Impact Healthcare REIT

H123 update

Interest hedging provides dividend visibility

Real estate

Impact Healthcare REIT delivered strong operational and financial progress in the six months to 30 June 2023 (H123). Completion of additional interest rate hedging arrangements, with interest costs on 92% of drawn debt now fixed or hedged, provides visibility over debt costs and Impact's ability to continue to pay fully cash-covered progressive dividends.

Year end	Net rental income (£m)	EPRA earnings* (£m)	EPRA EPS* (p)	EPRA NTA/ share (p)	DPS (p)	P/NAV (x)**	Yield (%)**
12/22	45.4	30.8	8.4	110.1	6.54	0.77	7.7
12/23e	53.4	33.9	8.2	112.6	6.77	0.75	8.0
12/24e	56.2	34.6	8.3	117.0	6.96	0.72	8.2
12/25e	59.4	38.4	9.3	121.8	7.10	0.69	8.4

Note: *EPRA earnings exclude fair value movements on properties and interest rate derivatives. **P/NAV and yield are based on the current share price.

Underlying earnings forecasts increased

The acquisition of an additional £50m interest rate cap for £1.76m, limiting SONIA costs to 4.0% for two years, eliminates most exposure to a further rise in interest rates over what is expected to be the peak in the interest rate cycle. Volatile money markets currently project that SONIA will reach a high of more than 6% in 2024. Hedging combined with the continuation of a generally strong tenant operational and financial performance (Impact has acted decisively to re-tenant the assets of one struggling operator), we are confident that the FY23 target DPS of 6.77p (+3.5%) will be met and fully covered by cash earnings. We expect this trend to continue through FY24 and 25. We have increased our adjusted cash earnings forecasts by 2–3% for the next two years, with higher revenues and lower costs offsetting the 'baked-in' effect of recent interest rate increases, with growing dividends covered 104–105%. Rental growth is again driving property gains as yields stabilise and we expect this to continue, lifting NAV and NAV total returns.

Structurally supported

DPS has increased each year since listing in 2017, driving consistently positive accounting returns, averaging 7.1% pa. Providing a strong tailwind, Impact operates in a structurally supported market, where care demand is driven by the demographics of a growing elderly population rather than the economy. Leases are long term (Impact has a 21-year WAULT) and inflation indexed, while caps at c 4% manage the risks for landlord and tenant alike in periods such as this. For tenants, fee growth and improved occupancy are an offset to inflationary pressures, and underlying rent cover remains strong at c 1.8x. For the first time, rent collection dipped in H123 (to 98%), but a turnaround plan is in place, and we do not believe that the single tenant in arrears is indicative of wider tenant stress.

Valuation: Income-driven, long-term returns

The FY23 DPS target represents an attractive yield of 8.0%, which we expect to again be fully covered by adjusted 'cash' earnings. Meanwhile, the shares trade at a c 25% discount to H123 NAV per share.

22 August 2023

Price	**84.5p**
Market cap	**£350m**

Gross debt at 30 June 2023	£190.8m
Gross LTV at 30 June 2023	28.5%
Shares in issue	414.4m
Free float	90%
Code	IHR
Primary exchange	LSE
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	(9.9)	(14.7)	(29.0)
Rel (local)	(4.7)	(8.7)	(25.3)
52-week high/low		124p	90p

Business description

Impact Healthcare REIT, traded on the Main Market of the London Stock Exchange, invests in a diversified portfolio of UK healthcare assets, primarily residential and nursing care homes, let on long leases to high-quality operators. It aims to provide shareholders with attractive and sustainable returns, primarily in the form of dividends, underpinned by structural growth in demand for care.

Next events

FY23 results announced March 2024

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Edison profile page

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Operational and financial progress as expected in H123

Impact's strategy for sustainable growth in the structurally supported care home sector, with a disciplined approach to acquisitions and careful tenant selection at its core, is discussed in detail in our May update note.

Having successfully collected 100% of rent, without lease variation, in the period since listing in March 2017, through the pandemic, and up until end-FY22, Impact's problems with one of its 13 care home tenants[1] was a disappointment, but we forecast that the swift re-tenanting and implementation of a turnaround plan (discussed in our June note) will restore rental income, on a sustainable footing, by the end of 2024.

Across the portfolio, underlying tenant occupancy had increased to 89% by late July 2023, a further increase on end-FY22 (86.6%) and well up from the COVID-19 low of 79% in January 2021. There remains some further headroom to the pre-COVID-19 'norm' of a low 90% level. Average weekly fee growth in the year to end-H123 was an underlying 15%, up from 13% in the year to end-FY22. Combined with a significant reduction in the need for expensive agency staff (down to 9% of staff costs vs 14% at end-FY22), average rent cover[2] of 1.8x continues to be high and stable, in line with historical experience.

We provide an overview of the H123 performance below. During the period, the annualised contracted rent roll increased by 11.6% to £48.1m (end-FY22: £43.1m), including the acquisition of a six-home portfolio, one non-core disposal and indexed rental growth. The number of homes closed the period at 140 from 135 at the start of the period, and the 90 annual rent reviews completed were at an average 4.0% increase, contributing £1.1m of the increase in annualised rental income,

The end-H123 portfolio valuation was £638m, up by £69m or 12.2% over six months. The main driver was the portfolio acquisition (£57.1m including costs) but with valuation yields stabilising (topped up EPRA net initial yield of 6.95% at end-H123 versus 6.98% at end-FY22 and 6.69% a year earlier), like-for-like rental growth of 2.4% drove a £12.6m increase in valuation.

[1] 14 tenants in total including the NHS.

[2] Rent cover is a key metric used by Impact in monitoring and assessing the ability of individual homes and operators to support the rents that it expects from its portfolio sustainably. The ratio tracks home-level earnings before interest, tax, depreciation, amortisation, rent and group management overheads (EBITDARM), or operational cash earnings, on a rolling 12-month basis divided by rents over the same period. It excludes 'turnaround' and 'immature' homes. Immature homes are defined as homes that are newly opened or are undergoing major capital improvement requiring partial closure.

Interim results detail

In the following table we provide details of the interim financial performance and a reconciliation from adjusted 'cash' earnings to both EPRA earnings and statutory IFRS earnings.

Exhibit 1: Summary of H123 financial performance

£m unless stated otherwise	H123	H122	H123/H122	H222	FY22
Cash rental and loan income	23.4	18.8		20.3	39.1
Bad debt write-off	(0.4)	0.0		0.0	0.0
Net income	**23.1**	**18.8**	**23%**	**20.3**	**39.1**
Administrative and other expenses	(3.7)	(3.2)	16%	(3.8)	(7.0)
Gain on disposal	(0.0)	0.0		0.1	0.1
Net finance expense	(4.1)	(1.8)	125%	(2.6)	(4.5)
Adjusted earnings	**15.3**	**13.8**	**11%**	**14.0**	**27.7**
IFRS rent smoothing & lease incentive adjustments	3.3	2.7		3.6	6.4
Gain on disposal	0.0	0.0		(0.1)	(0.1)
Amortisation of loan arrangement fees	(0.8)	(0.6)		(0.6)	(1.2)
Interest received on cap	(0.6)	0.0		(0.1)	(0.1)
EPRA earnings	**17.2**	**15.9**	**8%**	**16.8**	**32.6**
Change in fair value of investment properties	9.3	10.6		(25.0)	(14.3)
Change in fair value of call option	0.0	0.5		(2.3)	(1.8)
Change in fair value of interest rate derivative	1.1	0.2		0.1	0.4
IFRS earnings	**27.6**	**27.3**		**(10.4)**	**16.9**
Closing number of shares in issue (m)	414.4	385.7	7%		404.8
Average number of shares (m)	413.9	375.8	10%		390.1
IFRS EPS (p)	6.66	7.26			4.33
EPRA EPS (p)	**4.15**	**4.22**	**-2%**		**8.37**
Adjusted EPS (p)	**3.69**	**3.66**	**1%**		**7.11**
DPS declared (p)	**3.385**	**3.27**	**4%**		**6.54**
DPS cover (EPRA earnings)	**123%**	**129%**			**128%**
DPS cover (adjusted earnings)	**109%**	**112%**			**109%**
Adjusted EPRA cost ratio	14.0%	14.8%			16.6%
Gross debt	190.8	137.6			142.3
Gross LTV	28.5%	23.1%			23.8%
EPRA NTA per share	113.6	116.1			110.1
EPRA NTA total return	6.2%	6.2%			3.8%

Source: Impact Healthcare REIT data, Edison Investment Research

Looking first at the adjusted earnings result:

- Cash rental income (excluding non-cash IFRS smoothing adjustments) of £23.1m was 23% up on H122 and was well ahead of H222. Growth was driven by indexed rent growth and acquisitions/investments, and H123 included a £0.4m bad debt write-off in respect of the problems encountered by Silverline.
- Expenses increased at a lower rate than income, growing by 16% compared with H122, to £3.7m, but were lower than in H222. Including loan investment interest in income (as we do), the adjusted EPRA cost ratio has continued to decrease, reaching 14.0% in H123.
- The significant increase in net finance expense, to £4.1m in H123, reflects both an increase in borrowings to fund acquisitions/other investments and higher average debt costs (discussed in detail below).
- Adjusted earnings of £15.3m were 11% ahead of H123 and were almost 10% ahead of H222. Including an increased number of shares in issue, adjusted EPS was 3.69p, 1% ahead of H122 but 7% up on H222.
- Aggregate DPS of 3.85p was 3.5% up on H122, in line with the full year target of 6.77p, 109% covered.
- EPRA earnings of £17.2m (H122: £15.9m; H222: £16.8m) includes non-cash IFRS rent smoothing adjustments and amortisation of loan arrangement fees but excludes the interest earned on Impact's interest rate swap arrangements. EPRA basis DPS cover was 123%.

- IFRS earnings captures fair value changes in investment properties and financial derivatives. At £27.6m it was similar to H122 but compared with a loss of £10.4m in H222 when property values were weak across the market. NAV per share increased 3.2% to 113.6p. Including DPS paid, the six-month NAV/accounting total return was 6.2% (12.8% annualised),

Returns have been driven by progressive dividends

The H123 total return continues a strong track record of positive NAV/accounting total returns since listing in March 2017, with an average of 7.1% pa. Even in 2022, when the broad UK commercial property sector was negatively affected by rising yields and falling values, the relative robustness of care home valuations and continuing strong cash flow enabled the company to report a dividend-driven total return of 3.8%. Since listing, progressive dividends have generated 70% of returns.

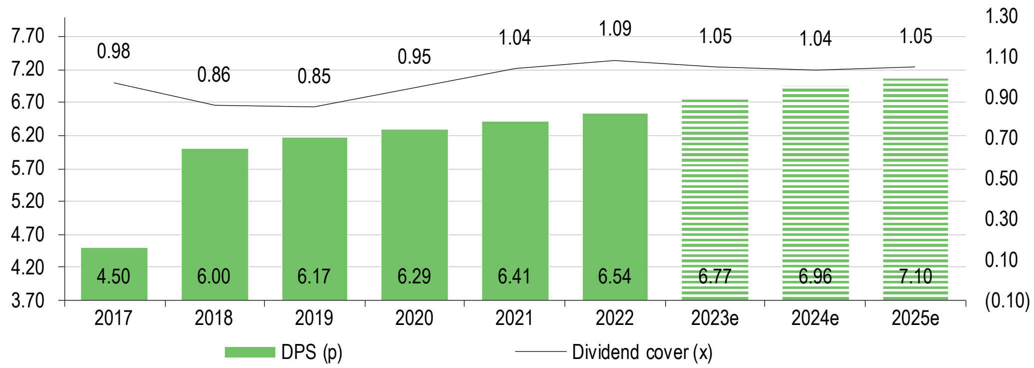
Exhibit 2: Strong track record of returns

	2017	2018	2019	2020	2021	2022	H123	FY17–H123
Opening NAV	97.9	100.6	103.2	106.8	109.6	112.4	110.17	97.9
Closing NAV	100.6	103.2	106.8	109.6	112.4	110.2	113.64	113.6
Dividends paid	3.0	6.0	6.1	6.3	6.4	6.5	3.4	37.7
Annualised NAV total return	**7.2%**	**8.5%**	**9.5%**	**8.5%**	**8.4%**	**3.8%**	**6.2%**	**54.5%**
Of which dividends paid	3.1%	6.0%	5.9%	5.9%	5.8%	5.8%	3.1%	38.5%
Of which change in NAV	2.8%	2.5%	3.5%	2.6%	2.6%	-2.0%	3.2%	16.1%
Average annualised return								**7.1%**

Source: Impact Healthcare REIT data, Edison Investment Research

As the portfolio increased in scale and diversification after listing, since 2019, dividend growth has been directly linked to the previous year's inflation-indexed uplift in rents received. Dividends have been fully covered by EPRA earnings in each year since listing and, as cash rents have continued to increase, have been well covered on an adjusted 'cash' basis. We expect Impact to continue to target progressive dividends and despite the increased cost of borrowing we forecast a fully covered dividend in both this year and next, albeit with cash cover slightly lower than in previous years. With interest costs on 92% of drawn debt[3] now fixed or hedged, the primary risk to our forecasts has been removed.

Exhibit 3: Progressive dividends and cash cover



Source: Impact Healthcare REIT data, Edison Investment Research

Although the interest rate hedges are of relatively short duration (£50m matures at end-2024 and £50m in August 2025), we note that:

- This provides Impact with the flexibility to review its longer-term financing at a point when a decline in interest rates is implied by the current market yield curve.

[3] Taking drawn borrowings as at 30 June 2023.

- The completion of development and asset management projects, a restoration of rents from the Silverline properties, as well as continuing indexed rental growth that we forecast will provide an additional offsetting uplift in revenues.

Financing update

With the fixed/hedged ratio at 92%, debt costs are now well protected from interest rate increases for the next two years. The ratio had dropped briefly at the end of H123, to 66% from 80%, due to the expected expiry of a £25m interest rate swap at 1%,[4] but the company had made clear its progress with various options to increase it again.

The new £50m interest rate cap limits the SONIA rate paid[5] to 4.0% for a two-year period, expiring on 15 August 2025. Including the £1.75m paid to acquire the cap, which will be amortised over its maturity, the total rate paid by Impact is effectively limited to 5.76%, before lending margin. This provides almost complete visibility over the cost of existing borrowings through the peak of more than 6% reflected in current money market pricing, although this has increased recently and remains volatile.

The blended average interest cost of fixed/hedged and floating rate drawn debt at end-H123 was 4.85% with the three-month compounded SONIA rate at 4.9%. The SONIA rate has subsequently increased by c 50 percentage points to c 5.4% and including the additional hedging, the average running interest cost of drawn[6] debt to 4.66%. At current drawn debt levels an increase of 50bp in the SONIA rate would increase this by just 4bp.

Moderate gearing mitigates the modest remaining interest rate exposure

End-H123 debt drawn was £190.7m and the gross loan to value ratio (LTV) was 28.5% (end FY22: £142.3m and 23.9%). LTV is a little above the company's medium-term target of 25%, but well below the 35% maximum specified by its gearing policy.

Borrowing facilities amount to £250m, with a weighted average maturity of 6.8 years at end-H123, of which £59.2m was undrawn. Allowing for cash (£22m), capital commitments of £22.6m[7]and payment of the Q2 dividend, available liquidity was c £52m. While management continues to identify numerous attractive investment opportunities, describing current conditions as 'a buyers' market' amid the continuing volatility in debt markets, we expect the company to remain cautious and highly selective.

Exhibit 4: Summary of debt portfolio

	Clydesdale	HSBC	NatWest	Total bank debt	Private placement
Facility type	RCF	RCF	RCF		
Facility size	£50m	£75m	£50m	£175m	£75m
Expiry	March 2029	April 2026	June 2024		2035
Margin	200bp	200bp	200bp		Fixed 2.97%

Source: Impact Healthcare REIT data, Edison Investment Research

4 The SONIA rate paid was limited to 1%.

5 The total interest paid by Impact on its floating rate also includes a lending margin of 2.0%.

6 This excludes amortisation of loan arrangement fees and the cost of caps.

7 Development and asset management schemes of £18.0m and deferred acquisition payments, conditional on tenant performance and subject to rent increases, of £4.6m.

Forecasts

Our forecasts for adjusted 'cash' earnings are little changed with fully covered growth in dividends maintained. With little sensitivity to future interest rate rises, much of the past increases is absorbed by increases to our revenue forecasts and reductions to administrative costs. H123 cash rental income was above our expectations, prompting us to reappraise our assumptions for passing rent relative to contracted rents.[8] We have also included the additional £9.8m of asset management projects that Impact has committed to, forecasting monetisation at 8% on completion, in line with the company's financial targets. Growth in administrative expenses was slower than we had anticipated in H123, and we expect this to continue.

We forecast the current year DPS target of 6.77p (+3.5%) to be met and to be 105% covered (H123: 109%). We forecast DPS growth of 2.8% to 6.96p (104% covered) in FY24 and growth of 2.0% to 7.10p (105% covered) in FY25.

Exhibit 5: Forecast summary

	New forecast			Previous forecast			Forecast change					
£m unless stated otherwise	**FY23e**	**FY24e**	**FY25e**	**FY23e**	**FY24e**	**FY25e**	**FY23e**	**FY24e**	**FY25e**	**FY23e**	**FY24e**	**FY25e**
Cash rental income	42.6	47.6	50.0	39.3	40.6	42.5	3.3	7.0	7.5			
Interest from loan investments	3.7	0.0	0.0	6.1	6.5	6.5	(2.4)	(6.5)	(6.5)			
Bad debt charge	(0.4)	0.0	0.0	0.0	0.0	0.0						
Net revenue*	46.0	47.6	50.0	45.4	47.1	49.0	0.9	0.5	1.0	1%	1%	2%
Net finance costs	(10.3)	(12.4)	(11.7)	(8.6)	(9.5)	(9.5)	(1.7)	(2.9)	(2.2)	20%	31%	24%
Interest received on rate cap	1.5	2.5	0.4									
Administrative costs	(7.6)	(7.7)	(7.8)	(8.1)	(8.3)	(8.4)	0.5	0.6	0.6	-6%	-7%	-7%
Adjusted earnings	**29.5**	**29.9**	**30.9**	**28.7**	**29.3**	**31.2**	**(0.3)**	**(1.8)**	**(0.7)**	**3%**	**2%**	**-1%**
IFRS adjustments	7.4	8.6	9.4	7.2	7.6	7.9	0.2	1.1	1.4			
Loan fee amortisation	(1.5)	(1.5)	(1.5)	(1.2)	(1.2)	(1.2)	(0.3)	(0.3)	(0.3)			
Interest received on rate cap	(1.5)	(2.5)	(0.4)	0.0	0.0	0.0	(1.5)	(2.5)	(0.4)			
EPRA earnings	**33.9**	**34.6**	**38.4**	**34.7**	**35.7**	**37.9**	**(1.9)**	**(3.6)**	**0.1**	**-2%**	**-3%**	**1%**
EPRA EPS (p)	**8.2**	**8.3**	**9.3**	**8.4**	**8.6**	**9.2**	**(0.2)**	**(0.3)**	**0.1**	**-2%**	**-3%**	**1%**
Adjusted EPS (p)	**7.1**	**7.2**	**7.5**	**6.9**	**7.1**	**7.5**	**0.2**	**0.2**	**(0.1)**	**3%**	**2%**	**-1%**
DPS declared (p)	**6.8**	**7.0**	**7.1**	**6.8**	**7.0**	**7.1**	**0.0**	**0.0**	**0.0**	**0%**	**0%**	**0%**
EPRA DPS cover	121%	120%	130%	124%	124%	129%						
Adjusted DPS cover	**105%**	**104%**	**105%**	**102%**	**102%**	**106%**						
EPRA NTA per share ('NAV')	**112.6**	**117.0**	**121.8**	**111.4**	**114.3**	**116.0**	**1.2**	**2.7**	**5.9**	**1%**	**2%**	**5%**
NAV total return	9.0%	9.4%	9.9%	7.5%	8.6%	7.4%						

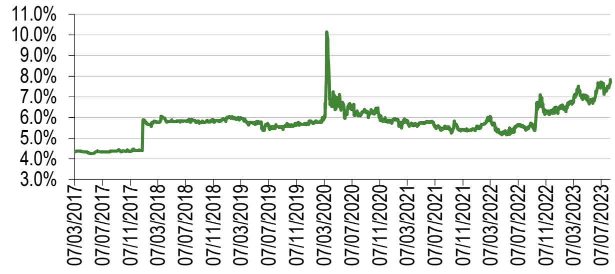
Source: Edison Investment Research

Valuation: High yield and discount to NAV persist

For FY23, Impact is targeting a DPS of 6.77p (+3.5%), fully covered by adjusted 'cash' earnings. This represents an attractive yield of 8.0%. Meanwhile the shares trade at a c 25% discount to H123 EPRA NTA (NAV) per share of 113.6p. The market appears to be anticipating that further increases in interest rates will lead to wider property valuations, despite recent stabilisation.

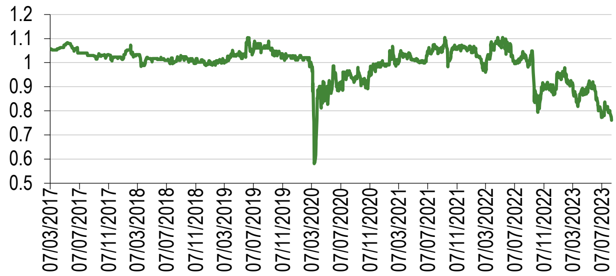
8 End-H123 annualised contracted rents include the Norwich forward funded development, asset management underway at Fairview House, and rents on the Silverline assets that are in abeyance until the tenant loan is repaid.

Exhibit 6: Dividend yield since listing



Source: Company DPS data, Refinitiv prices

Exhibit 7: P/NAV since listing (x)



Source: Company NAV data, Refinitiv prices

Exhibit 8 shows a summary of the performance and valuation of a group of real estate investment trusts (REITs) that we consider to be Impact's closest peers within the broad and diverse commercial property sector. The group is invested in the primary healthcare, supported housing and care home sectors, all targeting stable, long-term income growth derived from long lease exposures. For consistency, NAV and DPS data are presented on a trailing basis[9] and do not reflect Impact's increased FY23 DPS target.

Exhibit 8: Peer group comparison

	WAULT* (years)	Price (p)	Market cap (£m)	P/NTA** (x)	Yield*** (%)	Share price performance			
						1 month	3 months	1 year	3 years
Assura	11	43	1281	0.81	7.3	-12%	-16%	-37%	-47%
Primary Health Properties	11	89	1187	0.80	7.4	-10%	-16%	-39%	-42%
Target Healthcare****	27	67	412	0.64	8.4	-16%	-20%	-42%	-40%
Triple Point Social Housing	25	57	225	0.51	9.5	-4%	6%	-35%	-46%
Average	19			0.69	8.2	-10%	-12%	-38%	-44%
Impact Healthcare	20	85	350	0.75	7.9	-10%	-15%	-29%	-16%
UK property index		1,150				-11%	-12%	-29%	-24%
UK All-Share Index		3,953				-5%	-7%	-4%	18%

Source: Historical company data, Refinitiv. Note: *Weighted average unexpired lease term. **Based on last published EPRA NTA/NAV per share. ***Based on trailing 12-month DPS declared (except for Target). ****Based on the H223 target yield, annualised. Refinitiv price data at 8 August 2023.

Impact's shares have performed broadly in line with the peer group over one year, but have substantially outperformed over three years. Despite this outperformance, continuing dividend growth leaves the shares on a similar yield to the group average.

9 Target Healthcare's yield reflects its quarterly dividend rebasing, effective Q323, to 1.4p per share or 5.6p on an annualised basis.

Exhibit 9: Financial summary

Year to 31 December (£m)	2020	2021	2022	2023e	2024e	2025e
Cash rental income	25.9	30.5	35.9	42.6	47.6	50.0
Interest income from loaned portfolio investments	0.0	0.1	3.2	3.7	0.0	0.0
Rental income arising from recognising rental premiums, fixed rent uplifts & lease incentives	4.9	5.9	6.4	7.4	8.6	9.4
Gross rental income	30.8	36.5	45.4	53.7	56.2	59.4
Net other income/(expense)	(0.0)	0.0	0.0	0.0	0.0	0.0
Bad debt charge				(0.4)		
Net rental income	30.8	36.5	45.4	53.4	56.2	59.4
Administrative & other expenses	(5.3)	(5.8)	(7.0)	(7.6)	(7.7)	(7.8)
Realised gain on disposal	0.2	0.3	0.1	(0.0)	0.0	0.0
Operating profit before change in fair value of investment properties	25.7	31.0	38.6	45.7	48.5	51.6
Unrealised change in fair value of investment properties	5.6	4.2	(16.3)	5.6	9.7	10.2
Operating profit	31.3	35.2	22.3	51.3	58.2	61.8
Net finance cost	(2.5)	(3.3)	(5.4)	(10.8)	(13.9)	(13.9)
Profit before taxation	28.8	32.0	16.9	40.6	44.3	47.8
Tax	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the year (IFRS)	28.8	32.0	16.9	40.6	44.3	47.8
Adjust for:						
Realised and unrealised gain/(loss) on investment properties	(5.7)	(4.5)	14.3	(5.6)	(9.7)	(10.2)
Change in fair value of interest rate derivatives	0.1	(0.1)	(0.4)	(1.1)	0.0	0.7
EPRA earnings	23.1	27.4	30.8	33.9	34.6	38.4
Rental income arising from recognising rental premiums & fixed rent uplifts	(4.9)	(6.0)	(6.5)	(7.5)	(8.6)	(9.4)
Amortisation of loan arrangement fees	0.7	1.0	1.2	1.5	1.5	1.5
Interest received on rate cap	0.0	0.0	0.1	1.5	2.5	0.4
Other adjustments	0.2	0.4	2.1	0.1	0.0	0.0
Adjusted earnings	19.1	22.7	27.7	29.4	29.9	30.9
Average number of shares in issue (m)	319.0	339.8	390.1	414.2	414.4	414.4
Basic & diluted IFRS EPS (p)	9.02	9.41	4.33	9.80	10.69	11.55
EPRA EPS (p)	7.25	8.05	8.37	8.19	8.34	9.26
Adjusted EPS (p)	5.98	6.68	7.11	7.11	7.22	7.45
Dividend per share (declared) (p)	6.29	6.41	6.54	6.77	6.96	7.10
EPRA earnings dividend cover	115%	126%	128%	121%	120%	130%
Adjusted earnings dividend cover	95%	104%	109%	105%	104%	105%
NAV total return	8.5%	8.4%	3.8%	9.0%	9.4%	9.9%
EPRA cost ratio	17.1%	15.8%	16.6%	15.2%	13.7%	13.1%
BALANCE SHEET						
Investment properties	405.7	437.6	504.3	611.2	634.9	653.1
Other non-current assets	15.9	62.0	68.1	38.0	46.6	56.0
Non-current assets	421.6	499.7	572.4	649.2	681.5	709.1
Cash and equivalents	8.0	13.3	22.5	14.7	13.2	7.7
Other current assets	0.1	1.6	1.5	5.3	2.2	1.3
Current assets	8.1	14.8	24.1	20.0	15.4	9.0
Borrowings	(74.2)	(110.9)	(122.4)	(186.1)	(197.6)	(199.1)
Other non-current liabilities	(2.8)	(2.6)	(4.3)	(2.4)	(2.4)	(2.4)
Non-current liabilities	(77.0)	(113.5)	(126.7)	(188.5)	(200.0)	(201.5)
Borrowings	0.0	0.0	(14.8)	0.0	0.0	0.0
Other current liabilities	(3.1)	(6.7)	(9.1)	(10.8)	(11.4)	(12.1)
Current Liabilities	(3.1)	(6.7)	(23.9)	(10.8)	(11.4)	(12.1)
Net assets	349.5	394.2	445.9	469.9	485.5	504.5
Adjust for derivative financial liability/(asset)	(0.0)	(0.1)	(0.4)	(3.2)	(0.8)	0.3
EPRA net tangible assets (NTA)	349.5	394.2	445.6	466.6	484.7	504.8
Period end shares (m)	319.0	350.6	404.8	414.4	414.4	414.4
IFRS NAV per ordinary share	109.6	112.4	110.2	113.4	117.2	121.8
EPRA net tangible assets (NTA) per share	109.6	112.4	110.1	112.6	117.0	121.8
CASH FLOW						
Net cash flow from operating activities	21.0	(13.9)	29.5	38.2	41.1	42.8
Purchase of investment properties (including acquisition costs)	(88.5)	(28.1)	(71.9)	(48.6)	(6.0)	0.0
Capital improvements	(1.7)	(1.1)	(11.2)	(6.9)	(8.0)	(8.0)
Other cash flow from investing activities	0.9	1.6	5.4	2.2	0.0	0.0
Net cash flow from investing activities	(89.3)	(27.6)	(77.7)	(53.2)	(14.0)	(8.0)
Issue of ordinary share capital (net of expenses)	0.0	34.6	60.5	(0.0)	0.0	0.0
(Repayment)/drawdown of loans	51.2	38.2	27.7	48.5	10.0	0.0
Dividends paid	(20.0)	(21.9)	(25.7)	(27.8)	(28.6)	(28.8)
Other cash flow from financing activities	(2.8)	(4.1)	(5.1)	(13.5)	(10.0)	(11.3)
Net cash flow from financing activities	28.5	46.8	57.4	7.2	(28.6)	(40.2)
Net change in cash and equivalents	(39.8)	5.3	9.3	(7.9)	(1.5)	(5.4)
Opening cash and equivalents	47.8	8.0	13.3	22.5	14.7	13.2
Closing cash and equivalents	8.0	13.3	22.5	14.7	13.2	7.7
Balance sheet debt	(74.2)	(110.9)	(137.2)	(186.1)	(197.6)	(199.1)
Unamortised loan arrangement costs	(2.2)	(3.6)	(5.1)	(4.7)	(3.2)	(1.6)
Net cash/(debt)	(68.4)	(101.3)	(119.7)	(176.1)	(187.6)	(193.0)
Gross LTV (net debt as % gross assets)	17.8%	22.3%	23.8%	28.5%	28.8%	28.0%

Source: Impact Healthcare REIT historical data, Edison Investment Research forecasts

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