

Open Offer, Initial Placing And Subscription Offer

Released : 27/01/2022 07:00

RNS Number : 7781Z
Impact Healthcare REIT PLC
27 January 2022

27 January 2022

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, TO US PERSONS OR INTO THE UNITED STATES, ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, AUSTRALIA, CANADA, JAPAN, NEW ZEALAND OR THE REPUBLIC OF SOUTH AFRICA OR INTO ANY OTHER JURISDICTION WHERE TO DO SO MIGHT CONSTITUTE A VIOLATION OR BREACH OF ANY APPLICABLE LAW. PLEASE SEE THE IMPORTANT NOTICE AT THE END OF THIS ANNOUNCEMENT.

THIS ANNOUNCEMENT HAS BEEN DETERMINED TO CONTAIN INSIDE INFORMATION.

This announcement is an advertisement for the purposes of the Prospectus Regulation Rules of the UK Financial Conduct Authority (the "FCA") and not a prospectus and not an offer of securities for sale in any jurisdiction. Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors should not purchase or subscribe for any shares referred to in this announcement except on the basis of information in the Prospectus (as defined below) published by the Company (as defined below). A copy of the Prospectus will, when published, be made available from the Company's website (www.impactreit.uk/investors/reporting-centre/prospectus).

Impact Healthcare REIT plc

(the "Company")

Proposed Open Offer, Initial Placing, Offer for Subscription and Intermediaries Offer

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 care homes, today announces its intention to raise targeted gross proceeds of approximately £50 million through an issue of new Ordinary Shares of the Company (the "Initial Issue").

Highlights

- Initial Issue of New Ordinary Shares at 114.0 pence per New Ordinary Share (the "Issue Price") to raise approximately £50 million by way of an Open Offer, Initial Placing, Offer for Subscription and Intermediaries Offer.
- The Issue Price of the Initial Issue represents a discount of 2.7 per cent to the closing price per Ordinary Share of 117.2 pence on 26 January 2022 (being the last business day prior to the date of this announcement) and a premium of 2.0 per cent. to the Company's estimated Net Asset Value ("Estimated NAV") per Share of 111.81 pence as at 30 November 2021.
- Shareholders who qualify for the Open Offer ("Qualifying Shareholders") will be offered the opportunity to participate in the Open Offer on the basis of 1 New Ordinary Share for every 8 Existing Ordinary Shares. Qualifying Shareholders will also be offered the opportunity to subscribe for New Ordinary Shares in addition to their Open Offer Entitlement under an excess application facility.
- The Company will initially use proceeds from the Initial Issue to pay down its drawn revolving credit facilities, (currently £67.5 million). In addition, the Company's investment manager, Impact Health Partners LLP (the "Investment Manager") has £69 million of acquisitions in advanced legal discussions and a medium to longer term investment pipeline of over £290 million.
- In addition, the Company has committed to £26 million of forward funding and asset management capex, of which £16 million is yet to be deployed, and the Investment Manager has identified a longer-term asset management pipeline of a further 11 projects which would require a further £26 million of investment, which is anticipated to be accretive to both earnings and net asset value.
- The UK care home real estate market continues to perform strongly supported by robust long term structural drivers and demographic fundamentals, including: increasing demand from a rapidly ageing population; an ongoing shortage of suitable supply that is fit for purpose; a need to reduce pressure on high-cost, medical care providers in the NHS; care operators with an established history of being able to pass inflationary pressures through fee increases; and the consolidation of a highly fragmented market. Meanwhile at an operational level, the Company's tenants have over the last 12 months seen increasing occupancy rates, as the effect of the vaccination programme and the easing of pandemic restrictions feeds through, improving rental cover, with the potential for increased governmental funding over the longer term. The Company continues to benefit from these supportive trends, whilst its long term inflation linked leases and conservative financial approach provides for additional potential value enhancement and downside protection.

- In December 2021, the Company announced that it had agreed transactions relating to the investment of £51.8 million in 15 care homes with 688 beds. Following completion of all of these investments and the two forward funded developments, the Company will have a portfolio of 126 properties with 6,853 beds operated by 13 tenants⁽⁴⁾ and let on long term leases with a weighted average unexpired lease term of 19.3 years to first break. The Company's portfolio has zero voids and 100 per cent. of the Group's rental income is linked directly to inflation. The current portfolio's annual contracted rent⁽³⁾ has increased 12.2 per cent. to £38.0 million, from the previously reported contracted rent in September 2021 of £33.9 million.
- The value of the Company's assets, tenants, associated leases and strength of its collaborative relationships with its tenants are clearly demonstrated with the Company collecting 100 per cent. of rent due since the IPO, including during the pandemic, with no lease variations, and a strong level of rent cover of 2.02 times in Q3 2021, which is higher than pre-pandemic.
- The portfolio EPRA 'topped up' Net Initial Yield at 30 September 2021 was 6.67 per cent. (30 June 2021: 6.75 per cent.).
- The Company has total available debt facilities of £168 million, of which £115 million is currently drawn including £67.5 million drawn down under its revolving credit facilities. Based on gross assets at 30 November 2021 and cash drawn as at the date of this announcement, LTV is 22.3 per cent. The Group has committed a further £30 million to acquisitions, forward funded developments and asset management activities, and LTV would be 26.5 per cent. if all such commitments are funded through further draw down of the Group's debt facilities.
- The target total dividend for the year to 31 December 2021 amounts to 6.41 pence per share and is paid quarterly, with 2021 dividends expected to be fully covered by EPRA EPS and Adjusted EPS⁽²⁾.
- Holders of the New Ordinary Shares being issued pursuant to the Initial Issue will be eligible to receive the interim quarterly dividend, in respect of the quarter ended 31 December 2021, which is expected to be declared later in February 2022.
- As a Real Estate Investment Trust, the Company has an income focus demonstrated by its continuing progressive dividend policy under which it seeks to grow its target dividend in line with the inflation-linked rental uplifts received by the Company under the terms of the rent review provisions contained in the Company's leases in the prior financial year.
- The target dividend for the year to 31 December 2022 will increase by 2.0 per cent. to 6.54 pence per share, reflecting a 5.7 per cent. dividend yield on the Issue Price⁽²⁾.
- Between its IPO in March 2017 and 20 January 2022, the Company has delivered total shareholder returns of 52.6 per cent., equating to an annualised return of 10.8 per cent.

The Directors have reserved the right, following consultation with Winterflood and Jefferies, to increase the size of the Initial Issue by reallocating New Ordinary Shares that would otherwise be available under the Placing Programme to increase the size of the Initial Placing, the Offer for Subscription and/or the Intermediaries Offer. Any decision to increase the size of the Initial Issue will only be made after careful consideration of the size and availability of the Company's investment pipeline.

The Company will shortly be publishing a prospectus (the "**Prospectus**") in connection with the Initial Issue as well as a proposed Placing Programme, which is described in detail below.

Rupert Barclay, Chairman of Impact Healthcare REIT plc said:

"Our tenants are now reporting improved trading conditions as a result of the vaccination programme and the easing of government restrictions, despite the effects of the pandemic on the care home sector. Meanwhile, the strengthening of long term structural demographic trends, a lack of suitable homes to meet this demand, and an increasing governmental awareness that social care requires a longer term funding plan, all help to underpin the positive long term investment case for care home real estate. Our sector has an established history of being able to pass inflationary pressures through fee increases and with the Company's long inflation linked leases with high quality tenants, these provide us with further confidence, especially in light of the current inflationary pressures in the market.

Our proposed Initial Issue will deliver the funds to enable the Company to capitalise in short order on its attractive investment pipeline of assets and forward funding and asset management capex commitments. These will further enhance and diversify our resilient portfolio, whilst assisting the Company to secure these investments at expected yields of approximately 7%, in keeping with the Company's track record, delivering expected further dividend and NAV growth going forward."

Background to the Initial Issue and Placing Programme

The Company listed on the London Stock Exchange's Main Market on 7 March 2017 with an investment objective to provide its shareholders with attractive and sustainable returns through a diversified portfolio of Healthcare Real Estate Assets, with a focus on UK care homes.

Following its successful initial public offering, which raised gross proceeds of £160 million, the Company has raised a further £203 million through subsequent equity raises, and carefully assembled a portfolio of 110 healthcare properties (of which 108 are care homes and two are NHS assets), and two forward funded developments. The portfolio benefits from geographic and tenant diversity, fixed-term leases of typically 20 to 35 years (no break clauses), and rental income which is directly linked to inflation via contractual RPI increases, subject to floors and caps, on 98 per cent. of the leases (the remaining leases are linked to CPI).

Following 30 November 2021, the Group has entered into agreements which will allow it to acquire an additional two care homes in Northern Ireland and 12 care homes in Scotland (the "**Post-November 2021 Commitments**"). Upon completion of the two forward funded developments referred to above, and completion of all committed investments and acquisitions comprising the Post-November 2021 Commitments, the portfolio will comprise 126 properties having, in aggregate, 6,853 beds, let to thirteen Tenants⁽⁴⁾ with a contracted rent of 38.0 million.

The portfolio assets are 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. The leases also benefit from several additional, and non-standard, landlord protection clauses which enable the Company to closely monitor each tenant's rent cover and operational care metrics, as well as empowering the Company to impose strict obligations in the event of declining standards.

The portfolio EPRA 'topped up' Net Initial Yield at 30 September 2021 was 6.67 per cent. (30 June 2021: 6.75 per cent.).

The Investment Manager is highly selective when choosing the Group's tenants, focusing on businesses which it believes are fully aligned with the Company's investment and ESG objectives. During the recent pandemic, the value of these tenants, the associated leases and strength of the collaborative relationship, was clearly demonstrated, with the Group collecting 100 per cent. of rent due with no lease variations.

The Company currently has a market capitalisation of approximately £415 million with an investment portfolio independently valued at £458.8 million as at 30 November 2021. The Company also has a conservative financial approach with a current pro forma LTV of 22.3 per cent. and a fully committed pro forma LTV of 26.5 per cent.⁽¹⁾

The Company targets an average NAV total return of 9 per cent. per annum over the longer term. However, as a Real Estate Investment Trust, the Company has an income focus demonstrated by its progressive dividend policy under which it seeks to grow its target dividend in line with the inflation-linked rental uplifts received. The target total dividend for the year to 31 December 2021 amounts to 6.41 pence per share (paid quarterly) whilst the target dividend for the year to 31 December 2022 will increase by 2.0 per cent. to 6.54 pence per share which reflects a 5.7 per cent. dividend yield on the Issue Price⁽²⁾.

Since IPO to 20 January 2022, the Company has delivered total shareholder returns of 52.6 per cent., equating to an annualised return of 10.8 per cent. and an annualised NAV total return of 8.6 per cent.

The UK care home real estate market continues to perform strongly supported by strong long term structural drivers and demographic fundamentals, including: increasing demand from a rapidly ageing population; an ongoing shortage of suitable supply that is fit for purpose; a need to reduce pressure on high-cost, medical care providers in the NHS; care operators have an established history of being able to pass inflationary pressures through fee increases; and the consolidation of a highly fragmented market. Meanwhile at an operational level, the Company's tenants have over the last 12 months seen increasing occupancy rates, as the effect of the vaccination programme and the easing of pandemic restrictions feeds through, improving rental cover, with the potential for increased governmental funding over the longer term. The Company continues to benefit from these supportive trends, whilst its long term inflation linked leases and conservative financial approach provides for additional potential value enhancement and downside protection.

Pipeline and Use of Proceeds

Despite a competitive acquisition environment, the Company has demonstrated that it can continue to grow its portfolio on accretive terms, announcing that it had agreed transactions relating to the investment in 15 properties for a total consideration of £51.8 million over the past two months.

The Investment Manager is currently in negotiations in respect of a significant pipeline of assets which meet the Company's investment objectives, including off-market assets identified through the Investment Manager's extensive network of industry relationships. In the near-term, terms have been agreed on five potential acquisitions, which would enable the Company to deploy up to £69 million of capital to acquire 12 new homes. These homes, once acquired, would benefit from long-term leases with an average WAULT of 25-30 years, inflation linkage through upward-only RPI linked rents, and are available at an average gross initial yield of approximately 7 per cent. The homes would, if acquired, further diversify the existing portfolio including via the addition of another tenant. Meanwhile the Company also continues to grow its longer-term investment pipeline, with several potential transactions, totaling over £290 million, at an early stage of negotiation. Whilst the Investment Manager is confident that the size and nature of the pipeline will provide the Company with extensive investment optionality over the next few months, no contractually binding obligations for the sale and purchase of any of these investment opportunities have yet been entered into.

The Investment Manager has throughout the life of the Company sought to identify opportunities which, as well as offering attractive long-term prospects as standalone care home investments, also offer growth prospects through asset management and development activities including via the refurbishment, extension and development of new beds. This strategy ensures that the Company has, in addition to its acquisition pipeline, an organic pipeline of internal investment opportunities which are accretive to shareholders and improve and where applicable, modernise its existing homes. The Company also has opportunities to build modern purpose built facilities. Indeed, in the period between the Company's IPO in 2017 and 30 November 2021, it has committed approximately £39 million in capital expenditure on its assets, adding 349 beds (145 now completed) and increasing the rent due by £3.1 million. The Company currently has outstanding commitments to invest approximately £9 million in nine asset management projects as well as an additional £17 million in two forward funding developments, of which £16 million has yet to be deployed. In addition, the Investment Manager has identified approximately £26 million of potential capital expenditure across 11 projects that it could choose to commit over the medium term.

As at 30 November 2021, debt drawn was £67.5 million and gross assets £466.4 million giving an LTV of 14.5 per cent. In December 2021, the Group issued £37 million of long-term senior secured notes and drew down £10 million of its available revolving credit facilities. Incorporating these debt movements, the Group has £114.5 million indebtedness and gross assets of £513.4 million reflecting an LTV of 22.3 per cent. The Group has outstanding commitments of £16.0 million to asset management and forward funded developments; £2.5 million to a performance based deferred consideration and £11.0 million for funding of exchanged acquisitions. Funding these commitments using the Group's credit facilities, a current committed pro forma LTV of 26.5 per cent. is reached. The Company's maximum LTV is 35 per cent.

The opportunities available to the Company offer multiple near-term investment options which ensures that the Company can remain highly selective and disciplined with its ongoing growth. However, given the size of both the near term and longer term pipelines, as well as the Company's current committed pro-forma LTV ratio of 26.5 per cent., the Board of Directors believe now is an appropriate time to raise new equity as well as to initiate a placing programme to allow further issues of equity, in a cost efficient manner, over the next 12 months.

Benefits of the Initial Issue

The Board believes that proceeding with the Initial Issue will have the following benefits for the Company:

- provide the Company with the funds to repay up to £67.5 million of debt drawn under the Company's revolving credit facilities, which will allow the Company to re-draw funds under such facilities as and when investment opportunities arise, and thereby limiting the negative financial effect of cash drag;
- allow the Company to invest further capital in the Company's identified pipeline opportunities to enable it to further diversify its existing portfolio and secure value from new and organic follow-on investments;
- provide the Company with the capital needed to allow it to act in a timely manner in securing existing investment opportunities as well as having sufficient capital to fund new opportunities;
- create the potential to enhance the NAV per share of the existing Ordinary Shares through the issuance of New Ordinary Shares at a premium to NAV, after the related costs have been deducted;
- spread the Company's fixed running costs across a wider base of shareholders; and

- increase the size of the Company which the Investment Manager believes will help make the Company more attractive to: (i) a wider base of counterparties and, therefore, improve the Company's pipeline of opportunities; and (ii) a wider base of investors and, therefore, improve market liquidity in the Ordinary Shares.

The Issue and the Share Issuance Programme

The Initial Issue is being implemented by way of an Open Offer, Initial Placing, Offer for Subscription and Intermediaries Offer. The approximate number of New Ordinary Shares to be issued pursuant to the Initial Issue is 43,830,523 at the Issue Price of 114.0 pence per New Ordinary Share. The Issue Price of 114.0 pence represents a premium of approximately 2.0 per cent. to the Estimated NAV per share of 111.81 pence and a discount of approximately 2.7 per cent. to the closing price of 117.2 pence per existing Ordinary Share on 26 January 2022, the latest practicable date prior to the Company's announcement of the Initial Issue.

The New Ordinary Shares issued pursuant to the Initial Issue will, following First Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid in respect of the Ordinary Shares by reference to a record date after Initial Admission. For the avoidance of doubt, holders of the New Ordinary Shares being issued pursuant to the Initial Issue will be eligible to receive the interim quarterly dividend, in respect of the quarter ended 31 December 2021, which is expected to be declared in February 2022.

The Directors recognise the importance of pre-emption rights to Ordinary Shareholders. Accordingly, the New Ordinary Shares are being initially offered to Qualifying Shareholders by way of the Open Offer pursuant to which they will be entitled to apply for 1 New Ordinary Share for every 8 existing Ordinary Shares held on the Record Date (being up to 43,830,523 New Ordinary Shares). If the overall demand from investors exceeds this amount, the Directors have reserved the right, following consultation with Winterflood and Jefferies, to increase the size of the Initial Issue by reallocating New Ordinary Shares that would otherwise be available under the Placing Programme to increase the size of the Initial Placing, the Offer for Subscription and/or the Intermediaries Offer. Any decision to increase the size of the Initial Issue will only be made after careful consideration of the size and availability of the Company's investment pipeline. If the number of Ordinary Shares to be issued under the Initial Issue is increased, the maximum number of Ordinary Shares available for issuance under the remainder of the Placing Programme will be reduced accordingly.

The Initial Issue is not underwritten. The maximum number of New Ordinary Shares to be issued under the Placing Programme is 300 million (inclusive of any New Ordinary Shares to be issued pursuant to the Initial Issue). The Placing, Offer for Subscription, and the Intermediaries Offer, may be scaled back in order to satisfy valid applications under the Open Offer. The Open Offer will not be scaled back.

Due to restrictions under the securities laws of the relevant jurisdiction, and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any of the United States, any member state of the European Economic Area, Australia, Canada, Japan, New Zealand or the Republic of South Africa will not qualify to participate in the Open Offer.

Further Details

Jefferies International Limited ("**Jefferies**") and Winterflood Securities ("**Winterflood**") are acting as joint sponsors, joint global coordinators and joint bookrunners to the Company in connection with the Initial Issue and the Placing Programme. The Initial Issue will be conducted in accordance with the terms set out in the Prospectus and is expected to close at the times specified in the expected timetable below but may be closed earlier or later at the absolute discretion of Jefferies, Winterflood and the Company. Details of the number of Ordinary Shares to be issued pursuant to the Initial Issue will be determined by the Board (following consultation with Jefferies, Winterflood and the Investment Manager) and will be announced as soon as practicable after the close of the Initial Issue.

The Initial Issue is conditional, *inter alia*, on the Ordinary Shares to be issued pursuant to the Initial Issue being admitted to listing on the premium listing segment of the Official List of the FCA, and to trading on the main market for listed securities of the London Stock Exchange (together, "**Admission**").

Applications will be made to the FCA and the London Stock Exchange for Admission of the New Ordinary shares to be issued pursuant to the Initial Issue. Subject to Admission becoming effective, it is expected that settlement of subscriptions in respect of the New Ordinary Shares and trading in the New Ordinary Shares will commence at 8.00 a.m. on 21 February 2022, or such later time and/or date as may be announced by the Company.

Any future issues under the Placing Programme are dependent on the Company's pipeline of investment opportunities, drawings on the Company's debt facilities and market conditions and accordingly there is no certainty that there will be any future issues of shares under the Placing Programme before its expiry.

The Offer for Subscription is only being made in the UK and Jersey, but subject to applicable law, the Company may allot and issue New Ordinary Shares on a private placement basis to applicants in other jurisdictions.

By choosing to participate in the Initial Issue and by making an oral and legally binding offer to subscribe for Ordinary Shares, investors will be deemed to have read and understood this Announcement and the Prospectus in their entirety and to be making such offer on the terms and subject to the conditions in the Prospectus, and to be providing the representations, warranties and acknowledgements contained therein.

A copy of the Prospectus and a copy of the Circular, when published, will be submitted to the National Storage Mechanism and will shortly thereafter be available for inspection at: <https://www.fca.org.uk/markets/primary-markets/regulatory-disclosures/national-storage-mechanism> as well as on the Company's website at <https://www.impactreit.uk>. Full details of the terms and conditions of the share issues comprising the Initial Issue will be made available in the Prospectus.

Expected Timetable

Record Date and time for entitlements under the Open Offer	6.00 p.m. on 25 January
Ex-entitlement Date of the Open Offer	27 January
Prospectus Published	27 January
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	28 January
Latest recommended time and date for requested withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 9 February
Latest recommended time and date for depositing Open Offer Entitlements and Excess Open Offer Entitlements in CREST	3.00 p.m. on 10 February
Latest time and date for splitting of Open Offer Application Forms	3.00 p.m. on 11 February
Latest time and date for receipt of Open Offer Application Forms and payments in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 15 February
Latest time and date for receipt of completed application forms from the Intermediaries in respect of the Intermediaries Offer	11.00 a.m. on 15 February
Latest time and date for receipt of Offer for Subscription Applications under the Offer for Subscription	11.00 a.m. on 15 February
General Meeting	16 February
Latest time and date for receipt of commitments under the Initial Placing	2.00 p.m. on 16 February
RNS announcement of the results of the Initial Issue	17 February
Issue of New Ordinary Shares, admission to the premium listing of the Official List and commencement of dealings in the New Ordinary Shares on the London Stock Exchange's Main Market	21 February
CREST accounts credited in respect of New Ordinary Shares in uncertificated form	21 February
Dispatch of definitive share certificates for New Ordinary Shares (where applicable)	w/c 28 February

The dates and times specified above are subject to change. In particular, the Directors may (with the prior approval of Jefferies and Winterflood) bring forward or postpone the closing time and date for the Initial Issue. In the event that a date or time is changed, the Company will notify persons who have applied for Ordinary Shares by post, by electronic mail or by the publication of a notice through a Regulatory Information Service.

General Meeting ("GM")

The Company will hold a General Meeting on 16 February 2021 at which it will propose that: (i) the Directors be authorised to allot Ordinary Shares in the Company up to an aggregate nominal value of £3,000,000, which will enable the Company to issue all of the 300 million Ordinary Shares comprised in the Initial Issue and the Placing Programme ("**Resolution 1**"); and (ii) pre-emption rights be disapplied in respect of any allotment pursuant to the authority conferred by Resolution 1 ("**Resolution 2**"). Any authorities granted at the General Meeting will be in addition to the Existing Authority. The Company intends to use the authorities granted at the General Meeting to allot and issue Shares under the Initial Issue and any Subsequent Placing, instead of using its Existing Authority.

If Resolutions 1 and 2 are not passed at the General Meeting, any issuances of Shares pursuant to the Initial Issue will be made pursuant to the Existing Authority and any Subsequent Placing, in excess of the remaining Existing Authority after the completion of the Initial Issue, will be conditional upon the Shareholders resolving to disapply pre-emption rights in respect of such issuance at a subsequent general meeting of the Company.

Dealing Codes

ISIN of existing Ordinary Shares	GB00BYXVMJ03
SEDOL of Ordinary Shares	BYXVMJ0
ISIN of the Open Offer Entitlements	GB00BNK8V672
SEDOL of the Open Offer Entitlements	BNK8V67
ISIN of the Excess Open Offer Entitlements	GB00BNK8V789

SEDOL of the Excess Open Offer Entitlements

BNK8V78

Ticker

IHR

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as set out in the Prospectus which is expected to be published shortly.

Notes

- (1) Current pro forma LTV calculated as 22.3 per cent. Current committed pro forma LTV calculated as 26.5 per cent.
- (2) 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.
- (3) Annual contracted rent includes all post tax income from investment in properties, whether generated from rental income or post tax interest income.
- (4) Including Minster and Croftwood, which are part of the Minster Care Group.

FOR FURTHER INFORMATION, PLEASE CONTACT

Impact Health Partners LLP

Andrew Cowley
Mahesh Patel
David Yaldron

via Maitland/AMO

Jefferies International Limited

Tom Yeadon
Andrew Morris
Ollie Nott

+44 (0) 20 7029 8000

Winterflood Securities

Darren Willis
Neil Langford
Hande Derinkok

020 3100 0000

Maitland/AMO (Communications Adviser)

James Benjamin

07747 113 930

impacthealth-maitland@maitland.co.uk

Important Information

This announcement which has been prepared by, and is the sole responsibility of, the Directors of Impact Healthcare REIT plc has been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 ("FSMA") by Impact Health Partners LLP, which is authorised and regulated by the Financial Conduct Authority.

The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market movements. When you sell your investment you may get back less than you originally invested.

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.

Recipients of this announcement who are considering acquiring new ordinary shares in the Company ("**New Ordinary Shares**") following publication of the prospectus to be published by the Company in connection with the issue of New Ordinary Shares 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. The Prospectus will, when published, be available on the Company's website at <https://www.impactreit.uk/investors/reporting-centre/prospectus>. A subscription for New 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.

This announcement may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**US Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and the New Ordinary Shares may not be offered or sold, directly or indirectly, within the United States except pursuant to an exemption from the registration requirements of the US Securities Act. There will be no public offer of the New Ordinary Shares in the United States. The New Ordinary Shares are being offered and sold: (i) outside the United States in "offshore transactions" as defined in and in reliance on Regulation S (as defined under the US Securities Act); and (ii) within the United States only to persons reasonably believed to be QIBs, as defined in Rule 144A under the US Securities Act, and that deliver to the Company and the Joint Bookrunners a signed Investor Representation Letter.

Neither this announcement nor any copy of it may be taken or transmitted into or distributed in any member state of the European Economic Area, Canada, Australia, Japan or the Republic of South Africa or to any resident thereof. Any failure to comply with these restrictions may constitute a violation of 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 announcement comes should inform themselves about, and

observe, any such restrictions.

Jefferies International Limited and Winterflood Securities Limited, each of which is authorised and regulated by the FCA in the United Kingdom, is acting only for the Company in connection with the matters described in this announcement and is not acting for or advising any other person, or treating any other person as its client, in relation thereto and will not be responsible for providing the regulatory protection afforded to clients of either Jefferies or Winterflood or advice to any other person in relation to the matters contained herein. None of Jefferies, Winterflood, Impact Health Partners LLP, nor any of their respective directors, officers, employees, advisers or agents accepts any responsibility or liability 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.

This announcement 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 regarding the Company's investment strategy, financing strategies, investment performance, results of operations, financial condition, prospects and dividend policies of the Company and the assets in which it may invest. 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 in suitable investments on a timely basis and the availability and cost of capital for future investments.

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 Conduct Authority, the FSMA, the Listing Rules and the Prospectus Regulation Rules made under Part VI of FSMA, the UK version of the Market Abuse Regulation (2014/596/EU) or other applicable laws, regulations or rules.

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.

Information to Distributors - Product Governance

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and/or any equivalent requirements elsewhere to the extent determined to be applicable, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any manufacturer (for the purposes of the UK Product Governance Requirements and/or any equivalent requirements elsewhere to the extent determined to be applicable) may otherwise have with respect thereto, the Ordinary Shares the subject of the Initial Issue and the Placing Programme have been subject to a product approval process, which has determined that such 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 defined in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (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 any contractual, legal or regulatory selling restrictions in relation to the Initial Issue and the Placing Programme. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure Placees who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; 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.

UK PRIIPs Regulation

In accordance with the UK version of Regulation (EU) No. 1286/2014 on key information documents for packaged retail and insurance-based investment products, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**UK PRIIPs Regulation**") a key information document ("**KID**") in respect of an investment in Ordinary Shares has been prepared by the Company and is available to investors at www.impactreit.uk/investors/key-information-document-kid.

If you are distributing New 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 Ordinary Shares for the purposes of the UK PRIIPs Regulation and none of Jefferies, Winterflood or the Investment Manager are manufacturers for these purposes. None of Jefferies, Winterflood 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 UK PRIIPs Regulation, to undertake any review processes in relation thereto or to provide the KID to future distributors of Ordinary Shares. Each of Jefferies, Winterflood or 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 any key information document 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.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IOEDZGZMFVMGZZZ