Living REIT

Building from strength

New strategy and acquisition

Real estate

4 September 2026

Living REIT (LIVE) is the former Social Housing REIT (SOHO), rebranded and with a broader investment remit that now includes a diversified range of complementary, structurally supported living sectors alongside specialised supported housing (SSH). The accretive £108m acquisition of a senior living portfolio, innovatively funded by a mix of cash and new shares issued at NAV, was a significant leap forward in this process. This transaction and the revised investment strategy in general offer a more diversified and resilient income base and a larger opportunity set from which to build scale, enhancing cost efficiency, attract a wider pool of investors and deepen share liquidity.

Year end	Total income (£m)	EPRA earnings (£m)	EPS (p)	NAV/share (£)	DPS (p)	Yield (%)	P/NAV (x)
12/24	35.8	21.2	5.40	0.99	5.46	7.4	0.75
12/25	40.0	25.7	6.53	0.94	5.62	7.6	0.79
12/26e	45.3	27.3	6.66	0.95	5.79	7.8	0.78
12/27e	53.5	31.9	6.92	1.00	5.96	8.0	0.74

Note: Total income is net rental income. EPRA earnings is adjusted to exclude non-cash loan fee amortisation and includes changes in the lease incentive debtor. Throughout this report NAV is adjusted EPRA net tangible assets (NTA).

A wider but focused opportunity set

Since Atrato became investment manager in January 2025, considerable progress has been made in resolving tenant issues, mitigating future risks and restoring confidence in the company and the SSH sector. FY25 adjusted EPS increased 21% and DPS growth resumed. LIVE remains committed to SSH, which when working well generates sustainable, growing, long-term inflation-aligned income. But SSH is a small part of the care-based living sector and adjacent sub-sectors, similarly supported by demographic trends, housing demand pressures and affordability needs, provide the opportunity to accelerate growth while maintaining an attractive income profile. LIVE will invest further in SSH, senior living and care homes.

Increased forecasts strongly underpin DPS growth

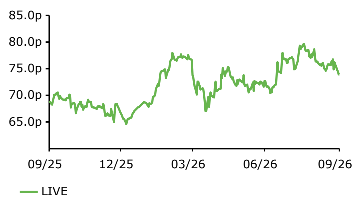
SSH offers attractive returns to shareholders, improved outcomes for residents and savings to the taxpayer. It is underpinned by strong fundamentals and provides long-term, inflation-linked income supported by public funding. Its weak spot is the tenant covenant, requiring active management. We forecast further growth in SSH earnings in FY26 and LIVE expects the acquisition to be high single-digit earnings accretive in the first full year. Adjusting for this, and non-core SSH disposals, our forecasts for adjusted EPS are increased (FY27 by 6%), suggesting upside potential to our 3% per year DPS growth expectation. We continue to be deliberately conservative, explicitly recognising the potential for further SSH tenant issues. This may prove unnecessary, and, if excluded, forecast EPS and dividend paying capacity would be 7% higher.

Valuation: Further growth and revaluation upside

LIVE's FY26 target DPS of 5.79p (+3%) represents a yield of 7.8%. Sustainable DPS growth, a c 20% discount to NAV and improved investor sentiment all point to continuing strong shareholder returns.

Price	**74.10p**
Market cap	**£344m**
Net debt at 31 December 2025	£238.1m
Shares in issue	459.6m
Free float	100.0%
Code	LIVE
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(5.8)	2.8	18.6
52-week high/low		80.8p	61.1p

Business description

Living REIT (formerly Social Housing REIT) invests in living sector properties that benefit from needs-driven demand, long-duration occupancy dynamics and the potential to deliver positive social outcomes. The company aims to provide a stable, long-term, inflation-linked income with the potential for capital growth.

Next events

H126 results	24 September 2026

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Edison profile page

Living REIT is a research client of Edison Investment Research Limited

A summary of our positive investment thesis

As LIVE reaches a resolution of the tenant issues that weighed on FY23 and FY24 earnings and with its balance sheet underpinned by attractively priced long-term, fixed-rate debt, this is an ideal point for it to implement the revised investment strategy, accelerate growth off a more diversified and resilient income base, build scale, attract a wider pool of investors and deepen share liquidity.

The chosen areas for expansion (senior living and care homes) share similar fundamental investment characteristics with SSH, and the acquisition from Residential Secure Income REIT (RESI) of its senior living portfolio represents an attractive first step. The acquired portfolio comprises 2,163 units (1,907 rental flats and 256 flats for on-site housing managers) and represents the most substantial privately owned portfolio in the sector outside of the large housing associations and vertically integrated retirement developer-operators. The September 2025 portfolio value of £185.3m reflected a 6.63% valuation yield (6.73% at 31 December) and the portfolio generated c £11.5m of net rental income (NRI) in FY25. The operational performance of the assets is strong, with a resident occupancy of 97% at March 2026, rent collection close to 100% and like-for-like rents increased by 4.3% in H126.

We believe the investment case is strong, and, in particular, we highlight:

- LIVE remains focused on structurally supported, needs-based residential sectors, with a strong social benefit. Demand for SSH, senior living and care homes is underpinned by demographic change, persistent shortages of suitable accommodation and the policy preference for supporting people in appropriate community settings. These characteristics make demand less sensitive to the economic cycle than in many mainstream property sectors.
- The enlarged portfolio benefits from inflation-aligned rental income, although the mechanisms differ by sector. SSH rents are predominantly subject to contractual annual indexation and ultimately supported by government-funded housing benefit. Although increases are not contractually indexed to inflation (as they were prior to the Renters Rights Act) LIVE expects increases to track inflation. Historical rent review evidence and a favourable demand-supply balance support this expectation.
- The existing SSH business has recovered strongly. FY25 rent collection was 91.5% (FY24: 87.6%), which includes the legacy Portus and My Space exposures, while the resolution of those issues is well advanced. Meanwhile, the investment manager is trialling a change to the lease structure that reduces tenant risk by effectively ring-fencing the rents received by lessees in respect of LIVE properties.
- The senior living acquisition creates cost efficiencies, adding NRI of £11.5m per year with relatively little additional cost.
- LIVE has a highly attractive debt profile, further enhanced by the senior living acquisition, which included £92m (nominal value) of borrowings with a fixed cost of 3.46% until 2043. Aggregate fixed-rate debt of £356m (92% of total borrowing) is at an average 2.93%, with an average remaining term of c 10 years. Including £30m of floating-rate acquisition funding, the loan-to-value ratio (LTV) has increased to c 45% but LIVE targets a reduction to 40% over time.
- The shares have begun to re-rate over the past year, and we see scope for this to continue. Based on the company's FY26 DPS target of 5.791p (+3.0%), the prospective yield is 7.8%. We expect this to be strongly covered by adjusted 'cash' earnings, with scope for DPS growth to exceed the 3% per year that we forecast for the next two years. The discount to NAV has narrowed considerably from a peak of 60% in 2023 but remains at c 20% based on the FY25 EPRA NTA per share of 94.2p.

A broader range of investment opportunities

The wider investment policy, overwhelmingly approved by shareholders, does not extend across the entire UK living sector, which would include areas such as mainstream build-to-rent and student accommodation. Instead, it is restricted to selected adjacent sectors that share important characteristics with LIVE's existing portfolio. The company has reiterated its confidence in SSH and intends to continue investing in it alongside retirement living and care homes.

The common characteristics of this broader investment remit are:

- **Structurally supported demand.** Each sector benefits from long-term demographic trends, persistent housing shortages and the need for affordable, purpose-built accommodation. Demand is therefore driven principally by residents' underlying housing and care needs, rather than discretionary spending or short-term economic conditions.
- **An element of care or support.** The accommodation is intended for residents who require, or may benefit from, some degree of support. This ranges from intensive care and support in SSH, through to lower-level support provided in retirement housing, to personal or nursing care in care homes. The properties therefore share a social purpose despite having different operating and tenancy models.
- **Attractive and sustainable income.** Investments in adjacent sectors must be earnings-accretive and provide sustainable, inflation-aligned income. Target assets must offer stable cash flows that are resilient across economic cycles, rather than relying principally on capital appreciation.
- **Operational fit.** New investments must fall within Atrato's operational expertise, allowing assets to be acquired on appropriate terms and managed efficiently. This limits the strategy to sectors in which the manager can apply its existing knowledge of specialist residential property, operators, regulation and residents' needs.

The revised policy therefore gives LIVE greater scope to grow and diversify without changing the essential character of the business. It remains focused on needs-based residential assets with socially useful outcomes and defensive income characteristics, rather than becoming a generalist investor across the whole living sector.

Specialised supported housing (SSH)

The SSH sector and LIVE's strategy and portfolio are covered extensively in a previous note. In brief, SSH is residential accommodation designed or adapted for vulnerable adults who require care and/or support to live independently within the community. These homes provide long-term, stable accommodation tailored to residents' individual needs, supporting greater independence, wellbeing and quality of life. Properties are typically leased to approved providers (APs) regulated by the Regulator of Social Housing, with rental income ultimately supported through government-funded housing benefit mechanisms. As essential social infrastructure, SSH plays an important role in reducing reliance on institutional care settings, while delivering positive social outcomes and supporting some of the most vulnerable people in society.

- Properties are fully let to APs on predominantly fully repairing and insuring leases, with a weighted average unexpired lease term of around 23 years and limited property costs for LIVE.
- Annual rent increases are primarily set at CPI inflation. The government plans to increase social-housing rents by CPI plus 1% annually for 10 years, from April 2026.
- Demand is structurally greater than supply, supported by demographic trends and the policy preference for community-based care.
- SSH generates attractive, long-term cash flows. However, APs are often thinly capitalised, with relatively weak covenants and low operating margins.
- LIVE must therefore remain highly selective when choosing the tenants and properties with which to grow and, as highlighted, maintain a proactive approach to asset management.

Senior living

Senior living assets are purpose-built residential accommodation and community developments that provide rental homes for people aged 55 and over. These assets are designed to support independent living, with optional on-site care and support services available where required. Senior living can help improve resident wellbeing, increase housing choice for older people and reduce pressure on wider health and social care services. The sector benefits from strong long-term demographic trends, including an ageing population and increasing demand for specialist accommodation. Senior living therefore represents an additional attractive investment opportunity, underpinned by resilient demand, favourable market dynamics and the potential to deliver positive social outcomes.

The portfolio acquired by LIVE comprises 1,907 senior-living rental flats, together with 256 housing-manager flats, across 463 locations. These are generally individual flats within larger retirement developments rather than whole buildings owned by LIVE. Residents, principally aged 55 and over, generally move there to downsize or release equity while continuing to live independently, benefiting from manageable accommodation, predictable costs, communal facilities and the reassurance of an on-site manager and emergency alarm system. Renting also removes responsibility for repairs and maintenance and provides flexibility as residents' circumstances change. On average, residents remain in their homes for five years or longer.

Residents pay an inclusive rent covering building service charges, buildings insurance, repairs and maintenance, and access to the facilities available at each development; council tax and most household utilities are paid separately. LIVE meets the associated property costs, including fees paid to an external property manager responsible for letting the flats, collecting rents, managing tenancies and resident relationships, and coordinating repairs, refurbishment and re-letting. LIVE also bears ground rents and vacancy costs.

Rents and inflation alignment

Historically, the portfolio's entire inclusive rent was reviewed annually in line with RPI, subject to a 6% cap.

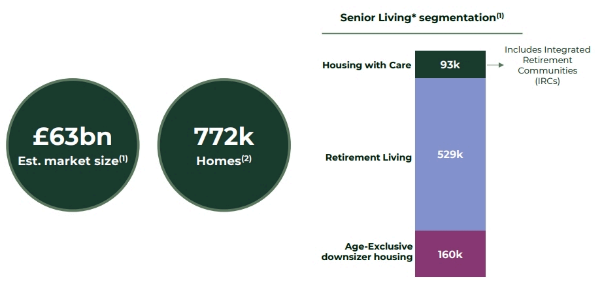
Following implementation of the Renters' Rights Act, contractual automatic rent reviews are no longer permitted. Instead, landlords may still propose increases annually through the statutory process, but the resulting rent cannot exceed the prevailing market rent and can be challenged by the resident. Future rental growth is therefore described as inflation aligned, rather than inflation linked. LIVE expects to increase rents with inflation, but this is no longer contractually guaranteed and will depend on market-rent growth. The portfolio's rent review history and positive market demand-supply factors provide support for that expectation. As reported by Resi, retirement rents increased by 1.5% in FY21, 4.6% in FY22, 6.0% in FY23, 4.8% in FY24 and 4.0% in FY25. These increases were achieved without weakening demand, with occupancy reaching a record 97% in FY25 and void periods falling to a historic low. Wider market evidence is limited and there is no consistent rent index, particularly for sub-segments (see below). For 2024 Knight Frank reported an 8.25% increase in achieved rents on re-lettings at private rental-only senior-living schemes, suggesting upwards pressure on rents even in a period of relatively high inflation.

Positive demand-supply dynamics

The supply of retirement living accommodation has failed to keep pace with demand from the UK's growing and ageing population. LIVE cites annual delivery of approximately 7,000 homes against an estimated requirement for 24,000, implying a deficit of around 17,000 homes a year and a cumulative shortfall of approximately 170,000 by 2035 if recent delivery rates remain unchanged.

LIVE puts the size of overall senior living sector at approximately 772,000 homes with an estimated value of £63bn. This includes 160,000 age-restricted downsizer homes, 529,000 retirement-living homes and 93,000 housing-with-care homes. The acquired portfolio sits across the first two categories, providing affordable, self-contained rental flats with an on-site manager or warden, but without on-site care provision.

Exhibit 1: The senior living sector



Source: Living REIT

Exhibit 2: Senior living sector segmentation

	Age-restricted downsizer	Retirement Living	Housing with Care
# of units	160k	529k	93k
Support	Limited	Scheme Manager and monitoring systems	Scheme Manager + more extensive welfare / activities
Care	Domiciliary care	Domiciliary care	On-site care provision
Staffing	Unlikely to have dedicated staff	On-site manager/warden	24/7 staff
Typical ages	55+ (usually 60's+)	70's+	80's+
Average # of units per site	19	33	50
Includes[1]	Age Exclusive	Sheltered Housing Retirement Villages	Extra Care Housing Integrated Retirement Communities

Source: Living REIT

Care homes provide a third potential leg

The third area for investment identified by LIVE is care homes, representing a natural extension of senior living into accommodation for older people with more intensive personal or nursing-care needs.

Care home assets are purpose-built or purpose-adapted residential healthcare facilities that combine accommodation with on-site regulated care and/or nursing services for individuals who can no longer live independently due to age, disability or medical need. These assets provide essential care infrastructure, supporting residents with day-to-day living and healthcare needs in a safe and professionally managed environment. Care homes are typically operated by specialist providers regulated by the Care Quality Commission and benefit from long-term demographic demand driven by the UK's ageing population. Care homes play an important role in delivering high-quality care, improving resident wellbeing and supporting wider health and social care provision across the UK.

From a leasing perspective, care homes have many similarities with SSH. Properties are let on long-term, typically fully repairing and insuring leases to specialist operators and rents are subject to contractual inflation-linked increases. As with SSH, LIVE would own the properties but would not operate the homes or provide care directly. Investment returns would therefore depend on the financial strength, regulatory performance and operating resilience of the care-home tenant.

Financial and operational progress since the start of 2025

After listing in 2017, the company made steady progress, generating a solid NAV total return, increasing DPS each year and moving towards full dividend cover as scale built. However, in FY22 rent collection problems arose with two large tenants (My Space and Parasol). The impact of these two tenant issues continued through 2024 but from the beginning of 2025, when Atrato became investment manager, there has been a significant improvement, which we expect to continue in 2026, quite separate from the senior living acquisition.

Upon becoming investment manager, Atrato undertook a comprehensive review of the portfolio in order to identify any homes that were poorly located, insufficiently adapted and unlikely to sustain good levels of resident occupancy and cash flow. Atrato also promised to adopt a more proactive approach towards the legacy tenant issues and any that may arise in future, and to seek measures that would structurally reduce tenant credit risk. The intention is to ensure that the relevant cash flows generated by any AP in respect of properties leased from LIVE are paid directly to the company and are not allocated towards subsidising other rent commitments that the AP may have or the costs of other business activities. A pilot has been established with one lessee and will be rolled out on a wider basis if this proves successful.

A resolution of the legacy AP issues is well advanced and Atrato was quick to respond to financial problems that emerged at one of the smaller APs, Pivotal, the subject of a regulatory enforcement notice. The two LIVE properties operated by Pivotal, both well-occupied and well-supported by the local authority, were quickly reassigned to another stronger AP, at the same rent level, with no impact on residents.

In FY25, earnings rose strongly and dividend growth resumed

FY25 NRI increased 12%, driven by indexed rent uplifts and improved rent collection, and, supported by fixed-rate debt, adjusted earnings increased 21%. With adjusted EPS of 6.53p, the increased DPS of 5.62p was 1.17x covered. The FY25 DPS increase of 3% was the first in three years and a further 3% increase is targeted for FY26. During the year, 91.5% of contracted rental income was collected. The shortfall to contracted rents comprises the gap between pass-through rents and contracted rents for Portus (see below) and non-payment of rent at My Space, which is fully provided for in income. Across the wider portfolio, excluding Portus and My Space, rent collection remained strong at 100%.

In contrast to the earnings performance, EPRA NTA was 5% lower at 94p per share, limiting the accounting total return, adjusted for dividends paid, to 0.8%. Valuations already reflected the expected impact of non-core disposals (see below) and, encouragingly, yields stabilised in H2 (net initial yield: 6.42%), which, if continued, should see rent indexation generate capital growth.

All the other 25 lessees are performing as expected, with good levels of occupancy, and are paying rents in full.

Issues with My Space and Parasol are being resolved

At the start of FY24, 34 LIVE properties were leased to My Space, accounting for c 8% of portfolio contracted rent, and 38 properties were leased to Parasol, representing almost 10% of contracted rent.

Parasol had been partly paying rents, but, in the second half of 2024, the leases were all transferred to a stronger provider, Portus (Westmoreland at the time). For an initial stabilisation period the rents moved to a pass-through basis, during which Portus assessed the maintenance costs and sustainable rental levels of the properties. With this completed, 20 properties have reverted to long-term fully repairing and insuring (FRI) leases at the top end of the previously indicated target range (75–85%) of the previously contracted rents. LIVE expects the remaining properties will revert to FRI terms during 2026.

The rent collection issues with My Space, which first emerged in 2022, have taken longer to resolve but are now moving towards a conclusion. My Space ceased rent payments altogether in mid-2024 and subsequently entered into a company voluntary arrangement (CVA). Prior to this, Atrato, on behalf of LIVE, negotiated an option agreement permitting the re-assignment of the leases to alternative providers within 12 months of the end of the CVA challenge period. The re-assignment of eight properties with good levels of resident occupancy to Inclusion, another of LIVE's tenants, is soon to complete. Rents will be on an initial pass-through basis and will revert to long-term FRI leases following stabilisation. Since the option was agreed, 86% of the contracted rent has been collected in these properties. However, LIVE and Atrato have concluded that the remaining properties are either unsuitable or financially unviable and will be sold.

Some of the properties are vacant and are expected to be sold. More generally, Atrato's focus on portfolio optimisation includes identifying weaker properties for disposal to recycle capital into better performing assets. Across the portfolio, Atrato has already sold eight assets and are looking to exit further My Space properties. All exits to date have been at or around book value.

Financial details of the acquisition and pro forma impact

The senior living assets were acquired through a corporate vehicle comprising principally the properties and associated debt. Initial consideration was £107.3m, comprising £45.0m in cash and £62.3m through the issue of new shares at 94.23p, LIVE's EPRA NTA per share at 31 December 2025, with up to £1m deferred to completion. The purchase price was based on the acquired group's estimated net assets at completion, calculated using the 30 September 2025 property valuation and adjusted for properties subsequently sold. Following completion accounts, actual net assets were £0.16m below the estimate, reducing the £1.0m deferred consideration to £0.84m, which was subsequently paid in shares. The £45.0m cash consideration was funded using £15.0m of LIVE's existing resources and a £30.0m short-term debt facility.

Residential Secure Income (RESI) has subsequently distributed the consideration shares to its shareholders.

The acquisition includes c £92m of long-term, fixed-rate debt, at a low all-in cost of 3.46%, maturing in 2043.

Alongside the acquisition, LIVE's investment manager, Atrato, has acquired from Gresham House, for a nominal £1, the incumbent, external property manager to the acquired assets. The property manager has a dedicated team of around 25 people, responsible for the day-to-day running of the buildings, such as maintenance, lettings and administration. The acquisition by Atrato provides continuity of service and will keep property management costs stable.

The table below shows key financial data for LIVE and the senior living acquisition for the 12 months to 31 December 2025 and September 2025, respectively. This comprises FY25 audited data for LIVE and unaudited management information for the acquisition, prior to completion adjustments. Gross rental income[1] was £13.5m and NRI[2] was £11.5m. The combined LTV does not include the impact of the cash consideration paid, which increased the post-transaction LTV to c 45% (see below).

For the six months to 31 March 2026 (H126), RESI recently reported 4.9% growth in NRI of the senior living portfolio to £6.5m versus H125 (full year FY25 to September: £11.5m), driven by a 4.3% like-for-like increase in rents. Occupancy was a high c 97% and the rent collection rate was c 100%. The portfolio valuation of £185.3m was slightly lower than in September (£185.9m).

Exhibit 3: Key financial data

£m unless stated otherwise	LIVE at December 2025	Retirement acquisition at 30 September 2025	Combined
Gross asset value	636.8	194.6	831.4
EPRA NTA	370.8	100.6	471.4
Annualised gross rental income	43.7	13.5	57.2
FY25 Net rental income	40.0	11.5	51.5
FY25 EPRA adj earnings	25.7	8.1	33.8
Gross debt	263.5	92.5	356.0
Net LTV	40%	46%	41%
Average cost of debt	2.7%	3.5%	2.9%
Average maturity	7.6 years	17.6 years	10.0 years
Fair value of debt uplift to nominal value	48.7	31.3	80.0

Source: Living REIT

Using the September financial data, the consideration paid is at a discount to the fair value of the net assets acquired (c £132m), which includes the mark-to-market uplift of the acquired fixed-rate debt, but a small premium to adjusted EPRA NTA excluding the debt fair value adjustment (c £101m). This is accretive to net assets and very slightly dilutive to adjusted EPRA NTA. As we expect the acquired debt value to be held to maturity, we will focus on adjusted NTA going forward.

Exhibit 4: Pro forma NTA prior to completion adjustments

	£m	Per share (p)
LIVE EPRA NTA at 31 December 2025	371	94
Acquisition EPRA NTA	101	
Acquired debt fair value adjustment	31	
Cash consideration	(45)	
Transaction costs	(4)	
Pro forma net assets	**454**	**99**
Exclude debt fair value adjustment	(31)	
Adjusted EPRA NTA	**426**	**93**
Pre-acquisition shares (m)	393	
Post-acquisition shares (m)	461	

Source: Living REIT data, Edison Investment Research calculations

LIVE has said that it expects the acquisition to deliver high-single digit EPS accretion in the first full year, which is supported by our pro forma analysis shown below.

Exhibit 5: Pro forma EPS prior to completion adjustments

	EPRA earnings (£m)	Adjustments (£m)	Adjusted earnings (£m)	Adjusted EPS (p)
LIVE earnings FY25	25.0	0.6	25.7	6.5
Acquisition earnings	8.1		8.1	
Cost of consideration debt	(1.6)		(1.6)	
Amortisation of acquired debt fair value adjustment	(0.9)	0.9	0.0	
Pro forma	**30.6**	**1.5**	**32.1**	**7.0**

Source: Living REIT data, Edison Investment Research calculations

1. Comprising contracted rent after deducting service charge expenses, direct operating expenses and property management fees.
2. Net rent includes ground rent payable and void costs.

We forecast continuing growth over the next three years

We expect continuing growth in earnings, DPS and NAV over the next three years, driven by:

- 2026: organic rental growth, higher average SSH rent collection and a first time (H2) contribution from the senior living acquisition. Growth would be materially higher if adjusted for the prudential adjustment that we make in respect of unforeseen tenant issues within the SSH portfolio (see below).
- 2027: indexed rent uplifts for the SSH portfolio (we assume average 2026 CPI inflation of 3.5%), inflation-tracking senior living rents and a full-year contribution from senior living.
- 2028: indexed/inflation-tracking rental growth (we assume an average 2.8% CPI through the year).

Exhibit 6: We forecast continuing growth in earnings, DPS, and NTA

	2025	2026e	2026/2025	2027e	2027/2026	2028e	2028/2027
Net rental income (£m)	40.0	45.3	13%	53.5	18%	55.3	3%
Adjusted earnings (£m)	25.7	27.3	6%	31.9	17%	32.4	1%
Adjusted EPS (p)	6.5	6.7	2%	6.9	4%	7.0	1%
Adjusted EPRA NTA per share (p)	94.2	94.7	0%	99.9	6%	105.1	5%
Adjusted EPS/DPS (x)	1.17	1.15		1.16		1.14	

Source: Edison Investment Research

In our forecasting, we continue to take what we believe to be a highly prudent approach, which we think chimes with the company's messaging. Atrato has been transparent that the tenants are thinly capitalised and that it is reasonable to expect that tenant issues will occur from time to time. As a result, we have opted to include a notional adjustment to our FY26–FY28 SSH rental income assumptions equivalent to 5% of contracted rents. Should this prove unnecessary, as was the case in 2025, the prospects for earnings and dividend growth are much stronger than is shown in our base case forecasts. If we remove the notional rental income adjustment to the base case forecasts, adjusted earnings and dividend paying capacity increase significantly by 7–8% in FY26e, FY27e and FY28e.

Exhibit 7: Strong upside to base case forecasts

	Upside potential			Base case forecast			Upside		
	2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e
Net rental income (£m)	47.4	55.7	57.5	45.3	53.5	55.3	5%	4%	4%
Adjusted cash earnings (£m)	29.4	34.0	34.6	27.3	31.9	32.4	8%	7%	7%
Adjusted EPS (p)	7.2	7.4	7.5	6.7	6.9	7.0	8%	7%	7%
Adjusted EPS/DPS (x)	1.24	1.24	1.22	1.15	1.16	1.14			

Source: Edison Investment Research

Forecasts in more detail

Our 2026 adjusted earnings estimate of £27.3m includes a positive H2 impact from senior living. This more than offsets a reduction in our SSH forecasts resulting from a change in our My Space assumptions. We had previously anticipated the majority of the properties operated by My Space would be reassigned and generate increasing levels of pass-through rents over time. The properties formerly operated by Parasol (now Portus) and the My Space properties that will soon transfer to Inclusion have delivered the performance improvement that we expected. Our key forecasting assumptions are summarised below.

SSH rental income

- The eight My Space assets reassigned and the former Parasol assets generate rental income, on a pass-through basis or as they become stabilised, at 85% of the originally contracted FRI basis, in line with recent performance.
- Of the end-FY25 My Space contracted rent roll of £3.5m, £1.1m is retained (the eight reassigned assets) with the balance related to the properties that will progressively be sold over the next 12 months. The sale has no material impact on the rental income achieved and reported in FY25.
- 60% of SSH rental uplifts are based on the previous September annual CPI rate (3.8% in FY25) with the balance based on prevailing CPI across the year. We assume FY27 and FY28 September rents to reflect September 2026 and 2027 CPI of 3.5% and 2.5%, respectively.

- We have applied a prudential 5% reduction/allowance to the contractually expected SSH rental income.

Senior living

- On an average year basis, gross rental uplifts are assumed to track CPI inflation, with NRI representing a constant 85% of gross.

Management fees and admin cost

- Management fees are based on market capitalisation, with a sliding scale starting at 1.25% on the first £150m and a marginal rate applicable at more than £300m. Rather than seeking to predict the share price we have assumed that market cap tracks EPRA NTA with an unchanged P/NTA of 0.85x. A further re-rating, justified in our view, would put upwards pressure on management fees but would nonetheless be welcome.
- We forecast modest sub-inflation growth in other administrative costs.

Finance costs

- Finance costs will increase in H226 and through FY27 as a result of the additional debt assumed with the senior living acquisition but is otherwise fixed rate. We have allowed for refinancing of the £41.5m tranche of MetLife borrowing (due 30 June 2028) early, from the start of FY28, taking the cost from 2.92% to a market level assumed to be 5.5%, and increasing annualised interest cost by c £1m.
- Reported finance costs will include non-cash amortisation of the c £31m fair value adjustment to the acquired debt, spread over the remaining term to maturity. As with non-cash amortisation of loan arrangement fees, we have excluded this (ie added back) when calculating adjusted earnings.

Valuation and NAV

- SSH valuation yields stabilised in H225. For the combined portfolio we assume this will remain the case such that rental growth will drive valuation uplifts and growth in NAV, and support LTV reduction.
- The fair value adjustment for the acquired retirement portfolio debt appears on the balance sheet within IFRS equity. We have excluded this from adjusted EPRA NTA to give a more useful indicator of underlying performance. On this basis, the retirement portfolio acquisition has a moderately diluted impact on adjusted NTA progression.

Loan-to-value ratio (LTV) assumptions

- Allowing for the additional short-term debt taken on to finance the acquisition, LIVE estimates an increase in the net LTV to c 45% and intends to reduce this towards its target of 40% over the mediumterm. At end-FY25, LTV was 39.5%. Our forecasts show LTV reducing to 42% by end-FY28. This includes c £10m of non-core disposals (at book value) and some property revaluation gains driven by rental growth and unchanged valuation yields.

In the table below, we show our base case forecast, with adjusted cash earnings building on the strong recovery in FY25 and underpinning further inflation-tracking DPS, while maintaining a strong level of DPS cover. Even on this very prudent basis, the implied earnings distribution is less than the 90% required by the REIT regime, suggesting upwards pressure on forecast DPS. Should our prudential rent adjustment prove unnecessary, the pressure for faster DPS growth will build.

Including the change in adjusted NTA per share and DPS paid, our forecasts represent an annual accounting total return of c 7% in FY26e and c 11–12% in FY27e and FY28e.

Exhibit 8: Forecast summary

	Reported		Forecast			Previous forecasts		Change	
£m unless stated otherwise	**FY24**	**FY25**	**FY26e**	**FY27e**	**FY28e**	**FY26e**	**FY27e**	**FY26e**	**FY27e**
Rental & other income	39.2	40.8	47.9	56.7	58.5	42.9	44.6	5.0	12.0
Reported credit loss credit loss	(3.3)	(0.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prudential credit loss assumption			(2.1)	(2.1)	(2.2)	(2.2)	(2.3)	0.1	0.2
Direct property costs	0.0	0.0	(0.5)	(1.0)	(1.1)	0.0	0.0	(0.5)	(1.0)
Net rental income	**35.8**	**40.0**	**45.3**	**53.5**	**55.3**	**40.7**	**42.3**	**4.6**	**11.2**
Investment management fees	(4.7)	(3.3)	(3.8)	(4.3)	(4.5)	(3.6)	(3.9)	(0.2)	(0.5)
Administrative expenses	(3.9)	(4.3)	(4.2)	(4.4)	(4.5)	(4.0)	(4.1)	(0.2)	(0.2)
Net finance expense	(7.5)	(7.4)	(10.3)	(15.2)	(16.2)	(7.6)	(7.6)	(2.7)	(7.6)
EPRA earnings	**19.8**	**25.0**	**27.0**	**29.6**	**30.1**	**25.4**	**26.8**	**1.6**	**2.9**
Amortisation of loan arrangement fees	0.3	0.3	0.4	2.2	2.2	0.3	0.3	0.1	1.9
Exclude change in lease incentive debtor	1.0	0.4	0.0	0.0	0.0	(0.2)	(0.2)	0.2	0.2
Adjusted 'cash' earnings	**21.1**	**25.7**	**27.3**	**31.9**	**32.4**	**25.5**	**26.9**	**1.8**	**5.0**
EPRA cost ratio (underlying)	**21%**	**19%**	**25%**	**16%**	**16%**	**19%**	**25%**		
EPRA EPS (p)	5.08	6.37	6.58	6.43	6.54	6.46	6.81	0.12	(0.38)
Adjusted EPS (p)	5.40	6.53	6.66	6.92	7.02	6.49	6.84	0.18	0.08
DPS declared (p)	5.46	5.62	5.79	5.96	6.14	5.79	5.96	0.00	0.00
EPRA DPS cover (x)	0.93	1.13	1.14	1.08	1.06	1.12	1.14		
Adjusted DPS cover (x)	0.99	1.17	1.15	1.16	1.14	1.12	1.15		
Adjusted EPRA NTA per share ('NAV') (p)	99.1	94.2	94.7	99.9	105.1	101.0	105.2	(6.3)	(5.3)
NAV total return	**-8.1%**	**0.8%**	**6.6%**	**11.8%**	**11.3%**	**11.5%**	**10.0%**		

Source: Living REIT historical data, Edison Investment Research forecasts

The EPRA cost ratio will mask underlying operational efficiencies

For FY25, LIVE reported an EPRA cost ratio of 18.7%, or 18.0% excluding net vacancy costs relating to the Parasol to Portus transfers. This was a material reduction on 29.9% reported in FY24, substantially reflecting the change in the investment management fee basis from NAV to market and the £3.3m non-recurring management contract termination fee incurred in FY24. Whereas the EPRA cost ratio calculation has been relatively simple for LIVE, the inclusion of the senior living portfolio will optically increase the level reported, even though it will deliver additional NRI with only a relatively small increase in administrative costs.

For LIVE's SSH portfolio, as most day-to-day property costs are borne by the registered provider tenants, there is no material difference between gross and net rental income. In contrast, the senior living portfolio receives the resident rent (and service charge fees) and then pays the associated property management, service charge and other operating costs itself. Whereas the Resi income statement showed this on a disaggregated basis, to provide a clearer picture of the retirement assets income contribution, we expect LIVE to show them netted off, before a small deduction for portfolio voids (direct property costs). On this basis, in the first full year (FY27), we forecast retirement portfolio income of £13.9m, or £12.9m net of void costs. The increase in recurring administrative costs is minimal and primarily relates to management fees, based on any increase in market cap. Based on the number of shares that were issued and the current share price, the additional expense is around £0.5m per year.

On an EPRA basis, rental income and costs are shown net of service charge income and the mathematical impact is to increase the cost ratio. The important point is that the reported EPRA cost ratio will increase post-acquisition despite the obvious cost efficiencies of the transaction.

Exhibit 9: Senior living will distort EPRA cost ratio

£m	2025	2026e	2027e	2028e
Total admin expenses	(0.0)	(8.0)	(8.7)	(9.0)
Net service charge costs		(3.1)	(6.3)	(6.5)
Management fees		(1.0)	(2.1)	(2.1)
Other property expenses		(1.3)	(2.7)	(2.7)
Service charge income		3.0	6.2	6.3
EPRA costs excluding vacancy costs	**(7.3)**	**(10.4)**	**(13.6)**	**(14.0)**
Direct vacancy costs	(0.3)	(0.5)	(1.0)	(1.1)
EPRA costs including vacancy costs	**(7.6)**	**(10.9)**	**(14.6)**	**(15.1)**
Gross rental income SSH	40.7	41.1	42.8	44.3
Gross rental income RESI	0.0	12.2	25.1	25.8
Less service charge income	0.0	(3.1)	(6.3)	(6.5)
Adjusted gross rental income	**40.7**	**50.3**	**61.6**	**63.6**
Cost ratio excluding vacancy costs	18.0%	20.7%	22.1%	22.0%
Cost ratio including vacancy costs	18.7%	21.7%	23.7%	23.7%

Source: Edison Investment Research

Highly favourable debt profile

The combined group has a sector-leading debt profile. At nominal value, this comprises £356m of long-term fixed-rate debt, with a blended average cost of 2.93% and weighted average maturity of more c 9.5 years, and £30m of short-term floating rate debt raised to finance the senior living acquisition. Including the floating rate debt, the weighted average cost is c 3.15% with an average maturity of just over nine years.

With a cost that is well below market borrowing rates, in combination with a long average maturity, the fair value of the fixed-rate borrowing is well below the nominal value. At end-FY25, for LIVE on a standalone basis, the fair value of its debt was £214.8m or £48.7m less than the nominal value of £263.5m. This was reflected in an EPRA net disposal value (NDV) per share of 106.2p versus the EPRA NTA per share of 94.2p. The fair value of acquired debt at 16 June 2026 was £31.3m less than its nominal value.

The most immediate focus of financing activity will be repayment of the relatively more expensive short-term debt facilities and then refinancing of the maturing £41.5m tranche of the MetLife facility in 2028.

In June, Fitch Ratings downgraded LIVE's long-term Issuer Default Rating from A- to BBB+ citing higher post-acquisition leverage and weaker rent collection and lease resets within the SSH portfolio than previously expected. The rating nonetheless remains investment grade, and we expect no impact from the downgrade, while LIVE's credit metrics should improve as remaining lease issues are resolved and LTV moves down towards the company's 40% medium-term target.

Exhibit 10: Summary of combined debt portfolio

	Long-term facilities					Short-term facilities	
Lender	MetLife (Tranche A)	MetLife (Tranche B)	MetLife & Barings (Tranche A)	MetLife & Barings (Tranche B)	Scottish Widows	Barclays	Barclays
Facility type	**Loan notes**	**Loan notes**	**Loan notes**	**Loan notes**	**Amortising loan**	**RCF**	**Term loan**
Facility amount	£41.5m	£27.0m	£77.5m	£117.5m	£92.1m	£25.0m	£5.0m
Drawn	£41.5m	£27.0m	£77.5m	£117.5m	£92.1m*	£25.0m	£5.0m
Term	10 years	15 years	10 years	15 years	25 years	3 years**	1 year
Maturity	30-Jun-28	30-Jun-33	26-Aug-31	26-Aug-36	29-Jun-43	29-Apr-29	29-Apr-27
Cost	Fixed: 2.924%	Fixed: 3.215%	Fixed: 2.403%	Fixed: 2.786%	Fixed 3.46%	1.75% + SONA	1.80% + SONIA

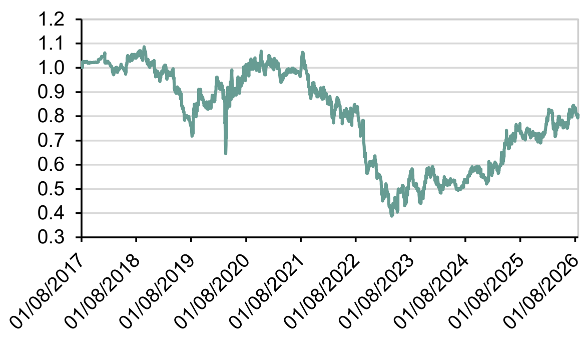
Source: Living REIT
Note: *As at 16 June 2026. **Not including two one-year extension options at the discretion of the lender.

Valuation and performance

Since the start of 2025, LIVE shares have increased by c 26% and have generated a share price total return, including dividends paid, of c 42%. This was off a low base, leaving significant upside potential.

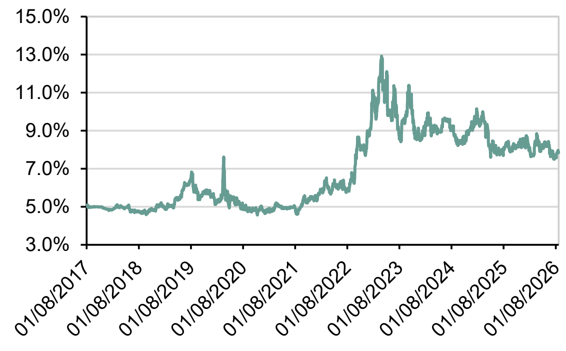
The shares have begun to re-rate over the past year, and we see scope for this to continue. Based on the company's FY26 DPS target of 5.791p (+3.0%), the prospective yield is 7.8%. We expect this to be strongly covered by adjusted 'cash' earnings, with scope for DPS growth to exceed the 3% per year that we forecast for the next two years. The discount to NAV has narrowed considerably from a peak of 60% in 2023 but remains at c 20% based on the FY25 EPRA NTA per share of 94.2p.

Exhibit 11: Price/NAV history



Source: Company data, Edison Investment Research, LSEG Data & Analytics price data

Exhibit 12: Dividend yield history (trailing)



Source: Company data, Edison Investment Research, LSEG Data & Analytics price data

A narrow peer group

In the table below we compare LIVE with the narrow peer group of REITs invested in healthcare, social care and residential assets (including student accommodation). Within this group, LIVE is now differentiated by its broader investment remit. Its shares continue to trade at a higher-than-average trailing dividend yield with a similar P/NAV. Despite the recovery in the shares over the past 18 months, we see strong potential for the shares to re-rate further, driven by earnings and dividend growth, increased confidence in the SSH sector, and a broader investor appeal. We also note that LIVE has visible inflation-aligned income growth while borrowing costs are substantially insulated from interest rate volatility, and that its earnings are not correlated with wider economic growth.

Exhibit 13: Peer group valuation and performance

	Price (p)	Market cap. (£m)	P/NAV (x)	Trailing yield (%)	Share price performance			
					3 months	1-year	3-years	5-years
Grainger	168	1,248	0.58	5.0	10%	-11%	-28%	-50%
Primary Health Properties	94	2,437	0.95	7.7	3%	5%	1%	-44%
Target Healthcare	112	692	0.91	5.4	7%	18%	50%	-6%
Unite	494	2,540	0.52	7.6	-3%	-29%	-46%	-60%
Living REIT	74	341	0.79	7.6	3%	11%	29%	-30%
Average			**0.81**	**6.0**	**7%**	**4%**	**8%**	**-33%**
UK property sector index	**1,292**				**9%**	**15%**	**8%**	**-34%**
UK equity market index	5,834				5%	17%	44%	42%

Source: Company data, LSEG Data & Analytics prices as at 3 September 2026, Edison Investment Research. Note: P/NAV is based on last reported EPRA NTA. Yield is based on last 12 months DPS declared.

Exhibit 14: Financial summary

Period ending 31 December (£m)	2024	2025	2026e	2027e	2028e
INCOME STATEMENT					
SSH gross rental income	39.2	40.8	41.1	42.8	44.3
Retirement gross rental income	0.0	0.0	6.8	13.9	14.2
Gross rental & other income	**39.2**	**40.8**	**47.9**	**56.7**	**58.5**
Direct property costs	0.0	0.0	(0.5)	(1.0)	(1.1)
Expected credit loss reported	(3.3)	(0.7)	0.0	0.0	0.0
Prudential credit loss assumption			(2.1)	(2.1)	(2.2)
Net rental income	**35.8**	**40.0**	**45.3**	**53.5**	**55.3**
Investment management fees	(4.7)	(3.3)	(3.8)	(4.3)	(4.5)
Non-recurring items	(3.2)	0.0	(3.8)	0.0	0.0
Other expenses	(3.9)	(4.3)	(4.2)	(4.4)	(4.5)
Operating profit/(loss) before revaluation of properties	**24.2**	**32.4**	**33.5**	**44.8**	**46.3**
Change in fair value of investment properties	(53.0)	(22.1)	8.0	20.0	20.0
Operating profit/(loss)	**(28.9)**	**10.4**	**41.5**	**64.8**	**66.3**
Net finance income/(expense)	(7.5)	(7.4)	(10.3)	(15.2)	(16.2)
Non-recurring acquisition adjustments			39.6		
PBT	**(36.4)**	**3.0**	**70.8**	**49.6**	**50.1**
Tax	0.0	0.0	0.0	0.0	0.0
Net profit	**(36.4)**	**3.0**	**70.8**	**49.6**	**50.1**
Adjusted for:					
Change in fair value of investment properties	53.0	22.1	(8.0)	(20.0)	(20.0)
Non-recurring items	3.3	0.0	(35.8)	0.0	0.0
EPRA earnings	20.0	25.0	27.0	29.6	30.1
Interest capitalised on forward funded developments	0.0	0.0	0.0	0.0	0.0
Amortisation of loan arrangement fees & fair value of acquired debt	0.3	0.3	0.4	2.2	2.2
Change in lease incentive debtor	1.0	0.4	0.0	0.0	0.0
Company adjusted 'cash' earnings	21.2	25.7	27.3	31.9	32.4
Basic & diluted average number of shares (m)	393.5	393.5	410.3	460.6	460.6
Basic & diluted IFRS EPS (p)	(9.2)	0.8	17.3	10.8	10.9
EPRA EPS (p)	5.1	6.4	6.6	6.4	6.5
Company adjusted EPS (p)	5.4	6.5	6.7	6.9	7.0
DPS declared (p)	5.5	5.6	5.8	6.0	6.1
EPRA EPS/DPS (x)	0.93	1.13	1.14	1.08	1.06
Company adjusted EPS/DPS (x)	0.99	1.17	1.15	1.16	1.14
EPRA cost ratio	30%	19%	21%	22%	22%
EPRA NTA total return	-8.1%	0.8%	6.6%	11.8%	11.3%
BALANCE SHEET					
Investment properties	624.7	602.8	787.4	808.8	830.2
Other receivables	3.3	3.0	3.0	3.0	3.0
Total non-current assets	**628.0**	**605.9**	**790.4**	**811.8**	**833.2**
Cash & equivalents	27.5	25.4	31.4	30.1	33.5
Other current assets	3.3	5.5	7.0	6.7	6.3
Total current assets	**30.8**	**30.9**	**38.4**	**36.8**	**39.7**
Trade & other payables	(6.1)	(2.7)	(3.6)	(3.8)	(3.9)
Other current liabilities	0.0	0.0	(25.0)	(25.0)	(25.0)
Total current liabilities	**(6.1)**	**(2.7)**	**(28.6)**	**(28.8)**	**(28.9)**
Bank loan & borrowings	(261.4)	(261.7)	(326.2)	(323.5)	(325.7)
Other non-current liabilities	(1.5)	(1.5)	(6.6)	(6.6)	(6.6)
Total non-current liabilities	**(263.0)**	**(263.3)**	**(332.8)**	**(330.0)**	**(332.3)**
Net assets	**389.7**	**370.8**	**467.4**	**489.7**	**511.7**
EPRA net assets	389.7	370.8	467.4	489.7	511.7
Period-end basic & diluted number of shares (m)	393.5	393.5	460.6	460.6	460.6
EPRA NTA/ IFRS NAV per share (p)	99.1	94.2	101.5	106.3	111.1
Adjusted EPRA NTA per share (p)	99.1	94.2	94.7	99.9	105.1
CASH FLOW					
Net cash flow from operating activity	29.1	28.9	32.8	45.3	46.8
Cash flow from investing activity	(2.3)	(1.5)	(29.0)	(1.3)	(1.2)
Loan interest paid	(7.3)	(7.3)	(10.1)	(13.1)	(14.1)
Bank borrowings drawn/(repaid)	0.0	0.0	30.0	(5.0)	0.0
Share repurchase	0.0	0.0	0.0	0.0	0.0
Dividends paid	(21.5)	(22.0)	(22.6)	(27.3)	(28.1)
Other cash flow from financing activity	(0.0)	0.0	0.0	0.0	0.0
Cash flow from financing activity	**(28.9)**	**(29.3)**	**(2.7)**	**(45.4)**	**(42.2)**
Change in cash	(2.1)	(1.9)	1.0	(1.3)	3.3
Opening cash	25.4	23.3	21.4	22.4	21.1
Closing cash (excluding restricted cash)	**23.3**	**21.4**	**22.4**	**21.1**	**24.4**
Restricted cash	4.2	4.0	9.0	9.0	9.0
Cash as per balance sheet	**27.5**	**25.4**	**31.4**	**30.1**	**33.5**
Total debt (gross of unamortised loan costs)	**(263.5)**	**(263.5)**	**(385.6)**	**(380.6)**	**(380.6)**
Net (debt)/cash excluding restricted cash	(236.0)	(238.1)	(354.2)	(350.5)	(347.2)
Net LTV	38%	39%	45%	43%	42%

Source: Living REIT historical data, Edison Investment Research forecasts

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