

**This document comprises a supplementary prospectus relating to Target Healthcare REIT Limited (the "Company") prepared in accordance with the prospectus rules and listing rules of the UK Listing Authority made under section 73A of the Financial Services and Markets Act 2000 (the "Supplementary Prospectus"). This document has been approved by the Financial Conduct Authority in accordance with section 85 of the Financial Services and Markets Act 2000. This document will be made available to the public in accordance with the Prospectus Rules by being made available at [www.targethealthcarereit.co.uk](http://www.targethealthcarereit.co.uk).**

This Supplementary Prospectus is supplemental to, and should be read in conjunction with, the prospectus published by the Company on 18 April 2016 relating to the Initial Placing, Offer for Subscription and Placing Programme of up to 200 million New Shares (the "**Prospectus**"). Except as expressly stated herein, or unless the context otherwise requires, the definitions used or referred to in the Prospectus also apply in this Supplementary Prospectus.

The Directors of the Company and the Company each accept responsibility for the information contained in this Supplementary Prospectus and the Prospectus. The Directors and the Company believe having taken all reasonable care to ensure that such is the case, the information contained in this Supplementary Prospectus and the Prospectus is, to the best of the knowledge of the Directors and the Company, in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **TARGET HEALTHCARE REIT LIMITED**

*(incorporated in Jersey, Channel Islands under the Companies (Jersey) Law, 1991 (as amended) with registered number 112287)*

### **INITIAL PLACING, OFFER FOR SUBSCRIPTION AND PLACING PROGRAMME**

**of up to 200 million New Shares of no par value**

*Sponsored by*

**DICKSON MINTO W.S.**

*Placing Agent*

**STIFEL NICOLAUS EUROPE LIMITED**

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

Dickson Minto W.S., which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is the sponsor to the Company. Dickson Minto W.S. is not acting for any other person in connection with the Issues. Apart from the responsibilities and liabilities, if any, which may be imposed on Dickson Minto W.S. by the Financial Services and Markets Act 2000 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. and is not advising any other person in relation to any transaction contemplated in or by this document.

Stifel Nicolaus Europe Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and is not acting for any other person in connection with the Issues. 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 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 and is not advising any other person in relation to any transaction contemplated in or by this document.

**Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out in the Prospectus.**

**18 October 2016**

## Events arising since publication of the Prospectus

This Supplementary Prospectus is being published, in relation to the Issues. This Supplementary Prospectus is a regulatory requirement under the Prospectus Rules following the publication of the Company's annual report and financial statements for the year ended 30 June 2016 (the "**Annual Report**") and amendments to the investment management agreement (the "**IMA**"). This Supplementary Prospectus has been approved for publication by the Financial Conduct Authority.

### Significant new factors

#### IMA Notice Period

Pursuant to a side letter dated 17 October 2016, the notice period in the IMA between the Company and the Investment Manager dated 22 July 2014 is amended with effect from 30 September 2016.

Following the amendment, the Agreement shall continue until either Party gives the other Party not less than 12 months' written notice terminating the IMA, provided that such notice shall not expire prior to 30 September 2019. The Company retains the right to terminate the appointment of the Investment Manager on less than 12 months' notice, provided that compensation is paid by the Company (or one of its group companies) to the Investment Manager in respect of the management fees for such early termination.

With the exception of this amendment, the terms of the Agreement shall remain in full force and effect.

#### Annual report and financial statements for the year ended 30 June 2016

On 29 September 2016, the Company announced that it had published its annual report and audited financial statements for the year ended 30 June 2016 (the "**Annual Report**"). By virtue of this document, certain parts of the Annual Report are incorporated into, and form part of, the Prospectus. The non-incorporated parts of the Annual Report are either not relevant to investors or covered elsewhere in the Prospectus.

The Company's auditors Ernst & Young LLP, Chartered Accountants and Statutory Auditors, 10 George Street, Edinburgh EH2 2DZ have made an unqualified report of the Annual Report under the Companies (Jersey) Law 1991.

### Supplements to the summary

As a result of the amendment to the notice period and the release of the Annual Report, the summary document which forms part of the Prospectus is hereby supplemented as follows:

B.7	Key financial information	<p>Selected historical information relating to the Company which summarises the financial condition of the Company for the year to 30 June 2016 is set out below:</p> <p style="text-align: right;"><i>Year ended 30 June 2016</i></p> <p><b>Net asset value</b></p> <p>Net assets (£'000) <span style="float: right;">253,282</span></p> <p>Equity shareholders' funds <span style="float: right;">253,282</span></p> <p>Net asset value per Ordinary Share (p) <span style="float: right;">100.4</span></p> <p><b>Consolidated income statement</b></p> <p>Total revenue (£'000) <span style="float: right;">16,874</span></p> <p>Earnings per Share (p) <span style="float: right;">6.81</span></p> <p>Dividend per Share (p) <span style="float: right;">6.18</span></p> <p>There have been no significant changes in the financial condition or operating results of the Company during or subsequent to the period covered by the historical financial information set out above and since 30 June 2016 (being the end of the last financial period of the Company for which financial information has been published).</p>
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B.40	<b>Applicant's service providers</b>	<p><b>Investment Manager</b></p> <p>Target Advisers LLP has been appointed as the investment manager pursuant to the Investment Management Agreement. The Investment Management Agreement provides that the Company will pay to the Investment Manager an annual base management fee of 0.90 per cent. per annum of the net assets of the Company but this is reduced to 0.85 per cent. per annum if the net costs of the Company are below £60 million and an annual performance fee of 10 per cent. of the amount by which the total return of the Company's portfolio is in excess of the total return of the IPD Healthcare Index.</p> <p>The performance fee is measured over a rolling three year period. The maximum amount of total fees payable by the Company to the Investment Manager is limited to 1.25 per cent. per annum of the average net assets of the Company over that year.</p> <p>The Investment Management Agreement can be terminated by either party on 12 months' written notice provided that such notice shall not expire earlier than 30 September 2019. The Investment Management Agreement may be terminated immediately if the Investment Manager is in material breach of the agreement, is guilty of negligence, wilful default or fraud, or is the subject of insolvency proceedings or there occurs a change of Key Manager to which the Board has not given its prior consent.</p> <p>In its capacity as investment manager, the Investment Manager will advise the Company on the acquisition of its investment portfolio and on the development, management and disposal of UK care homes and other healthcare assets in the portfolio.</p>
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### Historical financial information

Historical financial information relating to the Company on the matters referred to below is included in the Annual Report as set out in the table below and is expressly incorporated by reference into this document and the Prospectus (on page 73). The Annual Report (which includes this incorporated historical financial information) can be obtained from the Company's website, [www.targethealthcarereit.co.uk](http://www.targethealthcarereit.co.uk). The non-incorporated parts of the Annual Report are either not relevant to investors or covered elsewhere in the Prospectus.

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*Nature of information*

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### Selected financial information

The information in this section is information regarding the Company that has been prepared by the Company and has been extracted directly from the historical financial information referred to in the above section. Selected audited historical financial information relating to the Company which summarises the financial condition of the Company for the year ended 30 June 2016 is set out in the following table:

Accounts for the year ended  
30 June 2016

<b>Net asset value</b>	
Net assets (£'000)	253,282
Equity shareholders' funds	253,282
Net asset value per Ordinary Share (p)	100.4

#### **Consolidated Income Statement**

Total revenue (£'000)	16,874
Earnings per Share (p)	6.81
Dividend per Share (p)	6.18

#### **Operating and financial review**

A description of changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "UK Healthcare Investment" and "Grow Portfolio" in the Annual Report as follows:

Accounts for the year ended  
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#### *Nature of information*

Chairman's Statement	4
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#### **Significant change**

As a result of the release of the Annual Report, paragraph 5 of Part 7 of the Prospectus is supplemented as follows:

Since 30 June 2016 (being the end of the last financial period of the Company for which financial information has been published) there has been no significant change in the financial or trading position of the Company.

#### **Documents available for inspection**

Full copies of the Annual Report 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 registered office of the Company, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW until 17 April 2017. A copy of the Annual Report is also available on the Company's website ([www.targethealthcarereit.co.uk](http://www.targethealthcarereit.co.uk)).

A copy of this Supplementary Prospectus is available for inspection at <http://www.morningstar.co.uk/uk/NSM> and, until 17 April 2017, copies are available for collection, free of charge, from the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW and from the registered office of the Company, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW. A copy of this Supplementary Prospectus is also available on the Company's website ([www.targethealthcarereit.co.uk](http://www.targethealthcarereit.co.uk)).

#### **General**

To the extent that there is any inconsistency between any statement in this document and any other statement in or incorporated by reference in the Prospectus, the statements in this document will prevail.

Save as disclosed in this Supplementary Prospectus, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

18 October 2016