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Target Healthcare REIT PLC
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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 September 2025, an update on corporate activity and its first interim dividend for the year ending 30 June 2026.

Corporate activity highlights

Strong total return driven by a significant property disposal, the continued success of asset management initiatives and growth in contractual rental income.

- As previously announced, during the quarter the Group exchanged contracts to sell nine care homes for £85.9 million, representing a premium of 11.6% to the carrying value at 30 June 2025 and an implied net initial yield of 5.2% (the 'Disposal'). As planned, the Disposal completed subsequent to the quarter end
- EPRA Net Tangible Assets ('NTA') per share increased 2.5% to 117.7 pence (30 June 2025: 114.8 pence), reflecting a like-for-like valuation uplift driven by inflation-linked rent reviews and the increase in value of the nine properties subject to the Disposal
- EPRA "topped-up" net initial yield, excluding the Disposal properties, of 6.24% (30 June 2025: 6.25%) based on an annualised contractual rent of £57.4 million
- Adjusted EPRA EPS for the quarter of 1.71 pence per share (quarter to 30 June 2025: 1.48 pence)
- Fully covered quarterly dividend of 1.508 pence per share announced in relation to the quarter, an increase of 2.5%
- Total accounting return of 3.9% for the quarter (based on EPRA NTA and including dividend payment)
- Net LTV of 21.4% (30 June 2025: 21.8%)
- Weighted average debt term of 5.9 years (30 June 2025: 4.2 years) following the previously announced refinancing of £130 million of bank loan facilities during the quarter. Interest costs are fixed on £200 million of debt until at least September 2030, at a weighted average cost of 3.89% (inclusive of amortisation of arrangement costs)
- Including the proceeds from the Disposal, the Group has total capital available of up to £138 million to deploy subject to market circumstances
- Pipeline of attractive, high-quality care home investment opportunities with a blended net initial yield of c.6%. The pipeline, which includes both standing assets and forward funded developments, is significantly in excess of available capital and the first acquisition is expected to complete by the end of the calendar year
- Rent collection of 98% to date for the first quarter, with the rent collection level expected to increase following successful re-tenantings, as detailed below

Strong portfolio performance benefitting from accretive disposal and asset management activities, underpinned by the undersupply of fit for purpose real estate.

- Diversified portfolio of 93 operational care homes let to 32 tenants valued at £948.3 million (30 June 2025: £929.9 million) reflecting a like-for-like valuation increase of 1.9%, primarily due to the continued rental growth and the increase in the value of the nine properties subject to the Disposal
- Contracted rent increased by 1.8%, driven by a 0.8% like-for-like increase from inflation-linked upwards-only annual rent reviews and asset management initiatives and a further 1.0% from the completion and leasing of the Group's remaining development site
- WAULT of 25.7 years (30 June 2025: 25.9 years)
- High quality, modern and sustainable real estate portfolio, full details of which are set out in the Group's Sustainability Report:
    - 100% of the portfolio rated EPC A or B, and therefore the portfolio is 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 £204 per sqm

- Average rent cover on mature homes remained high, at 2.0x for the June 2025 quarter (most recent quarter of tenant data), up from 1.8x for the March 2025 quarter

Kenneth MacKenzie, CEO of Target Fund Managers, commented:

"The Group's strong results in the quarter demonstrate the attractiveness of our modern, purpose-built care home portfolio and the value delivered through the active management model. The decision to sell nine care homes was primarily driven by the desire to reduce our exposure to our largest tenant, in addition the value crystallised delivers an attractive return and a strong validation of our portfolio value.

"We have completed the re-tenanting of the four homes, previously operated by two tenants, that had accounted for the lower earnings and rent collection in the prior period, and remain confident of a further recovery of the remaining rent arrears from one of these tenants. These successful re-tenantings, without the requirement to provide tenant incentives, demonstrate the appeal of our assets to both operators and residents, given the acute undersupply of fit-for-purpose homes.

"We have an attractive and growing pipeline of modern, purpose-built assets across diverse geographies, with both existing and new operators, and remain confident in our ability to deploy the Disposal proceeds in an accretive and efficient manner, thereby further enhancing our best-in-class portfolio."

Portfolio performance

The portfolio value increased by 2.0% over the quarter, comprising:

- 1.0% like-for-like increase from the uplift in the value of the nine properties subject to the Disposal;
- 0.7% like-for-like increase from inflation-linked rent reviews;
- 0.1% like-for-like increase from the re-tenanting of four properties as described in more detail below;
- 0.1% like-for-like increase from a marginal tightening in the portfolio's net initial yield; and
- 0.1% increase from capital expenditure, primarily associated with the completion of the Group's sole remaining development property.

Contractual rental income increased by 1.8% over the quarter, comprising:

- 0.7% like-for-like increase from 17 inflation-linked upwards-only rent reviews, with an average uplift of 3.8%;
- 0.1% like-for-like increase following the property re-tenanting described in more detail below and another home triggering a performance-related rental increase clause; and
- 1.0% increase following completion of the Group's sole remaining development property.

Portfolio update

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

- The Group exchanged contracts for the disposal of nine properties for £85.9 million, representing a premium of 11.6% to their carrying value at the end of the previous quarter. At 30 September 2025, these properties have been recognised at the contracted sale price, net of disposal costs, resulting in an increase of 1.4 pence per share in the EPRA NTA. The transaction subsequently completed on 22 October 2025;
- The Group's remaining development asset reached practical completion and was leased on pre-agreed terms to an existing tenant of the Group adding £0.6 million to the Group's contractual rent;
- As previously announced, successful re-tenanting with no tenant incentives granted of:
  - one asset, representing 1.4% of the total rent roll, where the tenant had not been paying the rent. The property was re-tenanted on 2 July 2025, at an improved rental level, resulting in a valuation uplift of c.£0.3 million at 30 September 2025; and
  - three properties leased to a single tenant, representing 3.2% of the total rent roll, where the rent was not being paid in full. The properties were re-tenanted in late September 2025, at an unchanged rental level, to two existing tenants of the Group. As part of the terms of the re-tenanting, the Group secured a parent company guarantee from the previous tenant which should support the collection of the outstanding rent arrears. The resulting partial reduction in the previously recognised credit loss allowance relating to this tenant added a non-recurring contribution of c.0.07 pence per share to the Group's Adjusted EPRA EPS for the quarter.

Debt facilities

As at 30 September 2025, the Group had committed debt facilities of £280 million, of which £247.6 million was drawn, representing a net LTV of 21.4% (30 June 2025: 21.8%).

Following the refinancing of the Group's shorter dated debt facilities during the quarter, the Group's debt facilities at 30 September 2025 consisted of:

- £150 million of drawn fixed-rate loans with a weighted average term of 8.4 years and a weighted average interest rate of 3.18%;
- £50 million of drawn term loan bank facilities with a term of 3.0 years, with the option of two one-year extensions thereafter subject to lender consent, and a weighted average interest rate of 5.30% that has been fixed though the use of interest rate swaps until September 2030; and
- £80 million of revolving credit facilities with a term of 3.0 years, with the option of two one-year extensions thereafter subject to lender consent, which carry a variable interest rate of SONIA plus a margin of 1.50%. Of these revolving credit facilities, £47.6 million was drawn at 30 September 2025. These were subsequently repaid in full in October 2025, following completion of the Disposal, and remain available to redraw as required.

All interest rates quoted above are exclusive of the amortisation of arrangement fees unless otherwise stated.

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.

Announcement of first interim dividend

The Company today declares its first interim dividend for the year ending 30 June 2026, in respect of the period from 1 July 2025 to 30 September 2025, of 1.508 pence per share as detailed in the schedule below:

Interim Property Income Distribution (PID):	1.508 pence per share
Interim ordinary dividend:	nil

Ex-Dividend Date:	13 November 2025
Record Date:	14 November 2025
Payment Date:	28 November 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 September 2025 comprised 93 assets let to 32 tenants with a total value of £948.3 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 July 2025 to 30 September 2025:

	Pence per share
EPRA NTA per share as at 30 June 2025	**114.8**
Gain on properties on which disposal contracts have been exchanged	1.4
Revaluation gains / (losses) on other investment properties	1.3
Revaluation gains / (losses) on assets under construction	-
Movement in revenue reserve	1.7
Fourth interim dividend payment for the year ended 30 June 2025	(1.5)
EPRA NTA per share as at 30 September 2025	**117.7**
Percentage change in the quarter	**2.5%**

At 30 September 2025, due to the immaterial 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 the same as the EPRA NTA.

2. Summary balance sheet (unaudited)

	Sept-25 £m	Jun-25 £m	Mar-25 £m	Dec-24 £m
Property portfolio*	948.3	929.9	930.0	924.7
Cash	44.4	39.7	36.3	37.9
Net current assets / (liabilities)*	(15.2)	(15.7)	(16.2)	(15.7)
Loans	(247.6)	(242.0)	(249.0)	(248.0)
Net assets	**729.9**	**711.9**	**701.1**	**698.9**
EPRA NTA per share (pence)	**117.7**	**114.8**	**113.0**	**112.7**

*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 September 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 at 30 September 2025 would be as follows:

Portfolio at 30 September 2025 (all properties)	**30 September 2025**	**31 December 2025**	**31 March 2026**
EPRA "topped-up" NIY	6.15%	6.15%	6.15%
EPRA NIY	6.06%	6.09%	6.15%
Contractual rent (£m)	62.3	62.3	62.3
Passing rent (£m)	61.4	61.7	62.3

Excluding the properties subject to the Disposal, the EPRA yield profiles for the portfolio at 30 September 2025 would be as follows:

Portfolio at 30 September 2025 (excluding disposals)	**30 September 2025**	**31 December 2025**	**31 March 2026**
EPRA "topped-up" NIY	6.24%	6.24%	6.24%
EPRA NIY	6.14%	6.17%	6.24%
Contractual rent (£m)	57.4	57.4	57.4
Passing rent (£m)	56.5	56.8	57.4

END

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