IMPACT Healthcare REIT

Q4 FACT SHEET 31 December 2017

Freeland House / Oxfordshire

Overview

Impact Healthcare REIT plc is a real estate investment trust. We are traded on the Specialist Fund Segment of the Main Market of the London Stock Exchange.

The Company aims is to provide shareholders with an attractive return, by investing in a diversified portfolio of UK healthcare real estate assets, in particular residential care homes. This return will primarily be in the form of quarterly dividends. High-quality and financially sound tenants, long leases and inflation-linked rent reviews give us secure and stable income, which underpins our dividend payments. The Group's ability to add value through selective acquisitions and asset management offers the potential for income and capital growth for shareholders.

We and our Investment Adviser believe that residential healthcare is a significant investment opportunity in the UK.

A growing and ageing population is increasing demand for care, while the supply of suitable assets for providing that care is falling. As a well-capitalised landlord with an experienced Investment Adviser, we remain well positioned to deliver attractive returns to investors, while providing stability to residents and a commitment to enhance their homes wherever possible.

Investment objectives

The Group's investment policy is:

- to acquire, renovate, extend and redevelop high-quality healthcare real estate assets in the UK
- to lease those assets, under full repairing and insuring leases, primarily to operators providing residential healthcare services

Key achievements

- Declared and paid the Q3 dividend of 1.5p per share.
- Development commenced on 46 out of the 92 beds approved in the last quarter.
- Successfully raised a further £32.6 million of equity in November in an oversubscribed placing.
- Portfolio value increase of 1.8% in the quarter, with like-for-like value up 1.5%.
- Post quarter end exchange for the acquisition of a further 234 beds.

Impact at a glance

	31 December*	30 September*
Shares in Issue	**192,206,831**	160,172,360
Share price (p)	**102.38**	103.50
NAV per share (p)	**100.65**	99.85
Market Cap (£ million)	**196.8**	165.8
NAV (£ million)	**193.5**	159.9
Debt (£ million)	–	–

* Unaudited

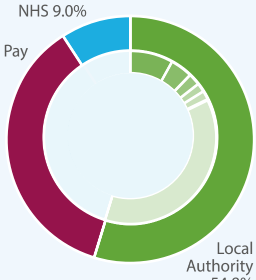
Dividend history (per share)

Q2 2017	1.5p
Q3 2017	1.5p
Q4 2017	1.5p*
	4.5p

* Declared, payable in February

Portfolio analysis

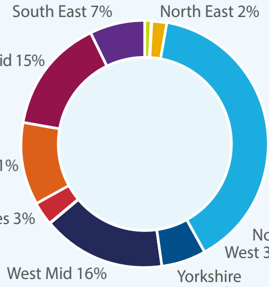
Security of income (%)



Local Authority top five

- Wigan 8.2%
- Cheshire East Council 4.2%
- Thurrock County Council 2.1%
- Cheshire West 1.8%
- Nottingham County Council 1.6%
- Other 36.9%

Regionally diverse (%)



Financial position and performance

2017	31 December*	30 September*	% change
Number of properties	**57**	57	–
Number of beds	**2,527**	2,527	–
Annualised rent roll (£ million)	**11.9**	11.6	
Market value (£ million)	**156.2**	153.4	*1.83%*
– per property (£ million)	***2.74***	*2.71*	
– per bed (£000)	***61.8***	*61.2*	

* Unaudited

Company overview

IPO	7 March 2017
Market	LSE Main Market Specialist Fund Segment
Index Inclusion	–
Ticker	IHR
ISIN	GB00BYXVMJ03
SEDOL	BYXVMJ0
Dividend payments	Quarterly

Registered address
7th Floor, 9 Berkeley Street
London W1J 8DW

Board of Directors
Rupert Barcley (Chairman)
Rosemary Boot
David Brooks
Paul Craig
Philip Hall

Key dates

Full year	31 December
2017 full year results announcement	March
Interim	30 June
2018 interim results announcement	August

Publication date: January 2018

Portfolio update

Asset management

In the quarter, development on two of the Board approved capital improvement programmes commenced at Turnpike and LIttleport.

Turnpike

At Turnpike, Minster Care Group (the tenant) is converting a closed sheltered apartments block into 25 additional en-suite rooms with completion expected towards the end of Q1 2018.

The capital improvements are being funded by the Group under a lease variation signed in the quarter which is contributing an additional £0.1 million of annualised rent.

Littleport

At Littleport, Minster Care Group (the tenant) has commenced the development of a new 21 bed unit with full en-suite facilities which is due for completion in Q3 2018.

The capital improvements are being funded by the Group under a lease variation signed in the quarter which is committing an additional £0.3 million to annualised rent.

NAV and valuation

The unaudited NAV per share at 31 December 2017 was 100.65p per share, up from 30 September unaudited 2017 NAV of 99.85p.

The portfolio value increased to £156.2 million from £153.4 million, an uplift of 1.8% including £0.5 million of capital improvements. The like-for-like uplift was 1.5%.

Acquisition pipeline

In addition to the recently announced exchange on a portfolio of three homes in the North-East of England, discussed further below, the Investment Adviser continues to pursue a number of active investment opportunities with three currently in exclusivity.

Market update

Elderly care assessment

During the quarter a report was issued by the CMA assessing the pricing of local authority and private pay patients. The findings included the following:

- Generally, residents in care homes receive good care and the sector as a whole performs a vital public service. The UK's demographics mean that service is only going to become more important.
- Despite the significant increases in government expenditure announced in the last two years or so, local authorities are still not paying enough to meet the full cost of care for the nearly 60% of residents they support.

The CMA conclude that this means either more public funding for residential care or new funding models for care. Both solutions would benefit the economics of the sector.

Post quarter acquisition

During the period, the Company announced the acquisition of a portfolio of three homes providing 234 high quality beds in the North East for a total consideration (including purchase costs) of £17.0 million.

The Portfolio is being acquired from the Prestige Care Group ("**Prestige**"), a developer and operator of care homes with over 20 years' experience in the care industry. Prestige will continue to operate the homes as the Group's tenant following completion. The Group will enter into new full repairing and insuring leases with Prestige in respect of each of the properties for an initial 20 years, with an option for the Group to extend to 30 years. Prestige has committed to a minimum annual expenditure on maintenance.

The rents receivable under the leases will be subject to annual, upward only rent reviews, increasing in line with Retail Prices Index, with a floor of 2% p.a. and a cap of 4% p.a.

The net initial yield and level of rent cover are in line with the terms on which the Group acquired its seed portfolio shortly following the Company's initial public offering.

Each of the care homes in the portfolio was purpose-built by Prestige. The care provided by Prestige at each of the three homes is currently rated "Good" by the Care Quality Commission.

Completion remains subject to CQC reregistration which is expected in Q1 2018.

Sand Banks, 77 bed (100% en-suite)

Key contacts

Investment Adviser
Impact Health Partners
info@impactreit.uk
+44 (0)20 3146 7100

Media and Public Relations
Newgate Communications
+44 (0)20 7680 6550
Impact@newgatecomms.com

www.impactreit.uk

Investment Manager
Carne Global AIFM Solutions (C.I.) Limited
Channel House, Green Street,
St Helier JE2 4UH

Administrator and Secretary
JTC (UK) Limited
7th Floor, 9 Berkeley Street
London W1J 8DW

Registrar
Capita Asset Services
The Registry, 34 Beckenham Road,
Beckenham, Kent BR3 4TU

Legal Advisers
Travers Smith LLP
10 Snow Hill, London EC1A 2AL

Financial Adviser and Broker
Winterflood Securities Limited
The Atrium Building,
Cannon Bridge, 25 Dowgate Hill,
London EC4R 2GA