

**THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from your stockbroker, bank, solicitor, accountant or other independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (the "FSMA") if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.**

This Prospectus comprises a prospectus relating to Impact Healthcare REIT plc (the "Company") in connection with an issue of new Ordinary Shares, prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made pursuant to section 73A of FSMA. This Prospectus has been approved by the Financial Conduct Authority and has been filed with the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

The Ordinary Shares are only suitable for investors: (i) who understand and are willing to assume the potential risks of capital loss and understand that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the Ordinary Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment. If you are in any doubt about the contents of this Prospectus, you should consult your accountant, legal or professional adviser or financial adviser.

The Company and each of the Directors, whose names appear on page 42 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the entire Prospectus and, in particular, the section headed "Risk Factors" beginning on page 20 when considering an investment in the Company.

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# **IMPACT HEALTHCARE REIT PLC**

*(Incorporated in England and Wales with company number 10464966 and registered as an investment company under section 833 of the Companies Act 2006)*

**Placing Programme of up to 200 million New Ordinary Shares of one penny each**

**and**

**Admission of New Ordinary Shares to the premium segment of the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange**

***Investment Adviser***

**IMPACT HEALTH PARTNERS LLP**

***Sponsor, Joint Bookrunner and Financial Adviser***  
**WINTERFLOOD SECURITIES LIMITED**

***Joint Bookrunner***  
**RBC CAPITAL MARKETS**

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Application will be made for the New Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's Main Market. If such application is approved, it is expected that any Programme Admission will become effective and that dealings in the New Ordinary Shares issued pursuant to a Placing under the Placing Programme will commence between 6 March 2019 and 10 February 2020. There will be no conditional dealings in the New Ordinary Shares. The New Ordinary Shares will not be dealt in on any other recognised investment exchange and no other such applications have been made or are currently expected.

The New Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the New Ordinary Shares may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. The New Ordinary Shares are being offered and sold outside the United States to non-US persons in reliance on Regulation S. The Company has not been, and will not be, registered under the Investment Company Act, and investors will not be entitled to the benefit of that Act. No offer, purchase, sale or transfer of the New Ordinary Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

**The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of New Ordinary Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.**

Winterflood Securities Limited ("**Winterflood**") which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, and RBC Europe Limited (trading as "**RBC Capital Markets**") which is authorised by the Prudential Regulation Authority and authorised and regulated in the United Kingdom by the Financial Conduct Authority, are each acting exclusively for the Company and for no one else in relation to the Placing Programme, any Programme Admission and the other arrangements referred to in this Prospectus. Neither Winterflood nor RBC

Capital Markets will regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Placing Programme, any Programme Admission and the other arrangements referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to the Placing Programme, any Programme Admission, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus. Neither Winterflood nor RBC Capital Markets makes any representation express or implied in relation to, nor accepts any responsibility whatsoever for, the contents of the Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the New Ordinary Shares, the Placing Programme, any Programme Admission and/or the other arrangements referred to in this Prospectus. Each of Winterflood and RBC Capital Markets (and their respective affiliates) accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might have in respect of the contents of the Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the New Ordinary Shares, the Placing Programme, any Programme Admission and/or the other arrangements referred to in this Prospectus.

This Prospectus is dated 11 February 2019.

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## Summary

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A-E (A.1-E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Some Elements are not required to be addressed which means there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

SECTION A - Introduction and warnings		
Element	Requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the claimant investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Resale / final placement through financial intermediaries	Not applicable. No consent has been given to the use of this Prospectus in connection with the subsequent resale or final placement of securities by financial intermediaries.

SECTION B - Issuer		
Element	Requirement	Disclosure
B.1	Legal and commercial name	The legal and commercial name of the Company is Impact Healthcare REIT plc.
B.2	Domicile and legal form	The Company was incorporated in England and Wales on 7 November 2016 with registered number 10464966 as a public company limited by shares under the Companies Act 2006, as amended (the " <b>Companies Act</b> "). The principal legislation under which the Company operates is the Companies Act.
B.5	Group description	The Company is the ultimate holding company of the entities comprising its group (the " <b>Group</b> "). The Group is currently comprised of the following entities, which are all direct or indirect wholly-owned subsidiaries of the Company:

		<table> <tr> <th>Name</th><th>Country of incorporation and registered office</th><th>Principal activity</th></tr> <tr><td>Impact Holdco 1 Limited</td><td>England and Wales</td><td>Intermediate holding company</td></tr> <tr><td>Impact Finance 1 Limited</td><td>England and Wales</td><td>Intermediate holding company</td></tr> <tr><td>Impact Property 1 Limited</td><td>England and Wales</td><td>Property holding company</td></tr> <tr><td>Impact Property 2 Limited</td><td>England and Wales</td><td>Property holding company</td></tr> <tr><td>Impact Holdco 2 Limited</td><td>England and Wales</td><td>Intermediate holding company</td></tr> <tr><td>Impact Finance 2 Limited</td><td>England and Wales</td><td>Intermediate holding company</td></tr> <tr><td>Impact Holdco 3 Limited</td><td>England &amp; Wales</td><td>Intermediate holding Company</td></tr> <tr><td>Impact Finance 3 Limited</td><td>England &amp; Wales</td><td>Intermediate holding Company</td></tr> <tr><td>Impact Property 3 Limited</td><td>England and Wales</td><td>Property holding company</td></tr> <tr><td>Alpha Care Management Services Group Limited</td><td>England and Wales</td><td>Intermediate holding company</td></tr> <tr><td>Alpha Care (Grenville) Limited</td><td>England and Wales</td><td>Property holding company</td></tr> <tr><td>Umber (GP) Limited</td><td>Jersey</td><td>Intermediate holding company</td></tr> <tr><td>Umber Properties Limited</td><td>Jersey</td><td>Intermediate holding company</td></tr> <tr><td>Umber Properties LP</td><td>Jersey</td><td>Property holding partnership</td></tr> <tr><td>Roseville Property Limited</td><td>England and Wales</td><td>Property holding company</td></tr> <tr><td>Sandbanks Property Redcar Limited</td><td>England and Wales</td><td>Property holding company</td></tr> <tr><td>Impact Property 4 Limited</td><td>England and Wales</td><td>Property holding company</td></tr> </table>	Name	Country of incorporation and registered office	Principal activity	Impact Holdco 1 Limited	England and Wales	Intermediate holding company	Impact Finance 1 Limited	England and Wales	Intermediate holding company	Impact Property 1 Limited	England and Wales	Property holding company	Impact Property 2 Limited	England and Wales	Property holding company	Impact Holdco 2 Limited	England and Wales	Intermediate holding company	Impact Finance 2 Limited	England and Wales	Intermediate holding company	Impact Holdco 3 Limited	England & Wales	Intermediate holding Company	Impact Finance 3 Limited	England & Wales	Intermediate holding Company	Impact Property 3 Limited	England and Wales	Property holding company	Alpha Care Management Services Group Limited	England and Wales	Intermediate holding company	Alpha Care (Grenville) Limited	England and Wales	Property holding company	Umber (GP) Limited	Jersey	Intermediate holding company	Umber Properties Limited	Jersey	Intermediate holding company	Umber Properties LP	Jersey	Property holding partnership	Roseville Property Limited	England and Wales	Property holding company	Sandbanks Property Redcar Limited	England and Wales	Property holding company	Impact Property 4 Limited	England and Wales	Property holding company
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B.6	Major shareholders	<p>The interests (all of which are or will be beneficial unless otherwise stated) of the directors of the Company (the "<b>Directors</b>") and their connected persons in the share capital of the Company are as follows:</p> <table> <tr> <th colspan="3">As at the date of this Prospectus</th></tr> <tr> <th>Shareholder</th><th>Number of Ordinary Shares</th><th>Interests in Ordinary Shares (%)</th></tr> <tr> <td>Rupert Barclay*</td><td>100,000</td><td>0.1%</td></tr> <tr> <td>Rosemary Boot*</td><td>30,000</td><td>0.0%</td></tr> <tr> <td>Paul Craig**</td><td>39,617,784</td><td>20.6%</td></tr> <tr> <td>Philip Hall</td><td>30,000</td><td>0.0%</td></tr> </table> <p>* Shares held through a self-invested personal pension (SIPP)</p> <p>** These shares are held by funds managed by Quilter Investors of which Paul Craig is investment manager</p> <p>As at 8 February 2019 (the latest practicable date prior to the publication of this Prospectus) the Company is aware of the following persons who are or will be interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company:</p> <table> <tr> <th colspan="3">As at the date of this Prospectus</th></tr> <tr> <th>Shareholder</th><th>Number of Ordinary Shares</th><th>Interests in Ordinary Shares (%)</th></tr> <tr> <td>Quilter Investors</td><td>39,617,784</td><td>20.61</td></tr> <tr> <td>Schroder plc</td><td>20,162,411</td><td>10.49</td></tr> <tr> <td>Premier Fund Managers</td><td>12,612,391</td><td>6.56</td></tr> <tr> <td>Integrated Financial Arrangements</td><td>10,737,096</td><td>5.59</td></tr> <tr> <td>Baillie Gifford</td><td>10,392,000</td><td>5.41</td></tr> <tr> <td>Maal Limited <sup>(1)</sup></td><td>10,000,000</td><td>5.20</td></tr> <tr> <td>Valu-Trac Investment Management</td><td>9,558,589</td><td>4.97</td></tr> <tr> <td>Brooks Macdonald Asset Management</td><td>7,783,860</td><td>4.05</td></tr> <tr> <td>CCLA Investment Management</td><td>7,375,388</td><td>3.84</td></tr> <tr> <td>Nedbank Group</td><td>5,936,952</td><td>3.09</td></tr> </table> <p><sup>(1)</sup> The special purpose vehicle through which Mahesh Patel holds his Ordinary Shares.</p> <p>All shareholders in the Company (the "<b>Shareholders</b>") have the same voting rights in respect of the share capital of the Company. The Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.</p>	As at the date of this Prospectus			Shareholder	Number of Ordinary Shares	Interests in Ordinary Shares (%)	Rupert Barclay*	100,000	0.1%	Rosemary Boot*	30,000	0.0%	Paul Craig**	39,617,784	20.6%	Philip Hall	30,000	0.0%	As at the date of this Prospectus			Shareholder	Number of Ordinary Shares	Interests in Ordinary Shares (%)	Quilter Investors	39,617,784	20.61	Schroder plc	20,162,411	10.49	Premier Fund Managers	12,612,391	6.56	Integrated Financial Arrangements	10,737,096	5.59	Baillie Gifford	10,392,000	5.41	Maal Limited <sup>(1)</sup>	10,000,000	5.20	Valu-Trac Investment Management	9,558,589	4.97	Brooks Macdonald Asset Management	7,783,860	4.05	CCLA Investment Management	7,375,388	3.84	Nedbank Group	5,936,952	3.09
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B.7	Key financial information	<p>The selected audited financial information which has been prepared in accordance with IFRS relating to the Company which summarises the Company’s financial condition for the period from incorporation on 7 November 2016 to 31 December 2017 is set out in the following table:</p> <table><tr><td></td><td>As at 31 December 2017</td></tr><tr><td><b>Consolidated statement of financial position</b></td><td><b>(£’000)</b></td></tr><tr><td>Non-current assets</td><td>157,877</td></tr><tr><td>Current assets</td><td>38,506</td></tr><tr><td>Total assets</td><td>196,383</td></tr><tr><td>Current liabilities</td><td>(1,221)</td></tr><tr><td>Non-current liabilities</td><td>(1,712)</td></tr><tr><td>Total liabilities</td><td>(2,933)</td></tr><tr><td>Total equity</td><td>193,450</td></tr><tr><td>Basic and EPRA net assets per Ordinary Share (pence)</td><td>100.65</td></tr><tr><td></td><td><b>7 November 2016 to 31 December 2017</b></td></tr><tr><td><b>Consolidated statement 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2018 (unaudited) (£’000)</td><td>As at 30 June 2017 (unaudited) (£’000)</td></tr><tr><td><b>Consolidated statement of financial position</b></td><td></td><td></td></tr><tr><td>Non-current assets</td><td>186,519</td><td>154,767</td></tr><tr><td>Current assets</td><td>36,355</td><td>7,171</td></tr><tr><td>Total assets</td><td>222,874</td><td>161,938</td></tr><tr><td>Current liabilities</td><td>(1,044)</td><td>(1,725)</td></tr><tr><td>Non-current liabilities</td><td>(25,731)</td><td>-</td></tr><tr><td>Total liabilities</td><td>(26,775)</td><td>(1,725)</td></tr><tr><td>Total equity</td><td>196,099</td><td>160,213</td></tr><tr><td>Basic net assets per Ordinary share (pence)</td><td>102.03</td><td>100.03</td></tr><tr><td>EPRA net assets per Ordinary share (pence)</td><td>102.06</td><td>100.03</td></tr><tr><td></td><td>Six months to 30 June 2018 (unaudited) (£’000)</td><td>7 November 2016 to 30 June 2017 (unaudited) (£’000)</td></tr><tr><td><b>Consolidated income statement for the 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in</p>		As at 31 December 2017	<b>Consolidated statement of financial position</b>	<b>(£’000)</b>	Non-current assets	157,877	Current assets	38,506	Total assets	196,383	Current liabilities	(1,221)	Non-current liabilities	(1,712)	Total liabilities	(2,933)	Total equity	193,450	Basic and EPRA net assets per Ordinary Share (pence)	100.65		<b>7 November 2016 to 31 December 2017</b>	<b>Consolidated statement of comprehensive income</b>	<b>(£’000)</b>	Net rental income	9,392	Operating profit before changes in fair value of investment properties	7,074	Operating profit	9,452	Profit and comprehensive income	9,457	Earnings per share (pence)	5.82	Adjusted earnings per share (pence)	4.39	EPRA NAV total return for the period, annualised	7.19%	<b>Portfolio summary</b>		Shareholders funds (£000)	193,450		As at 30 June 2018 (unaudited) (£’000)	As at 30 June 2017 (unaudited) (£’000)	<b>Consolidated statement of financial position</b>			Non-current assets	186,519	154,767	Current assets	36,355	7,171	Total 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Operating profit before changes in fair value of investment properties	6,220	1,511																																																																																																						
Operating profit	8,483	2,982																																																																																																						
Profit and comprehensive income	8,468	2,982																																																																																																						
Earnings per share (pence)	4.41	1.95																																																																																																						
Adjusted earnings per share (pence)	2.37	1.88																																																																																																						
EPRA NAV total return for the period, annualised	8.84%	7.19%																																																																																																						

		<p>the financial condition or operating results of the Group since 30 June 2018 (being the end of the last financial period of the Company for which financial information has been published).</p> <p><i>Dividends and valuation</i></p> <ul style="list-style-type: none"> <li>On 9 August 2018, the Company declared an interim dividend in respect of the period from 1 April 2018 to 30 June 2018 of 1.50 pence per Ordinary Share.</li> <li>On 23 October 2018, the Company declared an interim dividend in respect of the period from 1 July 2018 to 30 September 2018 of 1.50 pence per Ordinary Share.</li> <li>On 30 January 2019, the Company declared an interim dividend in respect of the period from 1 October 2018 to 31 December 2018 of 1.50 pence per Ordinary Share and announced that its NAV per Ordinary Share as at 31 December 2018 was 103.18 pence.</li> </ul> <p><i>Acquisitions</i></p> <ul style="list-style-type: none"> <li>On 6 August 2018 the Company announced the Group had exchanged contracts to acquire five care homes with a combined total of 218 beds for a total consideration of £12.5 million, reflecting a net initial yield of 7.7 per cent. The acquisitions of four of the five care homes completed on 28 September 2018. The remaining home was acquired on 21 December 2018.</li> <li>On 21 September 2018 the Company announced that the Group had exchanged contracts to acquire Yew Tree Care Centre (subject to CQC consent) with 76 beds for an initial consideration of £2.8 million reflecting a net initial yield of 7.0 per cent. The acquisition completed on 21 January 2019.</li> <li>On 22 October 2018, the Company completed the acquisition of Sand Banks Care Centre with 77 beds. This was the final property to complete from the announcement on 11 January 2018, to acquire three care homes consisting of 234 beds in a sale and leaseback transaction with Prestige Care Group for total consideration of £17 million. A rent premium was also received at the time of completion to reflect the delayed completion of this care home.</li> <li>On 2 November 2018 the Company announced that the Group had acquired two care homes, Croftbank House and Rosepark Nursing Home, with a combined total of 126 beds for a net purchase price of £11.6 million, reflecting a net initial yield of 7.6 per cent.</li> <li>On 6 November 2018 the Company announced that the Group had exchanged contracts to acquire Holly Lodge Care Home (subject to CQC consent) with 40 beds for a net purchase price of £1.35 million, reflecting a net initial yield of 8.7 per cent. The acquisition completed on 21 December 2018.</li> </ul>
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B.8	Key pro forma financial information	Not applicable. No pro forma financial information is included in this Prospectus.
B.9	Profit forecast	Not applicable. No profit forecast or estimate made.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable; the audit reports on the historical financial information contained in this Prospectus are not qualified.
B.11	Insufficiency of working capital	Not applicable. The Company is of the opinion that the working capital available to the Company is sufficient for its present requirements, that is for at least 12 months from the date of this Prospectus.
B.34	Investment objective and policy	<p>The Company's investment objective is to seek to provide Shareholders with an attractive return, principally in the form of quarterly income distributions and with the potential for capital and income growth through exposure to a diversified portfolio of Healthcare Real Estate Assets.</p> <p>The Company's investment policy is to acquire, own, lease, renovate, extend and redevelop high quality, Healthcare Real Estate Assets in the UK, in particular residential care homes, and to lease those assets to care home operators and other healthcare service providers under full repairing and insuring leases.</p> <p>The Company pursues the investment policy as follows:</p> <ul style="list-style-type: none"> <li>• In order to manage risk in the portfolio, at the time of investment, no single asset shall exceed in value 15 per cent. of the total gross asset value of the Group.</li> <li>• No single customer paying for care provided in assets owned by the Group will account for more than 15 per cent. of the aggregate revenues of the Tenants to whom the Group's assets are leased from time to time, measured at the time of acquisition.</li> <li>• The annual contracted rent from any single Tenant is not expected to exceed 40 per cent. of the total annual contracted rent of the Group at 31 December 2019, and, thereafter, the annual contracted rent from any single Tenant is not expected to exceed 40 per cent. of the total annual contracted rent of the Group, measured at the time of investment.</li> <li>• The portfolio will be diversified by location across the UK with focus on areas where there is a good balance of supply and demand for the provision of care and assets are available at attractive valuations.</li> <li>• Within these locations, the Group will acquire existing modern</li> </ul>



		<p>buildings or those that are currently considered fit for purpose by occupiers, but in respect of which the Investment Adviser has developed a plan to add value to the asset through targeted capital expenditure.</p> <ul style="list-style-type: none"> <li>• Leases granted by the Group will be linked to the Retail Prices Index published by the Office for National Statistics, have long duration (being an unexpired lease term of at least 20 years) and will not be subject to break clauses. The Group will seek to amend leases acquired by the Group to obtain similar terms.</li> <li>• The Group will not undertake speculative development (that is, development of property which has not been leased or pre-leased), save for the refurbishment, extension or replacement of existing holdings, subject to the limitation in the final bullet below, so as to reposition a home in its local market and thus to increase the rent due.</li> <li>• The Group may invest in forward funding agreements or forward commitments to pre-let developments, subject to the limitation in the final bullet below, where the Group will own the asset on the completion of the work.</li> <li>• The gross budgeted development costs of any refurbishment, extension or replacement of existing holdings and/or forward funding and forward commitments, is limited to 25 per cent. of the Company's gross assets at the time of commitment.</li> </ul> <p>The Group will be permitted to generate up to 15 per cent. of its gross income, in any financial year from non-rental revenue or profit related payments from the Tenants to whom the portfolio is leased in addition to the rental income due under the leases.</p> <p>The Group is also permitted to invest up to: (i) 10 per cent. of its gross assets, at the time of investment, in non-residential Healthcare Real Estate Assets, such as properties which accommodate GP or dental practices and other healthcare related services including occupational health and physiotherapy practices, pharmacies and hospitals or in non-healthcare related residential assets attached to residential Healthcare Real Estate Assets; (ii) 25 per cent. of its gross assets, at the time of investment, in indirect property investment funds (including joint ventures) with a similar investment policy to that of the Company; and (iii) 15 per cent. of its gross assets, at the time of investment, in other closed-ended investment funds listed on the Official List. The Directors have no current intention to acquire non-residential Healthcare Real Estate Assets or indirect property investment funds or to enter into joint venture arrangements.</p> <p>The Group may also acquire or establish companies, funds or other SPVs which themselves own assets falling within the Company's investment policy.</p> <p>The Group will not acquire any asset or enter into any lease or related agreement if that would: (i) result in a breach of the conditions applying to the Company to hold real estate investment trust ("<b>REIT</b>") status or (ii) result in any investment by the Group in assets located outside of the UK.</p>
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		<p>The Company may invest cash held for working capital purposes and awaiting investment in cash deposits, gilts and money market funds. It will not invest in derivatives but it may use derivatives for hedging purposes.</p> <p>Any material change to the investment policy will require the prior approval of Shareholders.</p>
B.35	Borrowing limits	Gearing, calculated as borrowings as a percentage of the Group's gross assets (including any borrowings incurred by any joint ventures or indirect property investment funds through which the Company may invest), may not exceed 35 per cent. at the time of drawdown.
B.36	Regulatory status	The Company operates as a REIT and accordingly, the Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However, the Company is subject to the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and the Admission and Disclosure Standards.
B.37	Typical investor	The Placing Programme is designed to be suitable for institutional investors and professionally-advised private investors seeking exposure to a diversified portfolio of healthcare related real estate assets. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in New Ordinary Shares in any Placing under the Placing Programme.
B.38	Investment of 20 per cent. or more of gross assets in single underlying asset or collective investment undertaking	Not applicable. The Company will not invest more than 15 per cent. of its gross assets in a single underlying asset or in one or more collective investment undertakings which may in turn invest more than 20 per cent. of gross assets in other collective investment undertakings.
B.39	Investment of 40 per cent. or more of gross assets in another collective investment undertaking	Not applicable. The Company will not invest more than 40 per cent. of its gross assets in another collective investment undertaking.
B.40	Applicant's service providers	<p><i>Investment Manager</i></p> <p>The Company's investment manager is Carne Global AIFM Solutions (C.I.) Limited (the "<b>Investment Manager</b>"). The Investment Manager is regulated by the Jersey Financial Services Commission and is responsible for the portfolio and risk management of the Company's assets in accordance with the terms of the investment management</p>

		<p>agreement made between the Company and the Investment Manager (the "<b>Investment Management Agreement</b>") and the EU Directive on alternative investment fund managers (2011/61/EU).</p> <p>Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The management fee is £95,000 per annum.</p> <p><i>Investment Adviser</i></p> <p>The Company appointed Impact Health Partners LLP (the "<b>Investment Adviser</b>") to provide investment advice to the Company in respect of the assets of the Group with effect from First Admission in accordance with the terms of investment advisory agreement made between the Company and the Investment Adviser (the "<b>Investment Advisory Agreement</b>"). Under the terms of the Investment Advisory Agreement, the Investment Adviser is entitled to an advisory fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The advisory fee is one per cent. per annum of the net asset value of the Group calculated in accordance with the valuation policies of the Group from time to time as appropriate (the "<b>NAV</b>") up to £500 million and 0.70 per cent. thereafter, payable quarterly.</p> <p>The Investment Adviser has applied to the FCA for approval to act as the Company's investment manager. If approved, it is expected that the Investment Adviser will replace Carne Global AIFM Solutions (C.I.) Limited as the Company's investment manager and AIFM with effect from early 2019. The Investment Adviser will delegate risk management functions to Carne Global AIFM Solutions (C.I.) Limited and the Company will appoint a depositary.</p> <p>Although these proposals will involve the Company entering into new arrangements with a related party, since the fees retained by the Investment Adviser will be the same as it currently receives, the Company is not required to seek shareholder approval under the Listing Rules. In addition, it is expected that the Investment Adviser will not be required to charge VAT on its fees under the new arrangements and that this saving (less the additional costs of the depositary which will be required) will be passed on to the Company.</p> <p><i>Joint Bookrunners and Financial Adviser</i></p> <p>Winterflood Securities Limited ("<b>Winterflood</b>") has agreed to act as the Company's joint bookrunner and financial adviser. RBC Capital Markets has also agreed to act as the Company's joint bookrunner. Under the Placing Agreement, Winterflood and RBC Europe Limited (trading as "<b>RBC Capital Markets</b>") have agreed to use their respective reasonable endeavours to procure subscribers for new ordinary shares to be issued pursuant to each Placing under the Placing Programme (the "<b>New Ordinary Shares</b>") at the relevant Placing Programme Price.</p> <p>In consideration for the services provided in relation to the Placing Programme, Winterflood and RBC Capital Markets will (in respect of</p>
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		<p>each Placing) receive from the Company a placing commission which shall be calculated by reference to the Gross Proceeds of the relevant Placing, together with reimbursement for all out of pocket expenses incurred by it in connection with the Placing Programme.</p> <p><i>Administrator and Company Secretary</i></p> <p>JTC (UK) Limited (the "<b>Administrator</b>") has been appointed as the administrator of the Group. The Administrator is responsible for the Group's general administrative functions, such as the calculation of the Net Asset Value and maintenance of the Group's accounting records.</p> <p>Under the terms of the administration and company secretarial services agreement made between the Company and the Administrator (the "<b>Administration and Company Secretarial Services Agreement</b>"), the Administrator is entitled to an annual fee in respect of the valuation and accounting services it provides of £40,000. It is expected that, during the Placing Programme, the Net Asset Value of the Company will exceed £200 million, and pursuant to the terms of the Administration and Company Secretarial Services Agreement, the Administrator will be entitled to an additional fee equal to 0.05 per cent. of the net asset value of the Company above £200 million.</p> <p>The Administrator has also been appointed as the company secretary of the Company. The Administrator is entitled to an annual fee of £50,000 per annum in respect of the company secretarial services it provides, including corporate governance, regulatory compliance and Listing Rule continuing obligations pursuant to the Administration and Company Secretarial Services Agreement. The Administrator is, in addition, entitled to recover reasonable third party expenses and disbursements.</p> <p>In addition, the Administrator is entitled to receive additional amounts in respect of the administration and company secretarial services performed in respect of additional companies which are added to the Group. These additional amounts are equal to: (i) £10,000 per annum for each additional property holding company; (ii) £8,000 per annum for each additional finance company; (iii) £5,000 per annum for each additional parent company; and (iv) £3,000 for each additional dormant company. Since First Admission, the Company has added eight additional property companies, three additional finance companies and three additional holding companies.</p> <p><i>Registrar</i></p> <p>Link Market Services Limited (the "<b>Registrar</b>") has been appointed as the Company's registrar to provide share registration services. Under the terms of the registrar agreement made between the Registrar and the Company (the "<b>Registrar Agreement</b>"), the Registrar is entitled to a basic registration fee per Shareholder per annum, subject to a minimum fee of £5,000 per annum. Other registrar activity is charged for in accordance with the Registrar's normal tariff as published from time to time.</p> <p><i>Valuer</i></p>
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		<p>Cushman and Wakefield Debenham Tie Lung Limited (trading as Cushman &amp; Wakefield) (the "<b>Valuer</b>") has been appointed to provide the Company with quarterly valuations of the Portfolio. The Valuer is entitled to receive a quarterly fee based on the number of properties within the Portfolio at the time of each valuation. Based on the current Portfolio, the Valuer is entitled to receive a quarterly fee of up to £21,040. An additional amount is also payable in respect of any additional property valuations which are required on an ad hoc basis, for example in connection with an acquisition. The Valuer is also entitled to recover reasonable third party expenses and disbursements.</p> <p><i>PR Adviser</i></p> <p>Maitland/AMO (the "<b>PR Adviser</b>") has been appointed to provide the Company with financial public relations advice. The PR Adviser is entitled to an annual fee of £4,000 per month in respect of the provision of such advice. The PR Adviser is, in addition, entitled to recover reasonable third party expenses and disbursements.</p> <p>All of the fees payable to service providers described above are exclusive of any VAT.</p>
B.41	Regulatory status of investment manager and depositary/ custodian	<p>The Investment Manager is authorised and regulated by the Jersey Financial Services Commission.</p> <p>No depositary or custodian is required to be (or has been) appointed by the Company.</p>
B.42	Calculation and publication of Net Asset Value	<p>The properties acquired by the Company are valued by the Cushman &amp; Wakefield (the "<b>Valuer</b>") quarterly in accordance with the RICS Valuation – Global Standards, which incorporate the International Valuation Standards and the RICS UK Valuation Standards (Red Book) or its successor.</p> <p>The unaudited Net Asset Value of the Company and Net Asset Value per Ordinary Share are calculated by the Administrator (on the basis of information provided by the Investment Adviser) on a quarterly basis. These Net Asset Values are published through RNS announcements and are available through the Company's website.</p>
B.43	Cross liability	<p>Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.</p>
B.44	No financial statements have been made up	<p>Not applicable. The Company has commenced operations and historical financial information is included within this document.</p>
B.45	Portfolio	<p>The Existing Portfolio of 73 care homes currently owned by the Group, either by way of freehold or 999 year lease with, in aggregate, 3,609 beds and has a market value of £226.6 million.</p>

B.46	Net Asset Value	As at 31 December 2018, unaudited Net Asset Value per share was 103.18 pence.
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SECTION C - Securities								
Element	Requirement	Disclosure						
C.1	Type and class of securities	<p>The Company is seeking authority to issue up to 200 million New Ordinary shares pursuant to the Placing Programme. The total number of New Ordinary Shares issued under any Placing will be determined by the Company, Winterflood and RBC Capital Markets after taking into account demand for New Ordinary Shares being issued under the relevant Placing.</p> <p>The New Ordinary Shares have a nominal value of one penny each. In respect of each Placing, the Placing Programme Price will be determined by the Company, Winterflood and RBC Capital Markets, having regard to <i>inter alia</i>, prevailing market conditions and will be set at a premium to the prevailing NAV per Ordinary Share at the time of the relevant Placing.</p> <p>The ISIN of the Ordinary Shares is GB00BYXVMJ03. The SEDOL of the Ordinary Shares is BYXVMJ0. The ticker for the Ordinary Shares is IHR.</p>						
C.2	Currency of securities	New Ordinary Shares will be denominated in Sterling.						
C.3	Details of share capital	<p>The issued share capital of the Company as at the date of this Prospectus is:</p> <table> <tr> <th></th><th>Aggregate Nominal Value (£)</th><th>Number</th></tr> <tr> <td>Ordinary Shares</td><td>1,922,068.31</td><td>192,206,831</td></tr> </table>		Aggregate Nominal Value (£)	Number	Ordinary Shares	1,922,068.31	192,206,831
	Aggregate Nominal Value (£)	Number						
Ordinary Shares	1,922,068.31	192,206,831						
C.4	Rights attaching to the Ordinary Shares	<p>The holders of Ordinary Shares are only entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares.</p> <p>On a winding-up or a return of capital by the Company, the holders of Ordinary Shares shall be entitled to all of the Company's remaining net assets.</p> <p>The Ordinary Shares carry the right to receive notice of, attend and vote at general meetings of the Company.</p> <p>The consent of the holders of Ordinary Shares is required for the variation of any rights attached to the Ordinary Shares.</p> <p>The Company has no fixed life but, pursuant to its articles of association, an ordinary resolution for the continuation of the Company will be proposed at the annual general meeting of the Company to be held in 2024 and, if passed, every five years thereafter. Upon any such resolution not being passed, proposals will be put forward to the effect that the Company be wound up,</p>						

		liquidated, reconstructed or unitised.
C.5	Restrictions on transferability	There are no restrictions on the free transferability of the Ordinary Shares, subject to compliance with applicable securities laws.
C.6	Admission	Application will be made for any New Ordinary Shares issued pursuant to the Placing Programme to be admitted to listing on the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange. It is expected that each Programme Admission will become effective and that dealings for normal settlement in the New Ordinary Shares will commence during the period from 6 March 2019 and 10 February 2020.
C.7	Dividend policy	<p>The Company intends to distribute at least 90 per cent. of its distributable income earned in each financial year by way of dividends. The Company intends to pay dividends on a quarterly basis in respect of each financial year in February, May, August and November.</p> <p>Since First Admission, the Company has declared and paid dividends in line with its target dividend yield of 6.0 per cent. on the original issue price of 100 pence per Ordinary Share. Going forward, subject to market conditions, applicable law and the Company's performance, financial position and financial outlook (including the Retail Prices Index) (and whilst not forming part of its investment policy), the Company will seek to grow the Target Dividend in line with the inflation-linked rental uplifts received by the Group under the terms of the rent review provisions contained in the Group's leases. For the year ending 31 December 2019, the target dividend is 6.17 pence per Ordinary Share (the "<b>Target Dividend</b>").</p> <p>The Target Dividend is a target only and not a profit forecast. There can be no assurance that the Target Dividend can or will be achieved from time to time or at all and it shall not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on the Target Dividend in deciding whether to invest in the Ordinary Shares or assume that the Company will make any distributions at all.</p>

SECTION D - Risks		
Element	Requirement	Disclosure
D.1	Key information on the key risks that are specific to the Company and its industry	<p>Adverse market conditions in the UK healthcare sector and their consequences may have a material adverse effect on the Company's portfolio default rate, received yield on investment and, therefore, cash flows.</p> <p>The annual rent payable in respect of the Existing Portfolio of 73 care homes is £17.8 million per annum but could be at risk if the Existing Tenants' costs were to rise and/or revenues to fall causing their EBITDARM (being their earnings before interest, taxes,</p>

		<p>depreciation, amortisation, rent and the central management costs of their holding company) to fall.</p> <p>The Company relies on key individuals at the Investment Adviser to identify and select investment opportunities, however, there can be no assurance as to these individuals' continued service. The death or departure of any of these individuals without adequate replacement may have a material adverse effect on the Company's business prospects and results of operations.</p> <p>The Company and its assets are not regulated. However, the activities of the Existing Tenants and the activities of any future Tenant, being any healthcare real estate operator or service provider to whom any assets which form part of the Portfolio are leased, will be regulated by the Care Quality Commission (the "<b>CQC</b>") (or its equivalent in Scotland, Wales or Northern Ireland). If the Group's Tenants fail to comply with CQC regulations then their ability to provide care could be restricted and hence their ability to pay the rent may be affected.</p> <p>The Company may be faced with competition in securing assets. This could result in the Company taking longer than anticipated to invest the proceeds of a Placing under the Placing Programme and it may also result in the price of certain assets increasing. As such, competition in securing assets may have an adverse impact on the amounts that are able to be returned to Shareholders by way of a dividend as well as the Net Asset Value of the Ordinary Shares.</p> <p>The affairs of the Company are conducted so as to satisfy the conditions under Chapter 12 of the Corporation Tax Act 2010 and the regulations made thereunder for it to be approved by HMRC as a real estate investment trust. In respect of each accounting period for which the Company is an approved real estate investment trust, the Company will be exempt from UK corporation tax on income and chargeable gains from its property rental business. There is a risk that the Company may fail to maintain its status as a real estate investment trust. In such circumstances, the Company would be subject to the normal rates of corporation tax on income and chargeable gains from its property rental business, which could adversely affect the Company's financial performance, its ability to provide returns to its Shareholders or the post-tax returns received by its Shareholders.</p>
D.3	Key information on the key risks that are specific to the Ordinary Shares	<p>The value of the Ordinary Shares and the income derived from those shares (if any) can fluctuate and may go down as well as up. The Ordinary Shares may trade at a discount to their Net Asset Value.</p> <p>It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares. If the Directors decide to issue further Ordinary Shares, the proportions of the voting rights held by Shareholders may be diluted. Changes in tax law may reduce any return for investors in the Company.</p>



SECTION E - Offer		
Element	Requirement	Disclosure
E.1	Proceeds and expenses of the issue	<p>The net proceeds of any Placing under the Placing Programme are dependent on: (i) the level of subscriptions received pursuant to the relevant Placing; and (ii) the applicable Placing Programme Price at which the New Ordinary Shares will be issued pursuant to that Placing. Under the Placing Programme, each New Ordinary Share will be made available to investors at a premium to the estimated NAV of the existing Ordinary Shares at the time of the Placing, having regard to, <i>inter alia</i>, prevailing market conditions.</p>
E.2a	Reasons for the Issue, use of proceeds and estimated net amount of proceeds	<p>The Company's board of directors, as advised by the Investment Adviser, believes that there are attractive opportunities for the Company to deliver value for Shareholders through exposure to the Portfolio and subsequently through the acquisition of further real estate assets. The estimated Net Proceeds of the Placing Programme are dependent on (among other things): (i) the Directors determining to proceed with a Placing under the Placing Programme; (ii) the level of subscriptions received; and (iii) the Placing Programme Price determined in respect of each Placing.</p> <p>The Company's principal use of cash (including the Net Proceeds of the Placing Programme) after paying the expenses of the Placing Programme will be to fund investments in accordance with the Company's Investment Policy (through the acquisition of some (or all) of the pipeline opportunities currently identified by the Investment Adviser or through organic growth opportunities in the Existing Portfolio) as well as to fund the Company's operational expenses.</p> <p>Assuming that 200 million New Ordinary Shares are issued at a Placing Programme Price of 104 pence per New Ordinary Share and that the costs and expenses of the Placing Programme are £4.1 million, the estimated Net Proceeds of the Placing Programme would be £203.9 million.</p>
E.3	Terms and conditions of the Issue	<p>The New Ordinary Shares are being made available under the Placing Programme at the Placing Programme Price. Each allotment and issue of New Ordinary Shares pursuant to a Placing is conditional amongst other things on:</p> <ul style="list-style-type: none"> <li>the applicable Placing Programme Price being determined by the Directors, Winterflood and RBC Capital Markets;</li> <li>the Programme Admission of the New Ordinary Shares issued pursuant to such Placing;</li> <li>the Placing Agreement not being terminated in accordance with its terms and a particular Placing becoming unconditional, in each case in accordance with the terms of the Placing Agreement, prior to the completion of that Placing; and</li> <li>to the extent required under the Prospectus Rules and the</li> </ul>

		<p>FSMA, a valid supplementary prospectus being published by the Company.</p> <p>In circumstances in which these conditions are not fully met, the relevant issue of New Ordinary Shares pursuant to the Placing Programme will not take place.</p>
E.4	Material interests	<p>Mahesh Patel owns (through a wholly-owned SPV, Maal Limited) 5.20 per cent. of the total issued ordinary share capital of the Company. Mr. Patel is also a principal of the Investment Adviser and holds a majority stake in Minster Care Group Limited ("<b>Minster Topco</b>"), the company which is the holding company of the Initial Tenants. In addition, Andrew Cowley (who is a principal of the Investment Adviser) holds 640,000 Ordinary Shares (being 600,000 Ordinary Shares held directly and 40,000 Ordinary Shares through his pension fund). Andrew Cowley also holds an interest in Minster Topco. Funds managed by Quilter Investors, of which Paul Craig is the investment manager, own 20.61 per cent. of the total issued ordinary share capital of the Company.</p>
E.5	Name of person selling securities	<p>Not applicable. No person or entity is offering to sell shares as part of the Placing Programme.</p>
E.6	Dilution	<p>If existing Shareholders do not subscribe at each Placing for, or are not issued with, such number of New Ordinary Shares as is equal to their proportionate ownership of existing Ordinary Shares, their proportionate ownership and voting interests in the Company will be reduced and the percentage that their existing Ordinary Shares will represent of the total share capital of the Company will be reduced accordingly following completion of each Placing.</p> <p>Assuming that the maximum number of 200 million New Ordinary Shares is issued pursuant to the Placing Programme, the share capital of the Company in issue at the date of this Prospectus would, following the Placing Programme, be increased by approximately 104 per cent. as a result of the Placing Programme. On this basis, if existing Shareholders do not acquire any New Ordinary Shares, their proportionate economic interest in the Company will be diluted by 51 per cent.</p>
E.7	Estimated expenses charged to the investor by the issuer	<p>The fees and expenses relating to any Placing (such as listing fees and the fees and commissions due under the Placing Agreement) will be met by the Company from the proceeds of such Placing. The expenses of the Placing Programme are estimated to be 1.98 per cent. of the Gross Proceeds of the Placing Programme. By way of illustration, if 200 million New Ordinary Shares are issued at a Placing Programme Price of 104 pence per New Ordinary Share and that the costs and expenses of the Placing Programme are £4.1 million, the estimated Net Proceeds of the Placing Programme would be £203.9 million.</p>

## **Risk Factors**

Investment in the Company should not be regarded as short-term in nature and involves a high degree of risk. Accordingly, investors should consider carefully all of the information set out in this Prospectus and the risks attaching to an investment in the Company, including, in particular, the risks described below.

The Directors believe that the risks described below are the material risks relating to the Ordinary Shares at the date of this Prospectus. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the performance of the Company and the value of the Ordinary Shares. Investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before making an application to participate in the Placing Programme.

Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most important to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The past performance of the principals of the Investment Adviser and of investments which are referred to in this Prospectus (including the Seed Portfolio) are for information or illustrative purposes only and should not be interpreted as an indication, or as a guarantee, of future performance.

### **Risks relating to the Company**

*There can be no assurance that the Investment Adviser will be successful in implementing the Company's investment objective*

The Company may not continue to achieve its investment objective. Meeting that objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

The Company is dependent upon the Investment Adviser's successful implementation of the Company's investment policy and its investment strategies, and ultimately on its ability to continue to create, maintain and expand an investment portfolio capable of generating attractive returns. This implementation in turn will be subject to a number of factors, including market conditions and the timing of investments relative to market cycles, many of which are beyond the control of the Company and difficult to predict. There can be no assurance that the Company will continue to be successful in sourcing suitable Healthcare Real Estate Assets.

The Company's investment objective includes the aim of providing Shareholders with a dividend income. There is no guarantee that any dividends will be paid in respect of any financial year or period. The ability to pay dividends is dependent on a number of factors including the level of income returns from the Company's Portfolio and the cost of servicing the Company's debt. There can be no guarantee that the Company's Portfolio will achieve the target returns referred to in this Prospectus or that it will not sustain any capital losses through its investments. Without limitation to the generality of the foregoing, the achievement of the investment objective may require the Company to maintain or increase its leverage and there is no guarantee that the Company will be able to do so. Further, even if the Company is able to agree the provision of further leverage in the future, it may not be possible to maintain or refinance such leverage or maintain or refinance the leverage which the Company has already incurred. This may reduce the ability of the Company to pay dividends and/or require the Company to dispose of its assets at a discount to their principal value.

*Market conditions may delay or prevent the Company from making appropriate investments that generate attractive returns*

The Company's investment objective requires it to invest in a portfolio of Healthcare Real Estate Assets, which (other than the Existing Portfolio) may not be available on the terms required to generate target returns (including both the Target Dividend and the Target Total Return), or at all. Market conditions may also restrict availability and have a generally negative impact on the Company's ability to identify and execute investments in suitable assets that might generate acceptable returns. To the extent that there is a delay in making investments while the Company has capital available to deploy, the Company's returns will be reduced.

*The Company has borrowed in connection with its investment activities which has exposed it to interest rate risk and potentially additional losses when the value of its investments falls*

The Company's indirect wholly-owned subsidiary, Impact Finance 1 Limited, has entered into certain term and revolving credit facility arrangements with Metro Bank plc and additional borrowings may be made at the level of the Company and at the level of any investee entity (including any other investment fund in which the Company invests or any SPV that may be established or utilised by the Company in connection with obtaining leverage against any of its assets).

The Company's investment policy permits the Group to borrow up to a maximum of 35 per cent. of the Gross Asset Value of the Group as a whole, calculated as at the time of drawdown.

Prospective investors should be aware that, whilst the use of borrowings should enhance the Net Asset Value of the Ordinary Shares when the value of the Group's underlying assets is rising, it will, however, have the opposite effect where the underlying asset value is falling. In addition, in the event that the Group's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net profits of the Group and accordingly will have an adverse effect on the Company's ability to pay dividends to Shareholders.

The Company (and/or any subsidiary of it that incurs borrowings) will pay interest on any borrowing it incurs. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Group's variable rate cash borrowings. In the event that interest rate movements lower the level of income receivable on cash deposits or raise the interest required to be paid by the Group, returns to investors will be reduced.

There is no guarantee that any borrowings of the Company or any subsidiary of it that has incurred or incurs borrowings, if applicable, will be able to be refinanced on their maturity either on terms that are acceptable to the Company or at all.

The Company may also invest in other investment funds that employ leverage with the aim of enhancing returns to investors. Although the Company's leverage restrictions will apply on a "look-through" basis to any underlying investment funds through which the Company invests, where an investment fund employs leverage, shares, limited partnership interests or units in such investment funds will rank after such borrowings and should these investment funds' assets fall in value, their ability to pay their investors may be affected.

The Company has entered into arrangements to hedge a portion of the interest rate risk it is exposed to pursuant to the Credit Facility and currently anticipates maintaining hedges in relation to the interest rate on what the Investment Adviser expects will be the average level of drawn down debt. As such, the Company is subject to counterparty risk. Any failure by a hedging counterparty of the Company to discharge its obligations could have a material adverse effect on the Company's results of operations and financial condition.

*The Company has granted and may be required to grant further security over the Portfolio in respect of borrowings*

The Group has granted security over certain properties in the Existing Portfolio in favour of Metro Bank in

respect of the Credit Facility. In addition, the Company (and/or any subsidiary of it which incurs borrowings) is likely to be required to grant additional security in respect of any further borrowings it incurs. Such security may be over certain properties within the Portfolio, or over the Portfolio as a whole and will rank ahead of the Shareholders' entitlements. Accordingly, on a winding-up of the Company, it is possible that Shareholders may not recover their initial investment.

*Delays in deployment of the proceeds of any Placing under the Placing Programme or future deployment of capital may have an impact on the performance of the Company's portfolio and cash flows*

Although the Company expects to be able to substantially deploy all of the Net Proceeds of a Placing shortly following the relevant Programme Admission (including through opportunities that the Investment Adviser has already identified), the Company may not be able to deploy such proceeds as quickly as it currently expects if such identified opportunities fail to complete and/or if there are insufficient investment opportunities available. In such circumstances, the Company may be required to invest cash held in cash deposits, gilts and money market funds which are likely to yield lower returns than the expected returns from investments in Healthcare Real Estate Assets in line with the Company's Investment Policy. As such, there can be no assurance as to how long it will take for the Company to invest all of the Net Proceeds of a Placing and the longer the period the greater the likelihood that the Company's results of operations will be materially adversely affected. To the extent that there is a delay in investing the Net Proceeds of a Placing, the Company's aggregate return on investments will be lower than had the cash been invested.

*Failure to adequately protect personal information could have a material adverse effect on the Company*

The Company and its service providers' (including the Investment Manager's and the Investment Adviser's) use of individually identifiable data of investors, employees and others is subject to a wide variety of local, national and international laws and regulations that apply to the collection, use, retention, protection, disclosure, transfer and other processing of such information and data. These data protection and privacy-related laws and regulations are becoming increasingly restrictive and complex and may result in greater regulatory oversight and increased levels of enforcement and sanctions. For example, the European Union's General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**") came in to force in May 2018 and is a major reform of the EU legal framework on the protection of personal data. This increasingly restrictive and complex legal framework has resulted in a greater compliance burden with potentially significant associated compliance costs for the Company. While the Company, the Investment Manager and the Investment Adviser have taken steps to ensure that personal data is protected and the Company believes it is in compliance with GDPR and other applicable laws and regulations, there can be no guarantee that such measures will be successful in preventing a data breach. Any failure by the Company, the Investment Manager or its other service providers to comply with GDPR or other applicable laws and regulations, or to protect such personal information and data, could result in significant litigation or enforcement action against the Company, including fines of up to the greater of 4 per cent. of annual turnover and €20 million, imprisonment of company officials and public censure, claims for damages by affected individuals and damage to the Company's reputation, any of which could have a material adverse effect on the Company and the value of the Ordinary Shares.

As personal privacy and data protection become increasingly sensitive issues for regulators and lawmakers, the Company may also become exposed to potential liabilities as a result of differing views between regulators or courts on the protections that should apply to personal data. These and other privacy and security developments are difficult to anticipate and could have a material adverse effect on the Company and the value of the Ordinary Shares.

*The Company is subject to the risk of cybersecurity breaches*

The Company and its service providers (including the Investment Manager and the Investment Adviser) may be vulnerable to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity ("**cyber incidents**") refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. In general, cyber incidents can result from deliberate attacks ("**cyber-attacks**") or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorised access to digital

systems (e.g. through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e. efforts to make network services unavailable to intended users).

Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, interference with the ability to calculate the Net Asset Value, impediments to trading, the inability of Shareholders to subscribe for, exchange or redeem Ordinary Shares, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

While the Company's service providers have established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures, including the possibility that certain risks have not been identified.

#### *Risks relating to third party service providers*

The Company uses third parties to provide certain administrative services to the Company. Where a service provider needs replacing, whether due to expiry of an existing contract, insolvency, poor performance or any other reason, the Company will be required to appoint a replacement service provider. There is no assurance that contracts can be negotiated on similar terms and less favourable terms could result in increased operational and maintenance costs. Any replacement contractor may be more expensive and there is a further risk that finding a suitable service provider may take a long time, which could potentially lead to a break in the provision of such services. This could have a material adverse effect on the Company's financial position, results of operation and business prospects.

#### *Failure to base decisions on properly prepared budgets and plans could have a material adverse effect on the Company*

The Company and the Investment Manager, make investment and management decisions based on prepared budgets and plans. Budgets and plans which are not accurately prepared, or which are based on unrealistic assumptions, or which are not appropriately implemented, could cause the Company and/or the Investment Manager to make poorly informed investment or management decisions. Poorly informed investment or management decisions could lead to a material adverse effect on the Company's results of operations and financial condition. For example, poorly budgeted or planned capital expenditure on a care home could, if it does not achieve the anticipated uplift or maintenance in value of that care home, cause the Company to have to write down a portion of the value of its investment in that care home.

### **Risks relating to the Company's investment objective and strategy**

#### *Risks relating to yields received from the Portfolio*

There are many factors that may affect a Tenant's ability to meet their rental obligations, such as an increase in the costs of operating the properties (for example, as a result of increases in the National Living Wage), increases in the use of agency staff, and/or a fall in revenues (for example, as a result of lower occupancy rates or the ability and/or willingness of local authorities to pay for care). As such, there is no guarantee that a Tenant will remain able to meet its rental payment obligations throughout the terms of its leases. Failure by any Tenant to meet its rental payment obligations is likely to have an adverse impact on the value of the Portfolio, the Group's actual rental income streams (and therefore its ability to service its existing borrowings and meet operational expenses) or both.

#### *The Group's business is dependent on its ability to identify and manage investments which offer satisfactory returns*

The Group's strategy is founded upon the basis that, in addition to the Existing Portfolio, suitable properties will be available for investment and management at prices and upon terms and conditions (including financing) that the Board considers favourable. Other than in relation to the Existing Portfolio, there can be no assurance that the Group will find suitable properties in which to invest. The longer the period before

investment, the greater the likelihood that having any excess uninvested cash will limit the Group's growth in underlying earnings and its ability to make distributions to Shareholders will be adversely affected.

#### *Risks relating to adverse market conditions*

Adverse market conditions in the healthcare sector and their impact on the Tenants may have a material adverse effect on the Tenants' covenant strength and ability to meet their rent payment obligations resulting in an increase in the Portfolio default rate, received yield on investment and, therefore, cash flows.

#### *Risks relating to the acquisition of UK properties*

The Group intends to continue to acquire Healthcare Real Estate Assets across the UK. Acquisitions of these assets involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of properties and, despite due diligence on assets prior to acquisition, risks associated with unanticipated problems and latent liabilities or contingencies such as the existence of hazardous substances, health and safety issues or environmental problems. Additional risks inherent in acquisitions include risks that the acquired properties will not achieve anticipated rental rates or occupancy levels, and that judgments with respect to improvements to increase the financial returns of acquired properties will prove inaccurate. It is therefore possible that the acquisition of properties with the proceeds of any Placing under the Placing Programme would result in a reduction in the NAV per Ordinary Share on the purchase of a particular property.

#### *Due diligence may not identify all risks and liabilities in respect of an acquisition*

Prior to entering into an agreement to acquire any property or property holding entity, the Group will perform due diligence on the proposed investment. In doing so, it would typically rely in part on third parties to conduct a significant portion of this due diligence (including legal reports on title and property valuations). To the extent that the Group or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, the investment may be subject (amongst other things) to defects in title, to environmental, structural or operational defects requiring remediation, or the Group may be unable to obtain necessary permits.

If there is a due diligence failure, there may be a risk that properties are acquired that are not consistent with the Group's investment strategy or that properties are acquired that fail to perform in accordance with projections which could have a material adverse effect on the Group's financial position and operating results.

#### *Risks relating to Tenant concentration*

The Company's investment policy states that annual contracted rent from any single Tenant is not expected to exceed 40 per cent. of the total annual contracted rent of the Group at 31 December 2019, and thereafter, the annual contracted rent from any single Tenant is not expected to exceed 40 per cent. of the total annual contracted rent of the Group, measured at the time of investment. Given the limit on Tenant exposure is an expectation, it is possible that in any financial year, the Group may receive more than 40 per cent. of its annual contracted rent from a single Tenant.

While the above limit, along with a limit of no single customer accounting for more than 15 per cent. of the aggregate revenues of the Tenants, provides for a spread of investment risk, the Group may receive a high proportion of its rent from a single Tenant or multiple Tenants which are part of the same corporate group (such as Minster and Croftwood) and, as such, there is a risk that the financial difficulty of a single Tenant or corporate group could adversely impact the rent received from a significant proportion of the Group's portfolio at the same time.

The Group monitors Tenants' compliance with operational covenants as an early warning system against possible rent defaults. The Group benefits from remedies if these covenants are breached which include: the right to demand higher rent deposits or further guarantees of rent payments; and step-in rights to replace the tenant even if rent is still being paid in full. If the Group anticipates that a Tenant may be unable to pay rent it may seek to terminate the relevant lease or all of a Tenant's leases with the Group and to grant new leases to a new Tenant or Tenants. If the Tenant of a particular property is replaced and the

operational performance of the relevant property is poor or there is a lack of competition between potential Tenants for that property, the Group may be unable to obtain equivalent rent or the same lease terms from the new Tenant which could have an adverse impact on the value of the Portfolio, the Group's actual rental income streams (and therefore its ability to service its existing borrowings and meet operational expenses) or both.

If the operational covenants on the Group's leases do not provide an early warning of such an event, the Group may have limited time in which to find replacement tenants for any affected properties and that could lead to a period of lost rent on certain properties and a reduction in the dividend which the Company pays.

#### *Risks relating to the operational performance of the care homes and the Tenants*

Both the rental income and the market value of the Portfolio could be affected by the operational performance of the Tenants to which the Portfolio is leased. This relates both to the business being carried on in a specific property and the general financial performance of the relevant Tenant. The operational performance of a care home will be affected by local conditions, such as age demographics and household incomes, the wider economy and specific events, such as (for example) change in CQC rating (or equivalent). In addition, the operational performance of a Tenant may be affected by certain other specific events such as (for example) a cyber security breach or a loss of personal data resulting in a significant fine under Data Protection Legislation. Both rental income and market values may also be affected by other factors specific to the care home property market, such as competition from other care home owners and/or competition from other property funds and/or any increases in the National Living Wage (which is currently £7.83 per hour and is currently expected to increase to over £9 per hour by 2020).

In the event of default by a Tenant if it is in financial difficulty or otherwise unable to meet its obligations under the relevant lease, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. The specialised use of the properties comprising the Portfolio could make re-letting properties difficult. The expenses that the Group would likely incur include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs and could have a material adverse impact on the financial condition and performance of the Company and/or the level of dividends or dividend cover.

#### *Risks relating to local authority payment terms*

The Tenants' ability to make rental payments to the Group in a timely manner may in future (and whether in respect of new clients or through the renegotiation of terms by existing clients) be affected if the Tenant's local authority clients insist on more generous payment terms, which in turn may impact on the yields received from the Portfolio and, in turn, on the timing of distributions paid to Shareholders. This does not affect the working capital statement made by the Company in paragraph 11 of Part XIII of this Prospectus.

#### *Large increases in inflation may mean that rental payments due under the Tenants' leases may increase at less than the increase in the Retail Prices Index*

The leases granted by the Group over the properties in the Existing Portfolio include provisions for the rent payable in respect of each property to be increased annually by an amount which is equal to the increase in the Retail Prices Index since the last rent review date. The rent review provisions further specify, however, that any increases in rent shall be subject to a cap of four per cent. and a floor of two per cent. Accordingly if inflation rises at an unusually high rate – for example as a result of further decreases in the value of Sterling – this may result in the increase in the Retail Prices Index exceeding the cap imposed on increases in rent agreed. In such circumstances, this would impact on the real yields received from the Portfolio and, in turn, on the real value of distributions paid to shareholders.

#### *Risks relating to the illiquid nature of property investments*

Investments in property are relatively illiquid. Such illiquidity may affect the Company's ability to vary its Portfolio or dispose of or liquidate part of its Portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. This could have an adverse effect on the Company's financial condition and results of operations as it could reduce the Company's profits and proceeds realised from such investment.



### *Risks relating to competition in the market*

The Company may be faced with competition in securing assets as there is an increasing number of entities interested in acquiring investments in UK care homes and other UK Healthcare Real Estate Assets. This could result in the Company taking longer than anticipated to invest the Net Proceeds of a Placing. It may also result in the price of certain assets increasing. As such, competition in securing assets may have an adverse impact on the amounts that are able to be distributed to Shareholders.

In addition, the Company's Tenants may face competition for customers which could affect their financial performance and ultimately, could affect the yields received from the Portfolio. This includes competition from new purpose built care homes.

*The Group may incur costs in connection with transactions that do not proceed to completion and such costs may, in aggregate, have a negative effect on the Group's financial position*

The Group expects to incur certain third party costs associated with the sourcing and acquisition of suitable assets. The Group can give no assurance as to the level of such costs, and given that there can be no guarantee that the Group will succeed in its negotiations to acquire any given asset, the greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Group's results of operations, financial condition and business prospects.

### *Risks relating to the development and refurbishment of properties*

In the event that the Company undertakes any development (including redevelopment or refurbishment) of property or if the Company invests in property that requires some refurbishment prior to renting the property, the risks of development or refurbishment include, but are not limited to, delays in timely completion of the project, cost overruns, poor quality workmanship, and inability to rent or inability to rent at a rental level sufficient to generate profits. This could, as a result, have a material adverse effect on the amounts available to be distributed to Shareholders by way of dividends.

Certain of the Company's properties may be specifically suited to the particular needs of a certain type of occupant. The Company may need to incur additional capital expenditure on a property in the event that it wanted it to be suitable for other occupants which may have a material effect on the results of operations of the Company and the amount that remains available to distribute to Shareholders. The Company will not undertake any greenfield development (that is, development of any property which is not leased or pre-leased).

### *Risks relating to forward funding arrangements*

The Company may enter into forward funding arrangements in relation to the development of assets. The Company in a forward funding arrangement is exposed to an element of development risk. If the relevant developer is not able to complete the development, the Company would then have to appoint another developer or undertake the development itself. This could result in delays in the timely completion of the project and cost overruns which could have an effect on the Group's financial position and, as a result, have a material adverse effect on the amounts available to be distributed to investors by way of dividends as well as the NAV per Share. Development or construction of property assets carries a higher degree of risk than is associated with operating assets and may be subject to delays, disruptions, vacancies and regulatory changes outside of the Company's control.

### *Risks relating to the insurance of properties*

The Group may suffer losses in excess of insurance proceeds, if any, or from uninsurable events. The Group's properties may suffer physical damage resulting in losses (including loss of rent) which may not be fully compensated for by insurance or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Group may lose capital invested in the affected property as well as anticipated future revenue from that property and the Group might also remain liable for any debt or other financial obligations related to that property. Any material uninsured losses may have a material adverse effect on the Group's financial position and results of operations.

### *Risks relating to the regulation of Tenants*

Neither the Company nor the Portfolio is subject to regulation as a result of the Company's investment in Healthcare Real Estate Assets. The activities of the Tenants, including any future Tenants will, however, be regulated by the CQC (or its equivalent in Scotland, Wales or Northern Ireland). If any Tenant fails to comply with CQC regulations, the CQC has the power to negatively rate a home and/or threaten to withdraw its registration, following which a local authority can embargo the Tenant, meaning that such Tenant will be unable to accept any new local authority residents until the issue has been rectified and the embargo has been lifted. Accordingly, the ability of an embargoed Tenant to provide care could be restricted and hence its ability to meet its rental payment obligations may be affected.

In addition, any failure of a Tenant to comply with CQC or equivalent regulations could attract negative publicity which could have an adverse impact on the Group's reputation, financial position and/or results of operations.

*There is a risk of accidents causing personal injury, negligence or criminal conduct by a Tenant or third parties at premises owned by the Group, which could result in litigation against the Group and/or harm the Group's reputation*

There is a risk of accidents, negligence or criminal conduct by a Tenant or third parties at premises owned by the Group, which could result in personal or financial injury to the Tenants' customers, people visiting the premises, the Tenants' employees, contractors or members of the public. For example, the Tenants will have ongoing obligations to obtain asbestos management surveys and to regularly test for legionnaires' disease which they may not fulfil and which may result in serious harm to the Tenants' customers, visitors and employees. The Group carries out due diligence on prospective Tenants. However, should an accident or event attract publicity or be of a size and/or nature which is not adequately covered by insurance, the resulting publicity and costs could have an adverse impact on the Group's reputation, financial position and/or results of operations.

*A failure by a Tenant to adequately repair and maintain leased properties could have a material adverse effect on the Company's financial position, results of operation and business prospects.*

If a Tenant fails to adequately repair and maintain the properties it leases, in accordance with the agreed annual repair and maintenance budget, the effect on the quality and reputation of the affected care home could result in negative business prospects for that care home, leading to reduced bed occupancy and/or increased future maintenance costs. This could materially adversely affect the Company's financial position, results of operations and business prospects. The Company seeks to maintain oversight of its Tenants through site visits and regular financial and operational reporting by each Tenant (including maintenance expenditure) to the Investment Adviser and the Board which assists the Company in taking action in advance of any issues arising.

### *Changes in legislation, regulation, policy or practice*

Statements in this Prospectus concerning the laws, regulations, policies or practice as they relate to the Group or its Tenants from time to time are based on UK law, regulation, policy and practice as at the date hereof. In particular, any references to the Care Act in this Prospectus are to that act as enacted on the date of this Prospectus. The implementation of the Care Act has been subject to certain delays and amendments (for example, the delay and then cancellation of the "care cap") and may be subject to further delays or amendment based on the prevailing policies of the incumbent Government. In particular, the political ramifications of the United Kingdom's decision to leave the European Union may result in a general election and change of government. In such circumstances, material changes to the regulatory and tax environment in which the Company and its Tenants operate are possible. Any changes to the legislation applicable to, or the regulatory status of, the Company, its Tenants or the Company's underlying investments, could affect the net incomes received by the Company's Tenants and/or the Company's ability to provide returns to Shareholders.

### *Risks relating to environmental issues with real estate assets*

As the owner of real estate, the Company is subject to environmental regulations that can impose liability

for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Company has acquired or acquires contaminated land, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Company is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation, which could have a material adverse effect on the Company's business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares.

In addition, regulatory changes (whether driven by a reaction to climate change or otherwise) may result in increased maintenance costs or required capital expenditure on properties to improve their energy efficiency. The cost of compliance with such regulatory changes could have a material adverse effect on the Company's business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares. The effect would be directly on the Company if the cost of compliance rested with the Company, but even if the burden fell on the Group's Tenants, the Company could still be indirectly affected.

#### *Risks relating to valuations*

The value of property and property related assets is inherently subjective due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the valuations of the properties will reflect the actual realisable sale price even where such sales occur shortly after the relevant valuation date. A fall in such valuations could have a material adverse effect on the financial condition of the Company and its results of operations.

*The determination by the United Kingdom to exit its relationship with the European Union could have an impact on the financial condition of the Company and its results of operations.*

The United Kingdom is due to leave the European Union on 29 March 2019. There are significant uncertainties in relation to the terms upon which such an exit will be effected (including as regards any transition period), and there are significant uncertainties as to what the impact will be on the fiscal, monetary and regulatory landscape in the UK, including *inter alia*, the UK's tax system and its regulation of financial and investment management services. There is also uncertainty as to how, when and to what extent these developments will impact on the UK's economy, including property values and the stability of healthcare service providers such as the Tenants. The impact on levels of investor activity and confidence, on market performance and on exchange rates is also unknown.

Other risks which result from the UK's departure from the European Union include: (i) that it has resulted in a shortage of nurses and the other healthcare staff required by the Tenants to operate the Portfolio due to the uncertainty surrounding, and/or because the rights of employees of Tenants (or indeed of other healthcare service providers) from other countries in Europe to live and work in the UK and potential employees of the Tenants being discouraged from living in the UK in connection with the UK's decision to leave the European Union; and (ii) that it may (particularly if no transitional arrangements are agreed) result in severe shortages in medical supplies, leaving Tenants unable to meet the needs of residents and properly operate the Portfolio.

Although it is not possible to predict fully the effects of the exit of the United Kingdom from the European Union, any of these risks, taken singularly, or in aggregate, could have a material adverse effect on the financial condition of the Company and its results of operations.

#### **Risks related to the Investment Adviser**

*The Company is reliant on the performance and retention of key personnel*

The Company relies on key individuals at the Investment Adviser to identify and select investment opportunities and to monitor the Portfolio. There can be no assurance as to the continued service of these key individuals at the Investment Adviser. The death or departure of any of these individuals without adequate replacement may have a material adverse effect on the Company's business prospects and results of operations. Accordingly, the ability of the Company to achieve its investment objective depends heavily on the experience of the Investment Adviser's team, and more generally on the ability of them to attract and retain suitable staff. The Board will have broad discretion to monitor the performance of the

Investment Adviser or, in certain circumstances, to appoint a replacement or additional adviser but the performance of the Investment Adviser, or that of any replacement, cannot be guaranteed.

*The past performance of key individuals at the Investment Adviser is not a guarantee of the future performance of the Company*

The Company has presented certain information in this Prospectus regarding the past performance of key individuals at the Investment Adviser, however, the past performance of such key individuals running businesses outside of the property sector is not directly comparable to the running of a REIT. In addition, the past performance of key individuals at the Investment Adviser in property or residential care home businesses is not indicative, or intended to be indicative, of future performance or results of the Company for several reasons. For example:

- Kingsclear, Highclear and the Pathways Care Group were operating businesses as opposed to property companies and had higher levels of leverage than the Company is permitted to deploy;
- conditions in the markets prevailing when those key individuals ran Kingsclear and Highclear may be different from those conditions that are relevant to the Company; and
- the future performance and results of the Company will be subject to fluctuating market conditions, changes in macro-economic factors and the availability of financing.

Accordingly, there can be no assurance that the Company will have the same opportunities to invest in assets that generate equivalent returns. In addition, it should also be noted that the risk profile of those businesses was markedly different to the Company's.

#### *Risks relating to conflicts of interest*

The services of the Investment Adviser, the Associates and their respective officers and employees, are not exclusive to the Company. Although the Investment Adviser has in place a conflicts of interest and asset allocation policy, in fulfilling its responsibilities to the Company, it may be subject to certain conflicts of interest arising from its relations with third parties to whom it also owes duties or in whom it has an interest. Full details of the interests of the principals of the Investment Adviser are set out in Part II of this Prospectus and, in particular, the Investment Adviser may provide property investment advice or other services in relation to a number of privately held healthcare companies that may have similar investment policies to that of the Company. In addition, both Mahesh Patel and Andrew Cowley are beneficial owners of the Initial Tenants.

#### **Risks related to the Ordinary Shares**

*The market price of the Ordinary Shares may fluctuate widely in response to different factors and there can be no assurance that the Ordinary Shares will be repurchased by the Company even if they trade at a price materially below their Net Asset Value*

The market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors, including, amongst other things, additional issuances or future sales of the Company's shares or other securities exchangeable for, or convertible into, its Shares in the future, the addition or departure of Board members or key individuals at the Investment Adviser, the operational or financial performance and/or creditworthiness of underlying Tenants, sanctions imposed on Tenants by the CQC (or its equivalents in Wales, Scotland and Northern Ireland) or any local authority, the availability of local authority funding, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the Company or any of its assets or the healthcare real estate sector, a perception that other market sectors may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes affecting real estate investment trusts or investments in Healthcare Real Estate Assets and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for the Ordinary Shares. The market value of the Ordinary Shares may vary considerably from the Company's underlying Net Asset Value. There can be

no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares.

The Company has authority to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue as at 26 March 2018, being 28,811,804 Ordinary Shares (and the Directors intend to seek annual (or, if required, more frequent) renewal of this authority from Shareholders) and subject to the requirements of the Listing Rules, Companies Act, the Articles and other applicable legislation, the Company may thus purchase Ordinary Shares in the market at a price below Net Asset Value per Ordinary Share with the intention of, amongst other things, enhancing the Net Asset Value per Ordinary Share. The Company may decide to make any such purchases (and the timing of such purchases), however, at the absolute discretion of the Directors. There can be no assurance that any purchases will take place or that any purchases will have the effect of narrowing any discount to Net Asset Value at which the Ordinary Shares may trade.

*The Company may in the future issue new Ordinary Shares, and any such issues will dilute Shareholders' equity*

Further issues of Ordinary Shares may, subject to compliance with the relevant provisions of the Companies Act and the Articles, be made on a non-pre-emptive basis. New Ordinary Shares issued pursuant to a Placing under the Placing Programme or the Company's existing authority to allot shares non-pre-emptively will be issued on a non-pre-emptive basis. Existing holders will, if they are not able to participate in the relevant share issue at least *pro rata* in accordance with their existing holdings or at all, have the percentage of voting and economic rights they hold in the Company diluted.

*Sales of Ordinary Shares by members of the Board, the Investment Adviser or the Investment Adviser's principals, or the possibility of such sales, may affect the market price of the Ordinary Shares*

Sales of Ordinary Shares or interests in Ordinary Shares by the Board, the Investment Adviser or the Investment Adviser's principals could cause the market price of the Ordinary Shares to decline. Although the shareholding of Mahesh Patel (one of the principals of the Investment Adviser) is subject to certain orderly market arrangements which expire on 7 March 2020, the Directors may, and the Investment Adviser and its principals may, sell their Ordinary Shares in the market. The sale of a substantial number of Ordinary Shares by these parties, or the perception that sales of this type could occur, could cause the market price of the Ordinary Shares to decline. This may make it more difficult for Shareholders to sell the Ordinary Shares at a time and price that they deem appropriate.

*The Company's ability to pay dividends will depend upon its ability to generate sufficient earnings and certain legal and regulatory restrictions*

Subject to the requirement to make distributions in order to maintain real estate investment trust status, any dividends and other distributions paid by the Company will be made at the discretion of the Board. The payment of any such dividends or other distributions will in general depend on the Company's ability to generate realised profits, which, in turn, will depend on the Company's ability to acquire investments which generate sufficient cashflows, its financial condition, its current and anticipated cash needs, its costs and net proceeds on sale of its investments, legal and regulatory restrictions and such other factors as the Board may deem relevant from time to time. As such, investors should have no expectation as to the amount of dividends or distributions that will be paid by the Company or that dividends or distributions will be paid at all.

*The Ordinary Shares are subject to certain provisions that may cause the Board to refuse to register, or require the transfer of, Ordinary Shares*

Although the Ordinary Shares are freely transferable, there are certain circumstances in which the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of the Ordinary Shares.

These circumstances include where a transfer of Ordinary Shares would cause, or is likely to cause: (i) the assets of the Company to be considered "plan assets" under the Plan Asset Regulations; (ii) the Company to be required to register under the Investment Company Act, or the Investment Adviser or the Investment Manager to be required to register as "investment advisers" under the Investment Advisers Act; (iii) the

Company to be required to register under the US Exchange Act or any similar legislation, amongst others; or (iv) the Company to be unable to comply with its obligations under the Foreign Account Tax Compliance Provisions (commonly known as FATCA or CRS).

*The market for Ordinary Shares may be illiquid*

No assurance can be given that, at any time, a liquid market for the Ordinary Shares will be sustained. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities. The value of Ordinary Shares may go down as well as up. Investors may therefore realise less than the original amount of their investment and could lose their entire investment. The market value of the Ordinary Shares may not necessarily reflect the underlying Net Asset Value.

If an active trading market is not maintained, the liquidity and trading price of the Ordinary Shares may be adversely affected. Even if there is an active trading market, the market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company.

**Risks relating to regulation and taxation**

*Risks relating to the REIT status of the Company*

The Group operates its business as a Real Estate Investment Trust for the purposes of Chapter 12 of the CTA 2010. As a result, the Company is required to comply with certain ongoing regulations and conditions. The basis of taxation of any Shareholder's shareholding in the Company may change fundamentally if the Company fails to maintain, its REIT status.

The Company cannot guarantee that it will maintain continued compliance with all of the REIT conditions. There is a risk that the REIT regime may cease to apply in some circumstances. HMRC may require the Company to exit the REIT regime if:

- it regards a breach of the conditions or failure to satisfy the conditions relating to the REIT regime, or an attempt to avoid tax, as sufficiently serious;
- the Company has committed a certain number of minor or inadvertent breaches in a specified period; or
- HMRC has given the Company at least two notices in relation to the avoidance of tax within a ten year period.

In addition, if the conditions for REIT status relating to the share capital of the Company or the prohibition on entering into loans with abnormal returns are breached or the Company ceases to be UK tax resident, becomes dual tax resident or an open-ended investment company, the Company will automatically lose REIT status. The Company could therefore lose its status as a REIT as a result of actions by third parties, for example, in the event of a successful takeover by a company that is not a REIT or due to a breach of the condition that the Company is not a close company if it is unable to remedy the breach within a specified timeframe. If the Company were to be required to leave the REIT regime within ten years of joining, HMRC has wide powers to direct how it would be taxed, including in relation to the date on which the Company would be treated as exiting the REIT regime which could have a material impact on the financial condition of the Company and, as a result, Shareholder returns.

A REIT may become subject to an additional tax charge if it pays a dividend to, or in respect of, a Substantial Shareholder. This additional tax charge will not be incurred, however, if the REIT has taken reasonable steps to avoid paying dividends to a Substantial Shareholder. As a result, the Articles contain provisions designed to avoid the situation where dividends may become payable to a Substantial Shareholder (which are summarised in paragraph 4.5 of Part XIII of this Prospectus). These provisions grant the Directors powers to identify Substantial Shareholders and to prohibit the payment of dividends on Ordinary Shares that form part of a Substantial Shareholding, unless certain conditions are met. The Articles also authorise the Board to require the disposal of Ordinary Shares forming part of a Substantial Shareholding in certain circumstances where the Substantial Shareholder has failed to comply with the

above provisions.

In the event of any purchase by the Company of its own Ordinary Shares (whether for discount control purposes or otherwise), there is a risk that certain shareholders may become Substantial Shareholders in the event that they do not participate in the relevant share buy-back programme. In such circumstances, the provisions of the Articles relating to Substantial Shareholdings would apply.

The accounting standards and practices that are applicable to the Group may deem that the Group is in receipt of higher rental income than it is currently contractually entitled to as a result of the fixed minimum uplifts under the tenant leases. This accounting treatment of future rental income in current year accounts could result in the Company being required to distribute more income to Shareholders than it actually receives from tenants in order to satisfy the REIT conditions. In such event the increased dividend, unless it is a scrip dividend, would not be fully covered by cash received through the Group's net income and the Group would be required to use its other cash resources to fund the additional dividend.

#### *UK SDLT*

Full relief from SDLT was available in respect of the transfers of the properties comprising the Seed Portfolio to Propco 1 and Propco 2, since those transfers took place between companies which were members of the same group. Certain subsequent acquisitions of properties by the Group have also benefited from relief from SDLT for the same reason. An anti-avoidance provision exists which may cause this relief to be withdrawn retrospectively if there is a change of control in the Company in the period of three years after the date of the completion of the relevant acquisition, giving rise to a liability to SDLT equal to approximately five per cent. of the aggregate value of the relevant properties.

If the Company were to be taken over within the three year period following the date of any relevant acquisition the SDLT charge would arise. Additionally, if a single shareholder acquired a substantial stake in the Company (but falling short of a full takeover), careful consideration of the possible application of paragraph 4ZA(4) of Schedule 7 of the Finance Act 2003 would be necessary.

#### *Taxation attributable to the properties*

The Investment Adviser may or may not take tax considerations into account in determining when the Group's properties within the Portfolio should be sold or otherwise disposed of and may or may not assume certain market risk and incur certain expenses in this regard to achieve favourable tax treatment of a transaction.

#### *The Company has not registered and does not intend to register as an investment company under the Investment Company Act*

The Company is not, and does not intend to become, registered in the United States as an investment company under the Investment Company Act and related rules and regulations. The Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies.

As the Company is not so registered and does not plan to register, none of these protections or restrictions is or will be applicable to the Company. In addition, to avoid being required to register as an investment company under the Investment Company Act, the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of Ordinary Shares held by a person to whom the sale or transfer of Shares may cause the Company to be classified as an investment company under the Investment Company Act. These procedures may materially affect certain Shareholders' ability to transfer their Shares.

#### *The assets of the Company could be deemed to be "plan assets" that are subject to the requirements of ERISA or Section 4975 of the US Tax Code, which could restrain the Company from making certain investments, and result in excise taxes and liabilities*

Under the current Plan Asset Regulations, if interests held by Benefit Plan Investors are deemed to be "significant" within the meaning of the Plan Asset Regulations (broadly, if Benefit Plan Investors hold 25 per cent. or greater of any class of equity interest in the Company) then the assets of the Company may

be deemed to be "plan assets" within the meaning of the Plan Asset Regulations. After the issue of New Ordinary Shares pursuant to a Placing, the Company may be unable to monitor whether Benefit Plan Investors acquire Ordinary Shares and therefore, there can be no assurance that Benefit Plan Investors will never acquire Ordinary Shares or that, if they do, the ownership of all Benefit Plan Investors will be below the 25 per cent. threshold discussed above or that the Company's assets will not otherwise constitute "plan assets" under Plan Asset Regulations. If the Company's assets were deemed to constitute "plan assets" within the meaning of the Plan Asset Regulations, certain transactions that the Company might enter into in the ordinary course of business and operation might constitute non-exempt prohibited transactions under ERISA or the Internal Revenue Code, resulting in excise taxes or other liabilities under ERISA or the US Tax Code. In addition, any fiduciary of a Benefit Plan Investor or an employee benefit plan subject to Similar Law that is responsible for the Plan's investment in the Ordinary Shares could be liable for any ERISA violations or violations of such Similar Law relating to the Company.

#### *Overseas taxation*

The Company may be subject to tax under the tax rules of the jurisdictions in which it invests. Although the Company will endeavour to minimise any such taxes this may affect the level of returns to Shareholders.

#### *Changes in tax legislation or practice*

Statements in this Prospectus concerning the taxation of Shareholders or the Company are based on tax law and practice as at the date of this Prospectus. Any changes to the tax status of the Company or any of its underlying investments, or to tax legislation or practice, could affect the value of investments held by the Company, affect the Company's ability to provide returns to Shareholders and affect the tax treatment for Shareholders of their investments in the Company (including the applicable rates of tax and availability of reliefs).

Prospective investors should consult their tax advisers with respect to their own tax position before deciding whether to invest in the Company.

#### *FATCA*

TO ENSURE COMPLIANCE WITH UNITED STATES TREASURY DEPARTMENT CIRCULAR 230, EACH PROSPECTIVE INVESTOR IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US TAX ISSUES HEREIN IS NOT INTENDED TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY A PROSPECTIVE INVESTOR FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PROSPECTIVE INVESTOR UNDER APPLICABLE TAX LAW; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF TREASURY DEPARTMENT CIRCULAR 230) OF THE OFFER TO SELL SHARES BY THE COMPANY; AND (C) A PROSPECTIVE INVESTOR IN SHARES SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT ADVISOR.

The U.S. Foreign Account Tax Compliance Act of 2010 (commonly known as "**FATCA**") is a set of provisions contained in the US Hiring Incentives to Restore Employment Act 2010. FATCA is aimed at reducing tax evasion by US citizens.

FATCA imposes a withholding tax of 30 per cent. on (i) certain US source interest, dividends and certain other types of income; and (ii) the gross proceeds from the sale or disposition of assets which produce US source interest or dividends, which are received by a foreign financial institution ("**FFI**"), unless the FFI complies with certain reporting and other related obligations under FATCA. The UK has concluded an intergovernmental agreement ("**IGA**") with the US, pursuant to which parts of FATCA have been effectively enacted into UK law.

Under the IGA, an FFI that is resident in the UK (a "**Reporting FI**") is not subject to withholding under FATCA provided that it complies with the terms of the IGA, including requirements to register with the IRS and requirements to identify, and report certain information on, accounts held by US persons owning, directly or indirectly, an equity or debt interest in the Company (other than equity and debt interests that are regularly traded on an established securities market, for which see below), and report on accounts held by certain other persons or entities to HMRC.



The Company expects that it will be treated as a Reporting FI pursuant to the IGA and that it will comply with the requirements under the IGA. The Company also expects that its Ordinary Shares may, in accordance with current HMRC practice, comply with the conditions set out in the IGA to be "regularly traded on an established securities market" meaning that the Company should not have to report specific information on its Shareholders and their investments to HMRC. However, there can be no assurance that the Company will be treated as a Reporting FI, that its Ordinary Shares will be considered to be "regularly traded on an established securities market" or that it would not in the future be subject to withholding tax under FATCA or the IGA. If the Company becomes subject to a withholding tax as a result of FATCA or the IGA, the return on investment of some or all Shareholders may be materially adversely affected.

In addition, the Organisation for Economic Co-operation and Development (the "**OECD**") has proposed a global Common Reporting Standard (the "**Common Reporting Standard**") for multilateral exchange of information which requires financial institutions to carry out due diligence and report on account holders in over 90 signatory countries. The UK has implemented the Common Reporting Standard and so the Company will have to provide information about its Shareholders to HMRC under these rules. In December 2014, the EU formally adopted Council Directive 2014/107/EU to assist member states in combating tax evasion and fraud by extending the scope of the automatic exchange of information ("**DAC**"). Broadly speaking, DAC implements the CRS within the EU.

Other jurisdictions are also considering introducing FATCA-style legislation in order to obtain information about their respective tax residents. Again, these may require the Company to report more widely on its Shareholders but the exact scope of such rules will need to be determined on a jurisdiction by jurisdiction basis.

**FATCA, the IGA, the Common Reporting Standard and DAC are complex. The above description is based in part on regulations, official guidance, the IGA, the Common Reporting Standard and DAC, all of which are subject to change. All prospective investors and Shareholders should consult with their own tax advisors regarding the possible implications of FATCA or FATCA-style legislation on their investment in the Company.**

#### *Risks relating to packaged retail and insurance-based investment products ("PRIIPs")*

Investors should be aware that the PRIIPs Regulation requires the Company, as a PRIIP manufacturer, to prepare a Key Information Document in respect of the Ordinary Shares. This KID must be made available by the Company to retail investors prior to them making any investment decision and is available on the Company's website at [www.impactreit.uk](http://www.impactreit.uk). The content of the KID is highly prescriptive, both in terms of the calculations underlying the numbers and the narrative, with limited ability to add further context and explanations, and therefore the KID should be read in conjunction with other material produced by the Company, including this Prospectus and, in future, the annual reports which will be available on the Company's website.

#### *Alternative Investment Fund Managers Directive*

The AIFM Directive seeks to regulate alternative investment fund managers and imposes obligations on AIFMs in the EEA or who market shares in such funds to EEA investors. In order to obtain authorisation under the AIFM Directive, an AIFM needs to comply with various organisational, operational and transparency obligations, which may create significant additional compliance costs, some of which may be passed to investors in the alternative investment funds they manage and may affect dividend returns.

Whilst the Investment Manager is the AIFM, the marketing of Ordinary Shares to EEA investors will be restricted and will need to be undertaken in accordance with the relevant national private placement regimes of any EEA member states in which marketing takes place. The Investment Manager has filed a notification with the FCA and the AFM, and an application has been approved by the Central Bank of Ireland, pursuant to Article 42 of the AIFM Directive such that the Ordinary Shares can be marketed in the UK, the Netherlands and Ireland under their respective national private placement regimes. Any regulatory changes arising from the AIFM Directive (or otherwise) that limits the Company's ability to market future issues of its Ordinary Shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, Net Asset Value and/or the market price

of the Ordinary Shares.

## Important Information

Prospective Shareholders should rely only on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than as contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Investment Manager, the Investment Adviser, the Administrator, Winterflood or RBC Capital Markets or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Listing Rules, the Prospectus Rules and the Disclosure Guidance and Transparency Rules neither the delivery of this Prospectus nor any subscription made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to its date.

Prospective Shareholders must not treat the contents of this Prospectus or any subsequent communications from the Company, the Investment Manager, the Investment Adviser, the Administrator, Winterflood, RBC Capital Markets or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Winterflood, RBC Capital Markets or any of their respective affiliates acting as an investor for its or their own account(s) may subscribe for New Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or related investments, in connection with a Placing or otherwise. Accordingly, references in this Prospectus to the New Ordinary Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, Winterflood or any of its affiliates acting as an investor for its or their own account(s). Neither Winterflood nor RBC Capital Markets intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

If you are in doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other financial adviser.

### Data protection

When an application is made to subscribe for New Ordinary Shares, the Company and/or Link Market Services Limited in its capacity as Registrar will collect data about the prospective Shareholder, such as the name of the Shareholder, their address, the number of New Ordinary Shares they subscribe or wish to subscribe to, account details, and proof of identity, together with such other personal data as is required in connection with the administration of the prospective Shareholder's interest in the Company ("**Personal Data**"). This data will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) and/or Link Market Services Limited in accordance with applicable data protection legislation and regulatory requirements of the United Kingdom. It will be stored on the Company and/or Link Market Services Limited or other third party processor's computer systems and manually, and will be retained for as long as is necessary in order to administer the interests in the Company and for any period thereafter which is required in order for the Company to comply with its reporting obligations.

The Company is required by Data Protection Legislation to specify the purposes for which it will hold Personal Data. The Company and/or Link Market Services Limited (together with any third party, functionary, or agent appointed by the Company) will use and process such data for the following purposes:

- for or in connection with the subscription for, and holding of, Ordinary Shares, including processing Personal Data in connection with credit and money laundering checks on the prospective Shareholder;
- to communicate with the prospective Shareholder as necessary in connection with the proper running of the Company's business affairs and generally in connection with the subscription for, and holding of, Ordinary Shares;
- to provide Personal Data to such third parties as are or shall be necessary in connection with the

proper running of the Company's business affairs and generally in connection with the subscription for, and holding of, Ordinary Shares or as Data Protection Legislation may require, including to third parties outside the United Kingdom or the European Economic Area (subject to the use of a transfer mechanism which is approved at the relevant time by the European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK); and

- for the Company and/or Link Market Services Limited's internal record keeping and reporting obligations.

The legal basis for processing Personal Data for the purposes set out above, is the legitimate interests of the Company and/or Link Market Services Limited in carrying out the business of the Company and maintaining the register of members of the Company and/or (in some cases) that the processing is necessary for compliance with a legal obligation to which the Company and/or Link Market Services Limited is subject.

The Company is a data controller in respect of Personal Data and for the purpose of Data Protection Legislation. All prospective Shareholders whose Personal Data has been submitted in connection with an application for an interest in the Company have a right to:

- be told about the data that the Company and/or Link Market Services Limited hold about them and to receive a copy of the information that constitutes Personal Data about them, on request;
- request access to and rectification or erasure of Personal Data, restriction of processing concerning the prospective Shareholder, and the right to data portability (as set up in, and subject to limits imposed by Data Protection Legislation);
- withdraw consent to processing, to the extent that processing is based on consent; and
- lodge a complaint about processing with the UK data protection supervisory authority (the Information Commissioners Office).

If you wish to exercise any of these rights, or wish to contact the Company and/or Link Market Services Limited about your Personal Data, you should submit a written application to the Company via the Company Secretary at 7th Floor, 9 Berkeley Street, London, W1J 8DW and/or Link Market Services Limited at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

Where a third party provides Personal Data about a prospective Shareholder to the Company and/or Link Market Services Limited, the third party represents and warrants to the Company and/or Link Market Services Limited, that it has collected and transferred such data to the Company and/or Link Market Services Limited in accordance with Data Protection Legislation.

### **Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any manufacturer (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares being the subject of the Placing Programme have been subject to a product approval process, which has determined that such New Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits

and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing Programme.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

### **Regulatory information**

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this Prospectus may be prohibited in some countries.

### **Investment considerations**

The contents of this Prospectus are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply to them as a result of the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objective will be achieved.

It should be remembered that the price of the Ordinary Shares, and the income from such Ordinary Shares (if any), can go down as well as up.

This Prospectus should be read in its entirety before making any investment in the New Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles which investors should review. A summary of the Articles is contained in Part XIII of this Prospectus under the section headed "Articles of Association".

### **Forward looking statements**

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company, the Investment Adviser and the Directors concerning, amongst other things, the performance of the Portfolio in which the Group will invest and the strategies, performance, results of operations, financial condition and prospects of the Tenants. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking

statements are not guarantees of future performance. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in general market conditions, legislative or regulatory changes, changes in taxation regimes or development planning regimes, the Company's ability to invest its cash and the proceeds of any Placing under the Placing Programme in suitable investments on a timely basis and the availability and cost of capital for future investments.

Potential investors are advised to read this Prospectus in its entirety, and, in particular, the section of this Prospectus entitled "Risk Factors" for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Prospectus may not occur or may not occur as foreseen.

These forward-looking statements are made only as at the date of this Prospectus. Subject to its legal and regulatory obligations (including under the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and the Takeover Code), the Company expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Nothing in the preceding three paragraphs should be taken as limiting the working capital statement in paragraph 11 of Part XIII of this Prospectus.

### **Presentation of financial information**

Unless otherwise stated, financial information for the Company and the Group has been extracted from the audited financial statements for the period from 7 November 2016 to 31 December 2017 incorporated by reference into this Prospectus as set out in more detail in Part IX of this Prospectus and from the unaudited interim financial statements for the six months ended 30 June 2018 incorporated by reference into this Prospectus as set out in more detail in Part X of this Prospectus.

Financial information for the Company has been prepared in accordance with IFRS. In making an investment decision, prospective investors must rely on their own examination of the Company from time to time and the terms of the Placing Programme.

### **Presentation of industry, market and other data**

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Company's business and the track record of the Investment Adviser (and its principals) contained in this Prospectus consists of estimates based on data and reports compiled by professional organisations and analysts, information prepared by the Investment Adviser, the Minster Group and the Croftwood Group, or data from other external sources and on the Investment Adviser's knowledge of the healthcare real estate sector. Information regarding the macroeconomic environment has been compiled from publicly available sources. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Company to rely on internally developed estimates. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, but none of the Company, the Investment Manager, the Investment Adviser, Winterflood or RBC Capital Markets has independently verified that data. The Company gives no assurance as to the accuracy and completeness of, and takes no further responsibility for, such data. Similarly, while the Company believes its and the Investment Adviser's internal estimates to be reasonable, they have not been verified by any independent sources and the Company cannot give any assurance as to their accuracy.

### **Currency presentation**

Unless otherwise indicated, all references in this Prospectus to "GBP", "pounds sterling", "£", "pence", "penny" or "p" are to the lawful currency of the UK.

### **Governing law**

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently

in force in England and Wales.

### **Website**

Save as explicitly set out in this Prospectus, the contents of the Company's website, [www.impactreit.uk](http://www.impactreit.uk), do not form part of this Prospectus. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this Prospectus alone.

### **Notice to prospective investors in the European Economic Area**

The New Ordinary Shares have not been, and will not be, registered under the securities laws, or with any securities regulatory authority of, any member state of the EEA other than the United Kingdom and subject to certain exceptions, the New Ordinary Shares may not, directly or indirectly, be offered, sold, taken up or delivered in or into any member state of the EEA other than the United Kingdom, the Netherlands and the Republic of Ireland. The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

### **Notice to prospective investors in the Republic of Ireland**

The New Ordinary Shares that are the subject of this Prospectus, have not been and shall not be offered, sold, transferred or delivered in Ireland other than to qualified investors (within the meaning of the Prospectus Directive). The Placing Programme not require the publication, or passporting into Ireland, of an approved prospectus for Irish prospectus law purposes.

This prospectus has not therefore been filed with or approved by the Central Bank of Ireland.

### **Notice to prospective investors in Jersey**

The Jersey Financial Services Commission has given, and has not withdrawn, its consent to Impact Healthcare REIT plc under article 8(2) of the Control of Borrowing (Jersey) Order 1958, as amended, to the raising of money in Jersey and to the circulation of this Prospectus. It must be distinctly understood that, in giving this consent, the Jersey Financial Services Commission does not take any responsibility for the financial soundness of the Company or for the correctness of any statement made, or opinions expressed, with regard to the Company. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

### **Notice to prospective investors in Guernsey**

The New Ordinary Shares may only be promoted in or from within the Bailiwick of Guernsey by persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the "**POI Law**"). Persons appointed by the Company and not licensed may not promote the Company in Guernsey to private investors and may only distribute and circulate any document relating to the New Ordinary Shares in Guernsey to persons regulated as licensees under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Businesses (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000, and provided that the provisions of Section 29(1)(cc) of the POI Law are satisfied. Promotion of the New Ordinary Shares in Guernsey may not be made in any other way.

### **Notice to prospective investors in the Netherlands**

The Ordinary Shares (including the rights representing an interest in the Ordinary Shares in global form) which are the subject of this Prospectus, have not been and shall not be offered, sold, transferred or delivered in the Netherlands other than to individuals or (legal) entities in the Netherlands who or which qualify as qualified investors (gekwalificeerde beleggers) within the meaning of section 1:1 of the Dutch Act on Financial Supervision (Wet op het financieel toezicht) as amended from time to time. No approved prospectus is required to be published in accordance with the Prospectus Directive (Directive 2003/71/EC), as amended.

## Expected Timetable of Principal Events

Date of this Prospectus	11 February 2019
Latest time and date for receipt of Forms of Proxy in respect of the General Meeting	10.30 a.m. on 1 March 2019
Date of the General Meeting	5 March 2019
Placing Programme Opens	6 March 2019
Admission and commencement of dealings in New Ordinary Shares issued pursuant to the Placing Programme	8.00 a.m. on each day New Ordinary Shares are issued pursuant to the Placing Programme
CREST accounts credited in respect of New Ordinary Shares issued pursuant to the Placing Programme in uncertificated form	As soon as possible after each day New Ordinary Shares are issued pursuant to the Placing Programme
Despatch of definitive share certificates for New Ordinary Shares issued pursuant to the Placing Programme (where applicable)	Approximately one week after the date of the relevant Programme Admission
Latest date for New Ordinary Shares to be issued pursuant to the Placing Programme	10 February 2020*

\*or such earlier date on which the authority to issue the maximum number of New Ordinary Shares pursuant to the Placing Programme is fully utilised.

Times and dates are subject to change. All references to times in this Prospectus are to London time.

The Directors may, with the prior approval of Winterflood and RBC Capital Markets (and subject to the Company's Articles and applicable law), extend or bring forward the times and dates noted above. If any such periods are extended, the Company will notify investors of such change by publishing an RNS announcement.



## Placing Programme Statistics

Maximum number of New Ordinary Shares to be issued in aggregate pursuant to the Placing Programme*	200 million
Placing Programme Price per New Ordinary Share to be issued under the Placing Programme	To be determined in respect of each Placing by the Directors, Winterflood and RBC Capital Markets at the time of the relevant Placing

\* The maximum number of New Ordinary Shares to be issued pursuant to the Placing Programme is 200 million, with the actual number of New Ordinary Shares to be issued being subject to investor demand. The number of New Ordinary Shares to be issued pursuant to each Placing, and therefore the amount of the Gross Proceeds of each Placing, is not known at the date of this Prospectus but will be notified by the Company via an RNS announcement prior to the relevant Programme Admission.

### Dealing Codes

The dealing codes for the New Ordinary Shares will be as follows:

ISIN: GB00BYXVMJ03

SEDOL: BYXVMJ0

Ticker: IHR

## **Directors, Investment Manager and Advisers**

<b>Directors</b>	Rupert Barclay ( <i>Chairman</i> ) Rosemary Boot Paul Craig Philip Hall <i>all of the registered office below</i>
<b>Registered Office</b>	7th Floor 9 Berkeley Street London W1J 8DW Telephone: +44(0)207 409 0181
<b>Investment Manager and AIFM</b>	Carne Global AIFM Solutions (C.I.) Limited Channel House Green Street St Helier JE2 4UH
<b>Investment Adviser</b>	Impact Health Partners LLP 149-151 Regent Street London W1B 4JD
<b>Sponsor, Joint Bookrunner and Financial Adviser</b>	Winterflood Securities Limited Cannon Bridge House 25 Dowgate Hill London EC4R 2GA
<b>Joint Bookrunner</b>	RBC Capital Markets Thames Court 1 Queenhithe London EC4V 3DQ
<b>Administrator and Company Secretary</b>	JTC (UK) Limited 7th Floor 9 Berkeley Street London W1J 8DW
<b>Registrar</b>	Link Market Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>English Legal Adviser to the Company</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>English Legal Adviser to the Joint Bookrunners</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU

**Auditor**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**Valuer**

Cushman & Wakefield  
43/45 Portman Square  
London  
W1A 3BG

## **Part I: Introduction to the Company and the Healthcare Real Estate Opportunity**

### **Introduction to the Company**

The Company is an externally managed closed-ended investment company admitted to trading on premium segment of the Main Market of the London Stock Exchange. The Company operates as a real estate investment trust.

The Net Proceeds of each Placing are intended to be used to acquire additional properties in accordance with the Company's investment policy (including the acquisition of the pipeline assets described in Part IV of this Prospectus) and to invest in organic growth opportunities in the Existing Portfolio (as described in Part III of this Prospectus).

The Company has appointed Carne Global AIFM Solutions (C.I.) Limited as its investment manager and AIFM for the purposes of the AIFM Directive. The Company has appointed Impact Health Partners LLP as its investment adviser, however, it is intended that (subject to the receipt of the necessary authorisations from the FCA) Impact Health Partners LLP will shortly be appointed as the Company's AIFM and investment manager. Further information on the Investment Manager and the Investment Adviser is set out in Part VI of this Prospectus.

The Company is not regulated by the FCA or any other regulatory authority but is subject to the Listing Rules, the Admission and Disclosure Standards and the Disclosure Guidance and Transparency Rules. The Listing Rules include a Listing Principle that a listed company must ensure that it treats all holders of the same class of shares that are in the same position equally in respect of such shares.

Further information on the Company is set out below and in Part V of this Prospectus.

### **Company Update**

The Company was admitted to the Specialist Fund Segment on 7 March 2017 following its successful initial public offering raising its target gross process of £160 million. A subsequent 20 per cent. 'tap issue' in November 2017 raised £32.6 million in a significantly oversubscribed issue. On 8 February 2019, the Company was admitted to the premium segment of the Official List and the Ordinary Shares were admitted to trading on the premium segment of the Main Market of the London Stock Exchange.

The net proceeds from these fundraisings have been used, alongside the Credit Facility, to acquire a portfolio of 73 care homes with a market value of £226.6 million and an annual contracted rent of £17.8 million, reflecting a contracted rental yield of 7.42 per cent. The Existing Portfolio is let to six Tenants<sup>1</sup>, all of which are experienced care home operators.

The Company has also invested in its portfolio since launch, having approved investment of £15.4 million of improvements to add 188 beds to the Existing Portfolio, increasing the contracted rent by £1.3 million. To date, 96 of those beds have been completed.

The Company's unaudited Net Asset Value as at 31 December 2018 was £198.3 million reflecting 103.18 pence per share. The increase from 98 pence per share at launch has primarily been driven by increases in rent received as a result of uplifts in the Retail Prices Index and receivable from asset management activities. The Company has also delivered on its initial 6 pence per Ordinary Share dividend target, having paid or declared seven quarterly dividends of 1.5 pence per quarter since launch. The total EPRA NAV return since launch has been 14.2 per cent. to 31 December 2018 (7.9 per cent. annualised).

The Company has now invested or committed the majority of the net £240 million of equity and debt capital raised since its IPO in March 2017 and is in various stages of negotiations on a strong pipeline of care home acquisition opportunities.

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<sup>1</sup> The current Tenants are Careport, Croftwood, Minster, Prestige, Renaissance Care and Welford. Croftwood and Minster are both subsidiaries of Minster Topco.

## Investment Objective

The Company's investment objective is to seek to provide Shareholders with an attractive return, principally in the form of quarterly income distributions and with the potential for capital and income growth through exposure to a diversified portfolio of Healthcare Real Estate Assets.

## Investment Policy

The Company's investment policy is to acquire, own, lease, renovate, extend and redevelop high quality, Healthcare Real Estate Assets in the UK, in particular residential care homes and to lease those assets to care home operators and other healthcare service providers under full repairing and insuring leases.

The Company will continue to pursue its investment policy as follows:

- In order to manage risk in the Portfolio, at the time of investment, no single asset shall exceed in value 15 per cent. of the Group's total gross asset value.
- No single customer paying for care provided in assets owned by the Group will account for more than 15 per cent. of the aggregate revenues of the Tenants to whom the Group's assets are leased from time to time, measured at the time of acquisition.
- The annual contracted rent from any single Tenant is not expected to exceed 40 per cent. of the total annual contracted rent of the Group at 31 December 2019, and, thereafter, the annual contracted rent from any single Tenant is not expected to exceed 40 per cent. of the total annual contracted rent of the Group, measured at the time of investment.
- The Portfolio will be diversified by location across the UK with focus on areas where there is a good balance of supply and demand for the provision of care and assets are available at attractive valuations.
- Within these locations, the Group will acquire existing modern buildings or those that are currently considered fit for purpose by occupiers, but in respect of which the Investment Adviser has developed a plan to add value to the asset through targeted capital expenditure.
- Leases granted by the Group will be linked to the Retail Prices Index, have a long duration (with an unexpired lease term of at least 20 years) and will not be subject to break clauses. The Group will seek to amend any future leases acquired by the Group to obtain similar terms.
- The Group will not undertake speculative development (that is, development of property which has not been leased or pre-leased), save for the refurbishment, extension or replacement of existing holdings, subject to the limitation in the final bullet below, so as to reposition a home in its local market and thus to increase the rent due.
- The Group may invest in forward funding agreements or forward commitments to pre-let developments, subject to the limitation in the final bullet below, where the Group will own the asset on the completion of the work.
- The gross budgeted development costs of any refurbishment, extension or replacement of existing holdings and/or forward funding and forward commitments, is limited to 25 per cent. of the Company's gross assets at the time of commitment.

The Group will be permitted to generate up to 15 per cent. of its gross income in any financial year from non-rental revenue or profit related payments from Tenants, in addition to the rental income due under the leases.

In addition, the Group is also permitted to invest up to:

- 10 per cent. of its Gross Assets, at the time of investment, in non-residential Healthcare Real Estate Assets, such as properties which accommodate GP or dental practices and other healthcare related services including occupational health and physiotherapy practices, pharmacies and hospitals or in

non-healthcare related residential assets attached to residential Healthcare Real Estate Assets;

- 25 per cent. of its Gross Assets, at the time of investment, in indirect property investment funds (including joint ventures) with a similar investment policy to that of the Company; and
- 15 per cent. of its Gross Assets, at the time of investment, in closed-ended investment funds which are listed on the Official List,

however, the Directors have no current intention to acquire non-residential Healthcare Real Estate Assets or indirect property investment funds or to enter into joint venture arrangements.

The Group may also acquire or establish companies, funds or other SPVs which themselves own assets falling within the Company's investment policy.

The Group will not acquire any asset or enter into any lease or related agreement if that would result in a breach of the conditions applying to the Company to hold REIT status. In addition, the Group will not acquire any asset, or enter into any lease or related agreement in assets, located outside of the U.K.

The Company may invest cash held for working capital purposes and awaiting investment in cash deposits, gilts and money market funds. It will not invest in derivatives but it may use derivatives for hedging purposes.

#### *Borrowing policy*

Gearing, calculated as borrowings as a percentage of the Group's Gross Assets (including any borrowings incurred by any joint ventures or indirect property investment funds through which the Company may invest), may not exceed 35 per cent. at the time of drawdown.

#### *Material changes to the investment policy will require the prior approval of Shareholders*

The Directors do not currently intend to propose any material changes to the Company's investment policy, save in the case of exceptional or unforeseen circumstances. Any material change to the investment policy of the Company will be made only with the approval of Shareholders.

### **Target Returns**

As noted above, the Company's investment objective is to seek to provide Shareholders with an attractive return, principally in the form of quarterly income distributions, but also with the potential for capital and income growth. Accordingly, the Company has set itself the Target Returns which are described in further detail below.

#### *Target Dividend*

Since First Admission, the Company has declared and paid dividends in line with its target dividend yield of 6.0 per cent. on the original issue price of 100 pence per Ordinary Share. Going forward, subject to market conditions, applicable law and the Company's performance, financial position and financial outlook (including the Retail Prices Index) (and whilst not forming part of its investment policy), the Company will also seek to grow the Target Dividend in line with the inflation-linked rental uplifts received by the Group under the terms of the rent review provisions contained in the Group's leases. For the year ending 31 December 2019, the target dividend is 6.17 pence per Ordinary Share (the "**Target Dividend**").

#### *Target Total Return*

In addition, in the period from First Admission to 31 December 2018, the Company has also delivered a total NAV return of 14.2 per cent. on the original issue price of 100 pence per Ordinary Share (7.9 per cent. annualised). Going forward, subject to market conditions, applicable law and the Company's performance, financial position and financial outlook (and whilst not forming part of its investment policy), the Company will seek to achieve a Target Total Return of 9.0 per cent.

The Target Returns are targets only and neither the Target Dividend nor the Target Total Return constitutes

a profit forecast. There can be no assurance that the Target Returns can or will be achieved from time to time and neither the Target Dividend nor the Target Total Return should be seen as an indication of the Company's expected or actual results or returns. In particular, the Target Returns assume that the Company (or a member of its group) will continue to receive all rent due from its portfolio. Accordingly, investors should not place any reliance on the Target Returns in deciding whether to invest in the Ordinary Shares or assume that the Company will make any distributions at all.

### **Dividend Policy**

In order to ensure the Company benefits from the full exemption from tax on rental income afforded by the UK REIT regime, the Company distributes at least 90 per cent. of qualifying profits arising from the Group's qualifying rental business in each year. The Company pays dividends on a quarterly basis, with dividends typically declared in October, January, April and July and paid in November, February, May and August.

In accordance with the REIT regime, the Company will not (except to the extent permitted by those regulations) retain more than 10 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

### **Hedging Policy**

The Company does not currently hold (nor does it anticipate holding) investments in currencies other than Sterling and therefore it does not intend to seek to hedge currency exposure between Sterling and any other currency.

The Company has entered into arrangements to hedge a portion of the interest rate risk it is exposed to pursuant to the Credit Facility (which is floating-rate) and currently anticipates maintaining hedges in relation to the interest rate on what the Investment Adviser expects will be the average level of drawn down debt. Although it intends to hedge such interest rate risks, the Company may elect not to do so, where the Board and/or the Investment Manager (in consultation with the Investment Adviser) are of the view that it is not appropriate to hedge such exposure, taking into consideration amongst other things the cost of hedging and the general interest rate environment. To mitigate the interest rate risk that arises as a result of entering into variable rate linked loans pursuant to the Credit Facility, the Group entered into an interest rate cap with a notional value of £25 million and a strike rate of 1 per cent. effective from 21 June 2018 with a termination date of 15 June 2023. The fair value of the interest rate cap is based on a floating reference of 1 month LIBOR.

### **Discount and Premium Management**

#### *Further issues*

In addition to the authority to issue New Ordinary Shares pursuant to the Placing Programme (to be sought at the General Meeting), the Board has an existing authority from Shareholders to allot Ordinary Shares on a non pre-emptive basis up to an aggregate nominal amount of £384,413.66, such authority to expire on 26 July 2019 or, if earlier, the date of the next annual general meeting of the Company (the "**Existing Authority**"). To date, the Board has not issued any Ordinary Shares pursuant to the Existing Authority.

#### *Purchase of own Ordinary Shares*

The Company may seek to address any significant discount to NAV at which its Ordinary Shares may be trading by purchasing its own Ordinary Shares in the market on an *ad hoc* basis.

The Directors have authority from Shareholders to purchase in the market up to 14.99 per cent. of the issued ordinary share capital of the Company as at 26 March 2018, being 28,811,804 Ordinary Shares. This authority will expire at the conclusion of the Company's next annual general meeting or if earlier, 18 months from the date of the Company's last Annual General Meeting, being 26 April 2018. The Directors intend to seek annual renewal of this authority from Shareholders at each annual general meeting. Whether the Company purchases any such Ordinary Shares, and the timing and the price paid on any such purchase, will be at the discretion of the Directors. Ordinary Shares which are bought back may be cancelled or held in treasury.

It is the current intention of the Directors to hold any Ordinary Shares which have been bought back in treasury. This would give the Company the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. Ordinary Shares held in treasury may be sold by the Company at prices equal to or above the prevailing Net Asset Value per Ordinary Share.

The Board typically expects to return to Shareholders the proceeds from any disposal of properties within the Portfolio which have not been re-invested (or where the prospect of re-investment is not imminent) after twelve months.

#### *Continuation vote*

The Company has no fixed life but pursuant to the Articles an ordinary resolution for the continuation of the Company will be proposed at the annual general meeting of the Company to be held in 2024 and, if passed, every five years thereafter. In the event that such resolution is not passed, the Directors will put forward proposals within three months for the reconstruction, reorganisation or winding-up of the Company.

#### **Real Estate Investment Trust Status**

The Company intends at all times to conduct its affairs so as to enable it to qualify as a real estate investment trust for the purposes of Part 12 of the Corporation Tax Act 2010, as amended.

In summary, in order for a company to be eligible as a real estate investment trust:

- the Company must be solely resident in the UK for tax purposes;
- it must not be a close company;
- it must not be an open-ended investment company;
- its Ordinary Shares must be listed on a recognised stock exchange;
- it must only have one class of ordinary share in issue; and
- the Company must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent, or where the interest depends to any extent on the results of the Company's business or on the value of any of its assets.

In order for a company to subsequently maintain its status as a real estate investment trust:

- the Tax Exempt Business must, throughout each accounting period involve at least three properties and have no one property representing more than 40 per cent. of the total value of all the properties involved in the business;
- the Tax Exempt Business must distribute (subject to availability of distributable reserves) at least 90 per cent. of the income profits in each accounting period;
- the income profits arising to the Tax Exempt Business must represent at least 75 per cent. of the total profits of the Company for each accounting period calculated in accordance with International Accounting Standards, before deduction of tax and excluding, broadly, gains and losses on the disposal of property and revaluation of properties movements; and
- at the beginning of each accounting period, the gross fair value of the assets in the Tax Exempt Business (including cash held on deposit) must represent at least 75 per cent. of the total fair value of the Company's assets.

#### **The AIFM Directive**

The Company is registered in England and Wales and the Investment Manager is registered in Jersey. The Company therefore currently operates as an externally managed EEA domiciled AIF with a non-EEA AIFM for the purposes of the AIFM Directive and, as such, neither it nor the Investment Manager are required to



seek full-scope authorisation under the AIFM Directive.

The Investment Manager has notified the FCA, the AFM, and an application has been approved by the Central Bank of Ireland, in accordance with Article 42 of the AIFM Directive, such that the Ordinary Shares can be marketed in the UK, the Netherlands and Ireland pursuant to their respective national private placement regimes.

The Investment Adviser is seeking FCA authorisation to act as a full-scope AIFM under the AIFM Directive. If such authorisation is granted, the Company will transfer the portfolio management and risk management functions for the Company to the Investment Adviser. Following such transfer, the Company will appoint a depositary and the Investment Adviser will delegate its risk management functions to the Company's current Investment Manager. In these circumstances, the depositary will be responsible for setting up and maintaining the securities record and safe custody of the Company's investments.

Although these proposals will involve the Company entering into new arrangements with a related party, since the fees retained by the Investment Adviser will be the same as it currently receives, the Company is not required to seek shareholder approval under the Listing Rules. In addition, it is expected that the Investment Adviser will not be required to charge VAT on its fees under the new arrangements and that this saving (less the additional costs of the depositary which will be required) will be passed on to the Company.

### **NMPI Status**

The Company is not deemed to be a non-mainstream pooled investment because, as a REIT, the Ordinary Shares are "excluded securities" under the FCA's rules on NMPIs.

### **Taxation**

Potential investors are referred to Part XII of this Prospectus for details of the taxation of the Company and Shareholders in the UK. Potential investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers prior to making a subscription for Ordinary Shares.

### **Risk Factors**

The Company's performance is dependent on many factors and potential investors should read the whole of this Prospectus and, in particular, the section entitled "Risk Factors" on pages 20 to 34 of this Prospectus.

### **Corporate Governance**

The Listing Rules require that the Company must "comply or explain" against the UK Corporate Governance Code (the "**Governance Code**"). In addition, the Disclosure Guidance and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements.

The AIC Code, which is endorsed by the Financial Reporting Council, addresses all the principles set out in the Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company. By reporting against the AIC Code, the Company will satisfy its obligations under the Listing Rules and the Governance Code. Accordingly, the Directors have undertaken to comply with the provisions of the AIC Code.

A revised version of the AIC Code was published on 5 February 2019 to reflect revisions to the Governance Code made in July 2018. Accordingly, the Board will review its existing internal control and risk management arrangements to ensure they remain in compliance with the updated version of the AIC Code and, going forward, will comply or explain against this version of the AIC Code.

### **Meetings and Reports**

The Company held its first annual general meeting on 26 April 2018 and subsequent annual general

meetings will also be held in the second quarter of each calendar year. The Company's first annual report was prepared in respect of the period between its incorporation and 31 December 2017. The Company's audited annual report and accounts are prepared to 31 December each year, and it is expected that they will be published and made available to Shareholders in April each year, or earlier if possible. The Company also prepares an unaudited interim report each year in respect of the period to 30 June, expected to be published in September in each year, or earlier if possible. The Company's audited annual report and accounts and interim report are made available on the Company's website.

The Company's accounts and the annual report will be drawn up in sterling and in accordance with IFRS as adopted by the European Union.

### **Net Asset Value Publication and Calculation**

The properties acquired by the Group are valued by the Valuer quarterly in accordance with the RICS Valuation – Global Standards, which incorporate the International Valuation Standards and the RICS UK Valuation Standards (Red Book) or its successor.

The Net Asset Value and the Net Asset Value per Ordinary Share are published on a quarterly basis based on the most recent valuation of the Portfolio and in accordance with IFRS. The Net Asset Value is calculated by the Administrator based on information provided by the Investment Adviser and the Valuer and published through an RNS announcement as soon as practicable after the end of the relevant quarter.

The Directors may temporarily suspend the calculation, and publication, of the Net Asset Value during a period when, in the opinion of the Directors:

- there are political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Board, and disposal or valuation of investments of the Company or other transactions in the ordinary course of the Company's business is not reasonably practicable without this being materially detrimental to the interests of Shareholders or if, in the opinion of the Board, the Net Asset Value cannot be fairly calculated;
- there is a breakdown of the means of communication normally employed in determining the calculation of the Net Asset Value; or
- it is not reasonably practicable to determine the Net Asset Value on an accurate and timely basis.

Details of any suspension in making such calculations will be communicated through an RNS announcement.

## Part II: The Investment Opportunity

### Market Drivers

The Company and its Investment Adviser continue to believe that a significant investment opportunity exists in the UK healthcare real estate market owing to:

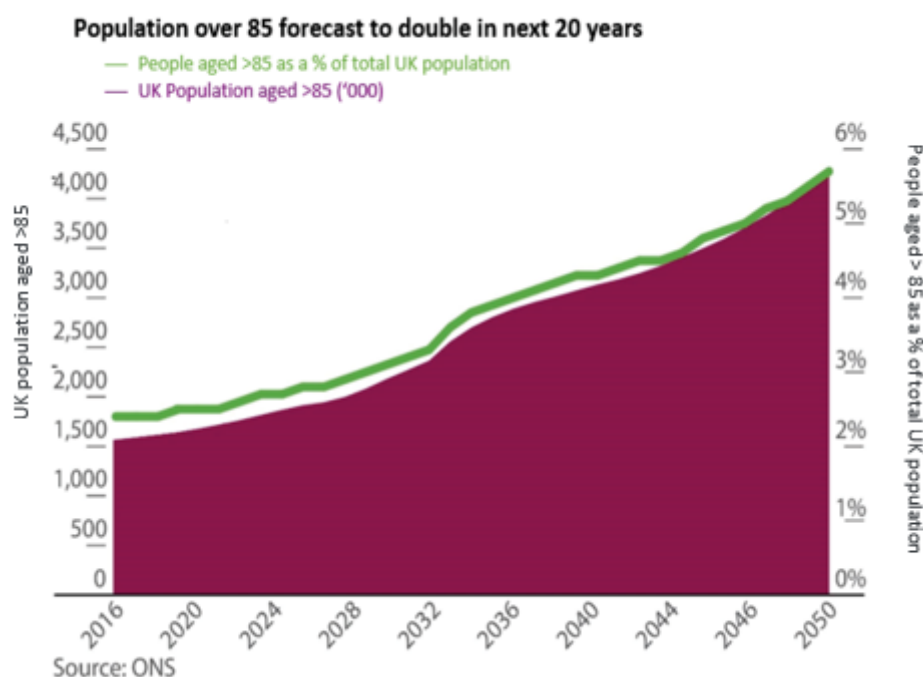
- increasing demand for various forms of care from a growing and ageing population;
- a reduction in supply of suitable assets for providing care over the past two decades;
- the need to reduce pressure on high-cost, medical care providers in the NHS; and
- the possibility to position the Company as a consolidator in a highly fragmented market where some current owners of assets have financial or other issues which they must resolve.

A well-capitalised landlord like the Company, with a very experienced Investment Adviser team with deep operational knowledge of the requirements of the healthcare real estate sector, should be well positioned to deliver attractive returns to its investors, while also providing a comfortable and safe environment to residents and a commitment to enhance homes wherever possible.

### Key Drivers

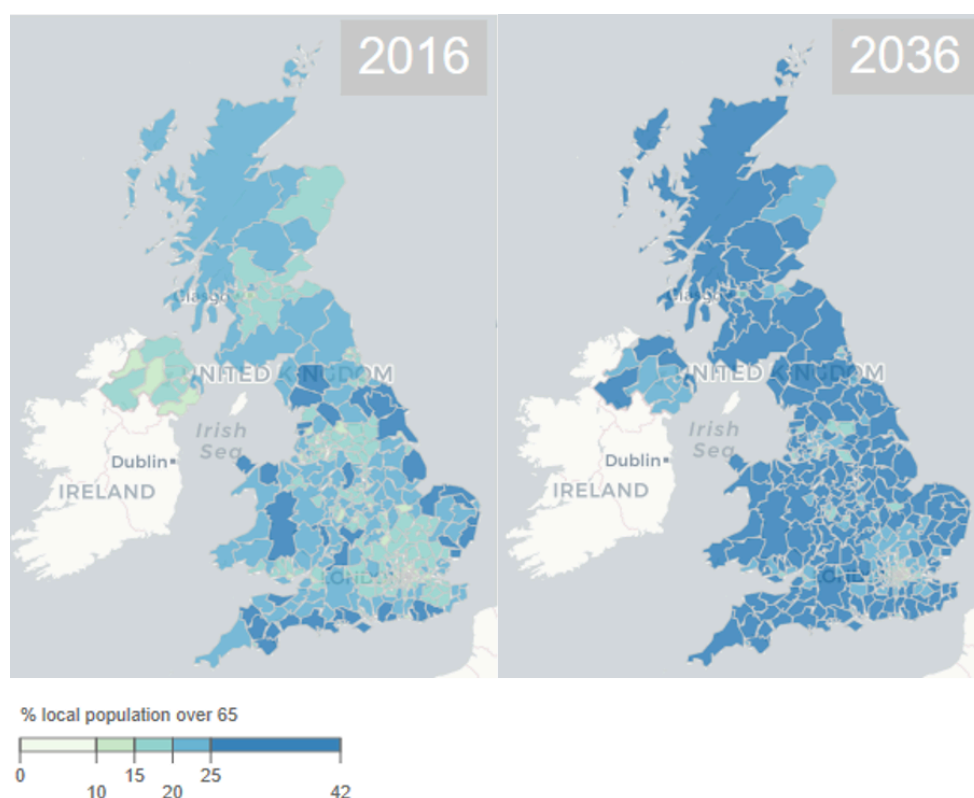
#### 1 People are living longer

According to forecasts by the Office of National Statistics<sup>2</sup> and as illustrated below, the number of people more than 85 years old in the UK is forecast to double by 2040, rising from 1.6 million in 2018 to 3.2 million by 2040.



<sup>2</sup> Source: Office for National Statistics National Population Projections, published 26 October 2017

### UK Population aged 65 and over, 2016 and 2036<sup>3</sup>



In 2018, 14.7 per cent. of people aged over 85 required the kind of care which can only be provided in a staffed residential setting (that is, either a care home or long-stay hospital bed). According to base case projections commissioned by the Department of Health from the Policy Research Unit in Economics of Health and Social Care Systems, the number of elderly people who require a bed in a care home in England will rise from 329,200 in 2015, to 587,500 in 2035, an increase of 78 per cent.

## 2 Capacity has shrunk from its peak

The number of available care beds for the elderly in the whole of the United Kingdom rose rapidly in the 1970s and 1980s, reaching a peak of 563,100 residential and nursing home places in 1996. It has declined 17 per cent. from that level, to 464,800 in 2018. Over that time period there has been a shift, from a market dominated by government-provided beds to beds provided by independent care home owners and operators<sup>4</sup>.

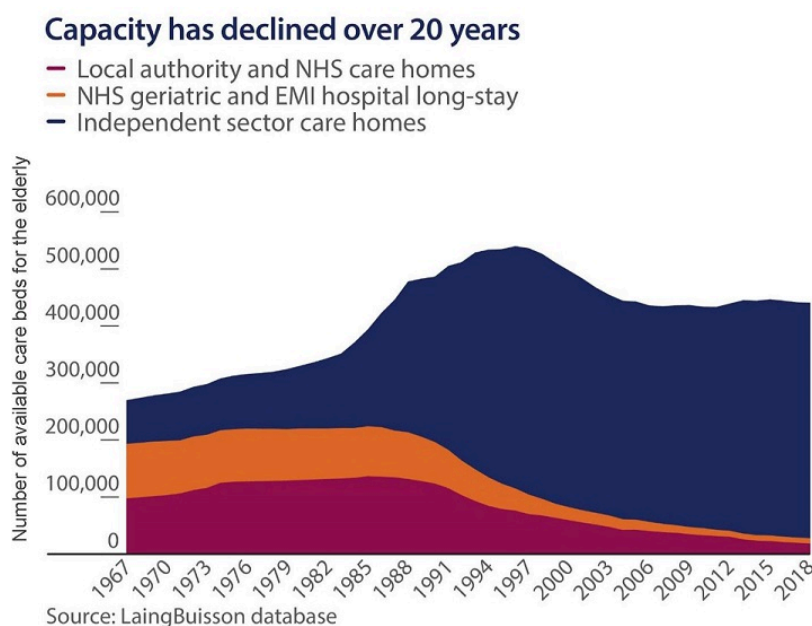
The Investment Adviser believes these annual changes in the number of available beds are driven by a number of factors including:

- obsolete homes being withdrawn from the market;
- homes being sold for change of use; and
- the amount of new development activity coming to completion.

<sup>3</sup> Source: Office for National Statistics: Article entitled "Overview of the UK population published July 2017"

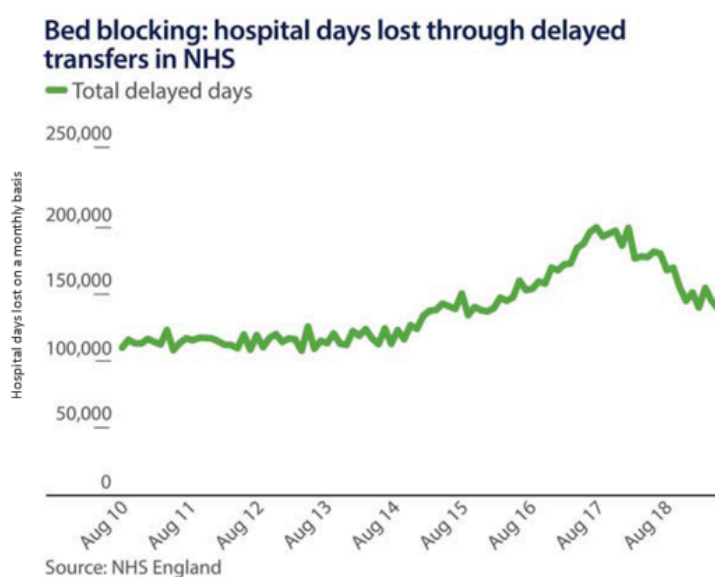
<sup>4</sup> Source: LaingBuisson Care Homes for Older People UK Market Report 29th Edition, published July 2018

Much of the recent development activity has focussed on the homes provided for private paying residents in the South-east of England, with more limited development activity elsewhere in the country.



### 3 Severe pressure on the NHS

Since the government combined health and social care under one department in 2018, there appear to have been some encouraging successes in starting to tackle the problem of bed-blocking in the NHS. In the 12 months to March 2018, the NHS in England lost 1,979,260 bed days through delayed transfers, down from 2,254,821 bed days in the 12 months to March 2017<sup>5</sup>. However, pressure on the NHS continues to be intense with Simon Stevens, the CEO of NHS England, stating in June 2018 that patients who stay in hospital for more than three weeks, most of them elderly, occupy one in five hospital beds, or the equivalent of 36 hospitals.



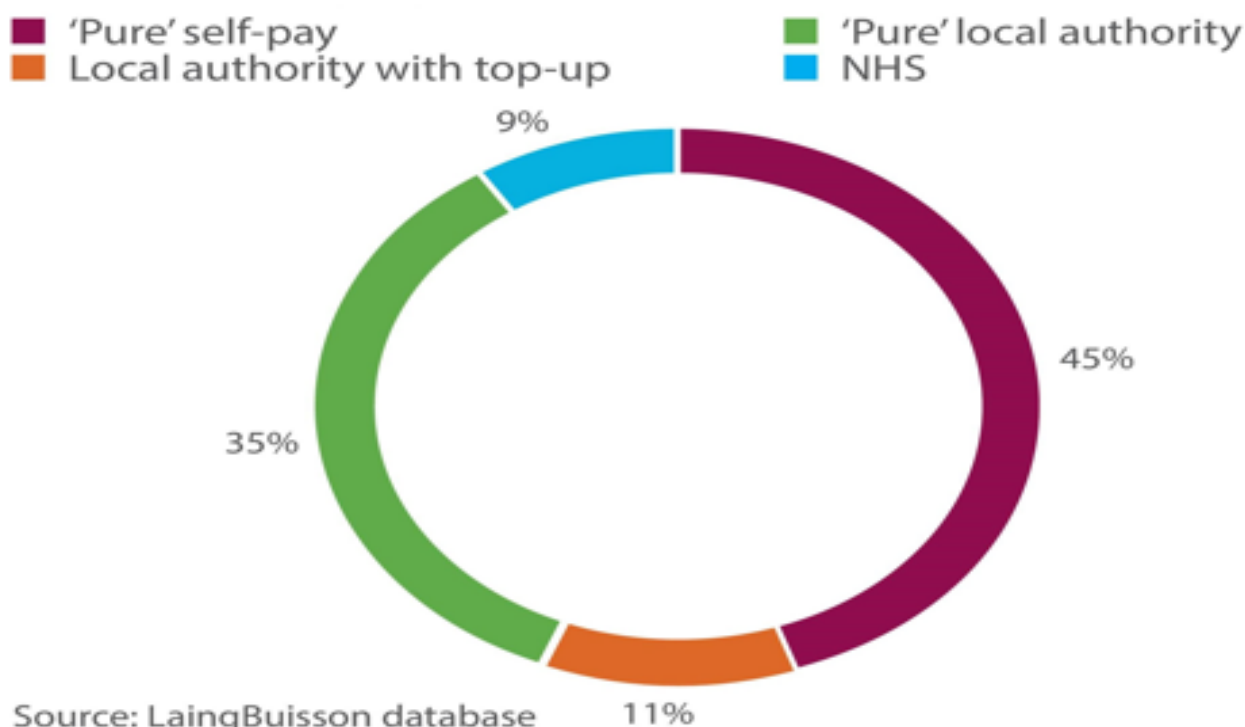
<sup>5</sup> Source: NHS England Data Collection: Delayed Transfer of Care, NHS Organisations, England", published 12 July 2018

#### 4 The growing importance of private pay

Approximately equal numbers of residents are now paid for either privately, or by a combination of local authorities and the NHS. A growing minority are funded through a combination of funding from local authorities with top-up payments from their families<sup>6</sup>.

### Market share by source of funding in volume terms

Residents in independent sector (for-profit and not-for-profit) care homes for older people and dementia patients (65+), UK March 2018



#### 5 A growing market

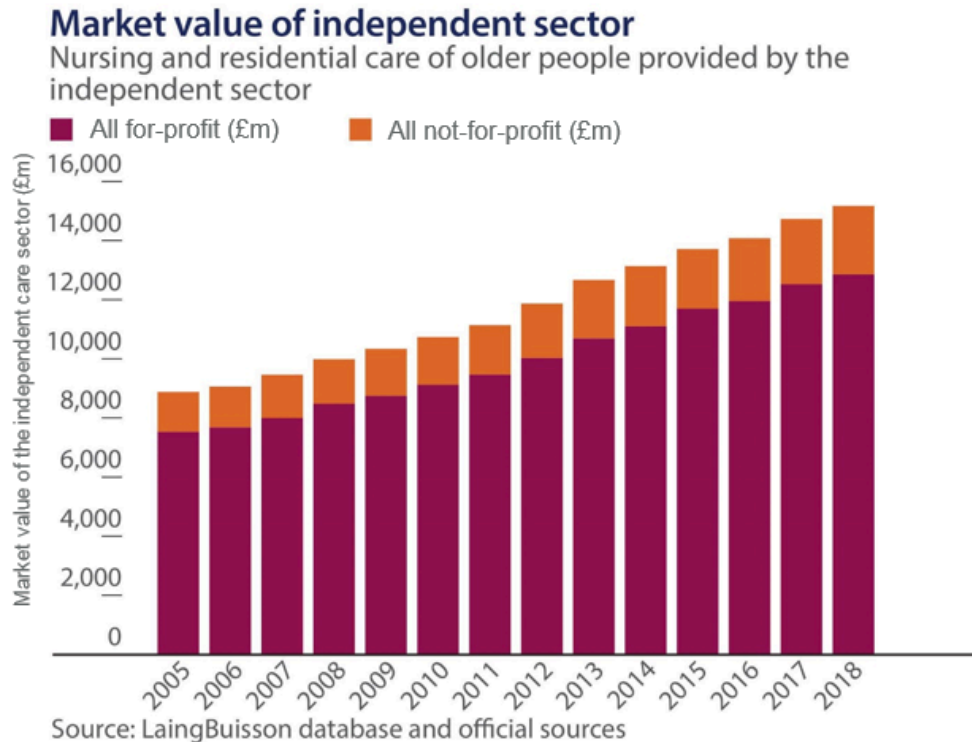
As a result of increasing demand and a shift from government provision to independent providers, the independent sector has seen sustained and above-inflation growth. Since 2005, the revenues of for-profit independent providers have increased by 4.2 per cent. per annum, and for non-profit independent providers, by 4.3 per cent. per annum<sup>7</sup>.

According to research by LaingBuisson<sup>8</sup>, the estimated annualised value of residential care services for people over 65 in the UK as at 31 March 2018 is £16.9 billion in 2018. This can be broken down into £12.9 billion spent on beds operated by for-profit providers (76 per cent. of the market); £2.3 billion on beds operated by charities (14 per cent.); and £1.7 billion on beds owned and operated by the NHS or local authorities (10 per cent.).

<sup>6</sup> Source: LaingBuisson Care Homes for Older People UK Market Report 29th Edition, published July 2018

<sup>7</sup> Source: LaingBuisson Care Homes for Older People UK Market Report 29th Edition, published July 2018

<sup>8</sup> Source: LaingBuisson Care Homes for Older People UK Market Report 29th Edition, published July 2018



*Volume and annualised value of care services for older people (65+) in residential settings as at 31 March 2018*

	Beds	Residents	£ million	Penetration by sector
For-profit supply	375,983	336,570	12,854	76%
Not-for-profit supply	61,128	55,990	2,317	14%
Public supply	27,716	24,940	1,713	10%
<b>Total care in residential settings</b>	<b>464,827</b>	<b>417,500</b>	<b>16,884</b>	<b>100%</b>

Source: LaingBuisson Care Homes for Older People UK Market Report 29th Edition, published July 2018

## Government Policy

### The Care Act

During the 2010-2015 Parliament, there were real-terms cuts in local government spending, much of which fell on social care budgets. This caused well-publicised financial difficulties for some care home owners and operators and also led to an increase in the pressures on the NHS.

During the second half of that Parliament, there was growing political recognition of a problem with the provision of care for the elderly. This led to the introduction of the Care Act, which came into effect in England in April 2015. The King's Fund and Nuffield Trust have described the act as the "most significant reform of social care in more than 60 years". Along with other initiatives, it aimed to integrate better social care and healthcare, placing greater legal obligations on local authorities to provide high quality care for the elderly.

The Care Act also proposed to impose a "care cap" which would have required Local Authorities to pay care costs (excluding accommodation fees) once an individual has paid out £72,000 on care fees and would have required Local Authorities to make a contribution for the care of individuals who have between £17,000 and £118,000 in assets, and to fund the cost of care for those with assets of less than £17,000. This "care cap" was originally supposed to have come into force in April 2016. Its implementation was then delayed until April 2020 and then was cancelled in December 2017. In place of the care cap, the

government has announced a number of temporary or one-off measures to increase funding for adult social care and a major review of how the system works.

### **Increases in government spending on adult social care**

Between 2015 and 2018 the government made the following increases to adult social care funding:

<b>Date</b>	<b>Amount</b>	<b>Manner of Increase</b>
November 2015	£3.5 billion	The government announced up to an additional £3.5 billion for adult social care through an improved Better Care Fund, which reallocates funds from the NHS and other budgets to provide care for the elderly, and a Social Care Precept, under which local authorities are able to increase council tax levels by up to 2 per cent. for each year between 2016/17 and 2019/20 to increase spending on elderly care.
December 2016	£900 million	The government announced an additional £900 million though enabling local authorities to bring forward the Social Care Precept by raising council tax by 3 per cent. in each of 2017/18 and 2018/19.
March 2017	£2 billion	An additional £2 billion funding over three years from 2017/18 through further improvements to the Better Care Fund.
February 2018	£150 million	An additional £150 million in 2018/19 for the Adult Social Care Support Grant.
October 2018	£240 million	The government announced a further £240 million in social care investment aimed at providing 71,500 care home packages to help patients leave hospital sooner during the winter months.
October 2018	£650 million	In the October 2018 budget the government announced a further £650m for councils to pay for social care in 2019-2020 to alleviate "immediate pressures" on local authorities in England.

The government has calculated that, as a result of these measures, local authorities will have access to an additional £9.64 billion of dedicated funding for adult social care over the period from 2017/18 to 2019/20.

### **The Green Paper**

While the additional funding for adult social care is material relative to the size of the market, there is general recognition across the political spectrum that longer term and more sustainable solutions need to be found for the issues created by an ageing population.

In the March 2017 budget the government said it would publish a Green Paper on social care to allow a public consultation to be held on the long-term future of the sector. The publication date for the Green Paper has been delayed, in part because of a reorganisation of the relevant government departments. In January 2018 the responsibility for social care was placed under the Department of Health to improve policy co-ordination and responsibility for the Green Paper was transferred from the Cabinet Office to the new Department for Health and Social Care. The then Secretary of State for Health and Social Care, Jeremy Hunt, announced that the Green Paper would be delayed until autumn 2018 to ensure that it was consistent with a new long-term plan for the NHS which was published on 17 June 2018 and set out annual funding increases for the NHS of 3.4 per cent. per annum, amounting to an extra £20.5 billion per annum by the 2023/24 financial year. In July 2018 Mr Hunt was replaced by Matt Hancock as the Secretary of State for Health and Social Care leading to a further delay in the Green Paper's publication.



Despite these delays, a House of Commons Library briefing paper published on 27 November 2018 confirmed that, once published, the Green Paper will be based around seven key principles:

- quality and safety embedded in service provision;
- whole-person, integrated care with the NHS and social care systems operating as one;
- the highest possible control given to those receiving support;
- a valued workforce;
- better practical support for families and carers;
- a sustainable funding model for social care supported by a diverse, vibrant and stable market; and
- greater security for all, including those born or developing a care need early in life and for those entering old age who do not know what their future care needs may be.

The briefing paper also stated that the Green Paper will look at social care more broadly than only how individuals pay for it, but that it will also review a number of ways in which a sustainable funding model could be achieved.

### **Funding for residents**

While the NHS is mostly free at the point of use, this is not the case for social care. Instead, a means-test is applied to determine if someone requiring social care support is eligible for local authority funding support.

At present care home residents with capital below the levels set out below in each of the constituent parts of the United Kingdom are eligible for such local authority support:

- £23,250 in England;
- £27,250 in Scotland;
- £23,250 in Northern Ireland; and
- £42,000 in Wales<sup>9</sup>.

For those receiving care in other settings, such as at home, local authorities can establish their own frameworks for charging (if they decide to charge). A key difference to residential care is that the value of a person's home is excluded from the means test for care at home. However, if someone has medical needs in a care home, then the NHS provides funding for the nursing care element at a rate of £156.25 per week and this contribution is not means-tested.

According to research by LaingBuisson<sup>10</sup> in 2018, 35 per cent. of care home residents were purely funded by local authorities and 45 per cent. were purely funded privately. 9 per cent. of residents were fully funded by the NHS and 11 per cent. were funded with base fees paid by local authorities with top-up payments from the residents' families.

Local authorities negotiate fee levels at a local level in England and Wales, with new fees being introduced across each local authority's area on or around 1 April each year. There is currently a country-wide rate agreed in Scotland and Northern Ireland. The fees paid by private clients are not constrained by local authority commissioning frameworks.

According to research by Christie & Co<sup>11</sup>, the average fee increase for the period from April 2018 to April 2019 for local authorities in England equated to 3.4 per cent. for residential care and 3.5 per cent. for nursing care (compared to 3.9 per cent. and 4.1 per cent. respectively for the period from April 2017 to April

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<sup>9</sup> Source: LaingBuisson Care Homes for Older People UK Market Report 29th Edition, published July 2018

<sup>10</sup> Source: LaingBuisson Care Homes for Older People UK Market Report 29th Edition, published July 2018

<sup>11</sup> Source: Christie & Co "Adult Social Care 2018" : Funding, staffing and the winter crisis, published September 2018

2018). The average fee increase for private care for the same period was 3.9 per cent.

**A fragmented market**

As at 31 March 2018, and as shown in the table on page 55, the annual value of care for older people in residential settings in the UK was £17 billion, including both privately operated care homes, and care homes operated by the NHS, local authorities and the voluntary sector (in respect of which, the Company holds 0.8 per cent. of the total available beds). This market, however, is highly fragmented. While local authority, NHS and voluntary sector funded beds represent 19.1 per cent. of the total available beds, the balance is provided by the private sector, 67 per cent. of which is managed by smaller care home owners and tenants with a portfolio of less than 15 care homes. Accordingly, the Investment Adviser believes that this highly fragmented market will continue to provide opportunities for the Company to acquire high quality assets on attractive terms. The table below highlights the level of fragmentation in the independent/private sector.

**A highly fragmented market – breakdown of care home operators in the independent/private sector**



Source: LaingBuisson Care Homes for Older People UK Market Report 29th Edition, published July 2018

## Part III: The Existing Portfolio

### Overview of the Existing Portfolio

The Company invested the net proceeds of the IPO in the Seed Portfolio within three months of First Admission and, to improve the Company's income prior to completion of the acquisition of the Seed Portfolio, the rent on the Seed Portfolio accrued from First Admission. The Seed Portfolio was acquired for an aggregate consideration of approximately £152.2 million (including the acquisition of Saffron Court).

Since then, the Group has acquired a further 16 homes. These acquisitions have increased:

- the number of beds in the portfolio by 43 per cent. from 2,527 beds to 3,609 beds;
- the number of Tenants from two to six<sup>12</sup>; and
- and the total annualised rent payable by 57 per cent. from £11.3 million on First Admission to £17.8 million.

Accordingly, the Existing Portfolio comprises 73 homes with an average WAULT of 19.6 years and is 100 per cent. let under "triple net, full repairing and insuring leases", meaning that each Tenant is required to pay all taxes, buildings insurance and repair and maintenance costs on the property, in addition to rent.

All of the leases on the Existing Portfolio are for a minimum fixed term of at least 20 years, have no break clauses and are subject to an annual, upwards-only rent review at RPI, with a floor of 2 per cent. and a cap of 4 per cent.

The Group has also been executing on its strategy of active asset management designed to add value to the Portfolio. In the period between First Admission and 31 December 2018, it committed £15.4 million in capital expenditure on its existing assets, which will add 188 beds to the Existing Portfolio (a 5 per cent. increase) and will increase the rent due by £1.3 million. A total of 96 of those beds have now been completed.

An uplift in the market value of the Seed Portfolio of £15.3 million, or 10.1 per cent. (5.97 per cent. annualised) has been delivered primarily through increases in rent as a result of uplifts in the Retail Prices Index and from asset management activities. As at 31 December 2018, the contracted yield on the Group's Existing Portfolio was 7.42 per cent. (calculated by dividing the Group's contracted rent roll on that date by the Portfolio's market value independently assessed by Cushman & Wakefield). Further NAV growth is expected from annual rent increases and as the asset management activities result in more new beds becoming operational.

### Overview of the Existing Tenants

The Existing Portfolio of 73 care homes is currently operated by six Tenants and is spread across England, Wales, Scotland and Northern Ireland. Further detail on each of the Existing Tenants is set out under the heading "The Existing Tenants" below.

Tenant	Number of care homes	Number of beds	Rent roll %
Careport	6	258	5.6
Croftwood*	27	1,105	28.0
Minster*	32	1,700	49.5
Prestige	4	349	9.8
Renaissance Care	2	126	4.9
Welford	2	71	2.0
<b>Total</b>	<b>73</b>	<b>3,609</b>	<b>100</b>

\* Minster and Croftwood both form part of the MC Group

<sup>12</sup> The two Initial Tenants, Minster and Croftwood are both owned by Minster Topco.

## **The Seed Portfolio**

The Seed Portfolio (including Saffron Court), on acquisition, was comprised of 57 homes providing residential and/or nursing care for the elderly, with 2,527 beds (and an additional 25 assisted living flats connected to the care home at Saffron Court and 8 such flats at Ingersley Court which are sub-leased by Minister and Croftwood respectively to individual tenants on short assured tenancies with a term of not more than one year). All of the homes were acquired freehold, other than six, which were acquired pursuant to 999 year leases. The Seed Portfolio (including Saffron Court) is managed by the MC Group under two brands: Minister, which operated 1,476 beds; and Croftwood, which operated 1,051 beds (in each case at the time of acquisition).

## **Further acquisitions and asset management**

Since completion of the Seed Portfolio acquisition (including Saffron Court), the Group has been actively managing the Portfolio with incremental capital investment and refurbishment alongside the acquisition of an additional two properties, being Grenville Care Home and Carnbroe Care Centre, which are now also operated by Minister. Accordingly, as at 8 February 2019, the Initial Tenants (Croftwood and Minister) operate 59 residential care homes which are leased from the Group and those homes offer 2,805 beds. The total annual rent and value of assets leased to Minister are £8.8 million per annum and £114.0 million, respectively. In respect of Croftwood, the total annual rent is currently £4.9 million and the value of assets leased is £58.0 million.

The Company has also acquired 14 additional care homes as single asset (or small portfolio) acquisitions for an aggregate consideration of £53.2 million. These acquisitions were funded using the placing of new Ordinary Shares conducted by the Company in November 2017 and using amounts drawn down on the Credit Facility. All of these properties have been acquired on a freehold basis and have helped increase both the geographic diversification of the Existing Portfolio and the Tenant diversification of the Existing Portfolio, adding four new Tenants to the Company's rent roll. Further details on each of the Tenants are set out under the heading "*The Existing Tenants*" below.

## **Organic growth**

A key element of the Investment Adviser's strategy is to identify assets with growth opportunities through asset management activities. The Investment Adviser has undertaken an assessment of the Existing Portfolio to determine where existing buildings can be converted, reconfigured or enhanced and where extensions can be made to existing properties, in each case, to add additional beds to the Existing Portfolio and/or improve the property. Opportunities have been identified to add over 500 beds to the Existing Portfolio where planning permission has been approved or is in progress, 63 of which are expected to be added to properties acquired after the Seed Portfolio.

Up to 31 December 2018, capital has been committed (and in the case of Parkville II, a deferred payment mechanism employed) to add 188 beds (of the 500+ beds identified) which is expected to deliver a rental uplift of at least £1.3 million once these beds are operational. To date, 96 of these beds have been completed.

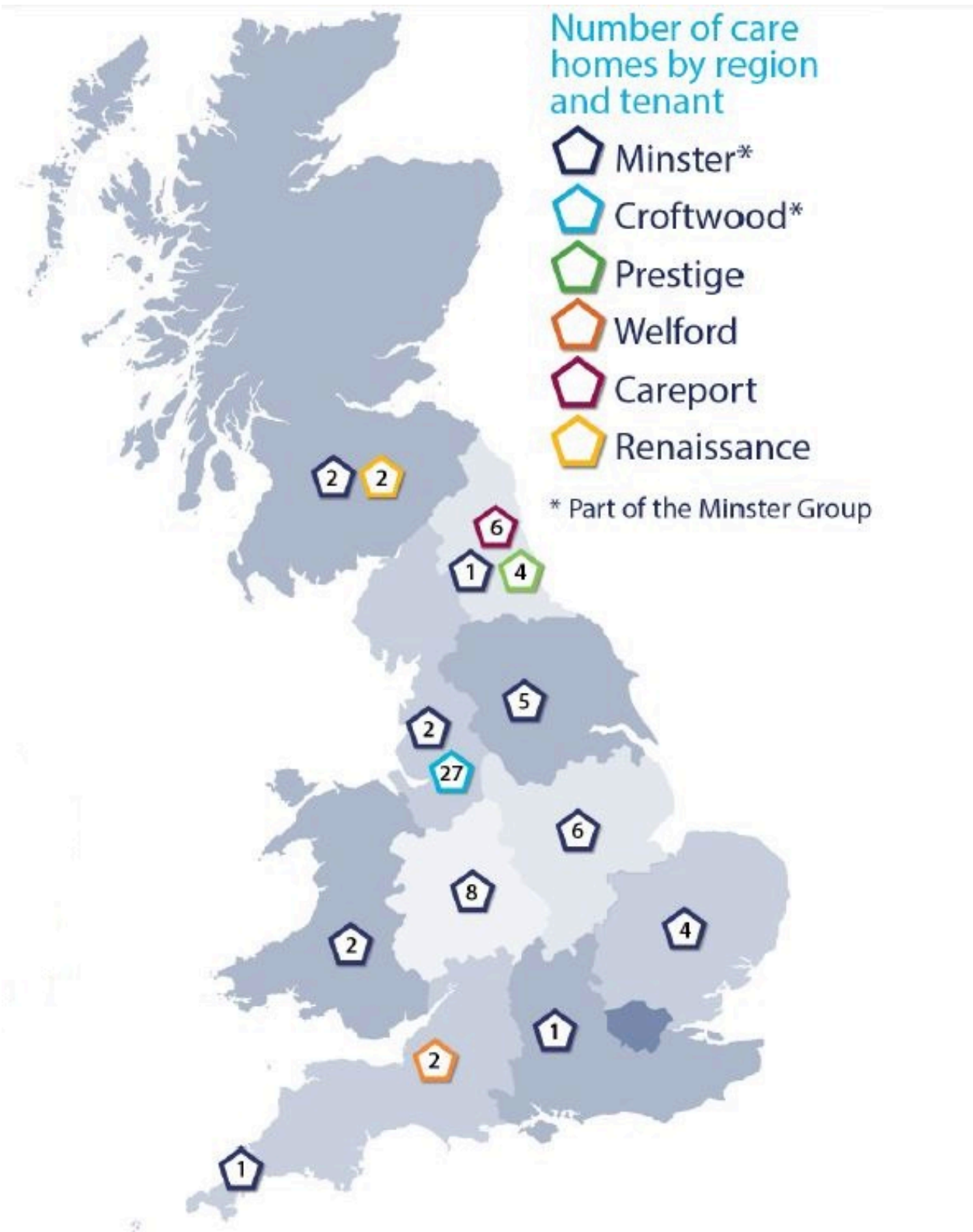
Home	Tenant	Capex (£m)	Beds added	Status	Description
Turnpike	Croftwood	0.92	25	Completed	Conversion of a closed supported living wing to new ensuite bedrooms
Littleport	Minster	2.17	21	Completed	Development of a new dementia unit
Ingersley	Croftwood	0.20	12	Completed	Conversion of a closed supported living wing to new ensuite bedrooms
Amberley, Craigend, Duncote Hall and Falcon	Minster	0.69	0	Ready to start	Enhancement of existing day space and en suite facilities
Parkville II	Prestige	2.17 (estimated deferred payment)	38	Completed	Conversion of a closed building to a new dementia unit
Garswood	Croftwood	1.10	11	In development	Reconfiguration and extension of the property
Freeland	Minster	4.85	46	In development	Development of a new dementia unit
Diamond House	Minster	2.65	30	In development	Development of a new dementia unit
Loxley	Croftwood	0.60	5	Ready to start	Reconfiguration and extension of the property

The Investment Adviser is working closely with the Existing Tenants to progress these identified opportunities for organic growth and to explore new asset management opportunities that will enhance the environment for residents and improve returns for both the Company and the relevant Tenant.

The asset management funding is provided either under formal forward funding arrangements set out in the Framework Agreement with the relevant Tenant or through deferred payment agreements:

- Most of the existing leases within the Group are subject to a framework agreement which allows the Group to forward fund items of capital expenditure in return for an increased rent;
- Under the forward funding arrangements, any amounts advanced to the relevant Tenant in connection with the capital expenditure programme will (subject to any rent-free period granted by the Group) be reflected in the increased rent payable on the property from an agreed effective date following completion of the works. The increased rent is calculated at 8 per cent. of the total capital improvement funding (adjusted upwards to compensate for the period between advance of funds and the effective date) as at the date of completion of the works.
- Under the deferred payment arrangements, the relevant Tenant may serve notice on the Group for a suspension of rent payments for a specified period while it carries out the works. The suspended rent forms part of the total capital funding. The cost of such capital funding is used to calculate an increase in the rent payable by the Tenant on completion of the works based on a return on the total capital funding costs. The return varies between Tenants, but is currently circa 8 per cent. per annum.

Location of Existing Portfolio properties



## Details of Existing Portfolio properties

The Existing Portfolio is comprised of the following properties. In addition, further details on the Existing Portfolio and the approach taken to valuation are set out in Part VIII of this Prospectus.

	<b>Name of Home</b>	<b>Address</b>	<b>Tenant</b>	<b>Total number of beds</b>	<b>Freehold or 999 year lease</b>
1	Abbeywell	Dragon Square, Chesterton, Newcastle under Lyme, ST5 7HL	Minster	45	Freehold
2	Amberley	The Crescent, Truro, Cornwall TR1 3ES	Minster	27	Freehold
3	Ancliffe	Warrington Road, Wigan, WN3 6QA	Croftwood	40	Freehold
4	Ashgrove	North Sea Lane, Cleethorpes DN35 0PS	Minster	56	Freehold
5	Astbury Lodge	Randle Meadow, Hope Farm Estate, Great Sutton, Cheshire CH66 2LB	Croftwood	41	Freehold
6	Attlee Court	Attlee Street, Normanton, Wakefield, WF6 1DL	Minster	68	Freehold
7	Briardene	Newbiggin Lane, Newcastle Upon Tyne, NE5 1NA	Careport	59	Freehold
8	Broadgate	108-114 Broadgate, Beeston, Notts NG9 2GG	Minster	40	Freehold
9	Carnbroe	40 Paddock Street, Sikeside, Coatbridge ML5 4PG	Minster	74	Freehold
10	Craigend	72 Croftcroighn Road, Ruchazie, Glasgow G33 3SE	Minster	48	Freehold
11	Croftbank	Old Mill Road, Uddingston, Glasgow G71 7JB	Renaissance Care	68	Freehold
12	Croftwood	Whitchurch Way, Halton Lodge, Runcorn, Cheshire WA7 5YP	Croftwood	44	Freehold
13	Crossways	Station Rd, Lostock Gralam, Northwich, Cheshire CW9 7PN	Croftwood	39	Freehold
14	Derwent Valley	Newcastle Road, Low Westwood, Newcastle Upon Tyne, NE17 7PL	Careport	45	Freehold
15	Diamond	Bewcastle Grove, Leicester LE4 2JW	Minster	44	Freehold
16	Duncote Hall	Towcester, Northants, NN12 8AQ	Minster	38	Freehold
17	Duncote The Lakes	Towcester, Northants, NN12 8AQ	Minster	45	999 year lease
18	Elm House	76 Pillory Street, Nantwich, Cheshire CW5 5SS	Croftwood	39	Freehold
19	Emmanuel	17 Southfield, Hessle, HU13 0EL	Minster	37	Freehold
20	Eryl Fryn	Bodafon Road, Craigside, Llandudno, North Wales, LL30 3BA	Minster	29	Freehold
21	Fairview Court	42 Hill Street, Kingswood, Bristol, BS15 4ES	Welford	49	Freehold
22	Fairview House	42a Hill Street, Kingswood, Bristol, BS15 4ES	Welford	24	Freehold
23	Falcon	Middle Street, Beeston, Nottingham, NG9 1FX	Minster	46	Freehold
24	Florence Grogan	Shelley Road, Blacon, Chester CH1 5XA	Croftwood	40	Freehold
25	Freeland	Wroslyn Road, Freeland, Nr Witney, OXON OX29 8AH	Minster	62	999 year lease
26	Garswood	Wentworth Road, Ashton in Makerfield, Wigan, WN4 9TZ	Croftwood	40	Freehold
27	Gleavewood	Farm Road, Weaverham, Northwich, Cheshire CW8 3NT	Croftwood	30	Freehold
28	Golborne House	Derby Road, Golborne, Warrington, WA3 3JL	Croftwood	40	Freehold
29	Gray's Court	Church Street, Grays, Essex RM17 6EG	Minster	87	Freehold
30	Greenacres	Green Lane, Standish, Wigan, WN6 0TS	Croftwood	40	Freehold

	<b>Name of Home</b>	<b>Address</b>	<b>Tenant</b>	<b>Total number of beds</b>	<b>Freehold or 999 year lease</b>
31	Grenville	Horsbeck Way, Horsford, Norwich, NR10 3BB	Minster	64	Freehold
32	Hamshaw Court	Wellsted St, Hull, HU3 3AG	Minster	45	Freehold
33	Holly Lodge	1-2 Maddison Street, Shildon, DL4 1NX	Careport	41	Freehold
34	Hourigan	Myrtle Avenue, Leigh, WN7 5QU	Croftwood	40	Freehold
35	Ideal	Knowsley Drive, Bicton Heath, Shrewsbury SY3 5DH	Minster	44	Freehold
36	Ingersley Court*	Lowther Court, Off Church Street, Bollington near Macclesfield, Cheshire, SK10 5QA	Croftwood	45	Freehold
37	Karam Court	Mallin Street, Off Highbury Road, Smethwick, West Mids B66 1QX	Minster	47	Freehold
38	Lakelands	Grizedale Drive, Higher Ince, WN2 2LX	Croftwood	40	Freehold
39	Leycester House	Edenfield Road, Mobberley, Knutsford, Cheshire WA16 7HE	Croftwood	40	Freehold
40	Littleport Grange	Grange Lane, Ely Road, Littleport, Ely CB6 1HW	Minster	54	Freehold
41	Loxley Hall	Lower Robin Hood Lane, Helsby, Cheshire WA6 0BW	Croftwood	36	Freehold
42	Lyndhurst Home	College Street, Leigh, WN7 2RF	Croftwood	40	Freehold
43	Meadows & Haywain	Brybank Road, Hanchett Village, Haverhill Suffolk, CB9 7WD	Minster	65	999 year lease
44	Mowbray	9 Victoria Road, Malvern, Worcestershire WR14 2TF	Minster	37	Freehold
45	Mulberry Manor	Wortley Avenue, Swinton, Mexborough, S64 8PT	Minster	60	Freehold
46	New Milton House	Station Road, Alsager, Staffordshire ST7 2PB	Croftwood	39	Freehold
47	Parklands	Poynton Civic Center, Park Lane, Poynton SK12 1RB	Croftwood	40	Freehold
48	Parkville	Walpole Street, Middlesbrough, TS1 4HA	Prestige	93	Freehold
49	Rosepark	261 New Edinburgh Rd, Uddingston, Glasgow G71 6LL	Renaissance Care	58	Freehold
50	Roseville	Blair Avenue, Ingleby Barwick, Stockton-on-tees, TS17 5BL	Prestige	103	Freehold
51	Rydal	Rydal Road, Darlington, DL1 4BH	Minster	57	Freehold
52	Saffron Court**	2A High Street, Barwell, Leicester, Leicestershire, LE9 8DQ	Minster	48	Freehold
53	Sand Banks	33-37 Kirkleatham Street, Coatham, Redcar, TS10 1QH	Prestige	77	Freehold
54	Shrubbery	23-31 Shrubbery Avenue, Worcester, WR1 1QN	Minster	29	Freehold
55	Sovereign	Chelmarsh, Daimler Green, Coventry CV6 3LB	Minster	60	999 year lease
56	Sovereign Court	Newbiggin Lane, Newcastle Upon Tyne, NE5 1NA	Careport	12	Freehold
57	Sovereign Lodge	Newbiggin Lane, Newcastle Upon Tyne, NE5 1NA	Careport	48	Freehold
58	Stansty House	34 Stansty Road, Wrexham LL11 2BU	Minster	74	Freehold
59	The Cedars	Brookfield Drive, Holmes Chapel, Cheshire CW4 7DT	Croftwood	27	Freehold
60	The Elms	Elm Drive, Crewe, Cheshire CW1 4EH	Croftwood	41	Freehold
61	The Grove and The Courtyard	341 Marton Road, Middlesbrough, TS4 2PH	Careport	55	Freehold
62	The Hawthorns	Hawthorne Street, Wilmslow,	Croftwood	39	Freehold



	<b>Name of Home</b>	<b>Address</b>	<b>Tenant</b>	<b>Total number of beds</b>	<b>Freehold or 999 year lease</b>
63	The Laurels	Cheshire SK9 5EJ Walnut Drive, Winsford, Cheshire CW7 3HH	Croftwood	40	Freehold
64	Thorley House	Hazelmere Gardens, Hindley, Wigan, WN2 3QD	Croftwood	40	Freehold
65	Three Elms	Station Road, Penketh, Warrington, Lancashire WA5 2UG	Minster	56	Freehold
66	Turnpike Court	Middlewich Road, Elworth, Sandbach, Cheshire CW11 3EJ	Croftwood	53	Freehold
67	Waterside	Leigh Sinton, Malvern, Worcs. WR13 5EQ	Minster	47	999 year lease
68	Wealstone	Wealstone Lane, Upton, Cheshire CH2 1HB	Croftwood	42	Freehold
69	Westhaven	11-15 Queen's Road, Wirral, Merseyside CH47 2AG	Croftwood	52	999 year lease
70	Whetstone Hey	Old Chester Road, Great Sutton, Ellesmere Port Cheshire CH66 3JX	Croftwood	41	Freehold
71	Woodlands	Ash Lane, Aspull, Wigan, WN2 1EZ	Minster	40	Freehold
72	Wordsley Hall	Mill St, Brierley Hill, Wordsley, Stourbridge DY8 5SX	Minster	41	Freehold
73	Yew Tree	Presbytery, Yew Tree Avenue, Redcar, TS10 4QN	Prestige	76	Freehold

\* There are also eight assisted living flats connected to the care home at Ingersley Court, all of which are sub-leased by Croftwood to individual tenants on assured short tenancies (all of which have been granted a term not exceeding one year).

\*\* There are also 25 assisted living flats connected to the care home at Saffron Court, all of which are sub-leased by Minister to individual tenants on assured short tenancies (all of which have been granted a term not exceeding one year).

## Credit Facility

The Group has entered into financing arrangements with Metro Bank in connection with the provision of term and revolving credit facilities of up, in aggregate, to £50 million. These financing arrangements are secured against certain of the Seed Portfolio assets. Further details of the Credit Facility are set out in paragraph 10(a)(iii) of Part XIII of the Prospectus.

## The Existing Tenants

<b>Tenant</b>	<b>Minster</b>	<b>Croftwood</b>	<b>Prestige</b>	<b>Welford</b>	<b>Careport</b>	<b>Renaissance Care</b>
Number of homes operated or managed <sup>13</sup>	33	29	4	9	35	13
Number of homes operated or managed which are owned by the Group	32	27	4	2	6	2
<b>For Group-owned properties:</b>						
Local Authorities fee split	71%	59%	72%	56%	80%	50%
Private fee split	29%	41%	28%	44%	20%	50%
Number of Local Authority clients	91	38	10	3	16	9
Number of private clients	356	339	68	20	35	51

Minster, a subsidiary of Minster Topco, is run by Mahesh Patel. Minster's management have experience operating care homes dating back to 1998. Minster operates 33 homes.

Croftwood, a subsidiary of Minster Topco, is run by Mahesh Patel. Croftwood's management have experience operating care homes dating back to 1998. Croftwood operates 29 homes.

Prestige is run by Raj Singh. Prestige's management have experience operating care homes dating back

<sup>13</sup> Total homes operated by the Existing Tenants including properties owned by third parties outside the Group.

to 1995. Prestige operates 4 homes.

Welford is run by Pete Madden. Welford's management have experience operating care homes dating back to 2000. Welford operates 9 homes.

Careport is run by John Beastall and Chris Briddon. Careport's management have experience managing care homes dating back to 2009. Careport operates 35 homes.

Renaissance Care is run by Robert Kilgour and William McLeish. Renaissance Care's management have experience operating care homes operating back to 2004. Renaissance Care operates 13 homes.

### Current Performance of Existing Tenants

In December 2018, homes managed for the Group by Existing Tenants had occupancy of 88.2 per cent. The rent cover of the whole portfolio for Q3 2018, being the three months to 30 September 2018, was 1.8 times EBITDARM. At individual Tenant level rent cover ranged from 1.7 times EBITDARM to 3.0 times EBITDARM.

### Regulatory performance of the Existing Tenants

The majority of activities of the Existing Tenants are regulated by the CQC in England, which publishes on its website its current rating for each facility it regulates and the latest inspection report. Activities in Wales and Scotland are regulated by the Care and Social Services Inspectorate Wales or the Care Inspectorate in Scotland respectively (each of which also publish their inspection reports online).

Under the CQC's current rating system, homes are put in one of four categories: "Outstanding"; "Good"; "Requires Improvement"; and "Inadequate". A higher proportion of the homes operated by the Existing Tenants than the national average are rated "Good".

Current rating (% of homes)	Outstanding	Good	Requires Improvement	Inadequate
<b>Existing Portfolio</b> <sup>(1)</sup>	1.7%	71.7%	25.0%	1.7%
<b>National average</b> <sup>(2)</sup>	3.1%	70.4%	24.1%	2.4%

Source: CQC care directory with ratings as at 1 August 2018

(1) Based on CQC ratings for 60 homes in England managed by Minster and Croftwood, Prestige, and Welford as at 11 November 2018. The remaining 13 homes are either (i) regulated by the Welsh or Scottish counterparts of the CQC (which use a different ratings system) or (ii) have not yet been operated by the relevant Tenant for long enough to have been assessed by the CQC

(2) National average for nursing and residential homes with more than 30 beds

### The Existing Leases

Broadly, the leases granted by the Group in respect of the Existing Portfolio are on equivalent terms:

- long fixed term: Minster and Croftwood 20 years; all other tenants 25 years;
- Tenant option to extend;
- No break clauses;
- upwards only annual rent reviews at RPI, with a floor of 2 per cent. and cap of 4 per cent.;
- triple net, full repairing and insuring leases;
- Tenants responsible for maintaining homes and have committed to a minimum level of expenditure per bed on maintenance annually, rising with RPI; and

- individual leases at home level to ensure all lease terms are enforceable, reinforced by a Framework Agreement with each Tenant\*.

\*Welford, which is the Tenant for Fairview Court and Fairview House, does not currently have a framework agreement, but is shortly expected to enter into one.

Each lease grants the Group the right to monitor closely the Rent Cover (and the Group has appointed the Investment Adviser to monitor this on its behalf). In the event that Rent Cover falls below the specified levels, the relevant Existing Tenant(s) are obliged to notify the Company and provide a clear plan to restore Rent Cover. Where a Framework Agreement applies, the relevant Existing Guarantor is prohibited from making distributions which could result in the relevant Existing Guarantor not having cash in excess of two quarters' rent. If the relevant Existing Tenant's Rent Cover is not increased then the leases provide that:

- if Rent Cover falls below a second specified level for two consecutive rental periods, the Group may demand that an advance of one quarter's rental payments are deposited in an escrow account; and
- if Rent Cover falls below a third specified level, the Group could obtain vacant possession of the homes by exercising its forfeiture rights\*.

The leases impose strict repair and maintenance obligations on the Existing Tenants. Under the terms of each lease, the relevant Existing Tenant will be required to deliver an annual repair and maintenance budget in respect of the relevant care home to the Company and each lease imposes a minimum annual repair and maintenance spend. In addition, each of the Existing Guarantors have entered into Framework Agreements, the terms of which are described in paragraph 10(a) of Part XIII of this Prospectus, which put the lease repair and maintenance obligations on the Existing Guarantor instead of the relevant underlying Tenant and also impose additional repair and maintenance obligations. If the repair and maintenance obligations are not met, the Existing Guarantors are prohibited from declaring or paying any dividend or other distribution unless they are holding cash in a separately designated account equivalent to at least the deficit in between the agreed average yearly spend per bed and the actual average yearly spend per bed for the relevant period\*\*.

\* these obligations do not apply to the Renaissance Framework Agreement.

\*\*except for Welford which does not have a framework agreement (but is shortly expected to enter into one) and Prestige which has a framework agreement relating to Rent Cover tests only.

## Part IV: The Investment Pipeline

### Introduction

The Investment Adviser, acting on behalf of the Company, is pursuing further potential investment opportunities that meet the Company's investment objective and policy as set out in Part I of this Prospectus. The Investment Adviser is currently engaged in various stages of negotiations on a strong pipeline of potential acquisitions with a total value in excess of £400 million.

There are currently twelve potential near-term transactions under review by the Investment Adviser, ranging from a single care home to a portfolio of 61 care homes. Solicitors have been instructed on four of these transactions, two of which could potentially exchange shortly after the first Programme Admission under the Placing Programme. Further high-level details on these potential acquisitions are set out below.

For the avoidance of doubt, there can be no guarantee the Company will pursue any or all of the potential investments described below. Further, there can be no assurance that these investments will remain available for purchase at the time the Company has Net Proceeds to deploy. There may also be instances where alternative investments become available, which the Investment Adviser considers to offer a better combination of risk and return to the Group. The acquisition of any of these potential investments is subject, among other things, to: the approval of the Directors and the AIFM; completion of satisfactory due diligence in relation to potential investments; and to agreement having been reached with the relevant counterparty as to the terms of such acquisitions.

### Potential Pipeline Acquisitions

The Investment Adviser is currently in negotiations, or conducting due diligence on behalf of the Company, in respect of a significant pipeline of assets which meet the Company's investment objective and investment policy, including off-market assets identified through the Investment Adviser's extensive network of industry relationships.

Where negotiations have been entered into, these are in various stages of advancement and relate to eleven smaller transactions, ranging from one home to thirteen homes, with an approximate aggregate transaction value of £280 million. If completed, these transactions would add 59 homes to the Existing Portfolio and nine new Tenants.

Transaction	Number of homes	Location	New Tenant
A	1	South-West	No (Welford)
B	1 (plus two additional units which are Healthcare Real Estate Assets other than care homes)	North-West	Careport + new tenant
C	4	North-East	Yes
D	2	South-East	Yes
E	9	North-West and North-East	Yes
F	3	National	Yes
G	7	National	Yes
H	10	National	Yes
I	13	South-East	Yes
J	8	South-East	Yes
K	1	North-East	No (Welford)

## The Potential Portfolio

In addition, to the opportunities described above, and as announced by the Company on 24 October 2018, the Investment Adviser conducted significant due diligence on behalf of the Company on, and held detailed negotiations relating to a share purchase agreement that was proposed to be entered into in connection with the potential acquisition of, a large portfolio of 61 homes offering over 2,500 beds (the "**Potential Portfolio**"). This Transaction may only be implemented if the Company raises significant additional finance.

The total annual rent on the Potential Portfolio would be close to £12 million under the existing leases. Its potential acquisition is in line with the Company's strategy of identifying portfolios that can provide both a strong level of income to support the Company's dividend and scope for asset management opportunities that are expected to create value.

In that regard, the Investment Adviser has categorised the assets in the Potential Portfolio as follows:

- care homes which are operationally strong with a good level of rental cover, have high occupancy levels and a consistent trading performance as well as the potential to increase value, including through improved lease arrangements (the "**Core Portfolio**"); and
- care homes that would benefit from investment by the Group, redevelopment, change of use and/or disposal (the "**Non-Core Portfolio**").

Based on the agreed acquisition price, the net initial yield for the whole Potential Portfolio would be in excess of 8 per cent.

The Core Portfolio, which comprises over 80 per cent. of the Potential Portfolio by value, has strong levels of rental cover at 1.9 times, supported by good levels of occupancy which has ranged between 91 per cent. and 94 per cent. over the past five years. At present, 87.5 per cent. of the Core Portfolio homes in England are rated Good or Outstanding by the CQC. The Investment Adviser believes the proposed acquisition price would reflect a substantial discount to replacement build cost. Asset management opportunities exist within the Core Portfolio that would provide the potential for income and valuation enhancing investment over time.

The Non-Core Portfolio, which accounts for under 20 per cent. of the Potential Portfolio by value, could be acquired at a price which reflects the current level of performance of the Non-Core homes and represents a modest premium to land values. The Investment Adviser considers that the Non-Core Portfolio represents an exciting opportunity to generate value for the Company and its shareholders through:

- operational turnarounds;
- capital expenditure to improve performance; and
- redevelopment or change of use / disposal.

The Board believes that the expertise and experience of the Investment Adviser's team in managing and improving portfolios of a similar type and size to the Potential Portfolio could enable the Company to pursue this accretive and value-enhancing acquisition. In addition to the financial benefits of the transaction, it would also further diversify the Group by tenant base and the geographic location of its assets.

If the Company decided to proceed with this transaction, the Company would publish a supplementary prospectus in accordance with section 87G of the FSMA. It should be noted, however, that there can be no guarantee that this transaction will be available at the time the Company has sufficient funding in place.

## Part V: Directors and Administration

### The Directors

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles and the investment policy and have overall responsibility for the Company's activities including its investment activities and reviewing the performance of the Portfolio. The Directors may delegate certain functions to other parties such as the Investment Manager, the Investment Adviser, the Administrator, the Company Secretary and the Registrar. In particular, the Directors have delegated responsibility for day to day management of the investments comprised in the Company's portfolio to the Investment Manager. The Directors have responsibility for exercising supervision of the Investment Manager.

#### *Rupert Barclay (Chairman) (independent) (aged 62)*

Mr. Barclay is a chartered accountant with over 30 years of experience as a strategy consultant specialising in strategic decision support for companies and private equity firms. He is currently the managing partner of Cairneagle Associates LLP. Mr. Barclay has a range of experience serving as chairman, chairman of the audit committee and as non-executive director of listed and quoted companies including Sanditon Investment Trust plc (where he currently serves as Chairman), Lowland Investment Company plc (where he was a director and chairman of the audit committee until his retirement in 2016) and Dimension Data plc (where, between 2004 and 2010, he was the senior independent director). Prior to joining Cairneagle Associates, Mr. Barclay spent ten years at LEK Consulting (with the last five as a partner) working on a wide variety of strategic and M&A assignments in various industries. Following LEK Consulting, Mr. Barclay went on to take senior executive positions at two top 50 UK companies, Allied Domecq plc (where he served as director of group strategy from 1997 to 1999 with responsibility for the group's corporate development and the strategic planning for the group's global spirits and retailing business) and Reuters Group plc (where he was director of group strategy development and led the group's team in the US\$3.5 billion flotation of Instinet on Nasdaq in May 2001). Mr. Barclay has an MA in Classics from Cambridge, an MBA with Distinction from INSEAD and is a fellow of the Institute of Chartered Accountants in England & Wales.

#### *Rosemary Boot (Senior Independent Director) (aged 56)*

Rosemary Boot recently served as the chief financial officer of Future Cities Catapult, one of a network of technology and innovation centres established by the UK Government. She has also previously served as an executive director and strategy adviser at a housing association, Circle Housing Group, and, for 10 years, as group finance director of the Carbon Trust, an independent company set up in 2001 to work with business and the public sector to accelerate the move to a sustainable, low carbon economy. Previously, Ms. Boot worked for 16 years as an investment banker at UBS Warburg, primarily advising large listed UK companies on mergers and acquisitions and other corporate finance matters. She is an independent non-executive director of Southern Water, a trustee of the environmental think tank, the Green Alliance and, until November 2018, was a governor of the Conservatoire for Dance and Drama.

#### *Paul Craig (aged 49)*

Mr. Craig is a portfolio manager at Quilter Investors. He has over 20 years of investment experience, including 10 years at Exeter Investment Group, six years at New Star Asset Management as a director of the asset management subsidiary, and six years as a director within the multimanager investment team at Henderson Global Investors. Over the past 18 years, Paul's focus has been on multi-manager products, with an emphasis on closed ended funds. Paul is currently a non-executive director of The Diverse Income Trust plc, Ground Rents Income Fund plc and Hadrian's Wall Secured Investments Limited, and is an associate of the UK Society for Investment Professionals. Quilter Investors has an interest in the Company through funds managed by Mr. Craig.

#### *Philip Hall (independent) (aged 64)*

Mr. Hall is a chartered surveyor with over 25 years of experience in the healthcare sector in the UK and internationally. He runs his own healthcare consultancy, having previously been Jones Lang LaSalle's ("JLL") chairman for healthcare, and has advised on primary healthcare premises, residential care and nursing homes (including those for learning disabilities/mental health clients), hospitals, extra care,

domiciliary care and dental practices/dental laboratories. He has also advised more broadly in the social care sector, including on children's homes and day nurseries. In particular, he has advised on the restructuring of Southern Cross and its legacy and was a member of its landlord committee which steered the wind up of Southern Cross and the transfer of its residents and staff to new tenants. He has also advised on a number of lease and loan restructuring transactions, capital expenditure programmes and turnaround strategies and has been involved in the acquisition/disposal of each of the Caring Homes, Richmond Villages and Canford Care groups.

Before joining JLL, Mr. Hall was a founding shareholder and managing director of Taylors Business Surveyors and Valuers Ltd, a chartered surveying company, which he sold in 2005. In addition, Mr. Hall is the author of "The Valuation of Care Homes, Valuation: Principles into Practice", which was published in 2008. Mr. Hall is a member of the Royal Institution of Chartered Surveyors.

### **Audit Committee**

The Company's Audit Committee, comprising all the independent Directors of the Company, meets formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the annual accounts, interim reports and interim management statements. Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. Rosemary Boot is currently serving as interim chairperson of the Audit Committee following the sad news of David Brooks' death in July 2018. The principal duties of the Audit Committee is to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditors' letter of engagement and management letter and to analyse the key procedures adopted by the Company's service providers.

The Board currently intends to appoint an additional non-executive director to serve as chairperson of the Audit Committee.

### **Remuneration Committee**

The Company's Remuneration Committee, comprising all the independent Directors of the Company, meets formally at least once a year for the purpose, amongst other things, of determining, and agreeing with the board, the framework and broad policy for the remuneration of the board and to review the ongoing appropriateness and relevance of the remuneration policy to meet the needs of the Company. Rosemary Boot acts as the chair of the Remuneration Committee.

### **Nomination Committee**

The Company's Nomination Committee, comprising all the independent Directors of the Company, meets formally at least once a year for the purpose, amongst other things, of (i) reviewing the structure, size and composition (including the skills, experience, independence, knowledge and diversity) of the Board and making recommendations to the board with regard to any changes; and (ii) giving consideration to succession planning for Directors, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future. Rupert Barclay acts as the chair of the Nomination Committee.

### **Management Engagement Committee**

The Company's Management Engagement Committee, comprising all the independent Directors of the Company, meets formally at least once a year for the purpose, amongst other things, of reviewing the actions and judgments of the Investment Manager and the Investment Adviser and also the terms of the Investment Management Agreement and the Investment Advisory Agreement. Rupert Barclay acts as chair of the Management Engagement Committee.

### **Directors' Share Dealings**

The Directors have adopted a code of directors' dealings in Ordinary Shares, which is in accordance with

the Market Abuse Regulation. The Board will be responsible for taking all proper and reasonable steps to ensure any dealings by Directors, or persons closely associated with them, are in compliance with the Market Abuse Regulation.

### **Administrator and Company Secretary**

JTC (UK) Limited is Administrator and Company Secretary to the Company pursuant to the Administration and Company Secretarial Services Agreement (further details of which are set out in paragraph 10 of Part XIII of this Prospectus).

As Administrator, JTC (UK) Limited is responsible for the maintenance of the books and financial accounts of the company and the calculation, in conjunction with the Investment Adviser, of the Net Asset Value of the Company and the Ordinary Shares.

As Company Secretary, JTC (UK) Limited is also responsible for production of the Company's accounts, regulatory compliance and providing support to the Board's corporate governance process and its continuing obligations under the Listing Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules. In addition, the Company Secretary is responsible for liaising with the Company, the Investment Manager, the Investment Adviser and the Registrar in relation to the payment of any dividends, as well as general secretarial functions required by the Companies Act (including but not limited to the maintenance of the Company's statutory books).

### **Registrar**

Link Market Services Limited is the Company's Registrar pursuant to the Registrar Agreement (further details of which are set out in paragraph 10 of Part XIII of this Prospectus).

### **Fees and Expenses**

#### *Placing Programme expenses*

The costs and expenses of the Placing Programme will depend on the subscriptions received. Assuming that the aggregate Gross Proceeds of all the Placings under the Placing Programme are £208.0 million, the costs and expenses of the Placing Programme are not expected to exceed £4.1 million.

The costs and expenses of each Placing will be paid out of Gross Proceeds of that Placing and will therefore be borne indirectly by the investors.

The costs and expenses of each Placing will be paid on or around the relevant Programme Admission and will include, without limitation, placing fees and commissions; registration, listing and admission fees; printing; distribution costs; legal fees; reporting accountants' fees, and any other applicable expenses. All such expenses will be immediately written off.

#### *Ongoing expenses*

##### *Investment Adviser's fees*

Under the terms of the Investment Advisory Agreement, the Investment Adviser is entitled to an advisory fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.

The Advisory Fee is payable quarterly in advance and is an amount equal to one quarter of one per cent. per quarter of the aggregate Net Asset Value of the Company to the extent that the aggregate Net Asset Value of the Company is less than or equal to £500 million. If the aggregate Net Asset Value of the Company exceeds £500 million, the Advisory Fee payable in respect of the Net Asset Value of the Company over £500 million shall be calculated as an amount equal to one quarter of 0.7 per cent. of the excess aggregate Net Asset Value.

##### *Other fees and expenses*

The Company also incurs other on-going annual fees and expenses, including the following:



- Investment Manager

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to an annual fee in respect of the management services it provides of £95,000. The Investment Manager is, in addition, entitled to recover third party expenses and disbursements.

- Administrator and Company Secretary

Under the terms of the Administration and Company Secretarial Services Agreement, JTC (UK) Limited is entitled to an annual fee in respect of the valuation and accounting services it provides of £40,000. JTC (UK) Limited is also entitled to be paid an annual fee equal to 0.05 per cent of the Net Asset Value of the Company over £200 million.

JTC (UK) Limited is also entitled to an annual fee of £50,000 per annum in respect of the company secretarial services it provides, including corporate governance, regulatory compliance and Listing Rule continuing obligations pursuant to the Administration and Company Secretarial Services Agreement. JTC (UK) Limited is, in addition, entitled to recover reasonable third party expenses and disbursements.

In addition, JTC (UK) is entitled to receive additional amounts in respect of the administration and company secretarial services performed in respect of additional companies which are added to the Group. These additional amounts are equal to: (i) £10,000 per annum for each additional property holding company; (ii) £8,000 per annum for each additional finance company; (iii) £5,000 per annum for each additional parent company; and (iv) £3,000 for each additional dormant company. Since First Admission, the Group has added eight additional property companies, three additional finance companies and three additional holding companies.

- Registrar

The Registrar is entitled to an annual fee from the Company per Shareholder per annum or part thereof; with a minimum fee of £5,000 per annum. Other registrar activity will be charged for in accordance with the Registrar's normal tariff as published from time to time.

- Directors

Following a review by, and the subsequent recommendations of, the Remuneration Committee, the Directors' remuneration for their services was increased to a fee of £33,000 per annum (£38,000 for the Chairman of the Audit Committee and £46,000 for the Chairman). Such increases were recommended by the Remuneration Committee based on the amount of time dedicated by individual Directors to their duties in respect of the Company, as well as appropriate benchmarks. The increases took effect from 1 September 2018 and will be referenced in the Remuneration Report to be included in the annual report and accounts of the Group for the period ended 31 December 2018, which will be subject to an advisory Shareholder vote at the Company's next AGM. Further information in relation to the remuneration of the Directors is set out in Part XIII of this Prospectus.

- Valuer

The Valuer is entitled to receive a quarterly fee based on the number of properties within the Portfolio at the time of each valuation. Based on the current Portfolio, the Valuer is entitled to receive a quarterly fee of up to £21,040. An additional amount is also payable in respect of any additional property valuations which are required on an ad hoc basis, for example in connection with an acquisition. The Valuer is also entitled to recover reasonable third party expenses and disbursements.

- PR Adviser

The PR Adviser is entitled to an annual fee of £4,000 per month in respect of the public relations advice it provides to the Company. The PR Adviser is also entitled to be reimbursed for any reasonable third party expenses or disbursements incurred in connection with its engagement.

- VAT

The above figures are all expressed to be exclusive of any VAT (if any) payable thereon.

- Other operational expenses

All other ongoing, operational expenses (excluding fees and expenses paid to service providers as detailed above) of the Company are borne by the Company including, without limitation, the incidental costs of making its investments and the implementation of its investment objective and policy (including any fees or commissions payable to intermediaries in respect of the sourcing of investments to the extent that the Investment Adviser is unable to source such investments directly and any fees or commissions payable to any due diligence agents or other specialists engaged by the Investment Adviser in connection with the implementation of the investment policy); travel, accommodation and printing costs; the cost of directors' and officers' liability insurance and website maintenance; audit, legal and broking fees; and annual listing fees. All out of pocket expenses that are reasonably and properly incurred, of the Investment Adviser, the Investment Manager, the Administrator, the Company Secretary and the Registrar and the Directors relating to the Company are borne by the Company. No fees or expenses, including those listed above, are or will be borne by Shareholders.

## **Part VI: The Investment Manager, Investment Adviser, Investment Process and Strategy**

### **The Investment Manager**

Carne Global AIFM Solutions (C.I.) Limited serves as the investment manager and AIFM of the Company and is authorised and regulated by the Jersey Financial Services Commission and is registered under the Financial Services (Jersey) Law 1998 to carry on fund services business. The Jersey Financial Services Commission is protected by the Financial Services (Jersey) Law 1998 against liability arising from the discharge of its functions under that law.

The Investment Manager was established in 2014 and is headquartered in Jersey.

The Investment Manager is part of the Carne Global Financial Services group which provides fund management, oversight and directorship services for US\$1 trillion of assets under management. Carne Global Financial Services Limited was established in 2004 and is headquartered in Dublin.

### **The Investment Adviser**

The Company appointed the Investment Adviser to provide advice to the Company in respect of the Portfolio with effect from First Admission. The Investment Adviser was established as a limited liability partnership under the laws of England and Wales on 19 September 2016 with registered number OC413768 pursuant to the Limited Liability Partnership Act 2000.

The Investment Adviser advises the Company in relation to, *inter alia*, the acquisition, development, holding and disposal of properties within the Portfolio and was established by Mahesh Patel and Andrew Cowley, whose biographies are set out below.

Further details on the Investment Advisory Agreement are set out in paragraph 10 of Part XIII of this Prospectus.

Subject to receipt of the necessary authorisations from the FCA, it is intended that the Investment Adviser will shortly be appointed as the Company's investment manager and AIFM. Following such appointment, it is intended that the current investment manager will be appointed as the Investment Adviser's delegate to provide risk management services to the Company. The Company will also appoint a depositary in accordance with the AIFMD.

Although these proposals will involve the Company entering into new arrangements with a related party, since the fees retained by the Investment Adviser will be the same as it currently receives, the Company is not required to seek shareholder approval under the Listing Rules. In addition, it is expected that the Investment Adviser will not be required to charge VAT on its fees under the new arrangements and that this saving (less the additional costs of the depositary which will be required) will be passed on to the Company.

#### ***Mahesh Patel (aged 65)***

Mahesh Patel is a qualified accountant with over 30 years of experience in healthcare related assets, including positions in finance and other healthcare related industries including dental, prosthetics and children's nurseries.

He previously built up four healthcare related businesses which were successfully sold, Highclear and Kingsclear (which focused on residential care for the elderly), a supported living business, Independent Living Group and Pathways Care Group, which provides specialist support to those with learning disabilities, mental health disorders and physical disabilities. In addition he is also a co-founder and director of Precision Dental, which invests in and operates dental laboratories.

In addition, Mr. Patel helped found and grow the elderly residential healthcare groups Minster Group and Croftwood Group.

#### *Andrew Cowley (aged 55)*

Andrew Cowley is an experienced fund manager, who has been investing in infrastructure and private equity since 2000. During that time he has served as a senior managing director at Macquarie and deputy chief executive of the AUS\$6 billion Macquarie Airports, which was listed on the Australian Stock Exchange. Prior to joining Macquarie, Mr. Cowley was a Managing Director at Allianz Alternative Assets and was responsible for €6.5 billion of Allianz Group's investments in alternative assets and initiated Allianz's investment into infrastructure. His experience includes the successful acquisition of, and exit from, a UK care home business.

Prior to joining Allianz, Mr. Cowley was a director of Kleinwort Benson Limited and chairman of Dresdner Kleinwort Benson's business in Russia. He began his financial services career at SG Warburg & Co. Ltd.

Mr. Cowley has served on numerous company boards, including those of the airports in Bristol, Brussels, Copenhagen and Rome, Moto Holdings Limited, Creative Broadcast Services Ltd and as chairman of Halterm Container Terminal Limited in Canada. He has an MA in History from Magdalen College, Oxford.

#### *David Yaldron (aged 44)*

David is a Chartered Accountant, having trained at KPMG and spending ten years in its transaction services team. He has over 20 years' experience having held senior financial roles at real estate and investment companies.

Before joining the Investment Manager, David was a director at Grosvenor, Britain & Ireland, with responsibility for projects and new investments. He was subsequently appointed as senior director responsible for all of Grosvenor's investments, developments and strategic land activities outside London.

Prior to Grosvenor, David worked for Europa Capital, managing its corporate investments and divestments across Europe and before this was Head of Investment Monitoring at Collier Capital.

### **Investment Process**

The investment process undertaken by the Investment Adviser is typically as follows:

#### *Sourcing investments*

The principals of the Investment Adviser have a long background of acting as principals, advisers and developers in the alternative asset markets and, in particular, in UK healthcare-related real estate. They have established close relationships with many of the key participants in the UK healthcare market over many years. The Investment Adviser uses its extensive contacts in the sector to source opportunities both for homes and potential new tenants for the Company, both on and off the market.

#### *Review and approval*

The Investment Adviser performs an initial review of all investment opportunities taking into account the following considerations:

- *Location:* focus on locations in the UK where there is an attractive balance of supply and demand for care, there are significant numbers of people able to pay privately for care and/or the local authority has a track record of being reasonable in agreeing fees. The ready availability of staff can also be a consideration.
- *Quality of the buildings:* either already in good condition or, if not, the remedial capital expenditure required can be quantified, delivered soon after the acquisition of the assets and factored into the purchase price.
- *Quality of the lease:* if an existing lease is in place, an assessment as to whether it complies with the Company's requirement for Retail Prices Index adjustments, upwards only adjustments and long tenure.

- *Quality of the proposed Tenant:* the Investment Adviser will review the quality of the care provided by, and the covenant and financial strength of, the proposed Tenant.
- *Number of non-core assets:* if the Investment Adviser considers that a potential portfolio contains non-core assets, it will examine the number of assets within the portfolio and consider whether these could be resold for a price greater than the acquisition consideration allocated to them or allocated additional investment capital to bring them in to the core portfolio, and this is reflected in the purchase price.
- *Financing:* consideration of how the Group should fund the acquisition of the assets and any structuring necessary to acquire assets without existing debt.
- *Diversification:* an assessment as to whether the opportunity enhances diversification within the existing portfolio.
- *Active asset management:* through applying the Investment Adviser's skill and experience, an assessment of the options available to add value to the assets being acquired over the medium and longer term.

Once a potential opportunity has been identified by the Investment Adviser which appears to satisfy these criteria, initial due diligence is undertaken. In all cases after the initial due diligence phase, the Investment Adviser prepares a report and makes a recommendation to the Board of the Company for its consideration. Commonly, the Board is updated on the pipeline the Investment Adviser is pursuing on a regular basis.

If the Board agrees to proceed to the next phase, the Investment Adviser will then conduct due diligence on behalf of the Company and prepare an update report and recommendation for the Board and Investment Manager for final consideration. The detailed reports prepared by the Investment Adviser will analyse all of the considerations set out above and other considerations which are specific to the opportunity so as to present as full a picture as reasonably possible to the Board and to the Investment Manager of the nature and extent of the risks associated with the opportunity, as well as the potential to add value to it. Where the potential opportunity includes the acquisition of a portfolio from a third party, the position will be to keep the existing tenant in place as the Company's Tenant. If, however, the Investment Adviser considers that maintaining the incumbent tenant is not appropriate having regard to the quality of that tenant, the report will set out the alternative options available in respect of that particular potential investment opportunity, including replacing the incumbent tenant with either: (i) an Existing Tenant; or (ii) a new third party Tenant.

Where the investment opportunity report recommends the grant of a lease to a Tenant which forms part of the MC Group, the Board will have the right to veto any recommendation proposed to be made to the Investment Manager in circumstances where the Board does not consider that the proposal to lease a new Portfolio property to an Initial Tenant is in the best interests of the Company or to seek independent advice in respect of that proposed investment.

### *Investment Execution*

Where a proposed transaction is conditionally recommended by the Directors, the Investment Adviser performs or oversees full confirmatory due diligence as required, using third-party professional advisers where appropriate. Key issues arising from the due diligence reports are submitted to the Directors with a recommendation prepared by the Investment Adviser setting out its assessment of a particular opportunity against the Company's investment objective and investment policy and the potential risks and benefits of proceeding with the proposed investment.

The Board is actively involved in considering and challenging the Investment Adviser's recommendations and has regular conversations with the Investment Adviser on its progress. If the detailed proposal presented to the Directors is not vetoed by the Board and is subsequently referred to and approved by the Investment Manager, the Investment Adviser will conduct the following roles and provide such services as are required to enable the execution of the transaction. These will include:

- Project managing the overall transaction and co-ordinating the work of professional advisers and service providers.

- Leading the negotiation with any third party (whether buying, selling, refinancing or otherwise).
- Leading the negotiation and execution of the transaction in such a way that it complies with the Company's investment policy and is not detrimental to its status as a REIT.
- Leading in the arrangement of any debt financing, if required.
- Leading in the preparation and negotiation of any new lease or changes to an existing lease.
- Keeping the Directors and the Investment Manager appropriately informed about progress of the transaction and facilitating their review of any transaction.
- Leading the negotiation of final transaction documentation (in conjunction with legal, accounting and tax advisers as required).

If at any time during the investment sourcing process, the proposed investment gives rise to a conflict of interest in respect of the Investment Adviser, the Board will have the power to veto the Investment Adviser's pursuit of that particular investment opportunity and/or to seek independent advice from a third party investment adviser in respect of that investment.

#### *Asset management strategy*

The Investment Adviser believes that an active, hands-on asset management strategy will continue to enhance shareholder returns over the longer term while also helping to mitigate risk. This strategy will have three key focus areas.

First, to ensure the Investment Adviser (on behalf of the Group) has detailed knowledge of the Tenants' operations and, in all cases, to ensure that each Tenant is in full compliance with all its undertakings in each lease it has entered into with the Group, particularly as concerns rent cover, repair and maintenance.

Second, the operational knowledge of the Investment Adviser enables it, working in close collaboration with the Tenants, to identify opportunities to invest in assets to expand, refurbish and reposition them in their local markets in such way that creates both NAV and rental income growth for the Company.

Third, where the Company is proposing to acquire operational assets operating below their potential, the Investment Adviser will apply the wide experience of its key personnel to identify the measures required to enable the assets to operate at their full potential.

#### *Investment monitoring and reporting*

The Investment Adviser will continually monitor the progress of the Company's investments, including through regular site visits and meetings with Tenants. The Investment Adviser has recruited a dedicated member of staff to attend these site visits and meetings and the Investment Adviser will keep the Board regularly advised on her findings.

The Investment Adviser is also responsible for the preparation of valuation statements for the Portfolio in each three month period. The Investment Adviser will work with the Administrator to prepare these valuation statements and they will be subject to quarterly valuation. The Investment Adviser will also prepare (in conjunction with the Investment Manager) the relevant sections of the interim and annual report for the Company related to the Portfolio.

#### *Holding and exit strategy*

While the Company intends to be a long-term holder of its assets, the Company may dispose of investments earlier if an appropriate opportunity arises, it is considered that the opportunity will enhance the value of the Company as a whole and it has been approved by the Investment Manager and not vetoed by the Board. Should such opportunities arise, then the Investment Adviser will bring them to the Board with the recommendation it believes to be appropriate. In addition, the Company may dispose of assets which have been acquired as part of a portfolio acquisition if the Investment Adviser has advised the Board that the assets are non-core, has recommended the disposal of such assets from the Portfolio, the Investment

Manager agrees to accept the recommendation and it has not been vetoed by the Board.

### *Conflict management*

Given the potential conflict of interest between the Investment Adviser and the Initial Tenants, the Investment Adviser rigidly enforces the terms of the leases and Minster Framework Agreement (which are described in the paragraph entitled "The Existing Leases" in Part III of this Prospectus and in paragraph 10 in Part XIII of this Prospectus, respectively) which are within the scope of its appointment. Potential investors should note, however, that the ultimate decision of whether the provisions of a lease in respect of a covenant breach should be enforced will ultimately rest with the Company's independent Board. In addition, in certain circumstances where (for example) the Rent Cover of any Tenant which forms part of the MC Group falls below 1.25 times, the Investment Adviser is prohibited under the terms of the Investment Advisory Agreement from taking any decision or providing any advice to the Board in respect of the breach.

In addition, the Investment Advisory Agreement contains provisions pursuant to which the Investment Adviser's appointment may be terminated at any time (without penalty) in the event of a failure by any Tenant which is part of the MC Group to meet its rent or other payment obligations in excess of £50,000 (for so long as any principal of the Investment Adviser has a beneficial interest in that Tenant) or in the event that the Financial Report provided to the Company by Minster Topco pursuant to the Framework Agreement shows that its Rent Cover is less than 1.1 times in two consecutive Financial Reports or in any two Financial Reports in any 12 month period.

If the Investment Adviser, or any Associate, sources an investment opportunity that falls within the Company's investment policy, the Investment Adviser offers that opportunity to the Company in priority to any other investor. The Company has four weeks to decide if it wants to pursue the opportunity, during which time neither the Investment Adviser nor the Associates can offer the opportunity to any other investors nor pursue the opportunity themselves.

The Investment Adviser has also undertaken in the Investment Advisory Agreement not to acquire (and to procure that none of the Associates acquire) investment opportunities which are within the Company's investment policy which are located within five miles of any property in the Portfolio from time to time unless the consent of the Company has first been obtained (and then only after the opportunity has first been offered to the Group).

In addition, where the Investment Adviser offers an investment opportunity to the Company in accordance with the process outlined above and the Investment Manager, on the Board's recommendation, decides to pursue the opportunity:

- in the event that the Group is unable to complete the transaction (notwithstanding the use of all reasonable endeavours by the Company and the Investment Adviser), the Investment Adviser shall not (and shall procure that the Associates shall not) for a period of 12 months, acquire that opportunity without the Company's prior written consent; and
- if the proposed Tenants will be a member of the MC Group:
  - the terms of the proposed lease will be reviewed by the Board and the Valuer to ensure the lease will be entered into on an arms' length basis and reflects current market rates and terms; and
  - the proposed transaction may also be subject to the approval of Shareholders as a related party transaction pursuant to Listing Rule 11 (as adopted by the Company).

Given the various protections and remedies in favour of the Group pursuant to these agreements, the Company has compiled a memorandum on conflicts of interest with the Investment Adviser which summarises the mechanisms in place to ensure that any conflict of interest which may arise is appropriately managed. This memorandum also outlines the procedures to be followed by the Board to enable it to monitor the Investment Adviser's performance and to manage the risk of conflicts in accordance with the various agreements outlined above.

## Investment Adviser Track Record

As noted above, the Investment Adviser was established on 19 September 2016 and has been successful in the period since the IPO in delivering on the targets set out in the prospectus published in connection with the IPO. In the period between First Admission (7 March 2017) and 31 December 2018, the Group paid or declared seven dividends of 1.5 pence each, giving a total of 10.5 pence. In addition, the Group's NAV grew from 98 pence per share on First Admission to 103.18 pence per share as at 31 December 2018. This growth in underlying value was primarily driven by increases in rent received as a result of uplifts in the Retail Prices Index and from asset management activities.

The Investment Adviser is managed by Mahesh Patel and Andrew Cowley, whose experience is set out above in this Part VI. At present, the only entity managed or advised by the Investment Adviser is the Company.

Further detail on the healthcare businesses Mr. Patel has helped build are as follows:

*Kingsclear:* Mr. Patel founded Kingsclear in 1988. He grew this residential elderly care home business to 23 homes providing 1,250 beds before selling the business in 1996 for £42 million, providing an IRR of 19 per cent. for the private equity investors which had backed the business in 1993.

*Highclear:* Mr. Patel founded his second elderly residential care home group, Highclear, in 1997 with private equity backing, as well as with his own seed capital and investment from certain of the other Seed Portfolio Sellers. Upon exit in 2004, Mr. Patel had increased the value of the Highclear group to £63 million and provided an IRR of 24 per cent. to private equity investors.

*Independent Living Group:* In 2004 Mr. Patel also acquired, alongside private equity investors, the Independent Living Group, a specialist learning disability care home group. Over a two year period, Mr. Patel helped grow the business and upon exit, provided an IRR to investors of 115 per cent.

*Pathways Care Group:* Mr. Patel, along with certain of the Seed Portfolio Sellers, established Pathways Care Group in 2004. Pathways was sold in 2017 for £14.5 million, providing an IRR of 18 per cent. for the investors who had backed the business. Pathways provides specialist personalised residential and support services to people with a variety of complex care needs, including those with learning disabilities, mental health disorders and physical disabilities.

Mr Patel and his team at the Minster Group have significant experience in the operational turnaround of care homes. In October 2011, the Minster Group was made the interim manager of a 45-home portfolio that had previously been leased to, and operated, by Southern Cross, which had run into financial difficulties with London and Regional, a diversified property investment company, taking control of the portfolio. Minster took over responsibility at very short notice on the basis of a two-year management contract. Occupancy at that time was below 80 per cent. and most of the homes were loss-making and not generating sufficient cashflow.

During the two years' management contract, Minster successfully implemented a strategy to improve the quality, regulatory and financial performance of the portfolio. Non-core assets were sold, occupancy increased, the homes returned to profitability and sufficient cash was generated to finance a programme of remedial capital expenditure into the homes. At the end of the management contract, the homes were handed back to London and Regional with a positive cash balance and improved regulatory performance.

During his career in infrastructure and private equity investing, Mr. Cowley has been involved in the management of a number of listed vehicles, private funds and direct investments. The listed vehicles include Macquarie Airports (where he served as deputy chief executive officer), Macquarie Capital Alliance Group, Kleinwort Benson Development Capital and Polish Energy Partners. His experience includes the successful acquisition of, and exit from, a UK care home business.

Notwithstanding the foregoing, the Portfolio of the Company and the historic portfolios on which this track record information is based is materially different. It should also be noted that the past performance of the key individuals of the Investment Adviser should not be treated as an indication of the future performance of the Company.



## **Current interests of key individuals at the Investment Adviser**

As noted in Part II of this Prospectus, Mahesh Patel is a founder and beneficial owner of the Minster Group and the Croftwood Group (which currently operate 59 of the properties within the Portfolio). In addition, he holds a majority stake in Minster Topco, which is the holding company of each of the Initial Tenants and an Existing Guarantor. As a principal of the Investment Adviser, he is also entitled to a share of any distributions generated by the Investment Adviser through the payment of the Advisory Fee by the Company.

In order to ensure the alignment of Mr. Patel's interests with those of the Company, Mr. Patel agreed under the Seed Portfolio Transaction Agreement to subscribe (through a wholly-owned SPV, Maal Limited) for ten million Ordinary Shares through the Vendor Issue, which he continues to hold notwithstanding the expiry of the lock-up arrangements he previously entered into with the Company.

Mr. Cowley, who is a principal of the Investment Adviser, holds 640,000 of Ordinary Shares<sup>14</sup> also holds a minority interest in Minster Topco.

Any leases entered into between the Group and any member of the MC Group are treated as related party transactions for the purposes of the Listing Rules and therefore may require the prior approval of the Company's Shareholders.

## **Conflicts of Interest**

Each of the Investment Manager and the Investment Adviser and their respective officers and employees may be involved in other financial, investment or professional activities, that may on occasion give rise to conflicts of interest with the Company.

In particular:

- the Investment Manager may provide investment management, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company;
- the principals of the Investment Adviser hold a majority stake in Minster Topco, the holding company of the MC Group; and
- there is no restriction under the Investment Advisory Agreement on the Investment Adviser providing healthcare property advisory and other services to other persons, including funds that may have investment policies similar to that of the Company,

however, both the Investment Manager and the Investment Adviser will have regard to their obligations under the Investment Management Agreement and Investment Advisory Agreement (as applicable) or otherwise to act in the best interests of the Company, so far as is practicable having regard to their obligations to other persons, should potential conflicts of interests arise.

As described in the paragraph entitled "Conflict management" above, the Investment Adviser has agreed to:

- grant the Company a right of first refusal in respect of any identified assets which fall within the Company's investment policy;
- rigidly enforce the covenants in each lease entered into between the Group and any member of the MC Group;
- be excluded from advising the Board in respect of certain breaches of covenant by any Tenant which is part of the MC Group; and
- grant the Company a right to terminate the Investment Advisory Agreement in the event that: (i) any Tenant which is part of the MC Group fails to meet its rent or other payment obligations in excess of £50,000; or (ii) the Financial Report shows that the Rent Cover of Minster Topco is less than 1.1

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<sup>14</sup> 600,000 Ordinary Shares directly and 40,000 Ordinary Shares through his pension fund.

times in two consecutive Financial Reports or in any two Financial Reports in any 12 month period.

## **Part VII: The Placing Programme**

### **The Placing Programme**

The Directors are seeking to issue and allot up to 200 million New Ordinary Shares through the Placing Programme, without having to offer those New Ordinary Shares to existing Shareholders first (to the extent that New Ordinary Shares are issued at a Placing Programme Price equal to or greater than the applicable Net Asset Value per Ordinary Share). The total number of New Ordinary Shares issued under the Placing Programme will be determined by the Company, Winterflood and RBC Capital Markets after taking into account demand for the New Ordinary Shares.

The Placing Programme is being implemented to satisfy market demand and to enable the Company to raise additional capital in the period from 6 March 2019 to 10 February 2020 should the Board determine that market conditions are appropriate. The Placing Programme is intended to be flexible and may have a number of closing dates in order to provide the Company with the ability to issue and allot New Ordinary Shares over a period of time.

The number of New Ordinary Shares available under the Placing Programme is intended to provide flexibility and should not be taken as an indication of the number of Shares to be issued. Any issues of New Ordinary Shares under the Placing Programme will be notified by the Company through an RNS announcement and the Company's website prior to each Programme Admission.

The Placing Programme is not being underwritten. The terms and conditions which shall apply to any subscription for Shares pursuant to the Placing Programme are contained in Part XIV of this Prospectus.

The Placing Programme is designed to be suitable for institutional investors and professionally-advised private investors seeking exposure to a diversified portfolio of Healthcare Real Estate Assets. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in New Ordinary Shares in the Placing Programme.

### **Conditions**

The Placing Programme is conditional, *inter alia*, on:

- (i) the applicable Placing Programme Price being determined by the Directors, Winterflood and RBC Capital Markets as described below;
- (ii) Programme Admission occurring in respect of the relevant issue of New Ordinary Shares under the Placing Programme; and
- (iii) to the extent required under the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company.

In circumstances where these conditions are not met, the relevant issue of New Ordinary Shares pursuant to the Placing Programme will not take place.

### **Pricing**

The Placing Programme Price will be determined by the Directors, Winterflood and RBC Capital Markets by reference to, *inter alia*, the prevailing market conditions at the time of each Placing and at a premium to the prevailing NAV per Ordinary Share at that time.

The costs of each Placing are those that arise from, or are incidental to, the issue of New Ordinary Shares issued pursuant to a Placing, including listing fees, the fees and commissions due under the Placing Agreement and any other applicable expenses in relation to the Placing Programme. The expenses of the Placing Programme are estimated to be 1.98 per cent. of the Gross Proceeds of the Placing Programme. By way of illustration, if the 200 million New Ordinary Shares are issued under the Placing Programme are

issued at a Placing Programme Price of 104 pence per New Ordinary Share such that the aggregate Gross Proceeds of the Placing Programme are £208.0 million, the expenses of the Placing Programme would be approximately £4.1 million.

The Placing Programme Price will be notified via an RNS announcement as soon as practicable in conjunction with each Placing.

### **Voting dilution**

If 200 million New Ordinary Shares are issued pursuant to the Placing Programme, and existing Shareholders do not subscribe for any New Ordinary Shares in the Placing Programme, there would be a dilution of approximately 51 per cent. in the voting control of existing Shareholders immediately following the end of the Placing Programme.

### **Use of proceeds**

The Directors intend to use the Net Proceeds of each Placing, to acquire additional properties in accordance with the Company's investment policy (which may include the acquisition of the pipeline assets described in Part IV of this Prospectus) and to invest in organic growth through asset management opportunities in the Existing Portfolio (as described in Part III of this Prospectus).

The Net Proceeds of the Placing Programme are dependent, among other things, on:

- (i) the Directors determining to proceed with a Placing of New Ordinary Shares under the Placing Programme;
- (ii) the level of subscriptions received; and
- (iii) the Placing Programme Price determined in respect of each Placing.

### **Subscriber warranties**

Each subscriber of New Ordinary Shares in the Placing Programme and each subsequent investor in the Ordinary Shares will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgments and agreements set out in paragraph 4 in Part XIV to this Prospectus.

The Company, the Investment Manager, the Investment Adviser, Winterflood, RBC Capital Markets and their respective directors, officers, members, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.

### **Scaling back and allocation**

The Directors are seeking authority from Shareholders to issue up to 200 million New Ordinary Shares pursuant to the Placing Programme. To the extent that applications under the Placing Programme exceed this amount, Winterflood and RBC Capital Markets, in consultation with the Company reserve the right to scale back applications in such amounts as it considers appropriate. The Company reserves the right to decline in whole or in part any application for New Ordinary Shares pursuant to the Placing Programme. Accordingly, applicants for New Ordinary Shares may, in certain circumstances, not be allotted the number of New Ordinary Shares for which they have applied.

The Company will notify investors of the number of New Ordinary Shares in respect of which their application has been successful and the results of each Placing will be announced by the Company via an RNS announcement.

Subscription monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned by post at the risk of the applicant without interest to the bank account from which the money

was received if the applicant applied by bank transfer. Alternatively a cheque will be sent to the address provided on the relevant application form within 14 days, as applicable.

### **Placing Programme arrangements**

Arrangements in respect of any issue of New Ordinary Shares under the Placing Programme will be entered into prior to the relevant Programme Admission.

#### **General**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, the Company and its agents (and their agents) may require evidence in connection with any application for New Ordinary Shares, including further identification of the applicant(s), before any New Ordinary Shares are issued.

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of the Prospectus and prior to 10 February 2020, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s). In the event that a supplementary prospectus is published after applications have been made in respect of a Placing but prior to the relevant Programme Admission, applicants will have a statutory right of withdrawal.

#### **Clearing and settlement**

Payment for the New Ordinary Shares should be made in accordance with settlement instructions to be provided to Placees by Winterflood and/or RBC Capital Markets. To the extent that any application for New Ordinary Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.

New Ordinary Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST following the relevant Programme Admission. In the case of New Ordinary Shares to be issued in uncertificated form, these will be transferred to successful applicants through the CREST system. Accordingly, settlement of transactions in the New Ordinary Shares following the relevant Programme Admission may take place within the CREST system if any Shareholder so wishes.

#### **CREST**

CREST is a paperless settlement procedure operated by Euroclear enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company will apply for the New Ordinary Shares to be issued pursuant to each Placing to be admitted to CREST with effect from the relevant Programme Admission and it is expected that the New Ordinary Shares will be admitted with effect from that time. Accordingly, settlement of transactions in the New Ordinary Shares following each Programme Admission may take place within the CREST system if any Shareholder so wishes.

The transfer of New Ordinary Shares out of the CREST system following a Placing should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. An investor applying for New Ordinary Shares in the Placing Programme may elect to receive New Ordinary Shares in uncertificated form if such investor is a system-member (as defined in the Regulations) in relation to CREST. If a Shareholder or transferee requests New Ordinary Shares to be issued in certificated form and is holding such New Ordinary Shares outside CREST, a share certificate will be despatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the New Ordinary Shares. Shareholders holding definitive certificates may elect at a later date to hold such New Ordinary Shares through CREST or in uncertificated form provided they surrender their definitive certificates and deliver the same, along with a duly completed CREST transfer form, to their CREST provider.

## **Programme Admission and dealings**

Application will be made for the New Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange. The New Ordinary Shares are not listed or traded on, and no application has been made, or is being made, for the admission of the New Ordinary Shares to listing or trading on, any other stock exchange or securities market. There will be no conditional dealings in the New Ordinary Shares prior to each Programme Admission.

The ISIN number of the Ordinary Shares is GB00BYXVMJ03 and the SEDOL code is BYXVMJ0.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share.

Where applicable, definitive share certificates in respect of the New Ordinary Shares are expected to be despatched, by post at the risk of the recipients, to the relevant holders, approximately one week after the date of the relevant Programme Admission. The New Ordinary Shares are in registered form and can also be held in uncertificated form. Prior to the despatch of definitive share certificates in respect of any New Ordinary Shares which are held in certificated form, transfers of those New Ordinary Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

## **Purchase and transfer restrictions**

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Investment Manager, the Investment Adviser, Winterflood or RBC Capital Markets.

The Company has elected to impose the restrictions described below on the Placing Programme and on the trading of the Ordinary Shares so that the Company will not be required to register the offer and sale of the Ordinary Shares under the Securities Act and will not have an obligation to register as an investment company under the Investment Company Act and related rules and also to address certain ERISA, US Tax Code and other considerations.

These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the Ordinary Shares to trade such securities. The Company and its agents will not be obligated to recognise any resale or other transfer of the Ordinary Shares made other than in compliance with the restrictions described below.

The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and the Ordinary Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered and sold outside the United States to non-US Persons in reliance on Regulation S only.

Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. No offer, purchase, sale or transfer of the Ordinary Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

## Part VIII: Valuation

### VALUATION REPORT



To: Impact Healthcare REIT plc  
7th Floor  
9 Berkeley Street  
London W1J 8DW

Winterflood Securities Ltd  
The Atrium Building  
Cannon Bridge House  
25 Dowgate Hill  
London EC4R 2GA

RBC Capital Markets  
Thames Court  
1 Queenhithe  
London EC4V 3DQ

Property: Portfolio of Elderly and Specialist Care Homes  
Report Date: 11 February 2019  
Valuation Date: 31 December 2018 ("**Valuation Date**")  
Client  
Reference:  
Our Reference: 180CHL00

Dear Sirs

**Valuation of a Portfolio of elderly and specialist care assets for Impact Healthcare REIT plc:**

**Existing Portfolio, being 72 properties (each a "Property" or "Properties") and one subsequently acquired property**

#### Instructions

#### Appointment

We are pleased to submit our report and valuation (the "**Valuation Report**"), which has been prepared in accordance with the engagement letter entered into between us dated 4 February 2019 (the "**Engagement Letter**") relating to the freehold portfolio of assets comprising the Existing Portfolio acquired by Impact Healthcare REIT Plc (the "**Company**") as at the Valuation Date.

#### Compliance with RICS Valuation – Global Standards

We confirm that the valuation and Valuation Report have been prepared in accordance with the RICS Valuation – Global Standards, which incorporate the International Valuation Standards ("**IVS**") and the RICS UK Valuation Standards (the "**RICS Red Book**"), 2017 edition. It follows that the valuations are compliant with IVS. The valuations are compliant with Rule 5.6.5G of the Prospectus Rules published by the Financial Conduct Authority and paragraphs 128 to 130 of the Committee of the European Securities Regulators' ("**CESR**") recommendations for the consistent implementation of the European Commission's

Regulation on Prospectuses no 809/2004.

### **Status of Valuer and Conflicts of Interest**

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake these valuations competently. We also confirm that where more than one valuer has contributed to the valuations the requirements of PS 2.3.7 of the Red Book have been satisfied. We confirm that Martin Robb BSc FRICS has overall responsibility for the valuation. Finally, we confirm that we have undertaken the valuations acting as External Valuers, as defined in the Red Book (independent experts for the purposes of paragraph 130 of the European Securities and Market Authority's ("ESMA") update of the CESR recommendations for the consistent implementation of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (the "**ESMA Recommendations**"), qualified for the purpose of the valuation.

The valuation has been prepared in accordance with paragraph 130 of the ESMA Recommendations and is provided for Regulated Purposes. We confirm that none of the Properties which have been acquired by the Company within the 12 months preceding the valuation date have been subject to Cushman & Wakefield ("**C&W**") either receiving an introductory fee or negotiating the purchase on behalf of the Company.

C&W are the retained valuers for the Company and have valued the Existing Portfolio since it was acquired in May 2017. C&W valued the fund after acquisitions in June 2017, December 2017 and then quarterly thereafter.

C&W have valued all the properties purchased by the Company during 2018 prior to completion of their acquisition.

### **Purpose of Valuation**

We understand that this Valuation Report will be included within the prospectus which is to be published by the Company (the "**Prospectus**") in connection with the programme of placings of ordinary shares in the capital of the Company (the "**Purpose of this Report**").

Therefore, in accordance with PS 2.8 and UKVS 4 we have made certain disclosures in connection with this valuation instruction and our relationship with the Company. These are included in the following section.

### **Identification of Properties**

A list of properties included within this valuation exercise are included as an Appendix to this report.

### **Disclosures Required under the Provisions of PS 2.8 and UKVS 4**

#### **Name of signatory**

Martin Robb BSc FRICS and Tom Robinson BA MSc MRICS are the signatories of the Valuation Report provided to the Company for the purpose of this Valuation. With regards to the Existing Portfolio, this is the seventh occasion on which we have valued the portfolio.

#### **C&W's relationship with client**

C&W have had a fee earning relationship with the Company for valuation advice provided since January 2017. C&W provide quarterly valuations for use by the Company and also provide ad hoc valuation advice on new acquisitions. In addition, the Building Surveying division of C&W provide pre-acquisition surveys to the Company as necessary.

#### **Fee income from the Company**

DTZ Debenham Tie Leung Limited was part of UGL Ltd, a global diversified services company, until 5 November 2014. In UGL's financial year ending 30 June 2014, the proportion of fees payable by the Company to the total fee income of UGL was less than 5%. DTZ Debenham Tie Leung Limited and its group became a stand-alone, private global property services company on 5 November 2014, following



the sale to a consortium of investors led by TPG Capital Management. On 1 September 2015, DTZ Debenham Tie Leung acquired Cushman & Wakefield and the combined group now trades under the Cushman & Wakefield brand. Cushman & Wakefield's financial year end is 31 December. We anticipate that the proportion of fees payable by the Company to the Cushman & Wakefield group in the financial year to 31 December 2018 will be less than 5%.

### **C&W involvement in the Portfolio in the previous 12 months**

Cushman & Wakefield have not received an introductory fee within the last 12 months from the Company.

### **Basis of Valuation**

Our opinion of the Market Value of each of the Properties has been primarily derived using comparable recent market transactions on arm's length terms.

### **Market Value**

The value of the Properties in the Existing Portfolio has been assessed in accordance with the relevant parts of the current RICS Valuation - Professional Standards 2014. In particular, we have assessed Market Value in accordance with VPS 4.1.2. Under these provisions, the term "Market Value" means "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In undertaking our valuations on the basis of Market Value, we have applied the conceptual framework which is set out in IVS 104.

### **Valuation of Trade Related Properties**

The properties comprising the portfolio are leased to various tenants as set out below. Whilst the primary basis of valuation is by way of income capitalisation, we note that the underlying businesses represent trade related properties within the context of the RICS Red Book. We have therefore had regard to the relevant principles of the RICS Red Book insofar as they have an impact upon the valuation of the properties.

### **Departures**

We have made no Departures from the Red Book.

### **Reservations**

The valuation is not subject to any reservation.

### **Inspection**

In preparing this Valuation report, the properties have been inspected as follows:

#### ***Existing Portfolio***

In accordance with our regular valuation mandate, we are contracted to inspect one third of the properties in each calendar year, those inspections being evenly spread per quarter. All the properties in the initial portfolio were inspected prior to their acquisition. In 2018 we have inspected 16 properties for the quarterly valuation exercises. We have also inspected each of the 16 properties acquired since 31 December 2017. Those inspections were carried out prior to the relevant acquisition being completed.

### **Taxation and costs**

We have not made any adjustments to reflect any liability to taxation that may arise on disposals, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposals.

In accordance with market norms we have made an allowance for purchaser's costs on an asset purchase basis.

## **VAT**

Our valuation figure for each property is that receivable by the willing seller excluding VAT, if applicable.

## **Assumptions and Sources of Information**

An Assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("**Assumption**"). In this context, Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the Company have confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The Assumptions we have made for the purposes of our valuation are referred to below:-

### **Title**

Save as disclosed either in any Certificate of Title or unless specifically advised to the contrary by the Company or its legal advisers and as referred to in the Valuation Report, C&W have made the Assumption that there is good and marketable title in all cases and that the property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. C&W have made an Assumption that the Property is free from mortgages, charges or other encumbrances.

If verification of the accuracy of any site plans contained in the Valuation Report is required, the matter must be referred to the Company's legal advisers.

Save as disclosed to us as above, C&W have made the Assumption that roads and sewers serving the Property have been adopted and that the Property has all necessary rights of access over common estate roads, paths, corridors and stairways, and rights to use common parking areas, loading areas and other facilities.

For the avoidance of doubt, C&W have been provided with Certificates of Title by Messrs Travers Smith, together with an overview report and a further summary of material issues on or around the date of this report.

## **Condition of Structure and Services, Deleterious Materials and Ground Conditions**

Due regard has been paid by C&W to the apparent general state of repair and condition of the Property, but a condition or structural survey has not been undertaken, nor have woodwork or other parts of the structure which are covered, unexposed or inaccessible, been inspected. Therefore, C&W are unable to report that the Property is structurally sound or is free from any defects. C&W have made an Assumption that the Property is free from any rot, infestation, adverse toxic chemical treatments, and structural, design or any other defects other than such as may be mentioned in the Valuation Report.

C&W have not arranged for investigations to be made to determine whether any deleterious, hazardous or harmful materials (including but not limited to high alumina cement concrete or calcium chloride additive) have been used in the construction or any alterations, and therefore C&W is unable to confirm that the Property is free from risk in this regard. For the purposes of the Valuation, C&W have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

C&W have not carried out an asbestos inspection and did not act as an asbestos inspector in completing the valuation inspection of Property that may fall within the Control of the Asbestos at Work Regulations 2012. C&W have not made an enquiry of the duty holder (as defined in the Control of Asbestos at Work Regulations 2012), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, C&W have made an Assumption that there is a duty holder, as defined in the Control of Asbestos at Work Regulations 2012 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health,

or breach the HSE regulations. C&W recommends that such enquiries be undertaken by the Client's legal advisers during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations have been undertaken by C&W to certify that the sites are free from any defect as to foundations. C&W have made an Assumption that all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual or adverse effect on building costs, property values or viability of any development or existing buildings.

C&W have made the Assumptions that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive, and that the site has no archaeological significance, which might adversely affect the present or future occupation, development or value of the Property.

No tests have been carried out by C&W as to electrical, electronic, heating, plant and machinery equipment or any other services nor have the drains been tested. However, C&W have made an Assumption that all building services (including, but not limited to lifts, electrical, electronic, gas, plumbing, heating, drainage, sprinklers, ventilation, air conditioning and security systems) and property services (such as incoming mains, waste, drains, utility supplies etc.) are in good working order and without any defect whatsoever.

### **Environmental Matters**

We have made enquiries of the Environment Agency website in order, so far as reasonably possible, to establish the potential existence of contamination arising out of previous or present uses of the sites and any adjoining sites. We have not undertaken a formal environment assessment.

Our enquiries and inspection have provided no evidence that there is a significant risk of contamination in respect of any of the Properties. Accordingly, you have instructed us to make an Assumption that no contamination or other adverse environmental matters exist in relation to the Properties sufficient to affect value. Other than as referred to above, we have not made any investigations into past or present uses, either of the Properties or any neighbouring land to establish whether there is any contamination or potential for contamination to the subject Properties. Commensurate with our Assumptions set out above we have made no allowance in these valuations for any effect in respect of actual or potential contamination of land or buildings. A purchaser in the market would, in practice, undertake further investigations than those undertaken by us. If it is subsequently established that contamination exists at any of the Properties or on any neighbouring land or that any of the premises have been, or are being, put to any contaminative use then this might reduce the values now reported.

### **Flooding**

Where our inspections and enquiries of the Environment Agency have provided no evidence that the Properties are exposed to significant risk of flooding, unless you have instructed otherwise, we have made an Assumption that each property is located outside the extent of high chance of flood. This is categorised as being a chance of flooding equivalent to 3.3% (1 in 30).

### **Areas**

Where C&W have measured and calculated the floor areas, measurement is in accordance with the RICS Professional Statement RICS Property Measurement 1st Edition 2015.

Where C&W have been provided with floor areas, C&W have made an Assumption that the areas have been measured and calculated in accordance with the RICS Professional Statement RICS Property Measurement 1st Edition 2015.

### **Statutory Requirements and Planning**

Save as disclosed in a Certificate of Title, or unless otherwise advised, C&W have made the Assumption that all of the buildings have been constructed in full compliance with valid town planning and building regulations approvals and that where necessary, they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, C&W have also made the Assumption that the Property is not subject to any outstanding statutory notices as to

construction, use or occupation and that all existing uses of the Property are duly authorised or established and that no adverse planning conditions or restrictions apply.

C&W have made the Assumption that the Property complies with all relevant statutory requirements.

Energy Performance Certificates ("**EPC**") must be made available for all properties, when bought or sold, subject to certain exemptions. If the Property is not exempt from the requirements of this Directive C&W have made an Assumption that an EPC is made available, free of charge, to a purchaser of all the interests which are the subject of the Valuation.

In addition, in England and Wales the Minimum Energy Efficiency Standards Regulations come into force in April 2018 and their effect will be to make it unlawful to rent out a premises with an EPC rating which, according to Government proposals issued in February 2015, falls below an E rating. C&W have asked the bank or its advisors for information relating to the EPC ratings of the Property if the Property is not exempt from these requirements. In any instance where C&W have not been provided with an up to date EPC rating C&W have made the Assumption that the subject property meets the minimum requirements to enable it to be let after April 2018.

In Scotland, the Energy Performance of Non-Domestic Buildings (Scotland) Regulation 2016 (the "**Regulation**") requires that qualifying properties have an energy assessment completed and an action plan prepared prior to sale or leasing. If the Property is not exempt from the requirements of the Regulation C&W have made an Assumption that an energy assessment and action plan is made available, free of charge, to a purchaser of the interests which are the subject of the Valuation and that there is no capital expenditure required in order to comply with the requirements of the Regulation.

In any instance where C&W is to value Property with the benefit of a recently granted planning consent, or on the Special Assumption that planning consent is granted, C&W have made an Assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the Property, or the area in which it is located) within a period of three months of the granting of a planning consent. When a planning consent is granted subject to a Section 106 Agreement, the three-month period commences when the Section 106 Agreement is signed by all parties.

### **Tenancies and Leasing**

C&W's opinion of the Market Value is subject to existing leases of which the Client or its advisors have made C&W aware but otherwise reflects an Assumption of vacant possession. Where C&W has undertaken to read the leases and related documents provided to it, C&W have made an Assumption that copies of all relevant documents have been sent to C&W and that they are complete and up to date.

Where C&W relies on tenancy and lease information provided to it, unless such information reveals otherwise, C&W have made the Assumption that all occupational leases are on full repairing and insuring terms, with no unusual or onerous provisions or covenants that would affect value.

C&W have made an Assumption that vacant possession can be given of all accommodation which is unlet or occupied by the entity/borrower or its employees on service tenancies. C&W have not taken account of any leases between subsidiaries unless C&W states otherwise in the Valuation Report.

C&W have not undertaken investigations into the financial strength of any tenants unless otherwise referred to in the Valuation Report. Unless C&W have become aware by general knowledge, or have been specifically advised to the contrary, C&W have made an Assumption that:

- (a) where a Property is occupied under leases then the tenants are financially in a position to meet their obligations, and
- (b) there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

However, the Valuation reflects a potential purchaser's likely opinion of the credit worthiness of the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation.

C&W have taken into account any information the Client or its advisors provided concerning tenants' improvements. Otherwise, if the extent of tenants' alterations or improvements cannot be confirmed, C&W have made an Assumption that the Property was let with all alterations and improvements evident during C&W's inspection (or, in the case of a Valuation without internal inspection, as described within the information provided by the Client).

C&W have made an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary changes, all notices have been served validly within the appropriate time limits.

### **Information**

C&W have made an Assumption that the information provided by the Company and/or its professional advisers in respect of the Property that has been valued is both full and correct. C&W have made an Assumption that details of all matters relevant to value within their collective knowledge, including but not limited to matters such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to it, and that such information is up to date.

Information provided includes, but is not limited to:

- Prior year management accounts per property;
- Current year to date management accounts per property;
- Current rent passing plus details of any relevant ongoing negotiations regarding lease changes, rent re-structuring or potential of assignment from one tenant to a new tenant;
- Average weekly fees per property plus current and recent occupancy levels; and
- Details of any recent, current or proposed significant expenditure or refurbishment costs on a per property basis.

### **Landlord and Tenant Act 1987**

The Landlord and Tenant Act 1987 (the "**Act**") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in a building where more than 50% of the floor space is in residential use. Where this is applicable, C&W have made an Assumption that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold or head leasehold interest, and therefore disposal into the open market is unrestricted.

### **Trade Related Property**

We assume that each tenant company will be responsible for the day to day operation of the business and that the properties are fully equipped operational entities. This necessarily requires an Assumption that on the sale or letting of the property, where necessary, the trade inventory, licenses etc required to continue trading are available. C&W's valuation is provided on this basis. In addition we reflect the contents of RICS VPGA 4, where relevant, which refers to the valuation of trade related property in assessing both Market Value and Market Rental Value.

### **VPGA 9 – Identification of Portfolios**

We specifically refer to VPGA 9, paragraph 3.8 in the context of this valuation. In our opinion the value achieved could differ significantly depending on whether the properties were disposed of individually, in groups or in a single lot. For the avoidance of doubt, our approach in this valuation is that the Properties comprising the portfolio are sold individually in the open market at the date of valuation. The Market Value reported herein is therefore an aggregate individual Market Value.

No account is taken of flooding the market as at the date of valuation in accordance with the RICS Red Book.

## Valuation

### Market Value of Existing Portfolio

Our opinion of the Market Value of the Existing Portfolio comprising the freehold, long leasehold and heritable interests in the Properties described in the Appendix, as an aggregate of the individual market values only, with no adjustment made for flooding the market at the date of valuation, subject to the Assumptions and comments in this valuation report and in the Appendix as at the Valuation Date, excluding the most recent acquisition referred to below, is:

£223,844,400	(Two Hundred and Twenty Three Million, Eight Hundred and Forty Four Thousand, Four Hundred Pounds)
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This aggregate Market Value comprises the following splits by tenure:

Entity	Tenure	Market Value
Existing Portfolio	Freehold – 66 Properties	£186,617,400
	Leasehold – 6 Properties	£37,227,000
<b>Aggregate Total</b>		<b>£223,844,400</b>

We can confirm that in our opinion, one Property exceed 5% of the aggregate total Market Value reported, namely Freeland at £11,870,000 (5.3%).

### Additional portfolio activity

The Existing Portfolio valuation excludes the most recent acquisition which completed after the 31 December 2018 Valuation Date. The Company has confirmed it acquired Yew Tree Care Centre, 4 Yew Tree Avenue, Redcar, TS10 4QN on 21 January 2019 for a consideration of £2,750,000.

This property was valued by C&W for acquisition purposes but it has not yet been included in the portfolio valuation. The purchase price of the acquired assets should therefore be considered in addition to the above reported valuation for the Existing Portfolio.

### Comparison with Company Accounts

We are requested to reconcile the above valuation of the Portfolio with the December 2017 company accounts. The adjustments made to value since December 2017 to reconcile to the Existing Portfolio valuation stated herein reflect:

- the first annual rent review under the lease for the Minter and Croftwood properties that took effect for the March 2018 quarter valuation in line with the annual increase in RPI;
- the acquisition of Parkville (two properties registered as one trading entity on one site) and Fairview (two buildings registered as two trading entities on one site) in Q1 2018;
- the acquisition of Roseville, Carnbroe and Grenville Court in Q2 2018;
- the acquisition during Q3 2018 of Sovereign Lodge, Sovereign Court, The Grove and Courtyard and Derwent;
- the acquisition during Q4 2018 of Croftbank, Rosepark, Sandbanks, Briardene and Holly Lodge;
- significant capital expenditure at Craigend, Turnpike Court, Littleport Grange, Ingersley Court and Duncote Hall during 2018; and
- upward and downward adjustments to valuation metrics at a property level to reflect the updated

trading position, as appropriate.

In addition, since the Valuation Date, and as noted above, Yew Tree Care Centre was acquired in Q1 2019.

#### Summary of values since the date of the Company Accounts

Entity	Tenure	Market Value	TOTAL
Portfolio as at 31 December 2017 (adjusted)*	Freehold – 51 Properties	£130,262,000	£167,489,000
	Leasehold – 6 Properties	£37,227,000	
Subsequent Acquisitions	Freehold - 16 Properties	£59,105,400	£59,105,400
<b>Aggregate Freehold Total</b>			<b>£189,367,400</b>
<b>Aggregate Leasehold Total</b>			<b>£37,227,000</b>
<b>Aggregate Total</b>			<b>£226,594,000</b>

\*Note - These figures are adjusted to reflect the value, as at the Valuation Date, of the 52 Properties held by the Company as at 31 December 2017. The adjustments are a result of the rent reviews, capital expenditure and changes to trading positions described in the bullets above.

#### Confidentiality and Disclosure

The contents of this Valuation Report and Schedule may be used only for specific purpose to which they refer. Consequently, and in accordance with current practice, no responsibility is accepted to any party in respect of the whole or any part of their contents other than in connection with the Purpose of this Valuation Report. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained. For the avoidance of doubt, such approval is required whether or not C&W is referred to by name and whether or not the contents of our Valuation Report are combined with others.

For the purposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with Rule 5.6.5G of the Prospectus Rules and paragraphs 128 to 130 of CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004.

Except for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent provided under the Prospectus Rules, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with the Valuation Report or our statement set out above required by and given solely for the purposes of complying with Annex 1, item 23.1 of Commission Regulation (EC) No 809/2004.

Signed for and on behalf of Cushman & Wakefield Debenham Tie Leung Limited

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## Appendix A – Schedule of Properties

Existing Portfolio Property	Address	Number of Beds	Tenure
Abbeywell	Dragon Square, Chesterton, Newcastle under Lyme, ST5 7HL	45	Freehold
Amberley	The Crescent, Truro, Cornwall TR1 3ES	27	Freehold
Ancliffe	Warrington Road, Wigan, WN3 6QA	40	Freehold
Ashgrove	North Sea Lane, Cleethorpes DN35 0PS	56	Freehold
Astbury Lodge	Randle Meadow, Hope Farm Estate, Great Sutton, Cheshire CH66 2LB	41	Freehold
Atlee Court	Attlee Street, Normanton, Wakefield, WF6 1DL	68	Freehold
Broadgate	108-114 Broadgate, Beeston, Notts NG9 2GG	40	Freehold
Croftwood	Whitchurch Way, Halton Lodge, Runcorn, Cheshire WA7 5YP	44	Freehold
Crossways	Station Rd, Lostock Gralam, Northwich, Cheshire CW9 7PN	39	Freehold
Diamond	Bewcastle Grove, Leicester LE4 2JW	44	Freehold
Duncote Hall	Towcester, Northants, NN12 8AQ	38	Freehold
Duncote The Lakes	Towcester, Northants, NN12 8AQ	47	Leasehold
Elm House	76 Pillory Street, Nantwich, Cheshire CW5 5SS	39	Freehold
Emmanuel	17 Southfield, Hessle, HU13 0EL	37	Freehold
Eryl Fryn	Bodafon Road, Craigside, Llandudno, North Wales, LL30 3BA	29	Freehold
Falcon	Middle Street, Beeston, Nottingham, NG9 1FX	46	Freehold
Florence Grogan	Shelley Road, Blacon, Chester CH1 5XA	40	Freehold
Freeland	Wroslyn Road, Freeland, Nr Witney, OXON OX29 8AH	62	Leasehold
Garswood	Wentworth Road, Ashton in Makerfield, Wigan, WN4 9TZ	40	Freehold
Gleavewood	Farm Road, Weaverham, Northwich, Cheshire CW8 3NT	30	Freehold
Golborne House	Derby Road, Golborne, Warrington, WA3 3JL	40	Freehold
Gray's Court	Church Street, Grays, Essex RM17 6EG	87	Freehold
Greenacres	Green Lane, Standish, Wigan, WN6 0TS	40	Freehold
Hamshaw Court	Wellsted St, Hull, HU3 3AG	45	Freehold
Hourigan	Myrtle Avenue, Leigh, WN7 5QU	40	Freehold
Ideal	Knowsley Drive, Bicton Heath,	44	Freehold



<b>Existing Portfolio Property</b>	<b>Address</b>	<b>Number of Beds</b>	<b>Tenure</b>
Ingersley Court	Shrewsbury SY3 5DH Lowther Court, Off Church Street, Bollington near Macclesfield, Cheshire, SK10 5QA	46	Freehold
Karam Court	Mallin Street, Off Highbury Road, Smethwick, West Mids B66 1QX	47	Freehold
Lakelands	Grizedale Drive, Higher Ince, WN2 2LX	40	Freehold
Leycester House	Edenfield Road, Mobberley, Knutsford, Cheshire WA16 7HE	40	Freehold
Littleport Grange	Grange Lane, Ely Road, Littleport, Ely CB6 1HW	54	Freehold
Loxley Hall	Lower Robin Hood Lane, Helsby, Cheshire WA6 0BW	36	Freehold
Lyndhurst	College Street, Leigh, WN7 2RF	40	Freehold
Meadows & Haywain	Brybank Road, Hanchett Village, Haverhill Suffolk, CB9 7WD	65	Leasehold
Mowbray	9 Victoria Road, Malvern, Worcestershire WR14 2TF	37	Freehold
Mulberry Manor	Wortley Avenue, Swinton, Mexborough S64 8PT	60	Freehold
New Milton House	Station Road, Alsager, Staffordshire ST7 2PB	39	Freehold
Parklands	Poynton Civic Center, Park Lane, Poynton SK12 1RB	40	Freehold
Saffron	High Street, Barwell, Leics LE9 8DQ	48	Freehold
Shrubbery	23-31 Shrubbery Avenue, Worcester, WR1 1QN	29	Freehold
Sovereign	Chelmarsh, Daimler Green, Coventry CV6 3LB	60	Leasehold
Stansty House	34 Stansty Road, Wrexham LL11 2BU	74	Freehold
The Cedars	Brookfield Drive, Holmes Chapel, Cheshire CW4 7DT	27	Freehold
The Elms	Elm Drive, Crewe, Cheshire CW1 4EH	41	Freehold
Hawthorns	Hawthorne Street, Wilmslow, Cheshire SK9 5EJ	39	Freehold
The Laurels	Walnut Drive, Winsford, Cheshire CW7 3HH	40	Freehold
Thorley	Hazelmere Gardens, Hindley, Wigan, WN2 3QD	40	Freehold
Three Elms	Station Road, Penketh, Warrington, Lancashire WA5 2UG	56	Freehold
Turnpike Court	Middlewich Road, Elworth, Sandbach, Cheshire CW11 3EJ	53	Freehold
Waterside	Leigh Sinton, Malvern, Worcs. WR13 5EQ	47	Leasehold

<b>Existing Portfolio Property</b>	<b>Address</b>	<b>Number of Beds</b>	<b>Tenure</b>
Wealstone	Wealstone Lane, Upton, Cheshire CH2 1HB	42	Freehold
West Haven	11-15 Queen's Road, Wirral, Merseyside CH47 2AG	52	Leasehold
Whetstone Hey	Old Chester Road, Great Sutton, Ellesmere Port Cheshire CH66 3JX	41	Freehold
Woodlands	Ash Lane, Aspull, Wigan, WN2 1EZ	40	Freehold
Wordsley	Mill St, Brierley Hill, Wordsley, Stourbridge DY8 5SX	41	Freehold
Craigend	72 Croftcroighn Road, Glasgow G33 3SE	48	Freehold
Rydal	Rydal Road, Darlington, Durham DL1 4BH	57	Freehold
Parkville	Parkville Care Centre, Walpole Street, Middlesborough TS1 4HA	93	Freehold
Fairview House	42 Hill Street, Kingswood, Bristol, BS15 4ES	24	Freehold
Fairview Court	42 Hill Street, Kingswood, Bristol BS15 4ES	49	Freehold
Roseville Care Centre	Blair Avenue, Ingleby Barwick, Stoc	103	Freehold
Carnbroe Care Home	40, Paddock Street, Coatbridge, ML5	74	Freehold
Grenville Court	Horsbeck Way, Horsford, Norwich	64	Freehold
Sovereign Lodge	Newcastle NE5 1NA	48	Freehold
Sovereign Court	Newcastle NE5 1NA	12	Freehold
The Grove & Courtyard	Middlesborough TS4 3PH	55	Freehold
Derwent Care Home	Newcastle NE17 7PL	45	Freehold
Croftbank Care Home	98 Old Mill Road, Uddingston, Glasgow, G71 7JB	68	Freehold
Rosepark Care Home	261 New Edinburgh Road, Uddingston, Glasgow, G71 6LL	60	Freehold
Briardene	Briardene Care Home, Newcastle, NE15 1NA	59	Freehold
Holly Lodge	Madison Street, Shildon, DL4 1NX	41	Freehold
Sand Banks	Kirkleatham Street, Redcar, TS10 1QH	77	Freehold
<b>Recent Acquisitions</b>			
Yew Tree Care Centre	4 Yew Tree Avenue, Redcar, TS10 4QN.	76	Freehold

## **Part IX: Historical Financial Information**

The audited financial statements of the Company contained in the annual report and financial statements of the Company for the period ended 31 December 2017, which was sent to Shareholders at the relevant time and/or is available as described below, contains information which is relevant to the Placing Programme and is incorporated by reference into this Prospectus.

The table below sets out the various sections of such document which are incorporated by reference into this Prospectus so as to provide the information required under the Prospectus Rules.

Only that information which is set out in the first column is incorporated by reference into this Prospectus. Those parts not incorporated by reference are either not relevant or are covered elsewhere in this Prospectus.

<b>Information incorporated by reference into this Prospectus</b>	<b>Page numbers in the annual report and financial statements of the Company for the period ended 31 December 2017</b>
Chairman's statement	4-5
Investment Adviser's report	12-15
Principal risks	22-24
Key performance indicators	28-29
EPRA performance measures	30
Independent auditor's report	61 - 65
Consolidated statement of comprehensive income	68
Consolidated statement of financial position	69
Consolidated statement of cash flows	70
Consolidated statement of changes in equity	71
Notes to the consolidated financial statements	72 - 88

### **Operating and financial review**

A description of the development and performance (both financial and non-financial) of the Company's business for the period ended 31 December 2017 are set out in the sections headed "Chairman's statement", "Investment Adviser's report", "Principal risks", "Key performance indicators" and "EPRA performance measures" in the published annual report and financial statements of the Company for the period ended 31 December 2017, as set out above and incorporated by reference into this document.

The Company's annual report for the period ended 31 December 2017 is also available on the Company's website, [www.impactreit.uk](http://www.impactreit.uk).

## Part X: Unaudited Interim Financial Information

The unaudited interim financial statements of the Company contained in the interim report of the Company for the six months ended 30 June 2018, which was sent to Shareholders at the relevant time and/or is available as described below, contains information which is relevant to the Placing Programme and is incorporated by reference into this Prospectus.

The table below sets out the various sections of the interim report of the Company for the six months ended 30 June 2018 which are incorporated by reference into this Prospectus so as to provide the information required under the Prospectus Rules. The sections set out in the table below also include the financial information for the period from incorporation on 7 November 2016 to 30 June 2017. The Company commenced operations on 7 March 2017 and, as such, the financial information for the period from incorporation on 7 November 2016 to 30 June 2017 is the same as the financial information for the period from 1 January 2017 to 30 June 2017, being the comparative period in the prior financial year.

Only that information which is set out in the first column is incorporated by reference into this Prospectus. Those parts not incorporated by reference are either not relevant or are covered elsewhere in this Prospectus.

<b>Information incorporated by reference into this Prospectus</b>	<b>Page numbers in the interim report of the Company for the period ended 30 June 2018</b>
Chairman's statement	4-5
Investment Adviser's report	8-11
Key performance indicators	16
EPRA performance measures	17
Principal risks	18
Condensed consolidated statement of comprehensive income	20
Condensed consolidated statement of financial position	21
Condensed consolidated statement of cash flows	22
Condensed consolidated statement of changes in equity	23
Notes to the condensed consolidated financial statements	24 - 36

### Operating and financial review

A description of the development and performance (both financial and non-financial) of the Company's business for the six months ended 30 June 2018 are set out in the sections headed "Chairman's statement", "Investment Adviser's report", "Key performance indicators", "EPRA performance measures" and "Principal risks" in the published interim report of the Company for the six months ended 30 June 2018, as set out above and incorporated by reference into this document.

The Company's interim report for the six months ended 30 June 2018 is also available on the Company's website, [www.impactreit.uk](http://www.impactreit.uk).

## Part XI: Capitalisation and Indebtedness statement

The following table sets out the indebtedness of the Group (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 31 December 2018 :

	<b>As at 31 December 2018</b> (£000)
<b>Total current debt</b>	
- Guaranteed	-
- Secured	-
- Unguaranteed/unsecured	-
<b>Total non-current debt</b>	
- Guaranteed	-
- Secured	24,796
- Unguaranteed/unsecured	-
<b>Total indebtedness</b>	<u>24,796</u>

The following table sets out the capitalisation of the Group as at 30 June 2018:

	<b>As at 30 June 2018</b> (£000)
<b>Shareholders' equity</b>	
Share capital	1,922
Share premium	140,452
Other reserves	35,800
<b>Total capitalisation</b>	<u>178,174</u>

There has been no material change in the Group's capitalisation since 30 June 2018.

The following table sets out the net indebtedness as at 31 December 2018.

		<b>As at 31 December 2018</b>
		(£000)
A	Cash	1,470
B	Cash equivalent	-
C	Trading securities	-
<b>D</b>	<b>Liquidity (A+B+C)</b>	<b>1,470</b>
<b>E</b>	<b>Current financial receivable</b>	<b>-</b>
F	Current bank debt	-
G	Current portion of non-current debt	-
H	Other current financial debt	-
<b>I</b>	<b>Current financial indebtedness (F+G+H)</b>	<b>-</b>
<b>J</b>	<b>Net current financial indebtedness (I-E-D)</b>	<b>1,470</b>
K	Non-current bank loans	(24,796)
L	Bonds issued	-
M	Other non-current loans	-
<b>N</b>	<b>Non-current financial indebtedness (K+L+M)</b>	<b>(24,796)</b>
<b>O</b>	<b>Net financial indebtedness (J+N)</b>	<b>(23,326)</b>

The information in the table above is unaudited financial information of the Group and has not been reported on by an accountant.

### **Capital commitments**

The Group has entered into Licences for Alterations and Deeds of Variation contracts for 11 of its properties by 31 December 2018. These agreements to improve the assets will add a further 104 beds once completed. The Group has committed to fund up to a maximum of £13.2 million in relation to the cost of improvements on these properties of which £3.8 million was funded by 31 December 2018.

The Group has also committed to performance related deferred payment agreements in relation to two homes in return for an increase in rent. These are with a single tenant and the commitments are estimated at £2.2 million based on forecast performance. The Group will receive an increase in rent estimated at £0.2m in return for these payments.

### **Contingent and indirect indebtedness**

Full relief for Stamp Duty Land Tax (SDLT) has been granted in relation to the transfer of properties between companies which are members of the Group. Should there be a change in control of the Company within three years of completion, or if a single shareholder acquires a substantial stake in the Company, a liability in the subsidiary companies could arise. This is equal to approximately 5 per cent. of the aggregate value of the properties and is estimated at £8.4 million on the net purchase price of assets acquired since incorporation.

As at 31 December 2018, the Group had no material indirect indebtedness.

### *Notes to the capitalisation and net indebtedness statement*

- (a) The Shareholders' equity which relates solely to the Company, is extracted without adjustment from the Group's unaudited interim financial information for the six months to 30 June 2018. Capitalisation does not include the profit and loss reserve in accordance with the ESMA update of the CESR recommendations for the consistent implementation of the European Commission's

Regulation on Prospectuses No. 809/2004.

## **Part XII: Taxation**

### **Introduction**

This part summarises certain UK tax consequences of investing in the Company. The summary is based upon UK tax law and practice in force as at the date of this Prospectus. Potential investors should note that such law and practice may change as a result of legislative, judicial and administrative actions, which may have retrospective effect. It relates (except where stated otherwise) to Shareholders who are resident, ordinarily resident and domiciled in the UK for UK tax purposes who are beneficial owners of Ordinary Shares and who hold their Ordinary Shares directly as an investment. It does not address all technical aspects of the taxation of the Company and its Shareholders and potential investors should familiarise themselves with - and where appropriate consult their own professional advisers on - the overall tax consequences of investing in the Company. They should not rely on the summary provided in this Prospectus to determine their own particular tax position as the tax treatment applicable to each potential investor will depend on their particular circumstances and may differ from the summary below. Any person who is in any doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than that of the UK, should consult his or her professional advisers. Nothing in this Prospectus should be taken as providing personal tax advice.

The following summary does not refer to UK inheritance tax. Potential investors should consult their own professional advisers in relation to any potential UK inheritance tax implications of holding shares in the Company.

The Company is operating its business as a Real Estate Investment Trust for the purposes of Part 12 of the CTA 2010 and needs to satisfy the conditions therein, as outlined in Part I of this Prospectus. The implications of the REIT regime ceasing to apply are summarised in the Risk Factors section of this Prospectus. This UK tax summary presumes that the Company will continue to qualify as a REIT on an ongoing basis.

### **Effect of the Company being a REIT**

#### *Tax exemption for profits and gains of its property rental business*

Income from the Tax-Exempt Business of the Company (its qualifying property rental business in the UK and elsewhere) is not charged to corporation tax in the UK. Gains on the disposal of an asset used (wholly and exclusively) for the purposes of the Tax-Exempt Business of the Company are not chargeable gains, so are not charged to corporation tax in the UK either. The Company will still be subject to corporation tax on any income and gains of the Company's residual business (business which is not property rental business).

The Draft Finance Bill 2019 contains new provisions in relation to the taxation of gains made by non-UK tax resident persons where such gains derive substantially from UK property. The current draft legislation includes provisions such that gains made by non-UK companies within the REIT group on the disposal of UK property or shares in a UK property-rich entity are expected to continue to be non-chargeable gains. However, this position will need to be reviewed in light of the final legislation.

If the Company does not take reasonable steps to avoid making distributions to a corporate Shareholder holding more than 10 per cent. of share capital or voting rights or who is entitled to more than 10 per cent. of distributions, an additional tax charge can apply.

#### *Interest and borrowing*

Under the REIT rules, there will be a tax charge on the Company if the profit to financing-cost ratio of the Company's Tax-Exempt Business is less than 1.25 for an accounting period, i.e. profits must be at least 1.25 times greater than related financing costs.

The rules set out in Finance (No. 2) Act 2017, which restrict the availability of corporation tax deductions for interest payments in certain circumstances, also apply to REITs, albeit with certain modifications, in respect of both property rental business and residual profits. REITs are entitled to apply any interest restriction to



either their exempt or residual business. The corporate interest restriction rules do not apply to the extent that the REIT's interest expense in a tax year is less than £2 million.

### **UK tax treatment of Shareholders**

Distributions by the Company of amounts relating to its Tax-Exempt Business (known as Property Income Distributions ("**PIDs**")) are treated by recipients as profits of a UK property business (and not as dividends) for UK corporation tax and income tax purposes. PIDs will be treated as profits of a business separate from any other property business carried on by a Shareholder so profits and losses of another property business cannot be set off against PIDs. The Company will be obliged to submit quarterly returns to HMRC setting out details of PIDs made, together with any tax withheld.

#### *PIDs - Individuals*

Generally, individual Shareholders will be taxed on PIDs at their marginal income tax rate. For the tax year 2018-2019, the basic rate is 20 per cent., the higher rate is 40 per cent. and the additional rate is 45 per cent. These rates are expected to remain the same for the tax year 2019-2020.

Since 6 April 2017 a tax-free "property income allowance" of £1,000 has been available to individuals such that those with property income below £1,000 no longer need to declare or pay tax on that income. Those with income over the allowance can calculate their taxable profit by deducting the relevant allowance from their gross income.

#### *PIDs - Corporate Shareholders*

UK resident corporate Shareholders will be subject to corporation tax on PIDs. For the financial year 2018 the corporation tax rate is 19 per cent. The UK government has announced its intention to reduce the rate to 17 per cent. from the financial year 2020.

#### *Non-PIDs - Individuals*

A dividend paid by the Company relating to profits or gains of its residual business will be treated for UK tax purposes like any other dividend. Individual Shareholders benefit from a tax-free allowance such that tax is only paid on dividends received above that threshold. Effective from 6 April 2018 (and expected to remain the same for the tax year 2019-2020), the dividend tax allowance for UK resident individuals is £2,000 per year and dividend income in excess of that will be taxed as follows:

- additional rate taxpayers will be liable to income tax at the dividend tax rate of 38.1 per cent.;
- higher rate taxpayers will be liable to income tax at the dividend tax rate of 32.5 per cent.; and
- basic rate taxpayers will be liable to income tax at the dividend income tax rate of 7.5 per cent.

The dividend allowance is in addition to the £11,850 personal allowance for income tax (which is expected to increase to £12,500 for the tax year 2019-2020). Dividends are treated as the top slice of an individual's income.

#### *Non-PIDs – corporates*

UK resident corporate Shareholders should not be liable to tax on dividends received from the Company in relation to its residual business provided that they satisfy certain conditions set out in Part 9A of the Corporation Tax Act 2009 and do not fall within certain anti-avoidance rules.

#### *Withholding tax*

The Company will generally be required to withhold income tax at source at the basic rate (currently 20 per cent.) from PIDs. There is an exemption from this obligation where the REIT has a reasonable belief that the person beneficially entitled to the payment is subject to UK corporation tax or is an exempt body, such as a pension fund, a SIPP or an ISA.

The income tax (or corporation tax) liability for a Shareholder is reduced by any tax withheld. Shareholders

who are individuals may, depending on their particular circumstances, either be liable to further UK income tax on their PID at their applicable marginal income tax rate, incur no further UK tax liability on their PID, or be entitled to claim repayment of some or all of the UK income tax withheld on their PID.

#### *Chargeable gains*

On the disposal of Ordinary Shares in the Company, any chargeable gains arising will be subject to capital gains tax in the case of an individual Shareholder or corporation tax on chargeable gains in the case of a corporate Shareholder. Each individual Shareholder has an annual tax free allowance of £11,700 for the tax year 2018-2019 which is expected to rise to £12,000 for the tax year 2019-2020, such that capital gains tax is chargeable only on gains arising during the tax year in excess of that amount. The capital gains tax rate for gains accruing on or after 6 April 2018 is 10 per cent. (for basic rate tax payers) and 20 per cent. (for higher and additional rate tax payers). These rates are expected to remain the same for the tax year 2019-2020. If an individual has made large enough taxable gains (when added to their income) to push them over the threshold at which income tax is levied at 40 per cent., they will pay the higher rate of 20 per cent. on the portion of gains that takes them over the threshold.

Non-UK tax resident shareholders should take note of the new UK tax rules that seek to tax gains made by non-UK tax resident persons where such gains derive substantially from UK property. These rules are provided for in the Draft Finance Bill 2019 and are expected to take effect from 6 April 2019. Broadly, this measure can tax gains made by non-UK tax residents on the disposal of shares in a company deriving 75 per cent. or more of its value from UK land. Non-resident individuals will be subject to UK capital gains tax on such gains and non-resident companies will be subject to UK corporation tax on such gain. The legislation in this area is not yet final, however, (assuming that the Draft Finance Bill 2019 is enacted) we expect that this charge will apply to non-resident shareholders disposing of shares in the Company.

#### *Stamp duty, SDRT and SDLT*

No stamp duty will be payable on the issue of Ordinary Shares. Sales of shares in a REIT will not be subject to SDLT but will generally be subject to stamp duty or Stamp Duty Reserve Tax ("**SDRT**") at the rate of 0.5 per cent. of the amount of the value of the consideration for the transfer where that value is over £1,000.

#### *SIPPs and SSASs*

Shares in a UK company should be eligible for inclusion in a UK self-invested pension plan (a "**SIPP**") or a UK small self-administered scheme (a "**SSAS**"), subject to the terms of, and the discretion of the trustees (or, where applicable, the providers) of, the SIPP or the SASS as the case may be.

#### *ISAs*

The Ordinary Shares should qualify as investments which are eligible for inclusion in an ISA.

## Part XIII: Additional Information

### 1 The Company

- (a) The Company was incorporated and registered in England and Wales on 7 November 2016 with registered number 10464966 as a public company limited by shares with the name Impact Healthcare REIT plc. The Company is not authorised or regulated as a collective investment scheme by the FCA. However, it is subject to the Listing Rules, the Admission and Disclosure Standards and the Disclosure Guidance and Transparency Rules. The principal legislation under which the Company operates and under which the Ordinary Shares are issued is the Companies Act. The Company operates in accordance with Articles as summarised in paragraph 4 of this Part XIII.
- (b) On 7 November 2016, the Company was granted a certificate under section 761 of the Companies Act entitling it to commence business and exercise its borrowing powers.
- (c) The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 833 of the Companies Act.
- (d) The registered office of the Company is at 7th Floor, 9 Berkeley Street, London, W1J 8DW and the telephone number of the Company is +44 (0) 207 409 0181.
- (e) The Registrar of the Company is Link Market Services Limited. It is responsible for maintaining the register of members of the Company.

### 2 Subsidiaries

The Company is the ultimate holding company of the Group. The Group is currently comprised of the following entities, which are all direct or indirect wholly owned subsidiaries of the Company:

Name	Country of incorporation and registered office	Principal activity
Impact Holdco 1 Limited	England and Wales	Intermediate holding company
Impact Finance 1 Limited	England and Wales	Intermediate holding company
Impact Property 1 Limited	England and Wales	Property holding company
Impact Holdco 2 Limited	England and Wales	Intermediate holding company
Impact Finance 2 Limited	England and Wales	Intermediate holding company
Impact Property 2 Limited	England and Wales	Property holding company
Impact Holdco 3 Limited	England and Wales	Intermediate holding company
Impact Finance 3 Limited	England and Wales	Intermediate holding company
Impact Property 3 Limited	England and Wales	Property holding company
Alpha Care Management Services Group Limited	England and Wales	Intermediate holding company
Alpha Care (Grenville) Limited	England and Wales	Property holding company
Umber (GP) Limited	Jersey	Intermediate holding company
Umber Properties Limited	Jersey	Intermediate holding company
Umber Properties LP	Jersey	Property holding partnership
Roseville Property Limited	England and Wales	Property holding company
Sandbanks Property Redcar Limited	England and Wales	Property holding company
Impact Property 4 Limited	England and Wales	Property holding company

### 3 Share and loan capital of the Company

- (a) On incorporation, the issued share capital of the Company was two Ordinary Shares of a nominal value of £0.01, which was subscribed by the Investment Adviser and 50,000 Management Shares with a nominal value of £1.00 each which were subscribed by the Investment Adviser. On 7 March 2017, the Company issued a further 146,172,360 Ordinary Shares. The Management Shares were redeemed following First Admission out of the proceeds of the Ordinary Shares issued at IPO.
- (b) On 12 April 2017, the Company's share premium account (as approved by the Shareholders at a general meeting of the Company held on 16 January 2017) was reduced by £46,851,708.00 in order to create distributable reserves.
- (c) On 4 May 2017, the Company issued 14,000,000 Ordinary Shares pursuant to the Vendor Issue.
- (d) On 8 November 2017, the Company issued a further 32,034,471 Ordinary Shares in a placing.
- (e) Set out below is the issued share capital of the Company as at the date of this Prospectus:

	Aggregate Nominal value (£)	Number
Ordinary Shares	1,922,068.31	192,206,831

The issued Ordinary Shares are fully paid up.

- (f) By ordinary and special resolutions passed at the annual general meeting of the Company on 26 April 2018 it was resolved:
  - (i) that the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £192,206.83, such authority to expire on 26 July 2019 or, if earlier, the date of the next annual general meeting of the Company save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired;
  - (ii) that the Directors were, in addition to the authority granted under paragraph (f)(i) above, generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £192,206.83, such authority to expire on 26 July 2019 or, if earlier, the date of the next annual general meeting of the Company save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired;
  - (iii) that the Directors were empowered (pursuant to section 570 of the Companies Act) to allot Ordinary Shares for cash pursuant to the authority referred to in paragraph (f)(i) above and/or to sell Ordinary Shares held by the Company as treasury shares as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire at the conclusion of the next annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;
  - (iv) that the Directors were empowered (pursuant to section 570 of the Companies Act) to allot Ordinary Shares for cash pursuant to the authority referred to in paragraph (f)(ii) above and/or to sell Ordinary Shares held by the Company as treasury shares as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire at the conclusion of the next annual general meeting of the Company, save that the Company

may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired; and

- (v) to authorise the Company generally and unconditionally for the purpose of section 701 of the Companies Act to make market purchases (as defined in section 693 of the Companies Act) of Ordinary Shares on such terms and in such manner as the Directors may from time to time determine, provided that:
  - (1) the maximum number of Ordinary Shares authorised to be purchased under the authority is 28,811,804 Ordinary Shares (or such lesser amount, if applicable, as is equal to 14.99 per cent. of the allotted and fully paid up share capital of the Company on 26 March 2018);
  - (2) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is one pence per share, being the nominal amount thereof;
  - (3) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares is an amount equal to the higher of (i) five per cent. above the average of the middle market quotations for such shares taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the price stipulated by Article 3(2) of the regulatory technical standards for the conditions applicable to buyback programmes and stabilisation measures (Commission Delegated Regulation (EU) 2016/1052);
  - (4) the authority will (unless previously renewed or revoked) expire on the earlier of 26 July 2019 and the end of the next annual general meeting of the Company;
  - (5) the Company may make a contract to purchase its own Ordinary Shares under the authority conferred by the resolution prior to the expiry of the authority, and such contract will or may be executed wholly or partly after the expiry of the authority, and the Company may make a purchase of its own Ordinary Shares in pursuance of any such contract; and
  - (6) Ordinary Shares purchased pursuant to the authority conferred by this resolution shall be either: (i) cancelled immediately upon completion of the purchase; or (ii) be held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act.
- (g) The General Meeting has been convened to be held at the offices of the Investment Adviser, Heddon House, 149-151 Regent Street, London, W1B 4JD at 10.30 a.m. on 5 March 2019. At the General Meeting resolutions will be proposed to:
  - (i) in addition to any existing authority, authorise the Directors in accordance with section 551 of the Companies Act to allot Ordinary Shares up to an aggregate nominal amount of £2 million in connection with the Placing Programme, such authority to expire on 10 February 2020 or, if earlier, the date on which the Placing Programme is terminated, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired; and
  - (ii) empower the Directors (pursuant to section 570 of the Companies Act) to allot Ordinary Shares for cash pursuant to the authority referred to in paragraph (g)(i) above as if section 561 of the Companies Act did not apply to any such allotment, such power to expire on 10 February 2020 or, if earlier, the date on which the Placing Programme is terminated, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the New Ordinary Shares to be

allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired.

- (h) The provisions of section 561(1) of the Companies Act (to the extent not disapplied pursuant to sections 570-571 of the Companies Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up in cash and will apply to any shares to be allotted by the Directors, except to the extent disapplied by the resolutions referred to in this paragraph 3.
- (i) No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- (j) The Company will apply for the New Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange and admission is expected to occur at 8.00 a.m. on the date of each Programme Admission. The Ordinary Shares are not listed or traded on, and no application has been or is being made for the admission of the Ordinary Shares to listing or trading on, any other stock exchange or securities market.
- (k) The Ordinary Shares are in registered form and are capable of being held in uncertificated form and title to such Ordinary Shares may be transferred by means of a relevant system (as defined in the Regulations). Where the Ordinary Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 Business Days of the completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Where Ordinary Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 42 of this Prospectus, maintains a register of Shareholders (including shareholdings in both certificated and uncertificated form).
- (l) The relevant Placing Programme Price of any New Ordinary Shares issued pursuant to a Placing under the Placing Programme will be determined by the Directors, Winterflood and RBC Capital Markets having regard to, *inter alia*, prevailing market conditions and at a premium to the prevailing NAV per Ordinary Shares at the time of the relevant Placing. No expenses are being charged to any subscriber or purchaser.
- (m) Both the Listing Rules and the Companies Act allow for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. As set out in (g) above, the Company is seeking to disapply these pre-emption rights in respect of a defined number of Ordinary Shares until the next annual general meeting of the Company.
- (n) Except where authorised by Shareholders, no Ordinary Shares will be issued at a price which is less than the Net Asset Value per existing Ordinary Share at the time of their issue unless they are first offered *pro rata* to Shareholders on a pre-emptive basis.
- (o) Each New Ordinary Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Ordinary Share of the same class, as set out in the Articles. The Ordinary Shares will be denominated in Sterling.

#### 4 Articles of Association

The Articles contain provisions, *inter alia*, to the following effect:

##### 4.1 Voting rights

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being

be held and any restriction on voting referred to below, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy (regardless of the number of members for whom he is proxy) shall have one vote on a show of hands. On a poll, every Shareholder present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.

The duly authorised representative of a corporate Shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual Shareholder.

A Shareholder is not entitled to vote unless all calls due from him have been paid.

A Shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Companies Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice), is served with a disenfranchisement notice. Such disenfranchisement will apply only for so long as the notice from the Company has not been complied with or until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

#### 4.2 *General meetings*

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days' written notice must be given, subject to compliance with the relevant provisions of the Companies Act, including a special resolution of shareholders being passed in relation to such a notice period in accordance with s307A of the Companies Act. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting; (ii) the date, time and place of the meeting; (iii) the general nature of the business of the meeting and (iv) any intention to propose a resolution as a special resolution. All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy, unless, at the time of the meeting there is only one member of the Company, in which case the quorum will be one member present in person or by proxy.

Each Director can attend and speak at any general meeting.

#### 4.3 *Dividends*

Subject to the Companies Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board. Subject to the Companies Act, the Board may from time to time pay to the Shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as it thinks fit.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The Board may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class (calculated exclusive of treasury shares) after there has been a failure

to comply with any notice under section 793 of the Companies Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph 3.1 above.

#### 4.4 *Return of capital*

On a voluntary winding-up of the Company the liquidator may, with the sanction of a special resolution of the Company and subject to the Companies Act and the Insolvency Act 1986 (as amended), divide amongst the Shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

#### 4.5 *Substantial Shareholders*

The Articles contain provisions relating to Substantial Shareholders. The Company will apply to be treated as a REIT for the purposes of Chapter 12 of the CTA 2010. Under the REIT regime a tax charge may be levied on the Company if it makes a distribution to a company beneficially entitled (directly or indirectly) to 10 per cent. or more of the Ordinary Shares or dividends of the Company or which controls (directly or indirectly) 10 per cent. or more of the voting rights of the Company. If, however, the Company has taken "reasonable steps" to prevent the possibility of such a distribution being made, then this tax charge may not arise. The Articles:

- (a) provide the Directors with powers to identify Substantial Shareholders (including giving notice to a Shareholder requiring him to provide such information as the directors may require to establish whether or not he is a Substantial Shareholder);
- (b) provide the Directors with powers to prohibit the payment of dividends on Ordinary Shares that form part of a Substantial Shareholding, unless certain conditions are met;
- (c) allow dividends to be paid on Ordinary Shares that form part of a Substantial Shareholding where the Shareholder has disposed of its rights to dividends on its Ordinary Shares;
- (d) seek to ensure that if a dividend is paid on Ordinary Shares that form part of a Substantial Shareholding and arrangements of the kind referred to in 3.5(c) are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend; and
- (e) provide the Directors with powers if certain conditions are met, to require (i) a Substantial Shareholder; (ii) a Shareholder who has not complied with a notice served in accordance with the power referred to in 3.5(a); or (iii) a Shareholder who has provided materially inaccurate or misleading information in relation to the Substantial Shareholder provisions of the Articles, to dispose of such number of their shares as the Directors may specify, or to take such other steps as will cause the Directors to believe the Shareholder is no longer a Substantial Shareholder.

Ordinary Shares held as nominee are disregarded for this purpose.

#### 4.6 *Transfer of shares*

The Ordinary Shares are in registered form and, subject to the restrictions summarised below, are freely transferable.

The Articles provide for shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, such shares being referred to as "**Participating Securities**". Subject to such of the restrictions in the Articles as shall be applicable, any member may transfer all or any of his shares. In the case of shares represented by a certificate ("**Certificated Shares**") the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such shares, a CREST transfer being acceptable under the current rules.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.



The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any instrument of transfer of shares, all or any of which are not fully paid.

The Board may also refuse to register a transfer unless:

- (a) the duly stamped instrument of transfer (if required) is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- (b) the instrument of transfer is in respect of only one class of share; and
- (c) in the case of a transfer to joint holders of a Share, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The Board shall also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph 3.9 below) unless the shareholder has not, and proves to the satisfaction of the Board that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the Board shall not decline to register:

- (a) transfer in connection with a bona fide sale of the beneficial interest in any shares to any person who is unconnected with the shareholder and with any other person appearing to be interested in the share;
- (b) a transfer pursuant to the acceptance of an offer made to all the Company's shareholders or all the shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or
- (c) a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company's shares are normally traded.

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA or the US Tax Code; (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of 1940 and/or the Securities Act and/or the Exchange Act and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause the Company not to be considered a **"Foreign Private Issuer"** under the Exchange Act; (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the US Tax Code; or (v) may cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction, or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation), then the Board may declare the Shareholder in question a **"Non-Qualified Holder"** and the Board may require that any shares held by such Shareholder (**"Prohibited Shares"**) shall (unless the Shareholder concerned satisfies the Board that he is not a Non-Qualified Holder) be transferred to another person who is not a Non-Qualified Holder, failing which the Company may itself dispose of such Prohibited Shares at the best price reasonably obtainable and pay the net proceeds to the former holder.

#### 4.7 *Variation of rights*

Subject to the Companies Act, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied (whether or not the Company is being

wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

#### *4.8 Share capital and changes in capital*

Subject to and in accordance with the provisions of the Companies Act, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued on terms that they are, at the option of the Company or a member liable, to be redeemed on such terms and in such manner as may be determined by the Board (such terms to be determined before the shares are allotted).

Subject to the provisions of the Articles and the Companies Act, the power of the Company to offer, allot and issue any new shares in the Company and any shares lawfully held by the Company or on its behalf (such as shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine.

The Company may by ordinary resolution alter its share capital in accordance with the Companies Act. A resolution may determine that, as between the holders of shares resulting from any sub-division of shares, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

#### *4.9 Disclosure of interests in shares*

Section 793 of the Companies Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a Shareholder receives a statutory notice of this nature, he or she has 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a "disenfranchisement notice"). The disenfranchisement notice will state that the identified shares no longer give the Shareholder any right to attend or vote at a Shareholders' meeting or to exercise any other right in relation to Shareholders' meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

The Articles do not restrict in any way the provisions of section 793 of the Companies Act.

#### *4.10 Non-UK shareholders*

Shareholders with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices shall be served.

#### *4.11 Untraced shareholders*

Subject to various notice requirements, the Company may sell any of a shareholder's shares in the Company if, during a period of 12 years, at least three dividends on such shares have become payable and no dividend has been claimed during that period in respect of such shares and the Company has received no communication from such shareholder.

#### 4.12 *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party provided that the Board shall restrict the borrowings of the Company, and exercise all powers of control exercisable by the Company in relation to its subsidiaries, so as to secure (in relation to its subsidiaries so far as the Board is able) that the aggregate amount for the time being of all borrowings by the Company shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 1,000 times the adjusted capital and reserves of the Company.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the shareholders.

#### 4.13 *Directors*

Subject to the Companies Act, and provided he or she has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Companies Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if the matter is proposed in writing for consideration in accordance with the Board's normal procedures, any requirement about the quorum of the meeting is met without including the Director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a Director shall not vote in respect of any matter in which he or she has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- (a) the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;
- (b) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning his being a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries;
- (d) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
- (e) any arrangement for the benefit of employees of the Company or any of its subsidiaries which does

not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and

- (f) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include Directors, provided that for that purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, Directors.

The Directors shall be paid such remuneration by way of fees for their services as may be determined by the Board, save that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate amount of such fees of all Directors shall not exceed £500,000 per annum. The Directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

The Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, the Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority and indemnify a Director in connection with the Company's activities as a trustee of a pension scheme.

The Directors are obliged to retire by rotation and are eligible for re-election at the third annual general meeting after the annual general meeting at which they were elected. Any non-executive Director who has held office for nine years or more or who is not independent from the Investment Manager is subject to re-election annually. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election.

There is no age limit for Directors.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two nor more than ten in number.

#### *4.14 Redemption*

The Ordinary Shares are not redeemable.

#### *4.15 Electronic communication*

The Company may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000.

The above is a summary only of certain provisions of the Articles, the full provisions of which are available for inspection as described in paragraph 15 below.

#### *4.16 Management Shares*

The Management Shares can be redeemed at any time (subject to the provisions of the Companies Act) by the Company and carry the right to receive a fixed annual dividend equal to 0.01 per cent. of the

nominal amount of each of the shares payable on demand. For so long as there are shares of any other class in issue, the holders of the Management Shares will not have any right to receive notice of or vote at any general meeting of the Company. If there are no shares of any other class in issue, the holders of the Management Shares will have the right to receive notice of, and to vote at, general meetings of the Company. In such circumstances, each holder of a Management Share who is present in person (or, being a corporation, by representative) or by proxy at a general meeting will have on a show of hands one vote and on a poll every such holder who is present in person or by proxy (or being a corporation, by representative) will have one vote in respect of each Management Share held by him.

## **5 Mandatory bids and compulsory acquisition rules relating to the Ordinary Shares**

### **5.1 *Mandatory bid***

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- (a) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquiror or its concert parties during the previous 12 months.

### **5.2 *Compulsory acquisition***

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## **6 Information on the Directors**

- (a) Details of the names of companies and partnerships (excluding directorships of the Group) of which the Directors are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this Prospectus:

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Past directorships/partnerships</b>
Rupert Barclay	Cairneagle Associates LLP Cairneagle Nominees Limited Foundations Inns plc (in liquidation) Rupert Barclay and Associates Limited Sanditon Investment Trust plc	Columba Systems Limited Lowland Investment Company plc Innoverne Limited (dissolved) SBL Network Limited (in liquidation) Trusted Sources UK Limited TSL Research Group Limited
Rosemary Boot	Southern Water Services Limited The Green Alliance The Green Alliance Trust	The Conservatoire for Dance and Drama Future Cities Catapult
Paul Craig	The Diverse Income Trust plc Ground Rents Income Fund plc Hadrian's Wall Secured Investments Limited DIT Income Services Limited	Aberdeen Emerging Markets Smaller Companies Limited The Healthcare REIT Limited Golden Prospect Precious Metals Ltd
Philip Hall	Deben Healthcare Consultancy Limited	-

(b) None of the Directors:

- (i) has any convictions in relation to fraudulent offences for at least the previous five years; or
- (ii) has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership or liquidation for at least the previous five years, other than Mr. Barclay who (i) was a director of Innoverne Limited, which was placed into liquidation on 29 April 2016 pursuant to a creditors' voluntary liquidation procedure. The total shortfall on that date was just under £700,000, none of which was recovered by creditors or shareholders; (ii) is a director of Foundation Inns plc, which was placed into liquidation on 10 January 2018 pursuant to a members' voluntary liquidation procedure. It is expected that creditors will recover in full; and (iii) was a director of SBL Network Limited, which was placed into liquidation on 12 October 2018 pursuant to a creditors' voluntary liquidation procedure. It is expected that creditors will not be paid out in full and that the total shortfall will be approximately £260,000; or
- (iii) has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

## 7 Directors' and others' interests

- (a) The Directors' interests (all of which are or will be beneficial unless otherwise stated) in the ordinary share capital of the Company are as follows:

<b>Name of Director</b>	<b>Number of Ordinary Shares</b>	<b>As at the date of this Prospectus</b>
		<b>Percentage of issued share capital (%)</b>
Rupert Barclay*	100,000	0.1
Rosemary Boot*	30,000	0.0
Paul Craig**	39,617,784	20.6
Philip Hall	30,000	0.0

\* Shares held through a self-invested personal pension (SIPP)

\*\* These shares are held by funds managed by Quilter Investors, of which Paul Craig is the Investment Manager

- (b) Mahesh Patel, who is a Principal of the Investment Adviser is interested in 10,000,000 Ordinary Shares (or approximately 5.20 per cent. of the Company's existing Ordinary Shares) through his ownership of a special purpose vehicle, Maal Limited.
- (c) Save as disclosed in paragraph 7(a) above, no Director has any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.
- (d) The Company is aware of the following persons only who, at the date of this Document represent an interest directly or indirectly, jointly or severally in 3 per cent. or more of the Company's share capital or could exercise control over the Company:

As at the date of this Prospectus		
Shareholder	Number of Ordinary Shares	Interests in Ordinary Shares (%)
Quilter Investors	39,617,784	20.61
Schroder plc	20,162,411	10.49
Premier Fund Managers	12,612,391	6.56
Integrated Financial Arrangements	10,737,096	5.59
Baillie Gifford	10,392,000	5.41
Maal Limited <sup>(1)</sup>	10,000,000	5.20
Valu-Trac Investment Management	9,558,589	4.97
Brooks Macdonald Asset Management	7,783,860	4.05
CCLA Investment Management	7,375,388	3.84
Nedbank Group	5,936,952	3.09

<sup>(1)</sup> The special purpose vehicle through which Mahesh Patel holds his Ordinary Shares.

- (e) The voting rights of the Company's Shareholders are the same in respect of each Ordinary Share held.
- (f) Save as disclosed in paragraph 7(a) and 7(d) above, as at the date of this Prospectus, the Company is not aware of any person who holds three per cent. or more of the voting rights in the Company as a Shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure Guidance and Transparency Rules). The Company is not aware of any person who, directly or indirectly owns or controls the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.
- (g) The Directors are in addition to the Company, directors/partners of the companies listed in paragraph 6 of this Part XIII. The Articles contain provisions whereby a Director shall not vote *inter alia* in respect of any matter in which he has, directly or indirectly, any material interest. Save, in relation to the directorships listed in paragraph 6 of this Part XIII, there are no potential conflicts of interest between any duties owed by the Directors to the Company and their private interests and/or other duties.

## 8 Directors' Appointments

Under the terms of their appointments as non-executive Directors of the Company, each Director is entitled to an annual fee. Following a review by, and the subsequent recommendations of, the Remuneration Committee, the Directors' remuneration for their services was increased to a fee of £33,000 per annum (£38,000 for the Chairman of the Audit Committee and £46,000 for the Chairman). The increases took effect from 1 September 2018 and will be referenced in the Remuneration Report to be included in the annual report and accounts of the Group for the period ended 31 December 2018, which will be subject to an advisory Shareholder vote at the next AGM.

The Directors hold their office in accordance with the Articles and their appointment letters. No Director has a service contract with the Company. The retirement, disqualification and removal provisions relating to the Directors (in their capacity as directors) are summarised in paragraph 4.13 of this Part XIII. No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.

## **9 Employees**

The Company does not have any employees.

## **10 Material Contracts and Related Party Transactions**

(a) Save as referred to below, all material contracts entered into by the Company are expressed to be governed by and construed in accordance with the law of England and Wales. The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company in the past two years and/or which are or may be material to the Company or have been entered into by the Company at any time and contain a provision under which the Company has any obligation or entitlement which is material to the Company at the date of this Prospectus:

- (i) A placing agreement dated 11 February 2019 entered into by the Company, the Investment Adviser, Winterflood and RBC Capital Markets pursuant to which, subject to certain conditions, Winterflood and RBC Capital Markets have agreed to act as joint bookrunners in respect of the Placing Programme and to use their respective reasonable endeavours to procure subscribers for the New Ordinary Shares to be issued pursuant to the Placing Programme.

The obligations of Winterflood and RBC Capital Markets under the Placing Agreement are conditional on, among other things:

- (1) the applicable Placing Programme price being determined by the Directors, Winterflood and RBC Capital Markets;
- (2) Programme Admission occurring in respect of the relevant Placing of New Ordinary Shares under the Placing Programme; and
- (3) to the extent required by the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company.

In the event that any of the conditions in the Placing Agreement are not met in respect of any Placing under the Placing Programme, Winterflood and RBC Capital Markets shall, amongst other things, not be under any obligation to complete the relevant Placing, the Company shall withdraw its application for the relevant Programme Admission (making such announcement as reasonably required by Winterflood and RBC Capital Markets) and appropriate arrangements for the return of monies received shall be made.

In consideration for the services provided in relation to the Placing Programme, Winterflood and RBC Capital Markets will (in respect of each Placing) receive from the Company a placing commission which shall be calculated by reference to the Gross Proceeds of the relevant Placing, together with reimbursement for all out of pocket expenses incurred by it in connection with the Placing Programme.

The Company and the Investment Adviser have in the Placing Agreement given certain customary warranties and indemnities to Winterflood and RBC Capital Markets.

- (ii) The Company's indirect subsidiary, Impact Finance 1 Limited entered into the Interest rate cap agreement with Australia and New Zealand Banking Group Limited on 21 June 2018 in respect of a £25 million interest rate cap of 1 per cent. against 1 month LIBOR for a period of five years to 15 June 2023. The interest rate cap provides the Company with a hedge against 1 month LIBOR rates rising above 1 per cent. for the period of the £25 million



floating-rate term facility with Metro Bank. The Company believes that 1 month LIBOR rates are the closest comparable to Bank of England Base rates and therefore provide a commercially available hedge to the £25 million floating-rate term facility.

- (iii) The Company's indirect subsidiary, Impact Finance 1 Limited, entered into the Credit Facility with Metro Bank plc on 15 June 2018, as amended on 19 October 2018, in respect of a £50 million, five year loan facility which is comprised of: (i) a term loan of £25 million and a revolving credit facility of £25 million.

Both the term and revolving credit segments of the facility have a margin of 265 basis points over Metro Bank Plc's published base lending rate. The five year term loan is repayable without penalty after two years, and with a 1 per cent. penalty if prepaid within the first two years and amounts drawn under the revolving credit facility can be repaid at any time without penalty. The Group has granted charges over 54 properties held by Propco 1 and Propco 2 as security for the loan.

- (iv) The Company entered into the Prestige Framework Agreement with Prestige and Mr Sukhraj Singh on 16 March 2018 pursuant to which the parties agreed certain arrangements as regards the properties in the Portfolio operated by Prestige, including in relation to the operational covenants of Prestige.

The operational covenants specified in the Prestige Framework Agreement are:

- (1) Prestige will submit quarterly Financial Reports which include certain prescribed financial information, including the Rent Cover of Prestige, within 30 days of each quarter end;
  - (2) if any Financial Report shows that the Rent Cover is less than 1.5 times, Prestige will notify the Company of that fact and will not be permitted to declare or pay any dividend or other distribution if, following the payment of such dividend or distribution, Prestige would not have cash equivalent to three month's rent payable to the Group in respect of properties within the Portfolio which are leased to members of the Prestige group. If the Rent Cover then remains below 1.5 times in two consecutive Financial Reports, or any two Financial Reports in any twelve month period, Prestige shall be required to submit a proposal to the Board detailing how it can improve its performance and forecast;
  - (3) if the Rent Cover is shown to be less than 1.25 times in two consecutive Financial Reports, Prestige shall be required to pay a rent deposit which is equal to three months' rent for each of the properties within the Portfolio which are leased to a member of the Prestige, to be held as security for all sums payable under the leases (and which will only be repaid when the Rent Cover is greater than 1.25 times the rent for the properties within the Portfolio leased to Prestige); and
  - (4) if the Rent Cover is shown to be less than 1.1 times (or if Prestige fails to provide the Financial Report or any required rent deposit), then the Company shall be entitled to exercise its rights of forfeiture under the leases between the Group and any member of the Prestige group of the relevant lease.
- (v) The Company entered into the Careport Framework Agreement with Careport and Mariposa Care Group Limited on 3 August 2018 pursuant to which the parties agreed certain arrangements as regards the properties in the Portfolio operated by Careport, including in relation to the operational covenants of the Careport.

The operational covenants specified in the Careport Framework Agreement are:

- (1) Careport will submit quarterly Financial Reports which include certain prescribed financial information, including the Rent Cover of Careport, within 30 days of each

quarter end;

- (2) if any Financial Report shows that the Rent Cover is less than 1.5 times, Careport will notify the Company of that fact and will not be permitted to declare or pay any dividend or other distribution if, following the payment of such dividend or distribution, Careport would not have cash equivalent to three month's rent payable to the Group in respect of properties within the Portfolio which are leased to members of the Careport group. If the Rent Cover then remains below 1.5 times in two consecutive Financial Reports, or any two Financial Reports in any twelve month period, Careport shall be required to submit a proposal to the Board detailing how it can improve its performance and forecast;
- (3) if the Rent Cover is shown to be less than 1.25 times in two consecutive Financial Reports, Careport shall be required to pay a rent deposit which is equal to three months' rent for each of the properties within the Portfolio which are leased to a member of the Careport, to be held as security for all sums payable under the leases (and which will only be repaid when the Rent Cover is greater than 1.25 times the rent for the properties within the Portfolio which are leased to Careport); and
- (4) if the Rent Cover is shown to be less than 1.1 times (or if Careport fails to provide the Financial Report or any required rent deposit), then the Company shall be entitled to exercise its right of forfeiture under the leases between the Group and any member of the Careport group where a corresponding breach of the relevant lease.

The Careport Framework Agreement also imposes strict repair and maintenance obligations on Tenants which form part of the Careport group. In addition to requiring Careport to deliver an annual repair and maintenance budget to the Company, the Framework Agreement imposes a minimum annual repair and maintenance spend of £1,250 per bed per year but assessed on a rolling three-year basis so that in any three-year period Careport and Mariposa Care Group Limited shall spend at least £3,750 per bed per property let to Careport on repair and maintenance. If the minimum repair and maintenance budget is not met, Careport is not to declare any dividend or distribution unless they are at the same time holding cash equal to the deficit in a separate designated account. The minimum repair and maintenance amount is reviewed on an upwards only basis annually against RPI.

- (vi) The Company entered into the Renaissance Framework Agreement with Renaissance Care on 31 October 2018 pursuant to which the care parties agreed certain arrangements as regards the properties in the Portfolio operated by Renaissance Care, including in relation to the operational covenants of the Renaissance Care.

The operational covenants specified in the Renaissance Framework Agreement are:

- (1) Renaissance Care will submit quarterly Financial Reports which include certain prescribed financial information, including the Rent Cover of Renaissance Care, within 30 days of each quarter end;
- (2) if any Financial Report shows that the Rent Cover is less than or forecast to be less than 1.5 times the aggregate principle rent payable by Renaissance Care over the portfolio leased to Renaissance Care, Renaissance Care will notify the Company of that fact and if the Rent Cover is less than 1.5 times the aggregate principle rent for the Portfolio leased to Renaissance Care for any two consecutive quarters (or any two quarters within a 12 month period), Renaissance Care is not permitted to declare or pay any dividend or other distribution if, following the payment of such dividend or distribution, Renaissance Care would not have cash equivalent to

six months' rent payable to the Group in respect of properties within the Portfolio which are leased to members of the Renaissance Care. If the Rent Cover then remains below 1.5 times in two consecutive Financial Reports, or any two Financial Reports in any twelve month period, Renaissance Care shall be required to submit a proposal to the Board detailing how it can improve its performance and forecast; and

- (3) if the Rent Cover is shown to be less than 1.25 times in two consecutive Financial Reports, Renaissance Care shall be required to introduce monthly financial reports until the Rent Cover is 1.35 times the aggregate principle rent.

The Renaissance Framework Agreement also imposes strict repair and maintenance obligations on Tenants which form part of the Renaissance Care group. In addition to requiring Renaissance Care to deliver an annual repair and maintenance budget to the Company, the Framework Agreement imposes a minimum annual repair and maintenance spend of £1,250 per bed per year but assessed on a rolling three-year basis so that in any three-year period Renaissance Care shall spend at least £3,750 per bed per property let to Renaissance Care on repair and maintenance. If the minimum repair and maintenance budget is not met, Renaissance Care is not to declare any dividend or distribution unless they are at the same time holding cash equal to the deficit in a separate designated account. The minimum repair and maintenance amount is reviewed on an upwards only basis annually against RPI.

- (vii) The Company entered into the Minster Framework Agreement with Minster Topco and Mahesh Patel on completion of the Seed Portfolio acquisition on 4 May 2017 pursuant to which the parties agreed certain arrangements as regards the Seed Portfolio, including in relation to:

- (1) the operational covenants of the Initial Tenants;
- (2) the basis on which the Group will forward fund any capital expenditure projects in respect of the Seed Portfolio and future Portfolio assets where the Tenant is a member of the MC Group; and
- (3) the treatment of any capital allowances which may be available in respect of any forward funded capital expenditure (such that, if possible, the Group will transfer the benefit of these allowances to the MC Group).

The operational covenants specified in the Framework Agreement are:

- (1) Minster Topco will submit quarterly Financial Reports which include certain prescribed financial information, including the Rent Cover of Minster Topco, within 30 days of each quarter end;
- (2) if any Financial Report shows that the Rent Cover is less than 1.5 times, Minster Topco will notify the Company of that fact and will not be permitted to declare or pay any dividend or other distribution if, following the payment of such dividend or distribution, Minster Topco would not have cash equivalent to three month's rent payable to the Group in respect of properties within the Portfolio which are leased to members of the MC Group. If the Rent Cover then remains below 1.5 times in two consecutive Financial Reports, or any two Financial Reports in any twelve month period, Minster Topco shall be required to submit a proposal to the Board detailing how it can improve its performance and forecast;
- (3) if the Rent Cover is shown to be less than 1.25 times in two consecutive Financial Reports, Minster Topco shall be required to pay a rent deposit which is equal to three months' rent for each of the properties within the Portfolio which are leased to a member of the MC Group, to be held as security for all sums payable under the

leases; and

- (4) if the Rent Cover is shown to be less than 1.1 times (or if Minster Topco fails to provide the Financial Report or any required rent deposit), then the Company shall be entitled to terminate any of the leases between the Group and any member of the MC Group where a corresponding breach of the relevant lease has occurred.

The agreement further provides that the Group will fund capital expenditure in respect of Portfolio properties which are leased to Tenants which form part of the MC Group provided certain circumstances are met including, for example, circumstances in which the proposed expenditure (when capitalised into rent) is in respect of material structural alterations and such expenditure will not reduce the Rent Cover below 1.5 times.

Although funding any such capital expenditure is subject to the Company's prior consent, such consent must not be unreasonably withheld or delayed. In addition, consent may only be granted if the Company has available finance to fund 120 per cent. of the projected costs of the relevant capital expenditure.

If a capital expenditure project is approved by the Company in principle, Minster Topco may request that the relevant Initial Tenant is granted a rent-free period from the date on which project works commence until the date which is up to twelve months after the date of completion of the relevant project. In such circumstances, the amount of rent which would otherwise have been payable during the rent-free period will be treated as a cost of the relevant project.

Following the completion of any capital expenditure project funded by the Group, the lease in respect of the relevant property will be amended to provide for an increased rent which is equivalent to the cost of the capital expenditure (plus interest compounded quarterly at a rate of eight per cent. per annum) multiplied by eight per cent.

The Framework Agreement also imposes strict repair and maintenance obligations on Tenants which form part of the MC Group. In addition to requiring Minster Topco to deliver an annual repair and maintenance budget to the Company, the Framework Agreement imposes a minimum annual repair and maintenance spend of £1,500 which is assessed on a per bed basis over a rolling three year period.

- (viii) A placing agreement dated 24 January 2017 entered into by the Company, each of the Directors, the Investment Adviser, Mahesh Patel and Winterflood (the "**First Placing Agreement**") pursuant to which, subject to certain conditions, Winterflood agreed to act as sole bookrunner in respect of the IPO and to use its reasonable endeavours to procure subscribers for the Ordinary Shares to be issued pursuant to the relevant placing.

The obligations of Winterflood under the First Placing Agreement were conditional on, among other things, First Admission occurring by 8.00 a.m. on 7 March 2017 (or such later date as the Company and Winterflood may agree).

In consideration for their services under the First Placing Agreement, Winterflood received from the Company a placing commission equal to 1.5 per cent. of the gross proceeds of the IPO together with reimbursement for all out-of-pocket expenses incurred by it in connection therewith.

The Company, the Investment Adviser, Mahesh Patel and the Directors gave in the First Placing Agreement certain customary warranties (subject, in the case of the Directors and Mahesh Patel, to certain agreed caps), and the Company and the Investment Adviser agreed to provide customary indemnities, to Winterflood.

- (ix) An agreement dated 16 January 2017 between the Company and the Investment Manager whereby the Investment Manager was appointed to act as investment manager of the

Company. The Investment Manager agreed to provide customary services of a discretionary investment manager that is also appointed as a non-EU AIFM to the Company, including portfolio and risk management services. Under the terms of the Investment Management Agreement, the Investment Manager's performance is, at all times, be subject to the supervision of the Board.

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to an annual management fee of £95,000 together with reimbursement of all costs and expenses properly incurred by it in the performance of its duties, save that any individual item or expense in excess of £100 (or any individual travel expense in excess of £5,000) shall be subject to the prior approval of the Investment Adviser.

The Investment Management Agreement may be terminated by either party on six months' notice and may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied. The Company has also agreed to indemnify the Investment Manager for losses that the Investment Manager may incur in the performance of its duties pursuant to the Investment Management Agreement or otherwise in connection with the Company's activities that are not attributable to, *inter alia*, a breach of the Investment Management Agreement by, or the negligence, fraud, wilful default or bad faith of, the Investment Manager. The Investment Management Agreement is governed by the laws of the Island of Jersey.

- (x) An agreement dated 16 January 2017 between the Company and the Investment Adviser whereby the Investment Adviser was appointed to act as investment adviser to the Group with effect from First Admission.

Under the terms of the Investment Advisory Agreement, the Company appointed the Investment Adviser to provide certain investment advisory services to the Group including sourcing potential opportunities in which the Company may invest and ongoing monitoring of the Portfolio. Accordingly, the Investment Adviser is entitled to an advisory fee together with reimbursement of reasonable costs and expenses incurred by it in attending meetings of the Board, complying with the Company's instructions upon termination of the Investment Advisory Agreement, or as may otherwise be agreed in writing by the Company in connection with the performance of its duties. Details of the advisory fee are set out in Part V of this Prospectus under the sub-heading "Fees and expenses".

In addition, the Investment Advisory Agreement imposes certain restrictions on the Investment Adviser and the Associates from acquiring, developing, leasing or operating competing businesses, and:

- (a) grants the Group a right of pre-emption in respect of any investment opportunities within the Company's investment policy of which the Investment Adviser or the Associates become aware;
- (b) grants the Company the right to terminate the agreement upon the failure of any Tenant, in which any principal of the Investment Adviser (from time to time) has a beneficial interest, to pay rent or any other sums due in excess of £50,000 under the leases or upon the winding up or liquidation of any Tenant, in which any principal of the Investment Adviser or any of the Associates (from time to time) has a beneficial interest;
- (c) grants the Company the right to terminate the agreement if the Financial Report provided to the Company by Minster Topco pursuant to the Minster Framework Agreement shows that its Rent Cover is less than 1.1 times in two consecutive Financial Reports or in any two Financial Reports in any 12 month period;
- (d) grants the Company the right to seek advice from a third party property adviser in circumstances where the Investment Adviser is conflicted; and

- (e) prohibits the Investment Adviser from taking any decision, or making any recommendation to the Board or the Investment Manager relating to decisions on enforcement of the Group's rights on certain covenant breaches by a Tenant, in which any principal of the Investment Adviser or any of the Associates (from time to time) has a beneficial interest.

The Investment Advisory Agreement may be terminated by either party on 12 months' notice, such notice not to be served before the fourth anniversary of First Admission, and may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied. The Company has also agreed to indemnify the Investment Adviser for losses that the Investment Adviser may incur in the performance of its duties pursuant to the Investment Advisory Agreement or otherwise in connection with the Company's activities that are not attributable to, *inter alia*, a material breach of the Investment Advisory Agreement by, or the negligence, fraud, wilful default or bad faith of, the Investment Adviser.

- (xi) An agreement dated 16 January 2017 between the Company and JTC (UK) Limited whereby the Company Secretary was appointed to act as administrator and company secretary of the Company. Under the terms of the Administration and Company Secretarial Services Agreement, the Administrator will also provide certain valuation services.

Under the terms of the Administration and Company Secretarial Services Agreement, the Administrator is entitled (i) a set-up fee on a time cost basis capped at £10,000; (ii) an annual fee in respect of the valuation and accounting services it will provide of £40,000; and (iii) a fee equal to 0.05 per cent. of NAV to the extent that such NAV exceeds £200 million.

As Company Secretary, JTC (UK) Limited is be entitled to receive an annual fee of £50,000 (plus VAT). In addition, the Administrator is entitled to receive additional amounts in respect of the administration and company secretarial services performed in respect of additional companies which are added to the Group. These additional amounts are equal to: (i) £10,000 per annum for each additional property holding company; (ii) £8,000 per annum for each additional finance company; (iii) £5,000 per annum for each additional parent company; and (iv) £3,000 for each additional dormant company. Since First Admission, the Company has added eight additional property companies, three additional finance companies and three additional holding companies.

The Administration and Company Secretarial Services Agreement had an initial period of one year, now expired (the "**Initial Period**"). Following the expiry of the Initial Period, the agreement automatically continues, unless or until terminated by either party in accordance with the agreement (e.g. in the case of a material breach of agreement or of the insolvency of a party, whereby the agreement may be terminated immediately upon notice).

The Administration and Company Secretarial Services Agreement contains customary indemnities from the Company in favour of JTC (UK) Limited.

- (xii) An agreement dated 16 January 2017 between the Company and the Registrar whereby the Registrar was appointed to act as registrar of the Company. The Registrar is entitled to receive an annual registration fee from the Company based on activity, subject to an annual minimum charge of £5,000 per annum. The Registrar is also entitled to reimbursement of all reasonable out of pocket costs, expenses and charges properly incurred and documented on behalf of the Company, save that the Registrar will use reasonable endeavours to obtain the Company's written consent prior to incurring such costs over £2,500 and will obtain the Company's written consent prior to incurring such costs over £10,000.

The Registrar Agreement shall continue in force unless and until terminated by either party

giving to the other not less than three months' notice to terminate the same.

The maximum aggregate liability of the Registrar under the Registrar Agreement for any damage or other loss howsoever caused arising out of or in connection with the agreement or the provision of the services under the agreement will be limited to the lesser of £500,000 or an amount equal to 5 times the annual fee payable to the Registrar under the agreement. The limit of liability shall be calculated in accordance with the fee payable in force and agreed at such time as an event happened to give rise to a claim, and not at the date such event is discovered.

The Registrar Agreement contains customary indemnities from the Company in favour of the Registrar.

- (xiii) A lock-in agreement dated 3 May 2017 entered into between the Company, Winterflood and Maal Limited (the special purpose vehicle through which Mahesh Patel holds his Ordinary Shares), pursuant to which Maal Limited agreed, for a period of 12 months following the date of First Admission (now expired) not to offer, sell, contract to sell, grant options over or otherwise dispose of, directly or indirectly any Ordinary Shares issued to him (or any vehicle owned by him) pursuant to the Vendor Issue (a "**Disposal**").

Pursuant to the terms of the lock-in agreement, Maal Limited has further agreed that, save in certain limited circumstances it will not, directly or indirectly, effect any Disposal other than in accordance with the reasonable requirements of its broker (which relate to ensuring an orderly market for the Ordinary Shares) at any time during the 24 month period which begins on the first anniversary of First Admission and ends on the date which is 36 months after the date of First Admission.

(b) Except with respect to:

- (i) the appointment letters entered into between the Company and each director;
- (ii) the Investment Management Agreement;
- (iii) the Investment Advisory Agreement;
- (iv) the Seed Portfolio Transaction Agreement;
- (v) the share sale agreement entered into between Minster Care Management Limited, Propco 1 and Minster Topco in respect of Downing Barwell Limited (the owner of the Saffron Court Care Home prior to its acquisition by the Group);
- (vi) the leases entered into between Propco 3 and Minster in respect of Carnbroe Care Centre and Grenville Court Care Home; and
- (vii) the licences to alter and deeds of variation to the leases of certain care homes between:
  - (1) Propco 1, Croftwood and Minster Topco dated 18 December 2017 relating to Littleport Grange Nursing Home;
  - (2) Propco 2, Croftwood and Minster Topco dated 17 November 2017 relating to Turnpike Court;
  - (3) Propco 1, Minister and Minster Topco dated 29 June 2018 relating to Amberley House Nursing Home;
  - (4) Propco 1, Minister and Minster Topco dated 29 June 2018 relating to Diamond House;
  - (5) Propco 2, Minister and Minster Topco dated 29 June 2018 relating to Duncote Hall;

- (6) Propco 2, Minister and Minster Topco dated 29 June 2018 relating to Falcon House Care Home;
- (7) Propco 2, Minter and Minster Topco dated 29 June 2018 relating to Craigend;
- (8) Propco 1, Croftwood and Minster Topco dated 29 June 2018 relating to Garswood House;
- (9) Propco 1, Croftwood and Minster Topco dated 29 June 2018 relating to Ingersely Court Flats;
- (10) Propco 1, Croftwood and Minster Topco dated 29 June 2018 relating to Loxley; and
- (11) Propco 1, Croftwood and Minster Topco dated 26 October 2018 relating to Freeland,

the Company has not been a party to any related party transaction since its incorporation.

## **11 Working Capital**

The Company is of the opinion that the Company has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

## **12 Capitalisation and Indebtedness**

The capitalisation and indebtedness of the Company is set out in Part XI of this Prospectus.

## **13 No Significant Change**

Save as set out below, there has been no significant change in the financial or trading position of the Group since 30 June 2018, being the date to which the Company's unaudited interim financial information has been prepared:

### *Dividends and valuation*

- On 9 August 2018, the Company declared an interim dividend in respect of the period from 1 April 2018 to 30 June 2018 of 1.50 pence per Ordinary Share.
- On 23 October 2018, the Company declared an interim dividend in respect of the period from 1 July 2018 to 30 September 2018 of 1.50 pence per Ordinary Share.
- On 30 January 2019, the Company declared an interim dividend in respect of the period from 1 October 2018 to 31 December 2018 of 1.5 pence per Ordinary Share and announced that its NAV per Ordinary Share was at 31 December 2018 was 103.18 pence.

### *Acquisitions*

- On 6 August 2018 the Company announced the Group had exchanged contracts to acquire five care homes with a combined total of 218 beds for a total consideration of £12.8 million, reflecting a net initial yield of 7.7 per cent. The acquisitions of four of the five care homes completed on 28 September 2018. The remaining home was acquired on 21 December 2018.
- On 21 September 2018 the Company announced that the Group had exchanged contracts to acquire Yew Tree Care Centre with 76 beds (subject to CQC consent) for an initial consideration of £2.8 million reflecting a net initial yield of 7.0 per cent. The acquisition completed on 21 January 2019.
- On 22 October 2018, the Company completed the acquisition of Sand Banks Care Centre with 77 beds. This was the final property to complete from the announcement on 11 January 2018, to acquire three care homes consisting of 234 beds in a sale and leaseback transaction with Prestige



Care Group for total consideration of £17 million. A rent premium was also received at the time of completion to reflect the delayed completion of this care home.

- On 2 November 2018 the Company announced that the Group had acquired two care homes, Croftbank House and Rosepark Nursing Home, with a combined total of 126 beds for a net purchase price of £11.6 million, reflecting a net initial yield of 7.6 per cent.
- On 6 November 2018 the Company announced that the Group had exchanged contracts to acquire Holly Lodge Care Home (subject to CQC consent) with 40 beds for a net purchase price of £1.35 million, reflecting a net initial yield of 8.7 per cent. The acquisition completed on 21 December 2018.

## 14 **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) in the previous twelve months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.

## 15 **General**

- (a) The total costs (including fees and commissions) (exclusive of recoverable VAT) payable by the Company in connection with the Placing Programme and each Programme Admission are estimated to amount to up to approximately £4.1 million assuming 200 million New Ordinary Shares are issued at a Placing Programme Price of 104 pence per New Ordinary Share. The estimated aggregate net cash proceeds accruing to the Company from the Placing Programme are £203.9 million (assuming Gross Proceeds of the Placing Programme of £208.0 million are raised).
- (b) The Placing Programme is being carried out on behalf of the Company by Winterflood and RBC Capital Markets, each of which is authorised and regulated in the United Kingdom by the Financial Conduct Authority.
- (c) The Investment Adviser may be a promoter of the Company. Save as disclosed in paragraph 10 above no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company and none is intended to be paid, or given.
- (d) Each of the Investment Manager, the Investment Adviser, Winterflood and RBC Capital Markets has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. The telephone number of the Investment Manager is +44 1534 511786 and the telephone number of the Investment Adviser is +44 20 3146 7100.
- (e) The Investment Adviser accepts responsibility for: the information in Part VI of this Prospectus under the heading "Investment Adviser Track Record". The Investment Adviser has taken all reasonable care to ensure that the information contained in Part VI of this Prospectus under the heading "Investment Adviser Track Record" is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.
- (f) The Valuer has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear and has authorised the contents of the Valuation Report for the purposes of Prospectus Rule 5.5.3R(2)(c). The Valuer accepts responsibility for the Valuation Report. To the best of the knowledge and belief of the Valuer (who has taken all reasonable care to ensure that such is the case), the information contained in the Valuation Report is in accordance with the facts and does not omit anything likely to affect the import of such information. The Valuer was incorporated in, and is domiciled in, England and Wales on 24 May 2007 under the Limited Liability Partnership Act 2000 (registered number OC328588). The Valuer holds no shares in the Company and has no right to subscribe (or to nominate any person to subscribe) for shares. The telephone number of the Valuer is +44 (0) 20 7935 5000.
- (g) The Company confirms that there has been no material change in the valuation of the Existing

Portfolio since the date of the Valuation Report since its valuation by the Valuer on 31 December 2018.

- (h) Subject to the following paragraph, no custodian, trustee or other fiduciary will be appointed in respect of the Company's Portfolio.
- (i) The Investment Adviser has applied to the FCA for approval to act as the Company's investment manager. If approved, it is expected that the Investment Adviser will replace Carne Global AIFM Solutions (C.I.) Limited as the Company's investment manager and AIFM with effect in early 2019. The Investment Adviser will delegate risk management functions to Carne Global AIFM Solutions (C.I.) Limited and the Company will appoint a depositary.
- (j) Where information contained in this Prospectus has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- (k) Other than as set out in the audited financial statements for the period to 31 December 2017 and the unaudited interim financial statements of the Company for the six months ended 30 June 2018 (each of which has been incorporated by reference into this Prospectus), or this Prospectus, the Company has no existing interests in real property and has no tangible fixed assets which are material to its business.
- (l) In the event of any material breach of the Company's investment policy, Shareholders will be informed of the remedial actions to be taken by the Company through an RNS announcement.

## **16 Documents Available for Inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL up to and including the 10 February 2020:

- (a) the Company's memorandum of association;
- (b) the Articles;
- (c) the Valuation Report;
- (d) the letters of appointment referred to in this Part XIII;
- (e) the audited financial statements of the Company for the period ended 31 December 2017;
- (f) the unaudited interim financial statements of the Company for the six months ended 30 June 2018;
- (g) the letters of consent referred to in paragraph 15 above; and
- (h) this Prospectus.

This Prospectus is dated 11 February 2019.

## **Part XIV: Terms and Conditions of the Placing Programme**

### **1 Introduction**

Each investor which confirms its agreement to subscribe for New Ordinary Shares under any Placing pursuant to the Placing Programme to Winterflood and/or RBC Capital Markets (for the purposes of this Part XIV, a "**Placee**") will be bound by these terms and conditions and will be deemed to have accepted them.

Each of the Company and/or Winterflood and/or RBC Capital Market, as applicable, may require a Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (for the purposes of this Part XIV, a "**Placing Letter**"). The terms of this Part XIV will, where applicable, be deemed to be incorporated into that Placing Letter.

### **2 Agreement to Subscribe for New Ordinary Shares**

Conditional on, amongst other things: (i) the relevant Placing Programme Admission occurring in respect of any Placing not later than 8.00 a.m. on such date as may be agreed between the Company, the Investment Adviser, Winterflood and RBC Capital Markets prior to the closing of the relevant Placing, not being later than 10 February 2020; (ii) to the extent required by the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company; (iii) the Placing Agreement becoming otherwise unconditional in all respects in relation to the relevant Placing and not having been terminated in accordance with its terms on or before 8.00 a.m. on the date of the relevant Programme Admission; and (iv) Winterflood and/or RBC Capital Markets confirming to the Placees their allocation of New Ordinary Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Ordinary Shares allocated to it by Winterflood and/or RBC Capital Markets at the applicable Placing Programme Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

Multiple applications or suspected multiple applications on behalf of a single investor are liable to be rejected.

Fractions of New Ordinary Shares will not be issued.

### **3 Payment for New Ordinary Shares**

Each Placee undertakes to pay in full the relevant Placing Programme Price for the New Ordinary Shares issued to such Placee in the manner and by the time directed by Winterflood or RBC Capital Markets (as applicable). In the event of any failure by a Placee to pay as so directed and/or by the time required by Winterflood or RBC Capital Markets (as applicable), the relevant Placee shall be deemed hereby to have irrevocably and unconditionally appointed Winterflood or RBC Capital Markets (as applicable), or any nominee of Winterflood or RBC Capital Markets (as applicable) as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the New Ordinary Shares in respect of which payment shall not have been made as directed, and to indemnify Winterflood or RBC Capital Markets (as applicable) and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales.

A sale of all or any of such New Ordinary Shares shall not release the relevant Placee from the obligation to make such payment for relevant New Ordinary Shares to the extent that Winterflood or RBC Capital Markets (as applicable) or its nominee has failed to sell such New Ordinary Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, is equal to or exceeds the relevant Placing Programme Price.

### **4 Representations, Warranties and Undertakings**

- (i) By agreeing to subscribe for New Ordinary Shares each Placee which enters into a commitment to subscribe for New Ordinary Shares (for the purposes of this Part XIV, a "**Placing Commitment**")

will (for itself and for any person(s) procured by it to subscribe for New Ordinary Shares and any nominee(s) for any such person(s)) be deemed to acknowledge, understand, undertake, represent and warrant to each of the Company, the Investment Manager, the Investment Adviser, the Registrar, Winterflood and RBC Capital Markets, that:

- (a) in agreeing to subscribe for New Ordinary Shares under any Placing, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company prior to the relevant Programme Admission and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the New Ordinary Shares or the Placing. It agrees that none of the Company, the Investment Manager, the Investment Adviser, the Registrar, Winterflood or RBC Capital Markets, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have against any such persons in respect of any other information or representation;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Ordinary Shares under any Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will or might reasonably be expected to result in the Company, the Investment Manager, the Investment Adviser, the Registrar, Winterflood or RBC Capital Markets, or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with such Placing.
- (c) it has carefully read and understands this Prospectus and any supplementary prospectus issued by the Company prior to the relevant Programme Admission in its entirety and acknowledges that it is acquiring New Ordinary Shares on the terms and subject to the conditions set out in this Part XIV and, as applicable, in the contract note or placing confirmation, as applicable, referred to in paragraph 4.(k) of this Part XIV (for the purposes of this Part XIV, the "**Contract Note**" or the "**Placing Confirmation**") and the Placing Letter (if any) and the Articles as in force at the date of the relevant Programme Admission;
- (d) it has not relied on Winterflood or RBC Capital Markets, or any person affiliated with Winterflood or RBC Capital Markets in connection with any investigation of the accuracy of any information contained in this Prospectus;
- (e) the content of this Prospectus and any supplementary prospectus issued by the Company is exclusively the responsibility of the Company and its Directors and none of Winterflood, RBC Capital Markets, the Investment Manager, the Investment Adviser, the Registrar, nor any person acting on their behalf nor any of their affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus (and any such supplementary prospectus issued by the Company) or any information previously published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in any Placing based on any information, representation or statement contained in this Prospectus or otherwise;
- (f) no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus issued by the Company prior to the date of the relevant Programme Admission and, if given or made, any information or representation must not be relied upon as having been authorised by Winterflood, RBC Capital Markets, the Company, the Investment Manager, the Investment Adviser or the Registrar;
- (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and

clearance services) of the Finance Act 1986;

- (h) the price per New Ordinary Share will be fixed at the relevant Placing Programme Price and will be payable to Winterflood or RBC Capital Members (as the case may be) on behalf of the Company in accordance with the terms of this Part XIV and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any);
- (i) it has the funds available to pay in full for the New Ordinary Shares for which it has agreed to subscribe pursuant to its Placing Commitment and that it will pay the total subscription in accordance with the terms set out in this Part XIV and, as applicable, as set out in the Contract Note or Placing Confirmation and the Placing Letter (if any) on the due time and date;
- (j) its commitment to acquire New Ordinary Shares under any Placing will be agreed orally with Winterflood or RBC Capital Markets (as the case may be) as agent for the Company and that a Contract Note or Placing Confirmation will be issued by Winterflood or RBC Capital Markets (as the case may be) as soon as possible thereafter. That oral agreement will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Winterflood or RBC Capital Markets (as the case may be) to subscribe for the number of New Ordinary Shares allocated to it and comprising its Placing Commitment at the relevant Placing Programme Price on the terms and conditions set out in this Part XIV and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the date of the relevant Programme Admission. Except with the consent of Winterflood or RBC Capital Markets (as the case may be) such oral commitment will not be capable of variation or revocation after the time at which it is made;
- (k) its allocation of New Ordinary Shares under any Placing will be evidenced by Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of New Ordinary Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such New Ordinary Shares; and (iii) settlement instructions to pay Winterflood or RBC Capital Markets (as the case may be) as agent for the Company. The terms of this Part XIV will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- (l) settlement of transactions in the New Ordinary Shares following each Programme Admission, will take place in CREST but each of Winterflood and RBC Capital Markets reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;
- (m) none of the New Ordinary Shares have been or will be registered under the laws of any member state of the EEA (other than the United Kingdom), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Placing would breach any applicable law. Accordingly, neither the New Ordinary Shares may be offered, sold, issued or delivered, directly or indirectly, within any of the following: any member state of the EEA (a "**Member State**") (other than the United Kingdom, the Republic of Ireland or the Netherlands), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of a Placing would breach any applicable law unless an exemption from any registration requirement is available;
- (n) it: (i) is entitled to subscribe for the New Ordinary Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a

subscriber for New Ordinary Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;

- (o) if it is within the United Kingdom, it is a person who falls within: (i) Articles 19(1) or 19(5) (Investment Professionals); or (ii) Articles 49(2)(A) to (D) (high net worth companies, unincorporated associations etc.) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the New Ordinary Shares may otherwise lawfully be offered whether under such Order or otherwise, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the New Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (p) if it is a resident in a Member State, it is a "qualified investor" within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive and otherwise permitted to be marketed to in accordance with the provisions of the AIFM Directive as implemented in the relevant Member State in which it is located;
- (q) in the case of any New Ordinary Shares acquired by a Placee as a financial intermediary within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive: (i) the New Ordinary Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Winterflood or RBC Capital Markets (as the case may be) has been given to the offer or resale; or (ii) where New Ordinary Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those New Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (r) if it is outside the United Kingdom, neither this Prospectus (and any supplementary prospectus issued by the Company) nor any other offering, marketing or other material in connection with the Placing Programme or the New Ordinary Shares (for the purposes of this Part XIV, each a "**Placing Document**") constitutes an invitation, offer or promotion to, or arrangement with, it or any person for whom it is procuring to subscribe for New Ordinary Shares pursuant to any Placing unless, in the relevant territory, such offer, invitation, promotion or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and New Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (s) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Ordinary Shares under any Placing, that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will or might reasonably be expected to result in the Company, the Investment Manager, the Registrar, Winterflood or RBC Capital Markets, or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with such Placing;
- (t) it is not a US person and that: (i) the New Ordinary Shares have not been, nor will they be, registered under the Securities Act and are being offered outside the United States in compliance with Regulation S and that it is purchasing such New Ordinary Shares outside the United States in compliance with such regulations; (ii) the Company has not registered,

and does not intend to register, as an investment company under the Investment Company Act and the New Ordinary Shares may only be transferred under circumstances which will not result in the Company being required to register under the Investment Company Act; and (iii) in each case, it agrees to only sell, transfer, assign, pledge or otherwise dispose of the New Ordinary Shares in offshore transactions in compliance with Regulation S (which includes, for the avoidance of doubt, any *bona fide* sale on the Main Market of the London Stock Exchange) or in transactions that are exempt from registration under the Securities Act and do not require the Company to register under the Investment Company Act.

- (u) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus (and any supplementary prospectus issued by the Company) or any other Placing Document to any persons within the United States or to any US Person, nor will it do any of the foregoing;
- (v) it does not have a registered address in, and is not a citizen, resident or national of Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction in which it is unlawful to make or accept an offer of the New Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- (w) if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for New Ordinary Shares under any Placing and will not be any such person on the date that such subscription is accepted;
- (x) (i) it has communicated or caused to be communicated and will communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the New Ordinary Shares only in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person; and (ii) that no Placing Document is being issued by either Winterflood or RBC Capital Markets in its capacity as an authorised person under section 21 of the FSMA and the Placing Documents may not therefore be subject to the controls which would apply if the Placing Documents were made or approved as financial promotion by an authorised person;
- (y) it is aware of and acknowledges that it is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the in, from or otherwise involving, the United Kingdom;
- (z) it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, section 118 of FSMA and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- (aa) no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the New Ordinary Shares or possession of this Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- (ab) none of Winterflood, RBC Capital Markets, any of their respective affiliates and any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with any Placing or providing any advice in relation to any Placing and participation in any Placing is on the basis that it is not and will not be a client of Winterflood or RBC Capital Marktes and that neither Winterflood nor RBC Capital Markets has any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to any such Placing nor, if applicable, in respect of any representations, warranties, undertaking or indemnities contained in any Placing Letter;
- (ac) that, save in the event of fraud on the part of Winterflood or RBC Capital Markets, none

of Winterflood, RBC Capital Markets (as applicable), their respective ultimate holding companies, any direct or indirect subsidiary undertakings of such holding Company, any of their respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Winterflood's role as bookrunner, broker or otherwise in connection with the Placing Programme and/or RBC Capital Markets' role as bookrunner in connection with the Placing Programme and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately and irrevocably waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;

- (ad) that where it is subscribing for New Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Ordinary Shares for each such account; (ii) to make on each such account's behalf the undertakings, acknowledgements, representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Placing Programme in the form provided by the Company, Winterflood and RBC Capital Markets. It agrees that the provision of this paragraph shall survive any resale of the New Ordinary Shares by or on behalf of any such account;
- (ae) it irrevocably appoints any Director and any director or duly authorised employee or agent of Winterflood or RBC Capital Markets (as the case may be) to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the New Ordinary Shares comprising its Placing Commitment in the event of its own failure to do so;
- (af) if any Placing does not proceed or the relevant conditions under the Placing Agreement in respect of any Placing are not satisfied or the New Ordinary Shares for which valid applications are received and accepted in respect of any Placing are not admitted to listing on the Official List and to trading on the Main Market of the London Stock Exchange for any reason whatsoever then none of Winterflood, RBC Capital Markets, the Company, the Investment Manager, the Investment Adviser and persons controlling, controlled by or under common control with any of them, and any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (ag) in connection with its participation in any Placing, it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing and that its application for New Ordinary Shares under any Placing is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied for New Ordinary Shares. In addition, it warrants that it is a person: (i) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 in force in the United Kingdom (the "**Money Laundering Regulations**"); or (ii) subject to the Money Laundering Directive (2015/849/EC of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Regulations;
- (ah) due to anti-money laundering requirements, Winterflood and/or RBC Capital Markets may require proof of identity and verification of the source of the payment before the application for New Ordinary Shares under any Placing can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Winterflood or RBC Capital Markets (as the case may be) may refuse to accept



the application and the subscription monies relating thereto. It holds harmless and will hold harmless and indemnify Winterflood and RBC Capital Markets (as the case may be) against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;

- (ai) it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Money Laundering Regulations;
- (aj) it acknowledges and agrees that information provided by it to the Company or the Registrar will be stored both on the Registrar's and the Company Secretary's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection Legislation, the Registrar, the Company Secretary, Winterflood and RBC Capital Markets are each required to specify the purposes for which they will hold personal data. For the purposes of this Part XIV **"Data Protection Legislation"** means any law applicable from time to time relating to the processing of personal data and/or privacy, as in force at the date of this Agreement or as re-enacted, applied, amended, superseded, repealed or consolidated, including without limitation, the UK Data Protection Act 2018, the General Data Protection Regulation (EU) 2016/679, and the Privacy and Electronic Communications (EC Directive) Regulations 2003, in each case including any legally binding regulations, direction and orders issued from time to time under or in connection with any such law. The Registrar, the Company Secretary, Winterflood and RBC Capital Markets will only use such information for the purposes set out below (collectively, the **"Purposes"**), being to:
  - (1) process its personal data (including special categories of personal data (as defined in applicable Data Protection Legislation)) as required for or in connection with the holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it and effecting the payment of dividends and other distributions to Shareholders;
  - (2) communicate with it as necessary in connection with the proper running of its business affairs and generally in connection with the holding of Ordinary Shares;
  - (3) provide personal data to such third parties as are or shall be necessary in connection with the proper running of its business affairs and generally in connection with the holding of Ordinary Shares or as the Data Protection Legislation may require, including to third parties outside the United Kingdom or the European Economic Area (subject to the use of a transfer mechanism which is approved at the relevant time by the European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK);
  - (4) process its personal data for the purpose of their internal record-keeping and reporting obligations.
- (ak) Each of Winterflood and RBC Capital Markets is entitled to exercise any of its rights under the Placing Agreement (including, without limitation, rights of termination) or any other right in its absolute discretion without any liability whatsoever to it;
- (al) the representations, undertakings and warranties contained in this Part XIV and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any), are irrevocable. It acknowledges that Winterflood, RBC Capital Markets and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings and it agrees that if any of the representations or warranties or undertakings made or deemed to have been made by its subscription of the New Ordinary Shares under any Placing are no longer accurate, it shall promptly notify Winterflood, RBC Capital Markets and the Company;

- (am) where it or any person acting on behalf of it is dealing with Winterflood or RBC Capital Markets any money held in an account with Winterflood or RBC Capital Markets (as applicable) on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Winterflood or RBC Capital Markets (as the case may be) to segregate such money, as that money will be held by Winterflood or RBC Capital Markets (as the case may be) under a banking relationship and not as trustee;
- (an) any of its clients, whether or not identified to Winterflood or RBC Capital Markets will remain its sole responsibility and will not become clients of Winterflood or RBC Capital Markets (as the case may be) for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- (ao) the allocation of New Ordinary Shares in respect of any Placing shall be determined by Winterflood and RBC Capital Markets in their absolute discretion (in consultation with the Company and the Investment Adviser) and that Winterflood and RBC Capital Markets may scale back any Placing Commitment on such basis as it may determine (which may not be the same for each Placee);
- (ap) time shall be of the essence as regards its obligations to settle payment for the New Ordinary Shares subscribed under any Placing and to comply with its other obligations under such Placing;
- (aq) it authorises Winterflood and RBC Capital Markets to deduct from the total amount subscribed under any Placing the aggregate commission (if any) (calculated at the rate agreed with the Placee) payable on the number of New Ordinary Shares allocated under such Placing;
- (ar) in the event that a supplementary prospectus is required to be produced pursuant to section 87G FSMA and in the event that it chooses to exercise any right of withdrawal pursuant to section 87(Q)(4) FSMA, such Placee will immediately re-subscribe for the New Ordinary Shares previously comprising its Placing Commitment;
- (as) the commitment to subscribe for New Ordinary Shares on the terms set out in this Part XIV and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) will continue notwithstanding any amendment that may in the future be made to the terms of any Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of such Placing; and
- (at) the Company reserves the right to make inquiries of any holder of the New Ordinary Shares or interests therein at any time as to such person's status under the US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the US securities laws to transfer such New Ordinary Shares or interests in accordance with the Articles (as amended from time to time).

The Company, the Investment Manager, the Investment Adviser, the Registrar, Winterflood and RBC Capital Markets will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings and acknowledgements. Each Placee agrees to indemnify and hold each of the Company, the Investment Manager, the Investment Adviser, the Registrar, Winterflood and RBC Capital Markets and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, undertakings, agreements and acknowledgements in this Part XIV.

## 5 Supply and Disclosure of Information

If Winterflood, RBC Capital Markets, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for New Ordinary Shares under any Placing, such

Placee must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

## **6 Miscellaneous**

The rights and remedies of Winterflood, RBC Capital Markets the Registrar, the Investment Manager, the Investment Adviser and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be sent by post to such Placee at an address notified by such Placee to Winterflood or RBC Capital Markets (as the case may be).

Each Placee agrees to be bound by the Articles (as amended from time to time) once the New Ordinary Shares which the Placee has agreed to subscribe for pursuant to any Placing have been acquired by the Placee. The contract to subscribe for New Ordinary Shares under any Placing and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Winterflood, RBC Capital Markets, the Company, the Investment Manager, the Investment Adviser and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New Ordinary Shares under any Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

Winterflood, RBC Capital Markets and the Company expressly reserve the right to modify any Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined. Each Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and to the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part XIII of this Prospectus.

## Definitions

The following definitions apply throughout this Prospectus, unless the context requires otherwise:

"Additional Tenants"	Careport, Prestige, Renaissance Care and Welford
"Administration and Company Secretarial Services Agreement"	the administration and company secretarial services agreement between the Company, the Investment Manager and Administrator, a summary of which is set out in paragraph 10 of Part XIII of this Prospectus
"Administrator"	JTC (UK) Limited
"Admission and Disclosure Standards"	the London Stock Exchange Admission and Disclosure Standards effective from 3 July 2016, as amended from time to time
"Advisory Fee"	the fee payable by the Company to the Investment Adviser, as described in Part V of this Prospectus
"AFM"	the Netherlands Authority for the Financial Markets
"AIC"	the Association of Investment Companies
"AIC Code"	the AIC Code of Corporate Governance, as amended from time to time
"AIC Guide"	the AIC Corporate Governance Guide for Investment Companies, as amended from time to time
"AIF"	an Alternative Investment Fund, as defined in the AIFM Directive
"AIFM"	an Alternative Investment Fund Manager, as defined in the AIFM Directive
"AIFM Directive"	the EU Directive on Alternative Investment Fund Managers
"Articles"	the articles of association of the Company
"Associate"	any company, partnership, trust arrangement or unincorporated association of any kind in which any principal of the Investment Adviser or Family Member, individually or with others, is entitled to participate, directly or indirectly, in five per cent. or more of the total voting or economic rights
"Audit Committee"	the audit committee of the Company
"Benefit Plan Investor"	(i) an employee benefit plan that is subject to the fiduciary responsibility or prohibited transaction provisions of Title I of the ERISA (including, as applicable, assets of an insurance company general account) or a plan that is subject to the prohibited transaction provisions of section 4975 of the US Tax Code (including an individual retirement account), (ii) an entity whose underlying assets include "plan assets" by reason of a plan's investment in the entity, or (iii) any "benefit plan investor" as otherwise defined in section 3(42) of ERISA or regulations promulgated by the US Department of Labor
"Board"	the directors of the Company whose names are set out on page 42 of this Prospectus
"Business Day"	a day on which the London Stock Exchange and banks in England and Wales are normally open for business
"Care Act"	the Care Act 2014, as amended from time to time
"Careport"	Careport Advisory Services Limited, the subsidiaries within its group, including Mariposa Care Group Limited, and the associated brands used by the group, being a care home operator group, to which certain Existing Portfolio assets are leased
"Careport Framework Agreement"	the framework agreement between Careport, Mariposa Care Group Limited and the Company dated 3 August 2018, a summary of

"Companies Act"	which is set out in paragraph 10 of Part XIII of this Prospectus
"Company"	the Companies Act 2006, as amended from time to time
"Company Secretary"	Impact Healthcare REIT plc or, as the context may require, the Group
"CQC"	JTC (UK) Limited
"Credit Facility"	the Care Quality Commission, the independent regulator of health and social care in England
"CREST"	the £50 million term loan and revolving credit facility provided to the Company's indirect subsidiary, Impact Finance 1 Limited pursuant to the Metro Bank Facility Agreement
"CREST Account"	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
"CRS"	an account in the name of the relevant holder in CREST
"Croftwood"	the Common Standard on Reporting and Due Diligence for Financial Account Information published by the OECD and the EU Directive on administrative co-operation in the field of taxation (2011/16/EC), together with any forms, instructions or other guidance issued thereunder (now or in the future).
"Croftwood Group"	Croftwood Care Limited
"CTA 2010"	Croftwood Care Holdings Limited and its subsidiaries
"Cushman and Wakefield"	Corporation Tax Act 2010
"Data Protection Legislation"	a trading name of DTZ Debenham Tie Leung Limited
"Directors"	any law applicable from time to time relating to the processing of personal data and/or privacy, as in force at the date of this Prospectus or as re-enacted, applied, amended, superseded, repealed or consolidated, including without limitation, the UK Data Protection Act 2018, the General Data Protection Regulation (EU) 2016/679, and the Privacy and Electronic Communications (EC Directive) Regulations 2003, in each case including any legally binding regulations, direction and orders issued from time to time under or in connection with any such law
"DTRs" or "Disclosure Guidance and Transparency Rules"	the directors of the Company whose names are set out on page 42 of this Prospectus
"EBITDAR"	the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA
"EBITDARM"	earnings before interest paid on loans provided by associates, tax, depreciation, amortisation and rent but after: (i) expenditure on regular repair and maintenance; and (ii) interest paid on loans provided by parties which are not associates
"EEA"	earnings before interest, taxes, depreciation, amortisation, rent and central management costs of the relevant Tenant
"ERISA"	the states which comprise the European Economic Area
"EU" or "European Union"	the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
"Euroclear"	each of the current member states of the European Union which are party to (i) the Treaty on European Union and the Treaty on the Functioning of the European Union 2012/C 326/01 and (ii) the Treaty establishing the European Atomic Energy Community 2012/C 327/01 from time to time
"Exchange Act"	Euroclear UK and Ireland Limited, the operator of CREST
	the US Securities Exchange Act of 1934, as amended from time to time

	time
"Existing Guarantors"	each of the entities that have given a guarantee in respect of the Existing Tenant's obligations under the corresponding leases of the Existing Portfolio and have entered into a framework agreement in respect of such properties which form part of the Existing Portfolio, or have granted a guarantee or indemnity in favour of the Group, being: Minster Topco, Careport, Prestige and Renaissance Care
"Existing Portfolio"	the portfolio of 73 care homes currently owned by the Group, either by way of freehold or 999 year lease
"Existing Tenants"	the Additional Tenants and the Initial Tenants
"Family Member"	any member of any principal of the Investment Adviser's immediate family, including that principal's: (a) spouse; (b) siblings; or (c) any trust arrangement in which that principal or any of his immediate family listed in (a) to (b) above may be a beneficiary
"FATCA"	the U.S. Foreign Account Tax Compliance Act of 2010
"FCA"	the Financial Conduct Authority
"Financial Report"	a report showing the consolidated EBITDAR of the relevant Tenant for the previous quarter (with such adjustments or amendments to the calculation of EBITDAR as the Board may, in its sole discretion, agree with that Tenant) and other information pursuant to a Framework Agreement
"First Admission" or "IPO"	admission of the 146,172,360 Ordinary Shares to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange on 7 March 2017
"Framework Agreements"	the Careport Framework Agreement, Minster Framework Agreement, Prestige Framework Agreement and Renaissance Framework Agreement
"FSMA"	the Financial Services and Markets Act 2000, as amended from time to time
"General Meeting"	the General Meeting of the Company to be held on 5 March 2019
"Gross Assets"	the aggregate value of the total assets of the Company
"Gross Proceeds of a Placing"	in respect of any Placing the aggregate value of the New Ordinary Shares issued under that Placing pursuant to the Placing Programme
"Gross Proceeds of the Placing Programme"	the aggregate value of all the New Ordinary Shares issued under the Placing Programme
"Group"	the Company and each of its subsidiary undertakings from time to time
"Healthcare Real Estate Assets"	care homes, assisted-living accommodation, occupational health and physiotherapy practices, pharmacies, dentists' and doctors' surgeries, medical facilities, hospitals, special care schools and other real estate assets predominantly leased to providers of healthcare services or supplies
"Highclear"	Highclear Group Limited
"HMRC"	HM Revenue and Customs
"IFRS"	International Financial Reporting Standards, as adopted by the European Union, as amended from time to time
"Income Tax Act"	the Income Tax Act 2007, as amended from time to time
"Independent Living Group"	Communitas Holdings Limited and Iliace Holdings Limited which traded together as the Independent Living Group

"Initial Tenants"	the tenants of the Seed Portfolio being Croftwood and Minster, each of which are wholly owned subsidiaries of Minster Topco
"International Accounting Standards"	the international accounting standards issued by the International Accounting Standards Council, as endorsed and amended by the International Accounting Standards Board
"Investment Adviser"	Impact Health Partners LLP, the Company's property adviser
"Investment Advisers Act"	the US Investment Advisers Act of 1940, as amended from time to time
"Investment Advisory Agreement"	the investment advisory agreement between the Company and the Investment Adviser, a summary of which is set out in paragraph 10 of Part XIII of this Prospectus
"Investment Company Act" or "ICA"	the US Investment Company Act of 1940, as amended from time to time
"Investment Manager"	Carne Global AIFM Solutions (C.I.) Limited
"Investment Management Agreement"	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 10 of Part XIII of this Prospectus
"IRR"	the internal rate of return on investments
"IRS"	the US Internal Revenue Service
"Joint Bookrunners"	Winterflood and RBC Capital Markets
"Kingsclear"	Kingsclear Homes Limited
"LaingBuisson"	LaingBuisson Limited
"LIBOR"	the basic rate of interest used in lending between banks on the London interbank market from time to time
"Linksmax Limited"	a company incorporated under the laws of England and Wales with registered number 03970155, which is the parent company of Welford
"Listing Principles"	the listing principles set out at Chapter 7 of the Listing Rules
"Listing Rules"	the Listing Rules made by the FCA under Part VI of the FSMA, as amended from time to time
"London Stock Exchange"	London Stock Exchange plc
"Main Market"	the main market of the London Stock Exchange
"Management Fee"	the fee payable by the Company to the Investment Manager, as described in Part V of this Prospectus
"Management Shares"	redeemable management shares of £1.00 each in the capital of the Company, each of which were redeemed immediately following First Admission
"Market Abuse Regulation"	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
"MC Group"	Minster Topco and each of its subsidiary undertakings from time to time, including Minster and Croftwood
"Member State"	a member state of the European Union
"Metro Bank"	being Metro Bank plc
"Metro Bank Facility Agreement"	the facility agreement dated 15 June 2018, and amended on 19 October 2018, and made between (among others) Impact Finance 1 Limited and Metro Bank as more particularly described in Part XII (10)(a)(iv)
"Minster"	Minster Care Management Limited
"Minster Framework Agreement"	the framework agreement between the Company, Minster Topco and Mahesh Patel dated 3 May 2017, as described in paragraph 10(a)(vii) of Part XIII of this Prospectus

"Minster Group"	Minster Care Management Limited, Minster Haverhill Limited, Daimler Green Care Home Limited and Wilmotts Healthcare Limited and the subsidiaries of each of them
"Minster Topco"	Minster Care Group Limited
"Money Laundering Regulations"	the Money Laundering Regulations 2007
"National Living Wage"	the minimum wage required to be paid to workers in the UK aged 25 or over
"Net Asset Value" or "NAV"	the net asset value of the Company or, if the context requires, the net asset value of the Company attributable to a specific class of Shares, in each case calculated in accordance with the valuation policies of the Company from time to time as appropriate
"Net Asset Value per Ordinary Share"	the Net Asset Value specifically attributable to an Ordinary Share
"Net Proceeds of a Placing"	in respect of any Placing, the Gross Proceeds of that Placing less the commissions, fees and expenses payable in connection with such Placing
"Net Proceeds of the Placing Programme"	the sum of all the Net Proceeds of a Placing under the Placing Programme
"New Ordinary Shares"	the new Ordinary Shares to be issued pursuant to the Placing Programme
"NMPI"	a non-mainstream pooled investment as defined in the FCA's Handbook of rules and guidance
"Non-PID Dividend"	any normal dividend paid by the Company that is not a PID
"Notice of General Meeting"	the notice to Shareholders convening the General Meeting contained in a circular published by the Company on the date of this Prospectus
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	Ordinary Shares (issued and to be issued) of 1 pence each in the share capital of the Company
"Pathways Care Group"	Pathways Care Group Limited and its subsidiaries
"PID"	a property income distribution, being a dividend paid by the Company relating to profits or gains of the Tax Exempt Business of the members of the Group
"Placee"	a person subscribing for Ordinary Shares under the Placing Programme
"Placing"	a placing of New Ordinary Shares at the applicable Placing Programme Price pursuant to the Placing Programme
"Placing Agreement"	the Placing Agreement between the Company, the Investment Adviser, Winterflood and RBC Capital Markets, as described in paragraph 10 of Part XIII of this Prospectus
"Placing Programme"	the proposed programme of placings of New Ordinary Shares as described in Part VII of this Prospectus
"Placing Programme Price"	the applicable price at which New Ordinary Shares will be issued under the Placing Programme, determined in accordance with Part VII of this Prospectus
"Plan Asset Regulations"	the US Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA
"Plans"	a tax qualified annuity plan described in section 405 of the Internal Revenue Code and an individual retirement account or individual retreat annuity as described in section 408 of the Internal Revenue Code
"Portfolio"	the portfolio of properties held directly or indirectly by the Company



	from time to time
"PR Adviser"	Maitland/AMO, the Company's financial public relations adviser
"Precision Dental"	Precision Dental Laboratories Group Limited
"Premium Listing Principles"	the premium listing principles set out at Chapter 7 of the Listing Rules
"Prestige"	Prestige Care Group Holdings Limited, a care home operator to which certain Existing Portfolio assets are leased
"Prestige Framework Agreement"	the framework agreement made between Prestige and the Company dated 16 March 2018, a summary of which is set out in paragraph 10 of Part XIII of this Prospectus
"Programme Admission"	each admission of the New Ordinary Shares issued pursuant to a Placing to listing on the premium segment of the Official List and to trading on the premium segment of the Main Market of the London Stock Exchange
"Propco 1"	Impact Property 1 Limited, a wholly owned subsidiary of the Company
"Propco 2"	Impact Property 2 Limited, a wholly owned subsidiary of the Company
"Propco 3"	Impact Property 3 Limited, a wholly owned subsidiary of the Company
"Propco 4"	Impact Property 4 Limited, a wholly owned subsidiary of the Company
"Prospectus"	this Prospectus, including the Appendix
"Prospectus Directive"	Directive 2010/73/EU as amended from time to time and any successor or replacement Directive
"Prospectus Regulations"	Prospectus (Directive 2003/71/EC) Regulations 2005, as amended from time to time and any successor or replacement regulations
"Prospectus Rules"	the Prospectus Rules made by the FCA under Part VI of the FSMA
"Qualifying Property Rental Business"	a UK property rental business that qualifies as such under the REIT regime requirements
"RBC Capital Markets"	RBC Europe Limited, trading as RBC Capital Markets
"Registrar"	Link Market Services Limited
"Registrar Agreement"	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 10 of Part XIII of this Prospectus
"Regulation S"	means Regulation S under the Securities Act
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
"REIT" or "Real Estate Investment Trust"	a Real Estate Investment Trust as defined in Part 12 of the CTA 2010
"Rent Cover"	the number of times by which the EBITDAR of a Tenant (or, in respect of the Initial Tenants, the number of times the EBITDAR of Minster Topco) exceeds the total rental payment obligations across all of the properties in the Portfolio that are leased to that Tenant (or Minster Topco's subsidiaries, as the case may be), other than any property which has been newly constructed or renovated within the period of twelve months before the date on which the calculation is performed and subject to such amendments or adjustments to the calculation of EBITDAR as the Board, in its sole discretion, may agree with the Tenant (or in respect of the Initial Tenants, Minster Topco)
"Renaissance Care"	Renaissance Care (Scotland) Limited, a care home operator to which certain Existing Portfolio assets are leased

"Renaissance Framework Agreement"	the framework agreement made between the Company and Renaissance Care dated 31 October 2018, a summary of which is set out in paragraph 10 of Part XIII of this Prospectus
"Retail Prices Index"	the retail prices index published by the Office for National Statistics
"RICS"	Royal Institution of Chartered Surveyors
"RNS announcement"	an announcement by a regulatory news service
"SDLT"	stamp duty land tax
"Securities Act"	the US Securities Act of 1933, as amended
"Seed Portfolio"	the 56 care homes (and 8 assisted living flats) which were acquired by the Group on 4 May 2017
"Seed Portfolio Sellers"	each of: Mahesh Patel; Surendra Patel; Kirit Patel; the executors of Jogendra Patel; Colin Farebrother; Vimbalen Patel; Chimanbhai Patel acting by Vimbalen Patel; John Alflatt; Royal Bank of Canada (Channel Islands) Limited as trustee of The Elm Trust; Wisteria Investments Limited; Bilandor Investments Limited; Fort Trustees Limited as trustee of The Mahesh and Alka Patel 2003 Trust; and Spread Trustee Company Limited as trustee of The Jason Trust
"Seed Portfolio Transaction Agreement"	the transaction agreement entered into between the Company and the Seed Portfolio Sellers which set out the terms on which the Group would agree to acquire the Seed Portfolio following the Company's IPO
"Shareholder"	a holder of Ordinary Shares in the Company
"shares"	transferable securities
"Similar Law"	any US federal, state, local or foreign law that is similar to provision 406 of ERISA or section 4975 of the US Tax Code
"Social Care Precept"	the additional amount of council tax permitted to be charged by local authorities which are responsible for social care (subject to a cap and provided that the proceeds of the additional charge are spent exclusively on social care) as more particularly described in the paragraph entitled "Increase in National Living Wage and the Social Care Precept" in Part II of this Prospectus
"Specialist Fund Segment"	the specialist fund segment of the Main Market of the London Stock Exchange
"SPV"	special purpose vehicle
"Substantial Shareholder"	a company or body corporate that is beneficially entitled, directly or indirectly, to 10 per cent. or more of the dividends and/or share capital that controls, directly or indirectly, 10 per cent. or more of the voting rights of the Company
"Substantial Shareholding"	the Ordinary Shares which comprise the shareholding of a Substantial Shareholder
"Takeover Code"	the City Code on Takeovers and Mergers
"Target Dividend"	the target dividend described in the paragraph entitled "Target Dividend" in Part I of this Prospectus
"Target Returns"	the Target Dividend and the Target Total Return
"Target Total Return"	the target net annualised return of the Company described in the paragraph entitled "Target Dividend" in Part I of this Prospectus
"Tax Exempt Business"	a Qualifying Property Rental Business in the UK and elsewhere for the purpose of chapter 12 of the CTA 2010
"Tenant"	any healthcare real estate tenant or service provider to which any assets which form part of the Portfolio are leased, including the Initial Tenants and Additional Tenants
"Treasury Regulations"	the US Department of Treasury Regulations

"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority" or "UKLA"	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List
"US" or "United States"	the United States of America (including the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction
"US Person"	a "US Person" as defined in Regulation S of the Securities Act
"US Tax Code"	the US Internal Revenue Code of 1986, as amended
"Valuation Report"	the valuation report prepared by the Valuer in relation to the Existing Portfolio, as set out in Part VIII of this Prospectus
"Valuer"	Cushman & Wakefield
"VAT"	UK Value Added Tax
"Vendor Issue"	the private placement of Ordinary Shares at an issue price of £1.00 per Ordinary Share to certain of the Seed Portfolio Sellers in accordance with the terms of the Seed Portfolio Transaction Agreement
"WAULT"	weighted average unexpired lease term
"Welford"	Welford Healthcare Limited which is a subsidiary of Linksmax Limited and a care home tenant to which certain Existing Portfolio assets are leased
"Winterflood"	Winterflood Securities Limited

## Appendix 1: AIFMD Disclosure Supplement

### SUPPLEMENT TO THE PROSPECTUS

#### FOR

#### IMPACT HEALTHCARE REIT PLC

for Offerings in or to Persons Domiciled or Registered in the European Economic Area

11 February 2019

This supplement (the "**Supplement**") for offerings in or to persons domiciled or registered in the European Economic Area (the "**EEA**") hereby supplements the prospectus dated 11 February 2019 as may be amended or supplemented from time to time (the "**Prospectus**") for Impact Healthcare REIT plc (the "**Company**") for the purposes described below. This Supplement is not a complete summary of, should be read in conjunction with and is qualified in its entirety by, the Prospectus, the articles of association of the Company and the investment management agreement between the Company and Carne Global AIFM Solutions (C.I.) Limited (the "**Investment Manager**") relating thereto and related documentation.

This Supplement is being provided to certain prospective investors as an information-only document for the purpose of providing certain summary information about an investment in the Company as required pursuant to Articles 23(1), 23(2), 23(4) and 23(5) of Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and its implementing measures (the "**AIFMD**").

This Supplement does not update any information except as specifically described herein. Capitalised terms, unless otherwise defined herein, are used as defined in the Prospectus.

### AIFMD DISCLOSURE

The Investment Manager is subject to the AIFMD only to the limited extent applicable when a non-EEA Alternative Investment Fund Manager (an "**AIFM**") offers or markets an EEA Alternative Investment Fund (an "**AIF**") in the EEA. For the purposes of the AIFMD, the Company is the AIF and the Investment Manager is the AIFM. Since the Investment Manager is a non-EEA AIFM, certain of the disclosure requirements set forth in the AIFMD must be read, and have been addressed, in that context.

Article	Disclosure Requirement	Disclosure
<b>23(1)(A)</b>	<b>INVESTMENT STRATEGY</b>	
<b>1</b>	Description of the investment strategy and objectives of the Company	Please refer to the sections titled "Investment Objective" and "Investment Policy" both in Part I of the Prospectus, respectively. The "Investment Process" section in Part VI of the Prospectus describes the investment strategy of the Company.
<b>2</b>	Description of the types of assets in which the Company may invest	Please refer to the section titled "Investment Policy" in Part I and "The Investment Pipeline" in Part IV of the Prospectus.
<b>3</b>	Techniques the Company may employ	Please refer to the sections titled "Investment Process" in Part VI of the Prospectus.
<b>4</b>	Risks associated with those types of assets and those techniques	Please refer to the "Risk Factors" section of the Prospectus, in particular the sub-sections titled "Risks relating to the Company's investment objective and strategy" and "Risks relating to the Company".
<b>5</b>	Applicable investment restrictions	Please refer to the sections titled "Investment Policy" in Part I of the Prospectus.
<b>6</b>	Use of leverage	
<b>a.</b>	Circumstances in which the Company may employ leverage	Please refer to the sub-section titled "Borrowing Policy" in the section titled "Investment Policy" in Part I of the Prospectus.
<b>b.</b>	Types and sources of leverage	There are no restrictions on the type or source of leverage

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|    | permitted   | that the Company is permitted to incur.   |
| c. | All risks associated with the use of leverage   | Please refer to the "Risk Factors" section of the Prospectus for a description of the risks associated with the Company's use of leverage, and in particular, the paragraph titled "Risks relating to the Company".   |
| d. | Any restrictions on the use of leverage and any collateral and asset reuse arrangements               | Please refer to the sub-section titled "Borrowing Policy" in the section titled "Investment Policy" in Part I of the Prospectus for the restrictions on the use of leverage. There are no collateral or asset reuse arrangements.   |
| e. | Maximum level of leverage which the Investment Manager is entitled to employ on behalf of the Company | The Company itself may borrow (through bank or other facilities) whether directly or indirectly through an investment fund in which it invests or through a subsidiary SPV, up to 35 per cent. of gross asset value of the Group as a whole, in aggregate (calculated at the time of draw down under any facility that the Company has entered into). |

**23(1)(B) CHANGE OF INVESTMENT STRATEGIES OR INVESTMENT POLICY**

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| Description of the procedures by which the Company may change its investment strategies or investment policy, or both | Any material change to the investment policy of the Company will be made only with the approval of Shareholders by ordinary resolution. Any change to the investment policy or investment restrictions which does not amount to a material change to the investment policy may be made by the Company without the approval of Shareholders. |
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**23(1)(C) CONTRACTUAL RELATIONSHIP**

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| Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Company is established | <p>The Company was established under the laws of England and Wales with its registered office at 7th Floor, 9 Berkeley Street, London, W1J 8DW. An investor in the Company will acquire Ordinary Shares in the Company and accordingly, any disputes between an investor and the Company will be resolved by the courts of England and Wales in accordance with English law and having regard to the Company's Articles of Association which constitute an agreement between the Company and its Shareholders. A Shareholder shall have no direct legal or beneficial interest in the assets of the Company. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the shares held by them.</p> <p>Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims; and derivative actions. In the event that a Shareholder considers that it may have a claim against the Company in connection with its investment in the Company, such Shareholder should consult its own legal advisers.</p> <p>Regulation (EC) 593/2008 ("<b>Rome I</b>") must be applied in all member states of the European Union (other than Denmark). Accordingly, where a matter comes before the courts of the relevant member state, the choice of governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state's court may apply any rule of that member state's own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the</p> |
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public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that country which cannot be derogated from by agreement. The United Kingdom is party to the following instruments which provide for the recognition and enforcement of foreign judgements in England and Wales:

- Regulation (EC) 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the Brussels Regulation)
- Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters 2007 (the new Lugano Convention)
- Regulation (EC) 805/2004 creating a European Enforcement Order for uncontested claims (the European Enforcement Order Regulation)
- the Administration of Justice Act 1920; and
- the Foreign Judgements (Reciprocal Enforcement) Act 1933.

Accordingly if an investor were to seek to have an order of a foreign court recognised or enforced in the courts of England and Wales, it is likely that the United Kingdom will have arrangements in place under one of the instruments noted above.

## **23(1)(D) SERVICE PROVIDERS**

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| <b>1</b> | Identity of the Investment Manager, the Company's depositary, auditor and other service providers | <p>The identities of the Investment Manager and Investment Adviser are set out in Part VI of the Prospectus and the identity of the Auditor and other service providers of the Company are set out in the section of the Prospectus titled "Directors, Investment Manager and Advisers".</p> <p>No depositary is required to be appointed, or has been appointed, by the Company.</p>   |
| <b>2</b> | Description of the duties of each of those service providers                                      | <p>The duties of the Administrator, Company Secretary, Registrar and Auditor are set out in Part V of the Prospectus and the agreements entered into with each of these service providers are described in more detail in paragraph 10, "Material contracts and related party transactions" of Part XIII of the Prospectus.</p> <p>The duties of the Investment Manager and the Investment Adviser are set out in Part VI of the Prospectus and the Investment Management Agreement and Investment Advisory Agreement are described in more detail in paragraph 10, "Material contracts and related party transactions" of Part XIII of the Prospectus.</p> <p>The duties of the Placing Agent are set out in Part VII of the Prospectus and the Placing Agreement is described in more detail in paragraph 10, "Material contracts and related party transactions" of Part XIII of the Prospectus.</p> |

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| <p><b>3</b></p> | <p>Description of the investors' rights in respect of those service providers</p> | <p>Without prejudice to any potential right of action in common law that a Shareholder may have to bring a claim against a service provider to the Company, each Shareholder's contractual relationship in respect of its investment in Ordinary Shares in the Company is with the Company only. Therefore, no Shareholder will have any contractual claim against any service provider with respect of such service provider's default pursuant to the terms of the agreement that it has entered into with the Company.</p> <p>The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 13D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 13D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company should consult their legal adviser.</p> |
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**23(1)(E) PROFESSIONAL INDEMNITY LIABILITY**

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| <p>Description of how the Investment Manager covers professional liability risks</p> | <p>The Investment Manager is a non-EEA AIFM for the purposes of the AIFMD and so is not required to comply with Article 9(7) of the AIFMD, which relates to the maintenance of professional indemnity insurance or additional capital to cover professional liability risks.</p> <p>However, the Investment Management Agreement imposes certain minimum levels of professional indemnity cover which must be maintained by the Investment Manager during the term of the Investment Management Agreement.</p> |
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**23(1)(F) DELEGATIONS**

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| <p><b>23(1)(F)</b> Description of any delegated management functions as referred to in Annex I of the AIFMD by the Investment Manager and of any safekeeping function delegated by the Depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations</p> | <p>As a non-EEA AIFM, the Investment Manager is not subject to the detailed rules concerning delegation under Article 20 of the AIFMD. In that context, the Company has appointed the Investment Manager as investment manager with sole responsibility to manage the assets of the Company and to advise the Company on a day to day basis, in each case in accordance with the Company's investment policy. The Investment Manager is permitted, with the prior consent of the Company (such consent not to be unreasonably withheld or delayed) to delegate any of its functions under this Agreement other than the portfolio and risk management functions to a delegate (whether such delegate is an Associate of the Investment Manager or otherwise).</p> <p>Notwithstanding the foregoing, all activities engaged in under the provisions of the Investment Management Agreement by the Investment Manager or any of its delegates on behalf of the Company shall at all times be subject to the overall policies, supervision and review of the Board.</p> <p>The Investment Manager's conflicts of interest policy is described in the paragraph titled "Conflicts of Interest" in Part VI of the Prospectus.</p> <p>As described above, no depositary is required to be</p> |
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appointed, or has been appointed, by the Company.

- 23(2)** A description of any arrangement made by the depositary to contractually discharge itself of liability

As described above, no depositary is required to be appointed, or has been appointed, by the Company.

**23(1)(G) VALUATIONS**

Description of the Company's valuation procedure and of the pricing methodology for valuing assets, including methods used to value hard-to-value assets

As a non-EEA AIFM, the Investment Manager is not subject to the provisions concerning valuation procedures in Article 19 of the AIFMD. In that context, please refer to the paragraph titled "Net Asset Value publication and calculation" in Part I of the Prospectus. All assets of the Company will be valued in accordance with the methods set out in the Prospectus.

The Company's accounts and the annual report will be drawn up in Sterling and in accordance with IFRS as adopted by the European Union.

**23(1)(H) LIQUIDITY RISK MANAGEMENT**

- 1** Description of the Company's liquidity risk management, including redemption rights both in normal and exceptional circumstances and the existing redemption arrangements with investors

There are no redemption rights for Shareholders since the Company is closed-ended.

In addition, although the Company has no fixed life, pursuant to the Articles an ordinary resolution for the continuation of the Company will be proposed at the annual general meeting of the Company to be held in 2024 and, if passed, every five years thereafter. Upon any such resolution not being passed, proposals will be put forward by the Directors to the effect that the Company be wound up, liquidated, reconstructed or unitised.

Liquidity risk is therefore the risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the obligations (primarily, debt) of the Company as they fall due. In managing the Company's assets, the Investment Manager will seek to ensure that the Company holds at all times a portfolio of assets (including cash) to enable the Company to discharge its payment obligations. The Company may also maintain a short-term overdraft facility that it may utilise from time to time for short-term liquidity purposes.

**23(1)(I) FEES AND EXPENSES**

Description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors

Please refer to the section entitled "Fees and Expenses" in Part V of the Prospectus. Since all such fees and expenses will be borne by the Company, they will be borne indirectly by investors. The costs and expenses of the Placing Programme will depend on the subscriptions received. Assuming that 200 million New Ordinary Shares are issued pursuant to the Placing Programme, the costs and expenses of the Placing Programme are not expected to exceed £4.1 million.

No fees or expenses of the Company will be directly borne by the investors.

**23(1)(J) FAIR TREATMENT OF INVESTORS**

Description of how the Investment Manager ensures a fair treatment of investors and a description of any preferential

Other than as disclosed in the Prospectus, the Investment Manager:



<p>treatment, the type of investors who obtain such preferential treatment and, where relevant, their legal or economic links with the Investment Manager</p>	<ul style="list-style-type: none"> <li>• will treat investors fairly;</li> <li>• will not allow any investor to obtain preferential treatment; and</li> <li>• has not entered into any agreement to allow any investor to be treated preferentially.</li> </ul>
<p><b>23(1)(K) ANNUAL REPORTS</b> The latest annual report of the Company</p>	<p>Annual reports of the Company can be found on the Company's website: <a href="http://www.impactreit.uk">www.impactreit.uk</a>.</p>
<p><b>23(1)(L) TERMS AND CONDITIONS</b> The procedure and conditions for the issue and sale of interests in the Company</p>	<p>The New Ordinary Shares will be offered pursuant to a Placing Programme. The procedure for each Placing under the Placing Programme is set out in Part VII of the Prospectus and the terms and conditions of the Placing Programme are set out in Part XIV of the Prospectus. The procedure and terms and conditions of any subsequent issue of shares by the Company will be announced by the Company at the time of such issue. In addition, certain restrictions on the sale and transfer of the Ordinary Shares are described in Part VII of the Prospectus under the paragraph titled "Purchase and Transfer Restrictions".</p>
<p><b>23(1)(M) NET ASSET VALUE</b> The latest net asset value of the Company, or the latest market price of the interests of the Company</p>	<p>The Net Asset Value is not available as the Company is newly incorporated. When published, Net Asset Value announcements of the Company can be found on the Company's website: <a href="http://www.impactreit.uk">www.impactreit.uk</a>.</p>
<p><b>23(1)(N) HISTORICAL PERFORMANCE</b> Where available, the historical performance of the Company</p>	<p>Annual and interim financial statements of the Company can be found on the Company's website: <a href="http://www.impactreit.uk">www.impactreit.uk</a>.</p>
<p><b>23(1)(O) PRIME BROKERS</b></p> <p><b>1</b> The identity of the prime broker and a description of any material arrangements of the Company with its prime brokers</p> <p><b>2</b> The way conflicts of interest in relation to any prime brokers are managed</p> <p><b>3</b> The provision in the contract with the depositary on the possibility of transfer and reuse of Company assets</p> <p><b>4</b> Information relating to any transfer of liability to the prime broker that may exist</p>	<p>Not applicable, the Company has not appointed any prime broker.</p> <p>Not applicable, the Company has not appointed any prime broker.</p> <p>Not applicable, the Company has not appointed any prime broker or depositary.</p> <p>Not applicable, the Company has not appointed any prime broker.</p>
<p><b>23(1)(P) PERIODIC DISCLOSURES</b> Description of how and when the information required to be</p>	<p>The Investment Manager is required to disclose periodically to investors:</p>

disclosed periodically to investors under articles 23(4) and 23(5) (so far as relevant, leverage and risk profile) of the AIFMD will be disclosed

- (a) the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature;
- (b) any new arrangements for managing the liquidity of the Company; and
- (c) the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks.

The information shall be disclosed as part of the Company's periodic reporting to investors, as required as an issuer of securities admitted to trading on the premium segment of the Main Market of the London Stock Exchange, or at the same time as the Prospectus and, at a minimum, at the same time as the Company's annual report is made available.

The Investment Manager must disclose on a regular basis:

- (a) any changes to:
  - (a) the maximum level of leverage that the Investment Manager may employ on behalf of the Company;
  - (b) any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and
- (b) the total amount of leverage employed by the Company.

Information on changes to the maximum level of leverage and any right of reuse of collateral or any guarantee under the leveraging arrangements shall be provided without undue delay.

Information on the total amount of leverage employed by the Company shall be disclosed as part of the Company's periodic reporting to investors, as required as an issuer of listed securities on the premium segment of the Main Market of the London Stock Exchange, or at the same time as the Prospectus and at least at the same time as the annual report is made available to investors.

Without limitation to the generality of the foregoing, any of the information specified above may be disclosed:

- (a) in the Company's annual report;
- (b) in the Company's unaudited interim report;
- (c) by the issue of an announcement via a regulatory information service (or equivalent); or
- (d) by the publication of the relevant information on the Company website.

