Quarterly Investor Report: August 2023

Quarter ended 30 June 2023

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
97	6,705*	32	£56.6m	£868.7m

Overview		**Key ratios & financials**	
Launch date	March 2013**	Investment properties	£868.7 million
ISIN	GB00BJGTLF51	Drawn debt	£230.0 million
SEDOL	BJGTLF5	EPRA NTA	£647.9 million
Company name	Target Healthcare REIT plc	EPRA NTA per share	104.5 pence
Registered number	11990238	Quarterly NAV total return (including dividend)	2.4%
Expected quarterly dividend	Feb/May/Aug/Nov	Quarterly Group specific adjusted EPRA earnings per share	1.46 pence
Financial year end	30 June		
Currency	Sterling	Quarterly dividend per share	1.40 pence
Website	www.targethealthcarereit.co.uk	Dividend yield (01/08/2023)	7.6%
Ordinary share class as at	01/08/2023	Loan-to-Value ('LTV')***	26.5% (gross); 24.7% (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	73.4 pence		
Market capitalisation	£455.3 million		
Share price discount to EPRA NTA	29.8%	WAULT	26.5 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

Demand for places in our care homes remains encouraging, as reported by our tenants, and is demonstrated by growing weekly fee rates and improving rent covers/profitability. Resident occupancy across the portfolio continues to recover towards pre-pandemic levels.

The Group's focus remains on managing the portfolio, supporting its tenants in their business aspirations and continuing to invest to improve the real estate when we see the opportunity to unlock further value.

The return to near-full rent collection for the quarter and the stability of the Group's portfolio valuation is consistent with its investment thesis - that modern, purpose-built care homes will provide compelling long-term returns.

Performance

The portfolio value increased by 1.5% over the quarter, comprising a like-for-like uplift in the operational portfolio (+0.9%), primarily reflecting inflation-linked rent reviews, and further investment into the portfolio, mainly associated with the four development properties (+0.6%).

Contractual rent increased by 1.1%, largely as a result of inflation-linked rent reviews in the quarter (+1.0%).

Asset Management and Investment Activity

This quarter the conversion to 51 full ensuite wet-rooms from poorer quality ensuites at two care homes was completed, progressing plans to move the portfolio to 100% wet-rooms (currently 98% following these works). The Group signed legal agreements relating to the addition of 18 bedrooms at a property with works expected to complete by September 2023.

Post quarter-end, the Group acquired a site subject to a forward funding agreement to construct a 66-bed care home in Weston-super-Mare, which is pre-let to a new tenant to the Group. The care home is to be built to exceptional ESG standards, with the highest certifications anticipated, and will offer carbon net zero operational ability.

Outlook

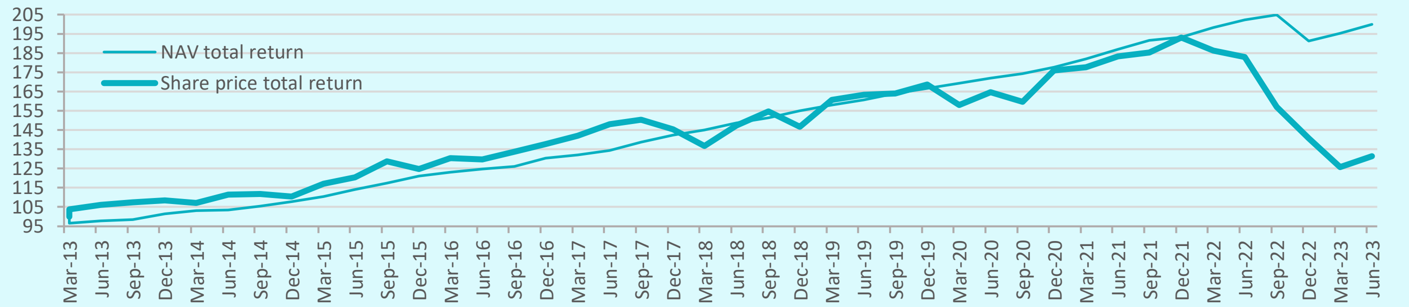
In addition to the above acquisition, we have four further sites where pre-let care homes are being built which will deliver a pipeline of much-needed fit-for-purpose modern real estate to the sector. The portfolio has 94% A or B EPC (100% A to C ratings), currently compliant with the minimum energy efficiency standards anticipated to apply from 2030.

Summary balance sheet

£m	June-23	March-23
Property portfolio*	868.7	855.7
Cash	15.4	26.4
Net current assets/(liabilities)	(6.2)	(10.5)
Bank loans	(230.0)	(230.0)
Net assets	647.9	641.6
EPRA NTA per share (pence)	104.5	103.4

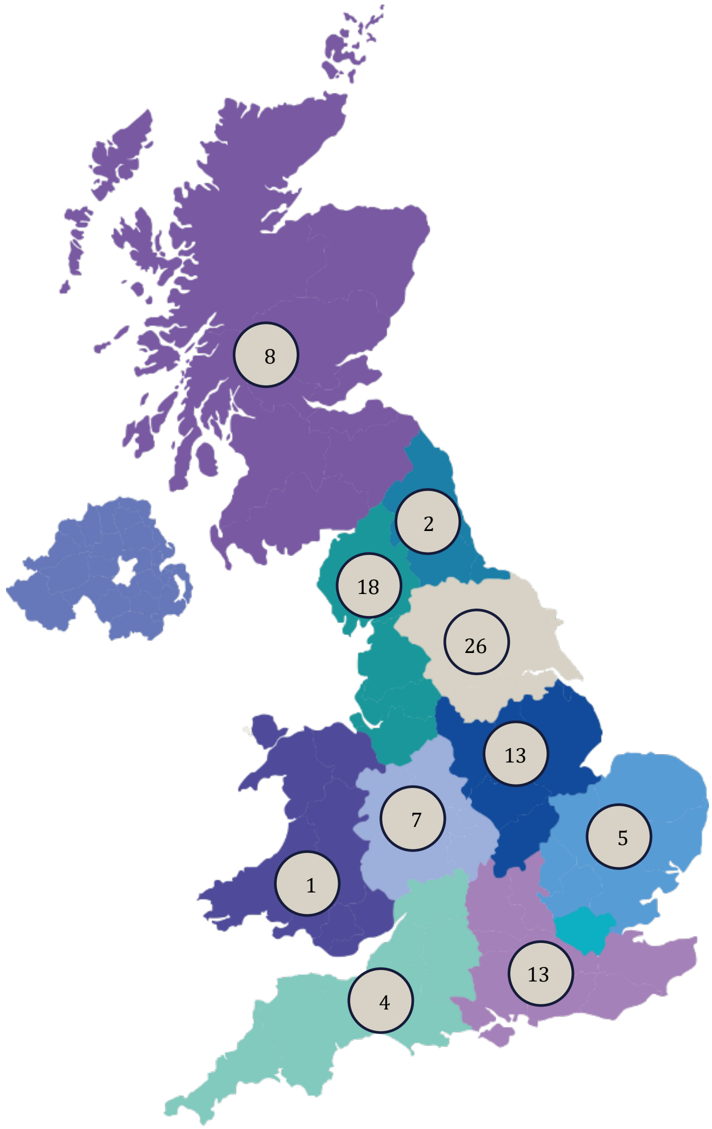
* Ignores the effect of fixed/guaranteed rent reviews. See note 9 to the Annual Report 2022 for full details.

Performance – NAV and share price total return

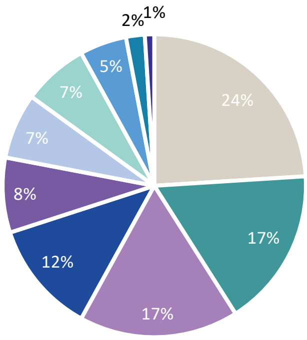


Portfolio summary at 30 June 2023

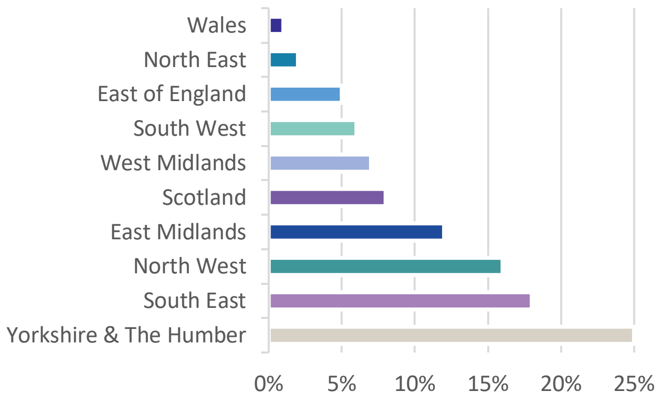
Number of properties by geographic region



Contracted rent by geographic region



Valuation by geographic region (including developments)



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