

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 (08/12/15)

Shares in issue	172,180,851
Share price	107.50 pence
Market cap	£185 m
Share price premium to NAV	8.4%

Key ratios and financials (30/09/15)

Investment properties	£145.8m
Drawn debt	£31.5m
EPRA NAV	£141.1m
EPRA NAV per share	99.2 pence
EPRA NAV growth	1.3%
Quarterly EPRA earnings per share	1.36 pence
Quarterly dividend per share	1.545 pence (paid on 27 November)
Dividend yield (08/12/2015)	5.7%*
LTV	21.6%
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

In October and November 2015, the Group acquired three purpose-built care homes, totalling approximately £19m. On 20 November, the Group successfully completed the placing of 29.9m shares, at an issue price of 104 pence per share, generating gross proceeds of £31.1m.

Pipeline

The Group expects by the end of 2015 to exchange on £6m of care home assets where terms have been agreed. In addition, the Group has identified and agreed terms on a further £14m of assets and it hopes to finish its due diligence and complete on these assets in early 2016.

Performance

The Group's disciplined investment appraisal and portfolio management activities have contributed to a capital growth in EPRA NAV per share of 1.3% over the quarter to September 2015. This is driven by asset valuation growth (1.5% increase on June 2015), which has contributed 1.5 pence to the EPRA NAV per share. There were uplifts from rent reviews on 9 properties during the period.

Market Commentary

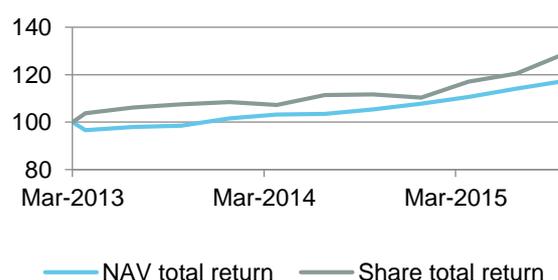
In July, the UK Government announced that the care cost cap would be deferred from 2016 to 2020. For many care home operators, this is viewed as a positive, as more elderly people will remain 'self-funded'. The sector has now turned its attention to concerns around funding the new 'National Living Wage'. The linked Autumn Statement decision to allow councils to raise council tax by up to 2%, ring-fenced, was met with some derision from both councils and operators, who believe it will be wholly inadequate. The care home sector has responded in the only way it can, with Bupa being the first to announce rises of 8%+ in the New Year for private residents. Other operators will follow suit. Recent research by sector expert Laing & Buisson has also highlighted the first significant fall for some time in UK care home places which, coupled with the well documented growth in the over 85s population, is likely to benefit the care sector in the future.

Summary Balance Sheet

	Sep-15 £m	Jun-15 £m
Investment properties	145.8	143.7
Cash	27.2	29.2
Net current assets / (liabilities)	(0.4)	(2.1)
Bank loan	(31.5)	(31.5)
Net assets	141.1	139.3
EPRA NAV per share	99.2p	97.9p

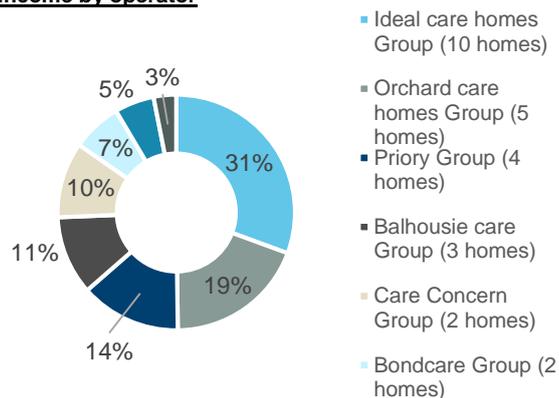
Ignores the effect of fixed/guaranteed rent reviews

Performance – NAV and share price total return



Portfolio summary

Income by operator



Notes: income % calculated by reference to passing rents as at 30 September 2015

Geographical spread of portfolio



Scotland	14%
North West	21%
Yorkshire & North East	18%
East Midlands	18%
West Midlands	7%
Northern Ireland	11%
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 Group
The Ashton Care Home	July 2014	East Midlands	Orchard Care Homes Group
Bohill House Care Home	July 2014	Northern Ireland	Priory Group
Blair House Care Home	July 2014	Northern Ireland	Priory Group
Brinnington Hall	May 2014	North West	Ideal Carehomes Group
Rastrick Hall & Grange	October 2014	Yorkshire & North East	Orchard Care Homes
Coppice Lodge	March 2013	East Midlands	Ideal Carehomes Group
St. Ronan's Care Home	March 2013	Scotland	Balhousie Care Group

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*Based on the dividend of 6.18 pence per share which is, in the absence of unforeseen circumstances, expected to be paid for the year ended 30 June 2016 divided by the share price at 8 December 2015. All figures are at 30 September 2015 unless otherwise stated.

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