

DISPOSAL, ACQUISITION & RELATED PARTY TRANSACTION

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Impact Healthcare REIT PLC
21 October 2021

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Impact Healthcare REIT plc

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

A PROFITABLE DISPOSAL ABOVE CARRYING VALUE OF A SINGLE CARE HOME, AN ACCRETIVE ACQUISITION AND SMALLER RELATED PARTY TRANSACTION

Impact Healthcare REIT plc (ticker: IHR), the real estate investment trust which gives investors exposure to a diversified portfolio of UK healthcare real estate assets, in particular care homes, announces that it has sold a non-strategic care home for £1.68 million and acquired a purpose-built high quality care home in the South-West of England for a net purchase price of £5.75 million.

Impact has completed on the sale of Heeley Bank a 67-bed care home in Sheffield, acquired as part of a portfolio of four homes leased to MMCG in March 2020. The home was not a long-term strategic asset for Impact or MMCG, and as part of the Group's active portfolio management strategy, was jointly marketed post acquisition. The sale at £1.68 million was 29% above the purchase cost of the home and 12% above the carrying value at 30 June 2021.

Impact has also exchanged contracts to acquire a purpose-built 83-bed care home situated in a small coastal town in the South West of England, benefitting from an affluent catchment area with supportive age demographics and limited competition. All the home's bedrooms are en suite and the home has a good reputation locally with a well-established trading history. The rent has been set at a sustainable level to produce an initial rent cover on the home in excess of 2 times.

The Group has appointed one of its existing tenants, Minster Care Management Limited ("**Minster**"), who introduced this opportunity to the Group, as the new tenant of this home at an initial rent of £414,000, reflecting a net initial yield of 7.2%. The property benefits from a new, unbroken 20-year lease, with rent subject to an annual upward-only review linked to the Retail Price Index, with a floor of 2% per annum and a cap of 4% per annum.

The Group continues to work on a strong pipeline of further acquisitions, a number of which are in exclusivity.

The entry into the new lease with Minster is deemed to be a smaller related party transaction for the purposes of Listing Rule 11.1.10R and this announcement is therefore made in accordance with Listing Rule 11.1.10R(2)(c).

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The Company's LEI is 213800AX3FHPMJL4IJ53.

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

NOTES:

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

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

The Company has a progressive dividend policy with a target to grow its annual aggregate 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.

On this basis, the target total dividend for the year ending 31 December 2021 is 6.41 pence per share*, a 1.91% increase over the 6.29 pence in dividends paid per ordinary share for the year ended 31 December 2020.

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

* This is a target only and not a profit forecast. There can be no assurance that the target will be met and it should not be taken as an indicator of the Company's expected or actual results.

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