

## GLOSSARY OF TERMS AND DEFINITIONS

## Corporate Terms

<b>AIC</b>	Association of Investment Companies. This is the trade body for Closed-end Investment Companies ( <a href="http://www.theaic.co.uk">www.theaic.co.uk</a> ).
<b>AIFMD</b>	The UK version of the Alternative Investment Fund Managers Directive and all delegated legislation thereunder as it forms part of UK law pursuant to the European Union (Withdrawal) Act 2018, as amended. Issued by the European Parliament in 2012 and 2013, the Directive requires that all investment vehicles, including Closed-end Investment Companies, must have appointed a Depositary and an Alternative Investment Fund Manager. The Board of Directors of a Closed-end Investment Company, nevertheless, remains fully responsible for all aspects of the company's strategy, operations and compliance with regulations.
<b>Closed-end Investment Company</b>	A company with a fixed issued ordinary share capital which is traded on an exchange at a price not necessarily related to the Net Asset Value of the company and where shares can only be issued or bought back by the company in certain circumstances. This contrasts with an open-ended investment company, which has units not traded on an exchange but issued or bought back from investors at a price directly related to the Net Asset Value.
<b>CQC</b>	Care Quality Commission. The independent regulator of all health and social care services in England.
<b>Depositary</b>	Under AIFMD rules, the Company must appoint a Depositary, whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. The Depositary's oversight duties include, but are not limited to, oversight of share buy backs, dividend payments and adherence to investment limits. The Company's Depositary is IQ EQ Depositary Company (UK) Limited.
<b>Discount/Premium</b>	The amount by which the market price per share of a Closed-end Investment Company is lower or higher than the net asset value per share. The share price of an Investment Company is derived from buyers and sellers trading their shares on the stock market. This price is not identical to the NAV. If the share price is lower than the NAV per share, the shares are trading at a discount and, if the share price is higher than the NAV per share, are said to be at a premium. The figure is calculated at a point in time and, unless stated otherwise, the Company measures its discount or premium relative to the EPRA NTA per share. The detailed method of calculation is shown on page 95 of the Annual Report 2024.
<b>Dividend</b>	The income from an investment. The Company currently pays interim dividends to shareholders quarterly.
<b>Dividend Cover</b>	The absolute value of Group specific adjusted EPRA Earnings divided by the absolute value of dividends relating to the period of calculation.
<b>Dividend Yield</b>	The annual Dividend expressed as a percentage of the share price at the date of calculation.
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortisation costs. Generally considered to be a measure of a company's operational performance excluding non-operational expenses.
<b>EPRA Best Practice</b>	European Public Real Estate Association. A not-for-profit organisation which aims to foster trust for, and encourage greater investment in, listed real estate in Europe ( <a href="http://www.epra.com">www.epra.com</a> ). EPRA also issue best practice recommendations to enhance the financial reporting of listed property companies.
<b>EPRA Cost Ratio</b>	Reflects the relevant overhead and operating costs of the business. It is calculated by expressing the sum of property expenses (net of service charge recoveries and third-party asset management fees) and administration expenses (excluding exceptional items) as a percentage of gross rental income. The detailed method of calculation is shown on pages 96 and 97 of the Annual Report 2024.
<b>EPRA Earnings per Share</b>	Recurring earnings from core operational activities. A key measure of a company's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings. A reconciliation of the earnings per IFRS and the EPRA earnings, including any items specific to the Group, is contained in the Annual Report 2024.
<b>EPRA Group specific adjusted Cost Ratio</b>	The EPRA Cost Ratio adjusted for items thought appropriate for the Group's specific business model. The adjustments made are consistent with those made to the Group specific adjusted EPRA earnings.
<b>EPRA Loan-to-Value ('LTV')</b>	A shareholder-gearing measure to determine the percentage of debt comparing to the appraised value of the properties. EPRA LTV is calculated as total gross debt (adding net trade payables and less cash) as a proportion of gross property value.
<b>EPRA Net Disposal Value ('NDV')</b>	A measure of Net Asset Value which represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. A reconciliation of the NAV per IFRS and the EPRA NDV is contained in the Annual Report 2024.
<b>EPRA Net Initial Yield</b>	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. EPRA's purpose is to provide a comparable measure around Europe for portfolio valuations. The detailed method of calculation is shown on page 96 of the Annual Report 2024.



## GLOSSARY OF TERMS AND DEFINITIONS CONTINUED

### Corporate Terms continued

<b>EPRA Net Reinstatement Value ('NRV')</b>	A measure of Net Asset Value which assumes that entities never sell assets and aims to represent the value required to rebuild the entity. The objective is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives, are excluded and the costs of recreating the Group through investment markets, such as property acquisition costs and taxes, are included. A reconciliation of the NAV per IFRS and the EPRA NRV is contained in the Annual Report 2024.
<b>EPRA Net Tangible Assets ('NTA')</b>	A measure of Net Asset Value which assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. A reconciliation of the NAV per IFRS and the EPRA NTA is contained in the Annual Report 2024.
<b>EPRA Topped-up Net Initial Yield</b>	Incorporates an adjustment to the EPRA Net Initial Yield in respect of the expiration of rent-free periods (or other unexpired lease incentives).
<b>GAAP</b>	Generally Accepted Accounting Practice. This includes UK GAAP and International GAAP (IFRS or International Financial Reporting Standards). The Group's Consolidated Financial Statements are prepared in accordance with UK-adopted IFRS.
<b>Gearing</b>	Unlike open-ended investment companies, Closed-end Investment Companies have the ability to borrow to invest. This term is used to describe the level of borrowings that an Investment Company has undertaken. The higher the level of borrowings, the higher the gearing ratio. The gross gearing figure is calculated as debt divided by the market value of the properties held. The net gearing figure is calculated as debt less cash divided by the market value of the properties held.
<b>Investment Manager</b>	The Company's Investment Manager is Target Fund Managers Limited. Further details are set out on pages 28 and 29 and in Note 2 to the Consolidated Financial Statements in the Annual Report 2024.
<b>IRR (or Internal Rate of Return)</b>	A metric used in financial analysis to estimate the profitability of potential investments. The IRR is the discount rate that makes the net present value of all cash flows equal to zero in a discounted cash flow analysis.
<b>Leverage</b>	As defined under AIFMD rules, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to Gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Group's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.
<b>Loan-to-Value</b>	A measure of the Group's Gearing level. Gross LTV is calculated as total gross debt as a proportion of gross property value. Net LTV is calculated as total gross debt less cash as a proportion of gross property value.
<b>Market Capitalisation</b>	The stock market value of the Company as determined by multiplying the number of Ordinary Shares in issue, excluding any shares held in treasury, by the Share Price of the Ordinary Shares.
<b>MSCI</b>	Produces indexes for both privately-held real estate portfolios, as well as publicly-listed organisations which provides a long performance history and which are mostly appraised quarterly.
<b>NAV per Ordinary Share</b>	This is calculated as the Net Asset Value (NAV) divided by the number of shares in issue.
<b>Net Asset Value (or Shareholders' Funds)</b>	The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. It represents the underlying value of an Investment Company at a point in time.
<b>Ongoing Charges Ratio</b>	A measure of all operating costs incurred in the reporting period, calculated as a percentage of average net assets in that year. Operating costs exclude costs of buying and selling investments, interest costs, taxation, non-recurring costs and the costs of buying back or issuing ordinary shares. In calculating this figure, the Group follows the methodology and guidance published by the AIC. The detailed method of calculation is shown on page 95 of the Annual Report 2024.
<b>Ordinary Shares</b>	The main type of equity capital issued by conventional Investment Companies. Shareholders are entitled to their share of both income, in the form of dividends paid by the Investment Company, and any capital growth. The Company has only Ordinary Shares in issue.
<b>Real Estate Investment Trust (or REIT)</b>	A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain requirements. Further details are provided on pages 92 and 93 of the Annual Report 2024.
<b>Share Price</b>	The value of a share at a point in time as quoted on a stock exchange. The Company's Ordinary Shares are traded on the Main Market of the London Stock Exchange.
<b>SORP</b>	Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the AIC.
<b>Total Return</b>	The return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets.

## Property and ESG Terms

<b>Break Option</b>	A clause in a lease which provides the landlord or tenant with an ability to terminate the lease before its contractual expiry date.
<b>Building Research Establishment Environmental Assessment Method ('BREEAM')</b>	BREEAM is the world's leading science-based suite of validation and certification systems for sustainable built environment. The BREEAM in-use standards provide a framework to enable property investors, owners, managers and occupiers to determine and drive sustainable improvements in the operational performance of their assets, leading to benchmarking, assurance and validation of operational asset data.
<b>Contractual Rent</b>	The annual rental income receivable on a property as at the balance sheet date, adjusted for the inclusion of rent currently subject to a rent free period.
<b>Covenant Strength</b>	This refers to the quality of a tenant's financial status and its ability to perform the covenants in the lease.
<b>Deed of Surrender</b>	A legal document which allows the early termination of a lease upon the agreement of both parties. It will list the obligations that need to be fulfilled by both parties before the rights and interests under the lease are extinguished. Depending on the circumstances a surrender premium may be payable from the Group to the tenant, or receivable by the Group from the tenant.
<b>Energy Performance Certificate ('EPC')</b>	An Energy Performance Certificate (EPC) rates how energy efficient a building is using grades from A to G (with 'A' the most efficient grade). All commercial properties leased to a tenant must have an EPC. All EPCs are valid for 10 years.
<b>Estimated Rental Value ('ERV')</b>	The estimated annual market rental value of a property as determined by the Company's External Valuer. This will normally be different from the actual rent being paid.
<b>Fixed and Minimum Guaranteed Rental Uplifts</b>	Rents subject to fixed uplifts at an agreed level on agreed dates stipulated within the lease, or rents subject to contracted minimum uplifts at specified review dates.
<b>Forward Fund/Commitment</b>	A contract pertaining to the future purchase of a property. Forward Funding relates to the acquisition of a property which hasn't yet been built, with the Group providing the developer with the funding for the development, usually in staged payments throughout the contract.
<b>GRESB</b>	GRESB is a mission-driven and investor-led organisation that provides actionable and transparent ESG data to financial markets. GRESB collects, validates, scores and benchmarks ESG data using a standardised, globally recognised framework so that both investors and Investment Managers can act on ESG data and insights.
<b>Lease</b>	A legally binding contract between a landlord and a tenant which sets out the basis on which the tenant is permitted to occupy a property, including the lease length.
<b>Lease Incentive</b>	A payment used to encourage a tenant to take on a new lease, for example by a landlord paying a tenant a sum of money to contribute to the cost of a tenant's fit-out of a property or by allowing a rent free period.
<b>Lease Renewal</b>	The renegotiation of a lease with the existing tenant at its contractual expiry.
<b>Mature Homes</b>	Care homes which have been in operation for more than three years. There were 80 homes in the Group's portfolio which both met this definition and were held by the Group for the entire duration of the year ended 30 June 2024, closing at 82 homes on 30 June 2024.
<b>Occupancy Rate or Resident Occupancy Rate</b>	The occupancy rate calculates the number of occupied rooms as a percentage of the overall capacity of the care home. This is an important measure in determining the quality of the property held, the strength of the tenant and the sustainability of the rental income received.
<b>Photovoltaic ('PV') Panels</b>	Panels which are used to generate renewable electricity by capturing solar energy.
<b>Portfolio or Passing Rent</b>	The annual rental income currently receivable on a property as at the balance sheet date, excluding rental income where a rent-free period is in operation. The gross rent payable by a tenant at a point in time.
<b>Rent Cover</b>	A measure of the tenant's ability to meet its rental liability from the profit generated by their underlying operations. Generally calculated as the tenant's EBITDARM (earnings before interest, taxes, depreciation, amortisation, rent and management fees) divided by the contracted rent. Unless otherwise stated, rent cover is calculated based on Mature Homes only.
<b>Rent Review</b>	A periodic review of rent during the term of a lease, as provided for within a lease agreement.
<b>Science Based Targets initiative ('SBTi')</b>	A corporate climate action organisation that enables companies and financial institutions worldwide to play their part in combating the climate crisis.
<b>Surrender Premium</b>	A sum of monies that may be paid from the tenant to the landlord, or from the landlord to a tenant, in order to extinguish a lease prior to the termination date originally set out in the lease agreement.
<b>Valuer</b>	An independent external valuer of a property. The Group's Valuer at 30 June 2024 was CBRE Limited and detailed information regarding the valuation of the Group's properties is included in Note 9 to the Consolidated Financial Statements in the Annual Report 2024.
<b>Wet-room</b>	A private, en-suite shower and toilet room, fully tiled and drained, providing the practical living space for personal hygiene to be applied in a dignified manner and with assistance as required.
<b>WAULT</b>	Weighted average unexpired lease term. The average lease term remaining to expiry across the portfolio weighted by contracted rental income.