

Target Healthcare REIT plc

Prospectus

12 February 2021



Investment Manager:
Target Fund Managers Limited
Sole Bookrunner and Financial Adviser:
Stifel Nicolaus Europe Limited



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000 ("FSMA") immediately.

If you have sold or otherwise transferred your Ordinary Shares in Target Healthcare REIT plc (the "**Company**") please forward this document and the accompanying Circular and Form of Proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document comprises a prospectus relating to the Company. This document has been approved by the Financial Conduct Authority (the "**FCA**"). The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. This document has been drawn up as part of a simplified prospectus in accordance with Article 14 of the UK Prospectus Regulation. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares. This document will be made available to the public in accordance with the UK Prospectus Regulation by being made available at www.targethealthcarereit.co.uk.

The Directors of the Company, whose names appear on page 29 of this document, and the Company each accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company, the information contained in this document is in accordance with the facts and this document does not omit anything likely to affect the import of such information.

Potential investors should read this entire document and, in particular, the section headed "Risk Factors" set out on pages 12 to 18 of this document, when considering an investment in the Company.

TARGET HEALTHCARE REIT PLC

(a company incorporated in England and Wales with registered number 11990238 and registered as an investment company under section 833 of the Companies Act 2006)

Initial Placing, Offer for Subscription, Intermediaries Offer and Placing Programme of up to 150 million New Shares

**Sponsored by
Dickson Minto W.S.**

**Sole Bookrunner and Financial Adviser
Stifel Nicolaus Europe Limited**

Applications will be made to the FCA for the New Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. It is expected that such admissions will become effective, and dealings in the New Shares will commence, during the period from 3 March 2021 to 11 February 2022.

The Proposals are not being made, directly or indirectly, in or into, or by the use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of Canada, Australia, Japan, New Zealand, the Republic of South Africa, any EEA State (other than to professional investors in the Netherlands or the Republic of Ireland) or any other Restricted Jurisdiction. Accordingly, copies of this document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from Canada, Australia, Japan, New Zealand, the Republic of South Africa, any EEA State (other than to professional investors in the Netherlands or the Republic of Ireland) or any other Restricted Jurisdiction, or to, or for the account or benefit of, any resident of Canada, Australia, Japan, New Zealand, the Republic of South Africa, any EEA State (other than to professional investors in the Netherlands or the Republic of Ireland) or any other Restricted Jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not mail or otherwise distribute or send it in, into or from such jurisdictions. The New Shares have not been and will not be registered under any of the relevant securities laws of any state of Canada, Australia, Japan, New Zealand, the Republic of South Africa, any EEA State (other than notification in respect of professional investors in the Netherlands or the Republic of Ireland) or any other Restricted Jurisdiction. Accordingly, unless an exemption under such act or laws is applicable, the New Shares may not be offered, sold or delivered directly or indirectly in or into Canada, Australia, Japan, New Zealand, the Republic of South Africa, any EEA State (other than to professional investors in the Netherlands or the Republic of Ireland) or any other Restricted Jurisdiction. This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Subject to certain exceptions, this document and the Application Form should not be distributed, forwarded or transmitted in or into the United States or in or into any jurisdiction or to any person where the extension or availability of the Initial Placing, Offer for Subscription, Intermediaries Offer and Placing Programme would breach any applicable law.

The New Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or under the securities laws of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, in, into or within the United States or to, or for the account of, any US Person. There will be no public offer of the New Shares in the United States. The New Shares are being offered and sold (i) outside the United States to non-US Persons in “offshore transactions” as defined in and pursuant to Regulation S under the US Securities Act (“**Regulation S**”) and (ii) as part of the Initial Placing and Placing Programme, within the United States (or otherwise to US Persons) to a limited number of persons that are both “qualified institutional buyers” (“**QIBs**”), as defined in Rule 144A under the US Securities Act (“**Rule 144A**”) and “qualified purchasers” (“**QPs**”) as defined in Section 2(a)(51) of the US Investment Act of 1940, as amended (the “**US Investment Company Act**”) pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Company has not been and will not be registered under the US Investment Company Act, and investors will not be entitled to the benefits of that Act. For a description of these and certain further restrictions on offers, sales and transfers of the New Shares and the distribution of this document, see Part 4 of this document.

Until the expiry of 40 days after the commencement of the Initial Placing, Offer for Subscription, Intermediaries Offer and/or the Placing Programme (as applicable), an offer or sale of New Shares within the United States by a dealer (whether or not it is participating in the Initial Placing, Offer for Subscription, Intermediaries Offer or the Placing Programme) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the US Securities Act.

The New Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Dickson Minto W.S., which is authorised and regulated in the United Kingdom by the FCA, is the sponsor and solicitor to the Company. Dickson Minto W.S. is acting exclusively for the Company and for no one else in relation to the Proposals. Apart from the responsibilities and liabilities, if any, which may be imposed on Dickson Minto W.S. by FSMA or the regulatory regime established thereunder, Dickson Minto W.S. will not be responsible to anyone other than the Company for providing the protections afforded to clients of Dickson Minto W.S. nor for advising any other person in relation to the Proposals or any transaction contemplated in or by this document.

Stifel Nicolaus Europe Limited, which is authorised and regulated in the United Kingdom by the FCA, is the placing agent to the Company. Stifel Nicolaus Europe Limited is acting exclusively for the Company and for no one else in relation to the Initial Placing and Placing Programme. Apart from the responsibilities and liabilities, if any, which may be imposed on Stifel Nicolaus Europe Limited by FSMA or the regulatory regime established thereunder, Stifel Nicolaus Europe Limited will not be responsible to anyone other than the Company for providing the protections afforded to clients of Stifel Nicolaus Europe Limited nor for advising any other person in relation to the Proposals or any transaction contemplated in or by this document.

The Company consents to the use of this document by the Intermediaries in connection with the Intermediaries Offer in the United Kingdom on the following terms: (i) in respect of Intermediaries who are appointed by the Company on or prior to the date of this document, from the date of this document; and (ii) in respect of Intermediaries who are appointed by the Company after the date of this document, from the date on which they are appointed to participate in the Intermediaries Offer and agree to adhere to and be bound by the Intermediaries Terms and Conditions, in each case until the closing of the Intermediaries Offer.

The offer period, within which any subsequent resale or final placement of securities by Intermediaries can be made and for which consent to use this Prospectus is given, commences on 12 February 2021 and closes at 11.00 a.m. on 24 February 2021, unless closed prior to that time and/or date (any such earlier closure will be announced through a Regulatory Information Service). The Company and the Directors accept responsibility for the information contained in this Prospectus with respect to any purchaser of Ordinary Shares pursuant to the Intermediaries Offer.

Any Intermediary that uses this document must state on its website that it is using this document in accordance with the Company’s consent and the conditions attached thereto. Intermediaries are

required to provide the terms and conditions of any subsequent resale or final placement of securities to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary at the time of the offer by the Intermediary. Any application made by investors to any Intermediary is also subject to the terms and conditions imposed by such Intermediary.

No person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the Proposals other than those contained in this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other suitably qualified and independent financial adviser before investing in the Company.

12 February 2021

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SUMMARY

INTRODUCTION AND WARNING

Introduction

This document relates to the issue of up to 150 million new ordinary shares of one penny each (the “**New Shares**”) in the capital of Target Healthcare REIT plc (the “**Company**”) in connection with an initial placing, offer for subscription, intermediaries offer and placing programme (the “**Proposals**”). The ISIN of the Ordinary Shares is GB00BJGTLF51. The LEI of the Company is 213800RXPY9WULUSBC04 and the registered office is at Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW (Tel: 01786 845 912).

This prospectus was approved by the Financial Conduct Authority (the “**FCA**”) in the United Kingdom on 12 February 2021. The head office of the FCA is at 12 Endeavour Square, London E20 1JN (Tel: 020 7066 1000).

Warning

The following summary should be read as an introduction to this document. Any decision to invest in the Ordinary Shares should be based on a consideration of this document as a whole by the investor. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or where it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.

It should be remembered that the price of the Ordinary Shares, and the income from such Ordinary Shares (if any), may go down as well as up. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who understand the potential risk of capital loss (which may be equal to the whole amount invested).

Financial intermediaries

The Company consents to the use of this document by financial intermediaries in connection with the subsequent resale or final placement of securities by financial intermediaries in the United Kingdom. The offer period within which any subsequent resale or final placement of securities by the Intermediaries can be made and for which consent to use this document is given, commences on 12 February 2021 and closes at 11.00 a.m. on 24 February 2021 unless closed prior to that time and/or date (any such earlier closure will be announced through a Regulatory Information Service). Prospective investors interested in participating in the Intermediaries Offer should apply for New Shares through the Intermediaries by following their relevant application procedures.

Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company’s consent and the conditions attached thereto. Intermediaries are required to provide the terms and conditions of the Intermediaries Offer at the time of such offer to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. Any application made by investors to any Intermediary is also subject to the terms and conditions imposed by such Intermediary.

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

Target Healthcare REIT plc was incorporated in England and Wales on 10 May 2019 as a public company limited by shares under the Companies Act 2006 with registered number 11990238. The Company’s LEI is 213800RXPY9WULUSBC04. The principal legislation under which the Company operates is the Companies Act 2006.

The Company is a closed-ended investment company and operates as a real estate investment trust, approved by HMRC. The investment objective of the Company 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.

As at 10 February 2021 (being the latest practicable date prior to the publication of this document), the Company is aware of the following persons who are interested in three per cent. or more of the Company's issued share capital.

	<i>No. of Ordinary Shares held</i>	<i>Percentage of issued share capital</i>
Premier Miton Group plc	33,371,945	7.3%
Alder Investment Management Limited	23,681,156	5.2%
Investec Wealth & Investment Limited	23,385,150	5.1%
Bank of Montreal	22,568,305	4.9%
CCLA Investment Management Limited	17,918,605	3.9%
Rathbone Investment Management Limited	17,462,203	3.8%

The Directors are not aware of any person or persons who could, directly or indirectly, jointly or severally, own or exercise control over the Company or any arrangement, the operation of which may result in a change of control of the Company. There are no different voting rights for any Shareholder.

The Company's AIFM and investment manager is Target Fund Managers Limited. The Directors of the Company are as follows:

- Malcolm Naish (*Chairman*);
- Professor June Andrews;
- Gordon Coull (*Chair of the Audit Committee*);
- Alison Fyfe; and
- Thomas Hutchison III (*Senior Independent Director*).

All of the Directors are non-executive directors and are independent of the Investment Manager. The Company's auditors are Ernst & Young LLP.

What is the key financial information regarding the issuer?

Selected audited financial information relating to the Group which summarises the financial condition of the Group for the financial years ended 30 June 2019 and 30 June 2020 is set out in the following table.

	<i>At 30 June 2019*</i>	<i>At 30 June 2020</i>
Net asset value		
Number of Ordinary Shares in issue	385,089,448**	457,487,640
Net assets (£'000)	413,089	494,113
Net asset value per Ordinary Share (p)	107.3	108.0
Ordinary Share price (p)	115.6	110.0

	Year ended 30 June 2019*	Year ended 30 June 2020
Income		
Revenue (under the revenue column) (£'000)	27,923	36,048
Revenue (under the capital column) (£'000)	6,354	8,219
Total revenue (£'000)	34,277	44,267
Investment management fees (£'000)	4,702	5,264
Other expenses (£'000)	2,742	4,308
Earnings per Ordinary Share (p)	8.10	7.18
Dividend per Ordinary Share (p)	6.58	6.68

Ongoing charges

All operating costs as a percentage of average net assets	1.52%	1.51%
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* these figures have been extracted from the annual report and accounts for THRL, which became the wholly-owned subsidiary of the Company as part of the Reconstruction.

** issued share capital as at 30 June 2019 of THRL. This became the issued share capital of the Company as part of the Reconstruction.

What are the key risks that are specific to the issuer?

The following are brief descriptions of what the Directors believe, at the time of publication of this document, to be the key material risks specific to the Company.

- The Company needs to comply with certain ongoing regulations and conditions in order to benefit from the UK real estate investment trust scheme. The basis of taxation of any Shareholder's shareholding in the Company may differ or change fundamentally if the Company fails or ceases to maintain its REIT status.
- Any change in the Company's tax status or in taxation legislation in the United Kingdom or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by the Company, or affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post tax returns to Shareholders.
- There is no guarantee that the expected dividend in respect of any period will be paid. The Company's ability to pay dividends will be dependent principally upon its rental income generated from the properties owned by the Group.

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The Ordinary Shares have a nominal value of one pence each and are denominated in sterling. The ISIN of the Ordinary Shares is GB00BJGTLF51. The SEDOL number is BJGTLF5. The ticker code for the Ordinary Shares is THRL.

As at 10 February 2021 (being the latest practicable date prior to the publication of this document), the issued share capital of the Company comprised 457,487,640 Ordinary Shares and no Ordinary Shares were held in treasury.

The Company proposes to issue up to 150 million New Shares under the Initial Issues and Placing Programme. The Initial Issues Price will be 111.0 pence.

The New Shares will rank *pari passu* in all respects with the existing issued Ordinary Shares. Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, Shareholders have the right to receive notice of, attend and vote at general meetings of the Company. Subject to the provisions of the Companies Act, the Company may from time to time declare dividends and make other distributions on the Ordinary Shares. Shareholders are entitled to participate in the net assets of the Company attributable to their Ordinary Shares on a winding up of the Company or other return of capital.

Subject to the Articles (and the restrictions on transfer contained therein) a Shareholder may transfer all or any of his/her Ordinary Shares in any manner which is permitted by the Companies Act or in any other lawful manner which is from time to time approved by the Board.

Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay an attractive level of dividend income to Shareholders on a quarterly basis. Dividends on the Ordinary Shares are expected to be paid in equal instalments quarterly in respect of each financial year in November, February, May and August. All dividends will be paid as interim dividends.

Where will the securities be traded?

Applications will be made to the FCA for the New Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. It is expected that such admissions will become effective, and dealings in the New Shares will commence, on 3 March 2021 in relation to the New Shares issued under the Initial Placing, Offer for Subscription and Intermediaries Offer and during the period from 4 March 2021 to 11 February 2022 in relation to the New Shares that are issued pursuant to the Placing Programme.

What are the key risks that are specific to the securities?

The following is a brief description of what the Directors believe, at the time of publication of this document, to be the key material risks specific to the Ordinary Shares.

- Both the rental income and the Market Value of the properties acquired by the Company could 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. The operational performance of a care home will also be affected by local conditions such as age demographics, household incomes, home values, Local Authority funding, CQC ratings and the COVID-19 Pandemic, all of which could lead to reduced resident occupancy levels and, as a result, rental shortfalls. In the event of a default by a tenant if it is in financial difficulty, is suffering from reduced resident occupancy levels or is 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 resident occupancy rate is able to recover or the property is re-let. This in turn could have a material negative impact on the financial performance of the Company, the returns available to investors and/or the Net Asset Value of the Company.
- The activities of the care home operators within the Existing Portfolio, including any future care home operators, are 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.
- The COVID-19 Pandemic and the measures taken to control the outbreak have led to volatility and a substantial decline in stock markets and other financial markets around the world and a downturn in the global economy. The future development and the long-term impacts of the outbreak are unknown and it remains to be seen how and when the global economy and financial markets will recover from the impact of the pandemic and what effect any ongoing and/or further outbreaks may have on the global economy and financial markets not least those in the care sector whom have been directly impacted. In addition, the COVID-19 Pandemic has significantly impacted the elderly members of society and in particular those resident in care homes. Many care homes have suffered a significant increase in the number of deaths as a result of the outbreak and a large rise in the cost and amount of personal protective equipment required in the care homes. Should attempts to control the outbreak be unsuccessful, the availability and timing of the second dose of the vaccine be reduced or delayed and/or further waves and/or variants of the virus hit the UK, the resident occupancy level of the Property Portfolio could be negatively impacted and as such the operators of care homes within the Property Portfolio may become distressed and no longer able

to operate viable businesses and/or make rental payments. Local and/or national lockdown measures are also likely to impact the operators of care homes within the Property Portfolio both in respect of new resident admissions and potential staff shortages whilst an outbreak within a care home could have a significant impact on an operator's income and, as such, the viability of its business. In particular, resident occupancy rates are lower than historical averages and have been for the majority of the last year. Certain homes and tenants in the Company's portfolio may therefore be more susceptible to pressures from adverse incidents in the short-term than they would have been in previous periods which may lead to rental shortfalls and/or the increased usage of rent deposit amounts held by the Company if determined appropriate, in order to mitigate any such rent arrears. This, in turn, may have a negative impact on the Company's rent collection, security package and reserves position and therefore, financial performance. Furthermore, there can be no guarantee that the COVID-19 Pandemic and the consequences thereof will not have a material adverse impact on the future investment returns of the Company, dividend yields and NAV per Share. It may also lead to increased share price volatility.

- The underperformance or the departure of key skilled professionals from the Investment Manager could have a material adverse effect on the Company's business, financial condition and results of operations.
- The Group is dependent upon access to debt funding to grow and maintain its Property Portfolio in a manner which is consistent with its preferred capital structure and investment policy. Access to debt financing in the future will depend on, amongst other things, suitable market conditions. If conditions in credit markets are unfavourable at the time when sources of financing expire or when the Group is looking to refinance existing debt facilities, the Group may not be able to obtain new sources of financing or may only be able to obtain new sources of financing at higher costs or on more restrictive terms.

KEY INFORMATION ON THE OFFER

Under which conditions and timetable can I invest in this security?

The Initial Issues

The Company is targeting the issue of up to 45 million New Shares under the Initial Issues. The Initial Issues Price will be 111.0 pence.

The Initial Issues will open on 12 February 2021. The Initial Placing will close at 11.00 a.m. on 25 February 2021 and the Offer for Subscription and Intermediaries Offer will close at 11.00 a.m. on 24 February 2021 or such later date as the Company, the Placing Agent and the Sponsor may agree.

The Initial Issues, which are not underwritten, are conditional, *inter alia*, on:

- Shareholders approving the ordinary resolution to allot up to 150 million New Shares and the special resolution to disapply the pre-emption rights attaching to the issue of such New Shares in relation to the Initial Issues and Placing Programme at the General Meeting;
- the Placing Agreement becoming wholly unconditional (save as to Initial Admission) and not having been terminated in accordance with its terms prior to Initial Admission; and
- Initial Admission occurring by 8.00 a.m. on 31 March 2021 (or such later date as the Company and the Placing Agent may agree not being later than 30 June 2021).

The Initial Issues will only become effective if all of the conditions referred to above are satisfied or waived (as the case may be in respect of condition (ii) above) on or before 31 March 2021 (or such later date as the Company and the Placing Agent may agree in writing being not later than 8.00 a.m. on 30 June 2021).

Investors may subscribe for New Shares at the Initial Issues Price pursuant to the Intermediaries Offer. Only the Intermediaries' retail investor clients in the United Kingdom are eligible to participate in the Intermediaries Offer. Investors may apply to any one of the Intermediaries which is appropriately licensed in the client's jurisdiction to be accepted as their client. The minimum application amount in the Intermediaries Offer is £1,000. The actual number of New Shares to be allocated to the Intermediaries will be determined by the Company (in consultation with Dickson Minto W.S, Stifel and the Investment

Manager). Each intermediary has agreed, or will on appointment agree, to be bound by the Intermediaries Offer on market standard terms, and may provide for the payment of commission to any Intermediary.

Any expenses incurred by any Intermediary are for its own account. Prospective investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer. The Intermediaries Terms and Conditions restrict the level of commission that Intermediaries are able to charge any of their respective clients acquiring New Shares pursuant to the Intermediaries Offer.

The Placing Programme

The Directors intend to implement the Placing Programme to enable the Company to raise additional new equity capital in the period from the date of this document to 11 February 2022. Under the Placing Programme, the Company is proposing to issue up to 150 million New Shares less the number of New Shares issued under the Initial Issues. In the event the Directors and the Investment Manager believe that there are significant assets available and suitable for investment, within an appropriate timeframe, the Directors may reallocate New Shares available under the Placing Programme to the Initial Issues.

To become effective, each Placing under the Placing Programme is conditional, *inter alia*, on the following:

- (i) the Placing Programme Price being determined by the Directors;
- (ii) Admission of the New Shares issued pursuant to such Placing;
- (iii) the Placing Agreement becoming otherwise unconditional with respect to the relevant Placing and not having been terminated on or before the relevant date of Admission;
- (iv) a valid supplementary prospectus being published by the Company if such is required by the UK Prospectus Regulation; and
- (v) Shareholders having approved, by way of a special resolution, the disapplication of the pre-emption rights attaching to the New Shares to be issued pursuant to the relevant Placing under the Placing Programme.

The price of a New Share under the Placing Programme will be at a premium, to be determined by the Directors, to the prevailing NAV per Share at the time of issue. The premium will be intended to cover the costs of the relevant Placing which are likely to include professional advisers' fees and expenses, London Stock Exchange charges and commissions payable to the Placing Agent.

Admission and plan for distribution

Applications will be made to the FCA for the New Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market.

The Company (acting through the Placing Agent and Registrar) will notify investors of the number of New Shares in respect of which their application has been successful. Initial Admission is expected to take place and dealings in the New Shares issued pursuant to the Initial Issues are expected to commence on the London Stock Exchange at 8.00 a.m. on 3 March 2021. The results of any issue pursuant to the Placing Programme and the date of any such admission shall be determined by the Company and the Placing Agent, and announced to investors by an RIS, at the relevant time.

Dilution

Existing Shareholders are not obliged to participate in the Initial Issues or Placing Programme. However, those Existing Shareholders who do not participate in the Initial Issues or Placing Programme will suffer a dilution to the percentage of the issued share capital that their current holding represents based on the actual number of New Shares issued.

Assuming 45 million New Shares are issued under the Initial Issues, Existing Shareholders who do not participate will suffer a dilution of approximately 9.0 per cent. to their existing percentage holdings.

Assuming 150 million New Shares are issued under the Initial Issues and Placing Programme, Existing Shareholders who participate in neither the Initial Issues nor the Placing Programme will suffer a dilution of approximately 24.7 per cent. to their existing percentage holdings.

Estimate of expenses

The price at which the New Shares are issued will be set by the Board at a premium to the most recent NAV per Share. The premium is intended to cover the direct costs of the relevant issue and will also take into account the prevailing price of the then Existing Shares in the market. However, it is likely that, assuming full market standard costs of acquiring properties, the premium to NAV at which the issue price is set will not necessarily cover the full costs of the relevant issue and the costs associated with acquiring properties. The NAV per Share could therefore be reduced to the extent such costs are not covered.

The costs and expenses of the Proposals include the costs of the commissions to the Placing Agent, the fees payable to professional advisers and other related expenses. The costs and expenses of the Proposals are expected to be approximately £3.6 million (on the assumption that the Proposals are fully subscribed and 150 million New Shares are issued at the Initial Issues Price and including the fees payable to the Placing Agent) and are payable by the Company.

Why is this prospectus being produced?

Reasons for the Proposals

The Initial Issues and the Placing Programme are intended to raise money for investment in accordance with the Company's investment objective and investment policy. The net proceeds available for investment following the Initial Issues and the Placing Programme will be deployed by the Investment Manager in accordance with the Company's investment policy.

The Group is currently in advanced negotiations in relation to the acquisition of the Imminent Acquisition Assets for an aggregate consideration of up to approximately £46.7 million (including costs). The Company is also in negotiations in relation to the possible near term acquisition of the Pipeline Assets. The Company therefore intends to use the net proceeds of the Initial Issues to complete the acquisition of the Imminent Acquisition Assets and/or the Pipeline Assets provided that, following the due diligence process, they meet the Company's acquisition criteria and returns profile.

The Directors intend to use the net proceeds of the Placing Programme to acquire investments, once identified by the Investment Manager, in accordance with the Company's investment objective and investment policy. The Placing Programme should therefore enable the Investment Manager to make a series of property acquisitions whilst also mitigating the risk of cash drag on Shareholders' funds.

Estimated net proceeds

For illustrative purposes only, if the maximum number of New Shares available for issue under the Proposals are issued at the Initial Issues Price, approximately £166.5 million would be raised and the net proceeds available for investment by the Company (on the assumption that all variable costs including commission and admission fees are at the maximum level expected) would be approximately £162.9 million.

Conflicts of interest

The Investment Manager and its officers, employees and consultants may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager may provide investment management services, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company. The Investment Manager will have regard to its obligations under the Investment Management Agreement to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients or funds, should potential conflicts of interest arise.

RISK FACTORS

The risk factors set out below are those which the Directors consider to be material as at the date of this document but are not the only risks relating to the Company or the Ordinary Shares. There may be additional risks that the Directors do not currently consider to be material, or which are not presently known to the Directors. Before investing in the Ordinary Shares, potential investors should consult their stockbroker, bank manager, solicitor, accountant or other suitably qualified and independent financial adviser authorised under FSMA.

An investment in the Company is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to bear any loss which might result from such an investment.

If any of the adverse events described below occur, the Company's financial condition, performance and prospects and the market price of the Ordinary Shares could be materially adversely affected and Shareholders may lose all or part of their investment. Additional risks which were not known to the Directors at the date of this document, or that the Directors considered to be immaterial at the date of this document, may also have an adverse affect on the Company's financial condition, performance and prospects and the market price of the Ordinary Shares.

Potential investors should carefully consider all the information in this document, including the following material risk factors in relation to the Company and the Ordinary Shares, before deciding to invest in the Company.

Risks relating to an investment in a real estate investment trust

REIT status of the Company

The Company needs to comply with certain ongoing regulations and conditions in order to benefit from the UK real estate investment trust scheme. The basis of taxation of any Shareholder's shareholding in the Company may differ or change fundamentally if the Company fails or ceases to maintain its REIT status.

The Company cannot guarantee that it will maintain continued compliance with all of the REIT conditions. There is a risk that the REIT regime may cease to apply in some circumstances. HMRC may require the Company to exit the REIT regime if:

- it regards a breach of the conditions or failure to satisfy the conditions relating to the REIT regime, or an attempt to avoid tax, as sufficiently serious;
- the Company has committed a certain number of minor or inadvertent breaches in a specified period; or
- HMRC has given the Company at least two notices in relation to the avoidance of tax within a ten year period.

In addition, if the conditions for REIT status relating to the share capital of the Company or the prohibition on entering into loans with abnormal returns are breached or the Company ceases to be UK tax resident, becomes dual tax resident or an open-ended investment company, the Company will automatically lose REIT status. The Company could therefore lose its status as a REIT as a result of actions by third parties, for example, in the event of a successful takeover by a company that is not a REIT or due to a breach of the close company condition if it is unable to remedy the breach within a specified timeframe. If the Company were to be required to leave the REIT regime within ten years of joining, HMRC has wide powers to direct how it would be taxed, including in relation to the date on which the Company would be treated as exiting the REIT regime which could have a material impact on the financial condition of the Company and, as a result, Shareholder returns.

The accounting standards and practices that are applicable to the Group may deem that the Group is in receipt of higher rental income than it is currently contractually entitled to as a result of the fixed minimum uplifts or rental incentives under the tenant leases. This accounting treatment of future rental income in current year accounts could result in the Company being required to distribute more income to Shareholders than it actually receives from tenants in order to satisfy the REIT conditions. In such event

the increased dividend, unless it is a scrip dividend, would not be fully covered by cash received through the Group's net income and the Group would be required to use its other cash resources to fund the additional dividend.

Taxation

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors. Any change in the Company's tax status or in taxation legislation in the United Kingdom or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by the Company, or affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post tax returns to Shareholders. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

Any change (including a change in interpretation) in tax legislation in the United Kingdom, could have a material adverse effect on the Company's business, financial condition, results of operations, future prospects or the price of the Ordinary Shares. Changes to tax legislation could include the imposition of new taxes or increases in tax rates in the United Kingdom. In particular, a further increase in the rates of Stamp Duty Land Tax (as applies to properties in England, Wales and Northern Ireland) or Land and Buildings Transaction Tax (as applies to properties in Scotland) could have a material impact on the price at which UK land and properties can be sold, and therefore on asset values. Changes to the taxation information and reporting requirements (for example under the Common Reporting Standards) are likely to increase the compliance obligations on the Company which could increase the administrative costs of the Company going forward and, as a result, the financial performance of the Company and the returns available to Shareholders could be adversely affected.

Dividends

There is no guarantee that the expected dividend in respect of any period will be paid. The Company's ability to pay dividends will be dependent principally upon its rental income generated from the properties owned by the Group.

The majority of the assets of the Group are owned by subsidiaries of the Company. Accordingly, the ability of the Company to continue to pay dividends is dependent on receipt by the Company of distributions from its subsidiaries, and therefore dependent on the continued operation and solvency of its subsidiaries. This will, in turn, be dependent principally on the rental and other income returns on the underlying assets (which may fluctuate) and capital gains realised as the underlying assets are sold.

The net proceeds of the Proposals will be used by the Company to make investments in UK care homes and other UK healthcare assets in accordance with the Company's investment policy. The timing of any investment in such assets will depend, *inter alia*, on the availability of suitable care homes that the Company can acquire on financially attractive terms and that it may let to care home operators and other healthcare assets at reasonable prices. Accordingly, there may be a period of time between completion of the Proposals and the proceeds of the Proposals being fully invested by the Company. Until the proceeds of the Proposals are invested they are not expected to generate significant amounts of income and the dividends payable in respect of the Ordinary Shares are likely to exceed the income generated by the proceeds of the Proposals until such proceeds are fully invested in UK care homes and other UK healthcare assets. As a result, this may have an adverse effect on the Company's ability to pay dividends or the level of dividends which may be paid.

Illiquid nature of property investments

Investments in property are relatively illiquid. Such illiquidity may affect the Company's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. This could have an adverse effect on the Company's financial condition and results of operations as it could reduce the Company's profits and proceeds realised from such investment.

Valuations

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 is no assurance that

the valuations of the properties will reflect the actual realisable sale price even where such sales occur shortly after the relevant valuation date. A fall in such valuations could have a material adverse effect on the financial condition of the Company and its results of operations.

Environmental issues

As the owner of real property, the Company will be subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Company acquires contaminated land for development or otherwise, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Company is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation, which could have a material adverse effect on the Company's business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares.

Market price of Ordinary Shares

The market price of, and the income derived from, the Ordinary Shares can fluctuate. The Market Value of an Ordinary Share, as well as being affected by its Net Asset Value and prospective Net Asset Value, also takes into account its dividend yield and prevailing interest rates. As such, the market price of an Ordinary Share may vary considerably from its underlying Net Asset Value and, as well as the risk that investors may not get back the full value of their investment, the market prices of Shares may be at a discount or premium to the Net Asset Value at different times depending on supply and demand, market conditions, general investor sentiment, rental yields and other factors. Accordingly, the market price of the Ordinary Shares may not fully reflect the underlying Net Asset Value.

Fluctuations could also result from a change in national and/or global economic and financial conditions, the actions of governments in relation to changes in the national and global financial climate or taxation and various other factors and events, including rental yields, variations in the Company's operating results, business developments of the Company and/or its competitors. Market price volatility could be created, in particular, by the COVID-19 Pandemic, global trade disagreements and/or uncertainty resulting from the terms of the EU-UK Trade and Cooperation Agreement and the terms and/or negotiation of any related ancillary agreements (particularly in relation to financial services).

Although the New Shares to be issued pursuant to the Proposals are to be issued at a premium to the NAV per Share, there is no guarantee that such Shares will trade at a premium to NAV.

Liquidity of the Ordinary Shares

The Company does not have a fixed winding up date and therefore, unless Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment through the market. Although the Ordinary Shares are listed on the Official List and traded on the Main Market, it is possible that there may not be a liquid secondary market for the Ordinary Shares and Shareholders may have difficulty selling their Ordinary Shares. As a result, an investment of this type should be regarded as long-term in nature and may not be suitable as a short-term investment.

Regulatory risk

The Company and the Investment Manager are both subject to laws and regulations enacted by national, regional and local governments and institutions. In particular, the Company will be required to comply with certain statutory requirements under UK law, regulation and policy applicable to a company incorporated in England and Wales, the Listing Rules, the Disclosure Guidance and Transparency Rules and the UK Market Abuse Regulation. Compliance with and the monitoring of applicable regulations may be difficult, time consuming and costly. Any changes to such regulation could affect the Market Value of the Company's Property Portfolio, the rental income of the Property Portfolio or the Company's ongoing costs.

The Company is subject to and will be required to comply with the Listing Rules and the admission and disclosure standards of the London Stock Exchange. A failure by the Company to comply with those rules and standards may result in the Ordinary Shares being suspended from listing.

Risks relating to an investment in the Company

Operational performance of care homes and operators

Both the rental income and the Market Value of the properties acquired by the Company could 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 and viability of the operator. The operational performance of a care home will also be affected by local conditions such as age demographics (the number of over 85 year olds is expected to double in the next 25 years), household incomes, home values, Local Authority funding, CQC ratings and the COVID-19 Pandemic, all of which could lead to reduced occupancy levels and, as a result, rental shortfalls. The Investment Manager believes it is widely recognised within the sector that Local Authorities are under funding the publicly funded residents of care homes and their fees are potentially well below the true cost of their care. 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 and/or competition from other property funds and any further increases in the UK National Living Wage. The UK National Living Wage is £8.72 per hour and it is currently expected to increase to £8.91 per hour from April 2021. In the event of default by a tenant if it is in financial difficulty, is suffering from reduced occupancy levels or is 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. These additional 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 an asset, which could in turn impact the financial performance, the level of dividends and/or the dividend cover of the Company as well as its Net Asset Value.

Regulation of care home operators

Neither the Company nor the Existing Portfolio is subject to regulation as a result of the Company's investment in healthcare real estate assets. The activities of the care home operators within the Existing 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.

COVID-19 Pandemic impact on care homes

The COVID-19 Pandemic and the measures taken to control the outbreak have led to volatility and a substantial decline in stock markets and other financial markets around the world and a downturn in the global economy. The future development and the long-term impacts of the outbreak are unknown and it remains to be seen how and when the global economy and financial markets will recover from the impact of the COVID-19 Pandemic and what effect any ongoing and/or further outbreaks may have on the global economy and financial markets not least those in the care sector whom have been directly impacted.

In addition, the COVID-19 Pandemic has significantly impacted the elderly members of society and in particular those resident in care homes. Many care homes have suffered a significant increase in the number of deaths as a result of the outbreak and a large rise in the cost and amount of personal protective equipment required in the care homes. Should attempts to control the outbreak be unsuccessful, the availability and timing of the second dose of the vaccine be reduced or delayed and/or further waves and/or variants of the virus hit the UK, the resident occupancy level of the Property Portfolio could be negatively impacted and as such the operators of care homes within the Property Portfolio may become distressed and no longer able to operate viable businesses and/or make rental payments. Local and/or national lockdown measures are also likely to impact the operators of care homes within the Property Portfolio both in respect of new resident admissions and potential staff shortages whilst an outbreak within a care home could have a significant impact on an operator's income and as such the viability of

its business. In particular, resident occupancy rates are lower than historical averages and have been for the majority of the last year. Certain homes and tenants in the Company's portfolio may therefore be more susceptible to pressures from adverse incidents in the short to medium term than they would have been in previous periods and in the near term, the potential for requests from tenants for rental concessions such as deferrals or temporary reductions is considered to be a higher likelihood than has been anticipated during the COVID-19 Pandemic to date. This may lead to rental shortfalls and/or the increased usage of rent deposit amounts held by the Company, in order to mitigate any such rent arrears. This, in turn, may have a negative impact on the Company's rent collection, security package and reserves position and, therefore, financial performance. Furthermore, there can be no guarantee that the COVID-19 Pandemic and the consequences thereof will not have a material adverse impact on the future investment returns of the Company, dividend yields and NAV per Share. It may also lead to increased share price volatility.

Investment Manager

The underperformance or the departure of key skilled professionals from the Investment Manager could have a material adverse effect on the Company's business, financial condition and results of operations.

The services of the Investment Manager, its respective associates and their respective officers and employees, are not exclusive to the Company. Although the Investment Manager has in place a conflicts of interest and asset allocation policy, in fulfilling its responsibilities to the Company, it may be subject to certain conflicts of interest arising from its relations with third parties to whom it also owes duties or in whom it has an interest. In particular, the Investment Manager may provide investment management, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company which may result in the Investment Manager investing monies for other funds as opposed to the Company which may increase the period of time that the proceeds of the Proposals are not fully invested.

Third party service providers

The Company uses third parties to provide certain administrative services to the Company. The Company is also dependent on those service providers to protect against breaches of the Company's legal and regulatory obligations, including in relation to data protection. Where a service provider needs replacing, whether due to expiry of an existing contract, insolvency, poor performance, breaches of cybersecurity or any other reason, the Company will be required to appoint a replacement service provider. There is no assurance that contracts can be negotiated on similar terms and less favourable terms could result in increased operation and maintenance costs. Any replacement contractor may be more expensive and there is a further risk that finding a suitable service provider may take a long time, which could potentially lead to downtime for the relevant assets. This could have a material adverse effect on the Company's financial position, results of operation and business prospects.

Gearing and debt financing

The Group is dependent upon access to debt funding to grow and maintain its Property Portfolio in a manner which is consistent with its preferred capital structure and investment policy. Access to debt financing in the future will depend on, amongst other things, suitable market conditions. If conditions in credit markets are unfavourable at the time when sources of financing expire (the ReAssure Facility is repayable on 12 January 2032, the HSBC Facility is repayable on 5 November 2023 and the RBS Facility is repayable on 5 November 2025) or when the Group is looking to refinance them, the Group may not be able to obtain new sources of financing or may only be able to obtain new sources of financing at higher costs and/or on more restrictive terms. In such circumstances the Company may have to limit investment activity and the level of dividends the Company is able to pay may be reduced.

Prospective investors should be aware that, whilst the use of borrowings should enhance the Net Asset Value of the Ordinary Shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the Company's portfolio falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Company and accordingly will have an adverse effect on the Company's ability to pay dividends to Shareholders. Prospective investors should also be aware that the Company will be entitled to invest up to 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 Company and which may themselves be entitled to incur borrowings.

Competition in the market

The Company is being faced with increased competition in securing assets and there are an increasing number of entities interested in acquiring investments in UK care homes and other UK healthcare assets. Although this may increase the liquidity and Market Value of the Company's assets it could result in the Company taking longer than anticipated to invest the proceeds of the Proposals and the price of certain assets may increase with increased pressure on investment yields. This could have an adverse impact on the amounts that are able to be returned to Shareholders by way of a dividend as well as the NAV per Share.

Acquisition of UK properties

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 including the adverse short-term effects on the Company's operating results, diversion of management's attention and, despite due diligence on assets prior to acquisition, risks associated with unanticipated problems and latent liabilities or contingencies such as the existence of hazardous substances, health and safety issues or environmental problems. Additional risks inherent in acquisitions include risks that the acquired properties will not achieve anticipated rental rates or resident occupancy levels, and that judgments with respect to improvements to increase the financial returns of acquired properties will prove inaccurate. The typical costs of acquiring UK care homes are approximately 6.80 per cent. in England, Wales and Northern Ireland and approximately 6.13 per cent. in Scotland of the purchase price thereof assuming full liability for stamp duty tax or Land and Buildings Transaction Tax. It is likely that assuming full market standard costs of acquiring properties, the acquisition of properties with the proceeds of the Proposals, if any, would result in a reduction in the NAV per Share on the purchase of the property.

Forward funding arrangements

The Company has entered into forward funding arrangements in relation to the development of assets. The Company in a forward funding arrangement is exposed to an element of development risk. If the relevant developer is not able to complete the development, the Company would then have to appoint another developer or undertake the development itself. This could result in delays in the timely completion of the project and cost overruns which could have an effect on the Group's financial position and, as a result, have a material adverse effect on the amounts available to be distributed to investors by way of dividends as well as the NAV per Share. Development or construction of property assets carries a higher degree of risk than is associated with operating assets and may be subject to delays, disruptions, vacancies and regulatory changes outside of the Company's control.

Due diligence in respect of acquisitions

Prior to entering into an agreement to acquire any property, the Group will perform due diligence on the proposed investment. In doing so, it would typically rely in part on third parties to conduct a significant portion of this due diligence (including legal reports on title and property valuations). To the extent that the Group or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, the investment may be subject to defects in title, to environmental, structural or operational defects requiring remediation, or the Group may be unable to obtain necessary permits.

If there is a due diligence failure, there may be a risk that properties are acquired that are not consistent with the Group's investment strategy or that properties are acquired that fail to perform in accordance with projections which could have a material adverse effect on the Group's financial position and operating results.

In addition, the various restrictions imposed by the UK Government in connection with the COVID-19 Pandemic may impact on the Company's ability to carry out its usual level of due diligence on future pipeline assets to the extent that these restrictions prevent property surveys, site visits or other due diligence methods that require an in-person presence and which may result in delays in the deployment of the Group's funds.

Development and refurbishment of properties

In the event that the Company undertakes any development (including redevelopment or refurbishment) of a property or if the Company invests in a property that requires some refurbishment prior to renting

the property, the risks of development or refurbishment include, but are not limited to, delays in timely completion of the project, cost overruns, poor quality workmanship, and inability to rent or inability to rent at a rental level sufficient to generate profits. This could, as a result, have a material adverse effect on the amounts available to be distributed to investors by way of dividends.

Certain of the Company's properties may be specifically suited to the particular needs of a certain type of occupant. The Company may need to incur additional capital expenditure on a property in the event that it wanted it to be suitable for other occupants which may have a material effect on the results of operations of the Company and the amount that remains available to acquire further properties or distribute to Shareholders.

Transactions that do not proceed

The Group expects to incur certain third party costs associated with the sourcing and acquisition of suitable assets. The Group can give no assurance as to the level of such costs and, given that there can be no guarantee that the Group will succeed in its negotiations to acquire any given asset, the greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Group's results of operations, financial condition and business prospects.

Laws and regulations

The Company does not have political risk insurance. As such, Government action could have a significant impact on the target investments of the Company particularly in the light of the health and social care sector being highly regulated by the Government. Changes to the existing legislation or policy or additional legislation or policies may be burdensome for the Company to implement and may as a result have a negative impact on the returns of the Company or the covenant strength of its tenants.

Government authorities are also actively involved in the application and enforcement of laws and regulations relating to taxation, land use and zoning and planning restrictions, environmental protection and safety and other matters as well as the provision of healthcare services. The institution and enforcement of those laws and regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Company's assets.

Economic environment

Global market uncertainty and any weakening in economic conditions in the United Kingdom or elsewhere and, in particular, any restriction on the availability of credit, may reduce the value of the Company's portfolio, and may reduce liquidity in the real estate market. The performance of the Company would be adversely affected by a downturn in the property market in terms of Market Value or a weakening of rental yields. Economic factors impacting on people's savings (including any cuts to Local Authority funding) will also impact upon people's ability to pay for the services to be provided from the Existing Portfolio, and/or the properties proposed to be invested in by the Company and may therefore have an adverse impact on the returns of the Company.

Media speculation

The market price of an Ordinary Share may also be affected by speculation in the press or investment community regarding the business or investments of the Company, namely the health and social care sector in general, the reputation of its tenants or factors or events that may directly or indirectly affect its respective investments such as a change in Government policy. In the event a property or an operator is subject to negative media speculation, the resident occupancy levels of the property may fall and/or it may have to increase its marketing efforts and associated costs to attract new residents. This could, as a result, have a negative impact on the financial position of the operator and its ability to make rental payments. As a result the Company's operational performance and dividend payments could be negatively affected.

IMPORTANT INFORMATION

General

This document should be read in its entirety. New investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Investment Manager or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the UK Prospectus Regulation, the Listing Rules, the Disclosure Guidance and Transparency Rules, the UK Market Abuse Regulation and to the extent applicable, the EU Market Abuse Regulation, neither the delivery of this document nor any investment made following the publication of this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Prospective Shareholders must not treat the contents of the document or any subsequent communications from the Company, the Investment Manager, the Placing Agent or the Sponsor or any of their respective affiliates, officers, directors, employees or agents, as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Apart from the liabilities and responsibilities (if any) which may be imposed on the Placing Agent or Sponsor by FSMA or the regulatory regime established thereunder, neither the Placing Agent nor the Sponsor makes any representations, express or implied, or accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the New Shares or the Proposals. Each of the Placing Agent (and its affiliates) and the Sponsor accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

If you are in doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other professional or other financial adviser.

Regulatory information

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, New Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this document may be prohibited in some countries.

Investors should be aware that the UK PRIIPs Regulation requires the Investment Manager, as PRIIP manufacturer, to prepare a key information document ("**KID**") in respect of the Company. This KID must be made available by the Investment Manager to retail investors prior to them making any investment decision and will be available on the Investment Manager's website and the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Data protection

The information that a prospective investor in the Company provides in documents in relation to a subscription for New Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("personal data") will be held and processed by the Company (and any third party in United Kingdom to whom it may delegate certain administrative functions in relation to the Company) and/or the Administrator and the Registrar in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Each prospective investor acknowledges that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company) and/or the Administrator and the Registrar for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;

- contacting the prospective investor with information about other products and services provided by the Investment Manager, or its affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Each prospective investor acknowledges that where appropriate it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company) and/or the Administrator and the Registrar to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Company or its agents to provide services to prospective investors; and
- transfer personal data outside of the United Kingdom or the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) and/or the Administrator and the Registrar discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data. For more information, please see the Company's privacy policy which is available at www.targethealthcarereit.co.uk.

Intermediaries

The Company consents to the use of this document by the Intermediaries in connection with the Intermediaries Offer in the United Kingdom on the following terms: (i) in respect of Intermediaries who are appointed by the Company on or prior to the date of this document, from the date of this document; and (ii) in respect of Intermediaries who are appointed by the Company after the date of this document, from the date on which they are appointed to participate in the Intermediaries Offer and agree to adhere to and be bound by the Intermediaries Terms and Conditions, in each case until the closing of the Intermediaries Offer.

The offer period, within which any subsequent resale or final placement of securities by Intermediaries can be made and for which consent to use this document is given, commences on 12 February 2021 and closes at 11.00 a.m. on 24 February 2021, unless closed prior to that time and/or date (any such earlier closure will be announced through a Regulatory Information Service). The Company and the Directors accept responsibility for the information contained in this document with respect to any purchaser of Ordinary Shares pursuant to the Intermediaries Offer.

Any Intermediary that uses this document must state on its website that it is using this document in accordance with the Company's consent and the conditions attached thereto. Intermediaries are required to provide the terms and conditions of any subsequent resale or final placement of securities to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary at the time of the offer by the Intermediary. Any application made by investors to any Intermediary is also subject to the terms and conditions imposed by such Intermediary.

Overseas investors

The New Shares have not been and will not be registered or qualified under the relevant laws of any state, province or territory of the United States, any EEA State, Canada, Australia, Japan, New Zealand, the Republic of South Africa or any other Restricted Jurisdiction and may not be offered or sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, into or within any of the United States, any EEA State (other than to professional investors in the Netherlands or the Republic of Ireland), Canada, Australia, Japan, New Zealand, the Republic of South Africa or any other Restricted Jurisdiction except pursuant to an applicable exemption from registration or qualification requirements. This document is not

and does not constitute an invitation or offer to sell or the solicitation of any invitation or an offer to buy New Shares in the United States, any EEA State (other than to professional investors in the Netherlands or the Republic of Ireland), Canada, Australia, Japan, New Zealand, the Republic of South Africa or any other Restricted Jurisdiction. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions and any EEA State.

For the attention of Dutch investors

The Ordinary Shares and New Shares are and will only be offered in the Netherlands, as part of their initial distribution or at any time thereafter, to persons that are “qualified investors” (professionele beleggers) within the meaning of section 1:1 of the Dutch Financial Supervision Act (Wet op het financieel toezicht, “DFSA”). Any offering is made under the private placement regime as included in section 1:13b paragraph 1 DFSA. Otherwise, the Ordinary Shares and New Shares are not and will not be offered in the Netherlands.

For the attention of Irish investors

The distribution of this document and the offering or purchase of New Shares is restricted to the individual to whom this document is addressed. Accordingly, it may not be reproduced in whole or in part, nor may its contents be distributed in writing or orally to any third party and it may be read solely by the person to whom it is addressed and his/her professional advisers. The AIFM has made the notification for the marketing of the New Shares to professional investors (as defined in the EU AIFM Directive) in Ireland in accordance with the provisions of Regulation 43 of the European Union (Alternative Investment Fund Managers) Regulations 2013 of Ireland which provide for the marketing in Ireland without a passport of alternative investment funds managed by a non-EU AIFM and therefore the New Shares may be marketed to such professional investors. At the date of this document, the New Shares are not eligible to be marketed to, *inter alia*, retail investors in Ireland in accordance with the conditions imposed pursuant to Regulation 43 and/or by the Central Bank of Ireland. The New Shares may not be offered, sold or delivered and neither this document nor any other offering materials relating to such Interests may be distributed or made available to retail investors in Ireland.

For the attention of Swiss investors

Under the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (“CISA”, as amended from time to time) and its implementing ordinance, the offering, distribution or advertising of foreign collective investment schemes to non-qualified investors in or from Switzerland is subject to prior approval by the Swiss Financial Market Supervisory Authority FINMA (“FINMA”). In addition, the offering, distribution or advertising of such collective investment schemes to non-qualified investors and to certain qualified investors may be, among else, subject to the appointment of a representative and a paying agent in Switzerland. There are reasonable grounds to believe that the Company would be characterized as a foreign collective investment scheme under Swiss law. The Company has not been approved by, or registered with, FINMA as a foreign collective investment scheme pursuant to article 120 CISA for offering, distribution or advertisement in Switzerland. Accordingly, neither the Ordinary Shares nor any other participation in the Company may be offered, distributed or advertised to non-regulated qualified investors or to non-qualified investors in or from Switzerland and neither this document nor any other document or offering material relating to the Company and/or the Ordinary Shares may be made available in connection with any such offering, distribution or advertisement to non-regulated qualified investors or to non-qualified investors in or from Switzerland. The offering, distribution and advertisement of the Ordinary Shares in or from Switzerland will be exclusively made to, and directed at, regulated financial intermediaries (such as banks, securities firms, fund management companies and asset managers of collective investment schemes), central banks and regulated insurance institutions (together the “Regulated Qualified Investors”) in accordance with the requirements set out in CISA and its implementing ordinance as well as in the Swiss Federal Act on Financial Services of 15 June 2018 (“FinSA”, as amended from time to time) and its implementing ordinance. No Swiss representative or paying agent pursuant to CISA has been or will be appointed by the Company. This document and/or any other document or offering material relating to the Company and/or the Ordinary Shares may only be made accessible in or from Switzerland to Regulated Qualified Investors in accordance with the requirements set out in CISA and its implementing ordinance as well as in FinSA and its implementing ordinance.

For the attention of Guernsey investors

The Placing Programme may only be and are only being promoted directly or indirectly in or from within the Bailiwick of Guernsey:

- (i) by persons licensed to do so by the Guernsey Financial Services Commission (the “**GFSC**”) under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (the “**POI Law**”); or
- (ii) by non-Guernsey bodies who (a) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of GFSC, afford adequate protection to investors and (b) meet the criteria specified in section 29(c) of the POI Law; or
- (iii) to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 by non-Guernsey bodies who (a) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of GFSC, afford adequate protection to investors and (b) meet the criteria specified in section 29(cc) of the POI Law; or
- (iv) as otherwise permitted by the GFSC.

The GFSC takes no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to the Company or in this document.

For the attention of Jersey investors

The offer that is the subject of this prospectus may only be made in Jersey where the offer is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey as the case may be. Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this offer and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company. By accepting this offer each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the offer.

For the attention of US investors

The New Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred, distributed or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Neither the U.S. Securities and Exchange Commission, nor any other federal or state regulatory authority has passed on or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful. There will be no public offer of the New Shares in the United States.

The New Shares are being offered and sold (i) outside the United States to non-US Persons in “offshore transactions” as defined in and pursuant to Regulation S and (ii) as part of the Placing Programme, within the United States to a limited number of persons that are “accredited investors” as defined in Rule 501(a) under the US Securities Act and both QIBs and QPs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Company has not been and will not be registered under the US Investment Company Act, and investors will not be entitled to the benefits of that Act. No offer, purchase, sale or transfer of the New Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the US Investment Company Act.

Each person acquiring New Shares pursuant to the Initial Placing and/or the Placing Programme within the United States, by accepting delivery of this document, will be deemed to have represented, agreed

and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

- (A) it is (i) an “accredited investor” as defined in Rule 501(a) under the US Securities Act and both a QIB and a QP; (ii) acquiring the New Shares for its own account or for the account of one or more QIB/QPs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein; (iii) acquiring the New Shares for investment purposes, and not with view to further distribution of such New Shares; and (iv) aware, and each beneficial owner of the New Shares has been advised, that the offer and sale of the New Shares to it is being made in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; and
- (B) it understands that the New Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the US Securities Act and that the New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred by the investor except (i) in an “offshore transaction” in accordance with Rule 903 or Rule 904 of Regulation S to a person not known by the transferor to be a US Person, by pre- arrangement or otherwise; (ii) within the United States to a person that is both a QIB and a QP purchasing for its own account or for the account of a QIB/QP in a transaction meeting the requirements of Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; (iii) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available); or (iv) pursuant to an effective registration statement under the US Securities Act, in each case in accordance with any applicable securities laws of any state of the United States and under circumstances that would not require the Company to register under the US Investment Company Act. It further (A) understands that the New Shares may not be deposited into any unrestricted depositary receipt facility in respect of the New Shares established or maintained by a depositary bank; (B) acknowledges that the New Shares (whether in physical certificated form or in uncertificated form held in CREST) are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the New Shares; and (C) understands that any offer, sale, resale, pledge or other transfer of the New Shares made other than in compliance with the above-stated restrictions will not be recognised by the Company and subject to the compulsory transfer provisions as provided in the Articles.

The Company, Stifel, and their respective affiliates will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Any person in the United States into whose possession this document comes should inform himself about and observe any applicable legal restrictions; any such person in the United States who is not an “accredited investor” as defined in Rule 501(a) under the US Securities Act and both a QIB and a QP is required to disregard this document. No representation has been, or will be, made by the Company or Stifel as to the availability of Rule 144 under the US Securities Act or any other exemption under the US Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Shares.

Information to distributors

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Requirements**”) and/or (where applicable to EEA investors and EEA firms) the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**Directive 2014/65/EU**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the UK MiFIR Product Governance Requirements or the MiFID II Product Governance Requirements, as applicable) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as respectively defined in paragraphs 3.5 and 3.6 of the FCA Handbook Conduct of Business Sourcebook

the MiFID II Product Governance Requirements, as applicable; and (ii) eligible for distribution through all permitted distribution channels (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Initial Issues and Placing Programme. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Placing Agent will only procure investors (pursuant to the Initial Placing and Placing Programme) who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook or the MiFID II Product Governance Requirements, as applicable; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.

UK PRIIPs Regulation

In accordance with the UK PRIIPs Regulation, the Investment Manager has prepared a key information document in respect of the Ordinary Shares (the “**KID**”). The UK PRIIPs Regulation requires the Investment Manager to ensure that the KID is made available to “retail investors” in the United Kingdom prior to them making an investment decision in respect of the Shares and the KID is therefore available to investors at the Company’s website (www.targethealthcarereit.co.uk). Accordingly, if you are distributing Ordinary Shares, it is your responsibility to ensure the relevant KID is provided to any relevant clients. The Investment Manager is the only manufacturer of the Ordinary Shares for the purposes of the UK PRIIPs Regulation and none of the Company, the Sponsor nor the Placing Agent is a manufacturer for these purposes. None of the Company, the Sponsor nor the Placing Agent makes any representation, express or implied, or accepts any responsibility whatsoever for the contents of the KID prepared by the Investment Manager nor accepts any responsibility to update the contents of the KID in accordance with the UK PRIIPs Regulation, to undertake any review processes in relation thereto or to provide such KID to future distributors of Ordinary Shares. Each of the Company, the Sponsor, the Placing Agent and their respective affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it or they might have in respect of the KID or any other key information documents prepared by the Investment Manager from time to time. Prospective investors should note that the content of the key information document is highly prescriptive, both in terms of the calculations underlying the numbers and the narrative, with limited ability to add further context or explanation. As such, the KID should be read in conjunction with other material produced by the Company, including this document, the annual reports are available on the Company’s website. The figures in the KID may not reflect actual returns for the Ordinary Shares and anticipated performance returns cannot be guaranteed.

Investment considerations

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment.

Typical investors in the Company are expected to be institutional, sophisticated investors and professionally advised retail investors who are seeking an attractive level of income with the potential for income and capital growth from investing in a diversified portfolio of care homes and other healthcare assets predominantly in the UK and who understand and accept the risks inherent in the Company’s investment policy. Investors may wish to consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before making an investment in the Company.

By investing in the Company you will be deemed to be acknowledging that you are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced requirements accordingly.

You are wholly responsible for ensuring that all aspects of the Company are acceptable to you. Investment in listed funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of the Company and its Ordinary Shares and the potential risks inherent in the Company and its Shares you should not invest in the Company.

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the New Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the New Shares which they might encounter; and
- the income and other tax consequences which may apply to them as a result of the purchase, holding, transfer, redemption or other disposal of the New Shares.

Prospective investors must rely upon their own representatives, 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 therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objectives will be achieved.

It should be remembered that the price of the Shares, and the annual income from such Shares (if any), can go down as well as up.

This document should be read in its entirety before making any investment in the New Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Company's memorandum of association and the Articles which investors should review. A summary of the Articles is contained in Part 10 of this document under the section headed "Summary of the Articles".

Presentation of information

Market, economic and industry data used throughout this document is sourced from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Forward looking statements

This document contains forward-looking statements, including, without limitation, statements containing the words "believes", "estimates", "anticipates", "expects", "intends", "may", "will", or "should" or in each case, their negative or other variations or similar expressions. Such forward-looking statements involve unknown risk, uncertainties and other factors, which may cause the actual results of operations, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given these uncertainties, prospective Shareholders are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this document. Subject to its compliance with its legal and regulatory obligations (including under the Listing Rules, Disclosure Guidance and Transparency Rules, the UK Prospectus Regulation, the UK Market Abuse Regulation and, to the extent applicable, the EU Market Abuse Regulation), the Company undertakes no obligation to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

The actual number of New Shares to be issued will be determined by the Directors following consultation with the Placing Agent, the Investment Manager and the Sponsor. In such event, the information in this document should be read in light of the actual number of New Shares to be issued under the Initial Issues and Placing Programme.

Information in this document will be updated as required by the UK Prospectus Regulation, Listing Rules, Disclosure Guidance and Transparency Rules and the UK Market Abuse Regulation, as appropriate.

Nothing in this section seeks to limit or qualify, in any way, the working capital statement in paragraph 7 of Part 8 of this document.

Performance data

Without limitation, results can be positively or negatively affected by market conditions beyond the control of the Investment Manager, which market conditions may be different in many respects from those that prevail at present or in the future, including (without limitation) with the result that the performance of portfolios originated now may be significantly different from those originated in the past.

Latest practicable date

In this document, where the context requires, references to 10 February 2021 should be treated as being references to the latest practicable date prior to the publication of this document.

Documents incorporated by reference

The parts of the published annual financial reports of the Company for the two financial years ended 30 June 2020 specified in the table below are incorporated by reference into this document. The non-incorporated parts of these financial reports of the Company are either not relevant to investors or are covered elsewhere in this document.

<i>Nature of Information</i>	<i>Statutory Accounts for year ended</i>	
	<i>30 June 2019*</i>	<i>30 June 2020</i>
	<i>Page No.</i>	<i>Page No.</i>
Performance Highlights	1	1
Chairman's Statement	4-5	6-7
Investment Manager's Report	8-9	12-13
Portfolio	3, 18	5, 18-19
Independent Auditor's Report	60-64	45-51
Consolidated Statement of Comprehensive Income	22	52
Consolidated Statement of Financial Position	23	53
Consolidated Statement of Changes in Equity	24	54
Consolidated Statement of Cash Flows	25	55
Notes to the Consolidated Financial Statements	26-44	56-76

* these figures have been extracted from the annual report and accounts for THRL, which became the wholly-owned subsidiary of the Company as part of the Reconstruction.

The documents incorporated by reference can be obtained from the Company's website, www.targethealthcarereit.co.uk, and as set out in paragraph 1 of Part 8 of this document. The information available on the Company's website does not form part of this document unless such information is incorporated by reference.

EXPECTED TIMETABLE

Event	Date
Initial Issues	
Initial Issues open	12 February 2021
Latest time and date for receipt of application forms under the Offer for Subscription and Intermediaries Offer	11.00 a.m. on 24 February 2021
Latest time and date for receipt of commitments under the Initial Placing	11.00 a.m. on 25 February 2021
Latest time and date for receipt of completed Forms of Proxy	12 noon on 25 February 2021
Results of the Initial Issues announced	close of business on 26 February 2021
General Meeting	12 noon on 1 March 2021
Initial Admission and dealings in New Shares commence	8.00 a.m. on 3 March 2021
Crediting of CREST accounts in respect of the New Shares under the Initial Issues	8.00 a.m. on 3 March 2021
Share certificates in respect of the New Shares despatched	week commencing 8 March 2021
Placing Programme	
Placing Programme opens	4 March 2021
Subsequent Admissions and dealings in New Shares commence	between 4 March 2021 and 11 February 2022
Publication of Placing Programme Price in respect of each Placing Programme issue	as soon as practicable following each Placing
Crediting of CREST accounts in respect of New Shares	8.00 a.m. on each day New Shares are issued
Share certificates in respect of New Shares despatched (if applicable)	approximately one week following the issue of any New Shares

Notes:

- (i) *The dates set out in the expected timetable above may be adjusted by the Company, in which event details of the new dates will be notified to the FCA and the London Stock Exchange and an announcement will be made through a Regulatory Information Service.*
- (ii) *All references to time in this document are to the time in London.*
- (iii) *In this document, where the context requires, references to 10 February 2021 should be treated as being references to the latest practicable date prior to the publication of this document.*
- (iv) *New Shares will be issued pursuant to the Proposals only at such times (if any) as the Directors believe it is advantageous to Shareholders to do so.*
- (v) *Underlying Applicants who apply to an Intermediary to acquire Shares under the Intermediaries Offer will not receive share certificates in respect of any Shares that are allocated to them under the Intermediaries Offer. Underlying Applicants should consult with their Intermediary as to when they will be sent documents in respect of any Shares that are allocated to them and when they may commence dealing in those Shares.*

ISSUE STATISTICS

Initial Issues Price per Ordinary Share under the Initial Issues	111.0 pence
Number of Ordinary Shares being issued under the Initial Issues*	45 million
Number of Ordinary Shares being issued under the Placing Programme**	150 million
Estimated net proceeds of the Proposals***	£162.9 million
NAV per existing Share****	108.2 pence

* *The Directors may increase the size of the Initial Issues by reallocating New Shares from the Placing Programme if they, together with the Investment Manager, believe that there are sufficient assets available and suitable for investment.*

** *The number of New Shares available under the Placing Programme will be 150 million less the number of New Shares issued under the Initial Issues.*

*** *On the assumption that the Initial Issues and Placing Programme are fully subscribed and 150 million New Shares are issued at a price equal to the Initial Issues Price. These net proceeds take into account the commission that would be payable to the Placing Agent.*

**** *as at 31 December 2020*

DEALING CODES

ISIN of the Ordinary Shares	GB00BJGTLF51
SEDOL	BJGTLF5
Ticker code	THRL
LEI	213800RXPY9WULUSBC04

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors	Mr Robert Malcolm Naish (<i>Chairman</i>) Prof. June Andrews Mr Gordon Coull Ms Alison Fyfe Mr Thomas J Hutchison III All non-executive and of Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW
Investment Manager, Administrator and Company Secretary	Target Fund Managers Limited Laurel House Laurelhill Business Park Laurelhill Stirling FK7 9JQ
Sponsor and Legal Adviser to the Company	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
Placing Agent, Bookrunner and Financial Adviser	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 2AL
Legal Adviser to the Placing Agent, Bookrunner and Financial Adviser	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Valuer	Colliers International Property Consultants Limited 50 George Street London W1U 7GA
Auditors	Ernst & Young LLP Atria One 144 Morrison Street Edinburgh EH3 8DX
Reporting Accountants	BDO LLP 55 Baker Street London W1U 7EU
Registrar and Receiving Agent	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
Depository	IQ EQ Depository Company (UK) Limited 4th Floor, Forsyth House Cromac Square Belfast Co. Antrim BT2 8LA

PART 1

THE COMPANY

Introduction

The Company is a closed-ended property investment company that is a REIT for the purposes of UK taxation. On 7 August 2019, pursuant to a scheme of arrangement under article 125 of the Companies (Jersey) Law 1991 (as amended), the Company became the ultimate holding parent company of the Group. The Group has carefully crafted an investment portfolio which currently consists of 73 modern, fit-for-purpose care homes designed for twenty-first century social care with ensuite wet rooms and a wide availability of public and private spaces, both indoors and out, and three pre-let sites which are being developed through capped forward funding commitments. The portfolio has a high level of diversification across its tenant covenants, geography and source of funding through the ultimate end-users. However, whilst the portfolio and tenant base are diversified, the asset quality is consistent. The Company, together with its Investment Manager, is passionate about providing high quality environments for the tenants and their residents, whilst noting that such modern assets with modern amenities and long weighted average unexpired lease terms assist the Company in achieving its objective of providing Shareholders with an attractive level of income together with the potential for capital and income growth. The Company has a single class of Ordinary Shares in issue which are listed on the premium segment of the Official List and are admitted to trading on the Main Market.

Target Fund Managers Limited is the appointed investment manager to the Group and has been since 1 November 2017 when it acquired the business of Target Advisers LLP who had been the investment manager since the Group launched in March 2013 with a market capitalisation of £46 million. The Investment Manager manages the Group on a day to day basis with a view to achieving the investment objectives of the Company and advises the Company on the acquisition, development, management and disposal of the UK care homes and other healthcare assets in the portfolio.

The Company is proposing to raise funds pursuant to the Initial Placing, Offer for Subscription, Intermediaries Offer and Placing Programme with the net proceeds being invested, in accordance with the Company's investment policy, in a pipeline of assets identified by the Investment Manager.

Background to the Proposals

Since launch, the Group has regularly raised equity and debt finance to fund additional investments in UK care homes and other healthcare assets which are in line with its investment policy. The Company last published a prospectus in June 2019 in relation to a 12 month placing programme under which the Company raised gross proceeds of approximately £80 million. These proceeds together with utilisation of some of the Group's available debt facilities (£134 million in total) have been fully invested in 13 care homes and pre-let development sites.

As at 10 February 2021 (being the latest practicable date prior to the publication of this document), the Group's current cash reserves together with the available undrawn debt under the HSBC Facility and the RBS Facility total approximately £76 million. After taking account of the Group's working capital, dividend commitments and commitments in relation to the Company's existing Property Portfolio (including deferred consideration payments, committed forward funding payments and refurbishment projects) which total, in aggregate, approximately £55.0 million, the Group has cash reserves and debt facilities of approximately £21.3 million available for investment.

While the Company paused its acquisition activity early in the COVID-19 Pandemic to ensure flexibility and balance sheet strength, evidence from portfolio performance and activity in the UK care homes investment market, as well as progress on the roll-out of vaccinations, provide visibility that the medium to longer term outlook is positive. Furthermore, the Investment Manager has seen increased investment in the care home sector in 2020 and believes that there will continue to be a strong level of long-term demand for modern, fit-for-purpose care homes with wet rooms. Against this context, the Investment Manager also believes that there are attractive opportunities in the market for the Group to buy high quality assets. In particular, the Group is currently in advanced negotiations in relation to the acquisition of the Imminent Acquisition Assets for an aggregate consideration of up to approximately £46.7 million (including costs). The Imminent Acquisition Assets consist of three modern care homes and one forward

funding development project. The care homes are situated in the South West, North West and Scotland and hold 214 beds in aggregate, all of which have ensuite wet rooms. The forward funding development project is situated in the South East and will, once operational, hold 70 beds all of which will have ensuite wet rooms. The Company is in the process of completing due diligence and negotiations in relation to these properties and expects to acquire all of the Imminent Acquisition Assets by the end of June 2021.

The Company is also in negotiations in relation to the possible near term acquisition of the Pipeline Assets. The Pipeline Assets consist of ten modern care homes, five forward funding projects and one forward commitment to acquire a care home upon it reaching practical completion. The Pipeline Assets have an aggregate consideration of up to approximately £177 million (including costs).

The net proceeds of the Initial Issues and the Placing Programme (assuming sufficient funds are raised) and/or any undrawn amounts under the HSBC Facility and the RBS Facility will be used to complete the acquisition of the Imminent Acquisition Assets and/or the Pipeline Assets provided that, following the due diligence process, they meet the Company's acquisition criteria and returns profile. Immediately following Admission, the net proceeds of the Initial Issues and/or the Placing Programme (as applicable) will be used to reduce interest costs by temporarily repaying some of the Company's revolving credit facilities whilst the diligence process completes on these acquisitions. Thereafter, as these revolving credit facilities are drawn to fund the acquisitions at completion, the drawn debt levels overall will be consistent with the Company's stated gearing targets.

If the acquisitions of any of the Imminent Acquisition Assets or the Pipeline Assets do not complete or if there are additional proceeds left following the acquisition of these assets, the Company intends to use the net proceeds of the Initial Issues and the Placing Programme together with any available funds under the HSBC Facility and the RBS Facility to acquire further properties identified by the Investment Manager in accordance with the Company's investment policy.

The Placing Programme will also enable the Company to raise additional equity capital when the Investment Manager identifies properties that are suitable for acquisition. It should therefore enable the Investment Manager to make a series of property acquisitions whilst also mitigating the risk of cash drag on Shareholders' funds.

Further details of the Proposals

Under the Initial Issues the Company is targeting a fundraise of £50 million. The Initial Issues Price will be 111.0 pence per New Share which is a 2.6 per cent. premium to the NAV per Share as at 31 December 2020. This also represents a 4.8 per cent. discount to the share price of the Ordinary Shares as at 11 February 2021. The Company is proposing to issue up to 150 million New Shares under the Initial Issues and Placing Programme. The Directors may increase the size of the Initial Issues by reallocating New Shares from the Placing Programme if they, together with the Investment Manager, believe that there are sufficient assets available and suitable for investment. The number of New Shares that will be available to be issued under the Placing Programme will be 150 million New Shares less the number of New Shares issued under the Initial Issues. The Directors will issue New Shares under the Placing Programme if the Investment Manager is able to source further suitable acquisition opportunities in the future. The Board intends to issue any such further New Shares at a premium to the NAV per Share under the Placing Programme.

The Initial Issues and the Placing Programme are not conditional on the acquisition of any of the Imminent Acquisition Assets nor the Pipeline Assets. In the event that the acquisitions of any or all of these assets fail to complete, the Company intends to proceed with the issue of New Shares under the Initial Issues and the Placing Programme and will invest the proceeds of the Initial Issues and the Placing Programme in other properties constituting the Imminent Acquisition Assets, the Pipeline Assets and such other assets identified by the Investment Manager that are in line with the Company's investment policy.

The Board believes that the Proposals will have the following benefits for the Shareholders and the Company.

- They will enable the Company to continue with its growth strategy, provide further scale to its investment portfolio and they are also likely to increase the liquidity of the Shares by increasing the market capitalisation of the Company and further diversify the Shareholder register.

- They are expected to provide additional equity capital which should enable the Company to pursue current attractive investment opportunities available in the market and make further investments in accordance with the Company's investment policy and within its appraisal criteria, further enabling the Company to remain well positioned in the face of increased competition, yield compression and the anticipated sector-wide flight to quality purpose-built care home assets with wet room showers in ensuite facilities.
- As the Company is actively considering a number of specific property opportunities, the Initial Issues should assist in matching the capital requirements of the Company to the investment opportunities identified.
- They are expected to further diversify the Property Portfolio by introducing new tenants to the Group and operating in geographical locations that are currently under-represented in the Property Portfolio.
- The Company intends to use the net proceeds of the Initial Issues and the Placing Programme principally to invest in the Imminent Acquisition Assets and/or the Pipeline Assets as well as to reduce interest costs by temporarily paying down debt where appropriate.
- They will provide a larger equity base over which the fixed costs of the Company may be spread, thereby reducing the Company's ongoing costs per Share.
- The Placing Programme will allow the Company to align future equity capital fundraises with its pipeline, providing flexibility and with the intention of minimising cash drag.

The Initial Issues and the Placing Programme will be conditional on Shareholder approval being granted at the General Meeting.

Investment performance

Since the Group's launch in March 2013 it has continually focussed on investing in modern purpose built care homes and other healthcare assets across the UK. The Group has raised, in total, approximately £482.6 million gross proceeds from public fundraisings and currently has three debt facilities totalling £220 million. As at 10 February 2021, the Existing Portfolio comprises 76 care homes which includes three forward funding development projects to which the Company has committed. The Existing Portfolio has a Market Value of approximately £647.7 million, based on the Valuer's valuation report as at 31 December 2020 in respect of all of the properties. The Valuer's valuation report is set out in Part 7 of this document.

Since its launch in March 2013 to 31 December 2020, the Group has returned a cumulative accounting total return (based on the EPRA NAV) of 77.5 per cent. which is equivalent to an annualised total return of 7.7 per cent per annum.

The Company paid quarterly dividends each of 1.67 pence per Share in respect of the financial year ended 30 June 2020, representing an annualised interim dividend of 6.68 pence per Share. This was an increase of 1.5 per cent. on the interim dividends paid in respect of the financial year ended 30 June 2019. In October 2020 the Company announced an expected increase in the quarterly dividends in respect of the year ending 30 June 2021 of 0.6 per cent. to 1.68 pence per Ordinary Share per quarter. In the absence of unforeseen circumstances, the Company's annual dividend target for the year ending 30 June 2021 is therefore 6.72 pence per Ordinary Share, which represents an implied dividend yield of 6.1 per cent. based on the Initial Issues Price.

The Existing Portfolio

The Group's Existing Portfolio comprises 76 properties, including 73 modern, fit-for-purpose care homes with ensuite wet rooms and good public and private spaces and three forward funding development projects. As at the date of this document, these care homes are let to or have pre-agreed leases in place with 27 distinct operating groups. The Existing Portfolio's aggregate contracted net annual rent as at 31 December 2020 was £40.6 million which represented an EPRA Topped Up Net Initial Yield of 5.97 per cent. The weighted average unexpired lease term of the Property Portfolio as at 31 December 2020 was 28.7 years. The rents payable under the majority of the leases are subject to an annual uplift (which is either at a fixed rate or is referenced to RPI) and there are two leases (one for only a temporary period)

where the rent is determined (either wholly or partially) by reference to the EBITDARM of the care home operation. There are no break options in the leases.

The Group is currently invested in three forward funding development projects with three developers. The Company's investment policy permits the gross budgeted development costs of such projects, in aggregate, to represent up to 25 per cent. of the Company's gross assets as at the commencement of the relevant development projects. These projects are expected to complete within 12 to 18 months from the date of this document and, as with all forward funding projects in which the Group invests, are pre-let to future tenants. During the development period, the Group earns an interest coupon on the committed funds and, once complete, these new, purpose-built care homes are expected to hold 206 beds, all with wet room ensuite facilities.

The Group invests in modern and purpose built care homes complete with wet rooms. Its portfolio of such modern, purpose-built care home assets, diversified by tenant, geography and source of resident fees, has demonstrated robustness and its resilience throughout the COVID-19 Pandemic with 94 per cent. of rent due and payable from 11 March 2020 (when COVID-19 was declared a global pandemic by the World Health Organisation) to 31 December 2020 having been collected. Under certain circumstances, the Group will provide funds to care homes within the Property Portfolio that do not meet the standards set by the Group. While the majority of the care homes in the Property Portfolio are mature and have high occupancy levels under normal operating conditions, the Group also invests in brand new homes and in forward fund and forward commitment projects to acquire homes on practical completion. The start up phase of a brand new care home and/or a care home which has an operator in financial or operational difficulty can require active management and the Group is well placed to support its tenants through such a phase. The Company is an engaged landlord and looks to provide support to any tenant which experiences short term operational challenges which may or may not be connected to the COVID-19 Pandemic.

Further details of the Existing Portfolio including the current asset management initiatives are set out in Part 6 of this document.

The Imminent Acquisition Assets

The Group is in advanced negotiations with near complete due diligence in relation to the acquisition of one forward funding opportunity and three modern care homes in the South East and the South West, North West and Scotland respectively. One of these care homes, in particular, is in the near final stages of completion. These acquisitions will, once complete, introduce three new operating tenants to the Group's Property Portfolio. The Company is in the process of completing due diligence and negotiations in relation to these properties and expects to acquire them by 30 June 2021 for an aggregate consideration of up to approximately £46.7 million. Depending on when legally binding commitments are entered into in respect of these projects and the level of net proceeds raised under the Initial Issues and the Placing Programme, the Company will be able to use either the net proceeds of the Initial Issues and the Placing Programme and/or any undrawn amounts under the HSBC Facility and the RBS Facility to make the first forward funding payments and acquisition payments in respect of these Imminent Acquisition Assets.

The Pipeline Assets

The Group is currently in negotiations in relation to the possible near term acquisition of ten modern care homes situated in Yorkshire & the Humber, East Midlands, South West, East and the South East and five forward funding projects and one forward commitment to acquire a care home upon it reaching practical completion situated in Scotland, West Midlands, North West and London. These acquisitions are subject to, *inter alia*, completion of satisfactory due diligence and the signing of legally binding agreements. All of these assets would cost up to approximately £177 million (including costs) to acquire and the Company intends to use the net proceeds of the Initial Issues and the Placing Programme and/or its existing available cash reserves including any undrawn amounts under the HSBC Facility and the RBS Facility (depending on the level of net proceeds raised under the Initial Issues and the Placing Programme) to make such acquisitions and commitments. These acquisitions would, once they are all completed, introduce five new operating tenants to the Property Portfolio, further diversifying the tenant base.

There are no signed heads of terms in respect of any of the Pipeline Assets and the due diligence is not complete in respect of any of the Imminent Acquisition Assets nor the Pipeline Assets. If the acquisition

of any of the Imminent Acquisition Assets and/or the Pipeline Assets fails to complete, the Company intends to proceed with the issue of New Shares under the Initial Issues and the Placing Programme. In such circumstances the net proceeds of the Initial Issues and the Placing Programme not utilised in the acquisition of the Imminent Acquisition Assets and/or the Pipeline Assets will be used by the Company to acquire assets identified in the Investment Manager's future acquisition pipeline.

Acquisition of further assets

The Investment Manager has also identified and started initial due diligence on a number of further potential assets that are in line with the Company's investment policy, including both direct property purchases and corporate acquisitions.

There is no guarantee that any of these further potential assets, including the portfolio, the Imminent Acquisition Assets or the Pipeline Assets can be secured by the Company or that following the Investment Manager's due diligence review they will be considered suitable for the Company.

Investment opportunity and market outlook

Market background

As the UK's population continues to age, more people can expect to require care and support on an increasingly regular basis than has been the case historically. Additionally, it is expected that by 2025 the number of people living with dementia will have increased to one million and by 2050 it will be approximately two million. The 85+ age group (the predominant users of residential care) is the fastest growing and is set to double to 3.2 million by mid-2046. Based upon the current percentage of the elderly population requiring residential care, it is estimated that the expected population shifts by 2031 would generate demand for 67,000 additional care home places in just a decade, equating to approximately 1,100 more homes than in 2021. While experts differ on the scale of additional capacity needed, all commentators agree that there will be an increase in the demand for care home places. Virtually all of this increased capacity will have to be met by the private sector as public sector provision continues to decline.

Supply of care homes

Approximately 70 per cent. of all existing care homes in the UK were built prior to 2000. As a result, much of the existing UK stock of care homes is comprised of older purpose-built and converted properties that are increasingly viewed as unfit for purpose. While almost 70 per cent. of rooms have some form of ensuite facilities, only 26 per cent. have full wet room facilities. Full wet room provision is being seen increasingly as a standard feature of the specification for any fit-for-purpose and future-proofed home, offering residents dignity and privacy whilst assisting staff in delivering effective care. It is estimated that there is a 273,000 shortage of such fit-for-purpose quality beds. Furthermore, significant numbers of care homes owned by Local Authorities have been closed, largely due to obsolescence and lack of economic viability. Some commentators estimate that approximately 140,000 beds across the sector are at risk of being lost over the next five years.

Therefore, unless the rate of new home openings increases, the expected demand growth will result in a significant imbalance in the supply and demand of bed places going forward.

The COVID-19 Pandemic has also highlighted the need for modern purpose-built homes that allow for effective infection control while giving residents the best possible environment for their care. For example, the purpose-built design is conducive to the effective isolation of a floor, wing, block or even a room allowing for robust infection control measures while maintaining residents' dignity. The Investment Manager believes that the Company's strategy of investing in such high quality purpose-built care homes will stand the Company in good stead to take advantage of this imbalance of supply and demand.

Funding for residents

The payment of care is generally subject to means-testing in the United Kingdom. The current threshold at which means-testing applies in England and Northern Ireland is assets over £23,250, in Scotland it is assets over £28,000 and in Wales it is assets over £50,000. The majority of residents with assets in excess of these thresholds may receive little financial state support (such as Attendance Allowance "AA") but need to fund the majority of their own care. The exception to this is a small element of NHS funding and notably Scotland's 'Free Personal Care Contribution' ("FPS"), the latter of which can be worth up to

£281 per week (AA is lost when claiming FPS). The UK Government had proposed to introduce new legislation which was expected to have a significant impact on social care funding in the UK in the future, to be announced in the 'White Paper', but that paper has now been delayed multiple times. There is some doubt now regarding the will and the ability to fund 'free personal care' across England, albeit commentators still expect there to be some attempt to create an insurance type scheme. On average, 45 per cent. of residents in care homes within the UK are purely private fee paying and this percentage is expected to increase. The NHS funds approximately 9 per cent. of care home clients with Local Authorities accounting for the remaining 46 per cent. The NHS funding, generally known as 'Continuing Healthcare' is technically available to residents of care homes who have underlying health issues other than those brought on by dementia. Residents who would otherwise have been private fee paying can apply for such funding, although the application process is becoming more challenging.

Local Authorities negotiate fee levels locally in England and Wales and there is currently a country wide rate agreed in Northern Ireland and Scotland. The majority of Local Authorities in England have increased the levels of publicly funded fees recently, but commentators have highlighted that this increase does little more than cover the costs of the increase in the UK National Living Wage. This increasingly stretched outlook is also seen in Northern Ireland and while publicly funded fee increases in Scotland have been nominally higher, Scottish Care has criticised the increase as inadequate given the 'care-worker' minimum wage now in force which at £9.30 per hour, is higher than the UK National Living Wage.

The fees paid by self-funding residents are driven by individual family decisions and are not constrained by Local Authority commissioning frameworks. Increasingly fewer informal care arrangements are being provided to the elderly by the family at home while many families are willing to pay higher fees for their relative to be placed in a better standard of accommodation. With this backdrop private fees are becoming a larger component of the market with both 'top-up' and fully privately funded arrangements becoming more prevalent.

Accommodation for residents is also funded by the NHS from its own budget to expediate the onward movement of patients. Generally, the funding provided by the NHS for its residents is likely to be higher than that of the funding provided by Local Authorities. The benefit for the NHS is however, that the cost of providing this funding is still substantially lower than the cost of providing hospital beds and care, and, at the same time, it facilitates the freeing up of beds within NHS hospitals. Despite these advantages to 'Continuing Healthcare', delayed transfers of care ("**DTOCs**" or more frequently known as 'bed-blocking') have become an enduring theme within the NHS in recent times. While the majority of these delays are still attributable to the NHS, the proportion caused by delays relating to placings in nursing and residential care homes has risen substantially.

The care sector has long argued it can alleviate such DTOCs pressure within the NHS, but as Local Authority and NHS budgets remain separate, care home providers have often been frustrated by their offers to help apparently falling on deaf ears. There is evidence that this is now changing and the two bodies are now being forced to co-operate more frequently.

Impact of the COVID-19 Pandemic

The COVID-19 Pandemic has had a significant impact on the care home sector and continues to present challenges. The peak of the cases of COVID-19 within the Company's portfolio occurred in April 2020 and at that point the number of suspected or confirmed cases represented 3.2 per cent. of the Company's total number of beds across 32 homes. As at 31 January 2021, the number of confirmed COVID-19 cases within the Company's portfolio represented 2.1 per cent. of the Company's total number of beds across 11 homes. Throughout the COVID-19 Pandemic the Company's portfolio has continued to provide stable investment returns largely due to a combination of real estate standards and tenant/care provider performance. This resilience can be demonstrated by both rental collection and the rent cover metrics from the Mature Homes, the latter being a key indicator of underlying care home profitability. During the period from 11 March 2020 (when COVID-19 was declared a global pandemic by the World Health Organisation) to 31 December 2020 approximately 94 per cent. of the total rent due was collected while rent cover across the Mature Homes was estimated to be 1.5 times for the quarter ended 31 December 2020.

However, one consequence of the COVID-19 Pandemic for the care home sector generally, and the Company's portfolio, has been declining resident occupancy. This trend has continued to date. Although there have been new admissions to care homes and a strong level of enquiries after the early months of

the COVID-19 Pandemic, there has been reticence from families to place loved ones in care homes when there has been such a limited opportunity to visit them. Resident occupancy rates are therefore lower than historical averages and have been so for the majority of the last year. Consequently, certain homes/tenants in the Company's portfolio may be more susceptible to pressures from any potential adverse incidents in the short-term than they would have been in previous periods. Following conversations with tenants before the Company received their December 2020 management information, it is expected that the next set of their figures will show a decline in underlying resident occupancy and profitability linked to the ongoing lockdown restrictions over recent months which has had an impact on the rate of admissions. Therefore, in the near term, the potential for requests from tenants for rental concessions such as deferrals or temporary reductions is now considered to be a higher likelihood than during the COVID-19 Pandemic to date.

However, COVID-19 vaccinations have now been made available to residents and staff in all of the Group's care homes, with substantial uptake taking place. The Investment Manager believes that such widespread vaccinations, combined with improved testing, will increase confidence in the sector; provide shielding from the worst effects of the virus for residents and staff; and allow for increased admissions. In due course safer visits and a greater variety of social activities for residents and community interaction will be able to resume. It is believed that this, coupled with the sector's tailwinds from demographics and its needs-based latent demand, should lead to strong resident occupancy recovery through 2021.

Beyond the COVID-19 Pandemic – prospects for the UK care home market and the Existing Portfolio

It is clear that there will be increased demand for care, particularly needs-based end of life and special care such as for dementia as the elderly population grows. The Board believes that private fees for end of life care remain affordable for a significant proportion of families of elderly persons. The choice of care homes for such families will be driven by quality as well as financial considerations and therefore higher quality homes will attract families who are willing to pay correspondingly higher fees.

It will be critical that landlords of care homes are able to offer quality accommodation with rents set at levels which are affordable to the operators and which reflect the quality of accommodation available. A key skill in the investment process is setting a sustainable rental level. The Investment Manager's analysis identifies levels that support sustainable rental covers of 1.6 times. It will also be important to maintain the strong private fee paying residents dimension which is currently evident within the Existing Portfolio.

With respect to the immediate short-term, following conversations with tenants before the Company received their December 2020 management information, it is expected that the next set of their figures will show a decline in underlying resident occupancy and profitability which may lead to requests for rental concessions. The Company will consider any such requests on a case-by-case basis and consider using mitigants such as rental deposits held, where appropriate. Beyond this, the Investment Manager believes that the Company's strategy of owning high quality, modern, purpose built care homes that provide excellent standards of care and accommodation, in suitable areas with growing demand where private pay levels can be maximised, should ensure the best prospects of achieving a sustainable attractive income return and capital growth for the Company over the longer term. There is clear evidence of pent-up demand within the Company's portfolio. A large tenant, for example, has reported record levels of new enquiries in recent weeks. Furthermore, the reality of demographic and needs-based demand drivers has not been altered by the COVID-19 Pandemic. The Investment Manager therefore believes the Existing Portfolio is well positioned to take advantage of the developments within the sector.

Dividends

Dividend policy

Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay an attractive level of dividend to Shareholders on a quarterly basis. The dividends paid by the Company (or THRL prior to 7 August 2019) have been fully covered in respect of any quarter over which the Group has been fully invested, that is, the amount of revenue profit earned by the Group has exceeded the amount of the total dividends that the Group has paid out to Shareholders. The Company intends to continue the operation of the dividend policy and the Investment Manager will seek to continue to acquire modern purpose built care homes and manage a portfolio which will generate profits to fully cover dividends in periods of full investment.

The Company has an obligation to distribute at least 90 per cent. of the qualifying profits, as calculated for tax purposes, arising from the Group's qualifying property rental business each year in order to continue to enjoy the full exemption from tax on rental income afforded by the UK REIT regime.

Over the 12 months to 31 December 2020, the Company's dividend cover averaged approximately 78 per cent. The Board believes that the level of cover will be able to be increased by: (i) the full annual contribution of capital already committed (for example, in relation to the forward fund projects); (ii) the full deployment of the Company's current available capital of £21.3 million in its identified pipeline of assets, which have a weighted average yield of approximately 5.7 per cent.; (iii) the improvement of rent collection within the portfolio due to management initiatives in relation to the four homes that have been the significant contributors to recent rental arrears; (iv) the expected reduction of the rental arrears that are directly related to the COVID-19 Pandemic; and (v) the anticipated rental growth within the portfolio and cost control efficiencies.

Payment of dividends

In October 2020 the Company increased the quarterly dividend in respect of the year ending 30 June 2021 by 0.6 per cent. to 1.68 pence per Ordinary Share per quarter. In the absence of unforeseen circumstances, the Company's annual dividend target for the year ending 30 June 2021 is therefore 6.72 pence per Ordinary Share, which represents an implied dividend yield of 6.1 per cent. based on the Initial Issues Price.

Dividends on the Ordinary Shares are expected to be paid in equal instalments quarterly in respect of each financial year in November, February, May and August. All dividends will be paid as interim dividends.

The Company has announced an interim dividend of 1.68 pence per Ordinary Share in relation to the quarter ended 31 December 2020.

Save for this dividend and any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Shares pursuant to the Initial Issues and/or Placing Programme such New Shares will rank *pari passu* with the Ordinary Shares.

The New Shares issued pursuant to the Initial Issues will be eligible to receive the dividend for the quarter ending 31 March 2021 which is expected to be paid in May 2021.

Further details of the tax treatment of an investment in the Company are set out in Part 9 of this document.

Gearing policy

Pursuant to the investment policy, gearing, calculated as borrowings as a percentage of the Group's gross assets, may not exceed 35 per cent. at the time of draw down. The Board has no current intention of amending this gearing limit.

The Board's intention is that borrowings, over the medium term, should represent approximately 25 per cent. of the Group's gross assets at the time of draw down although it may exceed this intended level in the short term as borrowings are incurred to finance the growth of the Property Portfolio.

THR1 and its subsidiaries have a £70 million committed facility with RBS, repayable on 5 November 2025, comprising a term loan facility of £30 million ("**Facility C**") and revolving credit facilities of £20 million ("**Facility D**") and £20 million ("**Facility E**"). Facilities C and D have been fully drawn down. In addition the Group has a twelve year £50 million committed term loan facility with ReAssure, which is repayable on 12 January 2032 and which has been fully drawn down.

Furthermore, the Group entered into the HSBC Facility Agreement with HSBC on 29 January 2018, which was then subsequently amended and restated on 1 March 2019 and 5 November 2020. The HSBC Facility consists of a £100 million three year committed revolving credit facility, which has two one-year extension options subject to lender consent, of which £62 million has been drawn. The Group intends to use available cash together with undrawn debt under the HSBC Facility and Facility E under the RBS Facility to finance the acquisition of the assets that are progressing through the diligence process should they meet the Group's criteria and return profile.

As at 31 December 2020, the Group's loan-to-value ("**LTV**") using net debt (total gross debt less cash, as a proportion of gross property value) was 22.2 per cent. and its gross LTV (total gross debt as a proportion of gross property value) was 25.0 per cent.

THR1 and its subsidiaries have entered into an interest rate swap with NatWest Markets plc in relation to £30 million of the term loan facilities provided to them under the RBS Facility Agreement, which is documented in the form of market standard ISDA documentation. The ReAssure Facility carries a fixed interest rate and there is no current intention to enter into any interest rate hedging in relation to amounts borrowed under the HSBC Facility.

Capital Structure

Share capital

The share capital of the Company consists solely of Ordinary Shares which are listed on the Official List and traded on the Main Market. At any general meeting of the Company each Shareholder will have on a show of hands one vote and on a poll one vote in respect of each Ordinary Share held.

Further issues of Ordinary Shares

The Listing Rules and the Articles confer rights of pre-emption in respect of the allotment and issue of the Ordinary Shares. At the General Meeting of the Company to be held on 1 March 2021 Shareholders are being asked to approve the allotment of and the disapplication of the pre-emption rights in relation to the allotment of up to 150 million Ordinary Shares in relation to the Initial Issues and Placing Programme representing approximately 32.8 per cent. of the number of Ordinary Shares in issue as at 10 February 2021 (being the latest practicable date prior to the publication of this document).

The Subsidiaries

The Company is the ultimate holding company of the Group. The Company has 48 direct or indirect subsidiary companies. The Company holds some of the property assets directly and the rest of the Group's property assets are held through the Subsidiaries. The directors of the Subsidiaries are senior members of the Investment Manager's team save in respect of THRL, THR1, THR12 and THR15 where the directors are the same as those of the Company. The Company is able to control the investment policy of each of the Subsidiaries to ensure that they comply with the investment policy of the Company and the investment restrictions that apply to the Company.

Further subsidiaries and investment structures

Whilst the Subsidiaries are expected to continue to hold the majority of the assets in the Property Portfolio, the structure to be used for any future acquisition of property assets will be reviewed at the time of acquisition and the Group may invest in property assets by means of any structure which is considered to be appropriate in the circumstances of the proposed acquisition. Accordingly, the Company may, without limit, incorporate further subsidiaries or enter into joint venture arrangements to hold property assets or may acquire the share capital of companies, partnership interests in partnerships or units in unit trusts (or similar vehicles) which own one or more properties, all of which would be wholly owned by the Group. The Group will also be permitted to forward fund purchases of properties, make development loans and acquire options over properties.

Duration and continuation vote

As the Company is a long-term investment vehicle it does not have a fixed life. Under the Articles, the Board is obliged to propose a continuation vote at the annual general meeting to be held in 2022 and at every fifth annual general meeting thereafter. If such resolution is not passed, the Board shall, within six months of such meeting, convene a general meeting of the Company at which a special resolution shall be proposed for the winding up of the Company and/or a special resolution shall be proposed for the reconstruction of the Company, provided that any resolution for the reconstruction of the Company shall include an option for Shareholders to elect to realise their investment in the Company in full.

Share buy backs

The Directors have authority to buy back up to 14.99 per cent. of the Ordinary Shares in issue following granting of such authority at the annual general meeting held on 2 December 2020. The Directors seek annual renewal of this authority from Shareholders at each annual general meeting of the Company.

Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing published Net Asset Value of an Ordinary Share (as last calculated) where the Directors believe such purchases will enhance Shareholder value. Such purchases will also only be made in accordance with the Listing Rules which provide that the price to be paid must not be more than five per cent. above the average of the middle market quotations for the Ordinary Shares for the five Business Days before the purchase is made.

The Company may retain Shares which have been bought back to be held as treasury shares for future sale and may cancel any such Shares. It is the intention of the Board that any Shares that might be held in treasury from time to time would only be sold at a price equal to or above the NAV per Share (as determined by the Directors at or shortly before such sale). During the period when the Company holds Shares in treasury, the rights and obligations in respect of those Shares may not be exercised or enforced by or against the Company. The Company may not vote in respect of any Shares whilst they are held in treasury. No dividends (excluding the allotment of any bonus shares) can be declared and no other distribution of the Company's assets (including on a winding-up) can be made on Shares whilst they are held in treasury.

It is unlikely that the Directors will buy back any Ordinary Shares while the proceeds of the Proposals are being invested. Thereafter, any buy back of Ordinary Shares will be made subject to the Companies Act, the Listing Rules and within guidelines established from time to time by the Board (which will take into account the income and cash flow requirements of the Company and the gearing level of the Group) and the making and timing of any buy backs will be at the absolute discretion of the Board.

PART 2

INVESTMENT OBJECTIVE, POLICY AND STRATEGY

Investment objective

The Company'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 Company will pursue 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 Company will also be 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 Company 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 Company. The Directors have no current intention to acquire other healthcare assets or indirect property investment funds. The Company may also acquire or establish companies, funds or other SPVs which themselves own assets falling within the Company's investment policy.

The Company may either invest in assets that require development or that are under development, which when completed would fall within the Company's investment policy to invest in UK care homes and other healthcare assets, including by means of forward funding of developments and forward commitments to purchase completed developments, provided that the Company 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 Company'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 Company's gross asset value and, in any financial year beginning after the Company 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 Company, at the time of investment.

The Company 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 Company's REIT status.

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

Gearing, calculated as borrowings as a percentage of the Group's gross 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 approximately 25 per cent. of the Group's gross assets at the time of drawdown. However, it is expected that Group borrowings will exceed this level from time to time as borrowings are incurred to finance the growth of the Property Portfolio.

Any material change to the investment policy will require the prior approval of Shareholders.

Investment strategy

In building its investment portfolio, the Group has targeted and will continue to target investments in 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;
- patient 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 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. Responsible, sustainable social impact investing forms a core element of the Group’s investment strategy and ESG principles are a key component of the due diligence and investment risk assessment. The Investment Manager considers responsible investment aligned with the United Nations Principles for Responsible Investment (“UNPRI”) and only sources sustainable, high quality assets and tenants who share its values and commitment to high quality care.

The investment approach focuses on:

- 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.

The Group also focuses on a range of potential investments including, *inter alia*, the following:

Single care homes. An operator may have a range of freehold and leasehold homes and be seeking to release cash to restructure its balance sheet or to invest in further homes. The Group would acquire the home and grant a lease to the operator.

Portfolio of care homes. An operator may be looking to undertake a larger scale transaction and to standardise its leasehold arrangements. This has the advantage of deploying capital rapidly and, in the current financial environment, it is expected that there will continue to be a reasonable number of these opportunities.

Forward funding developments. The Investment Manager is able to source these forward funding projects through its contacts and position in the market. These projects provide the Group with the opportunity to invest in new, purpose built care homes which either might not otherwise be available in certain locations and/or in respect of which the Group might not otherwise be able to achieve the same yields on an already built, care home in the same location. The Group will not undertake any Speculative Development and it does not act as a developer. It acquires the sites and funds a developer during the project. The developers are known to the Group as they tend to be operators of care homes. All forward funding

projects are pre-let to future operators and the lease agreement is agreed at the start of the project prior to any development commencing.

Other healthcare assets. Where appropriate the Group may also consider investing 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, specialist schools and hospitals. The Group will only invest in these other types of healthcare assets where they are of a suitable quality and the market dynamics indicate a robust investment opportunity.

Investment process

Asset origination

The Group targets modern purpose built homes, with the aim of “future proofing” the assets against obsolescence and benefiting from the trend of moving away from older, typically converted, care home properties. They also have features such as heat pumps and effective insulation. The Group has always incorporated sustainable and responsible investing principles throughout its investment process. Furthermore, the modern purpose built homes are highly effective in infection control and shielding, while ensuring dignity for residents which has been essential during the COVID-19 Pandemic.

The Group focuses on acquiring residential, dementia and nursing care homes and selective specialist homes.

The Investment Manager typically targets investments in areas that have either surplus demand or a predominance of poorer quality facilities. Cognisance is taken of the local demographic data and areas with potential for a reasonable ratio of private fee payers taking preference. The geographic target area is and will continue to be predominantly the UK.

Sourcing

The Investment Manager’s team has comprehensive links with the operators, agents, private equity investors and developers in the health care sector via a well developed network. The Investment Manager seeks tenants for the Company’s portfolio who share their vision, values and commitment to high quality care. The Company’s positive impact on the UK’s social care sector is at the heart of its investment philosophy. Although there is increased interest in the market for acquiring care homes and other healthcare assets, the Investment Manager is confident that it can continue to source suitable assets, including further forward funding projects, in accordance with the Company’s investment policy and strategy and it already has a pipeline of assets under diligence.

Investment offer and heads of terms

The Investment Manager carries out a high level review of the tenant (the operator and/or the management team) and also reviews the proposed lease structure to ensure that all basic investment criteria are met including whether the asset is likely to deliver appropriate rental cover over time. An outline of the deal is then established and non-binding heads of terms are agreed.

Due diligence procedures

The Investment Manager evaluates all project risks it believes are material to making an investment decision and assesses how those risks are mitigated. The credentials of the tenant management team of a prospective investment are evaluated to assess the reputation and experience of the tenant in respect of the subject investment and its other (if any) business activities, including, but not limited to: other tenancies; freehold assets; and any inspection reports relating to the prospective investment or other businesses of the tenant. Key personnel are also assessed to ensure that they have the relevant background and skills to be successful and there is sufficient dedication of senior staff to the business management of the asset. Where appropriate it complements its analysis through the use of professional third party advisers including valuation and insurance experts, legal advisers etc. These advisers are engaged to conduct due diligence that is intended to provide an additional and independent review of key aspects and risks of a care home or other healthcare asset, providing comfort as to the level of risk mitigation and the care home or other healthcare asset’s ongoing performance.

Regard is also given to, *inter alia*, the operator’s covenant strength and reputation, specification of the accommodation and the nature and standards of care provided.

Investment review

The investment review focuses on the following three key areas of the investment opportunity: revenue, costs and profitability. The Investment Manager analyses the revenue capabilities of an investment opportunity which is driven by the type of case the asset is designed for (e.g. nursing care, residential care, dementia, elderly, mentally infirm), the occupancy rate of the asset, the fee rate per bed (which includes an analysis on the current trends and forecasts) and more widely by the demographics which underpin the balance between supply and demand and includes a review of competing assets in the immediate area. The Investment Manager also carries out a cost breakdown and an analysis which involves identifying tenants who are likely to operate the most successful business. The components to such a cost breakdown are: (i) direct costs which include staffing (approximately 50 per cent. of revenue), food, cleaning and medical supplies; and (ii) indirect costs which include utilities and insurance, repairs and maintenance, service contracts, contracted cleaning services, equipment rental, telephone, administration, staff expenses and legal and professional fees. Typically total overheads, in addition to staff costs, are approximately 18 per cent. of revenue. The Investment Manager analyses the investment opportunity's business model to determine whether the stated revenue and costs are appropriate, can be better managed or are being manipulated. The review also focuses on the profitability of the business (which is often analysed by reference to EBITDARM and EBITDAM) and how its rental cover directly impacts the investment yield of the asset and portfolio as a whole as the Investment Manager typically targets the tenant's EBITDAR to cover the rent by approximately 1.6 times in relation to non specialist care homes. The Investment Manager believes that there is continued stability of average rental cover across the Existing Portfolio. The Investment Manager typically runs a bottom up approach to the investment proposal presented and undertakes a sensitivity analysis. The investment opportunity is reviewed in the light of the competing homes in the area (with due cognisance being given to any relevant planning applications which might impact upon the business of the target care home). A desk top inspection is also initially carried out, together with a physical inspection of the area, and due diligence is also carried out on the key homes which the Investment Manager considers compete with the investment opportunity.

Where there is an opportunity to look at a portfolio of assets, the Investment Manager will review the assets and asset plans with the senior managers of the tenant business and undertake tours of the assets. This process can be highly revealing in respect of the operator's depth of knowledge of a market and the specific strategy it has in respect of the individual assets. Wherever possible, the Investment Manager liaises informally with the care home personnel of the manager of the tenant business to gain an additional perspective.

Investment monitoring

The Investment Manager takes an active approach to on-going monitoring and performance forecasting 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 regular site visits, at least every six months, on the properties that the Group owns. During the COVID-19 Pandemic, the Investment Manager has been having regular calls with the Group's tenants. Since March 2020, the Investment Manager has made over 1,000 calls to the care homes and operators within its portfolio providing the Company's tenants with support as well as gathering vital information. This relationship that the Investment Manager has with the Group's tenants, which goes beyond the classic landlord role, adds real value to the rental covenant.

The forward funding projects are carefully monitored by the Investment Manager and the progress of the development is reviewed prior to each payment instalment date. In accordance with the terms of any forward funding agreement, the Group only makes a payment instalment to the designated project's, and not the developer's, bank account once the prescribed development stage and/or criteria has been certified by surveyors.

PART 3

DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATION OF THE COMPANY

Directors

The Board comprises five Directors, all of whom are non-executive and independent of the Investment Manager. The Directors are responsible for the determination of the Company's investment policy and the overall supervision of the Company. The Directors are as follows.

Malcolm Naish (Chairman) Mr Naish has over 40 years' of real estate experience, having qualified as a Chartered Surveyor in 1976, most recently from his role as Head of Property at Scottish Widows Investment Partnership ('SWIP') from 2007 to 2012 where he had responsibility for a multi-billion pound portfolio of commercial property assets. He has listed company board experience via his roles as chairman of Ground Rents Income Fund PLC and as non-executive director of GCP Student Living PLC. Mr Naish was Chairman of the Scottish Property Federation for 2010/2011 and holds a number of advisory roles in the private and charity sectors.

Prof. June Andrews OBE Professor Andrews is a Fellow of the Royal College of Nursing and a world-renowned dementia specialist. She set up and directed the Centre for Change and Innovation in the Scottish Executive Health Department and was the director of the Dementia Services Development Centre at the University of Stirling. Professor Andrews is a former trade union leader, NHS manager and senior civil servant and is a former director of Anchor Trust.

Gordon C. Coull Mr Coull is a qualified chartered accountant and, prior to his retiral in 2011, was a senior partner in the financial services practise of Ernst & Young LLP. As an audit and advisory partner he specialised in asset management, working with a range of asset managers and their funds, both in the UK and Europe. He has board experience as a non-executive director of Cornelian Asset Managers until early 2020 and as a former member of the audit committee of the Universities Superannuation Scheme, one of the UK's largest pension funds. He is the Chairman of the Company's audit committee.

Alison Fyfe Ms Fyfe is a highly experienced property professional with 35 years of experience in surveying, banking and property finance. Having trained and worked as a commercial surveyor with Knight Frank in both London and Edinburgh, she joined the Royal Bank of Scotland in 1996 to specialise in property finance. Over a period of 19 years with the bank she fulfilled several senior property finance roles, ultimately serving for five years as Head of Real Estate Restructuring in Scotland before leaving the bank in 2015. She has subsequently acted as a director of a number of companies in the property and debt finance sectors whilst also continuing to undertake property finance consultancy work. Ms Fyfe is a member of the Royal Institution of Chartered Surveyors, a member of the Investment Property Forum and a former Policy Board member of the Scottish Property Federation.

Thomas J. Hutchison III Mr Hutchison has significant experience within real estate operations and investment, having held senior roles across each of the senior housing, hotels, hospitality and financial services sectors. Mr Hutchison is the principal founder of Legacy Hotel Advisors, LLC and Legacy Healthcare Properties, LLC where he served as the chairman of both companies. He held several key executive positions over a seven year period at CNL Financial Group, Inc. – one of the largest, privately held real estate investment and finance companies in the US. Mr Hutchison is currently a director for Hersha Hospitality Trust, Marriott Vacations Worldwide Corporation, Trinity Forum Europe and Alexander Arms and is a former director for ClubCorp, Inc. Mr Hutchison is also a member of The Real Estate Roundtable and the Leadership Council for Communities in Schools. He serves as a senior adviser to various service industry public companies.

Corporate governance

As the Company's Ordinary Shares are listed on the premium segment of the Official List it is required to comply with all of the relevant provisions of the UK Corporate Governance Code ("UK Code") issued by the Financial Reporting Council in July 2018 or it must explain any non compliance in its annual reports and accounts.

The Board also considers and reports against the Principles and Provisions of the Association of Investment Companies' Code of Corporate Governance ("**AIC Code**") which has been endorsed by the Financial Reporting Council, as it believes it provides more relevant information to shareholders.

The Board therefore meets its obligations in relation to the UK Code by complying with the Principles and Provisions of the AIC Code.

Independence

The Board consists solely of non-executive Directors of which Mr Naish is Chairman. All of the Directors are considered by the Board to be independent of the Investment Manager. Although there is ongoing consideration of succession planning, the Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, (subject to the re-election requirements set out in the Articles) no limit on the overall length of service of any of the Directors, including the Chairman, has been imposed. New Directors will receive an induction from the Investment Manager and Administrator on joining the Board and all Directors will receive other relevant training as necessary.

Appointment, re-election and remuneration of Directors

Directors are selected and appointed by the nomination committee which comprises the full Board. It is chaired by Ms Fyfe. The nomination committee is therefore responsible for reviewing the size, structure and skills of the Board and considering whether any changes are required or new appointments are necessary to meet the requirements of the Company's business or to maintain a balanced Board.

The Articles require that Directors submit themselves for re-election at least every three years. However, in accordance with the recommendations of the AIC Code and the UK Corporate Governance Code the Board has agreed that all Directors retire annually and, if appropriate, seek re-election. In addition, the Board has agreed that any Director with more than nine years' service will be required to stand for re-election at each annual general meeting. Further details are given at paragraph 6 of Part 10 of this document.

Board and Directors' performance appraisal

The performance of the Board committees and individual Directors is evaluated through an assessment process, led by the Chairman. This process involves the completion of questionnaires tailored to suit the nature of the Company, discussions with individual Directors and individual feedback from the Chairman to each of the Directors. The evaluation of the Chairman is led by the Senior Independent Director (Mr Hutchison) in consultation with the other Directors. Every third year the evaluation process is carried out by an external consultant.

The audit committee

Mr Coull is the chairman of the Company's audit committee which comprises the full Board. The audit committee meets at least twice a year. The duties of the audit committee include considering and recommending to the Board for approval the contents of the half yearly and annual financial statements, and providing an opinion as to whether the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy. In discharging its responsibilities the audit committee reviews the Company's accounting policies, the annual and half-yearly accounts, the system of internal controls and the terms of appointment, re-appointment, removal and remuneration of the external auditor. It is also the forum through which the external auditor reports to the Board. The objectivity of the external auditor is reviewed by the audit committee, which also reviews the terms under which the external auditor is appointed to perform non-audit services ensuring there is prior approval of non-audit services. The audit committee also reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to non-audit fees.

The management engagement committee

Mr Naish is the chairman of the Company's management engagement committee which comprises the full Board. The management engagement committee reviews the appropriateness of the Investment Manager's continuing appointment, together with the terms and conditions thereof, on a regular basis. It

also reviews the terms and quality of service received from other significant service providers on a regular basis.

The investment committee

The investment committee comprises the full Board. It is chaired by Mr Naish. The investment committee reviews each investment paper prepared by the Investment Manager and is responsible for authorising all purchases and sales within the Company's portfolio.

The remuneration committee

Ms Fyfe chairs the remuneration committee which comprises the full Board. The role of the remuneration committee is to design remuneration policies and practices to support the Group's strategy and to promote its long-term sustainable success.

Each of the committees have written terms of reference which are reviewed at least annually and which clearly define their responsibilities and duties.

The Investment Manager

Target Fund Managers Limited is the Company's investment manager. TFML comprises a team of experienced individuals, with expertise in the operation of and investment in healthcare property assets. They also have an 11 year track record of successful investment in funds within the UK. This team is focussed on care for the elderly and driving up the standards of such care across the sector through directed investment in best-in-class facilities and care provision, delivering stable income. As at 10 February 2021 (being the latest practicable date prior to the publication of this document), the Investment Manager has approximately £800 million of assets under management and manages the investment of 97 care homes across the UK. The Investment Manager is authorised and regulated by the FCA.

In its capacity as investment manager of the Company, the Investment Manager is responsible for the property management of the assets of the Group including the sourcing of new care homes and healthcare assets in the UK, the collection of rent and implementing the agreed property management strategy including maximising rental income at rent reviews, negotiating longer leases, instructing agents to re-let premises at lease expiry and where appropriate refurbishment to increase rental income or capital values. Furthermore, the Investment Manager has ongoing dialogue with the Company's tenants at every level of their organisation. Prior to the COVID-19 Pandemic, the Investment Manager would visit every care home in the Company's portfolio at least every six months. Since March 2020 over 1,000 calls have been made to the care homes and operators across the portfolio. As well as gathering vital information for the operational performance of the Group, these open channels of communication enable the Investment Manager to share information on government policy development and wider market updates as well as sharing expert operational skills and extensive senior management experience if requested. This relationship with tenants who share the same strong core ethos as the Investment Manager, adds real value to the rental cover.

The key personnel who are responsible for managing the portfolio are as follows.

Kenneth MacKenzie MA CA is the founder and Chief Executive of TFML. He is a Chartered Accountant with over 40 years of business leadership experience with the last 16 in healthcare. In addition to his responsibilities as TFML's chief executive, Kenneth leads the creation and management of TFML's client funds and oversees fundraising and investor liaison for the Group. In 2005, he led the acquisition of Independent Living Services (ILS), Scotland's largest independent domiciliary care provider. Kenneth grew this business by acquisition and put in place a new senior management team before exiting via a disposal to a private equity house. Prior to his involvement with ILS, Kenneth negotiated the proposed acquisition of a UK independent living business in a joint venture with the large US care home operator, Sunrise Senior Living. Prior to his involvement in the healthcare sector, Kenneth has owned businesses in the publishing, IT, shipping and accountancy sectors and he holds a number of pro-bono charitable roles.

John Flannelly BAcc FCA is Head of Investment at TFML. He is a Chartered Accountant with over 20 years' experience, the last 15 of which have been in real estate investment management. John has primary responsibility for investment activity across the TFML business. John has been involved in the

appraisal of several hundred care home opportunities resulting in the acquisition of circa 90 properties for those client funds. Prior to joining TFML, during his time as investment director for an institutional investor, John held board positions at a UK top-10 care home operator and a care home development business. John started his career at Arthur Andersen where he worked on audits, financial due diligence and corporate finance projects before moving to the Bank of Scotland initially to structure finance packages for management buy-outs and latterly to a role in real estate investment management.

Andrew Brown is Head of Healthcare at TFML. His primary responsibilities include inspecting properties owned by TFML's client funds as well as prospective acquisitions during due diligence. As part of this role he usually visits around 100 care homes a year. TFML's in-house demographic and market analysis is performed by his team. Andrew has spent most of his life in the senior care sector. Prior to his current role he and his family developed one of the largest and most unique continuing care retirement communities in the UK, Auchlochan Trust. Andrew has played the role of developer, builder and operator of care homes resulting in a community of approximately 350 care beds, almost 100 retirement properties and a staff of over 300. These facilities included both residential care homes and nursing homes and Andrew was directly responsible for operations. Auchlochan Trust was also involved in Trinity Care plc as an investor.

Scott Steven is Head of Asset Management at TFML. Scott joined TFML in 2017 from Lloyds Banking Group. Prior to joining TFML, Scott has been responsible for a number of Lloyds Bank's lending to large property groups including care home operators. During 2018, Scott took over the Head of Asset Management role at TFML, and holds responsibility for tenant engagement and portfolio decision making with a team of healthcare and asset management professionals.

Gordon Bland BAcc CA is Finance Director at TFML. He is a Chartered Accountant with extensive experience of financial reporting within the asset management industry. He provides financial input to the strategic and commercial activities of the senior team, and leads the finance function where his key responsibilities include: financial planning and analysis; risk management; ownership of relationships with debt providers, Treasury services; and financial reporting to Shareholders. Gordon previously worked at PricewaterhouseCoopers for almost ten years serving asset management and financial services clients in the UK, Canada and Australia.

Donald Cameron BCom CA is Company Secretary and Director of Financial Reporting at TFML. He is a Chartered Accountant with more than 15 years' experience of financial reporting and company secretarial services within the closed-ended investment company sector. Having originally qualified with Deloitte LLP, he then worked for over ten years in the Investment Trust Company Secretarial team at F&C Asset Management (now known as BMO Asset Management), acting for both property and equity investment companies. He is responsible for providing company secretarial services to the Board and for statutory financial reporting. He joined TFML in 2019, having provided similar services to the Group for over three years whilst working for Maitland Group, a third-party provider of corporate secretarial and administration services.

Investment Management Agreement

The Company and the Investment Manager entered into the Investment Management Agreement under which the Investment Manager was appointed with responsibility for the property management of the Company's assets, subject to the overall supervision of the Directors. The Investment Manager will manage the Company's investments in accordance with the policies laid down by the Board and in accordance with the investment restrictions referred to in the Investment Management Agreement.

Pursuant to the Investment Management Agreement the Company will pay the Investment Manager 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.

The Investment Management Agreement may be terminated by any party giving to the other not less than 24 months' written notice, provided that the earliest that notice may be served is 30 April 2021. Further, the Company may terminate the Investment Management Agreement at any time by paying the

Investment Manager a *pro rata* annual management fee as compensation in lieu of such notice. The Investment Management Agreement may also 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.

Each of THR1, THR12 and THR15 are wholly owned indirect subsidiaries of the Company and are (along with certain of their subsidiaries) the borrowers in relation to the RBS Facility, the ReAssure Facility and the HSBC Facility respectively. Each of these borrowers and their subsidiaries are subject to separate investment management agreements specific to their group and they all have broadly similar terms as the Investment Management Agreement.

UK AIFMD Laws

The Investment Manager is authorised and regulated by the FCA and has permission to act as an AIFM under the UK AIFMD Laws. It is responsible for providing discretionary portfolio management and risk management services to the Company.

Conflicts of interest

The Investment Manager and its officers and employees are involved in other financial, investment or professional activities, that may on occasion give rise to conflicts of interest with the Company. The Investment Manager is required to have regard to its obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients or funds, should potential conflicts of interest arise.

The Investment Manager also has in place an allocation policy to ensure that it is able to resolve fairly any potential conflicts between the funds that it manages. The Investment Manager is required to use reasonable efforts to ensure that the Company has the opportunity to participate in potential investments identified by the Investment Manager that fall within the Company's investment objective and policy on the best terms reasonably obtainable at the relevant time having regard to the interests of the Company. In so doing the Investment Manager is required to take into account the available asset opportunities for each of its funds in the light of the stated geographic and tenant concentration policies and the level of uninvested cash held by each of them. The Investment Manager is required to use reasonable efforts to allocate an investment opportunity to the fund whose investment criteria most closely matches the investment opportunity. In the event that more than one fund's investment criteria most closely matches the available investment opportunities such opportunities are required to be shared between the Company and the other fund on a fair basis *pro rata* to their funds available for investment. If both funds have the same amount of capital available, single assets will be offered to each fund alternately.

Depositary

The Depositary carries out the core duties under Article 21(7), (8) and (9) of the EU AIFM Directive and the UK AIFMD Laws in respect of the Company which include oversight of cash management and general oversight of the Company's portfolio.

Administration and secretarial arrangements

Target Fund Managers Limited is appointed as company secretary and administrator to the Company and other members of the Group pursuant to the Administration and Secretarial Agreement.

Pursuant to the Administration and Secretarial Agreement the Company will pay the Administrator a fee of £121,285 per annum (plus VAT if applicable) payable quarterly in arrears. The fee shall be recalculated and increased or decreased on 1 July each year by the amount reasonably determined by the Administrator as the amount of (i) in the case of an increase (expressed as a percentage amount) the higher of the increase in the Retail Prices Index and the increase in the Consumer Prices Index published by the UK Office for National Statistics or (ii) in the case of a decrease (expressed as a percentage amount), the lower of the decrease in the Retail Prices Index and the decrease in the Consumer Prices Index over the preceding twelve month period.

The Administration and Secretarial Agreement can be terminated by the Company or the Administrator on six months' written notice. The Administration and Secretarial Agreement may also be terminated immediately upon the occurrence of certain events, including insolvency of either party or if the Company

or Administrator commits a material breach of the agreement which has not been remedied within 30 days of request to do so by the other party.

Solicitors appointed by the Company hold the Group's property deeds on behalf of the Company.

Net Asset Value calculation and publication

The properties acquired by the Group are valued by the Valuer quarterly in accordance with the RICS Valuation – Global Standards incorporating the International Valuation Standards, 31 January 2020 (the “**Red Book Global**”). The Net Asset Value attributable to the Ordinary Shares is published quarterly based on the most recent valuation of the Property Portfolio and in accordance with IFRS and EPRA. The Net Asset Value is calculated by the Investment Manager and published through a Regulatory Information Service as soon as practicable after the end of the relevant quarter.

The calculation of the NAV per Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

Shareholder meetings, reports and accounts of the Company

The Company holds an annual general meeting each year and the Company's annual report and accounts are prepared up to 30 June each year and copies are sent to Shareholders by the following October. Shareholders will also receive an unaudited half yearly report covering the six months to 31 December each year, expected to be despatched by the following March.

Both of these documents and the quarterly reports prepared by the Company will include information set out in a clear and understandable way regarding the Company's approach to liquidity, risk and leverage.

Accounting policies

The audited accounts of the Company are prepared under IFRS which the Directors believe is an acceptable body of generally accepted accounting practice. Financial statements prepared by the Company in accordance with IFRS include a consolidated statement of comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity and a consolidated statement of cash flow.

Gains/losses on investments within the consolidated statement of comprehensive income show the movement in fair value of the investment properties and any gains/losses on disposals of investment properties.

The Group's management and administration fees, finance costs and all other expenses are charged through the consolidated statement of comprehensive income. Costs directly relating to the issue of New Shares will be charged to the Company's share premium account.

Annual expenses

The principal annual expenses of the Company are the fees payable to the Investment Manager, the Valuer, the Depositary, the Company's other advisers and the Directors. The Company also incurs regulatory fees, insurance costs, professional fees, audit fees and other expenses. The total expenses of the Company for the year ending 30 June 2021 are estimated to be approximately £7.6 million (inclusive of irrecoverable VAT, assuming £50 million is raised pursuant to the Proposals and excluding any costs relating to the equity issuance, debt arrangements or acquisitions of properties).

PART 4

THE INITIAL ISSUES

Introduction

The Initial Issues will consist of an Initial Placing, Offer for Subscription and Intermediaries Offer. Under the Initial Issues the Company is targeting to raise £50 million. The Initial Issues Price is 111.0 pence which represents a premium of 2.6 per cent. to the NAV per Share as at 31 December 2020.

The combination of the Initial Placing, Offer for Subscription and Intermediaries Offer provides the Company with the flexibility to raise the desired quantum of equity capital and the opportunity for existing and new investors to subscribe through the Initial Placing, Offer for Subscription and Intermediaries Offer.

The New Shares issued pursuant to the Initial Issues will rank *pari passu* in all respects with the Existing Shares (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Shares).

As at the date of this document the actual number of New Shares to be subscribed under each of the Initial Placing, Offer for Subscription and Intermediaries Offer (and, therefore, the gross proceeds of the Initial Issues) is not known. The maximum number of New Shares available under the Initial Issues should not be taken as an indication of the number of New Shares finally to be issued.

The Company intends to use the net proceeds of the Initial Issues to acquire the Imminent Acquisition Assets and/or the Pipeline Assets and other assets in accordance with the Company's investment policy. Immediately following Admission, the net proceeds of the Initial Issues will be used to reduce interest costs by temporarily repaying some of the Company's revolving credit facilities whilst the diligence process completes on these acquisitions. Thereafter, as these revolving credit facilities are drawn to fund the acquisitions at completion, overall drawn debt levels will be consistent with the Company's stated gearing targets. In the event that the acquisition of any of the properties constituting the Imminent Acquisition Assets and/or the Pipeline Assets fails to complete, the Company intends to proceed with the issue of New Shares under the Initial Issues and will invest the proceeds in the remaining Imminent Acquisition Assets and/or Pipeline Assets and other UK care homes and healthcare assets predominantly in the UK, that are in line with the Company's investment policy. The Investment Manager has, for example, also identified and started initial due diligence on a number of further potential assets that are in line with the Company's investment policy, including direct and indirect property assets.

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to Admission of the New Shares issued pursuant to the Initial Issues, the Company will publish a supplementary prospectus. Any supplementary prospectus published will give details of the significant change(s) or the significant new matter(s).

Conditions to the Initial Issues

The Initial Issues, which are not underwritten, are conditional, *inter alia*, on:

- (i) Shareholders approving the ordinary resolution to allot up to 150 million New Shares and the special resolution to disapply the pre-emption rights attaching to the issue of such New Shares in relation to the Initial Issues and Placing Programme at the General Meeting;
- (ii) the Placing Agreement becoming wholly unconditional (save as to Initial Admission) and not having been terminated in accordance with its terms prior to Initial Admission; and
- (iii) Initial Admission occurring by 8.00 a.m. on 31 March 2021 (or such later date as the Company and the Placing Agent may agree not being later than 30 June 2021).

The Initial Issues will only become effective if all of the conditions referred to above are satisfied or waived (as the case may be in respect of condition (ii) above) on or before 31 March 2021 (or such later date as the Company and the Placing Agent may agree not being later than 30 June 2021). If the conditions are not met, the Initial Issues will not proceed and, in such an event, subscription monies will be returned without interest at the risk of the applicant to the bank account from which the money was received.

The Initial Placing

Stifel has conditionally agreed under the Placing Agreement to use its reasonable endeavours to procure Placees for New Shares at the Initial Issues Price of 111.0 pence pursuant to the Initial Placing. Details of the Placing Agreement are set out in paragraph 8 of Part 10 of this document.

The total number of New Shares issued under the Initial Placing will be determined by the Company and the Placing Agent, after taking into account demand for the New Shares, prevailing market conditions, the estimated acquisition costs of properties that the Investment Manager has identified as being suitable for purchase by the Company and the length of time it would be likely to take to invest the proceeds.

The Initial Placing will close at 11.00 a.m. on 25 February 2021 (or such later date as the Company, the Investment Manager, the Sponsor and the Placing Agent may agree). If the Initial Placing is extended, the revised timetable will be notified via an RIS.

Commitments under the Initial Placing, once made, may not be withdrawn without the consent of the Directors.

Subscriber warranties

Each subscriber for New Shares in the Initial Placing will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgments and agreements set out in paragraph 4 in Part 11 of this document.

The Company, the Investment Manager, the Placing Agent and their respective directors, officers, members, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made or deemed to have been made by the investor are no longer accurate or have not been complied with the investor must immediately notify the Company.

The Offer for Subscription

The Directors are also proposing to offer New Shares under the Offer for Subscription. The Offer for Subscription is being made in the UK only but subject to applicable laws the Company may issue and allot New Shares on a private placement basis to applicants in other jurisdictions. The public generally (unless they are located or resident outside the UK) may apply for New Shares through the Offer for Subscription.

Applicants under the Offer for Subscription must specify a fixed number of New Shares for which they wish to apply at the Initial Issues Price being 111.0 pence. The aggregate subscription price is payable in full on application. Individual applications must be for a minimum of £1,000 and applications in excess of that amount should be made in multiples of £100, although the Board may accept applications below the minimum and multiple amounts stated above in their absolute discretion. Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted.

The New Shares will be a qualifying investment for the stocks and shares component of an ISA, provided they are acquired by an ISA plan manager pursuant to the Offer for subscription. The opportunity to invest in New Shares through an ISA is restricted to certain UK resident individuals aged 18 or over and subject to applicable annual subscription limits (£20,000 for the 2020/21 tax year). A disposal of Ordinary Shares in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in the relevant tax year.

Shares in equities listed on the Main Market, such as the Company, only qualify for the stocks and shares component of an ISA where the investments of the REIT themselves continue to meet certain tests laid down by law. The intention of the Directors is to manage the Company in a way which will allow the Ordinary Shares to qualify as ISA investments.

The procedure for, and the terms and conditions of, application under the Offer for Subscription and an Application Form for use under the Offer for Subscription are set out at the end of this document.

To be valid, completed Application Forms and payment in full in relation to the Offer for Subscription must be received by Computershare by no later than at 11.00 a.m. on 24 February 2021. Commitments under the Offer for Subscription, once made, may not be withdrawn without the consent of the Directors.

The Intermediaries Offer

Investors may subscribe for New Shares at the Initial Issues Price pursuant to the Intermediaries Offer. Only the Intermediaries' retail investor clients in the United Kingdom are eligible to participate in the Intermediaries Offer. Under the Intermediaries Offer, members of the general public in the United Kingdom may be eligible to apply for New Shares through the Intermediaries, by following their relevant application procedures, by no later than 11.00 a.m. on 24 February 2021.

Individuals who are aged 18 or over, companies and other bodies corporate, partnerships, trusts, associations and other unincorporated organisations are permitted to apply to subscribe for or purchase New Shares under the Intermediaries Offer. Individuals aged between 16 and 18 may apply to subscribe for New Shares under the Intermediaries Offer through an Intermediary only if such New Shares are to be held in a Junior ISA. Only one application for New Shares may be made for the benefit of any one person under the Intermediaries Offer. Underlying Applicants are responsible for ensuring that they do not make more than one application under the Intermediaries Offer (whether on their own behalf or through other means, including, but without limitation, through a trust or pension plan). Intermediaries may not make multiple applications on behalf of the same person.

There is a minimum application amount of £1,000 per retail investor under the Intermediaries Offer. There is no maximum application amount under the Intermediaries Offer. No New Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom, except in certain limited circumstances and with the consent of the Board, the Sponsor, the Placing Agent and the Investment Manager. Applications under the Intermediaries Offer must be by reference to the total monetary amount the applicant wishes to invest and not by reference to a number of New Shares or the Initial Issues Price.

An application for New Shares under the Intermediaries Offer means that the applicant agrees to acquire the relevant New Shares at the Initial Issues Price. Each applicant must comply with the appropriate money laundering checks required by the relevant Intermediary. Where an application is not accepted or there are insufficient New Shares available to satisfy an application in full, allocations of New Shares may be scaled down to an aggregate value which is less than that applied for. The relevant Intermediary will be obliged to refund the applicant as required and all such refunds will be in accordance with the terms provided by the Intermediary to the applicant. Neither the Company, the Investment Manager, the Registrar, the Sponsor nor the Placing Agent accept any responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Each Intermediary has agreed, or will on appointment agree, to the Intermediaries Terms and Conditions (further details of which are set out in Part 13 of this document), which regulate, *inter alia*, the conduct of the Intermediaries Offer on market standard terms, and may provide for the payment of commission to any Intermediary. Under the Intermediary Terms and Conditions, in making an application, each Intermediary will also be required to represent and warrant, among other things, that it is not located in the United States and is not acting on behalf of anyone located in the United States. Under the Intermediaries Offer, the New Shares will be offered outside the United States only in offshore transactions as defined in, and in reliance on, Regulation S.

In addition, the Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom, subject to the terms of the Intermediaries Terms and Conditions. Any such materials, information or advice are solely the responsibility of the Intermediaries and will not be reviewed or approved by the Company, the Investment Manager, the Sponsor or the Placing Agent. Any liability relating to such documents will be for the Intermediaries only. Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent. If a retail investor asks an Intermediary for a copy of this document in printed form, that Intermediary must send (in hard copy or via an email attachment or web link) this document to that retail investor at the expense of that Intermediary.

Intermediaries are required to provide the terms and conditions of the relevant offer made by the Intermediary to any prospective investor who has expressed an interest in participating in the

Intermediaries Offer. Allocations of New Shares under the Intermediaries Offer will be at the absolute discretion of the Company (in consultation with the Investment Manager, the Sponsor and the Placing Agent). The publication of this document and any actions of the Company, the Investment Manager, the Sponsor, the Placing Agent, the Intermediaries or other persons in connection with the Initial Issues should not be taken as any representation or assurance as to the basis on which the number of New Shares to be offered under the Intermediaries Offer or allocations within the Intermediaries Offer will be determined and all liabilities for any such action or statement are hereby disclaimed by the Company, the Investment Manager, the Sponsor and the Placing Agent. The Intermediaries will be notified by the Receiving Agent as soon as reasonably practicable after allocations are decided. The relevant Intermediaries notification will be sent by email to each Intermediary separately and shall specify: (i) the aggregate number of New Shares allocated to, and to be acquired by, the relevant Intermediary (on behalf of the relevant retail investors); (ii) if applicable, the basis on which the relevant Intermediary should allocate New Shares to retail investors on whose behalf the Intermediary submitted applications; and (iii) the total amount payable by the Intermediary in respect of such New Shares.

Pursuant to the Intermediaries Terms and Conditions, each Intermediary has undertaken to make payment on their own behalf (and not on behalf of any other person) of the consideration for the New Shares allocated to it under the Intermediaries Offer at the Initial Issues Price to the Registrar (acting as settlement agent to the Intermediaries Offer) by means of the CREST system against delivery of the New Shares on the date of Initial Admission. Each Intermediary acknowledges that none of the Company, the Investment Manager, the Sponsor or the Placing Agent will have any liability to the Intermediary or any retail investor for any such other information or representation not contained in this document or any such supplement thereto published by the Company prior to the relevant Admission.

The results of the Initial Issues

The Placing Agent, following consultation with the Company and the Investment Manager, will determine the identity of successful applicants and Placees in the Initial Placing. The Company will notify investors of the number of New Shares in respect of which their application under the Offer for Subscription has been successful and the Receiving Agent will notify investors of the number of New Shares in respect of which their application under the Intermediaries Offer has been successful.

The final results of the Initial Issues, including details of any scaling back, will be announced via an RIS by no later than close of business on 26 February 2021.

Admission and dealings

Applications will be made to the FCA for admission of the New Shares to the premium segment of the Official List. Application will also be made for the New Shares to be admitted to trading on the Main Market of the London Stock Exchange. It is expected that Initial Admission will become effective and that unconditional dealings in the New Shares will commence on the Main Market at 8.00 a.m. on 3 March 2021.

The New Shares will be issued in registered form and may be held in certificated or uncertificated form. The New Shares allocated will be issued through the CREST system unless otherwise stated. The New Shares will be eligible for settlement through CREST with effect from Initial Admission. It is expected that definitive certificates in respect of the New Shares will where requested or required by law, be dispatched during the week commencing 8 March 2021. Temporary documents of title will not be issued. Pending dispatch of such certificates, transfers will be certified against the Company's register of members.

The Company will arrange for CREST to be instructed to credit the appropriate CREST accounts of the applicants concerned or their nominees with their respective entitlements to the New Shares. The names of applicants or their nominees that invest through their CREST accounts will be entered directly on to the share register of the Company.

Dealings in the New Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The New Shares will be denominated in sterling.

Transfer

The transfer of the New Shares outside the CREST system should be arranged directly through the Registrar by completing and lodging an appropriate stock transfer form. However, an investor's beneficial holding held through the CREST system may rematerialise, in whole or in part, only upon the specific request of a beneficial owner to CREST through submitting a stock withdrawal form for share certificates or an uncertificated holding in definitive registered form.

If an applicant or transferee requests New Shares to be issued in certificated form and is holding such New Shares outside CREST, a share certificate will be despatched either to it or its nominated agent (at its own risk) within ten days of completion of the registration process or transfer, as the case may be, of the New Shares. Investors holding a definitive certificate may elect at a later date to hold their New Shares through CREST.

Scaling back

In the event that the Directors and Investment Manager believe that there are sufficient assets available and suitable for investment, the Directors may increase the size of the Initial Issues by reallocating New Shares from the Placing Programme.

In the event that the number of New Shares applied for under the Initial Placing, Offer for Subscription and Intermediaries Offer results in the Company receiving net proceeds which are significantly in excess of the size of the Initial Issues then it would be necessary to scale back such applications. In such event New Shares will be allocated, as far as reasonably possible, so that applications from existing Shareholders are given priority over other applicants, and, where applicable, with a view to ensuring that existing Shareholders are allocated such percentage of New Shares as is as close as possible to their existing percentage holding of Ordinary Shares. The final results of the Initial Issues and any scaling back will be announced via an RIS.

Costs and expenses

The costs and expenses of the Proposals payable by the Company including any fees and commissions payable to the Placing Agent, the fees payable to professional advisers and other related expenses, are expected to be approximately £3.6 million (on the assumption that the Initial Issues and Placing Programme are fully subscribed and 150 million New Shares are issued at the Initial Issues Price and including the fees payable to the Placing Agent).

For illustrative purposes only, if the maximum number of New Shares available for issue under the Proposals are issued at the Initial Issues Price, being 111.0 pence, approximately £166.5 million would be raised and the net proceeds available for investment by the Company (assuming all variable costs including commission and admission fees are at the maximum level expected) would be approximately £162.9 million.

Commissions

The Placing Agent will be entitled to a commission payable by the Company in connection with monies raised by it under the Initial Placing and Placing Programme. No commissions are payable by the Company to Placees under the Initial Placing and Placing Programme.

Dilution

On the assumption that 45 million New Shares are issued pursuant to the Initial Issues, an existing Shareholder who does not subscribe for any New Shares will suffer dilution of approximately 9.0 per cent. to his percentage shareholding in the Company as a result of the Initial Issues.

The Initial Issues Price has been set by the Board at a premium to the most recent NAV per Share. The premium is intended to cover the direct costs of the Initial Issues and also takes into account the prevailing price of the Existing Shares in the market. However, it is likely that, assuming full market standard costs of acquiring properties, the premium to NAV at which the Initial Issues Price is set will not necessarily cover the full costs of the Initial Issues and the costs associated with acquiring properties. The Net Asset Value per Share could therefore be reduced to the extent such costs are not covered.

Typical investor

The Directors believe that the profile of a typical investor in the Company is an institution, sophisticated investor or professionally advised retail investor who is seeking income and capital growth from investing in a diversified portfolio of healthcare homes and other healthcare assets in the UK and who understands and accepts the risks inherent in the Company's investment policy.

Overseas investors

The Ordinary Shares have not been, nor will be, registered under the US Securities Act or under the securities legislation of any state or other political sub-division of the United States and the relevant clearances have not been and will not be, obtained from the securities commission of any province or territory of United States, Canada, Australia, Japan, New Zealand, the Republic of South Africa or any EEA State (other than in respect of professional investors in the Netherlands or the Republic of Ireland), and they may not, subject to certain exceptions as determined by the Company, be offered or sold directly or indirectly in, into or within the United States, Canada, Australia, Japan, New Zealand, the Republic of South Africa or any EEA State (other than to professional investors in the Netherlands or the Republic of Ireland) and/or (where applicable to EEA investors and EEA firms) the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**Directive 2014/65/EU**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), or to, or for the account or benefit of, a US Person or any national, citizen or resident of the United States, Canada, Australia, Japan, New Zealand, the Republic of South Africa or any EEA State (other than to professional investors in the Netherlands or the Republic of Ireland) and/or (where applicable to EEA investors and EEA firms) the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**Directive 2014/65/EU**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"). This document does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

Overseas Investors may be affected by the laws or regulatory requirements of relevant jurisdictions. Overseas Investors who wish to subscribe for Ordinary Shares under the Offer for Subscription are referred to the terms and conditions under the Offer for Subscription set out at the end of this document. Potential investors who are in any doubt as to their position in this respect are strongly recommended to consult their own professional advisers as soon as possible.

Purchase and transfer restrictions

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Investment Manager or the Placing Agent.

The Company has elected to impose the restrictions described in Part 10 of this document on the Initial Placing and on the future trading of the New Shares so that the Company will not be required to register the offer and sale of the New Shares under the US Securities Act and will not have an obligation to register as an investment company under the US Investment Company Act and related rules and to address certain ERISA, US Internal Revenue Code and other considerations.

These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the New Shares to trade such securities. The Company and its agents will not be obliged to recognise any resale or other transfer of the New Shares made other than in compliance with the restrictions described below.

The New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the New Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons, except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the US Securities Act. There will be no public offer of the New Shares in the United States. The New Shares are being offered and sold (i)

outside the United States to non-US Persons in “offshore transactions” as defined in and pursuant to Regulation S; and (ii) as part of the Initial Placing and Placing Programme, within the United States (or otherwise to US Persons) to a limited number of persons that are “accredited investors” as defined in Rule 501(a) under the US Securities Act and both QIBs and QPs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Moreover, the Company has not been and will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of the US Investment Company Act. No offer, purchase, sale or transfer of the New Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the US Investment Company Act.

ERISA considerations

ERISA imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA. These include entities such as collective investment funds (such as the Company) and separate accounts whose underlying assets include the assets of such plans (collectively, “**ERISA Plans**”) and persons who are fiduciaries with respect to ERISA Plans.

Under US Department of Labor rules, if a Benefit Plan Investor (i.e. a pension plan subject to ERISA) invests in an “equity interest” of an entity (such as the Company) that is neither a “publicly offered security” nor a security issued by an investment company registered under the US Investment Company Act, the Plan’s assets are required to include both the equity interest and an undivided interest in each of the entity’s underlying assets. As a result certain prohibited transaction rules might be triggered. However, the Company will seek to avoid the application of ERISA by relying on a certain exemption, commonly referred to as the Plan Asset Regulations or the Plan Asset Rule. Under the Plan Asset Rule, if the equity participation in the Company by such Benefit Plan Investors is not “significant”, then ERISA will not apply.

Under Section 3(42) of ERISA, assets of an entity will not be treated as “plan assets” if, immediately after the most recent acquisition of any equity interest in the entity, less than 25% of the value of any class of equity interests in the entity is held by Benefit Plan Investors. For purposes of this determination, (i) the value of equity interests held by a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or any affiliate of any such person) is disregarded, and (ii) only that portion of the equity interests of an entity described in clause (c) of the definition of Benefit Plan Investor investing in another entity that are held by Benefit Plan Investors are included in the testing of such other entity.

The Company intends to use commercially reasonable efforts to restrict transfers of any equity interest in the Company so that ownership of each class of equity interests by Benefit Plan Investors will remain below the 25% threshold described above so that the assets of the Company should not constitute “plan assets” for purposes of ERISA and Section 4975 of the Internal Revenue Code of 1986, as amended (although there can be no assurance that this will be the case).

In addition, the sale of Ordinary Shares to a Benefit Plan Investor is in no respect a representation by the Company or the Investment Manager or any of their affiliates that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Regardless of whether the assets of the Company are deemed to be “plan assets”, the acquisition of Ordinary Shares by a Plan could, depending upon the facts and circumstances of such acquisition, be a prohibited transaction, for example, if any of the Investment Manager or any of their affiliates were a party in interest or disqualified person with respect to the Plan.

Each Plan fiduciary who is responsible for making the investment decision whether to invest in the Company should determine whether, under ERISA’s general fiduciary standards of investment prudence and diversification and under the documents and instruments governing the Plan, an investment in the Ordinary Shares is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan’s investment portfolio. Plan fiduciaries who decide to invest in the Company could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Company or as co-fiduciaries for actions taken by or on behalf of the Company, and the Investment Manager. Accordingly, any Plan proposing to invest in the Company

should consult with its counsel to confirm that such investment will not result in a prohibited transaction and will satisfy the other requirements of ERISA and the Code.

The Company will require a fiduciary of an ERISA Plan that proposes to acquire an Interest to represent that it has been informed of and understands the Company's investment objectives, policies, strategies and limitations, that the decision to acquire an Interest was made in accordance with its fiduciary responsibilities under ERISA and that neither the Investment Manager nor any of its affiliates has provided investment advice with respect to such decision. The Company will also require any investor that is, or is acting on behalf of, a Plan to represent and warrant that its acquisition and holding of an Interest will not result in a non-exempt prohibited transaction under ERISA and/or Section 4975 of the Internal Revenue Code of 1986, as amended.

ANY POTENTIAL INVESTOR CONSIDERING AN INVESTMENT IN THE ORDINARY SHARES THAT IS, OR IS ACTING ON BEHALF OF, A PLAN (OR A GOVERNMENTAL PLAN SUBJECT TO LAWS SIMILAR TO ERISA AND/OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED) IS STRONGLY URGED TO CONSULT ITS OWN LEGAL, TAX AND ERISA ADVISERS REGARDING THE CONSEQUENCES OF SUCH AN INVESTMENT AND THE ABILITY TO MAKE THE REPRESENTATIONS DESCRIBED ABOVE.

Money laundering

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, the Company and its agents, the Administrator, the Investment Manager, the Sponsor and the Placing Agent may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s) before any Ordinary Shares are issued.

The Company and its agents, the Investment Manager, the Sponsor and the Placing Agent reserve the right to request such information as is necessary to verify the identity of the prospective Shareholder and (if any) the underlying prospective beneficial owner of the Ordinary Shares. In the event of delay or failure by the prospective Shareholder to produce any information required for verification purposes, the Directors, in consultation with the Sponsor, the Placing Agent and the Investment Manager, may refuse to accept a subscription for New Shares.

PART 5

THE PLACING PROGRAMME

The Placing Programme

The Directors also intend to implement the Placing Programme. The Placing Programme is being implemented to enable the Company to raise additional equity capital over the period from 4 March 2021 to 11 February 2022 when it identifies properties that are suitable for acquisition. This should enable the Investment Manager to make a series of property acquisitions over the period to 11 February 2022 whilst also mitigating the risk of cash drag on Shareholders' funds.

Stifel has conditionally agreed under the Placing Agreement to use its reasonable endeavours to procure Placees for New Shares at the applicable Placing Programme Price pursuant to each Placing under the Placing Programme. Details of the Placing Agreement are set out in paragraph 8 of Part 10 of this document.

New Shares will be issued from 8.00 a.m. on 4 March 2021 until 8.00 a.m. on 11 February 2022. The issue of New Shares pursuant to the Placing Programme is at the discretion of the Directors. Any New Shares issued pursuant to the Placing Programme will rank *pari passu* in all respects with the Existing Shares (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Shares).

The Company may issue up to a maximum of 150 million New Shares under the Placing Programme, less any New Shares issued under the Initial Issues.

The Directors intend to apply the net proceeds of the Placing Programme in making investments that have been identified by the Investment Manager in accordance with the Company's investment objective and policy. The Placing Programme is not being underwritten.

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to Admission of the New Shares issued pursuant to the Placing Programme, the Company will publish a supplementary prospectus. Any supplementary prospectus published will give details of the significant change(s) or the significant new matter(s).

In the event that the Directors and the Investment Manager believe that there are significant assets available and suitable for investment, within an appropriate timeframe, the Directors may reallocate New Shares available under the Placing Programme to the Initial Issues.

Conditions

Each Placing under the Placing Programme is conditional, *inter alia*, on the following:

- (i) the Placing Programme Price being determined by the Directors as described below;
- (ii) Admission of the New Shares issued pursuant to such Placing;
- (iii) the Placing Agreement becoming otherwise unconditional with respect to the relevant Placing and not having been terminated on or before the relevant date of Admission;
- (iv) a valid supplementary prospectus being published by the Company if such is required by the UK Prospectus Regulation; and
- (v) Shareholders having approved, by way of a special resolution, the disapplication of the pre-emption rights attaching to the New Shares to be issued pursuant to the relevant Placing under the Placing Programme.

In circumstances where these conditions are not fully met, the relevant Placing of New Shares pursuant to the Placing Programme will not take place.

Placing Programme Price

The price of a New Share to be issued pursuant to each Placing under the Placing Programme will be determined by the Board and will be calculated by adding a premium to the NAV per Share and rounded to two decimal places. The premium will be intended to cover the direct costs of the relevant placing. In determining the Placing Programme Price, the Directors will also take into consideration, *inter alia*, the prevailing market conditions at that time. The Placing Programme Price for each Placing will be announced through an RIS.

Commissions

The Placing Agent will be entitled to a commission payable by the Company in connection with monies raised by it under the Placing Programme.

Admission and dealings

Applications will be made to the FCA for admission of the New Shares to the premium segment of the Official List. Applications will also be made for the New Shares to be admitted to trading on the Main Market of the London Stock Exchange throughout the period from 4 March 2021 to 9 February 2022. It is expected that such admission and dealings in the Ordinary Shares issued pursuant to the Placing Programme will commence in the period from 4 March 2021 to 11 February 2022.

The New Shares will be issued in registered form and may be held in uncertificated form. The New Shares allocated will be issued to Placees through the CREST system unless otherwise stated. The New Shares will be eligible for settlement through CREST with effect from Admission.

The Company will arrange for CREST to be instructed to credit the appropriate CREST accounts of the Placees concerned or their nominees with their respective entitlements to the New Shares. The names of Placees or their nominees that invest through their CREST accounts will be entered directly on to the share register of the Company.

Dealings in the New Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The New Shares will be denominated in sterling.

Dilution

Shareholders are not obliged, and may not receive the opportunity, to participate under the Placing Programme. If the Company issues any New Shares under the Placing Programme and a Shareholder does not acquire any of those New Shares, then the Shareholder will suffer dilution to the percentage of the issued share capital of the Company that their existing holding represents, based on the number of New Shares issued at the relevant time.

Assuming 150 million New Shares are issued under the Placing Programme and no New Shares are issued under the Initial Issues. Shareholders who do not acquire any New Shares under the Placing Programme will suffer a dilution of approximately 24.7 per cent. to their existing percentage holdings in the Company.

The Placing Programme Price will be set by the Board at a premium to the most recent NAV per Share. The premium is intended to cover the direct costs of the relevant Placing and will also take into account the prevailing price of the existing Shares in the market. However, it is likely that, assuming full market standard costs of acquiring properties, the premium to NAV at which the Placing Programme Price is set will not necessarily cover the full costs of the relevant Placing and the costs associated with acquiring properties. The Net Asset Value per Share could therefore be reduced to the extent such costs are not covered.

Costs of the Placing Programme

The costs and expenses that the Company will incur in respect of any issue of New Shares under the Placing Programme will depend, amongst other things, on the number of New Shares issued and the Placing Programme Price in respect of that issue.

Subscriber warranties

Each subscriber for New Shares in the Placing Programme will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgments and agreements set out in paragraph 4 in Part 11 of this document.

The Company, the Investment Manager, the Placing Agent, the Sponsor and their respective directors, officers, members, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with the investor must immediately notify the Company.

Transfer

The transfer of the New Shares outside the CREST system should be arranged directly through the Registrar by completing and lodging an appropriate stock transfer form. However, an investor's beneficial holding held through the CREST system may rematerialise, in whole or in part, only upon the specific request of a beneficial owner to CREST through submitting a stock withdrawal form for share certificates or an uncertificated holding in definitive registered form.

If an applicant or transferee requests New Shares to be issued in certificated form and is holding such New Shares outside CREST, a share certificate will be despatched either to it or its nominated agent (at its own risk) within 10 days of completion of the registration process or transfer, as the case may be, of the New Shares. Investors holding a definitive certificate may elect at a later date to hold their New Shares through CREST.

PART 6

THE PROPERTY PORTFOLIO

The information contained in this Part 6, which is unaudited, provides an analysis of the Existing Portfolio as at the date of this document and is based on valuations of the Property Portfolio as at 31 December 2020. There has been no material change in the value of the properties from the date of their valuation to the date of this document.

1. Geographic spread

<i>MSCI Region</i>	<i>Number of properties</i>	<i>Market Value £'000</i>	<i>Percentage of Existing Portfolio by Market Value</i>
Yorkshire and the Humber	19	133,007	20.5%
South East	9	124,485	19.2%
North West	13	95,357	14.7%
East Midlands	11	76,814	11.9%
South West	5	61,627	9.5%
West Midlands	5	39,135	6.0%
Scotland	5	34,635	5.4%
Eastern	3	34,617	5.4%
Northern Ireland	4	25,332	3.9%
North East	2	15,690	2.4%
Wales	1	7,020	1.1%
Total	77*	647,719	100.0%
EPRA Topped Up Net Initial Yield		5.97%	

* comprising 76 care homes and 20 apartments at Stratton Court, Cirencester which are in the process of being marketed for sale.

2. Tenant spread and summary of key lease terms

<i>Tenant group</i>	<i>Number of properties</i>	<i>Market Value £'000</i>	<i>WAULT (years)</i>	<i>Current contracted net annual rent receivable £'000</i>	<i>Percentage of Existing Portfolio by Market Value</i>
Ideal Carehomes	13	92,217	29.49	5,354	14.2%
Bondcare	7	61,947	29.93	3,950	9.6%
Athena Healthcare	5	41,552	32.77	2,823	6.4%
Burlington Care	6	36,800	29.10	2,558	5.7%
Aura Care	2	31,780	27.49	2,270	4.9%
Priory	5	32,149	20.53	2,164	5.0%
Hamberley Care	2	35,800	33.45	2,102	5.5%
Others (all <5% of Existing Portfolio by contracted rent)	37	315,474	28.15	19,423	48.7%
Total	77*	647,719	28.71	40,644	100.0%

* comprising 76 care homes and 20 apartments at Stratton Court, Cirencester which are in the process of being marketed for sale.

3. The Existing Portfolio

<i>Property/Location</i>	<i>MSCI Region</i>	<i>Year constructed/ refurbished</i>	<i>Tenant description</i>	<i>Number of beds in care home</i>	<i>Number of lifts in care home</i>	<i>Percentage of rooms with ensuite wet rooms</i>
Monkbarns	Scotland	2012	Regional operator (more than 15 homes)	67	2 or more	100%
St Ronans	Scotland	2012	Regional operator (more than 15 homes)	66	2 or more	100%
Huntly	Scotland	2012	Regional operator (more than 15 homes)	60	2 or more	100%
Beaumont Hall	East Midlands	2012	Regional operator (more than 15 homes)	60	1	100%
Newfield Lodge	Yorkshire & The Humber	2012	Regional operator (more than 15 homes)	64	2 or more	100%
Coppice Lodge	East Midlands	2012	Regional operator (more than 15 homes)	64	2 or more	100%
Bowbridge Court	East Midlands	2012	Regional operator (more than 15 homes)	54	1	100%
Hambleton Grange	Yorkshire & The Humber	2013	Regional operator (more than 15 homes)	50	1	100%
Longridge Hall & Lodge	North West	2008	Regional operator (fewer than 5 homes)	60	1	100%
St Helens & Lodge	North West	2008	Regional operator (fewer than 5 homes)	94	2 or more	100%
Mossvale	Scotland	2011	Large national operator	61	1	100%
De Brook Lodge	North West	2010	Regional operator (more than 15 homes)	52	1	100%
Ash Tree House	North West	2013	Regional operator (more than 15 homes)	60	1	100%
Brinnington Hall	North West	2011	Regional operator (more than 15 homes)	67	1	100%
Herald Lodge	West Midlands	2012	Regional operator (more than 15 homes)	42	1	100%
Ebor Court	Yorkshire & The Humber	2014	Regional operator (more than 15 homes)	64	1	100%
Bromford Lane	West Midlands	2010	Large national operator	116	2 or more	100%
Beechdale Manor	East Midlands	2011	SPV operator	65	2 or more	100%
Blair House	Northern Ireland	2012	Large national operator	81	2 or more	100%
Bohill House Care Home	Northern Ireland	2011	Large national operator	80	2 or more	100%
Bohill House Bungalows	Northern Ireland	2011	Large national operator	24	0	100%
Buckingham Lodge	Eastern	2010	Large national operator	70	2 or more	100%
The Ashton	East Midlands	2014	Large national operator	72	2 or more	100%
Rastrick Hall & Grange	Yorkshire & The Humber	2007	Regional operator (more than 15 homes)	79	2 or more	100%
Fleetwood Hall	North West	2006	Regional operator (fewer than 5 homes)	62	2 or more	100%

<i>Property/Location</i>	<i>MSCI Region</i>	<i>Year constructed/ refurbished</i>	<i>Tenant description</i>	<i>Number of beds in care home</i>	<i>Number of lifts in care home</i>	<i>Percentage of rooms with ensuite wet rooms</i>
Sutton Hall & Lodge	Yorkshire & The Humber	2006	Regional operator (more than 15 homes)	60	2 or more	50%
Hastings Court	South East	2014	Regional operator (fewer than 5 homes)	80	2 or more	100%
Iceni House	Eastern	2008	SPV operator	75	2 or more	100%
Alexandra Court	Yorkshire & The Humber	2012	Regional operator (more than 15 homes)	84	2 or more	100%
Tyneside 1	North East	2010	Regional operator (fewer than 5 homes)	81	1	100%
Tyneside 2	North East	2015	Regional operator (fewer than 5 homes)	88	1	100%
The Porterbrook	Yorkshire & The Humber	2016*	Large national operator	45	1	100%
Oxfordshire Home	South East	2011	SPV operator	48	2 or more	100%
Carlingford Lodge	Northern Ireland	2011	Large national operator	74	2 or more	100%
Parklands Lodge	North West	2016	Regional operator (5-15 homes)	67	2 or more	100%
Summerfield House	Yorkshire & The Humber	2011	Large national operator	107	2 or more	66%
Whittington House	South West	2010	Large national operator	66	2 or more	100%
Pitkerro Care Centre	Scotland	2007	Regional operator (fewer than 5 homes)	70	1	100%
Sandiacre Court	East Midlands	2015	Regional operator (fewer than 5 homes)	81	2 or more	100%
Barnes Lodge	South East	2016	Regional operator (5-15 homes)	101	2 or more	100%
Oakdene & Acorn Lodge	South West	1990s/ 2012	Large national operator	70	2 or more	93%
Kingfisher Court	East Midlands	2017	Regional operator (fewer than 5 homes)	66	2 or more	100%
Willow Park Lodge	South East	2017	Regional operator (5-15 homes)	79	2 or more	100%
The Amwell	East Midlands	2017	SPV operator	88	2 or more	100%
Birkdale Tower Lodge	North West	2019	Regional operator (5-15 homes)	55	2 or more	100%
Hertfordshire Home	Eastern	2012	SPV operator	64	2 or more	100%
Amelia House	Yorkshire & The Humber	2006	Large national operator	81	2 or more	100%
Bebington	North West	1998	Large national operator	86	2 or more	0%
Kingsfield Court	East Midlands	2019	Regional operator (fewer than 5 homes)	70	2 or more	100%
Hulton House	North West	2019	Regional operator (5-15 homes)	74	2 or more	100%
Roden Hall	West Midlands	2019	Regional operator (5-15 homes)	68	2 or more	100%
Kings Lodge	South East	2017	Regional operator (fewer than 5 homes)	64	2 or more	100%
Stratton Court	South West	2018	Regional operator (fewer than 5 homes)	73	2 or more	100%

<i>Property/Location</i>	<i>MSCI Region</i>	<i>Year constructed/ refurbished</i>	<i>Tenant description</i>	<i>Number of beds in care home</i>	<i>Number of lifts in care home</i>	<i>Percentage of rooms with ensuite wet rooms</i>
Lily Wharf	North West	2020	Regional operator (5-15 homes)	80	2 or more	100%
Cantley Grange	Yorkshire & The Humber	2007	Regional operator (more than 15 homes)	40	1	100%
Windsor Court	Yorkshire & The Humber	2018	Regional operator (more than 15 homes)	66	2 or more	100%
Chawley Grove	South East	2019	Regional operator (5-15 homes)	70	2 or more	100%
Nesbit House	South East	2019	Regional operator (5-15 homes)	60	2 or more	100%
Parris Lawn	South East	2017	Large national operator	62	2 or more	100%
Woodlands Lodge	North West	2017	Regional operator (5-15 homes)	40	2 or more	100%
Acorn House	East Midlands	2013	Regional operator (fewer than 5 homes)	64	1	100%
The Moors	Yorkshire & The Humber	2015	Large national operator	70	2 or more	100%
The Wharf	West Midlands	2018	Large national operator	67	2 or more	100%
Willow Park	Yorkshire & The Humber	2011	Large national operator	64	1	47%
Birch Park	Yorkshire & The Humber	2019	Large national operator	86	2 or more	100%
Elm Park	Yorkshire & The Humber	2014	Large national operator	100	2 or more	69%
Sycamore Park	Yorkshire & The Humber	2017	Large national operator	46	2 or more	100%
Oak Park	Yorkshire & The Humber	2016	Large national operator	66	2 or more	76%
Fairmile Grange	South West	2016	Regional operator (fewer than 5 homes)	80	2 or more	100%
Rudheath	North West	(under construction)	Regional operator (5-15 homes)	68	2 or more	100%
The Oaks	Wales	2019	Regional operator (fewer than 5 homes)	73	2 or more	100%
Castle Grange	Yorkshire & The Humber	2019	Regional operator (more than 15 homes)	86	2 or more	100%
Hutton Manor	Yorkshire & The Humber	2019	Regional operator (more than 15 homes)	86	2 or more	100%
Launton Grange	South East	2020	Regional operator (more than 15 homes)	66	2 or more	100%
Chesterfield	East Midlands	(under construction)	Regional operator (fewer than 5 homes)	72	2 or more	100%
Droitwich	West Midlands	(under construction)	Regional operator (more than 15 homes)	66	2 or more	100%
Apartments held for sale	South West	N/A	N/A	N/A	N/A	N/A

* This property has been classified from its refurbishment date rather than construction date due to the material nature of the work.

4. Lease terms, management initiatives and potential future sale

The occupational leases of the properties are on terms which could reasonably be expected for properties of the type in the Property Portfolio. Subject to the above and viewing the Property Portfolio as a whole, the leases of the properties in the Property Portfolio are in general terms institutionally acceptable. The leases contain certain cure rights in favour of the Group and rent deposits are also sought, where appropriate, to provide additional protection for the Group. In general, the leases provide that a maintenance schedule may be enforced upon the tenant and that the care home may be re-let in the event of non payment or a breach of the financial covenants. In some leases additional protections are provided which permit the eviction of the tenant in the event of, for example, sustained inadequate Care Quality Commission and/or Care Inspectorate ratings. The Investment Manager actively manages and reviews assets that are not performing in line with expectation on a more frequent basis to ensure that the necessary steps are taken and processes implemented to meet the Company's return profile and improve performance.

As at 31 January 2021, the Group had collected 92 per cent. of the rent that was due and payable in respect of the current quarter. However, resident occupancy rates are lower than historical averages and have been for the majority of the last year. Certain homes and tenants in the Group's portfolio may therefore be more susceptible to pressures from adverse incidents in the short term than they would have been in previous periods. Following conversations with tenants, in advance of the Company receiving their December 2020 management information, it is expected that the next set of their figures will show a decline in underlying resident occupancy and profitability. This may lead to rental shortfalls, an increased number of requests for short-term rental concessions such as deferrals or temporary concessions and/or an increased usage of rent deposit amounts held by the Group, if determined appropriate, in order to mitigate rent arrears. Currently one of the Group's tenants has used its rent deposit to pay its most recent rental payment. However, the Company anticipates that the rent deposit balances will be replenished in the near-term. The Investment Manager has ongoing engagement with the Group's tenants to proactively assist and monitor performance.

Two tenants, operating four homes in aggregate and comprising approximately 8 per cent. of the Group's total rent, have contributed to the majority of recent and ongoing rent arrears. The Market Value of these properties as reported at 31 December 2020 is at a reduced level which reflects the sustained underperformance to date. Whilst the restrictions and interruptions of the COVID-19 Pandemic have limited the Investment Manager's ability to implement initiatives to address the underperformance, positive progress has been made in recent weeks. An agreement has been reached with one of these tenants for partial settlement of outstanding rent and for a consensual re-tenanting of two homes. At the other two homes, operated by a different tenant, resident occupancy and trading is improving towards the levels anticipated by the investment case, with one home having recently started paying its rent in full. The other home is making slower progress in part due to restrictions put in place throughout the COVID-19 Pandemic.

Another of the Group's tenants, comprising approximately 4 per cent. of the Group's total rent, has recently requested a rental deferral for the next quarterly payment due in March 2021 and thereafter a partial deferral of payments over the medium term given the difficulties it is facing as a result of the COVID-19 Pandemic. The total value and timeframe of deferrals being requested are currently under discussion. However, the tenant has presented a mechanism for subsequent payment of the deferred amounts from ring-fenced sums, with the Group having additional protection from six months' worth of rental deposit monies held. The Investment Manager's expectation is that the Group's rental collection, earnings and dividend cover metrics will not be materially impacted by this requested concession.

The Company is also envisaging the sale of one care home in the near future as the tenant has indicated that it intends to exercise its option to buy back the care home. The Market Value of the care home represents approximately 1 per cent. of the aggregate Market Value of the Group's portfolio as at 31 December 2020. The sale would be accretive to NAV and would represent a minimum IRR of 9 per cent. for the Group.

The weighted average unexpired lease term of the Existing Portfolio is 28.7 years. The rents payable under the majority of the leases are subject to an annual uplift which is either fixed or is referenced to RPI and there are two leases (one for only a temporary period) where the rent is determined (either wholly or partially) by reference to the EBITDARM of the care home operation. There are no break options.

5. Property condition

Independent building surveys have been undertaken for each of the properties. Reports and/or summaries of the surveys have been reviewed by the Investment Manager and it is considered that the condition of the properties is acceptable having regard to the properties' age, use, type and lease terms.

6. The Imminent Acquisition Assets

The Group is in advanced negotiations and has nearly completed the due diligence in relation to the acquisition of one forward funding development project and three modern care homes. One of these care homes, in particular, is in the near final stages of completion. These care homes are situated in the South West, Scotland and North West and hold 214 beds in aggregate, all of which have ensuite wet rooms. The forward funding development project is situated in the South East and will, once operational, hold 70 beds all of which will have ensuite wet rooms. These acquisitions will, if they complete, introduce three new operating tenants to the Group's Property Portfolio. The Company is in the process of completing due diligence and negotiations in relation to these properties and expects to acquire them by 30 June 2021 for an aggregate consideration of up to approximately £46.7 million. Depending on when legally binding commitments are entered into in respect of these projects and the level of net proceeds raised under the Initial Issues and the Placing Programme, the Company will be able to use either the net proceeds of the Initial Issues and the Placing Programme and/or any undrawn amounts under the HSBC Facility and the RBS Facility to make the first forward funding payments and acquisition payments in respect of these Imminent Acquisition Assets.

The average net initial yield on the Imminent Acquisition Assets and the Pipeline Assets, should the acquisition of all of these assets complete is expected to be approximately 5.7 per cent.

7. The Pipeline Assets and acquisitions of further assets

The Group is currently in negotiations in relation to the possible near term acquisition of ten modern care homes situated in Yorkshire & the Humber, East Midlands, South West, East and the South East and five forward funding projects and one forward commitment to acquire a care home upon it reaching practical completion situated in Scotland, West Midlands, North West and London. The Pipeline Assets have an aggregate consideration of up to approximately £177 million (including costs). These acquisitions are subject to, *inter alia*, completion of satisfactory due diligence and the signing of legally binding agreements. These assets are all well located with operators who are respected in their local markets. Once complete and operational, these assets will, in aggregate, hold 914 beds all of which will have ensuite wet rooms. The weighted average unexpired lease terms of these Pipeline Assets is 35 years.

Although, the Company has not entered into any legally binding contracts in relation to any of the Pipeline Assets, the Company is expecting (assuming sufficient funds are raised under the Initial Issues and the Placing Programme and satisfactory due diligence being carried out) to acquire the majority of these assets by 30 September 2021.

The Investment Manager has also identified and started initial due diligence on a number of further potential assets that are in line with the Company's investment policy, including both direct property purchases and corporate acquisitions.

There is no guarantee that these further potential assets, the Imminent Acquisition Assets or the Pipeline Assets can be secured by the Company or that following the Investment Manager's due diligence review they will be considered suitable for the Company.

8. Forward funding commitments

The Company has continued to increase its investment in forward funding projects and is currently invested in three forward funding development projects with three developers at sites situated in Cheshire, Derbyshire and Worcestershire. The Company's investment policy permits the gross budgeted development costs of such projects, in aggregate, to represent up to 25 per cent. of the Company's gross assets on the commencement of the relevant development. As at 31 December 2020, these forward funding development projects represent approximately two per cent. of the Company's gross assets. These projects are expected to complete within 12 to 18 months. During the development period the Company earns an interest coupon on the committed funds and once complete these new, purpose built care homes are expected to hold 206 beds with full wet room ensuite facilities.

The Investment Manager is able to source these forward funding development projects through its contacts and position in the market. These projects provide the Company with the opportunity to invest in new, purpose built care homes in locations where these types of care homes would not otherwise be available. On entering into the forward fund and developer arrangements, a fixed sum is agreed with the developer and is committed to by the Company, cost overruns are, as a result, the responsibility of the developer and impact the profit they make on the project. It is usually agreed that liquidated damages will be payable in the event of a delay in the project. Detailed monitoring of the project is carried out by the Investment Manager against the forecasted build profile and commitment levels. The Company only makes a payment instalment to the designated project's, and not the developer's, bank account once the prescribed designated development stage and/or criteria has been certified by surveyors. All forward funding projects are pre-let to future operators and the lease agreement is agreed at the start of the project.

In the event that the Initial Issues are fully subscribed and the Company acquires all of the Imminent Acquisition Assets and the Pipeline Assets, 10.3 per cent. of the Company's gross assets are expected to be invested in 10 forward funding and forward commitment development projects across the UK with six developers.

9. Costs of acquiring properties

The typical costs of acquiring properties in the UK are approximately 6.80 per cent. in England, Wales and Northern Ireland and approximately 6.13 per cent. in Scotland of the purchase price thereof assuming full market standard cost and stamp duty tax liabilities in relation to these acquisitions.

PART 7

VALUATION REPORT IN RELATION TO THE PROPERTY PORTFOLIO

The Directors
Target Healthcare REIT plc
Level 13, Broadgate Tower
20 Primrose Street
London EC2A 2EW

Dickson Minto W.S.
Broadgate Tower
20 Primrose Street
London EC2A 2EW

Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

12 February 2021

Dear Sirs

VALUATION REPORT ON THE EXISTING PORTFOLIO IN RELATION TO TARGET HEALTHCARE REIT PLC (the “Company”)

1. Introduction

We, Colliers International, Chartered Surveyors, have considered the properties held for investment, in order to advise you of our opinion of the Market Value (as defined in paragraph 7.1 below) of the freehold (or heritable) and long leasehold interests in each of the properties (the “**Properties**”) as at 31 December 2020.

Subject to the comments below, we confirm that there has been no material change in the value of these Properties since the date of their valuation. We further confirm that this report is in a condensed form.

Three of the Properties included in the valuation are care home developments which are under construction. The valuation of these Properties is based on their projected market values as care home investments, less a deduction for the cost of works to complete the development and a figure to reflect risk during the construction period. The costs to complete the developments and the associated risks of the works reduce the closer the developments get to practical completion. Subsequently, the value attributed to each of these three Properties will increase as practical completion approaches.

We understand that the building works have continued since our valuation dated 31 December 2020 and therefore this will have an impact on value.

One of the properties, at Stratton Court, Cirencester comprises 20 apartments which are in the process of being marketed for sale. We have valued these properties based on their expected sale prices.

In this Valuation Report the Company’s current portfolio of 73 care homes and three care homes under development in the UK and 20 apartments at Stratton Court, Cirencester shall be defined as the “Existing Portfolio”.

The value of the property assets is undertaken in accordance with the RICS Valuation – Global Standards, incorporating the International Valuation Standards 31 January 2020 (the “**Red Book Global**”) issued by the Royal Institution of Chartered Surveyors (“**RICS**”) incorporating the definitions of Market Value, which does not specify the suspension of values. In practice, the valuation of the Company’s portfolio may be suspended, for example, where we are unable to gain access to a site which requires an onsite inspection prior to the valuation being able to be determined. Furthermore, in accordance with VPGA 10 where matters give rise to material valuation uncertainty we can provide an opinion of value, but this will be done so with a disclosure of its potential limitations, which will be identified through our quarterly valuations.

Details of any suspension and/or material valuation uncertainty will be included in our quarterly valuation report and announced by the Company through a Regulatory Information Service.

2. Inspections

The Properties are to be inspected annually in accordance with the terms of our engagement letter with the Company. Due to the COVID-19 Pandemic we have been unable to carry out our annual inspections of most of the care homes. We have however started to carry out external visits from the fourth quarter of 2020.

3. Compliance with RICS Valuation – Professional Standards

We confirm that the valuations have been made in accordance with the appropriate sections of the current Valuation Standards (“**VPS**”), and United Kingdom Valuation Standards (“**UKVS**”) contained within the Red Book Global issued by the Royal Institution of Chartered Surveyors (RICS) as well as PRR 5.4.5G of the UK Prospectus Regulation published by the FCA and paragraphs 128 to 130 of the ESMA update of CESR’s recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses no 809/2004.

4. Status of valuer and conflicts of interest

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake these valuations competently. We also confirm that where more than one valuer has contributed to the valuation, the requirements of PS 2.3 of the Red Book Global have been satisfied. Finally we confirm that we have undertaken the valuations acting as External Valuers (as defined in the Red Book Global), qualified for the purpose of the valuation.

In accordance with VPGA 2.3.4 we confirm that our previous involvement with the Properties relates to quarterly valuations and the valuations at acquisition.

We also confirm that Colliers International complies with requirements of independence and objectivity under PS 2.4 and that we have no conflict of interest in acting on your behalf in this matter. We confirm that we have undertaken valuations acting as ‘independent’ valuers, qualified for the purposes of this valuation.

5. Purpose of the valuation

We understand that the valuations are required for inclusion in a prospectus in connection with an initial placing, offer for subscription, intermediaries offer and placing programme to be published by the Company (the “**Purpose of this Valuation Report**”).

6. Disclosures required under the provisions of VS 1.9 and UKVS 4.3

Adam Lenton BSc MRICS has been the signatory of the valuation reports provided to the Group under the agreement signed on 28 January 2013.

6.1 Adam Lenton’s relationship with client

In addition to the matters referred to in item 1 of this Valuation Report, Adam Lenton provides and has provided in the past ad hoc investment and occupational agency advice to the Company.

6.2 Fee income from the Target group of companies

Colliers International fee income from the Group has been limited to valuation advice and in the year to 31 March 2020 accounted for less than 5 per cent. of fee income of Colliers International. As such, the level of fee income from the client has no influence on our advice which remains completely impartial.

6.3 Colliers International involvement in any of the Properties in the previous 12 months

We have had no involvement with any of the Properties over the past 12 months other than in connection with this valuation and those valuations identified in section 1 of this Valuation Report.

7. Basis of valuation

Our opinion of the Market Value of each of the Properties has been primarily derived using comparable recent market transactions on arm's length terms.

7.1 Market Value

The value of each of the Properties has been assessed in accordance with the relevant parts of the current RICS Valuation Standards. In particular, we have assessed Market Value in accordance with VPS 4.4. Under these provisions, the term "Market Value" means "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In undertaking our valuations on the basis of Market Value we have applied the conceptual framework which has been settled by the International Valuation Standards Committee and which is included in VPS 4.4.

7.2 Net annual rent

The term Net Annual Rent is defined as "the current income or income estimated by the valuer:

- (i) ignoring any special receipts or deductions arising from the property;
- (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
- (iii) after making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent."

The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

7.3 Taxation and costs

We have not made any adjustments to reflect any liability to taxation that may arise on disposals, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposals.

We have made deductions to reflect purchasers' acquisition costs.

8. VAT

The capital valuations included in this Valuation Report are net of value added tax at the prevailing rate.

9. Assumptions and sources of information

An Assumption is stated in the glossary to the Red Book Global to be a "supposition taken to be true" ("**Assumption**"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by the valuer as part of the valuation process. Typically an assumption is made where specific investigation by the valuer is not required in order to prove that something is true. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. The Company has confirmed that we may make the Assumptions for the purpose of our valuations. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The Assumptions we have made for the purposes of our valuations are referred to below:

9.1 Title

We have not had access to the title deeds of the Properties save as disclosed in the certificates of title undated in relation to the Properties comprising the Property Portfolio prepared by Dickson Minto W.S. (the “**Reports**”), we have made an Assumption that the Properties have good and marketable title in each case and that the Properties are free from any onerous or hampering restrictions of conditions. We have also assumed that the Properties are free from mortgages, charges or other encumbrances.

We have only reflected the information contained within the Reports which is pertinent to our valuations as at the valuation date.

9.2 Condition of structure and services, deleterious materials, plant and machinery and goodwill

Due regard has been paid to the apparent state of repair and condition of each of the Properties, but we have not undertaken condition surveys, nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible.

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used or are present in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect. For the purposes of these valuations, unless otherwise informed by the Company or its advisers, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations, and therefore we cannot confirm that the Properties are free from risk in this regard.

We have not carried out an asbestos inspection and have not acted as an asbestos inspector in completing the valuation inspection of any Properties that may fall within the Control of the Asbestos at Work Regulations 2012. We have not made an enquiry of the duty holder (as defined in the Control of Asbestos at Work Regulations 2012), of the existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, we have made an Assumption that there is a duty holder, as defined in the Control of Asbestos at Work Regulations 2012 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations.

No mining, geological or other investigations have been undertaken to certify that the sites are free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed (or to be constructed) thereon. We have also made an Assumption that there are no services on, or crossing, the sites in a position which would inhibit development or make it unduly expensive, and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

No allowance has been made in these valuations for any items of plant or machinery not forming part of the service installations of the buildings. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

Further, no account has been taken in our valuations of any business goodwill that may arise from the present occupation of any of the Properties.

It is a condition of Colliers International or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

9.3 Environment matters

Our enquiries and inspections have provided no evidence that there is a significant risk of contamination in respect of any of the Properties. Accordingly, we have made an Assumption that no contamination or other adverse environmental matters exist in relation to the Properties sufficient to affect value. We have not made any investigations into past or present uses, either of the Properties or any neighbouring land to establish whether there is any contamination or potential for contamination to the subject Properties. Commensurate with our Assumptions set out above, we have made no allowance in these valuations for any effect in respect of actual or potential contamination of land or buildings. If it is subsequently established that contamination exists at any of the Properties or on any neighbouring land or that any of the premises have been, or are being, put to any contaminative use then this might reduce the values now reported.

We have made enquiries of the Environment Agency website for the purposes of earlier valuations and were advised that the majority of the subject Properties fall outside the extent of the extreme flood. This is categorised as being a chance of flooding equivalent to 0.1 per cent. (1 in 1,000) or less.

If any of the Properties lies within or close to a flood plain, or has a history of flooding, we have made the Assumption that building insurance is in place regarding flooding and available to be renewed to the current or any subsequent owners of the property, without payment of an excessive premium or excess.

9.4 Areas

The Company has provided us with the floor areas of the properties and as instructed, we have relied on these areas and have made an Assumption that the floor areas supplied to us have been calculated in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors (the “**Code**”).

All measurements, areas and ages quoted in our report are approximate.

We comment that the means of care home room measurement has not been specified by the CQC or the Care Standards Act and as a result there may be ambiguity in the interpretation of some room measurements. Consequently, the effectiveness in providing floor measurement data which can be meaningfully used for valuation purposes is limited.

9.5 Statutory requirements and planning

Verbal or written enquiries have been made of the relevant planning authorities in whose areas the Properties lie as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values but a response has not been received in every case. In those instances where we have not received replies to our enquiries, we have made the Assumption that any reply would not have an impact on the value of the relevant Property.

We have made an Assumption that the buildings have been constructed in full compliance with valid town planning and building regulations approvals and that where necessary they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, we have also made an Assumption that the Properties are not subject to any outstanding statutory notices as to their construction, use or occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

No allowances have been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and we have made an Assumption that the Properties comply with all relevant statutory requirements.

In England and Wales, the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates (“**EPC**”) to be made available for all properties, when bought or sold, subject to certain exemptions. In respect of any of the Properties which are not exempt from the requirements of this Directive, we have made an Assumption that an EPC is made available, free of charge, to the purchasers of the interests which are the subject of our valuation and that it would not result in a significant impact upon our opinion of value. In the event that this assumption is subsequently proven inaccurate then our valuation may need to be revised.

9.6 Leasing

We have not read copies of the occupational leases or other related documents but have relied, for the purposes of our valuations, on information provided by the Company. We have also had regard to the Reports as far as they relate to leasing matters.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have made an Assumption that the tenants are financially in a position to meet their obligations. Unless otherwise advised we have also made an Assumption that there are no material arrears of rent or service charges, breaches of covenants, current or anticipated tenant disputes.

However, our valuations reflect the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

9.7 Lettings

Except to the extent disclosed in the Reports, we have made an Assumption that:

- (i) wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits;
- (ii) all rent reviews are upward only and are to be assessed by reference to full current market rents;
- (iii) there are no tenants' improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- (iv) tenants will meet their obligations under their leases, and are responsible for insurance and payments of business rates; and are responsible for all repairs, whether directly or by means of a service charge;
- (v) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- (vi) where more than 50 per cent. of the floor space of a property is in residential use the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the property. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest, and therefore disposal into the open market is unrestricted;
- (vii) appropriate permission to assign the interest being valued herein would not be withheld by the landlord where required; and
- (viii) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

9.8 Information

We have made an Assumption that the information the Investment Manager and the Company's tenants and other professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

10. Valuation of the Existing Portfolio

We are of the opinion that the aggregate of the Market Values as at 31 December 2020, of the freehold (or heritable) and long leasehold interests in the Existing Portfolio described in the Schedule, subject to the Assumptions and comments in this Valuation Report, were as follows:

Freehold (or heritable)	£527,862,000	(Five Hundred and Twenty-Seven Million Eight Hundred and Sixty-Two Thousand Pounds)
Long Leasehold	£119,857,000	(One Hundred and Nineteen Million Eight Hundred and Fifty-Seven Thousand Pounds)
Total	£647,719,000	(Six Hundred and Forty-Seven Million Seven Hundred and Nineteen Thousand Pounds)

11. Consent and responsibility

Colliers International hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report and itself in the Prospectus in the form and context in which they appear. Colliers International authorises, and accordingly takes responsibility for, the contents of this Valuation Report for the purposes of PRR 5.3.2R (2)(f) of the UK Prospectus Regulation and confirms that the information contained in this Valuation Report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

12. Confidentiality and disclosure

Colliers International hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report in the Prospectus in the form and context in which they appear. Colliers International authorises, and accordingly takes responsibility for, the contents of this Valuation Report for the purposes of PRR 5.3.2R (2)(f) of the UK Prospectus Regulation and confirms that the information contained in this Valuation Report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. Consequently, no responsibility is accepted to any party in respect of the whole or any part of its contents other than in connection with the purpose of this Valuation Report. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, the Valuer's written approval as to the form and context of such publication or disclosure must first be obtained. For the avoidance of doubt such approval is required whether or not Colliers International is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully

Adam Lenton MRICS Bsc (Hons) MRICS

Director

RICS Registered Valuer

RICS No. 854 999

Colliers International Property Consultants Limited

The valuation report includes a schedule which comprises brief details of each of the Properties (the "**Schedule**"). The valuation report and the Schedule are collectively referred to as "the Valuation Report".

SCHEDULE TO THE VALUATION REPORT OF THE EXISTING PROPERTY PORTFOLIO

The Existing Portfolio

<i>Home Name/Project Name</i>	<i>Location (MSCI Region)</i>	<i>Year of Construction</i>	<i>Inspection Date</i>
Monkbarns	Scotland	2012	30 April 2019
St Ronans	Scotland	2012	30 April 2019
Huntly	Scotland	2012	30 April 2019
Beaumont Hall	East Midlands	2012	27 February 2020
Newfield Lodge	Yorkshire & The Humber	2012	26 February 2020
Coppice Lodge	East Midlands	2012	28 February 2020
Bowbridge Court	East Midlands	2012	28 February 2020
Hambleton Grange	Yorkshire & The Humber	2013	1 December 2020*
De Brook Lodge	North West	2010	21 May 2019
Ash Tree House	North West	2013	21 May 2019
Brinnington Hall	North West	2011	21 May 2019
Herald Lodge	West Midlands	2012	27 February 2020
Ebor Court	Yorkshire & The Humber	2014	16 April 2019
Windsor Court	Yorkshire & The Humber	2018	4 September 2019
Launton Grange	South East	2020	9 March 2020
Longridge Hall & Lodge	North West	2008	2 December 2020*
St Helens Hall & Lodge	North West	2008	2 December 2020*
Fleetwood Hall	North West	2006	20 May 2019
Rastrick Hall & Grange	Yorkshire & The Humber	2007	21 May 2019
Sutton Hall	Yorkshire & The Humber	2006	7 May 2019
Cantley Grange	Yorkshire & The Humber	2007	7 May 2019
Mossvale	Scotland	2011	4 September 2019
The Ashton	East Midlands	2014	16 May 2019
The Porterbrook	Yorkshire & The Humber	1994	4 September 2019
Oakdene & Acorn Lodge	South West	1990s/2012	8 December 2019
Bromford Lane	West Midlands	2010	2 December 2020*
Summerfield House	Yorkshire & The Humber	2011	26 February 2020
Willow Park	Yorkshire & The Humber	2011	24 May 2019
Birch Park	Yorkshire & The Humber	2019	24 May 2019
Elm Park	Yorkshire & The Humber	2014	24 May 2019
Sycamore Park	Yorkshire & The Humber	2017	24 May 2019
Oak Park	Yorkshire & The Humber	2016	24 May 2019
Blair House	Northern Ireland	2012	7 May 2019
Bohill House Care Home	Northern Ireland	2011	7 May 2019
Bohill House Bungalows	Northern Ireland	2011	7 May 2019
Buckingham Lodge	Eastern	2010	30 May 2019
Carlingford Lodge	Northern Ireland	2011	4 March 2020
Tyneside Home 1	North East	2010	7 May 2019
Tyneside Home 2	North East	2015	7 May 2019
Pitkerro	Scotland	2007	30 April 2019
Sandiacre Court	East Midlands	2015	16 May 2019
Parklands Lodge	North West	2016	20 May 2019
Willow Park Lodge	South East	2017	6 March 2020
Woodlands Lodge	North West	2017	26 February 2020
Birkdale Tower Lodge	North West	2019	20 May 2019
Lilly Wharf	North West	2020	2 December 2020*
Amelia House	Yorkshire & The Humber	2006	4 September 2019
Bebington	North West	1998	5 September 2019
Kings Lodge	South East	2017	21 September 2019
Stratton Court	South West	2018	28 September 2019
Hastings Court	South East	2014	28 May 2019
Iceni House	Eastern	2008	2 December 2019
Oxfordshire Home	South East	2011	29 November 2019

<i>Home Name/Project Name</i>	<i>Location (MSCI Region)</i>	<i>Year of Construction</i>	<i>Inspection Date</i>
Beechdale Manor	East Midlands	2011	1 December 2020*
Whittington House	South West	2010	15 March 2019
Parris Lawn	South East	2017	28 May 2019
Barnes Lodge	South East	2016	6 March 2020
Kingfisher Court	East Midlands	2017	16 May 2019
The Amwell	East Midlands	2017	1 December 2020*
Hertfordshire Home	Eastern	2012	24 September 2019
Chawley Grove	South East	2019	27 September 2019
Nesbit House	South East	2019	20 September 2019
Roden Hall	West Midlands	2019	2 December 2020*
Kingsfield Court	East Midlands	2019	22 May 2019
Acorn House	East Midlands	2013	25 April 2019
The Moors	Yorkshire & The Humber	2015	26 February 2020
The Wharf	West Midlands	2018	27 February 2020
Hulton House	North West	2019	20 May 2019
Fairmile Grange	South West	2016	29 August 2019
The Oaks	Wales	2019	27 February 2020
Hutton Manor	Yorkshire & The Humber	2019	1 December 2020*
Alexandra Court	Yorkshire & The Humber	2012	28 February 2020
Castle Grange	Yorkshire & The Humber	2019	1 December 2020*
Middlewich Road (Development)	North West	N/A	2 August 2019
Ashgate Road (Development)	East Midlands	N/A	4 August 2020
Yew Tree Village (Development)	West Midlands	N/A	16 September 2020

*in the fourth quarter of 2020 we commenced external care home visits.

PART 8

FINANCIAL INFORMATION

1. Introduction

The statutory accounts of the Group for the two financial years ended 30 June 2020 in respect of which the Company's auditors, Ernst & Young LLP, of Atria One, 144 Morrison Street, Edinburgh EH3 8DX, who are members of the Institute of Chartered Accountants England and Wales, made an unqualified report under the Companies Act are incorporated by reference into this document and are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW until 11 February 2022.

The statutory accounts were prepared in accordance with United Kingdom law and IFRS.

The documents incorporated by reference can also be obtained from the Company's website, www.targetthehealthcarereit.co.uk. The non-incorporated parts of these annual accounts of the Company are either not relevant to investors or covered elsewhere in this document.

2. Historical financial information

Historical financial information relating to the Company on the matters referred to below is included in the published audited and consolidated annual report and accounts of the Group for the two financial years ended 30 June 2020 as set out in the table below and is expressly incorporated by reference into this document.

	<i>Annual report and accounts for year ended</i>	
	<i>30 June 2019* Page No.</i>	<i>30 June 2020 Page No.</i>
Nature of Information		
Performance Highlights	1	1
Chairman's Statement	4-5	6-7
Investment Manager's Report	8-9	12-13
Portfolio	3, 18	5, 18-19
Independent Auditor's Report	60-64	45-51
Consolidated Statement of Comprehensive Income	22	52
Consolidated Statement of Financial Position	23	53
Consolidated Statement of Changes in Equity	24	54
Consolidated Statement of Cash Flows	25	55
Notes to the Consolidated Financial Statements	26-44	56-76

* these figures have been extracted from the annual report and accounts for THRL, which became the wholly-owned subsidiary of the Company as part of the Reconstruction.

3. Selected financial information

The information in this paragraph 3 relates to and has been prepared by the Company and has been extracted directly from the historical financial information referred to in paragraph 2 of this Part 8. Selected historical financial information relating to the Group which summarises the financial condition of the Group for the two financial years ended 30 June 2020 is set out in the following table:

	<i>At 30 June 2019*</i>	<i>At 30 June 2020</i>
Net asset value		
Number of Ordinary Shares in issue	385,089,448**	457,487,640
Net assets (£'000)	413,089	494,113
Net asset value per Ordinary Share (p)	107.3	108.0
Ordinary Share price (p)	115.6	110.0

	Year ended 30 June 2019*	Year ended 30 June 2020
Income		
Revenue (under the revenue column) (£'000)	27,923	36,048
Revenue (under the capital column) (£'000)	6,354	8,219
Total revenue	34,277	44,267
Investment management fees (£'000)	4,702	5,264
Other expenses (£'000)	2,742	4,308
Earnings per Ordinary Share (p)	8.10	7.18
Dividend per Ordinary Share (p)	6.58	6.68

Ongoing charges

All operating costs as a percentage of average net assets	1.52%	1.51%
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* these figures have been extracted from the annual report and accounts for THRL, which became the wholly-owned subsidiary of the Company as part of the Reconstruction.

** issued share capital as at 30 June 2019 of THRL. This became the issued share capital of the Company as part of the Reconstruction.

4. Operating and financial review

A description of changes in the performance of the Company, both capital and revenue, is set out in the sections headed "Chairman's Statement", "Investment Manager's Report", "Portfolio" and "Directors' Report" in the published annual report and accounts of the Group as follows:

	Annual report and accounts for year ended	
	30 June 2019 Page No.	30 June 2020 Page No.
Nature of Information		
Chairman's Statement	4-5	6-7
Investment Manager's Report	8-9	12-13
Portfolio	3, 18	5, 18-19
Directors' Report	47-49	25-31

5. Significant change

Since 30 June 2020 (being the end of the last financial period of the Company for which audited financial statements have been published), save in respect of the following there has been no significant change in the financial position of the Group:

- the Group has increased its existing revolving credit facility with HSBC to £100 million from £80 million. The HSBC Facility has an initial three-year term to November 2023 with the option of two one-year extensions thereafter, subject to the consent of HSBC. The amount drawn under the HSBC Facility has increased to £62 million from £52 million;
- the Group has increased its existing committed term loan and revolving credit facility with RBS to £70 million from £50 million. The RBS Facility has a five-year term to November 2025;
- the Group has closed out the existing interest rate swap, at a lower cost than the quantum of the liability reflected in the audited financial statements at 30 June 2020, and put in place a new SONIA-based interest rate swap to fully hedge the £30 million term loan element of the RBS Facility;
- the Group has acquired a new-build care home in Bicester, Oxfordshire for a consideration of £15 million inclusive of costs. The high quality, 66 bed, purpose-built asset is let to Ideal Carehomes, the Group's largest tenant, on a 35-year, fully repairing and insuring, occupational lease which includes annual, upwards-only RPI-linked increases, subject to a cap and collar;
- the Group has acquired a pre-let development site for £7 million, subject to a forward funding agreement, to construct a 72-bed care home in Chesterfield, Derbyshire; and
- the Group has acquired a pre-let development site for £14 million, subject to a forward funding agreement, to construct a 66-bed care home in Droitwich Spa, Worcestershire.

6. Capitalisation and indebtedness

The following table sets out the capitalisation and indebtedness of the Group (distinguishing between guaranteed and unguaranteed, and secured and unsecured indebtedness) as at 31 December 2020.

	31 December 2020 (unaudited) (£'000)
Total current debt	
– Guaranteed	—
– Secured	—
– Unguaranteed/unsecured	—
Total non-current debt	
– Guaranteed	—
– Secured	159,683
– Unguaranteed/unsecured	—
Total indebtedness	159,683
Capitalisation	
– Share capital	4,575
– Share premium	77,452
– Merger reserve	47,751
– Hedging reserve	(188)
– Capital reserve	49,392
Total capitalisation	178,982

Note to the capitalisation statement:

- (i) Capitalisation does not include the revenue reserve and distributable reserve.

The following table shows the Company's net indebtedness as at 31 December 2020.

	31 December 2020 (unaudited) £'000
A. Cash	18,324
B. Cash equivalent	—
C. Trading securities	—
D. Liquidity (A+B+C)	18,324
E. Current financial receivable	—
F. Current bank debt	—
G. Current portion of non-current debt	—
H. Other current financial debt	—
I. Current financial debt (F+G+H)	—
J. Net current financial indebtedness (I-E-D)	18,324
K. Non-current bank loans	(159,683)
L. Bonds issued	—
M. Other non-current loans	—
N. Non-current financial indebtedness (K+L+M)	(159,683)
O. Net financial indebtedness (J+N)	(141,359)

As at 31 December 2020, the Group had no material contingent or indirect indebtedness.

7. Working capital

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, that is for at least the next 12 months from the date of this document.

8. Net Asset Value

The NAV per Share as at 31 December 2020 was 108.2 pence.

9. Capital resources

The Company currently has 457,487,640 Ordinary Shares in issue. The Company does not hold any Ordinary Shares in treasury.

The Company's source of funds is its contractual rent roll which was approximately £40.6 million as at 31 December 2020. The Company's principal expenditure is the fees payable to the Investment Manager, the Depositary, the Valuer, the Company's other advisers and the Directors. Its total expenditure, excluding property acquisitions and an allowance of £2.2 million for credit losses, for the 12 month period to 30 June 2020 was £7.4 million.

The Group has a £70 million debt facility with RBS, comprised of a £30 million term loan which is fully drawn and a £40 million revolving credit facility of which £20 million is currently drawn. The Group also has a £50 million committed term loan with ReAssure which is fully drawn and a £100 million revolving credit facility with HSBC, of which £62 million is drawn as at 10 February 2021. This leaves £58 million across the HSBC and RBS revolving credit facilities which is available to be drawn as required. The RBS Facility is repayable on 5 November 2025, the ReAssure Facility is repayable on 12 January 2032 and the HSBC Facility is repayable on 5 November 2023.

As at 31 December 2020, the Group had cash reserves of approximately £18.3 million. From this cash and undrawn debt, the Group has allocated approximately £15.3 million towards general corporate working capital and dividend commitments and to cover potential contingent deferred consideration payments to a maximum of £19.0 million. In addition the Group has committed to paying approximately £2.5 million towards the refurbishment costs of certain care homes within the Existing Portfolio, which is expected to generate additional rental income. The Group has also entered into forward funding arrangements in relation to three homes in the Existing Portfolio of which approximately £18.2 million remained outstanding as at 31 December 2020.

After taking into account its ongoing working capital and corporate requirements together with the Group's cash reserves and the remaining undrawn debt under the HSBC Facility and the RBS Facility, the Group has approximately £21.3 million available for investment.

The Group is in advanced negotiations with near complete due diligence in relation to the Imminent Acquisition Assets with a total consideration of up to approximately £46.7 million. The Group is also currently in negotiations in relation to the Pipeline Assets with a total consideration of up to approximately £177 million.

PART 9

TAXATION

Taxation in relation to the Company and Shareholders

1. General

The statements on taxation below are intended to be a general summary of certain tax consequences that may arise in relation to the Company and Shareholders. This is not a comprehensive summary of all technical aspects of the taxation of the Company and its Shareholders and is not intended to constitute legal or tax advice to investors. Prospective investors should familiarise themselves with, and where appropriate should consult their own professional advisers on, the overall tax consequences of investing in the Company. The statements relate to investors acquiring Ordinary Shares for investment purposes only, and not for the purposes of any trade. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The tax consequences for each investor of investing in the Company may depend upon the investor's own tax position and upon the relevant laws of any jurisdiction to which the investor is subject.

2. UK tax treatment of the Company and the REIT regime

The special rules which apply to the taxation of a company within the REIT regime are summarised below.

A REIT does not suffer UK corporation tax on the profits (income and capital gains) derived from its qualifying property rental businesses in the UK and elsewhere (the "Tax-Exempt Business"), provided that certain conditions are satisfied. Instead, distributions in respect of the Tax-Exempt Business will be treated for UK tax purposes as UK property income in the hands of shareholders (see further below for details on the UK tax treatment of shareholders in a REIT). A dividend paid by the Company relating to profits or gains of the Tax-Exempt Business is referred to in this section as a Property Income Distribution ("PID").

UK corporation tax remains payable in the normal way in respect of income and gains from the Company's business (generally including any property trading business) not included in the Tax-Exempt Business (the "**Residual Business**"). Dividends relating to the Residual Business are treated for UK tax purposes as normal dividends. Any normal dividend paid by the Company is referred to as a "Non-PID Dividend".

Distributions to Shareholders which are in excess of the amount required to satisfy the "distribution condition" for each accounting period (see further below), are likely to consist of a mixture of PID and Non-PID Dividends, as calculated in accordance with specific attribution rules. The Company will provide Shareholders with a certificate setting out how much of their dividend is a PID and how much, if any, is a Non-PID Dividend.

Qualification as a REIT

The Company was granted UK REIT status with effect from 7 August 2019 and from that date was required to satisfy certain conditions. A non-exhaustive summary of the material conditions which apply upon entry to the REIT regime and must continue to be satisfied is set out below

Company conditions

The Company must be solely resident in the UK for tax purposes, it must not be an open-ended investment company and its ordinary shares must be admitted to trading and listed (or traded) on a recognised stock exchange, such as the London Stock Exchange. There must only be one class of ordinary share in issue and the only other shares a company may issue are non-voting fixed rate preference shares. The Company must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent, where the interest depends to any extent on the results of the Company's business or on the value of any of its assets. The repayment terms must also be broadly comparable with listed securities.

The Company must not be a “close company” for UK tax purposes. Very broadly, a “close company” is one which is controlled by five or fewer participants or is controlled by the directors of the Company, or one in which more than half the assets of the Company would be distributed to five or fewer participants (or to participants who are directors) in the event of a winding up of the Company. A Company will not be considered to be “close” for these purposes if 35 per cent. or more of the Voting Power is in “public hands” and the shares are subject to dealings and are listed on a recognised stock exchange. There is an exception from this condition for the first three years following entry into the REIT regime. For the purposes of this close company test the holdings of certain types of institutional investors are not taken into account.

On-going conditions for maintaining REIT status

The Group is also required to satisfy the conditions summarised below on an on-going basis during each accounting period in order to maintain REIT status:

- (i) The Tax-Exempt Business must throughout each accounting period involve at least three properties and have no one property representing more than 40 per cent. of the total value of all the properties involved in the business.
- (ii) The Tax-Exempt Business is required to distribute to shareholders (subject to the availability of sufficient distributable reserves) at least 90 per cent. of the income profits arising in each accounting period (broadly, calculated using normal tax rules). Such distributions will be in the form of a PID and payable on or before the filing date for the tax return for the accounting period.
- (iii) The income profits arising to the Tax-Exempt Business must represent at least 75 per cent. of the total profits for each accounting period. Such profits are calculated in accordance with International Accounting Standards, before deduction of tax and excluding, broadly, gains and losses on the disposal of property and revaluation of properties movements and certain exceptional items.
- (iv) At the beginning of the accounting period the gross fair value of the assets in the Tax-Exempt Business (including cash held on deposit) must represent at least 75 per cent. of the total fair value of assets held.

The Company must prepare financial statements (the “**Financial Statements**”) in accordance with statutory requirements set out in Sections 532 and 533 of CTA 2010 and submit these to HMRC. In particular, the Financial Statements must contain the information about the Tax-Exempt Business and any Residual Business separately.

Investment in other REITs

A distribution of profits or gains of the Tax Exempt Business of one REIT to another REIT is exempt. The investing REIT is required to distribute 100 per cent. of such distributions to its shareholders. The investment by one REIT in another REIT will effectively be treated as a Tax Exempt Business asset for the purposes of the 75 per cent. assets test.

Implications of achieving REIT status

A. Tax exemption

A REIT does not suffer UK corporation tax on the profits (income and capital gains) derived from its Tax-Exempt Business. UK corporation tax will still apply in the normal way in respect of the income and gains of any Residual Business.

B. The 10 per cent. rule

A REIT may become subject to an additional corporation tax charge if it pays a distribution to corporate shareholders that hold 10 per cent. or more of share capital or voting rights and/or are entitled to 10 per cent. or more of distributions. This tax charge will not be incurred if the REIT has taken reasonable steps to avoid making distributions to such a Shareholder in line with HMRC guidance.

C. *Distributions – obligations to withhold tax*

Subject to certain exceptions, a REIT is required to withhold income tax at source at the basic rate (currently 20 per cent.) from PIDs. A REIT must also provide shareholders with a certificate setting out the amount of tax withheld. In certain circumstances the Company is not obliged to withhold UK income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, or a charity or a company resident for tax purposes outside the UK with a permanent establishment in the UK which is required to bring the PID into account in computing its chargeable profits for UK corporation tax purposes. In addition, tax does not have to be withheld where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of certain pension sub-schemes, the account manager of an Individual Savings Account (ISA), or the account provider for a Child Trust Fund, in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme, account or plan.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to that treatment.

Where distributions are made to shareholders resident in a country with a double taxation treaty with the UK, tax should be withheld at the basic rate and the shareholder may seek a refund of the tax where the treaty withholding tax rate is lower.

D. *Interest cover ratio*

A corporation tax charge will arise if, in respect of any accounting period, the ratio of the income profits (before capital allowances) to the financing costs incurred in respect of the Tax-Exempt Business is less than 1.25. The amount (if any) by which the financing costs exceeds the amount of those costs which would cause that ratio to equal 1.25 (subject to a cap of 20 per cent. of the income profits) is chargeable to corporation tax.

Exit from the REIT regime

A REIT can give notice to HMRC that it wishes to leave the REIT regime at any time.

It is important to note that the Company will not be able to guarantee continued compliance with all the conditions and the REIT regime may cease to apply in certain circumstances. Broadly, HMRC may require a company to exit the REIT regime if:

- (i) any breach of the conditions relating to the Tax-Exempt Business, or an attempt to avoid tax, is considered sufficiently serious;
- (ii) a certain number of minor or inadvertent breaches of the conditions has been committed in a specified period; or
- (iii) HMRC has issued two or more notices in relation to a tax advantage within a ten year period of the first notice having been given.

In addition, if the conditions for REIT status relating to the share capital of the Company or the prohibition on entering into loans with abnormal returns are breached or the Company ceases to be UK tax resident, becomes dual tax resident or an open-ended investment company, the Company will automatically lose REIT status.

If the Company were to be required to leave the REIT regime within ten years of joining, HMRC has extensive powers to direct how it would be taxed, including in relation to the date on which the Company would be treated as exiting the REIT regime which could have a material impact on the financial condition of the Company and, as a result, Shareholder returns.

Acquisitions and takeovers

If a REIT is taken over by another REIT, the acquired REIT does not necessarily cease to be a REIT and will, provided the applicable conditions continue to be met, continue to enjoy tax exemptions in respect of the profits of its Tax Exempt Business and chargeable gains on disposal of properties in the Tax Exempt Business.

The position is different where a REIT is taken over by an acquirer which is not a REIT. In these circumstances, the acquired REIT is likely in most cases to fail to meet the requirements for being a REIT (unless the acquirer qualifies as an Institutional Investor and the REIT's shares continue to be admitted to trading on a recognised stock exchange and are either listed or traded) and will therefore be treated as leaving the REIT regime at the end of its accounting period preceding the takeover and ceasing from the end of this accounting period to benefit from tax exemptions on the profits of its Tax Exempt Business and chargeable gains on disposal of property forming part of its Tax Exempt Business. The properties in the Tax Exempt Business are treated as having been sold and re-acquired at market value for the purposes of UK corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax exempt as they are deemed to have been made at a time when the acquired REIT was still in the REIT regime and future chargeable gains on the relevant assets will, therefore, be calculated by reference to a base cost equivalent to this market value. If the acquired REIT ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be re-characterised retrospectively as normal dividends.

3. UK tax treatment of Shareholders

The following paragraphs are intended as a general guide only and are based on the Company's understanding of current UK tax law and HMRC practice, each of which is subject to change possibly with retrospective effect. They are not advice. Except where otherwise indicated, the paragraphs below apply only to Shareholders who are resident for tax purposes solely in the UK; and only to Shareholders who hold their Ordinary Shares as investments and who are the absolute beneficial owners thereof.

Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the UK, should consult their own appropriate independent professional adviser.

The following paragraphs relate only to certain limited aspects of the UK taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of Ordinary Shares in the Company, in each case on the basis that the Company maintains REIT status.

A. UK taxation of Non-PID Dividends

The Company will not be required to withhold tax at source when paying a Non-PID dividend

UK tax resident individuals receive an annual tax free dividend allowance of £2,000 from 6 April 2018. For the 2020/2021 year, dividends received in excess of this allowance will be treated as the "top slice" of a taxpayer's income and will be subject to tax at the rate of 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) or 38.1 per cent. (additional rate taxpayers).

UK resident corporate Shareholders (other than dealers and certain insurance companies) are not liable to UK corporation tax or income tax in respect of dividends provided that the dividends are exempt under Part 9A of the Corporation Tax Act 2009.

B. UK taxation of PIDs

(i) UK taxation of individual Shareholders

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business. A PID, together with any PID from any other REIT company, is treated as a separate UK property business from any other UK property business (a "different UK property business") carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder's different UK property business cannot be offset against a PID as part of a single calculation of the profits of the Shareholder's UK property business. The basic rate of income tax (currently 20 per cent.) will be withheld by the Company (where required) on the PID.

Shareholders may, depending on their particular circumstances, either be liable to further UK income tax on their PID at their applicable marginal income tax rate, incur no further UK tax liability on their PID, or be entitled to claim repayment of some or all of the UK income tax withheld on their PID. The £1,000 property income allowance, that was introduced by the Finance (No. 2) Act 2017, does not apply to PIDs.

(ii) *UK taxation of corporate Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to UK corporation tax as profits of a property business. If (exceptionally) income tax is withheld at source, the tax withheld can be set against the company's liability to UK corporation tax or against any income tax which it is required to withhold in the accounting period in which the PID is received. A PID, together with any PID received from any other REIT company, is treated as a different UK property business from any other UK property business carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder's different UK property business cannot be offset against a PID as part of a single calculation of the Shareholder's UK property business profits. The main rate of corporation tax on such profits is currently 19 per cent.

(iii) *UK taxation of Shareholders who are not resident for tax purposes in the UK*

Where a Shareholder who is resident for tax purposes outside the UK receives a PID, the PID will generally be subject to UK income tax at the basic rate of 20 per cent. as profit of a UK property business and this tax will generally be collected by way of a withholding by the Company.

Such shareholders may be able to claim a repayment of all or part of the tax withheld from HMRC subject to the terms of any double taxation agreement between the UK and the country in which the Shareholder is resident for tax purposes.

C. *UK taxation of chargeable gains in respect of Ordinary Shares*

Any gain on disposal (by sale, transfer redemption or otherwise) of Ordinary Shares by Shareholders resident in the UK for taxation purposes should be subject to capital gains tax in the case of an individual Shareholder, or UK corporation tax on chargeable gains in the case of a corporate Shareholder. Individuals may have the quantum of gain which is subject to capital gains tax reduced by their annual exemptions (£12,300 for 2020-2021) or allowable losses. Companies should note that indexation allowance which was previously available to them no longer accrues from 1 January 2018. Companies may also offset other allowable losses.

The capital gains tax rates with effect for 2020/2021 are 10 per cent. for individual Shareholders who are chargeable to UK income tax at the basic rate and 20 per cent. for individual Shareholders taxable at rates other than the basic rate.

Shareholders who are not resident in the United Kingdom for tax purposes or who are resident but not domiciled in the UK will generally be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Shares. Such Shareholders should consult their own tax advisers concerning their tax liability.

Shareholders who are resident for tax purposes outside the United Kingdom may be subject to foreign taxation on capital gains depending on their circumstances.

D. *UK stamp duty and UK stamp duty reserve tax ("SDRT")*

The following comments are intended as a guide to the current general stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply.

No UK stamp duty or SDRT will be payable on the issue of the Ordinary Shares.

Any subsequent conveyance or transfer on sale of Ordinary Shares held in certified form will usually be subject to UK stamp duty on any instrument of transfer at a rate of 0.5 per cent. of the amount or value of the consideration (rounded up, if necessary, to the nearest £5), subject to certain exemptions and reliefs. A charge to SDRT at a rate of 0.5 per cent. will usually arise in relation to an unconditional agreement to transfer Ordinary Shares (where the SDRT charge is not cancelled by the execution of an instrument of transfer within six years of the date of the agreement and a corresponding payment of stamp duty).

Paperless transfers of Ordinary Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at a rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system (but in practice the

cost will generally be passed on to the purchaser or transferee). Under the CREST system, no stamp duty or SDRT will arise on a transfer of Ordinary Shares into the system unless such a transfer is made for consideration in money or money's worth, in which case a liability to SDRT will arise.

A market value charge to UK stamp duty applies to transfers of listed securities by a person (or its nominee) to a connected company (or its nominee), subject to the availability of relief. A market value charge to SDRT applies to unconditional agreements to transfer listed securities in the same circumstances unless the SDRT charge is cancelled, as outlined above. The Ordinary Shares will be listed securities for these purposes if they are admitted to trading on the Main Market of the London Stock Exchange.

4. UK ISAs and SIPPS

The New Shares should be a qualifying investment for the purposes of an ISA, provided they are acquired by an ISA plan manager pursuant to the Offer for Subscription. For the 2020/2021 tax year, ISAs have a subscription limit of £20,000, all of which can be invested in stocks and shares.

Shares listed on the Main Market, such as the Company, only qualify for the purposes of an ISA where the investments of the REIT themselves continue to meet certain qualifying criteria. The intention of the Directors is to manage the Company in a way which will allow the Ordinary Shares to continue to qualify as ISA investments.

In addition, the Ordinary Shares in the Company should be eligible for inclusion in a Small Self-Administered Scheme (SSAS) or a Self-Invested Personal Pension (SIPP).

If you are in any doubt as to your tax position you should consult your professional adviser.

PART 10

GENERAL INFORMATION

1. Incorporation and general

- 1.1 The Company was incorporated and registered in England and Wales on 10 May 2019 and is a public company limited by shares, with registered number 11990238. The Company operates under the Companies Act (and the regulations from time to time made thereunder). Its registered office is at Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW and its principal place of business is at Laurel House, Laurelhill Business Park, Laurelhill, Stirling FK7 9JQ (telephone number +44 1786 845 912). The Company is tax resident in the UK.
- 1.2 As a real estate investment trust, the Company is not (and is not required to be) registered or authorised as a collective investment scheme by the FCA. However, as a company with its shares admitted to the premium listing segment of the Official List and to trading on the Main Market, it will be subject to the Listing Rules, the UK Prospectus Regulation, Disclosure Guidance and Transparency Rules, the UK Market Abuse Regulation and the rules of the London Stock Exchange. The Company operates in conformity with its constitution.
- 1.3 In accordance with the Companies Act, the objects of the Company are unrestricted save that the Company will operate as a closed-ended investment company and a real estate investment trust pursuant to Part 12 of the Corporation Tax Act 2010.
- 1.4 The Investment Manager is a private limited company and was incorporated in Scotland with the registered number SC548164 on 19 October 2016. The Investment Manager operates under the Companies Act. Its registered office and place of business is Laurel House, Laurelhill Business Park, Laurelhill, Stirling FK7 9JQ (telephone number: +44 1786 845 912). The Investment Manager is authorised and regulated by the FCA with firm reference number 763170. The Investment Manager is also the Company Secretary to the Company.
- 1.5 The Depositary is a private limited company and was incorporated in England and Wales under the Companies Act with the registered number 05830789 on 30 May 2006. The Depositary operates under the Companies Act and is regulated by the FCA. The Depositary currently has an issued share capital of 251,000 ordinary shares of £1 each. The entire issued share capital of the Depositary is owned by IQ EQ Administration Services (UK) Limited. Its registered office is 2 London Bridge, London SE1 9RA.
- 1.6 The Valuer is a limited liability partnership and was incorporated in England and Wales with the registered number OC392375 on 1 April 2014. The Valuer operates under the Limited Liability Partnerships Act 2000. Its registered office and principal place of business is at 50 George Street, London W1U 7GA (telephone number: +44 20 7935 4499).
- 1.7 The Registrar is a public company limited by shares that was incorporated in England and Wales under the Companies Act with registered number 03498808.

2. Share capital

- 2.1 On incorporation, the share capital of the Company was one penny represented by one ordinary share with a nominal value of one penny which was held by Malcolm Naish.
- 2.2 The issued and fully paid share capital of the Company as at the date of this document and immediately following the Initial Issues and Placing Programme (on the assumption that 150 million New Shares are issued pursuant to the Proposals) is and will be as follows:

	<i>No. of Ordinary Shares</i>
As at date of this document	
Ordinary Shares	457,487,640
Following Initial Issues and Placing Programme	
Ordinary Shares	607,487,640

As at 10 February 2021 (being the latest practicable date prior to the publication of this document), the Company did not hold any Ordinary Shares in treasury. The Company has no authorised share capital.

- 2.3 The following changes have occurred in the share capital of the Company in the period between 30 June 2018 and 30 June 2020 (being the period covered by the historical financial information):

Changes in share capital prior to the Reconstruction

- 2.3.1 on 12 November 2018, THRL, the parent company of the Group prior to the Reconstruction, issued 45,871,559 ordinary shares of no par value at a price of £1.09 per share. This resulted in THRL having a total of 385,089,448 ordinary shares of no par value in issue, which remained unchanged until the Reconstruction in August 2019, and the resultant issue of shares by the Company referred to in paragraph 2.3.4 below;

Changes in share capital in connection with the Reconstruction

- 2.3.2 on 13 June 2019, the Company issued 99 ordinary shares with a nominal value of one penny each in the capital of the Company at a price of one penny per Share and 50,000 redeemable preference shares with a nominal value £1.00 each in the capital of the Company at a price of £1.00 each;
- 2.3.3 on 13 June 2019, the Company consolidated the 100 ordinary shares of one penny each in the capital of the Company into one ordinary share of nominal value £1.00;
- 2.3.4 on 7 August 2019, the Company issued 385,089,448 ordinary shares with a nominal value of £1.00 each in the capital of the Company at a price of £1.124 per Share as part of the Reconstruction;
- 2.3.5 on 24 September 2019, the Company reduced the share capital of 385,089,449 ordinary shares with a nominal value of £1.00 each in the capital of the Company to 385,089,449 Ordinary Shares with a nominal value of £0.01 each in the capital of the Company;
- 2.3.6 on 6 November 2019, the Company redeemed 50,000 redeemable preference shares with a nominal value £1.00 each in the capital of the Company at a cost of £1.00 each; and

Changes in share capital after the Reconstruction

- 2.3.7 on 30 September 2019, the Company issued 72,398,191 Ordinary Shares with a nominal value of £0.01 each in the capital of the Company at a price of £1.105 per Share.
- 2.4 Since 30 June 2020 and up to 10 February 2021, being the latest practicable date prior to the publication of this document), the Company has issued no further Ordinary Shares.
- 2.5 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.6 The Company does not have in issue any securities not representing share capital. No convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.7 No Ordinary Shares are currently in issue with a fixed date on which entitlement to a dividend arises or within a time limit after which entitlement to a dividend will lapse in accordance with the Articles and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 2.8 No person has voting rights that differ from those of other Shareholders.

3. Share capital authorities

- 3.1 At the annual general meeting of the Company held on 2 December 2020, the Directors were authorised as follows:
- 3.1.1 generally and unconditionally, pursuant to section 551 of the Companies Act, to allot Ordinary Shares and to grant rights to subscribe for or to convert any securities into Ordinary Shares up to an aggregate nominal amount of £457,487.64 (such authority to expire at the conclusion of the Company's next annual general meeting); and

- 3.1.2 pursuant to sections 570 and 573 of the Companies Act, to allot equity securities (as defined in section 560 of the Companies Act), including the grant of rights to subscribe for, or to convert any securities into, Ordinary Shares, for cash either (i) pursuant to the authority noted in paragraph 3.1.1 above; or (ii) by way of sale of those Ordinary Shares held by the Company in treasury, as if sub-section 561(1) of the Companies Act did not apply to any such allotment of equity securities, provided that such authority will expire at the conclusion of the next annual general meeting of the Company and is limited to the allotment of equity securities up to an aggregate nominal amount of £457,487.64.
- 3.2 At the general meeting of the Company to be held on 1 March 2021, the Directors are seeking authority (in addition to the general authority granted at the Company's last annual general meeting):
- 3.2.1 in addition to all existing authority, generally and unconditionally, pursuant to section 551 of the Companies Act, to allot Ordinary Shares and to grant rights to subscribe for or to convert any securities into Ordinary Shares up to an aggregate nominal amount of £1,500,000 (such authority to expire on 12 February 2022);
- 3.2.2 in addition to all existing authority pursuant to sections 570 and 573 of the Companies Act, to allot equity securities (as defined in section 560 of the Companies Act), including the grant of rights to subscribe for, or to convert any securities into, Ordinary Shares, for cash either (i) pursuant to the existing authority or the authority referred to in paragraph 3.2.1 above; or (ii) by way of sale of this Ordinary Shares held by the Company in treasury, as if sub-section 561(1) of the Companies Act did not apply to any such allotment of equity securities, provided that such authority will expire on 12 February 2022 and is limited to the allotment of equity securities up to an aggregate nominal amount of £1,500,000.
- 3.3 The disapplication of statutory pre-emption rights in the terms provided under the special resolution noted at paragraphs 3.1.2 and 3.2.2 above will give the Company the flexibility to allot and issue Ordinary Shares or resell any Ordinary Shares which it holds in treasury for cash without first being required to offer such Ordinary Shares to existing Shareholders in proportion to their existing holdings.
- 3.4 There are no pre-emption rights relating to the Shares in the Articles. Statutory pre-emption rights in the Companies Act apply, save to the extent disappplied by Shareholders as referred to in paragraphs 3.1.2 and 3.2.2 above or otherwise.
- 3.5 The Company has authority to buyback up to 68,577,397 Ordinary Shares. As at the date of this document the Company has not purchased any Ordinary Shares pursuant to this authority.

4. Related party transactions

The Company was not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) at any time during the two financial periods ended 30 June 2020 in respect of which the Company has published statutory accounts or during the period from 30 June 2020 to the date of this document, other than those disclosed below:

- 4.1 the Investment Management Agreement dated 21 June 2019 and the side letter to the Investment Management Agreement dated 11 May 2020;
- 4.2 the deeds of indemnity entered into between the Company and each of the Directors; and
- 4.3 the changes that took effect from 1 July 2019 in respect of the remuneration of the Directors (and the remuneration of Ms Alison Fyfe that took effect from the date of her appointment on 1 May 2020).

5. Summary of the Articles

The Articles were adopted on 2 December 2020 by way of special resolution and contain provisions, *inter alia*, to the following effect:

5.1 *Objects*

The Company's memorandum of association and Articles do not limit the objects of the Company.

5.2 *Votes of members*

Subject to the rights or restrictions referred to in paragraph 5.3 below, and subject to any special rights or restrictions as to voting for the time being attached to any shares, on a show of hands (a) every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative shall have one vote; and (b) every proxy appointed by a member entitled to vote shall have one vote save that every proxy appointed by one or more members to vote for the resolution and by one or more other members to vote against the resolution, has one vote for and one vote against.

5.3 *Restrictions on voting*

Unless the Board otherwise decides, a member of the Company shall not be entitled to vote, either in person or by proxy, at any general meeting of the Company in respect of any share held by him unless all calls or other sums presently payable by him in respect of that share have been paid.

A member of the Company shall not, if the Directors determine, be entitled to be present or to vote at general meetings of the Company or to exercise any other rights of membership if he, or another person appearing to be interested in the relevant shares, has failed to comply with a notice requiring disclosure of interests in shares given under Article 14 of the Articles within seven days.

5.4 *Dividends*

The Company may, by ordinary resolution, from time to time declare a dividend to be paid to the members, according to their respective rights and interests in the profit. The Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company. No dividend or other monies payable by the Company on or in respect of any share shall bear interest as against the Company unless otherwise provided by the rights attaching to such shares.

The Directors may, if authorised by an ordinary resolution of the Company, offer holders of ordinary shares in the Company the right to elect to receive ordinary shares credited as fully paid, instead of cash in respect of all or part of any dividend specified by the ordinary resolution.

The Company or the Board may fix any date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after any date on which the dividend, distribution, allotment or issue is declared, paid or made.

A dividend unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and cease to remain owing by the Company.

5.5 *Return of capital*

If the Company is in liquidation, the liquidator may, with the sanction of a special resolution of the Company, divide among the members in specie or kind the whole or any part of the assets of the Company and may, for that purpose, as he deems fair value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the same sanction, vest the whole or any part of the assets in trustees on trust for the benefit of the members as the liquidator, with the same sanction, thinks fit but no such contributor shall be compelled to accept any assets on which there is any liability.

5.6 *Variation of rights*

Any rights attaching to a class of shares in the Company may be varied in such manner (if any) as may be provided by those rights or with the written consent of the holders of three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the relevant class. The quorum for the separate general meeting shall be two persons holding, or representing by proxy, not less than one-third in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares).

5.7 *Issue of shares*

Subject to the provisions of the Companies Act and the Articles relating to authority, pre-emption rights and otherwise and any resolutions passed by the Company, all unissued shares are at the disposal of the Directors and they may allot, grant options over or otherwise to such persons, at such times and on such terms as they think proper.

5.8 *Transfer of shares*

Subject to the restrictions set out in this paragraph and such other restrictions of the Articles, any member may transfer all or any of his shares in the Company in any manner which is permitted by the Companies Act or in any other manner which is from time to time approved by the Board.

The transferor is deemed to remain the holder of the ordinary shares concerned until the name of the transferee is entered in the register of members in respect of those shares. All transfers of uncertificated shares shall be made by means of the relevant system or in any other manner which is permitted by the Uncertificated Securities Regulations.

The Directors have a discretion to refuse to register any transfer of a certificated share of any class which is not fully paid provided that, where such share is admitted to the Official List of the FCA, this does not prevent dealings in the ordinary shares of that class from taking place on an open and proper basis. The Directors may also decline to register any transfer of shares in certificated form unless (a) the instrument of transfer, duly stamped, is deposited at the office of the Company or such other place as the Board may appoint, accompanied by the certificate for the ordinary shares to which it relates if such a certificate has been issued, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and (b) the transfer is in respect of only one class of shares and is in favour of no more than four transferees.

The Directors may, pursuant to the provisions of the Articles relating to disclosure of interests, decline to register a transfer in respect of shares which are the subject of a notice under paragraph 14 and in respect of which the required information has not been received by the Company within seven days after service of the notice.

The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods as the Directors may determine.

In respect of any allotment of any share the Directors shall have the same right to decline to approve the registration of any renounee of any allottee as if the application to allot and the renunciation were a transfer of a share under the Articles.

Save as aforesaid and such other restrictions of the Articles, the Articles contain no restrictions as to the free transferability of fully paid shares.

5.9 *Alteration of capital and purchase of shares*

The Company may by special resolution alter its share capital in any way that is permitted by the Statutes (as defined in the Articles).

5.10 *General meetings*

Annual general meetings

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Act.

Convening of general meetings

All meetings, other than annual general meetings, shall be called general meetings. The Board may convene a general meeting whenever it thinks fit. The Board shall comply with the provisions of the Companies Act regarding the giving and the circulation, on the requisition of members, of notices of resolutions and of statements with respect to matters relating to any resolution to be proposed or business to be dealt with at any general meeting of the Company.

Physical, virtual only and hybrid meetings

The Company may hold shareholder meetings: (i) on a physical basis, at a physical location; (ii) on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means; or (iii) on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means.

Notice of general meetings

A general meeting (including an annual general meeting) shall be convened by at least such minimum period of notice as is required or permitted by the Companies Acts.

Every notice shall specify: (a) the place and/or electronic platform, the day and the time of the meeting; (b) the general nature of the business to be transacted, (c) in the case of an annual general meeting, the notice shall specify the notice as such; and (d) any procedures on attendance and voting, an explanation of the right to ask questions in accordance with the Companies Act (as defined in the Articles) and an explanation of members' rights to requisition resolutions in accordance with the Companies Act.

Subject to the provisions of the Companies Act and the Articles, and to any restrictions imposed on any shares, notice of every general meeting shall be given to all members, to all persons entitled to a share, to the auditors by transmission and to every Director.

Quorum

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

A quorum of members shall consist of not less than two members present in person or by proxy (or by a duly authorised corporate representative) and entitled to vote shall be a quorum for all purposes.

If within 5 minutes (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait) from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to such other day (being not less than ten nor more than 28 clear days later) and at such other time and place as may have been specified for the purpose in the notice convening the meeting.

Chairman

At each general meeting, the chairman of the Board (if any) or, in his absence, the deputy chairman (if any) of the Board or (if more than one deputy chairman is present and willing) the deputy chairman who has been longest in such office or, if no deputy chairman is present and willing, then one of the other Directors who is appointed for the purpose by the Board or (failing appointment by the Board), by the members present, shall preside as chairman of the meeting, but if no Director is present within five minutes after the time appointed for holding the meeting or, if none of the Directors present is willing to preside, the members present and entitled to vote shall choose one of their number to preside as chairman of the meeting.

Directors entitled to attend and speak

Each Director shall be entitled to attend and speak at any general meeting, of the Company and at any separate general meeting of the holders of any class of shares of the Company.

Adjournment

With the consent of any meeting at which a quorum is present, the chairman of the meeting may (and if so directed by the meeting shall) adjourn the meeting either indefinitely or to another time or place and/or electronic platform.

In addition, the chairman of the meeting may at any time, without the consent of the meeting, adjourn the meeting (whether or not it has commenced or a quorum is present) either indefinitely or to another time and place and/or electronic platform if, in his opinion, it appears to him that (a)

the members, proxies and corporate representatives wishing to attend cannot be accommodated conveniently in the place appointed for the meeting; (b) the facilities or security at the place of the meeting or the electronic platform provided for the meeting have become inadequate; (c) the conduct of persons present prevents or is likely to prevent the orderly continuation of business; (d) the health, safety or well being of those entitled to attend would be put at risk by their attendance at the meeting; or (e) an adjournment is otherwise necessary so that the business of the meeting may be conducted properly.

When a meeting is adjourned indefinitely the time and place and/or electronic platform for the adjourned meeting shall be fixed by the Board. No business shall be transacted at any adjourned meeting except business which might properly have been transacted at the meeting had the adjournment not taken place.

When a meeting is adjourned for 30 days or more, or indefinitely, notice of the adjourned meeting shall be given as in the case of an original meeting. Except where the Articles or the Companies Act otherwise require, it shall not be necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.

Method of voting and demand for a poll

A resolution put to the vote at an electronic meeting shall be decided on a poll. Subject to this, at a general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or immediately after the declaration of the result of the show of hands or on the withdraw of any other demand for a poll) a poll is demanded by:

- (i) the chairman of the meeting;
- (ii) at least two members having the right to vote on the resolution; or
- (iii) a member or members representing in aggregate not less than 10 per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to any shares in the Company held as treasury shares),

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

Taking a poll

If a poll is demanded (and the demand is not withdrawn), it shall be taken in such manner as the Chairman shall direct and he may appoint scrutineers (who need not be members).

Proxies

A proxy need not be a member of the Company and a member may appoint more than one proxy in relation to a meeting to attend and to speak and to vote on the same occasion provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member.

5.11 *Directors*

Number of directors

Unless otherwise determined by ordinary resolution of the Company, the number of Directors (other than alternate directors) shall be not less than two nor more than 12.

Remuneration

The Directors (other than any Director who for the time being holds an executive office of employment with the Company or a subsidiary of the Company) shall be paid out of the funds of the Company by way of remuneration for their services as Directors. The aggregate of such fees shall not exceed £250,000 per annum (or such larger sum as the Company may, by ordinary resolution, determine) as the Directors may decide to be divided among them in such proportion and manner as they may agree or, failing agreement, equally. Any fee payable to the Directors under the Articles shall be distinct from any remuneration or other amounts payable to a Director under other provisions of the Articles and shall accrue from day to day.

The Directors may be paid reasonable travelling, hotel and other expenses properly incurred in connection with the exercise of their powers and discharge of their duties as Directors including expenses incurred in travelling to and from meetings of the Board, committee meetings, general meetings and separate meetings of the holders of any class of securities of the Company.

Periodic retirement of directors

Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected.

A Director appointed to any executive office or employment shall automatically cease to hold that office if he ceases to be a Director.

Directors' interests

A Director shall not be entitled to vote on a resolution (or attend or count in the quorum at those parts of a meeting regarding such resolution) relating to a transaction or arrangement with the Company in which he is interested (taken together with any interest of any person connected with him), save where the other Directors resolve that the Director concerned should be entitled to do so where they are satisfied that the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest or save in any of the following circumstances:

- (i) the giving of any guarantee, security or indemnity in respect of (a) money lent or obligations incurred by such Director or by any other person at the request of or for the benefit of the Company (or any of its subsidiary undertakings) or in respect of (b) a debt or obligation of the Company (or any of its subsidiary undertakings) for which such Director has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;
- (ii) any contract concerning an offer of shares, debentures or other securities of or by the Company (or any of its subsidiary undertakings) for subscription or purchase in which offer such Director is or may be entitled to participate as a holder of securities or such Director is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (iii) any contract in which such Director is interested by virtue of his interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
- (iv) any contract concerning any other company in which such Director is interested, directly or indirectly, in one per cent. or more either of its equity share capital or of its voting rights;
- (v) any contract relating to an arrangement for the benefit of the employees of the Company (or any of its subsidiary undertakings) which does not award such Director any privilege or benefit not generally awarded to the employees to whom the arrangement relates;
- (vi) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to both Directors and employees of the Company and/or any of its subsidiary undertakings;
- (vii) any contract concerning the adoption, modification or operation of an employees' share scheme; and
- (viii) any proposal concerning the purchase or maintenance of insurance, against any liability for, or for the benefit of, persons including Directors.

Subject to the Statutes and to the interest of a Director being duly declared, a contract entered into by or on behalf of the Company in which any Director is in any way interested shall not be avoided nor shall any Director be liable to account to the Company for any benefit realised as a result of the contract.

A Director shall not vote, or be counted in the quorum at a meeting, in respect of any resolution concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

Where proposals are under consideration concerning the appointment (including fixing or varying its terms) or the termination of the appointment of two or more Directors to offices or places of profit with the Company or any other company which the Company is interested, a separate resolution may be put in relation to each Director and in that case, each Director concerned (if not otherwise debarred from voting) is entitled to vote.

Authorisation of conflicts of interest

Where a situation occurs or is anticipated to occur which gives rise or may give rise to a conflict of interest (excluding a conflict of interest arising in relation to a transaction or arrangement with the Company) on the part of any Director (the "Conflicted Director") (other than a situation which cannot reasonably be regarded as likely to give rise to a conflict of interest), the matter shall be referred to the Directors other than the Conflicted Director (the "Non-Conflicted Directors").

The Non-Conflicted Directors shall meet to consider the matter as soon as possible after the matter is referred to them and they have received all relevant particulars relating to the situation. The quorum for a meeting of the Non-Conflicted Directors shall be the same as for a meeting of the Board.

The Non-Conflicted Directors have authority to authorise any matter which gives rise to the conflict of interest concerned on such terms as they think fit.

The Board may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits, allowances or gratuities to any person who is or who has at any time a director of the Company or of any Associated Company (as defined in the Articles) or in the employment or service of the Company or any Associated Company or of the predecessors in business of the Company or any Associated Company (or the relatives or dependants of any such person).

General powers

Subject to the Companies Act, the Articles and to any directions given to the Company at the general meetings by special resolution, the Directors shall manage the Company's business and can use all the Company's powers. The business of the Company shall be managed by the Board which may exercise all the powers of the Company, subject to the provisions of the Companies Act and the Articles. No special resolution or alteration of the Articles shall invalidate any prior act of the Board which would have been valid if the resolution had not been passed or alteration had not been made.

Borrowing powers

Subject to the Companies Act the Directors may exercise all the Company's powers to borrow money, to mortgage or charge all or any of the Company's undertaking, property and assets (present and future) and uncalled capital, to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party. The Directors will limit the total borrowings of the Company and its subsidiary undertakings and holding companies (if any) to ensure that the total amount of the group's borrowings does not exceed, at the time such borrowings are incurred, 35 per cent. of the gross assets of the Group.

Indemnity of officers

Insofar as the Companies Act allows, each current or former officer of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him by reason of being or having been such an officer.

The Board may, without sanction of the Company in general meeting, authorise the purchase or maintenance by the Company for any officer or former officer of the Company of any such insurance as is permitted by the Companies Act in respect of any liability which would otherwise attach to such officer or former officer.

Board meetings

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit.

Quorum

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. Subject to the provisions of the Articles, any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of the Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

Voting

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

5.12 *REIT status*

Cardinal principle

The Articles provide that it is a cardinal principle that, for so long as the Company qualifies for UK REIT status or is the principal company of a group UK real estate investment trust (a "Group REIT") for the purposes of Part 12 of the CTA 2010, neither the Company nor any member of the Group should be liable to pay tax under section 551 of the CTA 2010 on or in connection with a Distribution.

Notification of substantial shareholder and other status

Every member and any other relevant person who is or becomes a Substantial Shareholder or a Relevant Registered Shareholder must notify the Company on becoming a Substantial Shareholder or a Relevant Registered Shareholder by the end of the second Business Day after the day on which the person becomes a Substantial Shareholder or a Relevant Registered Shareholder.

The Directors may, by serving written notice, require a person to provide the Company with such information as they require to assess whether that person is a Substantial Shareholder or a Relevant Registered Shareholder or in order to comply with any reporting obligation within a set period as specified by the Board in the written notice.

Distribution in respect of substantial shareholdings

The Directors may withhold payment of a Distribution on or in respect of any shares in the Company on the condition that:

- (i) they believe that such shares are shares by virtue of which (in whole or in part) the member is a Substantial Shareholder; and
- (ii) they are not satisfied that such Substantial Shareholder would not be beneficially entitled to the Distribution if it was paid.

A Distribution so withheld may subsequently be paid on the following basis:

- (i) if the Directors are satisfied that the conditions for withholding payment summarised in the above paragraph are not satisfied then the whole amount of the Distribution withheld shall be paid; and
- (ii) if the Directors are satisfied that sufficient interests in all or some of the ordinary shares concerned have been transferred to a third party so that such transferred shares no longer form part of a Substantial Shareholding then the Distribution attributable to such shares shall be paid (provided the Directors are satisfied that following such transfer such shares concerned do not form part of a Substantial Shareholding); and

- (iii) if the Directors are satisfied that as a result of a transfer of interests in ordinary shares referred to in paragraph (ii) above the remaining ordinary shares no longer form part of a Substantial Shareholding then the Distribution attributable to such ordinary shares shall be paid.

In addition, the Directors may also withhold payment of a Distribution if any person fails to comply satisfactorily with a notice given by the Directors as referred to in the paragraph "Notification of Substantial Shareholder and other status" within the period specified in the notice. Such a Distribution so withheld may be paid upon the relevant person satisfactorily complying with the notice.

A Substantial Shareholder may satisfy the Directors that he is not beneficially entitled to a Distribution by means of a certification procedure.

Excess charge

If a Distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable then the Substantial Shareholder shall pay the amount of any such Excess Charge and all costs and expenses incurred by the Company in connection with the recovery of such amount.

Distribution test

Any Distribution paid on or in respect of a Substantial Shareholding (except where the Substantial Shareholder is not entitled to the Distribution) and any income arising from it shall be held by the person to whom the Distribution is made or by another recipient of the Distribution in trust for the persons nominated by the relevant Substantial Shareholder in accordance with the Articles, or if no such nomination is made within 12 years after the date the Distribution is made, for the Company or such persons or charity as may be nominated by the Directors from time to time.

Obligation to dispose

If the Directors believe that:

- (i) in respect of any Distribution declared or announced, the condition set out in the paragraph "Distributions in respect of substantial shareholdings" is satisfied in respect of any shares in the Company in relation to that Distribution;
- (ii) a notice given by the Directors pursuant to the paragraph "Notification of Substantial Shareholder and other status" in relation to any shares in the Company has not been complied with to the satisfaction of the Directors within the period specified in such notice; or
- (iii) any information, certificate or declaration provided by a person in relation to any shares in the Company was materially inaccurate or misleading,

then the Directors may by notice in writing require any person they believe to be holding all or part of a Substantial Shareholding to dispose, within 21 days of the date of service of the notice from the Directors, of such number of shares and to take such other steps as will cause the condition set out in the paragraph "Distributions in respect of substantial shareholdings" to be satisfied by notice in writing (a "Disposal Notice").

Any sale made as a result of a Disposal Notice shall be at the price which the Directors consider to be the best price reasonably obtainable. The net proceeds of the sale (less any amount to be retained pursuant to the paragraph "Excess charge" above and at the expense of sale) shall be paid to the former holder or holders of the relevant share. Further provisions allow for the Directors to arrange for shares to be sold if the Disposal Notice is not complied with or in circumstances where an Excess Charge (as mentioned in the paragraph "Excess charge" above) becomes payable.

General

The Directors are not required to give any reasons for any decision or determination (including any decision or determination not to take action in respect of a particular person) and any such

determination or decision is to be final and binding on all persons unless and until it is revoked or changed by the Directors. Any disposal or transfer made or other thing done by or on behalf of the Board or any Director pursuant to the Articles in connection with the Company's REIT Status shall be binding on all persons and shall not be open to challenge on any ground whatsoever.

The Directors may from time to time require any person who is or claims to be a person to whom a Distribution may be paid without deduction of tax under Regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006 to provide such information, certificates or declarations as they may require to establish whether such person is so entitled.

6. Directors' and other interests

- 6.1 It is estimated that the aggregate remuneration to be paid and benefits in kind granted to Directors by the Company based on the Directors appointed as at the date of this document, in respect of the financial period of the Company to 30 June 2021, will not exceed £181,250.
- 6.2 All of the Directors are non-executive directors. None of the Directors have service contracts with the Company nor are any such service contracts proposed. Each of Mr Malcolm Naish, Mr Gordon C. Coull, Mr Thomas J Hutchison III and Prof. June Andrews has entered into a letter of appointment with the Company dated 21 June 2019. Ms Alison Fyfe entered into a letter of appointment with the Company dated 30 April 2020. The Company has the right to terminate each appointment without compensation if the relevant Director is required to vacate office in accordance with the Articles and, subject thereto, the letters of appointment do not contain any contractual provisions regarding the compensation which would be payable upon early termination by the Company. None of the Directors receive any pension benefits from the Company, nor do they participate in any bonus or incentive schemes. Accordingly, there are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors. The fees payable to the Directors pursuant to their letters of appointment in respect of the financial year to 30 June 2021 are £44,000 per annum to Mr Malcolm Naish, the Chairman, £39,000 per annum to Mr Gordon C Coull, the Chairman of the Audit Committee and £32,750 per annum to each of Prof. June Andrews, Ms Alison Fyfe and Mr Thomas J Hutchison III. The fees are reviewed annually and may be increased in line with usual market rates. The Company will also pay insurance premiums in respect of directors' and officers' insurance taken out on behalf of the Directors. Pursuant to the Articles each Director retires and stands for re-election at intervals of no more than three years.
- 6.3 The total emoluments payable to the Directors will not be varied in consequence of the Proposals.
- 6.4 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company and which were effected by the Company since its date of incorporation or remain in any respect outstanding or unperformed.
- 6.5 No loan or guarantee has been granted or provided by any member of the Company for the benefit of any Director.
- 6.6 The Company has entered into deeds of indemnity in favour of each of the Directors. The deeds of indemnity give each Director the benefit of an indemnity, out of the assets and profits of the Company, to the extent permitted by the Companies Act and subject to certain limitations against liabilities incurred by each of them in the execution of their duties and exercise of the powers as Directors of the Company.
- 6.7 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected.
- 6.8 There are no restrictions agreed by any Director on the disposal, within a certain period of time, of their holdings in the Company's securities.
- 6.9 As at the date of this document, other than as disclosed in paragraph 6.10 below, there are no interests of any Director, including any connected persons of any Director, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company or any options in respect of such capital.

- 6.10 The Directors do not have any options over Ordinary Shares. As at the date of this document, the interests of the Directors in the issued share capital of the Company were as follows:

	<i>No. of Ordinary Shares</i>	<i>Percentage of issued shared capital</i>
Malcolm Naish	45,001	0.01
Prof. June Andrews	—	—
Gordon C Coull	35,454	0.01
Alison Fyfe	—	—
Thomas J Hutchison III	70,000	0.02

- 6.11 Details of those companies (other than the Company) and partnerships of which the Directors have been a member of the administrative, management or supervisory body or a partner at any time in the five years preceding the date of this document are as follows:

	<i>Current directorships/ memberships</i>	<i>Previous directorships/ memberships</i>
(i) Malcolm Naish	<ul style="list-style-type: none"> • GCP Student Living plc • Ground Rents Income Fund plc • Mapledurham Glade Management Company Limited 	<ul style="list-style-type: none"> • Aurora Europe General Partners Limited
(ii) June Andrews	<ul style="list-style-type: none"> • Sedaca Limited 	<ul style="list-style-type: none"> • Anchor Trust • The David Hume Institute
(iii) Gordon C Coull	<ul style="list-style-type: none"> • The Scottish Aero Club Ltd 	<ul style="list-style-type: none"> • Cornelian Asset Managers (GP) Limited • Cornelian Asset Managers Group Limited • Cornelian Asset Managers Limited • Edinburgh Flying Club Limited
(iv) Alison Fyfe	<ul style="list-style-type: none"> • Alison Fyfe Consultants Limited 	<ul style="list-style-type: none"> • Lochay Group Limited • Lochay Homes Limited • Lochay Properties Limited
(v) Thomas J Hutchison III	<ul style="list-style-type: none"> • Alexander Arms • Hersha Hospitality Trust • Marriott Vacation Worldwide Corporation (VAC-NYSE) • Trinity Forum Europe 	<ul style="list-style-type: none"> • Atlantic Bancorp • ING Direct – US • KSL Capital Partners LLC • Malmaison Hotels Du Vin Limited • National Parks Foundation

- 6.12 As at the date of this document, none of the Directors:

- 6.12.1 has been a member of any administrative, management or supervisory body or partner of any company or partnership at any time during the five years preceding the date of this document, save as disclosed in paragraph 6.11 above;
- 6.12.2 has any convictions in relation to fraudulent offences for at least the previous five years;
- 6.12.3 has been the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of the companies and/or partnerships referred to in paragraph 6.11 above; or
- 6.12.4 has any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

- 6.13 The Directors may from time to time act as directors in relation to or be otherwise involved in other funds established by parties other than the Company which may have similar objectives to those of the Company. In addition, each of the Directors may invest in the Company.

It is, therefore, possible that any of the Directors may, in the course of business, have potential conflicts of interest with the Company. Each will, at all times, have regard in such event to their obligations to the Company and will endeavour to ensure that such conflicts are resolved fairly. In addition, subject to applicable law, any of the foregoing may deal, as principal or agent, with the Company, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

- 6.14 There are no potential conflicts of interest between any duties of the Directors to the Company and their private interests and/or other duties. All of the Directors are independent of the Investment Manager and any other company in the same group of companies as the Investment Manager.

7. Substantial share interests

- 7.1 As at 10 February 2021 (being the latest practicable date prior to the publication of this document), the Company is aware of the following persons who are directly or indirectly interested in three per cent. or more of the Company's issued share capital:

	<i>No. of Ordinary Shares held</i>	<i>Percentage of issued share capital</i>
Premier Miton Group plc	33,371,945	7.3%
Alder Investment Management Limited	23,681,156	5.2%
Investec Wealth & Investment Limited	23,385,150	5.1%
Bank of Montreal	22,568,305	4.9%
CCLA Investment Management Limited	17,918,605	3.9%
Rathbone Investment Management Limited	17,462,203	3.8%

- 7.2 As at 10 February 2021 (being the latest practicable date prior to the publication of this document), the Directors are not aware of any person who could, directly or indirectly, jointly or severally, own or exercise control over the Company or of any arrangements, the operation of which may result in a change of control of the Company.
- 7.3 The major Shareholders set out above do not have different voting rights from any other holder of shares in respect of any shares held by them.

8. Material contracts of the Company

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and are, or may be, material to the Company as at the date of this document:

8.1 Placing Agreement

A placing agreement dated 12 February 2021 between the Company, the Investment Manager and Stifel whereby Stifel conditionally agrees to use its reasonable endeavours to procure placees in the Initial Placing and Placing Programme for Ordinary Shares. In consideration for its services, Stifel will be paid a commission of an amount equal to 1.29 per cent. of the aggregate value of the issue price of the New Shares issued if the proceeds of the Initial Issues and the Placing Programme are less than £50 million and/or a placing commission of 1.54 per cent. of the aggregate value of the issue price of the New Shares issued pursuant to the Initial Issues and the Placing Programme if the proceeds are more than or equal to £50 million (in each case less any fees payable to Dickson Minto in its capacity as intermediaries offer adviser). The Placing Agreement is conditional on, among other things, Initial Admission occurring by 8.00 a.m. on 31 March 2021 (or such later date, not being later than 30 June 2021 as the Company, Stifel and the Sponsor may agree) in respect of the Initial Placing. The Placing Agreement contains certain customary warranties and indemnities given by the Company and the Investment Manager in favour of Stifel. The Placing Agreement may be terminated in certain customary circumstances prior to Initial Admission. The Placing Agreement is governed by the laws of England and Wales.

8.2 *Investment Management Agreement*

The Company and the Investment Manager have entered into an investment management agreement dated 21 June 2019 (as amended by a side letter dated 11 May 2020) pursuant to which the Investment Manager is appointed to act as investment manager of the Group.

In its capacity as investment manager, the Investment Manager is responsible for the management of the assets of the Company. The Investment Manager's property management services include the sourcing of new care homes and healthcare assets in the UK, the collection of rent, negotiating lease renewals and rent reviews, arranging for refurbishment to increase rental income or capital values as well as the day to day monitoring of the assets of the Company and the care home operators.

Under the terms of the Investment Management Agreement the Investment Manager has agreed to act with such skill and care as would reasonably be expected of a professional investment manager of equivalent standing managing an investment company of comparable size and complexity acting in good faith and in the best interests of the Company.

The Investment Management Agreement contains an indemnity in favour of the Investment Manager against claims by third parties except to the extent that the claim is due to a material breach by the Investment Manager of the Investment Management Agreement or to the negligence, wilful default, bad faith or fraud of the Investment Manager or any party to whom the Investment Manager has delegated any of its functions.

Pursuant to the Investment Management Agreement the Company pays the Investment Manager 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.

The Investment Management Agreement may be terminated by any party giving to the other not less than 24 months' written notice, provided that the earliest that notice may be served is 30 April 2021. Further, the Company may terminate the Investment Management Agreement at any time by paying the Investment Manager a *pro rata* annual management fee as compensation in lieu of such notice. The Investment Management Agreement may also be terminated immediately (without compensation) 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.

8.3 *Administration and Secretarial Agreement*

The Company has entered into a secretarial and administration agreement with the Administrator dated 21 June 2019 pursuant to which the Administrator is appointed to act as the administrator and company secretary of the Company and other members of the Group.

The Administrator has been appointed to undertake all such duties and provide all such services as may reasonably be required by the Company and expected of it as secretary and administrator of a real estate investment trust. This includes, amongst other matters, the maintenance of the accounts, preparing half yearly and annual accounts of the Company and preparing the Net Asset Value of the Shares.

Pursuant to the Administration and Secretarial Agreement the Company pays the Administrator a fee of £121,285 per annum (plus VAT if applicable) payable quarterly in arrears. The fee shall be recalculated and increased or decreased on 1 July each year by the amount reasonably determined by the Administrator as the amount of (i) in the case of an increase (expressed as a percentage amount) the higher of the increase in the Retail Prices Index and the increase in the Consumer Prices Index published by the UK Office for National Statistics or (ii) in the case of a decrease (expressed as a percentage amount), the lower of the decrease in the Retail Prices Index and the decrease in the Consumer Prices Index over the preceding twelve month period.

The Company also reimburses the Administrator for disbursements and reasonable out of pocket expenses incurred on behalf of the Company.

The Administration and Secretarial Agreement contains an indemnity in favour of the Administrator in which the Company agrees to indemnify and keep indemnified the Administrator and hold it harmless against all reasonable costs, claims and demands incurred or suffered by the Administrator, arising directly out of the proper and lawful performance of its duties under Administration and Secretarial Agreement, save to the extent that such costs, claims or demands arise by reason of the wilful default, misconduct, fraud, breach of duty or of the Administration and Secretarial Agreement, or negligence of the Administrator or any of its directors, officers, employees or agents.

The Administrator may delegate the whole or any part of its duties and responsibilities to an associate, however, such delegation does not affect the liability of the Administrator who remains at all times liable for the acts or omissions of its delegate as if such acts or omissions were its own.

The Administration and Secretarial Agreement can be terminated by the Company or the Administrator on six months' written notice. The Administration and Secretarial Agreement may also be terminated immediately upon the occurrence of certain events, including insolvency of either party or if the Company or Administrator commits a material breach of the agreement which has not been remedied within 30 days of request to do so by the other party.

8.4 *Depositary Agreement*

IQ EQ Depositary Company (UK) Limited has been appointed as the depositary to the Company as required by the EU AIFM Directive and the UK AIFMD Laws. The Depositary will carry out the core duties under Article 21(7), (8) and (9) of the EU AIFM Directive and the UK AIFMD Laws which include cash management and general oversight of the Company's portfolio.

The fees payable to the Depositary under the terms of the Depositary Agreement are determined by the value of assets held by the Company.

The Depositary may subject to certain conditions, delegate some or all of its functions set out under Article 21(8) of the EU AIFM Directive and the UK AIFMD Laws to third parties.

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.

8.5 *RBS Facility Agreement*

The RBS Facility Agreement originally dated 23 June 2014, as amended and restated on 23 December 2014, as amended by amendment letters dated 31 March 2016, 14 April 2016 and 2 November 2017 and as amended and restated on 1 September 2016 and on 5 November 2020, made between RBS and THR1, THR2 and THR9 whereby RBS has agreed to make available a term loan and revolving credit facilities of £70 million. Interest is payable at a rate equal to the relevant reference rate and in respect of Facilities C and D, a margin of 2.18 per cent. per annum, and in respect of Facility E a margin of 2.35 per cent. per annum. The RBS Facility is repayable on 5 November 2025, although if an Event of Default (as defined in the RBS Facility Agreement) were triggered it would be repayable on demand by RBS. The RBS Facility Agreement contains standard events of default and covenants for a bank facility of this nature. The RBS Facility is secured by fixed and floating charges over the assets of THR1, THR2 and THR9 and fixed charge over the shares owned by THRL in THR1.

8.6 *ReAssure Facility Agreement*

The ReAssure Facility Agreement dated 14 January 2020, made between ReAssure, THR12, THR3, THR5, THR6 and THR7 whereby ReAssure has agreed to make available a term loan facility of £50 million. The ReAssure Facility has a fixed rate of 3.281 per cent. per annum. The ReAssure Facility is repayable on 12 January 2032, although if an Event of Default (as defined in the ReAssure Facility Agreement) were triggered it would be repayable on first demand by ReAssure. The ReAssure Facility Agreement contains standard events of default and covenants for a bank facility of this nature. The ReAssure Facility is secured by fixed and floating charges over

the assets of THR12, THR3, THR5, THR6 and THR7 and a fixed charge over the shares owned by the Company in THR12.

8.7 HSBC Facility Agreement

The HSBC Facility Agreement dated 29 January 2018 (and subsequently amended and restated on 1 March 2019, as further amended on 29 November 2019 and 29 January 2020 and as amended and restated on 5 November 2020) made between HSBC and THR15, THR8, THR10, THR17, THR17 Holdings, THR20, THR21, THR22, THR25, THR26, THR27, THR28, THR29, THR30, THR31, THR33, THR34 and THR35 whereby HSBC has agreed to make available a revolving credit facility of £100 million. Interest is payable at a rate equal to the compounded reference rate and a margin of 2.05 per cent. per annum. The HSBC Facility is repayable on 5 November 2023, although if an Event of Default (as defined in the HSBC Facility Agreement) were triggered it would be repayable on demand by HSBC. The HSBC Facility Agreement contains standard events of default and covenants for a bank facility of this nature. The HSBC Facility is secured by fixed and floating charges over the assets of THR15, THR8, THR10, THR17, THR17 Holdings, THR20, THR21, THR22, THR25, THR26, THR27, THR28, THR29, THR30, THR31, THR33, THR34 and THR35 and a fixed charge over the shares owned by THRL in THR15.

9. Investment restrictions

In addition to those restrictions set out in Part 2 of this document and in accordance with the requirements of the Listing Rules, the Company will comply with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the FCA:

- neither the Company nor any of the Subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;
- the Company will avoid cross-financing between businesses forming part of its investment portfolio;
- the Company will avoid the operation of common treasury functions as between the Company and investee companies;
- not more than 10 per cent., in aggregate, of the value of the total assets of the Company will be invested in other listed closed-ended investment funds other than closed-ended investment funds which themselves have published investment policies to invest no more than 15 per cent. of their total assets in other listed closed-ended investment funds; and
- the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy.

In the event of any material breach of the Company's investment policy or of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company and/or the Investment Manager (at the time of such breach) through an announcement via a Regulatory Information Service.

10. Mandatory bids, squeeze-out and sell-out rules

10.1 Mandatory bids

Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires an interest in 30 per cent. or more of the voting rights of a public company which is subject to the Takeover Code or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights exercisable at a general meeting and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid within the preceding 12 months for all the remaining equity share capital of the relevant company.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a director nor acting in concert with a director will not normally incur an

obligation to make an offer under Rule 9. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when it had reason to believe that a purchase by the company of its own voting shares might take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances. The buying back by the Company of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

10.2 *Squeeze-out and sell-out rules*

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the Ordinary Shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding Ordinary Shares not assented to the offer. It would do so by sending a notice to the other holders of Ordinary Shares telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the holders of those Ordinary Shares subject to the transfer. The consideration offered to the holders whose Ordinary Shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the Ordinary Shares (in value and by voting rights, pursuant to a takeover offer that relates to all the Ordinary Shares in the Company) to which the offer relates, any holder of Ordinary Shares to which the offer relates who has not accepted the offer may require the offeror to acquire his Ordinary Shares on the same terms as the takeover offer.

The offeror would be required to give any holder of Ordinary Shares notice of his right to be bought out within one month of that right arising. Such sell out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of Ordinary Shares notifying them of their sell out rights. If a holder of Ordinary Shares exercises their rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

11. **Disclosure requirements and notifications of interest in Shares**

As a company whose shares are admitted to trading on the Main Market, the Company complies with all of the provisions of the UK Market Abuse Regulation and the Disclosure Guidance and Transparency Rules which are applicable to it. The Directors have adopted a share dealing code that is compliant with the UK Market Abuse Regulation. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors and other persons discharging managerial responsibilities (“PDMRs”).

Under Chapter 5 of the Disclosure Guidance and Transparency Rules, subject to certain limited expectations, a person must notify the Company (and, at the same time, the FCA) of the percentage of voting rights he holds (within four trading days) if he acquires or disposes of Shares in the Company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he holds as a Shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holding of certain types of financial instruments (or a combination of such holdings):

- 11.1 reaches, exceeds or falls below 3 per cent. and each 1 per cent. threshold thereafter; or
- 11.2 reaches, exceeds or falls below an applicable threshold in paragraph 11.1 of this Part 10 above as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.

Such notification must be made using the prescribed form TR1 available from the FCA’s website at <http://www.fca.org.uk>. Under the Disclosure Guidance and Transparency Rules, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the third trading day following receipt of a notification in relation to voting rights.

The FCA may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the Disclosure Guidance and Transparency Rules.

12. Restrictions on transfer

12.1 General

The distribution of this document and offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

12.2 European Economic Area

12.2.1 In relation to each member state of the European Economic Area (each, a “**Relevant State**”), no Ordinary Shares have been offered or will be offered pursuant to the Initial Issues and/or Placing Programme to the public in that Relevant State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the EU Prospectus Regulation, except that offers of Ordinary Shares may be made to the public in that Relevant State at any time under the following exemptions under the EU Prospectus Regulation:

- a. to any legal entity which is a qualified investor as defined under Article 2 of the EU Prospectus Regulation;
- b. to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the EU Prospectus Regulation) subject to obtaining the prior consent of the Placing Agent, the Sponsor and the Company for any such offer; or
- c. in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the EU Prospectus Regulation or a supplement to a prospectus pursuant to Article 23 of the EU Prospectus Regulation and each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the Placing Agent, the Sponsor and the Company that it is a qualified investor.

12.2.2 For the purpose of this provision, the expression an “offer to the public” in relation to any Ordinary Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Ordinary Shares to be offered, so as to enable an investor to decide to subscribe for or purchase the Ordinary Shares and the expression “EU Prospectus Regulation” means Regulation (EU) 2017/2019.

12.2.3 In the case of any Ordinary Shares being offered to a financial intermediary, as that term is used in Article 5(1) of the EU Prospectus Regulation, such financial intermediary will also be deemed to have represented, that the Ordinary Shares acquired by it in the Initial Issues and/or Placing Programme have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the Placing Agent, the Sponsor and the Company has been obtained to each such proposed offer or resale. The Placing Agent, the Sponsor, the Company and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Placing Agent, the Sponsor and the Company of such fact in writing may, with the prior consent of the Placing Agent, the Sponsor and the Company, be permitted to acquire Shares in the Initial Issues and/or Placing Programme.

12.2.4 The Investment Manager has made the notifications or applications and received, where relevant, approvals for the marketing of the Ordinary Shares to “professional investors”

(as defined in the EU AIFM Directive) in the Netherlands and the Republic of Ireland. Notwithstanding any other statement in this Prospectus, this Prospectus should not be made available to any investor domiciled in any EEA State other than the Netherlands and the Republic of Ireland. Prospective investors domiciled in the EEA that have received the Prospectus in any EEA State other than the Netherlands or the Republic of Ireland should not subscribe for Ordinary Shares (and the Company reserves the right to reject any application so made, without explanation) unless: (i) the Company has confirmed that the Investment Manager has made the relevant notification or applications in that EEA State and are lawfully able to market Ordinary Shares into that EEA State; or (ii) such investors have received the Prospectus on the basis of an enquiry made at the investor's own initiative.

- 12.2.5 The Ordinary Shares may not be marketed to retail investors (as this term is defined in the EU AIFM Directive as transposed in the relevant EEA State) in any EEA State unless the Ordinary Shares have been qualified for marketing to retail investors in that EEA State in accordance with applicable local laws. At the date of this Prospectus, the Ordinary Shares are not eligible to be marketed to retail investors in any EEA State. Accordingly, the Ordinary Shares may not be offered, sold or delivered and neither this document nor any other offering materials relating to such Ordinary Shares may be distributed or made available to retail investors in any EEA State.

12.3 *United Kingdom*

- 12.3.1 No Ordinary Shares have been offered or will be offered pursuant to the Initial Issues and/or Placing Programme to the public in the United Kingdom prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the FCA, except that the Ordinary Shares may be offered to the public in the United Kingdom at any time:

- a. to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- b. to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) subject to obtaining the prior consent of the Placing Agent, the Sponsor and the Company for any such offer; or
- c. in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of the Ordinary Shares shall require the Company to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation and each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with each of the Placing Agent, the Sponsor and the Company that it is a qualified investor.

- 12.3.2 For the purposes of this provision, the expression an "offer to the public" in relation to the Ordinary Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Ordinary Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

- 12.3.3 In the case of any Ordinary Shares being offered to a financial intermediary, as that term is used in the UK Prospectus Regulation, such financial intermediary will also be deemed to have represented, that the Ordinary Shares acquired by it in the Initial Issues and/or Placing Programme have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in the UK to qualified investors as that term is defined in section 86(d) of the FSMA or in circumstances in which the prior consent of the Placing Agent, the Sponsor and the Company has been obtained to each such proposed offer or resale. The Placing Agent, the Sponsor, the Company and their respective affiliates and others will rely upon the truth

and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Placing Agent, the Sponsor and the Company of such fact in writing may, with the prior consent of the Placing Agent, the Sponsor and the Company, be permitted to acquire Ordinary Shares in the Initial Issues and/or Placing Programme.

13. General

- 13.1 There are no governmental, legal or arbitration proceedings (including, so far as the Company is aware any governmental, legal or arbitration proceedings which are pending or threatened) during the previous 12 months which may have, or have had in the recent past, a significant effect on the Group or the Group's financial position or profitability
- 13.2 The Company does not have any employees nor does it own premises.
- 13.3 The Valuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in Part 7 of this document for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Valuer has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report in Part 7 of this document and the statements attributed to it and references to it in the form and context in which they appear and has authorised the contents of its report and statements attributed to it and references to it for the purposes of PRR 5.3.2R (2)(f) of the UK Prospectus Regulation.
- 13.4 Dickson Minto W.S. has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of its name and the references to it in the form and context in which they appear.
- 13.5 Stifel Nicolaus Europe Limited has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of its name and the references to it in the form and context in which they appear.
- 13.6 As at 10 February 2021 (being the latest practicable date prior to the date of this document), there have been no public takeover bids by third parties in respect of the Company's share capital since incorporation. As a company incorporated in England and Wales with shares which are admitted to trading on the London Stock Exchange, the Company is subject to the provisions of the Takeover Code.

14. Documents available for inspection

Copies of the following documents are available for inspection on the Company's website www.targethealthcarereit.co.uk, until 11 February 2022:

- (i) the Articles;
- (ii) the annual, audited reports and accounts of the Company for the two financial years ended 30 June 2020;
- (iii) the valuation report referred to in Part 7 of this document;
- (iv) this document.

15. Availability of this document

In addition, copies of this document are available free of charge from the registered office of the Company and the offices of the Placing Agent. Copies of this document are also available for access via the Company's website (www.targethealthcarereit.co.uk) or the National Storage Mechanism (www.data.fca.org.uk/#!/nsm/nationalstoragemechanism).

PART 11

TERMS AND CONDITIONS OF THE INITIAL PLACING AND PLACING PROGRAMME

1. Introduction

- 1.1 Each Placee which confirms its agreement (whether orally or in writing) to Stifel to subscribe for New Shares under the Initial Placing and Placing Programme will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 The Company and/or Stifel may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a “Placing Letter”).

2. Agreement to Subscribe for New Shares

Conditional on: (i) Admission under the Initial Placing occurring not later than 8.00 a.m. on 30 June 2021 in respect of the Initial Placing and on such other dates as may be agreed between the Company, the Investment Manager and Stifel prior to the closing of each placing under the Placing Programme, not being later than 11 February 2022; (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before the date of such Admission; and (iii) Stifel confirming to the Placees its allocation of New Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Shares allocated to it by Stifel at the Initial Issues Price in respect of the Initial Placing and at the relevant Placing Programme Price in respect of each placing under the Placing Programme. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3. Payment for New Shares

- 3.1 Each Placee must pay the Initial Issues Price or the relevant Placing Programme Price for the New Shares issued to the Placee in the manner and by the time directed by Stifel. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for New Shares shall be rejected.
- 3.2 In the event of any failure by any Placee to pay as so directed by Stifel, the relevant Placee shall be deemed to have appointed Stifel or any nominee of Stifel to use its reasonable endeavours to sell (in one or more transactions) any or all of the New Shares in respect of which payment shall not have been made as directed by Stifel and to indemnify Stifel on demand in respect of any liability for stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales. A sale of all or any of such New Shares shall not release the relevant Placee from the obligation to make such payment for New Shares to the extent that Stifel or its nominee has failed to sell such New Shares at a consideration which after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned exceeds the Initial Issues Price or the relevant Placing Programme Price (as applicable).

4. Representations and Warranties

By agreeing to subscribe for New Shares, each Placee which enters into a commitment to subscribe for New Shares will (for itself and any person(s) procured by it to subscribe for New Shares and any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Company, the Investment Manager and Stifel that:

- 4.1 the exercise by Stifel of any rights or discretion under the Placing Agreement shall be within the absolute discretion of Stifel and Stifel need not have any reference to Placees and shall have no liability to the Placee whatsoever in connection with any decision to exercise or not to exercise any such right. The Placee agrees that they have no rights against Stifel, the Company and any of their respective directors and employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;

- 4.2 in agreeing to subscribe for New Shares under the Initial Placing or Placing Programme, it is relying solely on this document and any further supplementary prospectus issued by the Company and any subsequent Company announcement via an RIS and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Initial Placing or the Placing Programme. It agrees that none of the Company, the Investment Manager and Stifel, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.3 neither the Placee nor, as the case may be, their clients, expect Stifel to have any duties or responsibilities to the Placee similar or comparable to the duties of “best execution” and “suitability” imposed by The Conduct of Business Source Book contained in the FCA’s Handbook of Rules and Guidance, and that Stifel is not acting for the investor or their clients, and that Stifel will not be responsible to the Placee or their clients for prodding the protections afforded to its customers;
- 4.4 save in the event of fraud on the part of Stifel (and to the extent permitted by the Rules of the FCA), neither Stifel, its ultimate holding company nor any direct or indirect subsidiary undertakings of that holding company, nor any of their respective directors and employees shall be liable to the Placee for any matter arising out of Stifel’s role as placing agent or otherwise in connection with the Proposals and that where any such liability nevertheless arises as a matter of law the Placee will immediately waive any claim against any of such persons which the Placee may have in respect thereof;
- 4.5 the content of this document is exclusively the responsibility of the Company and its Board and apart from the liabilities and responsibilities, if any, which may be imposed on Stifel under any regulatory regime, neither Stifel nor any person acting on their behalf nor any of their affiliates makes any representation, express or implied, nor accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by them or on its or their behalf in connection with the Company, the New Shares or the Proposals;
- 4.6 if the laws of any territory or jurisdiction outside the UK are applicable to its agreement to subscribe for New Shares under the Initial Placing or any placing under the Placing Programme, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager or Stifel or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the UK in connection with the Initial Placing and the Placing Programme;
- 4.7 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the New Shares and it is not acting on a non-discretionary basis for any such person;
- 4.8 it agrees that, having had the opportunity to read this document, it shall be deemed to have had notice of all information and representations contained in this document, that it is acquiring New Shares solely on the basis of this document and no other information and that in accepting a participation in the Initial Placing or Placing Programme it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for New Shares;
- 4.9 it acknowledges the price per New Share under the Initial Placing is fixed at the Initial Issues Price and is payable to the Company in accordance with the terms of this Part 11;
- 4.10 it has the funds available to pay in full for the New Shares it has agreed to subscribe for pursuant to its placing commitments and it will pay the total subscription price in accordance with these terms set out in this Part 11;
- 4.11 it (i) is entitled to subscribe for New Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for New Shares and will honour

such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations thereby;

- 4.12 it acknowledges that no person is authorised in connection with the Initial Placing or Placing Programme to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by Stifel, the Company or the Investment Manager;
- 4.13 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.14 the Placee (i) is not a national, resident of or a corporation, partnership or other entity organised under the laws of the Canada, Australia, Japan, New Zealand, the Republic of South Africa or any member state of the EEA (ii) will not offer, sell, renounce, transfer or deliver directly or indirectly any of the New Shares into Canada, Australia, Japan, New Zealand, the Republic of South Africa, any member state of the EEA, any other Restricted Jurisdiction or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation or to or for the benefit of any person resident in Canada, Australia, Japan, New Zealand, the Republic of South Africa or any member state of the EEA or any other Restricted Jurisdiction;
- 4.15 the Placee acknowledges that the New Shares have not been and will not be registered with the securities commission of any province of Canada and the relevant exemptions are not being obtained from the Securities Commission of any province of Canada and that the same are not being offered for sale and may not be, directly or indirectly, offered, sold, transferred or delivered in any Excluded Territory;
- 4.16 the Placee acknowledges that the New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States or to, or for the amount or benefit of, a US Person and may not be offered, sold or transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States;
- 4.17 the Placee understands and acknowledges that the Company has not registered and will not register as an investment company under the US Investment Company Act;
- 4.18 the Placee is either: (i) located outside the United States and is not a US Person and is subscribing for the New Shares only in “offshore transactions” as defined in and pursuant to Regulation S; or (ii) is executing a Placing Letter and is an “accredited investor” as defined in Rule 501(a) under the US Securities Act and both a QIB and a QP subscribing for New Shares in a private placement transaction falling within the exemption from registration provided by Section 4(a)(2) under the US Securities Act;
- 4.19 the Placee is not subscribing for New Shares as a result of any “directed selling efforts” as defined in Regulation S or by means of any form of “general solicitation” or “general advertising” as such terms are defined in Regulation D under the US Securities Act;
- 4.20 the Placee has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document (or any supplementary prospectus published by the Company) or any other offering materials concerning the Initial Placing or the Placing Programme to any persons within the United States or any other Restricted Jurisdiction, nor will it do any of the foregoing;
- 4.21 if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the UK would apply, that it is a person to whom the New Shares may be lawfully offered under that other jurisdiction’s laws and regulations and that it has fully observed such laws, obtained all governmental and other consents which may be required thereunder or otherwise and complied with all necessary formalities;

- 4.22 if it is outside the UK, neither this document nor any other offering, marketing or other material in connection with the Initial Placing or Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Shares pursuant to the Initial Placing or Placing Programme unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and New Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.23 it acknowledges that neither Stifel nor any of its respective affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing or Placing Programme or providing any advice in relation to the Initial Placing or Placing Programme and participation in the Placing Programme is on the basis that it is not and will not be a client of Stifel or any of its affiliates and that Stifel and any of its affiliates do not have any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Initial Placing or Placing Programme nor in respect of any representations, warranties, undertaking or indemnities contained in the Placing Letter;
- 4.24 it acknowledges that where it is subscribing for New Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Initial Placing or Placing Programme in the form provided by the Company and/or Stifel. It agrees that the provision of this paragraph shall survive any resale of the New Shares by or on behalf of any such account;
- 4.25 it irrevocably appoints any Director and any director of Stifel to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the New Shares for which it has given a commitment under the Initial Placing or any placing under the Placing Programme, in the event of its own failure to do so;
- 4.26 it accepts that if the Initial Placing or any Placing under the Placing Programme does not proceed or the conditions to the Placing Agreement are not satisfied or the New Shares for which valid applications are received and accepted are not admitted to listing and trading on the Official List and the Main Market (respectively) for any reason whatsoever then none of the Company, the Investment Manager, Stifel or any of their affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.27 in connection with its participation in the Initial Placing or any placing under the Placing Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing and that its application is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied;
- 4.28 it is a person:
- (i) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended from time to time, in force in the United Kingdom;
 - (ii) subject to the Money Laundering Directive 2015/849/EU of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing (the "**Money Laundering Directive**"); or
 - (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;

- 4.29 it is aware of, has complied with and will comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002 and the UK Market Abuse Regulation;
- 4.30 Stifel and the Company (and any agent on their behalf) are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them (or any agent acting on their behalf);
- 4.31 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Stifel, the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the New Shares are no longer accurate, it shall promptly notify Stifel and the Company;
- 4.32 where it or any person acting on behalf of it is dealing with Stifel, any money held in an account with Stifel on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Stifel to segregate such money, as that money will be held by Stifel under a banking relationship and not as trustee;
- 4.33 any of its clients, whether or not identified to Stifel or any of their affiliates or agents, will remain its sole responsibility and will not become clients of Stifel or any of its affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.34 it accepts that the allocation of New Shares shall be determined by the Company (in consultation with Stifel, the Investment Manager and the Sponsor) in their absolute discretion and that such persons may scale down any commitments for this purpose on such basis as they may determine;
- 4.35 the Placee is a person of a kind described in paragraph 5 of Article 19 or paragraph 2 of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;
- 4.36 time shall be of the essence as regards its obligations to settle payment for the New Shares and to comply with its other obligations under the Initial Placing and any placing under the Placing Programme; and
- 4.37 if it is acting as a “distributor” (for the purposes of the UK MiFIR Product Governance Requirements):
- (i) it acknowledges that the target market assessment undertaken by Stifel does not constitute (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in or purchase, or take any other action whatsoever with respect to the Ordinary Shares and each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels;
 - (ii) notwithstanding any target market assessment undertaken by Stifel, it confirms that it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Ordinary Shares and that it has considered the compatibility of the risk/reward profile of such Ordinary Shares with the end target market;
 - (iii) it acknowledges that the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom; and
 - (iv) it agrees that if so required by Stifel, it shall provide aggregate summary information on sales of the Ordinary Shares as contemplated under rule 3.3.30(R) of the PROD

Sourcebook and information on the reviews carried out under rules 3.3.26(R) to 3.3.28(R) of the PROD Sourcebook.

5. Supply and Disclosure of Information

If Stifel, the Company or any of their agents request any information in connection with a Placee's agreement to subscribe for New Shares under the Initial Placing or any placing under the Placing Programme or to comply with any relevant legislation, such Placee must promptly disclose it to them. And ensure that such information is complete and accurate in all respects.

6. Data Protection

Data protection laws

- 6.1 The following provisions set out the basis on which personal data provided by Shareholders will be processed by the Company under applicable data protection laws, including the UK versions of the General Data Protection Regulation 2016/679 and the Privacy and Electronic Communications (EC Directive) Regulations 2003, which form part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the "**Data Protection Laws**"). For the purposes of these provisions, "data subject", "controller", "processor" and "personal data" shall have the meanings attributed to them in the Data Protection Laws.

Fair processing information

- 6.2 The Company is committed to protecting and respecting the confidentiality, integrity and security of personal information about data subjects whose data it controls. The following provisions set out the information which the Company is required to provide to data subjects in connection with the processing of their personal data.
- 6.3 By becoming registered as a Shareholder and provided the Company with personal data, a person acknowledges that for the purpose of the Data Protection Laws, the Company shall process its Shareholders' personal data in accordance with these provisions.

Data controller

- 6.4 For the purpose of the Data Protection Laws, the data controller of the personal data of or relating to a Shareholder is the Company and its contact details are Target Healthcare REIT plc, Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW.

Personal data collection

- 6.5 The Company hold personal data of or relating to its Shareholders, which a Shareholder and/or its broker provide, including:
- the name of and/or representative of the Shareholder;
 - contact details (including address, post code, telephone number and email address) of the Shareholder and/or its representative; and
 - bank account details of the Shareholder.

The provision of the Shareholder's name and address is a statutory requirement in order for the Company to maintain its register of Shareholder.

Purposes for which personal data is used and legal basis for processing

- 6.6 The Company (and/or its processors) may hold personal data provided to them by Shareholders on their computer system and manually in paper records.
- 6.7 The Shareholders' personal data will be added to a database held on behalf of the Company and will be used for the following purposes (or as otherwise authorised by the Shareholders) (collectively, the "**Purposes**"), being to:
- (a) process personal data as required for or in connection with the holding of Ordinary Shares, including processing personal data in connection with (i) credit and money laundering

checks on it, (ii) effecting the payment of dividends and other distributions to Shareholders, and (iii) filing returns of Shareholders and their respective transactions in Ordinary Shares with statutory bodies and regulatory authorities, and the legal basis for such processing is that it is necessary in order for the Company to comply with its legal obligations, and the legal basis for such processing is that it is necessary in order for the Company to comply with its legal obligations;

- (b) process personal data in connection with the proper running of the Company's business affairs, and the legal basis for such processing is that it is in the legitimate interests of the Company to do so in connection with the proper management of the Company; and
- (c) process personal data for the purpose of record-keeping and reporting obligations, including to maintain the register of Shareholders and mailing lists (and the legal basis for such processing is that it is necessary in order for the Company to comply with its legal obligations).

Disclosure and recipients of personal data

6.8 The Company shall not disclose personal information it holds about Shareholders to any third party except as set out below:

- (a) as required in connection with the register of Shareholders;
- (b) to its service providers including the Company's investment manager, AIFM, administrator, company secretary, registrar and IT service providers for processing in connection with the Purposes; and/or
- (c) if the Company (or one of its processors) is under a duty to disclose or share personal data in order to comply with any legal obligation. This includes exchanging information with other companies and organisations for the purposes of fraud protection and credit risk reduction.

6.9 The Company may transfer any Shareholders' personal data to a country outside the UK and the EEA States without notifying the Shareholders in advance in writing, including to third parties outside the United Kingdom or the EEA States (subject to the use of a transfer mechanism which is approved at the relevant time by the European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK), including (i) in connection with the Purposes, (ii) to effect the payment of dividends and other distributions to Shareholders (if any); and (ii) to file returns of shareholders and their respective transactions in Shares with statutory bodies and regulatory authorities.

Retention periods

6.10 The Shareholders' personal data may be retained by and/or on behalf of the Company for a period not exceeding 10 years after it is no longer used.

Access and other rights

6.11 Data subjects may request to view personal data that the Company holds about them at any point by making a request in writing to the Company at Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW. This request will be responded to within 30 working days with details of the personal data that the Company holds about the data subject. If the Company requires more time to respond fully to any request, it will notify the data subject in writing within the 30 day period referred to. Any additional copies of any information the Company provides to a data subject may be subject to a reasonable fee.

6.12 Data subjects have other rights under Data Protection Laws in relation to their personal data. In particular, a data subject may have (i) the right to request that the Company rectify or erase information that it holds about a data subject in certain circumstances, (ii) the right to ask the Company to limit its processing of a data subject's information, (iii) the right to object to certain processing of a data subject's information (including the right to object to processing of a data subject's personal data for direct marketing purposes at any time), and (iv) the right to ask the Company to move, copy or transfer a data subject's personal information to another organisation

in certain circumstances. If a data subject wishes to exercise any of these rights, it should contact the Company at Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW.

- 6.13 If a Shareholder or data subject has any queries about the processing of personal data by the Company, or if it wishes to submit an access request or raise a complaint about the way in which personal information has been handled, it may do so in writing to the Privacy Manager at Target Healthcare REIT plc, Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW or by email to info@targetfundmanagers.com.
- 6.14 If a Shareholder or data subject is not satisfied with the Company's response to any queries or complaints raised with it or believe the Company is not processing personal data in accordance with the Data Protection Laws, it can complain to the Information Commissioner's Office (<https://ico.org.uk/>).

7. Miscellaneous

- 7.1 The rights and remedies of Stifel and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 7.2 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. If a Placee is an individual, that Placee may be asked to disclose his nationality. All documents provided in connection with the Initial Placing or the Placing Programme will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 7.3 Each Placee agrees to be bound by the Articles (as amended from time to time) once the New Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing or any placing under the Placing Programme, have been acquired by the Placee. The contract to subscribe for New Shares under the Initial Placing or any placing under the Placing Programme and the appointments and authorities mentioned in this document will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company and Stifel, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient form. This does not prevent an action being taken against Placee in any other jurisdiction.
- 7.4 In the case of a joint agreement to subscribe for New Shares under Initial Placing or any placing under the Placing Programme, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 7.5 Stifel and the Company expressly reserve the right to modify the Initial Placing or any placing under the Placing Programme (including, without limitation, their timetable and settlement) at any time before allocations are determined.
- 7.6 The Initial Placing and each Placing under the Placing Programme is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 8.1 of Part 10 of this document.
- 7.7 Monies received from applicants pursuant to a Placing under the Placing Programme will be held in accordance with the terms and conditions of any announcement issued by the Company in relation to that Placing until such time as the Placing Agreement becomes unconditional in all respects in relation to that Placing. If the Placing Agreement does not become unconditional in all respects in relation to that Issue by the time specified in such announcement, application monies will be returned without interest at the risk of the applicant.
- 7.8 Save where the context requires otherwise, terms used in these terms and conditions of the Initial Placing and Placing Programme bear the same meaning as where used elsewhere in this document.

8. Selling Restrictions

8.1 Before Admission becomes effective, Placees may only offer or sell any New Shares in the United Kingdom:

- (i) to persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business; or
- (ii) otherwise in circumstances which will not result in an offer to the public in the United Kingdom within the meaning of the FSMA.

PART 12

TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION

Introduction

These terms and conditions apply to any application made under the Offer for Subscription. If you apply for New Shares in the Offer for Subscription, you will by completion of the Application Form through CREST be thereby agreeing, warranting, confirming and acknowledging with the Company, the Investment Manager, the Sponsor, the Placing Agent and the Receiving Agent (together, the “Company and its agents”) as follows.

Offer to acquire Ordinary Shares

1. Applications must be made on the Application Form attached at the end of this document or otherwise published by the Company. Applications under the Offer for Subscription must specify a fixed number of New Shares for which they wish to apply at the Initial Issues Price. Individual applications must be for a minimum of £1,000 and applications in excess of that amount should be made in multiples of £100. Investors may make more than one application for New Shares under the Offer for Subscription.
2. By completing and delivering an Application Form, you, as the applicant, or, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
 - 2.1 offer to subscribe for the amount of New Shares that you have specified in your Application Form (or such lesser amount for which your application is accepted) at the Initial Issues Price on the terms, and subject to the conditions, set out in the this document, including these terms and conditions, the guidance notes accompanying your Application Form, and the Company’s memorandum of association and the Articles, and agree to be bound by and adhere to the Company’s memorandum of association and the Articles as if you were directly a party to the same;
 - 2.2 agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer any Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked until after 3 March 2021 (or such later date as the Company and its agents may agree). You agree that this paragraph constitutes an irrevocable collateral contract between you and the Company and its agents, which will become binding when your Application Form is posted or delivered by hand to the Receiving Agent, provided that you shall be entitled to revoke your application in the two working days following any publication by the Company of a supplementary prospectus relating to the Offer for Subscription in accordance with Article 23 of the UK Prospectus Regulation;
 - 2.3 undertake to pay (by cheque or banker’s draft or by a CREST payment or such other method of payment as may be agreed with the Company) the Initial Issues Price for the New Shares (payable in full on application) in respect of which your application is accepted and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the New Shares applied for or to enjoy or receive any rights or distributions in respect of such New Shares unless and until you make payment in cleared funds for such New Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company and its agents against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) terminate the agreement to allocate New Shares to you, without liability to you, and may allocate them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds or remittance which accompanied your Application Form and which is received by the Receiving Agent in cleared funds, without interest);

- 2.4 agree that any share certificate to which you may become entitled and moneys returnable may be retained, without interest, by the Receiving Agent:
- 2.4.1 pending clearance of your remittance;
 - 2.4.2 pending investigation of any suspected breach of the warranties contained in paragraph 10 below or any other suspected breach of these terms and conditions; or
 - 2.4.3 pending any verification of identity (to the satisfaction of the Company and its agents, including as may concern the manner in which its identification documents are to be certified) which is, or which the Company and its agents consider may be, required for the purposes of compliance with the prevailing anti-money laundering, anti-terrorism and contributing to the financing of criminal activities legislation, regulations and procedures in force from time to time in the United Kingdom (the “**CDD Rules**”);
- 2.5 agree that any error in the register of members of the Company arising as a result of your remittance not being honoured on first presentation or as a result of any other error in connection with your application for New Shares, or as a result of termination of any agreement to allocate New Shares pursuant to paragraphs 2.3 or 2.7 of these terms and conditions may be rectified and, in addition and without prejudice to the foregoing, you hereby irrevocably authorise the Company, or any person appointed by it for this purpose, to execute on your behalf any instrument of transfer which may be necessary to effect any re-allocation or sale of New Shares to any other person arising as a result of the foregoing. The right to rectify the register of members of the Company, and/or the power to re-allocate or sell New Shares contained in this paragraph, are in addition to any other rights, powers and remedies which would otherwise be available to the Company in the event of a breach by you of these terms and conditions;
- 2.6 agree, on the request of the Company or any of its agents, to disclose promptly in writing to any of them such information as the Company or its agents may request in connection with your application and you agree that information relating to applications will be retained by the Receiving Agent in connection with the Offer for Subscription and may be disclosed as contemplated by the CDD Rules;
- 2.7 agree that if evidence of identity satisfactory to the Company and its agents is not provided to the Company or its agents within a reasonable time (in the opinion of the Company) following a request therefore, any agreement with you to allocate Ordinary Shares may be terminated and, in such case, the New Shares which would otherwise have been allocated to you may be re-allocated and your application monies will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn without interest;
- 2.8 warrant and confirm that:
- 2.8.1 you are not a person engaged in money laundering;
 - 2.8.2 none of the monies or assets transferred or to be transferred to (or for the account of) the Company and its agents for the purposes of the subscription are or will be the proceeds of criminal activities; and
 - 2.8.3 you are not a prohibited individual or entity or resident in a prohibited country or territory listed on the United States Department of Treasury’s Office of Foreign Assets Control (“**OFAC**”) website and that you are not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes;
- 2.9 undertake to ensure that, in the case of your Application Form being signed by someone other than the applicant, the original of the relevant power of attorney or other authority (or a complete copy certified by a solicitor or a bank) is enclosed with your Application Form;
- 2.10 undertake to pay interest at the rate prescribed in paragraph 6 below if the remittance accompanying your Application Form is not honoured on first presentation;

- 2.11 authorise the Receiving Agent on behalf of the Company to send definitive certificates in respect of the number of New Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post to your address as set out in your Application Form;
 - 2.12 confirm that you have read and complied with paragraphs 23 and 24; and
 - 2.13 agree that your Application Form is addressed to the Company and its agents.
3. Any application may be rejected in whole or in part at the sole discretion of the Company.

Acceptance of your offer

4. You agree that acceptance of your application, if it is validly received (or treated as valid), processed (and not rejected) and provided that it is not rejected subsequently as a result of a failure by you to comply with these terms and conditions, shall be constituted at the election of the Company, after consultation with the Investment Manager, the Sponsor and the Placing Agent, either:
- 4.1 by notifying the London Stock Exchange of the basis of allocation (in which case the acceptance will be on that basis); or
 - 4.2 by notifying acceptance to the Receiving Agent.
5. The Company and its agents reserve the right to treat as valid any application not complying fully with these terms and conditions or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. The Company and its agents reserve the right to waive in whole or in part any of the provisions of these terms and conditions, either generally or in respect of one or more applications. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed in some other manner satisfactory to the Company and its agents to apply in accordance with these terms and conditions.
6. The right is reserved to present all cheques for payment on receipt by the Receiving Agent and to retain documents of title and surplus application monies pending clearance of successful applicants' cheques. The Company may require you to pay interest or its other resulting costs (or both) if the cheque accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Company to be the interest on the amount of the cheque from the date on which the basis of allocation under the Offer for Subscription is publicly announced, until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Company plus two per cent. per annum.

Conditions

7. The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon the admission of the New Shares to be issued, to the Official List of the FCA and to trading on the Main Market.
8. You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other rights you may have.

Return of application monies

9. If any application is not accepted, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest in sterling by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto, save where such amount is less than £3.00. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

Warranties

10. By completing an Application Form, you:

- 10.1 warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or a bank;
- 10.2 acknowledge that, if you are not resident in the UK, no action has been taken to permit a public offer in your jurisdiction and that, if the laws of any territory or jurisdiction outside the UK are applicable to your application, warrant that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or its agents or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the UK in connection with the Offer for Subscription or your application;
- 10.3 confirm that in making an application you are not relying on any information or representations in relation to the Company and the Shares other than that contained in this document (as may be supplemented by a supplementary prospectus) on the basis of which alone your application is made, and accordingly you agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such other information or representations;
- 10.4 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document (as may be supplemented by a supplementary prospectus) and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or any of its agents;
- 10.5 acknowledge that Stifel and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 10.6 warrant that you are either a company or other body corporate duly incorporated and validly existing with authority to sign the Application Form and to apply for New Shares or an individual who is not under the age of 18 on the date of your application;
- 10.7 agree that all documents and monies sent by post to you, by or on behalf of the Company or any of its agents will be sent at your risk and, in the case of documents and returned monies to be sent to you, may be sent to you at your address as set out in your Application Form;
- 10.8 confirm that you have reviewed the restrictions contained in the section entitled "Overseas investors" in paragraphs 23 and 27 and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions of such section;
- 10.9 warrant that you are not in the United States, or subscribing for the New Shares for the account of any person in the United States (except pursuant to a transaction exempt from, or not subject to the registration requirements of, the US Securities Act), and are not a Canadian person, or an individual, corporation or other entity resident in Japan New Zealand, the Republic of South Africa or Australia; and
- 10.10 warrant that the details relating to you as set out in your Application Form are correct.

Allocations

11. The basis of allocation will be determined at the sole discretion of the Company (in consultation with the Sponsor, the Investment Manager and the Placing Agent). The right is reserved notwithstanding such basis to reject in whole or in part and/or scale down any application.

Miscellaneous

12. To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Shares and the Offer for Subscription.
13. The rights and remedies of the Company and its agents under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.
14. You agree that the Sponsor and the Placing Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and will not treat you as its client by virtue of such application being accepted or owe you any duties concerning the price of New Shares or concerning the suitability of New Shares for you or otherwise in relation to the Offer for Subscription.
15. You authorise the Receiving Agent or any person authorised by them or the Company, as your agent, to do all things necessary to effect registration of any New Shares subscribed for by you in your name and authorise any representatives of the Receiving Agent to execute and/or complete any document required therefor.
16. You agree that it is a condition of application that any information supplied by an applicant or on his behalf or derived from the processing thereof may be used by the Receiving Agent or the Company and/or disclosed to the Company, its agents or advisers in connection with and for the purposes of the Offer for Subscription and, for the purposes of the UK version of EU Regulation 2016/679, which forms part of UK law by virtue of the European Union (Withdrawal) Act, you provide your consent to the use and disclosure of this information.
17. You agree that a failure to receive, process or accept your application for New Shares does not give rise to any right of action by any person against the Company, the Placing Agent, the Sponsor, the Receiving Agent or any other person. You agree that the non-receipt by any person of this document or any other related document shall not invalidate the Proposals in whole or in part or give rise to any right of action by any person against the Company, the Placing Agent, the Sponsor, the Receiving Agent or any other person.
18. You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with English law and that, for the benefit of the Company, the Placing Agent, the Sponsor and the Receiving Agent, you submit to the non-exclusive jurisdiction of the English courts and agree that nothing shall limit the right of the Company, the Placing Agent, the Sponsor, the Receiving Agent or their agents or advisers to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
19. Completed Application Forms, together with payment, must be returned so as to be received by post to Computershare, Corporate Action Projects, Bristol BS99 6AH no later than 11.00 a.m. on 24 February 2021. An Application Form which is sent by post or delivered by hand (as described above) will be treated as having been received only when it is received by the Receiving Agent.
20. **Settlement via delivery versus payment (“DVP”)**
 - 20.1 The Company will apply for the New Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Admission. Accordingly, settlement of transactions in the New Shares will normally take place within the CREST system.

- 20.2 The Application Form contains details of the information which the Receiving Agent will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for the Receiving Agent to match to your CREST account, the Receiving Agent will deliver your New Shares in certificated form provided payment has been made in terms satisfactory to the Company.
- 20.3 The right is reserved to issue your New Shares in certificated form should the Company, having consulted with the Receiving Agent, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by the Receiving Agent in connection with CREST.
- 20.4 The person named for registration purposes in your Application Form (which term shall include the holder of the relevant CREST account) must be: (i) the person procured by you to subscribe for or acquire the relevant New Shares; or (ii) yourself; or (iii) a nominee of any such person or yourself, as the case may be. Neither the Receiving Agent nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. The Receiving Agent, on behalf of the Company, will input a DVP instruction into the CREST system according to the booking instructions provided by you in your Application Form. The input returned by you or your settlement agent/custodian of a matching or acceptance instruction to our CREST input will then allow the delivery of your New Shares to your CREST account against payment of the Initial Issues Price through the CREST system upon the Settlement Date.
- 20.5 By returning the Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of New Shares to be made prior to 8.00 a.m. on 3 March 2021 against payment of the Initial Issues Price. Failure by you to do so will result in you being charged interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling plus two per cent. per annum.
- 20.6 To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:
- | | |
|-----------------------|-----------------------------------|
| Trade date: | 26 February 2021 |
| Settlement date: | 3 March 2021 |
| Company: | Target Healthcare REIT plc |
| Security description: | Ordinary Shares of one penny each |
| SEDOL: | BJGTLF5 |
| ISIN: | GB00BJGTLF51 |
- 20.7 Should you wish to settle DVP, you will need to match your instructions to the Receiving Agent's participant account 8RA18 by no later than 11.00 a.m. on 24 February 2021. You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.
- 20.8 In the event of late CREST settlement, the Company, after having consulted with the Receiving Agent, reserves the right to deliver New Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Offer for Subscription have been satisfied.

Money Laundering

21. You agree that, in order to ensure compliance with the CDD Rules, the Receiving Agent may at its absolute discretion require, and you will provide, evidence which is satisfactory to it to establish your identity or that of any person on whose behalf you are acting and/or your status and/or

verification of your source of funds. Without prejudice to the generality of the foregoing such evidence may be required if you either:

- 21.1 tender payment by way of banker's draft or cheque or money order drawn on an account in the name of another person or persons (in which case verification of your identity may be required); or
 - 21.2 appear to the Receiving Agent to be acting on behalf of some other person (in which case verification of identity of any persons on whose behalf you appear to be acting may be required). Failure to provide the necessary evidence of identity (in a manner satisfactory to the Company and its agents, including in respect of the manner of its certification) may result in application(s) being rejected or delays in the authorisation of documents.
22. Without prejudice to the generality of paragraph 21 above, verification of the identity of applicants may be required if the total subscription price of the New Shares applied for, whether in one or more applications, exceeds €15,000 (or its equivalent, being approximately £12,500). If in such circumstances, you use a building society cheque, banker's draft or money order, you should ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker's draft or money order and add its stamp. If in such circumstances, you use a cheque drawn by a third party, you may be requested to provide a copy of your passport or driving licence certified by a solicitor or a recent original bank or building society statement or utility bill in your name and showing your current address (which originals will be returned by post at the applicant's risk).
23. You agree to hold harmless and will indemnify the Company, Stifel, the Receiving Agent, the Registrar and their respective affiliates against any liability, loss or cost ensuing due to the failure to process the application, if such information as has been required was not provided by you or was not provided on a timely basis.

Overseas investors

24. If you receive a copy of this document or an Application Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the United Kingdom and wishing to make an application for New Shares under the Offer per Subscription, to satisfy yourself that you have fully observed the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The Company reserves the right, in its absolute discretion, to reject any application received from outside the United Kingdom.
25. Without limiting the above, the New Shares may not pursuant to the Offer for Subscription be offered, sold or delivered, directly or indirectly, within Canada, Japan, Australia, New Zealand, the Republic of South Africa, any EEA State (other than to professional investors in the Netherlands or the Republic of Ireland) or in the United States, or to, or for the account or benefit of, US Persons. If you subscribe for New Shares in the Offer for Subscription you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company and its agents that you are not in the United States and are not a US Person. No application will be accepted if it bears an address in the United States or otherwise where there is cause to believe you are in the United States or are a US Person. New Shares may not be deposited into any unrestricted depositary receipt facility in respect of the New Shares established or maintained by a depositary bank in the United States.

Definitions used in these terms and conditions

26. In these terms and conditions and the Application Form the following terms have the meanings set out below and in the section headed "Definitions" in this document:

“Application Form” means the application form for use in connection with the Offer for Subscription attached at the end of this document or any application form for use in connection with the Offer for Subscription otherwise published by or on behalf of the Company; and

“Prospectus” means the document comprising a prospectus of the Company dated 12 February 2021

Save where the context requires otherwise, terms used in these terms and conditions bear the same meaning as used in this document.

PART 13

TERMS AND CONDITIONS OF THE INTERMEDIARIES OFFER

The Intermediaries Terms and Conditions regulate the relationship between the Company and each of the Intermediaries that is accepted by the Company to act as an Intermediary after making an application for appointment in accordance with the Intermediaries Terms and Conditions.

Capacity and liability

The Intermediaries have agreed that, in connection with the Intermediaries Offer, they will be acting as agent for retail investors in the United Kingdom who wish to acquire New Shares under the Intermediaries Offer, and not as representative or agent of the Company or the Investment Manager, none of whom will have any responsibility for any liability, costs or expenses incurred by any Intermediary, regardless of the process or outcome of the Intermediaries Offer.

Eligibility to be appointed as an Intermediary

In order to be eligible to be considered by the Company for appointment as an Intermediary, each Intermediary must be authorised by the FCA or the Prudential Regulatory Authority in the United Kingdom or authorised by a competent authority in another EEA jurisdiction with the appropriate authorisations to carry on the relevant activities in the United Kingdom, and in each case have appropriate permissions, licences, consents and approvals to act as an Intermediary in the United Kingdom. Each Intermediary must also be a member of CREST or have arrangements with a clearing firm that is a member of CREST. Each Intermediary must also have (and is solely responsible for ensuring that it has) all licences, consents and approvals necessary to enable it to act as an Intermediary in the United Kingdom and must be, and at all times remain, of good repute and in compliance with all laws, rules and regulations applicable to it (determined by the Company in its sole and absolute reasonable discretion).

Application for Shares

A minimum application amount of £1,000 per Underlying Applicant will apply. There is no maximum limit on the monetary amount that Underlying Applicants may apply to invest. The Intermediaries have agreed not to make more than one application per Underlying Applicant. Any application made by investors through any Intermediary is subject to the terms and conditions agreed with each Intermediary.

Individuals who are aged 18 or over, companies and other bodies corporate, partnerships, trusts, associations and other unincorporated organisations are permitted to apply to subscribe for or purchase New Shares in the Intermediaries Offer. Individuals aged between 16 and 18 may apply to subscribe for New Shares in the Intermediaries Offer through an Intermediary only if such New Shares are to be held in a Junior ISA. Only one application for New Shares may be made for the benefit of any one person in the Intermediaries Offer. Underlying Applicants are responsible for ensuring that they do not make more than one application under the Intermediaries Offer (whether on their own behalf or through other means, including, but without limitation, through a trust or pension plan). Intermediaries may not make multiple applications on behalf of the same person.

By applying for New Shares in the Intermediaries Offer, the applicant agrees to acquire the relevant New Shares at the Initial Issues Price. Each applicant must comply with the appropriate money laundering checks required by the relevant Intermediary. Where an application is not accepted or there are insufficient New Shares available to satisfy an application in full, allocations of New Shares may be scaled down to an aggregate value which is less than that applied for. The relevant Intermediary will be obliged to refund the applicant as required and all such refunds will be in accordance with the terms provided by the Intermediary to the applicant. The Company accepts no responsibility with respect to the obligations of the Intermediaries to refund monies in such circumstances.

Under the Intermediaries Terms and Conditions, in making an application, each Intermediary will also be required to represent and warrant, among other things, that it is not located in the United States and is not acting on behalf of anyone located in the United States. Under the Intermediaries Offer, the Shares will be offered outside the United States only in offshore transactions to non non-US Persons as defined in, and in reliance on, Regulation S.

Allocations of New Shares under the Intermediaries Offer will be at the absolute discretion of the Company, after consultation with the Investment Manager, the Sponsor and the Placing Agent. If there is excess demand for New Shares in the Intermediaries Offer, allocations of New Shares may be scaled down to an aggregate value which is less than that applied for. Each Intermediary will be required by the Company to apply the basis of allocation determined by the Company to all allocations to Underlying Applicants who have applied through such Intermediary.

The Intermediaries will be notified by the Receiving Agent as soon as reasonably practicable after allocations under the Intermediaries Offer is decided. The relevant Intermediaries notification will be sent by email to each Intermediary separately and shall specify: (i) the aggregate number of New Shares allocated to, and to be acquired by, the relevant Intermediary (on behalf of the relevant retail investors); (ii) if applicable, the basis on which the relevant Intermediary should allocate New Shares to retail investors on whose behalf the Intermediary submitted applications; and (iii) the total amount payable by the Intermediary in respect of such New Shares. Each Intermediary will also be sent confirmation by the Receiving Agent (acting as settlement agent to the Intermediaries Offer) of the number of New Shares it has been allocated in the Intermediaries Offer.

Each retail investor who applies for New Shares in the Intermediaries Offer through an Intermediary shall, by submitting an application to such Intermediary, be required to agree that it must not rely, and will not rely, on any information or representation other than as contained in this document or any supplement thereto published by the Company prior to Admission. Each Intermediary acknowledges that none of the Company, the Investment Manager, the Sponsor or the Placing Agent will have any liability to the Intermediary or any retail investor for any such other information or representation not contained in this document or any such supplement thereto published by the Company prior to Admission.

Effect of Intermediaries Offer Application Form

By completing and returning an Intermediaries Offer Application Form, an Intermediary will be deemed to have irrevocably agreed to invest or procure the investment in New Shares of the aggregate amount stated on the Intermediaries Offer Application Form or such lesser amounts in respect of which such application may be accepted. The Company and the Investment Manager reserve the right to reject, in whole or in part, or to scale down, any application for New Shares in the Intermediaries Offer.

Commission and Fees

The Intermediaries Terms and Conditions provide that an Intermediary may choose whether or not to be paid a fee by the Company in connection with the Intermediaries Offer, subject to the rules of the FCA or any other applicable body. Intermediaries must not pay to any Underlying Applicant any of the fees received from the Company. However, Intermediaries are permitted to offset any fee received from the Company against any amounts of fees which would be otherwise payable by an Underlying Applicant to that Intermediary.

Information and communications

The Intermediaries have agreed to give certain undertakings regarding the use of information provided to them in connection with the Intermediaries Offer. The Intermediaries have given certain undertakings regarding their role and responsibilities in the Intermediaries Offer and are subject to certain restrictions on their conduct in connection with the Intermediaries Offer, including in relation to their responsibility for information, communications, websites, advertisements and their communications with clients and the press.

Representations and warranties

The Intermediaries have given representations and warranties that are relevant for the Intermediaries Offer, and have agreed to indemnify the Company, the Sponsor and the Receiving Agent against any loss or claim arising out of any breach by them of the Intermediaries Terms and Conditions or as a result of a breach of any duties or obligations under FSMA or under any rules of the FCA or any applicable laws or as a result of any breach by the Intermediary of any of its representations, warranties, undertakings or obligations contained in the Intermediaries Terms and Conditions.

Governing law

The Intermediaries Terms and Conditions are governed by English law.

The Intermediaries

Any information with respect to Intermediaries unknown at the time of approval of this document, including in respect of any Intermediary that is appointed by the Company in connection with the Intermediaries Offer on or after the date of this document following its agreement to adhere to and be bound by the terms of the Intermediaries Terms and Conditions and any Intermediary that ceases to participate in the Intermediaries Offer, will be made available (subject to certain restrictions) at the Company's website www.targethealthcarereit.co.uk.

DEFINITIONS

The meaning of the following terms shall apply throughout this document unless the context otherwise requires.

Administration and Secretarial Agreement	the administration and secretarial agreement between the Company and Company Secretary dated 21 June 2019
Administrator or Company Secretary	Target Fund Managers Limited, a private limited company incorporated in Scotland with registered number SC548164
Admission	the admission of the New Shares issued pursuant to the Proposals to the premium segment of the Official List and to trading on the Main Market
AIC Code	the AIC Code of Corporate Governance, as amended from time to time
AIFM	an Alternative Investment Fund Manager pursuant to the Alternative Investment Fund Managers Regulations 2013 SI 2013/1773
Application Form	the application form for use in connection with the Offer for Subscription as set out at the end of this document
Articles	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part 10 of this document
Australia	the Commonwealth of Australia, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
Benefit Plan Investor	includes: (a) any employee benefit plan (as defined in Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA; (b) any plan, account or arrangement that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended; for example, an individual retirement account (" IRA "); and (c) any entity whose underlying assets include plan assets by reason of the investment in the entity, by any entity described in (a) or (b) (for example, an entity in which 25 per cent. or more of the value of any class or equity interest is held by Benefit Plan Investors which does not satisfy any exception under the plan asset regulation)
Birch Park	Birch Park Healthcare Limited, a company incorporated in England and Wales with registered number 11355300
Board or Directors	the directors of the Company from time to time
Business Day	a day (other than a Saturday, Sunday or public holiday) on which the London Stock Exchange is open for business
Canada	Canada, its provinces and territories and all areas under its jurisdictions and political sub-divisions thereof
Circular	the circular posted to Shareholders (with this document) in relation to the General Meeting

Companies Act	the Companies Act 2006, as amended
Company	Target Healthcare REIT plc, a company incorporated in England and Wales with registered number 11990238
COVID-19 Pandemic	the outbreak of the infectious disease known as COVID-19, the spread of which was declared as a transnational and continental pandemic by the World Health Organisation on 11 March 2020
CQC	the Care Quality Commission (or its equivalent in Scotland, Wales or Northern Ireland)
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
CTA 2010	the UK Corporation Tax Act 2010 (as amended)
Darrington Healthcare	Darrington Healthcare (Yorkshire) Limited, a company incorporated in England and Wales with registered number 09162854
Depository	IQ EQ Depository Company (UK) Limited, a company incorporated in England and Wales with registered number 05830789
Depository Agreement	the depository agreement between the Company, the Investment Manager and the Depository, a summary of which is set out in paragraph 8.4 of Part 10 of this document
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA (as amended)
Distribution	any dividend or other distribution by the Company ("distribution" being construed in accordance with Part 23 of the CTA 2010)
EBITDAM	earnings before interest, taxes, depreciation, amortisation, and management fees
EBITDAR	earnings before interest, taxes, depreciation, amortisation and rent
EBITDARM	earnings before interest, taxes, depreciation, amortisation, rent and management fees
EEA	the European Economic Area
EEA States	the member states of the EEA
Elm Park	Elm Park Healthcare Limited, a company incorporated in England and Wales with registered number 08267549
EPRA	European Public Real Estate Association, the industry body for listed European Real Estate
EPRA Topped Up Net Initial Yield	topped up net initial yield calculated in accordance with EPRA guidelines incorporating an adjustment in respect of the expiration of rent free periods (or other unexpired lease incentives)

ERISA	the United States Employee Retirement Income Security Act of 1974, as amended
ESG	environmental and social governance
EU AIFM Delegated Regulation	the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision
EU AIFM Directive	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, and the EU AIFM Delegated Regulation
EU Market Abuse Regulation	Regulation (EU) 596/2014 and all delegated regulations and implementing regulations made thereunder
EU Prospectus Regulation	Regulation (EU) 2017/1129 and any regulatory or implementing technical standards and other delegated or implementing acts adopted under that Regulation
EU-UK Trade and Co-operation Agreement	the EU–UK Trade and Cooperation Agreement dated 30 December 2020 between the European Union, the European Atomic Energy Community and the United Kingdom
Excess Charge	in relation to a Distribution which is paid or payable to a person, all tax or other amounts which the Board considers may become payable by the Company to any other member of its group under section 551 CTA 2010 (as amended) and any interest, penalties, fines or surcharge attributable to such tax as a result of such Distribution
Excluded Shareholders	Shareholders with a registered address in or who are located in one of the Restricted Jurisdictions
Existing Portfolio	the direct and indirect property assets of the Group as at the date of this document
Existing Shareholders	registered holders of Ordinary Shares prior to the completion of the Initial Issues
Existing Shares	the Ordinary Shares existing on the Record Date
FCA	the Financial Conduct Authority of the United Kingdom including any replacement or substitute therefor, and any regulatory body or person succeeding, in whole or in part, to the functions thereof
Form of Proxy	the form of proxy which has been sent to Shareholders for use at the General Meeting
FSMA	the UK Financial Services and Markets Act 2000 (as amended)

General Meeting	the general meeting of the Company to be held at the offices of Dickson Minto W.S., 16 Charlotte Square, Edinburgh EH2 4DF at 12 noon on 1 March 2021 (or any adjournment thereof)
Group	the Company and its Subsidiaries from time to time or any one or more of them, as the context may require
HMRC	HM Revenue & Customs
HSBC	HSBC UK Bank plc, a company incorporated in England and Wales with registered number 09928412
HSBC Facility	the £100 million revolving credit facility provided to THR15, and others, by HSBC pursuant to the HSBC Facility Agreement
HSBC Facility Agreement	the facility agreement originally dated 29 January 2018 (and subsequently amended and restated on 1 March 2019, as further amended on 29 November 2019 and 29 January 2020 and as amended and restated on 5 November 2020) between, among others, HSBC and THR15, a summary of which is set out in paragraph 8.7 of Part 10 of this document
IFRS	International Financial Reporting Standards as adopted by the European Union
Imminent Acquisition Assets	the forward funding opportunity situated in the South East and the three modern care homes situated in the South West, North West and Scotland that the Group is in advanced negotiations to commit to acquiring for an aggregate consideration of approximately £46.7 million (including costs)
Initial Admission	admission of the New Shares issued under the Initial Issues
Initial Issues	the issue of New Shares at the Initial Issues Price under the Initial Placing, Offer for Subscription and Intermediaries Offer as described in Part 4 of this document
Initial Issues Price	111.0 pence per New Share
Initial Placing	the initial conditional placing of New Shares by the Placing Agent as described in this document
Intermediaries	any intermediary that is appointed by the Company in connection with the Intermediaries Offer on or after the date of this document and “ Intermediary ” shall mean any one of them
Intermediaries Booklet	the booklet entitled Intermediaries Booklet and containing, among other things, the Intermediaries Terms and Conditions
Intermediaries Offer	the offer of New Shares at the Initial Issues Price by the Intermediaries as described in Part 13 of this document
Intermediaries Offer Application Form	the form of application for New Shares in the Intermediaries Offer used by the Intermediaries

Intermediaries Terms and Conditions	the terms and conditions agreed between the Company and the Intermediaries in relation to the Intermediaries Offer and contained in the Intermediaries Booklet
Investment Manager or TFML	Target Fund Managers Limited, a private limited company incorporated in Scotland with registered number SC548164
Investment Management Agreement	the investment management agreement between the Company and the Investment Manager (as amended), a summary of which is set out in paragraph 8.2 of Part 10 of this document
IRR	internal rate of return which is a measure of investment and is the annual rate of growth in relation to an investment
ISA	Individual Savings Account for the purposes of section 694 Income Tax (Trading and Other Income) Act 2005
ISDA	The International Swaps and Derivatives Association
Japan	Japan, its cities, prefectures, territories and possessions
Junior ISA	a junior ISA maintained in accordance with the Individual Savings Account Regulations 1998, as amended from time to time
Key Manager	Kenneth MacKenzie and any other person as may be designated a “Key Manager” from time to time in accordance with the Investment Management Agreement
KID	the Company’s “Key Information Document”, such term having the same meaning as in the UK PRIIPs Regulation
Listing Rules	the listing rules made by the FCA under Part VI of the FSMA (as amended)
Local Authority	an administrative body for the government of a particular area, town or city in the UK
London Stock Exchange	London Stock Exchange plc
Main Market	the main market of the London Stock Exchange
Market Value	the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arms length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion
Mature Home	a care home, within the Existing Portfolio, that has been in continued operation for more than three years
Member Account ID	the identification code or number attached to any member account in CREST
Mitch Developments	Mitch Developments No 2 Limited, a company incorporated in England and Wales with registered number 09552549

National Living Wage	the national living wage of the UK being the minimum pay per hour most workers aged 25 and over are entitled to by law
NAV or Net Asset Value	the value of the Company's assets, less any liabilities
NAV per Share	the Net Asset Value on the relevant date, adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model (being the EPRA methodology) and divided by the number of Ordinary Shares in issue on the relevant date
New Shares	the Ordinary Shares to be issued by the Company pursuant to the Proposals
New Zealand	New Zealand, its territories, possessions and all areas under its jurisdiction and political sub divisions thereof
NHS	the National Health Service
Oak Park	Oak Park Healthcare Limited, a company incorporated in England and Wales with registered number 06872797
Offer for Subscription	the offer for subscription of New Shares at the Initial Issues Price as described in this document
Official List	the official list of the FCA
Ordinary Shares or Shares	ordinary shares of one penny each in the capital of the Company designated as such and having the rights and being subject to the restrictions specified in the Articles
Overseas Investor	a person who is not resident in, or who is outside or who has a registered address outside, the United Kingdom
Pipeline Assets	the ten modern care homes situated in Yorkshire & the Humber, East Midlands, South West, East and the South East and five forward funding projects and one forward commitment to acquire a care home upon it reaching practical completion situated in Scotland, West Midlands, North West and London that the Group is in discussions to acquire in the near term for an aggregate consideration of up to approximately £177 million (including costs)
Placees	the persons to whom the New Shares are issued pursuant to the Initial Placing and the Placing Programme
Placing	the placing of New Shares by the Placing Agent under the Initial Placing or the Placing Programme
Placing Agent or Stifel	Stifel Nicolaus Europe Limited, a company incorporated in England and Wales with registered number 03719559
Placing Agreement	the placing agreement between the Company, the Investment Manager, and Stifel dated 12 February 2021, a summary of which is set out in paragraph 8.1 of Part 10 of this document

Placing Programme	the programme of placings of New Shares at the Placing Programme Price as described in this document
Placing Programme Price	the price at which New Shares will be issued under the Placing Programme, as agreed by the Board and the Placing Agent in accordance with the terms of the Placing Agreement at the time of each placing of New Shares under the Placing Programme which shall be at a premium to the prevailing NAV per Share
PRIIP	packaged retail and insurance-based investment products, as defined under the UK PRIIPs Regulation
Property Portfolio	the direct and indirect property assets of the Group from time to time
Proposals	the proposals for the Board to issue up to 150 million New Shares on a non pre-emptive basis pursuant to the Initial Issues and subsequent Placing Programme
Prospectus	this document
QIBs	qualified institutional buyers as defined in Rule 144A
QPs	qualified purchasers as defined in Section 2(a)(51) under the US Investment Company Act
RBS	The Royal Bank of Scotland plc, a company incorporated in Scotland with registered number SC083026
RBS Facility	the £70 million term loan facility and revolving credit facilities provided to THR1 and others by RBS pursuant to the RBS Facility Agreement
RBS Facility Agreement	the facility agreement dated 23 June 2014, as amended and restated on 23 December 2014, as amended by the amendment letter dated 31 March 2016, 14 April 2015 and 2 November 2017, as amended and restated on 1 April 2016 and on 5 November 2020, between RBS, THR1, THR2 and THR9, a summary of which is set out in paragraph 8.5 of Part 10 of this document
ReAssure	ReAssure Limited, a company incorporated in England and Wales with registered number 00754167
ReAssure Facility	the £50 million loan facility provided to THR12, THR3, THR5, THR6 and THR7 by ReAssure pursuant to the ReAssure Facility Agreement
ReAssure Facility Agreement	the facility agreement dated 14 January 2020 between ReAssure and THR12, THR3, THR5, THR6 and THR7, a summary of which is set out in paragraph 8.6 of Part 10 of this document
Receiving Agent or Computershare	Computershare Investor Services PLC, a company incorporated in England and Wales with registered number 03498808
Reconstruction	the scheme of arrangement made under Art 125 of the Companies (Jersey) Law 1991 as amended, between THRL, its shareholders at that time and the Company

Red Book Global	RICS Valuation Global Standards incorporating the International Valuation Standards 31 January 2020
Registrar	Computershare Investor Services PLC
Regulation S	Regulation S under the US Securities Act
RIS or Regulatory Information Service	a regulatory information service that is on the list of regulatory information services maintained by the FCA
REIT	a company qualifying as a real estate investment trust under Part 12 of the CTA 2010
Relevant Registered Shareholder	a Shareholder who holds all or some of the Shares that comprise a Substantial Shareholding (whether or not a Substantial Shareholder)
Republic of South Africa	the Republic of South Africa, its territories, possessions and all areas under its jurisdiction and political sub divisions thereof
Restricted Jurisdiction	the US, Canada, Australia, Japan, New Zealand, the Republic of South Africa or any EEA State and any jurisdiction where local law or regulations may result in a risk of civil, regulatory or criminal exposure or prosecution if information or documentation concerning the Proposals or the Prospectus is sent or made available to a person in that jurisdiction
RPI	the Retail Price Index (all items, excluding mortgages) as published by the UK Office for National Statistics from time to time
Rule 144A	Rule 144A under the US Securities Act
Shareholders	holders of Ordinary Shares
Speculative Development	any development where the completed asset is not subject to any lease arrangement (including rental guarantee) in respect of the majority of the asset
Sponsor or Dickson Minto	Dickson Minto W.S.
SPV	special purpose vehicle
Stourport	Stourport on Severn Care Limited, a company incorporated in England and Wales with registered number 07510328
Subsequent Admissions	admissions of New Shares issued under the Placing Programme
Subsidiaries	the direct and indirect subsidiaries of the Company from time to time, being THRL, THR1, THR2, THR3, THR4, THR5, THR6, THR7, THR8, THR9, THR10, THR11, THR12, THR13, THR14, THR15, THR16, THR17, THR17 Holdings, THR18, THR19, THR20, THR21, THR22, THR23, THR24, THR25, THR26, THR27, THR28, THR29, THR30, THR31, THR32, THR33, THR34, THR35, THR36, THR37, THR38, Willow Park, Birch Park, Darrington Healthcare, Elm Park, Mitch Developments, Oak Park, Stourport and Sycamore Park as at 10 February 2021

Substantial Shareholder	means any person whose interest in the Company whether legal or beneficial, direct or indirect, may cause the Company or any member of its group to be liable to pay tax under section 551 CTA 2010 (as amended) on or in connection with the making of a Distribution to or in respect of such person
Substantial Shareholding	the Ordinary Shares in relation to or by virtue of which (in whole or in part) a person is a Substantial Shareholder
Sycamore Park	Sycamore Park Healthcare Limited, a company incorporated in England and Wales with registered number 09854930
Takeover Code	the City Code on Takeovers and Mergers
THR1	THR Number One plc, a company incorporated in England and Wales with registered number 08996524
THR2	THR Number Two Limited, a company incorporated in England and Wales with registered number 08816684
THR3	THR Number 3 Limited, a company incorporated in England and Wales with registered number 08486658
THR4	THR Number 4 Limited, a company incorporated in England and Wales with registered number 07381556
THR5	THR Number 5 Limited, a company incorporated in England and Wales with registered number 05043616
THR6	THR Number 6 Limited, a company incorporated in England and Wales with registered number 08596340
THR7	THR Number 7 Limited, a company incorporated in Gibraltar with registered number 101482
THR8	THR Number 8 Limited, a company incorporated in Gibraltar with registered number 103750
THR9	THR Number 9 Limited, a company incorporated in England and Wales with registered number 09162771
THR10	THR Number 10 Limited, a company incorporated in England and Wales with registered number 10489623
THR11	THR Number 11 Limited, a company incorporated in Scotland with registered number SC449233
THR12	THR Number 12 plc, a company incorporated in England and Wales with registered number 10766378
THR13	THR Number 13 Limited, a company incorporated in England and Wales with registered number 10609722
THR14	THR Number 14 Limited, a company incorporated in England and Wales with registered number 10609739
THR15	THR Number 15 plc, a company incorporated in England and Wales with registered number 11137916
THR16	THR Number 16 Limited, a company incorporated in England and Wales with registered number 10773560

THR17	THR Number 17 Limited, a company incorporated in England and Wales with registered number 07638039
THR17 Holdings	THR Number 17 (Holdings) Limited, a company incorporated in England and Wales with registered number 08241267
THR18	THR Number 18 Limited, a company incorporated in England and Wales with registered number 11038154
THR19	THR Number 19 Limited, a company incorporated in England and Wales with registered number 11319885
THR20	THR Number 20 Limited, a company incorporated in England and Wales with registered number 08783262
THR21	THR Number 21 Limited, a company incorporated in England and Wales with registered number 09335508
THR22	THR Number 22 Limited, a company incorporated in England and Wales with registered number 11390916
THR23	THR Number 23 Limited, a company incorporated in England and Wales with registered number 11585158
THR24	THR Number 24 Limited, a company incorporated in England and Wales with registered number 11585387
THR25	THR Number 25 S.à r.l, a company incorporated in Luxembourg with registered number B196.691
THR26	THR Number 26 S.à r.l, a company incorporated in Luxembourg with registered number B211.149
THR27	THR Number 27 Limited, a company incorporated in England and Wales with registered number 10711149
THR28	THR Number 28 Limited, a company incorporated in England and Wales with registered number 08728060
THR29	THR Number 29 Limited, a company incorporated in England and Wales with registered number 12082968
THR30	THR Number 30 Limited, a company incorporated in England and Wales with registered number 08083117
THR31	THR Number 31 Limited, a company incorporated in England and Wales with registered number 09803652
THR32	THR Number 32 Limited, a company incorporated in England and Wales with registered number 12108558
THR33	THR Number 33 Limited, a company incorporated in England and Wales with registered number 11940337
THR34	THR Number 34 Limited, a company incorporated in England and Wales with registered number 08267470
THR35	THR Number 35 Limited, a company incorporated in England and Wales with registered number 12212287
THR36	THR Number 36 Limited, a company incorporated in England and Wales with registered number 10981436

THR37	THR Number 37 Limited, a company incorporated in England and Wales with registered number 12753132
THR38	THR Number 38 Limited, a company incorporated in England and Wales with registered number 12701938
THRL	Target Healthcare REIT Limited, a company incorporated in Jersey with registered number 112287
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK AIFMD Laws	the UK version of the EU Directive on Alternative Investment Fund Managers and related UK laws (including Commission Delegated Regulation (EU) No 231/2013) which form part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as may be amended from time to time, including, without limitation, by virtue of the European Union (Withdrawal Agreement) Act 2020)
UK Market Abuse Regulation	the UK version of Regulation (EU) 596/2014, all delegated regulations and implementing regulations made thereunder which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including, without limitation, by virtue of the European Union (Withdrawal Agreement) Act 2020 and by the Market Abuse (Amendment) (EU Exit) Regulations 2019
UK PRIIPs Regulation	the UK version of EU PRIIPs Regulation (1286/2014), which the UK version of the EU Directive on Alternative Investment Fund Managers and related UK laws (including Commission Delegated Regulation (EU) No 231/2013 which is part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as may be amended from time to time, including, without limitation, by virtue of the European Union (Withdrawal Agreement) Act 2020) forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as may be amended from time to time, including, without limitation, by virtue of the European Union (Withdrawal Agreement) Act 2020)
UK Prospectus Regulation	Regulation (EU) 2017/1129 and any regulatory or implementing technical standards and other delegated or implementing acts adopted under that Regulation, in each case to the extent that they form part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as may be amended from time to time, including, without limitation, by virtue of the European Union (Withdrawal Agreement) Act 2020)
Underlying Applicants	investors who apply to an Intermediary to acquire Shares under the Intermediaries Offer

United States or US	the United States of America (including the District of Columbia), its territories and possessions, any state of the United States of America and all other areas subject to its jurisdiction or any political sub-division thereof
US Securities Act	the United States Securities Act of 1933 (as amended)
US Investment Company Act	the United States Investment Company Act of 1940 (as amended)
US Person	US person as defined in Regulation S
Valuation Report	the report prepared by the Valuer as at 31 December 2020 in respect of the Existing Portfolio
Valuer	Colliers International Property Consultants Limited
WAULT	weighted average unexpired lease term
White Paper	the government paper that will set out plans for how to improve care and support for older people and tackle the challenge of an ageing population
Willow Park	Willow Park Healthcare Limited, a company incorporated in England and Wales with registered number 06872025

In this Prospectus any reference to any EU directive, EU regulation, EU decision, EU tertiary legislation or provision of the EEA Agreement (an “**EU Matter**”) which forms part of domestic law by application of the European Union (Withdrawal) Act 2018 shall be read as a reference to that EU Matter as it forms (by virtue of the European Union (Withdrawal) Act 2018) part of domestic law and as modified by domestic law from time to time. For the purposes of this paragraph, (i) “domestic law” shall have the meaning given in the European Union (Withdrawal) Act 2018; and (ii) any other words and expressions shall, unless the context otherwise provides, have the meanings given in the European Union (Withdrawal) Act 2018.

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by 11.00 a.m. on 24 February 2021. All Applicants should read notes 1 to 7. Note 6 should be read by Joint Applicants.

1. Application

Fill in (in figures) the aggregate amount for which your application is made. Your application must be for a minimum of £1,000 or, if for more than £1,000, in multiples of £100.

2. Personal details

Fill in (in block capitals) the full name, address and daytime telephone number of the applicant. If this application is being made jointly with other persons, please read Note 6 before completing Box 2.

3. Signature

The applicant named in Box 2 must date and sign Box 3.

The Application Form may be signed by another person on your behalf if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated.

4. Settlement

Payments by cheque or banker's draft

Attach a cheque or banker's draft for the exact amount shown in Box 1 to your completed Application Form. Your cheque or banker's draft must be made payable to "CIS PLC re Target Healthcare" and crossed "a/c Payee".

Your payment must relate solely to this application. No receipt will be issued.

Payments must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom, the Channel Islands or the Isle of Man of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of these companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds, should be made payable to "CIS PLC re Target Healthcare". Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping endorsing the cheque/bankers' draft to such effect.

The account name should be the same as that shown on the application.

Payments by electronic transfer

If you wish to pay by electronic transfer, payments must be made by CHAPS or SWIFT in Sterling. Payments must be made for value by 11.00 a.m. on 24 February 2021. Please contact the Receiving Agent by email at OFSPAYMENTQUERIES@computershare.co.uk for full bank details or telephone the Shareholder Helpline at 0370 703 0013 for further information. The Receiving Agent will then provide you with a unique reference number which must be used when sending payment.

CREST settlement

The Company will apply for the New Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Initial Admission (the "**Settlement Date**"). Settlement of transactions in those New Shares will normally take place within the CREST system.

The Application Form contains details of the information which the Receiving Agent will require from you in order to settle your commitment within CREST, if you so choose. If you do not provide any CREST

details or if you provide insufficient CREST details for the Receiving Agent to match to your CREST account, the Receiving Agent will deliver your New Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your New Shares in certificated form should the Company, having consulted with the Receiving Agent, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by the Receiving Agent in connection with CREST.

The person named for registration purposes in your Application Form (which term shall include the holder of the relevant CREST account) must be: (a) the person procured by you to subscribe for or acquire the relevant New Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither the Receiving Agent nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. The Receiving Agent, on behalf of the Company, will input a DVP instruction into the CREST system according to the booking instructions provided by you in your Offer for Subscription Application Form. The input returned by you or your settlement agent/custodian of a matching or acceptance instruction to that CREST input will then allow the delivery of your New Shares to your CREST account against payment of the aggregate Initial Issues Price through the CREST system upon the Settlement Date.

By returning the Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of New Shares to be made prior to 8.00 a.m. on 3 March 2021 against payment of the aggregate Initial Issues Price. Failure by you to do so will result in you being charged interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in Sterling plus two per cent. per annum.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Trade date	26 February 2021
Settlement date	3 March 2021
Company	Target Healthcare REIT plc
Security description	Ordinary Shares of one penny each
SEDOL	BJGTLF5
ISIN	GB00BJGTLF51

Should you wish to settle by delivery versus payment method ("**DVP**"), you will need to match your instructions to the Receiving Agent's participant account 8RA18 by no later than 11.00 a.m. on 24 February 2021.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

In the event of late CREST settlement, the Company, after having consulted with the Receiving Agent, reserves the right to deliver New Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Offer for Subscription have been satisfied.

Applications with a value of €15,000 (or its equivalent, being approximately £12,500) or greater, which are to be settled by way of a third party payment, e.g. banker's draft or building society cheque, will be subject to the UK's verification of identity requirements which are contained in the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. In order to ensure compliance with the CDD Rules the Company (or any of its agents) may require at its absolute discretion such evidence in respect of any application which is satisfactory to it to establish your identity or that of any person on whose behalf you are acting and/or your status.

For UK applicants, this may involve verification of names and addresses (only) through a reputable agency. For non-UK applicants, verification of identity may be sought from your bankers or from another reputable institution or professional adviser in the applicant's country of residence.

If satisfactory evidence of identity has not been obtained within a reasonable time, and in any event (unless the Offer for Subscription is extended) by 11.00 a.m. on 24 February 2021, your application may not be accepted.

Certificates, cheques and other correspondence will be sent to the address in Box 2.

5. Shares in uncertificated form (CREST)

If you wish your New Shares to be issued in uncertificated form you should complete the Application Form as above and must also complete Box 5.

6. Joint applicants

If you make a joint application, you will not be able to transfer your New Shares into an ISA. If you are interested in transferring your New Shares into an ISA, you should apply in your name only.

If you do wish to apply jointly, you may do so with up to three other persons. Boxes 2 and 3 must be completed by one applicant. All other persons who wish to join in the application must complete and sign Box 6.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection.

Certificates, cheques and other correspondence will be sent to the address in Box 2.

7. Verification of identity

Section 7 of the Application Form applies if the aggregate value of the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its equivalent, being approximately £12,500) or the Company (or any of its agents), at its absolute discretion deems it necessary to apply in order to ensure compliance with the CDD Rules. If section 7 applies to your application, you must ensure that section 7.1, 7.2 or 7.3 (as appropriate) is completed.

7.1 Professional adviser

You should complete section 7.1 of the Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

7.2 Reliable introducer

If you are not a professional adviser and the value of your application(s) exceed(s) €15,000 (or its equivalent being approximately £12,500) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules, you will be required to provide the verification of identity documents listed in section 7.2 of the Application Form unless you can have the declaration set out in section 7.2 of the Application Form given and signed by a firm acceptable to the Receiving Agent and the Company. Section 7.2 of the Application Form details those firms acceptable to the Receiving Agent and the Company for signing the declaration. In order to ensure their Application Forms are processed timely and efficiently, all applicants who are not professional advisers and to whose applications section 7 of the Application Form applies are strongly advised to have the declaration set out in section 7.2 of the Application Form completed and signed by a suitable firm where possible.

7.3 Applicant identity information

Section 7.3 of the Application Form need only be completed where the aggregate value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its equivalent being approximately £12,500) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules and neither sections 7.1 nor 7.2 of the Application Form can be completed.

Notwithstanding that the declaration set out in section 7.2 of the Application Form has been completed and signed, the Receiving Agent and the Company reserve the right to request of you the identity documents listed in section 7.3 of the Application Form and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, your application might be rejected or revoked.

Where certified copies of documents are requested in section 7.3 of the Application Form, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

Instructions for delivery of completed Application Forms

Completed Application Forms should be returned, by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH so as to be received by no later than 11.00 a.m. on 24 February 2021, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be returned.

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APPLICATION FORM

TARGET HEALTHCARE REIT PLC

Please send the completed form by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH so as to be received no later than 11.00 a.m. on 24 February 2021.

IMPORTANT – BEFORE COMPLETING THIS FORM, YOU SHOULD READ THE ACCOMPANYING NOTES ON HOW TO COMPLETE THIS APPLICATION FORM. ALL APPLICANTS MUST COMPLETE BOXES 1 TO 3 (SEE NOTES 1 – 6 OF THE ACCOMPANYING NOTES).

If you have a query concerning completion of this Application Form please call Computershare on 0370 703 0013 or +44 370 703 0013 if calling from outside the United Kingdom. Lines are open 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls may be recorded and monitored for security and training purposes. The helpline cannot provide advice on the merits of any proposals to invest in the Company nor give any financial, legal or tax advice. You are strongly recommended to read and consider the Prospectus of Target Healthcare REIT plc dated 12 February 2021 (the “**Prospectus**”) before completing an application.

To: **Target Healthcare REIT plc**

Box 1. Application

I/We offer to subscribe for:

£ of New Shares (minimum £1,000 and thereafter in multiples of £100) fully paid on the terms, and subject to the conditions, set out in the Prospectus (including the terms and conditions contained therein), the guidance notes accompanying this Application Form, and the memorandum of association and the Articles respectively.

Box 2. Personal details (PLEASE USE BLOCK CAPITALS)

Mr, Mrs, Miss or Title:	Forenames (in full):
Surname/Company Name:	
Address (in full):	
Postcode:	Daytime telephone no.:

Box 3. Signature

I/We hereby confirm that I/we have read the Prospectus and make this application on and subject to the terms and conditions set out in the Prospectus.

Execution by an individual:

Signature	Dated	2021
Signature	Dated	2021
Signature	Dated	2021
Signature	Dated	2021

Execution by a company:

Executed by (name of company):	Date:	2021
Name of Director:	Signature:	
Name of Director/Secretary:	Signature:	
If you are affixing a company seal, please mark this box with a cross:	Affix company seal here:	



Box 4. Settlement**(a) Cheque/Banker's draft details**

Attach your cheque or banker's draft for the exact amount shown in Box 1 made payable to "CIS PLC re Target Healthcare" and crossed "a/c Payee".

(b) Electronic transfer

Please enter below the sort code of the bank and branch you will be instructing to make such payment for value by 11.00 a.m. on 24 February 2021 together with the name and number of the account to be debited with such payment and the branch contact details.

Sort Code	Account name:
Account number:	Contact name at branch and telephone number

(c) CREST settlement

If you would like to settle your commitment within CREST, your or your settlement agent's/custodian's CREST account must allow for the delivery and acceptance of New Shares to be made against payment of the Initial Issues Price per share, following the CREST matching criteria set out below:

Trade date: 26 February 2021
 Settlement date: 3 March 2021
 Company: Target Healthcare REIT plc
 Security description: Ordinary Shares of one penny each
 SEDOL: BJGTLF5
 ISIN: GB00BJGTLF51

If you wish to settle DVP, you will need to match your instructions to the Receiving Agent's participant account 8RA18 by no later than 11.00 a.m. on 24 February 2021.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Box 5. Shares issued in uncertificated form (that is, in CREST)

Please complete this section only if you require your New Shares to be credited to your CREST account.

CREST Participant ID: (no more than five characters)		CREST Member Account ID: (no more than eight characters)	
CREST Participant's Name			

Box 6. Joint applicants (PLEASE USE BLOCK CAPITALS)

BOX 6 MUST ONLY BE COMPLETED BY JOINT APPLICANTS (SEE NOTE 6)

Mr, Mrs, Miss or Title	Forenames (in full)	Surname/Company Name	Signature

Box 7. Verification of identity

If the aggregate subscription price for the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £12,500) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules, you must ensure that Box 7.1, 7.2 or 7.3 (as appropriate) is completed.

Box 7.1 Professional Advisers and Intermediaries

(This Box 7.1 should be completed if an application for Ordinary Shares is being made on behalf of a client by a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser)

Name of professional adviser or intermediary (in full):	
Address (in full):	
	Postcode:
Contact name:	Telephone number:

Declaration by the professional adviser or intermediary

To: Target Healthcare REIT plc, Computershare Investor Services PLC, Stifel Nicolaus Europe Limited and Dickson Minto W.S.

We are a financial adviser authorised under the Financial Services and Markets Act 2000 applying for New Shares on behalf of one or more clients ("relevant clients"). As such, we hereby undertake to:

1. complete anti-money laundering verification in respect of each relevant client and to inform you of any unsatisfactory conclusion in respect of any relevant client;
2. to keep records to verify the name, identity, place of birth, residential address, occupation and signature of each relevant client; and
3. to supply copies of any such records to you as you may require.

We are governed in the conduct of our investment business and in respect of conducting anti-money laundering verification by the following regulatory or professional body (and the reference or other official number allocated to us by that body is included in the box below).

(Full name and country of operation of regulatory or professional body)	
(Reference or other official number)	

If you require further information about our procedures or any of our relevant clients, please contact the person named as the contact in the first box in this Box 7.1.

Date:	2021	Official stamp (if any):
Signature:		
Full name:		
Title/position:		

Box 7.2 Reliable Introducer

(If you are not a professional adviser or intermediary to whom Box 7.1 applies, the completion and signing of the declaration in this Box 7.2 by a suitable person or institution may avoid a request for the presentation of the identity documents detailed in Box 7.3 of this form)

(The declaration below may only be signed by a person or institution (such as a bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "firm") which is itself subject in its own country to operation of "know your customer" and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom. Acceptable countries include Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hong Kong, Iceland, Isle of Man, Italy, Jersey, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland and the United Kingdom.)



Declaration by the firm

To: Target Healthcare REIT plc, Computershare Investor Services PLC, Stifel Nicolaus Europe Limited and Dickson Minto W.S.

With reference to the applicant(s) detailed in Box 2 and, in the case of joint applicants, Box 6 above, all persons signing Box(es) 3 and 6 above and the payor identified in Box 4 above if not also an applicant (collectively the “**relevant persons**”), we hereby declare that:

1. we operate in one of the above mentioned countries and our firm is subject to anti-money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in the United Kingdom;
2. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
3. each of the relevant persons is known to us in a business capacity and we hold valid identity documentation in respect of each of them and we undertake to immediately provide to you copies thereof on demand;
4. we confirm the accuracy of the names and residential/business address(es) of the applicant(s) named in Box 2 and, in the case of joint applicants, Box 6 above and, if details of a CREST account are included in Box 5 above, that the owner thereof is the applicant named in Box 2 above;
5. having regard to all local anti-money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Ordinary Shares to which this application relates; and
6. where the payor and applicant(s) are different persons we are satisfied as to the relationship between them and the reason for the payor being different to the applicant(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of the firm or its officials.

Date:	2021	Official stamp (if any):
Signature:		
Full name:		
Title/position:		

having authority to bind the firm, the details of which are set out below:

(Name of firm, in full)	
(Address, in full)	
	(Post code)
(Contact name)	(Telephone number)
(Full name of firm's regulatory authority)	
(Website address or telephone number of regulatory authority)	(Firm's registered, licence or other official number)

Box 7.3 Applicant Identity Information

(This Box 7.3 should only be completed if your application has a value greater than €15,000 (or its equivalent, being approximately £12,500) and neither of sections 7.1 and 7.2 can be completed) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules.)

In accordance with internationally recognised standards for the prevention of money laundering, the relevant documents and information listed below must be provided, please note that the Receiving Agent and the Company reserve the right to ask for additional documents and information).

		Tick here for documents provided				
		Applicant				Payor
		1	2	3	4	
A. For each applicant who is an individual enclose:						
(i)	a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: (a) current passport; (b) Government or Armed Forces identity card; or (c) driving licence; and					
(ii)	certified copies of at least two of the following documents which purport to confirm that the address(es) given in section 2 and, in the case of joint applicants, section 6 is the applicant's residential address: (a) a recent gas, electricity, water or telephone (not mobile) bill; (b) a recent bank statement; (c) a council tax bill; or (d) similar bill issued by a recognised authority; and					
(iii)	if none of the above documents show their date and place of birth, enclose a note of such information; and					
(iv)	details of the name and address of their personal bankers from which the Receiving Agent or the Company may request a reference, if necessary.					
B. For each holder being a company (a "holder company") enclose:						
(i)	a certified copy of the certificate of incorporation of the holder company; and					
(ii)	the name and address of the holder company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iii)	a statement as to the nature of the holder company's business, signed by a director; and					
(iv)	a list of the names and residential addresses of each director of the holder company; and					
(v)	for each director provide documents and information similar to that mentioned in A above; and					
(vi)	a copy of the authorised signatory list for the holder company; and					
(vii)	a list of the names and residential/registered addresses of each ultimate beneficial owner interested in more than 5% of the issued share capital of the holder company and, where a person is named, also enclose the documents and information referred to in C below and, if another company is named (a "beneficiary company"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) entities, provide details of the relationship between the beneficial owner(s) and the holder company.					
C. For each individual named in B(vii) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(i) to (iv)						
D. For each beneficiary company named in B(vii) as a beneficial owner of a holder company enclose:						
(i)	a certificated copy of the certificate of incorporation of that beneficiary company; and					
(ii)	a statement as to the nature of that beneficiary company's business signed by a director; and					
(iii)	the name and address of the beneficiary company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iv)	enclose a list of the names and residential/registered address of each beneficial owner owning more than 5% of the issued share capital of that beneficiary company.					
E. If the payor is not an applicant and is not a bank providing its own cheque or banker's draft on the reverse of which is shown details of the account being debited with such payment (see note 4 on how to complete this form) enclose:						
(i)	if the payor is a person, for that person the documents mentioned in A(i) to (iv); or					
(ii)	if the payor is a company, for that person the documents mentioned in B(i) to (vii); and					
(iii)	an explanation of the relationship between the payor and the applicant(s).					



