

# Quarterly Investor Report:

## August 2019

Figures as at and for quarter ended 30 June 2019

Target Healthcare REIT Limited and its subsidiaries ('the Group') is a leading investor in modern purpose-built UK care homes. The Group aims to provide investors with an attractive quarterly dividend generated from a portfolio diversified by tenant, geography and end-user payment profile.

### Group at a glance



Properties  
**63**



Beds  
**4,094**



Tenants  
**24**



Contracted rent  
**£32.2m**



Property Value  
**£500.9m**



### Overview

|                                 |  |
|---------------------------------|--|
| Launch Date                     | March 2013*  |
| ISIN                            | GB00BJGTLF51   |
| Registered number               | 11990238   |
| Expected quarterly dividend     | Feb/May/Aug/Nov  |
| Financial year end              | 30 June  |
| Currency                        | Sterling   |
| Website                         | <a href="http://www.targethealthcarereit.co.uk">www.targethealthcarereit.co.uk</a> |
| Ordinary share class            | 15/08/2019   |
| Shares in issue                 | 385,089,449  |
| Share price                     | 116.00 pence   |
| Market cap                      | £446.7 million   |
| Share price Premium to EPRA NAV | 7.6%   |

### Key ratios & financials

|                                |   |
|--------------------------------|---|
| Investment properties          | £500.9 million  |
| Drawn debt                     | £108 million  |
| EPRA NAV                       | £415.2 million  |
| EPRA NAV per share             | 107.8 pence   |
| EPRA NAV growth                | 0.5% per share  |
| Qtrly. EPRA earnings per share | 1.29 pence  |
| Qtrly. dividend per share      | 1.64 pence  |
| Dividend yield (15/08/2019)    | 5.7%  |
| LTV**                          | 21.6% (gross); 16.0% (net)  |
| Management fee rate            | 1.05% up to £500m NAV<br>0.95% of £500m - £750m NAV<br>0.85% of £750m - £1,000m NAV<br>0.75% of £1,000m - £1,500m NAV<br>0.65% of £1,500m + NAV |
| WAULT                          | 29.1 years  |

\* originally launched as Target Healthcare REIT Limited, (Jersey registered: 112287)

\*\*Gross LTV calculated as total gross debt as a proportion of gross property value exc. cash. Net LTV calculated as total gross debt less cash, as a percentage of gross property value

## Recent news

The Group completed construction of two homes in Shropshire and Kent, while also acquiring two new homes in Formby and Nottingham adding a further 232 beds. Subsequent to the quarter end the Group completed the disposal of two homes in Surrey & Essex proactively managing the portfolio and undertaking asset management activities to ensure the Group's strategy is updated and relevant as circumstances develop.

### Pipeline

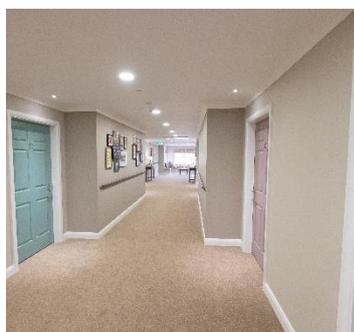
The Group continues to progress through diligence on a number of acquisition deals, the completion of which would fully utilise the Group's available capital. The UK care home real estate market remains active, with a mix of generalist and specialist investors continuing to transact across the yield curve, reflecting the varying quality of real estate available. The Group's Investment Manager continues to use its specialist knowledge, in-house research capabilities and relationships with vendors and operators to identify and acquire high quality, modern, fit-for-purpose assets which meet its investment criteria.

### Performance

The portfolio value increased by 5.0% over the quarter, with the like-for-like value up 0.6% predominantly as a result of rental uplifts. The recently constructed and acquired homes, plus further capital deployed for the development projects account for the remainder of the value increase.

### Healthcare sector

The green paper on adult social care continues to be delayed. The recent government reshuffle has produced some positive headlines with the new Prime Minister promising to fix the crisis in social care once and for all, with a clearer plan to give every elderly person the dignity and security they deserve. While we await the details of this plan, demand continues to rise for elderly care facilities, whilst the supply of new beds does not keep pace with bed closures. Unfortunately, until a clear plan is enacted, the people hardest hit are often those who must rely on the state to fund their care in old age, or those whose diagnosis of dementia risks depleting their life savings.



## Summary balance sheet

|                                  | Jun-19       | Mar-19       |
|----------------------------------|--------------|--------------|
| Investment Properties***         | 500.9        | 477.1        |
| Cash                             | 26.9         | 21.1         |
| Net current assets/(liabilities) | (4.6)        | (1.0)        |
| Bank Loan                        | (108.0)      | (84.0)       |
| <b>Net assets</b>                | <b>415.2</b> | <b>413.2</b> |
| EPRA NAV per share (pence)       | 107.8        | 107.3        |

\*\*\*Ignores the effect of fixed/guaranteed rent reviews

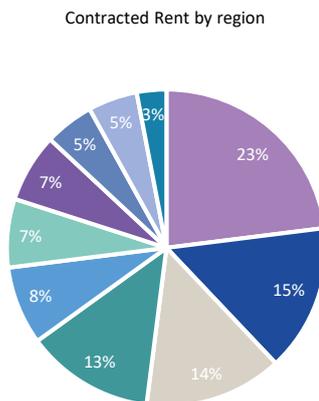
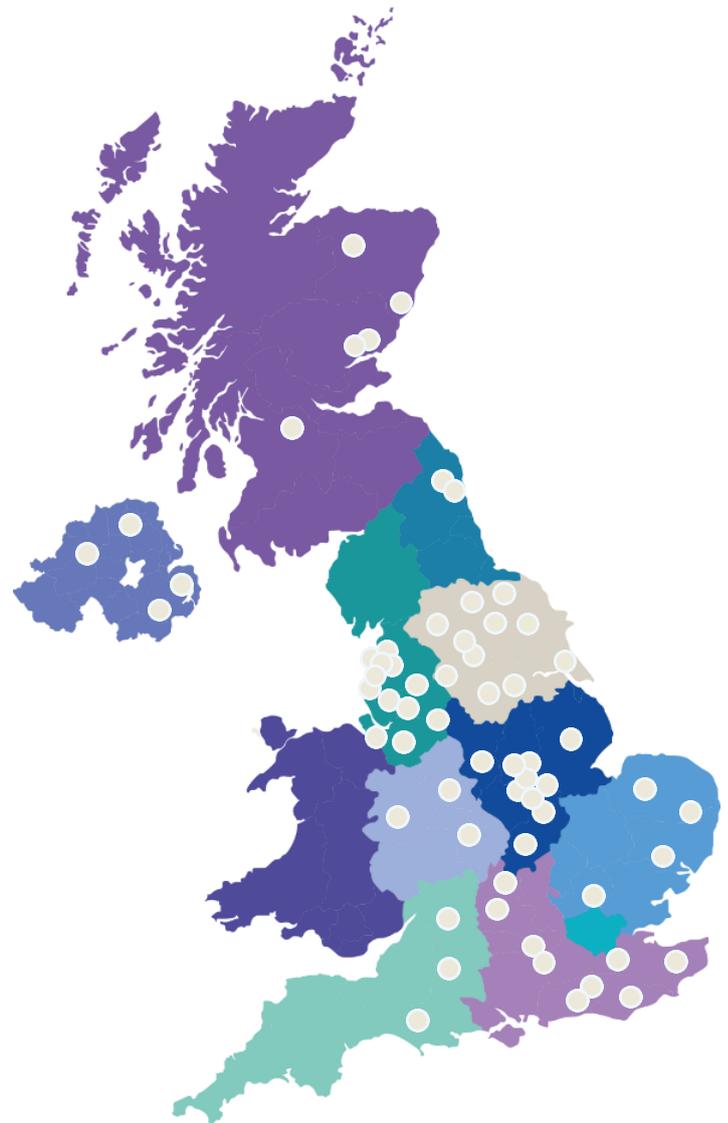
## Performance – NAV and share price total return



## Portfolio summary



Geographical spread of the portfolio



Valuation by region (incl developments)



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 Gordon Coull  
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 Dickson Minto W.S.  
 Ernst & Young LLP