Target Healthcare REIT

Our Sustainability Report 2025

Investing in care. Delivering returns.

Target Healthcare REIT plc

Welcome to our 2025 Sustainability Report

About this Sustainability Report

This report:

- Describes the Company's responsible investment approach, which incorporates its Environmental, Social and Governance ('ESG') Charter; and
- Presents key responsible investment objectives and performance, describes our targets for the future, and tracks progress towards these.

To the extent possible, the description of progress against the ESG commitments of the Company, together with the ESG performance data throughout, are presented as at, or for the year to, 31 December 2024.

The ESG data section, and corresponding appendices, are written in accordance with the latest European Public Real Estate Association's ('EPRA') Sustainability Best Practices Recommendations ('sBPR'), which in turn are aligned principally with the Global Reporting Initiative ('GRI') Standards.

This ESG report has been prepared on behalf of the Company by Target Fund Managers Limited. Any reference to 'we', 'us', 'the Company' and 'our' throughout the report refers to Target Healthcare REIT plc ('Target'). Target Fund Managers Limited is referred to throughout as 'the Manager'.

All data as at 31 December 2024 unless otherwise stated.

Inside this report

Our Annual Report is available to view online at **https://www.targethealthcarereit.co.uk/investors/**

Responsible investment and 'ESG' – what it means to us

Our pathway to net zero carbon real estate investment

Dear stakeholder,

I am pleased to present our third annual sustainability report. We have previously explained our approach to responsible investment and how this aligns with our Environment, Social and Governance ('ESG') Charter. As in previous years, we disclose key data to allow readers to assess how our responsible real estate investment is meeting our ESG commitments and milestones. This supplements our regular financial reporting.

We are very proud this year to unveil our pathway to being a Net Zero Carbon ('NZC') Company with regard to our real-estate and direct operations. We were net zero for 2024 with regard to Scope 1 and 2 emissions (those directly controlled by the Company) and have set a 2040 target for Scope 3 emissions as they relate to our real estate. We do not directly control emissions at the properties, which are fully enjoyed by our tenants, though there is much we have committed to in achieving net zero and it is important to us that these targets are ambitious, measurable and come with tangible milestones allowing us to track progress along the way. We have used external experts and the generally-accepted CRREM methodology. There is more detail on pages 8 to 10 of this report.

I was aware upon joining the Board in January 2023 that our investment approach is one which prioritises social impact using modern real estate, with the latter assisting a minimal carbon footprint. Two key metrics clearly show this, with each having improved since our last ESG report:

- EPC ratings. At 100% A and B at the year end (31 December 2023: 99%) our portfolio has sector-leading environmental credentials and is well-protected from expensive remedial capital expenditure. Our EPC metrics are significantly ahead of the vast majority of commercial real estate portfolios, particularly in the listed market.
- 100% en suite wet-rooms as at today's date (31 December 2024: 99%, 31 December 2023: 99%), providing privacy and dignity in personal care.

We use wet-room provision as a proxy for care home real estate standards, with particular emphasis on the social and care impact associated with the ability to provide dignified care to all residents in privacy. Quality and sustainability have always been at the heart of what we do and why we do it.

Our ESG charter, 'Targeting Tomorrow' is articulated in this document and we report on our progress towards the commitments made. The most significant during 2024 have been:

- Net Zero Carbon commitment. We have set this following a comprehensive analysis using quality input data and a reliable baseline followed-up with an intelligent assessment of our net zero prospects, actions required, and the risks of not achieving objectives.
- Second successive year of near-full energy usage data collection from tenants. Gas and electricity cover remained at approximately 94%, while water and waste data coverage improved.
- Carbon reduction investment programme continues with 40% of the portfolio currently benefitting from renewable energy generation, heat pumps, or both.

We are excited about meeting our net zero commitment, with our Managers liaising with our tenants to explore the opportunities for energy efficiency and electrification/moving away from gas. Early installations of PV or solar thermal panels in homes will save annual carbon emissions. We are steadily, and increasingly, introducing them. These were however mostly completed towards the end of the calendar year, with their benefit being limited over the winter period, and therefore the impact will not be fully realised until 2025.

The Manager details some of its own ESG achievements, including its status as a Certified Carbon Neutral Company, on page 23.

I trust you find this report helpful and informative. We would be delighted to receive any feedback you may have.

Regards,

Michael Brodtman
ESG Committee Chair
4 July 2025

Homes
94*

Beds
6,397*

Tenants
34

* The figure of 94 homes includes one development site. A further 60 beds will be added to the portfolio upon its completion.

We are proud that ESG has been integral to our approach since day one. We have been recognised as the first social impact investment trust, and are proud of our many achievements.

Environmental

Net Zero Carbon Pathway

Scope 1 and 2 net zero carbon achieved for year.

2040 target set for property-related Scope 3 emissions.

EPC ratings[1]

100% A-B ratings

Important measure of energy efficiency and legislative rating.

Responsible investment

As an investor we understand that our actions have influence. We use our platform to lead by example through embedding appropriate ESG considerations into our decision-making.

Social

En suite wet-rooms[2]

99%

Defining proxy for real estate quality and social impact. National Comparative: 34%*

* Source: Carterwood.

Space per resident

48m²

We assess this against peers and compare favourably.

New homes/beds built with our direct support[3]

17/1,144

A further measure of our social impact in supporting the sector's transition to modern real estate.

Responsible partnerships

We engage with all our stakeholders to drive the creation of economic, social and environmental value around our buildings and in wider society.

Governance & Transparency

ESG committee

Met at least quarterly.

£1m

Approved budget to support operators to install energy efficiency initiatives.

GRESB

71

Improved score to 71 from 60 ~ second year of assessment, second in our peer group.

Board diversity

40%

Board composition remains at 40% female, with at least one senior board position held by a woman, in line with the 'Women in Leadership' 2025 target set by the FTSE Women Leaders Review.

Responsible business

We treat all stakeholders with respect and deal fairly in a manner consistent with how we would expect to be treated ourselves.

1 Non-English homes follow a different rating system and have been converted to English-equivalent ratings.
2 The percentage of en suite wet-rooms increased to 100% after 31 December 2024.
3 Since the launch of Target Healthcare REIT in March 2013, Direct support refers to contractual financial commitment to forward fund or forward commit to a development.

Targeting Tomorrow

Our ESG strategy and priorities

Targeting Tomorrow is our ESG Charter to ensure the social impact objective which we launched with remains embedded for years to come. We take a responsible approach to every aspect of our business, including environmental sustainability and governance standards, with a high focus on our net zero carbon strategy.

Targeting Tomorrow gives us the platform to work with shareholders, tenants and other stakeholders more effectively than ever to supply care home real estate that delivers tangible benefits.

Collaborative approach

Our commitment to a responsible approach means the views of all our stakeholders matter to us, from the direct relationships we have with shareholders and tenants, to the ultimate users of our real estate in residents, care professionals and local communities.

We asked stakeholders what their priorities are, and we defined our approach based on feedback. Key feedback was:

- We are considered to be leaders in social impact and responsible investment, however measurement and reporting thereof is encouraged.
- We should ensure ESG factors are embedded into our acquisition process and report on that with quantification if possible.
- We should continue to be authentic and transparent in our business relationships.

The Company is continuing to ensure that these priorities are addressed, with the Manager having introduced its ESG house standard to its acquisition process in the 2022. This document is reviewed regularly to ensure it keeps pace with the evolving ESG world, to ensure we remain at the forefront of what is required. The data collection, measurement and reporting of ESG matters also continue to be enhanced.

Care home real estate that leads the way

The purpose of our business is to improve the standard of care home real estate, using our influence as a leading investor in the sector to encourage improvements in quality. Consequently, our own investment approach will not compromise quality.

Our approach isn't changing, we will continue to focus on 'doing the right thing' led by providing fit-for-purpose real estate for the long term to care providers who share our care ethos and can demonstrate operational capabilities. We support the United Nations' ('UN') Sustainable Development Goals ('SDGs'), which our strategy is aligned with. We report in more detail on those SDGs which are applicable to our portfolio.

ESG as a concept is evolving, and will continue to do so. Reliable and comparable measurement standards remain elusive in some areas, particularly for social impact, which is our core purpose. Our ESG framework has been developed as a guide to help us deliver and articulate our actions and progress in a fair, balanced and understandable manner.

The three principles which we apply are:

Responsible Investment

As an investor we understand that our actions have influence. We use our platform to lead by example through embedding appropriate ESG considerations into our decision-making.

Responsible Partnerships

We engage with all our stakeholders to drive the creation of economic, social and environmental value around our buildings and in wider society.

Responsible Business

We treat all stakeholders with respect and deal fairly in a manner consistent with how we would expect to be treated ourselves.

Responsible Investment

As an investor, we understand that our actions have influence.

We use our platform to lead by example through embedding appropriate ESG considerations into our decision-making.

Social impact is fundamental to our investment approach, and we also value modern real estate which has sector-leading environmental ratings. The bulk of emissions are 'Scope 3' downstream as they relate to energy used by our tenants and their residents.

Alignment with UN SDGs

The SDGs that are most relevant to our responsible investment, and where we believe we can make a tangible, positive impact, are:

3 GOOD HEALTH AND WELL-BEING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

Early stage | Partially met | Met

Commitment	E, S, G	Status	Progress and insight
Responsible Investment			
Net zero commitment.	E	Met	• Comprehensive, ambitious and realistic Net Zero Carbon targets set with a clear pathway including measurable milestones (see pages 8 to 10).
Continue to provide better care home real estate which results in positive social impact for residents, their carers and local communities.	S	Met	• 99% wet-rooms, proxy for real estate quality and social impact (increased to 100% after 31 December 2024). • Data shows portfolio real estate standards significantly ahead of listed peers (see page 12). • Positive social impact (see pages 14, 17 and 19).
Support the sector's transition from poor real estate standards via long-term financial/investment support for new developments.	S	Met	• £204 million investment in newly-built care homes since launch, providing 17 homes offering 1,144 beds to residents. • We are providers of long-term stable investment capital to the sector with property portfolio of c.£925 million.
Obtain reliable certification and insightful data on the energy efficiency of our real estate.	E	Met	• EPC certification for 100% of portfolio. • BREEAM In-Use certification in place for 11% of our portfolio, ahead of our 10% target coverage.
Increase data coverage of energy consumption by our tenants, aiding transparency and our ability to positively influence energy efficiency.	E	Met	• Maintained 'Scope 3' energy usage data collection at 94% of portfolio by value. • 'Green lease' data provision covenants now at 59% of portfolio and continue to be added to new leases and at change events.
Ensure ESG factors embedded into acquisition process and portfolio management.	E	Met	• The Manager's 'house standard', which guides how ESG factors are considered for each investment opportunity with minimum acceptable thresholds, has been followed, with all real estate held by the Company being at the upper end of care home sector quality.

Our net zero carbon pathway

Our Net Zero Carbon Pathway sets out a clear, science-based roadmap to achieve net zero carbon emissions across firstly, our operations and then, secondly, our portfolio. We start from a position well-ahead of many of our peers, and are guided strongly by our comprehensive datasets from our real estate.

By promoting energy efficiency and investing further in renewable energy sources, we will reduce emissions across our real estate portfolio, with the cooperation of our tenants.

Early stage Partially met Met

Scope	Target Year	Status	Comment
1	2024	Met	• Emission directly controlled by the Company. The Company does not operate from buildings nor own vehicles. • The Company assesses emissions from Director travel as Scope 1 and is net zero through minimising carbon emissions from travel and from responsible offsets.
2	2024	Met	• Scope 2 emissions are from indirect emissions from energy acquired by the Company. • The Company does not directly acquire energy as it does not operate from offices. The Manager is net zero in its operations (see page 23).
3	2030	Partially met	• Scope 3 emissions are indirect emissions from the Company's supply-chain. • Assessed as those emanating from the Company's real estate portfolio, and our largest challenge given real estate is generally a significant contributor to carbon-based emissions. • The Company has set an interim target to have renewable energy generation (or heat pumps) at 50% of its homes by 2030.
3	2040	Partially met	• Ambitious but realistic, science-based target of 2040 set, see following content. • 10 years ahead of the nation's 2050 target.

Starting position

1 Quality, modern real estate

EPCs

100% A-B ratings*

Important measure of energy efficiency and legislative rating.

BREEAM

11% of portfolio assessed

BREEAM In-Use assessments completed for 10 homes. 3 Excellent; 7 Very Good.

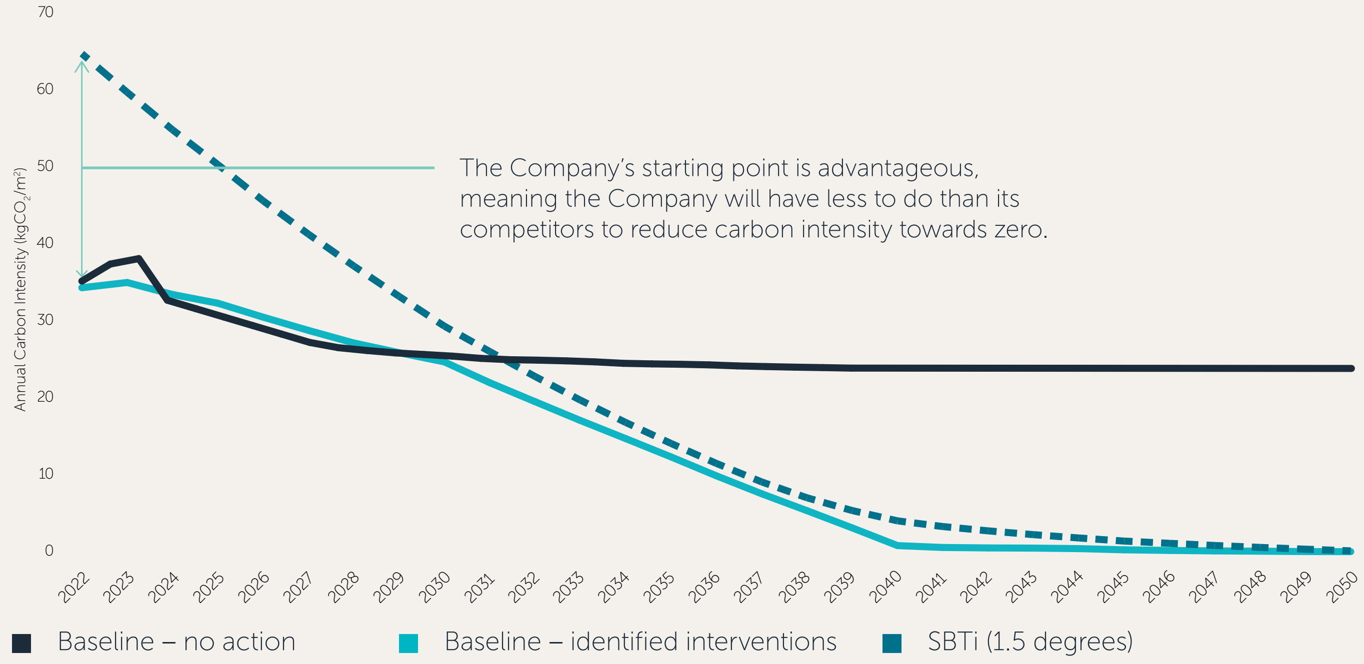
Age

84% purpose built 2010 or after

Future-proofed modern real estate in what is an overall poor-quality market.

* Non-English homes follow a different rating system and have been converted to English-equivalent ratings.

2 Data-driven confidence in our ability to meet science-based targets and pathway for carbon reduction



How will we achieve net zero carbon by 2040?

Expert advice

We have partnered with external technical experts who complement our detailed knowledge of our portfolio with their wider science-based approach and knowledge of best practice.

Confidence in our starting position

We have collected energy usage data for the portfolio for four years now, and have analysed this data following verification by external experts. Using this input data, which is comprehensive, comparable, and has allowed insightful trend analysis, provides assurance that our targets and initiatives are realistic.

More on the science

- Our emissions reduction targets are aligned with the **Science Based Targets initiative ('SBTi')**. This ensures that a company's goals are consistent with the 1.5°C pathway set by the Paris Agreement. Practical application of such requires interim targets/milestones, which are part of our pathway.
- **Carbon Risk Real Estate Monitor ('CRREM')** is a science-based initiative and tool that helps property owners, investors, and managers understand and manage the carbon transition risk associated with their real estate portfolios and provides decarbonization pathways for the real estate sector, aligned with the goals of the Paris Agreement, measured by reference to maximum carbon emissions intensity (kg CO_2/m^2/year) that buildings can have over time, in order to remain within the sector's "carbon budget".

We remain accountable...

...and have leveraged our extensive real estate knowledge in setting out targets and laying out the pathway. For example, we were able to improve accuracy on some standardised assumptions through the use of our care home real estate knowledge.

Timeline and actions	2025	2030	2035	2040
1. Quick wins: energy efficiency measures i.e. thermal installation in plant rooms (2-3% CO_2 ↓)				
2. Renewable energy generation (including by heat pumps) at 50% of homes by 2030				
3. Increase PV or solar thermal panel coverage towards 100% of portfolio				
4. Electrification of heating • Phase out gas boilers • Install heat pumps and appropriate upgrade of distribution in homes				

Risks and areas outside of our control

- Suitable technology being available at the required scale and cost, per expectations as advised by our external experts, in the time period outlined.
- Materials and labour being available such that the Company is able to have technology installed in a sensible timeframe and at fair, market (not surge) pricing.
- Agreement with tenants as to disruption timeframes for works.
- That the relevant investment costs do not depress investment returns to such an extent the Company cannot achieve its investment objectives to the satisfaction of shareholders.

Energy efficiency is a specific consideration in our investment analysis for acquisitions, developments and portfolio management decisions.

EPC

Our portfolio's EPC certification is 100%-compliant with anticipated legislative standards which will require commercial real estate to be rated EPC B at minimum* by 2030.

2027 compliance (EPC C or above)*

100%

2030 compliance (EPC B or above)*

100%

of the portfolio is EPC rated B or above (A = 11%; B = 89%)

	%
A (92-100)	11
B (81-91)	89
C (69-80)	nil
D (55-68)	nil
E (39-54)	nil
F (21-38)	nil

This is significantly ahead of our listed peers and commercial real estate generally, limiting the requirement for expensive and disruptive remedial capital expenditure.

Strong EPC ratings are a natural consequence of well-designed, modern real estate which we believe should be the staple of the care home sector.

* Anticipated future legal requirements based on MEES.

Building research establishment environmental assessment method (BREEAM):

The world's leading science-based suite of validation and certification systems for the 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. BREEAM In-Use certification is valid for three years. Our certification is summarised as follows:

	Excellent	Very Good	Good	Below good
Number of ratings	3	7	-	–

We consider this to be reflective of the portfolio. We have committed to ensure a minimum of 10% of the portfolio is certified on an ongoing basis and will do so through choosing assets which result in a representative sample of the portfolio as a whole based on geography, build type, design characteristics, developer and operator.

Our investment criteria and focus on modern, purpose-built assets results in a portfolio which is homogeneous and therefore a limited sample provides assurance from certification, and valuable feedback from the process, that can be applied across the portfolio. Additionally, given the cost of obtaining certification, this approach provides the required insight while maintaining value-for-money.

Green leases

As part of our engaged landlord approach, we are embedding covenants within our industry-leading standard lease to mandate the collection of energy usage data from our tenants alongside other financial, operational and regulatory reporting from our tenants.

59%

(2024: 44%)

Data collection and tenant engagement

94%

(2024: 94%)

Substantial progress has been made in collecting Scope 3 energy usage data from our tenants, with near-full provision for the second consecutive year.

This provides meaningful data for us to analyse and use productively towards energy-efficiency initiatives and reporting.

Having a majority of single-let assets and a large number of tenants makes this a challenging endeavour, although one which we believe is crucial to progressing and meeting our commitments.

Through our responsible investment into high-quality real estate and partnering with trusted sector specialist operators, we can go some way to measuring the social impact of the portfolio by comparison with our peers in the listed care home real estate sector.

Our portfolio has substantially full wet-room provision for residents, significantly ahead of the sector average and our listed peers. It remains disappointing that many en suites in care homes are nothing more than a WC and wash hand basin, with shared bathrooms still commonplace.

It is crucial to remember that while care facilities are being provided, these buildings are the residents' homes and we believe that providing ample public and private spaces for residents is paramount to the social impact a care home can have. Our homes have on average 20% more space per resident than our peers while our rent is in line with our peers on a m² basis, promoting the sustainable partnerships with our tenants.

Carehome.co.uk, a 'Tripadvisor'-style care home review website provides real-time feedback from residents and their families to the home and is a key tool for those making the buying decision for a resident entering a care home. Our portfolio measures well at an average score of 9.6 out of 10 compared to our peers at 9.4.

Measure	Headline	Company	Listed Peers average
M² per resident	48	48m²	40m²
Average Carehome.co.uk rating	9.6	9.6	9.4
Purpose built since 2010	84%	84%	17%
EPC A or B rated	100%	100%	70%
Average rent per m²	£198	£198	£188
Regulatory ratings (Good+)	77%	77%	74%
% en suite WC	100%	100%	88%
% en suite wet-rooms*	99%	99%	36%

* Percentage of en suite wet-rooms increased to 100% after 31 December 2024.
Listed Peers Average is comprised of most recently available public information from third parties or disclosed by Care REIT and Aedifica (in relation to their UK portfolio) as at 31 December 2024.
Competitor M² sourced from EPCs. Company's M² sourced from BRCA.

Responsible Partnerships

We engage with all our stakeholders to drive the creation of economic, social and environmental value around our buildings and in wider society.

We engage with all our stakeholders to drive the creation of economic, social and environmental value around our buildings and in wider society.

Alignment with UN SDGs

The SDG that is most relevant to our responsible partnerships, and where we believe we can make a tangible, positive impact, is:

Early stage | Partially met | Met

Commitment	E, S, G	Status	Progress and insight
Responsible Partnerships			
Engage with tenants to ensure real estate is meeting their operational and staff needs, allowing effective care for residents.	S	Partially met	• Formal tenant survey results are consistent with our thesis that our real estate makes a real difference. • 9.2/10 agreed that Target provides high-quality real estate that supports the working environment and helps deliver dignified care to residents. • 9.6/10 agreed that Target works collaboratively with its tenants. See more details on page 15.
Use energy data obtained from tenants to positively influence behaviours where possible.	E	Partially met	• Data analysis on energy usage across the portfolio has (i) identified outliers and (ii) been used to formalise the net zero carbon target (see pages 8 to 10).
Be a responsible landlord to our tenants and their communities through significant challenges, such as pandemics.	S	Met	• Continuity of care prioritised and achieved, to ensure positive social impact for residents and communities.

What this means for Target

Tenant selection, engagement and collaboration

- As a responsible, proactive landlord we prioritise good, open relationships with our tenants.
- We make sure that we solicit, assess and respond to feedback on our portfolio and our behaviours to ensure that carers are supported by a high quality working environment where the residents can be respected and cared for with dignity.
- We only select tenants who share our care ethos and we believe can deliver operationally.

Communities and society

- We fully appreciate the vital role that care homes play in every community, and take decisions in the best interest of maintaining continuity of care for residents.
- We advocate for and support the sector.

Tenant survey

We visit every home at least twice a year, to review the building condition and meet with those working in our homes. Separately, we regularly speak to all our tenants to get an update and discuss matters impacting the sector. Once again, the Manager was delighted to host tenant events during 2024 to bring together tenants with other stakeholders across the care sector, and provide a platform for knowledge sharing and discussions on topical issues. These events covered sector insight, in particular highlighting the economic outlook for the UK focussing on those matters impacting care home operators; recent themes and challenges in relation to the regulatory oversight of the care sector; and an overview of the general market conditions and political environment for care home operators.

On behalf of the Company, the Manager regularly undertakes a tenant survey, with the key results of the latest survey available at 31 December 2024 being set out opposite.

9.6/10

Agreed that Target is a good landlord to work with.

9.2/10

Agreed that Target provides high-quality real estate that supports the working environment and helps deliver dignified care to residents.

8.4/10

Agreed that Target helps their business achieve and understand environmental sustainability.

9.6/10

Agreed that Target lives up to its values through its interactions with its tenants.

9.2/10

Agreed that Target understands the needs of our customers' business.

9.6/10

Agreed that Target works collaboratively with our customers.

Responsible Business

We treat all stakeholders with respect and deal fairly in a manner consistent with how we would expect to be treated ourselves.

We treat all stakeholders with respect and deal fairly in a manner consistent with how we would expect to be treated ourselves.

Early stage | Partially met | Met

Commitment	E, S, G	Status	Progress and insight
Responsible Business			
To establish an ESG Committee to provide appropriate focus and impetus to ESG matters.	G	Met	• ESG Committee meets at least quarterly and has driven improvements in ESG reporting and approved established capex initiatives.
Ensure the benefits of Board diversity are achieved.	G	Partially met	• The Board recognises the benefits of diversity and has consistently met the guidance on gender diversity over recent years. Diversity, including ethnicity, was particularly considered in the Board's recruitment processes. The Board continue to actively consider diversity issues.
Participate in benchmarking and sector appropriate programmes to provide comparable information to stakeholders.	G	Partially met	• GRESB score of 71 in 2024 published assessment, 2nd in peer ranking. Two green stars awarded, and score ahead of peer group average of 65.
Other reporting: Align financial and non-financial reporting with widely used frameworks.	G	Partially met	• ESG disclosures have been enhanced in financial and non-financial reporting. • EPRA BPR and sBPR followed, with gold and silver awards obtained respectively for reporting quality.

What this means for Target

Governance and transparency

- We uphold the highest ethical standards and adhere to best practice in every aspect of our business.
- Our governance and behaviour treat transparency for all of our stakeholders as core.

People, culture and wellbeing

- We encourage employment practices across our key service providers that reflect our core values, with a focus on wellbeing, fairness and opportunity for all.

Alignment with UN SDGs

The SDG that is most relevant to our responsible business, and where we believe we can make a tangible, positive impact, is:

8 DECENT WORK AND ECONOMIC GROWTH

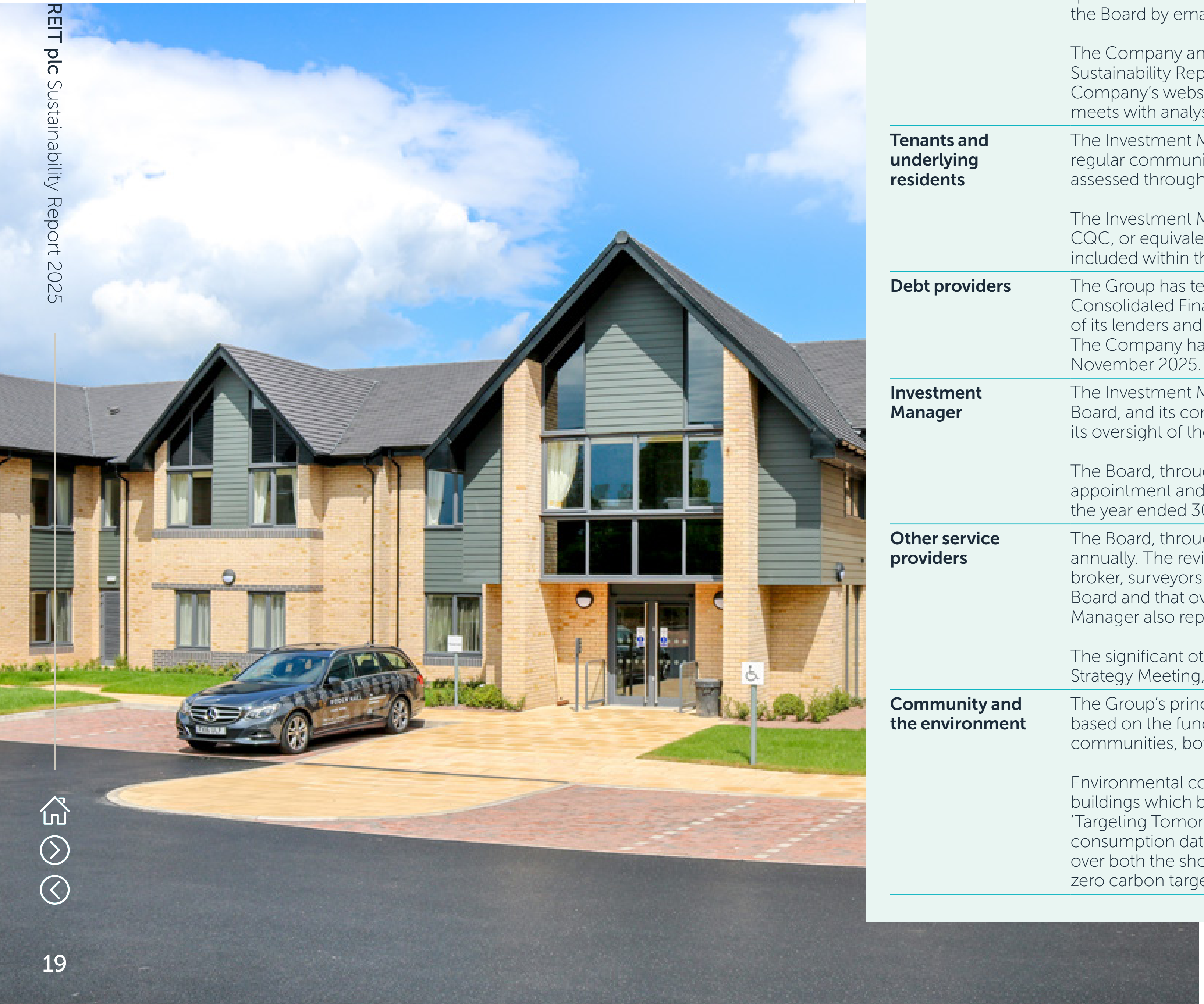
Governance and Transparency

This section, which serves as the Company's section 172 statement, explains how the Directors have had regard to the matters set out in section 172 (1) (a)-(f) of the Companies Act 2006 for the financial year ended 30 June 2024, taking into account the likely long-term consequences of decisions and the need to foster relationships with all stakeholders in accordance with the Association of Investment Companies' Code.

a) The likely consequences of any decision in the long term.	Our investment approach is long term, with an average lease length of 26.1 years as at 31 December 2024. We believe this is the most responsible approach to provide stability and sustainability to tenants and key stakeholders. Therefore, most decisions require consideration of long-term consequences, from determining a sustainable rent level and the right tenant partner for each investment, to considering the impact of debt and key contracts with service providers on the recurring earnings that support dividends to shareholders.
b) The interests of the Company's employees.	The Company is externally managed and therefore has no employees.
c) The need to foster the Company's business relationships with suppliers, customers and others.	As a REIT with no employees, the Board works in close partnership with the Manager, which runs the Group's operations and portfolio within parameters set by the Board and subject to appropriate oversight. The Manager has deep relationships with tenants, the wider care home sector, and many of the Group's other suppliers. These are set out in more detail on the following page.
d) The impact of the Company's operations on the community and the environment.	The Board is confident the Group's approach to investing in a sensitive sector is responsible with regard to social and environmental impact. This is set out in more detail in the community and the environment section on the following page.
e) The desirability of the Company maintaining a reputation for high standards of business conduct.	The Board requires high standards of itself, service providers and stakeholders. The Group's purpose and investment objectives dictate that these standards are met in order to retain credibility. The ethos and tone is set by the Board and the Manager.
f) The need to act fairly as between members of the Company.	The Board encourages an active dialogue with shareholders to ensure effective communication, either directly or via its brokers and/or Manager. The interests of all shareholders are considered when issuing new shares and/or considering the level of distributions or other return of capital.

The interests of key stakeholders are considered and promoted as follows:

The Board considers that it has made decisions during the year that will promote the success of the Group for the benefit of its members as a whole.



Shareholders	Shareholders are key stakeholders and the Board proactively seeks the views of its shareholders and places great importance on communication with them. The Board reviews the detail of significant shareholders and recent movements at each Board Meeting and receives regular reports from the Investment Manager and Brokers on the views of shareholders, and prospective shareholders, as well as updates on general market trends and expectations. The Chair and other Directors make themselves available to meet shareholders when required to discuss the Group's business and address shareholder queries. The Directors make themselves available at the AGM in person, with the Company also providing the ability for any questions to be raised with the Board by email in advance of the meeting. The Company and Investment Manager also provide regular updates to shareholders and the market through the Annual Report, Interim Report, Sustainability Report, regular Regulatory News Service announcements (including the quarterly Net Asset Value), quarterly investor reports and the Company's website. The Investment Manager holds a results presentation on the day of publication of each of the Annual and Interim Reports and meets with analysts and members of the financial press throughout the year.
Tenants and underlying residents	The Investment Manager liaises closely with tenants to understand their needs, and those of their underlying residents, through visits to properties and regular communication with both care home personnel and senior management of the tenant operators. The effectiveness of this engagement is assessed through a regular tenant survey. The Investment Manager also receives, and analyses, management information provided by each tenant at least quarterly and regularly monitors the CQC, or equivalent, rating for each home and any online reviews, such as carehome.co.uk. Any significant matters are discussed with the tenant and included within the Board reporting.
Debt providers	The Group has term loan and revolving credit facilities with the Royal Bank of Scotland plc, HSBC Bank plc and Phoenix Group (see Note 13 to the Consolidated Financial Statements in the Annual Report 2024 for more information). The Company maintains a positive working relationship with each of its lenders and provides regular updates, at least quarterly, on portfolio activity and compliance with its loan covenants in relation to each loan facility. The Company has commenced discussions with existing lenders in relation to refinancing the proportion of its debt facilities which will expire in November 2025.
Investment Manager	The Investment Manager has responsibility for the day-to-day management of the Group pursuant to the Investment Management Agreement. The Board, and its committees, are in regular communication with the Investment Manager and receive formal presentations at every Board Meeting to aid its oversight of the Group's activities and the formulation of its ongoing strategy. The Board, through the Management Engagement Committee, formally reviews the performance of the Investment Manager, the terms of its appointment and the quality of the other services provided at least annually. Further details on this process and the conclusions reached in relation to the year ended 30 June 2024, are contained on page 39 of the Annual Report 2024.
Other service providers	The Board, through the Management Engagement Committee, formally reviews the performance of each of its significant service providers at least annually. The reviews will include the Company's legal adviser, brokers, tax advisers, auditor, depositary, external valuer, company secretary, insurance broker, surveyors and registrar. The purpose of the review is to ensure that the quality of the service provided remains of the standard expected by the Board and that overall costs and other contractual arrangements remain in the interests of the Group and other significant stakeholders. The Investment Manager also reports regularly to the Board on these relationships. The significant other service providers, particularly the Group's legal adviser and broker, are invited to attend Board Meetings, including the annual Strategy Meeting, and report directly to the Directors where appropriate.
Community and the environment	The Group's principal non-financial objective is to generate a positive social impact for the end-users of its real estate. Investment decisions are made based on the fundamental premise that the real estate is suitable for its residents, the staff who care for them, and their friends, families and local communities, both on original acquisition and for the long term. Environmental considerations are an integral part of the acquisition and portfolio management process, given the strategy of only acquiring modern buildings which benchmark well from an energy efficiency aspect and which meet the requirements of the Investment Manager's ESG Charter 'Targeting Tomorrow'. Under the remit of the ESG Committee, the progression of the Group's ESG strategy has prioritised gathering useful energy/consumption data on its portfolio, whilst identifying and commencing work on a straightforward hierarchy of initiatives to maximise the Group's impact over both the short and longer term; and progressing the formation of a longer-term portfolio strategy in relation to setting and meeting the Group's net zero carbon target.

Supporting Data

Target Fund Managers is aligned with the ESG objectives of the Company. The Manager's notable activities during 2024 and priorities into 2025 and beyond are summarised below:

	2024	2025
Energy	– Carbon Neutral company certification obtained following emissions audit, with offsetting applied to 188.68 tCO_2e for most recent annual reporting period. – 100% energy at premises from a renewable energy supplier.	– Continue to assess further measures to reasonably reduce energy usage.
People, culture, wellbeing	– We have implemented policies for staff wellbeing and support. We ensure that these are prominently notified to staff and that these policies are freely available. In this period, an electric car scheme and subsidised annual medical assessments from a local health practice were made available for all team members. – Flexible working, where appropriate, and use of technology inclusive of AV and teleconference. – Local suppliers and trades prioritised in supply chain.	– Priorities include continuing and building on 2024 achievements, for example holding corporate events for team members to provide training and to promote the positive corporate culture.
Responsible investment	– Continued application of 'House Standard' for responsible investment. – Ongoing visits to care homes for regular monitoring. – Annual tenant dinner hosted to provide a forum to promote discussion and the sharing of ideas and best practice across the tenant base.	– Ongoing regular engagement with tenants, including launching operator ESG workshops with external advisers' inputs on topical industry matters.

EPRA Sustainability Performance Measures
Environmental Sustainability Performance Measures

Third Party Assurance

The Elec-Abs, Elec-LfL, Fuels-Abs, Fuels-LfL and GHG figures are sourced from the same data used by the Company for its annual GRESB submission. The GRESB data was reviewed by Envision Sustainability Limited ('Envision'), as ESG Advisers to the Company, in order to provide assurance on the validity and accuracy of the data presented, and verification of the GHG emissions reported, in accordance with ISO 14064-3. Based on a detailed review of sources of the data and information presented, Envision confirmed that the data presented for inclusion in the GRESB submission was accurate and a fair representation, prepared in accordance with ISO 14064-1.

EPRA Code	Performance Measure	Scope	Unit of measurement	2024	2023	Percentage Change
Elec-Abs	Total electricity consumption[4]	Total landlord-obtained electricity	Annual MWh	245	260	-5.9%
		Available tenant-obtained electricity[1]	Annual MWh[1]	17,364	16,757	+3.6%
		Percentage of landlord-obtained electricity from renewable sources[3]	%	34%	37%	-241bps
		Percentage of tenant-obtained electricity from renewable sources[3]	%	19%	Not disclosed	Not disclosed
Elec-LfL	Like-for-like total electricity consumption[4]	Total landlord-obtained electricity	Annual MWh	245	260	-5.9%
		Available tenant-obtained electricity[1]	Annual MWh[1]	16,475	16,028	+2.8%
DH&C-Abs **DH&C-LfL**	Total district heating & cooling consumption and like-for-like total district heating & cooling consumption[2]	Total landlord-obtained electricity	Annual MWh	n/a	n/a	n/a
		Available tenant-obtained electricity	Annual MWh	n/a	n/a	n/a
Fuels-Abs	Total fuel consumption[4]	Total landlord-obtained gas	Annual MWh	916	903	+1.5%
		Available tenant-obtained gas[1]	Annual MWh[1]	40,590	39,160	+3.7%
Fuels-LfL	Like-for-like total fuel consumption[4]	Total landlord-obtained gas	Annual MWh	916	903	+1.5%
		Available tenant-obtained gas[1]	Annual MWh[1]	39,214	37,148	+5.6%
Energy-Int	Building energy intensity[5]	Total landlord-obtained energy	Annual kWh per bed	10,010	10,028	-0.2%
		Available tenant-obtained energy[1]	Annual kWh per bed[1]	9,597	9,261	+3.6%
		Total landlord-obtained energy	Annual kWh per sqm	182.69	183.02	-0.2%
		Available tenant-obtained energy[1]	Annual kWh per sqm[1]	202.59	197.01	+2.8%
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	Direct – Scope 1	Annual metric tonnes CO_2e	0	0	0
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	Indirect – Scope 2 Indirect – Scope 3 • Total landlord-obtained energy • Available tenant-obtained energy[1]	Annual metric tonnes CO_2e	0 218 10,692	0 219 10,467	0 -0.4% +2.2%
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	Direct – Scope 1 Indirect – Scope 2 Indirect – Scope 3 • Total landlord-obtained energy • Available tenant-obtained energy[1]	Annual metric tonnes CO_2e per bed	n/a n/a 1.88 1.77	n/a n/a 1.89 1.73	n/a n/a -0.4% +2.1%
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	Direct – Scope 1 Indirect – Scope 2 Indirect – Scope 3 • Total landlord-obtained energy • Available tenant-obtained energy[1]	Annual kilograms CO_2e per sqm	n/a n/a 34.3 37.4	n/a n/a 34.5 36.9	n/a n/a -0.4% +1.3%

1 The majority of the energy usage related to the Company's direct property portfolio is arranged by, and is the responsibility of, each tenant.

2 There are no district heating or cooling systems used by the properties within the Company's portfolio.

3 The weighted average percentage of electricity from renewable sources from landlord-obtained electricity was 34% from renewable sources, of which nil was generated onsite, and 14% from nuclear sources for the year as a whole. However, due to a change to a zero carbon tariff towards the end of the calendar year, the landlord-obtained electricity at 31 December 2024 was 10% from renewable sources and 90% from nuclear sources. The majority of electricity is procured by the tenants. Of the total of 19% of tenant-obtained electricity consumed from renewable sources, 18% was purchased and consumed from external utility suppliers and 1% was self-generated onsite through the use of photovoltaic panels. The nature of the energy supply mix for tenant-obtained electricity was determined through the review of supplier invoices.

4 All landlord-obtained data included in the Company's absolute portfolio is based entirely on meter readings and invoices, covers 100% of the properties for which the landlord procures the electricity and gas, and no estimations are included in either the total or like-for-like ('LfL') landlord-obtained utility consumption reported. Tenant-obtained data included in the Company's absolute portfolio is based almost entirely on meter readings and invoices, and estimations represent 0.6% of LfL tenant-obtained electricity usage and 1.0% of LfL tenant-obtained gas usage. Such estimates are only used to fill gaps for short missing periods using known consumption from a recent and comparable period for the metered supply for the property in question. Where information is not available for a property for the entirety of its operational period in either the current or prior year, or where there are doubts over the accuracy of the information provided by the tenant, the property has been excluded from Elec-Abs and Fuels-Abs and, where relevant, the related LfL measures. The resultant figures shown for available tenant-obtained energy cover 95% of the Group's portfolio by number of beds and 94% by financial value of the assets within the organisational boundary at 31 December 2024. The properties included are considered to be representative of the portfolio as a whole.
The like-for-like information is calculated based on the Company's absolute portfolio, adjusted to remove any properties which reached practical completion, or which were bought or sold during the most recent two full reporting years. No further adjustments were required for properties under development.

5 Normalisation. The Company considers the absolute and like-for-like gas usage to be the most effective measure for both landlord and tenant-obtained consumption. For a care home portfolio, it is considered that the most appropriate intensity metric is to measure this against the number of registered beds. However, recognising that portfolios with better social metrics may have a larger floor space per resident, the intensity per square metres is also provided.

EPRA Sustainability Performance Measures
Environmental Sustainability Performance Measures

EPRA Code	Performance Measure	Scope
Water-Abs Water-LfL	Total water consumption and like-for-like total water consumption	As the Company, as landlord and property owner, has no direct responsibility for water consumption and waste creation and disposal generated by the operations of the building and has limited scope through asset management initiative to influence the efficiency of the property portfolio in relation to these matters, they are deemed to be immaterial in measuring the environmental performance of the Company and are not reported.
Water-Int	Building water intensity	
Waste-Abs Waste-LfL	Total weight of waste by disposal route and like-for-like total weight of waste by disposal route	

Narrative on Performance

At the end of 2024, the Company's portfolio included 93 operational care homes, comprising 6,397 beds, all of which were leased on a full repairing and insuring basis to the Company's tenants. The Company procures the supply of electricity and gas at one of these care homes, information on which is contained in the 'landlord-obtained' figures reported above, with the tenants obtaining the supply of electricity and gas at the remaining 92 care homes. Information on 88 of these homes, plus the pro-rata energy consumption covering the period of ownership for a further four homes which were sold during the year to 31 December 2024, is included in the 'tenant-obtained' figures reported above. For the year ended 31 December 2024, total energy consumption from energy and gas across the Company's portfolio was 59,115 MWh (2023: 57,080 MWh). The absolute energy intensity of the Company's portfolio was 9,605 kWh per bed (2023: 9,275 kWh per bed), an increase of 3.6%. The GHG emissions intensity was 1.77 metric tonnes of CO_2e per bed (2023: 1.74 metric tonnes of CO_2e per bed), an increase of 2.1%.

As the aforementioned figures demonstrate, the Company's portfolio continues to demonstrate a low level of absolute energy consumption, intensity and GHG emissions relative to both its peers and the science-based target to reach Net Zero Carbon by 2050, as may be expected given the portfolio's EPC and BREEAM ratings detailed elsewhere in this report. However, consumption across the portfolio increased year-on-year on both an absolute and like-for-like basis. The reasons for this are numerous, however, the overall trend is believed to be driven primarily by an increase in the level of average resident occupancy noted across the portfolio as a whole, with the fill-up of recently opened homes within the portfolio magnifying the general market trend. Notwithstanding the initiatives to reduce energy consumption, including the annualised impact of the photovoltaic panels at certain care homes which in general were installed towards the end of the calendar year, this is a trend that may continue into the following year as the Group's recently built, and environmentally efficient, homes continue to mature towards full occupancy; a process usually expected to take around three years.

The Company will share a summary of the energy consumption data with all its tenant operators. This will include benchmarking the homes of each operator against the Company's portfolio, thereby allow the identification of both "strong" performers and any homes that are outliers. This analysis will be used to progress discussions with the Company's operators in order to understand if the 'outliers' are the result of operational decisions/activities at the individual care homes or whether it offers an opportunity to improve the efficiency and environmental quality of the underlying real estate. The Company intends to use these discussions to share knowledge and best practice between operators, thereby allowing operators to consider initiatives that could address operational causes of high energy usage.

Environmental Sustainability Performance Measures
Investment Manager

The Investment Manager produces its own Carbon (GHG) Emissions Reports on an annual basis. The most recent report was for the year to 31 October 2024. The relevant emissions, the majority of which relate to supporting the activities of the Company, are reported opposite. The Manager has met all Carbon Neutral Britain Certification standards in measuring, calculating and carbon offsetting organisational carbon emissions within the Scope 1, 2 and 3 GHG emissions boundary during the period of 1 November 2023 to 31 October 2024 and was therefore Certified Carbon Neutral for the period.

EPRA Code	Performance Measure	Scope	Unit of measurement	Year to 31 October 2024	Year to 31 October 2023
Elec-Abs	Total electricity consumption	Total electricity consumption for Investment Manager	Annual kWh	66,100	87,615
Energy-Int	Electricity intensity for Investment Manager	Total electricity consumption per full time employee for Investment Manager	Annual kWh	2,023	2,826
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	Scope 1: Company-owned vehicles Scope 2: Energy usage on site Scope 3: Other (including business travel, property visits, staff commuting and working-from-home energy usage)	Annual metric tonnes CO_2e	6.22 13.69 168.77	4.17 18.14 116.86

Environmental Sustainability Performance Measures

Certified Assets

An 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. The EPC rating system varies by country. The absolute EPC ratings applicable under each country's reporting systems are disclosed opposite.

In addition to EPC ratings, the Company has also obtained BREEAM In-Use assessments on a sample of its portfolio. 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. The BREEAM In-Use assessments obtained are disclosed on page 9.

Social Performance Measures

Target Healthcare REIT plc has no direct employees, with the Investment Management and Administrative functions undertaken by the Manager, Target Fund Managers Limited. Therefore, the following EPRA performance measures relating to employee-related matters are outside the organisational boundaries of this report and are not reported:

Diversity-Emp, Diversity-Pay, Emp-Training, Emp-Dev, Emp-Turnover, H&S-Emp

Information on the Manager's notable activities in 2024 and priorities in 2025 are disclosed on page 21.

Due to the lease structures, with all properties fully-let to individual tenants and with no common areas under the control of the landlord, all health & safety assessments and ongoing community engagement are conducted by the Company's tenants and the Company has no direct oversight. The Company will, however, aim to have a positive impact on communities by, for example, treating continuity of care in our assets as a priority. The Company therefore does not report on the following EPRA performance measures:

H&S-Asset, H&S-Comp, Comty-Eng

				31 December 2024		31 December 2023	
				Number	Percentage	Number	Percentage
Cert-Tot	Type and number of sustainably certified assets	Properties located in England & Wales and Northern Ireland under English rating system	EPC A	10	10.7%	7	7.5%
			EPC B	75	80.6%	77	82.8%
			EPC C	–	–	1	1.1%
			EPC D or lower	–	–	–	–
		Properties located in Scotland under Scottish rating system*	EPC A	–	–	–	–
			EPC B	–	–	–	–
			EPC C	2	2.2%	1	1.1%
			EPC D	–	–	1	1.1%
			EPC E	1	1.1%	2	2.1%
			EPC F	5	5.4%	4	4.3%
			EPC G or lower	–	–	–	–

The properties located in Scotland are reported here under the local rating system. If converted to their English-equivalents for consistency in reporting for the portfolio as a whole, 100% of the portfolio would have been rated EPC B or better under the English rating system at 31 December 2024.

Governance Performance Measures

The Company is registered as a Public Limited Company in terms of the Companies Act 2006 (Registered number: 11990238) and is an investment company under section 833 of the Companies Act 2006. The Company's shares have been admitted to the premium segment of the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange. The Company is a constituent of the FTSE 250 Index. As such, the Board of Target Healthcare REIT plc has adopted the Principles and Provisions of the AIC Code of Corporate Governance (the 'AIC Code'). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code, as well as setting out additional provisions on issues that are of specific relevance to the Company. The full details of the Company's compliance with the AIC Code, and other corporate governance matters, are disclosed annually in the Group's Annual Report and Financial Statements.

The Company did not have any instances or occurrences of material controversies, misconduct, penalties, incidents or accidents to report to its stakeholders in relation to the year to 31 December 2024, or for the subsequent period up to the date of this report.

EPRA Code	Performance Measure	Unit	Indicator	31 December 2024	31 December 2023
Gov-Board	Composition of the highest governance body	Number	Board members	5	5
		%	Non-executive Board members	100%	100%
		%	Independent Board members	100%	100%
		%	Female Board members	40%	40%
		Years	Average tenure	3.0 years	2.0 years
Gov-Selec	Process for nominating and selecting the highest governance body	Narrative description	The recruitment process is detailed in the Directors' Report and Corporate Governance Statement of the Company's Annual Report 2024. The Board has established a separate Nomination Committee which considers and reviews the composition and balance of the Board, ensures that there are plans in place for an orderly succession and leads the process for appointments, including the selection and appointment of any external recruitment consultant. The performance of each of the independent non-executive Directors, and the Board as a whole, is assessed annually and each Director stands for election at each Annual General Meeting. The Board Performance Review is externally facilitated at least every three years, and was conducted during the year ended 31 December 2024.		
Gov-Col	Process for managing conflicts of interest	Narrative description	The process for identifying and managing conflicts of interest is detailed in the Corporate Governance Statement of the Company's Annual Report 2024. As well as the direct policies and processes of the Company, the Manager has in place a conflicts of interest and allocation policy which aims to ensure a fair allocation of investment opportunities and to mitigate potential conflicts of interest that may arise where the Manager provides investment management, investment advice or other services to other funds that may have similar investment policies to that of the Company. The Company has reviewed, and accepted, the Manager's policy which remained unchanged during the year.		

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