



This document is issued by Target Fund Managers Limited (the "Investment Manager" or the "AIFM") solely in order to make certain particular information available to investors in Target Healthcare REIT plc (the "Company" and, together with its subsidiaries, the "Group") before they invest, in accordance with the requirements of the Financial Conduct Authority's Rules implementing the Alternative Investment Fund Managers Directive in the United Kingdom. It is made available to investors in the Company by being made available on the Company's website at www.targethealthcarereit.co.uk. The AIFM is authorised and regulated by the Financial Conduct Authority as a "full-scope" AIFM for the Company.

This Investor Disclosure Document is based on information, law and practice at the date hereof. The Company, its Directors and the Investment Manager as its AIFM cannot be bound by an out of date Investor Disclosure Document when it has issued a new Investor Disclosure Document and investors should check with the Investment Manager that this is the most recently published Investor Disclosure Document.

Potential investors in the Company's shares may wish to consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

TARGET HEALTHCARE REIT PLC INVESTOR DISCLOSURE DOCUMENT IMPORTANT INFORMATION

Regulatory and legal status of the Company

Target Healthcare REIT plc is an 'alternative investment fund' ("AIF") for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (as it forms part of UK domestic law pursuant to the European Union (Withdrawal) Act 2018, the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 or as otherwise adopted under, or given effect to in, UK legislation or the UK regulatory regime) (the "**AIFM Directive**").

The Company has appointed Target Fund Managers Limited (the "Investment Manager") as its Alternative Investment Fund Manager and Investment Manager.

The Company is a closed-ended investment company, limited by shares and incorporated in England and Wales. The Company's shares are listed on the Official List of the Financial Conduct Authority and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to the provisions of its Articles of Association (the "Articles"), the FCA UK

Listing Rules, the FCA Disclosure Guidance and Transparency Rules, the AIC Corporate Governance Code (August 2024) and the Companies Act 2006 (as amended from time to time) (the "Companies Act"). The Company is not authorised or regulated by the Financial Conduct Authority.

The provisions of the Company's Articles are binding on the Company and its shareholders. The Articles set out the respective rights and restrictions attaching to the Company's shares. These rights and restrictions apply equally to all shareholders. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's Articles. The Company's Articles are governed by, and construed in accordance with, English law.

Limited purpose of this document

This document is not being issued for any purpose other than to make certain required regulatory disclosures to investors in accordance with the requirements of the AIFM Directive and, to the fullest extent permitted under applicable law and regulations, the Company, the Investment Manager and their Directors will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document is issued only for information purposes in order to satisfy the requirements of the FCA Rules implementing the AIFM Directive. It does not include (and it is not intended to include) all the information which investors and/or their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares. To the fullest extent permitted under the applicable law and regulations, neither the Company nor the AIFM or their Directors accept any responsibility for the omission of any information from this document.

No advice

The Company, its Directors and the Investment Manager as its AIFM are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, the Investment Manager or any of their respective affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in the Company's shares.

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

Overseas investors

The distribution of this document in certain jurisdictions may be restricted and accordingly any persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. In particular, the shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

This Investor Disclosure Document is dated, and is valid, as at 12 August 2026.

THE COMPANY
Investment Objective
The Group's Investment Objective is to provide shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified portfolio of freehold and long leasehold care homes, that are let to care home operators, and other healthcare assets in the UK.
Investment policy The Group pursues its objective by investing in a portfolio of care homes, predominantly in the UK, that are let to care home operators on full repairing and insuring leases that are subject to annual uplifts based on increases in the UK retail prices index (subject to caps and collars) or fixed uplifts. The Group is also able to generate up to 15 per cent of its gross income, in any financial year, from non-rental revenue or profit related payments from care home operators under management contracts in addition to the rental income due under full repairing and insuring leases. In order to spread risk and diversify its portfolio, the Group is also permitted to invest up to: (i) 15 per cent of its gross assets, at the time of investment, in other healthcare assets, such as properties which accommodate GP practices and other healthcare related services including occupational health and physiotherapy practices, pharmacies, special care schools and hospitals; and (ii) 25 per cent of its gross assets, at the time of investment, in indirect property investment funds (including joint ventures) with a similar investment policy to that of the Group. The Directors have no current intention to acquire other healthcare assets or indirect property investment funds. The Group may also acquire or establish companies, funds or other SPVs which themselves own assets falling within the Group's investment policy. The Group may either invest in assets that require development or that are under development, which when completed would fall within the Group's investment policy to invest in UK care homes and other healthcare assets, including by means of the forward funding of developments and forward commitments to purchase completed developments, provided that the Group will not undertake speculative development and that the gross budgeted development costs to the Group of all such developments, including forward funding and forward commitments, does not exceed 25 per cent. of the Group's gross assets on the commencement of the relevant development. Any development will only be for investment purposes. In order to manage risk in the portfolio, at the time of investment, no single asset shall exceed in value 20 per cent of the Group's gross asset value and, in any financial year beginning after the Group is fully invested, the rent received from a single tenant or tenants within the same group (other than from central or local government, or primary health trusts) is not expected to exceed 30 per cent of the total income of the Group, at the time of investment. The Group will not acquire any asset or enter into any lease or related agreement if that would result in a breach of the conditions applying to the Group's REIT status.

The Group is permitted to invest cash held for working capital purposes and awaiting investment in cash deposits, gilts and money market funds.

Gearing policy

Gearing calculated as borrowings as a percentage of the Group's assets, may not exceed 35 per cent. at the time of drawdown. The Board currently intends that, over the medium term, borrowings of the Group will represent no more than approximately 30 per cent. of the Group's gross assets at the time of drawdown. However, it is expected that Group borrowings may exceed this level from time to time as borrowings are incurred to finance the growth of the property portfolio.

Dividend Policy

Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to continue to pay an attractive level of dividend income to shareholders on a quarterly basis. In order to ensure that the Company continues to pay the required level of distribution to maintain Group REIT status and to allow consistent dividends to be paid on a regular quarterly basis, the Board intends to continue to pay all dividends as interim dividends. The Company does not therefore announce a final dividend.

Leverage

The Group may use gearing (also known as leverage) to increase potential returns to shareholders. Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company's Articles currently limit the gearing permitted by the Group to 35 per cent. of the Group's gross assets at the time of drawdown.

In pursuing this policy, the Group has in place:

- a £50 million bank facility with the Royal Bank of Scotland plc, repayable in September 2028, with the option of two one-year extensions thereafter subject to the consent of RBS. The RBS facility comprises a term loan facility of £20 million and a revolving credit facility of £30 million. A SONIA-based interest rate swap, documented in the form of market standard ISDA documentation, has been entered into in order to fully hedge the interest rate payable on the £20 million term loan facility for the term loan's duration;
- an £80 million bank facility with the HSBC plc, repayable in September 2028, with the option of two one-year extensions thereafter subject to the consent of HSBC. The HSBC facility comprises a term loan facility of £30 million and a revolving credit facility of £50 million. A SONIA-based interest rate swap, documented in the form of market standard ISDA documentation, has been entered into in order to fully hedge the interest rate payable on the £30 million term loan facility for the term loan's duration; and
- committed term loan facilities totalling £150 million with Phoenix Group, of which £87.25 million is repayable on 12 January 2032 and £62.75 million is repayable on 12 January 2037.

The Group may continue to make use of hedging to manage its exposure to interest rate risk through the use of interest rate derivatives.

The maximum amount of leverage which the AIFM is entitled to employ on behalf of the AIF

The AIFM Directive prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of 'leverage' the Group might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to be gearing. To allow for future fluctuations in property values, and in accordance with the above gearing intention, the maximum leverage of the Group calculated in accordance with the requirements of the AIFM Directive, and being inclusive of exposure to derivatives such as the interest rate swaps used to fix the interest rates on certain borrowings, is 300 per cent on both a gross and commitment basis.

The Company discloses on its website at the same time as it makes its Annual Report and Financial Statements available to investors or more frequently at its discretion, the following:

- any changes to the maximum level of leverage that the AIFM may employ on behalf of the Company;
- any changes to the right of reuse of collateral or any guarantee granted under the leveraging arrangements; and
- the total amount of leverage employed by the Company.

The total amount of gearing employed by the Group is updated regularly in the Quarterly Investor Report published on the Company's website.

Investment strategy and investment techniques

The Strategic Report section of the Group's Annual Report and Financial Statements, which is available on its website www.targetthehealthcarereit.co.uk, sets out in full the investment strategy and techniques applied in managing the Company's portfolio.

The Company targets modern, purpose-built care homes, that are let to care home operators, and other healthcare assets in the UK that seek to benefit from the following:

- changing UK demographics resulting in higher numbers of the elderly, and demand drivers for healthcare;
- resident choice, expectations as to quality of care home and the expectation of on-going growth of the private pay market;
- the forecast rise in acute, chronic illness and dementia; and
- a focus on new-build and compliant buildings with strong ESG credentials and with high quality care home operators as tenants.

These long-term drivers, which drive occupation of the underlying assets and therefore investment demand, form the cornerstone of the investment strategy of the Company.

The Group pursues a “best-in-class” strategy, where it seeks to utilise the specialist healthcare asset and fund management expertise of the Investment Manager to source and actively manage properties which meet the investment operating criteria of the Company whilst seeking to maximise returns to shareholders.

The investment approach focuses on:

- modern, purpose-built high quality real estate which provide a positive social impact by meeting its stringent minimum real estate standards of design and construction;
- geographical regions and local markets with acceptable economic fundamentals, and a demand/supply imbalance for best-in-class care homes supported by both the state and self-pay markets;
- high quality operators of largely new-build healthcare assets;
- care sub-markets with positive indicators for the long-term drivers of occupier demand such as nursing care;
- emerging sub-markets undergoing structural change or convergence with more established markets such as dementia care; and
- mis-pricing opportunities across a range of selective geographic areas and sub-markets, such as pre-let development funding.

Investment monitoring

The Investment Manager takes an active approach to on-going monitoring and performance analysis to ensure that the investment parameters are adhered to. As part of continuing due diligence, the Investment Manager will monitor aspects such as: market fundamentals, yield movements, rental growth, supply and demand, rent cover, tenant profitability, fee rates, changes in legislation, regulatory reports on assets, portfolio activity, investment activity, performance, corporate actions and valuation. In normal circumstances the Investment Manager also undertakes site visits on the properties that the Group owns at least every six months. The Investment Manager receives regular management information from tenants relating to the operations of the care homes, as well as monitoring press coverage, regulatory publications and independent reviews.

Changes to Investment Strategy or Investment Policy

As a closed-ended investment company whose shares are admitted to the Official List under Chapter 11 of the UK Listing Rules, the Company is required to obtain the prior approval of the shareholders to any material change to its published investment policy. Accordingly, the Company will not make any material change to its published investment policy without the approval of its

shareholders by ordinary resolution. The Company will announce any such change through a Regulatory Information Service.

Any change in investment strategy or investment policy which does not amount to a material change to the published investment policy may be made by the Company without shareholder approval.

The Company's annual report and accounts set out key performance metrics on the Company's care home portfolio at the end of the relevant financial period and also include analyses of the performance of the portfolio. The annual and interim reports and accounts are available at www.targethealthcarereit.co.uk

The Company's Group

The Company has 57 direct and indirect subsidiaries – all of which are wholly owned by their immediate parent company with no non-controlling interests. The ownership structure of the Group is as follows:

Company Name	Country of Incorporation	Company Number	Immediate parent
Target Healthcare REIT Limited	Jersey	112287	Target Healthcare REIT plc
THR Number One plc	England & Wales	8996524	Target Healthcare REIT Limited
THR Number Two Limited	England & Wales	8816684	THR Number One plc
THR Number 3 Limited	England & Wales	8486658	THR Number 12 plc
THR Number 4 Limited	England & Wales	7381556	Target Healthcare REIT Limited
THR Number 5 Limited	England & Wales	5043616	THR Number 12 plc
THR Number 6 Limited	England & Wales	8596340	THR Number 12 plc
THR Number 7 Limited	Gibraltar	101482	THR Number 12 plc
THR Number 8 Limited	Gibraltar	103750	THR Number 15 plc
THR Number 9 Limited	England & Wales	9162771	THR Number Two Limited
THR Number 10 Limited	England & Wales	10489623	THR Number 15 plc
THR Number 11 Limited	Scotland	SC449233	THR Number One plc
THR Number 12 plc	England & Wales	10766378	Target Healthcare REIT plc
THR Number 13 Limited	England & Wales	10609722	THR Number 12 plc
THR Number 14 Limited	England & Wales	10609739	THR Number One plc
THR Number 15 plc	England & Wales	11137916	Target Healthcare REIT Limited
THR Number 16 Limited	England & Wales	10773560	THR Number One plc
THR Number 17 (Holdings) Limited	England & Wales	8241267	THR Number 15 plc
THR Number 17 Limited	England & Wales	7638039	THR Number 17 (Holdings) Limited
THR Number 18 Limited	England & Wales	11038154	THR Number 12 plc
THR Number 19 Limited	England & Wales	11319885	THR Number 43 plc
THR Number 20 Limited	England & Wales	8783262	THR Number 15 plc
THR Number 21 Limited	England & Wales	9335508	THR Number 15 plc

Company Name	Country of Incorporation	Company Number	Immediate parent
THR Number 22 Limited	England & Wales	11390916	THR Number 15 plc
THR Number 23 Limited	England & Wales	11585158	Target Healthcare REIT Limited
THR Number 24 Limited	England & Wales	11585387	THR Number 12 plc
THR Number 25 S.a r.l.	Luxembourg	B196691	THR Number 15 plc
THR Number 26 S.a r.l.	Luxembourg	B211149	THR Number 15 plc
THR Number 27 Limited	England & Wales	10711149	THR Number 15 plc
THR Number 28 Limited	England & Wales	8728060	THR Number 15 plc
THR Number 29 Limited	England & Wales	12082968	THR Number 15 plc
THR Number 30 Limited	England & Wales	8083117	THR Number 29 Limited
THR Number 31 Limited	England & Wales	9803652	THR Number 29 Limited
THR Number 32 Limited	England & Wales	12108558	THR Number 21 Limited
THR Number 33 Limited	England & Wales	11940337	THR Number 15 plc
THR Number 34 Limited	England & Wales	8267470	THR Number 33 Limited
THR Number 35 Limited	England & Wales	12212287	THR Number 34 Limited
THR Number 36 Limited	England & Wales	10981436	THR Number 12 plc
THR Number 37 Limited	England & Wales	12753132	THR Number 43 plc
THR Number 38 Limited	England & Wales	12701938	THR Number 12 plc
THR Number 39 Limited	England & Wales	13332896	Target Healthcare REIT plc
THR Number 40 Limited	England & Wales	13383305	Target Healthcare REIT plc
THR Number 41 Limited	England & Wales	13517368	Target Healthcare REIT plc
THR Number 42 Limited	England & Wales	13517487	Target Healthcare REIT plc
THR Number 43 plc	England & Wales	13680438	Target Healthcare REIT plc
THR Number 44 Limited	England & Wales	16195612	Target Healthcare REIT plc
THR Number 45 Limited	England & Wales	13723522	THR Number 43 plc
THR Number 46 Limited	England & Wales	13794868	Target Healthcare REIT plc
THR Number 47 Limited	England & Wales	13532415	THR Number 43 plc
THR Number 48 Limited	England & Wales	05682638	THR Number 47 Limited
THR Number 49 Limited	Scotland	SC827038	THR Number 43 plc
THR Number 50 Limited	Scotland	SC155229	THR Number 49 Limited
THR Number 51 Limited	Scotland	SC403007	THR Number 50 Limited
THR Number 52 Limited	Scotland	SC485770	THR Number 50 Limited
THR Number 53 Limited	Scotland	SC384291	THR Number 50 Limited
THR Number 54 Limited	England & Wales	17144049	Target Healthcare REIT plc
THR Number 55 Limited	England & Wales	17214504	Target Healthcare REIT plc

ADMINISTRATION AND MANAGEMENT OF THE COMPANY
The Board
The Board is responsible for the appointment and monitoring of the manager to manage the investment portfolio of the Company within the investment policy approved by the shareholders and for agreeing the terms of the management agreements. Details of the Directors can be found at www.targethealthcarereit.co.uk.
The AIFM
<i>Identity of AIFM and Investment Manager</i> The AIFM and investment manager is Target Fund Managers Limited, a private limited company with the registered number SC548164 incorporated in Scotland on 19 October 2016. Target Fund Managers Limited is regulated by the FCA. Its registered and head office is 1st Floor, Glendevon House, Castle Business Park, Stirling FK9 4TZ. The Investment Manager has been authorised by the FCA to act as an AIFM pursuant to the AIFM Directive. The Company has an Investment Management Agreement (“IMA”) with the Investment Manager whereby the Investment Manager has been designated by the Company to perform the following functions: ▪ the investment management function in respect of the Company which includes appropriate portfolio and risk management standards and procedures; ▪ the ongoing oversight functions and actions necessary to ensure compliance with the applicable requirements of the AIFM rules; and ▪ marketing functions. The AIFM does not delegate any of its functions or duties, other than administration functions relating to the Company to IQ EQ Depositary Company (UK) Limited as set out below.
<i>Fees</i> The AIFM and Investment Manager is entitled to an annual management fee of: (i) 1.05 per cent. of the net assets of the Company which is equal to or less than £500 million; plus (ii) 0.95 per cent. of the net assets of the Company which is in excess of £500 million but less than £750 million; plus (iii) 0.85 per cent. of the net assets of the Company which is in excess of £750 million but less than £1,000 million; plus (iv) 0.75 per cent. of the net assets of the Company which is in excess of £1,000 million but less than £1,500 million; plus (v) 0.65 per cent. of the net assets of the Company which is equal to or in excess of £1,500 million. If applicable, VAT will be payable in addition. The Group’s Annual Report and Financial Statements detail the latest fees paid to the Investment Manager.

<i>Termination and Notice Period</i> The IMA can be terminated by either party on 24 months' written notice. Should the Company terminate the IMA earlier then compensation in lieu of notice will be payable to the Investment Manager. The Investment Management Agreement may be terminated immediately upon the occurrence of certain events, including the insolvency of either party or if the Investment Manager becomes legally prohibited from carrying on investment business or performing its duties under the Investment Management Agreement..
The Administrator and Company Secretary
<i>Identity of the Administrator and Company Secretary</i> The appointed Administrator and Company Secretary is Target Fund Managers Limited, a private limited company incorporated in Scotland with the registered number SC548164. Its registered and head office is 1st Floor, Glendevon House, Castle Business Park, Stirling FK9 4TZ. <i>Duties of the Administrator and Company Secretary</i> In this role, Target Fund Managers Limited provides day to day administration services to the Company and provides the general company secretarial functions required by the Companies Act. Administrative services to the Company include reporting the quarterly Net Asset Value, bookkeeping and accounts preparation. <i>Fees</i> Pursuant to the Administration and Secretarial Agreement the Company pays the Administrator a fee of £167,611 per annum (plus VAT if applicable) payable quarterly in arrears. The fee stated is for year ended 30 June 2026 and is subject to an annual inflation-linked uplift. The Group's Annual Report and Financial Statements detail the latest fees paid to the Administrator and Company Secretary.
The Depositary
<i>Identity of the Depositary</i> The Depositary is IQ EQ Depositary Company (UK) Limited. The Depositary is a company incorporated in England and Wales with registered number 05830789 and is authorised and regulated by the FCA. Its registered and head office is 4th Floor, 3 More London Riverside, London SE1 2AQ. The entire issued share capital of the Depositary is owned by IQ EQ Administration Services (UK) Limited. The principal business activity of the Depositary is the provision of depositary services.
<i>Duties of the Depositary</i> The Depositary has been appointed by the Company under the terms of the Depositary Agreement to act as the Company's depositary and carries out the core duties under Articles 21(7), (8) and (9)

of the AIFM Directive which include cash management and general oversight of the Group's portfolio.

The Depositary may subject to certain conditions, delegate some or all of its functions set out under Article 21(8) of the AIFM Directive to third parties. From August 2026, the Depositary delegates certain technical and administrative supporting tasks to its Associates and/or other companies within the IQ-EQ Group.

The Depositary has not entered into any arrangement contractually to discharge itself of liability in accordance with Article 21(13) or 21(14). The Company will notify shareholders of any changes with respect the discharge by the Depositary of its liability in accordance with Article 21(13) and Article 21(14) through a regulatory information service.

Fees

The fees payable to the Depositary are calculated by reference to *inter alia* the assets held by the Group, subject to a fee cap of £100,000 per annum (adjusted annually for inflation). The Group's Annual Report and Financial Statements detail the latest fees paid to the Depositary.

Termination and Notice Period

The Depositary Agreement may be terminated by either party by giving 60 days' written notice or immediately if either party is in material breach of any of the terms of the Depositary Agreement.

The Custodian

The Company currently has no custodian.

The Auditor

Identity of the Auditor

The Auditor to the Company is Ernst & Young LLP, whose registered office is at 1 More London Place, London SE1 2AF. The Auditor is incorporated in England and Wales as a limited liability partnership.

Duties of the Auditor

The Auditor carries out its duties in accordance with applicable laws, rules and regulations, including the audit of the accounting information contained in the Annual Report and Financial Statements of the Group. The Auditor's work is undertaken so that they might state to the Company's members those matters they are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, the Auditor does not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for their audit work, for their audit report, or for the opinions they formed. The Audit Report in respect of the Financial Statements of the Group is set out in the Annual Report and Financial Statements.

<i>Fees</i> The fees payable to the Auditor shall be determined by the Directors. The Group's Annual Report and Financial Statements detail the latest fees paid to the Auditor.
The Registrar
<i>Identity of the Registrar</i> The registrar to the Company is Computershare Investor Services plc, whose registered office is at The Pavilions, Bridgwater Road, Bristol, BS13 8AE. The Registrar is incorporated in England and Wales as a public limited company with registered number 03498808. <i>Duties of the Registrar</i> The duties of the Registrar include the maintenance of the register of shareholders and shareholder legal documentation, receiving and recording proxies at the Company's Annual General Meeting, certifying and registering the transfer and settlement of shares and the calculation and payment of dividends to shareholders on the due date in accordance with instructions from the Company.
<i>Fees</i> The fees charged by the Registrar are variable and are based on the number of holders on the register, the number of transfers registered, the number and quantum of share issues and buy-backs and the number of general meetings held by the Company among other factors. The Group's Annual Report and Financial Statements detail the latest fees paid to the Registrar.
SHAREHOLDER INFORMATION
Reports and Accounts Copies of the Group's latest Annual and Interim Reports may be accessed at www.targetthealthcarereit.co.uk or by writing to the Company Secretary at Glendevon House, Castle Business Park, Stirling FK9 4TZ.
Publication of net asset values and share prices The Company currently publishes its net asset values on a quarterly basis through a Regulatory Information Service and such publications may also be accessed at www.targetthealthcarereit.co.uk. The Company's current share price is also published on the website. The calculation of the NAV per Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Group cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

Valuation policy

The net asset value of the Company is calculated quarterly in accordance with the International Financial Reporting Standards by the Company's AIFM. The net asset value includes income and no provision for an accrued dividend is made.

The calculation is based on the external valuation of the properties, which are provided by CBRE Limited, in their capacity as external valuers. The property valuations are prepared in accordance with the RICS Valuation – Global Standards, issued by the Royal Institution of Chartered Surveyors (“RICS”) on the basis of Market Value, supported by reference to market evidence of transaction prices for similar properties.

The value of property and property related assets is inherently subjective due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There can be no assurances that the estimates resulting from the valuation process will reflect actual realisable sale prices even where such sales occur shortly after the valuation date.

The full detail of the Group’s valuation policy in respect of its investments and derivatives is contained within the Accounting Policies note in the Annual Report and Financial Statements published on the Company’s website which can be accessed at www.targethealthcarereit.co.uk.

Historical performance of the Company

Details of the Company’s historical financial performance are provided in the Group’s Annual Report and Financial Statements and Quarterly Investor Reports which are available at www.targethealthcarereit.co.uk.

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested. There can be no guarantee that the investment objective of the Company will be achieved or provide the returns sought by the Company or its investors.

Purchases and sales of shares by investors

The Company’s shares are admitted to the Official List of the FCA and to trading on the main market of the London Stock Exchange. Accordingly, the Company’s shares may be purchased and sold on the main market of the London Stock Exchange. The value at which shares trade on the London Stock Exchange may be below (at a “discount” to) or above (at a “premium” to) the Net Asset Value per share of the Company.

The Company's shares are not redeemable. While the Company intends at each Annual General Meeting to obtain shareholder authority to issue and buy back shares, shareholders do not have the right to have their shares re-purchased by the Company or to have new shares issued to them.

Key information document

A Key Information Document (“KID”) is published by the AIFM. Investors should read this document before purchasing shares in the Company. The KID can be found at www.targethealthcarereit.co.uk and www.targetfundmanagers.com.

Fees and expenses

The fees and expenses which are borne by the Group and investors are limited but there is no formal cap on their level. Accordingly, the maximum amount of fees and expenses which could theoretically be indirectly borne by the investors is equal to the value of their investment in the Company. The principal annual expenses of the Company are the fees payable to the Investment Manager, the Auditor, the Valuer, the Depositary, the Company’s other advisers and the Directors. The Company also incurs regulatory fees, insurance costs, professional fees and other expenses.

Fees and expenses are analysed within the financial statements in the Group’s Annual Report and Financial Statements.

Investors should note that some expenses are inherently unpredictable and, depending on circumstances, ongoing expenses will fluctuate.

Legal implications of a contractual relationship

The Company is a company limited by shares, incorporated in England and Wales. While investors acquire an interest in the Company on subscribing for or purchasing shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, shareholders have no direct legal or beneficial interest in those investments. 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.

Shareholders’ rights in respect of their investment in the Company are governed by the Articles and the Companies Act. 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; and unfair prejudice claims. In the event that a shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such shareholder should consult its own legal advisers.

Shareholders’ rights are governed principally by the Articles and the Companies Act. By subscribing for Shares, investors agree to be bound by the Articles which are governed by, and construed in accordance with, English law.

The recognition and enforcement of foreign court judgements in England and Wales depends on the jurisdiction in which the judgement was obtained and is governed by English law (including, but not limited to, the Civil Jurisdiction and Judgments Act 1982, as amended, and the common law).

Investors' Rights

The Company is reliant on the performance of third-party service providers, including the AIFM, the Depositary, the Auditors and the Registrar.

Without prejudice to any potential right of action in tort that a shareholder may have to bring a claim against a service provider, each shareholder's contractual relationship in respect of its investment in the Company's shares is with the Company only. Accordingly, no shareholder will have any contractual claim against any service provider with respect to such service provider's default.

In the event that a shareholder considers that it may have a claim against a third-party service provider in connection with such shareholder's investment in the Company, such Shareholder should consult its own legal advisers.

The above is without prejudice to any right a shareholder may have to bring a claim against an FCA authorised service provider under section 138D 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 138D 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 to the Financial Ombudsman Service ("FOS") (further details of which are available at www.financialombudsman.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 available. Further information about the FSCS is 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.

Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. As a company listed on the FCA's Official List, the Company is required under the premium Listing Principles to treat all shareholders of a given class of shares equally. As the Company has a single class of shares in issue, the Company's shares rank *pari passu* with each other.

In particular, as directors of a company incorporated in the United Kingdom, the Directors of the Company have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.

Conflicts of Interest

The Depositary and the AIFM may from time-to-time act as manager, administrator, custodian, alternative investment fund manager, investment manager or adviser or distributor in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of the Company. It is, therefore, possible that any of them may, in the due course of their business, have potential conflicts of interests with the Company. Each will at all times have regard in such event to its obligations under the Company's Articles and/or any agreements to which it is party or by which it is bound in relation to the Company and, in particular, but without limitation, to its obligations to act in the best interests of the shareholders when undertaking any investments where conflicts of interest may arise and they will each respectively endeavour to ensure that such conflicts are resolved fairly. In particular, the AIFM has in place a conflicts policy and an allocation policy to ensure that it is able to resolve fairly any potential conflicts between the funds that it manages, and these policies and any actual or potential conflicts arising are kept under review by the AIFM's Conflicts Committee.

Share Capital

The Company has only one class of ordinary shares in issue. The ISIN for the Company's shares is GB00BJGTLF51 and the SEDOL is BJGTLF5. The LEI is 213800RXPY9WULUSBC04.

Legal ownership of the Company's shares is evidenced by entry on the Company's register of members and each registered shareholder is entitled to the rights set out in the Company's articles of association. These include the right to attend meetings and to vote on resolutions to receive any dividends and to receive a pro rata share of the net assets of the Company in the event of winding up.

RISK FACTORS AND RISK MANAGEMENT

Risk profile

The key risks facing the Group and the mechanisms in place to monitor and measure these risks are set out in the Group's Annual Report and Financial Statements, a copy of which is available from the Company's website at www.targethealthcarereit.co.uk within the Strategic Report under the heading "Risk Report" and within the Report of the Audit Committee under the heading "Risk Management and Internal Controls".

The Company reports in its Interim Report and Financial Statements, which can be found at www.targethealthcarereit.co.uk, whether the key risks have changed since the year end. The current risk profile may be disclosed more frequently at the AIFM's discretion.

The Group's investing activities expose it to various types of risk that are associated with the investment properties, assets and markets in which it invests.

The AIFM assesses the sensitivity of the Group's portfolio to the most relevant risks to which the Company is or could be exposed on an ongoing basis.

The following risks are those considered by the Company and the AIFM to be the material risks arising from the Group's investing activities but they are not the only risks relating to the Company or its shares. Before investing in shares, potential investors should consult their stockbroker, bank manager, solicitor, accountant or other suitably qualified and independent financial adviser. The following key risks should be read in conjunction with the explanations provided in the Group's Annual and Interim Reports and the section entitled 'Liquidity risk management' below.

In particular it should be remembered that the price of a share and the income from shares (if any) can go down as well as up. An investment in shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom which may be equal to the whole amount invested.

Key risks specific to the issuer

The performance of the Group would be adversely affected by a decline in demand for long-income and/or downturn in the property market in terms of market value or a weakening of rental yields. It may also be adversely affected by the operational performance of a care home and/or the general financial performance of an operator within the Company's portfolio. As the Company is focussed on investing in new and modern purpose-built real estate, there is an increased risk of an extended 'build-up' period prior to the home reaching operational trading maturity.

The Group intends to continue to acquire care homes and other healthcare assets across the UK. Acquisitions of care homes and other healthcare assets involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of properties. Additional risks inherent in acquisitions include risks that the acquired properties will not achieve anticipated rental rates or occupancy levels, and that judgements with respect to improvements to increase the

financial returns of acquired properties will prove inaccurate. The Company will incur certain fixed costs on the acquisition of properties, including stamp duty land tax in England and land and buildings transaction tax in Scotland which will reduce the Net Asset Value per share immediately following the acquisition. There is no guarantee that the value of the properties will increase by an amount in excess of these costs.

Key risks specific to the securities

There is no guarantee that the expected dividend in respect of any period will be paid. The Company's ability to pay dividends will depend principally upon its rental income received from the properties owned by the Group. The rental income (as well as the market value) of the properties acquired by the Group will be affected by the operational performance of the care home or the related business being carried on in the property and the general financial performance of the operator as well as the physical quality, design and facilities of the underlying real estate. The operational performance of a care home will be affected by local conditions such as age demographics, household incomes, home values, Local Authority funding and Care Quality Commission (or its equivalent in Scotland, Wales or Northern Ireland) ratings, all of which could lead to reduced resident occupancy levels and, as a result, rental shortfalls. Both rental income and market values may also be affected by other factors specific to the care home property market, such as competition from other care home owners, competition from other property funds, political or regulatory change, occupancy levels and overall demand for care homes, any further increases in the UK National Living Wage, adverse press coverage of the care home industry generally (or in relation to a specific operator or care home) and/or the outbreak of an epidemic or pandemic. In the event of default by a tenant, if it is in financial difficulty or otherwise unable to meet its obligations under the lease, the Company will suffer a rental shortfall and incur additional expenses until the tenant's financial condition or occupancy rate is able to recover or the property is re-let. In addition, the property may be re-let at a different rental level to that receivable under the existing lease and incentives may be granted to the incoming tenant. The expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs and will have a material adverse impact on the financial condition and performance of such asset, which could in turn impact the level of dividends or dividend cover.

The Group is not subject to regulation as a result of the Group's investment in healthcare real estate assets. The activities of the care home operators within the Group's property portfolio, including any future care home operators, will, however, be regulated by the Care Quality Commission (the "CQC") (or its equivalent in Scotland, Wales or Northern Ireland). If any care home operator fails to comply with CQC regulations, the CQC has the power to negatively rate a home and/or threaten to withdraw its registration, following which a local authority can embargo the care home operator, meaning that such care home operator will be unable to accept any new local authority residents until the issue has been rectified and the embargo has been lifted. Accordingly, the ability of an embargoed care home operator to provide care could be restricted and hence its ability to meet its rental payment obligations may be affected. In addition, any failure of a care home operator to comply with CQC or equivalent regulations could attract negative publicity which could also have a negative impact on the occupancy levels of that operator's care homes which may lead to difficulty in making rental payments as well as impacting on the Group's reputation, financial position and/or results of operations.

Risk management systems

The Company's key risks are monitored by the AIFM on an ongoing basis and by the Board on a regular basis. The AIFM has effective internal operational risk management policies and procedures in order to appropriately identify, measure, manage and monitor operational risks, including professional liability risks, to which it is or could reasonably be exposed. These policies and procedures are subject to regular review and the operational risk management activities are performed independently as part of the risk management policy.

The management of operational risk, through the risk and control self-assessment process, is aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses.

Investors will be notified, by way of a disclosure in the Group's Annual Report and Financial Statements or on the Company's website, in the event of any material changes being made to the current risk profile of the Group and the risk management systems employed by the AIFM to manage those risks.

Liquidity risk management

The Group's investments comprise UK care homes. Property and property-related assets in which the Group invests are not traded in an organised public market and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these properties at an amount close to their fair value in order to meet its liquidity requirements.

The AIFM undertakes liquidity management procedures in relation to the Group which are intended to ensure that the Group's investment portfolio maintains a level of liquidity which is appropriate to the Group's obligations in respect of investment transactions (including forward fund commitments and contingent deferred consideration), share buybacks, loan interest and capital repayments, dividend payments and other operating costs.

The Group's liquidity risk is managed on an ongoing basis by the Investment Manager and monitored on a quarterly basis by the Board. The AIFM ensures that the appropriate levels of liquidity are held within the Group on a day-to-day basis with any unusual trends or areas of high risk being identified for further investigation and analysis, including appropriate stress testing. In order to mitigate liquidity risk, the Group aims to have sufficient cash balances (including the expected proceeds of any property sales) to meet its obligations for a period of at least twelve months.

The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

Investors will be notified, by way of a disclosure in the Group's Annual Report and Financial Statements or on the Company's website, in the event of any material changes being made to the liquidity management systems and procedures or where any new arrangements for managing the Company's liquidity are introduced. This will include:

- the percentage of the Group's assets that are subject to special arrangements arising from their illiquid nature, if applicable; and
- any new arrangements for managing the liquidity of the Group.

Professional negligence liability risks

The AIFM covers its potential liability risks arising from professional liability by maintaining an amount of its own funds in accordance with the AIFM Directive.

Sustainable Finance Disclosure Regulation ((EU) 2019/2088) ("SFDR")

Disclosure of the manner in which sustainability risks are integrated into the Investment Manager's investment decisions pursuant to Article 6 of the SFDR

The AIFM's overall risk management processes include the consideration of Sustainability Risks alongside other factors in its capacity as the AIFM of the Company. A sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment (a "Sustainability Risk").

Sustainability Risks could arise at any stage of the real estate investment lifecycle including acquisition, development, ownership and re-tenanting. Sustainability Risks that could negatively affect the value of a particular care home asset or portfolio of care homes that form part of the Company's investment portfolio might include:

- Environmental: extreme weather events and physical climate risks such as flooding, extreme heat or cold events, production of waste and greenhouse gas emissions;
- Social: safeguarding failure, materials and construction safety issues, health and safety incidents such as injuries or fatalities;
- Governance: failure to identify and understand new design, legislation and management regulations, taxes or industry standards, including related transition risks, to protect or encourage sustainable real estate lifecycle activities and practices such as minimum energy efficiency standards.

The AIFM is required to consider such potential Sustainability Risks as part of its mandatory preacquisition due diligence review process and has adopted the Investment Manager's 'Targeting Tomorrow' pre-acquisition assessment questionnaire. Sustainability Risks continue to be considered by the AIFM throughout the lifecycle of a property investment, further supported by the Company's external sustainability and ESG adviser(s).

More details on the management of Sustainability Risks and the AIFM's approach to sustainability, including the Company's annual Sustainability Report, can be found on the Company's website at www.targethealthcarereit.co.uk

Assessment of the likely impacts of Sustainability Risks on the returns of the Company

The impact of Sustainability Risks associated with any care home may have a value or cost that can be estimated through analysis, the use of proprietary or external tools and/or advice from external service providers such as the external valuers. These impacts could have a direct effect on returns, such as requiring landlords to invest further in their properties, could be implicitly priced into the valuation of a property, or could impact on rental levels on leasing or re-tenanting. However, there is still a gap in the exact knowledge of how to value sustainability features appropriately to reflect a 'green premium' or a 'brown discount'. Alternatively, property upgrade works could generate positive benefit to the tenant's operational costs, thereby improving rental cover for the Company, and may also support value protection through a more resilient asset which is attractive to other property investors or tenant operators.

Disclosure under Article 7 of the Taxonomy Regulation ((EU) 2020/852)

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Amendment of this document

Any changes made to this document will be notified to investors by way of disclosure on the Company's website.