

Target Healthcare REIT plc

Prospectus

June 2019



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 adviser authorised under the Financial Services and Markets Act 2000 (“FSMA”) immediately.

This document comprises a prospectus relating to Target Healthcare REIT plc (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (“**FCA**”) made under section 73A of FSMA and approved by the FCA in accordance with section 85 of FSMA. This document has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules and will be made available to the public in accordance with the Prospectus Rules at www.targethealthcarereit.co.uk.

This document has been prepared in connection with a scheme of arrangement pursuant to article 125 of the Companies (Jersey) Law 1991 to introduce a new English-incorporated holding company, Target Healthcare REIT plc, to the Group (the “**Scheme**”) and has been prepared on the assumption that the Scheme will become effective in accordance with its current terms. A summary of the Scheme is set out in Part 4 of this document.

It should be remembered that the price of the Shares and the income from them can go down as well as up and that Shareholders may not receive, on sale or the cancellation or redemption of their Shares, the amount that they invested. Potential investors are strongly recommended to read and consider this document before completing an application.

The Directors of the Company, whose names appear on page 33 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, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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)

RECOMMENDED PROPOSALS TO INTRODUCE A NEW PARENT COMPANY TO THE GROUP BY MEANS OF A SCHEME OF ARRANGEMENT

and

PLACING PROGRAMME OF UP TO 125 MILLION NEW SHARES

Sponsor and Legal Adviser
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 of the UK Listing Authority 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 that dealings in the New Shares will commence in the period from 7 August 2019 to 19 June 2020.

The Placing Programme is 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 any EEA State (other than the United Kingdom and, prior to the later of Brexit Date or the expiry of any Transitional Period, the Republic of Ireland and the Netherlands), Canada, Australia, Japan, New Zealand, the Republic of South Africa 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 any EEA State (other than the United Kingdom and, prior to the later of Brexit Date or the expiry of any Transitional Period, the Republic of Ireland and the Netherlands), Canada, Australia, Japan, New Zealand, the Republic of South Africa or any other Restricted Jurisdiction, or to, or for the account or benefit of, any resident of any EEA State (other than the United Kingdom and, prior to the later of Brexit Date or the expiry of any Transitional Period, the Republic of Ireland and the Netherlands), Canada, Australia, Japan, New Zealand, the Republic of South Africa 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 the United States, any EEA State (other than the United Kingdom and the Republic of Ireland (and may not be registered in the Republic of Ireland or the Netherlands on or after the later of Brexit Date or the expiry of any Transitional Period)), Canada, Australia, Japan, New Zealand, the Republic of South Africa 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 the United States, any EEA State (other than the United Kingdom and, prior to the later of Brexit Date or the expiry of any Transitional Period, the Republic of Ireland and the Netherlands), Canada, Australia, Japan, New Zealand, the Republic of South Africa or any other Restricted Jurisdiction. The New Shares are not being made available to retail investors in the Netherlands. 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 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 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 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.

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 Placing Programme. Apart from the responsibilities and liabilities, if any, which may be imposed on Dickson Minto W.S. by the 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 Placing Programme 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 Placing Programme. Apart from the responsibilities and liabilities, if any, which may be imposed on Stifel Nicolaus Europe Limited by the 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 Placing Programme or any transaction contemplated in or by this document.

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 Scheme or the Placing Programme 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 and Shareholders should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before investing in the Company. Potential investors should also consider the Risk Factors relating to the Company set out on pages 16 to 23 of this document.

21 June 2019

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SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A – Introduction and warnings

Element	Disclosure
A.1	<p>Warning</p> <p>This summary should be read as an introduction to this document. Any decision to invest in the New Shares should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in the Prospectus 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 only to those persons who have tabled this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with other parts of this document key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	<p>Financial Intermediaries</p> <p>Not applicable. No consent has been given by the issuer or person responsible for drawing up the Prospectus to the use of this document for subsequent resale or final placement of securities by financial intermediaries.</p>

Section B – Issuer

Element	Disclosure
B.1	<p>Legal and commercial name</p> <p>Target Healthcare REIT plc (the “Company”)</p>
B.2	<p>Domicile and legal form</p> <p>The Company was incorporated and registered in England and Wales on 10 May 2019 as a public company limited by shares under the Companies Act 2006 (the “Companies Act”) with registered number 11990238. The Company operates under the Companies Act and regulations made under the Companies Act.</p>
B.5	<p>Group description</p> <p>Not applicable. The Company is not part of a group. If the Scheme becomes effective the Company will become the sole shareholder in THRL and the ultimate holding company of the Group, which as at 19 June 2019 is made up of 28 direct and indirect subsidiary companies. The Company may hold some of the property assets directly and the rest of the Group’s property assets will be held through the Subsidiaries.</p>
B.6	<p>Major Shareholders</p> <p>As at close of business on 19 June 2019 (being the latest practicable date prior to the publication of this document) the Company was aware of the following people who, following Scheme Admission, will have an interest in three per cent. or more of the issued share capital of the Company:</p>

		<i>Number of issued ordinary shares</i>	<i>Percentage of ordinary share capital</i>																																																																						
	Premier Fund Managers Limited	26,830,207	6.97%																																																																						
	Investec Wealth & Investment Limited	23,385,150	6.07%																																																																						
	Bank of Montreal	22,568,305	5.86%																																																																						
	Rathbone Investment Management Limited	19,328,763	5.02%																																																																						
	CCLA Investment Management Limited	17,918,605	4.65%																																																																						
	The Directors are not aware of any person or persons who following Scheme Admission could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.																																																																								
B.7	<p>Key financial information</p> <p>Not applicable. The Company has not commenced operations since its incorporation on 10 May 2019 and no financial statements of the Company have been prepared as at the date of this document. Given that the Company will acquire THRL and its subsidiary undertakings key financial information in respect of THRL has been included in this document.</p> <p>The selected historical financial information which has been prepared in accordance with IFRS relating to THRL which summarises its financial condition for the three financial years ended 30 June 2018 is set out in the following table:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Year ended 30 June 2016</i></th> <th style="text-align: right;"><i>Year ended 30 June 2017</i></th> <th style="text-align: right;"><i>Year ended 30 June 2018</i></th> </tr> </thead> <tbody> <tr> <td colspan="4">Net asset value</td> </tr> <tr> <td>Net assets (£'000)</td> <td style="text-align: right;">253,282</td> <td style="text-align: right;">256,937</td> <td style="text-align: right;">358,607</td> </tr> <tr> <td>Equity shareholders' funds (£'000)</td> <td style="text-align: right;">253,282</td> <td style="text-align: right;">256,937</td> <td style="text-align: right;">358,607</td> </tr> <tr> <td>NAV per THRL Share (p)</td> <td style="text-align: right;">100.4</td> <td style="text-align: right;">101.9</td> <td style="text-align: right;">105.7</td> </tr> <tr> <td colspan="4">Consolidated income statement</td> </tr> <tr> <td>Total revenue (£'000)</td> <td style="text-align: right;">16,874</td> <td style="text-align: right;">23,558</td> <td style="text-align: right;">28,366</td> </tr> <tr> <td>Total return/(loss) per THRL Share (p)</td> <td style="text-align: right;">6.81</td> <td style="text-align: right;">7.58</td> <td style="text-align: right;">9.77</td> </tr> <tr> <td colspan="4">Portfolio summary</td> </tr> <tr> <td>Shareholders' funds (£'000)</td> <td style="text-align: right;">253,282</td> <td style="text-align: right;">256,937</td> <td style="text-align: right;">358,607</td> </tr> </tbody> </table> <p>The selected historical financial information which has been prepared in accordance with IFRS relating to THRL which summarises the Company's financial condition for the six months ended 31 December 2017 and 31 December 2018 is set out in the following table:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Six months ended 31 December 2017</i></th> <th style="text-align: right;"><i>Six months ended 31 December 2018</i></th> </tr> </thead> <tbody> <tr> <td colspan="3">Net asset value</td> </tr> <tr> <td>Net assets (£'000)</td> <td style="text-align: right;">263,376</td> <td style="text-align: right;">411,422</td> </tr> <tr> <td>Equity shareholders' funds (£'000)</td> <td style="text-align: right;">263,376</td> <td style="text-align: right;">411,422</td> </tr> <tr> <td>NAV per THRL Share (p)</td> <td style="text-align: right;">104.4</td> <td style="text-align: right;">106.8</td> </tr> <tr> <td colspan="3">Consolidated income statement</td> </tr> <tr> <td>Total revenue (£'000)</td> <td style="text-align: right;">13,882</td> <td style="text-align: right;">16,180</td> </tr> <tr> <td>Total return/(loss) per THRL Share (p)</td> <td style="text-align: right;">5.71</td> <td style="text-align: right;">4.24</td> </tr> <tr> <td colspan="3">Portfolio summary</td> </tr> <tr> <td>Shareholders' funds (£'000)</td> <td style="text-align: right;">263,376</td> <td style="text-align: right;">411,422</td> </tr> </tbody> </table> <p>There have been no significant changes in the financial condition or operating results of THRL during or subsequent to the period covered by the historical financial information set out above and since 31 December 2018 (being the end of the last financial period of the Company for which financial information has been published).</p>				<i>Year ended 30 June 2016</i>	<i>Year ended 30 June 2017</i>	<i>Year ended 30 June 2018</i>	Net asset value				Net assets (£'000)	253,282	256,937	358,607	Equity shareholders' funds (£'000)	253,282	256,937	358,607	NAV per THRL Share (p)	100.4	101.9	105.7	Consolidated income statement				Total revenue (£'000)	16,874	23,558	28,366	Total return/(loss) per THRL Share (p)	6.81	7.58	9.77	Portfolio summary				Shareholders' funds (£'000)	253,282	256,937	358,607		<i>Six months ended 31 December 2017</i>	<i>Six months ended 31 December 2018</i>	Net asset value			Net assets (£'000)	263,376	411,422	Equity shareholders' funds (£'000)	263,376	411,422	NAV per THRL Share (p)	104.4	106.8	Consolidated income statement			Total revenue (£'000)	13,882	16,180	Total return/(loss) per THRL Share (p)	5.71	4.24	Portfolio summary			Shareholders' funds (£'000)	263,376	411,422
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B.8	<p>Key pro forma financial information</p> <p>Not applicable. No pro forma financial information is included in this document.</p>
B.9	<p>Profit forecast</p> <p>Not applicable. No profit forecast or estimate is made in this document.</p>
B.10	<p>Description of the nature of any qualifications in the audit report on the historical financial information</p> <p>Not applicable. The audit reports on the historical financial information contained within this document are not qualified.</p>
B.11	<p>Working capital insufficiency</p> <p>Not applicable. 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 twelve months from the date of this document.</p>
B.34	<p>Investment policy</p> <p>The Board of the Company has adopted the same investment objective and investment policy as THRL.</p> <p><i>Investment objective</i></p> <p>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.</p> <p><i>Investment policy</i></p> <p>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 fully repairing and insuring leases.</p> <p>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.</p> <p>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 the 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 Company 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.</p> <p>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</p>

	<p>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.</p> <p>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.</p> <p>The Company is permitted to invest cash held for working capital purposes and awaiting investment in cash deposits, gilts and money market funds.</p> <p>Gearing, calculated as borrowings as a percentage of the Company'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 Company will represent approximately 25 per cent. of the Company's gross assets at the time of drawdown. However, it is expected that the Company's borrowings will exceed this level from time to time as borrowings are incurred to finance the growth of the Property Portfolio.</p> <p>Any material change to the investment policy will require the prior approval of Shareholders.</p>
B.35	<p>Borrowing limits</p> <p>The Board of the Company has adopted the same gearing policy as THRL. Gearing, calculated as borrowings as a percentage of the Company'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 Company will represent approximately 25 per cent. of the Company's gross assets at the time of drawdown. However, it is expected that the Company's borrowings will exceed this level from time to time as borrowings are incurred to finance the growth of the Property Portfolio.</p> <p>If the Scheme becomes effective the Company will become the ultimate holding company of the Group. The Group has a £50 million bank facility with The Royal Bank of Scotland plc, repayable on 1 September 2021, comprising a term loan facility of £30 million and a revolving credit facility of £20 million, which has been fully drawn down. THR1 is the borrower under the RBS Facility along with THR2, THR3 and THR9. In addition the Group has a five year £40 million committed term loan facility with First Commercial Bank, Limited, of which £36 million has been drawn down which is repayable on 30 August 2022. THR12 is the borrower under the FCB Facility while THR5, THR6 and THR7 are each party as a guarantor under the FCB Facility.</p> <p>Furthermore, the Group entered into the HSBC Facility Agreement with HSBC on 29 January 2018 which was subsequently amended and restated on 1 March 2019. The HSBC Facility is in addition to the RBS Facility and the FCB Facility and consists of a £80 million three year revolving credit facility, with the option to extend (at the discretion of HSBC) for two further twelve month periods. The Group has drawn down £7 million from the HSBC Facility. THR15 is the borrower under the HSBC Facility along with THR8, THR10, THR17 and THR17 Holdings. It has subsequently been acceded to as guarantor by THR27.</p>
B.36	<p>Regulatory status</p> <p>Save for its compliance with the Companies Act, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Rules and the Market Abuse Regulation, the Company is not a regulated entity.</p>
B.37	<p>Typical investor</p> <p>The profile of a typical investor in the Company is an institution, sophisticated investor or a professionally advised retail investor who is seeking an attractive level of income with the potential for 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.</p>
B.38	<p>Investment of 20 per cent. or more in single underlying asset or investment company</p> <p>Not applicable. No single asset shall exceed in value 20 per cent. of the Company's gross asset value.</p>

B.39	<p>Investment of 40 per cent. or more in another collective investment undertaking</p> <p>Not applicable. The Company will not invest 40 per cent. or more of the Company's gross asset value in another collective investment undertaking.</p>
B.40	<p>Applicant's service providers</p> <p><i>Investment Manager</i></p> <p>Target Fund Managers Limited has been appointed as the investment manager of the Company pursuant to the Investment Management Agreement. The Investment Manager is the existing investment manager of THRL and the Group. If the Scheme becomes effective the Investment Manager will continue to manage the Property Portfolio.</p> <p>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 (vi) 0.65 per cent. of the net assets of the Company which is equal to or in excess of £1,500 million. If applicable, VAT will be payable in addition.</p> <p>The Investment Management Agreement may be terminated by any party giving to the other not less than 12 months' written 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.</p> <p>In its capacity as investment manager, the Investment Manager is responsible for the management of the assets of the Company.</p> <p><i>AIFM</i></p> <p>The Investment Manager is authorised and regulated by the FCA. The Investment Manager has also been granted permission to act as an AIFM under the AIFMD. The Investment Manager was appointed as the Company's AIFM on 21 June 2019.</p> <p><i>The Administrator and Company Secretary</i></p> <p>Target Fund Managers Limited has been appointed as the Company's administrator and secretary pursuant to the Administration and Secretarial Agreement.</p> <p>Pursuant to the Administration and Secretarial Agreement the Company will pay the Administrator a fee of £120,000 per annum (plus VAT if applicable) payable quarterly in arrears. The fee shall be recalculated and increased or decreased 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 or, for the first period, for the period from Scheme Admission to 30 June 2020.</p> <p>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.</p> <p><i>Depositary</i></p> <p>IQ EQ Depositary Company (UK) Limited has been appointed as the depositary to the Company as required by the AIFMD. The Depositary will carry out the core duties under Article</p>

	<p>21(7), (8) and (9) of the AIFMD which include cash management and general oversight of the Company's portfolio.</p> <p>Given that the fees payable by the Company to the Depositary under the Depositary Agreement are calculated by reference to <i>inter alia</i> the assets held, there is no maximum amount payable under the Depositary Agreement.</p> <p>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.</p>
B.41	<p>Regulatory status of investment manager and custodian</p> <p>The Investment Manager is authorised and regulated by the FCA. The Company currently has no custodian. The Depositary is authorised and regulated by the FCA.</p>
B.42	<p>Calculation of Net Asset Value</p> <p>As with THRL, the properties acquired by the Company will be valued by the Valuer quarterly in accordance with the Red Book. The Net Asset Value attributable to the Ordinary Shares will be published quarterly based on the most recent valuation of the Property Portfolio and in accordance with IFRS. The NAV per Share will be calculated by the Investment Manager and published through a Regulatory Information Service as soon as practicable after the end of the relevant quarter.</p> <p>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.</p>
B.43	<p>Cross liability</p> <p>Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.</p>
B.44	<p>No financial statements have been made up</p> <p>As at 19 June 2019, being the latest practicable date prior to the publication of this document, the Company had not commenced operations and no financial statements have been made up.</p>
B.45	<p>Portfolio</p> <p>Not applicable. As at the date of this document, the Company has not commenced operations and does not have any assets. If the Scheme becomes effective the Company will become the sole shareholder of THRL and the ultimate parent company of the Group. Therefore the Company will become the owner (directly or indirectly) of the Existing Portfolio. As at the date of this document the Existing Portfolio comprised 62 properties, including 59 purpose built care homes and three forward funding projects let to or with pre-agreed leases with 25 distinct operating groups. As at 31 March 2019 the Property Portfolio had a Market Value of approximately £477.1 million representing an EPRA Topped Up Net Initial Yield of 6.29 per cent. The weighted average unexpired lease term of the Property Portfolio as at 31 March 2019 was 28.94 years. The rents payable under the majority of the leases are subject to an annual uplift and there is one lease where the rent is partially determined by reference to EBITDA of the care home operation.</p> <p>In accordance with its investment policy THRL has committed to three forward funding arrangements with two developers, who are known to THRL as operators of care homes. As at 31 March 2019, the full commitment value of these forward funding projects and forward commitments represented 5.5 per cent. of THRL's gross assets.</p>

B.46	<p>Net Asset Value</p> <p>Not applicable. As at 19 June 2019, being the latest practicable date prior to the publication of this document, the Company had not commenced operations and does not have any assets. The unaudited EPRA NAV per THRL Share as at 31 March 2019 (being the latest date prior to the publication of this document) was 107.3 pence.</p>
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Section C – Securities

Element	Disclosure
C.1	<p>Type and class of securities</p> <p>The Company will have one class of shares in issue. Applications will be made to the FCA for the Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the Main Market. The ISIN number for the New Shares will be GB00BJGTLF51. The SEDOL number for the New Shares is BJGTLF5. The Ticker for the New Shares is THRL. The LEI of the Company is 213800RXPY9WULUSBC04.</p> <p>The Company proposes to issue 385,089,448 New Shares pursuant to the Scheme and up to 125 million New Shares pursuant to the Placing Programme.</p>
C.2	<p>Currency</p> <p>The New Shares will be denominated in sterling.</p>
C.3	<p>Number of securities in issue</p> <p>As at the date of this document the Company has 1 Ordinary Share and 50,000 Redeemable Preference Shares in issue, all of which are fully paid.</p>
C.4	<p>Description of the rights attaching to the securities</p> <p><i>Voting Rights</i></p> <p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, Shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company.</p> <p>Each Ordinary Shareholder being present in person or by proxy or by a duly authorised representative (if a company) at a general meeting shall upon a show of hands have one vote and upon a poll all Shareholders shall have one vote for every Share held.</p> <p><i>Dividend rights</i></p> <p>Shareholders will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to their class of Shares.</p> <p><i>Return of capital</i></p> <p>Ordinary Shareholders are entitled to participate (in accordance with the rights specified in the Articles) in the assets of the Company attributable to their Ordinary Shares in a winding up of the Company.</p>
C.5	<p>Restrictions on the free transferability of the securities</p> <p>Subject to the Articles (and the restrictions on transfer contained therein) a Shareholder may transfer all or any of his 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.</p>
C.6	<p>Admission</p> <p>Application will be made to the FCA for the Ordinary Shares to be admitted to the Official List with a premium listing and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market.</p>

	<p><i>The Scheme</i></p> <p>It is expected that the Scheme will become effective on 7 August 2019 and dealings in the New Shares issued pursuant to the Scheme will commence at 8.00 a.m. on 7 August 2019.</p> <p><i>The Placing Programme</i></p> <p>It is expected that admission will become effective, and dealing in the New Shares issued pursuant to the Placing Programme will commence during the period from 8 August 2019 to 19 June 2020.</p>
C.7	<p>Dividend policy</p> <p>The Company's dividend policy reflects that of THRL and is to pay an attractive level of dividend income to Shareholders on a quarterly basis.</p> <p>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.</p>

Section D – Risks

Element	Disclosure
D.1	<p>Key information on the key risks specific to the issuer</p> <p>The Company cannot guarantee that it will maintain continued compliance with all of the REIT conditions. If the Company were to leave the REIT regime within ten years of joining, HMRC has wide powers to direct how it would be taxed which would have a material impact on the financial condition of the Company.</p> <p>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. It would also be adversely affected by the operational performance of a care home and the general financial performance of an operator within the Company's portfolio. As the Company is focussed on investing in new and modern purpose-built real estate, there is an increased risk of an extended 'build-up' period prior to the home reaching operational trading maturity.</p> <p>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. This could have an adverse effect on the Company's financial condition and results of operations.</p> <p>The value of property and property related assets is inherently subjective due to the individual nature of each property. As a result valuations are subject to substantial uncertainty. There can be no assurances that the estimates resulting from the valuation process will reflect actual realisable sale prices.</p> <p>The Company will incur certain fixed costs on the acquisition of properties, including stamp duty land tax in England and land and buildings transaction tax in Scotland which will reduce the NAV per Share immediately following the acquisition. There is no guarantee that the value of the properties will increase by an amount in excess of these costs.</p> <p>The Company in entering into forward funding arrangements is exposed to an element of development risk. If the relevant developer was not able to complete the development, the Company would have to appoint another developer which could result in delays and cost overruns. This could have an adverse impact on the Group's financial position and the amounts available to be distributed to investors by way of dividends as well as the NAV per Share.</p> <p>The Company will be reliant on the skills of the Investment Manager and may be adversely affected if it underperforms or if the services cease to be available to the Company.</p> <p>The Company will be geared through borrowings. In the event of falls in asset values or rental income, such gearing will exacerbate such falls.</p>

	<p>The Company may face increased competition in securing assets in the market from a number of entities which could result in the Company taking longer than anticipated to invest the proceeds of the Placing Programme.</p>
D.3	<p>Key information on the key risks specific to the securities</p> <p>The market value of, and the income derived from, the 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.</p> <p>The Company's ability to pay dividends will depend principally upon its rental income received from the properties owned by the Company.</p> <p>While the Board will seek to spread risk relating to tenant concentration, there is the risk, from time to time, that the Company will have a concentrated number of tenants and material exposure to the financial strength and the operational performance of those tenants.</p> <p>Both the rental income and the Market Value of the properties acquired by the Company will be affected by the operational performance of the care home or the related business being carried on in the property and the general financial performance of the operator. The introduction of new accounting standards on lease accounting may have a significant impact on the operating tenant company balance sheets and income statements which may have an adverse impact on the performance of the Company's assets. The operational performance of a care home will be affected by local conditions such as age demographics and household incomes. 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/or any further increases in the UK National Living Wage which is £8.21 per hour with effect from April 2019. In the event of default by a tenant if it is in financial difficulty or otherwise unable to meet its obligations under the lease, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs and will have a material adverse impact on the financial condition and performance of such asset, which could in turn impact the level of dividends or dividend cover.</p> <p>Dividend growth will depend principally on growth in rental income and other income returns on the underlying assets and the extent to which the Company is invested. The timing of any investment will depend, <i>inter alia</i>, on the availability of suitable care homes that the Company may let to care home operators at suitable prices. Accordingly, there may be a period of time between completion of a placing and the net proceeds of the such placing under the Placing Programme being fully invested. Until the proceeds of any placing under the Placing Programme are fully 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 Placing Programme.</p> <p>The Company intends to use borrowings to acquire further properties and those borrowings may not be available at the appropriate time or on suitable terms. If borrowings are not available on suitable terms or at all this will have a material adverse impact on the returns to Shareholders and in particular the level of dividends paid.</p>

Section E – Offer

Element	Disclosure
E.1	<p>Net proceeds and costs of the issues</p> <p><i>The Scheme</i></p> <p>The completion of the Scheme will not result in any proceeds being raised by the Company. The aggregate anticipated costs of the Scheme are approximately £530,000 and such costs will be payable by THRL.</p>

	<p><i>The Placing Programme</i></p> <p>The fixed costs and expenses of the Placing Programme include the fees payable to professional advisers and other related expenses. These fixed costs and expenses of the Placing Programme are expected to be approximately £430,000.</p>
E.2A	<p>Reason for offer and use of proceeds</p> <p><i>The Scheme</i></p> <p>New Shares will be issued in connection with the Scheme. In consideration for the issue of New Shares, the Company will be issued with THRL Shares and will become the parent company of THRL and the ultimate holding company of the Group. The Company will continue to manage the Existing Portfolio in accordance with its investment policy.</p> <p><i>The Placing Programme</i></p> <p>The Group's Investment Manager continues to use its specialist knowledge and in-house research capabilities to identify and acquire suitable assets in this competitive market place, leveraging its strong reputation and relationships with vendors and operators.</p> <p>The Group also has a number of investment opportunities progressing through its diligence processes and if all of these potential acquisitions complete as anticipated, the Group's available resources (consisting of both equity and debt capital) will be fully utilised in the second half of 2019. However, the timetable for potential completion remains uncertain and the opportunities remain subject to detailed due diligence and negotiation. For these reasons, the Group is seeking to establish the Placing Programme to provide the operational flexibility to raise new equity relatively quickly to fund these acquisitions without incurring the additional costs and timetable delays involved in drafting a new prospectus.</p> <p>The Board believes that the Placing Programme enables the Company to continue with its growth strategy, provides scale to the portfolio and may increase the liquidity of the Shares by increasing the market capitalisation of the Company.</p>
E.3	<p>Terms and conditions of the Scheme and the Placing Programme</p> <p><i>The Scheme</i></p> <p>Under the Scheme, all Scheme Shares will be cancelled by way of a reduction of capital of THRL. In consideration for the cancellation, the holders of Scheme Shares will receive one New Share for each Scheme Share held by them as at the Scheme Record Time.</p> <p>Following the cancellation of the Scheme Shares, the share capital of THRL shall be increased to its former amount by the creation of new THRL Shares and the credit arising in the books of THRL as a result of the Scheme Reduction of Capital will be applied in paying up in full such new THRL Shares. The new THRL Shares will be issued to the Company which will, as a result, become the new parent company of THRL and the Group.</p> <p>The implementation of the Scheme is conditional, <i>inter alia</i>, on:</p> <ol style="list-style-type: none"> (i) the Scheme being approved by a majority in number, representing three-fourths in voting rights, of the holders of Scheme Shares present and voting, either in person or by proxy, at the Jersey Court Meeting; (ii) a special resolution to approve the matters in connection with the Scheme having been duly passed at the Scheme General Meeting by a majority of not less than 75 per cent. of the votes cast. In particular, this resolution will authorise: <ol style="list-style-type: none"> a. the Scheme Reduction of Capital; b. the application of the credit arising on the Scheme Reduction of Capital to the payment in full of the new THRL Shares, which will be allotted and issued to the Company; c. directors of THRL to allot the new THRL Shares subject to certain restrictions; and d. the amendment of the THRL articles of association to facilitate the Scheme;

	<p>(iii) the Scheme having been sanctioned by the Jersey Court at the Jersey Sanction Hearing;</p> <p>(iv) the Jersey Court Order having been delivered to the Jersey Registrar of Companies and registered in respect of the Scheme Reduction of Capital; and</p> <p>(v) permission having been granted by the FCA to admit the New Shares to the Official List and to trading on the Main Market of the London Stock Exchange with effect from Scheme Admission.</p> <p><i>The Placing Programme</i></p> <p>Dependent on further investment opportunities available to the Group, the Directors intend to implement the Placing Programme to enable the Company to raise new capital in the period from 8 August 2019 to 19 June 2020. Under the Placing Programme, the Company is proposing to issue up to 125 million New Shares.</p> <p>To become effective, each Placing under the Placing Programme is conditional, <i>inter alia</i>, on the following:</p> <p>(i) the Scheme becoming effective by not later than 31 December 2019;</p> <p>(ii) the Placing Programme Price being determined by the Directors;</p> <p>(iii) Admission of the New Shares issued pursuant to such Placing;</p> <p>(iv) 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; and</p> <p>(v) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules.</p> <p>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.</p>
E.4	<p>Material interests</p> <p>Not applicable. No interest is material to the Placing Programme.</p>
E.5	<p>Name of person selling securities</p> <p>Not applicable. No person is offering to sell the securities as part of the Placing Programme.</p>
E.6	<p>Dilution</p> <p><i>The Scheme</i></p> <p>THRL Shareholders will not suffer any dilution to their voting as a result of the Scheme. Under the Scheme each THRL Shareholder will receive one New Share for each THRL Share that they hold.</p> <p><i>The Placing Programme</i></p> <p>Existing Shareholders are not obliged to participate in the Placing Programme. However, those Existing Shareholders who do not participate in the 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.</p> <p>Assuming 125 million New Shares are issued under the Placing Programme, Existing Shareholders who do not participate in the Placing Programme will suffer a dilution of approximately 24.5 per cent. to their existing percentage holdings.</p> <p>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 the properties, the issue price will not necessarily cover the full costs of the relevant issue and the costs</p>

	associated with acquiring the properties. The NAV per Share could therefore be reduced to the extent such costs are not covered.
E.7	Expenses charged to the investor Not applicable. No expenses are to be charged to the investors.

RISK FACTORS

The risk factors set out below are those which are considered by the Company and the Directors to be material as at the date of this document but are not the only risks relating to the Company or the Ordinary Shares. The risks factors noted below are those that apply to THRL and the Group and therefore, should the Scheme become effective, are the risk factors that the Directors consider to be appropriate and applicable to the Company. Additional risks and uncertainties relating to the Company or the Ordinary Shares that are not currently known to it or that the Directors or the Company do not currently consider to be material may also have a material adverse effect on the Company. Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

Investors should 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 the Ordinary Shares

Risks in relation to the market price of the 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. Although the New Shares to be issued pursuant to the Placing Programme 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.

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, or factors or events that may directly or indirectly affect its respective investments such as a change in government policy. The market price of the Ordinary Shares may not therefore reflect the price investors paid for such Ordinary Shares.

Risks relating to the 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 will be 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 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.

Risks relating to 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.

Under UK law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. All 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. The Company can give no assurance that it will be able to pay a dividend going forward or the level of such dividend.

Dividend growth on the Ordinary Shares will depend principally on growth in rental and other income returns on the underlying assets (which may fluctuate), capital gains realised as the underlying assets are sold and the extent to which the Company is invested. The net proceeds of the Placing Programme 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 may let to care home operators and other healthcare assets at reasonable prices. Accordingly, there may be a period of time between completion of any Placing and the proceeds of the Placing being fully invested by the Company. Until the proceeds of the Placing 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 Placing Programme 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.

If there are changes to the accounting standards or to the interpretation of accounting standards (for example in relation to how the lease arrangements and rental income is accounted for) this could have an adverse effect on the performance of the Company's assets and, as a result, the Company's ability to pay dividends.

Risks relating to New Target Reduction of Capital

Implementation of the New Target Reduction of Capital is conditional upon, among other things, sanction by the English Court. It is possible that such sanction will be given only subject to conditions or will not be given, in which case it is possible that the New Target Reduction of Capital will not occur on a timely basis or at all. In such an event, the New Target Reduction of Capital may not be implemented and the benefits expected to result from the New Target Reduction of Capital, namely providing flexibility to the capital structure of the Group and the creation of distributable reserves, will not be achieved.

Risks relating to the Company

There can be no guarantee that the investment objectives of the Company will be met. If these objectives are not met, Shareholders may not receive an attractive level of income, or any income, or capital growth in the underlying value of their Shares. Shareholders could even lose all or part of their investment in the Company.

Risks relating to the 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.

Risks relating to the taxation of the Company

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.

Risks relating to laws and regulation which may affect the Company

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 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 will not obtain 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.

Risks relating to gearing and the access to debt financing in the future

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 FCB Facility is repayable on 30 August 2022, the HSBC Facility is repayable on 29 January 2021 and the RBS Facility is repayable on 1 September 2021) 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 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.

Risks relating to conflicts of interest

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 funds for other funds as opposed to the Company which may increase the period of time that the proceeds of any placing under the Placing Programme are not fully invested.

Risks relating to the 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 properties proposed to be invested in by the Company and may therefore have an adverse impact on the returns of the Company.

Risks relating to the reliance on key individuals

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.

Risks relating to third party service providers

The Company uses third parties to provide certain administrative services to the Company. Where a service provider needs replacing, whether due to expiry of an existing contract, insolvency, poor performance 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.

Risks relating to the United Kingdom electorate's vote to leave the European Union could adversely affect the Company

On 23 June 2016, the United Kingdom held a referendum to decide on the United Kingdom's membership of the European Union ("EU"). The United Kingdom electorate voted to leave the EU and is expected to

do so on 31 October 2019. There are still a number of uncertainties in connection with the future of the United Kingdom and its relationship with the EU, including the terms of the agreement it reaches in relation to its withdrawal from the EU, and whether any such agreement will be made. Until the terms of the United Kingdom's exit from the EU are clearer, it is not possible to determine the impact that the referendum, the United Kingdom's departure from the EU and/or any related matters may have on the Company, including the NAV per Ordinary Share, the market value or the liquidity of the Ordinary Shares or the covenant strength of the Company's tenants.

ERISA and related considerations

The US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Section 4975 of the US Internal Revenue Code of 1986, as amended (the "**Code**"), regulate and impose restrictions on certain US employee benefit plans and retirement accounts, and on the persons who administer such plans and accounts and manage their assets and persons who are considered "fiduciaries" under applicable rules. These restrictions can apply to pooled investment vehicles and funds, such as the Company that are regarded as holding "plan assets" under ERISA. Investors that may be subject to these regulations should consult with their advisers regarding the fiduciary requirements applicable to investment decisions affecting their plan or account.

The Company is not, and does not intend to become, regulated as an investment company under the US Investment Company Act and related rules

The Company has not been and does not intend to become registered as an "investment company" under the US Investment Company Act and related rules which provide certain protections to investors and impose certain restrictions on companies that are registered as investment companies. If the Company were to become subject to the US Investment Company Act because of a change of law or otherwise, the various restrictions imposed by the US Investment Company Act, and the substantial costs and burdens of compliance therewith, could adversely affect the operating results and financial performance of the Group. Moreover, parties to a contract with an entity that had improperly failed to register as an investment company under the US Investment Company Act may be entitled to cancel or otherwise void their contracts with the unregistered entity and shareholders in that entity may be entitled to withdraw their investment.

Risks relating to US tax

Under a U.S. law that is commonly referred to as the "Foreign Account Tax Compliance Act" or "FATCA" a US agent may be required to withhold a 30 per cent. tax from any "withholdable payment" made to the Company unless the Company enters into an agreement with the US Internal Revenue Service to determine which (if any) of its accounts are "United States accounts" and complies with annual information reporting with respect to such United States accounts. A "withholdable payment" includes, among other types of payments, interest and dividends from sources within the United States and gross proceeds from the sale of stock of a U.S. portfolio company.

Unless the Company enters into an agreement with HMRC under the US-UK Intergovernmental Agreement (which allows HMRC to pass information to the US tax authorities) and complies with the applicable reporting requirements, withholdable payments made to the Company will be subject to the 30 per cent. tax. In certain cases, if the Company is unable to obtain the requisite information regarding an investor to satisfy the requirements of FATCA, the Company will be required to withhold 30 per cent. tax on withholdable payments (and certain payments attributable to withholdable payments as determined under FATCA) made to an investor. The foregoing is only a general summary of certain provisions of FATCA. Prospective investors are urged to consult with their own tax advisors regarding the application of FATCA to their investment in the Company. The application of the withholding rules and the information that may be required to be reported and disclosed are uncertain and subject to change.

Risks to shareholders outside the UK

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by other Shareholders in the Placing Programme.

The securities laws of certain jurisdictions may also restrict the Company's ability to allow participation by a Shareholder in such jurisdictions in any future issue of shares carried out by the Company. As a result, certain Shareholders may not be able to participate in the Placing Programme and this will result

in their interests in Ordinary Shares being diluted (in addition to the dilution caused by the Placing Programme). Shareholders who have a registered address in or who are resident in, or who are citizens of, countries other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to subscribe for the New Shares in the Placing Programme.

Risks relating to the Company's investments

The Group's business is dependent on its ability to identify and manage investments which offer satisfactory returns

The Group's strategy is founded upon the basis that suitable properties will continue to be available for investment at prices and upon terms and conditions (including financing) that the Board consider favourable. There can be no assurance as to whether the Group can find suitable properties, on financially attractive terms, in which to invest. The longer the period before investment, the greater the likelihood that having excess uninvested cash will limit the Group's growth in underlying earnings and its ability to make distributions to Shareholders will be adversely affected. If any acquisitions were not to complete, the Investment Manager would have to source further assets and, as a result, there may be a delay in investing the Group's cash and funds available to be drawn under its debt facilities.

Risks relating to the 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 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 6.8 per cent. in England, Wales and Northern Ireland and approximately 6.1 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 the properties, the acquisition of the properties with the proceeds of any Placing, if any, would result in a reduction in the NAV per Share on the purchase of the property.

Due diligence may not identify all risks and liabilities in respect of an acquisition

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.

Risks relating to the operational performance of the care homes

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 introduction of new accounting standards on lease accounting may have a significant impact on the operating tenant company balance sheets and income statements which may have an adverse impact on the performance of the Company's assets. 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 20 years), household incomes, home values and Local Authority funding. 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 £8.21 per hour and it is currently expected to increase to £9 per hour by 2020. In the event of default by a tenant if it is in financial difficulty or otherwise unable to meet its obligations under the lease, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These 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 level of dividends or dividend cover.

Risks relating to the 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 have an adverse impact on the Group's reputation, financial position and/or results of operations.

Risks relating to the 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.

Risks relating to 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 of the Company's assets it could result in the Company taking longer than anticipated to invest the proceeds of the Placing Programme 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.

The Group may incur costs in connection with transactions that do not proceed to completion and such costs may, in aggregate, have a negative effect on the Group's financial position

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.

Risks relating to the development and refurbishment of properties

In the event that the Company undertakes any development (including redevelopment or refurbishment) of property or if the Company invests in 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 distribute to Shareholders.

Risks relating to 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.

Risks relating to environmental issues with real estate assets

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.

Risks relating to 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.

Risks relating to packaged retail and insurance-based investment products ("PRIIPs")

Investors should be aware that the PRIIPs Regulation requires the Investment Manager, as PRIIP manufacturer, to prepare a key information document ("**KID**") in respect of the Ordinary Shares. This KID must be made available by the Investment Manager to retail investors prior to them making any investment decision and is available on the Investment Manager's website. The content of KID is highly prescriptive, both in terms of the calculations underlying the numbers and the narrative, with limited ability to add further context and explanations, and therefore the KID should be read in conjunction with other material produced by the Company including the annual report of the Group, the quarterly factsheets and the prospectus, all of which are available on the Company's website.

IMPORTANT INFORMATION

This document should be read in its entirety before making any application for New Shares. Prospective Shareholders 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, the Investment Manager, the Placing Agent or the Sponsor or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation neither the delivery of this document nor any subscription made under 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 the Sponsor by the 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 by any of them or on its or their behalf in connection with the Company, the New Shares, the Scheme or the Placing Programme. 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, legal or professional adviser or other financial adviser.

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 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.targetthehealthcarereit.co.uk.

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.

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 (other than the United Kingdom and the Republic of Ireland (and may not be registered in the Republic of Ireland or the Netherlands on or after the later of Brexit Date or the expiry of any Transitional Period)), 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 the United Kingdom and, prior to the later of Brexit Date or the expiry of any Transitional Period, the Republic of Ireland and the Netherlands), 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 the United Kingdom and, prior to the later of Brexit Date or the expiry of any Transitional Period, the Republic of Ireland and the Netherlands), 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 any EEA State (other than the United Kingdom and, prior to the later of Brexit Date or the expiry of any Transitional Period, the Republic of Ireland and the Netherlands),.

For the attention of Dutch investors

The Placing Programme is being made in the Netherlands in accordance with articles 2:70 and 5:3 (1) (a) of the Dutch Financial Supervision Act (Wet op het financieel toezicht) and may only be offered and sold to investors established in the Netherlands that characterize as professional investors (professionele beleggers) within the meaning of the aforementioned act, as amended from time to time.

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 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 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) 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 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.

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 AIFM Directive) in Ireland 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. Accordingly, 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

Neither this document nor any other offering or marketing material relating to the Company and/or the Ordinary Shares constitutes an issue prospectus pursuant to article 652a of the Swiss Federal Code of Obligations. The Company has not been approved by the Swiss Financial Market Supervisory Authority FINMA as a foreign collective investment scheme pursuant to article 120 of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA, as amended from time to time) for distribution in Switzerland. Accordingly, neither the Ordinary Shares nor any other participation in the Company may be distributed 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 distribution. The Ordinary Shares may only be offered and 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 financial intermediaries and regulated insurance institutions (as this term is defined in art. 10 para. 3 letters a and b CISA and its implementing ordinance) in accordance with the requirements set out in the CISA 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.

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.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; 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 Product Governance Requirements) 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 defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors (such term to have the same meaning as the MiFID II Product Governance Requirements) 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 Placing Programme. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Placing Agent will only procure investors (pursuant to the 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 MiFID II; 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.

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 healthcare homes and other healthcare assets predominantly in the UK and who understands and accepts 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 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 Market Abuse Regulation and Prospectus Rules), 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 Placing Programme.

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.

Definitions

A list of defined terms used in this document is set out at the end 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.

Documents incorporated by reference

The audited financial information of the Group for the three financial years ended 30 June 2018 and the unaudited half yearly reports for the six months ended 31 December 2017 and 31 December 2018 on the pages specified in the table below are incorporated by reference into this document. The non-incorporated parts of this financial information of the Group are either not relevant to investors or covered elsewhere in this document.

<i>Nature of information</i>	<i>Annual report for the year ended 30 June 2016</i> <i>Page No.</i>	<i>Annual report for the year ended 30 June 2017</i> <i>Page No.</i>	<i>Annual report for the year ended 30 June 2018</i> <i>Page No.</i>	<i>Half yearly report for six months ended 31 December 2017</i> <i>Page No.</i>	<i>Half yearly report for six months ended 31 December 2018</i> <i>Page No.</i>
Performance Highlights	1	1	1	1	1
Chairman's statement	4	4-5	4-5	2-3	2-3
Strategic Report	1-15	1-19	1-21	—	—
Investment Manager's Report	5	6-7	6-7	4-5	4-5
Strategy in Action	10-13	14-17	14-17	—	—
Report of the Directors	39-41	45-47	47-49	—	—
Consolidated Statement of Comprehensive Income	16	20	22	6	6
Consolidated Statement of Changes in Equity	18	22	24	8	8
Consolidated Statement of Financial Position	17	21	23	7	7
Consolidated Statement of Cash Flows	19	23	25	9	9
Notes to the Consolidated Financial Statements	20-36	24-42	26-44	10-18	10-18
Independent Auditor's Report	52-55	58-61	60-64	20	20

The documents incorporated by reference can be obtained from the Company's website, www.targethealthcarereit.co.uk, and as set out in paragraph 14 of Part 10 of this document.

EXPECTED TIMETABLE

The Scheme

Latest time for lodging BLUE Forms of Proxy	10.30 a.m. on 16 July 2019 ⁽¹⁾
Latest time for lodging PINK Forms of Proxy	10.45 a.m. on 16 July 2019
Voting Record Time	6.00 p.m. on 16 July 2019 ⁽²⁾
Jersey Court Meeting	10.30 a.m. on 18 July 2019
Scheme General Meeting	10.45 a.m. on 18 July 2019 ⁽³⁾

The following dates are subject to change

Jersey Sanction Hearing	10.00 a.m. on 6 August 2019 ⁽⁴⁾
Last day of dealings in, and for registration of the transfer of, Ordinary Shares	6 August 2019 ⁽⁵⁾
Scheme Record Time	6.00 p.m. on 6 August 2019 ⁽⁵⁾
Effective Date of the Scheme	7 August 2019 ⁽⁶⁾
Cancellation of listing of THRL Shares on the premium segment of the Official List and trading on the Main Market	8.00 a.m. on 7 August 2019 ⁽⁵⁾
Scheme Admission and dealings commence in the New Shares issued pursuant to the Scheme commence	8.00 a.m. on 7 August 2019 ⁽⁵⁾
Crediting of CREST accounts in respect of New Shares issued under the Scheme	8.00 a.m. on 7 August 2019 ⁽⁵⁾
Share certificates in respect of New Shares issued under the Scheme despatched (if applicable)	week commencing 19 August 2019 ⁽⁵⁾

Placing Programme

Placing Programme opens	8 August 2019 ⁽⁵⁾
Subsequent Admissions and dealings in New Shares commence	between 8 August 2019 and 19 June 2020
Publication of Placing Programme Price in respect of each Placing Programme Issue	as soon as practicable following each Subsequent Issue
Crediting of CREST accounts in respect of New Shares under the Placing Programme	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 New Shares

Notes:

- (1) *Blue Forms of Proxy for the Jersey Court Meeting not returned by this time may be handed to the Jersey Registrar or to the chairman of the Jersey Court Meeting.*
- (2) *If either the Jersey Court Meeting or the Scheme General Meeting is adjourned, the Voting Record Time for the adjourned meeting will be 6.00 p.m. on the date two business days before the date set for the adjourned meeting.*
- (3) *To commence at 10.45 a.m. or, if later, immediately after the conclusion or adjournment of the Jersey Court Meeting.*
- (4) *This date is indicative only and will depend, among other things, on the Jersey Court timetable. All THRL Shareholders have the right to attend the Jersey Sanction Hearing in person or through a Jersey Advocate to support or oppose the sanctioning of the Scheme.*
- (5) *These dates are indicative only and will depend, among other things, on the Effective Date of the Scheme.*
- (6) *This date is indicative only and will depend, among other things, on the date upon which the Jersey Court sanctions the Scheme.*
- (7) *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.*
- (8) *All references to time in this document are to the time in London.*
- (9) *In this document, where the context requires, references to 19 June 2019 should be treated as being references to the latest practicable date prior to the publication of this document.*
- (10) *New Shares will be issued pursuant to the Placing Programme only at such times (if any) as the Directors believe it is advantageous to Shareholders to do so.*

ISSUE STATISTICS

Number of Ordinary Shares available for issue under the Placing Programme	125 million
EPRA NAV per THRL Share*	107.3 pence
ISIN of the Ordinary Shares	GB00BJGTLF51
SEDOL	BJGTLF5
Ticker code	THRL

* *Unaudited, as at 31 March 2019.*

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors	Mr Robert Malcolm Naish (<i>Chairman</i>) Prof. June Andrews OBE Mr Gordon C. Coull Mr Thomas J Hutchison III all non-executive and of Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW
Investment Manager, Company Secretary and Administrator	Target Fund Managers Limited Laurel House Laurelhill Business Park Laurelhill Stirling FK7 9JQ
Depository	IQ EQ Depository Company (UK) Limited 4th Floor, Forsyth House Cromac Square Belfast Co. Antrim BT2 8LA
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 6ET
Legal Adviser to the Placing Agent, Bookrunner and Financial Adviser	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Valuer	Colliers International Healthcare UK LLP 50 George Street London W1U 7GA
Auditors of the Company	Ernst & Young LLP Atria One 144 Morrison Street Edinburgh EH3 8DX
Reporting Accountants	BDO LLP 55 Baker Street London W1U 7EU
Tax Adviser	Deloitte LLP Athene Place 66 Shoe Lane London EC4A 3BQ
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

PART 1

THE COMPANY AND THE PROPOSALS

Introduction

THRL announced on 21 June 2019 that following a review of the administration and regulatory arrangements of the Group, the Board of THRL had concluded that it is in the best interests of THRL Shareholders as a whole to proceed with proposals to introduce a new parent company to the Group that is incorporated in England and Wales. It is proposed that this change be effected by way of scheme of arrangement under article 125 of the Companies (Jersey) Law 1991. If the Scheme becomes effective the Company will become the ultimate parent company of the Group, and effectively, a mirror image of THRL (subject to any relevant jurisdictional differences between England and Wales and Jersey), with the same investment objective, investment policy and investment manager. The Company will be a REIT for the purposes of UK taxation.

In addition, should the Scheme become effective, it is proposed that the Company will undertake the Placing Programme whereby it will have the ability to issue up to 125 million New Shares. The proceeds of the Placing Programme will be used to acquire further UK care homes and other healthcare assets in accordance with the Company's investment policy.

Background to the Scheme

Under the terms of the Scheme, the Company will be introduced as the new parent company of the Group. As with THRL, the Company will appoint Target Fund Managers Limited as investment manager who will continue to manage the Group on a day to day basis in accordance with the same investment policy with a view to achieving the same investment objective. The Investment Manager will advise the Company on the acquisition, development, management and disposal of UK care homes and other healthcare assets in its portfolio. The Company will have a single class of shares in issue, Ordinary Shares, and will be geared through the Group's existing debt facilities and any other borrowings put in place from time to time in accordance with the investment and gearing policies.

The Scheme will be subject to various conditions, as described in more detail in Part 4 of this document, including the Scheme being approved by THRL Shareholders and the Jersey Court.

If the Scheme becomes effective, each holder of THRL Shares will receive one New Share for each THRL Share that they hold. The Ordinary Shares will be listed on the premium segment of the Official List and traded on the London Stock Exchange's Main Market.

Benefits of the Scheme

The directors of THRL consider that the Scheme will have, amongst others, the following benefits:

- (i) whilst the Group is already UK tax resident, it will benefit from aligning the Company's place of incorporation with the Group's existing place of tax residence;
- (ii) the Group's operations are directly and indirectly involved in providing services to UK local authorities and health services and as such a UK incorporated parent company is important in maintaining and developing those relationships;
- (iii) it will streamline the costs and regulatory complexity on the Group of complying with two separate regulatory regimes; and
- (iv) the administration of the Group will be more effective and efficient, due to the Investment Manager providing both administration and company secretarial services onshore.

On completion of the Scheme the Company will become the sole shareholder of THRL and the ultimate parent company of the Group.

Further details of the Scheme are set out in Part 4 of this document.

Investment performance and background to the Placing Programme

Since its launch, THRL 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. THRL last published a prospectus in February 2018 under which it raised gross proceeds of approximately £144 million.

Over the past six years the Group 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 £371 million gross proceeds from public fundraisings (excluding the amount raised on launch) and has arranged three debt facilities totalling £170 million. As at 19 June 2019, the Existing Portfolio comprised 62 care homes, including three forward funding projects to which the Company has committed. As at 31 March 2019, the Property Portfolio had a Market Value of approximately £477.1 million, based on the Valuer's valuation report. The Valuer's valuation report is set out in Part 7 of this document.

THRL has paid quarterly dividends of 1.64475 pence per THRL Share in respect of the current financial year, representing an annualised interim dividend of 6.579 pence per THRL Share. This represents an increase of 2 per cent. on the annualised interim dividend paid in respect of the financial year ended 30 June 2018.

Since the launch of THRL to 31 March 2019, THRL has produced a cumulative accounting total return (EPRA NAV movement plus dividends) of 58.0 per cent.

The Group's Investment Manager continues to use its specialist knowledge and in-house research capabilities to identify and acquire suitable assets in this competitive market place, leveraging its strong reputation and relationships with vendors and operators.

The Group also has a number of investment opportunities progressing through its diligence processes and if all of these potential acquisitions complete as anticipated, the Group's available resources (consisting of both equity and debt capital) will be fully utilised in the second half of 2019. However, the timetables for potential completions remain uncertain and the opportunities remain subject to detailed due diligence and refinement of terms. For these reasons, the Group is seeking to establish the Placing Programme to provide the operational flexibility to raise new equity relatively quickly to fund these acquisitions without incurring the additional costs and timetable delays involved in drafting a new prospectus. This will allow the Group to acquire further properties identified by the Investment Manager in accordance with the Company's investment policy that, following the due diligence process, meet the Company's acquisition criteria and returns profile.

Further details of the Placing Programme

The Company is proposing to issue up to 125 million New Shares under the Placing Programme. The Directors will seek to issue New Shares under the Placing Programme if the Investment Manager is able to source further suitable acquisition opportunities. The Board intends to issue any such New Shares at a premium to the prevailing NAV per Share under the Placing Programme.

The Placing Programme is conditional upon the Scheme becoming effective.

The Board believes that the Placing Programme will have the following benefits for Shareholders and the Company:

- (i) it will enable the Company to continue with its growth strategy, provide scale to its investment portfolio and it is also likely to increase the liquidity of the Shares by increasing the market capitalisation of the Company and further diversify the Shareholder register;
- (ii) it is expected to provide additional capital which should enable the Company to take advantage of the investment opportunities in the market and make further investments in accordance with the Company's investment policy and within its appraisal criteria;
- (iii) it is expected to assist the Group to complete further investments that will 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; and
- (iv) it will result in a larger equity base over which the fixed costs of the Company may be spread, thereby reducing the Company's ongoing costs per Share.

Dividends and New Target Reduction of Capital

The Directors wish to continue the dividend policy of THRL and make distributions in the form of quarterly dividends payable in February, May, August and November.

The Company's first dividend is expected to be in respect of the period ending 30 September 2019. This dividend may be declared and paid later than it has been by THRL in previous years to allow the Company to comply with the more stringent requirements applicable to UK companies in relation to the payment of dividends. Further details of dividends are on page 39.

The purpose of the New Target Reduction of Capital is to create distributable reserves in the accounts of the Company to support the payment of the dividend in relation to the period ended 30 September 2019 and future dividends. It is anticipated that the nominal value of the Ordinary Shares immediately prior to the New Target Reduction of Capital will be £1.00 per Ordinary Share. Pursuant to the New Target Reduction of Capital, such nominal value will be reduced to one penny per Ordinary Share, so as to create distributable reserves, which will be available to the Company to be applied towards any lawful purpose including the distribution of dividends as appropriate.

The New Target Reduction of Capital is conditional upon:

- (i) the Scheme becoming effective in accordance with its terms;
- (ii) the English Court confirming the New Target Reduction of Capital; and
- (iii) the Registrar of Companies registering the court order and a statement of capital in respect of the Company as approved by the English Court.

The New Target Reduction of Capital has been approved by the current shareholder of the Company.

In order to obtain the confirmation of the English Court to the New Target Reduction of Capital, the Company will need to satisfy the English Court that its creditors are not prejudiced. The Company will put into place appropriate arrangements (if required) to satisfy the English Court's requirements in this respect.

The Existing Portfolio

The Group's Existing Portfolio comprises 62 properties, including 59 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 properties are let to or have pre-agreed leases in place with 25 distinct operating groups. The Property Portfolio's aggregate contracted net annual rent as at 31 March 2019 was £30.14 million (inclusive of Formby Care Home) which represented an EPRA Topped Up Net Initial Yield of 6.29 per cent. The weighted average unexpired lease term of the Property Portfolio as at 31 March 2019 was 28.94 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 is one lease where the rent is partially determined by reference to the EBITDA 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 two 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. The current projects are expected to complete within 6 to 12 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 209 beds all with wet room ensuite facilities.

The Group invests in modern and purpose built care homes complete with wet rooms. Under certain circumstances the Group will also provide funds to care homes within the Property Portfolio that do not meet the standards set by the Group. While the vast majority of the care homes in the Property Portfolio are mature and have high occupancy levels, 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 requires patience and perseverance, and the Group is well placed to support its tenants through that phase, with its active management. Currently two properties are being more closely

managed in this manner and their Market Values have been reduced to reflect operational concerns. There is a concern that there will be further value erosion in the short term.

Further details of the Existing Portfolio are set out in Part 6 of this document.

Acquisition of assets

The Investment Manager continues to identify and undertake due diligence on 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 such potential assets can be secured by the Group or that following the Investment Manager's due diligence review they will be considered suitable for the Group.

Should the Group acquire all of the near-term opportunities that are progressing through its diligence processes, the equity and debt currently available to the Group would be fully utilised.

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-2041. 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 110,000 additional care home places, equating to approximately 1,800 more homes than in 2018. 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 75 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 23 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. Recently, 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. Care home average occupancy rates have increased for the sixth consecutive year to 89 per cent across the sector while there has been a net decrease in beds of 2,600 since 2016. 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.

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 £257 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 'Green 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 which the public can buy in to. 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 ageing. Residents who generally 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 at a local level 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 £9.00 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 less 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 ("DTCOs" 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 DTCOs 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.

Government policy

In 2010, Sir Andrew Dilnot was commissioned by the UK Government to make recommendations on reforming the Social Care Sector. His report was intended to form the basis for the subsequent Care Act, however many of the key findings of the Dilnot Commission were omitted from the final version of the legislation that received Royal Assent in 2014. In the five years since the Care Act was published, decisive social care reform has stagnated with no real progress towards a funding consensus. More recently, the Government's Social Care Green Paper has been repeatedly delayed from its original envisaged publication timeline of 2017 and will reportedly now not be released until after the Government reaches a Brexit conclusion. Aside from the distractions of Brexit at Whitehall, many commentators believe there is no real appetite amongst politicians on any side to 'grasp the nettle'. There are two primary considerations that the Green Paper is seeking to assess. Firstly, should social care be free for all, or at least with a capped maximum cost to the resident and, secondly, can social care budgets (generally funded by local authorities) be in some measure amalgamated with NHS budgets, to provide a more seamless approach to Health and Social Care. Traditionally, it is argued, politicians have favoured the funding of the NHS over Social Care, due to the enduring public affection for the institution.

With respect to the delays mentioned above, most Local Authorities are claiming that historic austerity measures have brought them to the brink, with reserves all but consumed and rising demand from social care expected to demand a growing share of their budget going forward. In 2015, as a temporary measure prior to the proposed publication of the Green Paper, the Government introduced the 'Adult Social Care Precept', under which local authorities were able to increase council tax levels by up to 2 per cent. in each year between 2016/17 and 2019/20 to raise additional funds for social care. In December 2016 the Government announced increased flexibility which enabled local authorities to raise council tax by up to 3 per cent. in 2017/18 and 2018/19. Most councils are now approaching their last year of being able to utilise this legislation due to a legislative time limit.

Prospects for the UK care home market and the Company's 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. 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. It will also be important to maintain an appropriate proportion of private fee paying residents to Local Authority funded residents.

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. The Investment Manager believes that there is a strong private pay element within the Existing Portfolio and 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. THRL has operated a successful dividend policy whereby the dividends paid by THRL have been fully covered in respect of any quarter over which THRL has been fully invested. The Company intends to continue the operation of that dividend policy and the Investment Manager will seek to continue to assemble 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.

Payment of dividends

In September 2018 THRL increased the quarterly dividend in respect of the year ending 30 June 2019 by 2.0 per cent. to 1.64475 pence per THRL Share per quarter. In the absence of unforeseen circumstances, the total annual dividend in respect of THRL for the year ending 30 June 2019 is therefore expected to be 6.579 pence per THRL Share.

The Company intends to follow THRL's dividend payment schedule. As such, 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 New Shares will rank *pari passu* with any existing Shares.

It is intended that THRL will declare and pay the dividend in relation to the period ended 30 June 2019 earlier this year than it has done in previous years in order for THRL Shareholders to receive the dividend prior to the Scheme Effective Date. In addition, the Company is expected to pay a dividend in relation to the quarter ending 30 September 2019, however it is expected that this dividend may be declared and paid slightly later than it has been in previous years to allow the Company to comply with the more stringent requirements applicable to UK companies in relation to the payment of dividends, but in any event it is expected to be paid no later than 31 December 2019.

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

Gearing policy

The Company intends to continue to operate the gearing policy implemented by THRL.

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.

The Group has a £50 million committed facility with RBS, repayable on 1 September 2021, comprising a term loan facility of £30 million and a revolving credit facility of £20 million which has been fully drawn down. In addition the Group has a five year £40 million committed term loan facility with FCB, which is repayable on 30 August 2022 of which £36 million has been 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. The HSBC Facility consists of a £80 million three year committed revolving credit facility of which £7 million has been drawn. The Group intends to use available cash together with undrawn debt under the HSBC Facility and FCB 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 March 2019, the Group's loan-to-value (LTV) using net debt (total gross debt less cash, as a proportion of gross property value) was 13.2 per cent. and its gross LTV (total gross debt as a proportion of gross property value) was 17.6 per cent.

THR1 and its subsidiaries have entered into an interest rate swap with RBS 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. THR12 and its subsidiaries have entered into an interest rate swap with FCB in relation to £36 million of the term loan facilities provided to them under the FCB Facility Agreement, which is documented in the form of market standard ISDA documentation. There is no current intention to enter into any interest rate hedging in relation to amounts borrowed under the revolving credit facility provided by HSBC.

Capital structure

Share capital

Following completion of the Scheme, the share capital of the Company will consist solely of Ordinary Shares which will be 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

At the General Meeting of the Company held on 13 June 2019 the sole shareholder of the Company was asked to approve the disapplication of the pre-emption rights in relation to the allotment of up to 125 million Ordinary Shares in relation to the Placing Programme representing approximately 32.5 per cent. of the number of Ordinary Shares that will be in issue on Scheme Admission.

The Subsidiaries

Upon the Scheme becoming effective, the Company will be the direct parent company of THRL and the ultimate parent company of the Group. The Company will own, directly or indirectly, each of the Subsidiaries.

THRL holds one 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 THR1, THR7, THR8, THR12 and THR15 where the directors are the same as those of the Company. The Company will be 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.

THR1 is party to the THR1 Investment Management Agreement and is the borrower under the RBS Facility along with THR2, THR3 and THR9. THR12 is party to the THR12 Investment Management

Agreement and is the borrower under the FCB Facility in respect of which THR5, THR6 and THR7 are guarantors. THR15 is party to the THR15 Investment Management Agreement and is the borrower under the HSBC Facility Agreement along with THR8, THR10, THR17, THR17 Holdings and THR27.

Further subsidiaries and investment structures

Whilst the Subsidiaries are expected to continue to hold the majority of the assets in the Property Portfolio should the Scheme become effective, 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 Scheme Admission. The Directors intend to seek annual renewal of this authority from Shareholders at each annual general meeting of the Company going forward.

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 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 Company will buy back any Ordinary Shares while the proceeds of any Placing are being invested. 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 & STRATEGY

The investment objective, policy and strategy of the Company will replicate those of THRL as the Company will continue the investment business of THRL.

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.

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.

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. 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 1.6x 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. The Investment Manager also undertakes regular site visits, at least every six months, on the properties that the Group owns.

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 four Directors, all of whom are non-executive and independent of the Investment Manager and are currently directors of THRL. 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, with significant real estate investment experience, 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 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.

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 of Clubcorp, Inc. and Hersha Hospitality Trust. He is also a member of The Real Estate Roundtable, Leadership Council for Communities in Schools and the Advisory Council of the Erickson School of Aging Studies. He serves as a senior adviser to various service industry public companies.

Corporate governance

As the Company intends to list 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 has considered the Principles and Provisions of the Association of Investment Companies' Code of Corporate Governance ("**AIC Code**"). The AIC Code addresses the Principles and Provisions set out in the UK Code, as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

The Board intends to meet 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. 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 Mr Naish. 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 will 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 5 of Part 10 of this document.

The Company does not have a separate remuneration committee as the Board as a whole fulfils the function of a remuneration committee.

Board and Directors' performance appraisal

The performance of the Board committees and individual Directors will be evaluated through an assessment process, led by the Chairman. This process will involve 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 will be led by the Senior Independent Director (Mr Hutchison) in consultation with the other Directors.

The audit committee

Mr Coull is the chairman of the Company's audit committee which will comprise the full Board. The audit committee will meet 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 will review 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 will report to the Board. The objectivity of the external auditor will be reviewed by the audit committee, which will also review 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 will review 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 will comprise the full Board. The management engagement committee will review the appropriateness of the Investment Manager's continuing appointment, together with the terms and conditions thereof, on a regular basis. It will also review the terms and quality of service received from other significant service providers on a regular basis.

The investment committee

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

Each of the committees have written terms of reference which will be 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 and combined they have over 30 years experience. They also have a nine 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. The Investment Manager currently has approximately £625 million of assets under management and manages the investment of 80 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 Company (and its subsidiaries) 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.

The key personnel who are responsible for managing the portfolio are:

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 15 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 Flannely BAcc FCA is Head of Investment at TFML. He is a Chartered Accountant with 20 years' experience, the last 14 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 80 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 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 with effect from Scheme Admission.

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 12 months' written 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 will become wholly owned indirect subsidiaries of the Company should the Scheme become effective and are (along with certain of their subsidiaries) the borrowers in relation to the RBS Facility, the FCB 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.

AIFMD

The Investment Manager is authorised and regulated by the FCA and has permission to act as an AIFM under the AIFMD. The Investment Manager was appointed as the Company's AIFM on 21 June 2019 and 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 will carry out the core duties under Article 21(7), (8) and (9) of the AIFMD 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 have been appointed as company secretary and administrator to the Company and other members of the Group pursuant to the Administration and Secretarial Agreement, with effect from Scheme Admission.

Pursuant to the Administration and Secretarial Agreement the Company will pay the Administrator a fee of £120,000 per annum (plus VAT if applicable) payable quarterly in arrears. The fee shall be recalculated and increased or decreased 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 or, for the first period, for the period from Scheme Admission to 30 June 2020.

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 publication and calculation

The properties acquired by the Group will be valued by the Valuer quarterly in accordance with the RICS Valuation – Professional Standards incorporating the International Valuation Standards July 2017 (Red Book). The Net Asset Value attributable to the Ordinary Shares will be published quarterly based on the most recent valuation of the Property Portfolio (such Property Portfolio including the THRL Property Portfolio should the Scheme become effective) and in accordance with IFRS. The Net Asset Value will be 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 will hold an annual general meeting each year.

The Company's annual report and accounts will be prepared up to 30 June each year and copies will be 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.

It is expected that THRL will publish the Group's annual report and accounts for the year to 30 June 2019 in October 2019. The Company will hold an annual general meeting in November 2019. It is expected that the Company will publish its first annual, consolidated group reports and accounts for the period to 30 June 2020 in October 2020.

Accounting policies

The audited accounts of the Company will be 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 will 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 will 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 will be 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 will be the fees payable to the Investment Manager, the Valuer, the Depositary, the Company's other advisers and the Directors. The Company will also incur regulatory fees, insurance costs, professional fees, audit fees and other expenses. The total expenses of THRL for the year ending 30 June 2019 are estimated to be approximately £6.3 million (inclusive of irrecoverable VAT, excluding any costs relating to debt arrangements, acquisitions of properties, the Scheme and the Placing Programme).

PART 4

THE SCHEME

Background to and reasons for the Scheme

THRL was incorporated in January 2013 as a Jersey based investment company regulated by the JFSC. Following a review of the administration arrangements of the Company and its ongoing regulatory obligations in Jersey, the directors of THRL have concluded that it is in the best interests of the Group and its shareholders to introduce a new parent company which is incorporated in England and Wales. Having considered a number of different structures to effect the redomicile of THRL, the Directors believe that the Scheme is the most efficient and cost effective option.

THRL is currently subject to two separate regulatory regimes. As a REIT THRL is tax domiciled in the United Kingdom and as a Jersey based investment company it is subject to the regulations of the JFSC, including the requirement to have two Jersey resident Directors on its Board.

In order to comply with its regulatory requirements THRL has engaged the services of an administrator in the United Kingdom and a company secretary in Jersey. The Directors of THRL no longer believe that this structure is the most efficient way in which to operate the Group. In addition, the Investment Manager now has the resources to provide the Group with company secretarial and administration services. The aim of the Scheme is to simplify the administration of the Group and streamline its regulatory obligations.

The Scheme

Structure

Under the Scheme, all Scheme Shares will be cancelled on the Effective Date by way of a reduction of capital. Following the cancellation of the Scheme Shares, the share capital of THRL will be increased to its former amount and the credit arising in the books of THRL as a result of the Scheme Reduction of Capital will be applied in paying up in full new THRL Shares. The new THRL Shares will be issued to the Company which will, as a result, become the parent company of THRL and the Group. In consideration for the cancellation of the Scheme Shares, THRL Shareholders will receive one New Share for each Scheme Share cancelled. The Company will undertake to the Jersey Court to be bound by the terms of the Scheme. If the Scheme becomes effective the Company will become the ultimate parent company of the Group, and effectively, a mirror image of THRL.

Conditions to implementation of the Scheme

The implementation of the Scheme is conditional, *inter alia*, on:

- (i) the Scheme being approved by a majority in number, representing three-fourths in voting rights, of the holders of Scheme Shares present and voting, either in person or by proxy, at the Jersey Court Meeting;
- (ii) a special resolution to approve the steps necessary to implement the Scheme having been duly passed at the Scheme General Meeting by a majority of not less than 75 per cent. of the votes cast. In particular, this resolution will authorise:
 - a. the Scheme Reduction of Capital;
 - b. the application of the credit arising on the Scheme Reduction of Capital to the payment in full of the new THRL Shares, which will be allotted and issued to the Company;
 - c. directors of THRL to allot the new THRL Shares subject to certain restrictions; and
 - d. the amendment of the THRL articles of association to facilitate the Scheme;
- (iii) the Scheme having been sanctioned by the Jersey Court at the Jersey Sanction Hearing;
- (iv) the Jersey Court Order having been delivered to the Jersey Registrar of Companies and registered in respect of the Scheme Reduction of Capital; and
- (v) permission having been granted by the FCA to admit the New Shares to the Official List and to trading on the Main Market of the London Stock Exchange with effect from Scheme Admission.

The Scheme contains a provision for THRL and the Company jointly to consent, on behalf of all persons concerned, to any modification of or addition to the Scheme, or to any condition that the Jersey Court may think fit to approve or impose. The Jersey Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of THRL Shareholders, unless THRL Shareholders were informed of any such modification, addition or condition. It will be a matter for the Jersey Court to decide, in its discretion, whether or not the consent of THRL Shareholders should be sought at a further meeting. Similarly, if a modification, addition or condition is put forward which, in the opinion of the directors of THRL, is of such a nature or importance as to require the consent of the THRL Shareholders at a further meeting, the directors of THRL have confirmed to the Company that they will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

Effects of the Scheme

Under the Scheme, THRL Shareholders will have their Scheme Shares replaced by the same number of New Shares, which will be denominated in pounds sterling. THRL Shareholders will not receive any amount in cash pursuant to the terms of the Scheme. Under the Scheme, all THRL Shareholders will receive one New Share for each THRL Share that they hold. The voting rights of holders of THRL Shares will not be diluted as a result of the Scheme.

As a result of the Scheme, the Company will become the new parent company of the Group and its assets, liabilities and earnings on a consolidated basis will be those of the Group.

Costs and expenses of the Scheme

It is expected that the total costs and expenses of and incidental to the Scheme will be approximately £530,000 if the Scheme becomes effective. All such costs shall be borne by THRL.

Listing, dealing, share certificates and settlement under the Scheme

The cancellation of the listing of the THRL Shares on the Official List and to trading on the Main Market will take effect from 8.00 a.m. on the Effective Date. As from 2 August 2019, dealings will be for cash settlement only and, in the case of certificated Scheme Shares, will only be registered if documents of title are delivered immediately.

If Shareholders dispose of their Scheme Shares otherwise than through the London Stock Exchange they must make their own arrangements with the other parties concerned as regards entitlements under the Scheme.

Applications will be made for the New Shares to be issued under the Scheme to be listed on the premium segment of the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. If the Scheme becomes effective, it is expected that the New Shares will be admitted to the Official List and that the first day of dealings in such securities will be 7 August 2019.

New Shares will be issued in registered form and may be held in either certificated or uncertificated form. Those Shareholders who hold their Scheme Shares in certificated form will receive their New Shares in certificated form. It is expected that share certificates in respect of such New Shares will be despatched to the Shareholders entitled thereto in the week commencing 19 August 2019.

It is expected that Shareholders who hold their Scheme Shares in uncertificated form at the Scheme Record Time will receive their New Shares in uncertificated form on 7 August 2019, although the Company reserves the right to issue such securities in certificated form. In normal circumstances, this is only likely to be exercised in the event of an interruption, failure or breakdown of CREST or of the facilities or system operated by the Registrar in connection with CREST. The Company will procure that instructions are given to credit the appropriate stock accounts in CREST with the relevant entitlements to New Shares in uncertificated form.

Existing certificates in respect of the Scheme Shares will cease to be of tradable value following the despatch to THRL Shareholders of certificates in respect of their holdings in the Company. Shareholders will receive a single share certificate for their entire holding of New Shares.

All documents and remittances despatched to or from THRL Shareholders or their appointed agents in connection with the Scheme will be despatched at THRL Shareholders' own risk.

PART 5

THE PLACING PROGRAMME

The Placing Programme

The Placing Programme is being implemented to enable the Company to raise additional capital over the period from 8 August 2019 to 19 June 2020 when it identifies assets that are suitable for acquisition. This should enable the Investment Manager to make a series of property acquisitions 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 Places 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 8.1 of Part 10 of this document.

New Shares may be issued from 8.00 a.m. on 8 August 2019 until 8.00 a.m. on 19 June 2020 under the Placing Programme. 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 issued Ordinary 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 125 million New Shares under the Placing Programme.

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 any New Shares issued pursuant to the Placing Programme, the Company will publish a supplementary prospectus. Any supplementary prospectus published by the Company will give details of the significant change(s) or the significant new matter(s).

Conditions

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

- (i) the Scheme becoming effective by 31 December 2019;
- (ii) the Placing Programme Price being determined by the Directors as described below;
- (iii) Admission of the New Shares issued pursuant to such Placing;
- (iv) 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; and
- (v) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules.

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 which are likely to include professional advisers' fees and expenses, London Stock Exchange charges and commissions payable to the Placing Agent. 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 any New Shares issued under a Placing to the premium segment of the Official List and to trading on the Main Market during the period from 8 August 2019 to 16 June 2020. It is expected that admission and dealings in such New Shares issued pursuant to the Placing Programme will commence in the period from 8 August 2019 to 19 June 2020.

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, such 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 125 million New Shares are issued under the Placing Programme, Shareholders who do not acquire any New Shares under the Placing Programme will suffer a dilution of approximately 24.5 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 the properties, the Placing Programme Price will not necessarily cover the full costs of the relevant Placing and the costs associated with the 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.

The fixed costs and expenses of the Placing Programme include the fixed fees payable to professional advisers and other related expenses. These costs and expenses of the Placing Programme are expected to be approximately £430,000.

Subscriber warranties

Each subscriber for New Shares in the Placing Programme and each subsequent investor in the New Shares will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgments and agreements set out in paragraph 4 of Part 12 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 March 2019 with the exception of Formby Care Home which has a valuation date of 12 April 2019 (being the date of its acquisition by the Group). There has been no material change in the value of the properties from the date of their valuation to the date of this document. Upon the Scheme becoming effective, the Company will be the ultimate holding company of the Group and, as such, all of the properties within the Existing Portfolio (together with any assets acquired by the Group after the date of this document) will become the indirect assets of the Company.

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>
South East	9	110,820	22.9%
North West	12	74,960	15.5%
East Midlands	9	63,659	13.2%
Yorkshire and The Humber	11	63,340	13.1%
Eastern	4	42,963	8.9%
South West	3	34,410	7.1%
Scotland	5	32,018	6.6%
Northern Ireland	4	23,806	4.9%
West Midlands	3	23,333	4.8%
North East	2	14,311	3.0%
Total	62	483,620	100.0%
EPRA Topped Up Net Initial Yield*		6.29%	

* as at 31 March 2019

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>Contracted net annual rent receivable* £'000</i>	<i>Percentage of Existing Portfolio by Market Value</i>
Ideal Carehomes	11	67,588	30.32	4,354	14.0%
Care Concern	6	38,920	31.26	2,918	8.0%
Orchard Care Homes	6	34,212	23.77	2,609	7.1%
Aura Care	2	33,350	29.24	2,170	6.9%
Hamberley Care	2	32,930	35.17	1,103	6.8%
Athena Healthcare	5	31,772	33.26	1,444	6.6%
Priory	5	30,264	22.28	2,056	6.3%
Others (all <5% of Existing Portfolio by value)	25	214,584	28.98	13,486	44.3%
Total	62	483,620	28.94	30,140	100.0%

* as at 31 March 2019

Notes to the table: (i) Hamberley Care and Athena Healthcare values include development sites for which there was no contracted rental income at 31 March 2019; and (ii) table includes Formby Care Home.

3. The Existing Portfolio

<i>Property/Location (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 Care Home, Scotland	2012	Regional operator (more than 15 homes)	67	2 or more	100%
St Ronan's Care Home, Scotland	2012	Regional operator (more than 15 homes)	66	1	100%
Huntly Care Home, 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 and Lodge, North West	2008	Large national operator	60	1	100%
St Helens Hall and Lodge, North West	2008	Large national operator	94	2 or more	100%
Mossvale Care Home, 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 Care Centre, West Midlands	2010	Large national operator	116	2 or more	100%
Beechdale Manor Care Home, 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 Care Home, East Midlands	2014	Large national operator	72	2 or more	100%
Rastrick Hall and Grange, Yorkshire & The Humber	2007	Large national operator	79	2 or more	100%
Fleetwood Hall, North West	2006	Large national operator	62	1	100%

<i>Property/Location (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 and Lodge, Yorkshire & The Humber	2006	Large national operator	60	2 or more	50%
Hastings Court, South East	2014	Regional operator (less 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 (less than 5 homes)	81	1	100%
Tyneside 2, North East	2015	Regional operator (less than 5 homes)	88	1	100%
The Porterbrook, Yorkshire & The Humber	1994/2016	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 (less than 5 homes)	70	1	100%
Sandiacre Court, East Midlands	2015	Regional operator (less than 5 homes)	81	2 or more	100%
Kingsmead House, South East	2015	Large national operator	40	2 or more	100%
Barnes Lodge, South East	2016	Regional operator (5-15 homes)	101	2 or more	100%
Oakdene and Acorn Lodge, South West	1990s/2012	Large national operator	70	2 or more	93%
Beaumont Manor, Eastern	2017	Large national operator	82	2 or more	100%
Kingfisher Court, East Midlands	2017	Regional operator (less 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, 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 Care Home, Yorkshire & The Humber	2006	Large national operator	81	2 or more	100%
Bebington Care Home, North West	1998	Large national operator	86	2 or more	0%
Kingsfield Court, East Midlands	2019	Regional operator (less than 5 homes)	70	2 or more	100%
Preston, North West	2019	Regional operator (5-15 homes)	74	2 or more	100%

<i>Property/Location (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>
Roden Hall, West Midlands	2019	Regional operator (5-15 homes)	68	2 or more	100%
Kings Lodge, South East	2017	Regional operator (less than 5 homes)	64	2 or more	100%
Stratton Court, South West	2018	Regional operator (less than 5 homes)	73	2 or more	100%
Burscough, North West	2019	Regional operator (5-15 homes)	80	2 or more	100%
Cantley Grange, Yorkshire & The Humber	2007	Large national operator	40	1	100%
Windsor Court, Yorkshire & The Humber	2018	Regional operator (more than 15 homes)	66	2 or more	100%
Chawley Grove Care Home, South East	2019	Regional operator (5-15 homes)	70	2 or more	100%
Nesbit House Care Home, South East	2019	Regional operator (5-15 homes)	60	2 or more	100%
Parris Lawn Care Home, 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%

4. Lease terms

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 THRL. 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. The Market Value of two properties within the Existing Portfolio was reduced between 31 December 2018 and 31 March 2019 to reflect operational concerns and there remain concerns regarding the potential for further value erosion in the short term.

The weighted average unexpired lease term of the Existing Portfolio is 28.94 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 is one lease where the rent is partially determined by reference to the EBITDA 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. Acquisitions of assets

The Group also has a number of investment opportunities progressing through its diligence processes and if all of these potential acquisitions complete as anticipated, the Group's available resources (consisting of both equity and debt capital) will be fully utilised in the second half of 2019. However, the timetable for potential completion remains uncertain and the opportunities remain subject to detailed due diligence and negotiation. For these reasons, the Group is seeking to establish the Placing Programme

to provide the operational flexibility to raise new equity relatively quickly to fund these acquisitions without incurring the additional costs and timetable delays involved in drafting a new prospectus.

There is no guarantee that these potential assets can be secured by the Group or that following the Investment Manager's due diligence review they will be considered suitable for the Group.

7. Forward funding commitments

The Group currently has investments in three forward funding developments/projects with two developers. The current projects are expected to complete within three to six months. During the development period THRL earns an interest coupon on the committed funds and once complete these new, purpose built care homes are expected to hold 209 beds with full wet room ensuite facilities.

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 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 Group, 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 Group 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.

8. Costs of acquiring properties

The typical costs of acquiring properties in the UK are approximately 6.8 per cent. in England, Wales and Northern Ireland and approximately 6.1 per cent. in Scotland of the purchase price thereof assuming full market standard cost and stamp duty tax liabilities in relation to these acquisitions.

9. Disposal of assets

The Investment Manager keeps the Existing Portfolio under review at all times to ensure that the assets continue to be suitable for the Group and meet the Group's investment return profile. The Investment Manager is in negotiations in respect of the sale of two assets in the Existing Portfolio and the Company will provide an update via RIS following the sale of such assets.

PART 7

VALUATION REPORT IN RELATION TO THE EXISTING PROPERTY PORTFOLIO

The Directors
Target Healthcare REIT Limited
Ordnance House
31 Pier Road
St Helier
Jersey JE4 8PW

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
4th Floor, 150 Cheapside
London EC2V 6ET

21 June 2019

Dear Sirs

VALUATION REPORT ON THE EXISTING PORTFOLIO IN RELATION TO TARGET HEALTHCARE REIT LIMITED (“THRL”)

1. Introduction

We, Colliers International, Chartered Surveyors, have considered the properties held for investment by THRL, 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 March 2019.

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.

Five 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. Conversely, the value attributed to each of these five Properties will increase as practical completion approaches.

We understand that the building works have continued since our valuation dated 31 March 2019 and therefore this will have an impact on value.

We also understand that since our valuation two of the care home developments have been completed. With the current value being based on the projected investment values.

We further confirm that this report is in a condensed form.

In this Valuation Report THRL's current portfolio of 57 care homes and five care homes under development in the UK shall be defined as the "Existing Portfolio".

2. Inspections

The Properties have been inspected within the past 12 months and are to be inspected annually in accordance with the terms of our engagement letter with THRL.

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 RICS Valuation – Professional Standards incorporating the International Valuation Standards June 2017 (the "Red Book") issued by the Royal Institution of Chartered Surveyors (RICS) as well as Rule 5.6.5G of the Prospectus Rules published by the Financial Conduct Authority 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 have been satisfied. Finally we confirm that we have undertaken the valuations acting as External Valuers (as defined in the Red Book), 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 a placing programme to be published by THRL's proposed new parent company, Target Healthcare REIT plc (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 THRL 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 THRL.

We are also instructed by THRL in respect of quarterly valuations of THRL.

6.2 Fee income from the Target group of companies

Colliers International fee income from the Target group of companies has been limited to valuation advice and in 2018 accounted for less than 5.01% of fee income for the department. 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 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. THRL 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 THRL 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 **Environmental 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**

THRL 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 THRL. 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 THRL'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 March 2019, 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)	£370,584,000	(Three Hundred and Seventy Million Five Hundred and Eighty-Four Thousand Pounds)
Long Leasehold	£113,036,000	(One Hundred and Thirteen Million Thirty-Six Thousand Pounds)
Total	£483,620,000	(Four Hundred and Eighty-Three Million Six Hundred and Twenty Thousand Pounds)

For reference purposes, the aggregate of the individual Market Values reported as at 31 March 2019 was £477,120,000. This compares to the aggregate of the Market Values reported herein at £483,620,000. The difference between these two valuations can be attributed to the inclusion of Woodlands Lodge in Formby, which was acquired after the 31 March 2019 valuation.

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 Rule 5.5.3(2)(f) of the Prospectus Rules and confirms that the information contained in this Valuation Report is, to the best of our knowledge and having taken all reasonable care to ensure that is the case, 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 Rule 5.5.3(2)(f) of the Prospectus Rules and confirms that the information contained in this Valuation Report is, to the best of our knowledge and having taken all reasonable care to ensure that is the case, 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 Healthcare UK LLP

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	25 June 2018
St Ronans	Scotland	2012	25 June 2018
Huntly	Scotland	2012	25 June 2018
Beaumont Hall	East Midlands	2012	7 February 2019
Newfield Lodge	Yorkshire & The Humber	2012	5 March 2019
Coppice Lodge	East Midlands	2012	7 February 2019
Bowbridge Court	East Midlands	2012	7 February 2019
Hambleton Grange	Yorkshire & The Humber	2013	20 November 2018
Longridge Hall & Lodge	North West	2008	6 November 2018
St Helens & Lodge	North West	2008	6 November 2018
Mossvale	Scotland	2011	10 December 2018
De Brook Lodge	North West	2010	21 May 2019
Ash Tree House	North West	2013	22 June 2018
Brinnington Hall	North West	2011	21 May 2019
Herald Lodge	West Midlands	2012	13 February 2019
Ebor Court	Yorkshire & The Humber	2014	16 April 2019
Bromford Lane	West Midlands	2010	19 November 2018
Beechdale Manor	East Midlands	2011	29 November 2018
Blair House	Northern Ireland	2012	23 May 2018
Bohill House Care Home	Northern Ireland	2011	23 May 2018
Bohill House Bungalows	Northern Ireland	2011	23 May 2018
Buckingham Lodge	Eastern	2010	29 June 2018
The Ashton	East Midlands	2014	15 June 2018
Rastrick Hall & Grange	Yorkshire & The Humber	2007	19 June 2018
Fleetwood Hall	North West	2006	22 June 2018
Sutton Hall & Lodge	Yorkshire & The Humber	2006	19 June 2018
Hastings Court	South East	2014	29 June 2018
Iceni House	Eastern	2008	28 November 2018
Alexandra Court	Yorkshire & The Humber	2012	5 March 2019
Tyneside 1	North East	2010	27 June 2018
Tyneside 2	North East	2015	27 June 2018
The Porterbrook	Yorkshire & The Humber	1994	14 August 2018
Oxfordshire Home	South East	2011	29 November 2018
Carlingford Lodge	Northern Ireland	2011	25 January 2019
Parklands Lodge	North West	2016	6 June 2019
Summerfield House	Yorkshire & The Humber	2011	5 March 2019
Whittington House	South West	2010	15 March 2019
Pitkerro Care Centre	Scotland	2007	25 June 2018
Sandiacre Court	East Midlands	2015	15 June 2018
Kingsmead	South East	2015	11 May 2018
Barnes Lodge	South East	2016	22 March 2019
Oakdene & Acorn Lodge	South West	1990's/2012	14 December 2018
Beaumont Manor	Eastern	2017	22 March 2019
Kingfisher Court	East Midlands	2017	15 June 2018
Willow Park	South East	2017	22 March 2019
The Amwell	East Midlands	2017	29 November 2018
Birkdale (Development)	North West	2019	22 June 2018
Hertfordshire Home	Eastern	2012	20 September 2018
Amelia House	Yorkshire & The Humber	2006	22 August 2018
Bebington	North West	1998	28 September 2018

<i>Home Name / Project Name</i>	<i>Location (MSCI Region)</i>	<i>Year of Construction</i>	<i>Inspection Date</i>
Kingsfield Court	East Midlands	2019	15 June 2018
Preston (Development)	North West	2019	22 June 2018
Roden (Development)	West Midlands	2019	19 November 2018
Kings Lodge	South East	2017	9 April 2018
Stratton Court	South West	2018	9 April 2018
Burscough (Development)	North West	2019	19 June 2018
Cantley Grange	Yorkshire & The Humber	2007	20 June 2018
Windsor Court	Yorkshire & The Humber	2018	31 July 2018
Chawley Grove	South East	2019	23 August 2018
Nesbit House (Development)	South East	2019	31 August 2018
Parris Lawn	South East	2017	20 April 2018
Woodlands Lodge	North West	2017	28 January 2019

PART 8

FINANCIAL INFORMATION

1. Introduction

The Company has not commenced operations since its incorporation on 10 May 2019 and no financial statements of the Company have been prepared as at the date of this document. Given that the Company will acquire THRL and its subsidiary undertakings, historical financial information in respect of THRL has been included in this document.

Information from the annual reports and accounts of the Group for the three financial years ended 30 June 2018 in respect of which THRL's auditors, Ernst & Young LLP, of Atria One, 144 Morrison Street, Edinburgh EH3 8DX, who are members of the Institute of Chartered Accountants in England and Wales, made an unqualified report under Jersey Law 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 20 June 2020.

The non-incorporated parts of these annual reports and accounts of the Group are either not relevant to investors or covered elsewhere in the Prospectus.

2. Historical financial information

Historical financial information relating to THRL on the matters referred to below is included in (i) the annual reports and accounts of the Group for the three financial years ending 30 June 2018; and (ii) the unaudited half yearly reports and accounts of the Group for the six months ended 31 December 2017 and 31 December 2018, as set out in the table below and is expressly incorporated by reference into this document.

<i>Nature of information</i>	<i>Annual reports and accounts for the year ended 30 June 2016</i>	<i>Annual reports and accounts for the year ended 30 June 2017</i>	<i>Annual reports and accounts for the year ended 30 June 2018</i>	<i>Half yearly report for the six months ended 31 December 2017</i>	<i>Half yearly report for the six months ended 31 December 2018</i>
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Investment Manager's Report	5	6-7	6-7	4-5	4-5
Strategy in Action	10-13	14-17	14-17	—	—
Report of the Directors	39-41	45-47	47-49	—	—
Consolidated Statement of Comprehensive Income	16	20	22	6	6
Consolidated Statement of Changes in Equity	18	22	24	8	8
Consolidated Statement of Financial Position	17	21	23	7	7
Consolidated Statement of Cash Flows	19	23	25	9	9
Notes to the Consolidated Financial Statements	20-36	24-42	26-44	10-18	10-18
Independent Auditor's Report	52-55	58-61	60-64	20	20

3. Selected financial information

The information in this paragraph 3 relates to and has been prepared by THRL and has been extracted directly from the historical financial information referred to in paragraph 2 of this Part 8. Selected financial information relating to THRL which summarises THRL's financial condition for the three financial years ended 30 June 2018 is set out in the following table:

	<i>Year ended 30 June 2016</i>	<i>Year ended 30 June 2017</i>	<i>Year ended 30 June 2018</i>
Net asset value			
Net assets (£'000)	253,282	256,937	358,607
Equity shareholders' funds (£'000)	253,282	256,937	358,607
NAV per THRL Share (p)	100.4	101.9	105.7
Consolidated income statement			
Total revenue (£'000)	16,874	23,558	28,366
Total return/(loss) per THRL Share (p)	6.81	7.58	9.77
Portfolio summary			
Shareholders' funds (£'000)	253,282	256,937	358,607

Selected historical financial information which summarises the financial condition of the Group for the six months ended 31 December 2017 and 31 December 2018 is set out in the following table:

	<i>Six months ended 31 December 2017</i>	<i>Six months ended 31 December 2018</i>
Net asset value		
Net assets (£'000)	263,376	411,422
Equity shareholders' funds (£'000)	263,376	411,422
NAV per THRL Share (p)	104.4	106.8
Consolidated income statement		
Total revenue (£'000)	13,882	16,180
Total return/(loss) per THRL Share (p)	5.71	4.24
Portfolio summary		
Shareholders' funds (£'000)	263,376	411,422

4. Operating and financial review

A description of changes in the performance of THRL, both capital and revenue is set out in the sections headed "Chairman's Statement", "Investment Manager's Report", "Portfolio Analysis" and "Report of the Directors" in the annual reports and accounts of the Group and the unaudited half yearly reports of the Group as follows and are expressly incorporated by reference into this document:

<i>Nature of information</i>	<i>Annual reports and accounts for the year ended 30 June 2016</i>	<i>Annual reports and accounts for the year ended 30 June 2017</i>	<i>Annual reports and accounts for the year ended 30 June 2018</i>	<i>Half yearly report for the six months ended 31 December 2017</i>	<i>Half yearly report for the six months ended 31 December 2018</i>
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's Statement	4	4-5	4-5	2-3	2-3
Investment Manager's Report	5	6-7	6-7	4-5	4-5
Portfolio Analysis	10-13	14-17	14-17	—	—
Report of the Directors	39-41	45-47	47-49	—	—

5. Significant change

There has been no significant change in the trading or financial position of the Company since its incorporation. Since 31 December 2018 (being the end of the last financial period of THRL for which financial information has been published), there has been no significant change in the financial or trading position of the Group.

6. Capitalisation and indebtedness

The following table sets out the capitalisation and indebtedness of the Group (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 31 March 2019.

	<i>As at 31 March 2019 £'000</i>
Total current debt	
– Guaranteed	—
– Secured	—
– Unguaranteed/unsecured	—
Total Non-current debt	
– Guaranteed	—
– Secured	82,242
– Unguaranteed/unsecured	—
Total indebtedness	82,242
Shareholders' equity	
– Stated capital account	376,627
– Hedging reserve	(114)
– Capital reserve	30,632
Total capitalisation	407,145

The following table shows the Group's net financial indebtedness as at 31 March 2019:

	<i>As at 31 March 2019 £'000</i>
Cash	21,056
Cash equivalent	—
Trading securities	—
Liquidity	21,056
Current financial receivable	—
Current bank debt	—
Current portion of non-current debt	—
Other current financial debt	—
Current financial indebtedness	—
Net current financial indebtedness	21,056
Non-current bank loans	(82,242)
Bonds issued	—
Other non-current loans	—
Non-current financial indebtedness	(82,242)
Net financial indebtedness	(61,186)

The information in the tables above is unaudited financial information of THRL and has not been reported on by an accountant.

As at 31 March 2019, the Group had no material contingent or indirect indebtedness.

Notes to the capitalisation and net indebtedness statement

- (a) The THRL Shareholders' equity, which relates solely to THRL, is extracted without material adjustment from the unaudited interim financial statements of the Group for the six months ended 31 December 2018. Capitalisation does not include profit and loss reserve in accordance with the ESMA update of the CESR recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses No. 809/2004.
- (b) There has been no material change in the capitalisation of the Group since 31 December 2018 to the date of this document.

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 twelve months from the date of this document.

8. Net Asset Value

The Company has not published a NAV per Share as at the date of this document. The unaudited EPRA NAV per THRL Share as at 31 March 2019 was 107.3 pence.

9. Capital resources

THRL currently has 385,089,448 THRL Shares in issue. THRL does not hold any THRL Shares in treasury. On the Scheme becoming effective, the resources of THRL will be the resources of the Company.

THRL's source of funds is its contractual rent roll which was approximately £29.7 million as at 31 March 2019. THRL's principal expenditure is the fees payable to the Investment Manager, the Depositary, the Valuer, THRL's other advisers and the Directors. Its total expenditure, excluding property acquisitions costs of the Scheme and the Placing Programme, for the 12 month period to 30 June 2019 is expected to be £6.3 million.

The Group has a £50 million committed term loan and revolving credit facility with RBS which is fully drawn. The Group has £4 million available for drawdown under the FCB Facility and £73 million available for drawdown under the HSBC Facility.

As at 31 March 2019 the Group had cash reserves of approximately £21.1 million. The Group has working capital and dividend commitments of approximately £4.8 million and contingent deferred consideration payments to a maximum of £18.6 million. In addition the Group has committed to paying approximately £1.9 million towards the refurbishment costs of certain care homes within the Existing Portfolio. The Group has also entered into a forward commitment in respect of a home in Newtown, Wales and forward funding arrangements in relation to three homes in the Existing Portfolio of which approximately £14 million remains outstanding.

PART 9

TAXATION

1. Taxation in relation to the Company and Shareholders

1.1 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.

1.2 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

It is expected that the Company will enter the UK REIT status with effect from Scheme Admission and from that date is 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 participators (or to participators 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:

- (a) any breach of the conditions relating to the Tax-Exempt Business, or an attempt to avoid tax, is considered sufficiently serious;
- (b) a certain number of minor or inadvertent breaches of the conditions has been committed in a specified period; or
- (c) 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.

1.3 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 2019/2020 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. (reducing to 17 per cent. from 1 April 2020).

(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 in the Company*

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 (£12,000 for 2019-2020) 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 2019/20 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.

A Shareholder who is an individual resident in the UK and who is not domiciled in the UK who makes gains on the disposal of Ordinary Shares where the proceeds are not remitted to the UK may benefit from the remittance basis of UK taxation. Such individuals should consult their own tax advisers concerning their UK tax liability.

Shareholders who are not resident in the United Kingdom for tax purposes will generally be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Shares. Non-residents 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 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).

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.

2. Taxation of THRL Shareholders in relation to the Scheme

2.1 General

The following summary is based upon current tax law of the UK and what is understood to be current tax authority practice in the UK, all of which is subject to change, possibly with retrospective effect. The summary is intended only as a general guide to the tax treatment of certain THRL Shareholders in respect of the Scheme and their holding of New Shares, and does not purport either to cover all tax issues which might be applicable to such THRL Shareholders or to analyse the tax position of THRL, the Company or any other members of the Group. The summary is not intended to be, nor should be construed to be, legal, tax or investment advice to any particular THRL Shareholder. In particular, the summary may not apply to certain THRL Shareholders, such as dealers in securities, insurance companies, collective investment schemes or THRL Shareholders who have (or are deemed to have) acquired their THRL Shares or New Shares by virtue of an office or employment, who may be subject to special rules.

All THRL Shareholders, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of the Scheme and their holding of New Shares under the laws of their country and/or state of citizenship, domicile or residence.

2.2 UK Tax treatment of THRL Shareholders in relation to the Scheme

The Scheme, through which the THRL Shares are exchanged for shares in the Company should not result in a charge to UK capital gains tax for individual investors, nor a charge to corporation tax on chargeable gains for UK resident corporate investors, on the basis that the transaction should qualify as a “scheme of reconstruction” and the conditions of section 136 TCGA 1992 should be met.

The THRL Shares and the New Shares should be treated as the same asset, with the New Shares inheriting the capital gains tax base cost and acquisition date of the THRL Shares.

Subject to personal circumstances, UK resident THRL Shareholders may be subject to capital gains tax or, in the case of corporate THRL Shareholders, UK corporation tax on chargeable gains, in respect of any gain arising on a future transfer or disposal of their New Shares. For UK resident THRL Shareholders who are individuals, or otherwise not within the charge to UK corporation tax, UK capital gains tax may be payable on a disposal of the New Shares at the flat rate of 10 per cent.

for basic rate taxpayers or 20 per cent. for higher or additional rate taxpayers. UK resident individual THRL Shareholders may be entitled to an annual exemption from capital gains (for the year 2019/2020, this is £12,000).

THRL Shareholders within the charge to UK corporation tax may be liable to UK corporation tax (currently 19 per cent. reducing to 17 per cent. from 2020) on chargeable gains on a disposal of their New Shares. Indexation allowance may be available to reduce the amount of any chargeable gain (but cannot be used to create or increase an allowable loss) and under current law any indexation allowance is stopped at 1 January 2018, irrespective of the date of disposal.

2.3 UK stamp duty and 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 which special rules apply.

The issue of New Shares will be outside the scope of UK stamp duty and SDRT, so no UK stamp duty or SDRT liability will arise on the Scheme.

Any subsequent conveyance or transfer on sale of New Shares 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 New 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).

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. New Shares will be listed securities for these purposes if they are admitted to trading on the Main Market of the London Stock Exchange.

2.4 UK ISAs and SIPPS

It is expected that the New Shares will be eligible for inclusion in ISAs. For the 2019/2020 tax year, ISAs will have a subscription limit of £20,000, all of which can be invested in stocks and shares. It is expected that the New Shares will be eligible for inclusion in Investment-Regulated Pension Schemes.

PART 10

ADDITIONAL INFORMATION ON THE COMPANY

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 will 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, Prospectus Rules, Disclosure Guidance and Transparency Rules, 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. 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 following changes have occurred in the share capital of the Company in the period between incorporation and 19 June 2019 (being the latest practicable date prior to the publication of this document):
 - 2.2.1 on 13 June 2019, the Company issued 99 ordinary shares with a nominal value 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; and

2.2.2 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 As at 19 June 2019 (being the latest practicable date prior to the publication of this document) the issued and fully paid share capital of the Company consisted of:

	<i>No. of Ordinary Shares</i>	<i>Nominal value</i>
Ordinary Shares	1	£1.00
Redeemable Preference Shares	50,000	£1.00

The issued and fully paid share capital of the Company on Scheme Admission (on the assumption that the Scheme becomes effective) will be as follows:

	<i>No. of Ordinary Shares</i>	<i>Nominal value</i>
Ordinary Shares	385,089,449	£1.00 (or such other nominal amount as resolved by the Directors prior to the Effective Date)*

* Following the New Target reduction of capital the nominal value of each Ordinary Share is expected to be one penny.

2.4 As at 19 June 2019 (being the latest practicable date prior to the date of this document) the Company did not hold any Ordinary Shares in treasury. The Company has no authorised share capital.

2.5 Malcolm Naish holds all voting rights in the Company as at the date of this document. On Scheme Admission, no Shareholder will hold voting rights that differ from those of other Shareholders.

2.6 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

2.7 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.

2.8 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.

3. Share capital authorities

3.1 At a general meeting of the Company held on 13 June 2019, the Directors were authorised as follows:

3.1.1 generally and unconditionally, pursuant to section 551 of the Companies Act, to allot 50,000 redeemable preference shares of £1.00 each in the share capital of the Company (the "**Redeemable Preference Shares**"), provided that such authority shall be limited to the allotment of Redeemable Preference Shares with an aggregate nominal value of up to £50,000, such authority to expire on 31 December 2019;

3.1.2 specifically and unconditionally, in accordance with section 551 of the Companies Act, to exercise all the powers of the Company to allot ninety-nine (99) new ordinary shares of £0.01 each in the capital of the Company pursuant to a share subscription letter from Robert Malcolm Naish to the Company, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 31 December 2019;

3.1.3 in accordance with section 618 of the Companies Act, the 100 ordinary shares of £0.01 each in the issued share capital of the Company be consolidated into one ordinary share of £1.00, such share having the same rights and being subject to the same restrictions (save as to nominal value) as the existing ordinary shares of £0.01 each in the capital of the Company as set out in the Company's articles of association in force at the time of passing of the resolution;

- 3.1.4 generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot ordinary shares of £1.00 each (or of such other nominal value as the Directors may resolve) up to an aggregate nominal amount of £385,089,448 (or up to such other aggregate nominal amount as the Directors may resolve) in connection with the Scheme, such authority to expire on 31 December 2019;
- 3.1.5 generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot ordinary shares of £1.00 each (or of such other nominal value as the Directors may resolve) (the “**Shares**”) up to an aggregate nominal amount of £125,000,000 (and following the proposed reduction of the capital of the Company resulting in the nominal value of the ordinary shares of the Company being reduced to £0.01 as described in resolution 3.1.7 below, £1,250,000) in connection with the Placing Programme, such authority to expire on 30 June 2020 save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Shares in pursuance of such an offer or agreement as if such authority had not expired;
- 3.1.6 generally authorised pursuant to section 570 of the Companies Act, to allot ordinary shares of £1.00 each (or, following the proposed reduction of the capital of the Company resulting in the nominal value of the ordinary shares of the Company being reduced to £0.01 as described in Resolution 3.1.7 below, £0.01 each or of such other nominal value as the Directors may resolve) (the “**Shares**”) pursuant to the authority referred to in resolution 3.1.5 above as if section 561 of the Companies Act did not apply to any such allotment, such power to expire on 30 June 2020 save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require Shares to be allotted after such expiry and the Directors may allot Shares in pursuance of such an offer or agreement as if such power had not expired;
- 3.1.7 subject to and conditional upon:
- (a) the Scheme having become effective; and
 - (b) the ordinary shares of £1.00 each (or such other nominal value as the directors of the Company shall resolve) in the capital of the Company required to be allotted and issued by the Company pursuant to the Scheme having been allotted and issued and registered in the names of the persons entitled to such shares in the Company’s register of members,
- the issued ordinary share capital of the Company be reduced by cancelling and extinguishing paid up share capital on each ordinary share of the Company issued to the extent necessary to reduce the nominal value of each such ordinary share to £0.01 (the “**Reduction of Capital**”) (such reduction of capital is expected, as at the date of passing of this Resolution, to result in the cancellation and extinguishing of £0.99 of paid up share capital on each issued ordinary share of the Company);
- 3.1.8 to adjust the nominal value of the Company’s ordinary shares to be issued pursuant to the Scheme to a lesser or greater amount than £1.00 each;
- 3.1.9 in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of ordinary shares of £1.00 (or of such other nominal value as the Directors of the Company shall resolve or as resulting from the proposed reduction of the capital of the Company resulting in the nominal value of the ordinary shares of the Company being reduced to £0.01 as described in resolution 3.1.7 above or as shall otherwise result from the reduction of the capital of the ordinary shares in the Company) each in the capital of the Company (“**Shares**”) provided that the maximum number of Shares authorised to be purchased is 14.99 per cent. of the Shares in issue. The minimum price which may be paid for a Share is the nominal value of a Share at the time of purchase. The maximum price which may be paid for a Share must not be more than the higher of (i) 5 per cent. above the average of the mid-market value of the Shares for the five business days before the purchase is made or (ii) the higher of the last independent trade and the highest current independent bid for Shares. Such authority will expire on the

conclusion of the next annual general meeting of the Company after this resolution is passed (unless such authority is renewed before that expiry) save that the Company may contract to purchase Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Shares in pursuance of such contract;

- 3.1.10 regulations contained in the Articles and for the purposes of identification signed by the sole shareholder in the Company, be and are hereby approved and adopted as the articles of association of the Company and in substitution for, and to the exclusion of, the existing articles of association of the Company; and
- 3.1.11 subject to the approval of the English Court, the amount standing to the credit of the Company's share premium account at the date that the English Court order granting the cancellation is made, be cancelled and, subject to any undertaking required by the English Court, the credit thereby arising in the Company's books of account from the cancellation of the Company's share premium account be applied in any manner in which the Company's profits available for distribution (as determined in accordance with the Companies Act) are able to be applied.
- 3.2 The disapplication of statutory pre-emption rights in the terms referred to at paragraph 3.1.6 above gives the Company the flexibility to allot and issue a limited amount of Ordinary Shares for cash in connection with the Placing Programme without first being required to offer such Ordinary Shares to existing Shareholders in proportion to their existing holdings.
- 3.3 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 disapplied by Shareholders as referred to in paragraph 3.1.6 above or otherwise.
- 3.4 Save as provided elsewhere in this document and in the Articles, the Shares are freely transferable. In addition, save as disclosed within this document, since the date of its incorporation, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, either for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.5 The Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST from Admission. In the case of Shares to be issued in uncertificated form, these will be transferred to successful applicants through CREST. Accordingly, settlement of transactions in the Shares following Admission may take place within CREST if any Shareholder so wishes.

4. Related party transactions

Save as described below the Company has not entered into any related party transactions (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) at any time during the period since incorporation to 19 June 2019 (being the latest practicable date prior to the publication of this document):

- 4.1 the Investment Management Agreement; and
- 4.2 the deeds of indemnity entered into by the Company with the Directors.

5. Summary of the Articles

The Articles were adopted on 13 June 2019 by way of a 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 Company shall hold general meetings as Annual General Meetings in accordance with the requirements of the Statutes (as defined in the Articles) at such time and place as may be determined by the Directors.

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.

Notice of general meetings

An annual general meeting shall be convened on not less than 21 clear days' notice in writing. Subject to the Companies Act, all other general meetings shall be convened on not less than 14 clear days' notice in writing.

Every notice shall specify the place, the day and the time of the meeting and the general nature of the business to be transacted, any special business to be put to the meeting, the address of the website where information relating to the meeting is available, the Record Date (as defined in the Articles), any procedures on attendance and voting, an explanation of the right to ask questions in accordance with the Statutes (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 in consequence of the death, bankruptcy or incapacity of a member, to the auditors (if any) 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.

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 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 conduct of persons present prevents or is likely to prevent the orderly continuation of business; or (c) 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 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 poll

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.

Distributions 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 trust

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 2020, will not exceed £148,500.
- 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 Hutchinson III and Prof. June Andrews has entered into a letter of appointment with the Company dated 21 June 2019. 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 2020 are £43,000 per annum to Mr Malcolm Naish, the Chairman, £37,000 per annum to Mr Gordon C Coull, the Chairman of the Audit Committee and £32,000 per annum to each of Prof. June Andrews 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 Placing Programme.
- 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 Shares. Assuming (i) no further THRL Shares have been purchased by the Directors after 19 June 2019 (being the latest practicable date prior to the publication of this document); and (ii) the Scheme becomes effective, the interests of the Directors in the issued share capital of the Company on Scheme Admission will be as follows:

	<i>Number of Ordinary Shares</i>
Malcolm Naish	45,001
Prof. June Andrews	nil
Gordon C. Coull	35,454
Thomas J. Hutchison III	70,000

6.11 Details of those companies (other than the Company) and partnerships of which the Directors have been directors or partners at any time within the five years ending on 19 June 2019 (being the latest practicable date prior to the publication of this document) are as follows:

	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Malcolm Naish	GCP Student Living plc Ground Rents Income Fund plc Mapledurham Glade Management Company Limited	Aurora Europe General Partner Limited SWIP & CWI Luxembourg (No.1) Holding Company S.A.R.L SWIP & CWI Luxembourg (No. 1) Management Company S.À.R.L. SWIP Holdings (Luxembourg) S.A.R.L. SWIP Islamic SICAV SWIP (Luxembourg) S.A.R.L.
June Andrews	The David Hume Institute Sedaca Limited	Anchor Trust Life Changes (Trustee) Limited
Gordon C. Coull	Cornelian Asset Managers (GP) Limited Cornelian Asset Managers Group Limited Cornelian Asset Managers Limited The Scottish Aero Club Limited	Edinburgh Flying Club Limited
Thomas J. Hutchison III	Hersha Hospitality Trust Marriot Vacation Worldwide Corporation National Parks Foundation Trinity Forum Europe	Atlantic Bancorp ClubCore, Inc. ING Direct – US KSL Capital Partners LLC Malmaison Hotels Du Vin Limited The Well Trinity Forum Visions 360 ClubCorp, Inc.

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 had any convictions in relation to fraudulent offences for at least the previous five years;
- 6.12.3 has been associated with 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 for at least the previous five years; 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 (for this purpose “issuer” has the meaning ascribed to it by Appendix I to the Prospectus Rules).

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

In accordance with article 75 of the Law, the Directors who have, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by the Company, which to a material extent conflicts or may conflict with the interests of the Company, and of which the Director is aware, shall disclose to the Company the nature and extent of the Director's interest.

- 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 Save as set out below, as at 19 June 2019 (being the latest practicable date prior to the publication of this document), in so far as is known to the Company, no person will be, directly or indirectly interested in three per cent. or more of the Company's issued share capital, following Scheme Admission:

	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Premier Fund Managers Limited	26,830,207	6.97%
Investec Wealth & Investment Limited	23,385,150	6.07%
Bank of Montreal	22,568,305	5.86%
Rathbone Investment Management Limited	19,328,763	5.02%
CCLA Investment Management Limited	17,918,605	4.65%

- 7.2 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 immediately following Scheme Admission.
- 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 the Prospectus:

- 8.1 A placing agreement dated 21 June 2019 between the Company, THRL, the Investment Manager and Stifel whereby Stifel conditionally agrees to use its reasonable endeavours to procure places in the 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 gross proceeds (excluding any subscriptions made by the Directors) of the Placing Programme. In the event that the gross proceeds under the Placing Programme exceed £50 million Stifel will be paid an additional commission of 0.25 per cent. on the gross proceeds that exceed £50 million.

The Placing Agreement is conditional on, *inter alia*, Scheme Admission. The Placing Agreement contains certain warranties and indemnities given by the Company and the Investment Manager in favour of the Placing Agent. The Placing Agreement may be terminated in certain circumstances prior to Scheme Admission including by reason of force majeure.

Pursuant to the terms of the Placing Agreement, THRL is guaranteeing certain amounts owing by the Company to Stifel.

- 8.2 The Company and the Investment Manager have entered into an investment management agreement dated 21 June 2019 pursuant to which the Investment Manager is appointed to act as investment manager of the Group with effect from Scheme Admission.

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 12 months' written 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.

- 8.3 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 with effect from Scheme Admission.

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 £120,000 per annum (plus VAT if applicable) payable quarterly in arrears. The fee shall be recalculated and increased or decreased 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 or, for the first period, for the period from Scheme Admission to 30 June 2020.

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

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 AIFMD 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 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 and 14 April 2016 and as amended and restated on 1 September 2016, made between RBS and THR1, THR2, THR3 and THR9 whereby RBS has agreed to make available a term loan and revolving credit facility of £50 million. Interest is payable by the Company at a rate equal to the aggregate of three month LIBOR and a margin of one point five per cent. per annum. The RBS Facility is repayable on 1 September 2021, 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, THR3, THR9 and fixed charge over the shares owned by THRL in THR1.
- 8.6 The FCB Facility Agreement dated 30 August 2017, made between FCB, THR12, THR5, THR6 and THR7 whereby FCB has agreed to make available a term loan facility of £40 million. The FCB Facility had an initial margin of 175 basis points that was subsequently reduced to 165 basis points on 1 June 2018 over three month LIBOR. The FCB Facility is repayable on 30 August 2022, although if an Event of Default (as defined in the FCB Facility Agreement) were triggered it would be repayable on first demand by FCB. The FCB Facility Agreement contains standard events of default and covenants for a bank facility of this nature. The FCB Facility is secured by fixed and floating charges over the assets of THR12, THR5, THR6 and THR7 and a fixed charge over the shares owned by THRL in THR12.
- 8.7 The HSBC Facility Agreement dated 29 January 2018 (and subsequently amended and restated on 1 March 2019) made between HSBC and THR15, THR8, THR10, THR17, THR17 Holdings and THR27 whereby HSBC has agreed to make available a revolving credit facility of £80 million. The HSBC Facility (following its increase) has a margin of 170 basis points over three month LIBOR which is currently equivalent to an interest cost of 2.48 per cent. per annum. The HSBC Facility is repayable on 29 January 2021, 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 THR27 and a fixed charge over the shares owned by THRL in THR15.

9. Investment restrictions

In addition to those restrictions set out in Part 1 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. General

- 10.1 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 period covering 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.
- 10.2 The Company does not have any employees nor does it own premises.
- 10.3 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 Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 10.4 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.
- 10.5 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.
- 10.6 As at 19 June 2019 (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 will be admitted to trading on the London Stock Exchange, the Company will be subject to the provisions of the Takeover Code.

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

11.1 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 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 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 or 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 may take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances. The buy back by the Company of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

11.2 Squeeze-out and sell-out rules

Under sections 974 to 991 of the 2006 Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the Shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding Shares not assented to the offer. It would do so by sending a notice to the other holders of Shares telling them that it will compulsorily acquire their Shares and then, six weeks later, it would execute a transfer of the outstanding Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the holders of those Shares subject to the transfer. The consideration offered to the holders whose 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 Shares (in value and by voting rights, pursuant to a takeover offer that relates to all the Shares in the Company) to which the offer relates, any holder of Shares to which the offer relates who has not accepted the offer may require the offeror to acquire his Shares on the same terms as the takeover offer.

The offeror would be required to give any holder of 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 Shares notifying them of their sell out rights. If a holder of Shares exercises their rights, the offeror is bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

12. Disclosure requirements and notification of interest in Shares

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):

12.1 reaches, exceeds or falls below 3 per cent. and each 1 per cent. threshold thereafter; or

12.2 reaches, exceeds or falls below an applicable threshold in paragraph 12.1 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.gov.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.

13. Restrictions on Transfer

13.1 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.

13.2 European Economic Area

13.2.1 In relation to each of the EEA States (other than the UK) which has implemented the Prospectus Directive (each, a "relevant member state"), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the "relevant implementation date") no Ordinary Shares have been offered or will be offered pursuant to an offer to the public in that relevant member state, except that with effect from and including the relevant implementation date, offers of Ordinary Shares may be made to the public in that relevant member state at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual net turnover of more than €50 million as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive,

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 Prospectus Directive or any measure implementing the Prospectus Directive in a relevant member state and each person who initially acquires any Ordinary Shares will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

13.2.2 For the purpose of the expression an "offer of any Ordinary Shares to the public" in relation to any Ordinary Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the issue, so as to enable a potential investor to decide to purchase or subscribe for the Ordinary Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

14. Documents available for inspection

Copies of the following documents 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 and at the Company's registered office until close of business on 20 June 2020:

- (i) the Company's Articles;
- (ii) the annual, audited reports and accounts in respect of the Group for the three financial years ended 30 June 2018 and the interim reports and accounts in respect of the Group for the periods ended 31 December 2017 and 31 December 2018;

- (iii) the valuation report referred to in Part 7 of this document;
- (iv) the Scheme Circular; and
- (v) this document.

15. Availability of the Prospectus

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 National Storage Mechanism at <http://www.morningstar.co.uk/uk/NSM>.

PART 11

AIFMD – ARTICLE 23 DISCLOSURES

The table below contains the information required to be made available to investors in the Company before they invest, pursuant to Directive 2011/61/EU of the European Parliament and of the Council of Alternative Investment Fund Managers (the “**AIFM Directive**”) and UK implementing measures (the Alternative Investment Fund Managers Regulations No. 1773/2013, and consequential amendments to the FCA Handbook). Such information should not be relied upon as the basis for any investment decision.

<i>Disclosure Requirement</i>	<i>Disclosure or Location of Relevant Disclosure</i>
1.	
(a) a description of the investment strategy and objectives of the Company	Information on the investment strategy and objectives of the Company are outlined in Part 2 of this document entitled “Investment objective, policy and strategy”.
(b) if the Company is a feeder fund, information on where the master fund is established;	n/a
(c) if the Company is a fund of funds, information on where the underlying funds are established;	n/a
(d) a description of the types of assets in which the Company may invest;	The type of assets in which the Company may invest are outlined in Part 2 of this document entitled “Investment objective, policy and strategy”.
(e) the investment techniques that the Company, or the AIFM on behalf of the Company, may employ and all associated risks;	<p>The investment techniques to be used by the Company are described in Part 2 of this document entitled “Investment objective, policy and strategy”.</p> <p>The section entitled “Risk Factors” on pages 16 to 23 (inclusive) of this document provides an overview of the risks involved in investing in the Company.</p>
(f) any applicable investment restrictions;	The investment restrictions applicable to the Company are set out in Part 2 of this document, specifically under the sub-headings “Investment Objective” and “Investment Policy”.
(g) the circumstances in which the Company may use leverage;	The circumstances in which the Company may use leverage and the restrictions on the use of leverage are described in Part 1 of this document, specifically under the sub-heading “Gearing policy”, and in Part 2 of this document, specifically under the sub-heading “Investment policy”.
(h) the types and sources of leverage permitted and the associated risks;	<p>The types and sources of leverage permitted are described in Part 1 of this document, specifically under the sub-heading “Gearing policy”, and in Part 2 of this document, specifically under the sub-heading “Investment policy”.</p> <p>Certain risks associated with the Company’s use of leverage are described in the “Risk Factors” section of this document.</p>

- (i) the maximum level of leverage which the AIFM is entitled to employ on behalf of the Company;
- The AIFM Directive prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of 'leverage' the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to be gearing.
- Without prejudice to the foregoing (in compliance with the investment policy concerning gearing), the Company has set a maximum leverage limit of 300 per cent. on a "commitment basis" and 300 per cent. on a "gross" basis.
- The Company may make use of hedging as described in Part 1 of this document, specifically under the sub-heading "Gearing policy".
- (j) any collateral and asset reuse arrangements;
- n/a
2. a description of the procedures by which the Company may change its investment strategy or investment policy, or both;
- No material change will be made to the investment policy and investment restrictions without the approval of Shareholders by ordinary resolution and the approval of the FCA. Any change to the investment policy or investment restrictions which does not amount to a material change to the investment policy may be made by the Company without the approval of Shareholders.
3. a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Company is established;
- The Company is a company limited by shares, incorporated in England and Wales. While investors acquire an interest in the Company on subscribing for or purchasing Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the shares held by them.
- Shareholders' rights in respect of their investment in the Company are governed by the Articles and the Companies Act. Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims; and derivative actions. In the event that a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its own legal advisers.
- Jurisdiction and applicable law**
- As noted above, Shareholders' rights are governed principally by the Articles and the Companies Act. By subscribing for Shares, investors agree to be

bound by the Articles which are governed by, and construed in accordance with, English law.

Recognition and enforcement of foreign judgements

Regulation (EC) 593/2008 (“**Rome I**”) must be applied in all member states of the European Union (other than Denmark). Accordingly, where a matter comes before the courts of a relevant member state, the choice of a governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state’s court may apply any rule of that member state’s own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement. Shareholders should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England. Depending on the nature and jurisdiction of the original judgment, Council Regulation (EC) No. 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, Regulation (EC) No. 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims, the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters done at Lugano on 30 October 2007, the Administration of Justice Act 1920 and the Foreign Judgment (Reciprocal Enforcement) Act 1933 may apply. There are no legal instruments providing for the recognition and enforcement of judgments obtained in jurisdictions outside those covered by the instruments listed above, although such judgments might be enforceable at common law.

4. the identity of the AIFM, the Company’s depositary, the auditor and any other service providers and a description of their duties and the investors’ rights;

The AIFM and Investment Manager

Pursuant to the Investment Management Agreement, the Company has appointed Target Fund Managers Limited to act as the Company’s alternative investment fund manager and investment manager. The AIFM will maintain responsibility for implementing appropriate portfolio and risk management standards and procedures for the Company and will also carry out the on-going oversight functions and ensure compliance with the applicable requirements of the AIFM Rules.

Further details of the Investment Management Agreement are set out in paragraph 8.2 of Part 10 of this document entitled “Additional information on the Company”, specifically under the sub-heading “Material contracts of the Company”.

Administrator and Company Secretary

The AIFM has also been appointed by the Company under the terms of the Investment Management Agreement to provide day to day administration services to the Company and provide the general company secretarial functions required by the Companies Act.

In this role, the AIFM will provide certain administrative services to the Company which includes reporting the Net Asset Value, bookkeeping and accounts preparation.

Registrar

The Company utilises the services of Computershare Investor Services PLC as registrar in relation to the transfer and settlement of Shares.

Depository

IQ EQ Depository Company (UK) Limited is the sole depository of the Company pursuant a depository agreement with the AIFM and the Company.

Auditor

Ernst & Young LLP is expected to provide audit services to the Company. The auditor’s principal responsibilities are to audit and express an opinion on the financial statements of the Company in accordance with applicable law and auditing standards. The annual report and accounts will be prepared according to accounting standards laid out under IFRS.

Investors’ rights

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

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

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

The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.

Shareholders who are “Eligible Complainants” for the purposes of the FCA “Dispute Resolutions Complaints” rules (natural persons, micro enterprises and certain charities or trustees of a trust) are able to refer any complaints to the Financial Ombudsman Service (“**FOS**”) (further details of which are available at www.financialombudsman.org.uk). Additionally, Shareholders may be eligible for compensation under the Financial Services Compensation Scheme (“**FSCS**”) if they have claims against an FCA authorised service provider which is in default. There are limits on the amount of compensation available. Further information about the FSCS is at www.fscs.org.uk. To determine eligibility in relation to either the FOS or the FSCS, Shareholders should consult the respective websites above and speak to their legal advisers.

5. a description of how the AIFM complies with the requirements of Article 9(7) of the AIFM Directive;

The AIFM has effective internal operational risk management policies and procedures in order to appropriately identify, measure, manage and monitor operational risks, including professional liability risks, to which it is or could reasonably be exposed. These policies and procedures are subject to regular review and the operational risk management activities are performed independently as part of the risk management policy.

The management of operational risk, through the risk and control self assessment process, is aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses. All risks and events are facilitated via the internal risk management system, which provides a platform to facilitate the convergence of governance, risk and compliance.

The AIFM is required to cover professional liability risks, such as the risk of loss of documents evidencing title of assets to the Company, and complies with such requirement by maintaining an amount of its own funds in accordance with the AIFM Directive.

6. a description of:
- (a) any management function delegated by the AIFM; n/a
 - (b) any safe keeping function delegated by the depositary; n/a
 - (c) the identity of each delegate appointed in accordance with FUND 3.10 (Delegation); The AIFM has delegated administration functions relating to the Company to IQ EQ Depository Company (UK) Limited.
 - (d) any conflicts of interest that may arise from such delegations; The AIFM may, in its absolute discretion, effect transactions in which it or any of its affiliated companies has, directly or indirectly, a material interest, or a relationship of any description with another party which may involve a potential conflict with the duty to the Company. The AIFM will ensure that such transactions are effected on terms which are not materially less favourable to the Company than if the potential conflict had not existed. The conflicts of interest policy is described in Part 3 of this document, specifically under the heading "Conflicts of Interest".

The AIFM and its affiliates are involved in other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. In particular, the AIFM manages funds other than the Company and may provide investment management, investment advisory or other services in relation to those funds or future funds which may have similar investment policies to that of the Company.

The AIFM and its affiliates may carry on investment activities for other accounts in which the Company has no interest. The AIFM and its affiliates may also provide management services to other clients, including other collective investment vehicles. The AIFM and its affiliates may give advice and recommend securities or other investments to other managed accounts or investment funds which may differ from advice given to, or investments recommended or bought for, the Company, even though their investment policies may be the same or similar.
7. a description of the Company's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard to value assets, in accordance with Article 19 of the AIFM Directive; A description of the Company's valuation procedure and of the pricing methodology for valuing assets is set out in Part 3 of this document, specifically under the sub heading "Net Asset Value publication and calculation".
8. a description of the Company's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors; The Company is a closed end listed investment company and, as such, Shareholders in the Company have no right to redeem their Shares.

Liquidity risk is therefore the risk that a position held by the Company cannot be realised at a

reasonable value sufficiently quickly to meet the obligations (primarily, debt) of the Company as they fall due.

In managing the Company's assets therefore the AIFM seeks to ensure that the Company holds at all times sufficient assets to enable it to discharge its payment obligations.

9. a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;

The fees and expenses payable to the AIFM are described in Part 3 of this document, specifically under the sub-heading "Investment Management Agreement".

An estimate of the total annual expenses is described in Part 3 of this document, specifically under the sub-heading "Annual Expenses".

10. a description of how the AIFM ensures a fair treatment of investors;

The Directors of the Company have certain statutory duties with which they must comply. These include a duty upon each Director to act in the way she/he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. As a company listed on the UKLA's Official List, the Company is required under the Premium Listing Principles to treat all Shareholders of a given class equally.

The AIFM maintains a conflicts of interest policy to avoid and manage any conflicts of interest that may arise between the AIFM (and its affiliates) and the Company.

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

The Shares rank *pari passu* with each other.

11. whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:

- | | |
|---|-----|
| (a) that preferential treatment; | n/a |
| (b) the type of investors who obtain such preferential treatment; and | n/a |
| (c) where relevant, their legal or economic links with the Company; | n/a |

12. the procedure and conditions for the issue and sale of units or shares;

The terms and conditions under which investors can subscribe for Shares under the Placing Programme are set out in Part 12 of this document.

13. the latest net asset value of the Company or the latest market price of the unit or share of the Company, in accordance with Article 19 of the AIFM Directive;

The Company has not yet published a NAV per Share in accordance with Article 19 of the AIFM Directive.

When published, NAV per Share announcements can be found on the Company's website: www.targethealthcarereit.co.uk.

14. the latest annual report, in line with Article 22 of the AIFM Directive; The Company has not yet published an annual report in line with Article 22 of the AIFM Directive.
- When published, annual reports can be found on the Company's website: www.targethealthcarereit.co.uk.
15. where available, the historical performance of the Company; The Company has not yet published any annual or interim financial statements.
- When published, annual and interim financial statements can be found on the Company's website: www.targethealthcarereit.co.uk.
- 16.
- (a) the identity of the prime brokerage firm; n/a
- (b) a description of any material arrangements of the Company with its prime brokerage firm and the way any conflicts of interest are managed; n/a
- (c) the provision in the contract with the depositary on the possibility of transfer and reuse of Company assets; and n/a
- (d) information about any transfer of liability to the prime brokerage firm that may exist; and n/a
17. a description of how and when the information required under paragraphs 4 and 5 of Article 23 of the AIFM Directive will be disclosed. In order to meet the requirements of paragraphs 4 and 5 of Article 23 of the AIFM Directive, the Company intends to disclose annually in the Company's annual report (or in such manner as the AIFM and the Board consider appropriate):
- i. the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature if applicable;
- ii. any new arrangements for managing the liquidity of the Company; and
- iii. the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks.
- Information will also be provided to investors regarding any changes to:
- a. the maximum level of leverage that the AIFM may employ on behalf of the Company;
- b. any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and
- c. the total amount of leverage employed by the Company.

PART 12

TERMS AND CONDITIONS OF THE 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 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) the Scheme becoming effective by not later than 31 December 2019; (ii) Admission under the relevant placing under the Placing Programme occurring on such 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 19 June 2020; (iii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before the date of such Admission; and (iv) 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 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 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 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 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 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 Financial Conduct Authority’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 Financial Conduct Authority), 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 Placing Programme 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 Placing Programme;
- 4.6 if the laws of any territory or jurisdiction outside the UK are applicable to its agreement to subscribe for New Shares under 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 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 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 that no person is authorised in connection with the 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;
- 4.10 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;
- 4.11 the Placee is (i) not a national, resident of or a corporation, partnership or other entity organised under the laws of any EEA State (other than the United Kingdom and, prior to the later of Brexit Date or the expiry of any Transitional Period, the Republic of Ireland and the Netherlands),

Canada, Australia, Japan, New Zealand, the Republic of South Africa or any other Restricted Jurisdiction, (ii) is not a retail investor in the Netherlands, and (iii) that the Placee will not offer, sell, renounce, transfer or deliver directly or indirectly any of the New Shares into any EEA State (other than the United Kingdom and, prior to the later of Brexit Date or the expiry of any Transitional Period, the Republic of Ireland and the Netherlands), Canada, Australia, Japan, New Zealand, the Republic of South Africa 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 any EEA State (other than the United Kingdom and, prior to the later of Brexit Date or the expiry of any Transitional Period, the Republic of Ireland and the Netherlands), Canada, Australia, Japan, New Zealand, the Republic of South Africa or any other Restricted Jurisdiction;

- 4.12 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 Restricted Territory;
- 4.13 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;
- 4.14 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;
- 4.15 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 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;
- 4.16 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;
- 4.17 the Placee has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Placing Programme to any persons within the United States or any other Restricted Jurisdiction, nor will it do any of the foregoing;
- 4.18 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;
- 4.19 if it is outside the UK, neither this document nor any other offering, marketing or other material in connection with the 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 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;
- 4.20 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 Placing Programme or providing any advice in relation to the 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 Placing Programme nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Letter;

- 4.21 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 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;
- 4.22 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 any placing under the Placing Programme, in the event of its own failure to do so;
- 4.23 it accepts that if 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 application 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;
- 4.24 in connection with its participation in 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;
- 4.25 it is a person:
- 4.25.1 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;
 - 4.25.2 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**"), as amended from time to time; or
 - 4.25.3 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;
- 4.26 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;
- 4.27 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);
- 4.28 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;

- 4.29 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;
- 4.30 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;
- 4.31 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;
- 4.32 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; and
- 4.33 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 any placing under the Placing Programme.

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 any placing under the Placing Programme or to comply with any relevant legislation, such Placee must promptly disclose it to them.

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 EU Regulation 2016/679 ("**GDPR**") or any equivalent or similar legislation implemented in the United Kingdom following the United Kingdom's withdrawal from the European Union ("**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 providing 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:
- 6.7.1 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;
 - 6.7.2 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
 - 6.7.3 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:
- 6.8.1 as required in connection with the register of Shareholders;
 - 6.8.2 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
 - 6.8.3 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 Amanda Mathieson at Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW or by email to info@targetfundmangers.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 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 any placing under the Placing Programme, have been acquired by the Placee. The contract to subscribe for New Shares under 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 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 any placing under the Placing Programme (including, without limitation, their timetable and settlement) at any time before allocations are determined.
- 7.6 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 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:
- 8.1.1 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
 - 8.1.2 otherwise in circumstances which will not result in an offer to the public in the United Kingdom within the meaning of the FSMA.

DEFINITIONS

The meanings 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 New Shares issued pursuant to the Placing Programme to the premium segment of the Official List and to trading on the Main Market
AIFM	an Alternative Investment Fund Manager pursuant to the Alternative Investment Fund Managers Regulations 2013 SI 2013/1773
AIFMD	the EU Directive on Alternative Investment Fund Managers
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 code; 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)
Board or Directors	the directors of the Company from time to time
Brexit Date	the date and time on which the United Kingdom formally ceases to be a member of the European Union
Canada	Canada, its provinces and territories and all areas under its jurisdictions and political sub-divisions thereof
Care Act	the Care Act 2014
Companies Act	the Companies Act 2006, as amended
Company	Target Healthcare REIT plc, a company incorporated in England and Wales with registered number 11990238
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) and the Companies (Uncertificated Securities) (Jersey) Order 1999
CTA 2010	the UK Corporation Tax Act 2010 (as amended)
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 8 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)
EBITDA	earnings before interest, taxes, depreciation and amortisation
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 States	the member states of the European Economic Area
Effective Date	the date on which the Scheme becomes effective in accordance with the terms of the Scheme, expected to be 7 August 2019
English Court	the High Court of Justice in England and Wales
EPRA	European Public Real Estate Association, the industry body for listed European Real Estate
EPRA NAV	the THRL NAV 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. Makes adjustments to the THRL NAV prepared under International Financial Reporting Standards to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.
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

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
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 following the Scheme becoming effective
FCA	the UK Financial Conduct Authority
FCB	First Commercial Bank, Limited, an overseas company with registered number FC011028 (acting out of its London Branch)
FCB Facility	the £40 million term loan facility provided to THR12 by FCB pursuant to the FCB Facility Agreement
FCB Facility Agreement	the facility agreement dated 30 August 2017 between FCB and THR12, THR5, THR6 and THR7, a summary of which is set out in paragraph 8.6 of Part 10 of this document
Formby Care Home	the care home at Woodlands Lodge, 105 Church Road, Formby acquired by the Group on 12 April 2019
FSMA	the UK Financial Services and Markets Act 2000 (as amended)
General Meeting	the general meeting of the Company that was held at Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW at 3.45 p.m. on 13 June 2019
Green Paper	the UK 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
Group	before the Effective Date, THRL and its subsidiaries and, after the Effective Date, 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 £80 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 as amended and restated on 1 March 2019 between HSBC and THR15, and others, as amended and restated on 1 March 2019 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
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, a summary of which is set out in paragraph 8.2 of Part 10 of this document
ISA	Individual Savings Account for the purposes of section 694 of the Income Tax (Trading and Other Income) Act 2005
Japan	Japan, its cities, prefectures, territories and possessions
Jersey Court	The Royal Court of Jersey
Jersey Court Meeting	the meeting of THRL Shareholders convened by order of the Jersey Court pursuant to Article 125 of the Jersey Law to be held at the offices of Dickson Minto, 16 Charlotte Square, Edinburgh EH2 4DF at 10.30 a.m. on 18 July 2019 to consider and, if thought fit, approve the Scheme, including any adjournment thereof
Jersey Court Order	the act of the Jersey Court sanctioning the Scheme under article 125 of the Jersey Law and confirming the Scheme Reduction of Capital under article 61 of the Jersey Law, together with the approved minute attached thereto
Jersey Law	the Companies (Jersey) Law 1991 (as amended)
Jersey Registrar	Computershare Investor Services (Jersey) Limited, a company incorporated in Jersey with registered number 75005
Jersey Registrar of Companies	The Registrar of Companies in Jersey
Jersey Sanction Hearing	the hearing under article 125 of the Jersey Law by the Jersey Court of THRL's representation to sanction the Scheme and to confirm the Scheme Reduction of Capital under article 61 of the Jersey Law
JFSC	the Jersey Financial Services Commission
Key Information Document	the "Key Information Document", such term having the same meaning as in the PRIIPs Regulation prepared by the Investment Manager in respect of the Ordinary Shares
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
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 Abuse Regulation	Regulation (EU) 596/2014, all delegated regulations and implementing regulations made thereunder and any legislation made in the United Kingdom or Jersey in connection with the entry into force of such regulation
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
Member Account ID	the identification code or number attached to any member account in CREST
MSCI	MSCI Inc.
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 per Ordinary Share on the relevant date, calculated on the basis of the Company's normal accounting policies and principles
NAV per THRL Share	the THRL NAV per THRL Share on the relevant date, calculated on the basis of THRL's normal accounting policies and principles
New Shares	the Ordinary Shares to be issued by the Company pursuant to the Proposals
New Target Reduction of Capital	the proposed reduction of capital of the Company, after the Scheme becomes effective
Official List	the official list of the UK Listing Authority
Ordinary Shareholders or Shareholders	holders of the Ordinary Shares
Ordinary Shares or Shares	ordinary shares of nominal value £1.00 (or such other nominal amount as the Directors shall resolve prior to the Effective Date) each in the capital of the Company before the New Target Reduction of Capital and one penny following the New Target Reduction of Capital 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
Placees	the persons to whom New Shares are issued pursuant to the Placing Programme
Placing	the placing of New Shares by the Placing Agent under 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, THRL, the Investment Manager and Stifel dated 21 June 2019, 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
PRIPs Regulation	Regulation (EU) No.1286/2014 on key information documents for packaged retail and insurance-based investment products
Property Portfolio	the direct and indirect property assets of the Group from time to time
Proposals	the Scheme and the Placing Programme
Prospectus	this document
Prospectus Rules	the prospectus rules made by the FCA under Part VI of the FSMA (as amended)
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 £50 million loan facility 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 by an amendment letter dated 1 April 2016 and as amended and restated on 1 September 2017, between RBS, THR1, THR2, THR3 and THR9, a summary of which is set out in paragraph 8.5 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
Red Book	the RICS Valuation Professional Standards incorporating the International Valuation Standards July 2017, 6th Edition

Registrar	Computershare Investor Services PLC, a company incorporated in England and Wales with registered number 03498808
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)
Restricted Jurisdiction	the US, any EEA State (other than the United Kingdom and, prior to the later of Brexit Date or the expiry of any Transitional Period, the Republic of Ireland and the Netherlands), Canada, Australia, Japan, New Zealand, the Republic of South Africa 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 Placing Programme 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
Scheme	the scheme of arrangement proposed to be made under article 125 of the Jersey Law between THRL and the holders of Scheme Shares as set out in Part 4 of the Scheme Circular, with or subject to any modification, addition or condition approved or imposed by the Jersey Court and agreed to by THRL and the Company
Scheme Admission	admission of the New Shares issued under the Scheme
Scheme Circular	the circular posted to THRL Shareholders in relation to the Scheme
Scheme General Meeting	the extraordinary general meeting of THRL Shareholders to be held at 10.45 a.m. on 18 July 2019 (or as soon thereafter as the Jersey Court Meeting shall be concluded or adjourned), notice of which is set out in the Scheme Circular
Scheme Record Time	6.00 p.m. on the business day immediately preceding the Effective Date
Scheme Reduction of Capital	the reduction of capital of THRL in accordance with the terms of the Scheme as detailed in the Scheme Circular
Scheme Shares	(i) all THRL Shares in issue at the date of this document; (ii) all additional THRL Shares (if any) issued after the date of this document and before the Voting Record Time; and (iii) all additional THRL Shares (if any) which may be issued after the Voting Record Time but before the Scheme Record Time in respect of which the

	original or any subsequent holders shall be bound by the Scheme or in respect of which the original or any subsequent holders shall have agreed in writing to be so bound
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
Subsidiaries	following the Effective Date, the direct and indirect subsidiaries of the Company 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 and THR27 and such other companies that may be incorporated into the Group
Substantial Shareholder	means any person whose interest in the Company whether legal or beneficial, direct or indirect, may cause the Company or any member the 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
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
THR1 Investment Management Agreement	the investment management agreement originally dated 22 July 2014 between THR1 and others and the Investment Manager
THR12 Investment Management Agreement	the investment management agreement dated 30 August 2017 between THR12 and others and the Investment Manager

THR15 Investment Management Agreement	the investment management agreement dated 29 January 2018 between THR15 and others and the Investment Manager
THRL	Target Healthcare REIT Limited, a company incorporated in Jersey with registered number 112287
THRL NAV	the value of THRL's assets, less any liabilities
THRL Shareholders	holders of THRL Shares as appearing in the register of members of THRL as at the Scheme Record Time
THRL Shares	the ordinary shares of no par value each in the capital of THRL
Transitional Period	any period beginning with Brexit Date during which the United Kingdom has agreed, under the terms of its withdrawal from the European Union, to remain legally subject to the laws and regulations of the European Union
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
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
Valuer	Colliers International International Healthcare UK LLP
Voting Record Time	6.00 p.m. on 6 August 2019, or if the Jersey Court Meeting or the Scheme General Meeting is adjourned, 48 hours before the time appointed for any adjourned Jersey Court Meeting or Scheme General Meeting
WAULT	weighted average unexpired lease term