

# Target Healthcare REIT

## Capital deployment and positive returns

Q222 trading update

Real estate

3 February 2022

**Price** **115p**  
**Market cap** **£713m**

|                                      |        |
|--------------------------------------|--------|
| Net debt (£m) as at 31 December 2021 | 173.8  |
| Net LTV as at 31 December 2021       | 20.7%  |
| Shares in issue                      | 620.2m |
| Free float                           | 100%   |
| Code                                 | THRL   |
| Primary exchange                     | LSE    |
| Secondary exchange                   | N/A    |

### Share price performance



|                  |       |       |        |
|------------------|-------|-------|--------|
| %                | 1m    | 3m    | 12m    |
| Abs              | (2.5) | (2.5) | (0.7)  |
| Rel (local)      | (3.7) | (5.0) | (13.5) |
| 52-week high/low | 125p  | 109p  |        |

### Business description

Target Healthcare REIT invests in modern, purpose-built residential care homes in the UK let on long leases to high-quality care providers. It selects assets according to local demographics and intends to pay increasing dividends underpinned by structural growth in demand for care.

### Next events

|               |             |
|---------------|-------------|
| Q222 DPS paid | 25 Feb 2022 |
|---------------|-------------|

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Target Healthcare REIT has fully deployed the proceeds of the September equity raise, including the acquisition of a significant portfolio of modern, purpose-built homes with a well-established trading record. Enhanced by the recent £100m long-term fixed rate institutional debt facility, remaining capital resources are fully allocated to an identified pipeline of further opportunities. Meanwhile, the Q222 report shows continuing positive accounting returns, driven by inflation-linked rental uplifts.

| Year end | Rental income (£m) | Adj. net earnings* (£m) | Adjusted EPS* (p) | NAV**/ share (p) | DPS (p) | P/NAV (x) | Yield (%) |
|----------|--------------------|-------------------------|-------------------|------------------|---------|-----------|-----------|
| 06/21    | 50.0               | 26.0                    | 5.46              | 110.4            | 6.72    | 1.04      | 5.8       |
| 06/22e   | 58.4               | 33.4                    | 5.63              | 111.2            | 6.76    | 1.03      | 5.9       |
| 06/23e   | 71.9               | 41.0                    | 6.61              | 115.1            | 6.86    | 1.00      | 6.0       |
| 06/24e   | 76.5               | 42.2                    | 6.81              | 119.6            | 6.96    | 0.96      | 6.1       |

Note: \*Adjusted earnings exclude revaluation movements, non-cash income arising from the accounting treatment of lease incentives and guaranteed rent review uplifts, and acquisition costs, and include development interest under forward fund agreements. \*\*NAV is net tangible assets.

## Q222 returns driven by dividends

Including the 18-home portfolio, Target deployed £173m to 19 assets during Q222 and has since acquired an additional home for £7.2m. The remaining available capital of £82m is all allocated to an identified pipeline in late-stage due diligence. Q222 acquisitions have already added more than 20% to the portfolio value and annualised rent roll, with the newly acquired portfolio alone generating £9.3m pa, and have further diversified the tenant base. Q222 NAV per share fell slightly to 110.8p (Q122: 111.3p) due to property acquisition costs but RPI-linked rental growth continues to drive underlying income and capital growth. Including the 1.69p dividend paid, the NAV total return in the period was a positive 1.0%, taking the H122 total to 3.4%.

## Sustainably meeting a long-term need

The care home sector is driven by demographics rather than the economy and a growing elderly population and shortage of quality homes suggest strong demand in years to come. Rent collection remained robust during the pandemic and operators have experienced recovering occupancy over several months, albeit recently slowed by the spread of the Omicron variant. Target is unwavering in its focus on asset quality (along with location and the operational and financial performance of tenants). It believes modern, purpose-built homes with flexible layouts and high-quality residential facilities are key to providing sustainable, long-duration inflation-linked income; appealing to residents and allowing tenants to provide better and more effective care.

## Valuation: Attractive indexed, long-term income

The FY22e DPS represents an attractive 5.9% yield, with good prospects for continuing DPS growth, and supports the c 3% premium to Q222 NAV. Consistently positive accounting returns, and a robust performance of tenant operators and rent collections through the COVID-19 pandemic, are positive indicators for a re-rating.

## Capital deployment to drive growth while consistent returns continuing

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### Capital deployment to drive growth

In September 2021 Target completed an upsized £125m (gross) equity raise, the proceeds of which have already been more than deployed. Including available debt capital, enhanced by the recent £100m fixed rate long-term debt facility, and allowing for all capital commitments, Target estimates that £82m of capital remains available. This is all allocated to identified investments in late-stage due diligence. Completed and future capital deployment will be a significant driver of earnings growth and dividend cover, and we forecast that by FY24 DPS will have increased further and will be effectively fully covered<sup>1</sup>, as acquisitions and development projects fully contribute to income and earnings.

The £173m deployed during Q222 comprised the 18-home portfolio and the acquisition of a pre-let development site in Weymouth for a maximum commitment of £14.3m. It has since completed the acquisition of an operational home in greater Manchester for £7.2m. In aggregate, these acquisitions bring five new tenants to the group (now 33) and increase the number of homes to 99, of which four are under development.

The portfolio of 18 operational care homes adds more than 1,200 beds and generates annual contracted rent of £9.3m, 100% of which has been collected throughout the pandemic. All the properties are purpose-built care homes with an average age of c 11 years providing high-quality modern facilities including full ensuite provision, the vast majority of which (96%) benefit from wet rooms. The portfolio is spread across eight tenants, three of which are new to Target, including national operator Barchester Healthcare, as well as two regional operators.

Target Fund Managers, the investment manager for the group, has unparalleled knowledge of the individual assets within the portfolio, having sourced 17 out of the 18 care homes on behalf of the vendor and provided asset management services over the past 11 years. The properties each benefit from long-term occupational leases with RPI-linked caps and collars, with a weighted average unexpired lease term of approximately 22 years. The commercial terms of each of the occupational leases are consistent with equivalent leases in place across the group.

It is expected that the development site in Weymouth will reach practical completion in June 2022, providing 66 beds. Upon completion it will be leased to experienced, regional operator Chanctonbury Healthcare, a new tenant to the group, on a 35-year, full repairing and insuring lease.

The modern, purpose-built care home acquired in Westhoughton, greater Manchester has been trading for seven years and Target notes an attractive track record of care/service, occupancy and profitability. It will be operated by Harbour Healthcare, new to the home and a new tenant to the group, and comprises 55 bedrooms with full ensuite facilities. The property is leased on a 35-year term with RPI-linked increases, subject to a cap and collar.

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<sup>1</sup> We forecast FY24 dividends to be covered 127% by EPRA earnings and 98% by Adjusted earnings.

## Further details on the Q222 report

The 1.0% Q222 NAV<sup>2</sup> total return<sup>3</sup> takes the H122 total to 3.4%. Adjusting for the Q222 property acquisition costs incurred, we estimate the Q222 total return would have been 2.2%. Consistently positive returns since IPO in January 2013, on both a quarterly and annual basis, reflect the resilience of the sector and of Target's strategy. The average annual compound return over this period has been 6.0%, of which c 80% reflects dividends paid.

### Exhibit 1: NAV total return

|                    | Q122   | Q222   | H122  |
|--------------------|--------|--------|-------|
|                    | Sep-21 | Dec-21 |       |
| Opening NAV (p)    | 110.4  | 111.3  | 110.4 |
| Closing NAV        | 111.3  | 110.8  | 110.8 |
| Dividends paid (p) | 1.68   | 1.69   | 3.37  |
| NAV total return   | 2.3%   | 1.0%   | 3.4%  |

Source: Target Healthcare REIT data, Edison Investment Research

The Q222 NAV movement reflects a positive revaluation movement slightly ahead of acquisition costs, with dividends paid exceeding the movement in revenue reserves. The difference between the movement in revenue reserves and dividends paid is not equivalent to the dividend cover ratio, which may be based on EPRA earnings or adjusted earnings. EPRA earnings includes non-cash IFRS smoothing adjustments while adjusted earnings excludes this but includes licence fee income earned in respect of development assets<sup>4</sup>. FY21 dividend cover was 80% on an EPRA earnings basis and 81% on an adjusted earnings basis. Our forecasts indicate 83% and 86% respectively in FY22, increasing steadily to full cover in FY24 as acquisitions and completed developments fully contribute to earnings. Target itself remains confident of achieving this despite near-term dividend cover having been depressed by the September 2021 equity issuance in advance of acquisitions.

### Exhibit 2: Reconciliation of NAV movement

|   | Q122   | Q222   | H122  |
|---|--------|--------|-------|
| Pence per share unless stated otherwise             | Sep-21 | Dec-21 |       |
| Opening NAV   | 110.4  | 111.3  | 110.4 |
| Revaluation gains on investment properties          | 0.8    | 1.4    | 2.2   |
| Revaluation gains on properties under construction* | 0.1    | 0.0    | 0.1   |
| Net impact of acquisition costs                     | (0.1)  | (1.3)  | (1.4) |
| Net impact of equity issuance                       | 0.4    | 0.0    | 0.4   |
| Movement in revenue reserve                         | 1.1    | 1.1    | 2.2   |
| Dividends paid                                      | (1.4)  | (1.7)  | (3.1) |
| Closing NAV   | 111.3  | 110.8  | 110.8 |

Source: Target Healthcare REIT data, Edison Investment Research. Note: \*The carrying value of assets under development is calculated by the external valuer through application of a discount to the accumulated costs. The discount varies depending on factors such as the remaining development time. As the asset progresses towards completion, the discount is unwound.

The portfolio value increased by 23.9% during Q222 (not including the Q322 greater Manchester acquisition) to £870.5m, mostly due to acquisitions (23.9%) but also a 1.3% like-for-like uplift driven by inflation-linked rental uplifts and 1.1% from investment into the development portfolio and capex.

The 23.6% increase in contracted rent to £53.4m (passing rent after lease incentives £51.1m) was also driven by acquisitions (21.5%) but also included inflation-linked rental uplifts (1.0%) and asset management initiatives (1.1%). The 17 rent reviews completed in the period were at an average 4.0% uplift, similar to the average rent cap across the portfolio.

<sup>2</sup> Throughout this report, net asset value (NAV) represents EPRA net tangible assets (NTA) unless stated otherwise.

<sup>3</sup> Change in net asset value plus dividends paid. Unlike the company's measure of returns, we do not assume reinvestment of dividends. Consequently, the returns quoted by Target are higher.

<sup>4</sup> Licence fee income is earned in respect of funds advanced to developers. It is non-cash but the economic benefit to Target is reflected in a discount, relating to the licence fee earned, to the acquisition price of the asset at completion.

## Forecasts and valuation

We have made no changes to our forecasts, which include the full deployment of the remaining capital (comprising cash and undrawn debt) by the end of FY22, as detailed in our [November update](#). The first full year rent contribution from all assumed investments and development completions is thus FY24.

Target estimates this available capital at £82m, all of which is allocated to late-stage pipeline opportunities. It says that all else being equal, on completion of these acquisitions and the developments currently in progress, the pro forma loan to value (LTV) would be 32%, up from 20.7% at end-Q222. Debt facilities of £320m include the new £100m long-term fixed rate facility put in place in November 2021 at an attractive blended rate of 3.14%. The new facility complements the group's long-term leases, locking in a positive spread versus the asset yield, which should increase over time with inflation-linked rent increases. Fixed rate debt now represents more than 80% of drawn debt (£223m) and 56% of total debt facilities, including the flexible variable rate revolving credit facilities. The weighted average term of the drawn debt has increased to 7.4 years at end-Q222 versus 4.6 years at end-Q122, with a slight decrease in the average cost, to 3.09% from 3.16%.

The current year DPS target of 6.76p (up 0.6% vs FY21) represents an attractive yield of 5.9%. The shares trade at a modest c 3% premium to Q222 NAV per share of 110.8p, similar to the average since IPO but below the high of c 11%.

In Exhibit 3 we show a summary of the performance and valuation of a group of REITs that we consider to be Target's closest peers within the broad and diverse commercial property sector. The group is invested in the primary healthcare, supported housing and care home sectors, all targeting stable, long-term income growth derived from long-lease exposures.

**Exhibit 3: Peer valuation and performance summary**

|                             | WAULT*<br>(years) | Price<br>(p) | Market<br>cap (£m) | P/NAV**<br>(x) | Yield***<br>(%) | Share price performance |          |      |           |         |
|-----------------------------|-------------------|--------------|--------------------|----------------|-----------------|-------------------------|----------|------|-----------|---------|
|                             |                   |              |                    |                |                 | 1 month                 | 3 months | ytd  | 12 months | 3 years |
| Assura                      | 12                | 67           | 1961               | 1.14           | 4.4             | -5%                     | -8%      | -13% | -10%      | 17%     |
| Civitas Social Housing      | 23                | 96           | 590                | 0.88           | 5.7             | -1%                     | 4%       | -9%  | -12%      | -7%     |
| Home REIT                   | 24                | 119          | 666                | 1.13           | 2.1             | -9%                     | 3%       | 13%  | 12%       | 10%     |
| Impact Healthcare           | 19                | 116          | 456                | 1.03           | 5.5             | -3%                     | -2%      | 6%   | 4%        | 13%     |
| Primary Health Properties   | 12                | 144          | 1913               | 1.24           | 4.3             | -5%                     | -6%      | -6%  | -2%       | 23%     |
| Residential secure Income   | N/A               | 110          | 187                | 1.04           | 4.6             | 1%                      | 11%      | 22%  | 22%       | 16%     |
| Triple Point Social Housing | 26                | 93           | 373                | 0.87           | 5.6             | -4%                     | -4%      | -17% | -16%      | -12%    |
| <b>Average</b>              | 19                |              |                    | 1.05           | 4.6             | -4%                     | 0%       | -1%  | 0%        | 9%      |
| <b>Target Healthcare</b>    | 29                | 115          | 713                | 1.03           | 5.9             | -3%                     | -2%      | 1%   | -1%       | 0%      |
| UK property sector index    |                   | 1,943        |                    |                |                 | -3%                     | 4%       | 22%  | 24%       | 7%      |
| UK equity market index      |                   | 4,257        |                    |                |                 | 1%                      | 3%       | 16%  | 15%       | 1%      |

Source: Company data, Refinitiv pricing at 2 February 2022. Note: \*Weighted average unexpired lease term. \*\*Based on last reported NAV/NTA. \*\*\*Based on trailing 12-month DPS declared.

Target's share price yield is clearly above the group average while its P/NAV is slightly below the average. There are several factors that suggest a continuing positive outlook for the shares including a combination of the WAULT with no break clauses and upwards-only, triple net rents, mostly linked to RPI, which provides considerable visibility over a growing stream of contracted rental income. Rent indexation also offers considerable protection against inflation at a time when inflation expectations are increasing.<sup>5</sup> The resilience of Target's business model during the

<sup>5</sup>Most rents are capped and collared. Our expectation is that the average cap is c 4%, providing full inflation protection up to this level.



pandemic, with no interruption to quarterly dividends, is a further positive indicator for the rating of the shares.

**Exhibit 4: Financial summary**

| Year to 30 June (£m)  | 2017   | 2018   | 2019    | 2020    | 2021    | 2022e   | 2023e   | 2024e   |
|---|--------|--------|---------|---------|---------|---------|---------|---------|
| <b>INCOME STATEMENT</b>                                       |        |        |         |         |         |         |         |         |
| Rent revenue  | 17.8   | 22.0   | 27.9    | 36.0    | 41.2    | 48.7    | 59.9    | 63.8    |
| Movement in lease incentive/fixed rent review adjustment      | 5.1    | 6.3    | 6.4     | 8.2     | 8.7     | 9.7     | 12.0    | 12.8    |
| Rental income   | 22.9   | 28.4   | 34.3    | 44.2    | 49.9    | 58.4    | 71.9    | 76.5    |
| Other income  | 0.7    | 0.0    | 0.0     | 0.0     | 0.1     | 0.0     | 0.0     | 0.0     |
| Total revenue   | 23.6   | 28.4   | 34.3    | 44.3    | 50.0    | 58.4    | 71.9    | 76.5    |
| Gains/(losses) on revaluation                                 | 1.6    | 6.4    | 6.2     | 1.7     | 9.4     | 1.6     | 15.9    | 16.2    |
| Realised gains/(losses) on disposal                           | 0.0    | 0.0    | 0.0     | 0.6     | 1.3     | 0.0     | 0.0     | 0.0     |
| Management fee  | (3.8)  | (3.7)  | (4.7)   | (5.3)   | (5.8)   | (7.4)   | (7.7)   | (7.9)   |
| Other expenses  | (1.2)  | (1.5)  | (2.7)   | (4.3)   | (5.3)   | (3.2)   | (3.6)   | (3.7)   |
| Operating profit  | 20.1   | 29.6   | 33.0    | 37.0    | 49.6    | 49.3    | 76.5    | 81.1    |
| Net finance cost  | (0.8)  | (2.0)  | (3.1)   | (5.4)   | (5.7)   | (7.1)   | (10.0)  | (10.2)  |
| Profit before taxation  | 19.3   | 27.6   | 29.9    | 31.6    | 43.9    | 42.3    | 66.5    | 70.9    |
| Tax   | (0.2)  | 0.0    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| IFRS net result   | 19.1   | 27.6   | 29.9    | 31.6    | 43.9    | 42.3    | 66.5    | 70.9    |
| Adjust for:   |        |        |         |         |         |         |         |         |
| Gains/(losses) on revaluation                                 | (2.2)  | (6.4)  | (6.2)   | (1.7)   | (9.5)   | (1.6)   | (15.9)  | (16.2)  |
| Other EPRA adjustments  | 0.4    | 0.0    | 0.7     | 0.5     | (0.3)   | 0.0     | 0.0     | 0.0     |
| EPRA earnings   | 17.3   | 21.2   | 24.5    | 30.5    | 34.0    | 40.7    | 50.6    | 54.7    |
| Adjust for fixed/guaranteed rent reviews                      | (5.1)  | (6.3)  | (6.4)   | (8.2)   | (8.7)   | (9.7)   | (12.0)  | (12.8)  |
| Adjust for development interest under forward fund agreements | 0.0    | 0.3    | 2.0     | 1.0     | 0.6     | 2.4     | 2.3     | 0.3     |
| Adjust for performance fee                                    | 1.0    | 0.6    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Group adjusted earnings                                       | 13.2   | 15.7   | 20.1    | 23.2    | 26.0    | 33.4    | 41.0    | 42.2    |
| Average number of shares in issue (m)                         | 252.2  | 282.5  | 368.8   | 440.3   | 475.4   | 593.1   | 620.2   | 620.2   |
| IFRS EPS (p)  | 7.58   | 9.77   | 8.10    | 7.18    | 9.23    | 7.13    | 10.73   | 11.43   |
| EPRA EPS (p)  | 6.87   | 7.50   | 6.63    | 6.92    | 7.16    | 6.86    | 8.17    | 8.82    |
| Adjusted EPS (p)  | 5.23   | 5.54   | 5.45    | 5.27    | 5.46    | 5.63    | 6.61    | 6.81    |
| Dividend per share (declared)                                 | 6.28   | 6.45   | 6.58    | 6.68    | 6.72    | 6.76    | 6.86    | 6.96    |
| Dividend cover  | 0.83   | 0.82   | 0.82    | 0.76    | 0.80    | 0.80    | 0.96    | 0.98    |
| <b>BALANCE SHEET</b>  |        |        |         |         |         |         |         |         |
| Investment properties   | 266.2  | 362.9  | 469.6   | 570.1   | 629.6   | 914.7   | 954.4   | 970.6   |
| Other non-current assets                                      | 4.0    | 27.1   | 37.6    | 46.0    | 54.8    | 64.6    | 76.5    | 89.3    |
| Non-current assets  | 270.2  | 390.1  | 507.2   | 616.1   | 684.4   | 979.3   | 1,030.9 | 1,059.9 |
| Cash and equivalents  | 10.4   | 41.4   | 26.9    | 36.4    | 21.1    | 16.9    | 12.6    | 13.2    |
| Other current assets  | 25.6   | 3.4    | 4.3     | 11.2    | 12.9    | 4.2     | 4.5     | 4.6     |
| Current assets  | 36.0   | 44.8   | 31.2    | 47.6    | 34.0    | 21.1    | 17.1    | 17.8    |
| Bank loan   | (39.3) | (64.2) | (106.4) | (150.1) | (127.9) | (278.2) | (299.0) | (299.8) |
| Other non-current liabilities                                 | (4.0)  | (4.7)  | (7.1)   | (6.4)   | (6.8)   | (9.8)   | (10.6)  | (11.0)  |
| Non-current liabilities                                       | (43.3) | (68.9) | (113.5) | (156.5) | (134.7) | (288.0) | (309.6) | (310.8) |
| Trade and other payables                                      | (6.0)  | (7.4)  | (11.8)  | (13.1)  | (18.5)  | (22.5)  | (24.4)  | (25.2)  |
| Current Liabilities   | (6.0)  | (7.4)  | (11.8)  | (13.1)  | (18.5)  | (22.5)  | (24.4)  | (25.2)  |
| Net assets  | 256.9  | 358.6  | 413.1   | 494.1   | 565.2   | 689.8   | 713.9   | 741.8   |
| Adjust for derivative financial liability                     | 0.0    | 0.1    | 0.7     | 0.2     | (0.3)   | (0.3)   | (0.3)   | (0.3)   |
| EPRA net assets   | 256.9  | 358.7  | 413.8   | 494.3   | 564.9   | 689.6   | 713.7   | 741.6   |
| Period end shares (m)   | 252.2  | 339.2  | 385.1   | 457.5   | 511.5   | 620.2   | 620.2   | 620.2   |
| IFRS NAV per ordinary share                                   | 101.9  | 105.7  | 107.3   | 108.0   | 110.5   | 111.2   | 115.1   | 119.6   |
| EPRA NAV per share  | 101.9  | 105.7  | 107.5   | 108.1   | 110.4   | 111.2   | 115.1   | 119.6   |
| EPRA NAV total return   | 7.5%   | 10.1%  | 7.8%    | 6.8%    | 8.4%    | 6.8%    | 9.6%    | 9.9%    |
| <b>CASH FLOW</b>  |        |        |         |         |         |         |         |         |
| Cash flow from operations                                     | 4.4    | 23.6   | 20.5    | 25.6    | 29.2    | 46.4    | 51.0    | 53.0    |
| Net interest paid   | (0.6)  | (1.4)  | (2.3)   | (4.1)   | (4.2)   | (6.3)   | (9.2)   | (9.4)   |
| Tax paid  | (0.5)  | (0.1)  | 0.0     | (0.1)   | (0.0)   | 0.0     | 0.0     | 0.0     |
| Net cash flow from operating activities                       | 3.2    | 22.1   | 18.2    | 21.5    | 25.0    | 40.2    | 41.8    | 43.6    |
| Purchase of investment properties                             | (63.3) | (90.0) | (99.6)  | (117.5) | (51.4)  | (283.5) | (23.8)  | 0.0     |
| Disposal of investment properties                             | 0.0    | 0.0    | 0.0     | 14.1    | 7.8     | 7.3     | 0.0     | 0.0     |
| Net cash flow from investing activities                       | (63.3) | (90.0) | (99.6)  | (103.4) | (43.6)  | (276.2) | (23.8)  | 0.0     |
| Issue of ordinary share capital (net of expenses)             | 0.0    | 91.7   | 48.9    | 78.2    | 58.3    | 121.9   | 0.0     | 0.0     |
| (Repayment)/drawdown of loans                                 | 20.9   | 26.0   | 42.0    | 44.0    | (22.0)  | 150.0   | 20.0    | 0.0     |
| Dividends paid  | (15.6) | (17.4) | (23.6)  | (29.2)  | (31.5)  | (40.0)  | (42.4)  | (43.0)  |
| Other   | 0.0    | (1.5)  | (0.3)   | (1.6)   | (1.5)   | 0.0     | (0.0)   | 0.0     |
| Net cash flow from financing activities                       | 5.3    | 98.8   | 67.0    | 91.4    | 3.3     | 231.8   | (22.4)  | (43.0)  |
| Net change in cash and equivalents                            | (54.7) | 31.0   | (14.5)  | 9.5     | (15.3)  | (4.2)   | (4.4)   | 0.6     |
| Opening cash and equivalents                                  | 65.1   | 10.4   | 41.4    | 26.9    | 36.4    | 21.1    | 16.9    | 12.6    |
| Closing cash and equivalents                                  | 10.4   | 41.4   | 26.9    | 36.4    | 21.1    | 16.9    | 12.6    | 13.2    |
| Balance sheet debt  | (39.3) | (64.2) | (106.4) | (150.1) | (127.9) | (278.2) | (299.0) | (299.8) |
| Unamortised loan arrangement costs                            | (0.7)  | (1.8)  | (1.6)   | (1.9)   | (2.1)   | (1.8)   | (1.0)   | (0.2)   |
| Net cash/(debt)   | (29.6) | (24.6) | (81.1)  | (115.6) | (108.9) | (263.1) | (287.4) | (286.8) |
| Gross LTV   | 14.2%  | 17.1%  | 21.6%   | 24.9%   | 19.2%   | 28.8%   | 29.3%   | 28.5%   |
| Net LTV   | 10.5%  | 6.4%   | 16.2%   | 18.9%   | 16.1%   | 27.1%   | 28.1%   | 27.2%   |

Source: Target Healthcare REIT historical data, Edison Investment Research forecasts

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