

# Key Information Document

## Purpose

Following the passing of the statutory instrument temporarily exempting investment companies from the PRIIPs regulation until revised retail disclosures via the Consumer Composite Investments regime are introduced, there is no requirement for the Company or manufacturer to publish a regulated Key Information Document. As an alternative, this document provides you with key information about this investment product. It is not marketing material. The information is provided to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products. Other documents are available to help you understand the product like the Quarterly Investor Report and Annual Report and Financial Statements.

## Target Healthcare REIT plc (the "Company") Ordinary Shares (ISIN: GB00BJGTLF51)

Website: [www.targethealthcarereit.co.uk](http://www.targethealthcarereit.co.uk)

Phone: + 44 1786 845912

Manufacturer (AIFM): Target Fund Managers Limited (the "Investment Manager")

Competent Authority: Financial Conduct Authority ("FCA")

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The document has been prepared by the Investment Manager in its capacity as the Company's Alternative Investment Fund Manager. The Investment Manager is authorised and regulated by the FCA. The Company is not authorised or regulated by the FCA.

## What is this product?

### Type

The Company is a closed-ended investment company whose shares are listed on the London Stock Exchange and an alternative investment fund under the Alternative Investment Fund Managers Directive. The Company's shares are therefore available to the general public.

### Objectives

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.

The shares of the Company are bought and sold via markets. Typically the price you pay for a share will be higher than the price at which you could sell it. The Company has borrowed to purchase assets. This will magnify any gains or losses made by the Company.

### Intended retail investor

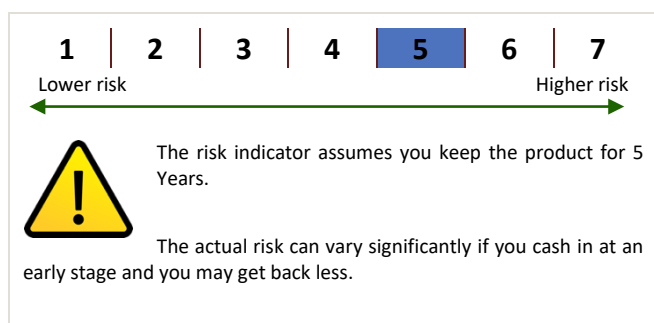
Investors in the Company are expected to be institutional investors, professional investors, high net worth investors and advised individual investors who can invest for a five year term, are capable of withstanding the loss of their investment, and understand the risks involved in investing in the Company and/or who have received advice from their investment adviser or distributor regarding investment in the Company.

### Term

There is no fixed maturity date. There is no ability for the Company to terminate holdings unilaterally or for the shares to be terminated automatically. The Company therefore has an unlimited lifespan although the Company is subject to a continuation vote of the shareholders at every fifth annual general meeting, the most recent vote having been put to shareholders at the annual general meeting in 2022. If the continuation resolution is not passed the directors are required to convene a general meeting within six months at which a special resolution will be proposed to either wind up voluntarily or reconstruct the Company.

## What are the risks and what could I get in return?

### Risk Indicator



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 5 out of 7, which is a medium-high risk class. This rates the potential losses from future performance at a medium-high level, and poor market conditions will likely impact the capacity to pay you.

The summary risk indicator only reflects historical share price volatility of the Company's shares. It excludes other risks inherent in the product and, therefore, does not show the full risk to the investor. In particular, the Company invests in properties which have valuation and performance uncertainties and liquidity risk. The Company has borrowed to purchase assets, which magnifies any losses made by the Company and its exposure to interest rate fluctuations.

This product does not include any protection from future market performance so you could lose some or all of your investment.

If we are not able to pay you what is owed, you could lose your entire investment.

## Investment performance information

The value of an investment in the Company, and any income derived from it, may fluctuate and can go down as well as up depending on a number of factors. The main factors that may affect future performance and returns from an investment in the Company include:

- the valuation of the Company's property portfolio, which is driven primarily by the contracted rental level and the yield applied for each property:
  - the contracted rental level is set at a long-term sustainable level and is likely to be influenced by property specific matters.
  - the valuation yield reflects both the strength of the covenant provided by the tenant and the underlying financial performance of the care home, which both impact on the ability of the tenant to pay the contracted rent, as well as market sentiment and broader geopolitical and macro-economic factors, including interest rates, which may impact the broader real estate market.
- the receipt of rental and other income returns from the property portfolio; and
- the interest rate payable on the Company's debt facilities and the level of other costs incurred. The Company may enter into derivative instruments to fix or cap the level of interest payable.

Other factors that could impact performance include, but are not limited to, changing UK demographics resulting in higher numbers of the elderly, and demand drivers for healthcare, including any changes to the provision of funding for care services, the ESG (environmental, social and governance) performance of properties, market sentiment towards relatively new, purpose-built care home properties with full en suite wet-rooms and other events which are outside of the Company's control. Performance will also be impacted by the level of discount/ premium of the Company's share price to its net asset value per share.

The Company does not have a benchmark but reports its performance annually against the MSCI UK Annual Healthcare Property Index. The Company's portfolio is actively managed and the Investment Manager does not use the index for portfolio construction purposes. As a result, the Company's performance may diverge – both negatively and positively - from the index and the Company's share price and net asset value may experience a higher volatility than the index.

**What could affect my return positively?**

Specific factors that could affect returns positively include the ability of the Investment Manager to make good investments and asset management decisions to deliver consistent rental income and support relative property valuations. Good investment performance could be supported further by buoyant financial markets, particularly for real estate which will be driven both by the level of investment market demand and interest rates. The leases on the Company's properties generally allow for annual rent increases, within a cap and collar, which will be dependent on the level of inflation.

**What could affect my return negatively?**

Specific factors that could affect return negatively include poor investment decisions made by the Investment Manager, an adverse change in market sentiment to, or investment demand for, new, purpose-built care home properties with full en suite wet-rooms within the Company's property portfolio, or poor financial performance from tenant operator(s) which may reduce the property valuation and the level of rental income received. Negative outcomes could also be caused or exacerbated by volatile financial markets.

**What outcome can you expect when the PRIIP matures or is redeemed under severely adverse market conditions?**

Under severely adverse market conditions, the value of the Company's property portfolio may fall materially and the Company's share price and net asset value may experience significant volatility. There is a risk that the capital value of a shareholder's investment could reduce significantly, potentially down to zero.

**What happens if Target Fund Managers Limited or Target Healthcare REIT plc is unable to pay out?**

As the Company's shares are traded on the London Stock Exchange and not directly with the Investment Manager or the Company, the Investment Manager is not obliged to pay out the shares of the Company and the Company is only obliged to pay out on a winding up of the Company. As a shareholder of a listed company you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event the Company becomes insolvent. A default by the Company or any of the underlying holdings could affect the value of your investment.

**What are the costs?**

**The Company incurs operating expenses, including management fees, which are disclosed in the Annual Report and Financial Statements. These operating expenses are not deducted from the value of your investment as these expenses are already accounted for in the Company's share price. As such, costs have been shown as nil (0.00%) in the table below and have not been calculated in accordance with PRIIPs methodology. The level of operating costs incurred by the Company (together with other market factors) can affect the share price of the Company.**

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest GBP 10 000. The figures are estimates and may change in the future.

**Costs over time**

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time.

Investment GBP 10 000			
Scenarios	If you cash in after 1 Year	If you cash in after 3 Years	If you cash in after 5 Years
Total costs	£0.00	£0.00	£0.00
Impact on return (RIY) per year	0.00%	0.00%	0.00%

### Composition of costs

The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

#### This table shows the impact on return per year

One-off costs	Entry costs	0.00%	The impact of the costs you pay when entering your investment. Neither the Company nor the Investment Manager charge an entry fee. Stamp Duty Reserve Tax of 0.5% is payable if the shares are purchased on the secondary market.
	Exit costs	0.00%	The impact of the costs of exiting your investment when it matures. Neither the Company nor the Investment Manager charge an exit fee, but the person selling you the product may do so.
Ongoing costs	Portfolio transaction costs	0.00%	The impact of the costs of the Company buying and selling underlying investments in the Company's portfolio. Whilst transaction costs are incurred by the Company when buying and selling underlying investment properties, these costs are already inherent in the movement in the Company's share price and are not deducted separately from the value of your investment. Details of transaction costs incurred are set out in the Company's Annual Report and Financial Statements, and would equate to 0.51% per annum if calculated under the PRIIPs methodology.
	Other ongoing costs	0.00%	The Company incurs operating expenses (including management fees). These operating expenses are not deducted from the value of your investment. The Company's share price already reflects market sentiment of its value taking into consideration publicly disclosed information in the Annual Report and Financial Statements including these operating expenses. An ongoing charges figure (OCF) is also published as part of the Annual Report and Financial Statements. The OCF represents the operating expenses incurred by the Company divided by its average net assets, and the full method of calculation is disclosed in the 'Alternative Performance Measures' section of each Annual Report. The OCF disclosed in the latest Annual Report and Financial Statements is 1.51%.
Incidental costs	Performance fees	0.00%	The impact of performance fees on your investment. There is no performance fee.
	Carried interests	0.00%	The impact of carried interests on your investment. There are no carried interests.

### How long should I hold it and can I take my money out early?

#### Recommended holding period: 5 Years

The recommended minimum holding period of 5 years has been selected for illustrative purposes only and reflects the long-term nature of the Company's investment objectives, but investors may elect to sell their shares on the market at any time without penalty by the Company. The value of shares and the income derived from them (if any) may go down as well as up, and investors may not get back the full value of their investments. Whilst the shares are traded on the main market of the London Stock Exchange, it is possible that there may not be a liquid market in the shares and investors may have difficulty selling them.

### How can I complain?

As a shareholder of a listed investment company, you do not have the right to complain to the Financial Ombudsman Service about the management of the Company. If you wish to make a complaint to the Company this should be directed to:

Target Fund Managers Limited, Glendevon House, Castle Business Park, Stirling, FK9 4TZ.

Telephone: +44 (0) 1786 845 912. Email: [info@targetfundmanagers.com](mailto:info@targetfundmanagers.com). Website: [www.targethealthcarereit.co.uk/contact-us](http://www.targethealthcarereit.co.uk/contact-us)

### Other relevant information

Information on the risks associated with the Company can be found in its most recent Annual Report, Interim Report, Investor Disclosure Document and Financial Statements. The person advising on or selling the product may have to provide you with additional information as required by their financial regulator or national law. Depending on how you buy these shares you may incur other costs, including broker commission, platform fees and Stamp Duty.

Other relevant information on the Company, including a copy of the most recent Annual Report and Financial Statements and the most up to date version of this Key Information Document, can be obtained from the Company's web page: <http://www.targethealthcarereit.co.uk>

**If you are in any doubt about the action you should take, you should seek independent financial advice.**