

Quarterly Investor Report:

August 2020

Quarter ended 30 June 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
£39.0m



Property Value
£617.6m



Overview		Key ratios & financials	
Launch date	March 2013*	Investment properties	£617.6 million
ISIN	GB00BJGTLF51	Drawn debt	£152.0 million
SEDOL	BJGTLF5	EPRA NAV	£494.3 million
Company name	Target Healthcare REIT plc	EPRA NAV per share	108.1 pence
Registered number	11990238	Quarterly NAV total return (including dividend)	1.6%
Expected quarterly dividend	Feb/May/Aug/Nov	Quarterly Group specific adjusted EPRA earnings per share	1.26 pence
Financial year end	30 June	Quarterly dividend per share	1.67 pence
Currency	Sterling	Dividend yield (21/08/2020)	6.1%
Website	www.targethealthcarereit.co.uk	Loan-to-Value ('LTV')**	24.6% (gross); 18.7% (net)
Ordinary share class as at	21/08/2020	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	29.0 years
Share price	110.0 pence		
Market cap	£503.2 million		
Share price premium to EPRA NAV	1.8%		

**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

Currently, confirmed or suspected cases of COVID-19 are significantly reduced from the peak in mid-April when residents occupying 3.2% of the portfolio's beds were affected. Whilst the Group's tenants imposed restrictions on admissions prior to and during the lockdown period, activity is now picking up with tenants reporting an encouraging number of enquiries. Our belief is that the chronic undersupply of fit-for-purpose beds facing the UK care home sector is likely to be exacerbated as a result of the COVID-19 pandemic, resulting in growing demand for modern, purpose-built homes with en suite wet-rooms for every resident, which facilitate enhanced infection control.

Performance

The portfolio value increased by 0.7% over the quarter. Of this, 0.2% derived from further investment into our development portfolio, with a positive like-for-like movement in the operational portfolio value of 0.5%, reflecting the impact of the inflation-linked rental reviews and the passage of time shortening the remaining rent-free periods.

Asset Management and Acquisitions

In the quarter to 30 June 2020, the Group's principal focus has been to actively monitor and manage the current portfolio, working alongside tenants to offer support and share knowledge during this challenging period.

Post the quarter end, practical completion was reached at the Group's development site in Burscough, Lancashire, pre let to Athena Healthcare, an existing tenant of the Group, opening a further 80 beds. Additionally, following a decision to pause acquisition activity, the Group resumed its investment programme and in July acquired a new, purpose built, 66 bed care home in Bicester, Oxfordshire, let to Ideal Carehomes.

Pipeline

The investment market for high-quality, modern, fit-for-purpose assets which meet the Group's investment criteria has been subdued as a result of the COVID-19 pandemic. However, since July a higher volume of new opportunities at the earlier stages of marketing have been noted. The Investment Manager is analysing opportunities at various stages in the pipeline.

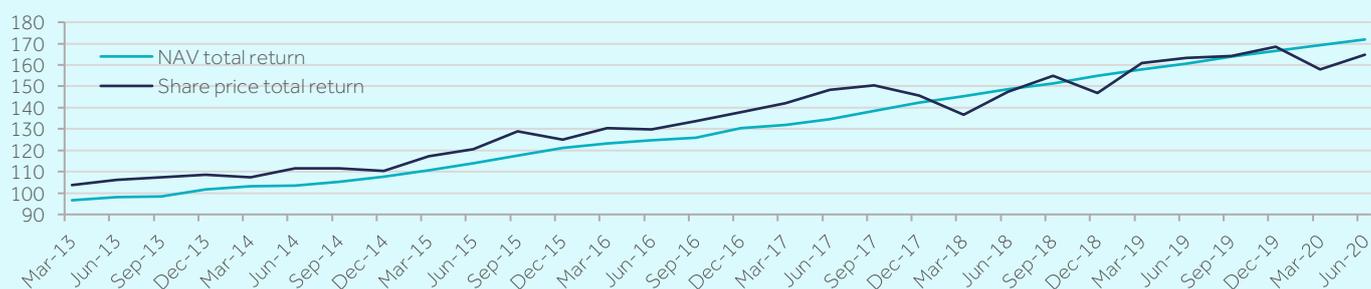


Summary balance sheet

£m	Jun-20	Mar-20
Property Portfolio***	617.6	613.4
Cash	36.4	31.1
Net current assets/(liabilities)	(7.7)	(8.3)
Bank Loans	(152.0)	(142.0)
Net assets	494.3	494.2
EPRA NAV per share (pence)	108.1	108.0

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

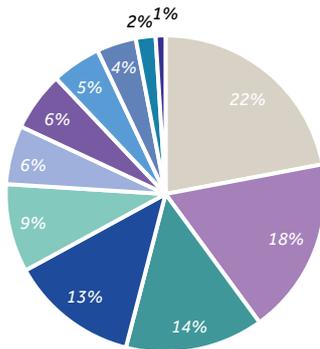
Performance – NAV and share price total return



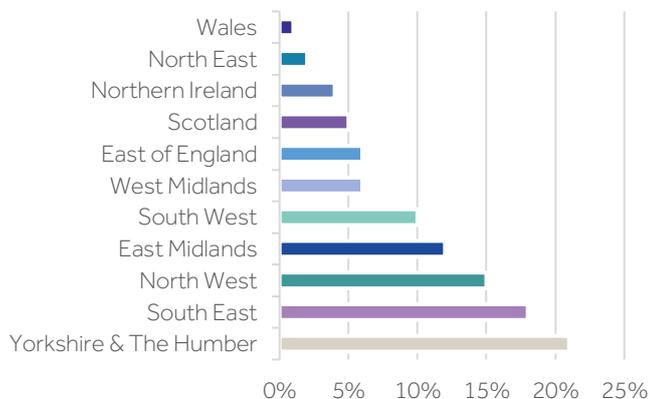
Portfolio summary at 30 June 2020



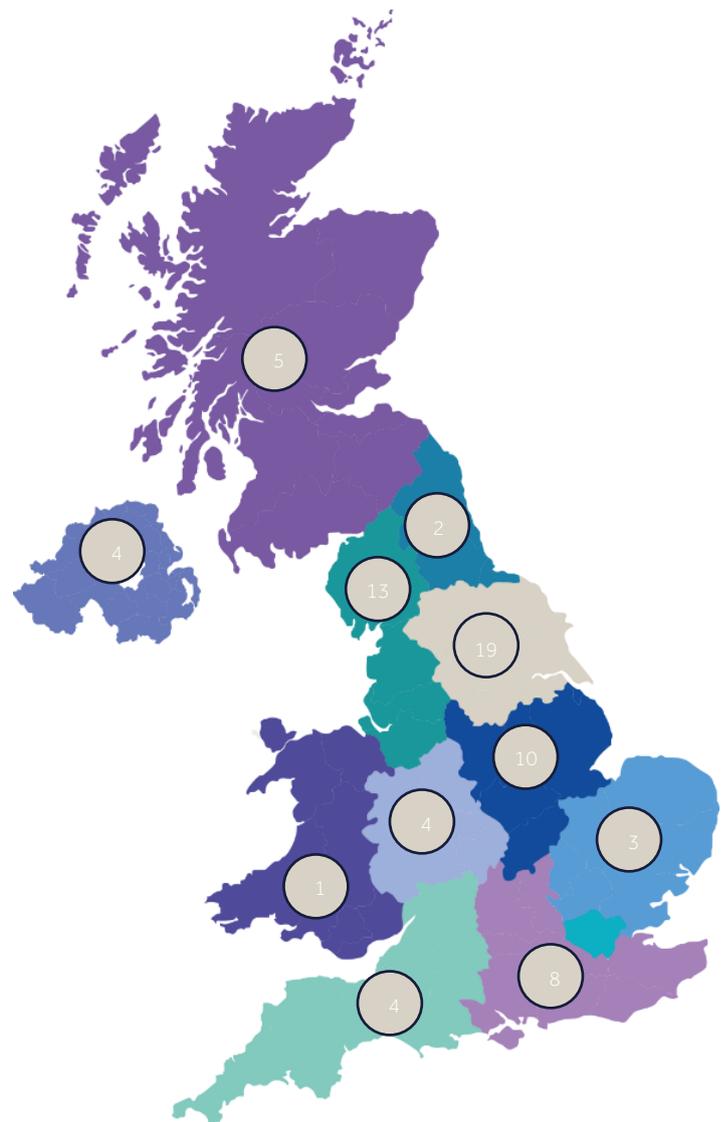
Contracted rent by geographic region



Valuation by geographic region (including developments)



Number of properties by geographic region



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