

# Quarterly Investor Report:

## November 2022

Quarter ended 30 September 2022

Target Healthcare REIT plc and its subsidiaries ('the Group') is a leading investor in modern purpose-built UK care homes with en suite wet rooms. The Group's objective is to provide investors with an attractive quarterly dividend, generated from a portfolio diversified by tenant, geography and end-user payment profile, through responsible investment.

### Group at a glance



Properties  
**100**



Beds  
**6,898\***



Tenants  
**33**



Contracted rent  
**£55.6m**



Property Value  
**£913.7m**



Overview		Key ratios & financials	
Launch date	March 2013**	Investment properties	£913.7 million
ISIN	GB00BJGTLF51	Drawn debt	£223.0 million
SEDOL	BJGTLF5	EPRA NTA	£695.1 million
Company name	Target Healthcare REIT plc	EPRA NTA per share	112.1 pence
Registered number	11990238	Quarterly NAV total return (including dividend)	1.3%
Expected quarterly dividend	Feb/May/Aug/Nov	Quarterly Group specific adjusted EPRA earnings per share	1.59 pence
Financial year end	30 June	Quarterly dividend per share	1.69 pence
Currency	Sterling	Dividend yield (01/11/2022)	7.6%
Website	<a href="http://www.targethealthcarereit.co.uk">www.targethealthcarereit.co.uk</a>	Loan-to-Value ('LTV')***	24.4% (gross); 22.3% (net)
Ordinary share class as at	01/11/2022	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	620,237,346	WAULT	26.9 years
Share price	89.4 pence		
Market capitalisation	£554.5 million		
Share price discount to EPRA NTA	20.2%		

\* Including planned beds in development sites

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

\*\*\* 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

## Recent news

The recent focus has been to enhance debt arrangements, following an increase in market interest rates, and manage the portfolio to improve rent collection. The Group secured certainty on the remaining unhedged debt through entry into an interest rate cap in October and extended the term of the shortest facility resulting in no debt maturity until 2025. Rent collection improved following arrears collected from a seven-home tenant and initiatives are progressing to re-tenant two homes following covid related challenges.

### Performance

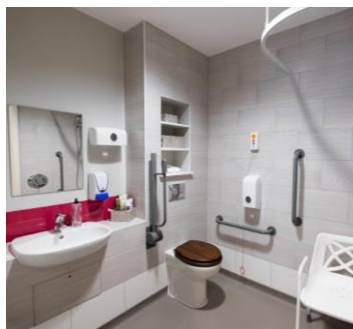
The portfolio value increased by 0.2% over the quarter as a result of a like-for-like uplift in the operational portfolio value (+0.1%), further investment into the development portfolio and capital expenditure on existing assets (+0.6%) and the disposal of a non-core asset (-0.5%). Contractual rent increased by 0.3% due to inflation-linked rent reviews in the quarter and rentalised performance linked payments and capex, again partly offset by the asset disposal. The portfolio's weighted average unexpired lease term was 26.9 years (30 June 2022: 27.2 years).

### Asset Management and Investment Activity

In the quarter, the Group disposed of a non-core asset which was part of the 18-home portfolio acquired in December 2021, with real estate standards below the average of that portfolio. It has been sold to the operator for proceeds consistent with the carrying value. Payments totalling £2.8 million were made in respect of contractual commitments on two homes, following strong trading performance. Rent cover thresholds on these homes, agreed at acquisition, have been consistently met over the relevant time period, triggering the payments which are rentalised at a level consistent with the acquisition NIY.

### Outlook

The portfolio is modern, ESG compliant and provides long-term, sustainable inflation-linked income. Given these attributes and the demographic tailwinds within the care home sector, we would expect to see downward valuation movements which are more muted than those anticipated across the wider real estate market. We will remain responsive to economic conditions and will assess the impact of any significant changes on our business model and earnings.

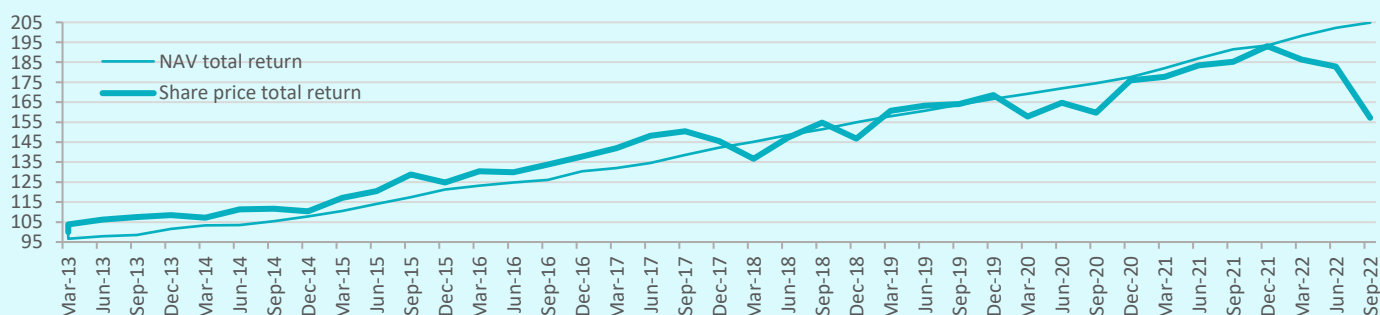


## Summary balance sheet

£m	Sep-22	Jun-22
Property portfolio*	913.7	911.6
Cash	19.6	34.5
Net current assets/(liabilities)	(15.2)	(14.8)
Bank loans	(223.0)	(234.8)
Net assets	695.1	696.5
EPRA NTA per share (pence)	112.1	112.3

\* Ignores the effect of fixed/guaranteed rent reviews. See note 9 to the Annual Report 2022 for full details.

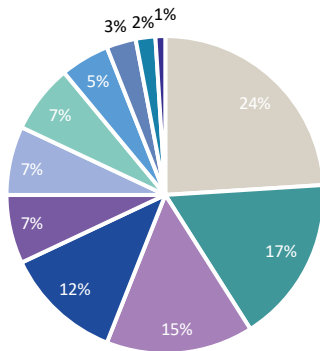
## Performance – NAV and share price total return



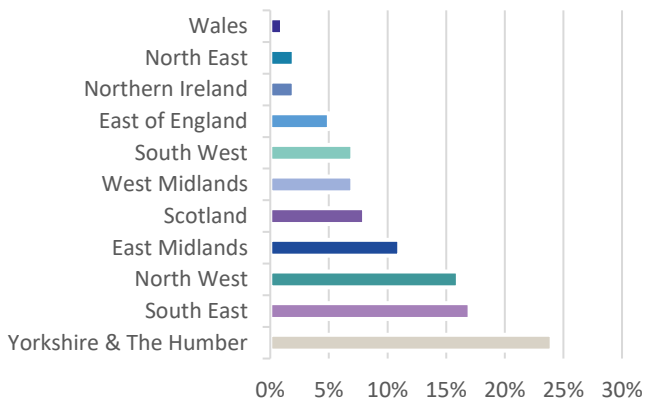
## Portfolio summary at 30 September 2022



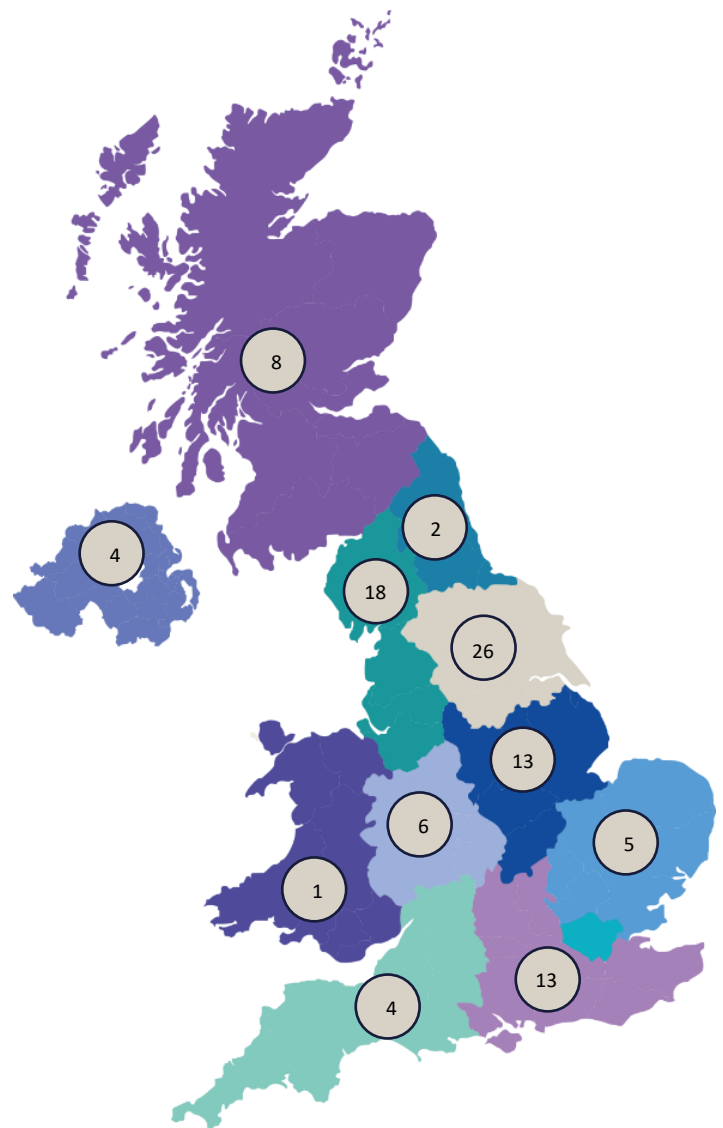
Contracted rent by geographic region



Valuation by geographic region (including developments)



Number of properties by geographic region



### Directors

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