

Quarterly Investor Report:

November 2019

Figures as at and for quarter ended 30 September 2019

Target Healthcare REIT plc 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
4,318



Tenants
26



Contracted rent
£32.9m



Property Value
£511.4m



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	www.targethealthcarereit.co.uk
Ordinary share class	19/11/2019
Shares in issue	457,487,640
Share price	116.00 pence
Market cap	£530.7 million
Share price Premium to EPRA NAV	7.5%

Key ratios & financials

Investment properties	£511.4 million
Drawn debt	£130 million
EPRA NAV	£493.7 million
EPRA NAV per share	107.9 pence
EPRA NAV growth	0.4% per share
Qtrly. EPRA earnings per share	1.37 pence
Qtrly. dividend per share	1.67 pence
Dividend yield (19/11/2019)	5.8%
LTV**	25.4% (gross); 2.7% (net)
Management fee rate	1.05% up to £500m NAV 0.95% of £500m - £750m NAV 0.85% of £750m - £1,000m NAV 0.75% of £1,000m - £1,500m NAV 0.65% of £1,500m + NAV
WAULT	28.9 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 one home in Preston, while also acquiring two new homes in Ripon and Stourport adding a further 211 beds. Subsequent to the quarter end, and to the raising of an additional £80m of equity in September, the Group completed the acquisitions of eight care homes and a block of 31 retirement apartments in four separate transactions. These acquisitions deployed the majority of the shareholders funds in a timely manner, reducing the cash drag effect of uninvested capital.

Pipeline

The investment market for the high quality, modern, fit-for-purpose assets which meet the Group's investment criteria remains competitive. As can be seen from the acquisitions recently announced, the Group continues, through its Investment Manager, to use its specialist knowledge, in-house research capabilities and relationships with vendors and operators to identify and acquire assets with a compelling investment case. Following the recent acquisitions, the Investment Manager is assessing a number of opportunities to deploy its remaining investible capital.

Performance

The portfolio value increased by 2.1% over the quarter, with the like-for-like value up 0.7% largely reflecting the impacts of rental uplifts and yield shifts. The remainder of the value uplift was the result of net capital deployment through new acquisitions and development project spend which was offset by the disposal of two homes in July.

Healthcare sector

Recent political events have resulted in the much delayed social care 'Green Paper' now being replaced by a general promise to "bring forward proposals to reform adult social care to ensure dignity in old age". We await manifestos from all parties in the run up to the general election to reignite the debate on proposed changes for social care. Despite this, operators carry on with the 'status quo' of the current system and market dynamics. During October, the ONS published data re-confirming that the number of over 85 year olds is set to double within the next 25 years to c. 3m, highlighting that the demand for care facilities is only going to increase.



Summary balance sheet

£m	Sept-19	Jun-19
Investment Properties***	511.4	500.9
Cash	116.4	26.9
Net current assets/(liabilities)	(4.1)	(6.0)
Bank Loan	(130.0)	(108.0)
Net assets	493.7	413.8
EPRA NAV per share (pence)	107.9	107.5

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

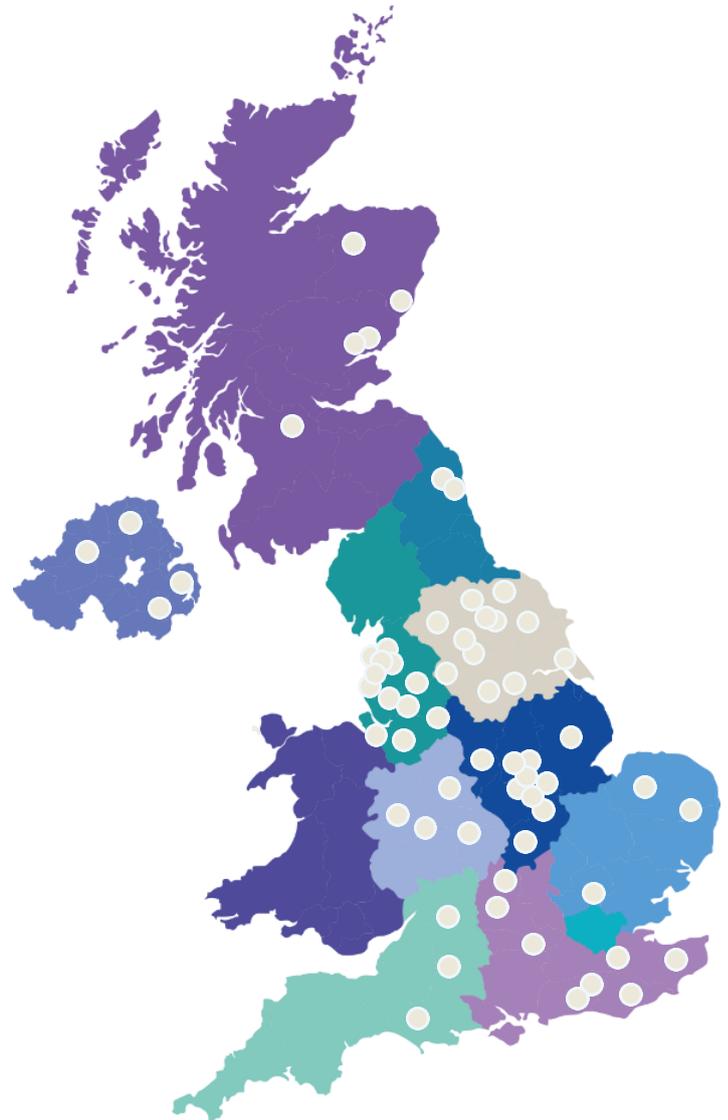
Performance – NAV and share price total return



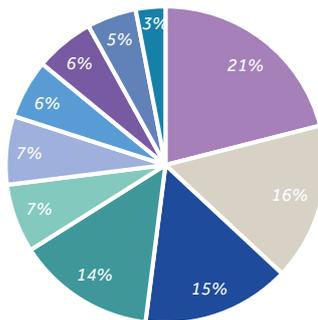
Portfolio summary



Geographical spread of the portfolio



Contracted Rent by region



Valuation by region (including developments)



Directors

Malcolm Naish (Chairman)
 Professor June Andrews
 Gordon Coull
 Thomas Hutchison III

Investment Manager

Target Fund Managers Ltd.
 Kenneth MacKenzie,
 Gordon Bland
 +44 (0) 1786 845 912
 targetfundmanagers.com

Advisers

Administrator
 Depositary
 Broker
 UK Legal
 Auditors

Target Fund Managers Ltd.
 IQ EQ Depositary Company (UK) Ltd.
 Stifel Nicolaus Europe Ltd.
 Dickson Minto W.S.
 Ernst & Young LLP

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