

AIFMD ARTICLE 23 Disclosure Supplement

SUPPLEMENT TO THE PROSPECTUS DATED 11 FEBRUARY 2019

FOR

IMPACT HEALTHCARE REIT PLC

for Offerings in or to Persons Domiciled or Registered in the European Economic Area

25 March 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 Impact Health Partners LLP (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 to the extent applicable when a "full scope" UK 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 full scope U.K. AIFM with a Part 4A permission for managing AIFs, certain of the disclosure requirements set forth in the AIFMD must be read, and have been addressed, in that context.

Article	Disclosure Requirement	Disclosure
23(1)(A)	INVESTMENT STRATEGY	
1	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.
2	Description of the types of assets in which the Company may invest	Please refer to the sections titled "Investment Policy" in Part I and "Potential Investment Pipeline" in Part IV of the Prospectus.
3	Investment techniques the Company may employ	Please refer to the section titled "Investment Process" in Part VI of the Prospectus.
4	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".

5	Applicable investment restrictions	Please refer to the section titled "Investment Policy" in Part I of the Prospectus.
6	Use of leverage	
a	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	Types and sources of leverage permitted	There are no restrictions on the type or source of leverage 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 special purpose vehicle, 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

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 RELATIONSHIPS

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	The Company was established under the laws of England and Wales with its registered office at 9th Floor, 7 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
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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.

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.

Regulation (EC) 593/2008 ("**Rome I**") 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 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

1 Identity of the Investment Manager, the Company's depositary, auditor and other service providers

Identify of the Investment Manager

The Investment Manager is Impact Health Partners LLP, a limited liability partnership registered in England and Wales with company number OC413768 whose registered office is at 149 – 151 Regent Street, London, W1B 4JD.

Identity of the Depositary

The Depositary is INDOS Financial Limited and is a limited liability company incorporated in England and Wales whose registered office is at 54 Fenchurch Street, London EC3M 3JY.

Identity of the Auditor and other service providers

The identity of the Auditor and other services providers of the Company are set out in the section of the Prospectus titled "Directors, Investment Manager and Advisers".

2 Description of the duties of each of those service providers

The Investment Manager has been appointed by the Company to perform the following functions:

- to advise the Company in relation to, *inter alia*, the acquisition, development, holding and disposal of properties within the Company's portfolio;
- to provide discretionary portfolio management;
- to provide Investment Manager duties; and
- to provide marketing functions.

The Investment Manager has delegated risk management functions to Carne Global AIFM Solutions (C.I.) Limited ("**Carne**"). Carne will be entitled to a fixed fee of £57,000 for the provision of risk management services which have been

delegated to it under the terms of the investment management agreement.

Fees

Under the terms of the investment management agreement between the Company and the Investment Manager (the "**Investment Management Agreement**"), the Investment Manager is entitled to a fixed fee of £95,000 per annum plus a further management fee which 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, thereafter, if the aggregate Net Asset Value of the Company exceeds £500 million, the management fee payable in respect of the gross asset value of the Company over £500 million is calculated as an amount equal to one quarter of 0.7 per cent. per quarter of the excess aggregate Net Asset Value. The Investment Manager is entitled to the reimbursement of reasonable costs and expenses incurred by it in attending meetings of the board and complying with the Company's instructions upon termination of the agreement.

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.

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.

The Company is permitted and will continue to own and hold all assets of the type described in the investment policy. However, as the Investment Manager is a full scope UK Investment Manager, it is required to appoint a depositary in accordance with the AIFMD. INDOS Financial Limited as Depositary is authorised and regulated by the FCA. The Depositary has been appointed by the Company to act as the Company's sole depositary and will perform its functions and responsibilities

in accordance with the AIFMD. The principal duties of the Depositary are, *inter alia*;

- to provide independent oversight of the operation of the Company;
- to ensure the safekeeping of the Company's assets; and
- to monitor the Company's cashflows.

The Depositary does not delegate its safekeeping function in relation to the Company's assets, but may appoint sub-custodians to provide custody services.

Fees

The Depositary is entitled to a base fee of £30,000 per annum and a periodic fee calculated as follows: (a) where the NAV is less than or equal to £300 million, 0.01 per cent. of the NAV per annum; and (b) where the NAV is greater than £300 million, an additional 0.005 per cent. per annum in respect of that part of the NAV which is in excess of £300 million. The Depositary is entitled to reimbursement of all reasonable out-of-pocket expenses properly incurred in connection with its duties.

3 Description of the investors' rights in respect of those service providers

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.

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.

Shareholders who are "Eligible Complainants" for the purposes of the FCA "Dispute Resolutions Complaints" rules (natural persons, micro-enterprises and certain charities or trustees of a trust) are able to refer any complaints against FCA authorised service providers to the Financial Ombudsman Service ("**FOS**") (further details of which are available at www.fscs.org.uk). Additionally, Shareholders may be eligible for compensation under the Financial Services Compensation Scheme ("**FSCS**") if they have claims against an FCA authorised service provider which is in default. There are limits on the amount of compensation. Further information about the FSCS can be found at www.fscs.org.uk. To determine eligibility in relation to either the FOS or the FSCS, Shareholders should consult the respective websites above and speak to their legal advisers.

23(1)(E) PROFESSIONAL INDEMNITY LIABILITY

Description of how the Investment Manager covers professional liability risks

The Investment Manager is a full-scope U.K. AIFM for the purposes of the AIFMD and therefore complies with Article 9(7) of the AIFMD, which relates to the maintenance of professional indemnity insurance or additional capital to cover professional liability risks.

The Investment Manager has therefore, agreed, pursuant to the Investment Management Agreement to maintain professional indemnity cover of not less than £5 million until the date that the Investment Management Agreement is terminated.

23(1)(F) DELEGATIONS

23(2)

23(1)(F) 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

As a full-scope U.K. AIFM, the Investment Manager is subject to the detailed rules concerning delegation under Article 20 of the AIFMD. In that context, the Investment Manager is responsible for significant management functions including discretionary portfolio management and advises 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 the Investment Management Agreement.

The Company has consented to the delegation of risk management functions to Carne in accordance with Fund 3.10. Pursuant to the Investment Management Agreement, the Investment Manager has agreed to review the risk management services provided by Carne on an ongoing basis and will remain liable for the acts and omissions of any delegate as if they were its own acts or omissions.

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 will at all times be subject to the overall policies, supervision and review of the Board.

The Depositary does not delegate its safekeeping function in relation to the Company's assets, but may appoint sub-custodians to provide custody services in accordance with the Depositary Agreement. No conflicts of interest arise from such delegation.

The Investment Manager's conflicts of interest policy is described in the paragraph titled "Conflicts of Interest" in Part VI of the Prospectus.

23(2) A description of any arrangement made by the depositary to contractually discharge itself of liability

The Depositary has entered into an arrangement with a custodian to contractually discharge itself of liability in accordance with Article 21(3) and Article 21(14) of the AIFMD. The Depositary Agreement contains customary indemnities given by the Company in favour of the Depositary.

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 full-scope U.K. AIFM, the Investment Manager is 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

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

redemption arrangements 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.

with investors

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

The fees payable to the Investment Manager and the Depositary are described in section 23(1)(D)(2) above. Please also refer to the section entitled "Fees and Expenses" in Part V of the Prospectus in respect of the other fees and expenses payable by the Company. 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 £4.1million.

Given that the amount of the fees payable by the Company are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.

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 treatment, the type of investors who obtain such preferential treatment

Other than as disclosed in the Prospectus, the Investment Manager:

- will treat investors fairly;
- will not allow any investor to obtain preferential treatment; and

and, where relevant, their legal or economic links with the Investment Manager

- has not entered into any agreement to allow any investor to be treated preferentially.

23(1)(K) ANNUAL REPORTS

The latest annual report of the Company

The Company publishes its annual report for each period ending 31 December in line with FUND 3.3.

When published, annual reports of the Company can be found on the Company's website: www.impactreit.uk.

23(1)(L) TERMS AND CONDITIONS

The procedure and conditions for the issue and sale of interests in the Company

The Ordinary Shares may be offered from time to time through the Company's brokers in a placing or other offering. The procedure for any issue would be set out in the announcement or prospectus relating to that specific offering.

In addition, certain restrictions on the sale and transfer of the Ordinary Shares are described in Part V of the Prospectus under the paragraph titled "Purchase and Transfer Restrictions".

23(1)(M) NET ASSET VALUE

The latest net asset value of the Company, or the latest market price of the interests of the Company

The Company's Net Asset Value announcements can be found on the Company's website: www.impactreit.uk.

23(1)(N) HISTORICAL PERFORMANCE

Where available, the historical performance of the Company

The Company's annual and interim financial statements can be found on the Company's website: www.impactreit.uk.

23(1)(O) PRIME BROKERS

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| 1 | The identity of the prime broker and a description of any material arrangements of the Company with its prime brokers | Not applicable, the Company has not appointed any prime broker. |
| 2 | The way conflicts of interest in relation to any prime brokers are managed | Not applicable, the Company has not appointed any prime broker. |
| 3 | The provision in the contract with the depositary on the possibility of transfer and reuse of Company assets | Not applicable, the Company has not appointed any prime broker. |
| 4 | Information relating to any transfer of liability to the prime broker that may exist | Not applicable, the Company has not appointed any prime broker. |

23(1)(P) PERIODIC DISCLOSURES

Description of how and when the information required to be 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

The Investment Manager is required to disclose periodically to investors:

- (1) the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature;
- (2) any new arrangements for managing the liquidity of the Company; and
- (3) 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 listed securities on the Official List, 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:

- (1) 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
- (2) 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 will be provided without undue delay.

Information on the total amount of leverage employed by the Company will be disclosed as part of the Company's periodic reporting to investors, as required as an issuer of listed securities on the Official List, 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:

- (1) in the Company's annual report;
- (2) in the Company's unaudited interim report;
- (3) by the issue of an announcement via a regulatory information service (or equivalent); or
- (4) by the publication of the relevant information on the Company website.