

Investing in care. Delivering returns.

Our Sustainability Report 2026

Welcome to our 2026 Sustainability Report

➤ About this Sustainability Report

This report:

- describes the Company’s responsible investment approach, which incorporates its Environmental, Social and Governance (‘ESG’) Charter; and
- presents key responsible investment objectives and performance, describes our targets for the future and tracks progress towards these.

To the extent possible, the description of progress against the ESG commitments of the Company, together with the ESG performance data throughout, are presented as at, or for the year to, 31 December 2025.

The ESG data section, and corresponding appendices, are written in accordance with the latest European Public Real Estate Association’s (‘EPRA’) Sustainability Best Practices Recommendations (‘sBPR’), which in turn are aligned principally with the Global Reporting Initiative (‘GRI’) Standards.

This ESG report has been prepared on behalf of the Company by Target Fund Managers Limited. Any reference to ‘we’, ‘us’, ‘the Company’ and ‘our’ throughout the report refers to Target Healthcare REIT plc (‘Target’). Target Fund Managers Limited is referred to throughout as ‘the Manager’ or ‘the Investment Manager’.

All data as at 31 December 2025 unless otherwise stated.



Our Annual Report is available to view online at <https://www.targethealthcarereit.co.uk/investors/>

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Responsible investment and 'ESG' – what it means to us

➤ **Michael Brodtman,**
ESG Committee Chair



I am pleased to present our fourth annual Sustainability Report.

This year we focus on how our clear, consistent investment methodology has always prioritised the environmental benefits and social impact of modern, fit-for-purpose real estate. This is driven by our purpose, which is to accelerate the improvement in physical standards of UK care homes through long-term, responsible investment that delivers attractive returns to shareholders. Quality and sustainability have always been at the heart of what the Board and Investment Manager do.

By adopting this holistic approach, we are accelerating our green agenda as part of our overall investment strategy, which supports both meeting our long-term environmental target of net zero carbon by 2040 and also the equally important targets under our social and governance objectives. This has driven the following successes in the year:

- Opening our first operationally net zero carbon home in October 2024. The home is still in fill-up, but we have in 2025 collected a first full year of data and I look forward to sharing analysis of energy usage and intensity as the home matures.
- Reaching 100% en suite wet-rooms. This followed the refurbishment of a home that converted all the remaining en suite WCs at that home into full wet-rooms, improving the home for both the residents and the operator.
- Utilising our energy consumption data collection to focus attention on 'high usage' homes and demonstrating the investment case for PV panels, which supported the investment of £0.6m during the year in this important area.
- 42% of our homes have onsite renewable energy generation and 63% have green leases.

In the current environment of volatile energy prices driven by the recent hostilities in the Middle East, fully embedding sustainability into our investment methodology feels all the more relevant.

To achieve our social purpose, we have always had a three-pronged approach:

Responsible Investment

This is predicated on our mission to provide better care home real estate. For us, responsible investment includes our ambitious environmental goals such as supporting the wider sector's transition from poor real estate by providing better care homes and embedding ESG factors into our acquisition process; obtaining reliable certifications and improving collection and verification of energy data; and detailing and working to deliver our net zero carbon commitment.

It is important to us that all our properties are of a high standard, and we invest in future-proofed modern purpose-built care homes. This investment policy has built a portfolio of homes that have generous public spaces and facilities for residents, dedicated outdoor space, wide corridors and good lighting throughout, and 100% en suite wet-rooms including shower. We are proud that our championing of wet-rooms has encouraged the whole market to shift in this direction. When the Group was launched in 2013, only 13% of the market had en suite wet-room facilities, and this has now moved to 36%, albeit still well below our best-in-class standard of 100%.

We continue our principled investment exclusively in well-designed, purpose-built care homes which enables us to drive positive social impact for residents, their loved ones, their carers and local communities. During 2025 we acquired three homes, opened one new home and contracted on one forward commitment to acquire a home which will open later this year, all of which are to the highest standards. We also worked with our tenant operators to provide capex, which we rentalise, to invest in PV panels. This year represents the first full year of data collection on the impact of such measures, and we include a case study in this report which demonstrates the environmental benefits and economic attractiveness of this investment approach.

Responsible Partnerships

This recognises the value of long-term relationships with our tenants and the benefits of our influence in the sector. Our approach, of engaged landlord, is to partner with tenant operators who share our values and ethos and can demonstrate the necessary operational capabilities to effectively care for residents and provide an efficient and rewarding environment for staff. We believe that a home and operator that ensures the wellbeing of its residents will ultimately be a successful one. I am therefore pleased to share the outcomes of our most recent tenant survey within this report which demonstrates our continued success. To ensure our homes are being operated to the highest standards, during the year the Manager conducted 258 physical visits to our care homes, including in depth six-monthly visits to all our homes.

Responsible Business

It is important that we deliver our business with transparency and treat all stakeholders with respect. I am therefore delighted that our GRESB score, a strong measure of ESG transparency and comparability, increased from 71 to 80 in the year. This resulted in the Group earning three green stars, placing us second in our peer group. In addition, we received a gold award in EPRA sBPR, a continued improvement on the prior year and gained inclusion into the 2026 Green Economy Mark, a London Stock Exchange initiative to recognise companies contributing to the growth of the global green economy.

The Manager details some of its own ESG achievements, including its status as a Certified Carbon Neutral Company, on page 22.

I trust you find this report helpful and informative. We would be delighted to receive any feedback you may have.

Regards,

Michael Brodtman
ESG Committee Chair
30 June 2026



Highlights

We are proud that ESG has been integral to our approach since day one. We have been recognised as the first social impact investment trust and are proud of our many achievements.



► Environmental

Net zero carbon pathway

Scope 1 and 2 net zero carbon achieved for the year.

2040 target set for property-related Scope 3 emissions.

EPC ratings ¹

100% A-B ratings

Important measure of energy efficiency and legislative rating.

Green loan

£30m

Bank debt re-financed in the year included a Green Loan, recognising our commitment to meet nationally recognised standards for energy efficiency.

Responsible Investment



As an investor we understand that our actions have influence. We use our platform to lead by example through embedding appropriate ESG considerations into our decision-making.

► Social

En suite wet-rooms

100%

Defining proxy for real estate quality and social impact. National comparative 36%*.

* Source: Carterwood.

Space per resident ²

48 sqm

Compared with a sector average of 40 square metres.

New homes / new beds built with our direct support ³

17 / 1,144

A further measure of our social impact in supporting the sector's transition to modern real estate.

Responsible Partnerships



We engage with all our stakeholders to drive the creation of economic, social and environmental value around our buildings and in wider society.

► Governance & transparency

ESG Committee

Met at least quarterly.

£1m

Approved budget to support operators to install energy efficiency initiatives. £0.6m invested to date on PV panels investment.

GRESB

80

Improved score from 71 to 80 and Group earned three green stars – third year of assessment, second place in our peer group.

Board diversity

40%

Board composition remains at 40% female, with at least one senior Board position held by a woman, in line with the 'Women in Leadership' 2025 target set by the FTSE Women Leaders Review.

Responsible Business



We treat all stakeholders with respect and deal fairly in a manner consistent with how we would expect to be treated ourselves.

1 Non-English homes follow a different rating system and have been converted to English-equivalent ratings.
2 Square metres for the sector is based on EPC and for the Group is an appropriate mix of EPC and BRCA squared metres.
3 Since the launch of Target Healthcare REIT in March 2013. In November 2025, the Group entered into a forward commitment which, when completed, will add a further 48 beds.



In this section...

Targeting Tomorrow

► Our ESG strategy and priorities

'Targeting Tomorrow' is our ESG Charter to ensure the social impact objective with which we launched remains embedded for years to come. We take a responsible approach to every aspect of our business, including environmental sustainability and governance standards, with a high focus on our net zero carbon strategy.

Targeting Tomorrow gives us the platform to work with shareholders, tenants and other stakeholders more effectively than ever to supply care home real estate that delivers tangible benefits.





Collaborative approach

Our commitment to a responsible approach means the views of all our stakeholders matter to us, from the direct relationships we have with shareholders and tenants to the ultimate users of our real estate in residents, care professionals and local communities.

We asked stakeholders what their priorities are and we defined our approach based on feedback. Key priorities identified for the Group were:

- To continue to be leaders in social impact and responsible investment, and continue to focus on measurement and reporting.
- To embed ESG factors into our acquisition process.
- To be authentic and transparent in our business relationships.

The Company is continuing to ensure that these priorities are addressed, with the Manager having introduced its ESG house standard to its acquisition process in 2022. This document is reviewed regularly to ensure it keeps pace with the evolving ESG world and we remain at the forefront of what is required. For example, over the past 12 months the house standard has been expanded to cover a broader range of climate-related risks; more detailed design standards in relation to low carbon, renewable technologies and water usage; biodiversity enhancements; and social value metrics relating to residents, staff and the community. Social value metrics cover a full spectrum, including monitoring carehome.co.uk ratings, ensuring residents are supported to access outdoor amenity space and excursions, seeking community engagement and consultation during early design and construction stages of new homes, and staff recognition schemes.

The data collection, measurement and reporting of ESG matters also continue to be enhanced.

Care home real estate that leads the way

The purpose of our business is to improve the standard of care home real estate, using our influence as a leading investor in the sector to encourage improvements in quality. Consequently, our own investment approach will not compromise quality.

Our approach is not changing, we will continue to focus on 'doing the right thing' led by providing fit-for-purpose real estate for the long term to care providers who share our care ethos and can demonstrate operational capabilities. We support the United Nations' ('UN') Sustainable Development Goals ('SDGs'), which our strategy is aligned with. We highlight those SDGs that are applicable to our portfolio in the following sections of this report.

ESG as a concept is evolving and will continue to do so. Reliable and comparable measurement standards remain elusive in some areas, particularly for social impact, which is our core purpose, albeit that we have added to these in the current year. Our ESG framework has been developed as a guide to help us deliver and articulate our actions and progress in a fair, balanced and understandable manner.

➤ The three principles which we apply are:



Responsible Investment

As an investor we understand that our actions have influence. We use our platform to lead by example through embedding appropriate ESG considerations into our decision-making.



Responsible Partnerships

We engage with all our stakeholders to drive the creation of economic, social and environmental value around our buildings and in wider society.



Responsible Business

We treat all stakeholders with respect and deal fairly in a manner consistent with how we would expect to be treated ourselves.





In this section...

Responsible Investment

As an investor, we understand that our actions have influence. We use our platform to lead by example through embedding appropriate ESG considerations into our decision-making.



Responsible Investment

As an investor, we understand that our actions have influence. We use our platform to lead by example through embedding appropriate ESG considerations into our decision-making.

Alignment with UN SDGs

The SDGs that are most relevant to our responsible investment, and where we believe we can make a tangible, positive impact, are:



Early stage Partially met Met

Commitment	E, S, G	Status	Progress and insight
Responsible Investment			
Net zero carbon commitment.	E	Met	<ul style="list-style-type: none"> Comprehensive, ambitious and realistic net zero carbon targets set with a clear pathway including measurable milestones. See pages 8 and 9
Continue to provide better care home real estate which results in positive social impact for residents, their carers and local communities.	S	Met	<ul style="list-style-type: none"> 100% wet-rooms, proxy for real estate quality and social impact. Our portfolio remains sector leading in relation to a range of key quality metrics. See page 12 Positive social impact. See pages 15, 18 and 20
Support the sector's transition from poor real estate standards via long-term financial/ investment support for new developments.	S	Met	<ul style="list-style-type: none"> £204 million investment in newly-built care homes since launch, providing 17 homes offering 1,144 beds to residents. The Group entered into one forward commitment in the year which, when completed, will add a further 48 beds. We are providers of long-term stable investment capital to the sector with a property portfolio of c.£895 million.
Obtain reliable certification and insightful data on the energy efficiency of our real estate.	E	Met	<ul style="list-style-type: none"> EPC certification for 100% of portfolio. BREEAM In-Use certification in place for 10% of our portfolio, in line with our 10% target coverage.
Increase data coverage of energy consumption by our tenants, aiding transparency and our ability to positively influence energy efficiency.	E	Met	<ul style="list-style-type: none"> Maintained 'Scope 3' energy usage data collection at 94% of portfolio by value. 63% (2025: 59%) of the portfolio have green lease data provision covenants and these continue to be added to new leases and at change events.
Ensure ESG factors embedded into acquisition process and portfolio management.	E	Met	<ul style="list-style-type: none"> The Manager's 'house standard', which guides how ESG factors are considered for each investment opportunity with minimum acceptable thresholds, has been followed, with all real estate held by the Company being at the upper end of care home sector quality.





Our net zero carbon pathway

Our Net Zero Carbon Pathway sets out a clear, science-based roadmap to achieve net zero carbon emissions across firstly, our operations and then, secondly, our portfolio. We start from a position well ahead of the sector, and are guided strongly by our comprehensive datasets from our real estate.

By promoting energy efficiency and investing further in renewable energy sources, we will reduce emissions across our real estate portfolio, with the cooperation of our tenants.

➤ Early stage ➤ Partially met ➤ Met

Scope	Target year	Status	Comment
1	Achieved 2024	➤	<ul style="list-style-type: none"> Emission directly controlled by the Company. The Company does not operate from buildings nor own vehicles. The Company assesses emissions from Director travel as Scope 1 and is net zero carbon through minimising carbon emissions from travel and from responsible offsets.
2	Achieved 2024	➤	<ul style="list-style-type: none"> Scope 2 emissions are from indirect emissions from energy acquired by the Company. The Company does not directly acquire energy as it does not operate from offices. The Manager is net zero carbon in its operations. ➤ See page 25
3	2030	➤	<ul style="list-style-type: none"> Scope 3 emissions are indirect emissions from the Company's supply chain. Assessed as those emanating from the Company's real estate portfolio, and our largest challenge given real estate is generally a significant contributor to carbon-based emissions. The Company has set an interim target to have renewable energy generation (or heat pumps) at 50% of its homes by 2030 (42% as at 31 December 2025, currently 43%).
3	2035	➤	<ul style="list-style-type: none"> Retrofitting PV panels has now been demonstrated as efficient and effective within 10% of the portfolio, Page 13 case study 1. Active landlord engagement and discussions in respect of the benefits of PV panels are ongoing, with a target of 100% coverage by 2035.
3	2040	➤	<ul style="list-style-type: none"> Ambitious but realistic, science-based target of 2040 set. Ten years ahead of the nation's 2050 target.





Responsible Investment continued

We have excellent net zero carbon foundations. We own modern, purpose-built buildings with 100% A or B EPCs, and our Scope 1 emissions are net zero carbon, as is our Investment Manager's.

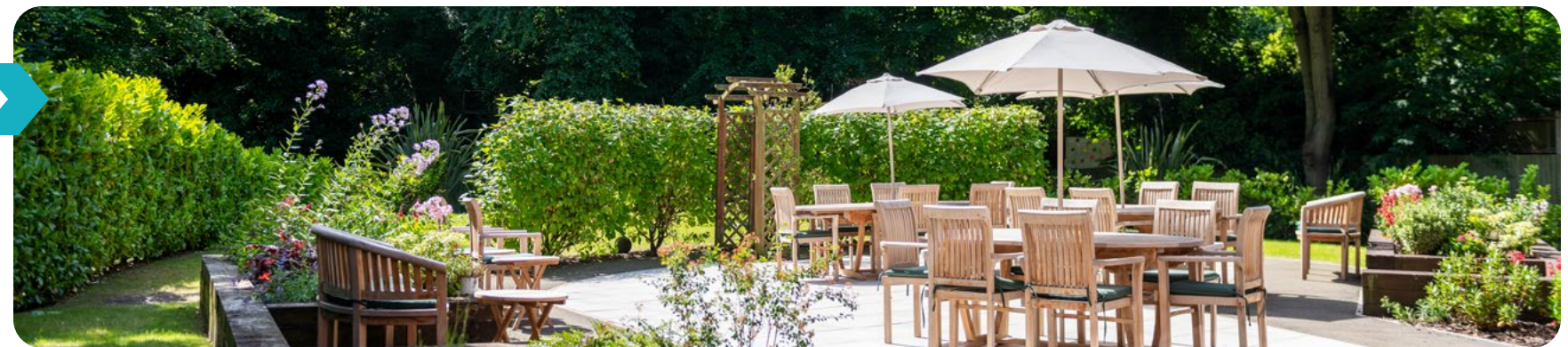
We have improved data collection, verified by external experts, leading to an increased understanding of energy usage and enabling us to identify trends and outliers, and we have partnered with technical experts who complement our portfolio understanding with their wider science-based approach and knowledge of best practice. This has been utilised to deliver quick wins and increase PV coverage, as set out in the table.

We do recognise, however, that this is the start of the journey, and the success of our ambition will rely on external factors. We are reliant on our tenants continuing to share our goals and embracing the pace with which we want to decarbonise our homes through investing in renewable energy generation. We are also dependent on technology keeping pace with our ambitions, recognising the current cost and efficiency challenges of replacing gas boilers with renewable alternatives in a manner that does not disrupt the operation of our homes and the care provided by our operators.

Timeline and actions	Progress to date	2025	2030	2035	2040
1. Quick wins: energy efficiency measures, i.e. thermal installation in plant rooms (2-3% CO₂ ↓).	<ul style="list-style-type: none"> Thermal wraps installed in the plant rooms of a further five homes. Ongoing tenant engagement activities including: <ul style="list-style-type: none"> Benchmarking of each home's energy usage/energy intensity to the portfolio average and ongoing enquiries/investigation of the 'high usage' homes that are portfolio outliers. ESG Questionnaire sent to all operators. ESG webinar being developed with external party which will be made available to all operators. 				
2. Renewable energy generation (including by heat pumps) at 50% of homes by 2030.	<ul style="list-style-type: none"> Opened first operational net zero carbon home in 2024 with onsite renewable energy generation, battery storage and no fossil fuel sources. Solar PV panels installed on three properties during 2025. As at 31 December 2025 42% of the portfolio's homes had onsite renewable energy generation, including solar panels providing hot water, solar PV generating electricity and ground or air source heat pumps, this figure is now 43%. 				
3. Increase PV or solar thermal panel coverage towards 100% of portfolio.	<ul style="list-style-type: none"> As at 31 December 2025 33% of the portfolio's homes had either PV or solar thermal panels installed, this figure is now 34%. 				
4. Electrification of heating: <ul style="list-style-type: none"> Phase out gas boilers. Install heat pumps and appropriate upgrade of distribution in homes. 	<ul style="list-style-type: none"> Ongoing monitoring of available net zero carbon technologies and the development of these technologies, i.e. heat pumps and alternatives. 				

Risks and areas outside of our control

- Suitable technology being available at the required scale and cost, per expectations as advised by our external experts, in the time period outlined.
- Materials and labour being available such that the Company is able to have technology installed in a sensible timeframe and at fair, market (not surge) pricing.
- Agreement with tenants as to disruption timeframes for works.
- That the relevant investment costs do not depress investment returns to such an extent the Company cannot achieve its investment objectives to the satisfaction of shareholders.



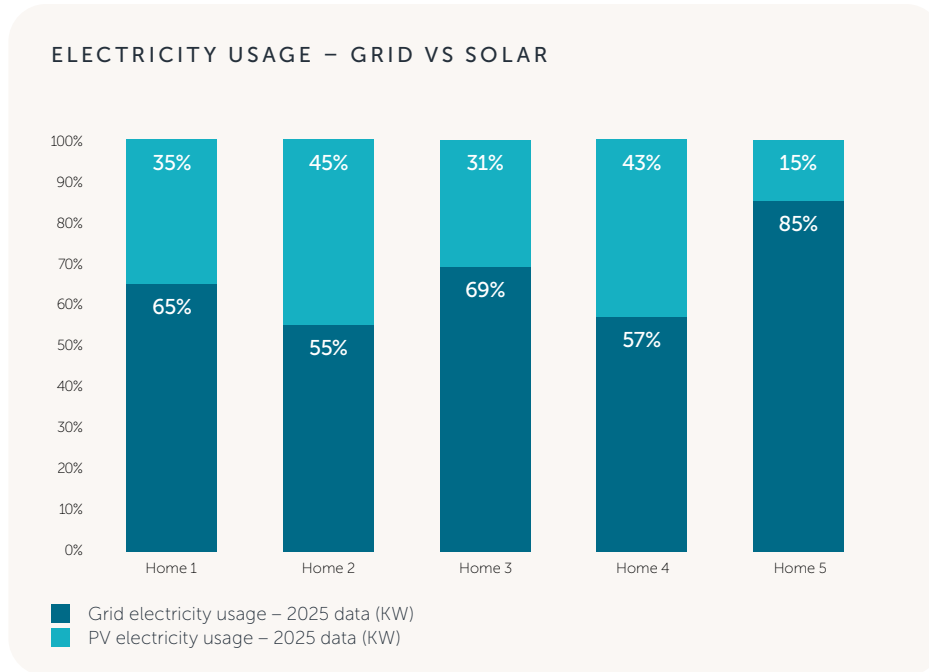
➤ **Case Study 1**

➤ **Retrofitting photovoltaic ('PV') panels**

In 2024, Target implemented a project to start retrofitting PV panels to care homes in order to reduce carbon emissions and tenant's energy costs, whilst delivering an attractive return (c.7%) on the capital deployed.

To date PV panels have been installed at eight care homes through this scheme, including five homes where they have been operating for a full calendar year, allowing Target to fully analyse the annual performance impact of the project. On average the panels have generated approximately a third of the electrical energy usage at each home, which has reduced carbon emissions by c.50,000kg CO₂e for these five homes over the course of the year. The net annual cost saving (i.e. after rentalisation of the costs to install) for the operator has averaged around £10,000 per home and reduced the operator's exposure to energy price volatility.

In addition to this scheme, through active landlord engagement and discussions in respect of the benefits of PV panels, three further homes have installed PV panels at the tenants' cost, which are also delivering ongoing carbon and costs savings.





Energy efficiency is a specific consideration in our investment analysis for acquisitions, developments and portfolio management decisions.



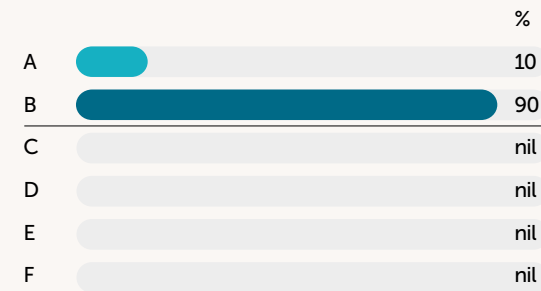
EPC

Our portfolio's EPC certification is 100%-compliant with anticipated legislative standards which will require commercial real estate to be rated EPC B at minimum* by 2031.

2031 compliance (EPC B or above)*

100%

of the portfolio is EPC rated B or above (A = 10%; B = 90%)



This is significantly ahead of the care home sector and commercial real estate generally, limiting the requirement for expensive and disruptive remedial capital expenditure.

Strong EPC ratings are a natural consequence of well-designed, modern real estate which we believe should be the staple of the care home sector.

* Anticipated future legal requirements based on MEES.

Building Research Establishment Environmental Assessment Method ('BREEAM')

The world's leading science-based suite of validation and certification systems for the sustainable built environment, the BREEAM In-Use standards, provide a framework to enable property investors, owners, managers and occupiers to determine and drive sustainable improvements in the operational performance of their assets, leading to benchmarking, assurance and validation of operational asset data. BREEAM In-Use certification is valid for three years. Our certification is summarised as follows:

	Excellent	Very good	Good	Below good
Number of ratings	3	6	–	–

We consider this to be reflective of the portfolio. We have committed to ensure a minimum of 10% of the portfolio is certified on an ongoing basis and will do so through choosing assets for certification which result in a representative sample of the portfolio as a whole based on geography, build type, design characteristics, developer and operator.

Our investment criteria and focus on modern, purpose-built assets results in a portfolio which is materially homogeneous in terms of building standards and therefore a limited sample provides assurance from certification, and valuable feedback from the process, that can be applied across the portfolio. Additionally, given the cost of obtaining certification, this approach provides the required insight while maintaining value-for-money.

Green leases

As part of our engaged landlord approach, we are embedding covenants within our industry-leading standard lease to mandate the collection of energy usage data from our tenants alongside other financial, operational and regulatory reporting from our tenants.

63%

(2025: 59%)

Data collection and tenant engagement

94%

(2025: 94%)

Maintained a high data collection rate of Scope 3 energy usage data from our tenants for a third consecutive year.

This provides meaningful data for us to analyse and use productively towards energy-efficiency initiatives and reporting.

Having a majority of single-let assets and a large number of tenants makes this a challenging endeavour, although one which we believe is crucial to progressing and meeting our commitments.





Portfolio statistics.

Through our responsible investment into high-quality real estate and partnering with trusted sector specialist operators, we can go some way to measuring the social impact of the portfolio by comparison with the care home real estate sector.

Our portfolio has full en suite wet-room provision for residents, significantly ahead of the sector average. It remains disappointing that many en suites in care homes are nothing more than a WC and wash hand basin, with shared bathrooms still commonplace.

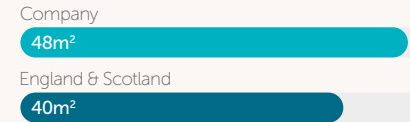
It is crucial to remember that while care facilities are being provided, these buildings are the residents' homes and we believe that providing ample public and private spaces for residents is paramount to the social impact a care home can have. Our homes have on average 20% more space per resident than the sector while our rent is in line with the sector on a m² basis, promoting sustainable partnerships with our tenants.

carehome.co.uk, a 'Tripadvisor'-style care home review website, provides real-time feedback from residents and their families to the home and is a key tool for those making the buying decision for a resident entering a care home. Our portfolio measures well at an average score of 9.5 out of 10 compared to the average at 9.2.



Square metre per resident ¹

48



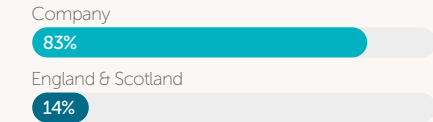
Average carehome.co.uk rating

9.5



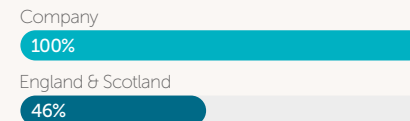
Purpose built since 2010

83%



EPC A or B rated

100%



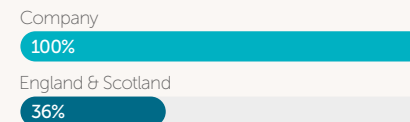
Regulatory ratings (Good+) ²

74%



% en suite wet-rooms ³

100%



Occupancy ⁴

86%



1 Square metres for the sector is based on EPC and for the Group is an appropriate mix of EPC and BRCA square metres.
 2 The Group has nine care homes awaiting inspection, and the Manager's internal assessment indicates these will all achieve Good or above.
 3 Source: Carterwood.
 4 Adult social care in England monthly statistics. If the beds that were not available to the market during this period are included, the figure increases to 89%.

Beds

5,885

Homes

86

Tenants

32



► **Case Study 2**

► **Care home refurbishment**

We believe that the provision of high-quality real estate is a key element to ensuring that residents can lead their lives in environments that are comfortable, homely and can support their care needs.

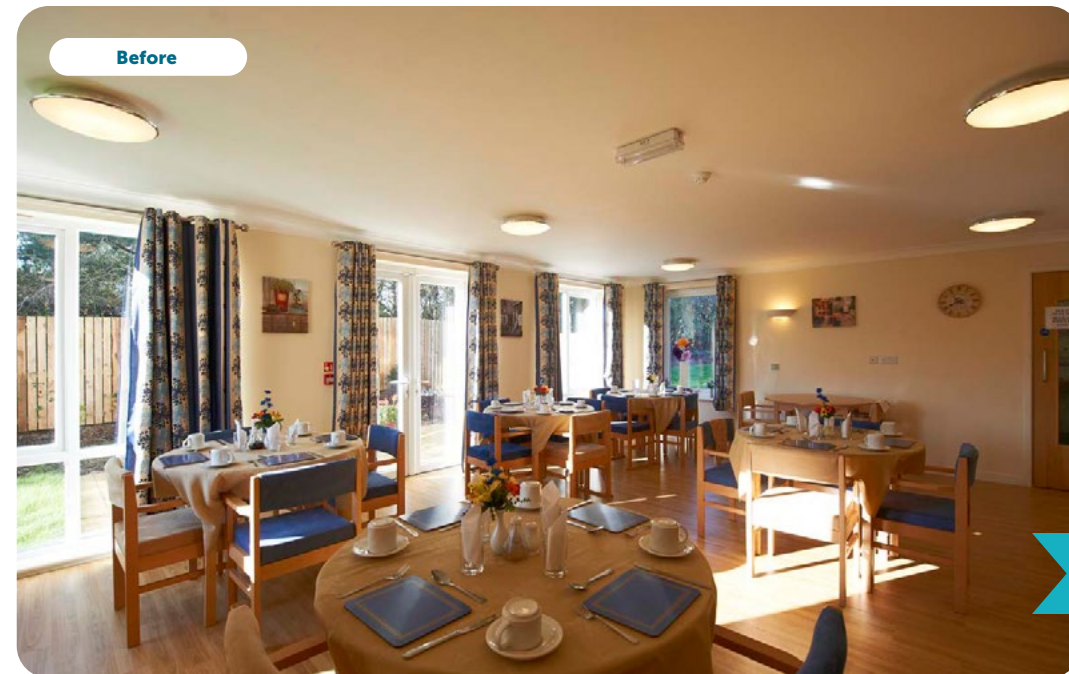
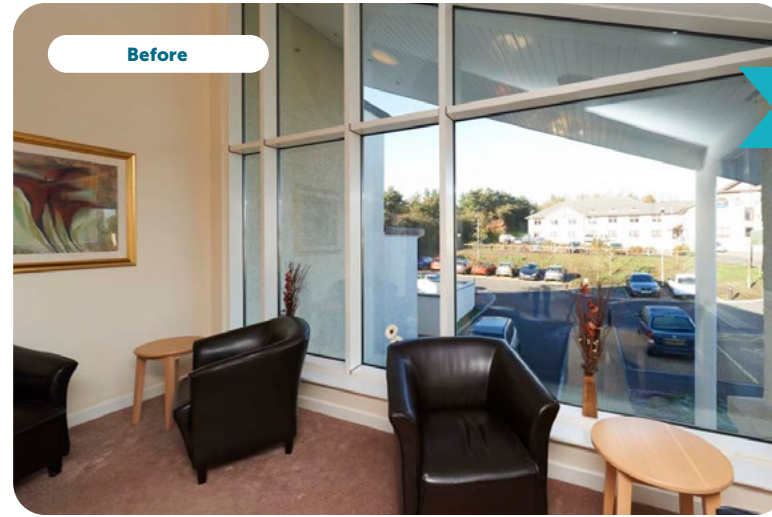
This is achieved by investing in high-quality, modern real estate, partnering with sector-leading operators and regularly visiting and inspecting our properties to ensure that high-quality real estate standards are maintained.

However, there are occasions, such as a change in control of an operator or a change in its strategy, which result in a situation where we look to work with the operator to consensually re-tenant homes to a new, engaged operator who is better aligned with our values and ethos.

In the past 12 months, following the strategic decision of the owner of a tenant to exit the elderly care market, we pro-actively identified a new operator for this care home and agreed an investment programme with the new party to improve the environment at the home. The costs of this programme were funded by us and then rentalised. Whilst the fundamentals of the home (which included wide corridors, plentiful and varied public spaces, en suite wet-rooms attached to all bedrooms) were sound, a comprehensive refurbishment was undertaken which included a full redecoration, carpets and flooring being replaced and new furniture and furnishings being installed. This investment and vision ensured that the building was elevated from being operated as a 'functional' nursing home, to becoming a genuine 'home' that enhanced the living environment for all the residents and returned the property to its rightful place as a key facility for the local community.

This demonstrates that we continue to work with our tenants and stakeholders to ensure that our real estate maintain and deliver their positive social impact for residents.

As an engaged landlord, we visit all our homes regularly (at least every six months) and work with both our existing tenants or, where necessary, new tenants to ensure that through ongoing, regular investment in the real estate, the highest standards and living environments are maintained for the benefit of all the home's residents.





In this section...

Responsible Partnerships

We engage with all our stakeholders to drive the creation of economic, social and environmental value around our buildings and in wider society.



Responsible Partnerships

We engage with all our stakeholders to drive the creation of economic, social and environmental value around our buildings and in wider society.

Alignment with UN SDGs

The SDG that is most relevant to our responsible partnerships, and where we believe we can make a tangible, positive impact, is:



Early stage Partially met Met

Commitment E, S, G Status Progress and insight

Responsible Investment

Engage with tenants to ensure our real estate is meeting their operational and staff needs, allowing effective care for residents.



- Formal tenant survey results are consistent with our thesis that our real estate makes a real difference.
- 9.3/10 agreed that Target provides high-quality real estate that supports the working environment and helps deliver dignified care to residents.
- 9.7/10 agreed that Target works collaboratively with its tenants. [See more details on page 16](#)

Use energy data obtained from tenants to positively influence behaviours where possible.



- Data analysis on energy usage across the portfolio has:
 - benchmarked energy usage and identified outliers,
 - been used to formalise the net zero carbon target, [See pages 8 and 9](#) and
 - enabled investigation of 'high-usage' homes.

Be a responsible landlord to our tenants and their communities through significant challenges, such as pandemics.



- Continuity of care prioritised and achieved, to ensure positive social impact for residents and communities.
- Retenancing activities in the year secured future stability of a care home, ensuring sustainable, secure and high-quality environment for residents, their families and staff alike.

What this means for Target

Tenant selection, engagement and collaboration

- As a responsible, proactive landlord we prioritise good, open relationships with our tenants.
- We make sure that we solicit, assess and respond to feedback on our portfolio and our behaviours to ensure that carers are supported by a high-quality working environment where the residents can be respected and cared for with dignity.
- We only select tenants who share our care ethos and we believe can deliver operationally.

Communities and society

- We fully appreciate the vital role that care homes play in every community, and take decisions in the best interest of maintaining continuity of care for residents.
- We advocate for and support the sector.





Tenant survey

The Manager visits every home at least twice a year, to review the building condition and meet with those working in our homes.

Separately, the Manager regularly speaks to all our tenants to get an update and discuss matters impacting the sector. Once again, the Manager was delighted to host events during 2025 to generate discussion and share knowledge with our tenants. This included hosting an annual event that brought together tenant operators and other stakeholders across the sector, with an agenda selected to reflect current issues. This event invited speakers to share commercial and regulatory trends for the elderly care sector and provided reflections from experienced senior sector specialists.

On behalf of the Company, the Manager regularly undertakes a tenant survey, with the key results of the latest survey, completed in June 2026, set out opposite. Tenant surveys are undertaken by an external third party and received a 85% response rate (2024: 71%).

100%

of respondents said they would recommend Target to others

No Change Increase



9.7/10



Agreed that Target is a good landlord to work with.

2024: 9.6/10

9.3/10



Agreed that Target provides high-quality real estate that supports the working environment and helps deliver dignified care to residents.

2024: 9.2/10

8.7/10



Agreed that Target helps their business achieve and understand environmental sustainability.

2024: 8.4/10

9.7/10



Agreed that Target lives up to its values through its interactions with its tenants.

2024: 9.6/10

9.6/10



Agreed that Target understands the needs of our customer's business.

2024: 9.2/10

9.7/10



Agreed that Target works collaboratively with our customers.

2024: 9.6/10





In this section...

Responsible Business

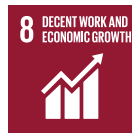
We treat all stakeholders with respect and deal fairly in a manner consistent with how we would expect to be treated ourselves.

Responsible Business

We treat all stakeholders with respect and deal fairly in a manner consistent with how we would expect to be treated ourselves.

Alignment with UN SDGs

The SDG that is most relevant to our responsible partnerships, and where we believe we can make a tangible, positive impact, is:



👉 Early stage
👉 Partially met
👉 Met

Commitment	E, S, G	Status	Progress and insight
Responsible Investment			
To establish an ESG Committee to provide appropriate focus and impetus to ESG matters.	G	👉	<ul style="list-style-type: none"> ESG Committee meets at least quarterly and has driven improvements in ESG reporting and approved established capex initiatives.
Ensure the benefits of Board diversity are achieved.	G	👉	<ul style="list-style-type: none"> The Board recognises the benefits of diversity and has consistently met the guidance on gender diversity over recent years. Diversity, including ethnicity, was particularly considered in the Board's recruitment processes. The Directors intend to appoint a sixth Director to the Board over the course of the year in order to address diversity concerns and to bolster the resilience of the Board and aid in its succession planning.
Participate in benchmarking and sector-appropriate programmes to provide comparable information to stakeholders.	G	👉	<ul style="list-style-type: none"> GRESB score of 80 in 2025 published assessment (2024: 71), second in peer ranking. Three green stars awarded, and scored ahead of the benchmark of 74.
Other reporting: Align financial and non-financial reporting with widely used frameworks.	G	👉	<ul style="list-style-type: none"> ESG disclosures have been enhanced in financial and non-financial reporting. EPRA BPR and sBPR followed, with gold awards obtained in each for reporting quality

What this means for Target

➤ Governance and transparency

- We uphold the highest ethical standards and adhere to best practice in every aspect of our business.
- Our governance and behaviour treat transparency for all of our stakeholders as core.

➤ People, culture and wellbeing

- We encourage employment practices across our key service providers that reflect our core values, with a focus on wellbeing, fairness and opportunity for all.





Governance and transparency

This section, which serves as the Company's section 172 statement, explains how the Directors have had regard to the matters set out in section 172 (1) (a)-(f) of the Companies Act 2006 for the financial year ended 30 June 2025, taking into account the likely long-term consequences of decisions and the need to foster relationships with all stakeholders in accordance with the Association of Investment Companies' Code.

(a) The likely consequences of any decision in the long term.	Our investment approach is long-term, with an average lease length of 26.3 years as at 31 December 2025. We believe this is the most responsible approach to provide stability and sustainability to tenants and key stakeholders. Therefore, most decisions require consideration of long-term consequences, from determining a sustainable rent level and the right tenant partner for each investment, to considering the impact of debt and key contracts with service providers on the recurring earnings which support dividends to shareholders.
(b) The interests of the Company's employees.	The Company is externally managed and therefore has no employees.
(c) The need to foster the Company's business relationships with suppliers, customers and others.	As a REIT with no employees, the Board works in close partnership with the Manager, which runs the Group's operations and portfolio within parameters set by the Board and subject to appropriate oversight. The Manager has deep relationships with tenants, the wider care home sector and many of the Group's other suppliers. These are set out in more detail on the following page.
(d) The impact of the Company's operations on the community and the environment.	The Board is confident the Group's approach to investing in a sensitive sector is responsible with regard to social and environmental impact. This is set out in more detail in the 'community and the environment' section of the table on the following page.
(e) The desirability of the Company maintaining a reputation for high standards of business conduct.	The Board requires high standards of itself, service providers and stakeholders. The Group's purpose and investment objectives dictate that these standards are met in order to retain credibility. The ethos and tone is set by the Board and the Manager.
(f) The need to act fairly as between members of the Company.	The Board encourages an active dialogue with shareholders to ensure effective communication, either directly or via its brokers and/or Manager. The interests of all shareholders are considered when issuing new shares and/or considering the level of distributions or other return of capital.



The interests of key stakeholders are considered and promoted as follows:

The Board considers that it has made decisions during the year that will promote the success of the Group for the benefit of its members as a whole.





Shareholders

Shareholders are key stakeholders and the Board proactively seeks the views of its shareholders and places great importance on communication with them.

The Board reviews the detail of significant shareholders and recent movements at each Board Meeting and receives regular reports from the Investment Manager and Brokers on the views of shareholders, and prospective shareholders, as well as updates on general market trends and expectations. The Chair and other Directors make themselves available to meet shareholders when required to discuss the Group’s business and address shareholder queries. The Directors make themselves available at the AGM in person, with the Company also providing the ability for any questions to be raised with the Board by email in advance of the meeting.

The Company and Investment Manager also provide regular updates to shareholders and the market through the Annual Report, Interim Report, Sustainability Report, regular Regulatory News Service (‘RNS’) announcements, quarterly investor reports and the Company’s website. The Investment Manager holds a results presentation on the day of publication of each of the Annual and Interim Reports and meets with analysts and members of the financial press throughout the year.

Tenants and underlying residents

The Investment Manager liaises closely with tenants to understand their needs, and those of their underlying residents, through visits to properties and regular communication with both care home personnel and senior management of the tenant operators. The effectiveness of this engagement is assessed through a regular tenant survey which, during 2026, was undertaken by an external third party.

The Investment Manager also receives, and analyses, management information provided by each tenant at least quarterly, and regularly monitors the CQC, or equivalent, rating for each home and any online reviews, such as carehome.co.uk. Any significant matters are discussed with the tenant and included within the Board reporting.

Debt providers

The Group has term loan and revolving credit facilities with the Royal Bank of Scotland plc, HSBC Bank plc and Phoenix Group (see Notes 13 and 20 to the Consolidated Financial Statements in the Annual Report 2025 for more information). The Company maintains a positive working relationship with each of its lenders and provides regular updates, at least quarterly, on portfolio activity and compliance with its loan covenants in relation to each loan facility. During 2025 the Group refinanced the proportion of its debt facilities which had been due to expire in November 2025.

Investment Manager

The Investment Manager has responsibility for the day-to-day management of the Group pursuant to the Investment Management Agreement. The Board, and its committees, are in regular communication with the Investment Manager and receive formal presentations at every Board Meeting to aid its oversight of the Group’s activities and the formulation of its ongoing strategy.

The Board, through the Management Engagement Committee, formally reviews the performance of the Investment Manager, the terms of its appointment and the quality of the other services provided at least annually. Further details on this process and the conclusions reached in relation to the year ended 30 June 2025, are contained on page 45 of the Annual Report 2025.

Other service providers

The Board, through the Management Engagement Committee, formally reviews the performance of each of its significant service providers at least annually. The reviews will include the Company’s legal adviser, brokers, tax adviser, auditor, depositary, external valuer, company secretary, insurance broker, surveyors and registrar. The purpose of the review is to ensure that the quality of the services provided remains of the standard expected by the Board and that overall costs and other contractual arrangements remain in the interests of the Group and other significant stakeholders. The Investment Manager also reports regularly to the Board on these relationships.

The significant other service providers, particularly the Group’s legal advisers and brokers, are invited to attend Board Meetings, including the annual Strategy Meeting, and report directly to the Directors where appropriate.

Community and the environment

The Group’s principal non-financial objective is to generate a positive social impact for the end-users of its real estate. Investment decisions are made based on the fundamental premise that the real estate is suitable for its residents, the staff who care for them and their friends, families and local communities, both on original acquisition and for the long term.

Environmental considerations are an integral part of the acquisition and portfolio management process, given the strategy of only acquiring modern buildings which benchmark well from an energy efficiency aspect and which meet the requirements of the Investment Manager’s ESG Charter ‘Targeting Tomorrow’. Under the remit of the ESG Committee, the progression of the Group’s ESG strategy has prioritised gathering useful energy/consumption data on its portfolio, whilst progressing work on a straightforward hierarchy of initiatives to maximise the Group’s impact over both the short and longer term. The Group is now working on improving its feedback and reporting to tenants of the data collected in order to highlight area in which they may be able to improve their own performance. The Group has formulated and published a high-level longer-term portfolio strategy in relation to setting and meeting the Group’s net zero carbon target, including initial consideration of a short-term interim target and intended timescale.





In this section...

Supporting data





The Manager

Target Fund Managers is aligned with the ESG objectives of the Company.

The Manager's notable activities during 2025 and priorities into 2026 and beyond are summarised below:



	2025	2026
Energy	Carbon Neutral Company certification in place, with offsetting applied to 190.62 tCO ₂ e for the most recent annual reporting period.	Continue to assess further measures to reasonably reduce energy use.
People, culture, wellbeing	<p>Policies on wellbeing and support are in place and there is on site mental health support offered weekly over three hours.</p> <p>Salary sacrifice options available to all team members include holiday purchase and an electric car scheme.</p> <p>The annual off-site event for all team members was held over three days with one morning dedicated to discussions on embedding Target's eight core Values.</p> <p>Team members assisted in painting a room and building furniture at a local primary school for children with severe and complex needs.</p>	<p>All team members have again been offered a free 'Wellperson' health assessment with a local medical practice.</p> <p>A committee has been established to organise team social events and community volunteering activities. Team members took part in a local litter pick with the 'Keep Scotland Beautiful' organisation during the year.</p> <p>The annual off-site event for all team members was held again this year with Target's eight core Values key to discussions held over the three days.</p>
Responsible Investment	<p>Continued application of 'house standard' for Responsible Investment.</p> <p>Ongoing visits to care homes for regular monitoring at least two visits for each home. Annual tenant dinner hosted to provide a forum to promote discussion and sharing of ideas and best practice across the tenant base.</p>	Ongoing regular engagement with tenants, including ESG workshops with external advisers' input on topical industry matters.





Supporting data: Target Healthcare REIT plc

EPRA Sustainability Performance Measures Environmental Sustainability Performance Measures

Third Party Assurance

The Elec-Abs, Elec-LfL, Fuels-Abs, Fuels-LfL and GHG figures are sourced from the same data used by the Company for its annual GRESB submission. The GRESB data was reviewed by Envision Sustainability Limited ('Envision'), as ESG Advisers to the Company, in order to provide assurance on the validity and accuracy of the data presented, and verification of the GHG emissions reported, in accordance with ISO 14064-3. Based on a detailed review of sources of the data and information presented, Envision confirmed that the data presented for inclusion in the GRESB submission was accurate and a fair representation, prepared in accordance with ISO 14064-1.

- 1 The majority of the energy usage related to the Company's direct property portfolio is arranged by, and is the responsibility of, each tenant.
- 2 There are no district heating or cooling systems used by the properties within the Company's portfolio.
- 3 The weighted average percentage of electricity from renewable sources from landlord-obtained electricity was 14% from renewable sources, of which nil was generated onsite, and 80% from nuclear sources for the year as a whole. However, due to a change in tariff towards the end of the calendar year, the landlord-obtained electricity at 31 December 2025 was 25% from renewable sources and 3% from nuclear sources. The majority of electricity is procured by the tenants. Of the total of 34% of tenant-obtained electricity consumed from renewable sources, 31% was purchased and consumed from external utility suppliers and 3% was self-generated onsite through the use of photovoltaic panels. A further 13% of tenant-obtained electricity consumed was from nuclear sources. The nature of the energy supply mix for tenant-obtained electricity was determined through the review of supplier invoices.
- 4 All landlord-obtained data included in the Company's absolute portfolio is based entirely on meter readings and invoices, covers 100% of the properties for which the landlord procures the electricity and gas, and no estimations are included in either the total or like-for-like ('Lfl') landlord-obtained utility consumption reported. Tenant-obtained data included in the Company's absolute portfolio is based almost entirely on meter readings and invoices, and estimations represent 0.6% of Lfl tenant-obtained electricity usage and 1.1% of Lfl tenant-obtained gas usage. Such estimates are only used to fill gaps for short missing periods using known consumption from a recent and comparable period for the metered supply for the property in question. Where information is not available for a property for the entirety of its operational period in either the current or prior year, or where there are doubts over the accuracy of the information provided by the tenant, the property has been excluded from Elec-Abs and Fuels-Abs and, where relevant, the related Lfl measures. The resultant figures shown for available tenant-obtained energy cover 94% of the Group's portfolio by both number of beds and by financial value of the assets within the organisational boundary at 31 December 2025. The properties included are considered to be representative of the portfolio as a whole.
The like-for-like information is calculated based on the Company's absolute portfolio, adjusted to remove any properties which reached practical completion, or which were bought or sold during the most recent two full reporting years. No further adjustments were required for properties under development.
- 5 Normalisation. The Company considers the absolute electricity and gas usage to be the most effective measure for both landlord and tenant-obtained consumption. For a care home portfolio, it is considered that the most appropriate intensity metric is to measure this against the number of registered beds. However, recognising that portfolios with better social metrics may have a larger floor space per resident, the intensity per square metres is also provided.

EPRA Code	Performance measure	Scope	Unit of measurement	2025	2024	Percentage change	
Elec-Abs	Total electricity consumption ⁴	Total landlord-obtained electricity	Annual MWh	255	245	+4.1%	
		Available tenant-obtained electricity ¹	Annual MWh ¹	17,266	17,458	-1.1%	
		Percentage of landlord-obtained electricity from renewable sources ³	%	14%	34%	-2,024bps	
		Percentage of tenant-obtained electricity from renewable sources ³	%	34%	17%	+1,751bps	
Elec-LfL	Like-for-like total electricity consumption ⁴	Total landlord-obtained electricity	Annual MWh	255	245	+4.1%	
		Available tenant-obtained electricity ¹	Annual MWh ¹	14,288	14,296	-0.1%	
DH&C-Abs DH&C-LfL	Total district heating & cooling consumption and like-for-like total district heating & cooling consumption ²	Total landlord-obtained electricity	Annual MWh	n/a	n/a	n/a	
		Available tenant-obtained electricity	Annual MWh	n/a	n/a	n/a	
Fuels-Abs	Total fuel consumption ⁴	Total landlord-obtained gas	Annual MWh	840	916	-8.3%	
		Available tenant-obtained gas ¹	Annual MWh ¹	37,943	40,931	-7.3%	
Fuels-LfL	Like-for-like total fuel consumption ⁴	Total landlord-obtained gas	Annual MWh	840	916	-8.3%	
		Available tenant-obtained gas ¹	Annual MWh ¹	33,190	34,714	-4.4%	
Energy-Int	Building energy intensity ⁵	Total landlord-obtained energy	Annual kWh per bed	9,438	10,010	-5.7%	
		Available tenant-obtained energy ¹	Annual kWh per bed ¹	9,544	9,776	-2.4%	
		Total landlord-obtained energy	Annual kWh per sqm	172.24	182.69	-5.7%	
		Available tenant-obtained energy ¹	Annual kWh per sqm ¹	200.24	206.17	-2.9%	
GHG-Dir-Abs	Total direct greenhouse gas ('GHG') emissions	Direct – Scope 1	Annual metric tonnes CO ₂ e	0	0	0	
GHG-Indir-Abs	Total indirect greenhouse gas ('GHG') emissions	Indirect – Scope 2 Indirect – Scope 3	Annual metric tonnes CO ₂ e	199	218	-8.9%	
				• Total landlord-obtained energy • Available tenant-obtained energy ¹	9,998	11,101	-9.9%
GHG-Int	Greenhouse gas ('GHG') emissions intensity from building energy consumption	Direct – Scope 1 Indirect – Scope 2 Indirect – Scope 3	Annual metric tonnes CO ₂ e per bed	n/a	n/a	n/a	
				n/a	n/a	n/a	
				• Total landlord-obtained energy	1.71	1.88	-8.9%
				• Available tenant-obtained energy ¹	1.73	1.86	-7.0%
GHG-Int	Greenhouse gas ('GHG') emissions intensity from building energy consumption	Direct – Scope 1 Indirect – Scope 2 Indirect – Scope 3	Annual kilograms CO ₂ e per sqm	n/a	n/a	n/a	
				n/a	n/a	n/a	
				• Total landlord-obtained energy	31.3	34.3	-8.9%
				• Available tenant-obtained energy ¹	36.3	39.2	-7.5%





EPRA Sustainability Performance Measures
Environmental Sustainability Performance Measures

EPRA Code	Performance measure	Scope
Water-Abs	Total water consumption and	As the Company, as landlord and property owner, has no direct responsibility for water consumption and waste creation and disposal generated by the operations of the building and has limited scope through asset management initiative to influence the efficiency of the property portfolio in relation to these matters, they are deemed to be immaterial in measuring the environmental performance of the Company and are not reported.
Water-LfL	like-for-like total water consumption	
Water-Int	Building water intensity	
Waste-Abs	Total weight of waste by disposal route and like-	
Waste-LfL	for-like total weight of waste by disposal route	

Narrative on Performance

At the end of 2025, the Company’s portfolio included 86 operational care homes, comprising 5,885 beds, all of which were leased on a full repairing and insuring basis to the Company’s tenants. The Company procures the supply of electricity and gas at one of these care homes, information on which is contained in the ‘landlord-obtained’ figures reported above, with the tenants obtaining the supply of electricity and gas at the remaining 85 care homes. Information on 71 of these homes is included in the like-for-like (‘LfL’) ‘tenant-obtained’ figures reported above, with the absolute (‘Abs’) figures also including the pro-rata energy consumption covering the period of ownership for homes which were bought or sold during either the year to 31 December 2025 or the prior year. For the year ended 31 December 2025, total energy consumption from electricity and gas across the Company’s portfolio was 56,304 MWh (2024: 59,550 MWh) on an absolute basis, and 48,573 MWh (2024: 50,171 MWh) on a like-for-like basis, reflecting reductions of 5.5% and 3.2%, respectively. The absolute energy intensity of the Company’s portfolio was 9,542 kWh per bed (2024: 9,781 kWh per bed), a reduction of 2.4%. The GHG emissions intensity was 1.73 metric tonnes of CO₂e per bed (2024: 1.86 metric tonnes of CO₂e per bed), a reduction of 7.0%.

As the aforementioned figures demonstrate, the Company’s portfolio continues to demonstrate a low level of absolute energy consumption, intensity and GHG emissions relative to both its asset class and the science-based target to reach net zero carbon by 2050, as may be expected given the portfolio’s EPC and BREEAM ratings detailed elsewhere in this report. On a home-by-home analysis, all but three of the homes in the portfolio were classified as being ‘energy efficient assets’ based on ASHRAE’s Climate Zone 4A’s energy use intensity threshold of 297.8 kWh/sqm/year. Consumption across the portfolio reduced year-on-year on both an absolute and like-for-like basis, with the overall movement being driven primarily by a reduction in gas consumption. Whilst the portfolio’s overall electricity consumption remained relatively unchanged, the reduction in the UK grid electricity conversion factor, to reflect that more of the grid electricity is being generated from renewable/low carbon sources, accounting for 4.9% of the overall 9.9% reduction in the portfolio’s total indirect GHG emissions.

The reasons for the overall reduction are numerous and there were significant variations noted between individual care homes. Notwithstanding the initiatives to reduce energy consumption, such as the installation of photovoltaic panels at certain care homes as detailed elsewhere in this report, the majority of consumption will be driven by the level of resident occupancy, activities undertaken at the property and the type of care services provided by the home operator, and other tenant behaviours. In this regard, the Company will conduct further investigation with the relevant operators in relation to the most energy intensive homes in the portfolio, and those where there were year-on-year increases in energy intensity, in order to understand the extent to which the movements were driven by operator behaviours, external factors or property specific matters.

The Company has shared a summary of the prior year energy consumption data with all its tenant operators and will continue to do so in relation to the data collected for the year ended 31 December 2025. This includes benchmarking the homes of each operator against the Company’s portfolio, thereby allowing the identification of both ‘strong’ performers and any homes that are outliers. This analysis will be used to progress discussions with the Company’s operators in order to understand if the ‘outliers’ are the result of operational decisions/activities at the individual care homes or whether it offers an opportunity to improve the efficiency and environmental quality of the underlying real estate. The Company intends to continue to use these discussions to share knowledge and best practice between operators, thereby allowing operators to consider initiatives that could address operational causes of high energy usage.





Environmental Sustainability Performance Measures Investment Manager

The Investment Manager produces its own Carbon ('GHG') Emissions Reports on an annual basis. The most recent report was for the year to 31 October 2025. The relevant emissions, the majority of which relate to supporting the activities of the Company, are reported opposite. The Manager has met all Carbon Neutral Britain Certification standards in measuring, calculating and carbon offsetting organisational carbon emissions within the Scope 1, 2 and 3 GHG emissions boundary during the period from 01 November 2024 to 31 October 2025 and was therefore Certified Carbon Neutral for the period.

Certified assets

An EPC rates how energy efficient a building is using grades from A to G (with 'A' the most efficient grade). All commercial properties leased to a tenant must have an EPC. All EPCs are valid for ten years. The EPC rating system varies by country. The absolute EPC ratings applicable under each country's reporting systems are disclosed opposite.

In addition to EPC ratings, the Company has also obtained BREEAM In-Use assessments on a sample of its portfolio. BREEAM is the world's leading science-based suite of validation and certification systems for sustainable built environment. The BREEAM In-Use standards provide a framework to enable property investors, owners, managers and occupiers to determine and drive sustainable improvements in the operational performance of their assets, leading to benchmarking, assurance and validation of operational asset data. The BREEAM In-Use assessments obtained are disclosed on page 11.

EPRA Code	Performance measure	Scope	Unit of measurement	Year to	
				31 October 2025	31 October 2024
Elec-Abs	Total electricity consumption	Total electricity consumption for Investment Manager	Annual kWh	66,094	66,100
Energy-Int	Electricity intensity for Investment Manager	Total electricity consumption per full time employee for Investment Manager	Annual kWh	1,916	2,023
GHG-Indir-Abs	Total indirect greenhouse gas ('GHG') emissions	Scope 1: Company-owned vehicles	Annual metric tonnes CO ₂ e	2.68	6.22
		Scope 2: Energy usage on-site		11.70	13.69
		Scope 3: Other (including business travel, property visits, staff commuting and working-from-home energy usage)		176.24	168.77

Cert-Tot	Type and number of sustainably certified assets	Properties located in England & Wales and Northern Ireland under English rating system	EPC	31 December 2025		31 December 2024		
				Number	Percentage	Number	Percentage	
			EPC A	9	10.5%	10	10.7%	
			EPC B	67	77.9%	75	80.6%	
			EPC C	–	–	–	–	
			EPC D or lower	–	–	–	–	
			Properties located in Scotland under Scottish rating system*	EPC A	–	–	–	–
				EPC B	–	–	–	–
				EPC C	3	3.5%	2	2.2%
				EPC D	2	2.3%	–	–
				EPC E	–	–	1	1.1%
				EPC F	3	3.5%	5	5.4%
			EPC G or lower	2	2.3%	–	–	

The properties located in Scotland are reported here under the local rating system. If converted to their English-equivalents for consistency in reporting for the portfolio as a whole, 100% of the portfolio would have been rated EPC B or better under the English rating system at 31 December 2025.





Supporting data: Target Healthcare REIT plc continued

Governance Performance Measures

The Company is registered as a Public Limited Company in terms of the Companies Act 2006 (Registered number: 11990238) and is an investment company under section 833 of the Companies Act 2006. The Company's shares have been admitted to the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange. The Company is a constituent of the FTSE 250 Index. As such, the Board of Target Healthcare REIT plc has adopted the Principles and Provisions of the AIC Code of Corporate Governance (the 'AIC Code'). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code, as well as setting out additional provisions on issues that are of specific relevance to the Company. The full details of the Company's compliance with the AIC Code, and other corporate governance matters, are disclosed annually in the Group's Annual Report and Financial Statements.

The Company did not have any instances or occurrences of material controversies, misconduct, penalties, incidents or accidents to report to its stakeholders in relation to the year to 31 December 2025, or for the subsequent period up to the date of this report.

Social Performance Measures

Target Healthcare REIT plc has no direct employees, with the Investment Management and Administrative functions undertaken by the Manager, Target Fund Managers Limited. Therefore, the following EPRA performance measures relating to employee-related matters are outside the organisational boundaries of this report and are not reported:

Diversity-Emp, Diversity-Pay, Emp-Training, Emp-Dev, Emp-Turnover, H&S-Emp

Information on the Manager's notable activities in 2025 and priorities in 2026 are disclosed on page 22.

Due to the lease structures, with all properties fully-let to individual tenants and with no common areas under the control of the landlord, all health & safety assessments and ongoing community engagement are conducted by the Company's tenants and the Company has no direct oversight. The Company will, however, aim to have a positive impact on communities by, for example, treating continuity of care in our assets as a priority. The Company therefore does not report on the following EPRA performance measures:

H&S-Asset, H&S-Comp, Comty-Eng

EPRA Code	Performance measure	Unit	Indicator	31 December 2025	31 December 2024
Gov-Board	Composition of the highest governance body	Number	Board members	5	5
		%	Non-executive Board members	100%	100%
		%	Independent Board members	100%	100%
		%	Female Board members	40%	40%
		Years	Average tenure	4.0 years	3.0 years
Gov-Selec	Process for nominating and selecting the highest governance body	Narrative description	The recruitment process is detailed in the Directors' Report and Corporate Governance Statement of the Company's Annual Report 2025. The Board has established a separate Nomination Committee which considers and reviews the composition and balance of the Board, ensures that there are plans in place for an orderly succession and leads the process for appointments, including the selection and appointment of any external recruitment consultant. The performance of each of the independent non-executive Directors, and the Board as a whole, is assessed annually and each Director stands for election at each Annual General Meeting. The Board Performance Review is externally facilitated at least every three years, and was conducted during the year ended 31 December 2024.		
Gov-Col	Process for managing conflicts of interest	Narrative description	The process for identifying and managing conflicts of interest is detailed in the Corporate Governance Statement of the Company's Annual Report 2025. As well as the direct policies and processes of the Company, the Manager has in place a conflicts of interest and allocation policy which aims to ensure a fair allocation of investment opportunities and to mitigate potential conflicts of interest that may arise where the Manager provides investment management, investment advice or other services to other funds that may have similar investment policies to that of the Company. The Company has reviewed, and accepted, the Manager's policy which remained unchanged during the year.		





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