

Quarterly Investor Report:

April 2021

Quarter ended 31 March 2021

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
75



Beds
5,211



Tenants
27



Contracted rent
£40.3m



Property Value
£650.8m



Overview		Key ratios & financials	
Launch date	March 2013*	Investment properties	£650.8 million
ISIN	GB00BJGTLF51	Drawn debt	£114.0 million
SEDOL	BJGTLF5	EPRA NAV	£558.3 million
Company name	Target Healthcare REIT plc	EPRA NAV per share	109.1 pence
Registered number	11990238	Quarterly NAV total return (including dividend)	2.5%
Expected quarterly dividend	Feb/May/Aug/Nov	Quarterly Group specific adjusted EPRA earnings per share	1.38 pence
Financial year end	30 June	Quarterly dividend per share	1.68 pence
Currency	Sterling	Dividend yield (26/04/2021)	5.7%
Website	www.targethealthcarereit.co.uk	Loan-to-Value ('LTV')**	17.5% (gross); 13.4% (net)
Ordinary share class as at	26/04/2021	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	511,541,694	WAULT	28.6 years
Share price	117.6 pence		
Market cap	£601.6 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

The Group's oversubscribed placing in March raised gross proceeds of £60 million, allowing us to continue our mission to support the sector through investment in modern, purpose-built care homes. We have heard powerful first-hand accounts from care home staff relating how the standards of our real estate were essential in their efforts to protect the wellbeing and dignity of residents through the COVID-19 pandemic. COVID-19 cases remain low in the portfolio (<1% of beds), with all homes offered the first vaccine dose and the vast majority having had access to the second dose. Occupancy across the mature portfolio has stabilised in recent weeks, with recovery anticipated during 2021 based on demand as evidenced from the enquiry levels reported by our tenants.

Performance

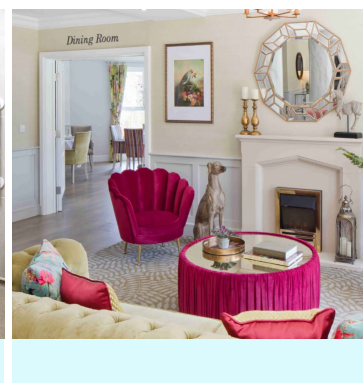
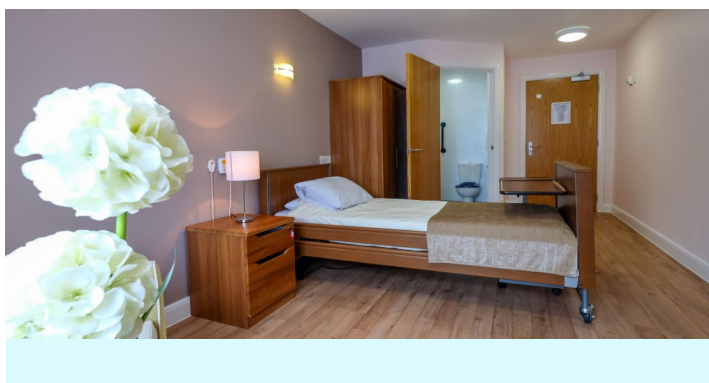
The portfolio value increased by 0.5% over the quarter. This comprised a 0.7% increase from further investment into the development portfolio, a 1.2% decrease due to asset disposals, and a like-for-like uplift in the operational portfolio value of 1.0%. The latter movement reflects a combination of yield tightening, the portfolio's inflation-linked rental reviews and the results of asset management initiatives.

Asset Management and Acquisitions

Substantially all capital available for investment, inclusive of March's equity proceeds, has been allocated to acquisitions, with these transactions advanced to formal due diligence ahead of expected completion in the near term. In the quarter, the disposal of one asset (c.1% of portfolio value) realised sale proceeds ahead of both carrying value and cost. An asset was re-tenanted from a national operator to a family-owned operator on a lengthened lease term, providing a net valuation uplift and better positioning the home for the future.

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 transacting at pre-COVID-19 pandemic pricing. The Investment Manager, as well as working through the diligence process on transactions which will see the equity proceeds invested, is also assessing several earlier stage opportunities as the anticipated uptick in the development of fit-for-purpose care homes following COVID-19 becomes more apparent.

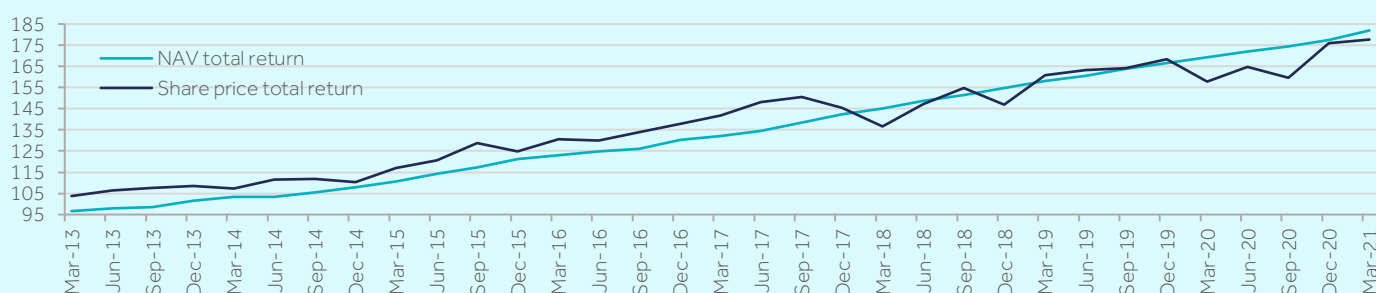


Summary balance sheet

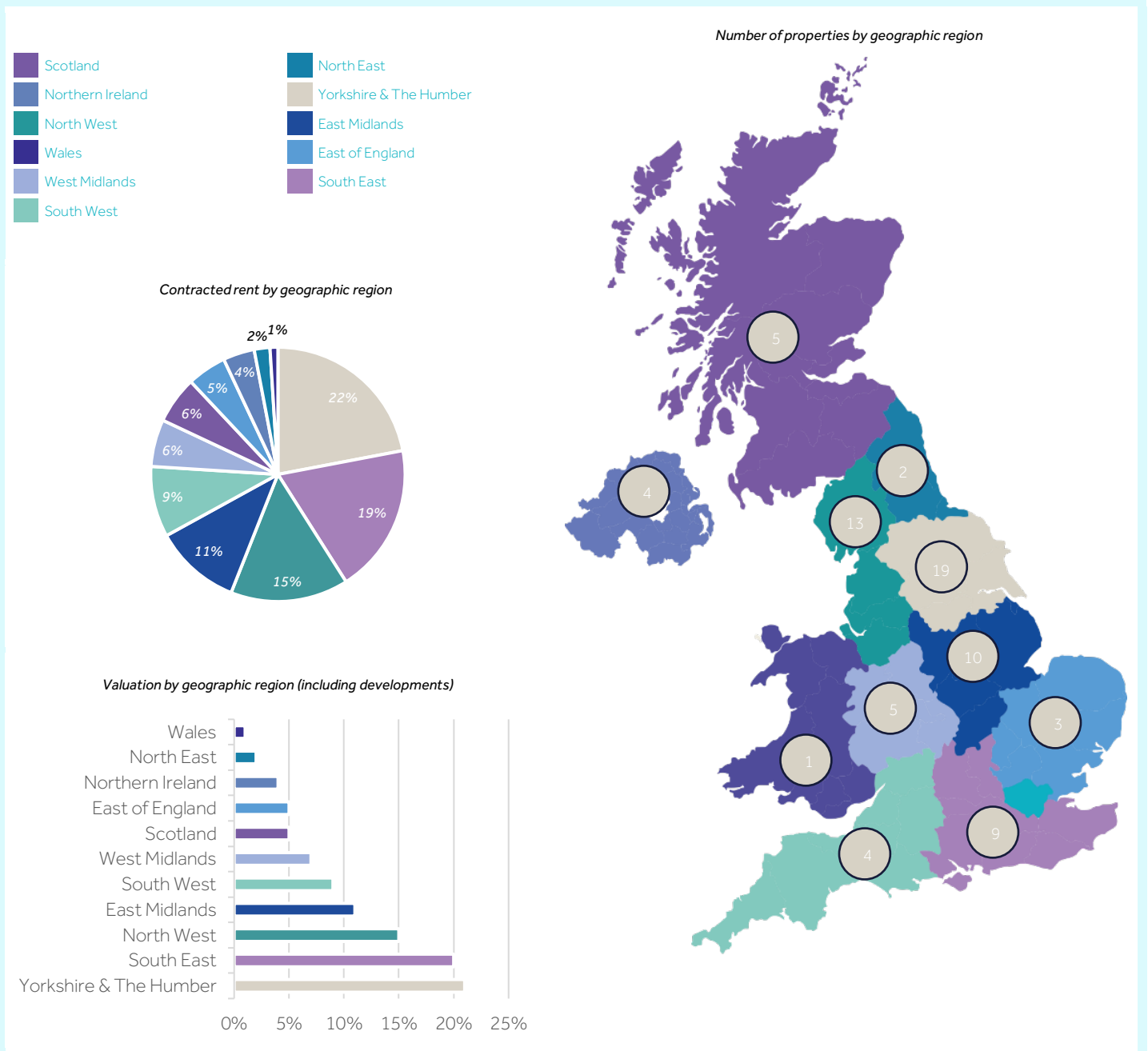
£m	Mar-21	Dec-20
Property Portfolio***	650.8	647.7
Cash	26.6	18.3
Net current assets/(liabilities)	(5.1)	(9.2)
Bank Loans	(114.0)	(162.0)
Net assets	558.3	494.8
EPRA NAV per share (pence)	109.1	108.2

***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 March 2021



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