

6 August 2025

Target Healthcare REIT plc and its subsidiaries

**("Target Healthcare" or "the Company" or,
together with its subsidiaries, "the Group")**

Net Asset Value, update on corporate activity and dividend declaration

Target Healthcare (LSE: THRL), the UK listed specialist investor in modern, purpose-built care homes, announces its unaudited quarterly Net Asset Value ('NAV') as at 30 June 2025, an update on corporate activity and its fourth interim dividend for the year ended 30 June 2025.

Corporate activity highlights

Consistent total returns driven by growing rental income and asset management initiatives.

- EPRA Net Tangible Assets ('NTA') per share increased 1.6% to 114.8 pence (31 March 2025: 113.0 pence), reflecting a like-for-like valuation uplift primarily driven by the portfolio's inflation-linked rent reviews and supplemented by capital returns from property sales and other asset management initiatives
- EPRA "topped-up" net initial yield of 6.22% (31 March 2025: 6.23%) based on an annualised contractual rent of £61.2 million
- Adjusted EPRAEPS for the quarter of 1.48 pence per share, fully covering the quarterly dividend of 1.471 pence per share
- Total accounting return of 2.9% for the quarter (based on EPRA NTA and including dividend payment)
- Net LTV of 21.8% (31 March 2025: 22.9%)
- Weighted average debt term of 4.2 years (31 March 2025: 4.5 years). Interest costs hedged on 95% of drawn debt to the relevant facility maturity date, with a weighted average cost of drawn debt of 3.84% (31 March 2025: 3.94%) (inclusive of amortisation of arrangement costs)
- Access to a further £78 million of committed, but undrawn, revolving credit facilities which, if drawn, would carry an interest rate of SONIA plus 2.21%
- Total capital available of £94 million as at 30 June 2025, net of the Group's capital commitments including the Group's remaining development
- Rent collection of 97% to date for the fourth quarter, with collection levels expected to increase going forward following successful re-tenantings

Strong underlying portfolio performance underpinned by structural demographics and an acute national undersupply of fit-for-purpose real estate.

- Diversified portfolio of 93 assets let to 34 tenants valued at £929.9 million (31 March 2025: £930.0 million) reflecting a like-for-like valuation increase of 0.9% offset by a reduction of 0.9% in absolute value following a property disposal. The like-for-like increase was primarily driven by continued rental growth partially offset with a marginal widening in the net initial yield
- Property disposal of £9.6m at a 8% premium to holding value which, in addition to the surrender premium received in relation to the re-tenanting of another property with the same incumbent tenant, contributed 0.3% to the total accounting return for the quarter
- Contracted rent decreased by 0.1%, driven by a 1.1% like-for-like increase from inflation-linked upwards-only annual rent reviews offset by a 1.2% decrease arising from the property disposal
- WAULT of 25.9 years (31 March 2025: 25.8 years)
- High quality, modern and sustainable real estate portfolio, full details of which are set out in the recently published Group's Sustainability Report:
 - 100% of the portfolio rated EPC A or B, and therefore the portfolio is already compliant with the minimum energy efficiency standards anticipated to apply from 2030
 - Positive social impact from sector-leading real estate standards: 100% en suite wet-rooms; generous 48

sqm space per resident; sustainable rent of £203 per sqm

- Average rent cover on mature homes remained high, at 1.8x for the March 2025 quarter (most recent quarter of tenant data)

Kenneth MacKenzie, CEO of Target Fund Managers, commented:

"The Group's portfolio continues to generate consistent underlying rental growth and a positive total accounting return driven by our exclusively modern, purpose-built real estate, supportive tailwinds and active management.

"Our recent asset management initiatives are now coming to positive conclusions. With one tenant we have successfully negotiated a sale and two re-tenantings across their three homes. This supports their exit from the sector with minimal disruption to the homes' residents whilst delivering attractive financial returns for the Group. In early July we successfully re-tenanted, at a higher rent with no tenant incentives, an asset where rent was not being paid. The EPRA earnings and lower rent collection reported over the last two quarters are now expected to improve. Therefore, whilst we remain cognisant of the short-term impact on net rental income and dividend cover, the overall positive outcomes achieved demonstrate that an active and highly engaged landlord model, when supported by high-quality real estate in attractive geographical locations, is core to delivering strong investment total returns over the long term from care home properties."

Portfolio update

During the quarter, the following asset management initiatives were undertaken:

- The Group sold one home for a value of £9.6 million, net of costs, which represented a premium of 8% compared to the external valuation as at 31 March 2025;
- The Group re-tenanted one home to an existing tenant of the Group, receiving a surrender premium from the outgoing tenant in excess of costs and incentives granted to the incoming tenant. The contracted rent remained unchanged and the lease term was extended by a further 20 years; and
- The Group exchanged contracts on the re-tenanting of a further home to a tenant that will be new to the Group. A further surrender premium will be receivable from the incumbent tenant on completion, expected in the next 3-6 months following the tenant's conclusion of certain capital works. Similarly to the above, there will be no changes to the significant lease terms arising from this re-tenanting, other than the extension of the lease term by a further 20 years.

Subsequent to the quarter end, the Group re-tenanted an additional asset where the tenant had not been paying the rent, representing 1.4% of the rent roll. Following strong interest from multiple operators, the property was ultimately re-tenanted at an improved rental level and with no tenant incentives granted, with an expectation of a valuation uplift of c.£0.3 million from this additional rent in the following quarterly valuation. There is also the potential for further positive valuation improvements over time from both rental growth and yield adjustments linked to the expected recovery in the operational performance of the home. Whilst this had a short-term detrimental impact by both reducing the Group's net rental income and increasing its costs, as noted last quarter, the EPRA earnings and lower rent collection reported are now expected to recover following the resolution of this matter.

The Group has progressed discussions regarding the re-tenanting of three further properties, leased to a single tenant representing 3.2% of the rent roll, where the rent was not paid in full for the quarter. A provision has prudently been recognised, and we anticipate rent collection to resume in the current quarter.

Debt facilities

As at 30 June 2025, the Group had committed debt facilities of £320 million, of which £242 million were drawn. The majority of the Group's drawn debt is long-term and fixed at low rates, with £150 million due to expire between 2032 and 2037. Of the Group's £170 million shorter dated facilities, £92 million were drawn.

In relation to these shorter dated debt facilities, which expire in November 2025, credit approved refinancing terms have been obtained from each of the incumbent lenders. The Group is pleased with the appetite shown and is continuing to carefully evaluate the proposals and the Group's expected capital requirements, and anticipates completing the refinancing of these facilities on appropriate terms prior to the publication of the Group's Annual Results in September 2025.

A balance sheet summary and an analysis of the movement in the EPRA NTA over the quarter is shown in the Appendix of this announcement.

Sustainability Report

The Group published its Sustainability Report 2025 during the quarter. This is available on the Company's website at www.targethealthcarereit.co.uk

Announcement of fourth interim dividend

The Company today declares its fourth interim dividend for the year ended 30 June 2025, in respect of the period from 1 April 2025 to 30 June 2025, of 1.471 pence per share as detailed in the schedule below:

Interim Property Income Distribution (PID): nil

Interim ordinary dividend: 1.471 pence per share

Ex-Dividend Date: 14 August 2025

Record Date: 15 August 2025

Payment Date: 29 August 2025

Shareholders entitled to elect to receive distributions without deduction for withholding tax may complete the declaration form which is available on request from the Company through the contact details provided on its website www.targethealthcarereit.co.uk, or from the Company's registrar. Shareholders who qualify for gross payments are, principally, UK resident companies, certain UK public bodies, UK charities, UK pension schemes and the managers of ISAs, PEPs and Child Trust Funds, in each case subject to certain conditions. Individuals and non-UK residents do not qualify for gross payments of distributions and should not complete the declaration form.

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Notes to editors:

UK listed Target Healthcare REIT plc (THRL) is an externally managed FTSE 250 Real Estate Investment Trust which provides shareholders with an attractive level of income, together with the potential for capital and income growth, from investing in a diversified portfolio of modern, purpose-built care homes.

The Group's portfolio at 30 June 2025 comprised 93 assets let to 34 tenants with a total value of £929.9 million.

The Group invests in modern, purpose-built care homes that are let to high quality tenants who demonstrate strong operational capabilities and a strong care ethos. The Group builds collaborative, supportive relationships with each of its tenants as it believes working in this way helps raise standards of care and helps its tenants build sustainable businesses. In turn, that helps the Group deliver stable returns to its investors.

Important information

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the UK version of the Market Abuse Regulations (EU) No. 596/2014, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

APPENDIX

1. Analysis of movement in EPRA NTA

The following table provides an analysis of the movement in the unaudited EPRA NTA per share for the period from 1 April

	Pence per share
EPRA NTA per share as at 31 March 2025	113.0
Revaluation gains / (losses) on investment properties	1.4
Revaluation gains / (losses) on assets under construction	-
Gain on investment property realised	0.2
Gain from surrender premium received on re-tenanting	0.2
Movement in revenue reserve	1.5
Third interim dividend payment for the year ended 30 June 2025	(1.5)
EPRA NTA per share as at 30 June 2025	114.8
Percentage change in the quarter	1.6%

The EPRA Best Practices Recommendations Guidelines state that companies should publish a set of three NAV metrics. The full set of EPRA NAV metrics are published in the Group's Annual Report.

At 30 June 2025, due to the valuation ascribed to the Group's interest rate derivative contracts used to hedge its exposure to variable interest rates, which are excluded from the calculation of the EPRA NTA, the unaudited NAV calculated under International Financial Reporting Standards was 114.9 pence per share.

Consistent with standard valuation practice for assets under construction, the carrying value of these assets is calculated by the valuer through application of a discount to accumulated costs to date. This discount varies depending on factors such as the remaining development time. As the asset progresses towards completion, the discount that has been applied is unwound.

2. Summary balance sheet (unaudited)

	Jun-25 £m	Mar-25 £m	Dec-24 £m	Sept-24 £m
Property portfolio*	929.9	930.0	924.7	916.4
Cash	39.7	36.3	37.9	38.9
Net current assets / (liabilities)*	(15.7)	(16.2)	(15.7)	(14.6)
Loans	(242.0)	(249.0)	(248.0)	(248.0)
Net assets	711.9	701.1	698.9	692.7
EPRA NTA per share (pence)	114.8	113.0	112.7	111.7

*Properties within the portfolio are stated at the market value provided by the external valuer and the IFRS effects of fixed/guaranteed minimum rent reviews are not reflected.

3. External Valuer

The valuation of the property portfolio as at 30 June 2025 was conducted by CBRE Limited.

4. EPRA NIY profiles and unwind of rent-free period

The Group currently has two assets with a rent-free period. As these unwind, assuming no other changes including inter alia the portfolio valuation or rental profile, the EPRA yield profiles for the portfolio will be as follows:

	30 June 2025	30 September 2025	31 December 2025
EPRA "topped-up" NIY	6.22%	6.22%	6.22%
EPRA NIY	6.04%	6.19%	6.22%
Contractual rent (£m)	61.2	61.2	61.2
Passing rent (£m)	59.4	60.9	61.2

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