Impact Healthcare REIT

Outlook and Q124 update

Visibly growing income and capital

Real estate

Impact Healthcare REIT's Q124 update showed a continuation of the positive trends that contributed to the strong FY23 performance. Rental growth is driving income and capital values, while the operational and financial performance of tenants continues to strengthen. This is reflected in a record level of rent cover. With cash flow remaining strong, the Q1 DPS increased in line with the company's full-year target of 6.95p (+2.7%).

Year end	Net rental income (£m)	EPRA earnings* (£m)	EPRA EPS* (p)	EPRA NTA**/ share (p)	DPS (p)	P/NAV (x)**	Yield (%)
12/23	53.1	34.5	8.3	115.0	6.77	0.74	8.0
12/24e	54.9	35.3	8.5	119.6	6.95	0.71	8.2
12/25e	58.9	38.9	9.4	124.0	7.20	0.69	8.5
12/26e	61.3	41.0	9.9	127.3	7.50	0.67	8.8

Note: *EPRA earnings exclude fair value movements on properties and interest rate derivatives. **EPRA net tangible assets.

Consistently performing

With the portfolio yield having stabilised, rent reviews and asset management is reflected in rising rent roll, increased property valuations and growth in EPRA net tangible assets (NTA). Including DPS paid, the Q124 NTA total return was 3.2%, building on the 10.5% FY23 return, which was the highest since listing in 2017. Tenant profitability is benefiting from increased occupancy and strong fee growth and with rent increases capped at c 4%, rolling 12-month rent cover of 2.0x is also at a new high level. With the performance of the turnaround assets improving, the operation of three (of seven) assets has been transferred to a new long-term tenant, paving the way for a resumption of rent payments in Q125. Negotiations are underway to transfer the remaining four homes. The changes to our forecasts are modest and, in this note, we focus on the strategy that underpins Impact's positive, low volatility, financial performance.

Structurally supported and affordable

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 20-year weighted average unexpired lease term) and inflation indexed, while caps at c 4% manage the risks for landlord and tenant alike. Based on an affordable level of rents for tenants, the Q1 portfolio EPRA 'topped-up' net initial yield of 6.9% generates strong cash flow, underpinning returns. DPS has increased each year since listing in 2017, driving consistently positive accounting returns, averaging 7.1% per year. Strong care sector fundamentals and non-cyclical, long-term, inflation-protected income prospects have supported property values versus the broader property sector, with Impact reporting consistent valuation gains with the exception of Q422.

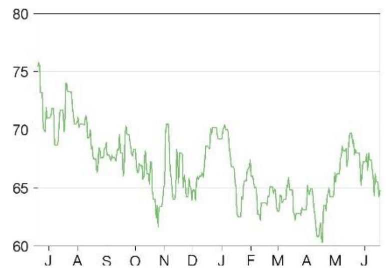
Valuation: Sustainable income-driven returns

The FY24 DPS target represents an attractive yield of 8.5% and we forecast this to be fully covered by growth in adjusted 'cash' earnings. Meanwhile, the shares trade at a 27% discount to the Q124 EPRA NTA per share of 116.9p.

18 June 2024

Price	**85p**
Market cap	**£352m**
Net debt (£m) at 31 March 2024	177.5
Net LTV at 31 March 2024	26.9%
Shares in issue	414.4m
Free float	91.7%
Code	IHR
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(4.4)	3.4	(10.2)
Rel (local)	(1.2)	(1.6)	(15.6)
52-week high/low		95.1p	78.9p

Business description

Impact Healthcare REIT invests in a diversified portfolio of UK 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 event

Q124 DPS paid	17 May 2024

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Edison profile page

Impact Healthcare REIT is a research client of Edison Investment Research Limited

Sustainably and profitably meeting a growing need

Finding well-performing tenants, providing good levels of care, in suitable buildings let at affordable rents is the core of Impact's strategy of generating attractive and sustainable returns, mainly in the form of quarterly dividends. The company's external specialist investment manager brings considerable experience of the UK care home market. It has been of particular benefit in the sourcing of acquisitions and the selection of an increasingly diversified tenant base, of established mid-sized operators, with whom Impact can partner and grow over the long term. Asset growth has been achieved mainly through off-market acquisition of small portfolios, comprising operational homes with established trading histories, and with attractive and sustainable initial acquisition yields, consistently around 7%. The assets mainly comprise a majority core of good-quality, upper-middle-market homes alongside value-add assets that offer tenant-driven asset management opportunities with potential for low-risk enhancement of returns beyond that available from a pure 'buy and hold' strategy. A continuation of successful operator performance combined with long, upwards-only, inflation-linked leases promises a high-quality, sustainable and growing income stream to support dividends. Care homes have a vital role to play in an integrated care system, capable of efficiently meeting the current and growing needs of the elderly and relieving strains on the hospital system. Impact believes the homes it targets, which are positioned in its preferred upper-middle-market segment broadly serving both the local authority and private markets and providing good quality care at affordable cost, will remain key to meeting this challenge.

Summary of the investment case

We identify the key elements of the investment case as:

- The need for residential and nursing care is driven by structural and demographic trends and is effectively non-discretionary and largely uncorrelated with the wider economy. It is this growing need that will continue to support the demand for good quality homes.
- Although the UK population continues to age, with the ONS[1] forecasting a doubling of the number of people over the age of 75 in the next 50 years, the number of available care home beds has changed little over the past three decades. New development has done little more than replace the closure of obsolete or uneconomic homes.
- The adequate provision of residential care for elderly people has a wider healthcare context and it has been estimated that at any point in time an average of c 12,000 hospital beds are 'blocked' by older people stuck in hospital for the lack of permanent or step-down care facilities.
- Impact's homes have been acquired at low capital values, generally well below replacement value, and can be let at affordable rents while still generating an attractive yield. With affordable rents, Impact's carefully selected tenants have a strong track record of profitably providing good-quality care, reflected in consistently strong rent cover and rent collection.
- Across the portfolio, c 70% of resident fees are paid by local authorities and 30% by residents or their families. While most local authorities face significant financial challenges, they have a statutory obligation to provide care. Although local authority fee growth has outstripped inflation over the long term and has recently been strong, the level of fees is generally lower than those paid privately. Impact's rents are set at a level[2] that is affordable to a wide range of residents, both local authority and privately funded, while generating strong rent cover. As industry data

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1 Office of National Statistics

2 Across the Impact portfolio, the average weekly fee in FY24 was £1,046, broadly in line with the UK average

and Impact's tenants demonstrate, fully or mainly local authority funded providers, with the right properties, efficiently run, with affordable rents are fully capable of providing sustainable, profitable, high-quality care.

- There is a high visibility to Impact's future income. The care homes are on long, triple net fully insuring and repairing leases (weighted average unexpired lease term, or WAULT, of 20 years with no break clauses), subject to upwards only inflation-linked rent reviews (capped and collared)[3].
- The portfolio contains significant asset management opportunities, providing an attractive way to deploy capital, alongside tenants, in projects that enhance the quality of the assets, their appeal to operators and tenants, and increase rents. Impact targets a yield on investment for asset management projects of at least 8%, with additional potential for capital gain.
- Asset management projects typically include improvements in the energy efficiency of homes and Impact is well on track to meet its targets that all homes will be rated EPC C or better by 2026 and EPC B or better by 2030.
- Impact targets progressive dividends, fully covered by adjusted EPS, and DPS has increased each year since listing in November 2017. The FY23 DPS of 6.77p was 108% covered by adjusted earnings and 123% by EPRA earnings and the current year DPS target is 6.95p (+2.7%). Combining dividends paid with capital growth, the NAV total return has been consistently positive on an annual basis, averaging 7.1% a year.[4] This is slightly below the company's target of 9% on average, as a result of the weakening of commercial property values during 2022.
- More generally, healthcare property has traditionally generated superior risk-adjusted returns relative to the broad sector. The long-duration, visible inflation-linked income prospects for high-quality care home assets remain attractive to investors and are supporting property values relative to the broader UK commercial market.

Modest changes to forecasts

The only material change to our last published forecasts is a reduction in our forecast debt costs, particularly in FY25, driven by moderation in market interest rate expectations in the interim. Otherwise, we expect rental growth, a combination of rent reviews and asset management projects at completion, with a targeted yield on investment of at least 8%, to drive earnings growth. We expect continuing earnings growth through FY26 despite the maturity of currently hedged floating rate debt in late 2025. Market interest rate expectations indicate a relatively modest impact on overall borrowing when this debt is refinanced at or before maturity.

Our NAV/NTA forecasts assume a positive impact on property valuations, with the valuation yield stable.

In the table below, we show earnings on the company's adjusted basis, to provide a clearer indication of cash earnings to support dividend growth, and on an EPRA earnings basis. Both exclude valuation movements but, unlike EPRA earnings, adjusted earnings also exclude non-cash IFRS rent-smoothing adjustments, loan arrangement fee amortisation and include the interest received on interest rate caps.

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[3] Of the 138 care homes leases, 117 are collared at 2% and capped at 4%, 21 are collared at 1% and capped at 5%. Two healthcare facilities leased to the NHS are subject to annual upwards only reviews in line with CPI inflation.

[4] Based on EPRA NTA.

Exhibit 1: Summary of forecasts

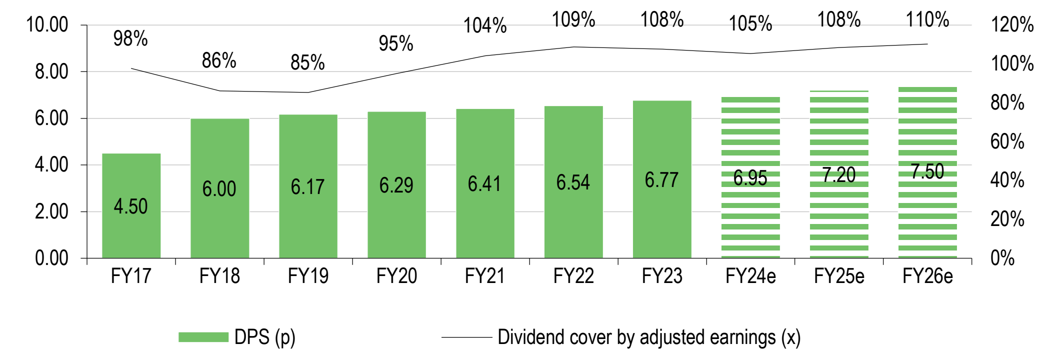
	Current forecast			Previous forecast		Forecast change			
£m unless stated otherwise	**FY24**	**FY25**	**FY26**	**FY24**	**FY25**	**FY24**	**FY25**	**FY24**	**FY25**
Cash rental income*	47.1	50.7	53.2	47.6	50.0	(0.5)	0.7	-1%	1%
Adjusted net finance costs	(9.3)	(10.6)	(10.9)	(10.0)	(11.4)	0.7	0.8	-7%	-7%
Administrative costs	(7.5)	(7.8)	(8.1)	(7.7)	(7.8)	0.3	0.0	-4%	0%
Adjusted earnings	**30.3**	**32.3**	**34.2**	**29.9**	**30.9**	**0.9**	**0.8**	**1%**	**5%**
IFRS adjustments	7.8	8.2	8.1	8.6	9.4	(0.8)	(1.2)		
Loan fee amortisation	(1.3)	(1.3)	(1.3)	(1.5)	(1.5)	0.2	0.2		
Interest received on rate cap	(1.5)	(0.3)	0.0	(2.5)	(0.4)	1.0	0.1		
EPRA earnings	**35.3**	**38.9**	**41.0**	**34.6**	**38.4**	**1.3**	**(0.1)**	**2%**	**1%**
EPRA EPS (p)	8.5	9.4	9.9	8.3	9.3	0.2	0.1	2%	1%
Adjusted EPS (p)	**7.3**	**7.8**	**8.3**	**7.2**	**7.5**	**0.1**	**0.4**	**1%**	**5%**
DPS declared (p)	**6.95**	**7.20**	**7.50**	**6.95**	**7.10**	**0.00**	**0.10**	**0%**	**1%**
EPRA DPS cover	123%	130%	132%	120%	130%				
Adjusted DPS cover	**105%**	**108%**	**110%**	**104%**	**105%**				
EPRA NTA per share (p)	**119.6**	**124.0**	**127.3**	**118.9**	**123.9**	**0.7**	**0.1**	**1%**	**0%**

Source: Edison Investment Research. Note: *Includes interest on investments via loans and is net of the FY23 bad debt charge of £0.2m.

Consistent financial performance

Driven mainly by dividends paid, the average annual NTA/accounting total return since listing has been 7.1%. Dividends have increased each year and have accounted for 70% of total return over this period. The total return has been positive in each year, including through the COVID-19 pandemic and in FY22 when interest rates began to increase and the UK commercial property market experienced widespread declines in property values. The FY23 NTA total return of 10.5% was the highest since listing and the unaudited Q124 return was 3.2%, including a benefit from the significant number of rent reviews in the period.

Exhibit 2: DPS history and Edison forecasts.



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

Strong care sector fundamentals and non-cyclical, long-term, inflation-protected income prospects have mitigated the impact that rising bond yields and economic uncertainty have had on property valuations across the broad UK commercial property sector. Also, in contrast to that wider sector, investment demand for good-quality care home properties has remained robust.

The EPRA topped-up net initial yield ('the valuation yield') of Impact's portfolio at the end of FY21 was 6.7% and although it rose in late 2022 (to 7.0%), directionally in line with the broader UK commercial property sector, the widening was significantly less, and valuations were more robust. Yields have tightened very slightly over the past years and the end-Q124 yield was 6.9%.

Exhibit 3: Consistently positive, income driven, NAV total return*

	Reported							FY17-FY23	Forecast		
Pence per share	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**		**FY24e**	**FY25e**	**FY26e**
Opening NAV	97.9	100.6	102.9	106.8	109.6	112.4	110.1	**97.9**	115.0	119.6	124.0
Closing NAV	100.6	102.9	106.8	109.6	112.4	110.1	115.0	**115.0**	119.6	124.0	127.3
Dividends paid	3.0	6.0	6.1	6.3	6.4	6.5	6.7	**41.0**	6.9	7.1	7.4
EPRA earnings dividend cover (x)	0.97	1.08	1.13	1.15	1.26	1.28	1.23		1.23	1.30	1.32
Adjusted earnings dividend cover (x)	0.98	0.86	0.85	0.95	1.04	1.09	1.08		1.05	1.08	1.10
Dividend return	3.1%	6.0%	6.0%	5.9%	5.8%	5.8%	6.1%	**41.9%**	6.0%	6.0%	6.0%
Capital return	2.8%	2.3%	3.7%	2.6%	2.6%	-2.1%	4.4%	**17.4%**	4.0%	3.7%	2.7%
Total return	**5.9%**	**8.2%**	**9.7%**	**8.5%**	**8.4%**	**3.7%**	**10.5%**	**59.3%**	**10.1%**	**9.6%**	**8.7%**
Average annual return								**7.1%**			

Source: Impact Healthcare REIT historical data, Edison Investment Research forecasts. *EPRA net tangible assets.

The importance of tenant selection

Long-term relationships

Given the nature of the care sector, Impact seeks long-term relationships with carefully selected tenant operators with whom it can grow. It invests alongside them in suitable properties that they can operate efficiently and provide a good quality of care. It looks for operators that it believes are most likely to provide good care, while running a sustainable and profitable business, with experience of home improvement and ambitions to grow. The investment manager's sector experience and industry/operator relationships are highly beneficial in assessing potential operators.

Tenant performance has been strong

Throughout the challenges of the pandemic and subsequent spike in inflation, the performance of Impact's tenants has been well-tested and has generally remained robust.

In part, the robust performance of tenants through the COVID-19 pandemic was assisted by government grant funding for what was recognised as a critically important sector, but also significantly reflected tenant operational efficiency, Impact's close relationship with and monitoring of them and, perhaps most importantly, affordable rents. A combination of the continuing post-pandemic recovery in home occupancy, strong fee growth, and easing staff shortages (with less need for expensive agency staff) have all contributed to a more sustained improvement in tenant profitability. Capped rent increases have also protected tenants against the pressures of elevated inflation, just as they are designed to do. Similarly, over previous periods of low inflation, the floors on rent increases (typically c 2%) have worked to the company's advantage.

Resident occupancy has recovered

Occupancy has recovered strongly since a COVID-19 pandemic low point of 79%, back towards a more normal 90%. The average home-level occupancy achieved by Impact's tenants was 88.3% in Q124, very slightly up from end-FY23, with some further upside remaining. The level of increase has levelled out in recent months and in this respect, we note indications across the sector that some operators are increasingly focused on ensuring that fees for new residents are appropriate to the level of required care, as opposed to simply prioritising occupancy. Average weekly fees increased by c 13% on average during FY23, consistent with the sector track record of successfully increasing fees ahead of inflation.

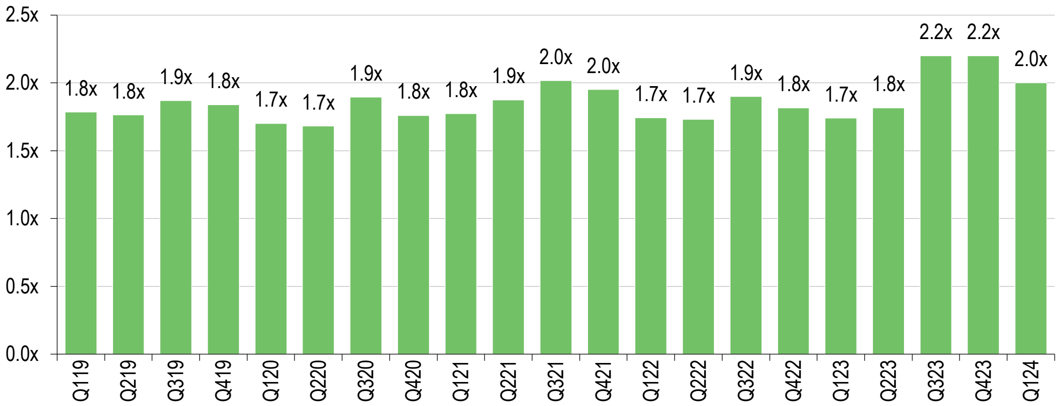
Exhibit 4: Tenant home-level resident occupancy

Source: Impact Healthcare REIT

Rent cover has been consistently strong

Despite the sector challenges, rent cover[5] has remained consistently strong and within the historical range. Average rent cover over the 12 months to end-Q124 was 2.0x, similar to the FY23 average, although it reflected the usual seasonal cycle.[6]

Exhibit 5: Rent cover on a rolling 12-month basis



Source: Impact Healthcare REIT

Turnaround of Silverline assets progressing well

Impact has a very strong track record of rent collection, fully collecting rents, with no contract variations, from listing until end-FY22. It was only at the end of FY22 that one tenant (of 14), Silverline, got into financial difficulties and requested a six-month rent holiday from 1 January 2023.

The background to the problems with Silverline were covered in detail in our June 2023 update. The strength of rent cover across the wider portfolio provides a strong indication that the problems encountered by Silverline stemmed from its inability to respond effectively to industry challenges and were not indicative of wider stresses among Impact's other 13 tenants.

5 Impact uses rent cover is a key metric 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.

6 Resident occupancy typically dips in Q4, not least because of the Christmas period, and continues to affect Q1 average occupancy, before resuming its normal trend. Meanwhile, staff cost increases are generally effective early in the year while the majority of average weekly fee increases occur during Q2 with a full quarter impact in Q4.

Silverline operated seven Impact homes, three in Bradford, with identified turnaround opportunities, and four homes in or around Glasgow, with annualised contracted rents of £1.6m. Following a detailed internal and independent assessment, Impact was satisfied that the assets operated by Silverline were capable of providing an attractive and sustainable return with good levels of care, subject to enhanced stewardship. Extensive discussions were held with a number of alternative care providers, but the company concluded that a consensual transfer of the Silverline operations to Melrose Holdings (MHL), a newly created affiliate of an existing related party, Minster Care Group, would provide the best outcome for all stakeholders. MHL was able to immediately take on operational responsibility for the homes, supported, under a service agreement, by Minster. Minster has significant experience operating mid-market homes in both England and Scotland and a track record in turnarounds.

Since transferring the operations of the homes, their underlying performance has improved, albeit at a faster pace in the assets located close to Glasgow than in Bradford, providing support to Impact's assessment of the quality of the of the homes. The performance improvement enabled Impact to begin discussions with potential long-term, third-party operators for the homes and all three of the Bradford homes have now been transferred to a new tenant, We Care Group on long leases.[7] We Care is an experienced operator with over 30 homes located throughout the North of England and it has significant experience with turnaround homes, including in the Bradford submarket. The transfer agreement includes a rent-free period and a lease incentive of £1.5m, of which £0.25m is additional cash for We Care to invest directly in the homes. These incentives are structured to enable We Care to complete the refurbishment of the homes and absorb the working capital funding provided by Impact during the turnaround phase into the long-term lease returns of the properties. Impact expects cash rent payments to resume in the first quarter of 2025, although we expect an immediate contribution to 'smoothed' IFRS rental income.

The four remaining homes, located in Scotland, that were transferred from Silverline continue to be operated by MHL. The investment manager is making progress with its negotiations to transfer these four homes to a new operator on long-term leases.

Affordable rents are key to sustainable rent collection

Setting affordable rents at the outset has been key to maintaining rent cover on a long-term basis, including through challenging market conditions.

We estimate that across Impact's portfolio the average value per bed is c £90,000 and the average rent per bed is c £6,500. The build-cost per bed for a modern, high-quality, purpose-built home is likely to be as much as twice this, albeit with a superior specification, including energy efficiency, to the benefit of operators, staff and residents. The point is not that one property is better than the other but that higher capital costs require higher rents and higher resident fees, which to a large extent defines the scale and scope of the market they are able to address.

In the example provided by Impact below, it compares the actual data from a selected home within its portfolio (home A), with mostly local authority funded (82%), with the data, supplied by a developer, of a 'typical' new build home (home B) with fees mostly privately funded. Reflecting the resident/funding mix, weekly fees for home A are significantly lower for home B, although its cost structure is not materially different. Staffing ratios in particular are relatively similar across the sector, and differences predominantly reflect acuity. Home A earnings before amortisation, rent, and management overhead (EBITDARM) is much lower at home A but so too is rent. Rent cover is

[7] Although not specified, for new leases, Impact's standard terms is 25 years. We Care has committed to make further investment in the homes and has agreed to the inclusion of a Landlord option to extend the leases to 35 years.

correspondingly 2.6x compared with 1.6x at home B. No capital costs are provided in this illustration but we estimate that applying a yield of 6% to home B rents suggests a value per bed of c £236k while a yield of 7% applied to home A indicates a value of £77k per bed.

Exhibit 6: Illustration of the significance of rent levels

	Care home A	Care home B
Available beds	76	66
Average weekly fees	£1,043	£1,450
Occupancy	97%	94%
Public/private mix	82%/18%	25%/75%
Income (£m)	£4,011	£4,678
Total staff costs (£m)	£2,305	£2,339
Other home costs (£m)	£640	£842
EBITDARM (£m)	£1,066	£1,497
EBITDARM margin	27%	32%
Rent	£407	£936
Rent as % income	10%	20%
Rent/bed	£5,361	£14,175
Rent cover (x)	2.6	1.6

Source: Impact Healthcare REIT. Note: *Actual numbers for 12 months to 31 December 2023 for a care home operated by Careport in North-West England. **Illustrative numbers of 'Typical Care Home Financials' published by a developer selling new care homes.

Careport, the operator of home A and eight other Impact homes, is a good example of a successful operator with predominantly publicly funded residents (an average 74% across all of its homes in 2023). It has sought to differentiate itself as a leading provider of higher acuity dementia care in each in which it operates, generating high levels of occupancy (an average 96% across all its homes in 2023) and a good level of profitability (average 26% EBITDARM margin since 2020), enabling to invest back into its homes and operating systems to improve care and generate efficiencies.

Asset management is highly attractive to all stakeholders

Impact considers asset management to be one of the most attractive strategies available to it for deploying capital, enhancing returns beyond a pure 'buy and hold' strategy. The total spend since listing has been £32m but we expect this to accelerate and make an increasing contribution to Impact's growth while enhancing asset quality.

Asset management projects are designed to enhance tenant revenues, increase rents and improve capital values. Projects are undertaken in partnership with tenants, who benefit from the potential to enhance or extend facilities, broaden their appeal to residents and increase earnings. Impact benefits from higher rents and improved rental cover, with the potential for capital appreciation. Meanwhile the risks are typically low compared with new development. The additional rent to paid to Impact is set at level that generates a yield on investment of at least 8%.

Asset management projects vary considerably in scope and scale. Notable previously completed projects include Diamond House, Leicester, and Freeland House, Oxfordshire, where new specialist dementia care facilities were developed within the footprint of the existing homes. At Fairview House and the adjacent Fairview Court, a new 'link block' was constructed to bring the two buildings together and a comprehensive upgrade to Fairview House is close to completion. The refurbishment will bring it up to the same high standard as Fairview Court, adding ensuites to bedrooms, improving the residents' day spaces and increasing energy efficiency, so the new combined building will have an EPC rating of A.

Fairview provides an interesting example of the attractive returns that asset management can generate. The homes were originally acquired for £4.9m, with the £0.4m of annual rent reflecting a gross initial yield of 7.3%. The developments represent a further investment of £3.5m, bringing the total invested to £8.4m. Including rent increases since acquisition and rentalisation of the capex at 8.6%, contracted rent has increased to c £0.7m, a yield of more than 8% on investment, well above the portfolio average. In combination with the enhanced quality of the asset, this indicates strong potential for further valuation uplift following completion of the works.

During 2023, Impact approved new asset management projects with a combined investment value of £11.7m, of which £2.2m was invested during the year. There is a further pipeline of 24 potential projects at various stages, with an aggregate funding value of up to £31m. This may be funded over the next two to three years, which Impact says it will support if it enhances the quality of care and environment and is accretive to shareholder returns. Our forecasts assume c £30m of investment by the end of FY26.

Exhibit 7: Main current asset management projects

Home	Tenant	Commitment	Project
Mavern House	Welford	£1.9m	Eight new bedrooms and improved EPC rating (C to B).
Elm House	Croftwood	£3.0m	Extension with 21 high-specification bedrooms with wet rooms, upgraded bathrooms for five existing bedrooms, and improved EPC rating (C to B).
Amberly	Minster	£2.5m	16 new bedrooms with wet rooms, upgrades to 10 existing bedrooms and bathrooms, and improved EPC rating (C to B)
Yew Tree	Prestige	£2.5m	New 25-bed building on land we already own, increasing beds at Yew Tree to 101.

Source: Impact Healthcare REIT

Strong, flexible balance sheet with interest rate protection

At end-Q124, £188m had been drawn from total available borrowing facilities of £250m, with a weighted average maturity of six years. The EPRA net loan to value ratio (LTV) was 27.6%, a little above the company's medium-term target of 25%, but well below the 35% maximum specified by its gearing policy. The balance sheet is liquid and flexible, with liquidity headroom of c £60m, including undrawn debt of £62m and cash of £10m, less capital commitments.

Borrowings comprise £75m of senior secured private placement loan notes at a blended fixed rate 2.97%, maturing in 2035, and shorter-term bank debt of £110m with variable interest costs which are mostly hedged. The average cost of drawn debt was 4.6% at end-Q124 (with the SONIA benchmark rate at c 5.25%) and, with the fixed/hedged ratio at 93%, debt costs are well protected from interest rate increases until early 2025.

The first debt maturity, in April 2026, is the £75m HSBC revolving credit facility (RCF), and the interest rate caps used to hedge interest rate risk expire during 2025. A £50m nominal value cap on SONIA at 3% expires in January 2025 and a £50m cap on SONIA at 4% expires in August 2025. Market interest rate expectations remain volatile but anticipate a decline in the SONIA rate from c 5% currently to c 4% by the end of 2025. This indicates a relatively modest increase in borrowing costs as the hedges mature but as our FY26 forecasts indicate, we estimate that a good level of dividend cover would remain. Regardless, we expect further financing activity before hedge expiry with the company seeking opportunities to maintain its financial flexibility, increase average debt maturity and enhance interest cost visibility.

Exhibit 8: Summary of debt portfolio

	Clydesdale	HSBC	NatWest	Total bank debt	Private placements
Facility type	RCF	RCF	RCF		Fixed rate
Facility size	£50m	£75m	£50m	£175m	£75m
Expiry	Dec-29	Apr-26	Jun-28		2035
Margin	2.0% plus SONIA	2.0% plus SONIA	2.0% plus SONIA		Fixed 2.97%

Source: Impact Healthcare REIT

ESG targets and progress

The positive social impact the company makes is, we think, self-evident. Impact also has robust and transparent governance structures. In 2023 the investment manager became a signatory to the UN Principles of Responsible Investment and has embedded those principles in its risk management and investment decision-making processes. Focusing on environmental matters, Impact is targeting net carbon zero by 2045 with the intermediate goals of reducing emissions by 15% (from the 2022 base) by 2025 and 50% by 2030. The intermediate goals seek to encourage progress while balancing the affordability and operational practicality of the required investment and actions. Impact also aims to ensure all homes are EPC[8] rated C or better by 2026 and EPC B or better by 2030, with an intermediate target of at least 50% B rated by 2025.

During FY23, the portfolio average EPC ratings made good progress, with the proportion of properties rated EPC B or better increasing to 57% from 53% in the previous year, already ahead of the 2025 intermediate target. EPC C properties and above now represent 93% of the total, up from 88% in FY22. The measures taken to improve ratings include more efficient LED lighting, improvements to the building fabric and upgraded heating systems, of which there are more opportunities.

Despite the EPC progress, carbon intensity and total emissions increased (to 54kg[9] from 50kg) which Impact believes was significantly driven by increased resident occupancy within its homes. The 2025 intermediate emissions reduction target (-15%) is now more of a stretch, but Impact nonetheless expects to make progress as efficiency measures are progressively implemented through asset management projects.

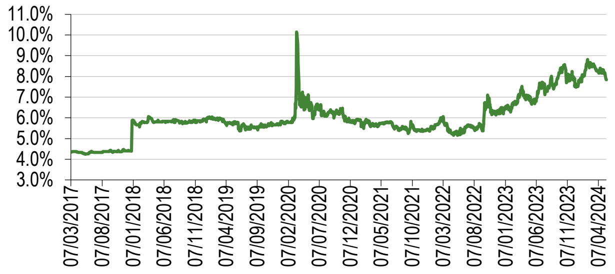
Valuation

This year's dividend target of 6.95p (+2.7%) represents an attractive yield of 8.5%, while the shares continue to trade at a 27% discount to Q124 EPRA NTA per share of 116.9p.

8 Energy Performance Certificate, as applicable in England. Impact's portfolio ratings include its Scottish assets at their English equivalent ratings.

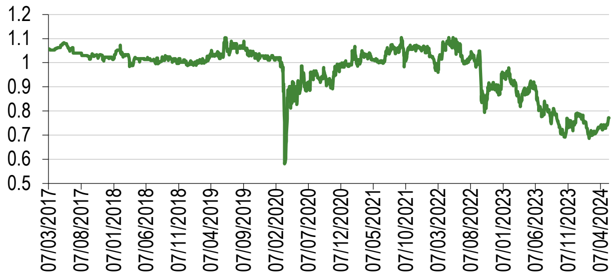
9 Kilogrammes of carbon dioxide (CO_2) equivalent per square metre year.

Exhibit 9: Dividend yield since listing



Source: Impact Healthcare REIT data, LSEG prices, Edison Investment Research

Exhibit 10: Price/NAV since listing



Source: Impact Healthcare REIT data, LSEG prices, Edison Investment Research

Exhibit 11 shows a summary of the performance and valuation of a group of 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.

Exhibit 11: Peer group comparison

	WAULT (years)	Price (p)	Market cap (£m)	P/NAV* (x)	Yield** (%)	Share price performance			
						1 month	3 months	1 year	3 years
Assura	11	39	1175	0.76	8.3	-8%	-5%	-17%	-49%
Primary Health Properties	11	91	1215	0.84	7.4	-5%	0%	-9%	-42%
Target Healthcare	26	80	493	0.73	7.1	-3%	0%	10%	-30%
Triple Point Social Housing	25	57	224	0.50	9.6	-6%	-4%	9%	-46%
Average	**18**			**0.71**	**8.1**	**-6%**	**-2%**	**-2%**	**-42%**
Impact Healthcare	**21**	**85**	**351**	**0.73**	**8.0**	**-4%**	**4%**	**-10%**	**-23%**
UK property sector index		1,320				-4%	4%	5%	-25%
UK equity market index		4,438				-3%	5%	6%	11%

Source: Historical company data, Refinitiv. Note: *Based on last published EPRA NTA/NAV per share. **Based on trailing 12-month DPS declared. Refinitiv price data at 17 June 2024.

Impact's trailing dividend yield and P/NAV are in line with the peer group average. Over three years, Impact's share price has significantly outperformed the peer group.

Diversified portfolio

Impact's portfolio was valued at £661m at end-Q124, comprising 138 properties providing residential and nursing care, let to 13 different tenants with two co-located medical facilities leased to the NHS. The number of care home tenants is now 14, including We Care.

All the care homes are let on long-term triple net leases (the tenant is responsible for all maintenance expenditure and insurance costs), with upwards-only rent reviews that are indexed to inflation.[10] Impact's standard leases include covenants in respect of minimum rent cover, minimum maintenance expenditure and standards of care, with an initial term of 25 years, with tenant options to extend for an additional 10 years. Since 2020, all new leases include 'green' clauses to assist the company in working with tenants to achieve its ESG objectives.

The portfolio is diversified but at its core, a significant majority of the properties are good-quality, well designed, upper-middle-market care homes, in good condition and viable for the term of the existing leases at the very minimum. Most of the balance of the portfolio is classified as value add,

[10] 90% of leases are RPI linked with an annual floor at 2% and cap at 4%; 8% are RPI-linked with an annual floor at 1% and cap at 5%; 2% increase in line with CPI.

with the potential, working in partnership with tenants to physically enhance and reposition the properties within their local markets.

The portfolio continued to grow during FY23, including the innovatively financed and accretive acquisition of a portfolio of six homes for £56m, on a gross initial yield of 7.0% in January 2023. The consideration comprised a blend of cash (80%) and new equity issued to the vendor at the prevailing NAV and a material premium to the share price. We have not assumed acquisitions in our forecasts although if interest rates decline in line with market expectations, accretive opportunities may emerge. Currently, we view asset management investment as offering more attractive returns.

One non-core home was sold in FY23 for £1.25m, in line with the prevailing book value. Further sales are likely as accretive capital recycling opportunities emerge but, again, are not assumed in our forecasts.

Exhibit 12: Portfolio summary

	Q124	End FY23	End FY22	FY23/FY22
Properties	140	140	135	4%
o/w care/nursing homes	138	138	133	
Care home beds	7,721	7,721	7,336	5%
Number of care home tenants	13	13	13	
Total number of tenants including NHS	14	14	14	
Annualised contracted rent (£m)	50.1	48.8	43.1	13%
Annualised passing rent (£m)		45.6	38.9	17%
WAULT (years)	20.4	20.8	19.7	
Portfolio valuation (£m)	660.8	651.3	568.8	
EPRA net initial yield (NIY)		6.7%	7.0%	
EPRA topped-up net initial yield (NIY)	6.9%	6.9%	7.0%	

Source: Impact Healthcare REIT, Edison Investment Research

The tenant base has steadily diversified since launch, with the addition of new tenants, diluting the position of the original tenants, Minster and Croftwood, both parts of the Minster Care Group.[11] We expect this process to continue, although the focus is on carefully selecting suitable tenant partners with whom to grow, not in simply broadening the list of counterparties.

Exhibit 13: Increasingly diversified tenant base (December 2023)

Tenant/operator	Contracted rent (%)	Number of homes	Number of beds
Minster*	22	31	1,774
Welford	20	18	1,094
Holmes	14	21	1,129
Croftwood**	12	27	1,118
Careport	5	9	439
MMCG	5	7	508
Prestige	5	5	444
Electus	4	5	340
Carlton Hall	3	2	86
Melrose* **	3	7	394
Belmont	2	2	168
Renaissance	2	2	128
Optima	2	2	99
NHS	1	2	
Portfolio total	100	140	7,721

Source: Impact Healthcare REIT. Notes: *Minster and Croftwood are parts of Minster Care Group. Melrose is an affiliate of Minster Care Group. *Three of the seven homes operated by Melrose have now been transferred to a new tenant, We Care.

[11] The initial seed portfolio, comprising 57 homes and c 2,500 beds, was acquired at a yield of 7.6%. Its acquisition avoided a cash drag at IPO and generated an immediate income to support dividend payments.

Governance and management

Impact Healthcare REIT is closely overseen by a non-executive board of directors and is externally managed by IHP. IHP was established in 2016 by its principals, Mahesh Patel and Andrew Cowley, who bring considerable experience of investment and operation in the UK care home market and wider alternative asset markets. David Yaldron joined IHP as finance director in June 2017. Biographies of these key members of the IHP team can be seen at the back of this report. Mahesh Patel owns 10m shares in the company (c 3.1%), primarily through Maal, and other members of the IHP team own c 0.4%, which closely aligns the interests of the investment manager with those of the company and its shareholders. The broader IHP team includes further property and finance professionals, dedicated to the management of Impact.

Investment adviser fees are payable at 1.0% a year on average net assets of up to £500m and at 0.7% a year on average net assets of more than £500m. There is no performance fee.

The board, currently comprising five independent non-executive members, has been chaired by Simon Laffin since 1 April 2023. He has more than 30 years of board experience across a number of sectors, including previously serving as the chairman of Assura, Flybe Group and Hozelock Group, and he is author of 'Behind Closed Doors. The Boardroom: How to Get In, Get On and Make a Difference'. More broadly, the board brings to Impact, complementary skills and experience across the real estate sector, and specifically healthcare real estate, finance and capital markets, social housing, and corporate stewardship and governance. Full details of the board can be found on Impact's website.

Mahesh Patel is an investor in and director of Minster Care Group (MCG). Two of Impact's tenants, Minster Care and Croftwood, which together provided the initial seed portfolio at IPO, are both part of MCG. Melrose is an affiliate of MCG. Each of these is treated as a related party and a detailed agreement exists to manage any potential conflicts of interest between these and the investment manager, overseen by the board. The company provides comprehensive and transparent disclosure of all relevant transactions.

Recent financial performance

FY23 results were published 25 March. During the period, annualised contracted rent roll increased 13% to £48.8m from £43.1m as a result of rent renewals (at an average 4.1% uplift), the six-home portfolio acquisition and asset management activity. A further increase to £50.1m at the end of Q124 included the impact of rent reviews settled during the quarter and the progression of Impact's pipeline of asset management projects. Asset management projects are included in contracted rents when once legally agreed and in passing rent when completed. Passing rent, which drives cash rental income, was £45.6m with the main adjustments to contracted rents being the temporary lease variation in respect of the Melrose managed assets (c £1.6m), the Norwich pre-let development (c £0.7m), contracted asset management projects (c £0.5m) and rental uplifts in respect of performance-based deferred payments (c £0.4m).

Exhibit 14: Summary of the FY23 financial performance

£m unless stated otherwise	FY23	FY22	
Cash rental income plus loan interest, net of credit loss	46.0	39.1	18%
Administrative expenses	(7.1)	(7.0)	2%
Net finance expense	(8.7)	(4.5)	94%
Adjusted earnings	**30.2**	**27.6**	**9%**
IFRS rent smoothing adjustments	7.1	6.4	
Interest received on rate cap	(1.4)	(0.1)	
Amortisation of loan arrangement fees	(1.4)	(1.2)	
EPRA earnings	**34.5**	**32.6**	**6%**
Unrealised change in fair value of investment properties	14.8	(16.3)	
Change in fair value of interest rate derivatives	(0.5)	0.4	
IFRS earnings	**48.8**	**16.8**	
EPRA EPS (p)	8.3	8.4	0%
Adjusted EPS (p)	**7.3**	**7.1**	**2%**
DPS (p)	**6.77**	**6.54**	**4%**
EPRA dividend cover	123%	128%	
Adjusted 'cash' dividend cover	**108%**	**109%**	
EPRA NTA per share (p)	**115.0**	**110.1**	**4%**
NAV total return	10.8%	3.8%	

Source: Impact Healthcare REIT data

For FY23, we note in particular:

- Cash rental income (£42.5m), interest income earned on loan investments (£3.7m) and net of the Silverline rental income write-off (£0.2m), increased 18% to £46.0m.
- Administrative expenses were well-controlled and increased 2% to £7.1m. Fees paid to the investment manager, directly linked to NAV, account for two-thirds of the total and increased 5%.
- Adjusted to include interest received on investments via loans and excluding the bad debt charge, the cost ratio was 13.4% (FY22: 15.4%) and on an EPRA basis, without adjustment, it was 14.4% (FY22: 16.6%).
- Not including the £3.7m interest income earned on loan investments, reported net finance expense was £11.9m, and on an adjusted basis, it was £8.7m, substantially increased from £4.5m in FY22. The increase was driven by higher average borrowings, drawn to fund portfolio growth, and the impact of the increase in the SONIA benchmark rate on the portion of floating rate debt that remained unhedged. Adjusted net finance expense excludes non-cash amortisation of loan arrangement fees (£1.4m) and the change in fair value on interest rate derivatives (£0.5m). It also includes interest received (£1.4m) on the rate caps used to hedge interest rate exposure, which IFRS treats as a valuation movement.
- Adjusted 'cash' earnings increased 9% to £30.2m or 7.3p per share and DPS of 6.77p (+4%) was 108% covered.
- On an EPRA basis, earnings increased 6% to £34.5m or 8.3p per share, covering DPS by 123%. EPRA earnings includes non-cash IFRS rent smoothing adjustments (£7.1m) and loan fee amortisation charges and excludes interest on rate caps.
- During the period, the portfolio value increased to £651m from £569m, including acquisitions of £57m and capex of £5m. On a like-for-like basis, the valuation increased by £22m or by 4.1% The gain equated to 5.30p per share, of which 5.22p resulted from inflation-linked rental growth and 0.08p from market value movements.
- EPRA NTA per share increased 4.4% to 115.0p and was 116.9p at end-Q124.

Sensitivities

We see the key current and potential sensitivities as relating to the following:

- Regulatory changes or changes to government care policy have the potential to materially affect the sector, both positively and negatively.
- While Impact has no direct exposure to the operational and financial performance of the homes, its ability to collect contractual rental income is dependent on the performance of tenants.
- Key operational and financial risks to the tenant operators include their ability to maintain high standards of care and compliance with stringent and evolving regulatory oversight, manage staff shortages, maintain occupancy and achieve adequate levels of fees. The COVID-19 pandemic highlighted the risks posed by the spread of infectious disease.
- Adequate levels of investment are required to maintain the quality of the homes. This is generally the responsibility of tenants and closely monitored by the investment manager. The investment that Impact will be required to undertake to achieve its environmental targets and meet regulatory requirements is as yet uncertain.
- Average care home fees have risen at a faster rate than RPI in recent years, particularly fees for self-funded residents. In many cases these fees will be met by a drawdown of home equity and/or other savings. Any sustained reduction in asset values could weaken demand and have a negative impact on the growth of privately funded fees.
- As an externally managed REIT, Impact is dependent on the investment manager’s ability, the retention of key staff and Impact’s ability to deliver business continuity.

EDISON

Exhibit 15: Financial summary

Year to 31 December (£m)	2021	2022	2023	2024e	2025e	2026e
Cash rental income*	30.5	39.1	46.2	47.1	50.7	53.2
IFRS adjustments for guaranteed uplifts and lease incentives	5.9	6.4	7.1	7.8	8.2	8.1
Gross rental income	36.5	45.4	53.4	54.9	58.9	61.3
Net other income/(expense)	0.0	0.0	0.0	0.0	0.0	0.0
Bad debt charge	0.0	0.0	(0.2)	0.0	0.0	0.0
Net rental income	**36.5**	**45.4**	**53.1**	**54.9**	**58.9**	**61.3**
Administrative & other expenses	(5.8)	(7.0)	(7.1)	(7.5)	(7.8)	(8.1)
Realised gain on disposal	0.3	0.1	(0.0)	0.0	0.0	0.0
Operating profit before change in fair value of investment properties	**31.0**	**38.6**	**46.0**	**47.5**	**51.1**	**53.3**
Unrealised change in fair value of investment properties	4.2	(16.3)	14.8	11.1	8.6	3.6
Net finance cost	(3.3)	(5.4)	(11.9)	(12.1)	(12.2)	(12.2)
Profit before taxation	**32.0**	**16.9**	**48.8**	**46.4**	**47.5**	**44.6**
Tax	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the year (IFRS)	**32.0**	**16.9**	**48.8**	**46.4**	**47.5**	**44.6**
Adjust for:						
Realised and unrealised gain/(loss) on investment properties	(4.5)	16.1	(14.8)	(11.1)	(8.6)	(3.6)
Change in fair value of interest rate derivatives	(0.1)	(0.4)	0.5	0.0	0.0	0.0
EPRA earnings	**27.4**	**32.6**	**34.5**	**35.3**	**38.9**	**41.0**
Rental income arising from recognising rental premiums & fixed rent uplifts	(6.0)	(6.5)	(7.3)	(7.8)	(8.2)	(8.1)
Amortisation of loan arrangement fees	1.0	1.2	1.4	1.3	1.3	1.3
Interest received on rate cap	0.0	0.1	1.4	1.5	0.3	0.0
Other adjustments	0.4	0.3	0.1	0.0	0.0	0.0
Adjusted earnings	**22.7**	**27.7**	**30.2**	**30.3**	**32.3**	**34.2**
Average number of shares in issue (m)	339.8	390.1	414.2	414.4	414.4	414.4
Basic & diluted IFRS EPS (p)	9.41	4.33	11.79	11.20	11.46	10.77
EPRA EPS (p)	**8.05**	**8.37**	**8.33**	**8.53**	**9.39**	**9.91**
Adjusted EPS (p)	**6.68**	**7.11**	**7.28**	**7.32**	**7.80**	**8.27**
Dividend per share (declared)	6.41	6.54	6.77	6.95	7.20	7.50
EPRA earnings dividend cover	**126%**	**128%**	**123%**	**123%**	**130%**	**132%**
Adjusted earnings dividend cover	**104%**	**109%**	**108%**	**105%**	**108%**	**110%**
NAV total return	8.4%	3.8%	10.8%	9.7%	9.6%	8.7%
EPRA cost ratio	15.8%	16.6%	14.4%	13.6%	13.2%	13.1%
BALANCE SHEET						
Investment properties	437.6	504.3	616.0	642.5	663.6	677.2
Other non-current assets	62.0	68.1	41.0	45.7	53.6	61.7
Non-current assets	**499.7**	**572.4**	**657.0**	**688.2**	**717.3**	**739.0**
Cash and equivalents	13.3	22.5	9.4	9.4	10.2	3.9
Other current assets	1.6	1.5	0.9	0.2	0.2	0.3
Current assets	**14.8**	**24.1**	**10.3**	**9.6**	**10.4**	**4.2**
Borrowings	(110.9)	(122.4)	(179.9)	(191.3)	(202.6)	(203.9)
Other non-current liabilities	(2.6)	(4.3)	(2.3)	(2.3)	(2.3)	(2.3)
Non-current liabilities	**(113.5)**	**(126.7)**	**(182.3)**	**(193.6)**	**(204.9)**	**(206.2)**
Borrowings	0.0	(14.8)	0.0	0.0	0.0	0.0
Other current liabilities	(6.7)	(9.1)	(6.9)	(8.3)	(9.0)	(9.2)
Current Liabilities	**(6.7)**	**(23.9)**	**(6.9)**	**(8.3)**	**(9.0)**	**(9.2)**
Net assets	**394.2**	**445.9**	**478.1**	**495.9**	**513.8**	**527.7**
Adjust for derivative financial liability/(asset)	(0.1)	(0.4)	(1.8)	(0.3)	0.0	0.0
EPRA net tangible assets (NTA)	**394.2**	**445.6**	**476.4**	**495.7**	**513.8**	**527.7**
Period end shares (m)	350.6	404.8	414.4	414.4	414.4	414.4
IFRS NAV per ordinary share	112.4	110.2	115.4	119.7	124.0	127.3
EPRA net tangible assets (NTA) per share	**112.4**	**110.1**	**115.0**	**119.6**	**124.0**	**127.3**
CASH FLOW						
Net cash flow from operating activities	**(13.9)**	**29.5**	**33.4**	**43.3**	**43.5**	**45.4**
Purchase of investment properties (including acquisition costs)	(28.1)	(71.9)	(46.6)	(5.4)	(2.6)	0.0
Capital improvements	(1.1)	(11.2)	(3.4)	(10.0)	(10.0)	(10.0)
Other cash flow from investing activities	1.6	5.4	3.3	0.1	0.0	0.0
Net cash flow from investing activities	**(27.6)**	**(77.7)**	**(46.6)**	**(15.3)**	**(12.6)**	**(10.0)**
Issue of ordinary share capital (net of expenses)	34.6	60.5	(0.0)	0.0	0.0	0.0
(Repayment)/drawdown of loans	38.2	27.7	42.5	10.0	10.0	0.0
Dividends paid	(21.9)	(25.7)	(27.8)	(28.6)	(29.6)	(30.8)
Other cash flow from financing activities	(4.1)	(5.1)	(14.5)	(9.3557)	(10.6)	(10.9)
Net cash flow from financing activities	**46.8**	**57.4**	**0.1**	**(28.0)**	**(30.2)**	**(41.7)**
Net change in cash and equivalents	5.3	9.3	(13.1)	0.0	0.8	(6.3)
Opening cash and equivalents	8.0	13.3	22.5	9.4	9.4	10.2
Closing cash and equivalents	**13.3**	**22.5**	**9.4**	**9.4**	**10.2**	**3.9**
Balance sheet debt	(110.9)	(137.2)	(179.9)	(191.3)	(202.6)	(203.9)
Unamortised loan arrangement costs	(3.6)	(5.1)	(4.8)	(3.5)	(2.2)	(0.9)
Net cash/(debt)	**(101.3)**	**(119.7)**	**(175.4)**	**(185.3)**	**(194.6)**	**(200.8)**
Gross LTV (net debt as % gross assets)	**22.3%**	**23.8%**	**27.7%**	**27.9%**	**28.1%**	**27.6%**

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

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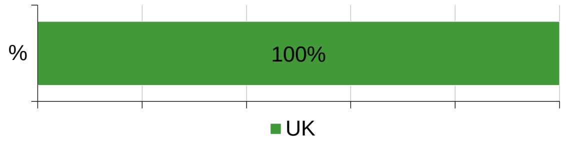
Revenue by geography



Leadership team

Independent non-executive chairman, Impact Healthcare REIT: Simon Laffin

Simon Laffin was appointed chairman of Impact Healthcare REIT in April 2023, having joined the board in January of that year. He has 30 years of board experience across a number of sectors including real estate, previously serving as chairman of Assura, Flybe Group and Hozelock Group. He has also been a non-executive director at Watkin Jones, Dentsu Group, Quintain Estates and Development, Aegis Group, Mitchells & Butlers and Northern Rock (as part of the rescue team). He was an adviser to CVC Capital Partners for 10 years. Before this, he was group finance and property director of Safeway. His first book, 'Behind Closed Doors. The Boardroom: How to Get In, Get On and Make a Difference' was published in 2023.

Managing partner, Impact Health Partners: Mahesh Patel

Mahesh Patel co-founded Impact Health Partners in 2016. He 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, Highclear and Kingsclear (focused on residential care for the elderly) and a supported living business, Independent Living. In addition, he was a co-founder and director of Precision Dental, which invested in dental laboratories, and invests in technology related to healthcare. Mahesh has helped found and grow Minster and Croftwood, which provide residential healthcare for the elderly, along with Pathways Care, which provides specialist support for people with various disabilities.

Managing partner, Impact Health Partners: Andrew Cowley

Andrew Cowley co-founded Impact Health Partners in 2016. He is an experienced fund manager, who has been investing in infrastructure and private equity since 2000. He was a senior managing director at Macquarie and deputy chief executive of the listed Macquarie Airports. Before this, he was a managing director at Allianz, responsible for investments in alternative assets; a director of Kleinwort Benson and chairman of Dresdner Kleinwort Benson's business in Russia; he began his career at SG Warburg. He has experience of serving on company boards, including various international airports, Moto Holdings, Creative Broadcast Services and as chairman of Halterm Container Terminal in Canada.

Finance director, Impact Health Partners: David Yaldron

David Yaldron is a chartered accountant with more than 20 years' experience, having held senior financial roles in real estate and investment companies. Before joining Impact Health Partners in June 2017, he was a director at Grosvenor, Britain and Ireland, and was responsible for projects and new investments, becoming the senior director responsible for all investments, developments and strategic land activities outside London. Before Grosvenor, he worked for Europa Capital, managing its corporate investments and divestments across Europe and before this was head of investment monitoring at Coller Capital. David trained and spent the first 10 years of his career at KPMG, working in the transaction services team.

Principal shareholders (Source: LSEG, 13 June 2024)	(%)
Quilter Investors	11.9
Schroder Investment Management	6.7
Gravis Capital Management	5.4
Brooks Macdonald Asset Management	5.0
Royal London Asset Management	4.8
Premier Asset Management	4.4
Integrated Financial Arrangements	4.1
Legal & General Investment Management	3.1

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