



RNS

Offer for



Recommended share & cash offer for Secure Income

LXI REIT PLC

Released 07:05:06 11 May 2022

RNS Number : 0719L
LXI REIT PLC
11 May 2022

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS, PROSPECTUS EQUIVALENT DOCUMENT OR SCHEME DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE MERGER OR NEW LXI SHARES EXCEPT ON THE BASIS OF INFORMATION IN THE SCHEME DOCUMENT AND THE COMBINED CIRCULAR AND PROSPECTUS WHICH ARE PROPOSED TO BE PUBLISHED IN DUE COURSE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

11 May 2022

RECOMMENDED SHARE OFFER WITH A PARTIAL CASH ALTERNATIVE

FOR

SECURE INCOME REIT PLC

by

LXI REIT PLC

to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006

Summary and highlights

- The boards of LXi REIT plc ("**LXi**") and Secure Income REIT plc ("**SIR**") are pleased to announce that they have reached agreement on the terms and conditions of a recommended offer pursuant to which LXi will acquire the entire issued share capital of SIR (the "**Merger**"). The Merger is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act.
- Under the terms of the Merger, for each SIR Share, SIR Shareholders will be entitled to receive:

3.32 New LXi Shares

(the "Exchange Ratio")

- The Exchange Ratio is based on the adjusted and unaudited EPRA NTA per LXi Share as at 31 March 2022 of £143.4 pence and the adjusted and unaudited EPRA NTA per SIR Share as at 31 March 2022 of £135.5 pence.

of 145.4 pence and the adjusted and unaudited EPRA NTA per SIR Share as at 31 March 2022 of 173.3 pence.

- A partial cash alternative will be made available under which SIR Shareholders can elect to receive cash instead of some, or potentially all, of the New LXI Shares to which they would otherwise be entitled under the Merger and a matching reduction in the proportion of New LXI Shares receivable. The maximum aggregate amount of the partial cash alternative will not exceed 25 per cent. of the total value of the consideration offered to SIR Shareholders (equating to a maximum aggregate cash consideration of £385 million) under the terms of the Merger (the "**Partial Cash Alternative**"). SIR Shareholders who validly elect to receive the Partial Cash Alternative for up to a basic entitlement of 118.880 pence in cash per SIR Share, sold pursuant to the Merger, will receive the full amount of cash for which they have elected. SIR Shareholders may elect to receive cash consideration less than, or in excess of, their basic entitlement. Elections to receive cash in excess of this basic entitlement may be scaled back pro rata, depending upon the overall level of take-up of the Partial Cash Alternative. The Partial Cash Alternative will be funded from the Acquisition Facility. SIR Shareholders who elect to receive the basic entitlement of 118.880 pence in cash per SIR Share will also receive 2.488 New LXI Shares for each SIR Share.
- SIR Shareholders will be entitled to receive and retain the quarterly dividend of 3.95 pence per SIR Share that was declared on 21 April 2022 and is expected to be paid by SIR on 7 June 2022 in respect of the quarter ended 31 March 2022 (the "**SIR Q1 Dividend**"). LXI Shareholders will be entitled to receive and retain the quarterly dividend expected to be declared by LXI in May 2022 and paid by LXI in June 2022 in respect of the quarter ended 31 March 2022 (the "**LXI Q4 Dividend**").
- Following completion of the Merger, and assuming that the Partial Cash Alternative is fully taken up in aggregate, existing LXI Shareholders will hold approximately 53 per cent. and SIR Shareholders approximately 47 per cent. respectively in the LXI Group as enlarged by the SIR Group following completion of the Merger (the "**Combined Group**").
- Conditional upon completion of the Merger, Amalfi (being an entity financed by shareholders of LXI REIT Advisors) has agreed to acquire Prestbury Investment Partners Limited, the Prestbury entity which is investment adviser to SIR, for a cash consideration of £40 million (the "**Prestbury Acquisition**"). As part of these arrangements, the members of the Prestbury Management Team have each agreed to enter into non-compete arrangements that will remain in effect for a period of two years from the date of completion of the Prestbury Acquisition (subject to certain exceptions).
- Following the Prestbury Acquisition, LXI REIT Advisors will continue as investment advisor to LXI and the Combined Group.
- Following completion of the Merger, the Prestbury Management Team will hold an investment of 5.8 per cent. of LXI's issued share capital assuming the Partial Cash Alternative is fully taken up, which would be valued at £142 million at the Combined Group's adjusted EPRA NTA.
- Certain key members of the Prestbury Management Team will continue to have an ongoing role in the Combined Group through (i) Nick Leslau's and Sandy Gumm's appointments to the board of LXI as non-executive directors, (ii) continuity of certain senior members of the Prestbury Management Team who will act as ongoing consultants for LXI REIT Advisors and (iii) the transfer of certain senior Prestbury employees from the Prestbury property and finance teams to LXI REIT Advisors. The significant shareholding of the Prestbury Management Team, together with non-compete obligations for at least two years following completion, provides strong ongoing alignment with the interests of all shareholders.
- With effect from completion of the Merger, it has been agreed between LXI REIT Advisors and LXI that there will be a reduction in the fee scale applied to calculate the investment advisory fee payable by LXI to LXI REIT Advisors and an extension to the term of LXI REIT Advisors' appointment pursuant to the terms of the Amended and Restated Investment Advisory Agreement.
- It is intended that the Merger will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.
- LXI will be required to produce a circular and a prospectus (the "**Combined Circular and Prospectus**") in connection with the Merger to (i) facilitate the re-admission to trading and listing of the LXI Shares in issue immediately prior to completion of the Merger and the admission to trading and listing of the New LXI Shares; and (ii) convene a general meeting of LXI Shareholders to seek certain shareholder approvals that are required to facilitate the Merger. It is expected that the Combined Circular and Prospectus will be a single document published at or around the same time as the Scheme Document is published and posted to SIR Shareholders. As the Merger constitutes a reverse takeover under the Listing Rules, the listing of the existing LXI Shares will be cancelled on completion of the Merger; however, applications will be made for the simultaneous re-admission of such LXI Shares to listing on the Premium segment of the Official List and to trading on the Main Market.

Highlights of the Merger

- The boards of LXI and SIR believe there is a strong strategic, operational and financial rationale for the Merger, bolstering the existing highly attractive investment case of each business to create a more compelling investment case for the Combined Group. In particular, shareholders in the Combined Group will benefit from:
 - The creation of a business of substantial scale, which is well positioned to benefit from significant growth opportunities that the LXI Board, the SIR Board, the LXI Management Team and the Prestbury Management Team anticipate being available in the future;
 - Immediate expected accretion to cash earnings per share, creating the potential for delivering higher dividends through unlocking material cost savings and efficiencies together with the expectation of further capital growth opportunities to enhance Total Shareholder Returns;
 - Significant cost savings, estimated at £8.6 million per annum comprising:

Immediate savings in aggregate investment advisory fees arising from the unification of

- Immediate savings in aggregate investment advisory fees arising from the unification of investment advisory services provided by LXi REIT Advisors, pursuant to the proposed amendments to the LXi Investment Advisory Agreement, to the Combined Group which are estimated to represent an annual saving of £7.5 million; and
- Operational cost savings during the first year following completion of the Merger from the elimination of duplicated listing, administrative and other operational expenses which are estimated at £1.1 million per annum.

Benefitting from the significant synergies, the Combined Group is expected to have one of the lowest Total Expense Ratios in the UK listed real estate sector.

- A portfolio of 346 properties that are 100 per cent. occupied with a combined value at their 31 March 2022 external valuation of approximately £3.9 billion, with contracted annual rental income of approximately £194 million and a WAULT of approximately 26 years, one of the longest in the UK listed real estate sector, establishing the Combined Group as the UK's leading listed sector-diversified, long income REIT and a top 10 UK listed REIT by EPRA NTA;
- A continuation of the complementary investment strategies with a focus on long income real estate. 98 per cent. of the Combined Group's rental income will benefit from inflation-linked rent reviews or fixed rental uplifts;
- A strong balance sheet with a loan to value ratio ("**LTV**") of below 40 per cent. at the time of completion of the Merger and thereafter a conservative medium term LTV target of 30 per cent., with the Merger opening up a range of attractive refinancing opportunities, potentially facilitating access to new longer-dated, more flexible and cheaper forms of debt funding, offering further earnings growth potential while continuing to provide appropriate risk management features to protect shareholders' equity;
- Continued and enhanced investment advisory services delivered through the proven skills of the LXi Management Team and LXi Board, together with key personnel from Prestbury:
 - LXi REIT Advisors will continue to undertake the ongoing management of the business supported by an enhanced investment advisory team with broader reach and deeper resources, leveraging the extensive experience and expertise of key senior Prestbury personnel;
 - Further depth of experience added to the LXi Board with Nick Leslau and Sandy Gumm joining the LXi Board as non-executive directors;
 - The establishment of a Property Investment Committee ("**PIC**") of the LXi Board comprising at least three non-executive directors, to include John Cartwright, Nick Leslau and Hugh Seaborn, drawing on their extensive experience and expertise to consider material property transactions proposed for the Combined Group;
 - Prestbury has circa 3.5 years remaining of its exclusive investment advisory contract with SIR and Amalfi is acquiring Prestbury for £40 million in cash, or 2.6 times the current annualised fee, and Rothschild & Co has confirmed that, in its opinion, the terms of the Prestbury Acquisition are fair and reasonable so far as Independent SIR Shareholders are concerned. As a consequence of Amalfi's acquisition of Prestbury, no termination fees in respect of the SIR Investment Advisory Agreement will be payable by SIR or LXi; and
 - The Prestbury Management Team will hold shares in the Combined Group in aggregate equivalent to 75 per cent. of their existing holding in SIR, which is expected to amount to 5.8 per cent. of the Combined Group's share capital (assuming that the Partial Cash Alternative is fully taken up in aggregate), worth approximately £142 million at the Combined Group's adjusted EPRA NTA;
- The option for SIR Shareholders to elect for the accelerated cash return through the Partial Cash Alternative, while maintaining a significant stake and participation in the enhanced future growth prospects of the Combined Group; and
- The potential for increased liquidity in the secondary market as a result of the Combined Group's listing on the Premium segment of the Official List and its trading on the Main Market, resulting in a broadening of the Combined Group's shareholder base and delivering to SIR Shareholders a move up from the AIM market.
- The board and management team of the Combined Group are ambitious to build on this step change in scale, using the Combined Group's lower cost of capital to further drive shareholder returns.

Recommendation

- The SIR Directors, who have been so advised by Rothschild & Co and Stifel (together, Rothschild & Co and Stifel being the "**Joint Rule 3 Advisers**") as to the financial terms of the Merger, consider the terms of the Merger to be fair and reasonable. In providing their advice to the SIR Directors, the Joint Rule 3 Advisers have each taken into account the commercial assessments of the SIR Directors. The Joint Rule 3 Advisers are providing independent financial advice to the SIR Directors for the purposes of Rule 3 of the Takeover Code.
- **Accordingly, the SIR Directors intend to recommend unanimously that SIR Shareholders vote in favour of the Scheme at the SIR Court Meeting (or, in the event that the Merger is implemented by a Takeover Offer, to accept such Takeover Offer) and in favour of the SIR Resolutions to be proposed at the SIR General Meeting, as the SIR Directors have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 306,858 SIR Shares, representing approximately 0.09 per cent. of the issued ordinary share capital of SIR on 10 May 2022 (being the last Business Day before the date of this announcement).**

- In addition, the Prestbury Management Team is fully supportive of the Merger and, accordingly, each member of the Prestbury Management Team with a direct personal holding of SIR Shares and the associated entities of the Prestbury Management Team have irrevocably undertaken to vote (save in respect of the resolution relating to the Prestbury Acquisition which is subject to the approval of Independent SIR Shareholders at the SIR General Meeting in accordance with Rule 16 of the Takeover Code and in respect of which they will not be permitted to vote their interests) in favour of the resolutions relating to the Merger at the SIR Meetings (or, in the event that the Merger is implemented by a Takeover Offer, to accept such Takeover Offer), in respect of, in aggregate, 38,980,205 SIR Shares, representing approximately 12.0 per cent. of the issued ordinary share capital of SIR on 10 May 2022 (being the last Business Day before the date of this announcement). In demonstrating their support for the Merger, the Prestbury Management Team intends to hold shares in the Combined Group in aggregate equivalent to 75 per cent. of their existing interest in SIR, as described above under the heading "*Highlights of the Merger*". The Prestbury Management Team members have agreed that, subject to certain exceptions, during the period of one year following the Effective Date, they will not offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, any LXi Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing (the "**Prestbury Management Team Lock Up**").
- The Merger constitutes a reverse takeover for the purposes of the Listing Rules. Accordingly, the Merger will be conditional upon the approval by LXi Shareholders of the Merger and related matters at the LXi General Meeting.
- The LXi Board, which has been so advised by Jefferies International Limited ("**Jefferies**") as to the financial terms of the Merger, considers the Merger to be in the best interests of LXi Shareholders as a whole. In providing its advice, Jefferies has taken into account the commercial assessments of the LXi Board.
- The LXi Board intends unanimously to recommend that LXi Shareholders vote in favour of the LXi Resolution to be proposed at the LXi General Meeting which is to be convened to approve the Merger and related matters, as those LXi Directors who hold LXi Shares have irrevocably undertaken to do in respect of their own holdings of, in aggregate, 427,579 LXi Shares, representing approximately 0.05 per cent. of the issued ordinary share capital of LXi on 10 May 2022 (being the last Business Day before the date of this announcement).**

Irrevocable Undertakings and letters of intent

- In addition to the irrevocable undertakings referred to above received from the SIR Directors and the Prestbury Management Team, LXi has received letters of intent to vote in favour of the resolutions relating to the Merger at the SIR Meetings (or in the event that the Merger is implemented by a Takeover Offer, to accept such Takeover Offer) from BMO Property Growth and Income Fund ICVC, TR Property Investment Trust plc, Artemis Investment Management LLP, Aegon Asset Management and Dominic Silvester in respect of, in aggregate, 103,540,400 SIR Shares, representing approximately 32 per cent. of the issued ordinary share capital of SIR on 10 May 2022 (being the last Business Day before the date of this announcement).
- In total, LXi has therefore received irrevocable undertakings and letters of intent, including those irrevocable undertakings from all SIR Directors and the Prestbury Management Team, in respect of, in aggregate, 142,827,463 SIR Shares, representing approximately 44.1 per cent. of the issued ordinary share capital of SIR on 10 May 2022 (being the last Business Day before the date of this announcement).
- Further details of these irrevocable undertakings and letters of intent are set out in Appendix 3 to this announcement.

Information on LXi

- LXi is a UK REIT investing in UK commercial property assets let or pre-let on very long (typically 20 to 30 years to expiry or first break), inflation-linked leases to a wide range of strong tenant covenants across a diverse range of robust property sectors.
- At its 31 March 2022 external valuation, which is contained in Appendix 4 to this announcement, LXi had £1.6 billion of gross property assets and £1.3 billion of unaudited net assets resulting in an unaudited EPRA NTA per LXi Share of 142.9 pence. Adjusting the 31 March 2022 EPRA NTA for the effect of the completion of certain asset acquisitions that had exchanged conditionally prior to 31 March 2022 and completed in April 2022, the adjusted and unaudited EPRA NTA as at 31 March 2022 per LXi Share is 143.4 pence. References in this announcement to the adjusted and unaudited 31 March 2022 EPRA NTA per LXi Share shall mean the 31 March 2022 EPRA NTA per LXi Share adjusted as described in this paragraph.
- There is significant alignment of interest between LXi REIT Advisors and LXi as a result of specific provisions set out in the LXi Investment Advisory Agreement, including (i) the provision of a right of first refusal by LXi REIT Advisors in favour of LXi regarding all long-let commercial property assets, (ii) a commitment from the LXi Management Team to dedicate substantially all of their business time to the success of LXi; and (iii) LXi REIT Advisors' investment advisory fees being based on LXi's market capitalisation.

Information on SIR

- SIR is a UK REIT, investing in real estate assets that provide very long term rental income with upwards only inflation protection. It owns 160 Key Operating Assets in defensive sectors let on difficult to replicate very long leases with a weighted average term to expiry of 30 years, longer than any other major UK REIT.
- At its 31 March 2022 external valuation, which is contained in Appendix 4 to this announcement, SIR had £2.3 billion of gross property assets. On an adjusted basis, updating the 31 December 2021 audited net assets for the 31 March 2022 external valuation and the refinancing of the Merlin facility which completed in April 2022, SIR has £1.5 billion of net assets and an adjusted and unaudited 31 March 2022 EPRA NTA per SIR Share of 475.5 pence. References in this announcement to the adjusted and unaudited 31 March 2022 EPRA NTA per SIR Share shall mean the adjusted 31 December 2021 EPRA NTA per SIR Share.

2022 EPRA NTA per SIR Share shall mean the audited 31 December 2021 EPRA NTA per SIR Share adjusted as described in this paragraph.

- The Prestbury Management Team is strongly aligned with SIR Shareholders through its 12.4 per cent. interest in SIR worth £191 million calculated by reference to the adjusted and unaudited EPRA NTA per SIR Share as at 31 March 2022 of 475.5 pence.

Prestbury Acquisition

- Prestbury Investment Partners Limited is the investment adviser to SIR pursuant to the SIR Investment Advisory Agreement. Conditional upon the completion of the Merger, Amalfi (being an entity financed by shareholders of LXi REIT Advisors) has agreed to acquire the entire issued share capital of Prestbury from the members of the Prestbury Management Team. It is anticipated that completion of the Prestbury Acquisition will occur shortly following completion of the Merger. Completion of the Prestbury Acquisition is conditional on the Merger becoming Effective and is subject to the approval of a simple majority of Independent SIR Shareholders at the SIR General Meeting in accordance with Rule 16 of the Takeover Code. If the Merger does not become Effective and the approval of the Independent SIR Shareholders is not obtained, the Prestbury Acquisition will not complete. The consideration for the Prestbury Acquisition is £40 million in cash, equivalent to 2.6 times the current annualised fee payable to Prestbury based on SIR's adjusted and unaudited 31 March 2022 EPRA NTA, compared to circa 3.5 years remaining on the term of their appointment. For the purposes of Rule 16 of the Takeover Code, Rothschild & Co has confirmed that, in its opinion, the terms of the Prestbury Acquisition are fair and reasonable so far as Independent SIR Shareholders are concerned. The Prestbury Acquisition is subject to the approval of Independent SIR Shareholders at the SIR General Meeting in accordance with Rule 16 of the Takeover Code. SIR Shareholders should note that completion of the Merger will be conditional upon passing of the resolution at the SIR General Meeting approving the Prestbury Acquisition.
- Prestbury holds 1,184,551 SIR Shares, representing 0.37 per cent. of the issued share capital of SIR. As part of the Prestbury Acquisition, LXi has agreed to purchase these shares from Prestbury for cash consideration at the same price per share as will be paid for SIR Shares by LXi under the Scheme. The acquisition of these shares by LXi is conditional upon the Scheme becoming Effective. Completion will take place at the same time as the Scheme becomes Effective. The Prestbury Management Team have undertaken to elect for less cash consideration than they would otherwise have been entitled to under the Partial Cash Alternative such that the Prestbury Management Team and Prestbury will not receive in aggregate greater than 25 per cent. of their overall consideration for SIR Shares pursuant to the Merger and LXi's acquisition of Prestbury's SIR Shares in cash.

Timetable and Conditions

- It is intended that the Merger will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.
- The terms of the Merger and resolutions concerning related matters will be put to the Scheme Shareholders at the SIR Court Meeting, to the SIR Shareholders at the SIR General Meeting and to the LXi Shareholders at the LXi General Meeting and the Merger is conditional upon the resolutions to be put to the Scheme Shareholders at the SIR Court Meeting, the SIR Shareholders at the SIR General Meeting and the LXi Resolution being passed by the requisite majorities. In order to become Effective, the Scheme must be approved by a majority in number of Scheme Shareholders present and voting (and entitled to vote) at the SIR Court Meeting, whether in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders (or, if applicable, the relevant class or classes thereof). In addition, at the SIR General Meeting, the SIR Resolution to approve and implement the Scheme and the SIR Resolution to amend the Articles must be passed by SIR Shareholders representing at least 75 per cent. of the votes validly cast on the resolutions, whether in person or by proxy. The resolution to approve the Prestbury Acquisition, also to be proposed at the SIR General Meeting, requires the approval of a simple majority of votes cast, in person or by proxy, by Independent SIR Shareholders. The SIR General Meeting will be held immediately after the SIR Court Meeting. At the LXi General Meeting to approve the Merger and other associated matters, the LXi Resolution requires the approval of a simple majority of votes cast, in person or by proxy, in order to be passed. The LXi General Meeting will be held simultaneously with the SIR Meetings.
- Subject to the satisfaction or waiver (as applicable) of all relevant conditions, including the Conditions and certain terms set out in Appendix 1 to this announcement and to be set out in the Scheme Document, the Scheme is expected to become Effective in July 2022. An expected timetable of principal events will be included in the Scheme Document.
- LXi and SIR will engage constructively with all relevant stakeholders to satisfy the Conditions.
- It is expected that the Scheme Document containing further information about the Merger and notices of the SIR Meetings, together with the Forms of Proxy and the Form of Election, and the Combined Circular and Prospectus containing further information on LXi and the Combined Group and notice of the LXi General Meeting will be published within 28 days of the date of this announcement (or such later date as may be agreed by LXi and SIR with the consent of the Panel).

Comments on the Merger

Commenting on the Merger, Cyrus Ardan, Chairman of LXi said:

"In today's investment climate, more than ever, security and resilience of cash flows, scale and liquidity, underpinned by clear and compelling strategic direction and cost efficiency are essential components of successful REITs.

We are delighted to be benefitting from the experience, talent and complementary investment strategies of the LXi REIT Advisors and Prestbury investment advisory teams. The planned merger of the strongly performing businesses of LXi and SIR will create a substantial, complementary portfolio of attractive operating assets let on long-term, index-linked leases to a diverse group of strong tenants across a diversified mix of robust property sectors.

Shareholders in the Combined Group will benefit from immediate accretion to cash earnings per share, creating increased scope to deliver higher dividends. through material cost savings and efficiencies. together with further

opportunities to enhance the attractive inflation-protected income and capital growth. It will also, importantly, further strengthen our position to benefit from significant future growth opportunities to enhance total shareholder returns."

Commenting on the Merger, Martin Moore, Chairman of SIR said:

"The combination of these two proven, substantial, complementary inflation-protected portfolios, which will result in further diversification, significant growth opportunities, access to lower cost of capital, potentially increased share trading liquidity and lower management costs on a faster timescale than we would otherwise achieve, is a tremendous opportunity. Both boards share a common investment philosophy, where growth and a prudent approach to risk management are fundamental components.

SIR's Investment Adviser is transferring a very substantial stake into LXI, worth more than £140 million, and through the appointment of key senior Prestbury team members by the enlarged LXI business, it will continue to bring its considerable experience and skill set to the LXI Board and its talented and ambitious management team, while remaining firmly aligned with shareholders."

The above summary should be read in conjunction with, and is subject to, the full text of this announcement (including its Appendices). The Merger will be subject to the Conditions and other terms set out in Appendix 1 and to the full terms and conditions which will be set out in the Scheme Document. Appendix 2 contains bases and sources of certain information contained in this announcement. Details of irrevocable undertakings and letters of intent received are set out in Appendix 3. Property valuation reports for SIR and LXI (each as at 31 March 2022) are set out in Appendix 4 pursuant to Rule 29 of the Takeover Code. Certain terms used in this summary and this announcement are defined in Appendix 8.

Register below for in-person briefing and live webcast and conference call for analysts and investors at 9.30 a.m. (UK time) today

LXI and SIR will hold an in-person briefing and live webcast and conference call for analysts and investors at 9.30 a.m. (UK time) today, 11 May 2022, to discuss the Merger.

To register to attend the in-person briefing, which is at the offices of Peel Hunt, 7th Floor, 100 Liverpool Street, London, EC2M 2AT, please contact Maitland/amo at lxireit-maitland@maitland.co.uk or by telephone on +44 (0) 20 7379 5151.

If you are unable to attend the briefing, LXI and SIR will be hosting a live webcast and conference call.

To access the live webcast, please register in advance here:

<https://www.lsegissuerservices.com/spark/Proposed-Merger-of-LXIREITplc-and-SecureIncomeREITPlc/events/35eadf5c-cada-4cea-9c92-aa0757705de3>

To access the conference call, please register here: <https://cossprereg.btc.com/prereg/key.process?key=PYDQMAPHE>

The recording of the webcast presentation will be available later in the day via each companies' London Stock Exchange company website page: <https://www.lsegissuerservices.com/spark/LXIREIT/events/de227b08-f565-4e8d-8305-560abd8c84b6> and <https://www.lsegissuerservices.com/spark/SecureIncomeREIT/events/47500b3d-2e08-4088-9e6a-9169672d02b9>

Enquiries

Secure Income REIT Plc

Nick Leslau
Sandy Gumm
Mike Brown

+44 20 7647 7647

Rothschild & Co (lead financial adviser and joint Rule 3 adviser to SIR)

Alex Midgen
Sam Green
Jake Shackleford

+44 20 7280 5000

Stifel (joint financial adviser, joint Rule 3 adviser and nominated adviser to SIR)

Mark Young
Stewart Wallace
Rajpal Padam

+44 20 7710 7100

FTI Consulting (communications adviser to SIR)

Dido Laurimore
Claire Turvey
Eve Kirmatzis

+44 20 3727 1000

LXI

Simon Lee
Freddie Brooks
John White

via Maitland/amo

Jefferies International Limited (lead financial adviser to LXI)

Rishi Bhuchar
Tom Yeadon
Ed Matthews
Paul Bundred

+44 20 7029 8000

Peel Hunt LLP (sponsor and joint financial adviser to LXI)

Luke Simpson
Carl Gough
Liz Yong
Huw Jeremy

+44 20 7418 8900

Barclays Bank PLC, acting through its Investment Bank (joint financial adviser to LXi)

Bronson Albery
Omar Faruqui
Callum West

+44 20 7623 2323

+44 20 7991 8888

HSBC Bank plc (joint financial adviser to LXi)

Anthony Parsons
Ali Razvi
Alex Thomas

Maitland/amc (communications adviser to LXi)

James Benjamin

+44 7747 113 930

Bryan Cave Leighton Paisner LLP is acting as legal adviser to SIR in connection with the Merger.

Stephenson Harwood LLP is acting as legal adviser to LXi in connection with the Merger.

Further Information

This announcement is for information purposes only and is not intended to and does not constitute, or form part of an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Merger or otherwise, nor shall there be any sale, issuance or transfer of securities of SIR in any jurisdiction in contravention of applicable law.

The Merger will be implemented solely pursuant to the terms of the Scheme Document (or, if the Merger is implemented by way of a Takeover Offer, the Offer Document), which will contain the full terms and conditions of the Merger, including details of how SIR Shareholders may vote in respect of the Merger.

Any decision by SIR Shareholders in respect of, or other response to, the Merger should be made on the basis of the information contained in the Scheme Document and the Combined Circular and Prospectus.

LXi will prepare the Combined Circular and Prospectus, containing information on the New LXi Shares and the Combined Group.

SIR and LXi urge SIR Shareholders to read the Scheme Document and the Combined Circular and Prospectus carefully when they become available because they will contain important information in relation to the Merger, the New LXi Shares and the Combined Group.

LXi urges LXi Shareholders to read the Combined Circular and Prospectus carefully when it becomes available.

Any vote in respect of resolutions to be proposed at the SIR Meetings or the LXi General Meeting to approve the Merger, the Scheme or related matters, should be made only on the basis of the information contained in the Scheme Document (or, if the Merger is implemented by way of a Takeover Offer, the Offer Document) and the Combined Circular and Prospectus.

This announcement does not constitute a prospectus, prospectus equivalent document or an exempted document.

Disclaimers

Rothschild & Co, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for SIR and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than SIR for providing the protections afforded to clients of Rothschild & Co nor for providing advice in connection with any matter referred to herein. Neither Rothschild & Co nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this announcement, any statement contained herein, the Merger or otherwise. No representation or warranty, express or implied, is made by Rothschild & Co as to the contents of this announcement.

Stifel, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for SIR and no-one else in connection with the matters described in this announcement and will not be responsible to anyone other than SIR for providing the protections afforded to clients of Stifel nor for providing advice in connection with the matters referred to herein. Neither Stifel nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Stifel in connection with this announcement, any statement contained herein, the Merger or otherwise. No representation or warranty, express or implied, is made by Stifel as to the contents of this announcement.

Jefferies International Limited, which is authorised and regulated in the UK by the FCA, is acting exclusively for LXi and no one else in connection with the Merger and shall not be responsible to anyone other than LXi for providing the protections afforded to clients of Jefferies, nor for providing advice in connection with the Merger or any matter referred to herein. Neither Jefferies nor any of its affiliates (nor any of its or their respective directors, officers, employees, representatives or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Jefferies in connection with the Merger, this announcement, any statement contained herein or otherwise.

Peel Hunt LLP, which is authorised and regulated by the FCA, is acting exclusively for LXi in its capacity as sponsor and joint financial adviser and no one else in connection with the Merger or any other matter referred to in this announcement, and will not be responsible to anyone other than LXi for providing the protections afforded to clients of Peel Hunt LLP or for providing advice in connection with the Merger or any other matters referred to in this announcement. Neither Peel Hunt LLP nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Peel Hunt LLP in connection with the Merger, this announcement, any statement contained herein or otherwise. No representation or warranty, express or implied, is made by Peel Hunt LLP as to the contents of this announcement.

*Barclays Bank PLC, acting through its Investment Bank ("**Barclays**"), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for LXi and no one else in connection with the*

matters described in this announcement and will not be responsible to anyone other than LXi for providing the protections afforded to clients of Barclays nor for providing advice in relation to the matters described in this announcement or any other matter referred to in this announcement. In accordance with the Takeover Code, normal United Kingdom market practice and Rule 14e-5(b) of the Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in LXi and SIR securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Takeover Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.LondonStockExchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

HSBC Bank plc ("**HSBC**"), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting as financial adviser to LXi and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than LXi for providing the protections afforded to clients of HSBC, or for providing advice in connection with the matters referred to herein. Neither HSBC nor any of its group undertakings or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of HSBC in connection with this announcement or any matter referred to herein.

Overseas Shareholders

This announcement has been prepared in accordance with, and for the purpose of complying with, the laws of England and Wales and the Takeover Code, and information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside England.

The release, publication or distribution of this announcement in or into certain jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable requirements of their jurisdictions.

In connection with the Merger, SIR Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their SIR Shares with respect to the Scheme at the SIR Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the SIR Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Merger disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Unless otherwise determined by LXi or required by the Takeover Code, and permitted by applicable law and regulation, the Merger will not be made available, in whole or in part, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Merger by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Merger. If the Merger is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

The Merger will be subject to the applicable requirements of the Takeover Code, the Panel, the Listing Rules, the AIM Rules and the London Stock Exchange.

Notice to US investors in SIR

US holders of SIR Shares should note that the Merger relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Merger is subject to the disclosure and procedural requirements and practices applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of United States tender offer and proxy solicitation rules.

The financial information included in this announcement and the Scheme Document (or, if the Merger is implemented by way of a Takeover Offer, the Offer Document) has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The New LXi Shares to be issued under the Scheme have not been and will not be registered under the US Securities Act or under any laws or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be offered or sold in the United States in reliance on an exemption from the registration requirements of the US Securities Act and applicable US state securities laws. The New LXi Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof.

SIR Shareholders who are or will be affiliates of LXi or SIR prior to, or of LXi after, the Effective Date will be subject to certain US transfer restrictions relating to the New LXi Shares received pursuant to the Scheme as will be further described in the Scheme Document.

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereunder, SIR will advise the Court that its sanctioning of the Scheme will be relied on by LXi as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to SIR Shareholders, at which Court hearing all SIR Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such holders.

None of the securities referred to in this announcement have been approved or disapproved by the SEC or any US state securities commission, nor have any such authorities passed judgment upon the fairness or the merits of the Merger or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

However, if, in the future, LXi exercises the right to implement the Merger by way of a Takeover Offer and determines to extend the offer into the United States, the Takeover Offer will be made in compliance with applicable United States tender offer and securities laws and regulations and the requirements of US state securities laws, in each case, to the extent any exemptions thereunder are not applicable.

A US holder of SIR Shares should be aware that the transactions contemplated herein may have tax consequences for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each SIR Shareholder is therefore urged to consult with legal, tax and financial advisers in connection with making a decision regarding the Merger.

It may be difficult for US holders of SIR Shares to enforce their rights and any claims arising out of US federal laws, since each of LXi and SIR are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of SIR Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

To the extent permitted by applicable law, in accordance with normal UK practice, LXi, certain affiliated companies and their nominees or brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, SIR Shares outside of the US, other than pursuant to the Merger, until the date on which the Merger and/or Scheme becomes Effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory News Service of the London Stock Exchange and will be available on the London Stock Exchange website at www.LondonStockExchange.com.

Forward-Looking Statements

This announcement (including information incorporated by reference into this announcement), oral statements made regarding the Merger, and other information published by LXi and SIR contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of LXi and SIR about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

The forward-looking statements contained in this announcement include statements relating to the expected effects of the Merger on LXi and SIR, the expected timing and scope of the Merger and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of LXi's or SIR's or the Combined Group's operations and potential synergies resulting from the Merger.

Although LXi and SIR believe that the expectations reflected in such forward-looking statements are reasonable, neither LXi nor SIR can give assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There is a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to: the ability to complete the Merger; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other market participants; the anticipated benefits from the Merger not being realised as a result of changes in general economic and market conditions in the countries in which LXi and SIR operate; weak, volatile or illiquid capital and/or credit markets; changes in the degree of competition in the geographic and business areas in which LXi and SIR operate; and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.

Neither LXi nor SIR, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Given the risks and uncertainties, you are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither LXi nor SIR is under any obligation, and each of LXi and SIR expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.TheTakeoverPanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Quantified Financial Benefits Statement

Statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the Quantified Financial Benefits Statement nor any other statement in this announcement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following the Effective Date, or in any subsequent period, would necessarily match or be greater than or be less than those of LXI or SIR for the relevant preceding financial period or any other period. For the purposes of Rule 28 of the Takeover Code, the Quantified Financial Benefits Statement contained in this announcement is the responsibility of LXI and the LXI Directors.

No profit forecasts or estimates

No statement in this announcement is intended as a profit forecast or profit estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for LXI or SIR for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for LXI or SIR.

Rounding

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Publication on a website

In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on SIR's website at <https://www.SecureIncomeREIT.co.uk/> and LXI's website at <https://www.LXiREIT.com/> by no later than 12 noon (London time) on the first Business Day following the date of this announcement.

For the avoidance of doubt, neither the contents of these websites nor the contents of any websites accessible from any hyperlinks is incorporated into or forms part of this announcement.

Requesting hard copy documents

In accordance with Rule 30.3 of the Takeover Code, SIR Shareholders may request a hard copy of this announcement (and any information incorporated by reference in this announcement), free of charge, by contacting Link Group during business hours on 0371 664 0321 (from within the United Kingdom) and +44 (0) 371 664 0321 (from outside the United Kingdom) or by submitting a request in writing to Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines will be open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Merger should be in hard copy form.

Scheme Process

In accordance with Section 5 of Appendix 7 of the Takeover Code, SIR will announce through a Regulatory Information Service key events in the Scheme process including the outcomes of the SIR Meetings and the Scheme Sanction Hearing.

Unless otherwise consented to by the Court and the Panel, any modification or revision to the Scheme will be made no later than the date which is 14 days prior to the SIR Meetings (or any later date to which such meetings are adjourned). In accordance with Section 11 of Appendix 7 of the Takeover Code, if the Scheme lapses or is withdrawn all documents of title and other documents lodged with any Form of Election will be returned as soon as practicable and in any event within 14 days of such lapsing or withdrawal.

Information relating to SIR Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by SIR Shareholders, persons with information rights and other relevant persons for the receipt of communications from SIR may be provided to LXI during the Offer Period as required under Section 4 of Appendix 4 to the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

Rule 2.9 of the Takeover Code

For the purposes of Rule 2.9 of the Takeover Code, LXI confirms that, as at the close of business on 10 May 2022 (being the last Business Day before the date of this announcement), it had in issue 911,569,741 ordinary shares of 1 penny each. The International Securities Identification Number ("ISIN") for the LXI Shares is GB00BYQ46T41.

For the purposes of Rule 2.9 of the Takeover Code, SIR confirms that, as at the close of business on 10 May 2022 (being the last Business Day before the date of this announcement), it had in issue 324,035,146 ordinary shares of 10 pence each. The ISIN for the SIR Shares is GB00BLMQ9L68.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS, PROSPECTUS EQUIVALENT DOCUMENT OR SCHEME DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE MERGER OR NEW LXI SHARES EXCEPT ON THE BASIS OF INFORMATION IN THE SCHEME DOCUMENT AND THE COMBINED CIRCULAR AND PROSPECTUS WHICH ARE PROPOSED TO BE PUBLISHED IN DUE COURSE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

11 May 2022

RECOMMENDED SHARE OFFER WITH A PARTIAL CASH ALTERNATIVE

FOR

SECURE INCOME REIT PLC

by

LXI REIT PLC

to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006

1 INTRODUCTION

The boards of LXI and SIR are pleased to announce that they have reached agreement on the terms and conditions of a recommended offer pursuant to which LXI will acquire the entire issued share capital of SIR (the "Merger"). The Merger is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act.

2 THE MERGER

Under the terms of the Merger, for each SIR Share, SIR Shareholders will be entitled to receive:

3.32 New LXI Shares

The Exchange Ratio is based on the adjusted and unaudited EPRA NTA per LXI Share as at 31 March 2022 of 143.4 pence and the adjusted and unaudited EPRA NTA per SIR Share as at 31 March 2022 of 475.5 pence.

On this basis, and assuming that the Partial Cash Alternative described in section 3 below is fully taken up in aggregate, following completion of the Merger, existing LXI Shareholders will hold approximately 53 per cent. and SIR Shareholders approximately 47 per cent. respectively in the Combined Group.

On the basis of the Closing Price per LXI Share of 142.2 pence on 10 May 2022 (being the last Business Day prior to the date of this announcement), the Merger values the entire issued ordinary share capital of SIR at approximately £1.5 billion.

On this basis the Merger represents, at the Closing Price of 142.2 pence per LXI Share on 10 May 2022 (being the last Business Day prior to the date of this announcement):

- a premium of approximately 10.5 per cent. to the 3-month VWAP of 427.5 pence per SIR Share on 10 May 2022 (being the last Business Day prior to the date of this announcement); and
- a premium of approximately 15.0 per cent. to the Closing Price of 411.0 pence per SIR Share on 10 May 2022 (being the last Business Day prior to the date of this announcement).

Appendix 4 to this announcement contains reports from external valuers for SIR's and LXI's property assets, each as at 31 March 2022, pursuant to the requirements of Rule 29 of the Takeover Code. These property valuation reports will, subject to the requirements of the Takeover Code, be reproduced in the Combined Circular and Prospectus and the Scheme Document, which are expected to be published as soon as reasonably practicable and in any event within 28 days of this announcement (or such later date as may be agreed by LXI and SIR with the consent of the Panel). Each of CBRE and Knight Frank has given and not withdrawn its consent to the publication of its valuation report in this announcement in the form and context in which it is included.

3 **PARTIAL CASH ALTERNATIVE**

A partial cash alternative will be made available under which SIR Shareholders can elect to receive cash instead of some or potentially all of the New LXI Shares to which they would otherwise be entitled under the Merger. The maximum aggregate amount of the Partial Cash Alternative will not exceed £385 million, representing 25 per cent. of the total value of the consideration offered to SIR Shareholders under the terms of the Merger.

SIR Shareholders who validly elect to receive the Partial Cash Alternative for up to a basic entitlement of 118,880 pence in cash per SIR Share sold pursuant to the Merger will receive the full amount of cash for which they have elected (and a matching reduction in the proportion of New LXI Shares receivable). SIR Shareholders who elect to receive the basic entitlement of 118,880 pence in cash per SIR Share will also receive 2,488 New LXI Shares for each SIR Share. SIR Shareholders may elect to receive cash consideration less than or in excess of their basic entitlement, in which case the number of New LXI Shares they receive will be adjusted accordingly. Elections to receive cash in excess of this basic entitlement may be scaled back, depending upon the overall level of take-up of the Partial Cash Alternative.

The Partial Cash Alternative will be funded from the Acquisition Facility.

If valid elections for the Partial Cash Alternative would otherwise result in the payment of more than £385 million, SIR Shareholders who have elected to receive the Partial Cash Alternative in excess of their basic entitlement of 118,880 pence in cash per SIR Share will be scaled back as nearly as is practicable on a pro rata basis in respect of such excess elections, with the balance of entitlements being satisfied in New LXI Shares on the basis of the Exchange Ratio (other than fractional entitlements). If valid elections for the Partial Cash Alternative are in aggregate no more than £385 million, all elections for the Partial Cash Alternative will be met in full.

If elections for the Partial Cash Alternative are such that £385 million (being the maximum aggregate amount of the Partial Cash Alternative) is paid to SIR Shareholders, LXI would issue approximately 806,112,876 New LXI Shares pursuant to the Merger and would have approximately 1,717,682,617 LXI Shares in issue and SIR Shareholders would together hold approximately 47 per cent. of the LXI Shares in issue upon the Scheme becoming Effective. If no elections are made for the Partial Cash Alternative, LXI would issue approximately 1,074,817,168 New LXI Shares pursuant to the Merger. As a result of the Merger, LXI would, in those circumstances, have approximately 1,986,386,909 LXI Shares in issue and SIR Shareholders would together hold approximately 54 per cent. of the LXI Shares in issue upon the Scheme becoming Effective.

The Partial Cash Alternative will not affect the entitlements of those SIR Shareholders who do not elect for it, each of whom would receive 3.32 New LXI Shares for each SIR Share in accordance with the terms of the Scheme.

Further details in relation to the Partial Cash Alternative and which SIR Shareholders may be ineligible to participate will be contained in the Scheme Document and the related Form of Election.

4 **BACKGROUND TO AND REASONS FOR THE MERGER**

The boards of LXI and SIR believe there is a strong strategic, operational and financial rationale for the Merger and that the Combined Group will benefit from enhanced scale, immediate accretion to cash earnings per share (creating the potential for delivering higher dividends, through unlocking material cost savings and efficiencies), better access to acquisition and asset management opportunities, lower cost of capital, cost savings and the potential for increased share trading liquidity.

Significantly Enhanced Scale Establishing a Top 10 UK Listed REIT

- Upon completion of the Merger, the Combined Group will own a portfolio of 346 properties with a combined value of approximately £3.9 billion, establishing the Combined Group as a top 10 UK listed REIT by EPRA NTA and the UK's leading sector-diversified, long income listed REIT.
- The significantly increased scale of the Combined Group is expected to enhance its ability to source investment opportunities across a wider range of asset types and sectors including larger scale single assets, portfolio sale and leasebacks and forward funded transactions. LXI has carried out 82 forward funded developments since its Initial Public Offering ("**IPO**") in February 2017 and the Combined Group will benefit from increased scope to pursue additional forward funding opportunities in a wider range of transaction sizes going forward.
- The Merger would allow LXI to materially expand its portfolio in a much shorter timeframe, and at a lower total cost, than by continuing with conventional asset acquisitions.
- The board and management team of the Combined Group are ambitious to build on this step change in scale, using the Combined Group's lower cost of capital to further drive shareholder returns.
- The Combined Group's increased prominence in the sector, combined with its attractive investment proposition and opportunity for improved shareholder returns, is expected to drive greater investor interest in the Combined Group and create further value for both sets of existing shareholders.

Complementary Portfolios with Attractive, Inflation-Protected Characteristics

- LXI and SIR have complementary portfolios focused on properties across a diverse variety of real estate sectors with very long weighted average unexpired lease terms.
- The Combined Group will benefit from a portfolio with contracted annual rental income of approximately £194 million, of which 98 per cent. is subject to index-linked reviews or fixed uplifts and 74 per cent. is subject to minimum uplifts, with 55 per cent. of the portfolio subject to annual reviews providing a strong foundation for a sustainable, progressive dividend policy.
- With 64 per cent. of contracted annual rent subject to inflation-linked reviews and 19 per cent. subject to reviews with uncapped inflation-linked uplifts, the Combined Group will be well positioned to deliver attractive levels of rental growth, particularly against the current backdrop of a higher inflationary environment.
- Both LXI's and SIR's portfolios have long weighted average unexpired lease terms (WAULTs) (21 years and 30 years respectively), with the WAULT of the Combined Group of approximately 26 years being one of the longest of any UK REIT.
- The Combined Group will continue to invest across a diverse range of real estate sectors, targeting high quality long income real estate let to financially strong tenants in industry sectors with strong defensive characteristics. The Combined Group's initial exposure to real estate sub-sectors, based upon both entities' 31 March 2022 valuations, will be:
 - Leisure: 28 per cent.
 - Healthcare: 25 per cent.
 - Hotels: 17 per cent.
 - Food and Essentials: 11 per cent.
 - Industrial: 9 per cent.
 - Other (incl. Life Sciences, Education, Garden Centres and Car Parks): 10 per cent.

The Combined Group will continue to actively recycle capital, re-positioning the portfolio in light of consumer trends and property market developments.

A pro forma tenant overview for the Combined Group is set out in Appendix 6 to this announcement.

Improved Financial Performance through Cost Savings

- Cost savings of approximately £8.6 million per annum, of which the vast majority at £7.5 million are expected to be effective immediately on completion of the Merger, with the savings outlined in paragraph 5.
- The Merger is expected to be immediately accretive to cash earnings per share, creating the potential for delivering higher dividends and increased dividend growth, through unlocking material cost savings and efficiencies.
- The proposed new investment advisory fee structure will be more favourable to all shareholders in the Combined Group than the terms in the existing management arrangements of either LXI or SIR on a standalone basis and will result in significantly lower fees being paid in aggregate.
- Benefitting from the reduction in investment advisory fees and other cost savings and efficiencies described above, the Combined Group is expected to have one of the lowest Total Expense Ratios in the UK listed real estate sector.
- As a consequence of Amalfi's acquisition of Prestbury, no termination fees in respect of the SIR Investment Advisory Agreement will be payable by SIR or LXI, while key members of the Prestbury team will benefit LXI at no additional cost to shareholders.

Enhanced Management Capabilities and Governance

- LXI REIT Advisors will act as sole investment advisor to the Combined Group and is expected to benefit from an enhanced investment advisory team, with broader reach and deeper resources across acquisition sourcing, asset management, finance and corporate governance functions.
- The Combined Group will also benefit from the retention of the extensive experience and expertise of key senior Prestbury personnel, with Nick Leslau and Sandy Gumm joining the LXI Board as non-executive directors.
- There is strong support and commitment from the Prestbury Management Team who will hold shares in the Combined Group in aggregate equivalent to 75 per cent. of their existing aggregate holding in SIR, which is expected to amount to 5.8 per cent. of the Combined Group's share capital (assuming that the Partial Cash Alternative is fully taken up in aggregate) worth approximately £142 million at the Combined Group's adjusted EPRA NTA as at 31 March 2022, while also entering into the Prestbury Management Team Lock Up and non-compete arrangements.
- Upon completion of the Merger, the LXI Board will also enhance its risk, control and governance framework following the significant scaling up of the business with the establishment of a new Property Investment Committee ("**PIC**"). The PIC will comprise at least three non-executive directors, to include John Cartwright, Nick Leslau and Hugh Seaborn, drawing on their extensive experience and expertise to evaluate real estate strategy and make recommendations to the LXI Board in relation to proposed property transactions that exceed certain thresholds.

Conservative Leverage

- Following the Merger, LXI will have a strong balance sheet, with a pro-forma LTV of approximately 37 per cent. (assuming that the Partial Cash Alternative is fully taken up in aggregate) and a new maximum gearing threshold of 40 per cent. LTV. This new threshold is opportunistic in nature, intended to provide the Combined Group with flexibility to increase levels of temporary leverage to facilitate acquisitions.
- The current financing facilities of SIR are expected to remain in place with no break fees becoming due as a result of the Merger, but with opportunities to exploit the larger pool of security to improve the likely terms of refinancing these facilities which all fall due between mid-2023 and October 2025, together with maturities in the LXI debt portfolio in 2023 and 2024, and possibly to accelerate their refinancing on accretive terms.
- The anticipated strong balance sheet and conservative medium term LTV target of 30 per cent. is expected to provide the Combined Group with a range of attractive refinancing opportunities, facilitating access to new longer-dated and cheaper forms of debt funding in the short to medium term, offering further earnings growth potential, while enhancing returns with appropriate structured debt.

Increased Liquidity

- The Merger is expected to result in a broadening of the Combined Group's shareholder base and SIR Shareholders should benefit from the potential for increased liquidity in the secondary market as a result of the Combined Group's Premium listing on the Main Market.
- The Merger is expected to increase LXI's weightings in the FTSE 250, FTSE All Share and FTSE EPRA/NAREIT Global Real Estate indices, of which SIR is not currently a constituent member, which provides the opportunity for significant new demand from investors.

5 QUANTIFIED FINANCIAL BENEFITS STATEMENT

The LXI Directors, having reviewed and analysed the potential cost savings of the Combined Group, as well as taking into account factors they can influence, believe the Combined Group can deliver shareholder value through the expected realisation of approximately £8.6 million of pre-tax recurring run-rate cost synergies by the end of the first year following the Effective Date.

The cost synergies are expected to be realised principally from:

- Investment advisory fees: unification of investment advisory services under LXI REIT Advisors, delivering an expected £7.5 million of run-rate cost synergies derived from lower investment advisory fees charged on the SIR investment properties and the reduction in the fee scale applied to calculate the fees payable by LXI to LXI REIT Advisors for its investment advisory services pursuant to the Amended and Restated Investment Advisory Agreement; and
- Corporate and administrative: rationalisation of duplicate listing, administration and operational expenses delivering an estimated £1.1 million of run-rate cost synergies.

The LXI Directors do not expect that any one-off costs in connection with realising the expected cost synergies will be material. The identified cost savings will accrue as a direct result of the Merger and would not be achieved on a standalone basis.

Potential areas of dis-synergy have been considered and were determined by the LXI Directors to be immaterial for the analysis.

These statements relating to identified cost savings and estimated savings relate to future actions or circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out in Appendix 5 to this announcement.

6 BOARD RECOMMENDATIONS

The SIR Directors, who have been so advised by Rothschild & Co and Stifel as to the financial terms of the Merger, consider the terms of the Merger to be fair and reasonable. In providing their advice to the SIR Directors, Rothschild & Co and Stifel have each taken into account the commercial assessments of the SIR Directors. Rothschild & Co and Stifel are providing independent financial advice to the SIR Directors for the purposes of Rule 3 of the Takeover Code.

Accordingly, the SIR Directors intend to recommend unanimously that SIR Shareholders vote in favour of the Scheme at the SIR Court Meeting (or, in the event that the Merger is implemented by a Takeover Offer, to accept such Takeover Offer) and in favour of the SIR Resolutions to be proposed at the SIR General Meeting as the SIR Directors have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 306,858 SIR Shares, representing approximately 0.09 per cent. of the issued ordinary share capital of SIR on 10 May 2022 (being the last Business Day before the date of this announcement).

In addition, the Prestbury Management Team is fully supportive of the Merger and, accordingly, each member of the Prestbury Management Team with a direct personal holding of SIR Shares and the associated entities of the Prestbury Management Team have irrevocably undertaken to vote (save in respect of the resolution relating to the Prestbury Acquisition which is subject to the approval of Independent SIR Shareholders at the SIR General Meeting in accordance with Rule 16 of the Takeover Code and in respect of which they will not be permitted to vote their interests) in favour of the resolutions relating to the Merger at the SIR Meetings (or, in the event that the Merger is implemented by a Takeover Offer, to accept such Takeover Offer), in respect of, in aggregate, 38,980,205 SIR Shares, representing approximately 12.0 per cent. of the issued ordinary share capital of SIR on 10 May 2022 (being the last Business Day before the date of this announcement).

The Merger constitutes a reverse takeover for the purposes of the Listing Rules. Accordingly, the Merger will be conditional on the approval of the LXi Shareholders of the Merger and related matters at the LXi General Meeting. The LXi Resolution is an ordinary resolution seeking shareholder approval of the Merger, certain amendments to LXi's investment policy required in order to effect the Merger and the authority to allot the New LXi Shares. The Combined Circular and Prospectus to be published by LXi in due course will set out further details of the proposed amendments to LXi's investment policy.

The LXi Board, which has been so advised by Jefferies as to the financial terms of the Merger, considers the Merger to be in the best interests of LXi Shareholders as a whole. In providing its advice, Jefferies has taken into account the commercial assessments of the LXi Board.

The LXi Board intends unanimously to recommend that LXi Shareholders vote in favour of the LXi Resolution to be proposed at the LXi General Meeting which is to be convened to approve the Merger and related matters, as those LXi Directors who hold LXi Shares have irrevocably undertaken to do in respect of their own holdings of, in aggregate, 427,579 LXi Shares, representing approximately 0.05 per cent. of the issued ordinary share capital of LXi on 10 May 2022 (being the last Business Day before the date of this announcement).

7 BACKGROUND TO AND REASONS FOR THE RECOMMENDATION

SIR is a specialist, UK focussed, long income REIT. As at 31 March 2022 SIR's property portfolio comprised 160 fully let Key Operating Assets independently valued at £2.3 billion with annual passing rents of £117 million and market leading WAULT of 30 years from 31 March 2022. 58 per cent. of the portfolio is subject to inflation linked rent reviews, providing significant inflation protection with a further 41 per cent. benefiting from fixed uplifts at an average of 2.8 per cent.

SIR was admitted to trading on the AIM market of the London Stock Exchange in June 2014 at 174 pence per share and raised further capital through secondary placings in March 2016, October 2016 and March 2018 to support further acquisitions and growth in the business.

Since its IPO in June 2014 SIR has delivered an annualised Total Accounting Return of 16.5 per cent. on the basis of the adjusted and unaudited EPRA NTA as at 31 March 2022.

SIR's strong performance since IPO has been achieved through a combination of income and capital growth, with income returns accounting for 33 per cent of the Total Accounting Return over the period and the balance from capital growth, including that unlocked by asset management initiatives. Key asset management initiatives include the re-gear of the Merlin leases to a 55 year unexpired term from December 2021, bringing the total proportion of the rent roll that has benefitted from lease extension to 38 per cent.

The SIR Board believes that the Merger with LXi, resulting in SIR Shareholders owning approximately 47 per cent. of the Combined Group (assuming that the Partial Cash Alternative is fully taken up in aggregate), brings together two complementary portfolios of index linked, long income real estate assets capable of achieving significant strategic, operational and financial benefits:

- the Combined Group should generate immediate accretion to cash earnings per share, creating the potential for delivering higher dividends, through unlocking material cost savings and efficiencies through the revised investment advisory fee structure and removal of duplicate corporate costs;
- establishes a portfolio of 346 properties independently valued at £3.9 billion as at 31 March 2022 with a rent roll of £194 million, with 98 per cent. of rent subject to index linked rent reviews or fixed uplifts, further increasing tenant and sector diversification through the combination of two significant and complementary portfolios underpinned by substantial global earnings guaranteeing lease liabilities with the broader range of tenants, further enhancing income security;
- a combination of the complementary skill sets of the Prestbury and LXi REIT Advisors teams, creates a platform with broader reach and ability to source opportunities across a range of asset types and sectors including large scale sale and leasebacks and corporate transactions together with forward funding transactions;
- provides SIR Shareholders with significantly enhanced scale which should have the following benefits:
 - improved share liquidity, with SIR Shareholders also benefiting from a move to the Premium segment of the Main Market;
 - access to cheaper, and more flexible, sources of capital through an enlarged security pool and greater income diversification, providing the opportunity to enhance earnings as refinancing opportunities are unlocked and/or accelerated; and
 - further improved ability to source and quickly execute large, accretive investment opportunities to continue growth in total shareholder returns; and
- captures within the updated valuation the recent material value enhancements arising from the re-gear of the Merlin leases and also the earnings accretive refinancing of the Merlin debt facility. It also captures improved tenant trading and investment market liquidity since 31 December 2021.

The SIR Board and the Prestbury Management Team consider that the income and capital growth prospects of the Combined Group should deliver immediately enhanced and more secure and diversified returns compared to those for SIR as it currently operates as a stand-alone company while still retaining the skills of many of the management team members who will continue to hold a very substantial stake in the Combined Group.

The Partial Cash Alternative provides attractive optionality for SIR Shareholders with the flexibility to opt for part of their consideration to be paid in cash through the Partial Cash Alternative, subject to scale back to maintain the maximum total cash element at 25 per cent. of the overall consideration. This provides the option for accelerated cash returns for SIR Shareholders while maintaining a significant stake and participation in the future enhanced growth prospects of the Combined Group, driven by the strategic operational and financial benefits of the Merger.

There is strong support and commitment from the Prestbury Management Team who will hold shares in the Combined Group in aggregate equivalent to 75 per cent. of their existing aggregate holding in SIR, which is expected

Combined Group in aggregate equivalent to 7.5 per cent. of their existing aggregate holding in SIR, which is expected to amount to 5.8 per cent. of the Combined Group's share capital (assuming the Partial Cash Alternative is fully taken up in aggregate) worth approximately £142 million at the Combined Group's adjusted EPRA NTA. Those LXI Shares held by the Prestbury Management Team will be subject to the Prestbury Management Team Lock Up and the Prestbury Management Team will also enter into non-compete arrangements (subject to certain exceptions, including permissions to make small personal investments and to maintain existing advisory and investment positions) that will remain in effect for a period of two years from the date of completion of the Prestbury Acquisition and which incorporate an obligation to first offer any opportunities relating to long income real estate assets to LXI, which if not taken up by LXI can be pursued by the Prestbury Management Team.

The Combined Group will also benefit from the retention of the extensive experience and expertise of key senior Prestbury personnel, with Nick Leslau and Sandy Gumm taking non-executive positions on the LXI Board, Tim Evans and Ben Walford providing ongoing consultancy support to LXI REIT Advisors, and the transfer of certain senior Prestbury employees from the property and finance teams to LXI REIT Advisors.

The SIR Board believes that SIR continues to have strong prospects as an independent UK REIT but recognises the potential significant shareholder value that a Merger with LXI could create in a time period that is unlikely to be achieved by SIR in its current form. In reaching its decision to recommend the Merger, the SIR Board along with its financial advisers has considered alternative options, concluding that the Merger with LXI should create the highest shareholder value over both the short and long term.

Accordingly, following careful consideration of the above factors, the SIR Directors unanimously intend to recommend the Merger to SIR Shareholders.

8 BACKGROUND TO AND REASONS FOR THE LXI RECOMMENDATION

LXI invests in UK commercial property assets let, or pre-let, on very long (typically 20 to 30 years to expiry or first break), inflation-linked leases to a wide range of strong tenant covenants across a diverse range of robust property sectors.

LXI is listed on the Premium segment of the Official List and was admitted to trading on the Main Market in February 2017. Since its IPO LXI has delivered an annualised Total Accounting Return of 12.2 per cent. on the basis of the adjusted and unaudited 31 March 2022 EPRA NTA, a Total Shareholder Return of 11.4 per cent. from IPO to 10 May 2022 (being the last Business Day before the date of this announcement) and grown its market capitalisation to £1.3 billion.

The LXI Board believes that a Merger with SIR, resulting in LXI Shareholders owning approximately 53 per cent. of the Combined Group (on the basis that the Partial Cash Alternative is taken up in full), brings together two complementary portfolios whilst maintaining the conservative and highly attractive investment case that LXI Shareholders have benefitted from since IPO:

- immediately cash earnings accretive with potentially enhanced dividends per LXI Share, offering LXI Shareholders lower management fees compared to the current arrangements (assuming a constant share price premium), as well as the chance to benefit from additional cost saving synergies;
- provide shareholders with access to SIR's high quality long income portfolio with its strong historic track record, attractive running yield and the potential for further asset management and refinancing upside to further drive the Combined Group's returns;
- a continuation of LXI management's existing strategy of growing portfolio income, conservative gearing and diversifying the portfolio including via the selective selling of assets and re-deploying capital in other related property assets across the UK on an opportunistic basis;
- represents an excellent opportunity for LXI Shareholders to significantly increase the scale and security of their business, which creates strategic, operational and financial opportunities, without large scale changes to LXI's current modus operandi;
- LXI's governance and management structures to be further improved by a combination of the complementary management skills across the Prestbury and LXI REIT Advisors teams and the new governance framework to be put in place; and
- the LXI Board and LXI REIT Advisors consider that the growth prospects of the Combined Group should be enhanced compared to those for LXI as a stand-alone company.

Accordingly, following careful consideration, the LXI Directors unanimously intend to recommend the Merger to LXI Shareholders.

9 IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

All SIR Directors hold SIR Shares and have irrevocably undertaken (save in the case of Nick Leslau, Mike Brown and Sandy Gumm in respect of the resolution to be proposed at the SIR General Meeting to approve the Prestbury Acquisition on which will not be permitted to vote their interests) to vote in favour of the resolutions relating to the Merger at the SIR Meetings (or in the event that the Merger is implemented by a Takeover Offer, to accept such Takeover Offer) in respect of 306,858 SIR Shares in aggregate, representing approximately 0.09 per cent. of the issued ordinary share capital of SIR on 10 May 2022 (being the last Business Day before the date of this announcement).

Each member of the Prestbury Management Team with a direct personal holding of SIR Shares and the associated entities of the Prestbury Management Team have also irrevocably undertaken (save in respect of the resolution to be proposed at the SIR General meeting to approve the Prestbury Acquisition where they will not be permitted to vote their interests) to vote in favour of the resolutions relating to the Merger at the SIR Meetings (or in the event that the Merger is implemented by a Takeover Offer, to accept such Takeover Offer) in respect of 38,980,205 SIR Shares in aggregate, representing approximately 12.0 per cent. of the issued ordinary share capital of SIR on 10 May 2022 (being the last Business Day before the date of this announcement).

In addition, LXI has received letters of intent to vote in favour of the resolutions relating to the Merger at the SIR Meetings (or in the event that the Merger is implemented by a Takeover Offer, to accept such Takeover Offer) from

BMO Property Growth and Income Fund ICVC, TR Property Investment Trust plc, Artemis Investment Management LLP, Aegon Asset Management and Dominic Silvester in respect of, in aggregate, 103,540,400 SIR Shares, representing approximately 32 per cent. of the issued ordinary share capital of SIR on 10 May 2022 (being the last Business Day before the date of this announcement).

In total, therefore, LXi has received irrevocable undertakings and letters of intent, including those irrevocable undertakings from all SIR Directors and the Prestbury Management Team, in respect of 142,827,463 SIR Shares in aggregate, representing approximately 44.1 per cent. of the issued ordinary share capital of SIR on 10 May 2022 (being the last Business Day before the date of this announcement).

Those LXi Directors that hold LXi Shares have irrevocably undertaken to vote in favour of the LXi Resolution at the LXi General Meeting in respect of 427,579 LXi Shares in aggregate, representing approximately 0.05 per cent. of the issued ordinary share capital of LXi on 10 May 2022 (being the last Business Day before the date of this announcement).

Further details of these irrevocable undertakings and letters of intent are set out in Appendix 3 to this announcement.

10 INFORMATION ON SIR

SIR is a specialist UK REIT, investing in real estate assets that provide very long term rental income with upwards only inflation protection. It owns 160 Key Operating Assets in defensive sectors let on difficult to replicate very long leases with a WAULT to expiry of 30 years, longer than any other major UK REIT.

At its 31 March 2022 external valuation which is contained in Appendix 4 to this announcement, SIR had £2.3 billion of gross property assets. On an adjusted basis, adjusting the 31 December 2021 audited net assets for the 31 March 2022 external valuation and the refinancing of the Merlin facility which completed in April 2022, SIR has £1.5 billion of net assets and an adjusted and unaudited EPRA NTA per SIR Share of 475.5 pence.

The Prestbury Management Team is strongly aligned with SIR Shareholders through its 12.4 per cent. interest in SIR worth £191 million calculated by reference to the adjusted and unaudited EPRA NTA per SIR Share as at 31 March 2022 of 475.5 pence.

11 INFORMATION ON LXI

LXi is a UK REIT investing in UK commercial property assets let or pre-let on very long (typically 20 to 30 years to expiry or first break), inflation-linked leases to a wide range of strong tenant covenants across a diverse range of robust property sectors.

At its 31 March 2022 external valuation, LXi had £1.6 billion of gross property assets and £1.3 billion of unaudited net assets resulting in an adjusted and unaudited EPRA NTA per LXi Share of 143.4 pence.

There is significant alignment of interest between LXi REIT Advisors and LXi as a result of specific provisions set out in the LXi Investment Advisory Agreement, including (i) the provision of a right of first refusal by LXi REIT Advisors in favour of LXi regarding all long-let commercial property assets, (ii) a commitment from the LXi Management Team to dedicate substantially all of their business time to the success of LXi and (iii) LXi REIT Advisors' investment advisory fees being based on LXi's market capitalisation.

12 INTENTIONS FOR THE COMBINED GROUP

Board composition and governance arrangements

Following completion of the Merger, it is expected that Nick Leslau and Sandy Gumm will join the LXi Board as non-executive directors. The LXi Board believes that these appointments will deliver an appropriately sized and balanced board, with the complementary experience and skills necessary to drive the Combined Group forward following the Merger and to provide good continuity for SIR Shareholders together with very strong shareholder alignment through the approximately 5.8 per cent. holding in the Combined Group of the Prestbury Management Team. Post-Merger, the LXi Board will therefore comprise: Cyrus Ardalani, Hugh Seaborn, Jan Etherden, John Cartwright, Patricia Dimond, Ismat Levin, Nick Leslau and Sandy Gumm.

Following completion of the Merger, the LXi Board intends to further enhance its risk, control and its governance framework by establishing a Property Investment Committee (the "**PIC**"), comprising of at least three non-executive directors, for the purpose of considering proposed property transactions for the Combined Group that exceed certain thresholds and/or criteria (to be determined and agreed by the LXi Board from time to time). Following its review, the PIC will make a recommendation to the LXi Board in relation to the proposed property transactions. It will also consider and recommend possible changes to LXi's investment policy and restrictions as well as new sectors in which LXi may wish to invest. It is proposed that the PIC will initially comprise John Cartwright, Nick Leslau and Hugh Seaborn.

LXi intends to delist SIR following the Effective Date. Consequently, SIR will not require listed company governance structures and accordingly, it is intended that the SIR Directors will cease to be directors of SIR and its subsidiaries (as applicable) following completion of the Merger.

As LXi intends to cancel SIR's admission to trading on AIM following completion of the Merger, certain functions which exist in relation to SIR's status as a publicly traded company will no longer be required or will be reduced in size, reflecting the new structure within the Combined Group.

Management and employees

The SIR Group does not have any employees and therefore does not operate any pension scheme, nor does it have any arrangements in place for any employee involvement in its capital. SIR has no place of business, fixed assets (other than its property portfolio), research and development function or headquarters. LXi has no intention to change these features of the SIR Group, or to introduce any management incentivisation arrangements for the Combined Group following completion of the Merger.

Management arrangements and fees for the Combined Group

Following completion of the Merger, the fees that will be payable to LXi REIT Advisors for the provision of investment advisory services to the Combined Group will be payable monthly in arrear calculated at the rate of (i) one-twelfth of 0.75 per cent. per calendar month on that part of the Market Capitalisation up to and including £500 million; (ii) one-twelfth of 0.65 per cent. per calendar month on that part of the Market Capitalisation in excess of £500 million and up to and including £2 billion; and (iii) one-twelfth of 0.55 per cent. per calendar month on that part of the Market Capitalisation in excess of £2 billion. In addition, LXi REIT Advisors' appointment as investment advisor will continue from the date on which the Merger completes, with any party able to serve 12 months' written notice to terminate the management arrangements for the Combined Group, save that such notice may not be served prior to the fifth anniversary of the Effective Date.

As a result of these arrangements, the Combined Group will benefit from the reduction in the fee scale applied to calculate the annual investment advisory services fee payable by LXi to LXi REIT Advisors and the Combined Group and LXi REIT Advisors will benefit from an extension of the term of LXi REIT Advisors' appointment pursuant to the Amended and Restated Investment Advisory Agreement. The LXi Directors consider this reduction in LXi REIT Advisors' net advisory fees, together with the stability created by the extension to the term of LXi REIT Advisors' appointment, to be fundamental to the Merger.

The entry by LXi into the Amendment and Restatement Agreements falls within Listing Rule 11.1.10R (smaller related party transactions) and therefore LXi Shareholders are not required to approve these amendments.

Listing and registered office

Following the Effective Date, LXi will remain listed on the Premium segment of the Official List and admitted to trading on the Main Market. The registered office of LXi will remain in London.

REIT status

Both the LXi Group and the SIR Group fall within the UK REIT regime and benefit from the tax efficiencies provided by that regime. The Combined Group is expected to fall within the UK REIT regime and the relevant tax measures will continue to apply to the Combined Group.

Trading Facilities

The SIR Shares are currently admitted to trading on the London Stock Exchange's AIM market and, as set out in paragraph 18 below, subject to the Scheme becoming Effective, an application will be made to the London Stock Exchange to cancel the admission of the SIR Shares to trading on AIM.

The SIR Directors have given due consideration to LXi's stated intentions and assurances noted above in deciding to recommend the Merger.

No statements in this paragraph 12 are "post-offer" undertakings for the purposes of Rule 19.5 of the Takeover Code.

13 FINANCING OF THE MERGER

The cash consideration payable by LXi to SIR Shareholders pursuant to the Partial Cash Alternative will be financed by a bridge term facility (the "**Acquisition Facility**") provided under a facility agreement entered into by LXi with, among others, Barclays Bank PLC and HSBC Bank plc as arrangers, Barclays Bank PLC, HSBC Bank plc and HSBC UK Bank plc as original lenders and HSBC Bank plc as agent (the "**Acquisition Facility Agreement**").

The Acquisition Facility Agreement provides for a term loan, the proceeds of which are to fund the cash consideration payable to SIR Shareholders under the terms of the Merger. The Acquisition Facility is made available on a certain funds basis.

Under the terms of the Facility Agreement, Barclays Bank plc and HSBC Bank plc have agreed to make available to LXi the Acquisition Facility in an aggregate amount equal to £385 million.

The Acquisition Facility Agreement contains customary representations and warranties, affirmative and negative covenants (including covenants in respect of financial indebtedness, disposals, security, acquisitions, mergers, joint ventures and conduct of the Scheme), indemnities and events of default, each with appropriate carve-outs and materiality thresholds applicable to LXi and the Wider LXi Group.

The maturity date of the Acquisition Facility is 12 months after the date of the Acquisition Facility Agreement. The maturity date can be extended twice (in each case by 6 months) subject to LXi satisfying the extension requirements as outlined in the Acquisition Facility Agreement (including the payment of certain extension fees).

The Acquisition Facility may be voluntarily prepaid or cancelled in minimum amounts of £25 million and integral multiples of £5 million upon LXi giving not less than 5 Business Days' notice.

The Combined Group intends to hedge the Acquisition Facility interest rate with cap or another instrument to protect against rising interest rates. The Acquisition Facility has less onerous debt covenants (compared with LXi's existing debt covenants) with significant headroom at group level.

Jefferies, in its capacity as financial adviser to LXi, is satisfied that sufficient cash resources are available to LXi to enable it to satisfy in full the cash consideration payable to SIR Shareholders under the Partial Cash Alternative element of the Merger.

Further details in respect of the Facility Agreement and these financing arrangements will be included in the Scheme Document.

14 PRESTBURY ACQUISITION

Prestbury Investment Partners Limited is the investment adviser to SIR pursuant to the SIR Investment Advisory Agreement. Conditional upon the completion of the Merger, Amalfi (being an entity financed by shareholders of LXi REIT Advisors) has agreed to acquire the entire issued share capital of Prestbury from the members of the Prestbury Management Team. It is anticipated that completion of the Prestbury Acquisition will occur shortly following completion of the Merger and is conditional only on the Merger becoming Effective. If the Merger does not become Effective, the Prestbury Acquisition will not complete. Further, completion of the Merger is conditional upon passing of

the resolution at the SIR General Meeting approving the Prestbury Acquisition. The consideration for the Prestbury Acquisition is £40 million in cash, equivalent to 2.6 times the current annualised fee payable to Prestbury based on SIR's adjusted and unaudited EPRA NTA as at 31 March 2022, compared to circa 3.5 years remaining on the term of their appointment. The Prestbury Acquisition has been entered into as part of the wider arrangements relating to the Merger including:

- Prestbury Management Team members will hold a significant interest in the Combined Group, expected to be 99,919,183 LXI Shares (representing 5.8 per cent. of the Combined Group assuming full take-up of the Partial Cash Alternative), which will be subject to customary lock up arrangements;
- certain members of the Prestbury Management Team will continue to have an ongoing role in the Combined Group through (i) Nick Leslau's and Sandy Gumm's appointments to the board of LXI as non-executive directors, (ii) continuity of certain senior property team members who will act as ongoing consultants for LXI REIT Advisors and (iii) the transfer of certain senior Prestbury employees from the property and finance teams to LXI REIT Advisors; and
- the members of the Prestbury Management Team each entering into non-compete arrangements (subject to certain exceptions, including permissions to make small personal investments and to maintain existing advisory and investment positions) that will remain in effect for a period of two years from the date of completion of the Prestbury Acquisition and which incorporate an obligation to first offer any opportunities relating to long income real estate assets to LXI, which if not taken up by LXI can be pursued by the Prestbury Management Team.

For the purposes of Rule 16 of the Takeover Code, Rothschild & Co has confirmed that, in its opinion, the terms of the Prestbury Acquisition are fair and reasonable so far as Independent SIR Shareholders are concerned. The Prestbury Acquisition is subject to the approval of Independent SIR Shareholders at the SIR General Meeting in accordance with Rule 16 of the Takeover Code. SIR Shareholders should note that completion of the Merger will be conditional upon passing of the resolution at the SIR General Meeting approving the Prestbury Acquisition.

Prestbury holds 1,184,551 SIR Shares, representing 0.37 per cent. of the issued share capital of SIR. As part of the Prestbury Acquisition, LXI has agreed to purchase these shares from Prestbury for cash consideration at the same price per share as will be paid for SIR Shares by LXI under the Scheme. The acquisition of these shares by LXI is conditional upon the Scheme becoming Effective. Completion will take place at the same time as the Scheme becomes Effective. The Prestbury Management Team have undertaken to elect for less cash consideration than they would otherwise have been entitled to under the Partial Cash Alternative such that the Prestbury Management Team and Prestbury will not receive in aggregate greater than 25 per cent. of their overall consideration for SIR Shares pursuant to the Merger and LXI's acquisition of Prestbury's SIR Shares in cash.

15 OFFER RELATED ARRANGEMENTS

Confidentiality Agreement

On 6 April 2022, SIR and LXI entered into a confidentiality agreement in relation to the Merger (the "**Confidentiality Agreement**"), pursuant to which, amongst other things, LXI and SIR gave certain mutual undertakings to: (a) subject to certain exceptions, keep information relating to each other and the Merger confidential and not to disclose it to third parties; and (b) use such confidential information only in connection with the Merger. These confidentiality obligations will remain in force until the earlier of 24 months from the 6 April 2022 and completion of the Merger. In the Confidentiality Agreement, LXI and SIR also give customary standstill undertakings in relation to each of themselves and their concert parties, all of which cease to apply upon the release of this announcement.

16 DIVIDENDS

LXI and SIR have agreed that SIR Shareholders will be entitled to receive and retain the quarterly dividend of 3.95 pence per SIR Share that was declared on 21 April 2022 and is expected to be paid by SIR on 7 June 2022 in respect of the quarter ended 31 March 2022 (the "**SIR Q1 Dividend**") and that LXI Shareholders will be entitled to receive and retain the quarterly dividend expected to be declared by LXI in May 2022 and paid by LXI in June 2022 in respect of the quarter ended 31 March 2022 (the "**LXI Q4 Dividend**").

It is currently expected that the Merger will become Effective in July 2022. However, if the timetable for the Merger is delayed such that the Merger will become Effective after that date, LXI and SIR have agreed that SIR Shareholders will be entitled to receive and retain the SIR Q2 Dividend and LXI will accelerate the declaration and ex-dividend date for the LXI Q1 Dividend such that it aligns with the timetable for the declaration and ex-dividend date of the SIR Q2 Dividend and LXI Shareholders will be entitled to receive and retain the LXI Q1 Dividend.

LXI shall adjust the Exchange Ratio in the event that: (a) either LXI or SIR announces, declares, makes or pays any one or more dividends or other distributions prior to the Merger becoming Effective that is, in aggregate, in excess of (i) 1.50 pence per LXI Share in respect of the LXI Q4 Dividend and, if the ex-dividend date falls prior to the Merger becoming Effective, 1.575 pence in respect of the LXI Q1 Dividend; or (ii) 3.95 pence per SIR Share in respect of the SIR Q1 Dividend and, if the ex-dividend date falls prior to the Merger becoming Effective, 4.54 pence in respect of the SIR Q2 Dividend (the amount of such excess in each case being the "**Excess**"), in which event the adjustment to the Exchange Ratio shall be to take account of the Excess; and/or (b) at the time of completion of the Merger, either LXI or SIR has announced, declared, made or paid the LXI Q1 Dividend or the SIR Q2 Dividend, respectively, but the other has not announced, declared, made or paid its corresponding dividend (a "**Dividend Discrepancy**"), in which case the adjustment to the Exchange Ratio shall be to take account of the Dividend Discrepancy. Where the Excess and/or Dividend Discrepancy has arisen as a result of the making or payment of a dividend or other distribution by SIR, such dividend or distribution shall be a "**Non-Permitted SIR Dividend**". Where the Excess and/or Dividend Discrepancy has arisen as a result of the making or payment of a dividend or other distribution by LXI, such dividend or distribution shall be a "**Non-Permitted LXI Dividend**".

Any adjustment to the Exchange Ratio shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme or the Merger. In such circumstances, SIR Shareholders (as applicable) would be entitled to receive and retain such Non-Permitted SIR Dividend and/or LXI Shareholders (as applicable) would be entitled to receive and retain such Non-Permitted LXI Dividend.

Following completion of the Merger, the Combined Group will be targeting an annual dividend of 6.3 pence per share ("**pps**") for the 12-month period commencing 1 April 2022 and it is expected to be paid to shareholders in four equal quarterly instalments of 1.575 pence.

The dividends referred to above are not intended as a profit forecast or estimate for LXi or SIR for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per LXi Share or SIR Share for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per LXi Share or SIR Share.

17 SCHEME PROCESS

It is intended that the Merger will be implemented by means of a Court-sanctioned scheme of arrangement between SIR and the Scheme Shareholders under Part 26 of the Companies Act, further details of which are contained in this announcement and full details of which will be set out in the Scheme Document to be published by SIR in due course. LXi reserves the right to effect the Merger by way of a Takeover Offer, subject to the consent of the Panel.

The purpose of the Scheme is to provide for LXi to become the holder of the entire issued ordinary share capital of SIR. Under the Scheme, the Merger is to be achieved by the transfer of the Scheme Shares held by Scheme Shareholders to LXi in consideration for which Scheme Shareholders will receive the consideration on the basis set out in paragraph 2 above. The procedure involves, among other things, a petition by SIR to the Court to sanction the Scheme.

The New LXi Shares will be issued in registered form, credited as fully paid, and will be capable of being held in both certificated and uncertificated form. They will rank *pari passu* in all respects with the existing LXi Shares, including the rights to receive all dividends and other distributions (if any) declared, paid or made by LXi by reference to a record date falling after the Effective Date.

Fractions of New LXi Shares will not be allotted or issued pursuant to the Scheme and entitlements of Scheme Shareholders will be rounded down to the nearest whole number of New LXi Shares. All fractional entitlements to New LXi Shares will be aggregated and sold in the market as soon as practicable after the Effective Date. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be distributed by LXi in due proportions to Scheme Shareholders who would otherwise have been entitled to such fractions, save that individual entitlements to amounts of less than £5 will be retained for the benefit of the Combined Group.

The Merger will be subject to the Conditions and the further terms referred to in Appendix 1 to this announcement and the full terms and conditions to be set out in the Scheme Document, and will only become Effective if, among other things, the following events occur on or before the Long Stop Date (or such later date as LXi and SIR may, with the consent of the Panel, agree and, if required, the Court may allow):

- a resolution to approve the Scheme is passed by a majority in number of the Scheme Shareholders present and voting (and entitled to vote) at the SIR Court Meeting, whether in person or by proxy, representing 75 per cent. or more in value of each class of the Scheme Shares held by those Scheme Shareholders;
- the SIR Resolutions are passed at the SIR General Meeting by the requisite majorities of votes validly cast on the SIR Resolutions, whether in person or by proxy;
- the LXi Resolution is passed at the LXi General Meeting by the requisite majority;
- following the SIR Meetings, the Scheme is sanctioned by the Court (without modification, or with modification on terms agreed by LXi and SIR);
- the FCA having acknowledged to LXi or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New LXi Shares to the Official List with a Premium segment listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied;
- the London Stock Exchange having acknowledged to LXi or its agent (and such acknowledgement not having been withdrawn) that the New LXi Shares will be admitted to trading on the Main Market; and
- following such sanction, a copy of the Scheme Court Order is delivered to the Registrar of Companies.

The Prestbury Acquisition outlined in paragraph 14 above constitutes an arrangement with a SIR Shareholder made when the Merger was reasonably in contemplation and to which favourable conditions are attached which are not being extended to all SIR Shareholders. Rule 16 of the Takeover Code provides that, except with the consent of the Panel, an offeror or persons acting in concert with it may not make any arrangements with shareholders and may not deal or enter into arrangements to deal in shares of the offeree company, or enter into arrangements which involve acceptance of an offer, either during an offer or when one is reasonably in contemplation, if there are favourable conditions attached which are not being extended to all shareholders.

For the purposes of Rule 16, the Panel has provided its consent to the Prestbury Acquisition subject to confirmation from Rothschild & Co that the terms of the Prestbury Acquisition are fair and reasonable so far as SIR Shareholders are concerned (which is set out in paragraph 14 above) and provided that the Prestbury Acquisition is approved by Independent SIR Shareholders at the SIR General Meeting. Such vote must be taken on a poll.

SIR Shareholders should note that completion of the Merger will be conditional upon passing of the resolution at the SIR General Meeting approving the Prestbury Acquisition.

Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the SIR Meetings (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of SIR Shares will cease to be valid and entitlements to SIR Shares held within the CREST system will be cancelled. In accordance with the applicable provisions of the Takeover Code, the consideration payable in cash for the transfer of the Scheme Shares to LXi will be despatched no later than 14 days after the Effective Date.

Any SIR Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The SIR Resolutions to be proposed at the SIR General Meeting will, amongst other matters, provide that the Articles be

amended to incorporate provisions requiring any SIR Shares issued after the Scheme Record Time (other than to LXI and/or its nominees) to be automatically transferred to LXI on the same terms as the Merger (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person (other than LXI and its nominees) holding SIR Shares after the Effective Date.

The Scheme will lapse if:

- the SIR Court Meeting and the SIR General Meeting are not held on or before the 22nd day after the expected date of such SIR Meetings, to be set out in the Scheme Document in due course (or such later date as may be agreed between LXI and SIR with the consent of the Panel (and that the Court may allow if required));
- the Scheme Sanction Hearing is not held on or before the 22nd day after the expected date of the Scheme Sanction Hearing, to be set out in the Scheme Document in due course (or such later date as may be agreed between LXI and SIR with the consent of the Panel (and that the Court may allow if required)); or
- the Scheme does not become Effective on or before the Long Stop Date,

provided, however, that the deadlines for the timing of the SIR Court Meeting, the SIR General Meeting and the Scheme Sanction Hearing, to be set out in the Scheme Document in due course, may be waived by LXI, and the Long Stop Date may be extended by agreement in writing between LXI and SIR (with the Panel's consent and as the Court may allow, if such consent and/or approval is/are required). If any of the dates and/or times in the Scheme Document change, the revised dates and/or times will be notified to SIR Shareholders by announcement through a Regulatory Information Service, with such announcement being made available on SIR's website at <https://www.SecureIncomeREIT.co.uk/>.

The Scheme Document will include full details of the Scheme, together with notices of the SIR Court Meeting and the SIR General Meeting and the expected timetable, and will specify the action to be taken by Scheme Shareholders. It is expected that the Scheme Document, together with the Forms of Proxy and Form of Election, will be published as soon as practicable and in any event within 28 days of the date of this announcement (or such later date as may be agreed by LXI and SIR with the consent of the Panel).

Subject, amongst other things, to the satisfaction or waiver of the Conditions, it is expected that the Scheme will become Effective in July 2022. The Scheme will be governed by English law. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the Listing Rules, the AIM Rules and the London Stock Exchange.

18 **DELISTING, CANCELLATION OF TRADING AND RE-REGISTRATION**

It is expected that the last day of dealings in SIR Shares on the London Stock Exchange's AIM market will be the Business Day immediately prior to the Effective Date and no transfers will be registered after 6.00 p.m. (London time) on that date.

Prior to the Scheme becoming Effective, it is intended that SIR will make an application to the London Stock Exchange for the cancellation of the admission to trading of the SIR Shares on the London Stock Exchange's AIM market, to take effect shortly after the Effective Date.

Following the Scheme becoming Effective and after the delisting and cancellation of admission to trading of the SIR Shares on AIM, it is intended that SIR be re-registered as a private limited company as soon as practicable following the Effective Date.

19 **ADMISSION OF, AND COMMENCEMENT OF DEALINGS IN, THE NEW LXI SHARES**

The existing LXI Shares are listed on the Premium segment of the Official List and admitted to trading on the Main Market.

As the Merger constitutes a reverse takeover under the Listing Rules, upon completion of the Merger, the admission of the existing LXI Shares in issue immediately prior to completion of the Merger to listing on the Premium segment of the Official List and to trading on the Main Market will be cancelled ("**Cancellation**"). Applications will be made to the FCA and to the London Stock Exchange, respectively, for (i) those existing LXI Shares subject to Cancellation to be simultaneously re-admitted to listing on the Premium segment of the Official List and to trading on the Main Market; and (ii) the New LXI Shares issued pursuant to the Merger to be admitted to listing on the Premium segment of the Official List and to trading on the Main Market (together, "**Admission**").

It is expected that Admission will become effective and that unconditional dealings in the LXI Shares (including both the existing LXI Shares in issue immediately prior to completion of the Merger and the New LXI Shares) will commence on the London Stock Exchange, at 8.00 a.m. (London time) on the first Business Day following the date on which the Scheme becomes Effective.

Details of how SIR Shareholders can hold, access and trade in LXI Shares will be set out in the Scheme Document. SIR Shareholders resident in the United Kingdom will be able to hold their LXI Shares through any of the ways currently available to LXI Shareholders, including through an intermediary of their own choice should they wish to do so.

20 **LXI SHAREHOLDER APPROVAL**

The Merger constitutes a reverse takeover for LXI for the purposes of the Listing Rules. Accordingly, LXI will be required to seek the approval of LXI Shareholders for the Merger at the LXI General Meeting. The Merger will be conditional on, among other things, the LXI Resolution being passed by the requisite majority of LXI Shareholders at the LXI General Meeting.

Pursuant to the Listing Rules, LXI is required to prepare and send to its shareholders, as soon as is reasonably practicable, an explanatory circular summarising the background to and reasons for the Merger. LXI is also required to publish a prospectus in connection with the admission of the New LXI Shares.

Accordingly, LXI will prepare the Combined Circular and Prospectus which will contain a notice convening the LXI

General Meeting and information relating to, amongst other things, the Combined Group and the New LXI Shares.

It is expected that the Combined Circular and Prospectus will be published and posted to LXI Shareholders at the same time as the Scheme Document is posted to SIR Shareholders. The Combined Circular and Prospectus will be made available by LXI on its website at <https://www.LXiREIT.com/> and by SIR on its website at <https://www.SecureIncomeREIT.co.uk/>. SIR and LXI urge SIR Shareholders to read the Scheme Document and the Combined Circular and Prospectus carefully as each will contain important information relating to the Merger. SIR Shareholders are also advised to read the Combined Circular and Prospectus, as it will contain important information relating to the New LXI Shares. Any vote, decision in respect of or other response to the Merger (or the Scheme, if applicable) should only be made on the basis of the information contained in the Scheme Document and the Combined Circular and Prospectus.

21 DISCLOSURE OF INTERESTS

Except for the irrevocable undertakings referred to above, as at the close of business on 10 May 2022 (being the last Business Day before the date of this announcement), neither LXI nor any of the LXI Directors, nor, so far as LXI is aware, any person acting in concert (within the meaning of the Takeover Code) with LXI:

- has any interest in, or right to subscribe for, any relevant securities of SIR; nor
- has any short position in SIR Shares, including any short position under a derivative, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery of relevant securities of SIR; nor
- has borrowed or lent any relevant securities of SIR or entered into any financial collateral arrangements relating to relevant securities of SIR; nor
- is party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover Code in relation to relevant securities of SIR.

An "interest in" securities for these purposes arises, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person will be treated as having an 'interest' by virtue of the ownership, voting rights or control of securities, or by virtue of any agreement to purchase, option in respect of, or derivative referenced to securities.

It has not been practicable for LXI to make enquiries of all of its concert parties in advance of the release of this announcement. Therefore, if LXI becomes aware, following the making of such enquiries, that any of LXI's concert parties have any additional interests in relevant securities of SIR, all relevant details in respect of LXI's concert parties will be included LXI's Opening Position Disclosure in accordance with the Takeover Code.

22 CONSENTS

Rothschild & Co, Stifel, Jefferies, Peel Hunt, Barclays, HSBC, KPMG, CBRE and Knight Frank have each given and not withdrawn their consent to the publication of this announcement with the inclusion herein of the references to their names in the form and context in which they appear.

23 DOCUMENTS PUBLISHED ON A WEBSITE

In accordance with Rule 26.2 of the Takeover Code, copies of the following documents will, to the extent not already published there, by no later than 12.00 noon on the Business Day following the date of this announcement, be published on SIR's website at <https://www.SecureIncomeREIT.co.uk/> and LXI's website at <https://www.LXiREIT.com/> during the Offer Period:

- this announcement;
- the irrevocable undertakings and letters of intent referred to in paragraph 9 above and summarised in Appendix 3 to this announcement;
- the documents entered into in connection with the financing of the Merger referred to in paragraph 13 above;
- the share purchase agreement entered into between Amalfi and the Prestbury Management Team in connection with the Prestbury Acquisition referred to in paragraph 14 above;
- the share purchase agreement entered into between LXI and Prestbury in connection with the sale of the SIR Shares held by Prestbury to LXI outside of the Scheme referred to in paragraph 14 above;
- the Confidentiality Agreement referred to in paragraph 15 above;
- the consent letters from each of Rothschild & Co, Stifel, Peel Hunt, Barclays, HSBC, CBRE and Knight Frank referred to in paragraph 22 above;
- the CBRE valuation report; and
- the Knight Frank valuation report.

The contents of SIR's website and LXI's website, and any website accessible from hyperlinks, are not incorporated into and do not form part of this announcement.

24 OVERSEAS SIR SHAREHOLDERS

The availability of the Merger to SIR Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. SIR Shareholders who are in any doubt regarding such matters should consult an

appropriate independent professional adviser in the relevant jurisdiction without delay.

This announcement does not constitute, or form part of, any offer for, or any solicitation of any offer for, securities, nor is it a solicitation of any vote or approval in any jurisdiction, nor will there be any purchase or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law or regulation.

25 GENERAL

LXi reserves the right to elect (with the consent of the Panel) to implement the Merger by way of a Takeover Offer as an alternative to the Scheme. In such event, the Takeover Offer will be implemented on substantially the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme including (without limitation) the inclusion of an acceptance condition set at 90 per cent. of the SIR Shares (or such other percentage as LXi may, subject to the rules of the Takeover Code and with the consent of the Panel, decide, being in any case more than 50 per cent. of the SIR Shares), or any amendments required by applicable law. Further, if sufficient acceptances of such Takeover Offer are received and/or sufficient SIR Shares are otherwise acquired, it would be the intention of LXi to apply the provisions of the Companies Act to acquire compulsorily any outstanding SIR Shares to which such Takeover Offer relates.

The Merger will be on the terms and subject to the Conditions set out in Appendix 1 to this announcement, and to the full terms and conditions to be set out in the Scheme Document. The formal Scheme Document containing further information about the Merger and notices of the SIR Meetings, together with the Forms of Proxy, will be sent to SIR Shareholders as soon as practicable and in any event within 28 days of this announcement (or on such later date as may be agreed between LXi and SIR with the consent of the Panel).

Appendix 2 to this announcement contains bases and sources of certain information contained in this announcement. Details of irrevocable undertakings and letters of intent received are set out in Appendix 3. Property valuation reports for SIR and LXi (each as at 31 March 2022) pursuant to Rule 29 of the Takeover Code are set out in Appendix 4. Certain terms used in this announcement are defined in Appendix 8.

In the event that the assets within either SIR's or LXi's property portfolios were to be sold at the valuations contained in the valuation reports set out in Appendix 4 to this announcement, any gains realised on such disposals may be subject to taxation in the UK and/or (in the case of SIR) Germany.

Generally, disposals by a UK REIT of assets located in the UK held for the purpose of a property rental business should be exempt from UK corporation tax, however there are specific rules which can result in assets held as part of the property rental business being subject to tax on disposal, for example when a property is materially developed and sold within three years of completion of that development. In connection with the Merger it is not contemplated that the aforementioned liability to taxation will crystallise.

In relation to SIR's assets located in Germany which amount to 3.9 per cent. of the portfolio value of the Combined Group as at 31 March 2022, if the relevant assets were to be sold at the valuation contained in the valuation report set out in Appendix 4 to this announcement, the Directors of SIR estimate that a tax liability of £10.9 million would arise. In accordance with EPRA Best Practice Guidelines, 50 per cent. of the estimated tax liability (£5.5 million) is reflected in the SIR adjusted and unaudited EPRA NTA per SIR Share as at 31 March 2022 of 475.5 pence per SIR Share.

In connection with the Merger, it is not expected that the aforementioned tax liability will crystallise.

For the purposes of Rule 29.5 of the Takeover Code, the LXi Board confirms that Knight Frank has confirmed to it that an updated valuation of LXi's property portfolio as at the date of this announcement would not be materially different from the valuation given by Knight Frank as at 31 March 2022 and contained in Knight Frank's valuation report set out in Appendix 4 to this announcement.

For the purposes of Rule 29.5 of the Takeover Code, the SIR Board confirms that CBRE has confirmed to it that an updated valuation of SIR's property portfolio as at the date of this announcement would not be materially different from the valuation given by CBRE as at 31 March 2022 and contained in CBRE's valuation report set out in Appendix 4 to this announcement.

For the purposes of Rule 28 of the Takeover Code, the Quantified Financial Benefits Statement is the responsibility of LXi and the LXi Directors. Appendix 5 to this announcement sets out the Quantified Financial Benefits Statement relating to cost savings and synergies arising out of the Merger and provides underlying information and bases of belief. Appendix 5 also includes reports from LXi's reporting accountant, KPMG, and its lead financial adviser Jefferies in connection with the Quantified Financial Benefits Statement, as required pursuant to Rule 28.1(a) of the Takeover Code, and provides underlying information and bases for the accountant's and advisers' respective reports.

This announcement does not constitute an offer for sale of any securities or an invitation to purchase or subscribe for any securities. SIR Shareholders are advised to read carefully the Scheme Document and related Forms of Proxy and Form of Election once these have been dispatched.

Register below for in-person briefing and live webcast and conference call for analysts and investors at 9:30 a.m. (UK time) today

LXi and SIR will hold an in-person briefing and live webcast and conference call for analysts and investors at 9:30 a.m. (UK time) today, 11 May 2022, to discuss the Merger.

To register to attend the in-person briefing, which is at the offices of Peel Hunt, 7th Floor, 100 Liverpool Street, London, EC2M 2AT, please contact Maitland/amo at lxireit-maitland@maitland.co.uk or by telephone on +44 (0) 20 7379 5151.

If you are unable to attend the briefing, LXi and SIR will be hosting a live webcast and conference call.

To access the live webcast, please register in advance here:

<https://www.lsegissuerservices.com/spark/Proposed-Merger-of-LXiREITplc-and-SecureIncomeREITPlc/events/35eadf5c-cada-4cea-9c92-aa0757705de3>

To access the conference call, please register here: <https://cossprereg.btc.com/prereg/key.process?key=PYDQMAPHE>

The recording of the webcast presentation will be available later in the day via each companies' London Stock Exchange company website page: <https://www.lsegissuerservices.com/spark/LXIREIT/events/de227b08-f565-4e8d-8305-560abd8c84b6> and <https://www.lsegissuerservices.com/spark/SecureIncomeREIT/events/47500b3d-2e08-4088-9e6a-9169672d02b9>

Enquiries

Secure Income REIT plc

Nick Leslau
Sandy Gumm
Mike Brown

+44 20 7647 7647

Rothschild & Co (lead financial adviser and joint Rule 3 adviser to SIR)

Alex Midgen
Sam Green
Jake Shackleford

+44 20 7280 5000

Stifel (joint financial adviser, joint Rule 3 adviser and nominated adviser to SIR)

Mark Young
Stewart Wallace
Rajpal Padam

+44 20 7710 7100

FTI Consulting (communications adviser to SIR)

Dido Laurimore
Claire Turvey
Eve Kirmatzis

+44 20 3727 1000

LXi

Simon Lee
Freddie Brooks
John White

via Maitland/amo

Jefferies (lead financial adviser to LXi)

Rishi Bhuchar
Tom Yeadon
Ed Matthews
Paul Bundred

+44 20 7029 8000

Peel Hunt (sponsor and joint financial adviser to LXi)

Luke Simpson
Carl Gough
Liz Yong
Huw Jeremy

+44 20 7418 8900

Barclays Bank PLC, acting through its Investment Bank (joint financial adviser to LXi)

Bronson Albery
Omar Faruqui
Callum West

+44 20 7623 2323

HSBC Bank plc (joint financial adviser to LXi)

Anthony Parsons
Ali Razvi
Alex Thomas

+44 20 7991 8888

Maitland/amo (communications adviser to LXi)

James Benjamin

+44 7747 113 930

Bryan Cave Leighton Paisner LLP is acting as legal adviser to SIR in connection with the Merger.

Stephenson Harwood LLP is acting as legal adviser to LXi in connection with the Merger.

Further Information

This announcement is for information purposes only and is not intended to and does not constitute, or form part of an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Merger or otherwise, nor shall there be any sale, issuance or transfer of securities of SIR in any jurisdiction in contravention of applicable law.

The Merger will be implemented solely pursuant to the terms of the Scheme Document (or, if the Merger is implemented by way of a Takeover Offer, the Offer Document), which will contain the full terms and conditions of the Merger, including details of how SIR Shareholders may vote in respect of the Merger. Any vote in respect of, or other response to, the Merger should be made only on the basis of the information contained in the Scheme Document (or, if the Merger is implemented by way of a Takeover Offer, the Offer Document) by SIR Shareholders.

Any decision by SIR Shareholders in respect of, or other response to, the Merger should be made on the basis of the information contained in the Scheme Document and the Combined Circular and Prospectus.

LXi will prepare the Combined Circular and Prospectus, containing information on the New LXi Shares and the Combined Group.

SIR and LXi urge SIR Shareholders to read the Scheme Document and the Combined Circular and Prospectus carefully when they become available because they will contain important information in relation to the Merger, the New LXi Shares and the Combined Group.

LXi urges LXi Shareholders to read the Combined Circular and Prospectus carefully when it becomes available.

Any vote in respect of resolutions to be proposed at the SIR Meetings or the LXI General Meeting to approve the Merger, the Scheme or related matters, should be made only on the basis of the information contained in the Scheme Document (or, if the Merger is implemented by way of a Takeover Offer, the Offer Document) and the Combined Circular and Prospectus.

This announcement does not constitute a prospectus, prospectus equivalent document or an exempted document.

Disclaimers

Rothschild & Co, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for SIR and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than SIR for providing the protections afforded to clients of Rothschild & Co nor for providing advice in connection with any matter referred to herein. Neither Rothschild & Co nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this announcement, any statement contained herein, the Merger or otherwise. No representation or warranty, express or implied, is made by Rothschild & Co as to the contents of this announcement.

Stifel, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for SIR and no-one else in connection with the matters described in this announcement and will not be responsible to anyone other than SIR for providing the protections afforded to clients of Stifel, nor for providing advice in connection with the matters referred to herein. Neither Stifel nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Stifel in connection with this announcement, any statement contained herein, the Merger or otherwise. No representation or warranty, express or implied, is made by Stifel as to the contents of this announcement.

Jefferies International Limited, which is authorised and regulated in the UK by the FCA, is acting exclusively for LXI and no one else in connection with the Merger and shall not be responsible to anyone other than LXI for providing the protections afforded to clients of Jefferies, nor for providing advice in connection with the Merger or any matter referred to herein. Neither Jefferies nor any of its affiliates (nor any of its or their respective directors, officers, employees, representatives or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Jefferies in connection with the Merger, this announcement, any statement contained herein or otherwise.

Peel Hunt LLP, which is authorised and regulated by the FCA, is acting exclusively for LXI in its capacity as sponsor and joint financial adviser and no one else in connection with the Merger or any other matter referred to in this announcement, and will not be responsible to anyone other than LXI for providing the protections afforded to clients of Peel Hunt LLP or for providing advice in connection with the Merger or any other matters referred to in this announcement. Neither Peel Hunt LLP nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Peel Hunt LLP in connection with the Merger, this announcement, any statement contained herein or otherwise. No representation or warranty, express or implied, is made by Peel Hunt LLP as to the contents of this announcement.

Barclays Bank PLC, acting through its Investment Bank ("**Barclays**"), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for LXI and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than LXI for providing the protections afforded to clients of Barclays nor for providing advice in relation to the matters described in this announcement or any other matter referred to in this announcement. In accordance with the Takeover Code, normal United Kingdom market practice and Rule 14e-5(b) of the Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in LXI and SIR securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Takeover Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.LondonStockExchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

HSBC Bank plc ("**HSBC**"), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting as financial adviser to LXI and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than LXI for providing the protections afforded to clients of HSBC, or for providing advice in connection with the matters referred to herein. Neither HSBC nor any of its group undertakings or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of HSBC in connection with this announcement or any matter referred to herein.

Overseas Shareholders

This announcement has been prepared in accordance with, and for the purpose of complying with, the laws of England and Wales and the Takeover Code, and information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside England.

The release, publication or distribution of this announcement in or into certain jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable requirements of their jurisdictions.

In connection with the Merger, SIR Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their SIR Shares with respect to the Scheme at the SIR Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the SIR Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Merger disclaim any responsibility or liability for the violation of such restrictions by any

person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Unless otherwise determined by LXi or required by the Takeover Code, and permitted by applicable law and regulation, the Merger will not be made available, in whole or in part, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Merger by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Merger. If the Merger is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

The Merger will be subject to the applicable requirements of the Takeover Code, the Panel, the Listing Rules, the AIM Rules and the London Stock Exchange.

Notice to US investors in SIR

US holders of SIR Shares should note that the Merger relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Merger is subject to the disclosure and procedural requirements and practices applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of United States tender offer and proxy solicitation rules.

The financial information included in this announcement and the Scheme Document (or, if the Merger is implemented by way of a Takeover Offer, the Offer Document) has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The New LXi Shares to be issued under the Scheme have not been and will not be registered under the US Securities Act or under any laws or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be offered or sold in the United States in reliance on an exemption from the registration requirements of the US Securities Act and applicable US state securities laws. The New LXi Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. SIR Shareholders who are or will be affiliates of LXi or SIR prior to, or of LXi after, the Effective Date will be subject to certain US transfer restrictions relating to the New LXi Shares received pursuant to the Scheme as will be further described in the Scheme Document.

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereunder, SIR will advise the Court that its sanctioning of the Scheme will be relied on by LXi as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to SIR Shareholders, at which Court hearing all SIR Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such holders.

None of the securities referred to in this announcement have been approved or disapproved by the SEC or any US state securities commission, nor have any such authorities passed judgment upon the fairness or the merits of the Merger or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

However, if, in the future, LXi exercises the right to implement the Merger by way of a Takeover Offer and determines to extend the offer into the United States, the Takeover Offer will be made in compliance with applicable United States tender offer and securities laws and regulations and the requirements of US state securities laws, in each case, to the extent any exemptions thereunder are not applicable.

A US holder of SIR Shares should be aware that the transactions contemplated herein may have tax consequences for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each SIR Shareholder is therefore urged to consult with legal, tax and financial advisers in connection with making a decision regarding the Merger.

It may be difficult for US holders of SIR Shares to enforce their rights and any claims arising out of US federal laws, since each of LXi and SIR are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of SIR Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

To the extent permitted by applicable law, in accordance with normal UK practice, LXi, certain affiliated companies and their nominees or brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, SIR Shares outside of the US, other than pursuant to the Merger, until the date on which the Merger and/or Scheme becomes Effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory News Service of the London Stock Exchange and will be available on the London Stock Exchange website at www.LondonStockExchange.com.

Forward-Looking Statements

This announcement (including information incorporated by reference into this announcement), oral statements made regarding the Merger, and other information published by LXi and SIR contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not

based on historical facts, but rather on current expectations and projections of LXI and SIR about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

The forward-looking statements contained in this announcement include statements relating to the expected effects of the Merger on LXI and SIR, the expected timing and scope of the Merger and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of LXI's or SIR's or the Combined Group's operations and potential synergies resulting from the Merger.

Although LXI and SIR believe that the expectations reflected in such forward-looking statements are reasonable, neither LXI nor SIR can give assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There is a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to: the ability to complete the Merger; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other market participants; the anticipated benefits from the Merger not being realised as a result of changes in general economic and market conditions in the countries in which LXI and SIR operate; weak, volatile or illiquid capital and/or credit markets; changes in the degree of competition in the geographic and business areas in which LXI and SIR operate; and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.

Neither LXI nor SIR, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Given the risks and uncertainties, you are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither LXI nor SIR is under any obligation, and each of LXI and SIR expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.TheTakeoverPanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Quantified Financial Benefits Statement

Statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be

achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the Quantified Financial Benefits Statement nor any other statement in this announcement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following the Effective Date, or in any subsequent period, would necessarily match or be greater than or be less than those of LXi or SIR for the relevant preceding financial period or any other period. For the purposes of Rule 28 of the Takeover Code, the Quantified Financial Benefits Statement contained in this announcement is the responsibility of LXi and the LXi Directors.

No profit forecasts or estimates

No statement in this announcement is intended as a profit forecast or profit estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for LXi or SIR for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for LXi or SIR.

Rounding

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Publication on a website

In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on SIR's website at <https://www.SecureIncomeREIT.co.uk/> and LXi's website at <https://www.LXiREIT.com/> by no later than 12 noon (London time) on the first Business Day following the date of this announcement.

For the avoidance of doubt, neither the contents of these websites nor the contents of any websites accessible from any hyperlinks is incorporated into or forms part of this announcement.

Requesting hard copy documents

In accordance with Rule 30.3 of the Takeover Code, SIR Shareholders may request a hard copy of this announcement (and any information incorporated by reference in this announcement), free of charge, by contacting Link Group during business hours on 0371 664 0321 (from within the United Kingdom) and +44 (0) 371 664 0321 (from outside the United Kingdom) or by submitting a request in writing to Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines will be open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Merger should be in hard copy form.

Scheme Process

In accordance with Section 5 of Appendix 7 of the Takeover Code, SIR will announce through a Regulatory Information Service key events in the Scheme process including the outcomes of the SIR Meetings and the Scheme Sanction Hearing.

Unless otherwise consented to by the Court and the Panel, any modification or revision to the Scheme will be made no later than the date which is 14 days prior to the SIR Meetings (or any later date to which such meetings are adjourned). In accordance with Section 11 of Appendix 7 of the Takeover Code, if the Scheme lapses or is withdrawn all documents of title and other documents lodged with any Form of Election will be returned as soon as practicable and in any event within 14 days of such lapsing or withdrawal.

Information relating to SIR Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by SIR Shareholders, persons with information rights and other relevant persons for the receipt of communications from SIR may be provided to LXi during the Offer Period as required under Section 4 of Appendix 4 to the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

Rule 2.9 of the Takeover Code

For the purposes of Rule 2.9 of the Takeover Code, LXi confirms that, as at the close of business on 10 May 2022 (being the last Business Day before the date of this announcement), it had in issue 911,569,741 ordinary shares of 1 penny each. The ISIN for the LXi Shares is GB00BYQ46T41.

For the purposes of Rule 2.9 of the Takeover Code, SIR confirms that, as at the close of business on 10 May 2022 (being the last Business Day before the date of this announcement), it had in issue 324,035,146 ordinary shares of 10 pence each. The ISIN for the SIR Shares is GB00BLMQ9L68.

Appendix 1

CONDITIONS TO AND CERTAIN FURTHER TERMS OF THE MERGER

Part A

Conditions to the Scheme and Merger

- 1 The Merger will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Takeover Code, by no later than 11:59 a.m. on the Long Stop Date.

Conditions of the Scheme

2 The Scheme will be conditional upon:

- (a)
 - (i) its approval by a majority in number representing not less than 75 per cent. in value of Scheme Shareholders who are on the register of members of SIR (or the relevant class or classes thereof) at the Voting Record Time, present and voting (and entitled to vote), whether in person or by proxy, at the SIR Court Meeting and at any separate class meeting which may be required (or any adjournment thereof); and
 - (ii) such SIR Court Meeting (and any separate class meeting which may be required) or any adjournment of any such meeting being held on or before the 22nd day after the expected date of the SIR Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between LXi and SIR with the consent of the Panel (and that the Court may allow if required));
- (b)
 - (i) the SIR Resolutions being duly passed at the SIR General Meeting (or any adjournment thereof); and
 - (ii) such SIR General Meeting or any adjournment of that meeting being held on or before the 22nd day after the expected date of the SIR General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between LXi and SIR with the consent of the Panel (and that the Court may allow if required)); and
- (c)
 - (i) the sanction of the Scheme by the Court (with or without modification (but subject to any such modification being acceptable to LXi and SIR)) and the delivery of a copy of the Scheme Court Order to the Registrar of Companies; and
 - (ii) the Scheme Sanction Hearing being held on or before the 22nd day after the expected date of the Scheme Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between LXi and SIR with the consent of the Panel (and that the Court may allow)).

General Conditions

3 In addition, subject as stated in Part B below and subject to the requirements of the Panel in accordance with the Takeover Code, LXi and SIR have agreed that the Merger will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

- (a) any resolution or resolutions of LXi Shareholders required to approve and implement the Merger being duly passed by the requisite majority at the LXi General Meeting (or at any adjournment thereof, provided that the LXi General Meeting may not be adjourned beyond the 22nd day after the expected date of the LXi General Meeting to be set out in the Combined Circular and Prospectus in due course or such later date (if any) as LXi and SIR may agree);
- (b) the FCA having acknowledged to LXi or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New LXi Shares to listing on the Premium segment of the Official List has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("**Listing Conditions**")) admission will become effective as soon as a dealing notice has been issued by the FCA and any Listing Conditions having been satisfied;
- (c) the London Stock Exchange having acknowledged to LXi or its agent (and such acknowledgement not having been withdrawn) that the New LXi Shares will be admitted to trading on the London Stock Exchange's main market;
- (d) all necessary filings or applications having been made, all necessary waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction having been complied with, in each case in connection with the Merger or the acquisition by any member of the Wider LXi Group of any shares or other securities in, or control of, any member of the Wider SIR Group, where the direct consequence of a failure to make such a notification or filing or to wait for the expiry, lapse, or termination of any such waiting or time period would be unlawful in any relevant jurisdiction;
- (e) all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals for the proposed acquisition of any shares or other securities in, or control of, SIR by any member of the Wider LXi Group having been obtained in terms and in a form reasonably satisfactory to LXi from all necessary Third Parties (as defined below) or persons with whom any member of the Wider SIR Group has entered into contractual arrangements or other material business relationships, and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals together with all authorisations, orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the Wider SIR Group, remaining in full force and effect and all filings necessary for such purpose have been made and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same at the time at which the Merger becomes otherwise

or not to renew any of the same at the time at which the Merger becomes unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with, in each case which is or could be material in the context of the Combined Group taken as a whole or material in the context of the Merger;

- (f) no relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a "**Third Party**") having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and, in each case, not having withdrawn the same), or having enacted, made or proposed any statute, regulation, decision or order, or change to published practice or having taken any other steps, and there not continuing to be outstanding any statute, regulation, decision or order, which in each case would reasonably be expected to:
- (i) require, prevent or delay the divestiture, or alter the terms envisaged for any proposed divestiture by any member of the Wider LXi Group or any member of the Wider SIR Group of all or any part of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own, control or manage any of their respective assets or properties or any part thereof, to an extent which, in any such case, is material in the context of the Wider LXi Group or the Wider SIR Group taken as a whole;
 - (ii) require, prevent or materially delay the divestiture by any member of the Wider LXi Group of any shares or other securities in SIR;
 - (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider LXi Group directly or indirectly to acquire or to hold or to exercise effectively all or any rights of ownership in respect of shares or any other securities in, or to exercise voting or management control over, any member of the Wider SIR Group to the extent which is or could be material in the context of the Combined Group taken as a whole or material in the context of the Merger;
 - (iv) make the Scheme or the Merger or, in each case, its implementation or the acquisition or proposed acquisition by LXi or any member of the Wider LXi Group of any shares or other securities in, or control of, SIR or any member of the Wider SIR Group, void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or impose additional adverse conditions or obligations with respect thereto to an extent which is or could be material in the context of the Combined Group taken as a whole or material in the context of the Merger;
 - (v) except pursuant to the implementation of the Merger or, if applicable, sections 974 to 991 of the Companies Act, require any member of the Wider LXi Group or the Wider SIR Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider LXi Group owned by any third party;
 - (vi) limit the ability of any member of the Wider LXi Group or the Wider SIR Group to co-ordinate its business, or any part of it, with the businesses of any other members of the Wider LXi Group and/or the Wider SIR Group which is adverse to, and material in the context of, the Wider LXi Group and/or the Wider SIR Group, as the case may be, taken as a whole or in the context of the Merger; or
 - (vii) otherwise adversely affect any or all of the business, assets, profits or prospects of any member of the Wider LXi Group or of any member of the Wider SIR Group to an extent which is material in the context of the Wider LXi Group or the Wider SIR Group, in either case, taken as a whole;

Certain matters arising as a result of any arrangement, agreement etc.

- (g) save as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider SIR Group is a party or by or to which any such member or any of its assets is or are or may be bound, entitled or subject, or any circumstance which in each case as a consequence of the Scheme, the Merger or the acquisition or proposed acquisition by any member of the Wider LXi Group of any shares or other securities (or equivalent) in SIR or because of a change in the control or management of SIR, would, or would reasonably be expected to, result in any of the following (in any case, to an extent which is material and adverse in the context of the Wider SIR Group taken as a whole or in the context of the Merger):
- (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or grant available to any member of the Wider SIR Group, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) any asset or interest of any member of the Wider SIR Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider SIR Group otherwise than in the ordinary course of business;
 - (iii) other than in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interest of any member of the Wider SIR Group or any such mortgage, charge or other security interest (whenever arising or having arisen) becoming

charge or other security interest (whenever arising or having arisen) becoming enforceable;

- (iv) the rights, liabilities, obligations or interests of any member of the Wider SIR Group, or the business of any such member with, any person, firm, company or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
- (v) the value or financial or trading position of any member of the Wider SIR Group being prejudiced or adversely affected; or
- (vi) the creation or acceleration of any liability, actual or contingent, by any member of the Wider SIR Group other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the Merger,

and, save as Disclosed, no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider SIR Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (vi) above, in each case, to the extent material in the context of the Wider SIR Group taken as a whole;

Certain events occurring since 31 December 2021

- (h) save as Disclosed, no member of the Wider SIR Group having, since 31 December 2021:
 - (i) save as between SIR and wholly-owned subsidiaries of SIR, issued or agreed to issue, authorised or proposed the issue of additional shares of any class;
 - (ii) save as between SIR and wholly-owned subsidiaries of SIR, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
 - (iii) save as between SIR and wholly-owned subsidiaries of SIR, prior to the Merger becoming Effective, but excluding the SIR Permitted Dividends, recommended, declared, paid or made any dividend or other distribution payable in cash or otherwise or made any bonus issue;
 - (iv) save for intra-SIR Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or announced any intention to effect any merger, demerger, disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business and, in each case, to the extent which is material in the context of the Wider SIR Group taken as a whole;
 - (v) save for intra-SIR Group transactions, made or authorised or announced an intention to propose any change in its loan capital, in each case other than in the ordinary course of business and to the extent which is material in the context of the Wider SIR Group taken as a whole;
 - (vi) save in the ordinary course of business, issued, authorised or announced its intention for the issue of, or made any change in or to, any debentures or (save for intra-SIR Group transactions), incurred or increased any indebtedness or become subject to any liability (actual or contingent) to an extent which is material in the context of the Wider SIR Group taken as a whole;
 - (vii) purchased, redeemed or repaid or announced its intention to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraphs (i) or (ii) above, made any other change to any part of its share capital in each case, to the extent which is material in the context of the Wider SIR Group taken as a whole;
 - (viii) save for intra-SIR Group transactions, implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business which in any case is material in the context of the Wider SIR Group taken as a whole;
 - (ix) entered into, varied or authorised any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
 - (A) is of a long term, onerous or unusual nature or magnitude or which is reasonably likely to involve an obligation of such nature or magnitude (save in the ordinary course of business); or
 - (B) would, or would reasonably be likely to, restrict the business of any member of the Wider SIR Group other than to a nature and extent which is normal in the context of the business concerned,

and, in either case, which is or would reasonably be expected to be material and adverse in the context of the Wider SIR Group taken as a whole;

- (x) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or steps or had any legal proceedings started or threatened against it in relation to the suspension of payments, a moratorium of any

indebtedness, or petition presented or order made for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any part of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed which in any case is material in the context of the Wider SIR Group taken as a whole;

(xi) other than claims between SIR and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, waived, settled, abandoned or compromised any claim otherwise than in the ordinary course of business which is material in the context of the Wider SIR Group taken as a whole;

(xii) made any alteration to its memorandum or articles of association or other incorporation documents (in each case other than in connection with the Scheme) which is material in the context of the Merger;

(xiii) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business to an extent which is material in the context of the Wider SIR Group taken as a whole;

(xiv) otherwise than in the ordinary course of business, entered into any contract, commitment, arrangement or agreement or passed any resolution or made any offer (which remains open for acceptance) with respect to, or announced any intention to, effect any of the transactions, matters or events referred to in this paragraph (h) which is material in the context of the Wider SIR Group taken as a whole;

(xv) entered into, varied, authorised entry into or variation of, the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of appointment of, any contract or any service agreement with any director of the Wider SIR Group; or

(xvi) taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of SIR Shareholders at a general meeting of SIR in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

No material adverse change

(i) save as Disclosed, since, in the case of SIR, 31 December 2021 and, in the case of LXI, 31 September 2021:

(i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects or operational performance of the Wider SIR Group taken as a whole or the Wider LXI Group taken as a whole (in each case to an extent which is or could be material in the context of the Wider SIR Group taken as a whole or the Wider LXI Group taken as a whole, as applicable);

(ii) (other than as a result of, or in connection with, the Merger) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider SIR Group or any member of the Wider LXI Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider SIR Group or any member of the Wider LXI Group having been instituted, announced, implemented or threatened in writing by or against or remaining outstanding in respect of any member of the Wider SIR Group or any member of the Wider LXI Group which in any such case has had or would reasonably be expected to have a material adverse effect on the Wider SIR Group taken as a whole or the Wider LXI Group taken as a whole;

(iii) no contingent or other liability of any member of the Wider SIR Group or of any member of the Wider LXI Group having arisen or become apparent or increased other than in the ordinary course of business, which has had or might reasonably be expected to have an adverse effect on the Wider SIR Group taken as a whole or the Wider LXI Group taken as a whole and is material to the Wider SIR Group taken as a whole or the Wider LXI Group taken as a whole;

(iv) no member of the Wider SIR Group nor any member of the Wider LXI Group having conducted its business in breach of any applicable laws and regulations and which in any case is material in the context of the Wider SIR Group taken as a whole or the Wider LXI Group taken as a whole; and

(v) no steps having been taken which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence or permit held by any member of the Wider SIR Group or any member of the Wider LXI Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which would reasonably be expected to have a material adverse effect on the Wider SIR Group taken as a whole or the Wider LXI Group taken as a whole;

No discovery of certain matters

(j) save as Disclosed, LXI not having discovered (in each case to an extent which is or could be material in the context of the Wider SIR Group taken as a whole or material in the context of the Merger):

- (i) any financial, business or other information concerning the Wider SIR Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider SIR Group is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which was not subsequently corrected before the date of this announcement by disclosure either publicly or otherwise to LXI or its professional advisers;
- (ii) any member of the Wider SIR Group is subject to any liability (contingent or otherwise), other than in the ordinary course of business;
- (iii) any past or present member of the Wider SIR Group has failed to comply with any and/or all applicable legislation or regulation, of any jurisdiction with regard to the use, treatment, handling, storage, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters or the health and safety of humans, or that there has otherwise been any such use, treatment, handling, storage, carriage, disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations, and wherever the same may have taken place) which in each case, non-compliance would be likely to give rise to any material liability (actual or contingent) or cost on the part of any member of the Wider SIR Group; or
- (iv) there is any material liability (actual or contingent) to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider SIR Group under any environmental legislation, regulation, notice, circular or order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or body in any jurisdiction;

Anti-corruption and sanctions

- (k) save as Disclosed, LXI not having discovered:
 - (i) any:
 - (A) past or present member, director or officer of the Wider SIR Group is or has at any time, in connection with their position in the Wider SIR Group, engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery legislation; or
 - (B) person that performs or has performed services for or on behalf of the Wider SIR Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery legislation;
 - (ii) any asset of any member of the Wider SIR Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition);
 - (iii) any past or present member of the Wider SIR Group, is or has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from:
 - (A) any government, entity or individual in respect of which US, UK or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US, UK or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or Her Majesty's Revenue and Customs; or
 - (B) any government, entity or individual targeted by any of the economic sanctions of the United Nations or the European Union or any of their respective member states; or
 - (iv) any member of the Wider SIR Group is or has been engaged in any transaction which would cause the Wider SIR Group to be in breach of any law or regulation prior to completion of the Merger, including but not limited to the economic sanctions of the United States Office of Foreign Assets Control, or Her Majesty's Revenue and Customs, or any other relevant government authority,

which in any case, is material in the context of the Wider SIR Group taken as a whole or material in the context of the Merger.

Part B

Further terms of the Merger

- 1 Conditions 3(a) to 3(k) (inclusive) of Part A of this Appendix 1 must each be fulfilled or, (if capable of waiver) be waived, no later than 11:59 p.m. on the date immediately preceding the date of the Scheme Sanction Hearing, failing which the Scheme will lapse.

- 2 Notwithstanding the paragraph above and subject to the requirements of the Panel and the Takeover Code, LXi reserves the right in its sole discretion to waive:
- (a) any of the deadlines set out in paragraph 2 of Part A of this Appendix 1 for the timing of the SIR Court Meeting, SIR General Meeting and the Scheme Sanction Hearing. If any such deadline is not met, LXi shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with SIR to extend the deadline in relation to the relevant Condition; and
 - (b) in whole or in part, all or any of the Conditions set out in paragraph 3(a) and in paragraphs 3(d) to (k) (inclusive) of Part A of this Appendix 1 (but in relation to the Conditions in paragraph 3(i) in Part A of this Appendix 1, only in so far as they relate to SIR, the Wider SIR Group or any part thereof).
- 3 Subject to the requirements of the Panel, SIR reserves the right in its sole discretion to waive:
- (a) that part of the Condition in paragraph 3(a) of Part A of this Appendix 1 relating to the deadline for the LXi General Meeting. If such deadline is not met, SIR shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked the relevant Condition, waived the deadline or agreed with LXi to extend the deadline; and
 - (b) in whole or in part (only so far as it relates to LXi, the Wider LXi Group or any part thereof) the Condition in paragraph 3(i) in Part A of this Appendix 1.
- 4 Save as set out in paragraphs 2 and 3 of this Part B of this Appendix 1, the Conditions in paragraphs 1 and 2 and 3(a) of Part A of this Appendix 1 may not be waived.
- 5 Neither LXi nor SIR shall be under any obligation to waive or treat as satisfied any of the Conditions set out in paragraphs 3(a) to 3(k) (inclusive) of Part A of this Appendix 1 that it is entitled (with the consent of the Panel and subject to the requirements of the Takeover Code) to invoke, by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
- 6 Under Rule 13.5(a) of the Takeover Code, LXi may only invoke a Condition so as to cause the Merger not to proceed, to lapse or to be withdrawn with the consent of the Panel. The Panel will normally only give its consent if the circumstances which give rise to the right to invoke the Condition are of material significance to LXi in the context of the Merger. This will be judged by reference to the facts of each case at the time that the relevant circumstances arise. The Conditions set out in paragraphs 1, 2(a)(i), 2(b)(i) and 2(c)(i) of Part A of this Appendix 1 and, if applicable, any acceptance condition if the Merger is implemented by means of a Takeover Offer, are not subject to Rule 13.5(a) of the Takeover Code.
- 7 Under Rule 13.6 of the Takeover Code, SIR may only invoke a Condition so as to cause the Merger not to proceed, to lapse or to be withdrawn if the circumstances which give rise to the right to invoke the Condition are of material significance to SIR Shareholders in the context of the Merger.
- 8 If LXi is required by the Panel to make an offer for SIR Shares under the provisions of Rule 9 of the Takeover Code, LXi may make such alterations to any of the above Conditions and the terms of the Merger as are necessary to comply with the provisions of Rule 9.
- 9 LXi reserves the right to elect to implement the Merger by way of a Takeover Offer as an alternative to the Scheme (subject to the Panel's consent). In such event, the Merger will be implemented on the same terms and conditions (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at 90 per cent. of the SIR Shares (or such lower percentage as LXi may, subject to the rules of the Takeover Code and with the consent of the Panel, decide, being in any case more than 50 per cent. of the SIR Shares), or any amendments required by applicable law or any amendments necessary to reflect the Takeover Offer) as those which would apply to the Scheme. Further, if sufficient acceptances of the Takeover Offer are received and/or sufficient SIR Shares are otherwise acquired, it is the intention of LXi to apply the provisions of Chapter 3 of Part 28 of the Companies Act to compulsorily acquire any outstanding SIR Shares to which such Takeover Offer relates.
- 10 The SIR Shares will be acquired under the Scheme, fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital or value (whether by reduction of share capital or share premium account or otherwise) made on or after the Effective Date.
- 11 LXi shall adjust the Exchange Ratio in the event that: (a) either LXi or SIR announces, declares, makes or pays any one or more dividends or other distributions prior to the Merger becoming Effective that is, in aggregate, in excess of (i) 1.50 pence per LXi Share in respect of the LXi Q4 Dividend and, if the ex-dividend date falls prior to the Merger becoming Effective, 1.575 pence in respect of the LXi Q1 Dividend; or (ii) 3.95 pence per SIR Share in respect of the SIR Q1 Dividend and, if the ex-dividend date falls prior to the Merger becoming Effective, 4.54 pence in respect of the SIR Q2 Dividend (the amount of such excess in each case being the "**Excess**"), in which event the adjustment to the Exchange Ratio shall be to take account of the Excess; and/or (b) at the time of completion of the Merger, either LXi or SIR has announced, declared, made or paid the LXi Q1 Dividend or the SIR Q2 Dividend, respectively, but the other has not announced, declared, made or paid its corresponding dividend (a "**Dividend Discrepancy**"), in which case the adjustment to the Exchange Ratio shall be to take account of the Dividend Discrepancy.

If and to the extent that any such dividend, distribution or other return of capital has been declared or announced but not paid or made or is not payable in respect of the LXi Shares or SIR Shares (as applicable) prior to the Effective Date or by reference to a record date prior to the Effective Date or is (i) (in the case of a Non-Permitted SIR Dividend) transferred pursuant to the Merger on a basis which entitles LXi to receive the dividend, distribution or other return of capital and to retain it; or (ii) cancelled before payment, the Exchange Ratio shall not be subject to change in accordance with this paragraph 11.

Any adjustment to the Exchange Ratio referred to in this paragraph 11 shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme or the Merger.

- 12 The Merger will be subject, *inter alia*, to the Conditions and certain further terms which are set out in this Appendix 1 and to the full terms and conditions which will be set out in the Scheme Document to be published in due course and such further terms as may be required to comply with the provisions of the Takeover Code.
- 13 This announcement and any rights or liabilities arising hereunder are, and the Merger, the Scheme, any Forms of Proxy and any Form of Election will be, governed by English law and subject to the jurisdiction of the courts of England and Wales. The Merger will be subject to the applicable requirements of the Takeover Code, the Panel, the Listing Rules, the AIM Rules and the London Stock Exchange.
- 14 The Merger is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Restricted Jurisdiction.
- 15 The availability of the Merger to SIR Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.
- 16 Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

Appendix 2

SOURCES OF INFORMATION AND BASES OF CALCULATIONS

In this announcement, unless otherwise stated or the context otherwise requires, the following bases and sources have been used.

- 1 Unless otherwise stated, all prices quoted for LXi Shares and SIR Shares are closing middle market quotations of a LXi Share or SIR Share (as applicable) derived from the Daily Official List of the London Stock Exchange on the relevant date(s) and have been rounded to the nearest whole number.
- 2 All volume-weighted average LXi and SIR share prices are derived from data provided by Bloomberg for the relevant time periods and have been rounded to the nearest whole number.
- 3 As at the close of business on 10 May 2022 (being the last Business Day before the date of this announcement), 911,569,741 LXi Shares and 324,035,146 SIR Shares were in issue. The legal entity identifier for LXi is 2138008YZGXOKAXQVI45. The ISIN for the LXi Shares is GB00BYQ46T41. The legal entity identifier for SIR is 213800M1VI451RU17H40. The ISIN for the SIR Shares is GB00BLMQ9L68.
- 4 As at the close of business on 10 May 2022 (being the last Business Day before the date of this announcement), there were no outstanding options or rights to convertible securities in respect of LXi Shares or SIR Shares.
- 5 Property portfolio and valuation information relating to LXi is from the valuation report produced by Knight Frank as set out in Appendix 4 to this announcement, adjusted for the completion of certain asset acquisitions that had exchanged conditionally prior to 31 March 2022. LXi tenant exposures are calculated including £2.5 million of rent from assets that have exchanged but not yet completed.
- 6 Property portfolio and valuation information relating to SIR is from the valuation report produced by CBRE as set out in Appendix 4 to this announcement.
- 7 Unless otherwise stated, portfolio information relating to LXi and SIR as at 31 March 2022 has been derived from data provided by LXi and SIR's respective investment advisors.
- 8 Unless otherwise stated, the financial information relating to SIR has been extracted or derived (without adjustment) from the audited consolidated financial statements of SIR for the year ended 31 December 2021.
- 9 Unless otherwise stated, the financial information relating to LXi has been extracted or derived (without adjustment) from LXi's interim report for the period ended 30 September 2021.
- 10 The Combined Group's EPRA NTA of £2.4 billion is calculated by the addition of the adjusted and unaudited EPRA NTA for LXi and SIR as at 31 March 2022 less the full Partial Cash Alternative (25 per cent.) and estimated transaction costs.
- 11 Total Shareholder Return ("TSR") is measured as the movement in share price over a period of time plus any dividends paid during the same period. This has been calculated as an Internal Rate of Return ("IRR"), reflecting a shareholder's annualised return over a given period of time.
- 12 Total Accounting Return ("TAR") is the growth in NAV per ordinary share plus the dividends paid per ordinary share, in the relevant period
- 13 The synergy numbers are unaudited. Further information underlying the Quantified Financial Benefits Statement contained in this Announcement is provided in Appendix 5.
- 14 The Combined Group's unsecured assets and cash figure of £585 million is calculated using assets

unsecured and cash (i) in respect of SIR, as at 31 December 2021 adjusted for the Merlin refinancing and (ii) in respect of LXI, as at 31 March 2022 adjusted for the completion of certain asset acquisitions that had exchanged unconditionally prior to 31 March 2022 and transaction costs.

- 15 SIR's assets in Germany are valued in Euros and have been converted into Pound Sterling, based on the 31 March 2022 rate of Eur / GBP of 0.8449. All other assets of SIR and LXI are valued in GBP.
- 16 The pro-forma net loan to value ratio of 37 per cent. is based on SIR data as at 31 December 2021 adjusted for a revaluation of the assets to 31 March 2022 and related deferred tax adjustments and the Merlin facility refinancing, unaudited LXI data as at 31 March 2022 adjusted for outstanding commitments under contracts to acquire property that had exchanged but not completed and the remaining costs to complete fixed price forward funding contracts, the full draw down of the Acquisition Facility (assuming full take up of the partial cash alternative) and estimated transaction costs.
- 17 For the purposes of Rule 29.1(d) of the Takeover Code, an updated valuation of SIR's property portfolio has been obtained. This has been used to calculate SIR's adjusted and unaudited Net Tangible Assets per SIR Share as at 31 March 2022:

Summary Balance Sheet

<i>£m unless stated</i>	31 December 2021	Adjustment 1	Adjustment 2	31 March 2022
	Audited	Merlin loan	31 March 2022 Rule 29	EPRA NTA ⁵
	EPRA NTA	refinancing ⁴	Valuations	
Investment properties ¹	2,127.6		176.0	2,303.7
Gross borrowings	(916.8)	88.9		(827.9)
Uncommitted Cash	159.9	(108.2)		51.7
Other cash (secured and/or reserved for creditors)	38.5			38.5
Other net liabilities	(31.4)	11.4		(20.0)
Deferred tax liability ²	(8.0)		(2.9)	(10.9)
Net asset value	1,369.8	(7.9)	173.1	1,535.1
EPRA adjustments ³	4.3		1.5	5.8
EPRA NTA	1,374.1			1,540.9
Total shares (million shares)	324			324
EPRA NTA per share	424.1p			475.5p

(1) Represents Rule 29 external valuation undertaken by CBRE.

(2) Deferred tax associated with German assets.

(3) Add back of 50 per cent. of the German deferred tax liability and the fair value of derivatives in accordance with EPRA Best Practice.

(4) Refinancing completed on 29 April 2022.

(5) 31 March 2022 Adjusted and Unaudited EPRA NTA is the 31 December 2021 Audited EPRA NTA pro-forma adjusted for the updated Rule 29 valuations as at 31 March 2022 and the Merlin loan refinancing.

- 18 For the purposes of Rule 29.1(d) of the Takeover Code, an updated valuation of LXI's property portfolio has been obtained. This has been used to calculate LXI's adjusted and unaudited Net Tangible Assets per LXI Share as at 31 March 2022:

Summary Balance Sheet

<i>£m unless stated</i>	31 March 2022	Adjustment 1	31 March 2022
	Adjusted and Unaudited	Asda, Halesowen ⁽¹⁾	Adjusted and Unaudited
	EPRA NTA		Proforma EPRA NTA
Investment properties ⁽¹⁾	1,497	49	1,546
Gross borrowings	(240)		(240)
Cash	73	(45)	28
Other net liabilities ⁽³⁾	(26)		(26)
Net asset value	1,303	5	1,308
EPRA adjustments	(1)		(1)
EPRA NTA	1,302		1,307
Total shares (million shares)	912		912
EPRA NTA per share	142.9p		143.4p

(1) LXI had exchanged on the acquisition of Asda, Halesowen prior to 31 March 2022. The acquisition completed post 31 March 2022.

(2) Investment property value is presented in accordance with the Company's accounting policies and previous disclosures. The difference between the figure and the Knight Frank valuation of £1,544.4 million is made up of £47.9 million of adjustments comprising the following items: capital commitments, head leases, rent frees, rent top ups and licence fees.

(3) Other net liabilities include: trade and other receivables, acquisitions prepaid, derivative financial instruments and trade and other payables.

Appendix 3 DETAILS OF IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

SIR Directors' Irrevocable Undertakings

The following SIR Directors, members of the Prestbury Management Team with direct personal holdings of SIR Shares and associated entities of the Prestbury Management Team which hold SIR Shares have given irrevocable undertakings to vote in favour of the Scheme at the SIR Court Meeting and the SIR Resolutions at the SIR General Meeting in respect of their own beneficial holdings of SIR Shares (or those SIR Shares over which they have control):

Name	Total number of SIR Shares	Percentage of SIR Shares in issue on 10 May 2022 (being the last Business Day before the date of this announcement) (%)
SIR Directors (excluding Prestbury Management Team)		
Martin Moore	127,226	0.0
Ian Marcus	95,875	0.0
Jonathan Lane	57,471	0.0
Leslie Ferrar	26,286	0.0
Prestbury Management Team and associated entities		
Prestbury Incentives Limited ¹	19,262,042	5.9
Prestbury Investment Holdings Limited ²	16,850,300	5.2
Nick Leslau	1,491,709 ³	0.5
Mike Brown	1,183,580	0.4
Sandy Gumm	192,574	0.1
Total	39,287,063	12.1

¹ Nick Leslau, Mike Brown and Sandy Gumm are shareholders and directors of the immediate parent entity of Prestbury Incentives Limited. In addition to an undertaking provided by Prestbury Incentives Limited, each of Nick Leslau, Mike Brown and Sandy Gumm have undertaken, so far as they are able in their capacity as shareholders and directors of Prestbury Incentives Limited, to procure that Prestbury Incentives Limited complies with the terms of its undertaking in respect of its holding of SIR Shares.

² Nick Leslau holds a circa 95 per cent. indirect interest in Prestbury Investment Holdings Limited and has given an irrevocable undertaking to procure that Prestbury Investment Holdings Limited votes in favour of the Scheme at the SIR Court Meeting and the SIR Resolutions at the SIR General Meeting in respect of its holding of SIR Shares.

³ This includes SIR Shares held by Nick Leslau via a wholly owned company.

The undertakings provided by the SIR Directors, by the Prestbury Management Team and by or in respect of the associated entities of the Prestbury Management Team will cease to be binding if:

- the Merger terminates, lapses or is withdrawn in accordance with its terms;
- the Scheme has not become effective, or the Offer has not been declared unconditional in all respects (as the case may be), in accordance with the requirements of the Takeover Code by 6.00 p.m. on the Long Stop Date or such later time or date as agreed between SIR and LXi with the approval of the Court and/or the Panel, if required; or
- the LXi Board withdraws, amends or changes its recommendation for the LXi Shareholders to vote in favour of any resolutions required by LXi for the purposes of implementing the Merger.

Further, the undertakings provided by or in respect of Prestbury Incentives Limited, Prestbury Investment Holdings Limited, Nick Leslau, Mike Brown and Sandy Gumm will cease to be binding if, prior to the Scheme becoming Effective (or the Takeover Offer becoming wholly unconditional, as the case may be), a competing offeror announces a firm intention to make an offer for the entire issued ordinary share capital of SIR, provided that:

- the competing offer is at a price or is in exchange for such number of shares (or other securities) that in the reasonable opinion of SIR, having taken advice from its financial advisers, implies a value for each SIR Share of at least 546.8 pence per SIR Share, being at least 15 per cent. more than the value for each SIR Share offered by LXi as set out in this announcement;
- SIR, having taken advice from its financial advisers, agrees and resolves to recommend the competing offer to SIR Shareholders; and
- LXi has not announced a firm intention to make a revised offer for all of the issued ordinary share capital of SIR not already owned by it (or by persons acting in concert with it), which is not subject to any pre-conditions, for an equivalent or improved consideration (in the reasonable opinion of SIR's financial advisers) to that available under such competing offer by 5.00 p.m. on the date falling ten Business Days after the date of the relevant announcement made by the competing offeror, unless the competing offer lapses or is withdrawn by 5.00 p.m. on such date.

SIR Shareholder Letters of Intent

Name	Total number of SIR Shares	Percentage of SIR Shares in issue on 10 May 2022 (being the last Business Day before the date of this announcement) (%)
Artemis Investment Management LLP	60,896,138	18.8
Aegon Asset Management	24,201,510	7.5
Dominic Silvester	10,897,448	3.4
TR Property Investment Trust plc	4,325,701	1.3
BMO Property Growth and Income Fund ICVC	3,219,603	1.0

LXi Directors' Irrevocable Undertakings

The following LXi Directors who hold LXi Shares have given irrevocable undertakings to vote in favour of the LXi Resolution at the LXi General Meeting in respect of their own beneficial holdings of LXi Shares (or those LXi Shares over which they have control):

Name	Total number of LXi Shares	Percentage of LXi Shares in issue on 10 May 2022 (being the last Business Day before the date of this announcement) (%)
Cyrus Ardalan	206,000	0.0
Jan Etherden	77,274	0.0
John Cartwright	66,686 ¹	0.0
Patricia Dimond	63,535 ²	0.0
Ismat Levin	14,084	0.0
Total	427,579	0.0

¹ This includes LXi Shares held by a family company controlled by John Cartwright. John Cartwright's irrevocable undertaking includes a procurement obligation in respect of those LXi Shares held by that company.

² This includes LXi Shares held by Patricia Dimond's husband. Patricia Dimond's irrevocable undertaking includes a procurement obligation in respect of those LXi Shares held by her husband.

Hugh Seaborn does not hold any LXi Shares.

The undertakings from the LXi Directors will cease to be binding if:

- the Merger terminates, lapses or is withdrawn in accordance with its terms; or
- the Scheme has not become effective, or the Offer announcement has not been declared unconditional in all respects (as the case may be), in accordance with the requirements of the Takeover Code by 6.00 p.m. on the Long Stop Date or such later time or date as agreed between SIR and LXi with the approval of the Court and/or the Panel, if required.

Appendix 4 VALUATION REPORTS

LXi REIT plc

6th Floor 125 London Wall

London EC2Y 5AS

Jefferies International Limited (lead financial adviser and joint broker to LXi REIT plc)

100 Bishopsgate

London EC2N 4JL

Peel Hunt LLP (sponsor, joint broker and joint financial adviser to LXi REIT plc)

100 Liverpool Street,

London EC2M 2AT

Secure Income REIT plc

Cavendish House

18 Cavendish Square

London W1G 0PJ

N.M. Rothschild & Sons Limited (lead financial adviser and joint Rule 3 adviser to Secure Income REIT plc)

New Court, St Swithin's Lane

London EC4N 8AL

Stifel Nicolaus Europe Limited (joint financial adviser and joint Rule 3 adviser to Secure Income REIT plc)

4th Floor, 150 Cheapside

London EC2V 6ET

(each party above an "**Addressee**" and together the "**Addressees**")

For the attention of Michael Maddox

Email: michael.maddox@lxireitadvisors.com

Tel: 07917 909727

Date of issue: 11 May 2022

Valuation Report - Market Valuations of the commercial assets held by LXi REIT plc and the provision of a Valuation Report for inclusion in a Rule 2.7 Announcement, Scheme Document and Combined Prospectus and Circular

Further to your instructions, we are pleased to provide our Valuation Report in respect of the above transaction. If you have any queries regarding this report, please let us know as soon as possible.

Signed for and on behalf of Knight Frank LLP

Chris Galloway MRICS
RICS Registered Valuer

Partner, Valuation & Advisory

chris.galloway@knightfrank.com

T +44 20 7861 1297

M +44 7788 716 946

Michael Crowe MRICS

RICS Registered Valuer

Partner, Valuation & Advisory

michael.crowe@knightfrank.com

T +44 20 7861 5258

M +44 7776 382 124

1. Terms of engagement

Engagement of Knight Frank LLP

- 1.1 This valuation report (the "Valuation") has been prepared in accordance with our Terms of Engagement letter dated 6 May 2022 and our General Terms of Business for Valuation Services (together the "Agreement"). We have carried out a valuation of the freehold, heritable or leasehold interests in the properties referred to in the Schedule appended to this Valuation Report (together the "Properties" and each a "Property") and now report our opinion of the Market Values (as defined in paragraph 3.1 below) of the Properties as at 31 March 2022.

Client

- 1.2 Our client for this instruction is LXi REIT plc, 6th Floor, 125 London Wall, London EC2Y 5AS (the "**Client**", "**you**", "**your**"). This valuation has also been addressed to Jefferies International Limited, Peel Hunt LLP, Secure Income REIT plc, N.M. Rothschild & Sons Limited and Stifel Nicolaus Europe Limited (who, together with the Client, are the "Addressees").

Valuation standards

- 1.3 This valuation has been undertaken in accordance with the current editions of RICS Valuation - Global Standards, which incorporate the International Valuation Standards, and the RICS UK National Supplement. References to the "Red Book" refer to either or both of these documents, as applicable. As required by the Red Book, some key matters relating to this instruction are set out below.

Independence and expertise

Disclosure of any conflicts of interest

- 1.4 We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below:

Knight Frank LLP are retained by LXi REIT plc as external valuer for financial reporting under IFRS.

Other than valuation services, Knight Frank LLP have had no material involvement with the assets being valued, subject to our comments below, and we confirm that we can report without any material conflict.

- Cambridge Belfry Hotel, Back Lane, Cambourne, Cambridge CB23 6BW where Knight Frank LLP acted for the Company on the acquisition of the Property in April 2017;
- Belasis Business Park, Billingham TS23 4EB where Knight Frank LLP acted for the vendor on the sale of the Property in July 2018;
- 31 Turnpike Road, Newbury RG14 2NX where Knight Frank acted for the vendor on the sale of the Property in October 2018;
- Dobbies Garden Centre, Heighley Gate, Morpeth, NE61 3DA where Knight Frank acted for the vendor on the sale of the Property in March 2019; and
- Premier Inn, High Grounds Road, Worksop S80 3AT where Knight Frank acted for the vendor on the sale of the property in September 2019.
- New Berwyn Works, Berwyn Road, Llangollen, LL20 8AE where Knight Frank acted for the Company in the acquisition of the property in June 2021.
- Biffa Waste Services, Greenbank Road, East Tullos Industrial Estate, Aberdeen, AB12 3BQ where Knight Frank acted for the vendor on the sale of the property in August 2021.

- 1.5 This has been disclosed to you and you have given your consent to us proceeding with this instruction. We confirm that we are not aware of any undisclosed matter giving rise to a potential conflict of interest and that we are providing an objective and unbiased valuation.

Valuer and expertise

- 1.6 The valuers, on behalf of Knight Frank LLP, with the responsibility for this report are Chris Galloway MRICS, RICS Registered Valuer and Michael Crowe MRICS, RICS Registered Valuer. Parts of this valuation have been undertaken by additional valuers as listed on our file.
- 1.7 We confirm that the valuer and additional valuers meet the requirements of the Red Book, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
- 1.8 For the purposes of the Red Book, we are acting as External Valuers, as defined therein.

Use of this Valuation

Purpose of valuation

The Valuation and the Valuation Report are each provided solely for the purpose of:

- a) inclusion in an announcement proposed to be made by the Client and Secure Income REIT plc under Rule 2.7 of the Code in connection with the Transaction (the "**Rule 2.7 Announcement**");
- b) inclusion in a scheme document to be published by Secure Income REIT plc in connection with the Transaction (the "**Scheme Document**");
- c) inclusion in a combined prospectus and circular to be published by the Client in connection with the Transaction and the issue and allotment of new shares in the capital of the Client pursuant to the terms of the Transaction (the "**Combined Prospectus and Circular**");
- d) inclusion and/or reference in any other announcements, documents and/or supplementary documents released by the Client and/or Secure Income REIT plc which directly relate to the Transaction (a "**Code Document**"); and
- e) publication on the Client's website and Secure Income REIT plc's website in accordance with the requirements of the Code and the UK Prospectus Regulation Rules,

together, the "**Purpose**".

In accordance with clause 4.1 of our General Terms neither the Valuation nor the Valuation Report can be

in accordance with clause 11.2 of our General Terms and the Valuation, nor the Valuation Report can be used for any purpose other than the Purpose without our express written consent.

Reliance

- 1.9 This Valuation has been prepared for the Addressees only. Notwithstanding the General Terms we acknowledge that this Valuation Report will also be for the use of the shareholders of the Client and shareholders of Secure Income REIT plc for the specific Purpose set out in this Valuation.
- 1.10 Save for: (a) the Addressees; and (b) any responsibility arising under the Code to any person as and to the extent there provided, in accordance with Clauses 3 & 4 of the General Terms and to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with the Valuation Report or our statement, required by and given solely for the purposes of complying with Rule 29 of the Code.

Disclosure & publication

- 1.11 The Valuation has been prepared for the Client and in accordance with the Agreement which governs its purpose and use. As stated in the Agreement, this Valuation is confidential to the Addressees and must not be disclosed to any person other than the Client without our express written consent. Nor may the whole nor any part of this valuation nor any reference thereto may be included in any prospectus, listing particulars, published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.
- 1.12 Notwithstanding paragraph 1.11 above, the Valuation may be disclosed as set out below:
- 1.13 Subject to the terms and conditions (but disregarding for these purposes clauses 4.3 to 4.6 (inclusive) of the General Terms) of the Agreement and to completion of the Valuation Report and our approval of the form and context thereof, we hereby confirm that we will authorise and consent to its :
- a) inclusion in the Rule 2.7 Announcement;
 - b) inclusion in the Scheme Document;
 - c) inclusion in the Combined Prospectus and Circular;
 - d) inclusion and/or reference in any other Code Document; and
 - e) publication on the Client's website and Secure Income REIT plc's website in accordance with the requirements of the Code and the UK Prospectus Regulation Rules,

Limitations on liability

- 1.14 Knight Frank LLP's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited in accordance with the terms of the Agreement. Knight Frank LLP accepts no liability for any indirect or consequential loss or for loss of profits.
- 1.15 We confirm that we hold adequate and appropriate PII cover for this instruction.
- 1.16 No claim arising out of or in connection with this Valuation may be brought against any member, employee, partner or consultant of Knight Frank LLP. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank LLP.
- 1.17 Nothing in this Valuation shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Scope of work

Information provided to us which we have relied upon

- 1.18 We will rely on the information previously provided to us by you, or by third parties in respect of the 31 March 2022 valuation and will assume it to be correct for the purposes of the Valuation unless you inform us otherwise, subject only to any valuation that we have agreed to undertake.
- 1.19 Where we express an opinion in respect of (or which depends upon) legal issues, any such opinion must be verified by your legal advisors before any Valuation can be relied upon.
- 1.20 We are instructed to rely on floor areas and tenancy information provided by the Client. We have not read lease agreements nor verify accordance between tenancy schedule and lease terms.
- 1.21 Knight Frank cannot be held liable with regards to the legal description of the asset, its use, noncompliance with statutory requirements, technological and natural risks, the areas taken into account, the existence of concealed defects, presence of asbestos, adverse ground condition, presence of soil contamination, presence of insects, noxious animals or plants, rot, or deleterious materials, etc.

Inspections

- 1.22 In our ongoing role as External Valuers, we are instructed to carry out an external and internal inspection of the Properties, and the Valuation has been prepared in accordance with our previous inspections of the Properties.

Special assumptions

- 1.23 The Valuation has been undertaken on the following special assumptions:
- 1.24 That the Properties are fully constructed as at the Valuation Date and income producing. This assumption relates to the following properties:
- Premier Inn, Worksop
 - Premier Inn, Porthmadog
 - Loaning Meadows Retail Park, Berwick Upon Tweed

- Lidl, The Brickyard, High Street, East Ham
 - St Hilary Retail Park, Basildon, Essex
 - Costa Drive Thru at the Morrisons Store at Norman Road, Bradford
 - Costa Drive Thru at the Morrisons Store at Buntsford Park Road, Bromsgrove
 - Costa Drive Thru at Smithfield Park Oswestry
 - Costa Drive Thru at the Morrisons Store at Lakeside Parkway, Scunthorpe
 - Costa Drive Thru at the Morrisons Store at Teesside Retail Park, Stockton-on-Tees TS17 7BP
 - Costa Drive Thru at the Morrisons Store at Wallows Lane, Walsall
 - Retail pod at the Morrisons Store at Lysander Road, Yeovil
 - Sainsbury's, Dog Lane, Bewdley, Worcestershire, DY12 2BU
 - 2 Greenmarket, Dundee, DD1 4EH
- 1.25 Should the assets above be treated as developments and valued using the residual method, the value reported would be significantly different incorporating outstanding construction costs, finance, developers profit and fees.
- 1.26 A special assumption that the following properties have been purchased on a topped up rent basis. Therefore should the assets be sold, as at the valuation date, these prices would not be achievable, without the additional rental top up. We understand the price the Client has paid to the vendor reflected a deduction being the difference between the contracted rent and the topped up rent, you will make an adjustment to reflect this deduction.
- Currock Road, Carlisle CA2 4AX
 - Knight Retail Park, Saffron Walden, Thaxted Road, Essex, CB10 2UR
 - Junction 24 Retail Park, Helen Street, Glasgow, G51 3HR
 - Premier Inn, 398 Topsham Road, Exeter, EX2 6HE
 - Kents Hill Training Centre, Timbold Drive, Kents Hill Park, Milton Keynes, MK7 6TT
 - Yarnfield Park Training & Conference Centre, Stone, ST15 0NL

Assumptions

- 1.27 The Valuation will necessarily be based upon a number of assumptions, as set out in the General Terms, this Letter and within the Valuation.
- 1.28 While we have not provided a summary of these assumptions, we would in particular draw your attention to the following assumptions which are particularly important/relevant:
- We will value each Property separately, not as if they were all sold together as a single lot or portfolio.

2. Valuation

Methodology

- 2.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Investment method

- 2.2 Our valuation has been carried out using the comparative and investment methods. In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, terms, covenant and other material factors.

Valuation bases

Market Value

- 2.3 Market Value is defined within RICS Valuation - Professional Standards as:

"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 and where the parties had each acted knowledgeably, prudently and without compulsion."

Portfolios

- 2.5 In a valuation of a property portfolio, we have valued the individual properties and we have assumed that the individual properties have been marketed in an orderly way.

Valuation date

Valuation date

- 2.6 The valuation date is 31 March 2022.

Market Value

Market Value

- 2.7 We are of the opinion that the Market Value of the **freehold and long leasehold** interests in the properties, **subject to the existing tenancies on the special assumptions highlighted above** at the valuation date

is:

- 2.8 **£1,544,350,000 (One Billion Five Hundred and Forty Four Million Three Hundred and Fifty Thousand Pounds).**

Portfolio Split	Market Value
Commercial	£1,516,900,000
Assisted Living	£27,450,000
Total	£1,544,350,000

- 2.9 Appendix 1 comprises the address, tenant and tenure of each of the Properties held by the Company as at 31 December 2021. Due to the sensitive nature of the use, a list of the Assisted Living assets is held in our working file but not stated here.

- 2.10 Our opinions of the value are summarised in the table below:

Sector	Valuation 31 March 2022	Weighting by Value as at 31 March 2022
Discounted Retail	£374,565,000	24.26%
Industrial	£289,450,000	18.74%
Hotel	£212,600,000	13.77%
Office	£177,450,000	11.49%
Care Home	£82,925,000	5.37%
Car Park	£82,350,000	5.33%
Automotive	£70,000,000	4.53%
Garden Centres	£43,325,000	2.81%
Public House	£41,300,000	2.67%
Drive Thru	£38,615,000	2.50%
Nursery	£34,825,000	2.25%
Student Housing	£32,850,000	2.13%
Assisted Living	£27,450,000	1.78%
Leisure	£24,900,000	1.61%
Petrol Filling Station	£11,745,000	0.76%
TOTAL	£1,544,350,000	100.00%

- 2.11 There are four Properties of the 184 held by the Company as at 31 March 2022 which individually account for more than 3% of the aggregate value of the individual Market Values as at 31 March 2022. These four Properties are listed in the table below. The aggregate market value of these four properties represents 17.78% of the aggregate of the Market Values held by the Company as at 31 March 2022.

Address	Freehold	Long Leasehold	Total Market Value as at 31 March 2022	Percentage of the Company's portfolio by Market Value as at 31 March 2022
Biggin Hill Airport		£104,350,000	£104,350,000	6.76%
York Biotech Campus, York, YO41 1LZ	£59,800,000		£59,800,000	3.87%
Gateway Retail Park, Cargo Fleet Road, Middlehaven, Middlesbrough, TS3 6AT	£58,850,000		£58,850,000	3.81%
Tesco Wellina	£51,550,000		£51,550,000	3.33%

Welling High St, London, DA16 1TH				
---	--	--	--	--

- 2.12 For the purposes of Rule 29.5 of the Code, we confirm that in our opinion the current valuation of the Properties as at the date of this Valuation Report would not be materially different from the valuation of the Properties as at the valuation date.

Responsibility

- 2.13 For the purposes of the Code, we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure this is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with the Code and we authorise its content for the purposes of Rule 29 of the Code.

Consent

- 2.14 Knight Frank LLP has given and has not withdrawn its consent to the inclusion of this Valuation Report in the Investor Documents which the Client is required to publish and/or make available in accordance with the Code, and to the publication and reproduction of this Valuation Report as required by Rules 26 and 29 of the Code.

Appendix 1 List of properties valued

Property address	Sector	Tenure
Carmarthen, Parc Pensarn, SA31 2NF	Leisure	Long leasehold
Barry Penny Lane, CF63 4BA	Leisure	Long leasehold
Cardiff, Sports Village, CF11 0JP	Leisure	Long leasehold
Pontypridd, CF39 8EY	Discount Foodstore	Freehold
A48, Cross Hands, Llanelli, Carmarthenshire, SA14 6RD	Hotel	Freehold
West Bridgford	Discount Foodstore	Freehold
A444 Southbound, Bedworth, Nuneaton, CV10 7TF	Hotel	Freehold
Oak Lane, West Bromwich, B70 8PF	Industrial	Freehold
Redditch Warwick Highway, B98 0SW	Leisure	Long leasehold
Sinclair Retail Park, Davies Road, Evesham WR11 1FN	Discount Foodstore	Freehold
31 Turnpike Road, Newbury, RG14 2NX	Industrial	Freehold
31 Druid Stoke Avenue, Bristol BS9 1DE	Healthcare	Freehold
Andover Business Park. Andover, SP11 8BP	Leisure	Freehold
Columbus Quarter, Andover	Leisure	Long leasehold
Commerce Way, Melksham SN12	Hotel	Freehold
Barnfield Close, Swindon SN2	Hotel	Freehold
Edenmore Care Home, 646 Shore Road, Newtownabbey, BT3 7PR	Healthcare	Freehold
Apple Mews 1, 95 Cathedral Road, Armagh BT61 8AB	Healthcare	Long leasehold
Apple Mews 2. 95 Cathedral Road, Armagh, BT61 8AB	Healthcare	Long leasehold

Nottingham, Victoria Parkway, NG4 2PA	Leisure	Long leasehold
Stoke, Ridgeway Drive, ST1 5NY	Leisure	Long leasehold
Elder Way, Chesterfield S4 1UN	Hotel	Freehold
Premier Inn, Worksop, Nottinghamshire	Hotel	Freehold
Greene King, County Hotel, High Street, Newcastle upon Tyne NE3 1HB	Leisure	Freehold
Greene King, Duke of Wellington, Kenton Lane, Newcastle upon Tyne NE3 3BQ	Leisure	Freehold
High Street, Gosport, Hampshire PO12	Hotel	Freehold
Dobbies, Heighley Gate, Morpeth, Northumberland. NE61 3DA	Leisure	Freehold
10-11 Belasis Business Park, Billingham Teesside TS23 4EB	Industrial	Freehold
Greene King, Brinkburn, Lady Kathryn Grove, County Durham DL3 0YR	Leisure	Freehold
Spanish City Promenade, Whitley Bay NE26 1AR	Hotel	Long leasehold
Wilson Street, Middlesbrough TS1 1AE	Hotel	Freehold
North Nelson Industrial Estate. Cramlington NE23 1WW	Industrial	Freehold
Turbine Business Park, Nissan Way Sunderland SR5 3QY	Industrial	Freehold
Gestamp, Aycliffe Industrial Estate, Durham DL5 6EP	Industrial	Long leasehold
Travelodge, Discovery Park, Sandwich, Kent	Hotel	Freehold
Canvey Island, Northwich Road, SS8 0PT	Leisure	Long leasehold
Greene King, Bridgewater 23 Barton Road, Greater Manchester, M28 2DP	Leisure	Freehold
Greene King, Bulls Head, 341 London Road, Cheshire SK7 4PS	Leisure	Freehold
Greene King, Church View Inn, 38 Lunts Heath Road, Cheshire WA8 5RY	Leisure	Freehold
Greene King, Griffin Inn, 184 Warrington Road, Cheshire WA8 3XT	Leisure	Freehold
Greene King, Old Leyland Gates. Golden Hill Lane, Lancashire PR25 3PG	Leisure	Freehold
Greene King, Pear & Partridge, The Parkway, Staffordshire WV6 7XZ	Leisure	Freehold
Greene King, Shrewsbury Arms, 38 Claughton Firs Prenton, Merseyside CH43 5TQ	Leisure	Freehold
Greene King, Spread Eagle Hotel Hatherlow, Greater Manchester SK6 3DR	Leisure	Freehold
Greene King, Unicorn, Adlington Road, Cheshire SK9 2LN	Leisure	Freehold
Newcastle Under Lyme Goose Street, ST5 3HY	Leisure	Long leasehold
Q-Park, Piazza Car Park, St James Street, Manchester M1 4BP	Car Park	Long leasehold
Q-Park, Waterside Car Park, 5 Broad Road, Manchester M33 2AE	Car Park	Freehold
Viking Park, Widnes WA8 0PE	Industrial	Freehold

Q-Park, Tower Bridge Car Park, Gainsford Street, London SE1 8NH	Car Park	Freehold
21 Brown Street, Dundee DD1 5EF	Student	Freehold
1 Afton Way, Dundee, DD4 8BR	Leisure	Long leasehold
9 Bridge Street, Aberdeen, AB11 6JL	Hotel	Freehold
North end Retail Park, High Street, Cowdenbeath KY4 9QA	Discount Foodstore	Freehold
Bure Park, Lucerne Avenue, Bicester, OX263HA	Foodstores and essentials	Freehold
Greene King, Britannia, Bradwell Lane, Newcastle under Lyme ST5	Leisure	Freehold
Cornwall Road, Smethwick Birmingham	Industrial	Freehold
Orbital 7, Orbital Park, Cannock, Staffordshire WS11 8XW	Industrial	Long leasehold
The Priory Care Home,1 Shelly Crescent, Monkspath, Shirley, Solihull B90 4XA	Healthcare	Freehold
25 Old Haymarket, Liverpool, Merseyside L1 6ER	Hotel	Long leasehold
Currock Road, Carlisle, CA2 4AX	Discount Foodstore	Freehold
William Street, Workington, Cumbria CA14 3YG	Hotel	Part Freehold/ Part Long leasehold
Northampton, Kettering Road, NN3 6AA	Leisure	Long leasehold
Peterborough, Lincoln Road PE4 6WS	Leisure	Long leasehold
Copenhagen Way, Norwich, Norfolk, NR3 2RT	Leisure	Freehold
Griffiths Retail Park, Griffiths Way, St Albans, Hertfordshire AL1 2RJ	Discount Foodstore	Freehold
Geddington Road, Land at	Car showroom	Freehold
99a Midland Road, Ellistown, Coalville	Foodstores and essentials	Freehold
Preston, Riversway, PR2 6BX	Leisure	Long leasehold
Blackpool, Squires Gate, FY4 2AY	Leisure	Long leasehold
Rosegrove Lane, Burnley BB12 6EH	Automotive	Freehold
PGL Travel. Winmarleigh Hall, Church Lane. Winmarleigh, Lancaster, PR3 0LA	Leisure	Long leasehold
Rockingham Street, Sheffield S1 4NL	Car Park	Freehold
Q-Park, Riverside Car Park, 5 Millsands, Sheffield S3 8NH	Car Park	Long leasehold
Phoenix Park Care Village, Phoenix Avenue, Scunthorpe, DN15 8HN	Healthcare	Freehold
Dobbies Garden Centre, Pennine, Huddersfield, West Yorkshire, HD8 8LF	Leisure	Freehold
Bradford Victoria Shopping Centre, Bradford BD8 9BN	Discount Foodstore	Long leasehold

Blackpool, Thornton Centre, FY5 5DX	Discount Foodstore	Freehold
Clifton Drive North, Lytham St Annes, Lancashire FY8 2NA	Discount Foodstore	Long leasehold
Poynton, 89 Park Lane, Poynton, Stockport SK12 1RD	Foodstore and Essentials	Freehold
Premier Inn, Porthmadog	Hotel	Freehold
Sandbach Lawton Way CW11, 1TF	Discount Foodstore	Freehold
Southport, PR8 3HR	Discount Foodstore	Freehold
Wallasey, CH45 3LE	Discount Foodstore	Freehold
Wrexham, BorrassPark Road, LL12 7TH	Discount Foodstore	Freehold
New Berwyn Works, Berwyn, Llangollen	Discount Foodstore	Freehold
Greaseborough Depot, North Drive, Rotherham S6 1RL	Industrial	Freehold
Q-Park, Shambles Car Park, Garden Place, York YO1 7NZ	Car Park	Long leasehold
Atkinson Court Care Home. Ings Road, Cross Green, Leeds, LS9 9EJ	Healthcare	Freehold
Scott Works, Clayton Road, Bradford BD7	Discount Foodstore	Freehold
Greene King, Norman Conquest, Flatts Lane, Yorkshire TS6 0NP	Leisure	Freehold
165-167 Preston Road, Brighton, East Sussex, BN1 6AU	Hotel	Freehold
Portsmouth, Lidl, 73 London Road	Discount Foodstore	Part Freehold/ Part Long leasehold
Veolia Plot 3, Holton Heath Trading Park. Poole, Dorset BH16 6LT	Industrial	Freehold
Taw Hill Village Centre, Swindon SN21 2UH	Foodstores and essentials	Freehold
Q-Park, Surrey Street, Croydon	Car Park	Freehold
25-29 Market Place, Romford	Hotel	Long leasehold
Jurys Inn, 50 Exeter Street, Plymouth	Hotel	Freehold
The Belfry Hotel, Back Lane Cambourne, Cambridge CB23 6BW	Hotel	Freehold
Tolvaddon Road, Camborne TR14 8NQ	Hotel	Freehold
York Biotech Campus, York	Life Science	Freehold
Tesco Welling, Welling	Foodstore and Essentials	Freehold
Lidl and Unit 2,The Brickyard, High Street/ Barking Road, East Ham	Foodstore and Essentials	Freehold

Biffa Waste Services	Industrial	Freehold
Q-Park, Candleriggs Car Park, 37 Albion Street, Glasgow G1 1LH	Car Park	Freehold
Q-Park, Quartermile Car Park, Simpson Loan, Edinburgh EH3 9AU	Car Park	Freehold
South Gyle Broadway, Edinburgh Park Edinburgh	Hotel	Freehold
Berwick-upon-Tweed	Discount Foodstore	Freehold
Glasgow 63 Cumberland Road, G34 6HZ	Discount Foodstore	Freehold
Junction 24 Retail Park, Glasgow	Discount Foodstore	Freehold
Asda - Clydebank, 31	Foodstore and Essentials	Freehold
STV, Pacific Quay	Office	Freehold
Biggin Hill Airport	Industrial	Long leasehold
Premier Inn, Thaxted Road, Saffron Walden, Essex	Hotel	Freehold
83 Broad Road, Sale, Cheshire, M33 2EU	Nursery	Freehold
68 Leigh Road, Atherton, Manchester M46 0PA	Nursery	Freehold
116 Fairfield Road, Widnes, Cheshire WA8 6SJ	Nursery	Freehold
97 Eleanor Road, Bidston, Wirral, Merseyside CH43 7QW	Nursery	Freehold
63a Scarisbrick New Road, Southport, Merseyside PR8 6PA	Nursery	Freehold
20 Kingsmead Road, North Prenton, Wirral CH43 6TB	Nursery	Freehold
Smith House, Stanney Lane, Little Stanney, Chester, Cheshire CH2 4HT	Nursery	Freehold
Longsands Lane, Preston, Lancashire PR2 9PS	Nursery	Freehold
119 Heapey Road, Chorley, Lancashire PR6 9BJ	Nursery	Freehold
116 Sharoe Green Lane, Fulwood, Preston, Lancashire PR2 8HL	Nursery	Freehold
437 Street Lane, Leeds, West Yorkshire LS17 6HQ	Nursery	Freehold
Abbotsford House, 15 Kent Road, Harrogate, North Yorkshire HG1 2LH	Nursery	Freehold
70 High Street, Hatfield, Doncaster, South Yorkshire DN7 6RY	Nursery	Freehold
124 Hadfield Road, Hadfield, Glossop, Derbyshire SK13 2DR	Nursery	Freehold
60 North Park Avenue, Leeds, West Yorkshire LS8 1HS	Nursery	Freehold
48 Nursery Lane, Alwoodley, Leeds, West Yorkshire LS17 7HW	Nursery	Freehold
65 Bawtry Road, Bessacarr, Doncaster, South Yorkshire DN4 7AD	Nursery	Freehold
1 Hartwith Way, Harrogate, North Yorkshire HG3 2XA	Nursery	Freehold
469 Otley Road, Adel, Leeds, West Yorkshire LS16 7NR	Nursery	Freehold

Cross Road, Idle, Bradford, West Yorkshire BD10 9RU	Nursery	Freehold
Woodlands Park Drive, Apperley Bridge, Bradford BD10 9SG	Nursery	Freehold
17 Ashfield Road, Shipley, Bradford BD18 4JX	Nursery	Freehold
73-75 Birchwood Road, Brislington, Bristol BS4 4QN	Nursery	Freehold
Dobbies Garden Centre, Haresfield, Gloucester GL10 3DP	Garden centre	Freehold
Unit 11 Merchant Way, Wheatley Hall Road, Doncaster, DN2 4BH	Car showroom	Freehold
Sainsburys, Gateway Retail Park, Middlesbrough, TS3 6AT	Foodstore and Essentials	Freehold
Coop Service Station, New Cottsey Wayside Service Station Dereham Road, Norwich, NR5 0SE	Foodstore and Essentials	Freehold
Coop Service Station Aston, Worksop Road, Aston	Foodstore and Essentials	Freehold
Coop Service Station, Washington, NE37 1EZ	Foodstore and Essentials	Freehold
Kents Hill Training, Milton Keynes, MK7 6TT	Office	Freehold
Cazoo Staines Road, Surrey, KT16 9DA	Car showroom	Freehold
Yarnfield Park Training & Conference Centre, Stone, ST15 0NL	Office	Freehold
Cazoo, 57a Kingstown Industrial Estate, Carlisle, CA3 0ET	Car showroom	Freehold
Cazoo Northampton, Bedford Road, Northampton, NN1 5NS	Car showroom	Freehold
Sainsbury's Dog Lane, Bewdley, Worcestershire, DY12 2BU	Foodstore	Freehold
Kent Street Car Park, York	Car Park	Long leasehold
Teeside Retail Park, Thornby, Stockton-on-Tees, TS17 7BP	Leisure	Long leasehold
Lakeside Parkway, Scunthorpe	Leisure	Long leasehold
Cazoo Customer Service, Scotswood Road, Newcastle upon Tyne, NE15 6UX	Car showroom	Freehold
Lysander Road, Yeovil	Leisure	Long leasehold
22-26 Bankhead Drive, Sighthill, Edinburgh, ED11 4DJ	Car showroom	Freehold
Premier Inn Exeter, EX2 6HE	Hotel	Freehold
Wallows Lane, Walsall	Leisure	Long leasehold
Cazoo, 232 Penarth Road, Cardiff, CF11 8LR	Car showroom	Freehold
Hamilton Health & Racquet Club, Mote Hill, Hamilton, ML3 6BY	Leisure	Long leasehold
Smithfield Park, Oswestry	Leisure	Long leasehold
St Hilary Retail Park, Basildon,	Discount Food Store	Freehold
Norman Road, Bradford	Leisure	Long leasehold

**Condensed VALUATION
REPORT**

Valuation Date: 31 March 2022

In respect of:
Portfolio of 160 assets

On behalf of:
The "Addressees"

INTRODUCTION

Report Date 11 May 2022

Valuation Date 31 March 2022

Addressees Secure Income REIT Plc
c/o Prestbury Investments LLP
Cavendish House
London
W1G 0PJ
(hereinafter referred to as the "Company")

N.M. Rothschild & Sons Limited
New Court
St Swithin's Lane
London
EC4N 8AL
Acting in its capacity as Lead Financial Adviser and
Joint Rule 3 Adviser to the Company

Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET
Acting in its capacity as Joint Financial Adviser and
Joint Rule 3 Adviser to the Company

LXI REIT plc
6th Floor 125 London Wall
London
EC2Y 5AS
(hereinafter referred to as "London")

Jefferies International Limited
100 Bishopsgate
London
EC2N 4JL
Acting in its capacity as Lead Financial Adviser and
Joint Broker to London

Peel Hunt LLP
100 Liverpool Street
London
EC2M 2AT
Acting in its capacity as Joint Financial Adviser,
Joint Broker and Sponsor

The Properties	The properties held by Secure Income REIT as listed in the Schedule of Assets below ("the Properties").
Instruction	To value the unencumbered freehold, heritable and leasehold interests (as applicable) in the Properties on the basis of Market Value as at the Valuation Date in accordance with the terms of engagement entered into between CBRE and the Addressees dated 8 May 2022.
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation - Global Standards
Purpose	<p>The Valuation has been prepared for a Regulated Purpose as defined by the UK national supplement to the RICS Valuation - Global Standards. We understand that this Valuation Report and the Appendices to it (together the "Valuation Report") is required for inclusion in a Rule 2.7 Announcement (the "Rule 2.7 Announcement") to be published by LXI REIT ("Offeror") in connection with the offer for the entire issued share capital of the Company (the "Purpose"), in accordance with the City Code on Takeovers and Mergers ("the Code").</p> <p>In accordance with the RICS Valuation - Global Standards we have made certain disclosures in connection with this valuation instruction and our relationship with the Company.</p> <p>The valuation is on the basis of Market Value as defined in the current edition of the RICS Valuation - Global Standards.</p> <p>The effective date of valuation is 31 March 2022. This report has been prepared under the requirements of Rule 29 of the City Code on Takeovers and Mergers (the "Code").</p>
Aggregate Market Value	<p>£2,303,655,500 (TWO BILLION, THREE HUNDRED AND THREE MILLION, SIX HUNDRED AND FIFTY-FIVE THOUSAND FIVE HUNDRED POUNDS) exclusive of VAT, as shown in Schedule of Assets below, and of which:</p> <p>UK: £2,150,780,500</p> <p>Germany: £152,875,000 (the German assets are valued in Euros and converted to Pounds Sterling as set out below)</p>

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached and has been primarily derived using comparable recent market transactions on arm's length terms.

The properties are all held as investments. There are no negative values to report. For the avoidance of doubt we have valued the Properties as real estate and the values reported above represent 100% of the market values of the assets.

The split of values between freehold (and heritable) and leasehold property and number of assets in each category are as follows:

Hospitals	12	£867,740,000	0	0	£867,740,000
UK Theme Parks	4	£557,750,000	£105,975,000	0	£663,725,000
German Theme Parks	2	£152,875,000	0	0	£152,875,000
Hotels	123	£224,429,500	£188,880,000	£17,251,000	£430,560,500
Other	19	£88,005,000*	£100,750,000	0	£188,755,000
Development	0	0	0	0	0
Totals	160	£1,890,799,500	£395,605,000	£17,251,000	£2,303,655,500

*includes Chiswell St Brewery which has a small area part leasehold

** Short leasehold is under 50 years

We have valued the properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Heide Park, Germany Heide Park and Heide Park Hotel are held under two leases, they are located in Germany and have been valued in Euros. The denomination has been converted from Euros to Sterling using the Bank of England daily spot rates as at 31/03/2022. The rate applied is 1 EURO=0.8449.

Report Format Appendix A of this Valuation Report provides the relevant details of the Properties grouped into sub-portfolios by asset class. Appendix B provides the details of those Properties which have an individual Market Value in excess of 5% of the total aggregate Market Value of the Portfolio. Appendix C gives the breakdowns of the aggregate Market Value of the portfolio by asset class and tenure. Appendix D gives breakdowns of the aggregate Market Value of the portfolio by geography. This Valuation Report consist of 32 pages.

Compliance with Valuation Standards The Valuation has been prepared in accordance with the latest version of the RICS Valuation - Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book") current as at the Valuation Date.

The Valuation is compliant with Rule 29 of the Takeover Code.

The Properties have been valued by a valuer who is qualified for the purpose of the Valuation in accordance with the Red Book. We confirm that we have sufficient local and national knowledge of the particular property markets involved and have the skills and understanding to undertake the Valuations competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This Valuations are a professional opinion and are expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject Property. Other valuers may reach different conclusions as to the value of the subject Property. This Valuation is for the sole purpose of providing the intended user with the valuer's independent professional opinion of the value of the subject properties as at the Valuation Date.

In accordance with the Red Book, we have made certain disclosures in connection with this valuation instruction and our relationship with the Company.

Assumptions The Properties details on which each Valuation are based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites - including ground and groundwater contamination - as set out below.

If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figures may also be incorrect and should be reconsidered.

Variations and/or Departures from Standard Assumptions

None.

Sustainability Considerations

Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations - and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly

recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.

Climate Risk Legislation	<p>The UK Government is currently producing legislation which enforces the transition to net zero by 2050, and the stated 78% reduction of greenhouse gases by 2035 (based on a 1990 baseline).</p> <p>We understand this is to include an update to the Minimum Energy Efficiency Standards, stated to increase the minimum requirements from an E (since 2018) to a B in 2030. The government also intends to introduce an operational rating. It is not yet clear how this will be legislated, but fossil fuels used in buildings, such as natural gas for heating, are incompatible with the UK's commitment to be Net Zero Carbon by 2050.</p> <p>This upcoming legislation could have a potential impact to future asset value.</p> <p>We also note that the UK's introduction of mandatory climate related disclosures (reporting climate risks and opportunities consistent with recommendations by the "Task Force for Climate Related Financial Disclosure" (TCFD)), including the assessment of so-called physical and transition climate risks, will potentially have an impact on how the market views such risks and incorporates them into the sale or letting of assets.</p> <p>The European Union's "Sustainable Finance Disclosure Regulations" (SFDR) may impact on UK and German asset values due to the requirements in reporting to European investors.</p>
Independence	<p>The total fees, including the fee for this assignment, earned by CBRE Ltd (or other companies forming part of the same group of companies within the UK) from the Company (or other companies forming part of the same group of companies) is less than 5.0% of the total UK revenues.</p> <p>It is not anticipated this situation will vary in the financial year to 31 December 2022.</p> <p>We confirm that we do not have any material interest in the Company or the Properties.</p>
Previous Involvement and Conflicts of Interest	<p>We confirm we have previously valued most of the properties on behalf of the Company for financial reporting purposes on a bi-annual basis since 2014, most recently as at December 2021. In addition, CBRE have undertaken other transactional and professional work for the Company in relation to the portfolio on an ad-hoc basis. In particular there are ongoing rent reviews in respect of the Hospitals and CBRE has historically acted for the Company on transactions, for which we understand there is an informal agreement concerning future sales of those assets.</p> <p>The AO arena, Chiswell Street Brewery and Pub assets were valued by us for loan security purposes in March 2021.</p> <p>CBRE are acting on behalf of LXI in relation to the potential acquisition of two properties, both of which are unconnected with this portfolio.</p> <p>We have no personal interest in the outcome of the valuation - nor are we aware of any conflicts of interest that would prevent us from exercising the required levels of independency and objectivity.</p>
Disclosure	<p>The principal signatory of this valuation instruction has continuously been the signatory of valuations for the Company since 2020. CBRE Ltd has continuously been carrying out valuation instructions for the Company since 2014.</p>
Responsibility	<p>We are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge the information contained in this Valuation Report is in accordance with the facts and this Valuation Report contains no omissions likely to affect its import."</p> <p>Save for any responsibility arising under the Code to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Valuation Report or our statement above.</p>
Trading Properties	<p>The assets in the portfolio form part of a class of assets known as trading related properties: in that the capital and rental values are linked to and underpinned by the trading performance of the occupier business.</p> <p>In the case of this portfolio, the income received by the investor is rent which in all cases is subject to upwards only review and indexation. The payment of rent is therefore supported by the trading performance of the asset and the strength and breadth of the tenant and guarantor businesses.</p> <p>For leased investments such as these the underlying trading performance is particularly important when setting rental levels at review or when granting a new lease. We note that the leases in this portfolio have average unexpired terms of 14-55 years.</p>
Building Safety - Market Uncertainty	<p>The aftermath of the Grenfell Fire on 14 June 2017 has resulted in a wholesale review of the regime relating to building safety in addition to the public inquiry that has been established to investigate the circumstance (and which is planned to continue in the second half of 2019).</p> <p>The Independent Review of Building Regulations and Fire Safety led by Dame Judith Hackitt was published in May 2018. One of the key recommendations of the Hackitt Review was for a new Building Regulations regime for residential buildings of 10 storeys (30m) or higher. The Government has not yet stated which measures recommended in the Hackitt Review will be implemented or the timing of any such regulatory changes. However, it announced that Building Regulations will be updated in 2021 and that the new regime will be implemented in 2022.</p>

regulations would be amended from 21 December 2018 to ban the use of combustible materials on the external walls of new buildings over 18m containing flats, as well as, inter alia, buildings such as new hospitals, residential care homes and student accommodation. The ban also affects existing buildings undergoing major works or undergoing a change of use. Whilst a ban affecting lower rise buildings falling within these categories is not currently anticipated there remains uncertainty as to the potential fire prevention and building safety measures that the Government might implement. Indeed, the Government made a series of further announcements on 18 December 2018 including how it proposes to implement a tougher and more effective regulatory framework to improve building safety. More specifically, it published a Hackitt Review Implementation Plan for consultation until 12 February 2019 and with a further consultation "Building a Safer Future" issued in June 2019 lasting until 31 July 2019 in respect of the potential new Regulatory regime. The Government has also issued further Advice Notes relating to residential buildings above 18m including, inter alia: Advice Note 22 recommending the immediate removal of High Pressure Laminate Cladding materials; and a separate Advice Note recommending that combustible materials used in the construction of external balconies be removed.

We are aware that market participants that are affected by the same or similar issues continue to review details of construction, health and safety, and particularly fire prevention, mitigation and means of escape from buildings where people sleep, albeit with the focus on residential buildings above 18m. With respect to this portfolio, we understand this only relates to a limited number of the hotel assets.

In view of the continued lack of clarity on any regulatory changes, it remains too early to fully assess any valuation impact. Since the Grenfell Fire occurred, there has been limited evidence of market activity involving tall residential investments. In the light of these circumstances, this valuation has been undertaken in the context of an unclear regulatory environment and we would therefore recommend that it is kept under regular review. Similarly, in the short-term, it is also likely that potential investors and occupiers will be more cautious, and the liquidity and pricing of some properties may be impacted.

Reliance	<p>The contents of this Valuation Report may only be relied upon by:</p> <ul style="list-style-type: none"> i) Addressees of the Report; and ii) The shareholders of the Company; <p>for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.</p> <p>No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.</p>
Publication	<p>Neither the whole nor any part of this report, nor any references thereto may be included in any published document, prospectus or statement nor published in any way without our prior written approval of the form and context in which it will appear.</p> <p>Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.</p>

Yours faithfully

Yours faithfully

Alister McCutcheon
Executive Director
RICS Registered Valuer
For and on behalf of
CBRE Limited
Henrietta House
Henrietta Place
London
W1G 0NB
alister.mccutcheon@cbre.com
+44 (0)20 7182 3023

Edward Higgins
Senior Director
RICS Registered Valuer
For and on behalf of
CBRE Limited
Henrietta House
Henrietta Place
London
W1G 0NB
edward.higgins@cbre.com
+44 (0)7734 828 683

SCHEDULE OF ASSETS

Property	Address	Postcode	Country	Asset Type
Alton Towers Park	Wootton Lane, Alton, Staffordshire	ST10 4DB	England	Leisure
Alton Towers Hotel	Wootton Lane, Alton, Staffordshire	ST10 4DB	England	Hotel
Warwick Castle	Warwick	CV34 4QU	England	Leisure
Thorpe Park	Egham, Surrey	KT16 8PN	England	Leisure
Heide Park	Soltau, Germany	29614	Germany	Leisure
AO Arena	Victoria Station Approach, Hunts Bank, Manchester M3 1AR	M3 1AR	England	Leisure
Chiswell St Brewery	52 Chiswell St, London EC1Y 4SA	EC1Y 4SA	England	Leisure
Ramsay Duchy Hospital	Pentenvinnie Lane, Truro TR1 3UP	TR1 3UP	England	Healthcare
Ramsay Fitzwilliam Hospital	Milton Way, South Bretton, Peterborough PE3 9AQ	PE3 9AQ	England	Healthcare

Ramsay Fulwood Hospital	Midgery Lane, Fulwood, Preston PR2 9SZ	PR2 9SZ	England	Healthcare
Ramsay Oaklands Hospital	19 Lancaster Road, Salford M6 8AQ	M6 8AQ	England	Healthcare
Ramsay Oaks Hospital	Oaks Place, 120 Mile End Road, Colchester CO4 5XR	CO4 5XR	England	Healthcare
Ramsay Pinehill Hospitals	Benslow Lane, Hitchin, Hertfordshire SG4 9QZ	SG4 9QZ	England	Healthcare
Ramsay Rivers Hospital (includes Gardens, Jacobs Centre & Orchard Lea)	High Wych Road, Sawbridgeworth, Hertfordshire CM21 0HH	CM21 0HH	England	Healthcare
Ramsay Springfield Hospital	Lawn Lane, Chelmsford CM1 7GU	CM1 7GU	England	Healthcare
Ramsay West Midlands Hospital	Colman Hill, Halesowen, West Midlands B63 2AH	B63 2AH	England	Healthcare
Ramsay Woodland Hospital	Rothwell Road, Kettering, Northamptonshire NN16 8XF	NN16 8XF	England	Healthcare
Ramsay Yorkshire Clinic	Bradford Road, Bingley, West Yorkshire BD16 1TW	BD16 1TW	England	Healthcare
Florence Nightingale Hospital	11-19 Lisson Grove, London NW1 6SH	NW1 6SH	England	Healthcare
Aberdeen Bucksburn	A96 Inverurie Road, Bucksburn, Aberdeen AB21 9BB	AB21 9BB	Scotland	Hotel
Aberdeen Bucksburn	A96 Inverurie Road, Bucksburn, Aberdeen AB21 9BB	AB21 9BB	Scotland	Hotel
Barton Stacey	A303 Westbound, Barton Stacey, Nr. Andover SO21 3NF	SO21 3NF	England	Hotel
Basildon	Festival Leisure Park, Festival Way, Basildon SS14 3WB	SS14 3WB	England	Hotel
Basingstoke	Stag & Hounds, Winchester Rd, Basingstoke, Hampshire RG22 6HN	RG22 6HN	England	Hotel
Bedford Marston Moretaine	A421 Beancroft Rd, Marston Moretaine, Bedfordshire MK43 0QP	MK43 0QP	England	Hotel
Bradford	Mid Point, Bradford, Thornbury BD3 7AY	BD3 7AY	England	Hotel
Bridgwater M5	First Motorway Services, M5 Service Area, Huntworth Business Park, Bridgwater TA6 6TS	TA6 6TS	England	Hotel
Bristol Cribbs Causeway	Cribbs Causeway, Bristol, Avon BS10 7TL	BS10 7TL	England	Hotel
Bristol Severn View M48	Moto Service Area, M48 Motorway, Severn Bridge, Bristol BS35 4BH	BS35 4BH	Scotland	Hotel
Burnley	A671/A679, Cavalry Barracks, Barracks Road, Burnley, Lancashire BB11 4SB	BB11 4SB	England	Hotel
Burton A38 Northbound	A38 Northbound, Barton-under-Needwood, Burton-upon-Trent, Staffordshire DE13 8EH	DE13 8EH	England	Hotel
Burton A38 Southbound	A38 Southbound, Barton-under-Needwood, Burton-upon-Trent, Staffordshire DE13 8EN	DE13 8EN	England	Hotel
Carlisle M6	Moto Service Area Southwaite, M6 Motorway, Broadfield Road, Carlisle CA4 0NS	CA4 0NS	England	Hotel
Chester Northop Hall	A55 Eastbound Expressway, Northop Hall, Mold, Flintshire CH7 6HF	CH7 6HF	England	Hotel
Doncaster	A1 Great North Road, Carcroft, Doncaster, South Yorkshire DN6 8LR	DN6 8LR	England	Hotel
Dorking	A25 Reigate Road, Dorking, Surrey RH4 1QB	RH4 1QB	England	Hotel
Droitwich	A38 Rashwood Hill, Droitwich, Worcestershire WR9 0BS	WR9 0BS	England	Hotel
Dumbarton	A82 Stirling Road, Milton, Dumbarton, Nr Glasgow, Dumbartonshire G82 2TZ	G82 2TZ	Scotland	Hotel
Dumfries	A75, Annan Road, Collin, Dumfries & Galloway, Dumfriesshire DG1 3SE	DG1 3SE	Scotland	Hotel
Edinburgh Central	33 St. Mary's Street, Edinburgh EH1 1TA	EH1 1TA	Scotland	Hotel
Ely	A10/A142 Roundabout, Witchford Road, Ely, Cambridgeshire CB6 3NN	CB6 3NN	England	Hotel
Exeter M5	Moto Service Area, M5 Motorway, Sandygate, Exeter EX2 7HF	EX2 7HF	England	Hotel
Glasgow Central	5-11 Hill Street, Glasgow G3 6RP	G3 6RP	Scotland	Hotel
Glasgow Paisley Road	251 Paisley Road, Glasgow G5 8RA	G5 8RA	Scotland	Hotel
Haydock St. Helens	A580 Piele Road, Haydock, St. Helens, Merseyside WA11 9TL	WA11 9TL	England	Hotel
Hellingly Eastbourne	A22 Boship Farm Roundabout, Hellingly, Near Hailsham, East Sussex BN27 4DP	BN27 4DP	England	Hotel
Hull South Cave	A63 Eastbound, Beacon Service Area,, South HU15 1SA	HU15 1SA	England	Hotel

Cave, Humberside HU15 1SA					
Huntingdon Fenstanton		A14 Eastbound, Fenstanton, Cambridgeshire	PE28 9HY	England	Hotel
Kettering Thrapston		Junction 13, A14 Eastbound, Thrapston, Northamptonshire	NN14 4UR	England	Hotel
Kinross M90		M90 Junction 6, Kinross, Perthshire	KY13 0NQ	Scotland	Hotel
Lancaster M6		Moto Service Area, M6 Motorway, Northbound J32/33, White Carr Lane, Bay Horse, Lancaster	LA2 9DU	England	Hotel
Ludlow Woofferton		Station Road, Woofferton, Ludlow, Shropshire	SY8 4AL	England	Hotel
Manchester Central		11 Blackfriars Street, Salford, Manchester	M3 5AL	England	Hotel
Milton Keynes Central		199 Grafton Gate, Milton Keynes	MK9 1AL	England	Hotel
Newbury Tot Hill		Tot Hill Services, A34 Newbury Bypass, Newbury, West Berkshire	RG20 9BX	England	Hotel
Northampton Upton Way		A45, Upton Way, Northampton, Northamptonshire	NN5 4EG	England	Hotel
Nottingham EM Donington Park M1	Airport	Moto Service Area, M1 J.23a, Derby, Derbyshire	DE74 2TN	England	Hotel
Nottingham Riverside		Riverside Retail Park, Tottle Road, Nottingham	NG2 1RT	England	Hotel
Nuneaton		St Nicolas Park Dr, Nuneaton, Warwickshire	CV11 6EN	England	Hotel
Oxford Peartree		Moto Service Area, Peartree Roundabout, Woodstock Road, Oxford	OX2 8JZ	England	Hotel
Oxford Wheatley		London Road, Wheatley, Oxford	OX33 1JL	England	Hotel
Peterborough Eye Green		Crowlands Road, Eye Green, Peterborough, Cambridgeshire	PE6 7TN	England	Hotel
Reading Whitley		387 Basingstoke Rd, Reading, Berkshire	RG2 0JE	England	Hotel
Retford Markham Moor		A1 Northbound, Markham Moor, Retford, Nottinghamshire	DN22 0QU	England	Hotel
Rugeley		Western Springs Rd, Rugeley, Staffordshire	WS15 2AS	England	Hotel
Saltash		Callington Rd, Saltash, Cornwall	PL12 6LF	England	Hotel
Shrewsbury Bayston Hill		A5 / A49 Roundabout, Bayston Hill Services, Shrewsbury	SY3 0DA	England	Hotel
Southampton		144 Lodge Road, Southampton, Hampshire	SO14 6QR	England	Hotel
Tiverton		Sampford Peverell Service Area, M5 Motorway, Sampford Peverell, Tiverton, Devon	EX16 7HD	England	Hotel
Warminster		A36/A350 Bypass, Service Area, Bath Rd, Warminster, Wiltshire	BA12 7RU	England	Hotel
Warrington		Kendrick St, Warrington, Cheshire	WA1 1UZ	England	Hotel
Worksop		St Annes Dr, Worksop, Nottinghamshire	S80 3QD	England	Hotel
Yeovil Podimore		A303 Roundabout, Podimore Services, Yeovil, Somerset	BA22 8JG	England	Hotel
Alfreton		Old Swanwick, Colliery Road, Alfreton, Derbyshire	DE55 1HJ	England	Hotel
Arundel Fontwell		A27/A29 Fontwell, Nr Arundel,West Sussex	BN18 0SB	England	Hotel
Bath Central		1 York Buildings, George Street, Bath, Avon	BA1 2EB	England	Hotel
Bedford Wyboston		A1 North, Nr. Chawston, Black Cat Roundabout, Bedfordshire	MK44 3BE	England	Hotel
Birmingham Central		230 Broad Street, Birmingham	B15 1AY	England	Hotel
Birmingham Southbound	Frankley	M5 Moto Service Area, Frankley, M5 Motorway, Illey Lane, Birmingham	B32 4AR	England	Hotel
Birmingham Southbound	Hilton Park	M6 Moto Service Area, M6 Motorway, Essington, Nr. Wolverhampton, Staffordshire	WV11 2AT	England	Hotel
Birmingham Oldbury		A4123 Wolverhampton Road, Oldbury	B69 2BH	England	Hotel
Birmingham Sutton Coldfield		B4142 Boldmere Rd, Sutton Coldfield, West Midlands	B73 5UP	England	Hotel

Bracknell	London Road, Binfield, Nr Bracknell, RG42 4AA Berkshire, RG42 4AA	England	Hotel
Brentwood East Horndon	A127 East Horndon, East Horndon CM13 3LL CM13 3LL	England	Hotel
Cambridge Fourwentways	A11 Fourwentways, Abington, CB21 6AP Cambridgeshire, CB1 6AP	England	Hotel
Cambridge Swavesey	Huntingdon Road (A14), Swavesey, CB24 4RE Cambridgeshire CB24 4RE	England	Hotel
Canterbury Whitstable	A299 Thanet Way, Faversham, Kent ME13 9EL ME13 9EL	England	Hotel
Cardiff Llanedeyrn	Circle Way East off A48, Llanedeyrn, Cardiff CF23 9NZ CF23 9NZ	England	Hotel
Carlisle Todhills	M6 Southbound, Todhills, Cumbria, CA6 4HA CA6 4HA	England	Hotel
Chippenham Leigh Delamere M4 Eastbound	M4 Motorway, Moto Service Area, Leigh Delamere, Chippenham, Wiltshire, SN14 6LB SN14 6LB	England	Hotel
Chippenham Leigh Delamere M4 Westbound	Moto Service Area, Leigh Delamere, M4 Motorway, Chippenham, Wiltshire SN14 6LB SN14 6LB	England	Hotel
Cirencester	Hare Bushes, A429 Burford Rd, Cirencester, Gloucestershire, GL7 5DS GL7 5DS	England	Hotel
Dartford	Charles Street, Off Crossways Boulevard, Dartford, DA9 9AP DA9 9AP	England	Hotel
Grantham, South Witham	Great North Road, South Witham, Grantham, Lincolnshire, NG33 5BN NG33 5BN	England	Hotel
Great Yarmouth Acle	A47 Roundabout, Acle Bypass, Acle, Norfolk, NR13 3BE NR13 3BE	England	Hotel
Heathrow Heston M4 Eastbound	M4 Moto service area, J2/J3 Eastbound, North Hyde Lane, Hounslow TW5 9NB TW5 9NB	England	Hotel
Heathrow Heston M4 Westbound	Moto Service Area, M4 Motorway, Phoenix Way, Heston, Hounslow TW5 9NB TW5 9NB	England	Hotel
Ilminster	A303, Southfield Roundabout, Horton Cross, Ilminster, Somerset TA19 9PT TA19 9PT	England	Hotel
Inverness	Stonyfield, A96 Inverness Road, Inverness IV2 7PA IV2 7PA	Scotland	Hotel
Leeds Central	Blayd's Court, Blayds Yard, Leeds, LS1 4AD LS1 4AD	England	Hotel
Lincoln Thorpe on the Hill	A46, Newark / Lincoln Road, Thorpe On The Hill, Lincolnshire LN6 9AJ LN6 9AJ	England	Hotel
Liverpool Docks	Brunswick Dock, Sefton Street, Liverpool, L3 4BH L3 4BH	England	Hotel
London Park Royal	A40 Western Avenue, Acton W3 OTE W3 OTE	England	Hotel
London Wimbledon (Morden)	Epsom Road, Morden, Surrey, SM4 5PH SM4 5PH	England	Hotel
Macclesfield Adlington	London Road, South Adlington, Macclesfield, Cheshire, SK10 4NG SK10 4NG	England	Hotel
Medway M2	M2 Motorway, Moto Service Area, Rainham, Gillingham, Kent, ME8 8PQ ME8 8PQ	England	Hotel
Middlewich	Holmes Chapel Rd, Middlewich, Cheshire CW10 0JB CW10 0JB	England	Hotel
Milton Keynes Old Stratford	A5 Old Stratford Roundabout, Old Stratford, Milton Keynes, Buckinghamshire Stratford MK19 6AQ	England	Hotel
Oswestry	A5/A483, Mile End Service Area, Oswestry, Shropshire, SY11 4JA SY11 4JA	England	Hotel
Peterborough Alwalton	A1 Southbound, Alwalton, Nr Peterborough, Cambridgeshire, PE7 3UG PE7 3UG	England	Hotel
Pontefract Ferrybridge A1/M62	Moto Service Area, Ferrybridge, Junction, Pontefract, West Yorkshire WF11 0AF WF11 0AF	England	Hotel
Preston Chorley	472 Preston Rd, Clayton-le-Woods, Lancashire PR6 7JB PR6 7JB	England	Hotel
Reading Central	60 Oxford Road, Reading, West Berkshire RG1 7LT RG1 7LT	England	Hotel
Reading M4 Eastbound	Moto Service Area, M4 Motorway, Burghfield, Reading RG30 3UQ RG30 3UQ	England	Hotel
Reading M4 Westbound	Moto Service Area, M4 Motorway, Burghfield, Reading RG30 3UQ RG30 3UQ	England	Hotel
Southampton Eastleigh	Ham Farm, Twyford Road, Eastleigh, Hampshire, SO50 4LF SO50 4LF	England	Hotel
Stafford M6	Moto Service Area, Northbound, Eccleshall Road, Stone, Staffordshire ST15 0EU ST15 0EU	England	Hotel

Stirling M80	Moto Service Area, Pirnhall, Stirling FK7 8EU	FK7 8EU	England	Hotel
Stoke Talke	Newcastle Road, Talke, Stoke-on-Trent, Staffordshire, ST7 1UP	ST7 1UP	England	Hotel
Stonehouse	Eastington, Nr. Stroud, Gloucestershire. GL10 3SQ	GL10 3SQ	England	Hotel
Stratford Alcester	Oversley Mill, Alcester, Warwickshire, B49 6PQ	B49 6PQ	England	Hotel
Swansea M4	Moto Service Area, M4 Motorway, Penllergaer, Swansea Area, SA4 9GT	SA4 9GT	England	Hotel
Telford Shawburch	Whitchurch Dr, Telford, Shropshire, TF1 3QA	TF1 3QA	England	Hotel
Towcester Silverstone	A43 Towcester Bypass, Towcester, Northamptonshire NN12 6TQ	NN12 6TQ	England	Hotel
Widnes	Fiddlers Ferry Rd, Widnes, Cheshire WA8 0HA	WA8 0HA	England	Hotel
York Tadcaster	A64 Eastbound, Bilbrough, Steeton, York East, York, LS24 8EG	LS24 8EG	England	Hotel
Plymouth, Derriford	Derriford Road, Plymouth, Devon, PL6 8BD	PL6 8BD	England	Hotel
Plymouth, Roborough	Tavistock Road, Plymouth, PL6 7HB	PL6 7HB	England	Hotel
Bournemouth, Cooper Dean	Cooper Dean Roundabout, Bournemouth, BH7 7DP	BH7 7DP	England	Hotel
Frimley, Portsmouth Road	114 Portsmouth Road, Frimley, GU15 1HS	GU15 1HS	England	Hotel
Basildon, Wickford	Runwell Road, Wickford, SS11 7QJ	SS11 7QJ	England	Hotel
Coventry, Binley	Brinklow Road, Coventry, CV3 2DS	CV3 2DS	England	Hotel
Birmingham, Castle Bromwich	Chester Road, Castle Bromwich, Birmingham, B36 0AG	B36 0AG	England	Hotel
Leicester, Hinckley Road	Hinckley Road, Leicester, LE3 3PG	LE3 3PG	England	Hotel
Derby, Chaddesden	Nottingham Road, Derby, DE21 6LZ	DE21 6LZ	England	Hotel
Nottingham, Wollaton Park	Derby Road, Wollaton Vale, NG8 2NR	NG8 2NR	England	Hotel
Stoke on Trent, Trentham	Longton Road, Stoke on Trent, Staffordshire, ST4 8BU	ST4 8BU	England	Hotel
Chester, Warrington Road	Warrington Road, Mickle Trafford, Chester, CH2 4EX	CH2 4EX	England	Hotel
Liverpool, Aigburth	Aigburth Road, Liverpool, L19 9DN	L19 9DN	England	Hotel
Warrington, Lowton	Newton Road, Lowton, Warrington, WA3 1HD	WA3 1HD	England	Hotel
Leeds, Morely	Bruntcliffe Road, Morley, Leeds, LS27 0LY	LS27 0LY	England	Hotel
York, Hull Road	Hull Road, York, YO10 3LF	YO10 3LF	England	Hotel
Perth, Crieff Road	Crieff Road, Perth, PH1 3JJ	PH1 3JJ	Scotland	Hotel
The Scarlet Tap	Southsea, 80-82 Palmerston Road	PO5 3PT	England	Pubs
The Bedford Arms	Southampton, 23 Bedford Place	SO15 2DB	England	Pubs
Slug & Lettuce	Farnham, 9-11 East Street	GU9 7RX	England	Pubs
The Occasional Half	London, 66 - 77 Green Lanes	N13 4TD	England	Pubs
The Abbey	Gloucester, 53 Northgate Street	GL1 2AJ	England	Pubs
Hog's Head	Wolverhampton, 186 Stafford Street	WV1 1NA	England	Pubs
Faradays	Nottingham, 44 Pelham Street	NG1 2EW	England	Pubs
The William Foster	Lincoln, Guildhall Street	LN1 1TT	England	Pubs
The William Gladstone	Liverpool, 18-20 North John Street	L2 9RL	England	Pubs
Yates's	Bolton, 36 Bradshawgate	BL1 1DG	England	Pubs
Slug & Lettuce	Preston, 144-146 Church Street	PR1 3AB	England	Pubs
Slug & Lettuce	Huddersfield, 40-44 King Street	HD1 2QT	England	Pubs
The Calder	Brighouse, Huddersfield Road	HD6 1JZ	England	Pubs
The Blue Bell Hotel	Middlesbrough, Acklam Road	TS5 7HL	England	Pubs
The Grey Horse	East Boldon, Front Street	NE36 0SJ	England	Pubs
The Blagdon Arms	Cramlington, Village Square	NE23 1DN	England	Pubs
The Exchequer	Kirkcaldy, 60-64 High Street	KY1 1NB	Scotland	Pubs

SOURCES OF INFORMATION AND SCOPE OF WORKS

Sources of Information

We have carried out our work based upon information supplied to us by Secure Income REIT and their advisors, through the data room. The key documents reviewed and relied upon include:

- Tenancy Schedule (4 April 22)
- Travelodge head lease payment (April 22)
- Project Talke Asset Databook (March 22)

- Project RICS Asset Databook (March 22)
- EPC schedule for all UK assets
- Environmental Surveys for:
 - Theme Parks (Feb 2022)
 - Hospitals (5x March 2007 and 7x August 2015)
 - AO Arena, Manchester (Feb 2018)
 - Chiswell St Brewery (Feb 2018)
 - Pubs (Feb 2018)
 - Hotels (Sept 2020)
- Building Surveys
 - AO Arena, Manchester (July 2017-Feb 2022)
 - Chiswell St Brewery (Jan 2018)
 - Pubs (Feb 2018)
 - Hotels (36x Sept 2020 and 17x Feb 2018)
- Certificate or Report on Titles of various dates relating to
 - Theme Parks (April 2022)
 - Hospitals (4x August 2019 and 9x March 2016)
 - Manchester Arena (July 2018)
 - Sample of 10 hotels (Sept 2020) and 2 hotels (March 2018)
- Commentary on Hospital rent reviews (undated)
- Details on Covid rent deferrals (undated)
- AO Arena, Manchester past and proposed capex investment (undated)
- Summary of key asset management initiatives (undated)

We are of the opinion that we have been provided with sufficient information in order for us to undertake our valuations, based on the information provided in the data room and that gathered during inspection.

Specifically we have not received Reports on Title for the Pubs, Chiswell St Brewery or 111 of the hotels and we have not received building surveys for the Theme Parks, Hospitals or 70 of the hotels.

The Properties	Our report contains a brief summary of the Property details on which our Valuations have been based.
Inspection	<p>As part of our valuation instruction from the Company for financial reporting purposes the Properties (with the exception of AO Arena, Chiswell St Brewery and the Pubs) have been subject to internal inspections on an annual rolling basis. As instructed, we have not re-inspected all the Properties for the purpose of this valuation, but have re-inspected those which would not have otherwise been inspected within 12 months of the valuation date or were not included in the regular mandate. Accordingly, we confirm that a team of chartered surveyors who are RICS Registered Valuers has inspected each Property within 12 months of the valuation date. With regard to those Properties which have not been subject to re-inspection, the Company has confirmed that they are not aware of any material changes to the physical attributes of the properties, or the nature of their location, since the last inspection. We have assumed this advice to be correct.</p> <p>All the properties have been inspected in the past twelve months and the usual enquiries undertaken close to the dates of inspection. The company has confirmed to us that there have been no material changes since our inspections and we have adopted this assumption within our valuations.</p>
Areas	We have not measured the Properties and as trading assets the floor areas are not the primary driver of valuation. Where floor areas have been provided we have assumed they are measured on a Gross Internal Area (GIA) basis in line with the RICS Code of Measuring Practice 6 th edition.
Environmental Matters	<p>With the exception of the reports as stated under "Sources of Information" we have not undertaken any other investigations, nor are we aware of the content of, any other environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.</p> <p>We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	The properties benefit from mains services where available. None of the services have been tested by us.
Repair and Condition	<p>Other than the reports as stated under "Sources of Information" we have not been provided with additional building surveys as part of this assignment.</p> <p>We have not since tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.</p>

We have not undertaken planning enquiries.

Titles, Tenures and Lettings

We have not generally examined nor had access to all the deeds, leases or other documents. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

Assumptions

An Assumption is defined in the Red Book Glossary and VPS 4 to be a "supposition taken to be true" (an "Assumption").

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Company has confirmed and we confirm that our Assumptions are correct as far as the Company and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

Each valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as:

"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 and where the parties had each acted knowledgeably, prudently and without compulsion."

The Valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation Date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Taxation, Costs and Realisation Costs

As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal.

Our valuations reflect purchasers' statutory and other normal acquisition costs.

VAT

We have not been advised whether the properties are elected for VAT.

All rents and capital values stated in this report are exclusive of VAT

Passing Rent

Passing rents quoted in this report are the rents which are currently payable under the terms of the leases. Passing rents exclude service charges and VAT and are prior to deduction of any non-recoverable costs. Passing rents exclude turnover rents, mall incomes and other miscellaneous incomes.

Net Annual Rent

Net annual rent is defined for the purposes of this transaction as "the current income or income estimated by the valuer:

- (i) ignoring any special receipts or deduction arising from the property;
- (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
- (iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent".

Estimated Net Annual Rental Valuation

The estimated net annual rental value is based on the current rental value of each of the Properties. The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the Valuation Date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Fixtures, Fittings and Equipment

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our Valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;

b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities;

c) in England and Wales, the Properties possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive - and that they have an energy efficient standard of 'E', or better. We would draw your attention to the fact that under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it became unlawful for landlords to rent out a business premise from 1st April 2018 - unless the site has reached a minimum EPC rating of an 'E', or secured a relevant exemption. In Scotland, we have assumed that the Properties possess current EPCs as required under the Scottish Government's Energy Performance of Buildings (Scotland) Regulations - and that they meet energy standards equivalent to those introduced by the 2002 building regulations. We would draw your attention to the fact the Assessment of Energy Performance of Non-Domestic Buildings (Scotland) Regulations 2016 came into force on 1st September 2016. From this date, building owners are required to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions;

d) in Scotland and Germany the Properties meet the legal energy efficiency standards for rental or as applicable;

e) the Properties are either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital values; and

f) invasive species such as Japanese Knotweed are not present on the Properties.

High voltage electrical supply equipment may exist within, or in close proximity of, the Properties. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the Properties. Our Valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

- a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;
- b) the Properties are free from rot, infestation, structural or latent defect;
- c) no currently known deleterious or hazardous materials or suspect techniques, including, but not limited to, Composite Panelling, ACM Cladding, High Alumina Cement (HAC), Asbestos, have been used in the construction of, or subsequent alterations or additions to, the Properties; and
- d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- a) the Properties possess good and marketable title free from any onerous or hampering restrictions or conditions;
- b) the buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current uses;
- c) the Properties are not adversely affected by town planning or road proposals;
- d) the buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations, and that a fire risk assessment and emergency plans are in place;
- e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the Properties to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK);
- f) all rent reviews are upward only and are to be assessed by reference to full current market rents (with the exception of assets in Germany where this is prohibited);
- g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
- i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- j) where more than 50% of the floorspace of the Properties is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the Properties. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;
- k) where appropriate, permission to assign the interests being valued herein would not be withheld by the landlords where required;
- l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and
- m) Land Transfer Tax (or the local equivalent) will apply at the rate currently applicable.

In the UK, Stamp Duty Land Tax (SDLT) in England and Northern Ireland will apply at the rate currently applicable.

APPENDIX A: PROPERTY DETAILS

Property	Description	Valuation Comments	Market ¹
Hospitals	<p>12 freehold private hospitals located across the UK, in a mix of town and suburban fringe locations, except Nightingale which is located within Central London.</p> <p>The assets are generally 1980/90s with more modern extensions. Nightingale Hospital dates back to the late 1800s.</p> <p>The assets are mostly purpose built and have been extended to varying degrees over their lifetimes to accommodate growth in the facilities and surgical capabilities. As such, a typical hospital includes the original buildings with more modern extensions, to provide additional accommodation, which is commensurate with other leading acute UK private hospitals in the sector.</p> <p>The assets range in size from 21 to 185 inpatient and day-patient beds (Rivers Hospital including The Garden and Jacobs Neuro Centres being the largest) and Orchard Lea Retirement Village (eighteen 1-bed apartments and four 2-bed apartments sold on long leaseholds).</p> <p>With the exception of Nightingale, the assets are let for 30 years from 3 May 2007 on FRI leases to Ramsay Health Care UK Operations Ltd with a guarantee from Ramsay Health Care Limited. There are annual 2.75% fixed rent reviews and the option for 5 yearly reviews to Market Rent if higher. The 2018 review is outstanding. Nightingale is let to Florence Nightingale Hospitals Limited with a guarantee from Orpea SA. It is also FRI on a 30 year lease from 3 May 2007, but with a reversionary lease for a further 7 years. The Property benefits from 3.00% per annum fixed uplifts with the next review in 03/05/2022.</p>	<ul style="list-style-type: none"> - Investment valuation methodology, capitalising the passing rent at a yield - Net initial yields adopted of 3.75% - 4.20% reflecting key factors including location, asset quality, unexpired term, tenure and period to review - Full purchaser costs deducted - We have not had sight of trading accounts and as such there is greater risk in our assessment of Market Rent and rent affordability 	£867,740

Theme Parks	<p>Four theme parks / visitor attractions and two adjoining hotels in the UK and Germany.</p> <p>Alton Towers comprises a theme park, three hotels, lodges, a water park and conference centre on a 546 acre site. The asset is held freehold with the exception of the hotels which are held on a 999 year lease from July 2007 at a rent of £250 per annum (the Company have the right to acquire for £1,000). The asset is located north of the village of Alton in Staffordshire in an elevated, scenic position. It is the foremost theme park in the UK and one of the most visited in Europe.</p> <p>Thorpe Park comprises a theme park, small hotel and conference facility on a 435 acre site. The asset is held freehold, it is located next to the M25 intersection with the M3, near to Staines and surrounded by lakes and reservoirs. It is the second most visited theme park in the UK.</p> <p>Warwick Castle is a Grade 1 listed castle originally dating to the 12th century across 103 acres with additional lodge, and events accommodation. The property is held Freehold and is located in the centre of Warwick, 3 miles north of the M40. Warwick is one of the most visited attractions in the UK and the tenant has successfully driven visits through investment.</p> <p>Heide Park is a German theme park, hotel and holiday camp on a 490 acre site of which only part is utilised. The property is held Freehold. It is located in a rural setting in Soltau, 90km south of Hamburg and is one of the most popular parks in Germany.</p> <p>With the exception of Heide Park, the assets are all let on FRI leases to Merlin Attractions Operations Limited with a guarantee from Merlin Entertainments Ltd. They have 55.5 years unexpired and annual CPI+50bps linked reviews with a cap of 4% and collar of 1%. The next review is due 24th June 2022. Heide Park and Heide Park Hotel are let to Heide Park Soltau GmbH with guarantees from Merlin Entertainments Ltd. There is also 55.5 years unexpired but with 3.34% per annum fixed reviews. The next review is due 5th July 2022.</p>	<ul style="list-style-type: none"> - Investment valuation methodology, capitalising the passing rent at a yield - Net initial yields adopted of 4.25% - 4.75% reflecting key factors including location, asset quality, rent cover and trading potential - Full purchaser costs deducted - Heide Park is located in Germany and has been valued in Euros. The denomination has been converted from Euros to Sterling using the Bank of England daily spot rates as at 31/03/2022. The rate applied is 1 EURO=0.8449 	£816,600
Travelodge	<p>123 budget hotels located across the UK with 10 in Scotland, 2 in Wales and 111 in England. The hotels are mostly in roadside locations, with only 20 of the sites being in town or city centre locations.</p> <p>Travelodge was established in 1985 and the majority of the assets in the portfolio were built shortly after, in the 1980s and 1990s. They are purpose-built in the main and of a quality and condition commensurate with a budget hotel. The hotels offer a total of 6,576 beds, averaging 54 per site.</p> <p>The properties are let to Travelodge</p>	<ul style="list-style-type: none"> - Investment valuation methodology, capitalising the passing rent at a yield - Net initial yields adopted of 5.00% - 16.00% reflecting key factors including location, asset quality, unexpired term, tenure and period to review - Full purchaser costs deducted - We have not had sight of trading accounts and as such there is greater risk in our assessment of Market Rent and rent affordability - Travelodge undertook a CVA beginning in 2020, this process is now complete 	£430,560

Hotels Limited on FRI leases with 5 yearly uncapped, RPI linked reviews. 109 of the leases have 18-20 years unexpired with the remaining 14 benefitting from longer unexpired terms. There is an overall WAULT of 20.1 years for the portfolio.

65 of the assets are held freehold and 58 held leasehold. The leaseholds include 5 virtual freeholds and 41 long leaseholds where the unexpired term is over 80 years.

AO Arena, Manchester	<p>Built in 1995 and adjoining Victoria train station in Manchester city centre, the building offers modern arena accommodation with a 21,000 capacity and potential for 360 degree seating. It is of steel frame construction with a single span roof. The property also includes the Arena Point and Martins House office buildings, which offer 110,752 sq ft of secondary office accommodation. There is also a 978 space multi storey car park with entrance from Trinity Way.</p> <p>The property is held long leasehold from National Rail with 172 years unexpired. Rent is the higher of a base amount or 10% of rental income, whichever is the higher.</p> <p>The property offers high quality arena accommodation and is one of the top arenas in Europe and the top 3 in the UK. The offices are secondary in nature but suited to their purpose.</p> <p>The principal income is from: the arena which is let to SMG Europe Holdings Limited and SMG with 23 years unexpired and annual RPI linked reviews with a cap of 5% and collar of 2%; St Martin's House which is let to Serco with 3 years unexpired; naming rights from AO retail limited which expires in 2026 and operational income from the car park.</p>	<ul style="list-style-type: none"> - Investment valuation methodology, capitalising the passing rent at a yield - Net initial yields adopted of 5.50% -8.00% reflecting key factors including tenure, quality of accommodation, tenant covenant, unexpired term - Full purchaser costs deducted - We have not had sight of trading accounts and as such there is greater risk in our assessment of Market Rent and rent affordability - A new arena is currently under construction in East Manchester which will act as competition to the subject, however ASM Global have announced that they will undertake a £50m redevelopment of the subject Property over the next three years to include new guest entrances, custom lounges and an upgraded concourse experience 	£100,750
Chiswell St Brewery, London	<p>The Property comprises part of a listed former 18th century Whitbread brewery which was converted to a unified conference and venues facility in the 1980s.</p> <p>The asset is located south of Chiswell Street in the City of London, it is 65,855 sq ft in total across basement, lower mezzanine, ground, and first floor levels with upper mezzanine level and second floor and part third and fourth floors.</p> <p>Trading as "The Brewery", the property offers eleven function rooms available for hire, although certain of these are marketed as suites of differing capacity, of which there are six in total. The property is fitted out to a high quality with regular investment to ensure a modern conference and meeting experience.</p> <p>The Property is mostly Freehold, however there are two small ancillary and plant areas which are held long leasehold on 999 year peppercorn leases.</p>	<ul style="list-style-type: none"> - Investment valuation methodology, capitalising the passing rent at a yield - We have had sight of the historic trading accounts and adopted a Market Rent below passing rent - Hardcore and layer approach taken to reflect the risk to the income above Market Rent - Full purchaser costs deducted - The conference and venues sector has been particularly affected by the pandemic and although we understand year to date performance has been very strong, there is still risk relating to recovery - Although there is a long unexpired term, the tenant solely operates from this venue and therefore the affordability of rent depends on the success of this business 	£52,200,1

The investment is let to 'The Brewery on Chiswell Street Limited' on a 50 year lease from 05/07/2006 with 5 yearly rent increases to 2.50% per annum compound. The next increase is July 2026.

Pubs	<p>17 freehold public houses located across the United Kingdom, with 1 in Scotland and 1 in Greater London; the rest are located across England with a concentration in the North West. The pubs are in town centre or suburban locations with large catchments in the immediate surrounds.</p> <p>The properties are generally large, wet led managed houses with the average size of 10,797 sq ft. They are generally traditional public houses or converted retail, fitted out to a modern corporate style. The age of the buildings vary but are generally early 20th century. The assets are generally of a good quality and condition commensurate with other managed houses.</p> <p>With the exception of the Occasional Half, the properties are let to and operated by Stonegate with the tenants being subsidiary companies and the guarantor being either Town & City Pub Group Limited, Stonegate Pub Company Limited or Bay Restaurant Group Limited. The properties are let with over 23 years unexpired and 5 yearly RPI linked reviews with a cap of 4% and collar of 1%. The next review is due 06/02/2025.</p> <p>The Occasional Half is let on the same terms, but to Redcat Leased Pubs and with an AGA from Stonegate Pub Company Ltd.</p>	<ul style="list-style-type: none"> - Investment valuation methodology, capitalising the passing rent at a yield - Net initial yields adopted of 4.75% - 6.50% reflecting key factors including location, asset quality, condition and estimated trading - Full purchaser costs deducted - We have not had sight of trading accounts and as such there is greater risk in our assessment of Market Rent and rent affordability, however we understand that a regear of the leases was undertaken in 2020 which resulted in a strong rent cover of over 2x 	£35,805,1
Total			£2,303,1

APPENDIX B: SCHEDULE OF PROPERTIES WITH A VALUE IN EXCESS OF 5% OF PORTFOLIO VALUE

	Description
Rivers Hospital	The asset comprises a major healthcare complex, which includes the Rivers private acute hospital, the Gardens and Jacobs Centre neurological services units and Orchard Lea Retirement village, totalling 185 inpatient and day-patient bedrooms and 22 apartments (sold on long leaseholds). Other key services include 4 surgical theatres, 13 consulting and 8 treatment rooms and on-site pharmacy. The Property is situated on a landscaped 22.6 acre site (excluding option land). The Property is held as multiple freeholds and is located in Sawbridgeworth, between Harlow and Bishop's Stortford, Hertfordshire.
Springfield Hospital	Springfield Hospital is a 67 inpatient/day patient, purpose built private hospital and dedicated oncology centre (operated by a third party service provider Genesis Care). Other key services include 5 surgical theatres, 23 consulting and 11 treatment rooms and on-site pharmacy. The Property is situated on a landscaped 6.8 acre site. The Property is held freehold and is located approximately 2 miles north of Chelmsford, Essex.
Alton Towers & Alton Towers Hotel	Alton Towers comprises a theme park, three hotels, lodges, a water park and conference centre on a 546 acre site. The asset is held freehold with the exception of the hotels which are held on a 999 year lease from July 2007 at a rent of £250 per annum. The asset is located north of the village of Alton in Staffordshire in an elevated, scenic position. It is the foremost theme park in the UK and one of the most visited in Europe.
Thorpe Park	Thorpe Park comprises a theme park, small hotel and conference facility on a 435 acre site. The asset is held freehold, it is located next to the M25 intersection with the M3, near to Staines and

surrounded by lakes and reservoirs. It is the second most visited theme park in the UK.

Heide Park & Heide Park Hotel Heide Park is a German theme park, hotel and holiday camp on a 490 acre site of which only part is utilised. The property is held Freehold. It is located in a rural setting in Soltau, 90km south of Hamburg and is one of the most popular parks in Germany.

APPENDIX C: MARKET VALUE BY PROPERTY TYPE

	#	Freehold	Long Leasehold**	Short Leasehold	Sub-total
Hospitals	12	£867,740,000	0		£867,740,000
UK Theme Parks	4	£557,750,000	£105,975,000		£663,725,000
German Theme Parks	2	£152,875,000			£152,875,000
Hotels	123	£224,429,500	£188,880,000	£17,251,000	£430,560,500
Other	19	£88,005,000*	£100,750,000		£188,755,000
Development	0	0	0		0
Totals	160	£1,890,799,500	£395,605,000	£17,251,000	£2,303,655,500

*includes Chiswell St Brewery which has a small area part leasehold

** long leasehold is over 50 years

APPENDIX D: MARKET VALUE BY GEOGRAPHY

Region	Market Value
South East (incl. Home Counties)	£532,635,500
West Midlands	£522,891,500
East England	£487,030,500
North West	£336,493,000
Germany	£152,875,000
South West	£104,441,000
East Midlands	£80,476,500
Scotland	£48,657,000
Yorkshire & Humberside	£22,705,000
Wales	£7,935,500
North East	£7,515,000
Totals	£2,303,655,500

* Heide Park is located in Germany and has been valued in Euros. The denomination has been converted from Euros to Sterling using the Bank of England daily spot rates as at 31/03/2022. The rate applied is 1 EURO=0.844

Appendix 5 LXI QUANTIFIED FINANCIAL BENEFITS STATEMENT

Part A

Paragraph 5 of this announcement contains statements of the estimated cost savings and synergies expected to arise from the Merger (together, the "Quantified Financial Benefits Statement").

A copy of the Quantified Financial Benefits Statement is set out below:

The LXi Directors, having reviewed and analysed the potential cost savings of the Combined Group, as well as taking into account factors they can influence, believe the Combined Group can deliver shareholder value through the expected realisation of approximately £8.6 million of pre-tax recurring run-rate cost synergies by the end of the first year following the Effective Date.

The cost synergies are expected to be realised principally from:

- Management fee: unification of investment management under LXi REIT Advisors, delivering an estimated £7.5 million of run-rate cost synergies derived from lower management fees

charged on the SIR investment properties and the reduction in the fee scale applied to calculate the fees payable by LXi to LXi REIT Advisors for its investment advisory services pursuant to the Amended and Restated Investment Advisory Agreement; and

- Corporate and administrative: de-duplication and rationalisation duplicated listing, administration and operational expenses delivering an estimated £1.1 million of run rate cost synergies.

The LXi Directors do not expect that any one-off costs in connection with realising the expected cost synergies above will be material. The identified cost savings will accrue as a direct result of the Merger and would not be achieved on a standalone basis.

Potential areas of dis-synergy have been considered and were determined by the LXi Directors to be immaterial for the analysis.

These statements relating to identified cost savings and estimated savings relate to future actions or circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out in Appendix 5 to this announcement.

Bases of belief and principal assumptions

Following initial discussion regarding the Merger, a LXi synergy development team, which comprises senior LXi personnel has worked to identify, challenge, and quantify potential synergies as well as the potential costs to achieve and timing of such synergies. The assessment and quantification of potential synergies have been informed by LXi management's industry expertise and knowledge.

In preparing the Quantified Financial Benefits Statement, SIR has shared certain operational and financial information to facilitate a detailed analysis in support of evaluating the potential synergies available from the creation of the Combined Group. The LXi team has performed a bottom-up analysis of the costs included in the SIR financial information and has sought to include in the synergy analysis those costs which it believes will be either reduced or eliminated as part of the Combined Group.

The management fee savings are based on applying the new lower management fee bands and assumptions regarding the pro forma combined market capitalisation. Management's estimate of one-off costs assumes no termination fees in respect of the SIR Investment Advisory Agreement will be payable by SIR or LXi.

The cost bases used as the basis for the quantified financial benefits exercise are the LXi full year budgeted expenses for the financial year ended 31 March 2023, the SIR full year budgeted expenses for the year ended 31 December 2022 and the external LXi and SIR property valuations as at 31 March 2022.

The LXi Directors have, in addition, made the following assumptions:

- The value of the Combined Group property portfolio remaining at or above the 31 March 2022 external valuation of £3.9 billion.
- LXi retains its status as a UK-REIT.
- There will be no material impact on the underlying operations of either LXi or SIR or their ability to continue to conduct their businesses.
- There will be no material change to macroeconomic, political, regulatory or legal conditions in the markets or regions in which LXi and SIR operate that will materially impact on the implementation or costs to achieve the proposed cost savings.
- There will be no change in tax legislation or tax rates or other legislation in the UK or Germany that could materially impact the ability to achieve any benefits.

Reports

As required by Rule 28.1(a) of the Takeover Code, KPMG, as reporting accountants to LXi, and Jefferies, as financial advisers to LXi, have provided the opinions required under that Rule. Copies of these reports are included at Parts B and C of this Appendix 5. Each of KPMG, and Jefferies has given and not withdrawn its consent to the publication of its report in this announcement in the form and context in which it is included.

These statements are not intended as a profit forecast and should not be interpreted as such. These statements of estimated synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the estimated synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the Quantified Financial Benefits Statement nor any other statement in this announcement should be construed as a profit forecast or interpreted to mean that LXi's earnings in the first full year following the Effective Date, or in any subsequent period, will necessarily match or be greater than or be less than those of LXi or SIR for the relevant preceding financial period or any other period.

Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting synergies may be materially greater or less than those estimated.

15 Canada Square
London E14 5GL United
Kingdom

PRIVATE & CONFIDENTIAL

The Directors
LXi REIT PLC
125 London Wall
London
EC2Y 5AS

Contact: Laura Shearer
+44 (0) 7748 708386

Jefferies International Limited 100
Bishopsgate
London
EC2N 4JL

11 May 2022

Ladies and Gentlemen

LXI REIT PLC

We report on the statement ('the Statement') made by the directors of LXi REIT PLC ('the Directors') in Part A of Appendix 5 of the Rule 2.7 Announcement ('the Announcement') to the effect that:

"The LXi Directors, having reviewed and analysed the potential cost savings of the Combined Group, as well as taking into account factors they can influence, believe the Combined Group can deliver shareholder value through the expected realisation of approximately £8.6 million of pre-tax recurring run-rate cost synergies by the end of the first year following the Effective Date.

The cost synergies are expected to be realised principally from:

- Management fee: unification of investment management under LXi REIT Advisors, delivering an estimated £7.5 million of run-rate cost synergies derived from lower management fees charged on the SIR investment properties and the reduction in the fee scale applied to calculate the fees payable by LXi to LXi REIT Advisors for its investment advisory services pursuant to the Amended and Restated Investment Advisory Agreement; and*
- Corporate and administrative: de-duplication and rationalisation duplicated listing, administration and operational expenses delivering an estimated £1.1 million of run rate cost synergies.*

The LXi Directors do not expect that any one-off costs in connection with realising the expected cost synergies above will be material. The identified cost savings will accrue as a direct result of the Merger and would not be achieved on a standalone basis.

Potential areas of dis-synergy have been considered and were determined by the LXi Directors to be immaterial for the analysis."

These statements relating to identified cost savings and estimated savings relate to future actions or circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. This report is required by Rule 28.1(a) of the City Code on Takeovers and Mergers ('the City Code') and is given for the purpose of complying with that requirement and for no other purpose.

Opinion

In our opinion, the Statement has been properly compiled on the basis stated.

The Statement has been made in the context of the disclosures in Part A of Appendix 5 of the Announcement setting out, inter alia, the basis of the Directors' belief (including the principal assumptions and sources of information) supporting the Statement and their analysis and explanation of the underlying constituent elements.

Responsibilities

It is the responsibility of the Directors to prepare the Statement in accordance with the requirements of Rule 28 of the City Code.

It is our responsibility to form an opinion, as required by Rule 28.1(a) of the City Code as to whether the Statement has been properly compiled on the basis stated and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of arising out of, or in connection with, this report or our

any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 23.2 of the City Code, consenting to its inclusion in the Announcement.

Basis of preparation of the Statement

The Statement has been prepared on the basis stated in Part A of Appendix 5 of this Announcement.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the 'FRC'). We are independent, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements of the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements.

We have discussed the Statement, together with the underlying plans, with the Directors and Jefferies International Limited ('Jefferies'). Our work did not involve any independent examination of any of the financial or other information underlying the Statement.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Statement has been properly compiled on the basis stated.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

We do not express any opinion as to the achievability of the benefits identified by the Directors in the Statement. The Statement is subject to uncertainty as described in the Appendix 5 of this Announcement. Since the Statement relates to the future and may therefore be affected by unforeseen events, we express no opinion as to whether the actual benefits achieved will correspond to those anticipated in the Statement and the differences may be material.

Yours faithfully

Part C

REPORT FROM JEFFERIES ON LXI QUANTIFIED FINANCIAL BENEFITS STATEMENT

The Board of Directors
LXI REIT PLC
10 Old Burlington Street
London
W1S 3AQ

11 May 2022

Dear Sirs

Quantified Financial Benefits Statement of LXI REIT PLC ("LXi")

We refer to the Quantified Financial Benefits Statement, the bases of belief thereof and the notes thereto (together, the "**Statement**") as set out in Part A of Appendix 5 of the Rule 2.7 announcement dated 11 May 2022 (the "**Announcement**"), for which the board of directors of LXI (the "**Directors**") are solely responsible under Rule 28.3 of the UK City Code on Takeovers and Mergers (the "**Code**").

We have discussed the Statement (including the assumptions, bases of calculation and sources of information referred to therein) with the Directors and those officers and employees of LXI who developed the underlying plans as well as with KPMG LLP ("**KPMG**"). The Statement is subject to uncertainty as described in the Announcement and our work did not involve an independent examination of any of the financial or other information underlying the Statement.

We have relied upon the accuracy and completeness of all the financial and other information provided to us by or on behalf of LXI, or otherwise discussed with or reviewed by us, and we have assumed such accuracy and completeness for the purposes of providing this letter.

We do not express any view as to the achievability of the quantified financial benefits identified by the Directors.

We have also reviewed the work carried out by KPMG and have discussed with them the opinion set out in Part B of Appendix 5 of the Announcement addressed to yourselves and ourselves on this matter, and the bases of calculation for the Statement.

This letter is provided to you solely in connection with Rule 28.1(a)(ii) of the Code and for no other purpose. We accept no responsibility to LXI or its shareholders or any person other than the Directors in respect of the contents of this letter. We are acting exclusively as financial advisers to LXI and no one else in connection with the offer by LXI for SIR and it was for the purpose of complying with Rule 28.1(a)(ii) of the Code that LXI requested Jefferies International Limited to prepare this report on the Statement. No person other than the Directors can rely on the contents of this letter, and to the fullest extent permitted by law, we exclude all

liability (whether in contract, tort or otherwise) to any other person, in respect of this letter, its contents or the work undertaken in connection with this letter or any of the results that can be derived from this letter or any written or oral information provided in connection with this letter, and any such liability is expressly disclaimed except to the extent that such liability cannot be excluded by law.

On the basis of the foregoing, we consider that the Statement, for which you as the Directors are solely responsible for purposes of Rule 28 of the Code, has been prepared with due care and consideration.

Yours faithfully,

Jefferies International Limited

Appendix 6

THE COMBINED GROUP - PRO-FORMA TENANT OVERVIEW

LXi - Top 20 Ranking

1	Travelodge	4.7	5.9%
2	Q-Park	4.3	5.5%
3	Sainsburys	3.5	4.5%
4	Bombardier	3.5	4.4%
5	Compass	3.3	4.2%
6	Dobbies	3.1	4.0%
7	Asda	3.1	3.9%
8	Premier Inn	3.0	3.7%
9	Capita	2.9	3.6%
10	Tesco	2.8	3.5%
11	Greene King	2.6	3.3%
12	Co-op	2.5	3.2%
13	Bupa	2.1	2.6%
14	Lidl	2.0	2.5%
15	Kids Foundation	1.9	2.4%
16	Cazoo	1.9	2.3%
17	Esken	1.8	2.3%
18	Aldi	1.8	2.3%
19	Priory Group	1.8	2.3%
20	Jurys Inn	1.8	2.2%
	Others	25.1	31.6%

SIR

#	Tenant	Rent (£m)	% of Total
1	Merlin Entertainments	36.2	31.0%
2	Ramsay Healthcare	35.4	30.3%
3	Travelodge	30.3	25.9%
4	SMG	4.2	3.6%
5	The Brewery	3.8	3.3%
6	Orpea	2.2	1.9%
7	Stonegate	2.2	1.9%
8	Others	2.6	2.2%

Pro-Forma Combined - Top 20 Ranking

1	Merlin Entertainments	36.2	18.4%
2	Ramsay Healthcare	35.4	18.0%
3	Travelodge	34.9	17.8%
4	Q-Park	4.3	2.2%
5	SMG	4.2	2.1%
6	The Brewery	3.8	2.0%
7	Sainsburys	3.5	1.8%
8	Bombardier	3.5	1.8%
9	Compass	3.3	1.7%

9	Compass	3.3	1.7%
10	Dobbies	3.1	1.6%
11	Asda	3.1	1.6%
12	Premier Inn	3.0	1.5%
13	Capita	2.9	1.5%
14	Tesco	2.8	1.4%
15	Greene King	2.6	1.3%
16	Co-op	2.5	1.3%
17	Orpea	2.2	1.1%
18	Stonegate	2.2	1.1%
19	Bupa	2.1	1.1%
20	Lidl	2.0	1.0%
	Others	38.7	19.7%

Appendix 7 COMBINED GROUP DEBT POSITION

Facility	Principal (£m)	Maximum Annual Interest Rate	Final Repayment Date
Term Loans	170.0	2.9%	Dec-33
Revolving Credit Facility	165.0 ⁽¹⁾	3.0%	Aug-24
LXi Total	335.0	2.9%	
Merlin Leisure	282.8	5.0%	Apr-26
Budget Hotels 2	65.4	3.3%	Apr-23
Leisure: Arena, Brewery, Pubs	60.0	3.2%	Jun-23
Budget Hotels 1	59.0	2.7%	Oct-23
Healthcare 1	63.5	4.3%	Sep-25
Healthcare 2	296.5	5.3%	Oct-25
SIR Total	827.3	4.6%	
Total Acquisition Facility	385.0	SONIA + 188bps⁽²⁾	Jun-23⁽³⁾
Combined Group Total	1,547.3	4.1%⁽⁴⁾	

⁽¹⁾ £165 million RCF fully committed.

⁽²⁾ Average Margin Adjustment calculated over the first twelve months from the date of the credit agreement.

⁽³⁾ Two six-month extension options available at the Combined Group's request.

⁽⁴⁾ Excluding Acquisition Facility.

Key protections

- Eight ring fenced secured facilities with no direct recourse to each other.
- All eight secured facilities have cure rights (the Combined Group will have approximately £585 million of unsecured assets and cash).
- 100 per cent. of all secured facilities are fixed or capped providing protection from ICR covenants.
- Valuation fall of 33 per cent. needed before tightest LTV covenant is triggered.

- New Acquisition Facility unsecured at asset level with less onerous covenants than secured facilities.

Appendix 8 DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise:

Acquisition Facility	the £385 million debt facility made available under a facilities agreement entered into on 11 May 2022 between, amongst others, LXi, HSBC Bank plc and Barclays Bank PLC for the purposes of financing the Partial Cash Alternative;
Admission	admission of the New LXi Shares to be issued pursuant to the Merger and re-admission of the LXi Shares that are subject to Cancellation (i) to trading on the Main Market becoming effective in accordance with the LSE Admission Standards; and (ii) to listing on the Premium segment of the Official List becoming effective in accordance with the Listing Rules;
AIM	the market of that name operated by the London Stock Exchange;
AIM Rules	the Rules and Guidance notes for AIM Companies and their nominated advisers issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM;
Amalfi	Amalfi B Limited, a private limited company incorporated in the Isle of Man with registered number 019941V and whose registered office is at Commerce House, 1 Bowring Road, Ramsey, IM8 2LQ, Isle of Man;
Amended and Restated Investment Advisory Agreement	the amended and restated investment advisory agreement dated 11 May 2022 between the Company, the LXi AIFM and the LXi Investment Advisor the terms of which shall take effect from the Effective Date
Amended and Restated Investment Management Agreement	the amended and restated investment management agreement dated 11 May 2022 between the Company and the LXi AIFM the terms of which shall take effect from the Effective Date
Amendment and Restatement Agreements	the Amended and Restated Investment Advisory Agreement and the Amended and Restated Investment Management Agreement
Business Day	any day (excluding any Saturday or Sunday or any public holiday in England) on which banks in the City of London are generally open for business;
Cancellation	cancellation of the admission of the LXi Shares in issue immediately prior to completion of the Merger to listing on the Premium segment of the Official List and to trading on the Main Market;
CBRE	CBRE Limited;
Closing Price	the closing middle market price of a SIR Share as derived from the AIM appendix to the Daily Official List on any particular date;

Combined Circular and Prospectus	the combined circular and prospectus to be published by LXI and to be sent to LXI Shareholders outlining, amongst other things, the Merger and containing the notice convening the LXI General Meeting and information on LXI, the Combined Group and the New LXI Shares;
Combined Group	the LXI Group as enlarged by the SIR Group following completion of the Merger;
Companies Act	the Companies Act 2006, as amended from time to time;
Conditions	the conditions to the Merger, as set out in Appendix 1 to this announcement and to be set out in the Scheme Document;
Confidentiality Agreement	the confidentiality agreement entered into between LXI and SIR in relation to the Merger dated 6 April 2022, a summary of which is set out in paragraph 15 of this announcement;
Court	the High Court of Justice in England and Wales;
CREST	the relevant system (as defined in the CREST Regulations), in respect of which Euroclear UK & International Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (including as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018);
Daily Official List	the daily official list of the London Stock Exchange;
Dealing Disclosure	an announcement pursuant to Rule 8 of the Takeover Code containing details of dealings in interests in relevant securities of a party to an offer;
Disclosed	<p>in respect of SIR: (a) information disclosed by, or on behalf of, SIR (i) in SIR's annual report and financial statements for the 12 months ended 31 December 2021 or (ii) in this announcement; (b) information fairly disclosed in writing between LXI and SIR and their respective professional advisers prior to the date of this announcement by, or on behalf of, SIR to LXI (or their respective officers, employees, agents or advisers in their capacity as such), including in the virtual data room, prior to 6.00 p.m. on 6 May 2022, operated on behalf of SIR and which LXI and its advisers are able to access in respect of the Merger; and (c) as otherwise publicly announced by SIR prior to the date of this announcement (by the delivery of an announcement to a Regulatory Information Service); and</p> <p>in respect of LXI: (a) information disclosed by, or on behalf of, LXI (i) in LXI's annual report and financial statements for the 12 months ended 31 March 2021, (ii) in the interim results of LXI for the six month period ended 30 September 2021 or (iii) in this announcement; (b) information fairly disclosed in writing between SIR and LXI and their respective professional advisers prior to the date of this announcement by, or on behalf of, LXI to SIR (or their respective officers, employees, agents or advisers in their capacity as such), including in the virtual data room, prior to 6.00 p.m. on 6 May 2022, operated on behalf of LXI and which SIR and its advisers are able to access in respect of the Merger; and (c) as otherwise publicly announced by LXI prior to the date of this announcement (by the delivery of an announcement to a Regulatory Information Service);</p>
Effective	<p>either:</p> <ul style="list-style-type: none"> (a) if the Merger is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (b) if the Merger is implemented by way of a Takeover Offer, means the Takeover Offer having been declared or having become unconditional in accordance with the

	requirements of the Takeover Code;
Effective Date	the date on which the Merger becomes Effective;
EPRA	European Public Real Estate Association;
EPRA Guidance	the EPRA Best Practices Recommendations Guidelines October 2019;
EPRA NTA	a measure of net asset value designed by EPRA to present the fair value of a company on a long term basis and for these purposes, the SIR Group uses EPRA Net Tangible Assets as defined in the EPRA Guidance;
Exchange Ratio	3.32 New LXi Shares for each SIR Share;
Excluded Shares	any SIR Shares: <ul style="list-style-type: none"> (a) registered in the name of, or beneficially owned by, LXi or any member of the Wider LXi Group or their respective nominees; or (b) registered in the name of, or beneficially owned by, funds managed by LXi or a member of the Wider LXi Group or any of their subsidiary undertakings or their respective nominees, and the 1,184,551 SIR Shares held by Prestbury Investment Partners Limited;
FCA	the Financial Conduct Authority;
Form of Election	the form of election for use by an eligible Scheme Shareholder who holds Scheme Shares in certificated form in relation to the Partial Cash Alternative;
Forms of Proxy	the forms of proxy in connection with each of the SIR Court Meeting and the SIR General Meeting, which shall accompany the Scheme Document;
FSMA	the Financial Services and Markets Act 2000, as amended from time to time;
Independent SIR Shareholders	SIR Shareholders excluding the Prestbury Management Team and their connected persons;
ISIN	the International Securities Identification Number;
Key Operating Assets	those assets where the operations conducted from the property are integral to the tenant's business;
Knight Frank	Knight Frank LLP;
Listing Rules	the listing rules, made by the FCA under Part 6 of FSMA, as amended from time to time;
LXi	LXi REIT plc, a public limited company incorporated in England and Wales with company number 10535081 and whose registered office is at 6 th Floor, 125 London Wall, London EC2Y 5AS;
LXi AIFM	Alvarium Fund Managers (UK) Limited, a private limited company incorporated in England and Wales with company number 09921853 and whose registered office is at 10 Old Burlington Street, London W1S 3AG;
LXi Board	the board of directors of LXi as at the date of this announcement;
LXi Directors	the directors of LXi as at the date of this announcement;
LXi General Meeting	the general meeting of LXi to be convened by the LXi Board and currently expected to be held in late June 2022;
LXi Group	LXi and its subsidiaries and subsidiary undertakings from time to time;
LXi Investment Advisory Agreement	the investment advisory agreement dated 12 February 2020 between LXi, the LXi AIFM and LXi REIT Advisors;
LXi Investment Management Agreement	the investment management agreement dated 12

LXI Investment Management Agreement	the investment management agreement dated 12 February 2020 between LXI and the LXI AIFM;
LXI Management Team	John White, Simon Lee and Freddie Brooks, who are directors of LXI REIT Advisors;
LXI Permitted Dividends	the LXI Q4 Dividend and the LXI Q1 Dividend;
LXI Q1 Dividend	the quarterly dividend to be declared by LXI in respect of the quarter ended 30 June 2022;
LXI Q4 Dividend	the quarterly dividend expected to be declared in May 2022 and paid by LXI in June 2022 in respect of the quarter ended 31 March 2022;
LXI REIT Advisors	LXI REIT Advisors Limited, a private limited company incorporated in England and Wales with registered number 10537567 and whose registered office is at 10 Old Burlington Street, London W1S 3AG;
LXI Resolution	the shareholder resolution to be proposed at the LXI General Meeting to approve the Merger, the proposed amendments to LXI's investment policy required in order to effect the Merger and the authority to allot the New LXI Shares;
LXI Shareholders	the holders of LXI Shares;
LXI Shares	the ordinary shares of 1 penny each in the capital of LXI;
London Stock Exchange	London Stock Exchange plc;
Long Stop Date	26 September 2022, or such later date as may be agreed in writing between LXI and SIR (with the Panel's consent and as the Court may allow, if such consent and/or approval is/are required);
LTV	Loan to value: the outstanding amount of a loan as a percentage of property value;
Main Market	the London Stock Exchange's main market for listed securities;
Merger	the proposed acquisition of the entire issued ordinary share capital of SIR by LXI (other than the Excluded Shares) to be implemented by way of the Scheme or, should LXI so elect (with the consent of the Panel) by way of the Takeover Offer; and, where the context admits, any subsequent revision, variation, extension or renewal thereof;
New LXI Shares	the LXI Shares proposed to be allotted and issued to Scheme Shareholders in connection with the Scheme;
Non-Permitted LXI Dividend	any dividend, distribution or other return of capital or value announced, declared, made or paid by LXI or which become payable by LXI in respect of the LXI Shares, on or after the date of this announcement and before the Scheme Record Time, excluding the LXI Permitted Dividends;
Non-Permitted SIR Dividend	any dividend, distribution or other return of capital or value announced, declared, made or paid by SIR or which become payable by SIR in respect of the SIR Shares, on or after the date of this announcement and before the Scheme Record Time, excluding the SIR Permitted Dividends;
Offer Document	if (with the consent of the Panel, as applicable) LXI elects to implement the Merger by way of the Takeover Offer, the document to be sent to SIR Shareholders which will contain, <i>inter alia</i> , the terms and conditions of the Takeover Offer;
Offer Period	the offer period (as defined in the Takeover Code) relating to SIR commencing on 11 May 2022 and ending on the earlier of the Effective Date and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel may decide);
Official List	the Official List of the FCA;
Overseas Shareholders	Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom;
Panel	the Panel on Takeovers and Mergers;

Panel	the Panel on Takeovers and Mergers;
Partial Cash Alternative	the alternative whereby SIR Shareholders may irrevocably elect to receive cash instead of the share consideration which they would otherwise be entitled to receive under the Scheme, subject to scale back to an amount not less than the basic entitlement of 118.880 pence per SIR Share sold pursuant to the Merger if elections for cash exceed a maximum aggregate amount of £385 million;
Prestbury	Prestbury Investment Partners Limited, a private limited company incorporated in England and Wales with company number 12277950 and whose registered office is at Cavendish House, 18 Cavendish Square, London W1G 0PJ;
Prestbury Acquisition	the proposed acquisition by Amalfi, conditional upon completion of the Merger, of the entire issued share capital of Prestbury pursuant to the Prestbury SPA;
Prestbury Management Team	Nick Leslau, Mike Brown, Tim Evans, Sandy Gumm and Ben Walford who are directors of Prestbury and their related entities where the context so requires;
Prestbury Management Team Lock Up	the lock up arrangements entered into between LXI and the Prestbury Management Team pursuant to which the Prestbury Management Team have agreed that, subject to certain exceptions, during the period of one year following the Effective Date, they and their associated entities will not offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, any LXI Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing;
Prestbury SPA	the conditional sale and purchase agreement dated 11 May 2022 entered into between Amalfi and the members of the Prestbury Management Team relating to the sale and purchase of the entire issued share capital of Prestbury;
PRA	the Prudential Regulation Authority;
Registrar of Companies	the Registrar of Companies in England and Wales;
Regulatory Information Service	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
REIT	a company or group to which Part 12 of the CTA 2010 applies (including, where relevant, a REIT Group);
Restricted Jurisdiction	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Merger is sent or made available to SIR Shareholders in that jurisdiction;
Rothschild & Co	N.M. Rothschild & Sons Limited;
Scheme	the proposed scheme of arrangement under Part 26 of the Companies Act between SIR and Scheme Shareholders to implement the Merger, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by SIR and LXI;
Scheme Court Order	the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
Scheme Document	the document to be dispatched to SIR Shareholders including the particulars required by section 897 of the Companies Act;
Scheme Record Time	the time and date specified as such in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately after the date of the Scheme Sanction Hearing, or such later time as LXI and SIR may agree;
Scheme Sanction Hearing	the hearing of the Court to sanction the Scheme under section 899 of the Companies Act, including any adjournment thereof;
Scheme Shareholders	holders of Scheme Shares;
Scheme Shares	all SIR Shares;

- (a) in issue at the date of the Scheme Document and which remain in issue at the Scheme Record Time;
- (b) (if any) issued after the date of the Scheme Document and prior to the Voting Record Time and which remain in issue at the Scheme Record Time; and
- (c) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme and which remain in issue at the Scheme Record Time,

but excluding any Excluded Shares;

Stifel

Stifel Nicolaus Europe Limited;

Substantial Interest

a direct or indirect interest in 20 per cent. or more of the voting equity share capital of an undertaking;

SIR

Secure Income REIT plc, a public limited company incorporated in England and Wales with company number 06064259 and whose registered office is at Cavendish House, 18 Cavendish Square, London W1G 0PJ;

SIR Articles

the articles of association of SIR from time to time;

SIR Board

the board of SIR Directors as at the date of this announcement;

SIR Court Meeting

the meeting of the Scheme Shareholders convened by order of the Court pursuant to section 896 of the Companies Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment thereof;

SIR Directors

the directors of SIR as at the date of this announcement;

SIR General Meeting

the SIR General Meeting of SIR Shareholders to be convened in connection with the Scheme to consider and, if thought fit, to approve the SIR Resolutions (with or without amendment), including any adjournment, postponement or reconvening thereof;

SIR Group

SIR and its subsidiaries and subsidiary undertakings from time to time;

SIR Investment Advisory Agreement

the investment advisory agreement relating to SIR and dated 30 May 2014, as amended and restated on 3 June 2015, as further amended and restated on 2 March 2016 and 5 March 2019, as subsequently novated and amended pursuant to a deed of novation and amendment between SIR, Prestbury and Prestbury Investments LLP dated 10 December 2019 and as further amended on 11 March 2020 pursuant to a deed of amendments between SIR and Prestbury.

SIR Meetings

the SIR Court Meeting and the SIR General Meeting;

SIR Permitted Dividends

the SIR Q1 Dividend and the SIR Q2 Dividend;

SIR Q1 Dividend

the quarterly dividend of 3.95 pence per SIR Share declared on 21 April 2022 and scheduled to be paid by SIR on 7 June 2022 in respect of the quarter ended 31 March 2022;

SIR Q2 Dividend

the quarterly dividend to be declared by SIR in respect of the quarter ended 30 June 2022;

SIR Resolutions

the resolution(s) to be proposed at the SIR General Meeting necessary to approve and implement the Scheme, including a resolution authorising the SIR Board to take all actions as they may consider necessary or appropriate to give effect to the Scheme, a resolution to amend the Articles by the adoption and inclusion of a new article under which any SIR Shares issued or transferred after the Scheme Record Time (other than to LXi and/or its nominees) shall be automatically transferred to LXi (and, where applicable, for consideration to be paid to the

	transferee or to the original recipient of the SIR Shares so transferred or issued) on the same terms as the Merger (other than terms as to timings and formalities) and the resolution to approve the Prestbury Acquisition for the purposes of Rule 16 of the Takeover Code;
SIR Shareholders	the registered holders of SIR Shares from time to time;
SIR Shares	the ordinary shares of 10 pence each in the capital of SIR from time to time;
Takeover Code	the City Code on Takeovers and Mergers, as issued from time to time by or on behalf of the Panel;
Takeover Offer	if (with the consent of the Panel as applicable) LXi elects to implement the Merger by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of LXi to acquire the entire issued ordinary share capital of SIR and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
Total Accounting Return	the movement in EPRA NTA over a period plus dividends paid in the period, expressed as a percentage of the EPRA NTA at the start of the period;
Total Expense Ratio	the ratio of total operating expenses, including management fees expressed as a percentage of the average net asset value;
Total Shareholder Return	the movement in share price over a period plus dividends paid in the period, expressed as a percentage of the share price at the start of the period or, for the period since listing, as a percentage of the issue price at the time of listing;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
uncertificated or in uncertificated form	a share or other security title to which is recorded in the relevant register of the share or security as being held in uncertificated form, in CREST, and title to which, by virtue of the CREST Regulations may be transferred by means of CREST;
US Exchange Act	the United States Securities Exchange Act 1934, as amended, and the rules and regulations promulgated thereunder;
US or United States	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
Voting Record Time	the time and date specified as such in the Scheme Document by reference to which entitlement to vote at the SIR Court Meeting will be determined;
WAULT	weighted average unexpired lease term;
Wider LXi Group	LXi, its subsidiary undertakings and associated undertakings (including any joint venture, partnership, firm or company) in which LXi and/or such undertakings (aggregating their interests) have a Substantial Interest; and
Wider SIR Group	SIR, its subsidiary undertakings and associated undertakings (including any joint venture, partnership, firm or company) in which SIR and/or such undertakings (aggregating their interests) have a Substantial Interest.

All references to time in this announcement are to London time unless otherwise stated.

All references to "**pounds**", "**pounds Sterling**", "**Sterling**", "**£**", "**pence**", "**penny**" and "**p**" are to the lawful currency of the United Kingdom.

A reference to "**includes**" shall mean "**includes without limitation**", and references to "including" and any other similar term shall be construed accordingly.

For the purposes of this announcement, "**subsidiary**", "**subsidiary undertaking**", "**undertaking**" and "**equity share capital**" have the meanings given by the Companies Act.

References to an enactment include references to that enactment as amended, replaced, consolidated or re-

enacted by or under any other enactment before or after the date of this announcement.

References to the singular include the plural and vice versa.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

OFFABMATMTABMPT

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

© 2022 London Stock Exchange plc. All rights reserved.