

Disposal Of Five Non-Core Care Homes

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2 July 2024

Impact Healthcare REIT plc

("Impact" or the "Company" or, together with its subsidiaries, the "Group")

DISPOSAL AT LATEST BOOK VALUE OF FIVE NON-CORE CARE HOMES FOR £8.8 MILLION

The Board of Directors of Impact Healthcare REIT plc (ticker: IHR), the real estate investment trust which gives investors exposure to a diversified portfolio of UK healthcare real estate assets, in particular care homes, announces that as part of its active portfolio management policy the Group has exchanged contracts for the sale of five non-core care homes for £8.8 million, which is in line with the latest valuation of these homes as at 31 March 2024.

Impact has exchanged on the sale of three care homes in East Yorkshire for a total consideration of £4.3 million: Ashgrove Care Home, a 56-bed care home in Cleethorpes; Emmanuel House, a 44-bed care home in Hessle; and Hamshaw Court, a 45-bed care home in Hull. The purchaser is a local owner and operator of care homes, and the transaction is subject to re-registration of the care home operations from the current tenant, Minster Care Management Limited ("Minster"), to the purchaser which requires the approval of the independent regulator, the Care Quality Commission ("CQC"). Completion is expected during the third quarter of this year.

In addition to the above disposals, Impact has exchanged and simultaneously completed on the sale of two care homes for a total consideration of £4.5 million: Eryl Fryn Care Home, a 30-bed care home in Llandudno, Wales; and Stansty House Care Home, a 73-bed care home in Wrexham. Eryl Fryn Care Home and Stansty House Care Home were sold to an affiliate of Minster. In assessing the merits of the transaction with an associate of Minster, the Company commissioned a second independent valuation, which supported the sale price. Minster is deemed to be a related party of the Company under the Listing Rules. The sale of Eryl Fryn Care Home and Stansty House Care Home is a smaller related party transaction for the purposes of Listing Rule 11.1.10R and this announcement is therefore made in accordance with Listing Rule 11.1.10R(2)(c).

Impact acquired the five care homes as part of its IPO seed portfolio in May 2017. The homes have either had a history of relative under-performance, have low EPC scores or are smaller than the ideal size for a care home (the average size of homes in the Impact portfolio is 56 beds). Following the sales, Impact will own 135 properties. The disposal of these five homes will help improve the sustainability performance of the Group's portfolio either by reducing our exposure to homes with an EPC C or D, or disposing of homes that have higher CO₂e emissions per m² than the portfolio average (portfolio average 2023: 54kg CO₂e per m²).

Impact has achieved an unlevered IRR on these non-core homes from purchase to sale of 6.6% per annum. On the whole of the Minster and Croftwood IPO seed portfolio its unlevered IRR from May 2017 to March 2024 is 10.5% per annum. Once completed, these transactions will also reduce the Group's exposure to the Group's largest tenant.

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The Company's LEI is 213800AX3FHPMJL4IJ53.

Further information on Impact Healthcare REIT is available at www.impactreit.uk.

NOTES:

Impact Healthcare REIT plc acquires, renovates, extends and redevelops high quality healthcare real estate assets in the UK and lets these assets on long-term full repairing and insuring leases to high-quality established healthcare operators which offer good quality care, under leases which provide the Company with attractive levels of rent cover.

The Company aims to provide shareholders with an attractive sustainable return, principally in the form of quarterly income distributions and with the potential for capital and income growth, through exposure to a diversified and resilient portfolio of UK healthcare real estate assets, in particular care homes for the elderly.

The Company's dividend policy is to seek to maintain a progressive dividend that is covered by adjusted earnings.

On this basis, the target total dividend for the year ending 31 December 2024 is 6.95 pence per share⁽¹⁾, a 0.18 pence increase over the 6.77 pence in dividends paid or declared per ordinary share for the year ended 31 December 2023.

The Group's Ordinary Shares were admitted to trading on the main market of the London Stock Exchange, premium segment, on 8 February 2019. The Company is a constituent of the FTSE EPRA/NAREIT index.

Notes:

- (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.

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