IMPACT Healthcare REIT

Annual results presentation

March 2022

Agenda

IMPACT
Healthcare REIT

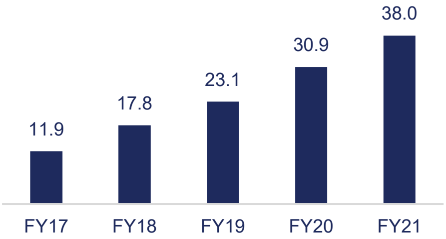
Overview of 2021

IMPACT Healthcare REIT

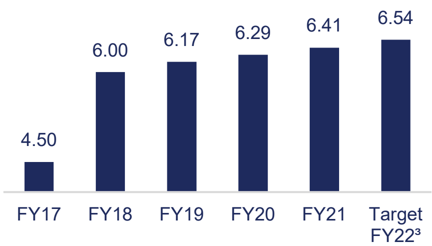
Delivering strong, resilient performance

- Main Market-listed healthcare REIT with a market cap of approximately **£445 million**
- Strong, predictable cash flow from **collecting 100% of rent** due since inception, with no interruption during the pandemic and no lease renegotiations. Zero voids
- Leases are long-term and 100% are **inflation-linked.**
- 2021 **dividends fully covered** by EPRA earnings per share and adjusted earnings per share. Progressive dividend policy targeting 2022 dividend to increase by 2% to 6.54 pence per share
- Delivered a total accounting return of 8.4% in 2021, with an average total shareholder return of 10.8% per annum since IPO in March 2017
- Strong balance sheet with LTV at year-end of 22%
- Attractive pipeline of relationship-driven and accretive investments, with pre-let forward funding developments and asset management a growing part of our value creation strategy
- Market conditions in the UK elderly care sector continue to be supported by strengthening long-term structural growth. Demand for care beds is not directly correlated to the macroeconomic cycle

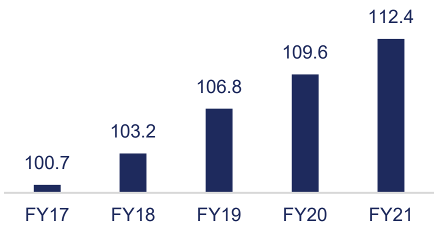
Contracted rent[2]
(£m)



Dividends
(pence per share)



NAV per share
(pence)



2021 financial highlights

£38m (+23%)
Contracted rent roll

£32.0m (+11%)
Profit before tax

8.05p / 6.68p
(+11% / +12%)
EPRA EPS / Adjusted EPS

6.41p (+2%)
Dividends per share

126% / 104%
EPRA EPS / Adjusted EPS dividend cover

112.43p (+3%)
NAV per share

[1] Including Croftwood and Minster, which are both part of the Minster Care Group.
[2] Pro forma contracted rent includes all post tax income from investment in properties, whether generated from rental income or post tax interest income.
[3] 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 essential social infrastructure

	Core KPI	IHR 2021
Careful tenant selection	Rent cover	1.9 times
Buildings attractive and not over-rented	Rent collected	100%
Delivering sustainable returns to shareholders	Dividend cover	126%
Value creation though asset managment	NAV growth	2.6%

Financial results

Continued earnings growth, delivering a covered growing dividend

£'000	FY 2021	FY 2020	
Net rental income	36,398	30,816	+18.1%
Operating profit before changes in fair value	30,940	25,705	+20.4%
Profit before taxation	31,968	28,783	+11.0%
EPRA earnings per share	8.05p	7.25p	+11.0%
Adjusted earnings per share[1]	6.68p	5.98p	+11.7%
Dividend declared for the year	6.41p	6.29p	+1.9%

EPRA dividend cover

126%

FY20: 115%

Adjusted earnings dividend cover

104%

FY20: 95%

EPRA cost ratio

15.8%

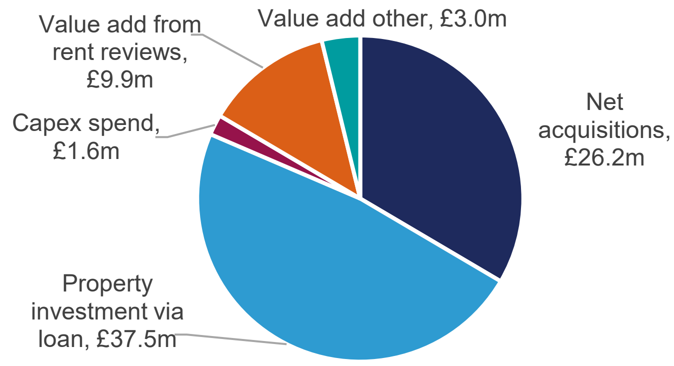
FY20: 17.1%

1 The inclusion of profit on disposal of investment property was made in the current year to better reflect the cash earnings of the group. The prior year adjusted earnings figure has been restated to include this adjustment.

Continued capital growth and returns

£'000	FY 2021	FY 2020	
Property investments[1] (£'000)	496,942	418,788	+18.6%
Net asset value (£'000)	394,244	349,521	
Net asset value per share	112.43p	109.58p	+2.6%
Gross loan to value	22.3%	17.8%	+4.5pts
Total accounting return	8.42%	8.46%	-0.04pts

Movement in Property investments



EPRA 'Topped up' net initial yield

6.71%

FY20: 6.71%

1 Property Investments includes Investment properties at their closing value as per the independent valuation and investment in properties via loans to operators.

Continued growth and value to shareholders

	NAV p/share	EPRA Earnings p/share	Adjusted Earnings p/share[1]
31 December 2020	**109.58**		
Cash revenue		8.97	8.97
Net rent smoothing revenue		1.75	–
Net revenue	10.72	10.72	8.97
Operating costs	(1.70)	(1.70)	(1.70)
Net finance costs	(0.97)	(0.97)	(0.68)
Dividend paid in year	(6.38)		
Portfolio value movement	3.82		
Profit on disposal	0.09		0.09
Rent smoothing – value movement	(2.55)		
Share issue	(0.18)		
31 December 2021	**112.43**	**8.05**	**6.68**

FY 21 Dividend Cover (Dividend of 6.41p)		**126.2%**	**104.2%**

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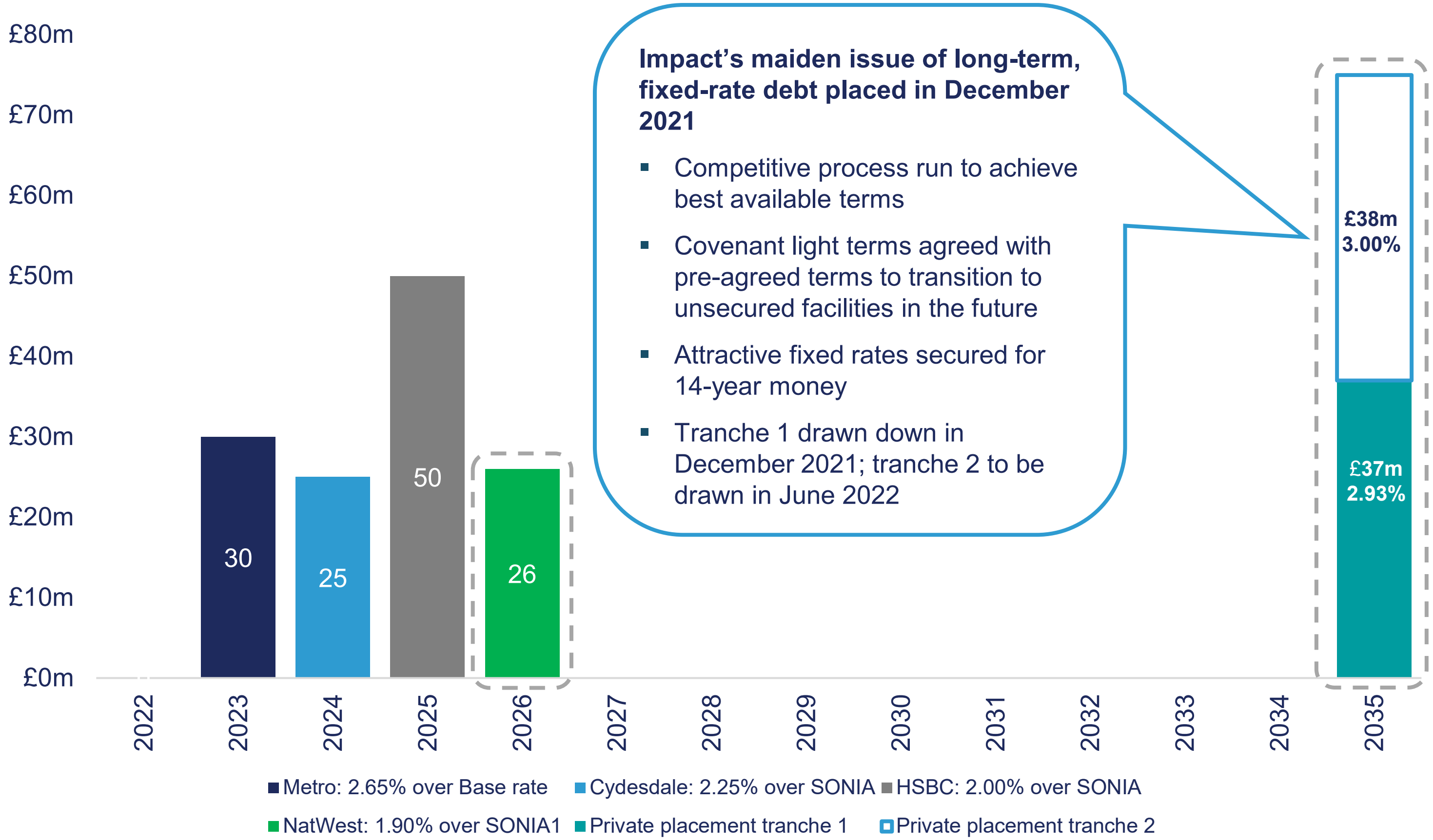
Enhanced debt certainty, extending debt maturities at fixed rates

Debt maturities



Impact's maiden issue of long-term, fixed-rate debt placed in December 2021

- Competitive process run to achieve best available terms
- Covenant light terms agreed with pre-agreed terms to transition to unsecured facilities in the future
- Attractive fixed rates secured for 14-year money
- Tranche 1 drawn down in December 2021; tranche 2 to be drawn in June 2022

£101m
New debt funding in 2021

22.3%
Gross LTV

6.3 years
Weighted average term to maturity[3]

2.93%
Weighted average cost of debt[4]

Secured in the year to December 2021

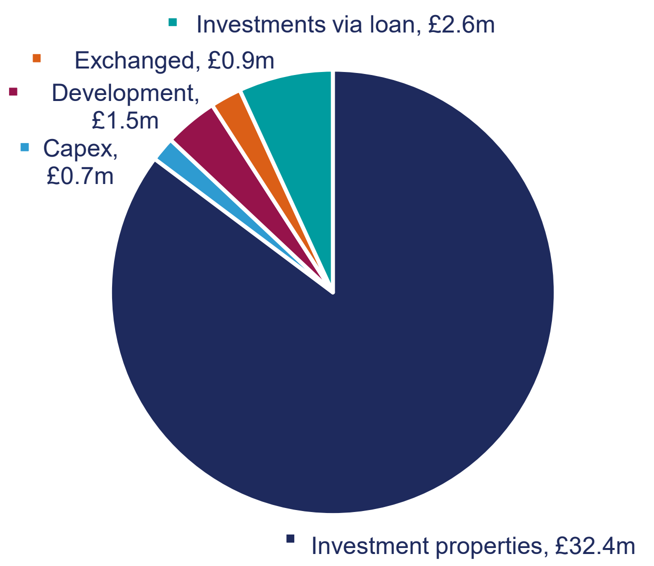
[1] Accordion option to expand from £26 million to £50 million and two one-year extensions assumed to have been exercised here
2 Based on debt drawn to finance all current commitments and gross assets pre-equity raise
3 At June 2022 after drawdown of second tranche of the private placement, this assumes the exercise of the extensions on the NatWest facilities
[4] Weighted average cost of debt on a fully drawn basis, excluding arrangement fees. Weighted average cost of debt including arrangement fees is 3.54%

Well placed to deliver further growth

Contracted rent roll

£38.0m

FY21 Cash rent received £30.5m

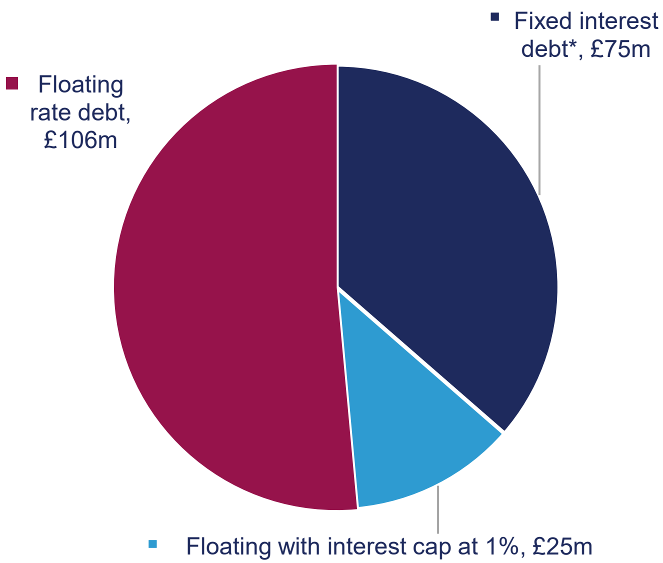


£206m of debt facilities

+ £24m of available NatWest Accordion

Weighted average cost of debt

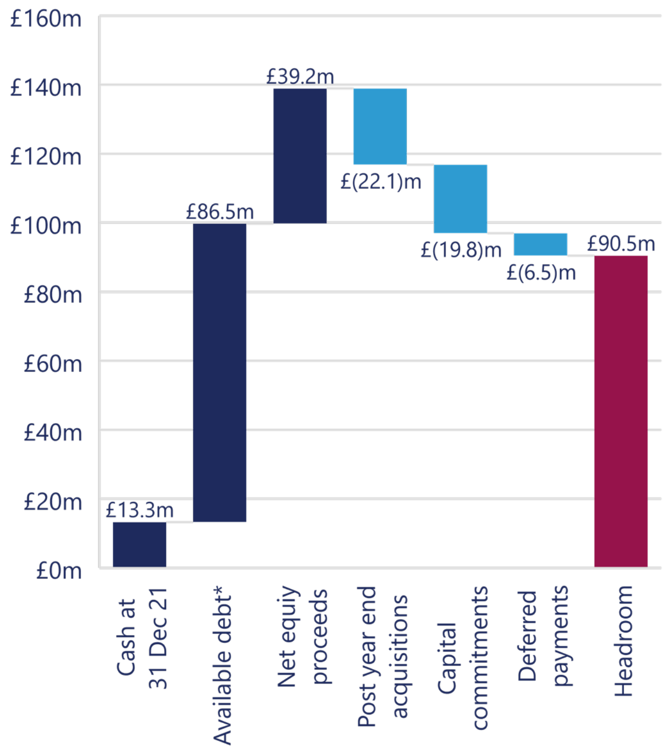
2.93%



£90m of liquidity headroom

Average net initial yield of acquisitions

7.50%



*Including the committed second tranche of private placement debt

Care Home Market

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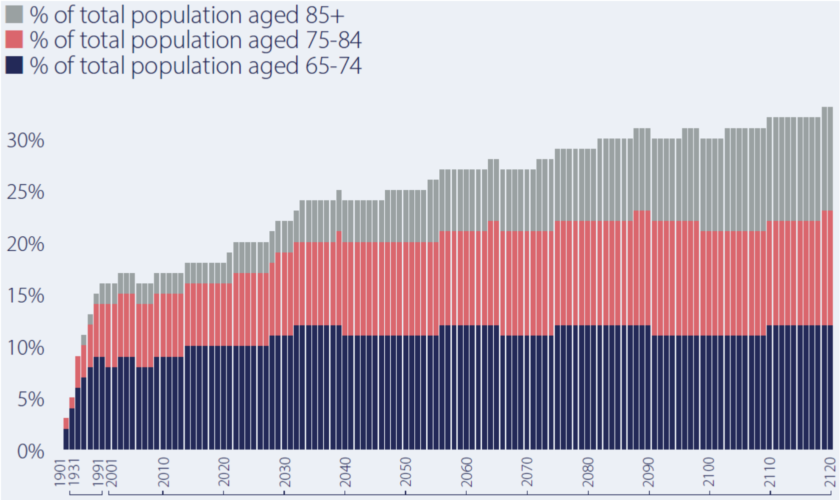
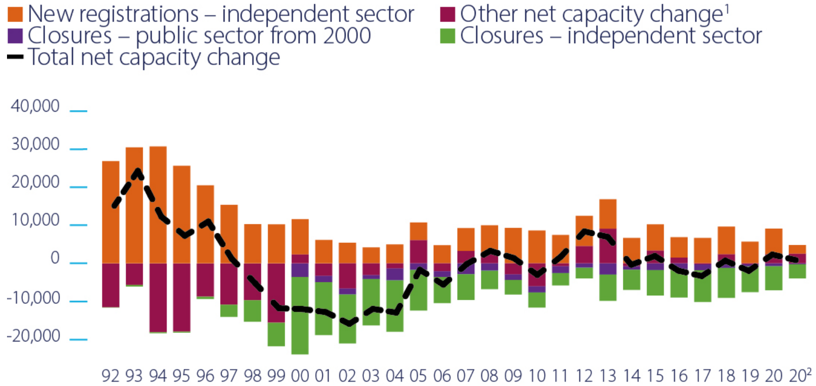
Key market drivers

Highly fragmented market with significant supply/demand imbalance and strong stable growth in weekly fees

1. Rapidly ageing population



2. Capacity not rising in line with ageing population

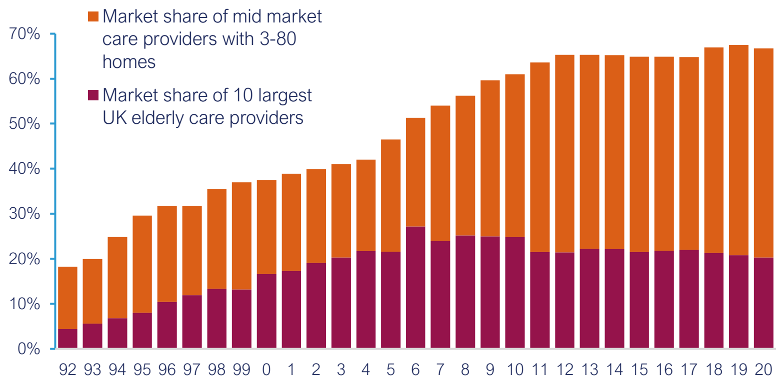


Note: Excludes changes in NHS hospital long-stay places for older people

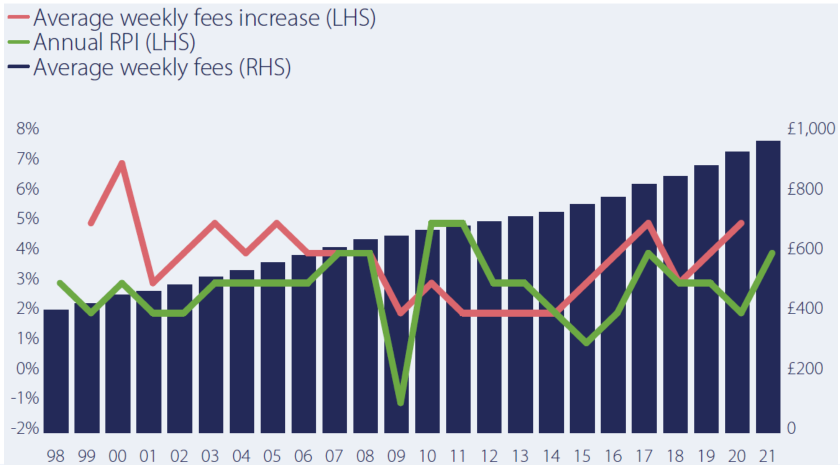
1 Other net capacity change includes extensions and reductions to existing homes as well as re-registrations of care homes to and from client groups other than old age and dementia

2 Apr-Sep 20 (annualised)

3. Highly fragmented market



4. Care providers can charge inflation+ fees



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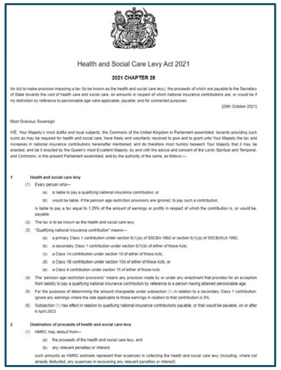
Government reform provides greater certainty for long-term funding of elderly care

Four significant initiatives to reform and improve access to elderly care:

September 2021: policy paper

Sets out government's key political aims:

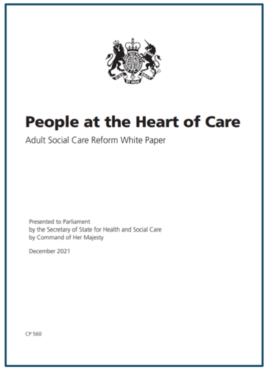
- Individual care costs to be capped at £86,000 in England from October 2023
- Less means testing: anyone who has assets of less than £20,000 will have their care costs fully met by the state. Those with assets between £20,000 and £100,000 will receive some means-tested state support (up from £23,250 now)



October 2021: Health and Social Care Levy

Act passed by parliament which increases National Insurance and tax on dividends from 2022/23 by 1.25%:

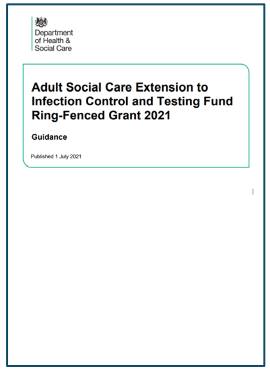
- Expected to raise an additional £36 billion over the first three fiscal years. Money hypothecated for health and social care
- Of that, £5.4 billion initially allocated to increased spending on adult social care, with the balance used to clear NHS backlogs
- Proportion allocated to adult social care expected to rise over time



December 2021: White Paper

Sets out measures for how additional funding will be used to improve care:

- Introduction of independent assessments by CQC of how well local authorities are fulfilling their obligations to provide care
- £3.6 billion of the additional funding to be used to enable local authorities to pay more for care
- £1.7 billion of the additional funding from the Levy to be used for wider system reform, including £500 million for training the care workforce
- At least £300 million allocated to support the range of supported living option available



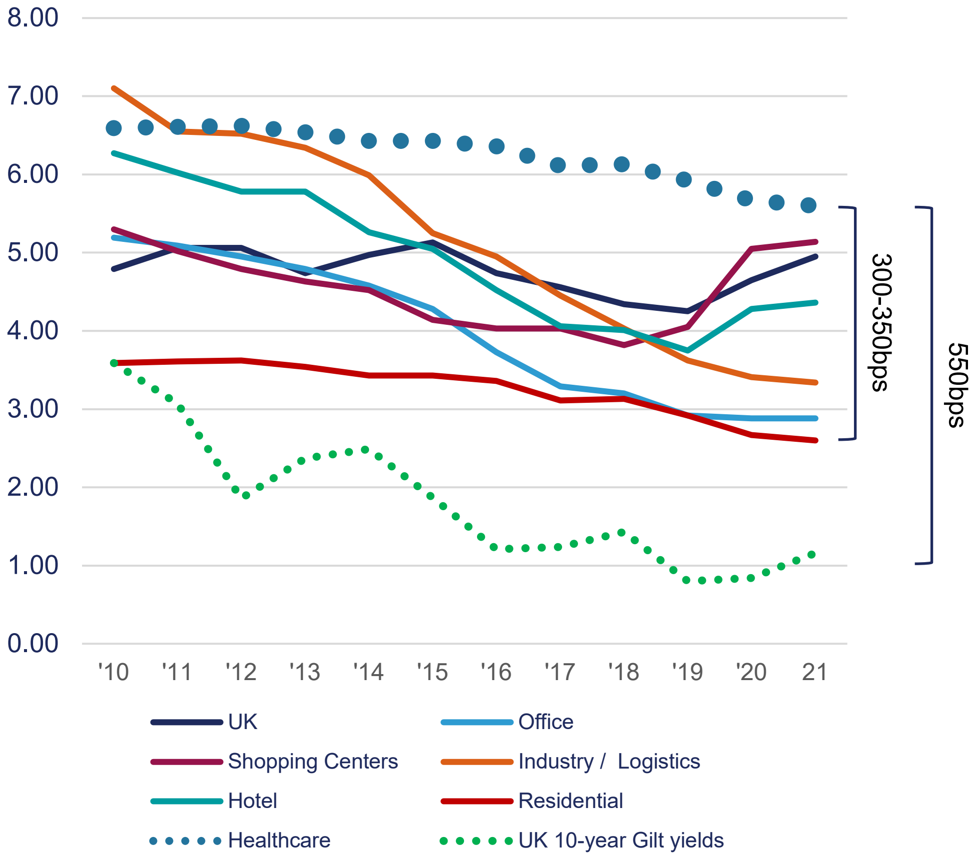
Ongoing: Infection Control and Testing Fund

In parallel to these longer-term measures, the government has been active in supporting care homes during the pandemic:

- So far provided ring-fenced funding of £1.75 billion for improved infection control and £523 million for testing in care homes
- Fund currently extended to March 2022
- Care homes must demonstrate they have spent the money on measures that will improve infection control (at least 70% of the money granted) and improve access to vaccines and testing

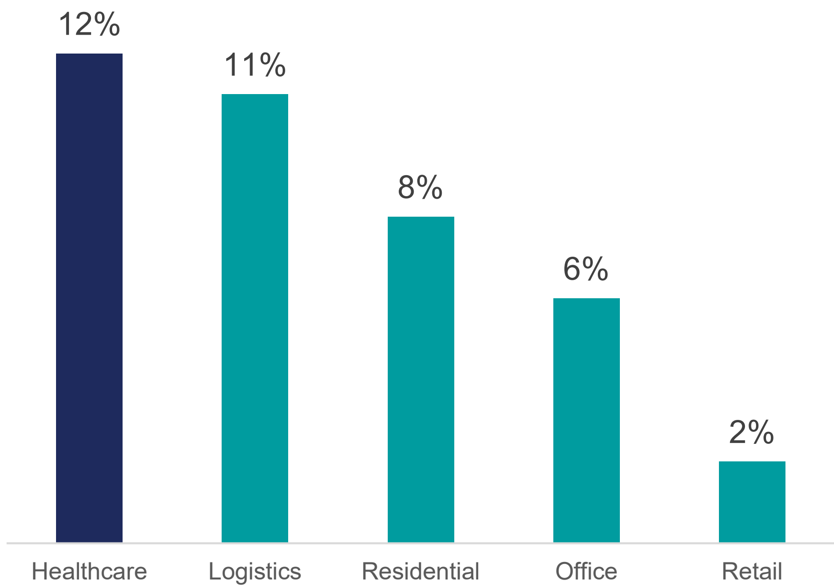
Strong yields and resilience attract more investor interest

Healthcare yield attractive compared to alternatives as inflation rises



Source: CBRE

Total shareholder returns over two years 2021 – 2023E[1]



"Healthcare is the real estate asset class with the most attractive return potential based on structural undersupply and a highly fragmented market ready for consolidation"

Goldman Sachs, March 2022

Source: Goldman Sachs

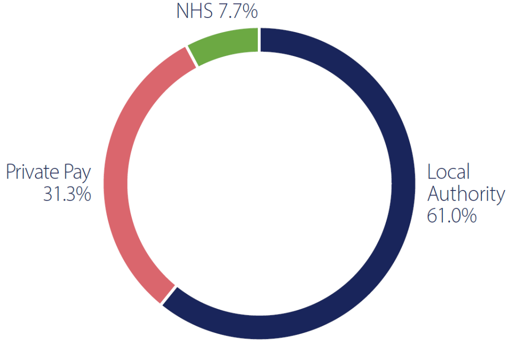
[1] Total shareholder return projections based on broker estimated entry and exit NAV and two years' dividends. Healthcare based on Cofinimmo, PHP, Assura, Target Healthcare, Care Property Invest and Impact Healthcare

Impact Portfolio

Current portfolio

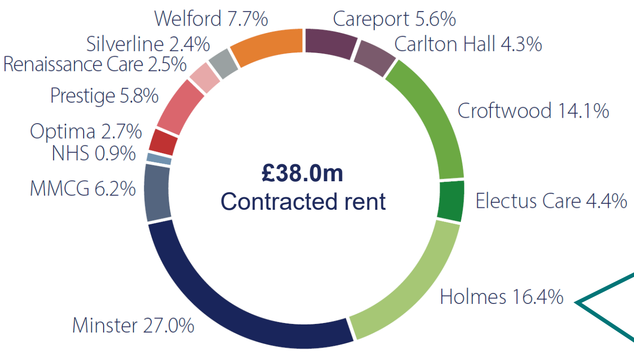
Security of tenant income (%)

Based on % revenue, for the quarter to 31 December 2021, to care home tenants



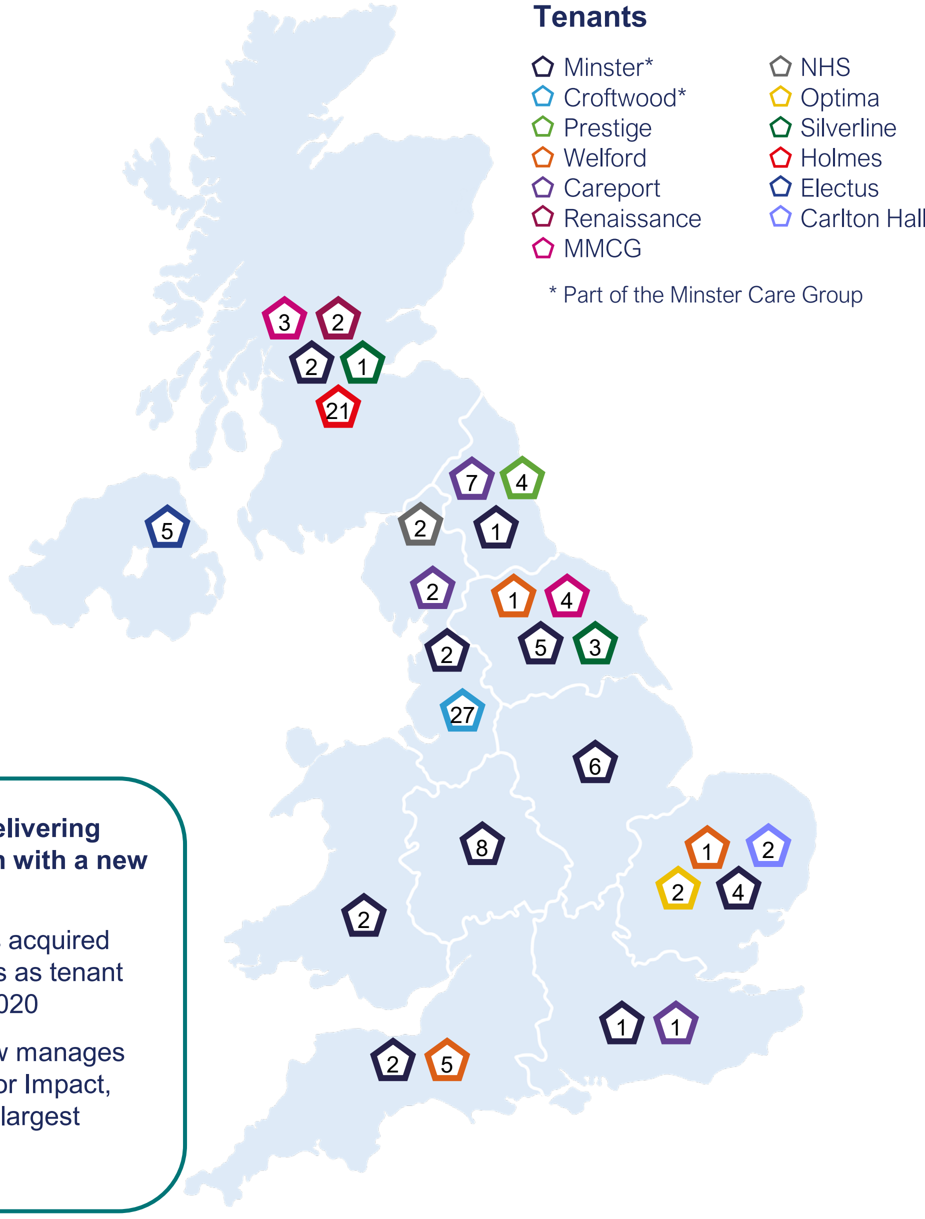
Diverse tenant base

Based on % of contracted rent as at 31 December 2021



Example of delivering diversification with a new tenant

- First homes acquired with Holmes as tenant in August 2020
- Holmes now manages 21 homes for Impact, our second largest tenant

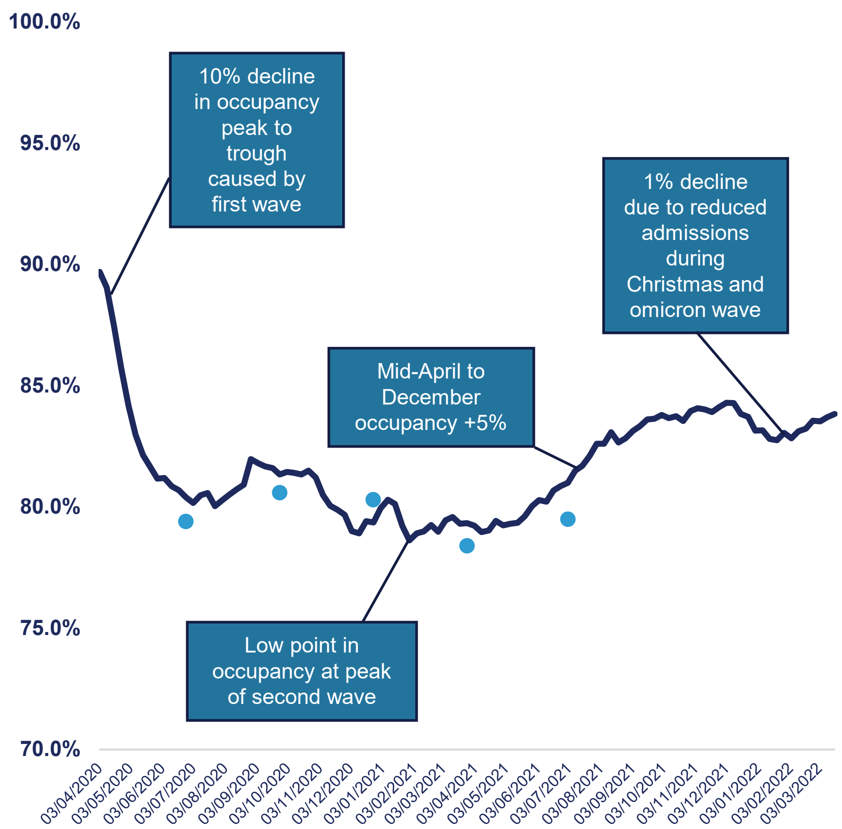


Data for the map and tenant by income chart include forward funded developments, exchanged properties and investment in properties via a loan to the operator, with an option to acquire.
Pro forma contracted rent includes all post tax income from investment in properties, whether generated from rental income or post tax interest income.

Tenant resilience

100% rent collection since IPO and during pandemic. Occupancy gradually returning to normal levels, operators reporting high levels of pent-up demand. Tenant rent cover higher in 2021 than pre-pandemic[2]

Impact Group average adjusted occupancy[1]



● **Knight Frank UK average care home occupancy[3]**

Impact Group rent cover vs Market levels of rent cover

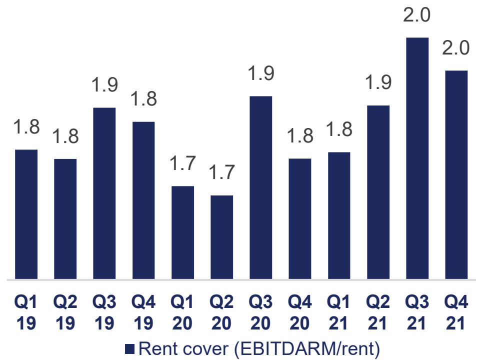
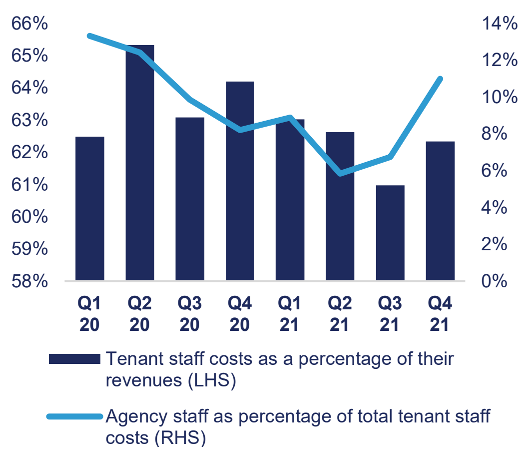


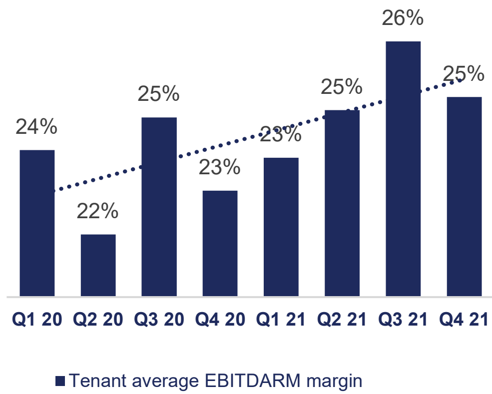
TABLE 5 | Rent cover

	NURSING	PERSONAL	ALL CARE
2019	1.5	1.6	1.5
2020	1.6	1.7	1.6
2021	1.5	1.4	1.5

Source: Knight Frank

Impact Group tenant KPIs





[1] Excludes three turnaround homes

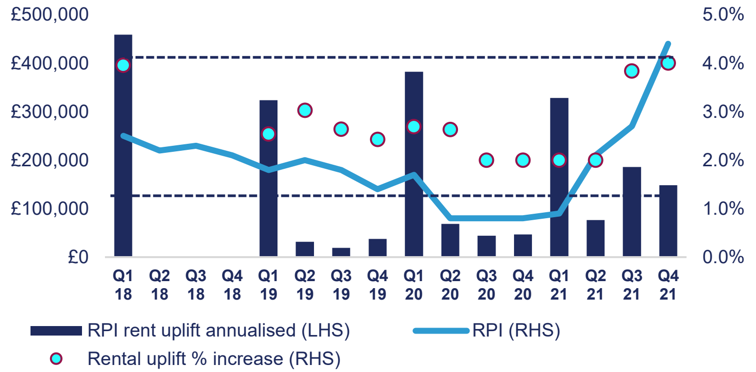
[2] This is largely explained by strong underlying growth of the average weekly fees, along with a range of support measures introduced by the government to mitigate the pandemic including grant funding

[3] Source: 2021 UK Care Homes Trading Performance Review, Knight Frank

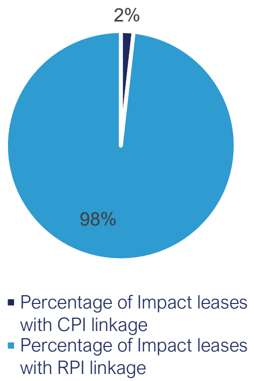
Two layers of inflation protection

1) 100% of leases inflation linked

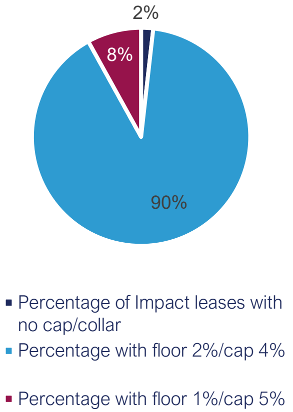
Inflation-linked rent increases received



Impact leases inflation linkage



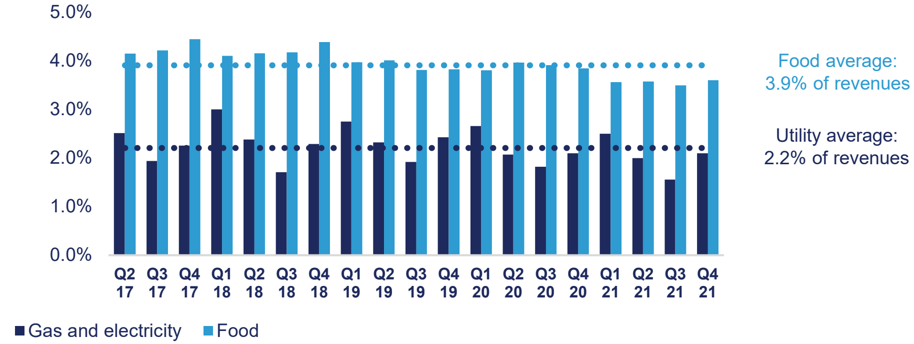
Impact leases caps and collars



2) Care providers have a track record of increasing fees in line with inflation

Average annual fee increase 1998 - 2020

Impact tenant spending on utilities and food as % of their revenues



Limited impact to tenants' margins from rising costs

	Q4 21	+ 25%	+ 50%
Utilities as % of revenue	2.1%	2.6%	3.1%
Food as % of revenue	3.6%	4.5%	5.4%
EBITDARM margin	25.0%	23.6%	22.2%

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Approach to Investing

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Our approach to underwriting acquisitions

1. Review historic operating and trading performance of the homes and develop a sustainable business plan based on actual performance, not future potential
2. Run sensitivities on potential for cost increases/income reductions and identify areas for potential improvements
3. Establish correct level of initial rent
4. Negotiate acquisition price for that level of rent
5. If appropriate agree deferred payment structure and rent increases aligned with future improvements in home performance and asset management uplifts

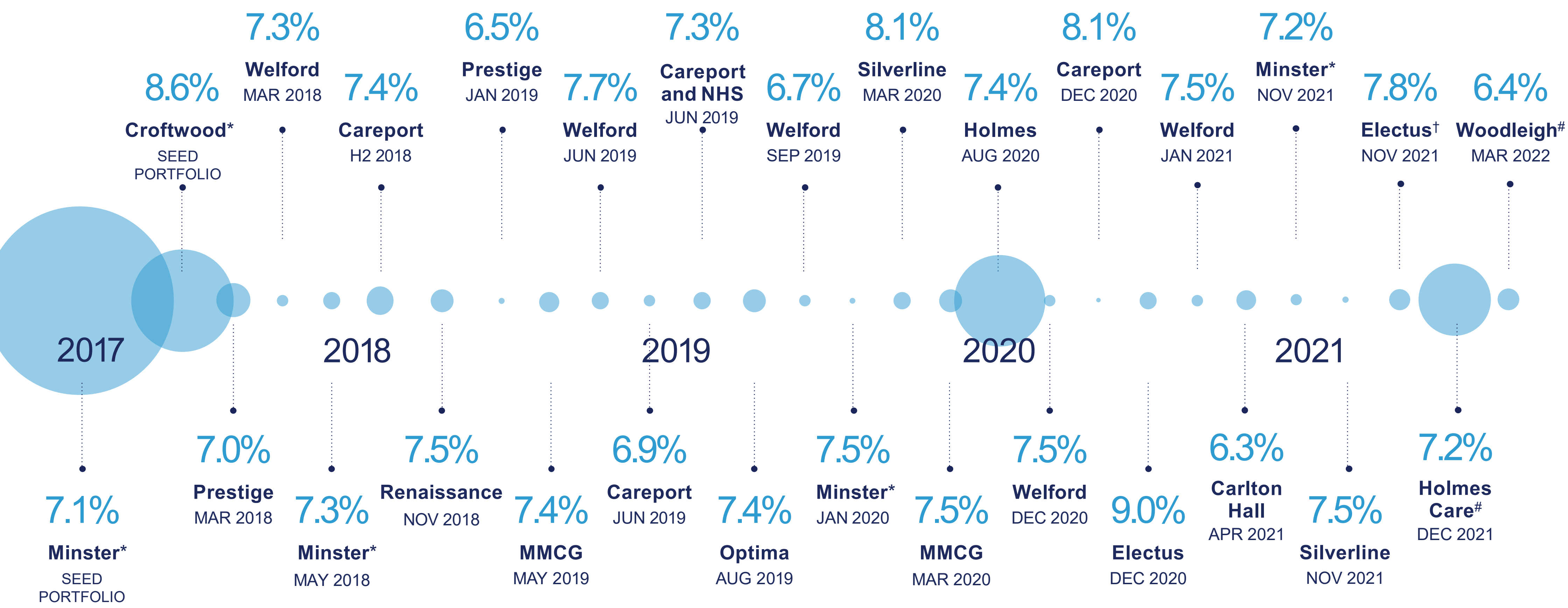
Illustrative mid-sized care home group financials[1]	
KPIs[2]	
Available beds	376
Average weekly fee	£804
Occupancy	91%
Public/private mix	82%/18%
Income	**£15.4 million**
Costs (% of income)	
Staff wages	56.6%
Agency staff	2.9%
Staff training and uniforms	1.1%
Total staff	**60.6%**
Repairs, maintenance and cleaning	4.2%
Food and catering consumables	3.4%
Other overheads	3.4%
Utilities	2.5%
EBITDARM[3] margin	**25.8%**
Rent	11.7%
EBITDAM margin	14.1%

[1] Illustrative financials for a mid-size Impact tenant for the 12 months to 31 December 2020

[2] Average for the period

[3] Earnings before interest, taxes, depreciation, amortisation, rent and central management costs of the tenant

Disciplined approach to deploying capital



Net yield by acquisition

Net yield defined as rental income at acquisition divided by purchase price net of acquisition costs Source: Company information

* Minster and Croftwood are both part of the Minster Group † Exchanged # Funded

Value of acquisition

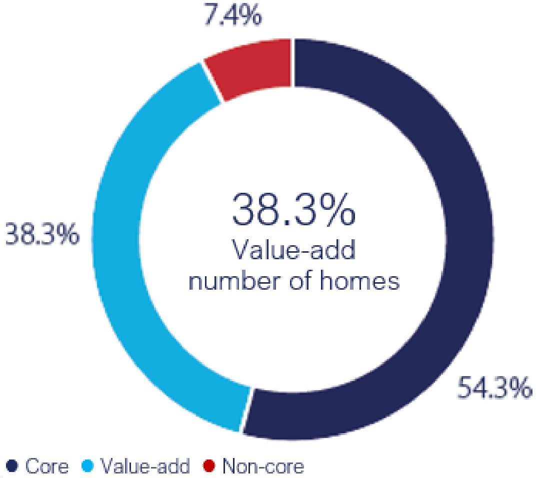
Asset Management and ESG

Asset management

Continued progress during the year

- 3 projects achieved practical completion, 6 projects commenced or in planning.
- Low risk, existing tenants.
- Capital typically deployed at 8%.
- Capital value upside.
- Projects range from refurbishment to adding additional bedrooms and environment sustainability improvements.
- Forward funding projects at Hartlepool and Norwich progressing well.
- Pipeline of opportunities replenished for 2022 with increased market confidence.

Significant opportunity to enhance value from the value-add portfolio



Harrogate

Hartlepool

Asset management in action

Fairview

- New build link block and internal refurbishment.
- 17 new wet room bedrooms (11 net increase).
- Fairview House bedrooms improved.
- New laundry and improved kitchen.
- Total committed investment £3.5 million.
- EPC ratings will rise from B and C today, to A for the unified building on completion.

Forward funding a new home and assisted living in Norwich

- 80-bed care home for range of residential, nursing and dementia care.
- High quality home set to become dominant local player.
- Detailed design underway.
- Commencing on site Q3 2022, and delivery planned for Q4 2023.

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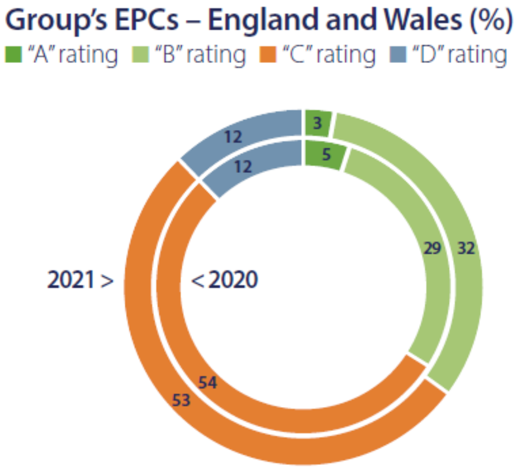
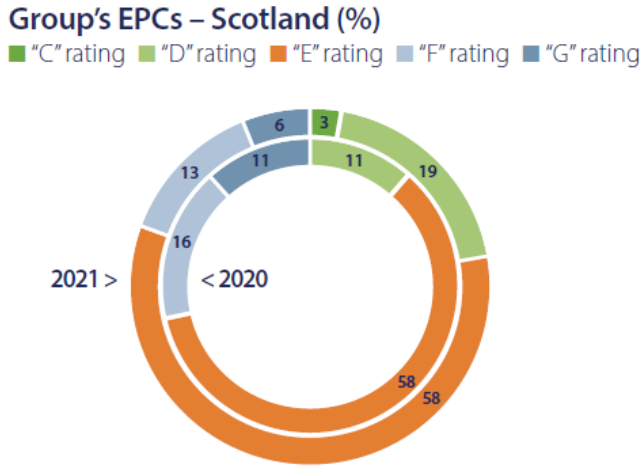
ESG embedded in our work



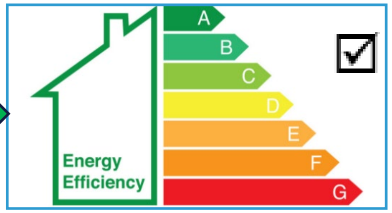


- Further progress on decarbonising our portfolio in readiness for MEES compliance in 2030
- MEES compliance has estimated capex of £900k based on desktop modelling (assuming 7-year payback rule is retained)
- To achieve a minimum EPC band B across the portfolio would require total capex of c. £5m.
- Asset management projects include additional works to improve the environment performance of buildings. This helps to reduce running costs and future-proofs homes.

Case Study – Blackwell Vale

- Existing home rated EPC band C
- Refurbishment and extension to existing home
- Range of sustainability measures included
- Forecast EPC B rating after works completed

LED lighting
Additional insulation
Heat recovery units
High efficiency boiler



Environmental sustainability

- All acquisitions screened for current and potential sustainability – firmly embedded in our due diligence process.
- Capex projects have sustainability improvements as a key performance indicator.
- ESG working group established to review strategy and policy.
- ‘Green’ leases now standard on new lettings.
- Work underway on TCFD ahead of mandatory reporting including climate risk and opportunity analysis.
- Work commenced on understanding our transition towards net zero carbon emissions.

Achieving positive social outcomes

- Care homes are a cornerstone of social infrastructure.
- Our investment supports operators in providing essential services to older and vulnerable people, both for self-pay and publicly funded residents.
- By working closely with our operator partners and agreeing long term sustainable rents we enable our partners to focus on the provision of quality care services.
- Capex projects result in positive social outcomes in several ways;
  - ✓ Residents enjoy improved living environments.
  - ✓ Staff recruitment and retention improved through improved working environment.
  - ✓ Increased capacity in the social care system.
- One of our priorities for 2022 is to produce a social impact report.

Summary

Portfolio resilience

100% rent collection with zero voids

Tenant resilience

Strong rent cover and underlying fee growth

Covered dividend

Progressive dividend fully covered

Strong balance sheet

Low LTV and extended debt maturities

Active asset management

Two new homes being 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
- Target dividend for 2022 up 2.0% on 2021
- Further value enhancement from near term pipeline of well-considered accretive acquisition, asset management and development opportunities
- Major reforms of adult social care announced by government provide more supportive backdrop for key social infrastructure
- Strong healthcare yields attractive compared to alternatives as inflation rises

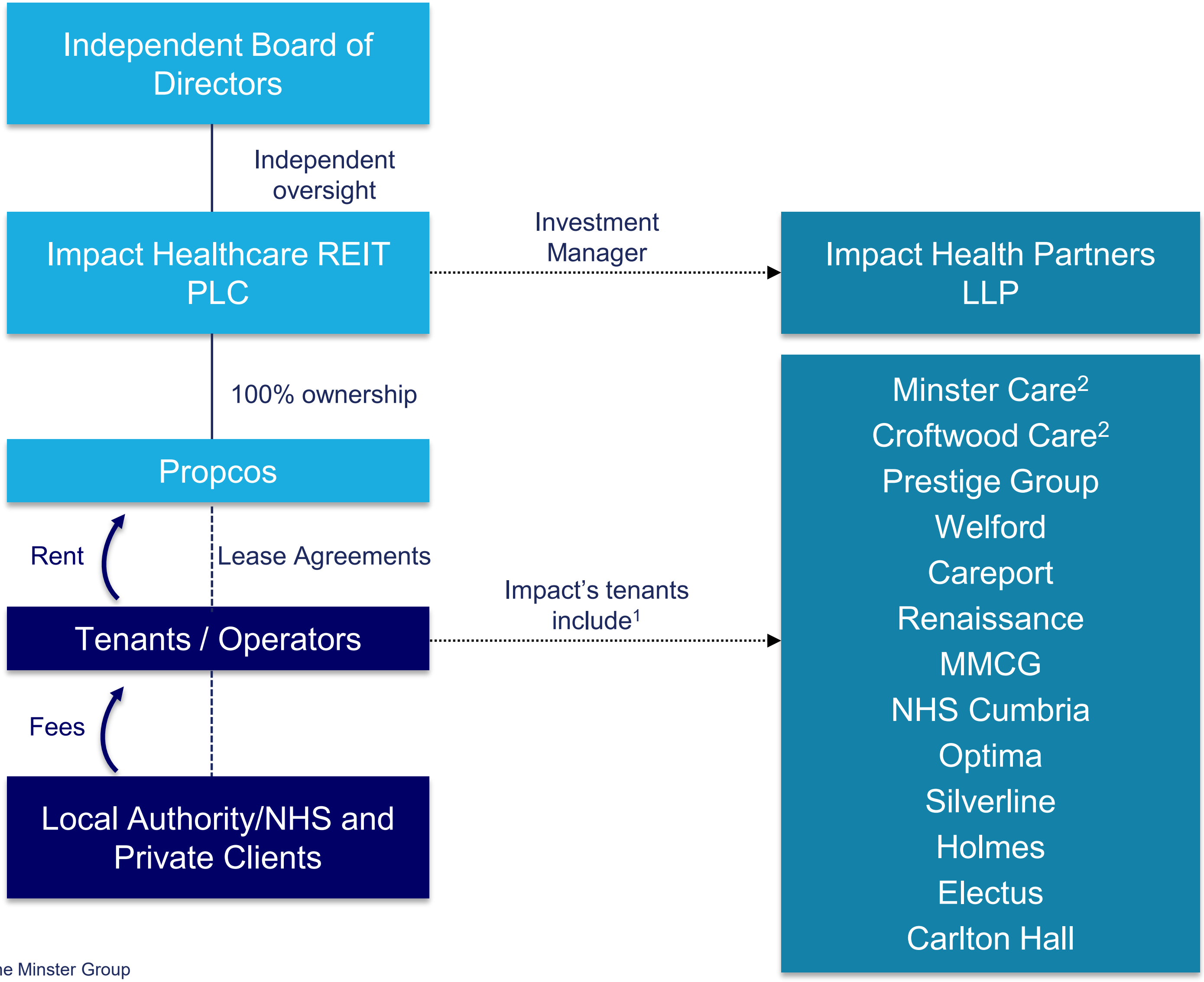
Appendices

Summary of company structure

Entity	▪ Impact Healthcare REIT PLC
Market	▪ Listed on the specialised 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	▪ 385,731,908 ordinary shares outstanding
Target dividend	▪ Target dividend of 6.54 pence per share for 2022.*
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 6 experienced Non-Executive Directors and is independent of the AIFM
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 £10m share holding in the Company. Other members of management and board hold £1.2m
Fees	▪ Management fees: 1% of NAV payable to Impact Health Partners LLP reducing to 0.70% on NAV above £500m
Corporate brokers and other advisers	▪ Jefferies, Winterflood Securities, Travers Smith and BDO

* This is a target only ands 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.

Company structure



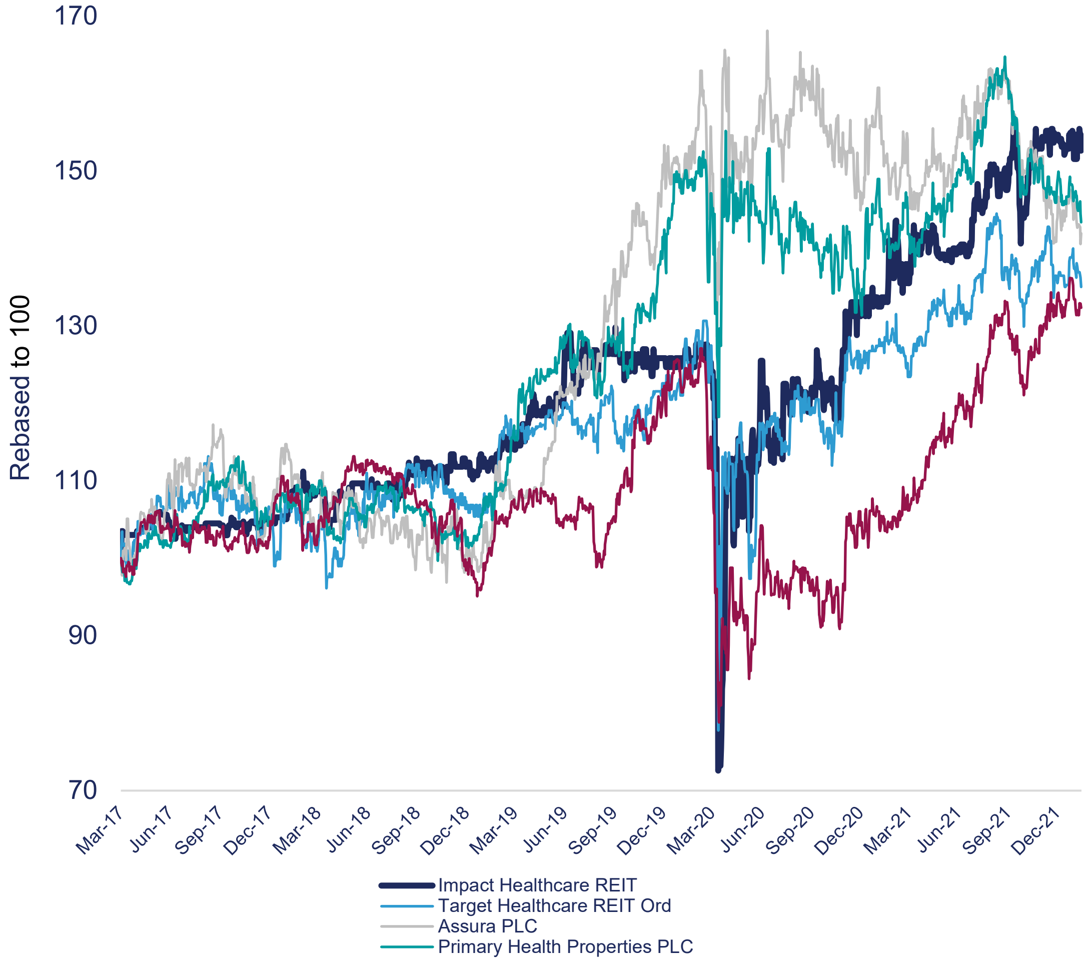
Source: Company information

[1] As at 30 Nov 2021

[2] Minster and Croftwood are both part of the Minster Group

Delivering for shareholders

Total shareholder returns



Annnualised TSR since IHR IPO

IHR: 10.8%

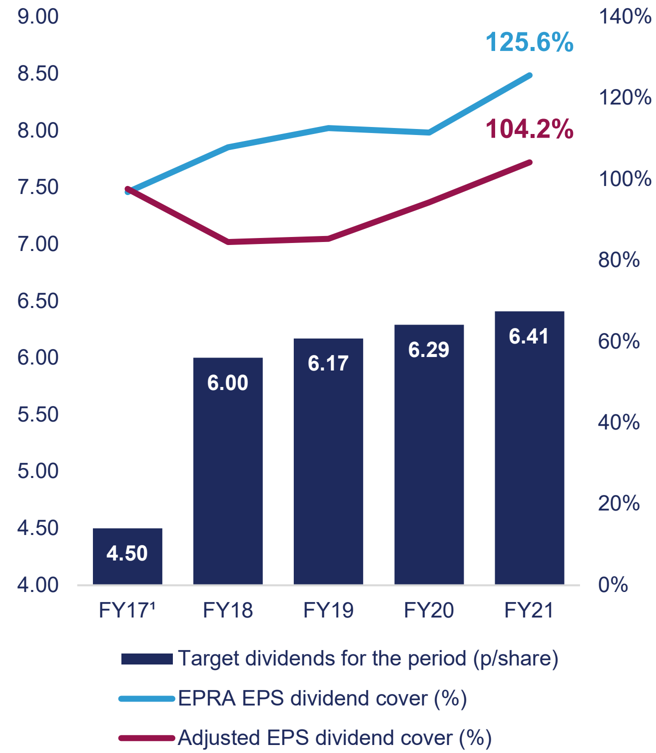
AGR: 8.6%

PHP: 8.9%

THR: 7.2%

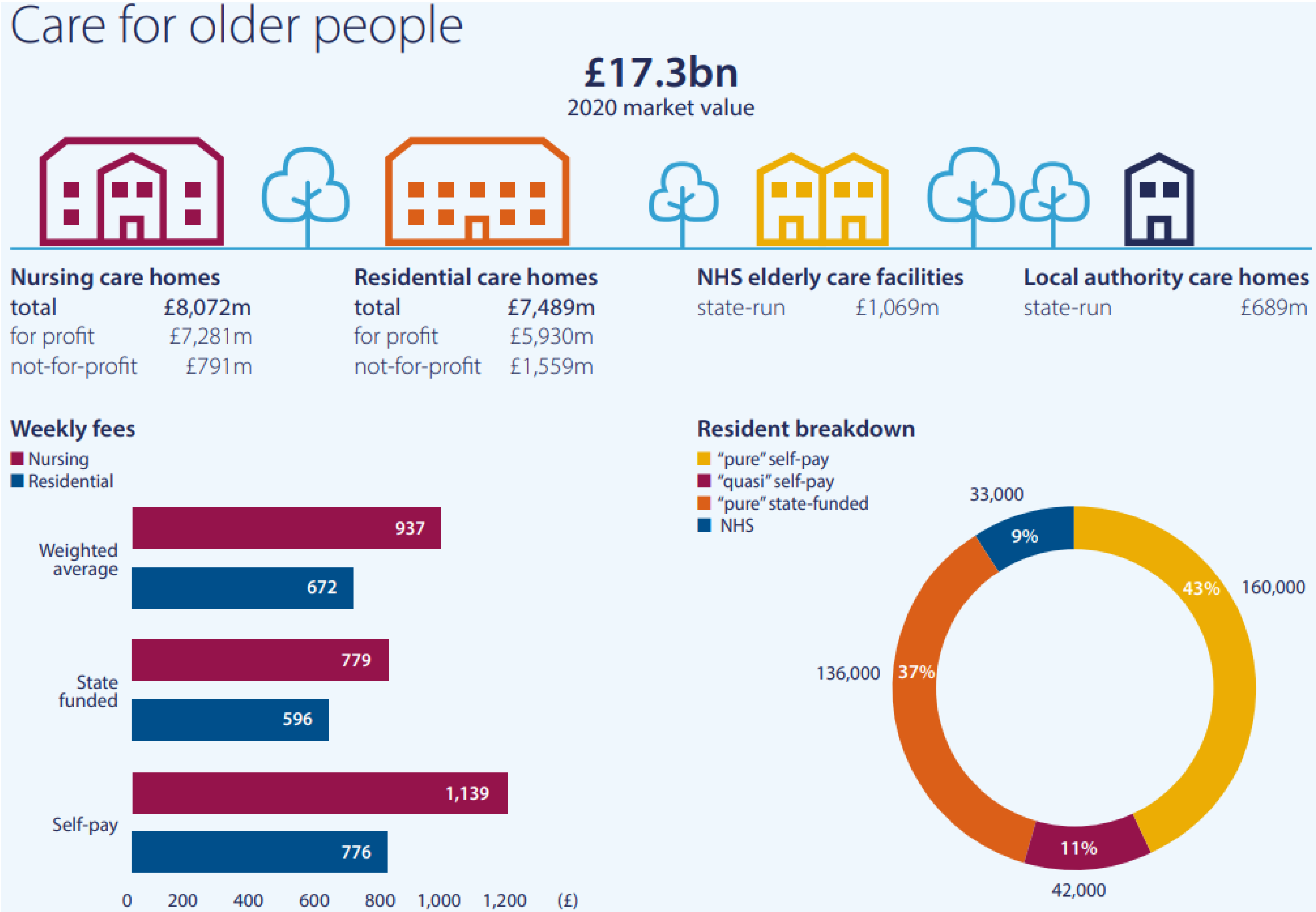
FTSE EPRA Nareit: 6.6%

Progressive dividend, fully covered



[1] For the period from IPO on 7 March 2017, to 31 December 2017
Adjusted earnings is used by the board to help assess the Group's ability to deliver a cash covered dividend from net income. The metric reduces EPRA earnings by other non-cash items credited or charged to the Group's income including the effect of straight-lining of rental income from fixed rental uplift adjustments and amortisation of lease incentives and loan arrangement fees. The metric also adjusts for any one-off costs that are not expected to be recurring

The elderly care market



IHR's portfolio

126
Properties

6,867
Beds

13[1]
Tenants

£508.0m
Portfolio value

1 Including Croftwood and Minster, which are both part of the Minster Care Group.
Note: properties and bed numbers here include committed acquisitions and assets under construction. Portfolio valuation includes the independent valuation of the existing portfolio as at December 2021 along with committed investments and acquisitions at their agreed purchase price.

Investment Manager

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.

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.

Asset Manager: Laura Hill (MRICS)

- Laura is a chartered surveyor with 14 years' experience in real estate. She previously worked as Asset Manager at Bolt Asset Management, specialising in healthcare premises.

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.

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.

Investment Director: Richard Smith (MRICS)

- Richard is a chartered surveyor with over 20 years' experience in the long-term and acute care sectors both as a provider of professional services and latterly as principal.

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 of Innovation and Head of Development at Assura plc.

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.

Office Manager: Alison Hayward

- Alison is a modern foreign language graduate with a background in project management. She previously worked as a Project Manager at Imperial Clinical Research Support.

Impact board

The six 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 Associates, former Audit Committee Chair of Lowland Lowland Investment Co. and experienced board member of public and private companies
- Qualified accountant, INSEAD MBA and Cambridge MA

- **Director: Paul Craig (non-executive)**
- Portfolio manager at Quilter. Over 20 years of investment experience
- Quilter has a 18.9% interest in the Company through funds managed by Paul[1]

- **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, Low Carbon Contracts Company and non-executive member of Places for People Group
- 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

- **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)**
- Chief Investment Officer for Primary Health Properties PLC (PHP), c.25 years of real estate and development experience in the UK and Continental Europe in both listed and private equity funds
- MBA from Warwick Business School and member of the Royal Institute of Chartered Surveyors

Secure financing

	Metro Bank	CYBG	HSBC	NatWest	*Private Placement Series A*	*Private Placement Series B*
Facility	£30m (£15m term, £15m RCF)	£25m (RCF)	£50m (RCF)	£26m (RCF with Accordion to £50m)	£37m	£38m (Being issued in June 2022)
Expiry	June 2023	March 2024	April 2025	June 2024 (+ two 1 year extensions to June 2026)	Dec 2035	June 2035
Margin	265bps (+Metro base rate)	225bps (+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%	325%	250%	250%	250%	250%
Propco LTV covenant	35%	55%	55%	50%	55%	55%

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

For the year ended	31 Dec 2021 £'000	31 Dec 2020 £'000	Variance
Cash net rental income	30,472	25,934	17.5%
Accounting / rent smoothing net income	5,926	4,882	
Net rental income	**36,398**	**30,816**	**18.1%**
Administration and other expenses	(5,766)	(5,264)	9.5%
Profit on disposal of investment properties	308	153	
Operating profit before changes in fair value	**30,940**	**25,705**	**20.4%**
Changes in fair value of investment properties	4,220	5,585	(24.4)%
Operating profit	**35,160**	**31,290**	**12.4%**
Net finance expenses	(3,192)	(2,507)	27.3%
Profit before taxation	**31,968**	**28,783**	**11.1%**

Earnings per share	9.41p	9.02p	4.3%
EPRA earnings per share	8.05p	7.25p	11.0%
Adjusted earnings per share[1]	6.68p	5.93p	12.6%
Dividend declared for the year	6.41p	6.29p	1.9%

Total expense ratio	1.55%	1.53%
EPRA cost ratio	15.8%	17.1%

1 The inclusion of profit on disposal is a change made in the current year and the prior year adjusted earnings figure has been restated.

Consolidated statement of financial position

Consolidated statement of financial position

	As at 31 Dec 21 £'000	As at 31 Dec 20 £'000	Variance
Investment property*	459,442	418,788	+9.7%
Loan to operator for acquisition of property portfolio	37,500		
Cash and cash equivalents	13,261	7,979	
Other assets	1,651	96	
Bank borrowings	(110,907)	(74,213)	
Other liabilities	(6,703)	(3,129)	
Net assets	**394,244**	**349,521**	+12.8%

Property Investments increase 18.6%

Net asset value per share	112.43p	109.58p	+2.6%
NAV Total return	8.42%	8.46%	
Loan to value	22.26%	17.77%	

* Independent market value

Performance track record

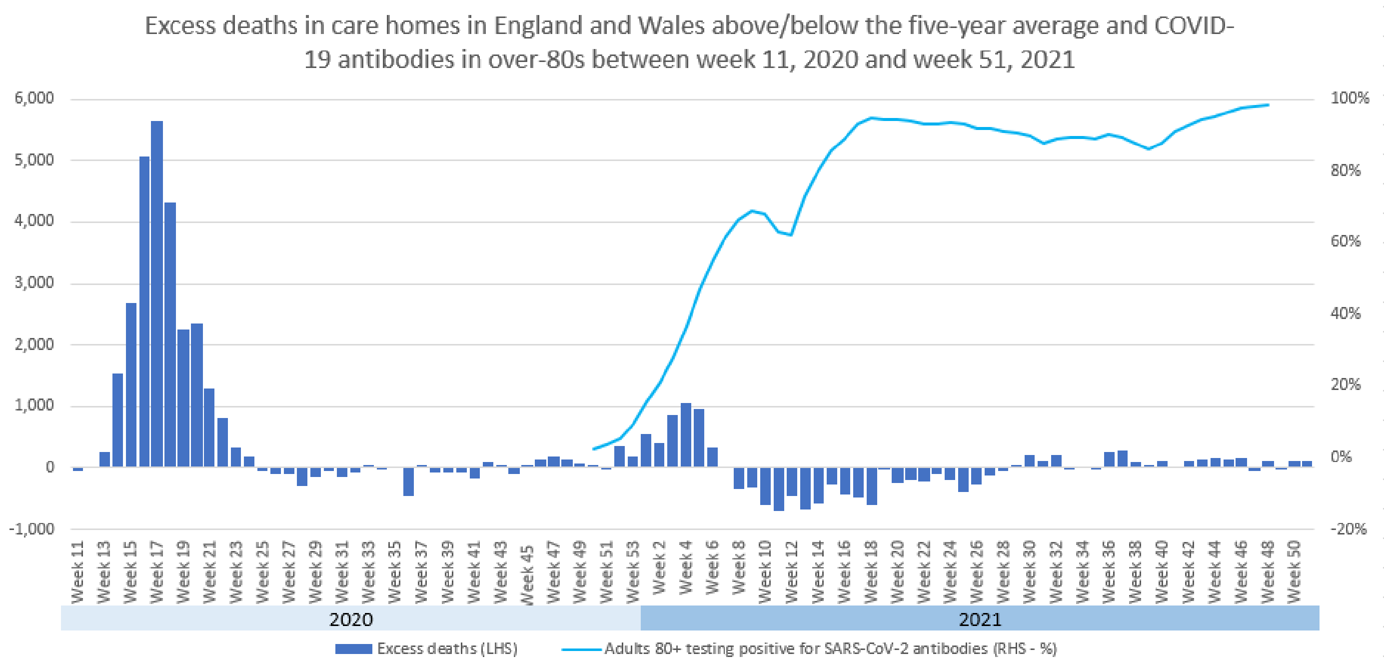
	FY17	FY18	FY19	FY20	FY21
Contracted rental income[1]	£11.9m	£17.8m	£23.1m	£30.9m	£38.0m
EPRA Cost ratio	24.68%	24.69%	19.15%	17.09%	15.84%
EPS	5.82p	8.57p	10.37p	9.02p	9.41p
Adjusted EPS[2]	4.39p	5.07p	5.26p	5.93p	6.68p
EPRA EPS	4.35p	6.47p	6.95p	7.25p	8.05p
Dividend per share	4.50p	6.00p	6.17p	6.29p	6.41p
Adjusted earnings dividend cover	98%	84%	85%	95%	104%
EPRA earnings dividend cover	97%	108%	113%	115%	126%
Number of assets[3]	57	72	86	108	124
Property investments[4]	£156.2m	£223.8m	£318.8m	£418.8m	£496.9m
EPRA Topped-up NIY	7.02%	6.97%	6.66%	6.71%	6.71%
WAULT	19.2yrs	19.5yrs	19.7yrs	20.0yrs	19.2yrs
LTV	0%	11.62%	6.81%	17.77%	22.26%
NAV	£193.5m	£198.3m	£340.7m	£349.5m	£394.2m
NAV per share	100.65p	103.18p	106.81p	109.58p	112.43p
Total accounting return	7.19%	8.47%	9.46%	8.46%	8.42%

1 Contracted rent includes all post-tax income from investments in properties, whether generated from rental income or post-tax interest income.
2 The inclusion of profit on disposal is a change made in the current year and the prior year adjusted earnings figure has been restated.
3. Includes forward funded developments and properties invested in via loans to operators for acquisitions of property portfolios, with an option to acquire.
4. 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.

The impact of COVID-19 on care homes

Effective roll out of the vaccination programme and enhanced infection control measures have mitigated the impact of the delta and omicron waves of COVID-19 on care homes:

- Home occupancy slowly, but steadily, returning to normal levels with care providers reporting high levels of pent-up demand
- However, high levels of infection amongst staff during the omicron wave have caused issues for operators – homes are currently advised to close to new admissions for 28 days if two or more residents test positive



2020 (weeks 11-53)	
All deaths in English and Welsh care homes	116,400
Of which COVID-19 related deaths	20,574
Five-year average deaths	90,198
Excess deaths	**26,202**
2021	
All deaths in English and Welsh care homes	115,627
Of which COVID-19 related deaths	13,008
Five-year average deaths	116,251
Excess deaths	**-624**

What makes a good care home?

Residents

- ✓ In the right location to stay in contact with family
- ✓ Feels like a home, not an institution
- ✓ Provides an environment that is suited to the resident's care needs and will deliver person-centred care with dignity
- ✓ Run by a good manager who leads an empathetic, well-trained and stable staff
- ✓ A home that always strives to do its best and improve

Tenants

- ✓ A home that is well invested to provide a safe, quality environment for residents and staff
- ✓ Layout allows for the home to be run efficiently and safely
- ✓ Located in an area that is attractive to residents and with a sufficient pool of staff
- ✓ Home fit for purpose and will remain so throughout the term of the lease
- ✓ A home which delivers, or is capable of delivering, a strong trading performance and rent cover

Landlord

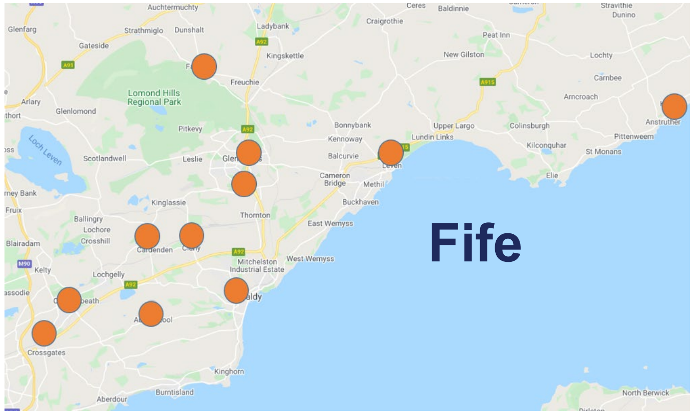
IMPACT Healthcare REIT

- ✓ A home that is attractive to both residents and tenant with a strong care ethos, underpinning its potential for stable and predictable performance
- ✓ Accretive to the financial performance and covenant strength of our tenants
- ✓ Superior quality compared to its peers in the home's local market
- ✓ Potential to improve the home through active asset management - refurbishment, reconfiguration and extension
- ✓ Defensive characteristics – can survive competition from new entrants to its local market

What makes a good acquisition? –Kingdom Homes

IMPACT
Healthcare REIT

- **12** Homes with **480** Beds
- Purchase Price **£37.5m,** £78k per bed, earn out of £2.5m dependent on future performance
- Attractive yield of **7.2%**
- Growing an existing tenant in a strategic but non-competing location, with sharing of best practice between the combined management teams
- Accretive to overall portfolio quality with majority en-suite wet rooms
- Average bedroom size **> 17.sq.m.**
- Planning consent for 2 substantial extensions



Strong lease structures

- Strong lease structures generate attractive, predictable and long term income:
- Long fixed term: Minster, Croftwood, and Welford 20 years; all other tenants 25 years (with the exception of two properties leased to the NHS)
- Options to extend
- No break clauses
- Rent fixed (i.e. not related to tenants' turnover or trading)
- Upwards only annual rent reviews at RPI, with either a floor of 2% and cap of 4% or a floor of 1% and cap of 5% on all homes (two buildings leased to the NHS adjust annually at CPI with no cap and floor)
- Full repairing and insuring leases
- Tenants responsible for maintaining homes and have committed to a minimum level of expenditure per bed on maintenance annually, rising with RPI
- Penalties if rent cover falls below agreed levels and ability to change the tenant for under-performance even if rent has been paid in full

Insert source text here

Portfolio management

Core

These assets are the primary contributors to our long-term, stable income

- Good quality buildings with a useful life greater than the duration of the lease
- Invested to an appropriate standard
- Stable trading, underpinning a sustainable level of rent cover

Value-add

Value-add assets are candidates for asset management initiatives

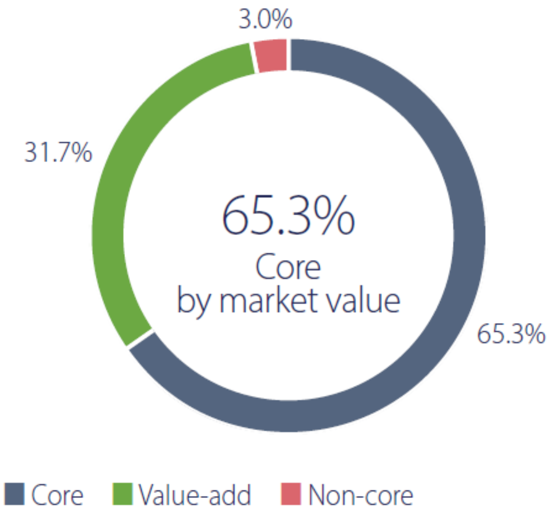
- Present opportunities to deploy capital to enhance the asset and its performance
- May be a smaller home, have a low level of en-suite bathrooms or potential for environmental performance improvements
- Value uplift through enabling the tenant to offer a new service, such as dementia and/or targeting private residents

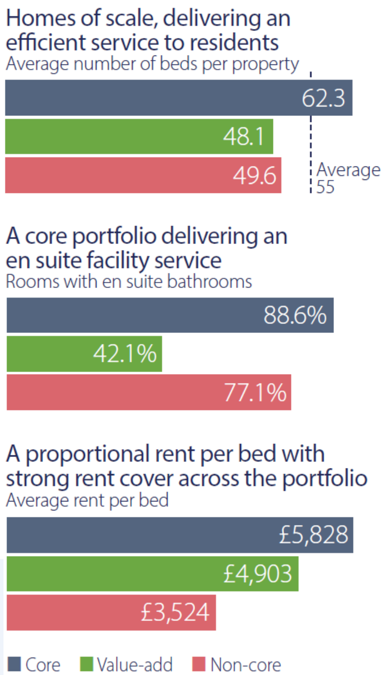
Non-core

Non-core assets may be candidates for sale and are likely to have been acquired as part of larger portfolios

- Limited lifespan homes with a high degree of functional obsolescence
- Higher alternative use value
- Could be geographically isolated

A strong core portfolio underpinning value





Significant opportunity to enhance value from the value-add portfolio