Quarterly Investor Report: February 2023

Quarter ended 31 December 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	Beds	Tenants	Contracted rent	Property Value
100	6,904*	33	£57.1m	£867.7m

Overview

Launch date	March 2013**
ISIN	GB00BJGTLF51
SEDOL	BJGTLF5
Company name	Target Healthcare REIT plc
Registered number	11990238
Expected quarterly dividend	Feb/May/Aug/Nov
Financial year end	30 June
Currency	Sterling
Website	www.targethealthcarereit.co.uk
Ordinary share class as at	01/02/2023
Shares in issue	620,237,346
Share price	80.1 pence
Market capitalisation	£496.8 million
Share price discount to EPRA NTA	22.2%

Key ratios & financials

Investment properties	£867.7 million
Drawn debt	£240.0 million
EPRA NTA	£639.1 million
EPRA NTA per share	103.0 pence
Quarterly NAV total return (including dividend)	-6.6%
Quarterly Group specific adjusted EPRA earnings per share	1.42 pence
Quarterly dividend per share	1.69 pence
Dividend yield (01/02/2023)	8.4%
Loan-to-Value ('LTV')***	27.7% (gross); 25.1% (net)
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
WAULT	26.8 years

* 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

Interest rate rises in late 2022 impacted real estate values across almost all sectors with the capital return for the CBRE UK monthly index (all property) declining 14.6% for the quarter. While the Group has not been completely immune to this trend with values reducing by 5.0%, the portfolio has demonstrated its resilience. This is largely due to investing in prime, modern real estate with strong overall ESG credentials, in a sector where demographic tailwinds continue to support demand. Like-for-like rental growth has been delivered, portfolio performance is improving and rent cover has responded positively to increased occupancy seen in recent quarters. Assets where occupancy has been slower to recover are closely managed and initiatives progressed where required.

Performance

The portfolio value decreased by 5.0% over the quarter which matched the movement in the like-for-like value of the operational portfolio. The like-for-like movement reflects a 6.2% decrease due to outward yield shifts, reflective of the higher interest rate environment and overall economic conditions, offset by a 1.2% increase from inflation-linked rent reviews. The spend on the development assets, including the site which reached practical completion in the quarter, increased the portfolio value by 0.5%; however, this was fully offset by similar outward yield shifts on the developments.

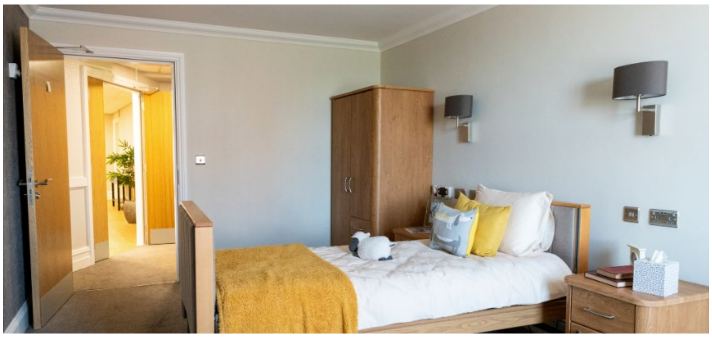
Asset Management and Investment Activity

In the quarter, practical completion of the development site in Weymouth, Dorset was reached, contributing 66 new beds to the portfolio, and was let to a new tenant on a 35 year lease with green provisions and annual rent reviews (subject to caps and collars). A retrofit programme was completed on 31 rooms to bring another of the Group's homes without full en suite wet-room provision to acceptable modern standards.

Subsequent to the quarter end, the Group completed a site acquisition in Malvern, Worcester, which has consent for a 60 bed care home. It is pre-let to an existing tenant with development costs capped and underpinned by a fixed price construction contract. Separately, substantial progress has been made to re-tenant one home (contractual rent will remain unchanged) which will alleviate cashflow pressures for that tenant's three remaining homes with the Group.

Outlook

Our capital base remains conservatively structured with adequate headroom, a weighted term to expiry on debt facilities of 6.7 years and interest rates hedged on 96% of drawn debt. Whilst we are not aggressively pursuing an acquisitions strategy at present, we remain alert to opportunities that may be presented as a result of changing market conditions.

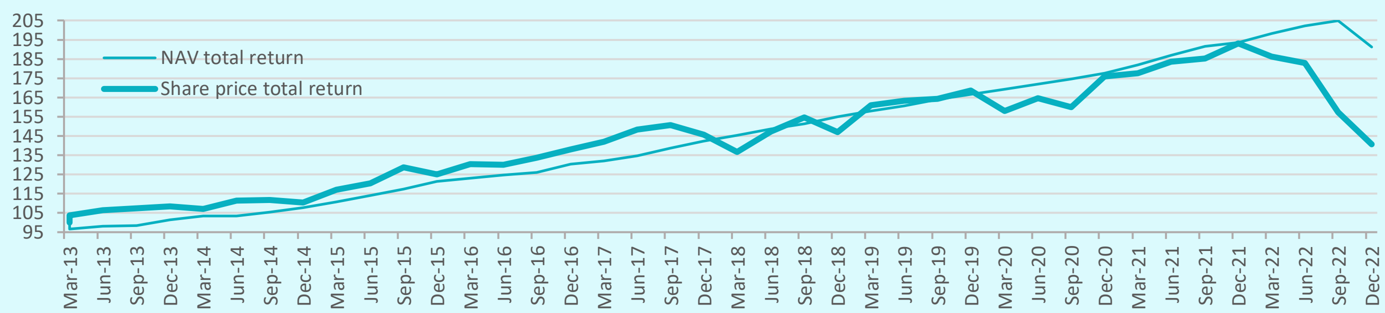


Summary balance sheet

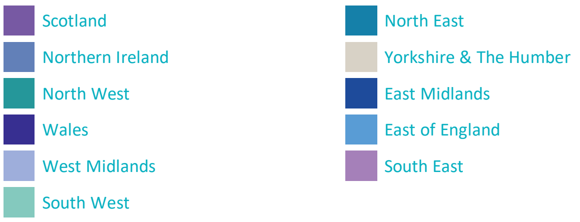
£m	Dec-22	Sep-22
Property portfolio*	867.7	913.7
Cash	21.8	19.6
Net current assets/(liabilities)	(10.4)	(15.2)
Bank loans	(240.0)	(223.0)
Net assets	639.1	695.1
EPRA NTA per share (pence)	103.0	112.1

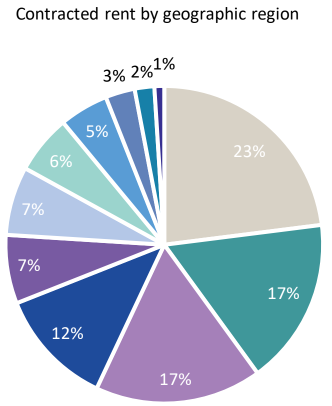
* Ignores the effect of fixed/guaranteed rent reviews. See note 9 to the Annual Report 2022 for full details.

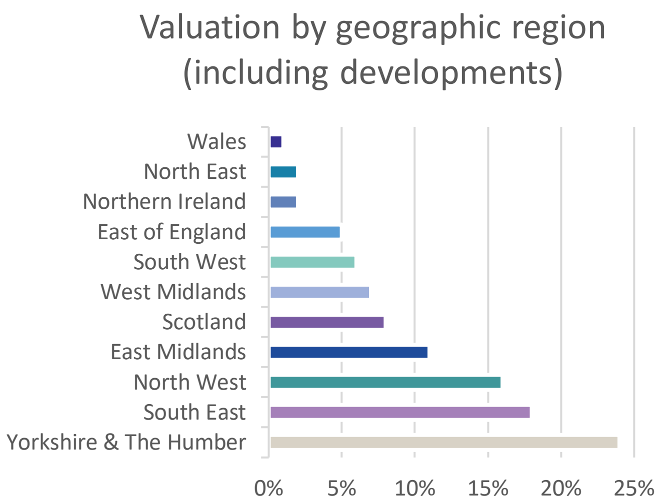
Performance – NAV and share price total return

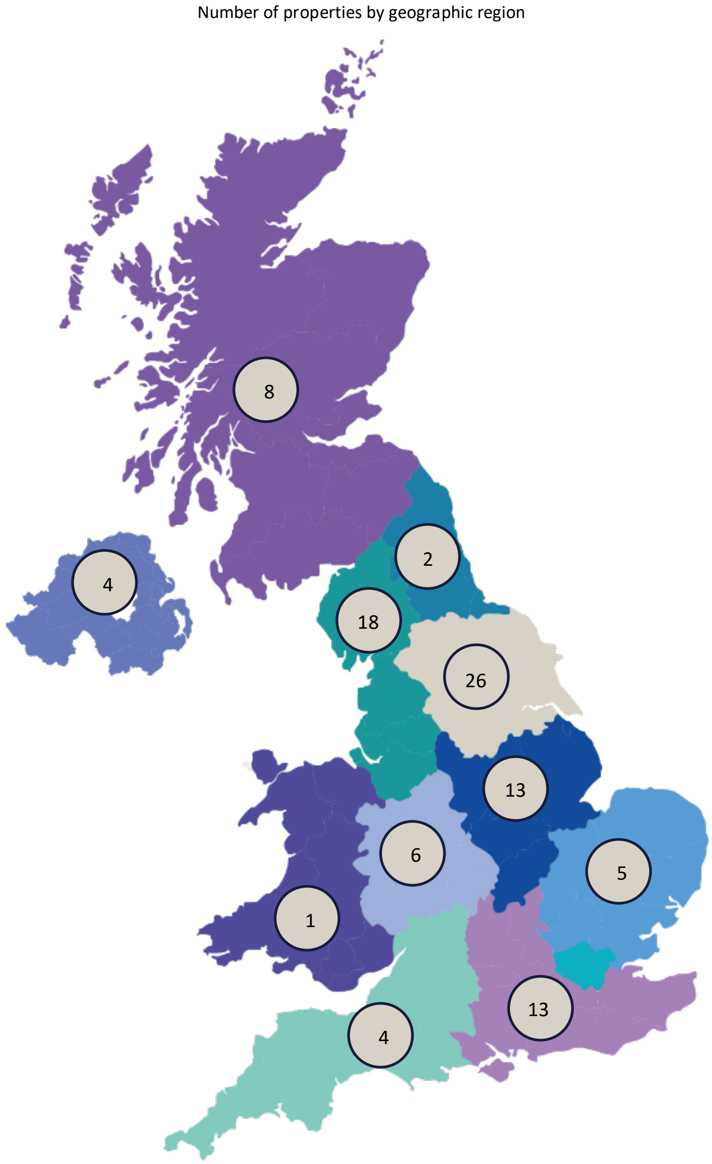


Portfolio summary at 31 December 2022









Directors
Alison Fyfe (Chair)
Michael Brodtman
Richard Cotton
Vince Niblett
Dr Amanda Thompsell

Investment Manager
Target Fund Managers Ltd.
Kenneth MacKenzie,
Gordon Bland
+44 (0) 1786 845 912
targetfundmanagers.com

Advisers

Administrator	Target Fund Managers Ltd.
Depositary	IQ EQ Depositary Company (UK) Ltd.
Broker	Stifel Nicolaus Europe Ltd.
Legal	Dickson Minto W.S.
Auditors	Ernst & Young LLP