

25 September 2025

Target Healthcare REIT plc and its subsidiaries
("Target Healthcare" or the "Company" or,
together with its subsidiaries, the "Group")

£85.9 million disposal of nine care homes transacted at a 11.6% premium to carrying value, refinancing of debt facilities, attractive acquisition pipeline and Investment Manager CFO update

Target Healthcare (LSE: THRL), the UK listed specialist investor in modern, purpose-built care homes, is pleased to announce the disposal of nine UK care homes above carrying value to an institutional purchaser (the "Disposal"), the completion of its debt refinancing, details on its attractive acquisition pipeline and the appointment of a CFO by the Investment Manager.

Disposal of nine care homes for £85.9 million

This landmark transaction of £85.9 million represents our largest disposal since IPO and was transacted at a 11.6% premium to the Group's carrying value as at 30 June 2025. The sale price represents an implied net initial yield of 5.24%.

This highly accretive disposal of nine care homes, which represent 537 beds and c.8.3% of the Group's overall portfolio value as at 30 June 2025, reduces the Group's exposure to its current largest tenant, HC One/Ideal Carehomes, from c.16.0% to c.8.8% based on rental income. On completion, the transaction will create a more balanced tenant diversification across the portfolio. The Disposal will not materially change portfolio metrics including rent cover, weighted average unexpired lease term or average age.

Completion of the Disposal, which is unconditional and which is expected to take place on 22 October 2025, will result in an annualised ungeared IRR in excess of 11% and demonstrates the Company's active approach to portfolio management and ability to drive shareholder returns.

Completion of debt refinancing

The Company has refinanced its banking facilities at improved terms with The Royal Bank of Scotland plc and HSBC UK Bank plc (the "Refinancing") replacing the Group's existing £170 million facilities with these banks which were due to expire in November 2025. The detail of the new facilities, and those they replace, are as follows:

	Pre refinancing			Post refinancing		
	Quantum	Maturity	Interest rate	Quantum	Maturity	Interest rate
RBS Term loan	£30m	Nov 2025	2.5% Fixed with swap	£20m	Sept 2028*	5.3% Fixed with five-year swap
RBS RCF	£40m	Nov 2025	SONIA + 2.3% Variable	£30m	Sept 2028*	SONIA + 1.5% Variable
HSBC Term loan	-	-	-	£30m	Sept 2028*	5.3% Fixed with five-year swap
HSBC RCF	£100m	Nov 2025	SONIA + 2.2% Capped at 5.2%	£50m	Sept 2028*	SONIA + 1.5% Variable
	£170m			£130m		

* All with the option to extend for a further two years, subject to lender consent.

The £30 million RBS RCF and £50 million HSBC RCF will be capped appropriately in advance of any acquisitions being committed.

As part of the Refinancing, the Company has also agreed accordion facilities of a further £70 million with these banks providing the ability to increase the banking facilities to an aggregate of £200 million, subject to lender consent, to pursue further attractive investment opportunities.

Following the Refinancing, the Group's weighted average cost of its drawn debt, inclusive of amortisation of loan arrangement fees, increases to 4.3% from 3.9%. This includes the Group's £150m of long-term, fixed rate facilities with Phoenix Group which remain unchanged.

Attractive acquisition pipeline

The Group has a strong pipeline of near-term assets at a net initial yield of c.6%. This comprises a combination of accretive investment opportunities including high quality, strongly performing existing UK care homes all with en suite wet-rooms and new purpose-built forward funded assets. The acquisition of the first of the existing care homes in the pipeline is expected to take place in November. Executing on the rest of this pipeline of assets is expected to utilise fully the proceeds from the Disposal as well as making efficient use of the new debt facilities.

Kenneth MacKenzie, CEO, at Target Fund Managers, commented:

"We are delighted to announce this landmark disposal of nine homes, at a substantial premium to carrying value. The sale further underlines the desirability and demand for the modern, purpose-built care home portfolio we have carefully curated over the years. The decision to divest these assets was primarily driven by our desire to actively manage the portfolio - including reducing our largest tenant exposure to under 10% - and to take advantage of a favourable market opportunity. As well as crystallising an attractive return for shareholders, it is also a strong validation of our portfolio valuation.

"Refinancing the Group's banking facilities at a reduced margin, extending the long-term relationship we have with our lenders, is also a significant milestone. We have improved the terms, reflecting the strength of our business and the compelling fundamentals underpinning purpose-built care homes.

"The disposal proceeds combined with the new debt facilities provide us with significant financial flexibility to invest in new assets and improve the quality and scale of the portfolio, whilst benefiting from the yield differential we expect to achieve. We look forward to setting this out in more detail at our full year results in October."

Investment Manager update

Further to the Company's announcement on 8 May 2025, the Company is pleased to announce that its Investment Manager, Target Fund Managers Limited, has appointed Alastair Murray as Chief Financial Officer ("CFO"), replacing Gordon Bland whose resignation became effective on 6 June 2025.

This appointment follows an extensive market search completed by external recruitment consultants, with the Chair of the Audit Committee included throughout the process.

Alastair is a chartered accountant, having trained and practised at Bank of Scotland/Lloyds Banking Group, with extensive experience in finance and accounting matters, including having served as Director of Finance: Listed Funds for the Investment Manager since 2023. Alastair's appointment as CFO is subject to regulatory approval.

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Enquiries:

Target Fund Managers Limited
Kenneth MacKenzie
Alastair Murray
James MacKenzie

Tel: 01786 845 912

Stifel Nicolaus Europe Limited
Mark Young
Rajpal Padam
Catriona Neville

Tel: 020 7710 7600

Panmure Liberum Limited
Jamie Richards
David Watkins
Shalin Bhamra

Tel: 020 3100 2000

FTI Consulting
Dido Laurimore
Richard Gotla

Tel: 020 3727 1000
TargetHealthcare@fticonsulting.com

Notes to editors:

UK listed Target Healthcare REIT plc (THRL) is an externally managed 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 £930 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.

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