

Quick facts

Overview

Launch Date	March 2013
ISIN	JE00B95CGW71
Registered number	112287
Expected quarterly dividend	Feb/May/Aug/Nov
Financial year end	June
Currency	Sterling
Website	www.targethealthcarereit.co.uk

Ordinary Share Class (22/01/16)

Shares in issue	172,180,851
Share price	107.50 pence
Market cap	£185 m
Share price premium to NAV	6.6%

Key ratios and financials (31/12/15)

Investment properties	£167.2 million
Drawn debt	£31.5 million
EPRA NAV	£173.6 million
EPRA NAV per share	100.8 pence
EPRA NAV growth	1.6%
Quarterly EPRA earnings per share	1.33 pence
Quarterly dividend per share	1.545 pence*
Dividend yield (22/01/2016)	5.7%*
LTV	18.8%
Management fee rate	0.9% of NAV
Performance fee	10% of portfolio outperformance of Index; capped at 0.35% of NAV; rolling, cumulative 3 year period; subject to claw-back.
WAULT	29.2 years

Group at a glance

Overview

THRL aims to provide ordinary shareholders with an attractive level of income with the potential for capital and income growth from investing in best-in-class care home assets with attractive financial characteristics. The Group buys modern, purpose-built properties in locations underpinned by favourable dynamics (population demographics and social grade, supply / demand) with quality tenants demonstrating excellent operational capabilities and care ethos and leased at sustainable rental levels and strong rental covers over the long-term.

Recent news

The Group has completed £18.9 million of acquisitions in the quarter. In October: Alexandra Court Care Centre in Kingston-Upon-Hull for approximately £6.2 million (Inc. costs). In November: two purpose-built care homes on Tyneside for approximately £12.7m (Inc. costs). A further £3.9 million acquisition completed in January 2016. A successful share issue in November 2015 raised gross proceeds of £31.1 million.

Pipeline

The Group has cash reserves available for investment of approximately £36.2 million with near term investment opportunities and firm commitments totalling £39.6 million and £16.8 million respectively, for a total of £56.4 million. The Group expects by the end of February 2016 to complete on £16.5 million of these care home assets.

Performance

The Group's disciplined investment appraisal and portfolio management activities have contributed to a capital growth in EPRA NAV per share of 1.6% over the quarter to December 2015. On a like-for-like basis, the portfolio has increased in value by 2.2% over the quarter, reflecting an element of yield compression across the assets, which has contributed 1.8 pence to the EPRA NAV per share.

Market Commentary

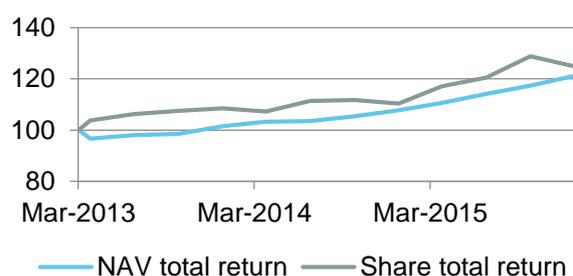
The second half of 2015 was impacted by the US REITS having less appetite for transactions in the UK, following recognition of the vagaries of the UK fiscal scene, as exemplified by the June decision of the UK government on the National Living Wage ("NLW"). The Group's tenants operate a good balance between private and public pay, and so paying the NLW is perfectly practicable. Private equity deals for the poorer quality stock were also impacted and either delayed or aborted. LaingBuisson also reported for the first time in many years a net reduction of total beds in the sector, which augurs well for longer term investors who are invested in the appropriate stock and moderate their expectations. There is some evidence that all this has moderated price expectations for assets, and also raised awareness of the need to invest well in new stock, and we see continued opportunity to invest in single and smaller units of assets.

Summary Balance Sheet

	Dec-15 £m	Sep-15 £m
Investment properties	167.2	145.8
Cash	41.1	27.2
Net current assets / (liabilities)	(3.2)	(0.4)
Bank loan	(31.5)	(31.5)
Net assets	173.6	141.1
EPRA NAV per share	100.8p	99.2p

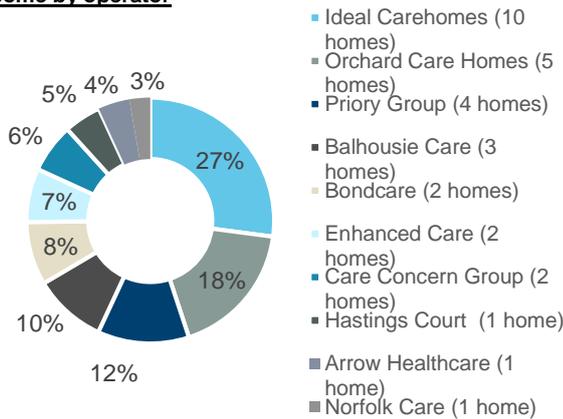
Ignores the effect of fixed/guaranteed rent reviews

Performance – NAV and share price total return



Portfolio summary

Income by operator



Notes: income % calculated by reference to passing rents as at 31 December 2015

Geographical spread of portfolio



Region	Percentage
Scotland	13%
North West	20%
Yorkshire & North East	24%
East Midlands	15%
West Midlands	8%
Northern Ireland	9%
South & East England	11%

Ten largest investments by income

Asset	Acquired	Location	Operator
Bromford Lane Care Centre	June 2014	West Midlands	Bondcare Group
Hastings Court	December 2014	South East	Hastings Court
St. Helen's Hall and Lodge	October 2013	North West	Orchard Care Homes
The Ashton Care Home	July 2014	East Midlands	Care Concern Group
Bohill House Care Home	July 2014	Northern Ireland	Priory Group
Wardley Gate Care Centre	November 2015	Yorkshire & North East	Enhanced Care
Blair House Care Home	July 2014	Northern Ireland	Priory Group
Rastrick Hall & Grange	October 2014	Yorkshire & North East	Orchard Care Homes
Brinnington Hall	May 2014	North West	Ideal Carehomes
Fellingate Care Centre	November 2015	Yorkshire & North East	Enhanced Care

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 UK Legal: Dickson Minto W.S.
 Auditors: Ernst & Young LLP

*Based on the dividends totalling 6.18 pence per share which are, in the absence of unforeseen circumstances, expected to be paid for the year ended 30 June 2016 divided by the share price at 22 January 2016. All figures are at 31 December 2015 unless otherwise stated.

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