

# Quarterly Investor Report:

## February 2021

Quarter ended 31 December 2020

Target Healthcare REIT plc and its subsidiaries ('the Group') is a leading investor in modern purpose-built UK care homes with ensuite 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  
**76**



Beds  
**5,277**



Tenants  
**27**



Contracted rent  
**£40.6m**



Property Value  
**£647.7m**



Overview		Key ratios & financials	
Launch date	March 2013*	Investment properties	£647.7 million
ISIN	GB00BJGTLF51	Drawn debt	£162.0 million
SEDOL	BJGTLF5	EPRA NAV	£494.8 million
Company name	Target Healthcare REIT plc	EPRA NAV per share	108.2 pence
Registered number	11990238	Quarterly NAV total return (including dividend)	1.8%
Expected quarterly dividend	Feb/May/Aug/Nov	Quarterly Group specific adjusted EPRA earnings per share	1.33 pence
Financial year end	30 June	Quarterly dividend per share	1.68 pence
Currency	Sterling	Dividend yield (04/02/2021)	5.8%
Website	<a href="http://www.targethealthcarereit.co.uk">www.targethealthcarereit.co.uk</a>	Loan-to-Value ('LTV')**	25.0% (gross); 22.2% (net)
Ordinary share class as at	04/02/2021	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	28.7 years
Share price	116.6 pence		
Market cap	£533.4 million		
Share price premium to EPRA NAV	7.8%		

\*\*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

Real estate investment markets have been defined by the COVID-19 pandemic for almost a year now. Against this background, the UK care home asset class has performed robustly. As the benefits of the vaccination programme take hold, our portfolio can look forward to operating conditions shielded from the worst effects of the virus. We are confident of latent demand for our homes, while recognising that these have been tough months for our operators, particularly those focussing on privately-funded residents, and we are ready to support them as they build towards normal occupancy levels. As at 1 February 2021, vaccinations have been made available to residents and staff in all of the Group's care homes.

### Performance

The portfolio value increased by 1.6% over the quarter. This comprised 0.8% from further investment into the development portfolio and a like-for-like uplift in the operational portfolio value of 0.8%. The latter movement reflects yield tightening in the investment market for modern, purpose-built care homes, and the portfolio's inflation-linked rental reviews.

### Asset Management and Acquisitions

On 5 November 2020, the Group acquired a pre-let development site subject to a forward funding agreement to construct a 66-bed care home in Droitwich Spa, Worcestershire for a maximum commitment of £14.4 million. Construction on the home has commenced and is expected to be completed in the second half of 2021. The pre-let lease has a term of 35-years, is fully repairing and insuring and subject to a cap and collar.

### Pipeline

The investment market for high quality, modern, fit-for-purpose assets which meet the Group's investment criteria remains very competitive. Strong investor appetite continues, with the best properties and sites attracting offers and transacting at pre-COVID-19 pandemic pricing. The Investment Manager is analysing and undertaking diligence on potential acquisitions, with a combination of imminent, near-term and earlier stage opportunities. Commitments to future acquisitions will continue to be considered carefully, taking into account both the market outlook and the Group's available capital.



## Summary balance sheet

£m	Dec-20	Sept-20
Property Portfolio***	647.7	637.5
Cash	18.3	17.5
Net current assets/(liabilities)	(9.2)	(9.1)
Bank Loans	(162.0)	(152.0)
<b>Net assets</b>	<b>494.8</b>	<b>493.9</b>
EPRA NAV per share (pence)	108.2	108.0

\*\*\*Ignores the effect of fixed/guaranteed rent reviews. See note 9 to the Annual Report 2020 for full details.

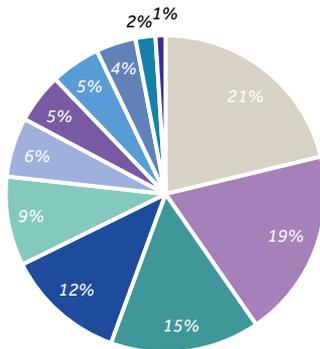
## Performance – NAV and share price total return



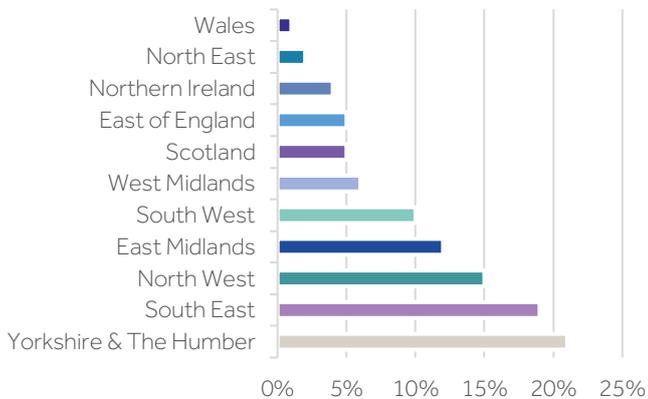
## Portfolio summary at 31 December 2020



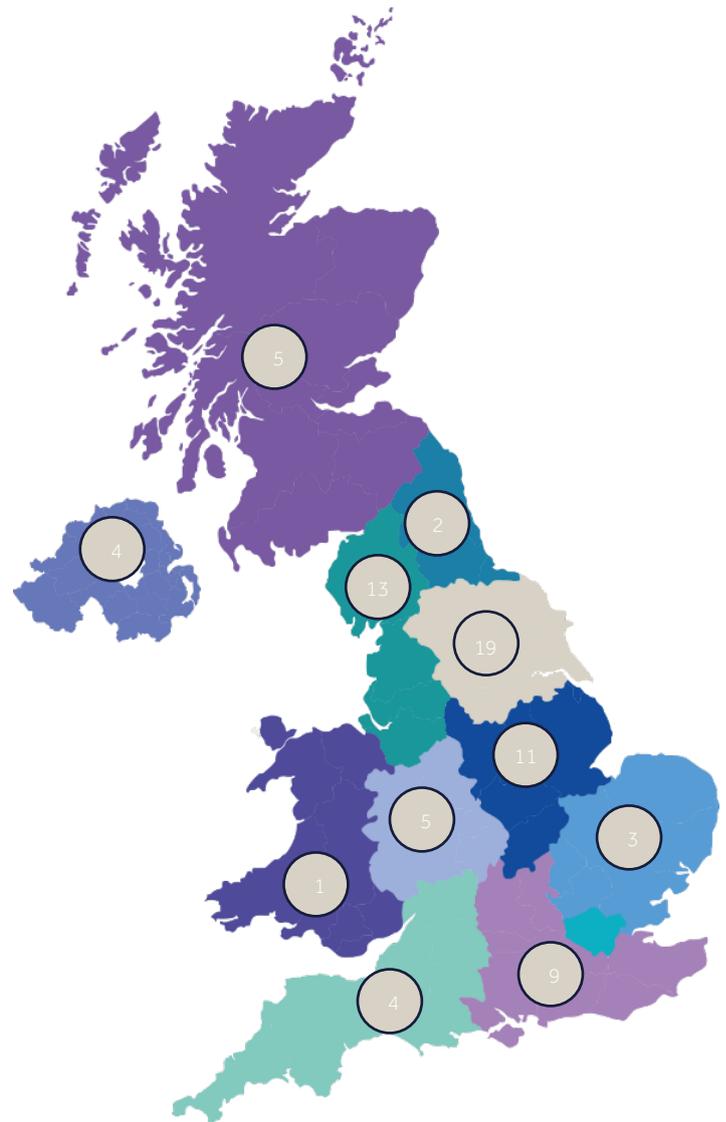
Contracted rent by geographic region



Valuation by geographic region (including developments)



Number of properties by geographic region



### Directors

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 Thomas Hutchison III  
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 Broker  
 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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