Quarterly Investor Report: August 2024

Quarter ended 30 June 2024

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 purpose 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
94	6,457*	34	£58.8m	£908.5m

Overview		Key ratios & financials	
Launch date	March 2013**	Investment properties	£908.5 million
ISIN	GB00BJGTLF51	Drawn debt	£243.0 million
SEDOL	BJGTLF5	EPRA NTA	£686.5 million
Company name	Target Healthcare REIT plc	EPRA NTA per share	110.7 pence
Registered number	11990238	Quarterly NAV total return (including dividend)	2.8%
Expected quarterly dividend	Feb/May/Aug/Nov	Quarterly Group specific adjusted EPRA earnings per share	1.51 pence
Financial year end	30 June		
Currency	Sterling	Quarterly dividend per share	1.428 pence
Website	www.targethealthcarereit.co.uk	Dividend yield (05/08/2024)	7.3%
Ordinary share class as at	05/08/2024	Loan-to-Value ('LTV')***	26.7% (gross); 22.5% (net)
Shares in issue	620,237,346	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
Share price	77.8 pence		
Market capitalisation	£482.5 million		
Share price discount to EPRA NTA	29.7%	WAULT	26.4 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

Following the appointment of a new Government, social care is again in focus. Whilst the decision to cancel the proposed cap on social care costs has dominated recent headlines, it has no impact on the existing obligations for local authorities to fund social care, nor on the private funding from residents which comprises the majority of fee income for our tenants. The more acute problem facing the sector remains the large proportion of care home real estate which is no longer fit-for-purpose, against a backdrop of an ageing UK population. This is why the Group prioritise investment into modern, purpose-built care homes, with a significant bias to private pay residents, a strategy that continues to underpin our delivery of sustainable shareholder returns.

Performance

The portfolio value decreased by 2.8% over the quarter, following a 4.5% decrease as a result of the successful disposal of four assets which was offset by a 0.8% like-for-like increase in the operational portfolio, reflecting both inflation-linked rent reviews and an outward yield movement, and a 0.9% increase from further investment, primarily associated with the development properties.

Contractual rent decreased by 2.1% overall due to the disposals but increased by 1.0% on a like-for-like basis, driven by inflation-linked upwards-only annual rent reviews.

Asset Management and Investment Activity

Four properties were sold during the quarter at a modest premium to carry value, for £44.5 million, at an implied net initial yield of 5.64%, demonstrating the institutional grade quality and demand for our prime care home real estate. The Group successfully re-tenanted one of its homes during the quarter, with the rent remaining unchanged, and the lease incentive funded by the outgoing tenant, resulting in the introduction of a new tenant to the Group. The Group's development site in Weston-super-Mare reached practical completion in June, contributing 66 new beds with en suite wet-rooms into the portfolio. Separately, a further six en suite wet-rooms were added at another home, moving the overall percentage in the portfolio towards 100%.

Outlook

The Group has a mature and modern portfolio, which is delivering continued strong performance. Two further development sites will deliver much needed fit-for-purpose modern care homes to the sector.

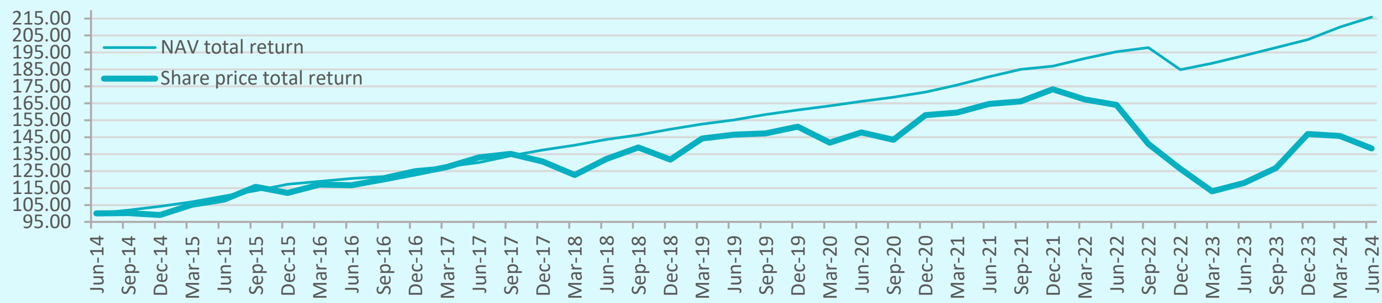
The net proceeds from the disposal have been allocated to reducing more expensive unhedged debt and funding the development pipeline, which will continue to improve the Group's portfolio metrics.

Summary balance sheet

£m	June-24	March-24
Property portfolio*	908.5	934.8
Cash	38.9	17.9
Net current assets/(liabilities)	(17.9)	(17.3)
Loans	(243.0)	(259.0)
Net assets	686.5	676.4
EPRA NTA per share (pence)	110.7	109.0

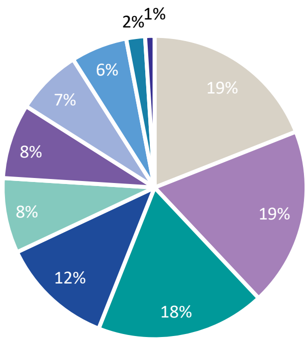
* Ignores the effect of fixed/guaranteed rent reviews. See note 9 to the Annual Report 2023 for full details.

Ten Year Performance – NAV and share price total return (rebased to 100 at June-2014)

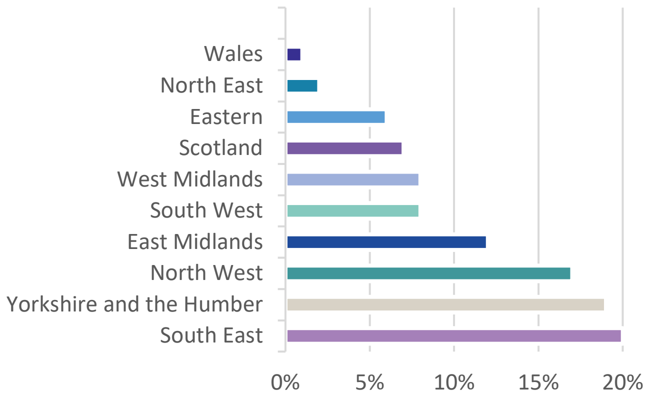


Portfolio summary at 30 June 2024

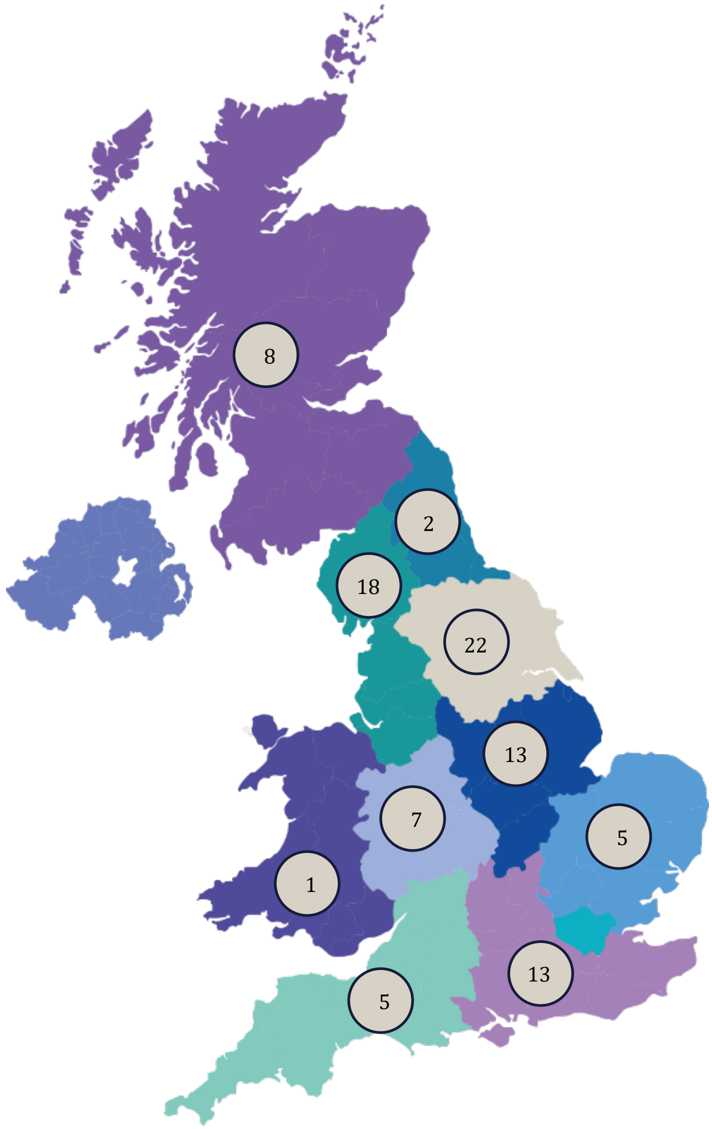
Contracted rent by geographic region



Valuation by geographic region (including developments)



Number of properties by geographic region



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