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Target Healthcare REIT PLC
05 February 2026

**5 February 2026**

**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 31 December 2025, an update on corporate activity and its second interim dividend for the year ending 30 June 2026.

## Corporate activity highlights

**A focus on portfolio management initiatives, including the completion of the disposal of nine care homes at a premium to carrying value and the earnings-accretive acquisition of three care homes, delivered a twelfth consecutive quarter of positive total returns.**

- The Group completed the sale of nine care homes for £85.9 million in line with the exchange announced in the previous quarter, which represented a premium of 11.6% to the carrying value at 30 June 2025 and an implied net initial yield of 5.2%
- The Group acquired three strongly performing modern operational care homes and entered into a forward commitment to acquire a fourth, redeploying more than 50% of the aforementioned disposal proceeds and reflecting a blended acquisition net initial yield in excess of 6%
- EPRA Net Tangible Assets ('NTA') per share increased 1.4% to 119.4 pence (30 September 2025: 117.7 pence), reflecting mainly a like-for-like valuation uplift of 1.2% driven primarily by inflation-linked rent reviews
- Total accounting return of 2.8% for the quarter (based on EPRA NTA and including dividend payment)
- EPRA "topped-up" net initial yield of 6.23% (30 September 2025: 6.24%) based on an annualised contractual rent of £59.5 million
- Adjusted EPRA EPS for the quarter of 1.69 pence per share (quarter to 30 September 2025: 1.71 pence)
- Fully covered quarterly dividend of 1.508 pence per share
- Net LTV of 15.2% as at 31 December 2025 (30 September 2025: 21.4%), below the target level as the Group continues to redeploy the disposal proceeds
- Total debt facilities weighted average term of 5.6 years (30 September 2025: 5.9 years). 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)
- The Group has total capital available of c.£100 million, excluding the uncommitted accordion facility, to deploy subject to market circumstances
- The Investment Manager has identified a pipeline, in excess of the capital available, of attractive, high-quality investment opportunities.  These assets have an indicative blended net initial yield in excess of 6%.
- Rent collection of 99% to date for this second quarter, with an additional £1.9 million of historical rent arrears having been collected (of which £0.7 million had been provided for at 30 September 2025)

**Strong underlying performance from an enhanced real estate portfolio supported by a highly-engaged manager, diversified tenant base and inflation-linked rent reviews.**

- Diversified portfolio of 86 operational care homes let to 32 tenants valued at £894.6 million (30 September 2025: 93 operational care homes, £948.3 million) reflecting a like-for-like valuation increase of 1.2%, primarily due to continued rental growth
- Contracted rent increased by 0.9% on a like-for-like basis due to inflation-linked upwards-only annual rent reviews
- WAULT of 26.3 years (30 September 2025: 25.7 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 £209 per sqm

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

**Kenneth MacKenzie, CEO of Target Fund Managers, commented:**

"Our focused asset management activities have continued to deliver shareholder value. As anticipated, we successfully collected the majority of the rent arrears from the operator of the three properties re-tenanted in the previous quarter, which contributed a further c.0.11 pence per share to the Group's Adjusted EPRA EPS for the quarter. Our re-tenanting activities have also resulted in rent collection returning towards 100% for this quarter on a fully let portfolio.

"The completion of the nine-home disposal at an attractive premium to carrying value, and subsequent reinvestment of over 50% of the proceeds into three existing high-quality operational care homes and a forward commitment pre-let to the same operator, supports our aim of continuous improvement of the portfolio.

"We have identified a growing pipeline of near-term assets. These assets, evenly distributed between standing assets and forward funds/forward commitments, are at various stages of evaluation and completion and have an indicative blended net initial yield in excess of 6%. Although the timing of completion and performance of the assets remains subject to due diligence, market conditions, execution risk and other factors, we remain confident of redeploying the disposal proceeds in modern, purpose-built assets, continuing to pursue the Company's objective, in line with its investment policy."

## Portfolio performance

The portfolio value increased by 1.2% over the quarter on a like-for-like basis, and decreased by 5.7% in aggregate, with the movement comprised of:

- 10.0% decrease following property disposals;
- 3.1% increase due to property acquisitions and other capital expenditure;
- 0.9% like-for-like increase from inflation-linked rent reviews;
- 0.2% like-for-like increase from the re-tenanting of a property; and
- 0.1% like-for-like increase from a marginal tightening in the portfolio's net initial yield.

Contractual rental income increased by 0.9% over the quarter on a like-for-like basis, and decreased by 4.5% in aggregate, with the movement comprised of:

- 8.6% decrease following property disposals;
- 3.2% increase due to property acquisitions and other capital expenditure; and
- 0.9% like-for-like increase from 21 inflation-linked upwards-only rent reviews, with an average uplift of 3.9%.

## Portfolio update

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

- The Group completed the acquisition of a portfolio of three strongly performing modern operational care homes, and contracted on a forward commitment to acquire a fourth, all in prime Central Scotland locations. The total investment of £45m (including costs) across the two transactions reflected a blended acquisition net initial yield in excess of 6%.
  - The three existing operational care homes, acquired via sale and leaseback from an experienced operator with an unparalleled knowledge of its local market, feature 100% en suite wet-room provision and have delivered consistently strong rent cover generation greater than 2x. Serving a private-pay client base and underpinned by compelling local demographics, the properties benefit from 35-year, full repairing and insuring occupational leases with RPI-linked caps and collars.
  - The development of the fourth property, a forward commitment pre-let to the same operator, is already well advanced and is expected to reach practical completion in summer 2026.
- The Group completed the sale of nine care homes for £85.9 million in line with the exchange announced in the previous quarter. This represented a premium of 11.6% to the carrying value at 30 June 2025, with the property values having been already uplifted to the net sales price at 30 September 2025;
- The Group completed the disposal of an additional property for £8.0 million which it had contractually agreed in August 2025, representing a premium of c.13% to its carrying value at 30 June 2025 and c.4% to its carrying value at 30 September 2025;
- The successful re-tenanting of one asset, representing 1.0% of the total rent roll, at an unchanged rental level and with no tenant incentives granted. The remaining lease term was extended to 35 years and the completion of the re-tenanting crystalised the payment of a surrender premium of £1.4 million from the outgoing tenant without any

negative impact on the property valuation over the quarter;

- Following the re-tenanting of three properties in late September 2025, at an unchanged rental level to two existing tenants of the Group, the Group announced that it had secured a parent company guarantee from the previous tenant which supported the collection of the outstanding rent arrears. All agreed rent arrears were received during the quarter, adding a further non-recurring contribution of c.0.11 pence per share to the Group's quarterly Adjusted EPRA EPS. This is in addition to the non-recurring contribution of c.0.07 pence per share recognised in the quarter to 30 September 2025.

**Debt facilities**

As at 31 December 2025, the Group had committed debt facilities of £280 million, of which £203.5 million was drawn, representing a net LTV of 15.2% (30 September 2025: 21.4%). Given the current pipeline and capital available, the Group expects to increase the LTV to around 25% through further investment in modern, purpose-built assets.

The Group's debt facilities at 31 December 2025 consisted of:

- £150 million of drawn Fixed Rate Loans with a weighted average term of 8.1 years and a weighted average interest rate of 3.18%;
- £50 million of drawn Term Loan bank facilities with a remaining term of 2.7 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 ("RCF") with a remaining term of 2.7 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%. £3.5 million of the RCF was drawn at 31 December 2025.

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

The combined fair value of the £203.5 million of drawn loan facilities, based on a discounted cashflow using the market rate of the relevant treasury plus an estimate margin based on market conditions at 31 December 2025, was £178.0 million.

Following the refinancing of the Group's bank facilities in September 2025, an early repayment charge will apply if the £130 million of Term Loans and RCF are cancelled or prepaid early. This potential payment, which would be in addition to the repayment of the par value of the drawn bank borrowings and any early termination costs that may arise as a result of breaking or reducing the interest rate swaps, would have equated to an aggregate maximum sum of £1.55 million at 31 December 2025, and this will decline over the remaining term of these facilities. The Fixed Rate Loans are repayable at their par value of £150 million together with a prepayment amount calculated on the basis of a Modified Spens clause. Due to movements in interest rates no additional prepayment amount would have arisen as at 31 December 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.

**Announcement of second interim dividend**

The Company today declares its second interim dividend for the year ending 30 June 2026, in respect of the period from 1 October 2025 to 31 December 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: | 12 February 2026 |
| Record Date: | 13 February 2026 |
| Payment Date: | 27 February 2026 |

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.

**LEI: 213800RXPY9WULUSBC04**

**ENDS**

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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 31 December 2025 comprised 86 assets let to 32 tenants with a total value of £894.6 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 October 2025 to 31 December 2025:

| | Pence per share |
|---|---|
| **EPRA NTA per share as at 30 September 2025** | **117.7** |
| Revaluation gains / (losses) on investment properties | 1.5 |
| Net impact of acquisition | (0.3) |
| Gain on disposal | 0.1 |
| Gain from surrender premium received on re-tenanting | 0.2 |
| Movement in revenue reserve | 1.7 |
| First interim dividend payment for the year ending 30 June 2026 | (1.5) |
| **EPRA NTA per share as at 31 December 2025** | **119.4** |
| **Percentage change in the quarter** | **1.4%** |

At 31 December 2025, including 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 also 119.4 pence per share.

### 2. Summary balance sheet (unaudited)

| | Dec-25 £m | Sept-25 £m | Jun-25 £m | Mar-25 £m |
|---|---|---|---|---|
| Property portfolio* | 894.6 | 948.3 | 929.9 | 930.0 |
| Cash | 67.2 | 44.4 | 39.7 | 36.3 |
| Net current assets / (liabilities)* | (17.6) | (15.2) | (15.7) | (16.2) |
| Loans | (203.5) | (247.6) | (242.0) | (249.0) |
| **Net assets** | **740.7** | **729.9** | **711.9** | **701.1** |
| **EPRA NTA per share (pence)** | **119.4** | **117.7** | **114.8** | **113.0** |

*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 31 December 2025 was conducted by CBRE Limited.

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

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

| | 31 December 2025 | 31 March 2026 |
|---|---|---|
| **EPRA "topped-up" NIY** | 6.23% | 6.23% |
| **EPRA NIY** | 6.17% | 6.23% |
| **Contractual rent (£m)** | 59.5 | 59.5 |
| **Passing rent (£m)** | 58.9 | 59.5 |



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