Target | Healthcare REIT

Investing in care.
Delivering returns.

Results for the six months ended
31 December 2024

Presentation Team

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Agenda

Target Healthcare REIT

Portfolio of scale with robust rental income stream

94 Care Homes	**6,397** Beds[1]

£61m Contracted rent

£925m Portfolio value	**6.20%** EPRA Topped-Up NIY

34 Tenants

[1] A further 60 beds and £0.6m rent will be added upon completion of the development site

Target Healthcare REIT

Differentiated by quality, modernity & ESG-compliance

99%
En suite wet-rooms

100%
A & B EPC ratings

99%
Inflation-linked rental uplifts[1]

26.1 years
WAULT

[1] 2.5% fixed annual uplift

Enhancing the portfolio

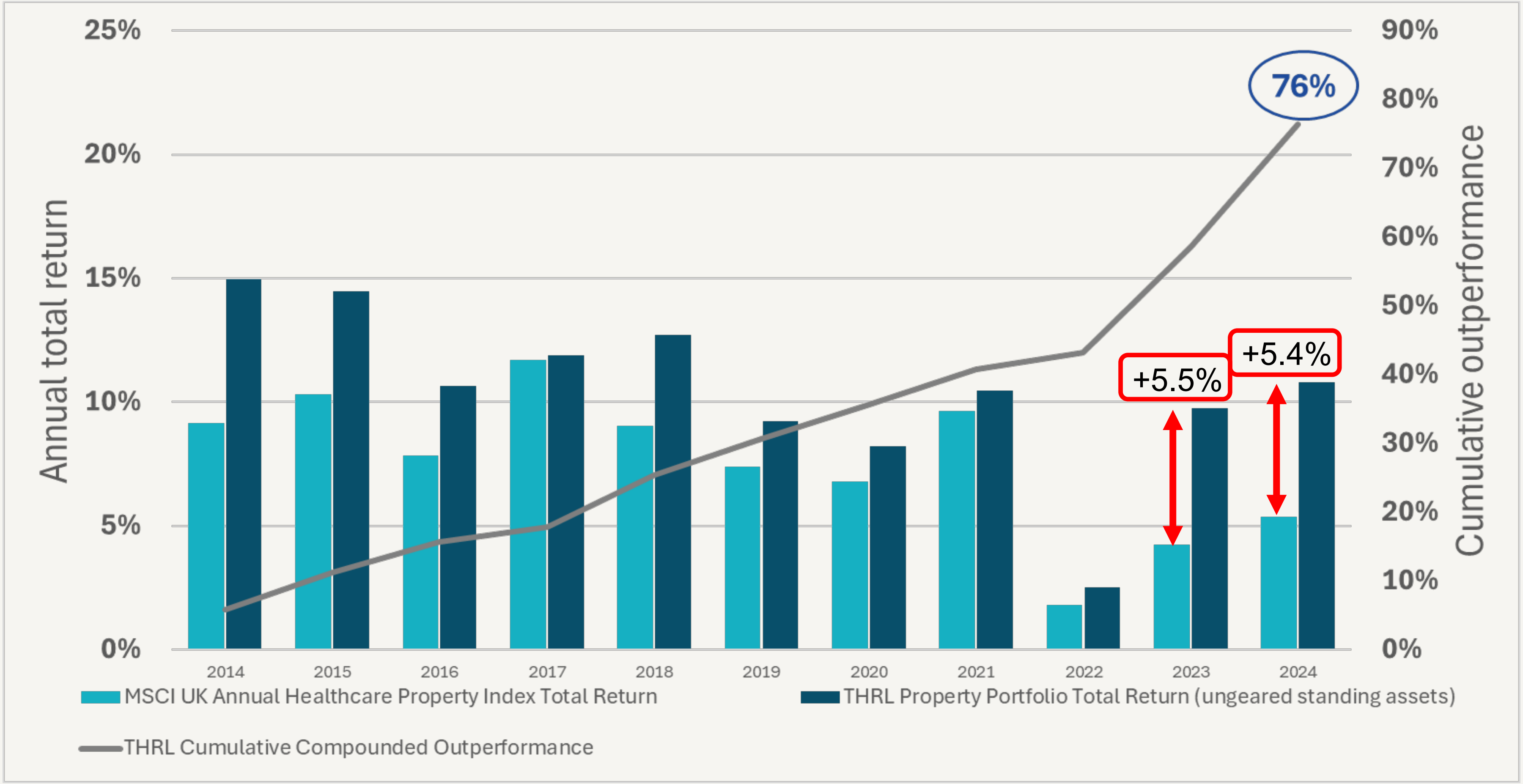
Last five years

	2024	2019	Change
Number of homes	94	62	+32
En suite wet-rooms	99%	96%	+3ppts
Building age - 2010 to present	84%	80%	+4ppts
EPCs A-B	100%	80%	+20ppts
Sqm per resident	48	47	+2%
Mature homes	91%	75%	+16ppts
Rent cover	1.9x	1.5x	+27%

*Mature homes being those which have traded for greater than 3 years

Long term outperformance

MSCI UK Annual Healthcare Property Index



A top performer in Healthcare Property Index 2024

#2/12 MSCI UK 10-year

#4/37 MSCI UK Annual[1]

[1] The index is published annually and covers the calendar years.
There were 37 constituents in the index for the year to 31 December 2024 and 12 for the 10-years to the same date

Financial Performance

Financial highlights: Six months to December 2024

	6 mths to Dec 2024	6 mths to Dec 2023	Change
Net rental income (£m)	**29.8**	28.6	+4%
EPRA cost ratio (%)	**16.1%**	16.0%	+10 bps
Weighted average cost of debt (%)	**3.9%**	4.0%	-10 bps
Adjusted EPRA earnings (£m)	**19.4**	18.9	+3%
Adjusted EPRA EPS (p)	**3.13**	3.05	+8bps
Dividend paid (p)	**2.942**	2.856	+3%
Dividend cover	**107%**	107%	-
EPRA NTA (p)	**112.7**	110.7	+2%
Total Accounting Return	**4.5%**	4.9%	-40bps

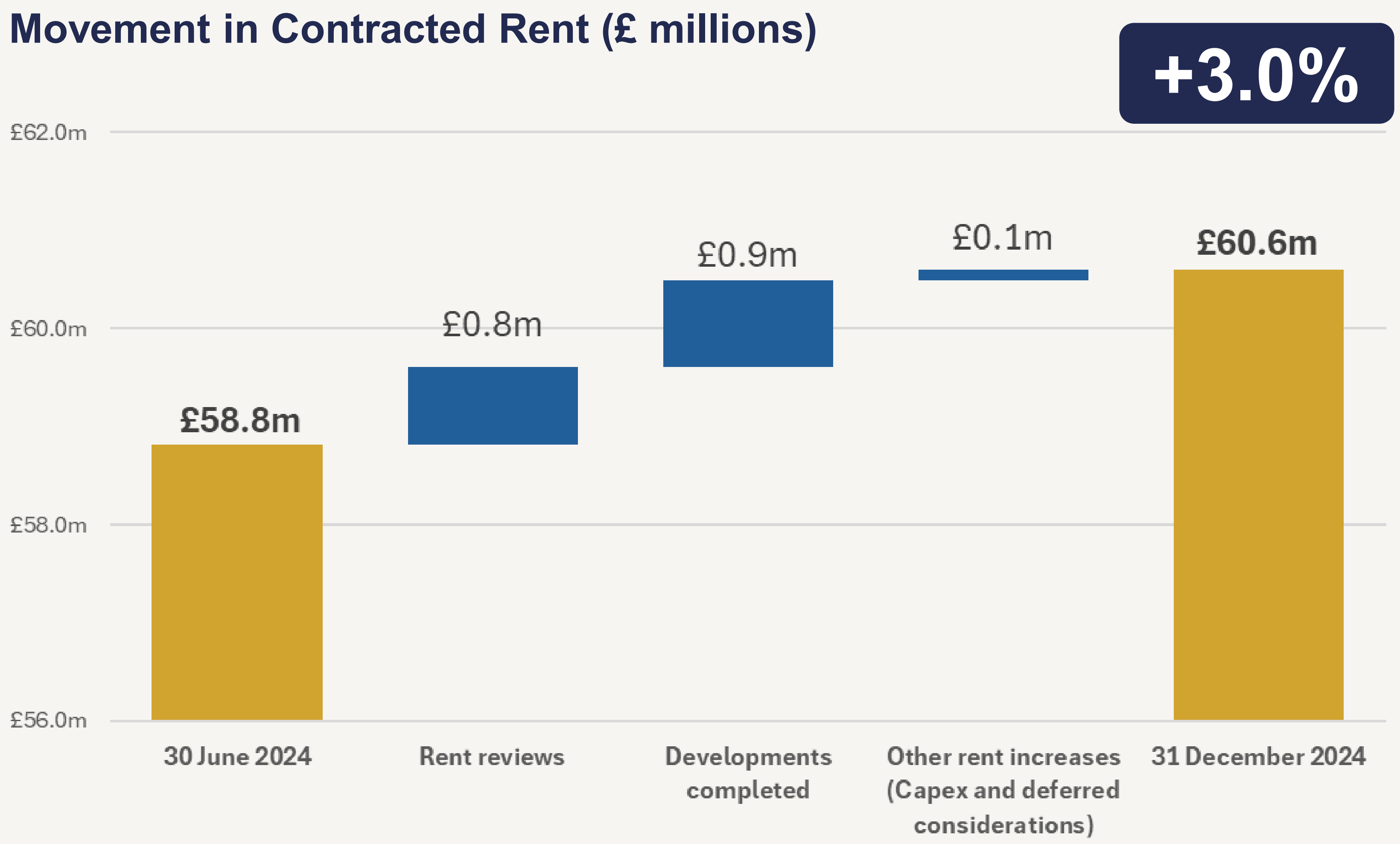
- NRI +4% from rent reviews and developments, despite effect June 2024 disposals
- Certainty of rental income growth
- 3% dividend growth, compared to 6 months to June 2024
- 8th consecutive quarter of NTA growth

Earnings summary

£ million	6 mths to Dec 2024	6 mths to Dec 2023	Change (%)
Rental income (excluding guaranteed uplifts) (£m)	**29.8**	28.6	**4%**
- Management Fee	**(3.9)**	(3.7)	**6%**
- Operating expenses	**(1.6)**	(1.5)	**7%**
- Credit loss allowance / Bad debt	**(0.2)**	(0.3)	**-41%**
Total expenditure	**(5.7)**	(5.5)	**4%**
Net financing costs	**(5.1)**	(5.2)	**-1%**
Interest from development funding	**0.4**	1.0	**51%**
ADJUSTED EPRA EARNINGS (£m)	**19.4**	**18.9**	**3%**

- **Gross to Net 100%; no Voids**
- **Investment Manager full service**
- **Efficient property company model**

Growth in rent roll achieved



Balance sheet

	Dec 2024	Jun 2024	Change (%)
Portfolio market value (per independent valuers)*	924.7	908.5	2%
Cash	37.9	38.9	-
Working capital *	(15.7)	(17.9)	-
Debt	(248.0)	(243.0)	2%
EPRA Net Tangible Assets (NTA)	698.9	686.5	2%
EPRA NTA per share (pence)	112.7	110.7	2%

22.7%
Net LTV

£72m
Available undrawn debt

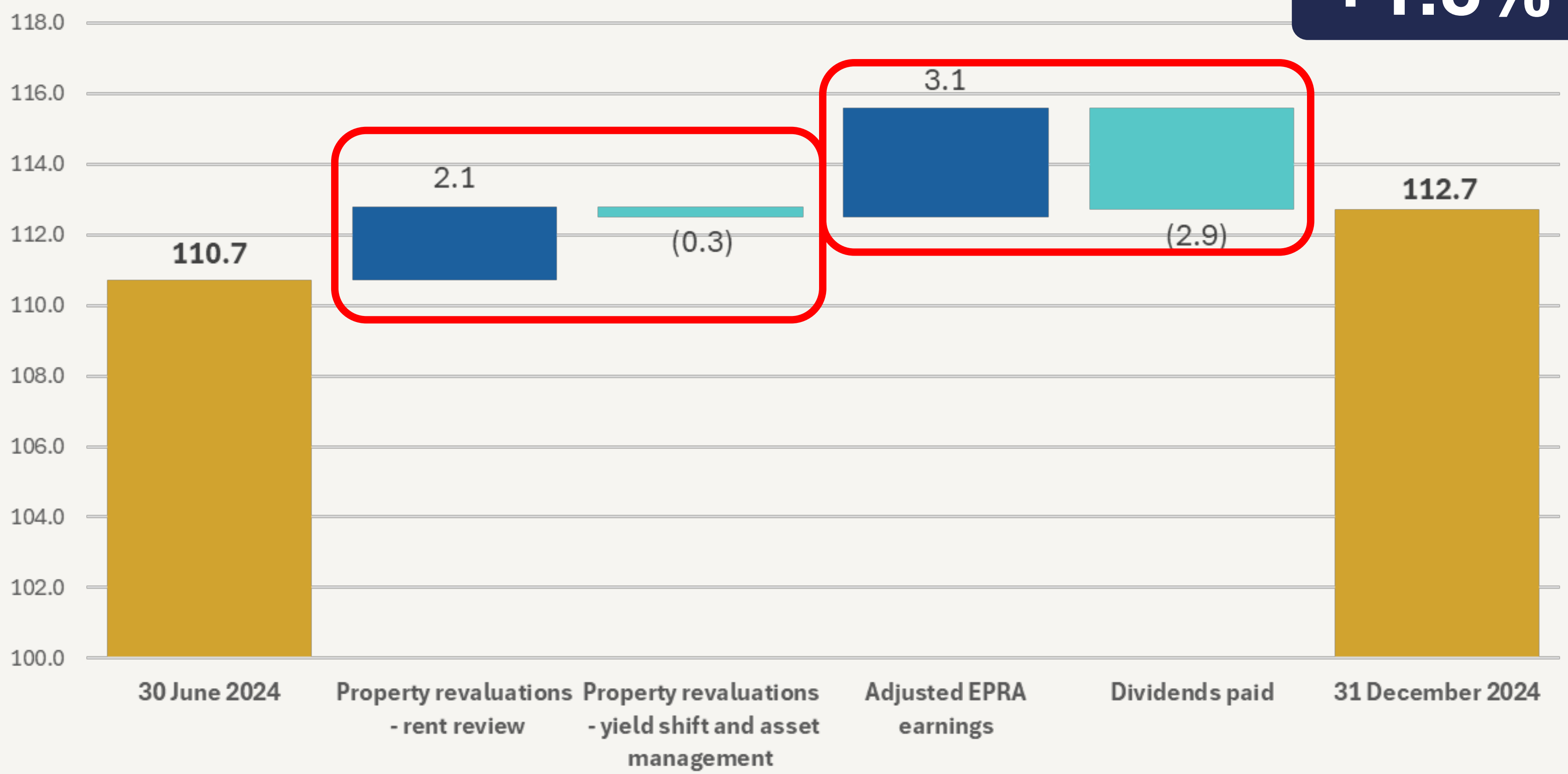
4.7 years
Weighted average term to expiry of debt

* Excludes the IFRS effects of fixed/guaranteed minimum rent reviews

NTA bridge

EPRA NTA per share (pence)

+1.8%



Debt summary

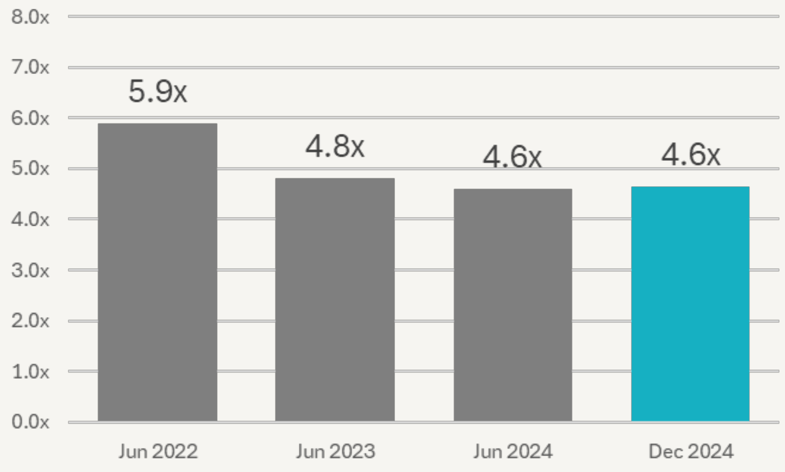
Debt Provider	Facility Size	Drawn at 31 Dec 2024	Hedging	Maturity	Cost[1]
Phoenix	£150m	£150m	£150m fixed rate	Jan-32: £87m Jan-37: £63m	3.32%
Royal Bank of Scotland	£70m	£48m	£30m hedged, £18m floating	Nov-25	4.41%
HSBC	£100m	£50m	£50m hedged	Nov-25	5.40%
Total	**£320m**	**£248m**	**£230m**		3.95%

£150m long-term facilities at low fixed rate

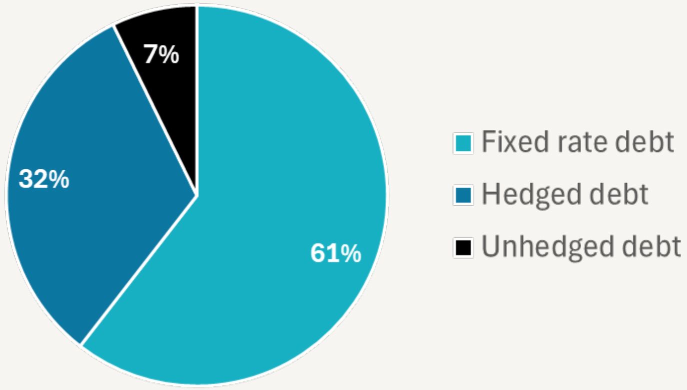
Refinance of shorter-term bank facilities well progressed at attractive terms minimising the impact of the higher rate environment

Refinancing bank facilities would provide a weighted average cost on drawn debt of c.4.4% compared to current 4.0%[1]

Net debt: EBITDA



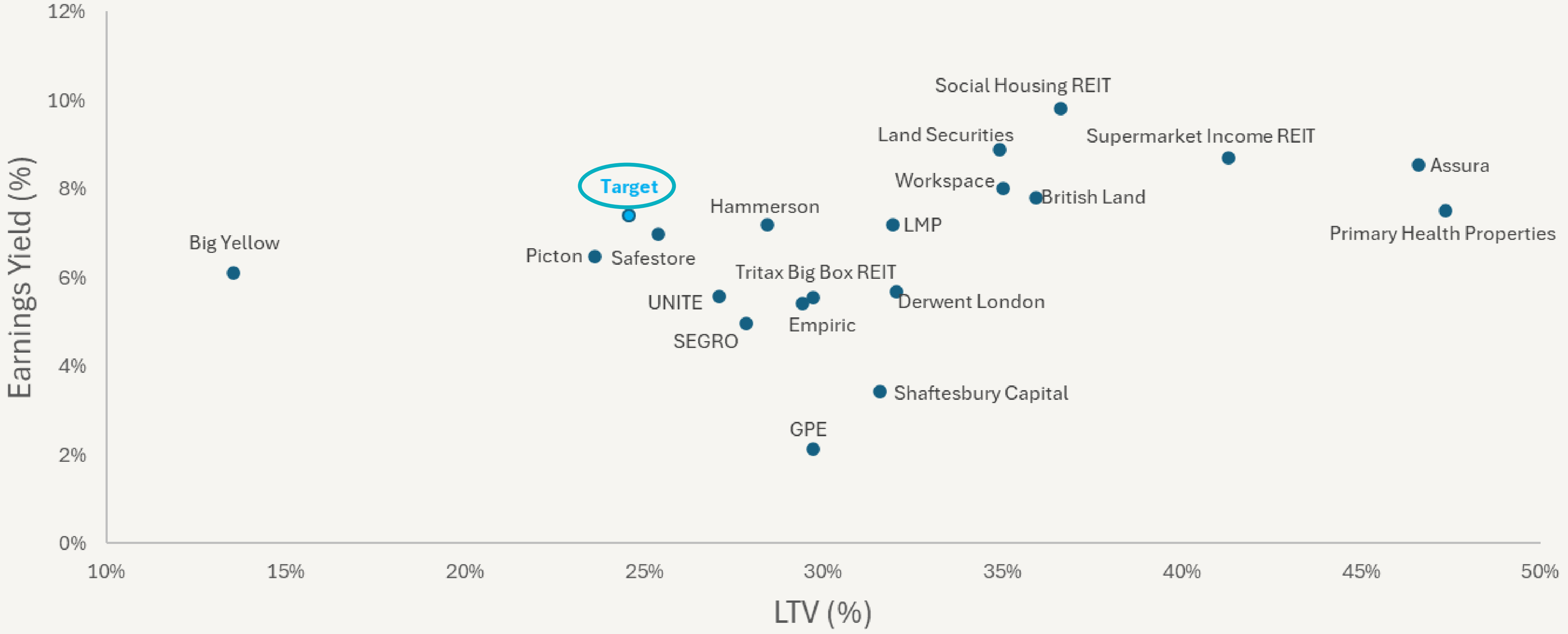
Interest costs well-hedged



[1] Of drawn debt including amortisation of costs

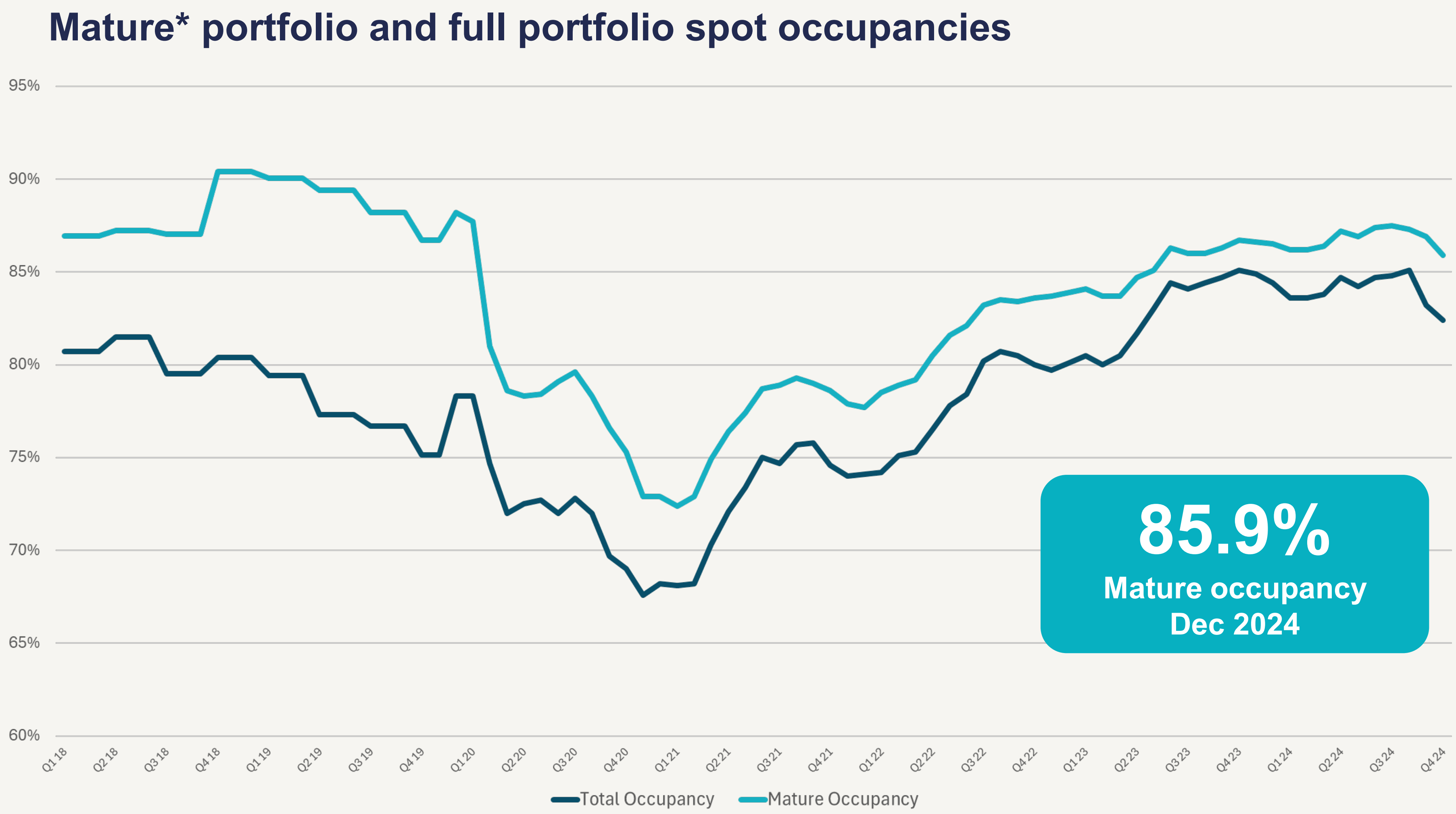
Lower LTV levels deliver higher earnings

Earnings Yield v LTV. *Source: Stifel research as at 28 February 2025*



Portfolio performance

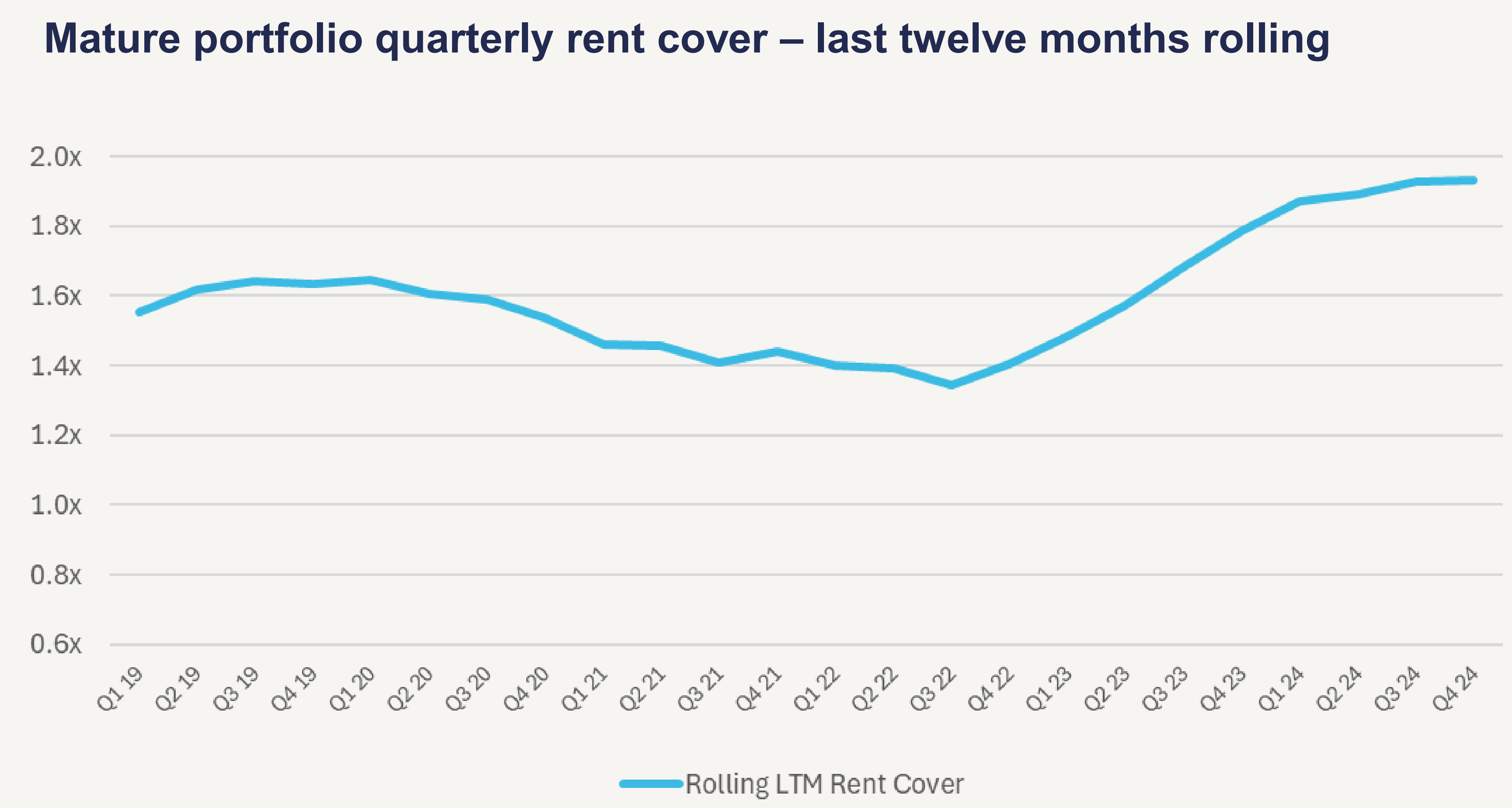
Resident occupancy



85.9%
Mature occupancy Dec 2024

*Mature homes being those which have traded for greater than 3 years

Rent Cover


Mature portfolio quarterly rent cover – last twelve months rolling
2.0x
1.8x
1.6x
1.4x
1.2x
1.0x
0.8x
0.6x
Q1 19
Q2 19
Q3 19
Q4 19
Q1 20
Q2 20
Q3 20
Q4 20
Q1 21
Q2 21
Q3 21
Q4 21
Q1 22
Q2 22
Q3 22
Q4 22
Q1 23
Q2 23
Q3 23
Q4 23
Q1 24
Q2 24
Q3 24
Q4 24
Rolling LTM Rent Cover

Portfolio insights – Operator

Operator	Six months to Dec 2024	Year to June 2024	Year to June 2023	Year to June 2022	Year to June 2021	Year to June 2020
Average weekly fee Increase (last 12 months)	**+5%**	+10%	+11%	+7%	+4%	+8%
Inflation Rate (RPI)	***3%***	*3%*	*11%*	*12%*	*4%*	*1%*
Private pay % [1]	**78%**	74%	73%	67%	62%	66%
Staff costs as a % of total fees	**54%**	53%	56%	58%	59%	57%
Agency costs as a % of staff costs	**7%**	8%	15%	14%	6%	9%
Non-staff costs as a % of total fees	**15%**	15%	16%	14%	12%	15%
Rent cover (last 12 months)	**1.9x**	1.9x	**1.6x**	**1.4x**	**1.5x**	**1.6x**

For mature homes, being those which have traded for greater than 3 years

[1] Whole portfolio private pay percentage

Portfolio insights - Group

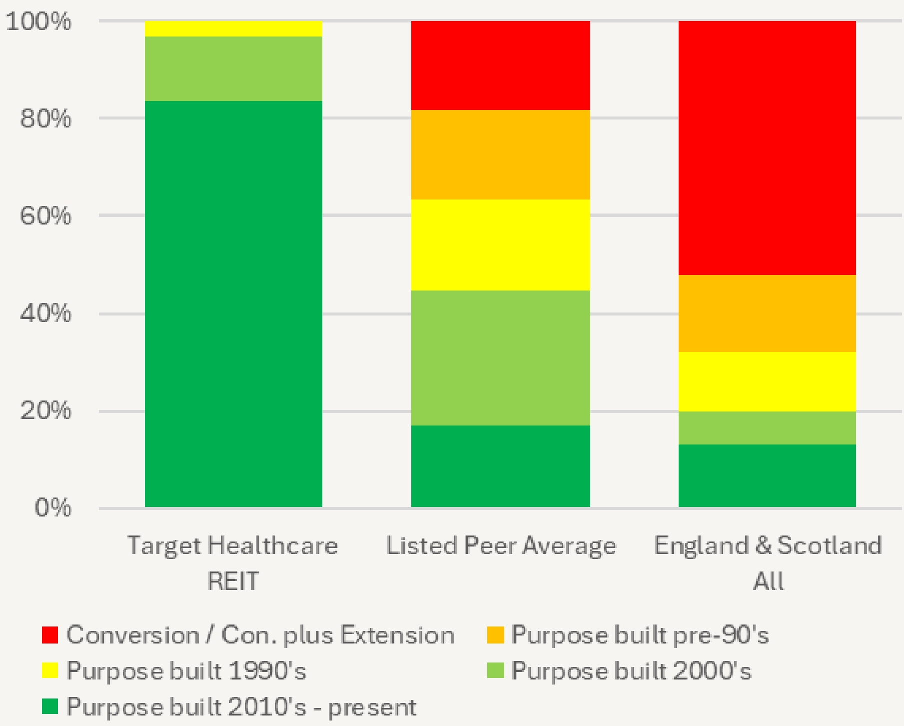
Group	Six months to Dec 2024	Year to June 2024	Year to June 2023	Year to June 2022	Year to June 2021	Year to June 2020
Modernity (% of portfolio purpose build 2010 onwards)	**84%**	**84%**	80%	79%	84%	83%
WAULT (years)	**26.1**	**26.4**	26.5	27.2	28.8	29.0
Mature homes %	**91%**	**90%**	90%	84%	79%	73%
En-suite wet rooms %	**99%**	**99%**	**98%**	**96%**	**96%**	**95%**

Mature homes being those which have traded for greater than three years

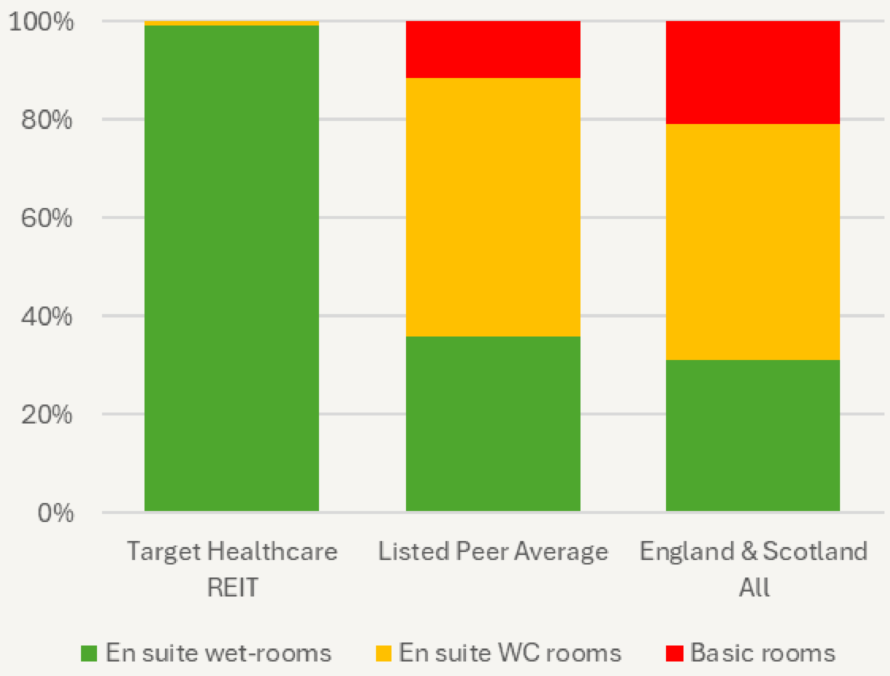
Care property

Supply and quality

Age of home



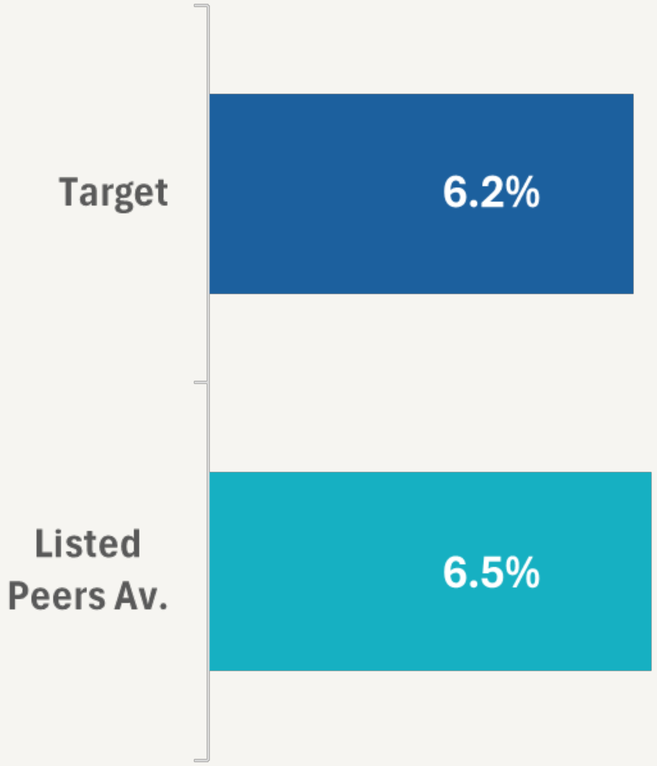
En suite wet-room



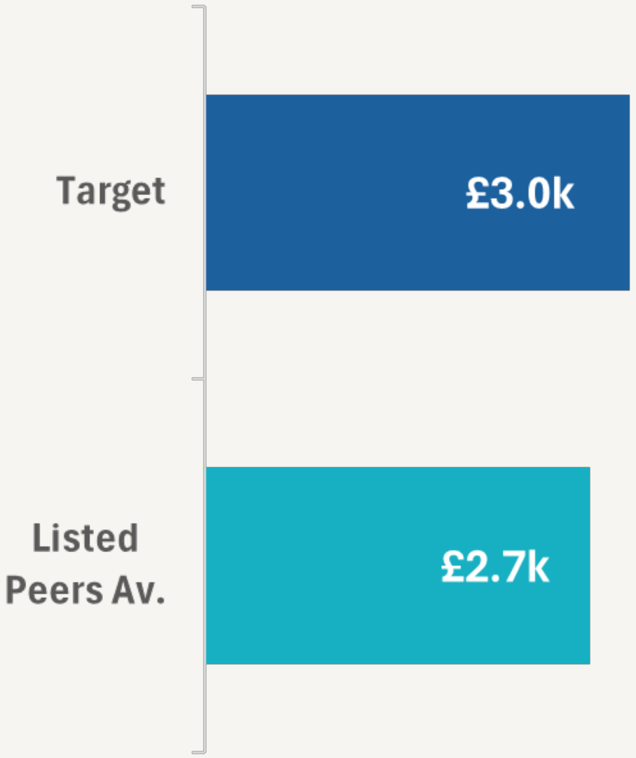
Listed Peers Average is comprised of publicly available information available or disclosed by Care REIT and Aedifica (in relation to their UK portfolio).

Quality vs. Listed Peers: Financial metrics

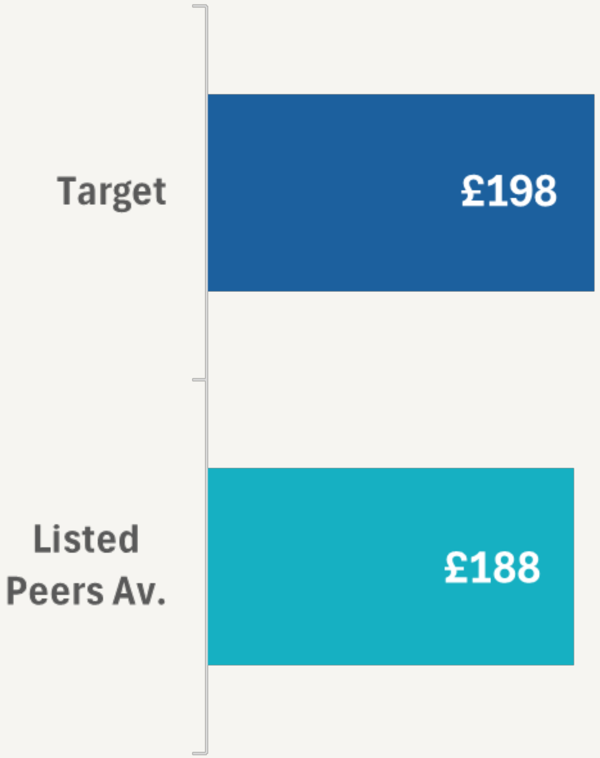
EPRA topped-up NIY



Av. Value per m^2



Av. Rent per m^2



Listed Peers Average is comprised of publicly available information available or disclosed by Care REIT and Aedifica (in relation to their UK portfolio).

Care sector

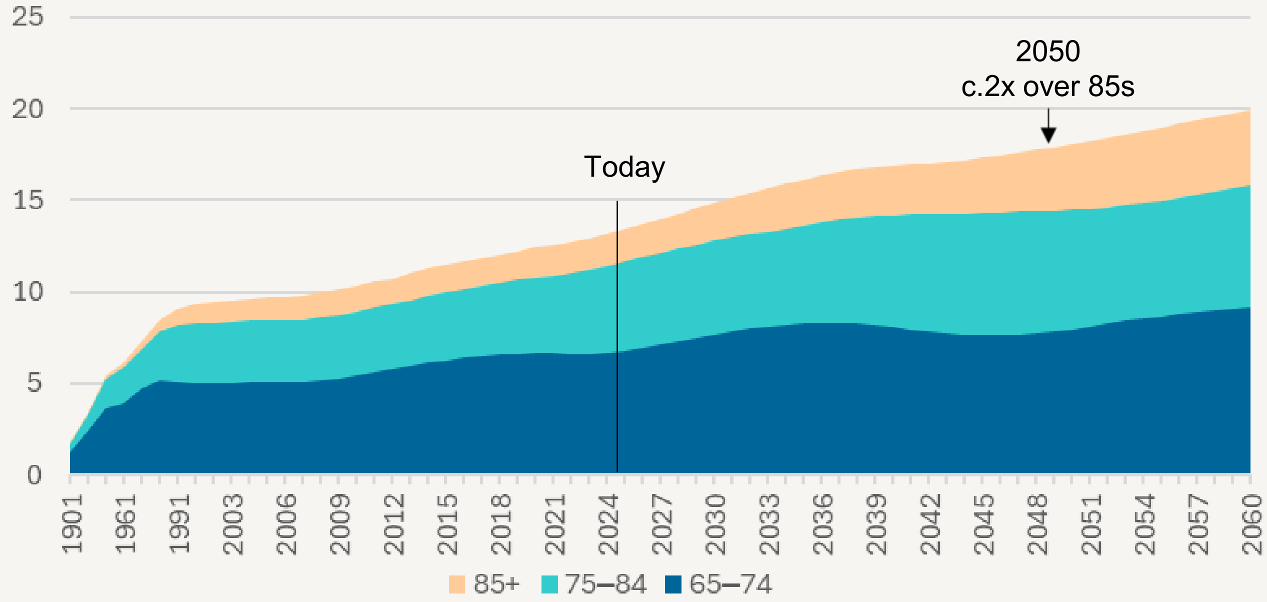
Strong tailwinds – Demographics

12.9%
Of over 85s require long-term residential care[1]

85+
demographic expected to double to 3.4 million in the next 25 years[1]

£6tn
65 yrs+ net housing wealth in homes in the UK

Fundamental demand dynamics



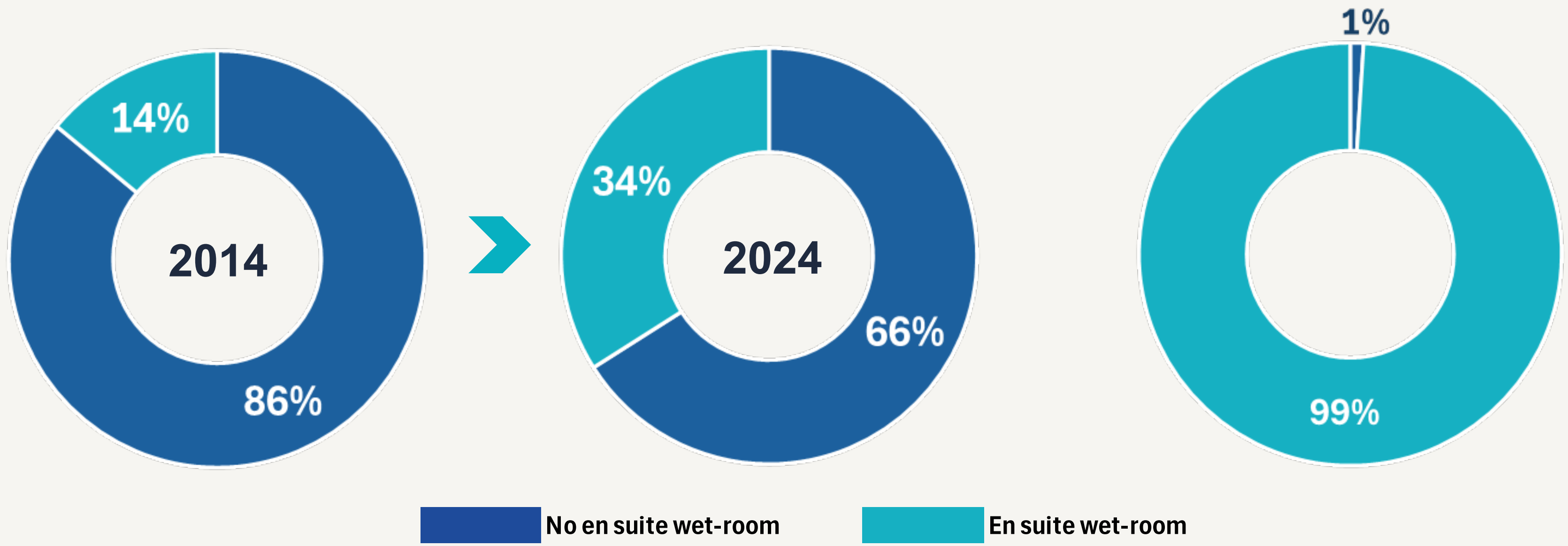
The sector's supply and demand fundamentals provides insulation from macro headwinds

1 Source: LaingBuisson Care Homes for Older People UK Market Report, 35th Edition, Table 1.8 and 1.9

Strong tailwinds - Trend to quality

Market shift towards en suite wet-rooms

UK care home market en suite wet-room provision[1]



Clear market shift to ESG-compliant care homes however today 66% of UK care home beds are not fit-for-purpose

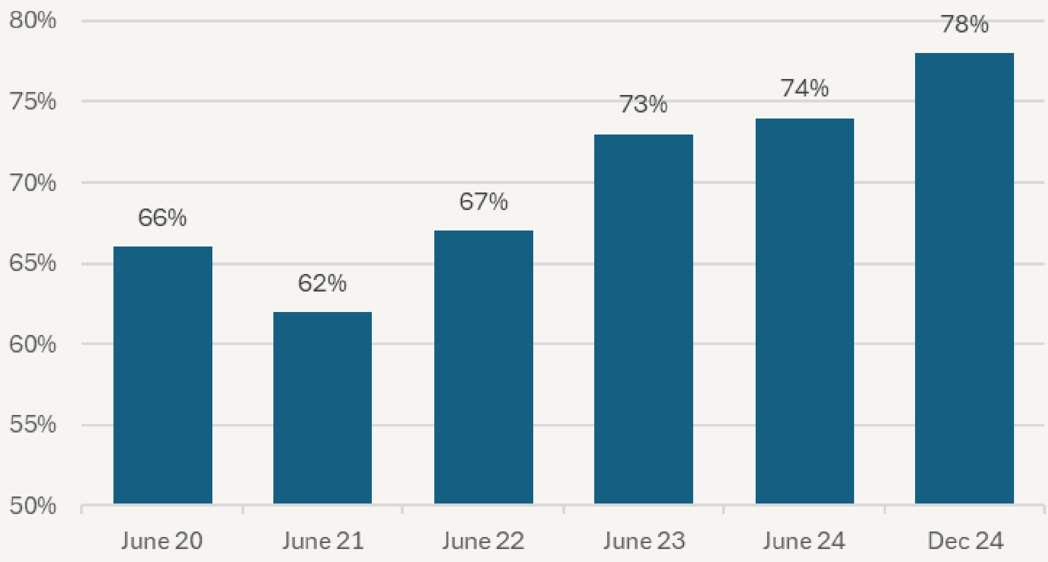
1 – Source: Carterwood

Private Pay

Private pay

- Residents of care homes can either pay their own fees (private pay) or, if they meet the means-testing, have them paid by Local Authorities
- Target's operators have a focus on private pay, which is supported by £6trn of assets held by the over 65s
- Self-funding resident fee levels are increasingly ahead of Local Authority fee rates
- England market average: 37% private pay and 63% public pay[1]

Whole portfolio Private pay percentage



[1] Care homes and estimating the self-funding population, England 2022 to 2023 – Office for National Statistics

Manager’s CEO Reflections

Structurally-supported sector

- Demographics
- Net wealth

Best-in-class assets

- Flight to quality and ESG
- Future-proofed
- No remedial capex concerns

Income growth

- Inflation-linked and contractual
- Supported by revenue growth and service demand at our homes

Capital allocation

- Demonstrated ability to effectively recycle capital and improve portfolio
  - 8% of portfolio disposed of over last 24 months ahead of NAV
- Continue to consider further opportunities to do so to enhance shareholder returns

Q & A

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