

Quarterly Investor Report:

January 2022

Quarter ended 31 December 2021

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
98



Beds
6,792*



Tenants
31



Contracted rent
£53.4m



Property Value
£870.5m



Overview		Key ratios & financials	
Launch date	March 2013**	Investment properties	£870.5 million
ISIN	GB00BJGTLF51	Drawn debt	£222.8 million
SEDOL	BJGTLF5	EPRA NTA	£687.1 million
Company name	Target Healthcare REIT plc	EPRA NTA per share	110.8 pence
Registered number	11990238	Quarterly NAV total return (including dividend)	1.0%
Expected quarterly dividend	Feb/May/Aug/Nov	Quarterly Group specific adjusted EPRA earnings per share	1.08 pence
Financial year end	30 June	Quarterly dividend per share	1.69 pence
Currency	Sterling	Dividend yield (26/01/2022)	5.9%
Website	www.targethealthcarereit.co.uk	Loan-to-Value ('LTV')***	25.6% (gross); 20.7% (net)
Ordinary share class as at	26/01/2022	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	27.5 years
Share price	114.6 pence		
Market cap	£710.8 million		
Share price premium to EPRA NTA	3.4%		

* 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 highlight of the period was the completion of a substantial portfolio acquisition which continued the Group's track record of putting the capital raised from the widening shareholder base to good use. The transaction adds high quality real estate and increases the Group's proportion of homes with a multi-year track record of strong trading performance. The sector's long-term fundamentals remain highly compelling, and the Group is well placed to capitalise on these through the broadening occupier mix and balance sheet strength.

Performance

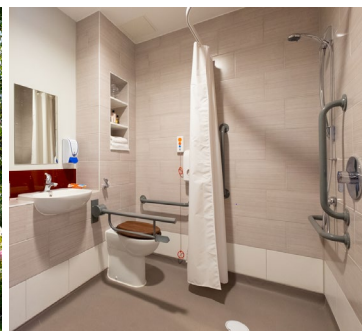
The portfolio value increased by 23.9% over the quarter, as a result of acquisitions (21.5%), further investment into the development portfolio and capital expenditure on existing assets (1.1%) and a like-for-like uplift in the operational portfolio value (1.3%). Contractual rent increased by 23.6% due to acquisitions (21.5%), successful asset management initiatives and inflation-linked rent reviews in the quarter. The portfolio's weighted average unexpired lease term reduced slightly to 27.5 years (30 September 2021: 28.8 years).

Asset Management and Acquisitions

During the quarter the group acquired an 18-asset portfolio, generating £9.3 million of annual rental income from a diversified tenant group. Furthermore, a pre-let development site in Weymouth, subject to a forward funding agreement, was acquired. Construction of the 66-bed home, which will be let to a new tenant to the Group, has commenced and is expected to complete in the second half of 2022. Post quarter-end, the Group acquired a 55-bed operational care home in Westhoughton, let to Harbour Healthcare, a new tenant to the Group. The Group has also resolved the position with the remaining home of one of the previous tenants who had already been in financial distress prior to the COVID-19 pandemic.

Pipeline

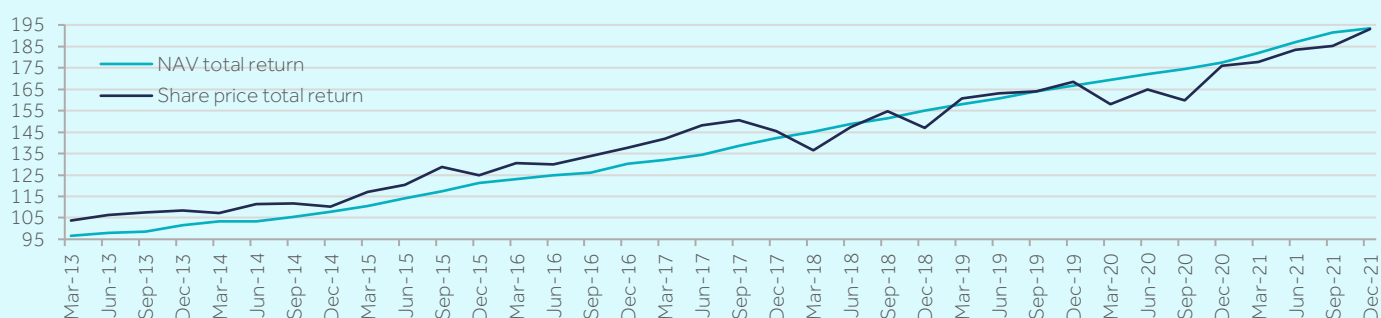
The Investment Manager is in the process of late-stage diligence on an identified pipeline of investment opportunities that, if completed, will see the Group's investible capital available (comprising cash and undrawn debt) fully allocated.



Summary balance sheet

£m	Dec-21	Sept-21
Property Portfolio****	870.5	702.7
Cash	49.0	72.8
Net current assets/(liabilities)	(9.6)	(4.9)
Bank Loans	(222.8)	(80.0)
Net assets	687.1	690.6
EPRA NTA per share (pence)	110.8	111.3

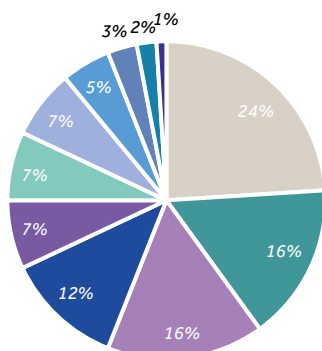
**** Ignores the effect of fixed/guaranteed rent reviews. See note 9 to the Annual Report 2021 for full details.



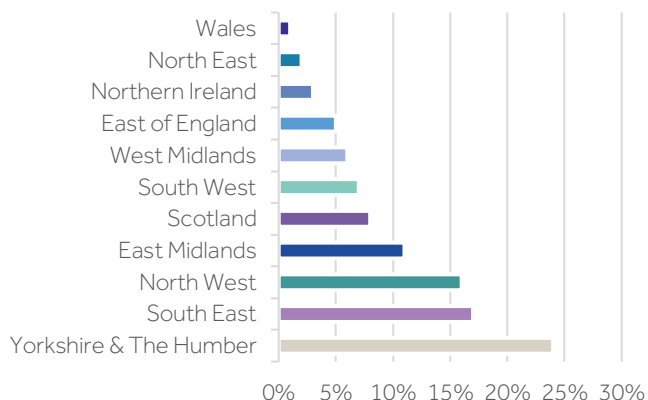
Portfolio summary at 31 December 2021



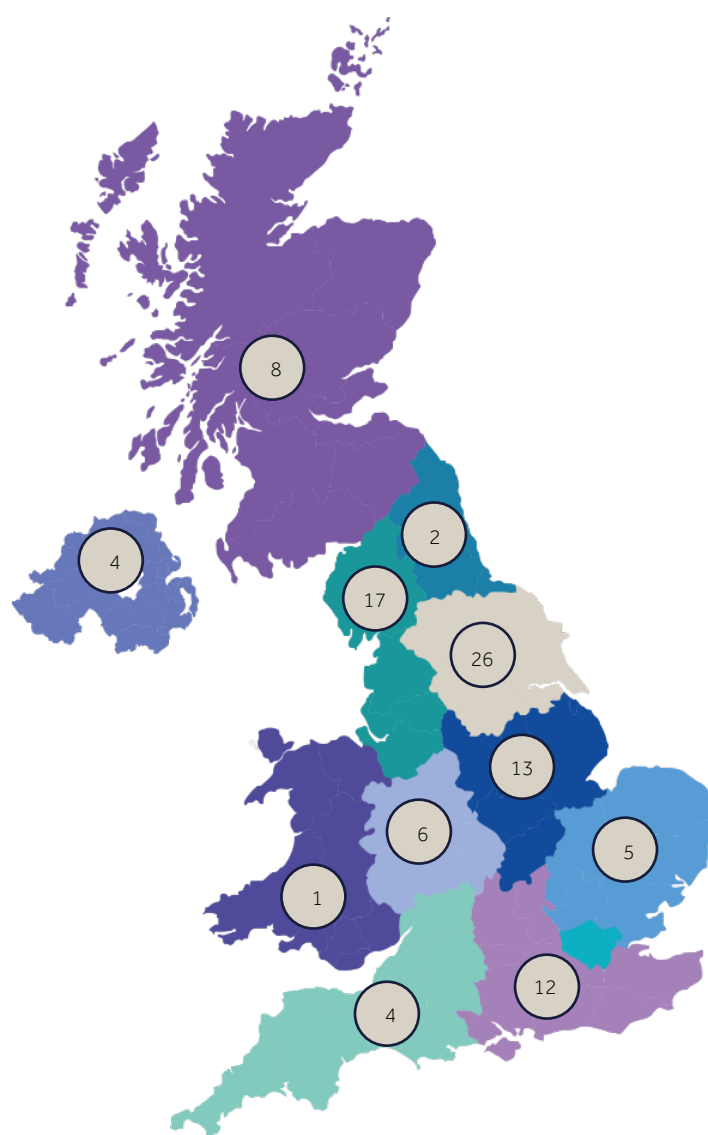
Contracted rent by geographic region



Valuation by geographic region (including developments)



Number of properties by geographic region



Directors

Malcolm Naish (Chairman)
Gordon Coull
Alison Fyfe
Vince Niblett

Investment Manager

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

Advisers

Administrator
Depository
Broker
Legal
Auditors

Target Fund Managers Ltd.
IQ EQ Depository Company (UK) Ltd.
Stifel Nicolaus Europe Ltd.
Dickson Minto W.S.
Ernst & Young LLP

This Report is intended solely for the information of the person to whom it is provided by the Group, the Investment Manager or the Administrator. This Report is not intended as an offer or solicitation for the purchase of shares in the Group and should not be relied on by any person for the purpose of accounting, legal or tax advice or for making an investment decision. The payment of dividends and the repayment of capital are not guaranteed by the Group. Any forecast, projection or target is indicative only and is not guaranteed in any way, and any opinions expressed in this Report are not statements of fact and are subject to change, and neither the Group nor the Investment Manager is under any obligation to update such opinions. Past performance is not a reliable indicator of future performance, and investors may not get back the original amount invested. Unless otherwise stated, the sources for all information contained in this report are the Investment Manager and the Administrator. Information contained in this Report is believed to be accurate at the date of publication, but none of the Group, the Investment Manager and the Administrator gives any representation or warranty as to the Report's accuracy or completeness. This Report does not contain and is not to be taken as containing any financial product advice or financial product recommendation. None of the Group, the Investment Manager and the Administrator accepts any liability whatsoever for any loss (whether direct or indirect) arising from any use of this Report or its contents. Target Healthcare REIT plc, registered in the UK (Registered Number: 11990238). Registered Office: Level 13, Broadgate Tower, 20 Primrose Street, London, EC2A 2EW.