14 years, although there is a wide range. The newest was set up just last year; the oldest was founded in the late 1990s.<sup>14</sup> Broadly however, Impact Healthcare aims to partner with robust, established providers and follows a three-part due diligence process for new tenants. This covers:

- 1** Operators’ financial position, verified by analysis of their accounts, covenant strength and third-party assessments.
- 2** Corporate culture and personality fit, assessed by on-site reviews of tenant operations, including relationships with staff, residents and families; references from other landlords and tenants, and detailed third-party background checks.
- 3** Adherence to regulations, comprising both internal and third-party reviews and CQC ratings.

#### IMPACT HEALTHCARE PARTNERS WITH ORGANISATIONS THAT ARE MOSTLY RATED ‘GOOD’ BY THE CQC OR EQUIVALENT NATIONAL INSPECTORATE

Across the REIT’s portfolio, 79% of homes are rated as either ‘Good’ or ‘Outstanding’ by the CQC or equivalent national inspectorates. This is 5% lower than the national average of 84% for adult social care,<sup>15</sup> because a higher proportion of homes are deemed to require improvement, compared to the national average. Against this, 9% of Impact Healthcare are rated as ‘Outstanding’ compared to a national average of just 5%.

We understand that Impact Healthcare expects operators to address their own failings in the first instance, although the REIT can investigate incidents or care quality issues where it is not satisfied with operators’ response. This intervention has not been required to date.

14. In one case a new entity has been set up in the last 12 months, however this is part of a longer established group.

15. Care Quality Commission, ‘State of Care 2021/2022’, 2022.

CQC RATING	IMPACT HEALTHCARE PORTFOLIO	NATIONAL AVERAGE (ADULT SOCIAL CARE)
Outstanding	9%	5%
Good	70%	79%
Requires improvement	20%	15%
Inadequate	1%	1%

Among IHR care homes, 29 (21%) are rated as either requiring improvement or inadequate by the CQC and 28 of these schemes were rated as requiring improvement or deemed inadequate for the 'well-led' criteria. This is the area that Impact Healthcare has the most influence over but it is on a par with the national average for adult social care.<sup>16</sup>

#### CQC criteria and proportion of portfolio rated as 'Requires Improvement' or 'Inadequate'

CRITERIA	% OF PORTFOLIO RATED AS 'REQUIRES IMPROVEMENT' OR 'INADEQUATE'	NATIONAL AVERAGE 2022 RATING FOR 'REQUIRES IMPROVEMENT' OR 'INADEQUATE' IN ADULT SOCIAL CARE <sup>17</sup>
Is the service safe?	22%	18%
Is the service effective?	10%	9%
Is the service caring?	4%	3%
Is the service responsive?	11%	7%
Is the service well-led?	22%	22%

Care Home is the UK's leading care home review website, with more than 250,000 reviews to date across nearly 17,000 care homes.<sup>18</sup> As a consumer review platform, it provides residents and their families members with an opportunity to leave feedback and rate homes. Ratings for the REIT's tenants on the Care Home website range from 7.8 to 9.6, with an average of 8.9. No average is provided but we consider this to be a reasonably high rating across the board.

15. Care Quality Commission, 'State of Care 2021/2022', 2022.

16. Care Quality Commission, 'The state of health care and adult social care in England 2021/22', 2022.

17. Ibid.

18. <https://www.carehome.co.uk/>



## TENANTS VALUE WORKING WITH IMPACT HEALTHCARE

The tenant satisfaction survey revealed that most tenants value working with Impact Healthcare:<sup>19</sup>



One tenant did report being less satisfied with the relationship but the other 7 responses that were received were positive.

Responses include:

- “ Impact have a very good understanding of our business and are very responsive to issues that arise from time to time.
- “ I am extremely happy working with Impact and look forward to a long and successful partnership going forward.
- “ The other landlords are very hands-off and take little interest in the business. Impact are much more involved.

19. TGE distributed a tenant satisfaction survey to hear from care home operators on their relationship with Impact Healthcare. Responses are from a sample size of 8 tenants (out of a total of 14).



## IMPACT AREA 5

### IMPROVE ENERGY EFFICIENCY OF HOMES

At present, the energy efficiency of Impact Healthcare's assets is mixed:

- All homes align with national minimum EPC standards
- Efforts are underway to enhance the energy efficiency of poorly performing assets, including measures that will deliver long-term improvements, such as solar panels and LED lighting
- The REIT is keen to tackle climate issues more broadly and is looking to align with existing and emerging environmental legislation.

IMPACT AREA	IMPACT METRICS	RESULTS
Improve energy efficiency of homes	Percentage of Impact Healthcare care homes in England and Wales with EPC ratings above C (2021)	88%
	Value of capital invested in improving EPC ratings	£665,350
	New properties: EPC rating compared to national average	1 home (new) – 94 beds – EPC B
	Number and percentage of existing beds with improved EPC rating	60 beds

#### ALL OF THE REIT'S CARE HOMES ALIGN WITH NATIONAL MINIMUM EPC STANDARDS

As of 2021, 100% of homes in England and Wales were rated A-D, with 88% rated A-C. In Northern Ireland, all homes were rated EPC C, while in Scotland, where EPC ratings are calculated differently, all homes comply with energy efficiency standards in line with 2002 building regulations.<sup>20</sup>

#### Breakdown of EPC ratings across Impact Healthcare portfolio 2021-2022\*

EPC RATING	IMPACT HEALTHCARE CARE HOMES IN ENGLAND AND WALES		IMPACT HEALTHCARE CARE HOMES IN SCOTLAND		ENGLAND AND WALES AVERAGE 2022 Q3 <sup>21</sup>
	2020	2021	2020	2021	2022
A	5%	3%	0%	0%	1%
B	29%	32%	0%	0%	15%
C	54%	53%	0%	3%	40%
D	12%	12%	11%	19%	34%
E	0%	0%	58%	58%	8%
F	0%	0%	16%	13%	2%
G	0%	0%	11%	6%	1%

\*The Scottish EPC ratings are split out due to the difference in calculation basis. All Northern Irish homes in the portfolio have EPC rating C.

20. Impact Healthcare REIT, 'EPRA Sustainability Best Practice Recommendations', 2021.

21. Department for Levelling Up, Housing & Communities, 'Energy Performance of Building Certificates in England and Wales: July to September 2022', 2022.



### **IMPACT HEALTHCARE IS INVESTING TO IMPROVE THE ENERGY EFFICIENCY OF ITS STOCK**

The REIT is undertaking a review of all buildings with an EPC rating of C and below and plans are underway to improve these ratings. In 2022, the REIT invested £665k improving the EPC rating of a 60-bed care home and working on enhancements to an 82-bed care home. We will continue to monitor the scale and pace of energy efficiency improvements across the REIT's portfolio.

### **IMPACT HEALTHCARE IS SEEKING TO ALIGN ITS PORTFOLIO WITH EXISTING AND EMERGING LEGISLATION, INCLUDING THROUGH GREEN CLAUSES IN NEW LEASES**

Impact Healthcare has demonstrated a commitment to understanding the climate risks and opportunities within its portfolio through Task Force on Climate-related Financial Disclosures (TCFD) reporting. This will help to ensure that the REIT's assets are adaptive and resilient to climate change and associated regulation.

Impact Healthcare has also begun to include green clauses in its leases. These clauses require tenants to provide data on actual energy consumption, and produce an environmental performance strategy that anticipates forthcoming regulatory requirements and explains how they will be addressed. We recognise this as a positive step and recommend that Impact Healthcare aims to apply these green clauses retrospectively to existing leases.

# 4 / CONTRIBUTION TO OUTCOMES

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This section aims to assess real-world outcomes for people, places and planet, and to understand Impact Healthcare's contribution to those outcomes.



Analysing Impact Healthcare's performance according to its areas of impact provides insight into the activities over which it has direct influence. However, this does not wholly capture the REIT's impact, as it excludes some of the broader contributions that the REIT makes, defined as real-world outcomes.

Outcomes are distinct from impact areas as they are influenced by many factors, some of which are beyond IHR's control.

Impact Healthcare, in partnership with TGE, have identified six outcome areas where its investments can make a positive contribution:

- Provide high quality value for local authorities and/or the NHS
- Greater resident wellbeing
- Release pressure on acute care
- More environmentally sustainable assets
- Long-term continuity for the care provider
- Sustain jobs with high staff wellbeing.

For this report, we have been unable to conduct a comprehensive review of the outcomes experienced. However, we have gathered anecdotal insights from site visits, interviews with stakeholders and various data sources. These combine to provide some understanding of the REIT's contribution to its outcome areas.

For future reports, we intend to conduct a more thorough assessment into outcomes by conducting user surveys, gathering qualitative feedback from a larger and wider range of stakeholders and collecting more relevant data.

## OUTCOME

## ASSESSMENT



**Provide high quality value for local authorities and/or the NHS**

Across the portfolio, 75% of residents were local authority or NHS funded, while 25% were private payers. This proportion of publicly-funded residents is above the national average of 65%, suggesting Impact Healthcare's portfolio is providing value for local authorities and the NHS.

For future reports, we would like to speak to local authority and/or NHS representatives and gather detailed direct feedback from target beneficiaries on the value that Impact Healthcare and their tenants have provided.



**Greater resident wellbeing**

For this report, we conducted site visits to a selection of Impact Healthcare's care homes. Observations and feedback from residents on these visits were positive. However, this was a small and selective sample so it cannot be considered representative of the overall portfolio.

For future reports, we will consider how best to gauge a fuller understanding of resident wellbeing.



**Release pressure on acute care**

Waiting times in the NHS have hit record highs in recent months<sup>22</sup> but hospitals are struggling to discharge patients because they cannot find places to send them. IHR homes can provide an alternative through tenants provision of care and, while we do not have actual data on the percentage of beds in the portfolio used by the NHS, we do know that 8% of tenant income came from the NHS in the last financial year. This would suggest that around 8% of beds were used by residents who had previously been in NHS hospitals, equating to around 600 people.

Impact has also contributed to the creation of 312 new care home beds across the portfolio, either through funding new-build homes or expanding the provision of existing homes. It is reasonable to assume that some of these bed are releasing pressure on acute care wards.

22. Financial Times, NHS England under 'huge strain' as waiting times hit record high, 10 November 2022.

## OUTCOME



### More environmentally sustainable assets

## ASSESSMENT

Impact Healthcare is taking steps to drive environmental efficiency across its portfolio. To date, £665k has been spent on improving the EPC rating of a 60-bed care home, while work is also underway to improve the EPC rating of an 82-bed care home.

All new acquisitions are assessed for their energy efficiency and, where required, capital is allocated to improve EPC ratings post-acquisition. The REIT has also been developing a strategy to improve its carbon footprint, in line with legislative net zero carbon requirements. More details should be forthcoming in the next 12 months.

Local authority and NHS net zero policies vary within and between regions<sup>23</sup> but Impact Healthcare needs to ensure its homes are aligned with relevant targets and ambitions. We understand that this work has already begun and we will continue to monitor the REIT's work in future reports.



### Long term continuity for care provider

Impact Healthcare focuses on developing long-term partnerships with care providers so they can concentrate on the quality of their service provision to residents. Impact has 13 different care provider tenants and the average length of its relationship with these providers is 3.5 years, ranging from 5.4 years for the REIT's original tenants to one year for its most recent tenant.

While the REIT is at a relatively early stage with some tenants, the average length of new leases across the portfolio is 26 years. The long-term nature of these agreements should provide a level of continuity and certainty to care providers, encouraging the development of supportive, long-term tenant-landlord relationships. This is largely backed up by the results of this year's tenant satisfaction survey, with 75% (6 out of 8) of respondents rating Impact Healthcare 'Very Good' as a long-term partner.



We are looking forward to more acquisitions in the future, and Impact Healthcare are a very good partner to have to do that.

- Impact Healthcare tenant

23. In England, for example, the [Greener NHS](#) approach has been adopted. As of 1 July 2022, Net Zero is embedded into primary legislation for the NHS. Wales is following the [Decarbonising social care in Wales](#) roadmap.



## OUTCOME

## ASSESSMENT



### Sustain jobs with high staff wellbeing

Impact Healthcare needs its tenants staff to deliver high-quality services if they are to generate positive social outcomes. But staffing is a significant issue in the social care sector. Skills for Care's 2022 Annual Report showed that staff shortages rose by 52,000 in the last year to 165,000 vacancies – the highest rate since records began.<sup>24</sup>

Across the IHR portfolio, we were only able to access a limited amount of data on staff, as tenants are responsible for their own staffing decisions. Among the homes we visited, however, we witnessed a collegial spirit amongst their own employees and a generally positive workplace culture.

Agency staffing is another key issue for social care providers. While we lack detailed data on agency staffing costs, these accounted for 14% of total staffing costs on average across the IHR portfolio and exceeded 20% at three tenants. We will monitor these tenants in future to further understand their staffing challenges.

Impact Healthcare's Supplier and Service Provider Code of Conduct sets out the standards and obligations that are expected from suppliers and service providers, including tenants and sub-contractors. The code is written to support observance of the UN Global Compact principles, which cover human rights, labour, the environment, anti-corruption, and the promotion of safe and fair working conditions. The existence of this policy does not demonstrate Impact Healthcare's performance in relation to this outcome area, but it shows that the REIT is taking steps to promote positive employment practices amongst its tenants.

24. Skills for Care, The state of the adult social care sector and workforce in England 2022.

## IMPACT RISK

Impact risk is the likelihood that impact will be different than expected, and that the difference will be material from the perspective of those being impacted. We have analysed the potential impact risks relating to Impact Healthcare using the [IMP's impact risk assessment framework](#).

The IMP identifies nine types of impact risk that investors may face. We have classified five categories of risk as potentially material to Impact Healthcare.

IMPACT RISK CATEGORY	TGE ASSESSED LEVEL OF RISK	RISK MITIGATION STRATEGIES
<p><b>Alignment risk</b></p> <p>The probability that impact is not locked into the enterprise model</p>	<p><b>MEDIUM-HIGH</b></p> <p><b>Strategy alignment:</b> IHR's investment strategy is not explicit in its impact intentions; rather, positive impact has resulted as a consequence of the REIT's current investments. A change in investment strategy could quickly reduce the level of positive impact achieved if, for example, IHR began to invest exclusively in more high-end, private-pay care home facilities.</p> <p><b>Partnership alignment:</b> As a landlord, Impact Healthcare has limited influence on the level of care within its homes and relies heavily on tenants to deliver high quality services.</p>	<p>An annual assessment to monitor the impact generated by the REIT's investment strategy ensures transparency about the impact achieved.</p> <p>The close working relationships and long-term commitment to tenants foster alignment between the REIT and its tenants in the delivery of effective care.</p>
<p><b>Stakeholder participation risk</b></p> <p>The probability that the expectations and/or experience of stakeholders are misunderstood or not taken into account</p>	<p><b>MEDIUM- HIGH</b></p> <p>Given the vulnerability of residents in care homes, it can often be difficult to gather feedback directly from the most important stakeholders.</p>	<p>Using different means for stakeholder feedback, such as engagement with families and nursing staff. Spot site visits, care home reviews and ratings also help to gauge stakeholder experience. Paying close attention to public sources of information, such as CQC reports, will foster best practice.</p>
<p><b>Evidence risk</b></p> <p>The probability that insufficient high-quality data exists to know what impact is occurring</p>	<p><b>MEDIUM</b></p> <p>The REIT owns the property as a landlord and leases them to the care home operators as tenants. Therefore, there is a limited amount of data the REIT can access on the impact that is occurring for residents and staff.</p>	<p>Continue to work closely with tenants and encourage data sharing to maximise understanding of day-to-day operations.</p>
<p><b>Execution risk</b></p> <p>The probability that the activities are not delivered as planned and do not result in the desired outcomes</p>	<p><b>MEDIUM</b></p> <p>IHR relies on tenants to deliver top quality care in its homes. Finding the right tenants, who in turn employ the best care home managers, is critical to the delivery of positive impact.</p>	<p>Robust due diligence on tenants ensures the highest quality businesses are operating across IHR properties.</p>

# 5 / CONCLUSIONS AND RECOMMENDATIONS

## STRENGTHS

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### – Partnerships

Impact Healthcare is valued by its tenants and maintains strong, long-lasting relationships that contribute to the operation of care homes. This includes working closely with tenants so they can manage and expand their businesses in a sustainable way.

### – Meeting needs

Impact Healthcare's tenants enjoy good occupancy levels and a high proportion of beds are funded by local authorities, suggesting that the REIT provides a much-needed service to communities across the UK.

### – Investing in improvements

Impact Healthcare is an active landlord – investing significant amounts of capital to improve the quality and quantity of healthcare beds in its portfolio.



## POTENTIAL WEAKNESSES AND RECOMMENDATIONS

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### – Tenant employment policies

Impact Healthcare could prioritise tenants that are good employers, including those who work on the professional development of their staff and offer all employees a living wage.

### – Additionality

To maximise its impact, the REIT could focus on building new facilities in places with lower-than average health outcomes, wherever this is financially viable.

### – Reporting

If Impact Healthcare wanted to better understand the incidental benefits of their properties to the NHS they could request further information from tenants.



# APPENDICES

## APPENDIX 1 – DATA SOURCES

DATA SOURCE/ EVIDENCE	OVERVIEW	EVIDENCE RISK	COMMENTS
<b>Asset level data</b>	Information on each care home is provided by IHR, details include location, number of beds, length of leases, cost of care	Low	Reliant on the accuracy of data provided by IHR
<b>EPC data</b>	Datasheet showing distribution of EPC ratings across UK properties	Low	Reliant on the accuracy of data provided by IHR
<b>Capex data</b>	Deployment of capital expenditure across the portfolio on an annual basis	Low	Reliant on the accuracy of data provided by IHR
<b>CQC ratings</b>	Provided by IHR across the portfolio but independently verifiable online through the CQC website	Low	Sampling verification has occurred
<b>Interviews with tenants</b>	Interviews have been conducted with a small sample of tenants to understand their partnership with IHR and how they contribute to outcomes	Medium	We spoke with two tenants out of thirteen
<b>NHS cost of beds</b>	The reference cost of excess bed days has been used from a 2015/16 NHS report. The NHS has since stopped calculating Excess Bed Days costs so yearly RPI has been applied to get calculate an updated figure for the weekly cost of a bed space in hospital as a result of delayed discharge	Medium	There are assumptions in this calculation that are outlined
<b>Resident feedback</b>	Resident feedback is always desired but difficult to gather in the case of IHR. We spoke with 2-3 residents whilst on site visits, however these are not sufficient to speak to the broader resident experience	Medium-High	Limited sample size

## APPENDIX 2 – COMPILED IMPACT DATA

IMPACT AREA	IMPACT METRICS	RESULTS
<b>Invest in healthcare beds that meet a local need</b>	Total number of beds	7,079 beds
	Occupancy rate	86%
	Breakdown of residents by tenure type (LA / NHS; private)	75% Local Authority/NHS residents; 25% private residents
	Type of care provided	69% nursing care; 31% residential care

IMPACT AREA	IMPACT METRICS	RESULTS
<b>Increase supply and improve existing care facilities</b>	Number of new build care homes	1 completed (1 in pipeline)
	Number of beds in new build care homes	94 (80 in pipeline)
	Capex spent on improving or expanding stock for the year ended 31st December 2022	£11.8 million
	Number of additional care beds delivered through capex expansions across life of REIT	218

IMPACT AREA	IMPACT METRICS	RESULTS
<b>Provide value for money</b>	Average fees paid by Local Authorities	Local Authorities account for 69% of revenues. Local Authority fees average £816/week per resident <sup>25</sup>
	Average fees paid by private paying residents	Private fees account for 31% of revenues. These fees average £1046/week per resident <sup>26</sup>
	Proportion of operator's annual fair maintainable trade paid as rent	13%
	Portfolio aggregate rent cover ratio	1.8x
	Estimated savings to the NHS through placing potential 'bed blockers' in the REIT's homes	£50 million

IMPACT AREA	IMPACT METRICS	RESULTS
<b>Form high quality partnerships</b>	Number of tenants	13
	CQC rating of Impact Healthcare's care homes (England and Wales assets only)	
	Outstanding	9%
	Good	70%
	Requires improvement	20%
	Inadequate	1%
	Average length of new leases	26 years

25. Average weekly Local Authority and Private resident fees have been taken from a sample of three tenants' data.

26. Ibid.

IMPACT AREA	IMPACT METRICS	RESULTS
<b>Improve energy efficiency of homes</b>	Percentage of Impact Healthcare care homes in England and Wales with EPC ratings above C (2021)	88%
	Value of capital invested in improving EPC ratings	£665,350
	New properties: EPC rating compared to national average	1 home (new) – 94 beds – EPC B
	Number and percentage of existing beds with improved EPC rating	60 beds



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## CONTACT

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4 Miles's Buildings, Bath BA1 2QS  
City Tower, 40 Basinghall Street, London EC2V 5DE

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+44 [0] 1225 331 382  
[info@thegoodeconomy.co.uk](mailto:info@thegoodeconomy.co.uk)

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[thegoodeconomy.co.uk](http://thegoodeconomy.co.uk)