

Quarterly Investor Report:

April 2020

Quarter ended 31 March 2020

Target Healthcare REIT plc and its subsidiaries ('the Group') is a leading investor in modern purpose-built UK care homes with wet rooms. 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
73



Beds
5,073



Tenants
27



Contracted rent
£38.9m



Property Value
£613.4m



Overview		Key ratios & financials	
Launch date	March 2013*	Investment properties	£613.4 million
ISIN	GB00BJGTLF51	Drawn debt	£142.0 million
SEDOL	BJGTLF5	EPRA NAV	£494.2 million
Company name	Target Healthcare REIT plc	EPRA NAV per share	108.0 pence
Registered number	11990238	Quarterly NAV total return (including dividend)	1.5%
Expected quarterly dividend	Feb/May/Aug/Nov	Quarterly Group specific adjusted EPRA earnings per share	1.30 pence
Financial year end	30 June	Quarterly dividend per share	1.67 pence
Currency	Sterling	Dividend yield (27/04/2020)	6.1%
Website	www.targethealthcarereit.co.uk	Loan-to-Value ('LTV')**	23.2% (gross); 18.1% (net)
Ordinary share class as at	27/04/2020	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
Shares in issue	457,487,640	WAULT	29.2 years
Share price	110.0 pence		
Market cap	£503.2 million		
Share price premium to EPRA NAV	1.9%		

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

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

Recent news

COVID-19 Update

During the COVID-19 pandemic care homes are having to adapt to new challenges including procuring sufficient PPE, maintaining staffing levels and managing the isolation and testing of symptomatic residents and staff. Care home staff are doing incredible work in continuing to care for vulnerable residents while galvanising their teams to keep morale high. Longer term, the fundamental demand for elderly care has not changed, nor have the advantages of the Group's strategy of owning modern, purpose-built care homes which by design segregate residents into groups, promote enhanced infection control and allow effective isolation through en suite wet rooms.

Performance

The portfolio value increased by 4.0% over the quarter. Of the increase, 3.4% is derived from acquisitions and further investment, with a positive 0.6% like-for-like movement in the operational portfolio, reflecting the impact of the inflation-linked rental reviews, the shortening of rent-free periods and the re-tenanting of the six former Orchard properties. The portfolio valuation included a market standard material uncertainty clause.

Acquisitions and Asset Management

In the quarter the Group acquired two care homes in Yorkshire (located in Scarborough and Pudsey), leased to an existing tenant on 35-year lease terms, providing 172 bedrooms all with wet rooms. The Group also successfully completed the re-tenanting of six care homes from Orchard to two portfolio tenants, providing an endorsement of the Group's investment strategy. On a consolidated basis there has been no material change in the contracted rental income the Group will receive from these homes once the rental incentives expire and the aggregate value of the six properties increased as a result of the re-tenanting.

Pipeline

Transaction volumes in this sector have reduced recently as a consequence of the COVID-19 pandemic. The Group thought it prudent to postpone the completion of the acquisition of two quality care homes towards the quarter end as the severity of the COVID-19 pandemic emerged. This position is under regular review and there is ongoing dialogue with the vendors. The timing of completion of any future acquisitions will be considered carefully against both the market outlook and the Group's available funds.



Summary balance sheet

£m	Mar-20	Dec-19
Property Portfolio***	613.4	589.9
Cash	31.1	31.8
Net current assets/(liabilities)	(8.3)	7.9
Bank Loans	(142.0)	(135.0)
Net assets	494.2	494.6
EPRA NAV per share (pence)	108.0	108.1

***Ignores the effect of fixed/guaranteed rent reviews. See note 9 to the Group Annual Report 2019 for full details.

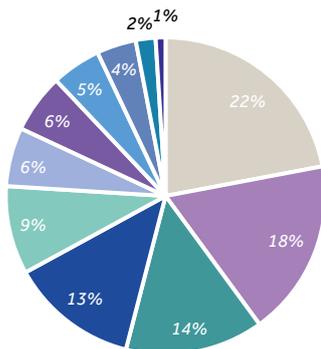
Performance – NAV and share price total return



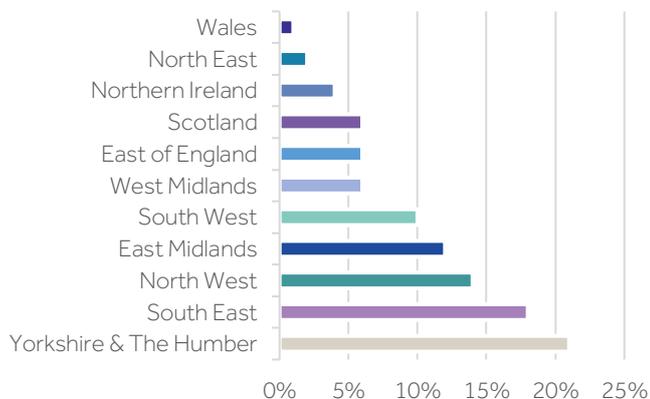
Portfolio summary



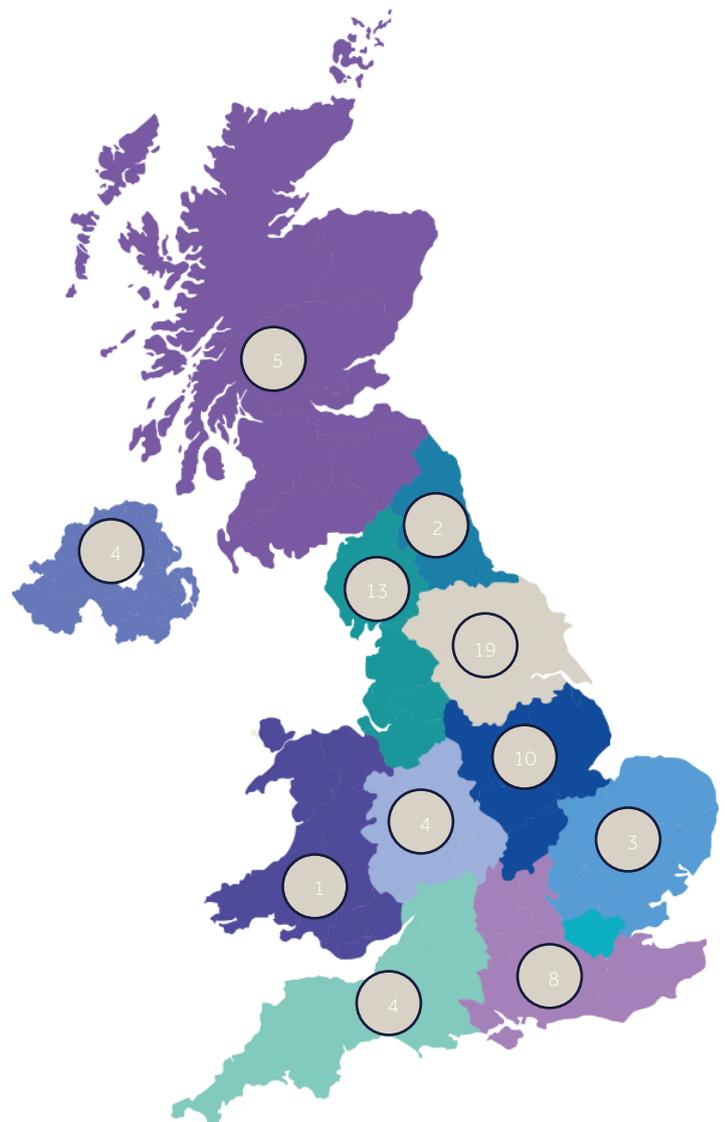
Contracted rent by geographic region



Valuation by geographic region (including developments)



Number of properties by geographic region



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