

Quarterly Investor Report:

Quarter ended 31 December 2023

February 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
98



Beds
6,789*



Tenants
32



Contracted rent
£57.9m



Property Value
£911.1m



Overview		Key ratios & financials	
Launch date	March 2013**	Investment properties	£911.1 million
ISIN	GB00BJGTLF51	Drawn debt	£252.5 million
SEDOL	BJGTLF5	EPRA NTA	£661.5 million
Company name	Target Healthcare REIT plc	EPRA NTA per share	106.7 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	1.51 pence
Financial year end	30 June	Quarterly dividend per share	1.43 pence
Currency	Sterling	Dividend yield (31/01/2024)	6.8%
Website	www.targethealthcarereit.co.uk	Loan-to-Value ('LTV')***	27.7% (gross); 25.8% (net)
Ordinary share class as at	31/01/2024	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		
Share price	83.8 pence		
Market capitalisation	£519.8 million		
Share price discount to EPRA NTA	21.5%	WAULT	26.0 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

Rental growth continues and is well-supported by tenant profitability with the core positive drivers of portfolio quality, demographic trends and increasing demand for modern, purpose-built real estate being clearly demonstrated. Rent covers have continued to improve, with the September quarter result of 1.9x (mature homes) continuing the upward trend seen over recent quarters and representing the highest level since IPO. Underlying resident spot occupancy for mature homes increased to 87% as of 31 December 2023.

Valuations are still seeing some limited outward NIY movement as a response to higher risk-free rates, though we note we are seeing significant bifurcation in market pricing between our prime UK care home real estate and poorer-quality, non-purpose-built homes, as institutional investors recognise the benefits of the former such as social acceptability, energy efficiency and future demand for places.

Performance

The portfolio value increased by 2.3% over the quarter, comprising a like-for-like increase in the operational portfolio (+0.6%), reflecting inflation-linked rent reviews, and further investment into the portfolio, primarily associated with the development properties (+1.7%).

Contractual rent increased by 1.3%, largely due to inflation-linked rent reviews in the quarter (+1.1%).

Asset Management and Investment Activity

During the quarter, HC-One, the UK's largest care operator acquired the Group's largest tenant, Ideal Carehomes. In consenting to the change, the Group strengthened its rent deposit position and added green clauses to the leases. A further successful re-tenanting completed at another home, ensuring continuity of service and income.

During the period there have been enhancements made to homes in our portfolio. Eight bedrooms were added at an existing property and separately, eight full en-suite wet rooms were completed at another home; increasing the overall percentage of wet rooms in the portfolio to 99%.

EPCs were renewed across a number of homes, resulting in the percentage of homes rated A or B improving from 97% to 98%.

Outlook

The Group has five development sites which will deliver much needed fit for purpose modern care homes to the sector.

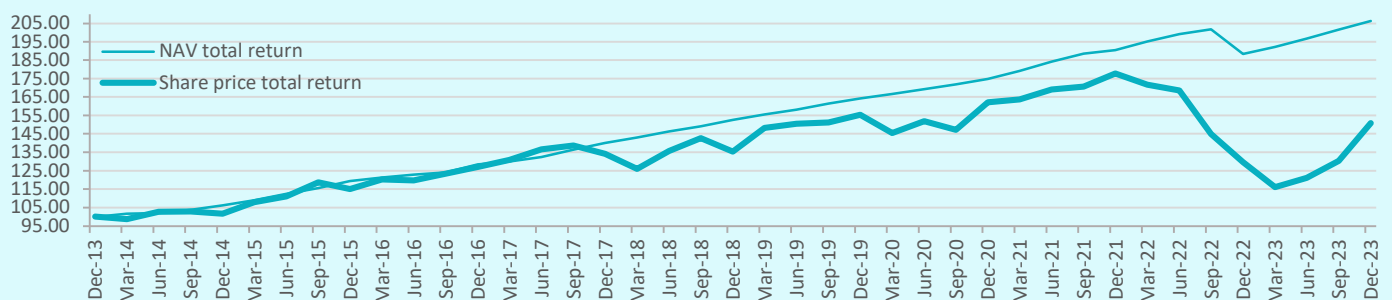


Summary balance sheet

£m	December-23	September-23
Property portfolio*	911.1	890.3
Cash	17.6	20.2
Net current assets/(liabilities)	(14.7)	(12.5)
Loans	(252.5)	(243.0)
Net assets	661.5	655.0
EPRA NTA per share (pence)	106.7	105.6

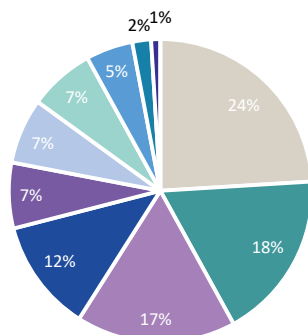
* Ignores the effect of fixed/guaranteed rent reviews. See note 9 to the Annual Report 2023 for full details.

Ten Year Performance – NAV and share price total return (rebased to 100 at Dec-2013)

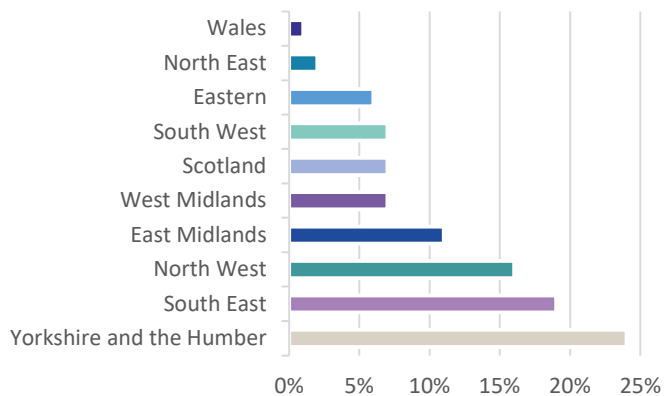




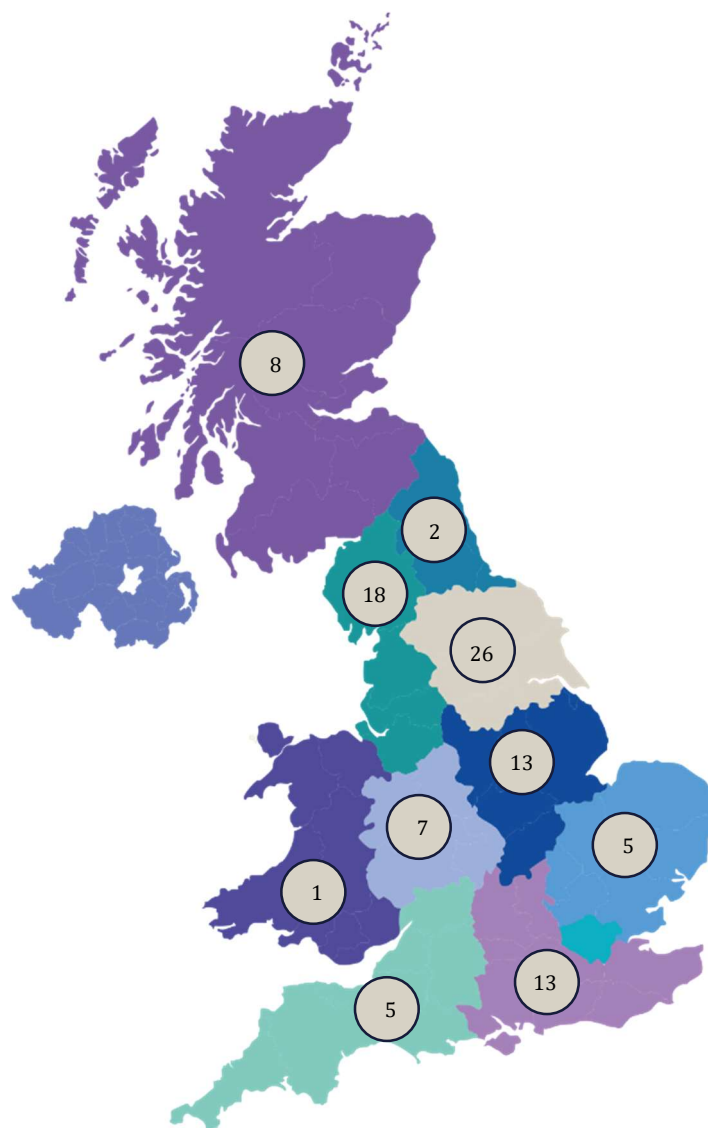
Contracted rent by geographic region



Valuation by geographic region (including developments)



Number of properties by geographic region



Directors

Alison Fyfe (Chair)
Michael Brodtman
Richard Cotton
Vince Niblett
Dr Amanda Thompsell

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 4, Dashwood House, 69 Old Broad Street, London EC2M 1QS.