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Target Healthcare REIT PLC
22 September 2026

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Target Healthcare REIT plc and its subsidiaries

("Target Healthcare", "the Company" or "the Group")

ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2026

Strong total accounting return underpinned by a sector-leading real estate portfolio

Target Healthcare REIT plc, the listed specialist investor in modern, purpose-built UK care homes, is pleased to announce its annual results for the year ended 30 June 2026.

Total accounting return of 12.0%; NTA growth of 6.4%; increase of 2.5% in fully covered dividend.

- Total accounting return(1) of 12.0% (2025: 9.3%)
- EPRA NTA per share increased 6.4% to 122.1 pence (2025: 114.8 pence)
- Adjusted EPRA earnings per share increased by 7.6% to 6.54 pence per share (2025: 6.08 pence)
- Fully covered annual dividend of 6.032 pence, an increase of 2.5% (2025: 5.884 pence) and 108% covered by adjusted EPRA earnings
- FY27 annual dividend target of 6.212 pence per share, representing an increase of 3.0%
- Low net loan-to-value ("LTV") of 16.1% as at 30 June 2026 (2025: 21.8%)

Continued strong performance from sector-leading, fully-let real estate portfolio, with high rent cover, like-for-like rental growth of 3.7% and stable valuation yields.

- Portfolio of 87 properties, comprising 86 modern operational care homes, all fully let to 31 tenants and one pre-let development site
- Outperformed the MSCI UK Annual Healthcare Property Index, ranking in the top quartile for the year and maintaining its record of outperforming the Index in every year since IPO
- Portfolio value of £924.1 million, including a like-for-like increase of 4.9% (2025: 2.6%)
- Contractual rent of £61.1 million per annum (2025: £61.2 million), including a like-for-like increase of 3.7% (2025: 3.3%) predominantly driven by rent reviews
- Strong underlying trading performance at mature homes delivering high rent cover of 1.9x (2025: 1.9x) and resident occupancy remaining stable at c.85%
- One of the longest weighted average unexpired lease terms in the listed UK real estate sector of 26.0 years (2025: 25.9 years)
- Rent collection of 99% for the year (2025: 97%), returning to 100% by the year end following the disposal of the asset where rent was not being paid in full. Rent arrears of £1.9 million were recovered following the re-tenanting of three homes, resulting in a non-recurring contribution of 0.18p to the Group's adjusted EPRA EPS
- Debt refinancing completed in the year resulting in £200 million of drawn debt at 30 June 2026 at an average cost, inclusive of the amortisation of loan arrangement costs, of 3.89% (2025: 3.84%) which is fully hedged against further interest rate increases until at least September 2030
- Total debt facilities of £280 million with a weighted average term to maturity of 5.6 years (2025: 4.2 years), inclusive of a one-year extension to each of the Group's bank facilities which was agreed post year end
- Disposal of 11 care homes for £97 million, representing a premium of 11.0% to carrying value and an implied net initial yield of 5.5%. Proceeds substantially redeployed into four standing assets, a forward commitment and a forward fund, totalling £73 million at an accretive yield in excess of 6%
- Strong pipeline of attractive, high-quality care home investment opportunities with an indicative blended net initial yield in excess of 6%

Responsible investment strategy focused on quality in a sector with supportive demographic tailwinds continues to improve the UK's care home real estate with a future-proofed portfolio.

- Long-term demand from ageing population supporting both investor and operator activity in the sector
- Strong alignment of ESG principles, with continued social purpose and advocacy of minimum real estate standards across the sector, and portfolio improvements throughout the year
    - Modern, purpose-built care homes; full en suite wet-rooms account for 100% (2025: 100%) of the portfolio compared with c.36% for all UK care home stock
    - 100% of the portfolio is A or B EPC rated (2025: 100%)
    - 83% of the portfolio is purpose-built from 2010 onwards (2025: 84%)
    - Sector-leading average 49m^2 of space per resident (2025: 48m^2)

(1) Based on EPRA NTA movement and dividends paid

Alison Fyfe, Chair of the Company, said:
"With a total accounting return of 12.0%, these results represent the Group's best annual financial performance since its IPO in 2013. The inflation-linked rental uplifts embedded in the leases, combined with stable valuation yields over the year, drove a notable improvement in like-for-like capital value. Returns were further enhanced by the net impact of the Group's investment activity during the year.

"Whilst the investment market remains competitive, the care home market itself is structurally undersupplied. Patient investing, particularly in competitive markets, remains key both in terms of delivering sustainable financial returns and in the construction of a balanced portfolio carefully weighted to those factors and characteristics that are expected to ensure that the properties remain attractive to investors, tenant operators and residents over the long-term.

"We remain confident in our growth aspirations and that the benefits of (i) the inherent value of our existing portfolio of high-quality, purpose-built assets; (ii) the structural support from annual inflation-linked rental growth; and (iii) the demographic tailwinds for the sector, will continue to deliver attractive returns and shareholder value."

Results presentation

A webcast presentation for analysts will take place at 8.30am BST this morning, for which registration can be accessed at:

https://brrmedia.news/THRL_FY26

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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 2026 comprised 86 operational care homes and one forward funded development site let to 31 tenants with a total value of £924.1 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.

Chair's Statement

I am pleased to introduce the results for the year ended 30 June 2026. With a total accounting return of 12.0%, these represent the Group's best annual financial performance since its IPO in 2013.

This strong return was primarily due to the Group's sustainable rental income. The inflation-linked rental uplifts embedded in the leases, combined with stable valuation yields over the year, drove a notable improvement in like-for-like capital value. Returns were further enhanced by the net impact of the Group's investment activity during the year. The proceeds of a significant disposal, which I detailed this time last year, were comfortably in excess of holding value, and have since been largely redeployed in high-quality real estate at an accretive yield.

During the year, the Group also made substantial progress with its ongoing asset management activities. These have helped to drive financial returns, improve both the physical standard and already excellent ESG credentials of the real estate, and enhance the quality of the portfolio's long-duration rental income. As at 30 June 2026, the portfolio had returned to full rental collection, supported by rent cover on mature homes of 1.9 times over the last twelve months.

We also took action to strengthen and de-risk the balance sheet, refinancing the Group's shorter-term bank facilities until at least September 2029. The hedging of these facilities means that the interest rate on the entirety of the Group's £200 million drawn debt is now fixed at a weighted average cost of 3.89%. Flexibility has also been maintained through the introduction of £80 million of committed revolving credit facilities and a further £70 million uncommitted accordion option.

The improvements to the real estate portfolio, its tenant base and the balance sheet, all provide a solid foundation from which the Company can aim for steady and consistent growth. We are confident that, having identified a significant pipeline of high-quality real estate, the Group's available capital will be deployed in an earnings accretive and timely manner.

1. **Market overview**

As I set out in the Company's half year report, the UK real estate market has been slow to recover from its recent lows, with stubborn inflation slowing the previously anticipated reduction in UK interest rates. Whilst the calendar year started with cautious optimism, downside risks have subsequently crystallised, with global geopolitical conflict and, more locally, a stagnant economy and a growing government budget deficit. With this emerging instability altering the economic outlook for the UK and adding to the volatility of capital markets, inflation is now expected to peak towards the end of the calendar year.

Against this backdrop, transactional activity in the UK healthcare property sector remains elevated, dominated by overseas capital attracted by the UK's supportive elderly care demographics. Transactions have continued to focus on either wholeco deals, a transaction structure where both the ownership of the real estate and the operations of the care home are acquired in a single deal, or those which recombine the care home operations and the ownership of the underlying property - with some care homes then being operated under a management contract.

Some of the market participants are thereby able to generate an enhanced financial return by combining property ownership and home operation in a way not suitable for the Group as a UK REIT specialising in care home real estate. One such market participant purchased properties from the Group last year allowing the Group to generate a substantial premium to holding value. This dynamic may present additional opportunities for the Group to further refresh its portfolio whilst also delivering enhanced returns and/or continuing to enhance the overall quality of the Group's portfolio.

The Company will continue to invest in care home real estate let on triple net leases, a traditional lease structure where the tenant pays a base rent in addition to being responsible for ongoing property expenses, including building insurance and maintenance costs. Investment demand for care homes leased on this basis has also remained high and this has provided fundamental support to our asset valuations, despite the higher interest rate environment.

This competitive investor market is further exacerbated by (i) new entrants seeing the attractiveness of the sector; and (ii) alternative sources of finance being available to tenant operators that may have previously considered a sale and leaseback. The latter is partially driven by traditional lenders looking to rebuild their exposure to the sector as the aforementioned transactional activity has led to existing loans being repaid.

This broadening demand and limited supply, combined with the increased possibility of aborted deals which are expensive in terms of both cost and delays in committing capital, means that careful asset selection, market knowledge and operator relationships remain key in identifying and securing further acquisitions.

The listed real estate market has also remained active, mainly in relation to corporate activity. Mergers and take-private acquisitions have significantly reduced the number of listed property companies and increased the scale of those which remain. Against this backdrop, the Board remains of the view that there is a place for sector specialists, supported by an experienced management team with a detailed focus on asset management to drive both income and capital value growth.

The share price discount to NTA has generally narrowed over the course of the last year across the property sector, particularly in sub-sectors supported by fundamental demand and long income. This has very much been evident in the Company's share price. Recent equity issuance by other listed property companies, the first for some time, provides evidence that there are green shoots of growth in the listed property sector that will help to support the Company's own growth aspirations.

In relation to the care sector, we note the Prime Minister's recent social care plan speech and the commencement of public consultation by Baroness Casey of Blackstock on the need for social care reform. The Group would welcome new solutions to the issues in social care, and considers it is sensible to bring forward the Casey Report to 2027.

We believe that responsible private operators and long-term investors, with whom the Group looks to partner, will continue to play a key role in ensuring that everybody can access high-quality care. This is necessary to provide dignity and security in later life, benefitting both residents and society. Further details on developments in the care sector are considered in the Investment Manager's report below.

2. **Portfolio performance**

As I mentioned above, the Group's property portfolio has continued to perform strongly, driven by the level of inflation-linked rental income growth. At a property level, this is demonstrated by the portfolio's outperformance of the MSCI UK Annual Healthcare Property Index. The portfolio generated a standing asset total return of 11.1% for the 2025 calendar year, relative to the 7.5% total return from the Index. This placed the portfolio second out of the 39 constituents in the Index over one year and, having outperformed the Index in every year since the Company's IPO, resulted in a ten-year annualised standing asset return of 9.7%, compared to the Index's 7.1%.

The overall like-for-like movement in the capital value of the portfolio for the year ended 30 June 2026 was 4.9%. This consisted of 3.2% from inflation-linked rent reviews, 1.3% from disposals and other asset management initiatives and 0.3% from additional one-off rent increases. A marginal tightening in yields contributed the final 0.1%.

The key portfolio activities during the year, further details of which are contained in the Investment Manager's Report below, were as follows:

- The disposal of 11 assets for £97 million, representing an average premium to their holding value at 30 June 2025 of 11.0% and an implied net initial yield of 5.5%. These disposals added 1.6 pence per share to EPRA NTA and primarily related to the sale of nine assets in late October 2025, which facilitated a reduction in the Group's exposure to its largest tenant group.
- The acquisition of (i) four standing assets for £45 million, including costs; (ii) a forward commitment to acquire a fifth home for £13 million once built; and (iii) the initial acquisition of a forward funded development which will total £15 million over the build period. This deployment of a total of £73 million of the disposal proceeds has improved the overall diversification of the portfolio. Additionally, the funding of new developments provides the Group with access to new, high-quality assets and maintains the average lease length. This also provides a benefit to society in increasing the quantum of quality real estate available to this important sector.
- The re-tenanting of a total of six assets in the year, all at unchanged or improved rental levels. This activity, plus the crystallisation of a performance-linked rental uplift incorporated in the lease as part of a re-tenanting in a prior year, has resulted in an increase in capital values of £5.8 million over the year, with the potential for further yield tightening should the relevant homes evidence the expected operational improvement. It also secured the recovery of agreed rent arrears of £1.9 million, contributing a non-recurring 0.18 pence per share to the Group's adjusted EPS.

A further illustration of the Group's approach to asset management is detailed in the case study on page 21 of the Annual Report.

3. Financial performance

At the Group level, we delivered a total accounting return of 12.0% for the year. This was driven by an EPRA NTA increase of 6.4%, to 122.1 pence per share from 114.8 pence, combined with dividends paid in the year. A more detailed analysis of the components of this return is provided below but fundamentally consists of:

1. the crystallisation of the inherent value of our portfolio from disposals, along with the support that both the disposal value achieved and the aforementioned market demand provides to the valuation of the Group's core portfolio;
2. the recurring and growing EPRA earnings arising from our best-in-class real estate portfolio, with inflation-linked income, operating in a sector supported by demographic trends; and
3. the result of the asset management activities detailed earlier, which returned the portfolio to 100% rent collection by the year end.

This has been delivered despite a modest level of gearing. The LTV started the year at 21.8%, reduced following the property disposals to c.12.8%, before gradually increasing to 16.1% at 30 June 2026 as disposal proceeds were redeployed. Full investment of the Group's committed debt facilities would increase our LTV further, to approximately 25%. Depending on market conditions, we may also look to utilise our uncommitted accordion facilities. All else being equal, this would increase the Group's LTV to approximately 30%.

Notwithstanding the level of investment and asset management activity in the year, our overall business model remains simple; investing for the long-term in a carefully curated investment portfolio with sustainable, inflation-linked rental income. This is financed by a core of long-term debt fixed at an attractive interest rate, supplemented by flexible revolving credit facilities.

As a result of the investment activity in the year, the Group's investment portfolio at 30 June 2026 had a contractual rent roll totalling £61.1 million. This was financed with £200 million of debt at a weighted average annual interest rate of 3.89%, fixed until at least 30 September 2029. The Group's operating costs, as measured by the ongoing charges ratio, has remained relatively consistent over recent years, at c.1.5%.

Looking ahead, the Group has approximately £103 million of committed capital available for further investment; being £23 million from current cash and £80 million from its revolving credit facilities ('RCF'). If drawn, these RCFs would carry an interest cost of SONIA plus 1.50% per annum.

At the time of writing the Group has committed £26 million of this available capital to further investment at a weighted net initial yield of 5.9%. The Investment Manager has identified a pipeline of further opportunities with an indicative blended net initial yield in excess of 6% and an aggregate value significantly above the committed capital available.

These identified care home transactions may take longer to complete than the acquisition of standing assets in other property sectors. For example, due to the protracted timetable for receipt of regulatory permissions where a transaction includes a change in operator, or potential delays in the planning process before the Group will contractually commit to a forward fund. However, we remain confident in the Investment Manager's ability to deploy the remaining capital in a diligent but timely manner, and on an earnings accretive basis.

4. Debt facilities

In September 2025, the Group refinanced its short-term banking facilities on attractive terms with the incumbent lenders. The existing £170 million facilities were replaced with £130 million of new committed facilities, consisting of £50 million of term loans and £80 million of RCFs. These new facilities were for a minimum term of three years, with the option of two further one-year extensions, subject to lender consent. Subsequent to the year end, the first of these extension options has been exercised.

5. Dividend

In the absence of unforeseen circumstances, the Board intends to increase the quarterly dividend in respect of the year ending June 2027 by 3.0% to 1.553 pence per share, providing an annual total dividend of 6.212 pence per share. This increase represents a modest discount to the Group's like-for-like rental growth of 3.7%, in order to continue to build headroom in dividend cover.

6. Shareholder engagement

We have always placed a significant emphasis on ensuring that the views of shareholders are reflected in any strategic decisions we take on behalf of the Company. We recognise that there will generally be a spectrum of views, particularly given the current market environment for both property and listed companies, and we have sought to maintain both direct engagement with shareholders and the level of independent feedback provided from our brokers in order to ensure that the actions taken by the Board take the views of investors, as a whole, into consideration.

7. **Investment Manager alignment**

In line with the previous indication included in the interim report, the Board confirms that it has reached agreement with the Investment Manager that, over a period of up to three years, the Investment Manager (including senior members of the management team and their connected parties) will invest the equivalent of 25% of one year's management fee in acquiring shares in the Company. Such acquisitions are expected to be on an ad hoc basis through the secondary market and will, of course, remain subject to applicable law and regulations. It is anticipated that this investment will commence shortly after the announcement of these annual results which will release the Company from its current closed period.

8. **Board succession**

As I highlighted last year, the Board intends to appoint a sixth non-executive Director in order to bolster the combined skills and experience available to the Company, and provide greater depth and continuity to support our succession planning. The Board will remain mindful of the benefits of diversity in making this appointment. This recruitment process is well advanced, and the Board anticipates announcing the successful candidate prior to the Company's Annual General Meeting.

9. **Annual General Meeting ('AGM')**

The AGM will be held in London on 2 December 2026. Shareholders that are unable to attend are encouraged to make use of the proxy form provided in order to lodge their votes, and to raise any questions or comments they may have in advance of the AGM through the Company Secretary.

10. **Outlook**

The Board remains committed to the Group's investment strategy of investing in modern, purpose-built care home assets with sustainable and inflation-linked rental streams. We are also mindful of the market's general preference, received through both direct shareholder engagement and as illustrated by the continued acceleration of consolidation across both the listed property and investment company sectors, for companies to increase scale. The primary aim of such growth must be to enhance earnings without diluting the quality of either the real estate held or the sustainability of the underlying rental stream, with such increased size also benefitting companies by improving liquidity in their shares, reducing cost ratios and increasing diversification in their investment portfolios.

Whilst the investment market remains competitive, the care home market itself is structurally undersupplied and therefore supportive of the Group's growth ambitions. This is driven by dual tailwinds:

(i) **UK demographic trends.** The number of people aged over 85, of whom it is estimated that 1 in 8 will require residential care, is expected to double from 1.8 million to 3.6 million by 2050.[1] The higher acuity needs of these more elderly persons generally make other care options, such as domiciliary care, a less suitable alternative; and

(ii) **a shortage of care homes of suitable real estate quality and design.** The demand for new purpose-built homes will be driven not only by the need for an increase in the overall number of beds to support the aging demographic above, but also to replace older homes as they close and are withdrawn from the market. This should provide a steady supply of purpose-built homes of the type typically financed by the Group. Currently c.100 newly-built homes of c.66 beds each enter the market each year and it is expected this will need to increase further in order to meet demand.

The Company, as the sole UK-listed specialist in care homes, supported by a focussed Investment Manager with a proven track record, is well positioned to provide investors with exposure to this attractive sector.

The Group has a variety of capital sources available to support its growth aspirations:

- Equity: where issuance and deployment in identified opportunities would be enhancing to earnings and support dividend growth;
- Debt: where the lower cost of financing would enhance returns without exceeding a loan-to-value of c.30%;
- Capital recycling: similar to the activity demonstrated in the current year, where disposal proceeds can be redeployed into earnings-enhancing opportunities, whilst maintaining or enhancing the quality of the property portfolio.

Our focus on investing for growth will be progressed within the parameters of the competitive markets discussed earlier. The Board will also continue to consider alternative financing and investing options that offer earnings enhancing opportunities.

The Board aims to pursue growth in the property portfolio without compromising the overall prudent investment approach which has served the Company's shareholders well to date. Patient investing, particularly in competitive markets, remains key both in terms of delivering sustainable financial returns and in the construction of a balanced portfolio carefully weighted to those factors and characteristics that are expected to ensure that the properties remain attractive to investors, tenant operators and residents over the long-term.

We remain confident in our growth aspirations and that the benefits of (i) the inherent value of our existing portfolio of high-quality, purpose-built assets; (ii) the structural support from annual inflation-linked rental growth; and (iii) the demographic tailwinds for the sector, will continue to deliver attractive returns and shareholder value.

Alison Fyfe
Chair
21 September 2026

[1] Source: LaingBuisson, Care homes for older people, 36th edition

Investment Manager's Report

Portfolio performance
During the year, property level transactions completed by the Group were significant with (i) the disposal of 11 care homes for total proceeds of £97 million; and (ii) the redeployment of £73 million of these proceeds into the acquisition of four operational care homes, one forward fund development and one forward commitment. The forward commitment is due to complete shortly.

These disposals were value accretive, with the proceeds representing a weighted average premium of c.11% to their external valuations at the start of the year and a net initial yield of 5.5%. However, the primary intention of the largest disposal was to reduce the Group's exposure to its largest tenant, without significantly changing the other key statistics for the remaining portfolio.

The proceeds received have been substantially redeployed into acquisitions at an accretive net initial yield in excess of 6%, with the properties acquired also further improving the modernity and ESG credentials of the Group's portfolio. As an example, the forward fund relates to a development site in Suffolk with planning consent for the construction of a fully electric (with no fossil fuel use) 66-bed care home with 100% en suite wet-room provision. The property will also include on-site renewable energy generation and has a targeted EPC rating of 'A' and BREEAM-In-Use rating of 'Excellent'.

This activity has supported a strong total accounting return for the year of 12.0%, like-for-like rental growth of 3.7% and a like-for-like portfolio valuation increase of 4.9%.

Asset management
The Investment Manager also successfully delivered a number of asset management initiatives, improving both rent collection and portfolio metrics. These initiatives included:

- A development property reaching practical completion and being leased, on pre-agreed terms, to an existing tenant, thereby adding £0.6 million to the Group's contractual rental income.
- One asset, where the operator had not been paying rent and which the Group had placed into administration, being re-tenanted in July 2025 to an existing tenant of the Group at an improved rental level. The cumulative valuation uplift of £1.4 million since the completion of the re-tenanting has covered the cost of placing the tenant into administration, with the majority of these costs having been recognised in the prior year. The uplift partially reflects a further rent increase, in addition to the inflation-linkage, as well as yield tightening, with the potential for further yield tightening as the operating performance of the home continues to improve. More important, however, was the securing of the future stability of the care home for both staff and residents.
- Re-tenanting three properties leased to a single tenant, where the operator was not paying the rent in full, in September 2025 at an unchanged rental level to two existing tenants of the Group. All agreed rent arrears, totalling £1.9 million, were subsequently recovered from the previous tenant, resulting in a non-recurring contribution of 0.18 pence to the Group's adjusted EPRA EPS over the year.
- Re-tenanting one asset at an unchanged rental level with no tenant incentives being granted, thereby supporting a tenant who had taken the strategic decision to exit the elderly care sector, and extending the new lease term to 35 years. The completion of the re-tenanting crystallised the payment to the Group of a surrender premium of £1.4 million, equivalent to 0.23p per share, with no change in the property value to compensate for the proceeds received.

At the portfolio level, key portfolio metrics are presented below which are reflective of the investment grade characteristics of our prime, modern UK care home portfolio. Rental growth was 3.7% on a like-for-like basis (2025: 3.3%) and this has been supported by a quality rental stream from 31 tenants with a robust average rent cover for the last twelve months of over 1.9x (2025: 1.9x). Underlying demand for places in our homes remains robust, with mature home occupancy of 85% (2025: 86%).

The like-for-like valuation growth for the year was 4.9%, primarily driven by 3.5% from the growth in rents, supplemented by 0.1% from an inward movement in valuation yields. The gain arising on disposals and other asset management initiatives contributed 1.3%.

Our overall portfolio metrics remain strong. 94% of operational homes are mature in their trading, 83% (2025: 84%) were built in 2010 or later, and the WAULT remains long at over 26.0 years (2025: 25.9 years). These characteristics, and the bias towards private-fee payments of our tenants' revenue (78%) all support the quality of our rental stream and its annual and compounding long-term growth.

Property regulation
In April 2026 an Act received Royal Assent which on commencement, expected sometime in 2027/28, will introduce a statutory ban on upward only rent reviews in English commercial leases. Importantly, this will not have a retrospective effect on any of the Group's existing leases. The government has indicated that further consultation will take place, including around caps and collars. The outcome of this consultation will ultimately determine if there is any impact on the Group's approach to new leases.

Health and social care update
2026 is potentially shaping up to be a significant year for the Social Care sector ('SC'). The ongoing Casey Commission gained momentum following the change in Prime Minister, with Andy Burnham placing further focus on the sector early in his tenure. He is no stranger to the sector having previously launched a white paper whilst he was Health Minister, and has expressed his ambition to see 'substantial' change within this parliamentary term.

Earlier in 2026, Baroness Casey spoke of the fragility of the sector, the imbalance between the NHS and SC, and the need to press on with workforce reform. It is the intention of the government to bring forward the final conclusions of the Casey Commission to 2027, a year ahead of the original timeline, which we welcome, although it keeps it uncomfortably close to an election year, something which has scuppered previous attempts at reform.

A complex sector
Residential and nursing care in care homes have progressively transitioned to the private sector over the last few decades. The health and SC landscape remains characterised by complex funding, commissioning and delivery arrangements, creating challenges for the effective delivery of SC. It is widely agreed that outcomes from SC can make or break the NHS, which is why there is such a focus on reform. The statistics are stark: two in five elderly patients wait for over twelve hours in A&E; one in ten hospital beds are blocked daily in England by patients waiting for SC arrangements; one in six hospital beds are taken up by those with dementia, and delayed discharge is said to cost the NHS £2.7 billion a year. As they weigh up the idiosyncrasies of the SC sector, both Baroness Casey and the Prime Minister have expressed concern over some elements of private provision, but we believe that the weight of demand is so deep, responsible private operators will continue to be required as an essential part of the provision.

Funding reform
Part of the wider reform being considered by Baroness Casey is 'who pays' for care. Care home operators with quality real estate, such as that provided by the Group, have been able to insulate themselves against tightening public budgets by attracting private fee payers. Public consultation will likely bring a recommendation of ring-fencing an individual's self-funded costs at a set level, as well as proposing a 'true cost of care' for publicly funded support, both of which operators would welcome. The question of funding for dementia is also topical. It should be noted that, like the Scottish system, 'care' costs are likely to be differentiated from 'accommodation' costs, with the latter leaving residents and relatives the ability to retain choice with regard to the level of quality they wish to choose. We await further developments with interest.

Staffing
Staffing and recruitment, while still a major focus of any operator's enterprise, is less of a concern than at any time since the pandemic. Legislation has significantly reduced overseas recruitment. However, Skills for Care recently noted that care home staff vacancies stand at just under 4%, similar to most other sectors. 2026 brought some increased benefits for staff with the introduction of an improved living wage, and enhanced maternity and sick pay legislation. The government continues to work toward the Fair Pay Initiative, which will see sector representatives, unions, and trade bodies work together to further improve pay and conditions. The sector bodies have however made it clear that while the government has pledged £500 million toward these reforms, it is imperative that the operators receive the aforementioned 'true cost of care' for publicly funded residents, which will reduce the reliance on the historical cross-subsidy by private residents in many care homes.

Regulatory
Operators remain somewhat concerned by the slow progress of the CQC, which lost both Chair and CEO during the past year. Operators are particularly frustrated by the length of time between inspections, which are often still measured in multiple years. The CQC's current aim is to simplify the inspection process, which is welcome.

Costs and fees
Costs have settled somewhat for operators, compared to previous post-pandemic years, not least as the sector has less reliance on agency and license costs related to overseas staffing. Energy costs remain high but are a relatively small percentage of the overall costs at around 3%, which are dominated by staffing at or around 55%. Successive years of inflation have meant resident fees have undergone significant rises of their own, but indications are that private fee inflation is more tempered recently, which we estimate at around 6%, providing some relief to residents and their families, while public fees have also tended to track slightly above inflation at around 4.75%. Looking forward, the Fair Pay Awards mentioned earlier, while well deserved, risk creating a further high inflationary environment in care delivery.

Target Fund Managers Limited
21 September 2026

Our Strategy

We are a responsible investor in ESG-compliant, purpose-built care home real estate which is commensurate with modern living and care standards.

We are advocates of the benefits that intelligently designed, purpose-built care homes can bring and we want more residents, care professionals, families and local communities to benefit from their positive social impact.

Our Investment Manager is a specialist who understands the operational challenges our tenants face on a daily basis when providing quality care.

The key strengths of our approach are:

1. Our premium quality real estate is attractive to both operators and investors, in that:
   a. it is future-proofed against legislative change and societal trends influencing demand; and
   b. it generates high quality earnings from financially sustainable rents.
2. Specialist manager, highly engaged within sector and with our tenants.
3. Prudent approach to financial risks with diversified income sources, low gearing and long-term, fixed rate debt.

Strategic pillar #1
Build high-quality portfolio: Acquire high quality real estate via a mix of new developments, recently completed builds, and modern assets at mature trading.

Well designed, purpose-built care homes

Our care homes are modern, purpose-built and are future-proofed for social and environmental trends, meeting demand and supporting financial performance.

Focus on maintaining modernity and quality metrics
We have actively managed the portfolio by recycling capital to ensure it remains modern, high quality, and supports the tenants' ability to deliver the best possible care. This has seen successful portfolio management activities being completed during the year including the disposal of eleven care homes at a significant premium, with a substantial proportion of the proceeds received redeployed into the acquisition of four modern, purpose-built care homes, the commitment to forward fund one care home and a forward commitment to acquire a further care home once built. This activity delivered an enhanced return whilst maintaining the quality and improving the diversification of the portfolio.

The disposals were made at an aggregate premium to carrying value of 11.0% and all at or above carrying value. The disposals are representative of the wider portfolio, and do not materially change the portfolio metrics. The proceeds have been substantially reinvested. The four standing assets acquired and one forward commit are all modern, purpose-built care homes in prime Central Scotland locations, leased to two new operators to the Group. The forward-funded development site is in Suffolk and will fund a fully electric care home with a targeted EPC rating of 'A' and a BREEAM-In-Use rating of 'Excellent'.

These initiatives continue to maintain the portfolio's modernity and longevity. The positive impact can be seen through modest progression and maintenance of key portfolio metrics:

Portfolio modernity

	2026	2025
Purpose- built 2010 onwards	**83%**	84%
WAULT (years)	**26.0**	25.9
EPC A&B rated	**100%**	100%
En suite wet-rooms	**100%**	100%

Best-in-class care home real estate
Our investment thesis remains that modern, purpose-built care homes will outperform poorer real estate assets and generate attractive, sustainable returns.

	Company	**England & Scotland**
Purpose-built since 2000	97%	22%
En suite wet-rooms	100%	36%
Space per resident	$49m^2$	$40m^2$
EPC ratings: B or better*	100%	55%
carehome.co.uk average rating	9.5 out of 10	9.2 out of 10
Regulatory ratings: 'good' or better	72%	81%

Sources: Target Fund Managers Limited, Carterwood and carehome.co.uk

*Comparative EPC ratings are for illustrative purposes only, capturing homes with matched postcodes.

Wet-rooms (100%): These are essential for private and dignified personal hygiene, with a clear trend to this being the minimum expected standard for care home beds.

Energy efficiency (100% EPC A or B): Energy efficiency of real estate is critical, with legislative change and public opinion demanding higher standards. Our portfolio is already fully compliant with anticipated incoming legislation, reducing capital expenditure requirements for the Group and energy costs for tenants.

Modern and purpose-built (100%): All our properties are designed and built to be used as care homes and to best meet the needs of residents and staff, and are expected to remain in demand by tenant operators.

Financials: Our metrics reflecting capital values and rental levels compare favourably with other care home portfolios, whilst representing significantly better real estate.

Portfolio valuation growth
The portfolio value increased by 4.9% on a like-for-like basis mainly driven by the positive impact of the rental growth on valuations of 3.5%, with a marginal tightening of valuation yields contributing 0.1%. The gain arising on disposals and other asset management initiatives added the remaining 1.3%.

The 11 disposals in the year resulted in a decrease of 10.6% based on their valuation at 30 June 2025, with acquisitions and other capital expenditure adding 5.1%.

Valuations are prepared quarterly by the Group's external valuers with up-to-date values reflecting latest asset trading and comparable market transactions. The portfolio has a strong track record of valuation growth contributing to total returns and the realisability of these external valuations are supported by the aggregate premium of 11.0% to book value achieved on the disposals during the year.

Annual Movement in Portfolio Valuation	£millions
Valuation at 30 June 2025	**930**
Acquisitions and developments	47
Disposals and surrender premium - proceeds	(98)
Disposals and asset management - gains	12
Market yield shift	1
Rent reviews	32
Valuation at 30 June 2026	**924**

Diversification
Asset management activities have continued to ensure that the portfolio remains diversified, by leasing our homes to a range of high-quality regional operators. We have welcomed three new operators during the year and successfully exited from six operators through sales and/or re-tenanting activities. This resulted in the Group's total number of tenants reducing slightly to 31, from 34.
Whilst the total number of tenants may have reduced, tenant concentration metrics have improved overall. The largest tenant at 30 June 2026 remained unchanged with HC-One operating nine of the Group's homes and accounting for c.8% of contracted rent. However, following the disposal of nine HC-One leased homes during the year, this reflected a significant reduction in exposure compared to the 18 homes and 16% of contracted rent at 30 June 2025. The top five operators concentration has also reduced to 40% from 42% as a result of the transactional activity, creating a more balanced tenant diversification across the portfolio.

Underlying resident fees are balanced between private and public sources, with a deliberate bias towards private. There is strong operator evidence that these residents are more accepting of higher fees, particularly for the quality real estate and care services that our properties and their operators provide.

Census data from our tenants show that 51% of residents in our homes are fully privately-funded, with a further 27% making 'top up' payments where residents pay over and above that which the Local Authority funds for them. 22% of residents are wholly publicly funded.

Geographically, the South East has become the Group's largest region by asset value, at 18.5%, marginally ahead of the North West and Yorkshire and the Humber, which accounted for 17.8% and 17.7% respectively.

Strategic pillar #2
Trusted landlord: Manage assets and tenants commercially yet fairly, recognising the value of long-term relationships and our influence within a complex sector.

Manage portfolio as a trusted landlord in a fair and commercial manner
The Investment Manager has deep experience within the sector and uses its unique knowledge to manage the portfolio. Starting with an informed assessment of home performance using profitability and operational metrics and a proven 'house-standard', through empathetic and sensitive engagement with our tenants and sector participants as a whole, we are trusted and respected and people want to partner with us. This enables fair treatment and commerciality to be balanced - essential in a complex sector.

Portfolio operational performance - Steady occupancy and strong profitability continues at home level
Our completed portfolio is, and always has been, fully let with long term occupational leases to our tenants, the care providers. The underlying resident occupancies for mature homes have remained stable over the last four years since the pandemic at c.85%. Given our operators' emphasis on private pay and the attractiveness of our modern homes our operators are able to focus on accepting new residents who are suitable for the level of support that the operator is set up to provide, rather than filling to capacity at uneconomic fees. This approach efficiently manages demand, minimises the need for expensive agency staff, and facilitates a care-led approach when welcoming new residents to a home. Despite the changes to the licensing regime, which reduced the availability of overseas staff, most of our operators are reporting stable workforce numbers and reduced reliance on agency staff.

This approach has supported rent covers, which have remained stable and robust at over 1.9x for the year. These profitability levels support rental payments and financial resilience, and incentivise care providers to invest in their businesses and people.

Rent collection in relation to the properties held at 30 June 2026 returned to 100% in the final quarter of the year, as a result of the portfolio management activities undertaken in the year. Rent collection for the full year was 99% (2025: 97%). The significant improvement in the year was driven by (i) the re-tenanting of a home placed into administration in the prior year; and (ii) the consensual re-tenanting of three homes and the sale of one home that were not paying rent in full.

Growing and compounding rental income
The portfolio's contractual rent roll was £61.1 million at the year-end (2025: £61.2 million). Whilst the rent roll has remained in line with the prior year, the portfolio delivered like-for-like growth of 3.7%, with 3.3% arising from the contractual inflation-linked rent reviews and a further 0.4% contributed by asset management initiatives.

This recurring like-for-like growth was set against a reduction in the rent roll of 9.4% from the sale of 11 properties. This was partially offset by an increase of 5.5% from opening a development home and acquiring four standing assets, and 0.1% from capex to install PV panels or otherwise enhance nine of our homes. With the sales having been conducted at an average implied net initial yield of 5.5%, and the acquisitions to date having averaged a yield in excess of 6.0%, this investment activity will be accretive to rental income once the proceeds have been fully redeployed.

Rents from the Group's leases increase annually, linked to inflation. Collars on this (averaging c.1.5%) ensure the Group receives guaranteed growth, while caps (averaging c.3.9%) ensure assets do not become over-rented, risking rents becoming unaffordable, in periods of higher inflation. This is an important aspect in providing long-term security to our tenants, and in achieving sustainable investment returns.

Annual Movement in Contacted Rent	**£millions**
Contracted rent at 30 June 2025	**61.2**
Acquisitions and developments	3.4
Disposals	(5.8)
Rent reviews and other rent increases	2.3
Contracted rent at 30 June 2026	**61.1**

Tenant and resident satisfaction

We remain committed to our role as an effective, supportive and engaged landlord building collaborative and lasting relationships with our tenants to raise standards of care and help our tenants build sustainable businesses. During the year, the Investment Manager invited our tenants to provide formal feedback via a survey performed by an independent third party. We were delighted to receive an 85% response rate, with 100% of respondents saying they would recommend Target to others. We use this output, alongside learnings from the Investment Manager's annual operator event and the many informal points of contact we have, to inform our approach.

Resident satisfaction

Regulator (CQC in England) ratings are informative but limited with dated inspection reports remaining a challenge. The Investment Manager also monitors reviews on 'Carehome.co.uk', a 'Tripadvisor' style website for care homes, on a weekly basis as a useful source of real-time feedback which is more focussed on the resident experience, and that of their loved ones.

Strategic pillar #3

Deliver returns: Convert portfolio income and capital returns into sustainable returns to shareholders through disciplined financial and risk management.

Regular dividends for shareholders

The Group has achieved like-for-like rental growth; NTA growth; and a dividend fully covered by earnings from its disciplined financial and risk management.

	Pence per share
EPRA NTA per share as at 30 June 2025	**114.8**
Acquisition costs	(0.4)
Disposals and surrender premium	1.7
Property revaluations - yield shift	0.1
Property revaluations - annual rent reviews	4.9
Property revaluations - other	0.5
Adjusted EPRA earnings	6.5
Dividends paid	(6.0)
EPRA NTA per share as at 30 June 2026	**122.1**

Earnings

Earnings increased by 7.6%, as measured by adjusted EPRA EPS which is the Group's primary performance measure. Rental income for the year has decreased by 0.6%, driven primarily by 11 disposals in the period, set against four acquisitions, the opening of one development and like-for-like rental growth of 3.7%. The disposal of the 11 care homes resulted in an annualised ungeared IRR of 11% over the period since acquisition.

In line with the increase to full rent collection by the year end, and through a number of asset management initiatives to re-tenant homes that were not paying rent in full, there was an overall recovery of rent provisions in the year of £0.9 million. Further details on the asset management activity that resulted in the majority of the recovery of the historical arrears are contained in the case study in the Annual Report.

The Group's reported operating expenses increased slightly, by 2.2%. This included one-off costs of c.£0.5 million incurred in the current year relating to the reorganisation of the Group's security structure to improve the efficiency of the Group's long-term debt facilities, with the prior year figures similarly including a one-off cost from placing a tenant into administration.

Net finance costs reduced by 15.6% primarily due to the reduced drawn debt levels following the property disposals, the proceeds of which were used to repay the Group's revolving credit facilities, combined with the refinancing of the bank debt facilities.

Expense ratio
The adjusted EPRA cost ratio, expressing costs as a percentage of the Group's rental income, decreased to 18.5% from 21.8%. This reflects the aforementioned movements in rental income and operating expenses, although the year-on-year movement is primarily due to the release of the credit loss allowance following the recovery of historical arrears as a result of asset management activities.

The Ongoing Charges Figure, expressing costs as a percentage of the Group's net asset value, provides a measure of recurring operating expenses which excludes non-recurring property expenses such as bad debts. This improved marginally to 1.48% (2025: 1.51%).

Earnings Summary	2026 £m	Movement	2025 £m
Rental income (excluding guaranteed uplifts)	**60.2**	-1%	60.6
Administrative expenses (including management fee)	**(12.0)**	+2%	(11.8)
Credit loss allowance and bad debts	**0.9**	n/a	(1.6)
Net financing costs	**(8.6)**	-16%	(10.2)
Interest from development funding	**0.1**	-82%	0.7
Adjusted EPRA earnings	**40.6**	+8%	37.7
Adjusted EPRA EPS (pence)	**6.54**	+8%	6.08
EPRA EPS (pence)	**8.20**	+6%	7.72
Adjusted EPRA cost ratio	**18.5%**	-330bps	21.8%
EPRA cost ratio	**15.5%**	-280bps	18.3%
Ongoing Charges Figure ('OCF')	**1.48%**	-3bps	1.51%

Total Returns
Total accounting return, using EPRA NTA movement and dividends paid, was the highest in the Group's history at 12.0% for the year ended 30 June 2026, resulting in an annualised 7.8% since launch. The return in the year benefitted from the increases in value from selling the 11 homes at an 11.0% premium to carrying value and the recovery of rent arrears following the re-tenanting of three homes. Our portfolio has returned like-for-like valuation growth for each of the 14 quarters since the December 2022 macro-driven response to the higher interest rate environment. Our valuations have been less volatile than the wider commercial property population, as reported within the MSCI Monthly Index (All Property), due to the strength of investment demand and the trading performance at the underlying home level.

This valuation performance, allied with our dividend payouts, fully covered by earnings, has seen EPRA NTA per share grow by 6.4% over the year.

The consistency of Group level total accounting returns and those at portfolio level clearly demonstrate the stability of our business model, and the defensive, non-cyclical nature of prime care homes as a real estate asset class.

Debt
The Group refinanced its short-term banking facilities at improved terms with the incumbent banks. £130 million of committed new facilities, consisting of £50 million of term loans on which the interest rate has been fixed through interest rate swaps and £80 million of revolving credit facilities replaced the Group's existing £170 million facilities with these banks.

These new facilities were for a minimum term of three years, with the option of two further one-year extensions, subject to lender consent. Subsequent to the year end, the first option to extend, on the first anniversary of the facilities, was exercised and approved by both banks. In addition, the facilities allow for accordion elements which may provide for an additional £70 million of uncommitted debt funding to increase shorter-term banking facilities to an aggregate of £200 million.

This borrowing structure minimises commitment fees and interest whilst providing flexibility as the Group redeploys the proceeds of the recent disposals and invests to increase the Group's LTV towards its stated target of between 25% and 30%.

Debt facilities are £280 million (2025: £320 million). Inclusive of the post year end extension of the bank facilities, the weighted average term to expiry on the Group's total committed loan facilities was 5.6 years (30 June 2025: 4.2 years), with drawn debt of £200 million incurring a weighted average cost, inclusive of amortisation of loan arrangement costs, of 3.9% (3.7% on a cash only basis with costs excluded).

Debt analysis at 30 June 2026:

Debt Provider	Facility Size	Debt Type	Drawn at 30 June 2026	Maturity
Phoenix	£150m	£87m Term debt	£87m (fixed rate)	Jan 2032
Group		£63m Term debt	£63m (fixed rate)	Jan 2037
RBS	£50m	£20m Term debt	£20m (hedged)	September 2029
		£30m Revolving credit facility	nil	September 2029
HSBC	£80m	£30m Term debt	£30m (hedged)	September 2029
		£50m Revolving credit facility	nil	September 2029
Total	**£280m**		**£200m**	

The bank loan facilities also include accordion options which, subject to the approval of the relevant bank, increase the quantum of the RBS facility by a further £30 million and the HSBC facility by a further £40 million.

Further details on the Group's debt facilities are provided in Note 7 to the Extract from the Consolidated Financial Statements.

Net debt to EBITDA ratio of 3.4x (2025: 4.6x)
This is a leverage ratio that compares the Group's long-term liabilities in the form of net debt to an estimate of its cash flow available to pay down this debt, in the form of EBITDA (which stands for earnings before interest, taxes, depreciation and amortisation). The Group uses adjusted EPRA earnings as its EBITDA, and the gradual reduction illustrates the improvement in the Group's ability to repay the capital value of its debt from earnings over a period in which interest rates have risen.

Strategic pillar #4
Social purpose: To adhere to our responsible investment fundamentals, delivering positive social impact allied with a firm commitment to environmental sustainability and good governance.

To achieve our social purpose
We have a clear ESG Charter (Targeting Tomorrow) to ensure the social impact objective incorporated at launch remains embedded in our business for years to come, working with shareholders, tenants and other stakeholders. We have made firm ESG commitments which we measure and report progress on annually.

ESG commitments	What this means for the Group	Status
Responsible investment	Continue to provide better care home real estate which results in positive social impact for residents, their carers and local communities.	Met
	Support the sector's transition from poor real estate standards via long-term financial/ investment support for new developments.	Met
	Obtain reliable certification and insightful data on the energy efficiency of our real estate.	Met
	Increase data coverage of energy consumption by our tenants, aiding transparency and our ability to positively influence energy efficiency.	Met
	Ensure ESG factors embedded into acquisition process and portfolio management.	Met
	Net zero carbon commitment with comprehensive, ambitious and realistic targets set with a clear pathway including measurable milestones.	Met
Responsible partnerships	Engage with tenants to ensure real estate is meeting their operational and staff needs, allowing effective care for residents.	Met
	Be a responsible landlord to our tenants and their communities through significant challenges, such as pandemics.	Met
	Use energy data obtained from tenants to positively influence behaviours where possible.	Partially met
Responsible business	To establish an ESG Committee to provide appropriate focus and impetus to ESG matters.	Met
	Ensure the benefits of Board diversity are achieved.	Partially met
	Participate in benchmarking and sector appropriate programmes to provide comparable information to stakeholders.	Partially met
	Other reporting: Align financial and non-financial reporting with widely used frameworks.	Partially met

ESG Commitments in focus: Net Zero Carbon Pathway

Our Net Zero Carbon Pathway sets out a clear, science-based roadmap to achieve net zero carbon emissions across firstly, our operations and then, secondly, our portfolio. We are guided strongly by our comprehensive utility data collection regarding our real estate.

Net Zero Carbon Pathway
- **2025** Scope 1 and 2 net zero carbon achieved
- **2030** target to have renewable energy generation (or heat pumps) at 50% of its homes
- **2040** net zero carbon target for property portfolio related Scope 3 emissions

Quality of input data
Achieving a net zero-carbon portfolio is a crucial part of our suite of "Targeting Tomorrow" commitments as a responsible business. It is essential to adopt a strategy that is:

(i) based on comprehensive and reliable data;
(ii) achievable and measurable; and
(iii) suitably ambitious.

We are now collecting our tenants' energy usage data to an extent which allows a reliable analysis of our portfolio's current position and of the impacts of initiatives.

Output status
The output we currently have:
- Benchmark data on where we currently stand on carbon intensity, relative to the CRREM and SBTi joint 1.5°C decarbonisation pathway.
- Suggested energy efficiency and carbon reduction initiatives relevant to our properties.
- Cost estimates and impact assessments on carbon intensity.

Indicative timeline and actions
- Between **2025 and 2030**: Install energy efficiency measures, such as thermal installation in plant rooms (2-3% CO_2 savings) and increase renewable energy generation (including by heat pumps) to 50% of homes.
- Between **2025 and 2035**: Increase PV or solar thermal panel coverage towards 100% of portfolio.
- Between **2030 and 2040**: Electrification of heating, phase out gas boilers and install heat pumps and appropriate upgrade of heat distribution in homes.

Our portfolio's modernity provides an excellent starting point with annual carbon intensity of 36.1 $kgCO2/m^2$.

Risks and areas outside our control
- Suitable technology being available at the required scale and cost, per expectations as advised by our external experts, in the time period outlined.
- Materials and labour being available such that the Group is able to have technology installed in a sensible timeframe and at fair, market (not surge) pricing.
- Need to obtain tenant consent for potentially disruptive works.
- That the relevant investment costs do not depress investment returns to such an extent the Group cannot achieve its investment objectives to the satisfaction of shareholders.

Principal and emerging risks and risk management

Risk	Description of risk and factors affecting risk rating	Mitigation
Poor performance of investments/ investment assets *Risk rating & change: High (decreased)*	There is a risk that a tenant's business could become unsustainable if its care homes trade poorly. This could lead to a loss of income for the Group and an adverse impact on the Group's results and shareholder returns. The strategy of investing in new purpose-built care homes could lead to additional fill-up risk and there may be a limited amount of time that operators can fund start-up losses.	The Investment Manager focuses on tenant diversification across the portfolio and, by considering the local market dynamics for each home, aims to ensure that rents are set at sustainable levels. Rent deposits or other guarantees are sought, where appropriate, to provide additional security for the Group. The Investment Manager has ongoing engagement with the Group's tenants to proactively assist and monitor performance. Rent cover, a key measure of the underlying home profitability, remains at the highest level since the Group's IPO.
High inflationary environment *Risk rating & change:*	An increase in the UK inflation rate to a level above the rent review caps in place across the portfolio's long-term leases may result in a real term decrease in the	The Group's portfolio includes inflation-linked leases, with primarily annual upwards-only rent reviews within a cap and collar. The

Medium (unchanged)	Group's income and be detrimental to its performance. Whilst the cap may prevent rent becoming unaffordable for tenants, other cost increases, particularly in relation to staffing and utilities, may erode their profitability and rent cover unless their revenue increases accordingly.	rate of inflation is currently below the level of the majority of the Group's rent review caps. The Investment Manager is monitoring tenant performance, including rent covers and whether average weekly fees paid by the underlying diversified mix of publicly funded and private-fee paying residents are growing in line with inflation.
Adverse interest rate fluctuations / debt covenant compliance *Risk rating & change: Medium (decreased)*	Adverse interest rate fluctuations will increase the cost of the Group's variable rate debt facilities; limit borrowing capacity; adversely impact property valuations; and be detrimental to the Group's overall returns.	The Group has a conservative gearing strategy. The gearing level remained consistently modest throughout the year, although net gearing is anticipated to increase as the Group nears full investment. Loan covenants and liquidity levels are closely monitored for compliance and headroom. The Group had fixed interest costs on 100% of its total borrowings as at 30 June 2026, having hedged its interest rate exposure by entering into new five-year interest rate swaps as part of the refinancing activity during the year.

Negative perception of the care home sector *Risk rating & change: Medium (unchanged)*	A negative perception of the care home sector, due to matters such as societal trends, pandemic or safeguarding failures, or difficulties in accessing social care, may result in a reduction in demand for care home beds, causing asset performance to fall below expectations despite the demographic shifts and the realities of needs-based demand in the sector. The resultant reputational damage could impact occupancy levels and rent covers across the portfolio.	The Group is committed to investing in high quality real estate with high quality operators. These assets are expected to experience demand ahead of the sector average while in the wider market a large number of care homes without fit-for-purpose facilities are expected to close. A trend of improving occupancy rates across the portfolio has been noted in recent times, with occupancy rates approaching pre-pandemic levels.
Availability of capital *Risk rating & change: Medium (unchanged)*	Without access to equity or debt capital, the Group may be unable to grow through acquisition of attractive investment opportunities. This is likely to be driven by both investor demand and lender appetite which will reflect Group performance, competitor performance, general market conditions and the relative attractiveness of investment in UK healthcare property.	The Group maintains regular communication with investors and existing debt providers, and, with the assistance of its brokers and sponsor, regularly monitors the Group's capital requirements and investment pipeline alongside opportunities to raise both equity and debt. Whilst the Company's shares remain at a discount, potentially limiting access to equity capital for further growth, the bank facilities were recently successfully refinanced and extended and now carry an earliest repayment date of September 2029.
ESG and climate change *Risk rating & change: Medium (unchanged)*	A change in climate, such as an increased risk of local or coastal flooding, or a change in tenant/investor demands or regulatory requirements for properties which meet certain environmental criteria, such as integral heat pumps or air conditioning, may result in a fall in demand for the Group's properties, reducing rental income and/or property valuations.	The Group is committed to investing in high quality real estate with high quality operators. The portfolio's EPC and BREEAM in-use ratings suggest the portfolio is well positioned to meet future requirements/expectations and, with extreme heat events expected to become more common, around 40% of the portfolio has air

		conditioning or 'comfort cooling' in communal spaces. The Investment Manager uses a house standard to ensure ESG factors are fully considered during the acquisition process.
Reduced availability of carers, nurses and other care home staff *Risk rating & change: Medium (unchanged)*	Recent trends have reduced the availability of key staff in the care sector which may result in a reduction in the quality of care for the underlying residents of our homes, restrict tenants from being able to admit residents or result in wage inflation.	The Group is committed to investing in high quality real estate with high quality operators and these should be better placed to attract staff. The Investment Manager continues to engage with tenants in the portfolio and to share examples of best practice in recruitment and retention of staff.
Development costs *Risk rating & change: Medium (unchanged)* **Breach of REIT regulations** *Risk rating & change: Medium (unchanged)*	The high inflationary environment, particularly for building materials and staff, combined with supply chain difficulties, may result in an increased risk that the developers of contracted developments do not fulfil their obligations and/or may increase the cost of new development opportunities.	The Group is not significantly exposed to development risk, with forward funded acquisitions being developed under fixed price contracts, with the Investment Manager having considered both the financial strength of the developer and the ability of the developer's profit to absorb any cost overruns. As at 30 June 2026, the Group held only one remaining development, although this may increase as the Group invests its available capital.
Breach of REIT regulations *Risk rating & change: Medium (unchanged)*	A breach of REIT regulations, primarily in relation to making the necessary level of distributions, may result in loss of tax advantages derived from the Group's REIT status. The Group remains fully compliant with the REIT regulations and is fully domiciled in the UK.	The Group's activities, including the level of distributions, are monitored to ensure all conditions are adhered to. The REIT rules are considered during investment appraisal and transactions structured to ensure conditions are met.
Changes in government policies *Risk rating & change: Medium (increased)*	Changes in government policies, including those affecting local authority funding of care, may render the Group's strategy inappropriate. Secure income and property valuations will be at risk if tenant finances suffer from policy changes.	Government policy is monitored by the Group to increase the ability to anticipate changes. The Group's tenants also typically have a multiplicity of income sources, with their business models not wholly dependent on government funding.
Reliance on third party service providers *Risk rating & change: Medium (unchanged)*	The Group is externally managed and, as such, relies on a number of service providers. Poor quality service from providers such as the Investment Manager, company secretary, brokers, legal advisers or depositary could have potentially negative impacts on the Group's investment performance, legal obligations, compliance or shareholder relations.	The Investment Manager, along with all other significant service providers, is subject to regular performance appraisal by the Board. The Investment Manager has retained the majority of key personnel since the Group's IPO and has successfully hired further skilled individuals and invested in its systems.
Failure to differentiate qualities from competitors or poor investment performance *Risk rating & change: Medium (unchanged)*	Failing to differentiate strategy and qualities from competitors is a significant risk for the business, with increased competition in the healthcare real estate sector. The failure to communicate these effectively to stakeholders could have a negative impact on the Company's share price, future demand for equity raises and/or debt finance and wider reputational damage.	The stakeholder communications strategy of the Group has always been to highlight the quality of the real estate in which the Group invests. The regular production of investor relations materials (annual and interim reports, investor presentations and quarterly factsheets) along with direct engagement with investors helps to mitigate this risk.

The Company's risk matrix is reviewed regularly by the Board. Emerging risks are identified through regular discussion at Board meetings of matters relevant to the Company and the sectors in which it operates; including matters that may impact on the underlying tenant operators. In addition, the Board holds an annual strategy meeting which includes presentations from relevant external parties to ensure that the Board is fully briefed on relevant matters. At the strategy meeting, as part of an overall SWOT analysis, principal and emerging risks are discussed and reviewed to ensure that they have all been appropriately identified and, where necessary, addressed.

The detailed consideration of the Company's viability and its continuation as a going concern, including sensitivity analysis to address the appropriate risks, is set out below.

Section 172 Statement: Promoting the success of Target Healthcare REIT plc

The Board considers that it has made decisions during the year which will promote the success of the Group for the benefit of its members as a whole.

a) The likely consequences of any decision in the long term	Our investment approach is long-term with an average lease length of 26.0 years. We believe this is the most responsible approach to provide stability and sustainability to tenants and key stakeholders. Therefore, most decisions require consideration of long-term consequences, from determining a sustainable rent level and the right tenant partner for each investment, to considering the impact of debt and key contracts with service providers on the recurring earnings which support dividends to shareholders.
b) The interests of the Company's employees	The Company is externally managed and therefore has no employees.
c) The need to foster the Company's business relationships with suppliers, customers and others	As a REIT with no employees, the Board works in close partnership with the Investment Manager, which runs the Group's operations and portfolio within parameters set by the Board and subject to appropriate oversight. The Investment Manager has deep relationships with tenants, the wider care home sector, and many of the Group's other suppliers. These are set out in more detail in the following table.
d) The impact of the Company's operations on the community and the environment	The Board is confident the Group's approach to investing in a sensitive sector is responsible with regard to social and environmental impact. This is set out in more detail in the community and the environment section of the following table.
e) The desirability of the Company maintaining a reputation for high standards of business conduct	The Board requires high standards of itself, service providers and stakeholders. The Group's purpose and investment objectives dictate that these standards are met in order to retain credibility. The ethos and tone is set by the Board and the Investment Manager.
f) The need to act fairly as between members of the Company	The Board encourages an active dialogue with shareholders to ensure effective communication, either directly or via its brokers and/or Investment Manager. The interests of all shareholders are considered when issuing new shares and/or considering the level of distributions or other return of capital.

The significant transactions where the interests of stakeholders were actively considered by the Board during the year were:

Ongoing investment and asset management activity
The Group was actively engaged in several re-tenantings during the year. Further details on which are described in the Investment Manager's Report above.

This included completing the re-tenanting of a home where the Group had placed the previous tenant into administration, the first time that this has been undertaken by the Group and a decision which was not taken lightly given both the costs involved and its potential impact across a number of stakeholders. This transaction required careful consideration by the Board to balance the competing interests of the Group, its shareholders, the tenant operator and the staff and residents of the relevant care home. Despite the additional costs involved in this process, it resulted in a successful re-tenanting of the care home; thereby preventing a further loss of rental income and protecting capital value for the Group, whilst ensuring continuity of the home's operations for staff and residents.

Another significant tenant activity involved an operator who decided to exit the elderly care home market. Working with the operator, the Group re-tenanted the tenant's three care homes to two existing tenants of the Group.

The Group also agreed transactions to sell 11 properties and, with the inclusion of both a forward commitment and forward fund in the redeployment of the proceeds received, is supporting the construction of two new purpose-built, high-quality care homes and the provision to the sector, and residents, of a further 114 much needed beds in fit-for-purpose real estate.

Board

The Board expects to appoint a sixth Director to the Board prior to the end of the calendar year in order to bolster the Board and aid with future succession planning. It is anticipated that this appointment will also ensure that the Company will meet the 'comply or explain' requirement of the UK Listing Rules to have at least one Director from an ethnic minority and ensure continued compliance with other diversity recommendations.

Capital financing

The Board finalised the refinancing of its shortest dated debt facilities with each of the existing lenders in advance of their November 2025 expiry. This required the Board to assess the appropriate gearing level of the Group and the potential lenders to be considered, as well as the appropriate duration, interest rate hedging strategy and financial terms of the loan facilities.

Dividends paid

The Board recognised the importance of dividends to its shareholders and, after careful financial analysis, decided to increase the Company's dividends in relation to the year ending 30 June 2027 to reflect net rental growth whilst remaining at a level which is expected to be fully covered with the potential for further growth.

Stakeholders

The Company is a REIT and has no executive directors or employees and is governed by the Board of Directors. Its main stakeholders are shareholders, tenants and their underlying residents, debt providers, the Investment Manager, other service providers and the community and the environment. The Board considers the long-term consequences of its decisions on its stakeholders to ensure the long-term sustainability of the Company.

Shareholders	Shareholders are key stakeholders and the Board proactively seeks the views of its shareholders and places great importance on communication with them. The Board reviews the detail of significant shareholders and recent movements at each Board Meeting and receives regular reports from the Investment Manager and brokers on the views of shareholders, and prospective shareholders, as well as updates on general market trends and expectations. The Chair and other Directors make themselves available to meet shareholders when required to discuss the Group's business and address shareholder queries. The Directors make themselves available at the AGM in person, with the Company also providing the ability for any questions to be raised with the Board by email in advance of the meeting. The Company and Investment Manager also provide regular updates to shareholders and the market through the Annual Report, Interim Report, Sustainability Report, regular RNS announcements, quarterly investor reports and the Company's website. The Investment Manager holds a results presentation on the day of publication of each of the Annual and Interim Reports, and meets with analysts and members of the financial press throughout the year.
Tenants and underlying residents	The Investment Manager liaises closely with tenants to understand their needs, and those of their underlying residents, through visits to properties and regular communication with both care home personnel and senior management of the tenant operators. The effectiveness of this engagement is assessed through a regular tenant survey which, during 2026, was undertaken by an external third-party. The Investment Manager also receives, and analyses, management information provided by each tenant at least quarterly and regularly monitors the CQC, or equivalent, rating for each home and any online reviews, such as carehome.co.uk. Any significant matters are discussed with the tenant and are included within the Board reporting.
Debt providers	The Group has term loan and revolving credit facilities with the Royal Bank of Scotland plc, HSBC Bank plc and Phoenix Group (see Note 7 to the extract from the Consolidated Financial Statements for more

	information). The Company maintains a positive working relationship with each of its lenders and provides regular updates, at least quarterly, on portfolio activity and compliance with its loan covenants in relation to each loan facility. Since the year-end, the Group has exercised the option, and each bank has provided its consent, to extend each of its shorter-term bank facilities by one year such that each is now repayable in September 2029, with a remaining option to extend by a further year.
Investment Manager	The Investment Manager has responsibility for the day-to-day management of the Group pursuant to the Investment Management Agreement. The Board, and its committees, are in regular communication with the Investment Manager and receive formal presentations at every Board Meeting to aid its oversight of the Group's activities and the formulation of its ongoing strategy. The Board, through the Management Engagement Committee, formally reviews the performance of the Investment Manager, the terms of its appointment and the quality of the other services provided at least annually. Further details on this process and the conclusions reached in relation to the year ended 30 June 2026 are contained in the Annual Report.
Other service providers	The Board, through the Management Engagement Committee, formally reviews the performance of each of its significant service providers at least annually. The reviews will include the Company's legal adviser, brokers, tax adviser, auditor, depositary, external valuer, company secretary, insurance broker, surveyors and registrar. The purpose of these reviews is to ensure that the quality of the services provided remains of the standard expected by the Board and that overall costs and other contractual arrangements remain in the interests of the Group and other significant stakeholders. The Investment Manager also reports regularly to the Board on these relationships. The significant other service providers, particularly the Group's legal advisers and brokers, are invited to attend Board Meetings, including the annual Strategy Meeting, and report directly to the Directors where appropriate.
Community and the environment	The Group's principal non-financial objective is to generate a positive social impact for the end-users of its real estate. Investment decisions are made based on the fundamental premise that the real estate is suitable for its residents, the staff who care for them, and their friends, families and local communities, both on original acquisition and for the long-term. Environmental considerations are an integral part of the acquisition and portfolio management process, given the strategy of only acquiring modern buildings which benchmark well from an energy efficiency aspect and which meet the requirements of the Investment Manager's ESG Charter 'Targeting Tomorrow'. Under the remit of the ESG Committee, the progression of the Group's ESG strategy has prioritised gathering useful energy/consumption data on its portfolio, whilst progressing work on a straightforward hierarchy of initiatives to maximise the Group's impact over both the short and longer term. The Group is continuing to work on improving its feedback and reporting to tenants of the data collected, including performance relative to their peers, in order to highlight areas in which they may be able to improve their own performance. The Group has formulated and published a high-level longer term portfolio strategy in relation to setting and meeting the Group's net zero carbon target, including initial consideration of interim targets and intended timescale.

Alison Fyfe
Chair
21 September 2026

Viability Statement

The AIC Code requires the Board to assess the Group's prospects, including a robust assessment of the emerging and principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity. This assessment is undertaken with the aim of stating that the Directors have a reasonable expectation that the Group will continue in operation and be able to meet its liabilities as they fall due over the period of their assessment.

The Board has conducted this review over a five-year time horizon, which is a period thought to be appropriate for a company investing in UK care homes with a long-term investment outlook. At each Board Meeting, the Directors consider the key outputs from a detailed financial model covering a similar five-year rolling period, as this is considered the maximum timescale over which the performance of the Group can be forecast with a reasonable degree of accuracy. At 30 June 2026, the Group had a property portfolio which has long leases and a weighted average unexpired lease term of 26.0 years.

The Group's committed loan facilities have staggered expiry dates with £130.0 million being committed until at least 23 September 2029, £87.3 million to 12 January 2032 and £62.7 million to 12 January 2037. The Group's debt facilities also include additional accordion facilities which, subject to approval of the relevant lender, may provide additional uncommitted loan facilities of up to £70.0 million until at least 23 September 2029. At 21 September 2026, the Group had drawn borrowings of £200.0 million consisting of:

- £150.0 million on which the interest rate had been fixed directly until at least 12 January 2032 at a maximum weighted interest rate of 3.18 per cent per annum; and
- £50.0 million on which the interest rate had been hedged through interest rate derivatives until 23 September 2030 at a weighted average margin of 5.30 per cent per annum.

All interest rates stated exclude the amortisation of arrangement costs on each of the relevant loan facilities.

The Directors' assessment of the Group's principal risks are highlighted above. The most significant risks identified as relevant to the viability statement were those relating to:

- Poor performance of investments/investment assets: The risk that a tenant is unable to sustain a sufficient rental cover, leading to a loss of rental income for the Group;
- High inflationary environment: The risk that the level of the UK inflation rate results in a real term decrease in the Group's income or erodes the profitability of tenants;
- Adverse interest rate fluctuations: The risk that an increase in interest rates may impact property valuations, increase the cost of the Group's variable rate debt facilities, and/or limit the Group's borrowing capacity;
- Negative perception of the care home sector: The risk that overall demand for care home beds is reduced resulting in a decline in the capital and/or income return from the property portfolio;
- Reduced availability of care home staff: The risk that unavailability of staff restricts the ability of tenants to admit residents or results in significant wage cost inflation, impacting on the tenants' rental cover and leading to a loss of rental income for the Group; and
- Changes in government policies: The risk that changes in government policies, including those affecting the local authority funding of care, may render the Group's strategy inappropriate.

In assessing the Group's viability, the Board has considered the key outputs from a detailed model of the Group's expected cashflows over the coming five years under both normal and stressed conditions. The stressed conditions, which were intended to represent severe but plausible scenarios, included modelling increases in interest rates of 200bps per annum compared to market forecasts at 30 June 2026, a reduction in the capital value of the property portfolio of 20 per cent and a significant default on rental receipts from the Group's tenants equating to an aggregate of c.20 per cent of the Group's contracted rent roll. The stressed level of default from the Group's tenants assumed in the financial modelling was based on a detailed assessment of the financial position of each individual tenant or tenant group and the structure in place to secure rental income (such as the strength of tenants' balance sheets, rental guarantees in place or rental deposits held). The financial modelling assumed that the Group's dividend continued to be paid throughout the five-year period of the assessment, and that the financial covenants on the Group's loan facilities remained substantially unchanged. Under the stressed scenario, the Group's net LTV was forecast to reach a peak of 31 per cent and no breaches were forecast in relation to the Group's compliance with the financial covenants on each of its loan facilities.

Based on the results of the scenario analysis outlined above, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five year period of its assessment.

Consolidated Statement of Comprehensive Income (audited)

For the year ended 30 June 2026

		Year ended 30 June 2026			Year ended 30 June 2025		
		Revenue	**Capital**	**Total**	Revenue	Capital	Total
	Notes	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Revenue							
Rental income		**60,236**	**10,387**	**70,623**	60,369	10,841	71,210
Other rental income		**-**	**1,435**	**1,435**	202	1,505	1,707
Other income		**8**	**-**	**8**	11	-	11
Total revenue		**60,244**	**11,822**	**72,066**	60,582	12,346	72,928

Gains on revaluation of investment properties	5	**-**	**21,358**	**21,358**	-	12,244	12,244
Gains on investment properties realised	5	**-**	**9,228**	**9,228**	-	39	39
Total income		**60,244**	**42,408**	**102,652**	60,582	24,629	85,211
Expenditure							
Investment management fee	2	**(8,172)**	**-**	**(8,172)**	(7,816)	-	(7,816)
Credit loss allowance reversal/(charge) and bad debts	3	**846**	**-**	**846**	(1,612)	-	(1,612)
Other expenses	3	**(3,813)**	**-**	**(3,813)**	(3,907)	-	(3,907)
Total expenditure		**(11,139)**	**-**	**(11,139)**	(13,335)	-	(13,335)
Profit before finance costs and taxation		**49,105**	**42,408**	**91,513**	47,247	24,629	71,876
Net finance costs							
Interest income		**691**	**-**	**691**	426	-	426
Finance costs		**(9,333)**	**(281)**	**(9,614)**	(10,659)	(798)	(11,457)
Net finance costs		**(8,642)**	**(281)**	**(8,923)**	(10,233)	(798)	(11,031)
Profit before taxation		**40,463**	**42,127**	**82,590**	37,014	23,831	60,845
Taxation		**-**	**-**	**-**	-	-	-
Profit for the year		**40,463**	**42,127**	**82,590**	37,014	23,831	60,845
Other comprehensive income:							
Items that are or may be reclassified subsequently to profit or loss							
Movement in fair value of interest rate derivatives designated as cash flow hedges		**-**	**56**	**56**	-	(1,450)	(1,450)
Total comprehensive income for the year		**40,463**	**42,183**	**82,646**	37,014	22,381	59,395
Earnings per share (pence)	4	**6.53**	**6.79**	**13.32**	5.97	3.84	9.81

The total column of this statement represents the Group's Consolidated Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement are derived from continuing operations.

No operations were discontinued in the year.

Consolidated Statement of Financial Position (audited)
As at 30 June 2026

	Notes	**As at 30 June 2026 £'000**	As at 30 June 2025 £'000
Non-current assets			
Investment properties	5	**833,478**	840,432
Trade and other receivables		**102,983**	101,861
Interest rate derivatives		**347**	-
		936,808	942,293
Current assets			
Trade and other receivables		**1,816**	3,682
Interest rate derivatives		**-**	572
Cash and cash equivalents		**50,875**	39,639
		52,691	43,893
Total assets		**989,499**	986,186
Non-current liabilities			
Loans	7	**(197,737)**	(148,439)
Trade and other payables		**(12,736)**	(12,695)
		(210,473)	(161,134)
Current liabilities			
Loans	7	**-**	(91,852)

Trade and other payables		**(21,103)**	(20,740)
		(21,103)	(112,592)
Total liabilities		**(231,576)**	(273,726)
Net assets		**757,923**	712,460
Share capital and reserves			
Share capital	8	**6,202**	6,202
Share premium		**256,633**	256,633
Merger reserve		**47,751**	47,751
Distributable reserve		**142,054**	160,531
Hedging reserve		**347**	291
Capital reserve		**143,626**	101,499
Revenue reserve		**161,310**	139,553
Equity shareholders' funds		**757,923**	712,460
Net asset value per ordinary share (pence)	4	**122.2**	114.9

Consolidated Statement of Changes in Equity (audited)

For the year ended 30 June 2026

		Share capital £'000	Share premium £'000	Merger reserve £'000	Distrib-utable reserve £'000	Hedging reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 June 2025		**6,202**	**256,633**	**47,751**	**160,531**	**291**	**101,499**	**139,553**	**712,460**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**42,127**	**40,463**	**82,590**
Other comprehensive income		**-**	**-**	**-**	**-**	**56**	**-**	**-**	**56**
Total comprehensive income		**-**	**-**	**-**	**-**	**56**	**42,127**	**40,463**	**82,646**
Transactions with owners recognised in equity:									
Dividends paid	**1**	**-**	**-**	**-**	**(18,477)**	**-**	**-**	**(18,706)**	**(37,183)**
At 30 June 2026		**6,202**	**256,633**	**47,751**	**142,054**	**347**	**143,626**	**161,310**	**757,923**

For the year ended 30 June 2025

		Share capital £'000	Share premium £'000	Merger reserve £'000	Distrib-utable reserve £'000	Hedging reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 June 2024		6,202	256,633	47,751	170,347	1,741	77,668	128,951	689,293
Profit for the year		-	-	-	-	-	23,831	37,014	60,845
Other comprehensive income		-	-	-	-	(1,450)	-	-	(1,450)
Total comprehensive income		-	-	-	-	(1,450)	23,831	37,014	59,395
Transactions with owners recognised in equity:									
Dividends paid	**1**	-	-	-	(9,816)	-	-	(26,412)	(36,228)
At 30 June 2025		6,202	256,633	47,751	160,531	291	101,499	139,553	712,460

Consolidated Statement of Cash Flows (audited)

For the year ended 30 June 2026

	Note	**Year ended 30 June 2026 £'000**	Year ended 30 June 2025 £'000
Cash flows from operating activities			
Profit before tax		**82,590**	60,845
Adjustments for:			
Interest income		**(691)**	(426)
Finance costs		**9,614**	11,457
Revaluation gain on investment properties and movements in lease incentives, net of acquisition costs written off	5	**(31,745)**	(23,085)
Gain on investment properties realised	5	**(9,228)**	(39)
Decrease in trade and other receivables		**645**	1,367
Increase in trade and other payables		**2,029**	646
		53,214	50,765
Interest paid		**(9,135)**	(10,090)
Interest received		**691**	426
		(8,444)	(9,664)
Net cash inflow from operating activities		**44,770**	41,101
Cash flows from investing activities			
Purchase of investment properties, including acquisition costs		**(49,985)**	(12,985)
Disposal of investment properties, net of lease incentives		**96,803**	9,753
Net cash inflow/(outflow) from investing activities		**46,818**	(3,232)
Cash flows from financing activities			
Drawdown of bank loan facilities		**38,075**	13,000
Repayment of bank loan facilities		**(80,075)**	(14,000)
Costs of refinancing bank loan facilities		**(1,210)**	-
Dividends paid		**(37,142)**	(36,114)
Net cash outflow from financing activities		**(80,352)**	(37,114)
Net increase in cash and cash equivalents		**11,236**	755
Opening cash and cash equivalents		**39,639**	38,884
Closing cash and cash equivalents		**50,875**	39,639
Transactions which do not require the use of cash			
Movement in fixed or guaranteed rent reviews		**10,387**	10,841
Movement in lease incentives		**465**	359
Fixed or guaranteed rent reviews derecognised on disposal or re-tenanting		**(9,718)**	(559)
Total		**1,134**	10,641

Statement of Directors' Responsibilities in Respect of the Annual Financial Report

In accordance with Chapter 4 of the Disclosure Guidelines and Transparency Rules, we confirm that to the best of our knowledge:

- The financial statements contained within the Annual Report for the year ended 30 June 2026, of which this statement of results is an extract, have been prepared in accordance with applicable UK-adopted International Financial Reporting Standards, on a going concern basis, and give a true and fair view of the assets, liabilities, financial position and return of the Company;

- The Chairman's Statement, Investment Manager's Report and Our Strategy include a fair review of the development and performance of the business and the position of the Company, including important events that have occurred during the financial year and their impact on the financial statements;
- 'Principal and emerging risks and risk management' includes a description of the Company's principal and emerging risks and uncertainties; and
- The Annual Report includes details of related party transactions that have taken place during the financial year.

On behalf of the Board

Alison Fyfe

Chair

21 September 2026

Extract from Notes to the Audited Consolidated Financial Statements

1. Dividends

Amounts paid as distributions to equity holders during the year to 30 June 2026.

	Dividend rate (pence per share)	Year ended 30 June 2026 £'000
Fourth interim dividend for the year ended 30 June 2025	**1.471**	**9,124**
First interim dividend for the year ended 30 June 2026	**1.508**	**9,353**
Second interim dividend for the year ended 30 June 2026	**1.508**	**9,353**
Third interim dividend for the year ended 30 June 2026	**1.508**	**9,353**
Total	**5.995**	**37,183**

Amounts paid as distributions to equity holders during the year to 30 June 2025.

	Dividend rate (pence per share)	Year ended 30 June 2025 £'000
Fourth interim dividend for the year ended 30 June 2024	1.428	8,857
First interim dividend for the year ended 30 June 2025	1.471	9,123
Second interim dividend for the year ended 30 June 2025	1.471	9,124
Third interim dividend for the year ended 30 June 2025	1.471	9,124
Total	5.841	36,228

It is the policy of the Directors to declare and pay dividends as interim dividends. The Directors do not therefore recommend a final dividend. The fourth interim dividend in respect of the year ended 30 June 2026, of 1.508 pence per share, was paid on 28 August 2026 to shareholders on the register on 14 August 2026 and amounted to £9,353,000. It is the intention of the Directors that the Group will continue to pay dividends quarterly.

2. Fee paid to the Investment Manager

	Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
Investment management fee	**8,172**	7,816
Total	**8,172**	7,816

The Group's Investment Manager and Alternative Investment Fund Manager ('AIFM') is Target Fund Managers Limited (the 'Investment Manager' or 'Target'). The Investment Manager is entitled to an annual management fee calculated on a tiered basis based on the net assets of the Group as set out below. Where applicable, VAT is payable in addition.

Net assets of the Group	Management fee percentage
Up to and including £500 million	1.05
Above £500 million and up to and including £750 million	0.95
Above £750 million and up to and including £1 billion	0.85
Above £1 billion and up to and including £1.5 billion	0.75
Above £1.5 billion	0.65

The Investment Manager is entitled to an additional fee of £168,000 per annum (plus VAT), increasing annually in line with inflation, in relation to their appointment as Company Secretary and Administrator to the Group.

The Investment Management Agreement can be terminated by either party on 24 months' written notice. Should the Company terminate the Investment Management Agreement earlier then compensation in lieu of notice will be payable to the Investment Manager. The Investment Management Agreement may be terminated immediately upon the occurrence of certain events, including the insolvency of either party or if the Investment Manager becomes legally prohibited from carrying on investment business or performing its duties under the Investment Management Agreement.

3. Other expenses

	Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
Total movement in credit loss allowance	**(2,431)**	1,612
Utilisation of bad debts provision for amounts written off	**1,585**	-
Credit loss allowance (reversal)/charge	**(846)**	1,612

	Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
Valuation and other professional fees	**1,362**	1,601
Auditor's remuneration for:		
- statutory audit of the Company	**171**	167
- statutory audit of the Company's subsidiaries	**336**	286
- review of interim financial information	**22**	17
Direct property costs	**444**	267
Other taxation compliance and advisory*	**404**	382
Directors' fees	**249**	227
Secretarial and administration fees	**245**	229
Public relations and marketing	**169**	185
Listing and Registrar fees	**144**	134
Printing, postage and website	**79**	146
Abortive costs	**-**	81
Other	**188**	185
Total other expenses	**3,813**	3,907

* The other taxation compliance and advisory fees were all paid to parties other than the Company's Auditor.

Expenses are inclusive of irrecoverable VAT as the Company, and the majority of its subsidiaries, are not VAT registered.

4. Earnings per share and Net Asset Value per share

Earnings per share

	Year ended 30 June 2026		Year ended 30 June 2025	
	£'000	**Pence per share**	£'000	Pence per share
Revenue earnings	**40,463**	**6.53**	37,014	5.97
Capital earnings	**42,127**	**6.79**	23,831	3.84
Total earnings	**82,590**	**13.32**	60,845	9.81
Average number of shares in issue		**620,237,346**		620,237,346

There were no dilutive shares or potentially dilutive shares in issue.

EPRA is an industry body which issues best practice reporting guidelines for financial disclosures by public real estate companies and the Group reports an EPRA NAV quarterly. EPRA has issued best practice recommendations for the calculation of certain figures which are included below. Other EPRA measures are included in the section below entitled EPRA Performance Measures.

The EPRA earnings are arrived at by adjusting for the revaluation movements on investment properties and other items of a capital nature and represents the revenue earned by the Group.

The Group's specific adjusted EPRA earnings adjusts the EPRA earnings for rental income arising from recognising guaranteed rental review uplifts and for development interest received from developers in relation to monies advanced under forward fund agreements which, in the Group's IFRS financial statements, is required to be offset against the book cost of the property under development. The Board believes that the Group's specific adjusted EPRA earnings represents the underlying performance measure appropriate for the Group's business model as it illustrates the underlying revenue stream and costs generated by the Group's property portfolio.

The reconciliations are provided in the table below:

	Year ended	Year ended

	30 June 2026 £'000	30 June 2025 £'000
Earnings per IFRS Consolidated Statement of Comprehensive Income	**82,590**	60,845
Adjusted for gains on investment properties realised	**(9,228)**	(39)
Adjusted for gains on revaluation of investment properties	**(21,358)**	(12,244)
Adjusted for finance and transaction costs on the interest rate cap	**281**	798
Adjusted for other capital items	**(1,435)**	(1,505)
EPRA earnings	**50,850**	47,855
Adjusted for rental income arising from recognising guaranteed rent review uplifts	**(10,387)**	(10,841)
Adjusted for development interest under forward fund agreements	**128**	725
Group specific adjusted EPRA earnings	**40,591**	37,739
Earnings per share ('EPS') (pence per share)		
EPS per IFRS Consolidated Statement of Comprehensive Income	**13.32**	9.81
EPRA EPS	**8.20**	7.72
Group specific adjusted EPRA EPS	**6.54**	6.08

Net Asset Value per share

The Group's Net Asset Value per ordinary share of 122.2 pence (2025: 114.9 pence) is based on equity shareholders' funds of £757,923,000 (2025: £712,460,000) and on 620,237,346 (2025: 620,237,346) ordinary shares, being the number of shares in issue at the year-end.

The EPRA best practice recommendations include a set of EPRA NAV metrics that are arrived at by adjusting the net asset value calculated under International Financial Reporting Standards ('IFRS') to provide stakeholders with what EPRA believe to be the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios. The three EPRA NAV metrics are:

- **EPRA Net Reinstatement Value ('NRV'):** Assumes that entities never sell assets and aims to represent the value required to rebuild the entity. The objective is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives, are excluded and the costs of recreating the Group through investment markets, such as property acquisition costs and taxes, are included.
- **EPRA Net Tangible Assets ('NTA'):** Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Given the Group's REIT status, it is not expected that significant deferred tax will be applicable to the Group.
- **EPRA Net Disposal Value ('NDV'):** Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. At 30 June 2026, the Group held all its material balance sheet items at fair value, or at a value considered to be a close approximation to fair value, in its financial statements apart from its fixed-rate debt facilities where the fair value is estimated to be lower than the nominal value. See note 7 for further details on the Group's loan facilities.

	2026 EPRA NRV £'000	2026 EPRA NTA £'000	2026 EPRA NDV £'000	2025 EPRA NRV £'000	2025 EPRA NTA £'000	2025 EPRA NDV £'000
IFRS NAV per financial statements	**757,923**	**757,923**	**757,923**	712,460	712,460	712,460
Fair value of interest rate derivatives	**(347)**	**(347)**	**-**	(572)	(572)	-
Fair value adjustment to loans	**-**	**-**	**24,786**	-	-	27,929
Estimated purchasers' costs	**62,030**	**-**	**-**	62,175	-	-
EPRA net assets	**819,606**	**757,576**	**782,709**	774,063	711,888	740,389
EPRA net assets (pence per share)	**132.1**	**122.1**	**126.2**	124.8	114.8	119.4

5. Investment properties

Freehold and leasehold properties

	As at 30 June 2026 £'000	As at 30 June 2025 £'000
Opening market value	**929,940**	908,530
Opening fixed or guaranteed rent reviews	**(79,138)**	(68,856)
Opening lease incentives	**(10,370)**	(10,011)
Opening performance payments (see Note 10)	**-**	1,910
Opening carrying value	**840,432**	831,573

Disposals - proceeds	**(96,803)**	(9,753)
- gain/(loss) on sale	**23,648**	(542)
Purchases and performance payments	**47,904**	7,650
Acquisition costs capitalised	**1,641**	30
Acquisition costs written off	**(1,641)**	(30)
Unrealised (gain)/loss realised during the year	**(14,420)**	581
Revaluation movement - gains	**36,724**	25,484
Revaluation movement - losses	**(2,873)**	(2,010)
Movement in market value	**(5,820)**	21,410
Fixed or guaranteed rent reviews derecognised on disposal or re-tenanting	**9,718**	559
Movement in fixed or guaranteed rent reviews	**(10,387)**	(10,841)
Movement in lease incentives	**(465)**	(359)
Movement in performance payments (see Note 10)	**-**	(1,910)
Movement in carrying value	**(6,954)**	8,859
Closing market value	**924,120**	929,940
Closing fixed or guaranteed rent reviews	**(79,807)**	(79,138)
Closing lease incentives	**(10,835)**	(10,370)
Closing carrying value	**833,478**	840,432

Changes in the valuation of investment properties	**Year ended 30 June 2026 £'000**	Year ended 30 June 2025 £'000
Gain/(loss) on sale of investment properties	**23,648**	(542)
Unrealised (gain)/loss realised during the year	**(14,420)**	581
Gains on investment properties realised	**9,228**	39
Revaluation movement	**33,851**	23,474
Acquisition costs written off	**(1,641)**	(30)
Movement in lease incentives	**(465)**	(359)
	31,745	23,085
Movement in fixed or guaranteed rent reviews	**(10,387)**	(10,841)
Gains on revaluation of investment properties	**21,358**	12,244

The investment properties can be analysed as follows:

	As at 30 June 2026 £'000	As at 30 June 2025 £'000
Standing assets	**922,620**	921,080
Developments under forward fund agreements	**1,500**	8,860
Closing market value	**924,120**	929,940

At 30 June 2026, the properties were valued at £924,120,000 (2025: £929,940,000) by CBRE Limited ('CBRE') in their capacity as external valuers. The valuation was prepared on the basis of a fixed fee per property. The valuation was undertaken in accordance with the RICS Valuation - Global Standards, issued by the Royal Institution of Chartered Surveyors ('RICS') on the basis of Market Value, supported by reference to market evidence of transaction prices for similar properties. CBRE has recent experience in the location and category of the investment properties being valued.

Market Value represents the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion. The quarterly property valuations are reviewed by the Board at each Board meeting. The fair value of the properties after adjusting for the movement in the fixed or guaranteed rent reviews, lease incentives and performance payments was £833,478,000 (2025: £840,432,000). The adjustment consisted of £79,807,000 (2025: £79,138,000) relating to fixed or guaranteed rent reviews and £10,835,000 (2025: £10,370,000) of accrued income relating to the recognition of rental income over rent free periods subsequently amortised over the life of the lease, which are both separately recorded in the accounts as non-current or current assets within 'trade and other receivables'. An adjustment is also made, where applicable, to reflect the amount by which the portfolio value is expected to increase if the performance payments recognised in 'trade and other payables' are paid and the passing rent at the relevant property increased accordingly (see Note 10). The total purchases in the year to 30 June 2026, inclusive of the performance payments recognised in the year and/or exclusive of those recognised in the prior year, were £47,904,000 (2025: £5,740,000).

6. Investment in subsidiary undertakings

The Group included 57 subsidiary companies as at 30 June 2026 (2025: 50). All subsidiary companies were wholly owned, either directly or indirectly, by the Company and, from the date of acquisition onwards, the principal activity of each company within the Group was to act as an investment and property company. Other than one subsidiary incorporated in Jersey, two subsidiaries incorporated in Gibraltar and two subsidiaries incorporated in Luxembourg, all subsidiaries are incorporated within the United Kingdom.

The Group acquired five and incorporated two subsidiaries during the year (2025: incorporated one subsidiary). The Group did not dispose of any subsidiaries during the year (2025: nil).

7. Loans

Non-current loans	**As at 30 June 2026 £'000**	As at 30 June 2025 £'000
Principal amount outstanding	**200,000**	150,000
Set-up costs	**(3,624)**	(2,413)
Amortisation of set-up costs	**1,361**	852
Total	**197,737**	148,439

Current loans	**As at 30 June 2026 £'000**	As at 30 June 2025 £'000
Principal amount outstanding	**-**	92,000
Set-up costs	**-**	(2,107)
Amortisation of set-up costs	**-**	1,959
Total	**-**	91,852

On 23 September 2025, the Group amended and restated a £20,000,000 committed term loan and £30,000,000 revolving credit facility with the Royal Bank of Scotland plc ('RBS'). The facility also includes an accordion option that, subject to the consent of RBS, would increase the total quantum of the facility to £80,000,000. At 30 June 2026, the facility was repayable in September 2028, with the option of two one-year extensions thereafter subject to the consent of RBS. Since the year-end, consent has been received in relation to the exercise of the first of these extension options, thereby extending the repayment date to September 2029. Interest accrues on the drawn element of the bank loan at a variable rate, based on SONIA plus margin and mandatory lending costs, and is payable quarterly. The margin on the facility is 1.50 per cent per annum for the duration of the loan. A non-utilisation fee of 0.75 per cent per annum is payable on any undrawn element of the facility. As at 30 June 2026, the Group had drawn £20,000,000 under this facility (2025: £42,000,000). The interest rate on the £20,000,000 committed term loan has been hedged through an interest rate swap with the same notional value, counterparty and expected duration as set out below.

On 23 September 2025, the Group amended and restated a £30,000,000 committed term loan and £50,000,000 revolving credit facility with HSBC Bank plc ('HSBC'). The facility also includes an accordion option that, subject to the consent of HSBC, would increase the total quantum of the facility to £120,000,000. At 30 June 2026, the facility was repayable in September 2028, with the option of two one-year extensions thereafter subject to the consent of HSBC. Since the year-end, consent has been received in relation to the exercise of the first of these extension options, thereby extending the repayment date to September 2029. Interest accrues on the drawn element of the bank loan at a variable rate, based on SONIA plus margin and mandatory lending costs, and is payable quarterly. The margin on the facility is 1.50 per cent per annum for the duration of the loan. A non-utilisation fee of 0.60 per cent per annum is payable on any undrawn element of the facility. As at 30 June 2026, the Group had drawn £30,000,000 under this facility (2025: £50,000,000). The interest rate on the £30,000,000 committed term loan has been hedged through an interest rate swap with the same notional value, counterparty and expected duration as set out below.

In January 2020 and November 2021, the Group entered into committed term loan facilities with Phoenix Group of £50,000,000 and £37,250,000, respectively. Both these facilities are repayable on 12 January 2032. The Group has a further committed term loan facility with Phoenix Group of £62,750,000 which is repayable on 12 January 2037. Interest accrues on these three loans at aggregate annual fixed rates of interest of 3.28 per cent, 3.13 per cent and 3.14 per cent, respectively and is payable quarterly. As at 30 June 2026, the Group had drawn £150,000,000 under these facilities (2025: £150,000,000).

The following interest rate derivatives were in place during the year ended 30 June 2026:

Notional Value	**Starting Date**	**Ending Date**	**Interest Paid**	**Interest Received**	**Counter-party**
30,000,000	5 November 2020	5 November 2025*	0.30%	Daily compounded SONIA (floor at -0.08%)	RBS
50,000,000	1 November 2022	5 November 2025	nil	Daily compounded SONIA above 3.0%	HSBC

				cap	
20,000,000	24 September 2025	23 September 2030	3.76%	Daily compounded SONIA	RBS
30,000,000	24 September 2025	23 September 2030	3.82%	Daily compounded SONIA	HSBC

* Terminated early on 24 September 2025.

At 30 June 2026, inclusive of the interest rate derivatives, the interest rate on £200,000,000 of the Group's borrowings has been hedged, including the amortisation of loan arrangement costs, at an all-in rate of 3.89 per cent per annum until at least 23 September 2030. The remaining £80,000,000 of debt, of which £nil was drawn at 30 June 2026, would, if fully drawn, carry interest at a variable rate equal to daily compounded SONIA plus a weighted average lending margin, including the amortisation of loan arrangement costs, of 1.81 per cent per annum.

The aggregate fair value of the interest rate derivatives held at 30 June 2026 was an asset of £347,000 (2025: £572,000). The Group categorises all interest rate derivatives as level 2 in the fair value hierarchy as they are valued with reference to published interest rates.

At 30 June 2026, the nominal value of the Group's loans equated to £200,000,000 (2025: £242,000,000). Excluding the interest rate derivatives referred to above, the fair value of these loans, based on a discounted cashflow using the market rate on the relevant treasuries plus an estimated margin based on market conditions at 30 June 2026, totalled, in aggregate, £175,213,000 (2025: £214,071,000). The loans are categorised as level 3 in the fair value hierarchy given the estimated margin is not observable market data.

The fixed rate loans are repayable at the higher of their par value of £150,000,000 (2025: £150,000,000), or a calculation based on a Modified Spens clause. At 30 June 2026, the par value was higher than the Modified Spens calculation and therefore the repayment cost would have been £150,000,000 (2025: £150,000,000). In relation to the bank facilities of £130,000,000 (2025: £170,000,000), an early repayment charge will apply if any proportion of the facilities are cancelled or prepaid. At 30 June 2026, this potential early repayment charge, which would have been in addition to the par value of the drawn bank loans of £50,000,000 (2025: £92,000,000) and any early termination costs that may have arisen as a result of breaking or reducing the interest rate swaps, equated to a maximum aggregate sum of £1,550,000 (2025: £nil) and will decline over the remaining term of the bank facilities.

The RBS loan is secured by way of a fixed and floating charge over the majority of the assets of the THR Number One plc Group ('THR1 Group') which consists of THR1 and its five subsidiaries. The Phoenix Group loans of £50,000,000 and £37,250,000 are secured by way of a fixed and floating charge over the majority of the assets of the THR Number 12 plc Group ('THR12 Group') which consists of THR12 and its nine subsidiaries. The Phoenix Group loan of £62,750,000 is secured by way of a fixed and floating charge over the majority of the assets of THR Number 43 plc Group ('THR43 Group') which consists of THR43 and its ten subsidiaries. The HSBC loan is secured by way of a fixed and floating charge over the majority of the assets of the THR Number 15 plc Group ('THR15 Group') which consists of THR15 and its 18 subsidiaries. In aggregate, the Group has granted a fixed charge over properties with a market value of £771,410,000 as at 30 June 2026 (2025: £754,390,000).

In order to release the remaining funds held in the secured account, in July 2026 a fixed charge was granted over a further property with a market value of £12,500,000.

Under the covenants related to the loans, the Group is to ensure that:

- the loan to value percentage for each of THR1 Group and THR15 Group does not exceed 50 per cent;
- the loan to value percentage for THR12 Group and THR43 Group does not exceed 60 per cent;
- the interest cover for THR1 Group is greater than 200 per cent (2025: 225 per cent) on any calculation date;
- the interest cover for THR15 Group is greater than 165 per cent (2025: 200 per cent) on any calculation date; and
- the debt yield for each of THR12 Group and THR43 Group is greater than 10 per cent on any calculation date.

The significant terms of the facilities remained unchanged and all loan covenants have been complied with during the year.

Analysis of net debt:

	Cash and cash equivalents 2026 £'000	**Borrowing 2026 £'000**	**Net debt 2026 £'000**	Cash and cash equivalents 2025 £'000	Borrowing 2025 £'000	Net debt 2025 £'000
Opening balance	**39,639**	**(240,291)**	**(200,652)**	38,884	(240,672)	(201,788)
Cash flows	**11,236**	**43,210**	**54,446**	755	1,000	1,755
Non-cash flows	**-**	**(656)**	**(656)**	-	(619)	(619)
Closing balance	**50,875**	**(197,737)**	**(146,862)**	39,639	(240,291)	(200,652)

8. Share capital

Allotted, called-up and fully paid ordinary shares of £0.01 each	Number of shares	£'000
Balance as at 30 June 2025 and 30 June 2026	**620,237,346**	**6,202**

Under the Company's Articles of Association, the Company may issue an unlimited number of ordinary shares. Ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors. Ordinary shareholders have the right to vote at meetings of the Company. All ordinary shares carry equal voting rights.

During the year to 30 June 2026, the Company did not issue any ordinary shares (2025: nil). The Company did not repurchase any ordinary shares into treasury (2025: nil) or resell any ordinary shares from treasury (2025: nil). At 30 June 2026, the Company did not hold any shares in treasury (2025: nil).

Capital management

The Group's capital is represented by the share capital, share premium, merger reserve, distributable reserve, hedging reserve, capital reserve, revenue reserve and long-term borrowings. The Group is not subject to any externally-imposed capital requirements, other than the financial covenants on its loan facilities as detailed in note 7.

The capital of the Group is managed in accordance with its investment policy, in pursuit of its investment objective.

Capital risk management

The objective of the Group is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified portfolio of freehold and long leasehold care homes that are let to care home operators; and other healthcare assets in the UK.

The Board has responsibility for ensuring the Group's ability to continue as a going concern. This involves the ability to borrow monies in the short and long term; and pay dividends out of reserves, all of which are considered and approved by the Board on a regular basis.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or buyback shares for cancellation or for holding in treasury. The Company may also increase or decrease its level of long-term borrowings. The Group monitors capital using the net LTV ratio, which was 16.1 per cent at 30 June 2026 (2025: 21.8 per cent). The Board currently intends that, over the medium term, borrowings of the Group will represent no more than approximately 30 per cent of the Group's gross assets at the time of drawdown.

Where ordinary shares are held in treasury these are available to be sold to meet on-going market demand. The net proceeds of any subsequent sales of shares out of treasury will provide the Company with additional capital to enable it to take advantage of investment opportunities in the market and make further investments in accordance with the Company's investment policy and within its appraisal criteria. Holding shares in treasury for this purpose assists the Company in matching its on-going capital requirements to its investment opportunities and therefore reduces the negative effect of holding excess cash on its balance sheet over the longer term.

No changes were made in the capital management objectives, policies or processes during the year.

9. Financial instruments

Consistent with its objective, the Group holds UK care home property investments. In addition, the Group's financial instruments comprise cash, loans and receivables and payables that arise directly from its operations. The Group's exposure to derivative instruments consists of interest rate swaps and interest rate caps used to fix the interest rate on the Group's variable rate borrowings.

The Group is exposed to various types of risk that are associated with financial instruments. The most important types are credit risk, liquidity risk, interest rate risk and market price risk. There is no foreign currency risk as all assets and liabilities of the Group are maintained in pounds sterling.

The Board reviews and agrees policies for managing the Group's risk exposure. These policies are summarised below and have remained unchanged for the year under review. These disclosures include, where appropriate, consideration of the Group's investment properties which, whilst not constituting financial instruments as defined by IFRS, are considered by the Board to be integral to the Group's overall risk exposure.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. At the reporting date, the Group's gross financial assets exposed to credit risk amounted to £54,051,000 (2025: £46,669,000) against which a credit loss provision of £2,115,000 (2025: £4,547,000) had been recognised. This resulted in net exposure of £51,936,000 (2025: £42,122,000), consisting of cash of £50,875,000 (2025: £39,639,000), VAT recoverable of £461,000 (2025: £47,000), net rent receivable of

£79,000 (2025: £1,089,000), accrued development interest of £nil (2025: £809,000), and other debtors of £521,000 (2025: £538,000).

In the event of default by a tenant if it is in financial difficulty or otherwise unable to meet its obligations under the lease, the Group will suffer a rental shortfall and incur additional expenses until the property is relet. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs and may have a material adverse impact on the financial condition and performance of the Group and/or the level of dividend cover. The Group may also require to provide rental incentives to the incoming tenant. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Investment Manager monitors such reports in order to anticipate, and minimise the impact of, defaults by occupational tenants. The expected credit risk in relation to tenants is an inherent element of the due diligence considered by the Investment Manager on all property transactions with an emphasis being placed on ensuring that the initial rent is set at a sustainable level. The risk is further mitigated by rental deposits or guarantees where considered appropriate. The majority of rental income is received in advance.

As at 30 June 2026, the Group had recognised a credit loss allowance totalling £2,115,000 (2025: £4,547,000) against a gross rent receivable balance of £1,597,000 (2025: £4,828,000), gross loans to tenants totalling £1,063,000 (2025: £788,000) and other tenant debtors of £29,000 (2025: £287,000). Of the gross receivable of £5,903,000 at 30 June 2025, £2,040,000 was subsequently recovered, £1,583,000 was written off and £2,280,000 is still outstanding. There were no other financial assets which were either past due or considered impaired at 30 June 2026 (2025: nil).

All of the Group's cash is placed with financial institutions with a long-term credit rating of BBB or better. Bankruptcy or insolvency of such financial institutions may cause the Group's ability to access cash placed on deposit to be delayed, limited or lost. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, cash holdings would be moved to another bank.

Should the Group hold significant cash balances for an extended period, then counterparty risk will be spread, by placing cash across different financial institutions. At 30 June 2026 the Group held £24.9 million (2025: £39.4 million) with The Royal Bank of Scotland plc and £26.0 million (2025: £0.2 million) with HSBC Bank plc. Given the credit quality of the counterparties used, no credit loss allowance is recognised against cash balances as it is considered to be immaterial.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The Group's investments comprise UK care homes. Property and property-related assets in which the Group invests are not traded in an organised public market and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these properties at an amount close to their fair value in order to meet its liquidity requirements.

The Group's liquidity risk is managed on an on-going basis by the Investment Manager and monitored on a quarterly basis by the Board. In order to mitigate liquidity risk the Group aims to have sufficient cash balances (including the expected proceeds of any property sales) to meet its obligations for a period of at least twelve months.

Interest rate risk

Some of the Company's financial instruments are interest-bearing. Interest-rate risk is the risk that future cash flows will change adversely as a result of changes in market interest rates.

The Group's policy is to hold cash in variable rate or short-term fixed rate bank accounts. At 30 June 2026, interest was being received on cash at a weighted average variable rate of 1.9 per cent (2025: 1.2 per cent). Exposure varies throughout the period as a consequence of changes in the composition of the net assets of the Group arising out of the investment and risk management policies. These balances expose the Group to cash flow interest rate risk as the Group's income and operating cash flows will be affected by movements in the market rate of interest.

At 30 June 2026, the Group had £130,000,000 (2025: £170,000,000) of committed term loans and revolving credit facilities which were charged interest at a rate of SONIA plus the relevant margin. At 30 June 2026, £50,000,000 of the variable rate facilities had been drawn down (2025: £92,000,000). The fair value of the variable rate borrowings is affected by changes in the market rate of the lending margin that would apply to similar loans. The variable rate borrowings are carried at amortised cost and the Group considers this to be a close approximation to fair value at 30 June 2026 and 30 June 2025.

At 30 June 2026, the Group had hedged its exposure on £50,000,000 of the £50,000,000 of the drawn variable rate borrowings (2025: £80,000,000 of the £92,000,000 of drawn variable rate facilities was hedged). On the unhedged variable rate borrowings, interest is payable at a variable rate equal to SONIA plus the weighted average lending margin, including the amortisation of costs, of 1.81 per cent per annum (2025: 2.46 per cent). The variable rate borrowings expose the Group to cash flow interest rate risk as the Group's income and operating cash flows will be affected by movements in the market rate of interest.

At 30 June 2026, the Group had fixed rate term loans totalling £150,000,000 (2025: £150,000,000) and had hedged its exposure to increases in interest rates on £50,000,000 (2025: £80,000,000) of the variable rate loans, as referred to above, through entering into fixed rate interest rate swaps (2025: a £30,000,000 fixed rate interest rate swap and a £50,000,000 interest rate cap at 3.0 per cent). Fixing the interest rate exposes the Group to fair value interest rate risk as the fair value of the fixed rate borrowings, or the fair value of the interest rate derivative used to fix the interest rate on an otherwise variable rate loan, will be affected by movements in the market rate of interest. The £150,000,000 fixed rate term loans are carried at amortised cost on the Group's balance sheet, with the estimated fair value and cost of repayment being disclosed in Note 7, whereas the fair value of the interest rate derivatives are recognised directly on the Group's balance sheet.

At 30 June 2026, the Group's interest rate derivatives, which had a fair value of £347,000 (2025: £572,000) and hedged a notional value of £50,000,000 (2025: £80,000,000), and its fixed rate term loans of £150,000,000 (2025: £150,000,000) were exposed to fair value interest rate risk. At 30 June 2026, an increase of 0.25 per cent in interest rates would have increased the fair value of the interest rate derivative assets and increased the other comprehensive income and reported total comprehensive income for the year by £248,000 (2025: £65,000). The same increase in interest rates would have decreased the fair value of the fixed rate term loans by an aggregate of £1,890,000 (2025: £2,047,000); however, as the fixed rate loan is held at amortised cost, the reported total comprehensive income for the year would have remained unchanged. A decrease in interest rates would have had an approximately equal and opposite effect.

Market price risk

The management of market price risk is part of the investment management process and is typical of a property investment company. The portfolio is managed with an awareness of the effects of adverse valuation movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Such risk is minimised through the appointment of external property valuers.

The external valuers are mindful of the potential impacts ESG may have on capital and rental valuations. Currently in the UK, demands for more precise and rigorous valuation of sustainability features have grown; however, there is still a gap in the exact knowledge of how to value sustainability features to appropriately reflect a 'green premium' or 'brown discount'. Sentiment is shifting towards a focus on energy use, ensuring buildings meet environmental energy efficiency standards, with regulation being tightened to meet the UK government's 'net zero carbon' target. The more stringent Minimum Energy Efficiency Standards' regulations will require landlords, especially those whose properties do not meet the Minimum Energy Efficiency Standards' regulations, to invest further in their properties. In addition, the UK's introduction of mandatory climate related disclosures and the European Union's Sustainable Finance Disclosure Regulations may impact on asset values, or how the market views risks and incorporates them into the sale or letting of assets. There is also the potential that future legislative change, such as an update to the Minimum Energy Efficiency Standards or the introduction of an operational rating, may impact future property valuations.

10. Contingent assets and liabilities

As at 30 June 2026, one property (2025: one property) within the Group's investment property portfolio contained a performance payment clause which provided that, subject to contracted performance conditions being met, a further capital payment of £1,785,000 (2025: £1,785,000) may be payable by the Group to the vendor/tenant of the property. The potential timing of this payment is also conditional on the date(s) at which the contracted performance conditions are met and is therefore uncertain.

It is highlighted that any performance payments subsequently paid will result in an increase in the rental income due from the tenant of the relevant property. As the net initial yield used to calculate the additional rental which would be payable is not significantly different from the investment yield used to arrive at the valuation of the properties, any performance payment made would be expected to result in a commensurate increase in the value of the Group's investment property portfolio.

Having assessed the clause, the Group has determined that the contracted performance conditions had not been met in relation to the relevant property and therefore at 30 June 2026 no liability was recognised (2025: £nil). Had a liability been recognised, an equal but opposite amount would have been recognised as an asset in 'investment properties' in Note 5 to reflect the increase in the investment property value that would be expected to arise from the payment of the performance payment(s) and the resulting increase in the contracted rental income.

11. Capital commitments

The Group had capital commitments as follows:

	30 June 2026	30 June 2025
	£'000	£'000
Amounts due to complete forward fund developments	**13,025**	912
Other capital expenditure commitments	**2,248**	1,113
Total	**15,273**	2,025

As at 30 June 2026 the Group also had a forward commitment to acquire a property company for £13.4 million, including acquisition costs, following practical completion of the property which the acquiree is currently developing. The development, which was pre-let to an existing tenant of the Group, is substantially complete and the acquisition is expected to complete shortly.

12. Related parties and transactions with the Investment Manager

The Board of Directors is considered to be a related party. No Director has an interest in any transactions which are, or were, unusual in their nature or significant to the nature of the Group. The Directors of the Group received fees for their services. Total fees for the year were £249,000 (2025: £227,000) of which £nil (2025: £nil) remained payable at the year-end.

The Investment Manager received £8,172,000 (inclusive of irrecoverable VAT) in management fees in relation to the year ended 30 June 2026 (2025: £7,816,000). Of this amount £2,079,000 (2025: £1,979,000) remained payable at the year-end. The Investment Manager received a further £201,000 (inclusive of irrecoverable VAT) during the year ended 30 June 2026 (2025: £193,000) in relation to its appointment as Company Secretary and Administrator, of which £50,000 (2025: £48,000) remained payable at the year end. Certain employees of the Investment Manager are directors of some of the Group's subsidiaries. Neither they nor the Investment Manager receive any additional remuneration in relation to fulfilling this role.

There were related party transactions within the Group and its wholly-owned subsidiaries which are eliminated upon consolidation.

13. Operating segments

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Group is engaged in a single segment of business, being property investment, and in one geographical area, the United Kingdom, and that therefore the Group has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance is the EPRA NTA. The reconciliation between the NAV, as calculated under IFRS, and the EPRA NTA is detailed in note 4.

The view that the Group is engaged in a single segment of business is based on the following considerations:

- One of the key financial indicators received and reviewed by the Board is the total return from the property portfolio taken as a whole;
- There is no active allocation of resources to particular types or groups of properties in order to try to match the asset allocation of the benchmark; and
- The management of the portfolio is ultimately delegated to a single property manager, Target.

14. Financial statements

This statement was approved by the Board on 21 September 2026. It is not the Company's full statutory financial statements in terms of Section 434 of the Companies Act 2006. The statutory annual report and financial statements for the year ended 30 June 2026 has been approved and audited and received an unqualified audit report which did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report. The statutory annual report and financial statements for the year to 30 June 2026 will be posted to shareholders in October 2026 and will be available for inspection at Level 4, Dashwood House, 69 Old Broad Street, London, EC2M 1QS, the registered office of the Company.

The statutory annual report and financial statements will be made available on the website **www.targethealthcarereit.co.uk**. Copies may also be obtained from Target Fund Managers Limited, Glendevon House, Castle Business Park, Stirling FK9 4TZ.

The audited financial statements for the year to 30 June 2026 will be lodged with the Registrar of Companies following the Annual General Meeting to be held on 2 December 2026.

Alternative Performance Measures

The Company uses Alternative Performance Measures ('APMs'). APMs do not have a standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. The definitions of all APMs used by the Company are highlighted in the glossary contained in the Annual Report, with detailed calculations, including reconciliation to the IFRS figures where appropriate, being set out below and within the EPRA Performance Measures which follow.

Discount or Premium - the amount by which the market price per share is lower or higher than the net asset value per share.

		2026 pence	2025 Pence
EPRA Net Tangible Assets per share (see note 4)	(a)	**122.1**	114.8
Share price	(b)	**108.4**	104.2
(Discount)/premium	**= (b-a)/a**	**(11.2)%**	(9.2)%

Dividend Cover - the percentage by which Group specific adjusted EPRA earnings for the year cover the dividend paid.

		2026 £'000	2025 £'000
Group-specific EPRA earnings for the year (see note 4)	(a)	**40,591**	37,739
First interim dividend		**9,353**	9,123
Second interim dividend		**9,353**	9,124
Third interim dividend		**9,353**	9,124
Fourth interim dividend		**9,353**	9,124
Dividends paid in relation to the year	(b)	**37,412**	36,495
Dividend cover	**= (a/b)**	**108%**	103%

Net Debt to EBITDA ratio - a leverage ratio that measures the net earnings available to address debt obligations.

		2026 £'000	2025 £'000
Net debt (see below)	(a)	**168,807**	219,761
Group-specific EPRA earnings for the year (see note 4)		**40,591**	37,739
Net finance costs		**8,642**	10,233
EBITDA	(b)	**49,233**	47,972
Net debt to EBITDA ratio	**= (a/b)**	**3.4 times**	4.6 times

Ongoing Charges - a measure of all operating costs incurred, calculated as a percentage of average net assets in that year.

		2026 £'000	2025 £'000
Investment management fee		**8,172**	7,816
Other expenses		**3,813**	3,907
Less direct property costs and other non-recurring items*		**(973)**	(1,129)
Adjustment to management fee arrangements and irrecoverable VAT**		**7**	9
Total	(a)	**11,019**	10,603
Average net assets	(b)	**744,251**	702,441
Ongoing charges	**= (a/b)**	**1.48%**	1.51%

* Excludes, amongst other items, the one-off costs related to reorganising the Group's security structure and improving the efficiency of its long-term debt facilities (2025: excluded one-off costs related to the administration of the tenant entity at one of the Group's care home properties).

** Based on the Group's net asset value as at 30 June 2026, the management fee is expected to be paid at a weighted average rate of 1.02% (2025: 1.02%) of the Group's average net asset plus an effective irrecoverable VAT rate of approximately 8% (2025: 9%). The management fee has therefore been amended so that the Ongoing Charges figure includes the expected all-in management fee rate of 1.10% (2025: 1.11%).

Total Return - the return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets.

		2026			2025		
		EPRA NTA (pence)	**IFRS NAV (pence)**	**Share price (pence)**	EPRA NTA (pence)	IFRS NAV (pence)	Share price (pence)
Value at start of year	(a)	**114.8**	**114.9**	**104.2**	110.7	111.1	78.5
Value at end of year	(b)	**122.1**	**122.2**	**108.4**	114.8	114.9	104.2
Change in value during year **(b-a)**	(c)	**7.3**	**7.3**	**4.2**	4.1	3.8	25.7
Dividends paid	(d)	**6.0**	**6.0**	**6.0**	5.9	5.9	5.9
Additional impact of dividend reinvestment	(e)	**0.5**	**0.5**	**0.6**	0.3	0.2	0.9
Total gain in year (c+d+e)	(f)	**13.8**	**13.8**	**10.8**	10.3	9.9	32.5

Total return for the year	**= (f/a)**	**12.0%**	**12.0%**	**10.4%**	9.3%	8.9%	41.4%

EPRA Performance Measures

The European Public Real Estate Association is the industry body representing listed companies in the real estate sector. EPRA publishes Best Practice Recommendations ('BPR') to establish consistent reporting by European property companies. Further information on the EPRA BPR can be found at **www.epra.com**.

The figures below are calculated and presented in line with the BPR Guidelines published by EPRA in September 2024.

	2026	2025
EPRA Net Reinstatement Value (£'000)	**819,606**	774,063
EPRA Net Tangible Assets (£'000)	**757,576**	711,888
EPRA Net Disposal Value (£'000)	**782,709**	740,389
EPRA Net Reinstatement Value per share (pence)	**132.1**	124.8
EPRA Net Tangible Assets per share (pence)	**122.1**	114.8
EPRA Net Disposal Value per share (pence)	**126.2**	119.4
EPRA Earnings (£'000)	**50,850**	47,855
Group specific adjusted EPRA earnings (£'000)	**40,591**	37,739
EPRA Earnings per share (pence)	**8.20**	7.72
Group specific adjusted EPRA earnings per share (pence)	**6.54**	6.08
EPRA Net Initial Yield	**6.16%**	6.04%
EPRA Topped-up Net Initial Yield	**6.21%**	6.22%
EPRA Vacancy Rate	**-**	-
EPRA Cost Ratio (including direct vacancy costs)	**15.5%**	18.3%
EPRA Group specific adjusted Cost Ratio (including direct vacancy costs)	**18.5%**	21.8%
EPRA Cost Ratio (excluding direct vacancy costs)	**15.5%**	18.3%
EPRA Group specific adjusted Cost Ratio (excluding direct vacancy costs)	**18.5%**	21.8%
EPRA Loan-to-Value	**18.3%**	23.6%
Capital Expenditure (£'000)	**49,545**	7,680
Like-for-like Rental Growth	**3.7%**	3.3%

EPRA NAV metrics and EPRA Earnings
Full details of these calculations, including reconciliations of each to the IFRS measures, are detailed in note 4 to the extract from the Consolidated Financial Statements.

EPRA Net Initial Yield and EPRA Topped-up Net Initial Yield
EPRA Net Initial Yield is calculated as annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. The EPRA Topped-up Net Initial Yield incorporates an adjustment in respect of the expiration of rent-free periods (or other unexpired lease incentives).

		30 June 2026 £'000	30 June 2025 £'000
Annualised passing rental income based on cash rents	(a)	**60,611**	59,369
Notional rent expiration of rent-free periods or other lease incentives		**516**	1,800
Topped-up net annualised rent	(b)	**61,127**	61,169
Standing assets (see note 5)		**922,620**	921,080
Allowance for estimated purchasers' costs		**62,030**	62,175
Grossed-up completed property portfolio valuation	(c)	**984,650**	983,255
EPRA Net Initial Yield	**= (a/c)**	**6.16%**	6.04%
EPRA Topped-up Net Initial Yield	**= (b/c)**	**6.21%**	6.22%

EPRA Vacancy Rate
EPRA Vacancy Rate is the estimated rental value (ERV) of vacant space (excluding forward fund developments) divided by the contractual rent of the investment property portfolio, expressed as a percentage.

		30 June 2026 £'000	30 June 2025 £'000
Annualised potential rental value of vacant premises*	(a)	**-**	-

Annualised potential rental value of the property portfolio (including vacant properties)	(b)	**61,127**	61,169
EPRA Vacancy Rate	**= (a/b)**	**-**	-

* There were no unoccupied properties at either 30 June 2025 or 30 June 2026.

EPRA Cost Ratio

The EPRA cost ratios are produced using EPRA methodology, which aims to provide a consistent base-line from which companies can provide additional information, and include all property expenses and management fees. Consistent with the Group specific adjusted EPRA earnings detailed in note 4 to the extract from the Consolidated Financial Statements, similar adjustments have been made to also present the adjusted Cost Ratio which is thought more appropriate for the Group's business model.

		Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
Investment management fee		**8,172**	7,816
Credit loss allowance and bad debts		**(846)**	1,612
Other expenses		**3,813**	3,907
EPRA costs (including direct vacancy costs)	(a)	**11,139**	13,335
Specific cost adjustments, if applicable		**-**	-
Group specific adjusted EPRA costs (including direct vacancy costs)	(b)	**11,139**	13,335
Direct vacancy costs	(c)	**-**	-
Gross rental income per IFRS	(d)	**72,066**	72,928
Adjusted for rental income arising from recognising guaranteed rent review uplifts		**(10,387)**	(10,841)
Adjusted for surrender premiums recognised in capital		**(1,435)**	(1,505)
Adjusted for development interest under forward fund arrangements		**128**	725
Group specific adjusted gross rental income	(e)	**60,372**	61,307
EPRA Cost Ratio (including direct vacancy costs)	**= (a/d)**	**15.5%**	18.3%
EPRA Group specific adjusted Cost Ratio (including direct vacancy costs)	**= (b/e)**	**18.5%**	21.8%
EPRA Cost Ratio (excluding direct vacancy costs)	**= ((a-c)/d)**	**15.5%**	18.3%
EPRA Group specific adjusted Cost Ratio (excluding direct vacancy costs)	**= ((b-c)/e)**	**18.5%**	21.8%

EPRA Loan-to-Value

		As at 30 June 2026 £'000	As at 30 June 2025 £'000
Borrowings		**200,000**	242,000
Net payables		**19,682**	17,400
Cash and cash equivalents		**(50,875)**	(39,639)
Net debt	(a)	**168,807**	219,761
Investment properties at market value		**924,120**	929,940
Total property value	(b)	**924,120**	929,940
EPRA Loan-to-Value	**= (a/b)**	**18.3%**	23.6%

EPRA Capital Expenditure

	Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
Acquisitions (including acquisition costs)	**44,870**	30
Forward fund developments	**2,504**	3,085
Like-for-like portfolio	**2,171**	4,565
Total capital expenditure	**49,545**	7,680
Conversion from accrual to cash basis	**440**	5,305
Total capital expenditure on a cash basis	**49,985**	12,985

Like-for-like Rental Growth

		Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
Opening contractual rent	(a)	**61,169**	58,825
Rent reviews		**2,003**	1,939
Re-tenanting of properties and performance linked increases		**265**	15
Like-for-like rental growth	(b)	**2,268**	1,954

Acquisitions and developments		**3,449**	1,148
Disposals		**(5,759)**	(758)
Total movement	**(c)**	**(42)**	2,344
Closing contractual rent	**= (a+c)**	**61,127**	61,169
Like-for-like rental growth	**= (b/a)**	**3.7%**	3.3%

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