



Corbrook Park, Audlem, Crewe, Cheshire.


140
Properties†

† Includes funded and under construction assets.


£638.2m
Property value†

21.2yrs
WAULT

£48.1m
Contracted rent roll

100%
Inflation-linked leases

Overview

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

Objectives – Our targets are to deliver:

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

Strategy – To achieve our objectives, we:

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

returns, by implementing our investment strategy;

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

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

1 This is a target only and not a profit forecast. There can be no assurance that the target will be met and it should not be taken as an indicator of the Company's expected or actual results.

Key achievements in Q2 2023

- During the quarter, the Group increased its revolving credit facility ("RCF") with NatWest by £24 million and extended its term by four years. The total facility size is now £50 million with an expiry in June 2028, with a further two one-year extension options (subject to lender approval). In recognition of the maturity extension, the margin will be 200 bps (previously 190bps) and the interest cover covenant has been reduced from 250% to 175% in the first two years and 200% thereafter.
- The Group agreed a one-year extension to its HSBC RCF to April 2026 and an interest cover covenant reduction from 250% to 200%.
- The Group successfully negotiated the solvent transfer of operations of seven homes let to one tenant who had not paid its contractual rent for the first two quarters of 2023, rent was collected from all other tenants.
- The Board declared a second quarter dividend of 1.6925p, in line with the 3.5% increase targeted for this year of 6.77 pence per share with distributions fully covered by EPRA and adjusted earnings.

Impact at a glance

	30 Jun 2023*	31 Mar 2023*	% change
Shares in issue	414,368,169	414,368,169	–
Share price (p)	90.00	92.20	(2.39)
NAV per share (p)	113.64	112.60	0.92
Market Cap (£m)	372.93	382.05	(2.39)
NAV (£m)	470.9	466.6	0.92
Bank borrowings (£m)	190.8	187.3	1.87
EPRA LTV (%)	27.6	27.6	–
Number of completed properties ¹	139	140	(0.71)
Number of beds ¹	7,725	7,774	(0.63)
Market value (£m) ¹	635.3	632.6	0.43
– per property (£m)	4.6	4.5	2.22
– per bed (£'000)	82.2	81.4	0.98
Contracted rent roll (£m)	48.1	47.9	0.42
EPRA "topped-up" yield (%)	6.95	6.99	(0.57)

* Unaudited

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

Dividend history (per share)

	2023	2022	2021	2020	2019
Q1	1.6925p	1.6350p	1.6025p	1.5725p	1.5425p
Q2	*1.6925p	1.6350p	1.6025p	1.5725p	1.5425p
Q3		1.6350p	1.6025p	1.5725p	1.5425p
Q4		1.6350p	1.6025p	1.5725p	1.5425p
	3.385p	6.54p	6.41p	6.29p	6.17p

* Declared in August 2023 and payable in September 2023.

Radbrook, Shrewsbury, Shropshire.



IPO	7 March 2017	Registered address
Market	LSE Main Market	The Scalpel
	Premium Segment	18th Floor
Index Inclusion	EPRA/NAREIT	52 Lime Street
Ticker	IHR	London EC3M 7AF
ISIN	GB00BYXVMJ03	
SEDOL	BYXVMJ0	
Dividend payments	Quarterly	

Board of Directors	
Simon Laffin (Chairman)	
Rosemary Boot (Senior Independent Director)	
Amanda Aldridge	
Paul Craig (Resigned 17 May 2023)	
Philip Hall	
Chris Santer	

Key dates	
Half year end	30 June
Full year end	31 December
AGM	May
Publication date:	August 2023

Portfolio update

NAV and valuation

Unaudited net asset value ("NAV") as at 30 June 2023 was £470.9 million, 113.64 pence per share. This represents an increase of £4.3 million (1.04 pence per share), against the 31 March 2023 NAV of £466.6 million, 112.60 pence per share.

The Investment portfolio has been independently valued by the Group's external valuer Cushman & Wakefield. The Group's investment property value increased by 0.4% in the quarter (£2.7 million) owing to 18 rent reviews at an average uplift of 4.0% per annum, in line with the rental increase cap on their leases, an investment of £0.4 million on asset management primarily in relation to the refurbishment at the Fairview home and Mavern House, operated by our tenant Welford, and the disposal of Mulberry Manor (£1.3 million) at carrying value. The Group's EPRA "topped up" Net Initial Yield at 30 June 2023 is 6.95% broadly in line with the year-end (31 March 2023: 6.99%), reflecting more stable investment markets during the last quarter.

Financing update

The Group's drawn debt was £190.8 million, giving a gross LTV of 28.5% (31 March 2023: 28.3%) and an EPRA LTV of 27.6% (31 March 2023: 27.6%). The Group repaid its more expensive Metro debt (265 bps margin) in advance of expiry while increasing the NatWest RCF by £24.0 million and extending the maturity by four years at a margin of 200 bps. The Group also agreed to extend the

HSBC debt by one year to 2026 and to reduce the interest cover covenant from 250% to 200%. Following the quarter end, the Group secured a further £50.0 million interest rate cap at a cost of £1.76 million, which caps SONIA at 4.0% for two years. The Group has now hedged the interest rates on 92% (£175.0 million) of drawn debt. With this additional hedging the weighted average cost of drawn debt as of mid-August was 4.66%¹. At current hedging, a 50 bps increase in SONIA would result in a 4 bps increase in the weighted average cost of debt¹.

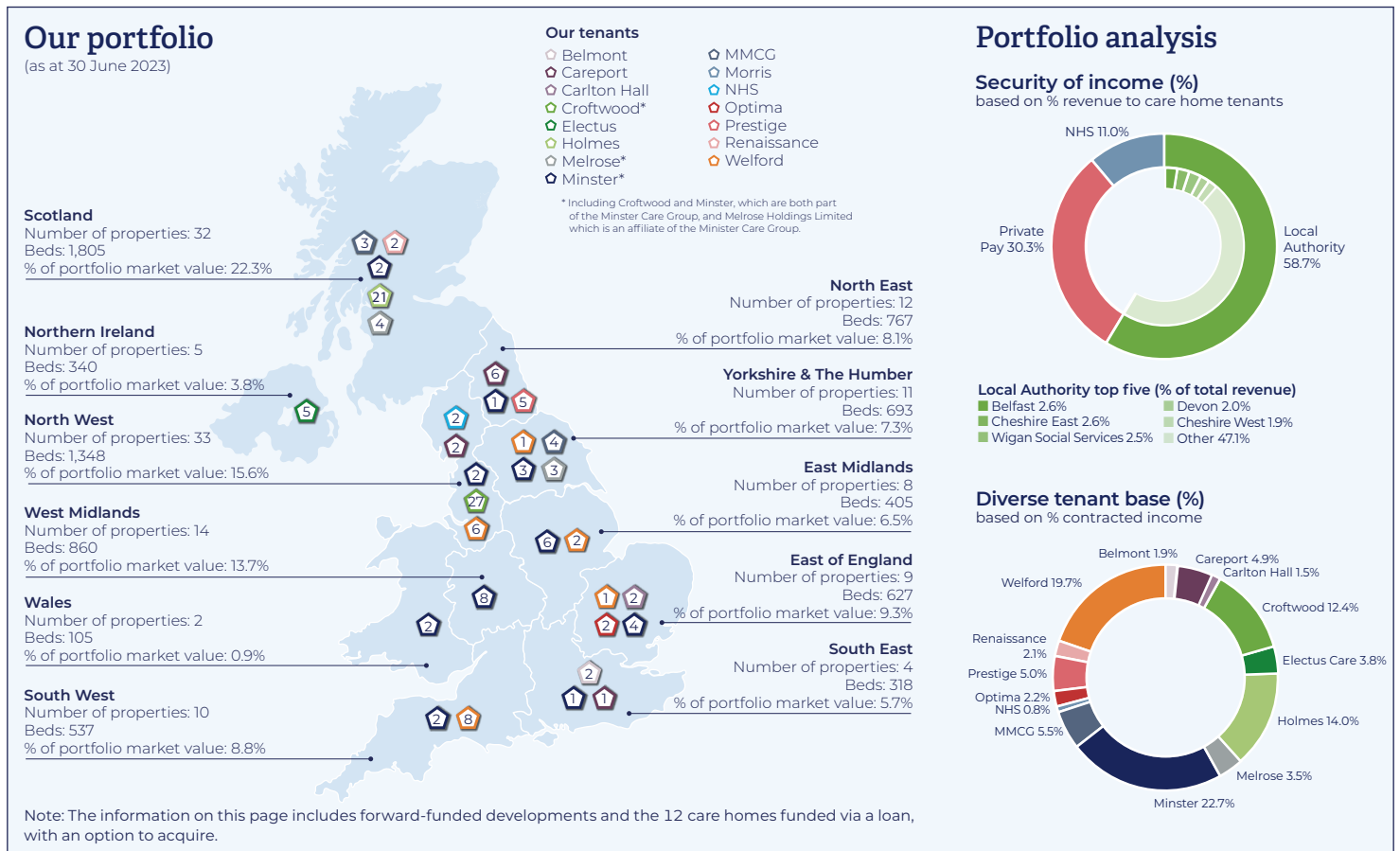
Operational update

Rent cover across our Portfolio remains strong and was 1.82x for the 12 months to 30 June 2023, and 98% of rent due in the quarter was received.

Occupancy at 30 June 2023 was 88.3%, up 0.7% on 31 March 2023 (87.6%).

Contracted rent increased by 0.4% in the quarter, £48.1 million at 30 June 2023 (31 March 2023: £47.9 million) owing to the increase from 18 rent reviews.

¹ Weighted average cost of drawn debt is based on £191 million excluding arrangement fees and cost of interest rate caps. This reflects the ongoing cash cost of the drawn debt.



Note: The information on this page includes forward-funded developments and the 12 care homes funded via a loan, with an option to acquire.

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