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

**This document should not be forwarded to, or transmitted in or into, a Restricted Jurisdiction or into any other jurisdictions if to do so would constitute a violation of the relevant laws and regulations in such other jurisdictions.**

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in this document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting. **Your attention is also drawn to the section entitled “Action to be taken” on page 13 of this document.**

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# 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)*

## **Notice of a General Meeting to renew the Board’s authority to issue further shares on a non pre-emptive basis in connection with the Initial Placing, Offer for Subscription, Intermediaries Offer and Placing Programme**

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Notice of a General Meeting of the Company to be held at 12 noon on 1 March 2021 at the offices of Dickson Minto W.S., 16 Charlotte Square, Edinburgh EH2 4DF (the “**General Meeting**”) is set out at the end of this document. The Proposals described in this document are conditional upon Shareholders approving the Resolutions at the General Meeting.

Shareholders are encouraged to vote on the Resolutions in advance by completing and returning their Form of Proxy. This will ensure that your votes are registered. Given the current risks posed by the spread of COVID-19, the restrictions in place limiting travel and preventing public gatherings of more than two people and in accordance with the provisions of the Company’s articles of association and current Government guidance, the Directors may impose entry restrictions on attendance at the General Meeting in order to ensure the health, wellbeing and safety of the Company’s Shareholders and officers as well as compliance with the venue’s security requirements.

**To be valid, the accompanying Form of Proxy for use at the General Meeting must be completed and returned, in accordance with the instructions printed on it, so as to be received by the Company’s Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, but in any event not later than 12 noon on 25 February 2021.**

**Neither this document nor the Form of Proxy constitutes an offer of Ordinary Shares to any person.** This document is not a prospectus but a shareholder circular and it is being sent to you solely for your information in connection with the Resolutions to be proposed at a general meeting of the Company. It does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security, including any Ordinary Shares to be issued in connection with the Initial Issues or the Placing Programme.

This document is not a prospectus and is not an offer to sell or a solicitation of any offer to buy any securities in the United States or in any other jurisdiction. The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, and the Company has not been, and will not be, registered under the US Investment Company Act of 1940, as amended; therefore, the Ordinary Shares are subject to certain restrictions on transfers and sales.

Stifel Nicolaus Europe Limited, which is authorised and regulated in the United Kingdom by the FCA, is the placing agent to the Company. Stifel Nicolaus Europe Limited is acting exclusively for the Company and for no one else in relation to the Initial Placing and the Placing Programme. Apart from the responsibilities and liabilities, if any, which may be imposed on Stifel Nicolaus Europe Limited by the Financial Services and Markets Act 2000, as amended, or the regulatory regime established thereunder, Stifel Nicolaus Europe Limited will not be responsible to anyone other than the Company for providing the protections afforded to clients of Stifel Nicolaus Europe Limited nor for advising any other person in relation to the Proposals or any transaction contemplated in or by this document.

Capitalised and certain technical terms contained in this document have the meanings set out in the Definitions section on page 14 of this document.

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## EXPECTED TIMETABLE

### Initial Issues

<b>Event</b>	<b>Date</b>
Initial Issues open	12 February 2021
Latest time and date for receipt of Application Forms under the Offer for Subscription and Intermediaries Offer	11.00 a.m. on 24 February 2021
Latest time and date for receipt of commitments under the Initial Placing	11.00 a.m. on 25 February 2021
Latest time and date for receipt of completed Forms of Proxy	12 noon on 25 February 2021
Results of the Initial Issues announced	close of business on 26 February 2021
General Meeting	12 noon on 1 March 2021
Initial Admission and dealings in New Shares commence	8.00 a.m. on 3 March 2021
Crediting of CREST accounts in respect of the New Shares under the Initial Issues	8.00 a.m. on 3 March 2021
Share certificates in respect of the New Shares despatched	week commencing 8 March 2021

### Placing Programme

Placing Programme opens	4 March 2021
Subsequent Admissions and dealings in New Shares commence	between 4 March 2021 and 11 February 2022
Publication of Placing Programme Price in respect of each Placing Programme issue	as soon as practicable following each Placing
Crediting of CREST accounts in respect of New Shares	8.00 a.m. on each day New Shares are issued
Share certificates in respect of New Shares despatched (if applicable)	approximately one week following the issue of any New Shares

### Notes:

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

## LETTER FROM THE CHAIRMAN

# TARGET HEALTHCARE REIT PLC

*(Incorporated in England and Wales with registered number 11990238)  
(An investment company within the meaning of section 833 of the Companies Act 2006)*

*Directors:*

Mr R. Malcolm Naish (*Chairman*)  
Prof. June Andrews OBE  
Mr Gordon C. Coull  
Ms Alison Fyfe  
Mr Thomas J. Hutchison III

*Registered Office:*

Level 13  
Broadgate Tower  
20 Primrose Street  
London  
EC2A 2EW

12 February 2021

Dear Shareholder

### NOTICE OF GENERAL MEETING

#### Introduction

The Group has carefully crafted an investment portfolio which currently consists of 73 modern, fit-for-purpose care homes designed for twenty-first century social care with ensuite wet rooms and a wide availability of public and private spaces, both indoors and out, and three pre-let sites which are being developed through capped forward funding commitments. The portfolio has a high level of diversification across its tenant covenants, geography and source of funding through the ultimate end-users. However, whilst the portfolio and tenant base are diversified, the asset quality is consistent. The Company, together with its Investment Manager, is passionate about providing high quality environments for the tenants and their residents, whilst noting that such modern assets with modern amenities and long weighted average unexpired lease terms assist the Company in achieving its objective of providing Shareholders with an attractive level of income together with the potential for capital and income growth.

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

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

While the Company paused its acquisition activity early in the COVID-19 Pandemic to ensure flexibility and balance sheet strength, evidence from portfolio performance and activity in the UK care home investment market, as well as progress on the roll-out of vaccinations, provide visibility that the medium-longer term outlook is positive. Furthermore, the Investment Manager has seen increased investment in the care home sector in 2020 and believes that there will continue to be a strong level of long-term demand for modern, fit-for purpose care homes with wet rooms. Against this context, the Investment Manager also believes that there are attractive opportunities in the market for the Group to buy high quality assets. In particular, the Group is currently in advanced negotiations in relation to the acquisition of the Imminent Acquisition Assets for an aggregate consideration of up to approximately £46.7 million (including costs). The Imminent Acquisition Assets consist of three modern care homes and one forward funding development project. The care homes hold 214 beds in aggregate, all of which have ensuite wet rooms. The forward funding development project will, once operational, hold 70 beds all of which will have ensuite wet rooms. The Company is in the process of completing due diligence and negotiations in relation to these properties and expects to acquire all of the Imminent Acquisition Assets by the end of June 2021.

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

Accordingly, your Board is proposing to raise additional equity by means of an Initial Placing, Offer for Subscription, Intermediaries Offer and a Placing Programme of up to 150 million New Shares. The Company intends to use the net proceeds of the Initial Issues and the Placing Programme (assuming sufficient funds are raised) and/or any undrawn amounts under the HSBC Facility and the RBS Facility to complete the acquisition of the Imminent Acquisition Assets and/or the Pipeline Assets provided that, following the due diligence process, they meet the Company's acquisition criteria and returns profile. Immediately following Admission, the net proceeds of the Initial Issues and/or the Placing Programme (as applicable) will be used to reduce interest costs by temporarily repaying some of the Company's revolving credit facilities whilst the diligence process completes on these acquisitions. Thereafter, as these revolving credit facilities are drawn to fund the acquisitions at completion, the overall drawn debt levels will be consistent with the Company's stated gearing targets.

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

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

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

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

The purpose of this document is therefore to explain the details of the Proposals to Shareholders and to convene a general meeting to seek authority from Shareholders to allot up to 150 million Ordinary Shares on a non pre-emptive basis pursuant to the Initial Placing, Offer for Subscription, Intermediaries Offer and Placing Programme. The General Meeting will be held at 12 noon on 1 March 2021 at the offices of Dickson Minto W.S., 16 Charlotte Square, Edinburgh EH2 4DF.

### **The Existing Portfolio**

The Group's Existing Portfolio comprises 76 properties, including 73 modern, fit-for-purpose care homes with ensuite wet rooms and good public and private spaces and three forward funding development projects. As at the date of this document, these care homes are let to or have pre-agreed leases in place with 27 distinct operating groups. The Existing Portfolio's aggregate contracted net annual rent as at 31 December 2020 was £40.6 million which represented an EPRA Topped Up Net Initial Yield of 5.97 per cent. The weighted average unexpired lease term of the Property Portfolio as at 31 December 2020 was 28.7 years. The rents payable under the majority of the leases are subject to an annual uplift (which is either at a fixed rate or is referenced to RPI) and there are two leases (one for only a temporary period) where the rent is determined (either wholly or partially) by reference to the EBITDARM of the care home operation. There are no break options in the leases.

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

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

### **The Imminent Acquisition Assets**

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

## **The Pipeline Assets**

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

There are no signed heads of terms in respect of any of the Pipeline Assets and the due diligence is not complete in respect of any of the Imminent Acquisition Assets nor the Pipeline Assets. If the acquisition of any of the Imminent Acquisition Assets and/or the Pipeline Assets fails to complete, the Company intends to proceed with the issue of New Shares under the Initial Issues and the Placing Programme. In such circumstances the net proceeds of the Initial Issues and the Placing Programme not utilised in the acquisition of the Imminent Acquisition Assets and/or the Pipeline Assets will be used by the Company to acquire assets identified in the Investment Manager's future acquisition pipeline.

## **Impact of the COVID-19 Pandemic and active asset management**

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

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

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.

Currently one of the Group's tenants has used its rent deposit to pay its most recent rental payment. However, the Company anticipates that the rent deposit balances will be replenished in the near-term. The Investment Manager has ongoing engagement with the Group's tenants to proactively assist and monitor performance.

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

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

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

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

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

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

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

## Gearing policy

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

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

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

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

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

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

## Dividend policy

Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay an attractive level of dividend to Shareholders on a quarterly basis.

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

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

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

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

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

Save for this dividend and any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Shares pursuant to the Initial Issues and/or Placing Programme such New Shares will rank *pari passu* with the Ordinary Shares. The New Shares issued pursuant to the Initial Issues will be eligible to receive the dividend for the quarter ending 31 March 2021 which is expected to be paid in May 2021.

### **Details of the terms of the Proposals**

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

#### *The Initial Placing*

Stifel has conditionally agreed under the Placing Agreement to use its reasonable endeavours to procure Places for New Shares at the Initial Issues Price of 111.0 pence pursuant to the Initial Placing. The total number of New Shares issued under the Initial Placing will be determined by the Company and the Placing Agent, after taking into account demand for the New Shares, prevailing market conditions, the estimated acquisition costs of properties that the Investment Manager has identified as being suitable for purchase by the Company and the length of time it would be likely to take to invest the proceeds.

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

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

The full terms and conditions of the Initial Placing are set out in the Prospectus.

#### *The Offer for Subscription*

The Directors are also proposing to offer New Shares under the Offer for Subscription. The Offer for Subscription is being made in the UK only but subject to applicable laws the Company may issue and allot New Shares on a private placement basis to applicants in other jurisdictions. The public generally (unless they are located or resident outside the UK) may apply for New Shares through the Offer for Subscription. To be valid, completed Application Forms and payment in full in relation to the Offer for Subscription must be received by the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE as soon as possible, and in any event no later than 11.00 a.m. on 24 February 2021. Commitments under the Offer for Subscription, once made, may not be withdrawn without the consent of the Directors.

The full terms and conditions of the Offer for Subscription are set out in the Prospectus.

#### *Intermediaries Offer*

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

There is a minimum application amount of £1,000 per retail investor under the Intermediaries Offer. There is no maximum application amount under the Intermediaries Offer.

The full terms and conditions of the Intermediaries Offer are set out in the Prospectus.

#### *The Placing Programme*

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

Stifel has conditionally agreed under the Placing Agreement to use its reasonable endeavours to procure Places for New Shares at the applicable Placing Programme Price pursuant to each Placing under the Placing Programme.

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

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

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

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

The full terms and conditions of the Placing Programme are set out in the Prospectus.

#### *The Prospectus*

The Company is also publishing the Prospectus in relation to the Admission of up to 150 million New Shares pursuant to the Initial Placing, Offer for Subscription, Intermediaries Offer and Placing Programme. The Prospectus contains full details of the proposed Initial Placing, Offer for Subscription, Intermediaries Offer and Placing Programme.

#### **The General Meeting**

The Proposals are subject to Shareholder approval. A notice convening a General Meeting of the Company, which is to be held at 12 noon on 1 March 2021 at the offices of Dickson Minto W.S., 16 Charlotte Square, Edinburgh EH2 4DF, is set out at the end of this document.

Resolution 1, which is being proposed as an ordinary resolution, will if passed, enable the Directors to issue new Ordinary Shares, in addition to the existing authority, up to an aggregate nominal amount of £1,500,000 (being 150 million Ordinary Shares) pursuant to the Proposals.

Resolution 2, which is being proposed as a special resolution and is conditional on the passing of Resolution 1, will if passed, enable the Directors to issue new Ordinary Shares, in addition to the existing authority, and resell any shares that may be held in treasury up to an aggregate nominal amount of £1,500,000 (being 150 million Ordinary Shares) which represents 32.8 per cent. of the total Ordinary Share capital of the Company in issue as at 10 February 2021 (being the latest practicable date prior to the publication of this document) for cash without first offering such Ordinary Shares to existing Shareholders *pro rata* to their existing shareholdings.

Given the current risks posed by the spread of COVID-19, the restrictions limiting travel and preventing public gatherings of more than two people and in accordance with the provisions of the Company's

articles of association and current Government guidance, the Directors may impose entry restrictions on attendance at the General Meeting in order to ensure the health, wellbeing and safety of the Company's Shareholders and officers as well as compliance with the venue's security requirements. It should be noted that, in light of these current circumstances, it is not anticipated that the Directors or representatives of the Investment Manager will be present in person other than those persons required to form a quorum under the Company's articles of association. No other Directors or representatives of the Investment Manager will be present.

However, Shareholders may, and are strongly encouraged to, participate in the business of the General Meeting by exercising their votes in advance of the General Meeting and you may submit any questions you have been hoping to raise at the General Meeting by email to [info@targetfundmanagers.com](mailto:info@targetfundmanagers.com). You may also call 01786 845 912 should you wish to discuss any queries you may have. Please note that Target Fund Managers Limited may record your call.

#### **Action to be taken**

To vote at the General Meeting, Shareholders are requested to complete and return the accompanying Form of Proxy in accordance with the instructions printed thereon, so as to be received by the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, and in any event no later than 12 noon on 25 February 2021. The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you so wish.

#### **Recommendation**

The Board considers the passing of the Resolutions to be in the interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions. The Directors intend to vote in favour of the Resolutions in respect of their own beneficial holdings of Shares (amounting to 150,455 Ordinary Shares, representing approximately 0.03 per cent. of the issued share capital of the Company).

Yours faithfully,

**Mr Malcolm Naish**  
*Chairman*

## DEFINITIONS

*The following definitions apply throughout this document unless the context requires otherwise:*

<b>Admission</b>	the admission of the New Shares issued pursuant to the Proposals to the premium segment of the official list of the FCA and to trading on the main market of the London Stock Exchange
<b>Application Form</b>	the application form for use in connection with the Offer for Subscription as set out at the end of the Prospectus
<b>Board or Directors</b>	the directors of the Company from time to time
<b>Company</b>	Target Healthcare REIT plc, a company incorporated in England and Wales with registered number 11990238
<b>COVID-19 Pandemic</b>	the outbreak of the infectious disease known as COVID-19, the spread of which was declared as a transnational and continental pandemic by the World Health Organisation on 11 March 2020
<b>CREST</b>	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)
<b>EBITDARM</b>	earnings before interest, taxes, depreciation, amortisation, rent and management fees
<b>EEA State</b>	a member state of the European Economic Area
<b>EPRA</b>	European Public Real Estate Association, the industry body for listed European Real Estate
<b>EPRA Topped Up Net Initial Yield</b>	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)
<b>Existing Portfolio</b>	the direct and indirect property assets of the Group as at the date of this document
<b>FCA</b>	the Financial Conduct Authority of the United Kingdom including any replacement or substitute therefor, and any regulatory body or person succeeding, in whole or in part, to the functions thereof
<b>Form of Proxy</b>	the form of proxy which has been sent to Shareholders for use at the General Meeting
<b>General Meeting</b>	the general meeting of the Company to be held at the offices of Dickson Minto W.S., 16 Charlotte Square, Edinburgh EH2 4DF at 12 noon on 1 March 2021 (or any adjournment thereof)
<b>Group</b>	the Company and its subsidiaries from time to time or any one or more of them, as the context may require
<b>HSBC</b>	HSBC UK Bank plc, a company incorporated in England and Wales with registered number 09928412
<b>HSBC Facility</b>	the £100 million revolving credit facility provided to THR15, and others, by HSBC pursuant to the HSBC Facility Agreement

<b>HSBC Facility Agreement</b>	the facility agreement originally dated 29 January 2018 (and subsequently amended and restated on 1 March 2019, as further amended on 29 November 2019 and 29 January 2020 and as amended and restated on 5 November 2020) between, among others, HSBC and THR15, a summary of which is set out in paragraph 8.7 of Part 10 of the Prospectus
<b>Imminent Acquisition Assets</b>	the forward funding opportunity situated in the South East and the three modern care homes situated in the South West, North West and Scotland that the Group is in advanced negotiations to commit to acquiring for an aggregate consideration of approximately £46.7 million (including costs)
<b>Initial Admission</b>	admission of the New Shares issued under the Initial Issues
<b>Initial Issues</b>	the issue of New Shares at the Initial Issues Price under the Initial Placing, Offer for Subscription and Intermediaries Offer as described in Part 4 of the Prospectus
<b>Initial Issues Price</b>	111.0 pence per New Share
<b>Initial Placing</b>	the initial conditional placing of New Shares by the Placing Agent as described in Part 4 of the Prospectus
<b>Intermediaries</b>	the entities listed in Part 13 of the Prospectus, together with any other intermediary (if any) that is appointed by the Company in connection with the Intermediaries Offer after the date of this document, and “ <b>Intermediary</b> ” shall mean any one of them
<b>Intermediaries Offer</b>	the offer of New Shares at the Initial Issues Price by the Intermediaries as described in Part 13 of the Prospectus
<b>ISDA</b>	The International Swaps and Derivatives Association
<b>Investment Manager</b>	Target Fund Managers Limited, a private limited company incorporated in Scotland with registered number SC548164
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Market Value</b>	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
<b>Mature Home</b>	a care home, within the Existing Portfolio, that has been in continued operation for more than three years
<b>NAV or Net Asset Value</b>	the value of the Company’s assets, less any liabilities
<b>NAV per Share</b>	the Net Asset Value on the relevant date, adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model (being the EPRA methodology) and divided by the number of Ordinary Shares in issue on the relevant date
<b>New Share or New Shares</b>	the Ordinary Shares to be issued by the Company pursuant to the Proposals
<b>Offer for Subscription</b>	the offer for subscription of New Shares at the Initial Issues Price as described in this document

<b>Ordinary Share or Share</b>	ordinary shares of one penny each in the capital of the Company designated as such and having the rights and being subject to the restrictions specified in the articles of association of the Company
<b>Pipeline Assets</b>	the ten modern care homes situated in Yorkshire & the Humber, East Midlands, South West, East and the South East and five forward funding projects and one forward commitment to acquire a care home upon it reaching practical completion situated in Scotland, West Midlands, North West and London that the Group is in discussions to acquire in the near term for an aggregate consideration of up to approximately £177 million (including costs)
<b>Placees</b>	the persons to whom the New Shares are issued pursuant to the Initial Placing and the Placing Programme
<b>Placing</b>	the placing of New Shares by the Placing Agent under the Initial Placing or the Placing Programme
<b>Placing Agent or Stifel</b>	Stifel Nicolaus Europe Limited, a company incorporated in England and Wales with registered number 03719559
<b>Placing Agreement</b>	the placing agreement relating to the Initial Issue and Placing Programme made between the Company, the Investment Manager, and Stifel dated 12 February 2021, a summary of which is set out in paragraph 8.1 of Part 10 of the Prospectus
<b>Placing Programme</b>	the programme of placings of New Shares at the Placing Programme Price as described in this document
<b>Placing Programme Price</b>	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
<b>Property Portfolio</b>	the direct and indirect property assets of the Group from time to time
<b>Proposals</b>	the proposals for the Board to issue up to 150 million New Shares on a non pre-emptive basis pursuant to the Initial Issues and subsequent Placing Programme
<b>Prospectus</b>	the prospectus relating to the Company published in relation to the Proposals on or around the date of this document
<b>RBS</b>	The Royal Bank of Scotland plc, a company incorporated in Scotland with registered number SC083026
<b>RBS Facility</b>	the £70 million term loan facility and revolving credit facilities provided to THR1 and others by RBS pursuant to the RBS Facility Agreement
<b>RBS Facility Agreement</b>	the facility agreement dated 23 June 2014, as amended and restated on 23 December 2014, as amended by the amendment letter dated 31 March 2016, 14 April 2015 and 2 November 2017, as amended and restated on 1 April 2016 and on 5 November 2020, between RBS, THR1, THR2 and THR9, a summary of which is set out in paragraph 8.5 of Part 10 of the Prospectus

<b>ReAssure</b>	ReAssure Limited, a company incorporated in England and Wales with registered number 00754167
<b>ReAssure Facility</b>	the £50 million loan facility provided to THR12, THR3, THR5, THR6 and THR7 by ReAssure pursuant to the ReAssure Facility Agreement
<b>ReAssure Facility Agreement</b>	the facility agreement dated 14 January 2020 between ReAssure and THR12, THR3, THR5, THR6 and THR7, a summary of which is set out in paragraph 8.6 of Part 10 of the Prospectus
<b>Registrar or Computershare</b>	Computershare Investor Services PLC, a company incorporated in England and Wales with registered number 03498808
<b>RIS or Regulatory Information Service</b>	a regulatory information service that is on the list of regulatory information services maintained by the FCA
<b>REIT</b>	a company qualifying as a real estate investment trust under Part 12 of the UK Corporation Tax Act 2010
<b>Resolution 1</b>	The ordinary resolution to be proposed at the General Meeting
<b>Resolution 2</b>	The special resolution to be proposed at the General meeting
<b>Resolutions</b>	Resolution 1 and Resolution 2
<b>Restricted Jurisdiction</b>	the US, Canada, Australia, Japan, New Zealand, the Republic of South Africa or any EEA State and any jurisdiction where local law or regulations may result in a risk of civil, regulatory or criminal exposure or prosecution if information or documentation concerning the Proposals or the Prospectus is sent or made available to a person in that jurisdiction
<b>RPI</b>	the Retail Price Index (all items, excluding mortgages) as published by the UK Office for National Statistics from time to time
<b>Shareholders</b>	holders of Ordinary Shares
<b>Sponsor or Dickson Minto</b>	Dickson Minto W.S.
<b>Subsequent Admissions</b>	admission of the New Shares issued under the Placing Programme
<b>THR1</b>	THR Number One plc, a company incorporated in England and Wales with registered number 08996524
<b>THR2</b>	THR Number Two Limited, a company incorporated in England and Wales with registered number 08816684
<b>THR3</b>	THR Number 3 Limited, a company incorporated in England and Wales with registered number 084886658
<b>THR5</b>	THR Number 5 Limited, a company incorporated in England and Wales with registered number 05043616
<b>THR6</b>	THR Number 6 Limited, a company incorporated in England and Wales with registered number 08596340
<b>THR7</b>	THR Number 7 Limited, a company incorporated in Gibraltar with registered number 101482

<b>THR9</b>	THR Number 9 Limited, company incorporated in England and Wales with registered number 09162771
<b>THR12</b>	THR Number 12 plc, a company incorporated in England and Wales with registered number 10766378
<b>THR15</b>	THR Number 15 plc, a company incorporated in England and Wales with registered number 11137916
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>Underlying Applicants</b>	investors who apply to an Intermediary to acquire Shares under the Intermediaries Offer

# TARGET HEALTHCARE REIT PLC

(Incorporated in England and Wales with registered number 11990238)  
(An investment company within the meaning of section 833 of the Companies Act 2006)

## NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Target Healthcare REIT plc (the “**Company**”) will be held at the offices of Dickson Minto W.S., 16 Charlotte Square, Edinburgh EH2 4DF at 12 noon on 1 March 2021 to consider and, if thought fit, pass the following resolutions:

### ORDINARY RESOLUTION

#### 1. Authority to allot Ordinary Shares in connection with the Proposals

THAT, in addition to all existing authorities, the directors of the Company (the “**Directors**”) be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to allot ordinary shares of one penny each in the capital of the Company (“**Shares**”) and to grant rights to subscribe for, or to convert any security into, Shares up to an aggregate nominal value of £1,500,000, being equal to approximately 32.8 per cent. of the Company’s issued share capital as at 10 February 2021, for the purposes of the Proposals (as described in the circular to shareholders of the Company dated 12 February 2021 of which this notice forms part) to such persons and on such terms as the Directors may determine, such authority to expire on 12 February 2022, save that the Company may, at any time prior to the expiry of such expiry, make an offer or enter into an agreement which would or might require the allotment of Shares, or rights to subscribe for or to convert securities into Shares to be granted, after such expiry and the Directors may allot Shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

### SPECIAL RESOLUTION

#### 2. Authority for the disapplication of pre-emption rights

THAT, subject to the passing of resolution 1 above and in addition to all existing authorities, the directors of the Company (the “**Directors**”) be and are hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the “**Act**”) to allot equity securities (within the meaning of section 560 of the Act) pursuant to any authority for the time being in force under section 551 of the Act and/or to sell shares held by the Company in treasury, wholly for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:

- (i) shall be limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal amount of £1,500,000 (representing approximately 32.8 per cent. of the issued share capital of the Company, as at 10 February 2021); and
- (ii) expires on 12 February 2022, save that the Company may, before such expiry, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot equity securities and/or sell treasury shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By order of the Board

**Target Fund Managers Limited**  
*Company Secretary*

*Registered Office:*  
Level 13  
Broadgate Tower  
20 Primrose Street  
London  
EC2A 2EW

12 February 2021

## Notes:

1. In light of the current risks posed by the spread of COVID-19 and in accordance with current Government guidelines, Shareholders are strongly encouraged to register their votes in advance by submitting Forms of Proxy to the Company's Registrar in accordance with the procedure set out below. Voting on the Resolutions will be by way of a poll. The Directors believe that a poll is more representative of Shareholders' voting intentions because Shareholders' votes are counted according to the number of shares held and all votes tendered are taken into account. Given the current risks posed by the spread of COVID-19, the restrictions in place limiting travel and preventing public gatherings of more than two people and in accordance with the provisions of the Company's articles of association and current Government guidance, the Directors may impose entry restrictions on attendance at the General Meeting in order to ensure the health, wellbeing and safety of the Company's Shareholders and officers as well as compliance with the venue's security requirements.
2. Subject to note 1 above, as a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the General Meeting. A proxy need not be a member of the Company but must attend the General Meeting to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. To appoint more than one proxy, to receive a new Form of Proxy and/or should you have any queries in relation to the proxy appointment procedure please call the Registrar's helpline on 0370 703 0013. You can only appoint a proxy using the procedure set out in these notes and the notes on the Form of Proxy. You may not use any electronic address provided either in this notice or any related documents (including the circular and Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.
3. A Form of Proxy for use by Shareholders is enclosed with this document. To be valid, the Form of Proxy must be posted, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, so as to be received by the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 12 noon on 25 February 2021 (or, in the event that the General Meeting is adjourned, at 12 noon on the day which is two business days before the time of the adjourned General Meeting).
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website [www.euroclear.com/CREST](http://www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar (ID 3RA50) no later than 12 noon on 25 February 2021 (or in the event the General Meeting is adjourned no later than 48 hours (excluding non-working days) before the time of the adjourned General Meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
6. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
7. The Company may treat as invalid a CREST Proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
8. If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by 12 noon on 25 February 2021 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

9. Subject to note 1 above, the return of a completed Form of Proxy or other instrument of proxy will not prevent you attending the General Meeting and voting in person if you wish. However, given the current risks posed by the spread of COVID-19 and in accordance with Company's articles of association and current Government guidance, the Company is not expecting Shareholders to attend the General Meeting and may impose entry restrictions on attendance at the General Meeting in order to ensure the health, wellbeing and safety of the Company's Shareholders and officers as well as compliance with the venue's security requirements. Shareholders are therefore strongly encouraged to register their votes in advance by submitting Forms of Proxy to the Company's Registrar in accordance with the procedure set out in these notes.
10. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006, the Company specifies that to be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Company's register of members by no later than 12 noon on 25 February 2021 (or, in the event that the General Meeting is adjourned, at 12 noon on the day which is two business days before the time of the adjourned General Meeting). Changes to the Company's register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
11. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("**Nominated Persons**"). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy for the General Meeting. Alternatively, if a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes 2, 3 and 4 above does not apply to Nominated Persons. The rights described in these notes can only be exercised by members of the Company.
12. Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that they do not do so in relation to the same shares.
13. As at close of business on 10 February 2021 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 457,487,640 Ordinary Shares and there were no shares held in treasury. Each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at close of business on 10 February 2021 was 457,487,640.
14. Any person holding 3 per cent. or more of the total voting rights in the Company who appoints a person other than the Chairman as his/her proxy will need to ensure that both he/she and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
15. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
16. Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006. However, given the current risks posed by the spread of COVID-19 and in accordance with the provisions in the Company's articles of association and current Government guidance, Shareholders are strongly encouraged to submit any questions they have in advance of the General Meeting. You may submit any questions you have been planning to raise at the General Meeting by email to [info@targetfundmanagers.com](mailto:info@targetfundmanagers.com) and you may also call 01786 845 912 should you wish to discuss any queries you may have. Please note that Target Fund Managers Limited may record your call.
17. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at [www.targethealthcarereit.co.uk](http://www.targethealthcarereit.co.uk).