

PROPOSED PLACING OF ORDINARY SHARES

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15 April 2019

IMPACT HEALTHCARE REIT PLC

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

PROPOSED PLACING OF ORDINARY SHARES

The board of Directors of Impact Healthcare REIT plc (ticker: IHR) (the "**Board**"), the real estate investment trust which provides investors with exposure to a diversified portfolio of UK healthcare real estate assets, in particular residential care homes, is pleased to announce its intention to raise at least £25 million by way of a placing (the "**Placing**") of new ordinary shares ("**New Ordinary Shares**") pursuant to the Company's placing programme as set out in the prospectus published by the Company on 11 February 2019 (the "**Prospectus**").

As at 31 March 2019, the Company had successfully invested all its equity capital and had drawn or committed £37 million of its £75 million in available debt facilities. The net proceeds of the Placing will enable the Company to pay down its revolving debt facilities and to fund new investments in line with its investment policy and to create further value for its shareholders.

The Company will announce its unaudited net asset value ("**NAV**") as at 31 March 2019 on or around 1 May 2019. The Company today announces that the unaudited estimated NAV per Ordinary Share as at 31 March 2019 ("**eNAV**") was approximately 104 pence.

The issue price per New Ordinary Share under the Placing will be 106 pence (the "**Issue Price**"), which represents a discount of 2.3 per cent. to the closing price per Ordinary Share on 12 April 2019 of 108.5 pence and a premium of approximately 1.9 per cent. to the eNAV.

The New Ordinary Shares will be eligible to receive all future dividends and distributions declared, made or paid, including the target dividend payable by the Company for the quarter to 31 March 2019 which is expected to be announced in due course.

The New Ordinary Shares will rank *pari passu* with the existing Ordinary Shares in the capital of the Company.

The Board reserves the right to increase the size of the Placing, subject to, *inter alia*, investor demand, the near-term availability of attractive investment opportunities, and the projected financial position of the Company after the fundraising.

The Placing shall commence immediately following this announcement and is expected to close at 2:00pm on 9 May 2019. The results of the Placing are expected to be announced on 10 May 2019.

Applications will be made to the Financial Conduct Authority for admission of the New Ordinary Shares to the premium segment of the Official List and to the London Stock Exchange for admission to trading of the New Ordinary Shares on its main market for listed securities ("**Admission**"). It is expected that Admission will become effective on 15 May 2019 and that dealings in the New Ordinary Shares will commence at that time.

Winterflood Securities Limited ("**Winterflood**") and RBC Capital Markets are acting for the Company in relation to the Placing.

Highlights

The Company has a strong pipeline of potential acquisitions in various stage of negotiations with a total value in excess of £400 million, as detailed in the Prospectus. More specifically:

- Impact Health Partners LLP, the Company's Investment Manager, is in exclusive or final negotiations and at an advanced stage of due diligence on six transactions, each of which could close in the second quarter of 2019. Together these transactions would enable the Company to deploy in excess of £60 million and add 12 new assets with two new tenants to its current portfolio.
- The Fund Manager is in negotiations on a further five transactions into which the Company could deploy up to £128 million of capital in the third quarter of 2019.
- Each of these transactions, which will be subject to Board approval, is expected to be accretive to earnings and to improve further

the diversification of the Company's portfolio.

- The leases to be put in place on all potential new acquisitions will be consistent with those on the Company's existing portfolio, with fixed terms of not less than 20 years and an annual, upwards-only inflation adjustment with a floor of 2% and a cap of 4%.
- In addition, the Company's Fund Manager has identified organic growth opportunities to add over 500 beds to the Company's existing portfolio where planning permission has been approved or is in progress. 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).

Rupert Barclay, Chairman of Impact Healthcare REIT plc, said:

"The Company and its Fund Manager are continuing to exercise robust capital discipline to deliver value at the point of acquisition or investment and this share placing will enable the Company to capitalise on its identified pipeline of attractive near-term investment opportunities, which is expected to generate value for shareholders.

The Group has a secure and growing income stream from its diversified portfolio of high-quality homes let on long, inflation-linked leases to a growing number of capable tenants with whom we have strong relationships. Our tenants offer an essential regulated service and provide high quality care, which helps to underpin our new progressive dividend policy and total return target, helping to ensure that the Company stands in good stead in an uncertain economic and political environment.

Each of these opportunities identified by the Company's Fund Manager are expected to be earnings accretive and further diversify the Company's portfolio."

Background to the Placing

Since IPO in March 2017, the Company has built a diversified portfolio of 73 care homes across the United Kingdom. As at 31 December 2018, the Company's contracted rent roll was £17.8 million and its weighted average unexpired lease term was 19.5 years. In the year to 31 December 2018, it made a profit before tax of £16.5 million. 100% of the Company's leases have an annual, upwards-only inflation adjustment at RPI with a floor of 2% and a cap of 4%.

Since inception, the Company has paid seven quarterly dividends of 1.5 pence per share. The total of 6.0 pence per share paid in 2018 was 108% covered by the Company's EPRA earnings per share of 6.47 pence for 2018. In February 2019, the Company introduced a new progressive dividend policy in which it aims to increase the dividend paid each year by an amount equal to rent increases received in the prior financial year. It has set a target to pay a dividend of 6.17 pence per share in 2019.

The Company's targeted net shareholder return (combining NAV growth and dividends) is 9% per annum. The capital growth element of this return will be delivered largely from annual, inflation-linked rent increases and the impact of active asset management, rather than relying on yield compression.

The Company has established a good track record of sourcing high-quality assets in advance of its fund raises and efficiently executing acquisitions afterwards, thereby minimising the potentially negative effect of cash drag on its financial returns.

Benefits of the issue

The Directors believe that the continued growth of the Company's portfolio via the Placing will:

- allow the Company to capitalise further on its identified pipeline of attractive near-term investment opportunities in the UK residential care home market;
- be accretive to earnings once the net proceeds are fully invested;
- further enhance the quality and diversification of the portfolio;
- present further opportunities for value enhancing active asset management;
- further improve the Company's operational efficiency and cost ratios; and
- enhance the marketability of the Company and is expected to result in a broader investor base and increased liquidity in the Ordinary Shares.

Further information on the Placing

The New Ordinary Shares are being offered to investors pursuant to the authority granted at the Company's General Meeting held on 5 March 2019. The Board reserves the right to increase the size of the Placing, subject to, *inter alia*, investor demand, the near-term availability of attractive investment opportunities, and the projected financial position of the Company after the fundraising.

The Placing is expected to close at 2:00pm on 9 May 2019 and the results of the Placing are expected to be announced on 10 May 2019.

Applications will be made to the Financial Conduct Authority for admission of the New Ordinary Shares to the premium segment of the Official List and to the London Stock Exchange for admission to trading of the New Ordinary Shares on its main market for listed securities ("**Admission**"). It is expected that Admission will become effective on 15 May 2019 and that dealings in the New Ordinary Shares will commence at that time.

The New Ordinary Shares will, when issued, be credited as fully paid and rank *pari passu* with the existing Ordinary Shares in the capital of the Company, including the right to receive all future dividends and distributions declared, made or paid, including the dividend payable by the Company for the quarter to 31 March 2019, expected to be announced in due course.

The terms of the Placing are set out in the Prospectus, available on the Company's website at <https://www.impactreit.uk/investors/reporting-centre/prospectus/>, subject to certain access restrictions.

The dates set out in the expected timetable above may be adjusted by the Company. In such circumstances details of the new dates will be notified to the UK Listing Authority and the London Stock Exchange and an announcement will be made through a Regulatory Information Service.

FOR FURTHER INFORMATION PLEASE CONTACT:

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The Company's LEI is: 213800AX3FHJM4LJ53. Its home member state is the United Kingdom.

A copy of this announcement will be available on the Company's website at <https://www.impactreit.uk>.

NOTES:

Impact Healthcare REIT plc is a real estate investment trust ("REIT") which aims 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 UK healthcare real estate opportunities, in particular residential care homes. The Group's investment policy is to acquire, renovate, extend and redevelop high quality healthcare real estate assets in the UK and lease those assets primarily to healthcare operators providing residential healthcare services under full repairing and insuring leases.

The Group has now declared or paid seven quarterly dividends of 1.50 pence per share since IPO on 7 March 2017.

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 in the prior financial year.

The Company is listed on the premium listing segment of the Official List of the UK Financial Conduct Authority and was admitted to trading on the Main Market for listed securities of the London Stock Exchange in February 2019.

IMPORTANT INFORMATION:

Neither the content of the Company's website, nor the content on any website accessible from hyperlinks on its website for any other website, is incorporated into, or forms part of, this announcement nor, unless previously published by means of a recognised information service, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of, securities in the Company.

This announcement has been prepared by, and is the sole responsibility of the Directors of Impact Healthcare REIT plc and has been prepared solely in relation to the Circular, Admission and the Placing Programme described in this announcement.

This announcement is an advertisement and does not constitute a prospectus relating to the Company and does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to subscribe for, any shares in the Company in any jurisdiction nor shall it, or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with or act as any inducement to enter into, any contract therefor. Copies of the prospectus will, once published, be available from the Company's website or its registered office.

Recipients of this announcement who are considering acquiring Ordinary Shares following publication of the prospectus are reminded that any such acquisition must be made only on the basis of the information contained in the prospectus which may be different from the information contained in this announcement. In addition, any subscription for Ordinary Shares is subject to specific legal or regulatory restrictions in certain jurisdictions. Persons distributing this announcement must satisfy themselves that it is lawful to do so. The Company assumes no responsibility in the event that there is a violation by any person of such restrictions.

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Neither this announcement nor any copy of it may be: (i) taken or transmitted into or distributed in any member state of the European Economic Area (other than the United Kingdom, the Republic of Ireland or the Netherlands), Canada, Australia, Japan or the Republic of South Africa or to any resident thereof, or (ii) taken or transmitted into or distributed in Japan or to any resident thereof. Any failure to comply with these restrictions may constitute a violation of the securities laws or the laws of any such jurisdiction. The distribution of this announcement in other jurisdictions may be restricted by law and the persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

This announcement and any offer mentioned herein if subsequently made is directed only at: (A) persons in member states of the European Economic Area (the "EEA") who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant member state of the EEA) and includes any relevant implementing measure in each relevant member state of the EEA) (the "Prospectus Directive") ("Qualified Investors"); or (B) persons in the United Kingdom who are Qualified Investors and who (i) have professional

experience in matters relating to investments and who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) who are high net worth companies, unincorporated associations and other persons to whom it may lawfully be communicated in accordance with Article 49(2)(a) to (d) of the Order; or (iii) other persons to whom it may lawfully be communicated (all such persons together being referred to as "Relevant Persons"). Any investment activity in connection with the Placing will only be available to, and will only be engaged with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents. By accepting this communication you represent, warrant and agree that you are a Relevant Person.

This announcement may include "forward-looking statements". All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding the performance of the Company's portfolio and the strategies, performance, results of operations, financial condition and prospects of the Company's tenants.

Forward-looking statements are subject to risks and uncertainties and accordingly the Company's actual future financial results and operational performance may differ materially from the results and performance expressed in, or implied by, the statements. These factors include but are not limited to those described in the Circular and those which will be described in the prospectus, once published. These forward-looking statements speak only as at the date of this announcement. The Company expressly disclaims any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based unless required to do so by the Financial Services and Markets Act 2000, the Listing Rules or Prospectus Rules of the Financial Conduct Authority or other applicable laws, regulations or rules.

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 matters described in this announcement. 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 thereto 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 any transaction or arrangement referred to in this announcement. Neither Winterflood nor RBC Capital Markets makes any representation express or implied in relation to, nor accepts any responsibility whatsoever for, this announcement, its contents or otherwise in connection with it or any other information relating to the Company, whether written, oral or in a visual or electronic format.

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 MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the 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.

PRIIPS (as defined below):

In accordance with the Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products ("**PRIIPs**") and its implementing and delegated acts (the "**PRIIPs Regulation**"), the Company has prepared a key information document (the "**KID**") in respect of the Ordinary Shares. The KID is made available by the Company to "retail investors" prior to them making an investment decision in respect of the Ordinary Shares at www.impactreit.uk.

If you are distributing Ordinary Shares, it is your responsibility to ensure that the KID is provided to any clients that are "retail clients".

The Company is the only manufacturer of the Ordinary Shares for the purposes of the PRIIPs Regulation and none of Winterflood, RBC Capital Markets or Impact Health Partners LLP (the "**Investment Manager**") are manufacturers for these purposes. None of Winterflood, RBC Capital Markets or the Investment Manager makes any representations, express or implied, or accepts any responsibility whatsoever for the contents of the KID prepared by the Company nor accepts any responsibility to update the contents of the KID in accordance with the PRIIPs Regulation, to undertake any review processes in relation thereto or to provide the KID to future distributors of Ordinary Shares. Each of Winterflood, RBC Capital Markets, the Investment Manager and their respective affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it or they might have in respect of the key information documents prepared by the Company. Investors should note that the procedure for calculating the risks, costs and potential returns in the KID are prescribed by laws. The figures in the KID may not reflect actual returns for the Company and anticipated performance returns cannot be guaranteed.

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