

Secure Income REIT Plc

Results for the six months ended
30 June 2019

1. Introduction

Nick Leslau

2. Results

Sandy Gumm

3. Portfolio update & market outlook

Mike Brown

Q&A





Secure Income REIT Plc (SIR) is a **specialist UK REIT**, investing in real estate assets that provide **long term rental income with inflation protection**.

It owns a **164 property, £2.1 billion* portfolio** at the 30 June 2019 external valuation. High quality assets are let to **financially strong businesses in defensive sectors**. Leases have **c. 21.5 years weighted average unexpired term** with no breaks. **59% of rents have upwards only RPI linked reviews** and 41% have fixed uplifts.

SIR has a highly experienced Board and a management team which has a **very close shareholder alignment** through its near £200 million stake in the Company.

An investment in SIR offers a secure, growing income stream, strong foundations for sustainable capital growth and the prospect of attractive risk adjusted returns for shareholders over the long term.

** all data at 30 June 2019 as adjusted for the sale of eight hospitals on 22 July 2019*



Operating Highlights: six months to 30 June

- Lease on the Brewery at Chiswell St, London (£3.4m pa) **extended by 25 years** from 12 to 37 years unexpired from 30 June 2019, with no breaks
 - Extension negotiated with no payment to tenant
- Four further non-core Budget Hotels sold (three before 30 June, one after) for net proceeds of £7.1 million
 - 8% above December 2018 book value
 - We continue to respond to the market and recycle capital from non-core asset sales where appropriate

Capital recycled where prudent and advantageous; sales realise upside while retaining exposure to core, index linked long term income



Post 30 June 2019: Hospitals sale

- Sale of eight Ramsay hospitals on 22 July 2019
 - Gross consideration of £347.0 million **16% above 30 June 2019 book value**
 - **Increased EPRA NAV by 4.6p per share to 420.5p** on a pro forma basis
 - **Reduced Net LTV to 33%** from 42% at 30 June
 - Increased **uncommitted cash to in excess of £230 million**
 - **Increased proportion of RPI linked rents from 52% to 59%**
 - **Unlevered property return of over 100% from hospitals sold** over the period from listing in June 2014 until sale
- Since March 2015 **c. £1.4bn of purchases and sales transacted**
 - **Average yield spread of 1.8%:** purchases at blended 6.3% and sales at blended 4.5%

“Boring” assets delivering exciting returns



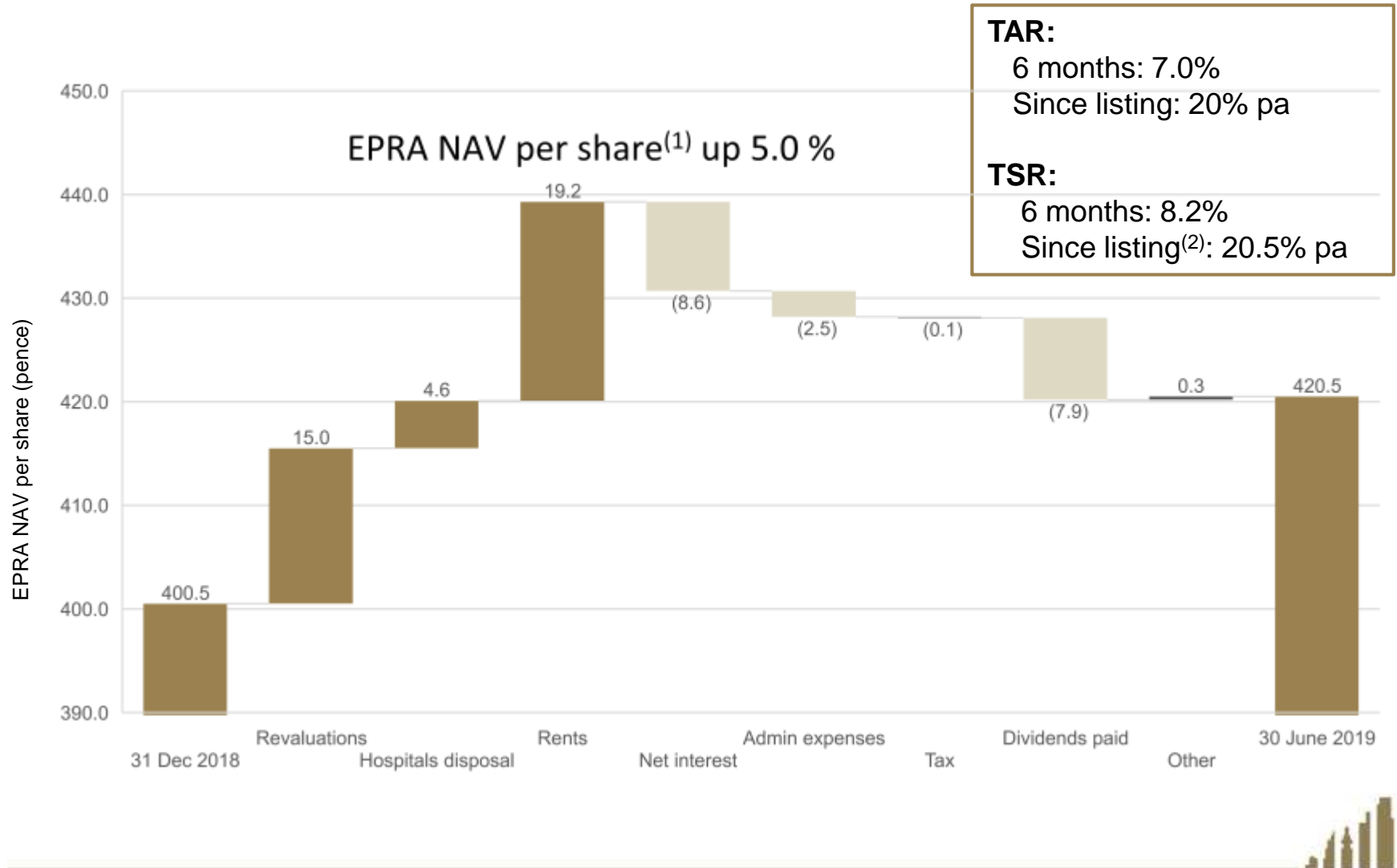
Financial highlights: 30 June 2019 pro forma

	30 June 2019 pro forma ⁽¹⁾	31 December 2018	
Net Assets	£1,344.6m	£1,281.6m	↑ 4.9%
EPRA Net Asset Value	£1,357.6m	£1,292.9m	↑ 5.0%
EPRA Net Asset Value per share	420.5p	400.5p	↑ 5.0%
Net LTV	33.0%	43.0%	↓ 23.3%
Uncommitted cash	£232.0m	£66.4m	↑ 3.5x
Portfolio net initial yield	5.1%	5.1%	-
WAULT	21.5 years	20.9 years	↑ 2.9%
	30 June 2019 pro forma ⁽¹⁾	30 June 2018	
Adjusted EPRA EPS	8.1p	6.2p	↑ 30.6%
Dividends paid	£25.3m	£16.1m	↑ 57.1%
Dividends per share in the period	7.9p	6.0p	↑ 30.9%
Latest DPS annualised as a percentage of EPRA NAV	4.0%	4.1%	

Contractual rental increases and full impact of 2018 acquisitions drove growth in income and capital returns; rising rents and asset disposals reduced net LTV

(1) 30 June 2019 adjusted for Hospitals portfolio sale as shown on page 36

EPRA NAV per share progression



(1) 30 June 2019 EPRA NAV per share is adjusted for Hospitals portfolio sale as shown on page 36

(2) From placing price of 174 p per share in June 2014

Adjusted EPRA Earnings

	Six months to June 2019		Six months to June 2018	
	£m	Pence	£m	Pence
Net rent				
Like for like portfolio	49.7	15.4	48.9	17.4
2018 acquisitions *	12.4	3.8	1.4	0.4
Net finance costs				
Like for like portfolio	(25.0)	(7.8)	(25.0)	(8.8)
Facilities drawn in 2018*	(2.3)	(0.7)	(0.4)	(0.1)
Admin & corporate costs	(8.4)	(2.5)	(7.3)	(2.6)
Tax charge (German assets)	(0.2)	(0.1)	(0.3)	(0.2)
Adjusted EPRA Earnings	26.2	8.1	17.3	6.2
Dividend per share		7.9p		6.0p
Dividend cover		1.02x		1.03x

- Increase in EPRA Earnings per share against the same period last year driven by full earnings now onstream from the 2018 acquisitions
- Dividend growth driven by **in-built rental uplifts providing inflation protection**

* 2018 acquisitions completed and new facilities drawn 24 April 2018 (£15.0m p.a. rent) and 2 July 2018 (£11.9m p.a. rent)

Adjusted EPRA Earnings impact of hospitals sale

	Impact of sale prior to capital redeployment or return to shareholders <i>£m</i>
Gross passing rent on assets sold	(16.0)
Gross annual interest payable on debt repaid	6.5
Interest income on £164m surplus proceeds (at est 0.5% return)	0.8
Annualised sale impact £m	(8.7)
Annualised sale impact on Adjusted EPRA EPS	(2.7 p)

Income returns to investors to be made whole by payment of additional dividend (paid as a PID with the routine quarterly cash dividends) to top up net income from sold hospitals to the extent to which surplus proceeds have not been reinvested or returned to shareholders



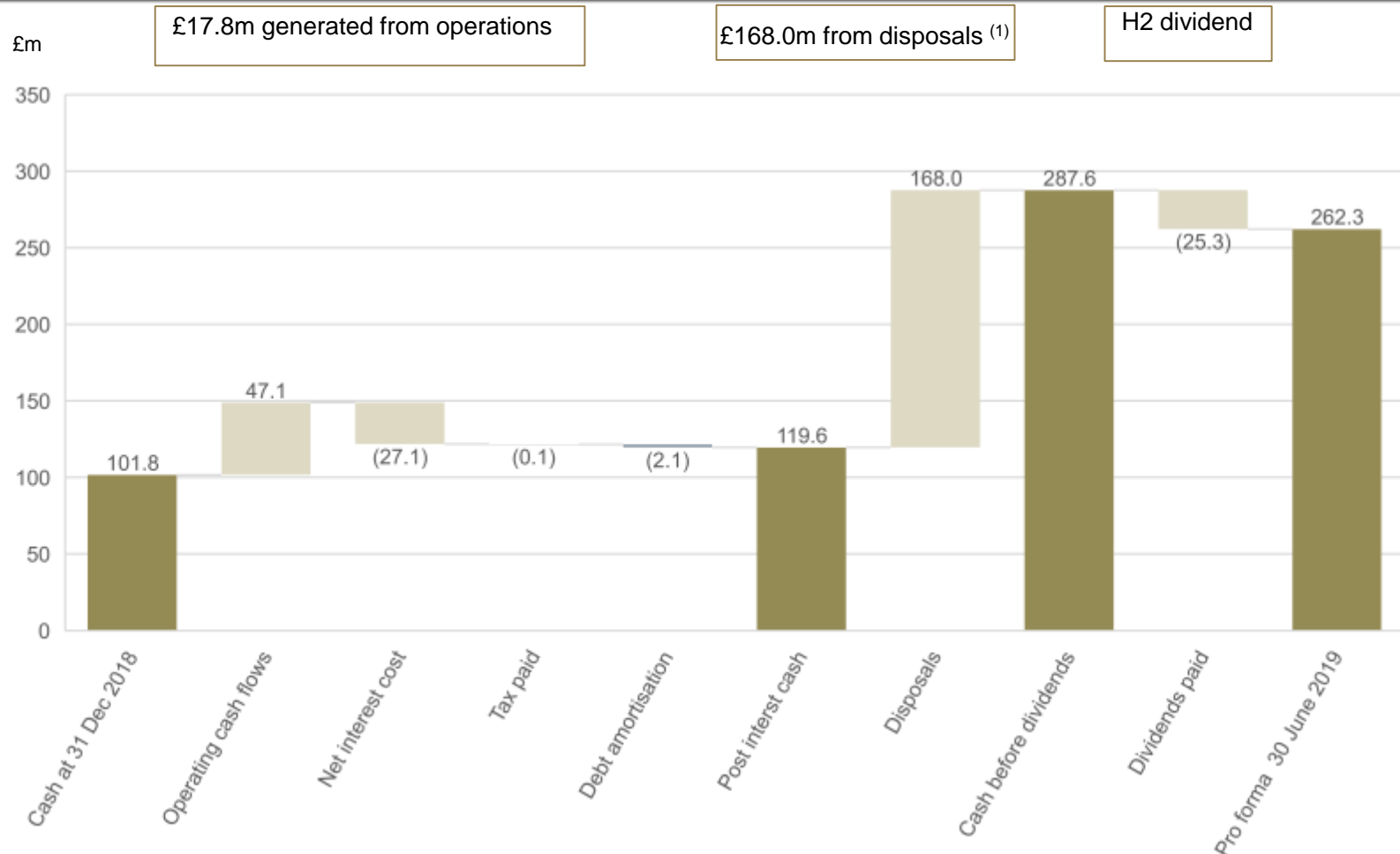
Cash reserves

- Increase in uncommitted cash from hospitals sale c. £164 million includes cash reserved to top up dividends until such time as the surplus is invested or returned – initially 2.7 p per share per annum (c. £8.7m)
- The Management team is aligned and motivated to find the most appropriate application for those surplus funds
- Deployment of the surplus cash will depend on how events unfold and whether attractive purchase opportunities arise.
- The options are:
 1. Acquisitions. Purely for illustrative purposes:
 - a c. £175m acquisition at 6% NIY with 33% LTV debt costing 3% pa would result in a c. £116m equity investment and add approx. 2.7p per share per annum back to dividends
 - A c. £216m acquisition yielding 5% with 33% LTV debt costing 3% pa would require £145m cash investment and also achieve c. 2.7p per share per annum dividend increase
 2. Special dividends and / or capital returns
 3. Reserves for application to debt packages to ride out economic shocks arising from external sources such as a disorderly Brexit and / or a change of government, should this have an impact on the secured facilities

Board and management keeping balance sheet and acquisition opportunities under review; exceptionally strong shareholder alignment should achieve best results for all shareholders



Cash flow



Strong cash flow from very long FRI leases and fixed rate debt; uncommitted cash increased 3.5x to over £230m following disposals

(1) 30 June 2019 adjusted for Hospitals portfolio sale as shown on page 36

Financing: debt portfolio following hospital sale

- **Net LTV reduced** from 43.0% to 42.2% over the six month period and further reduced to **33.0% following disposals**
- **Uncommitted cash £232 million**, up from £66 million at 31 December 2018
- Six ring fenced facilities with **substantial headroom & flexibility** on financial covenants
 - valuation headroom – measured before the impact of any mitigating action – maintained or improved in all cases
 - LTV default tests in all cases **at least 34% headroom** (up from 32%) and ICR default headroom **at least 35%** (up from 31%)
 - all facilities have cash cure rights where surplus cash can be injected into secured structures to cure actual or prospective breaches
- Weighted average maximum coupon (after debt repayments from sales proceeds) c.4.9% pa (4.8% pa December 2018)
- Interest cover in the period and post hospitals sale maintained at 2.4x⁽¹⁾

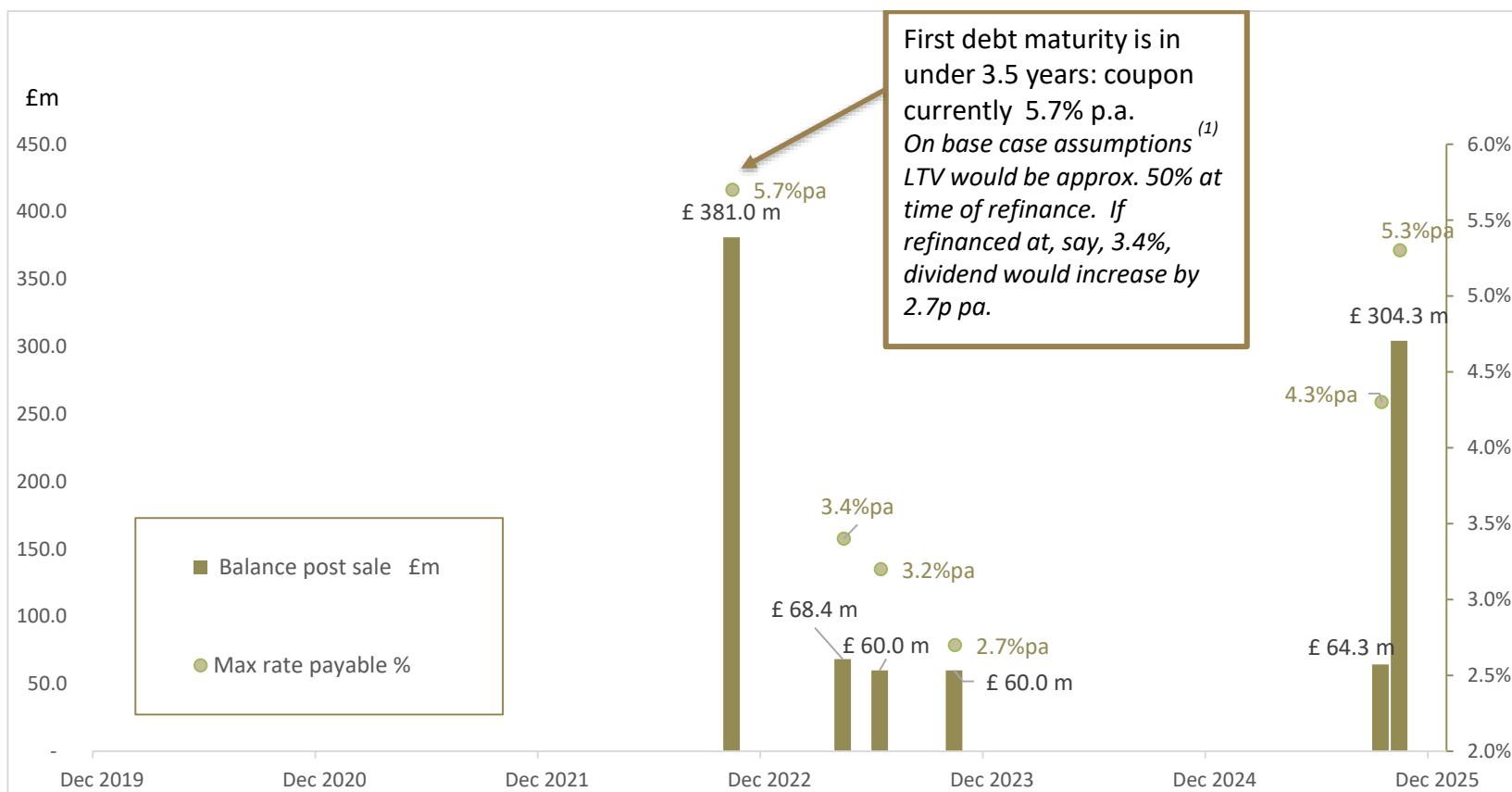
Consistent focus on risk management and financial covenant safety

(1) calculated as current passing rent divided by annualised interest cost as at the balance sheet date
Key information for each facility is shown on page 37



Financing: maturity profile

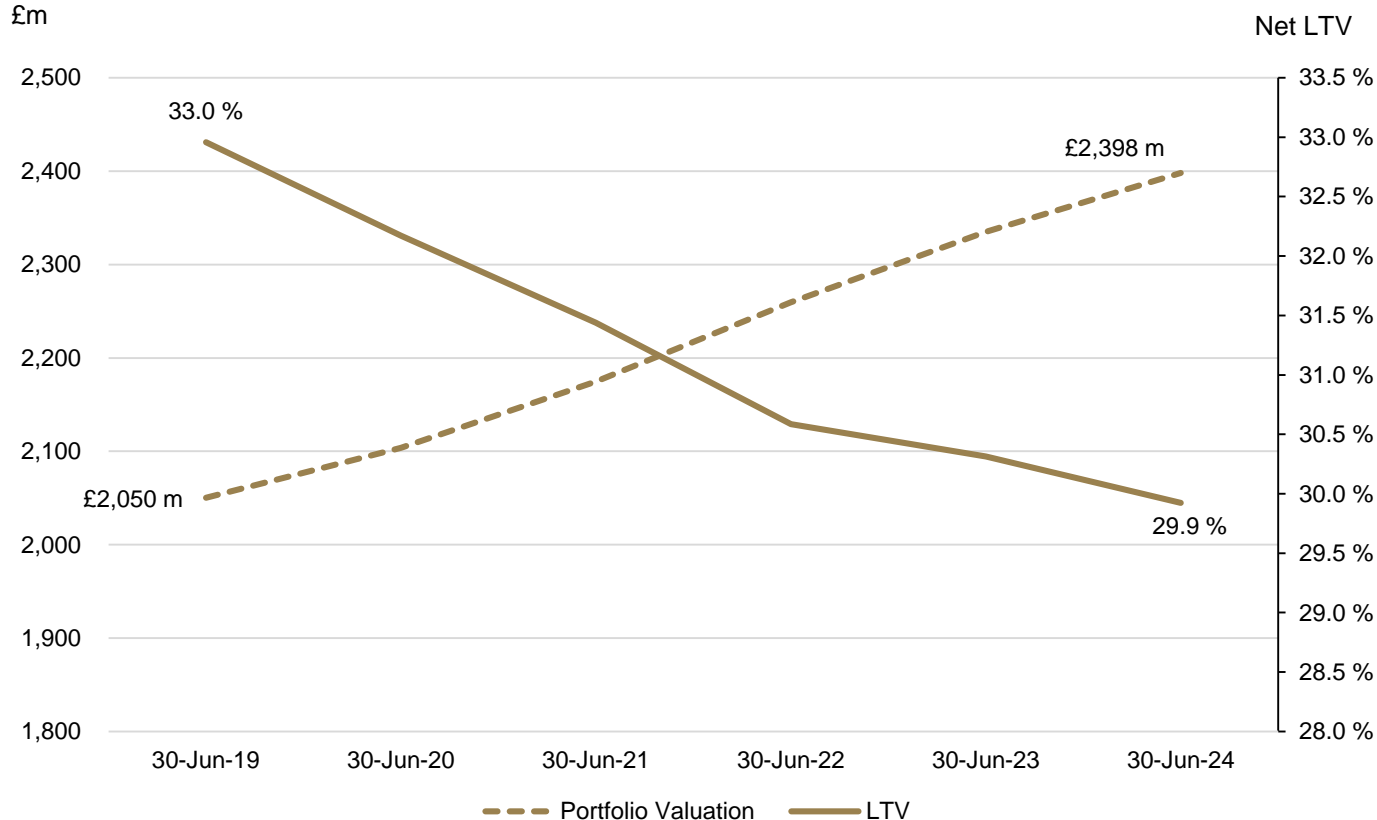
- Weighted average term to debt maturity 4.6 years from 30 June 2019 for debt facilities (with the relevant healthcare facility adjusted for the hospitals sale)
- First maturity October 2022



(1) See assumptions on page 29

Financing

Illustrative Portfolio Valuation and Net LTV at Constant Valuation Yield (1)



Modelling assumptions include refinancing of Merlin debt in Oct 22 on same terms as currently apply – 5.7% pa coupon – and includes impact of refinancing costs

(1) See assumptions on page 29
 30 June 2019 data is after pro forma adjustments for sale of hospitals shown on page 36
There is no certainty that these illustrative outcomes will be achieved





Portfolio Update and Market Outlook



Rents up 1.9% on like for like portfolio

	Healthcare		Leisure		Budget Hotels		Total		
Passing rent:	30 June 2019* £m	Change since Dec 2018	30 June 2019 £m	Change since Dec 2018	30 June 2019 £m	Change since Dec 2018	30 June 2019 £m	2018 £m	Like for like increase over Dec 2018
Like for like	35.6	2.8%	46.8	2.4%	28.7	0.0%	111.1	109.0	+ 1.9%
Disposals	-	-	-	-	-	-	-	16.0	
Total	35.6	2.8%	46.8	2.4%	28.7	0.0%	111.1	125.0	



All healthcare assets have fixed annual uplifts and all take effect in first half of the year



£32m pa annual upwards only RPI, reviewed in the period and up 3.04%; £6.6m fixed annual 3.34% increases occur on 29 July each year



Reviewed on a staggered five-yearly cycle: few reviews falling in 2019 and none in first half

Travelodge reviews by passing rent:

2019	4%
2020	22%
2021	24%
2022	39%
2023	11%

* Adjusted for the sale of hospitals on 22 July 2019

June 2019 property valuation uplift

	Healthcare		Leisure		Budget Hotels		Total		
	30 June 2019* £m	Change since Dec 2018	30 June 2019 £m	Change since Dec 2018	30 June 2019 £m	Change since Dec 2018	30 June 2019* £m	31 Dec 2018 £m	
Valuation:									
Like for like Sterling	711.7	2.8%	732.1	2.6%	490.4	-	1934.2	1,897.0	+ 2.0%
Like for like constant €	-	-	116.2	3.3%	-	-	116.2	112.6	+ 3.3%
Euro FX	-	-	(0.2)		-	-	(0.2)	-	
Like for like portfolio	711.7	2.8%	848.1	2.6%	490.4	-	2,050.2	2,009.6	+ 2.0%
Disposals	-	-	-	-	-	-	-	297.1	
Total:	711.7	2.8%	848.1	2.6%	490.4	-	2,050.2	2,306.7	

* Adjusted for the sale of hospitals on 22 July 2019

Blended Net Initial Yield maintained at 5.1%

	Healthcare		Leisure		Budget Hotels		Total	
	30 June 2019 ⁽¹⁾	31 Dec 2018	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018	30 June 2019 ⁽¹⁾	31 Dec 2018
Net Initial Yield	4.7%	4.8%	5.1%	5.1%	5.5%	5.5%	5.1%	5.1%
Running Yield within 12 months ⁽²⁾	4.8%	4.9%	5.3%	5.3%	5.5%	5.5%	5.2%	5.2%

(1) Adjusted for sale of hospitals in July 2019 and including the July German theme parks rental uplifts in the yield calculation

(2) Using valuers' assessments of RPI at next uplift (2.6% for leisure assets, 2.5% for hotels) and taking no account of any open market uplift on Ramsay Hospitals



Ramsay hospitals sale

- £347 million gross proceeds on sale to MPT - US specialist healthcare REIT
- Price achieved at 16% above 30 June 2019 book value
- Gross proceeds equivalent to 4.3% NIY on a 'Red Book' valuation basis (assuming 6.75% purchasers' costs)
- SIR retains Ramsay core portfolio of 11 private hospitals:
 - Improved rent cover
 - Strategic assets with asset management opportunities
 - Open market review outstanding from 2018

Retains exposure to high quality business on defensive assets with long leases



Indexed reviews drive annual portfolio rental uplifts

	30 June 2019 excluding sold hospitals			31 December 2018
	Reviewed annually	Reviewed three or five yearly	Total portfolio	Total Portfolio
Uncapped RPI	25%	28%	53%	47%
Collared RPI	4%	2%	6%	5%
Total upwards only RPI-linked reviews	29%	30%	59%	52%
Total fixed uplifts	38%	3%	41%	48%
Total portfolio	67%	33%	100%	100%

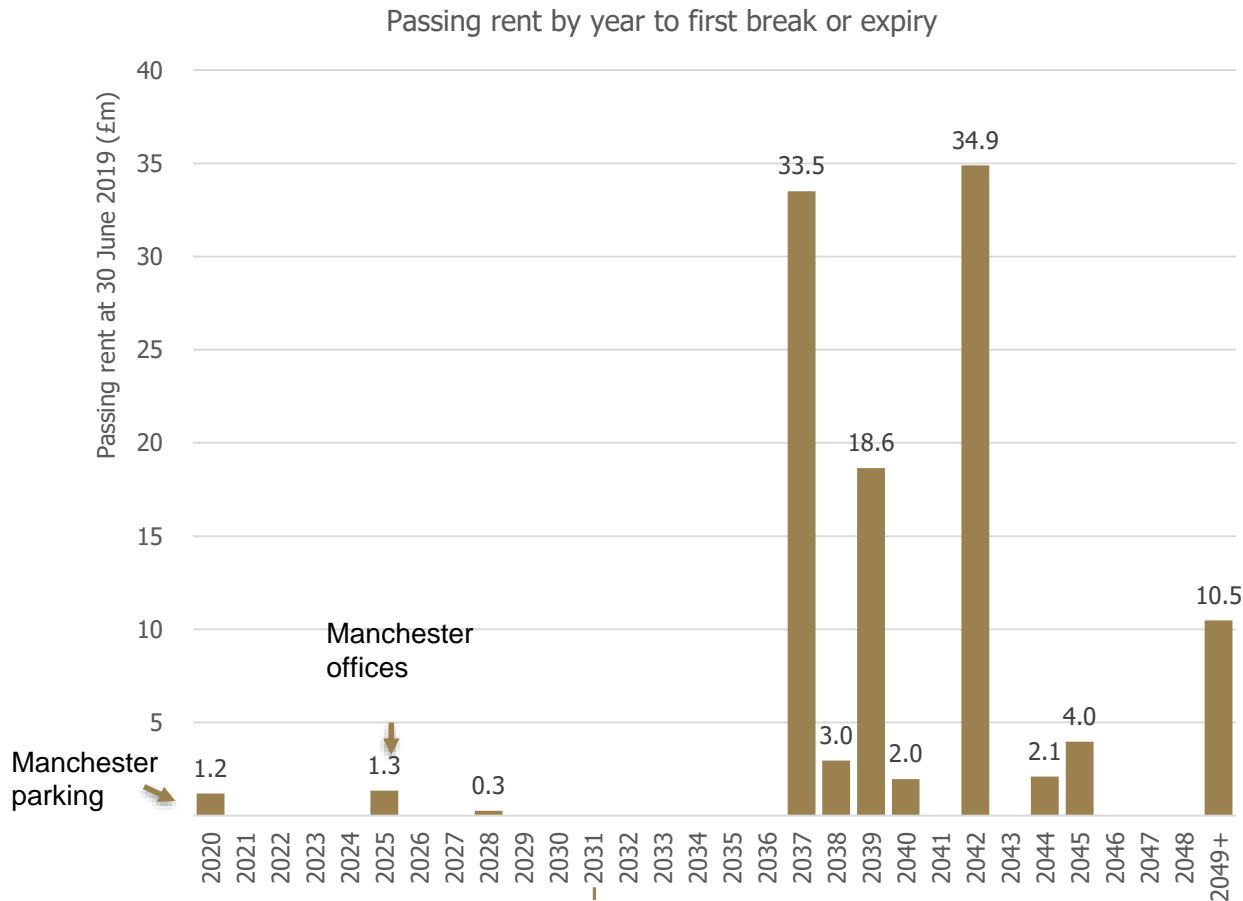
59% of portfolio income is now subject to upwards only RPI-linked reviews, the majority of which is uncapped RPI

67% of rents are reviewed annually



Very long term income underpins growth

Weighted average term to expiry 21.5 years – no breaks

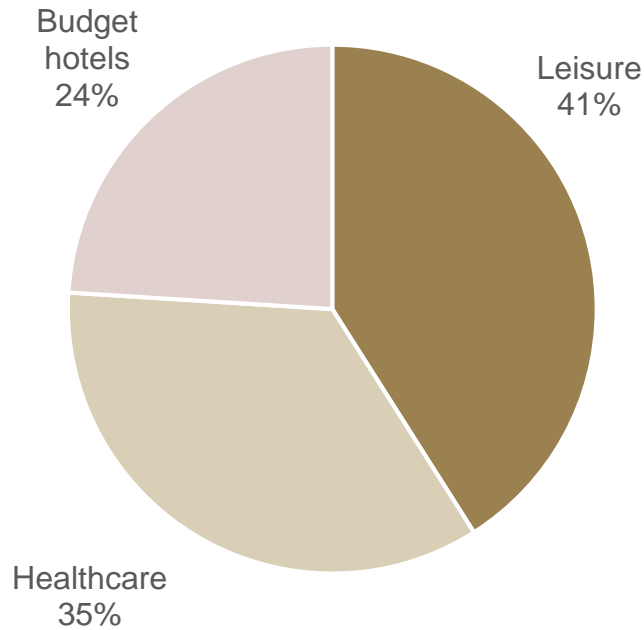


97.5% of portfolio income has over 17.9 years unexpired without break

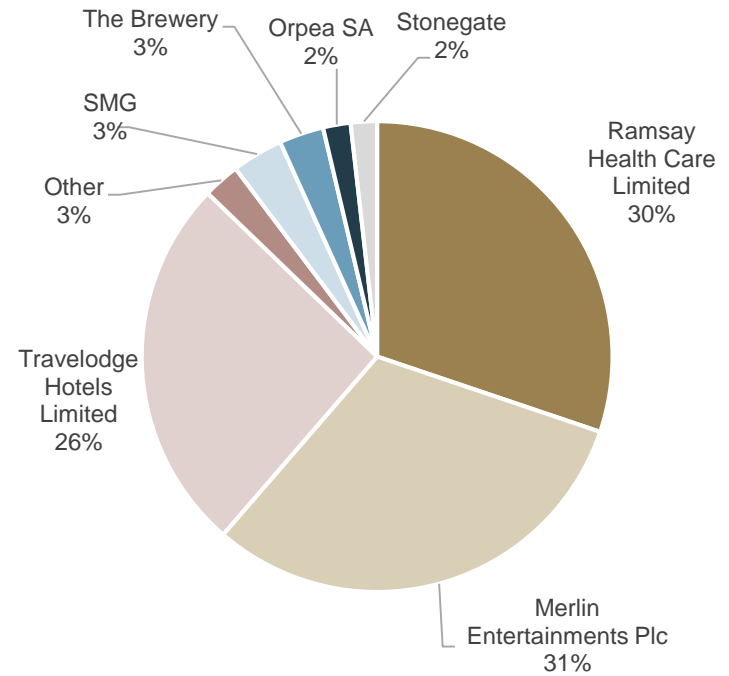
Brewery lease (£3.4m pa passing rent) extended at no cash cost from 2031 to 2056 – adds 0.7 years to overall group WAULT

Portfolio data

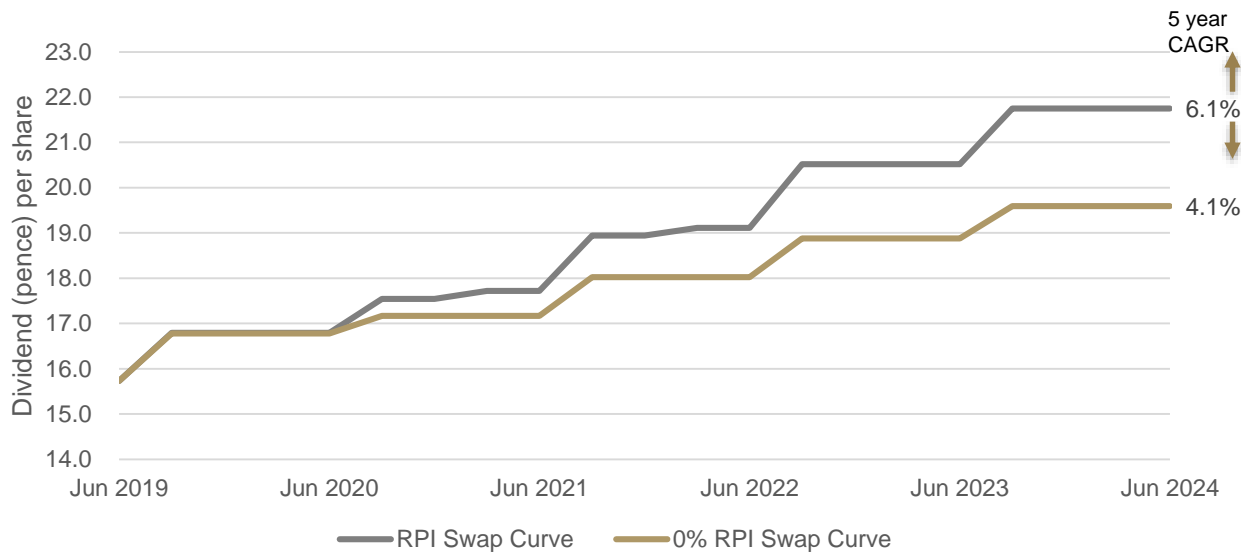
Asset class by value



Covenant by Rent



Illustrative distribution outlook



RPI flex:
 +/- 1%pa is c. 0.6% pa impact
 on distribution CAGR

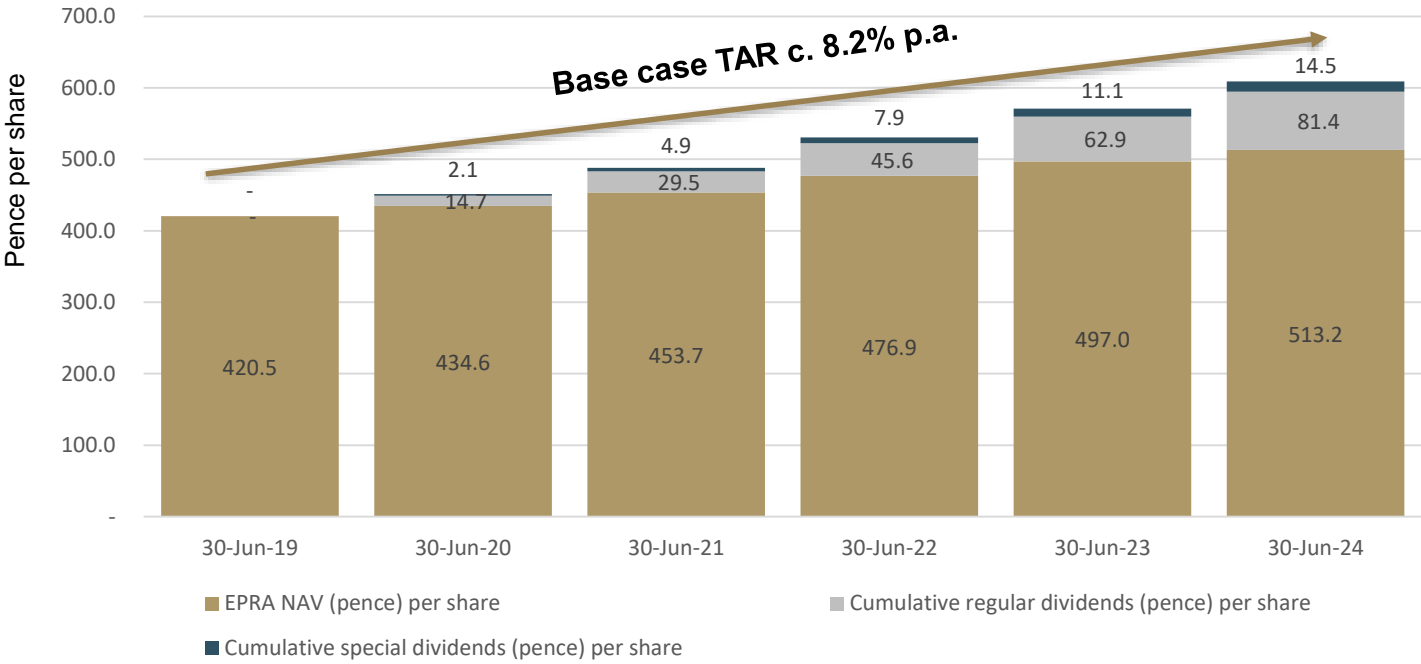
- Pay-out ratio of 1x Adjusted EPRA EPS plus special dividend from disposals to top distributions up to pre sale levels
- Current dividend annualised at 16.8p per share (Q3 2019 dividend 4.2p/share annualised) equates to annualised dividend yield of c. 4.0% on pro forma EPRA NAV at 30 June 2019
- **Illustrative 5 year dividend growth CAGR (June 2019 to June 2024) on base case assumptions: 6.1% p.a.⁽¹⁾**
- Note base case assumptions on page 29, including no savings on current cost of Merlin leisure debt at 5.7% pa

(1) See assumptions on page 29 - **There is no certainty that this illustrative outlook will be achieved**

Total return outlook

EPRA NAV per share plus Dividends on Base Case ⁽¹⁾

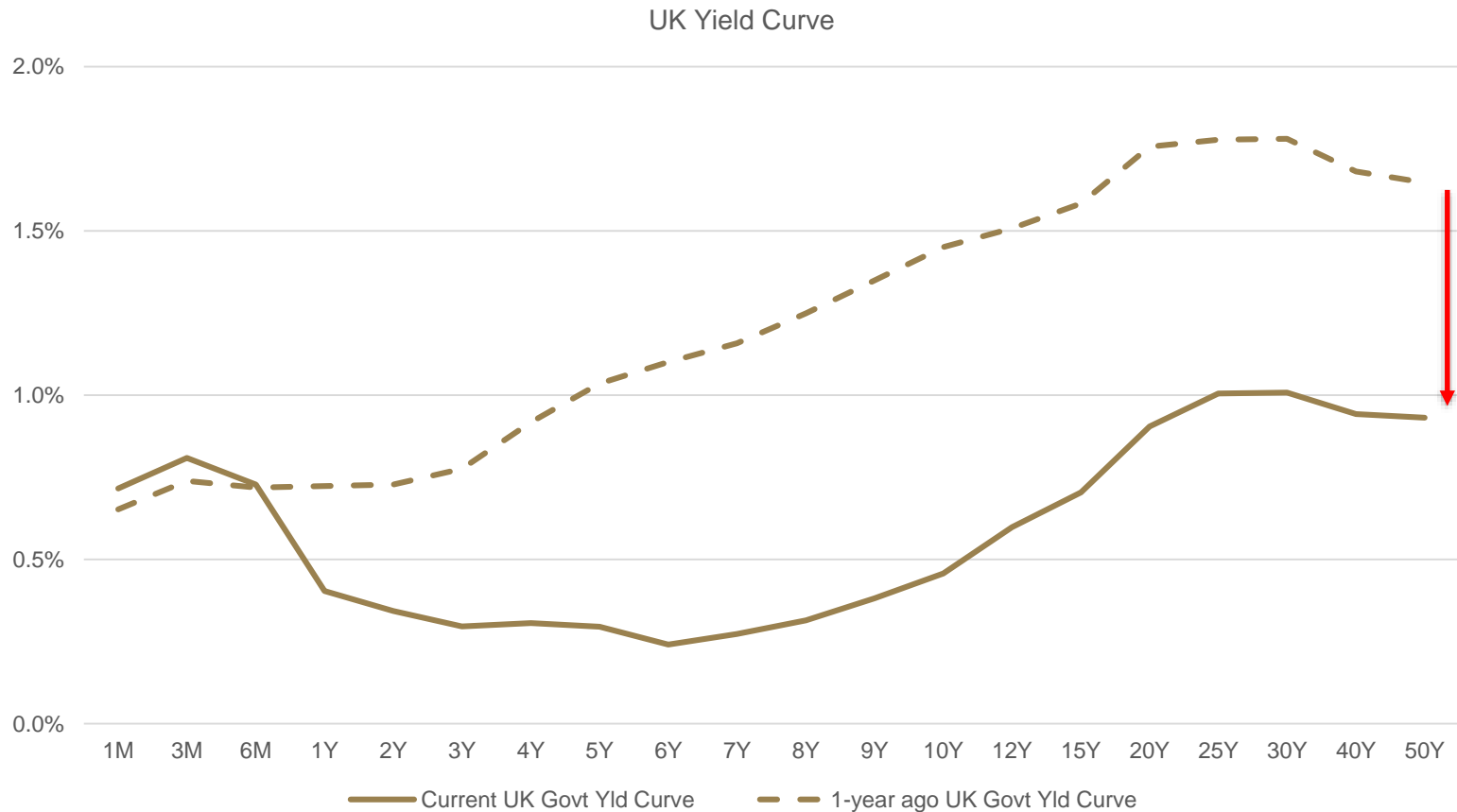
No growth factored in from investment or refinancing opportunities



(1) See assumptions on page 29 - **There is no certainty that this illustrative outlook will be achieved**

Flight to safety in an uncertain market

- Income returns available on low risk assets have reduced dramatically



Data as of 27 August 2019

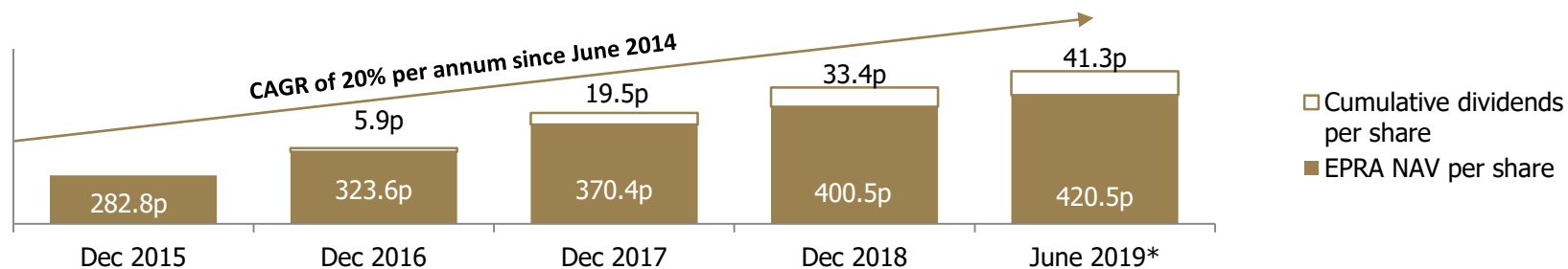


Delivering strong total returns

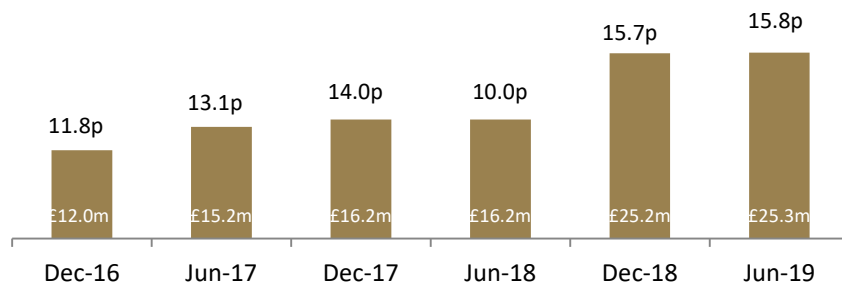
Performance since listing in June 2014

- NAV per share up 142%
- Total accounting return CAGR c. 20%
- Net LTV down from 80% to 33%
- Annualised current DPS 16.8p per share (4.0% pa on June 2019 EPRA NAV)

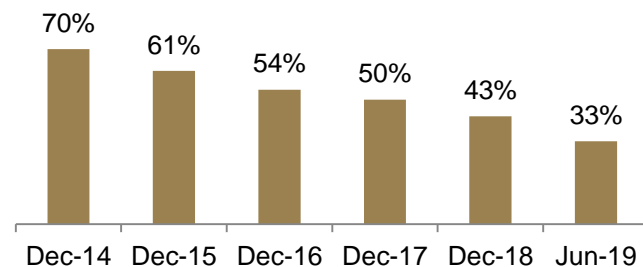
Total Accounting Return



Dividends paid (£m) and Annualised DPS



Net Loan to Value



* June 2019 financial position is stated on a pro forma basis adjusted for the sale of eight hospitals: see page 36

Secure Income REIT Plc

- **Total Accounting Return 7.0%** in six months to 30 June 2019 pro forma for hospitals sale
- **Total Shareholder Return 8.2%** over six months to 30 June 2019
- Dividend currently annualising 16.8 pence per share (4.2p per share per quarter): **4.0% yield on EPRA NAV** with excellent growth prospects
- Robust balance sheet:
 - 33% Net LTV
 - uncommitted cash over £230m
- **Well positioned to take advantage of opportunities**
 - NIY still 5.1%
 - Defensiveness of £2.05bn portfolio let on very long leases with c. 60% RPI exposure
 - Very strongly aligned management team with a near £200m investment in the business

Well positioned business and experienced board and management team give us well founded confidence



Appendices

29. Assumptions

Property portfolio

- 30. Leisure portfolio details
- 31. Healthcare portfolio details
- 32. Budget Hotel portfolio details
- 33. Stringent asset selection criteria
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- 35. Merlin takeover offer

Financials

- 36. Pro forma EPRA Net Assets at 30 June 2019
- 37. Debt portfolio
- 38. Unaudited supplementary information: EPRA NAV and EPS
- 39. Unaudited supplementary information: cost ratios
- 40. Unaudited supplementary information: NIY and triple net asset value

Governance

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- 42. Management team
- 43. Management team track record
- 44. Management agreement terms

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Assumptions

1. Employs RPI swap curve at 22 August 2019, averaging a rate of 3.8% p.a. compound over the period
2. Constant property valuation yield at 30 June 2019 external net valuation yields (blended 5.1% NIY after the impact of disposals to date)
3. Ignores potential for further uplifts from open market reviews
4. No purchases or sales of properties or lease variations other than as shown in the pro forma adjustments for the hospitals sales as shown on page 36
5. 30 June 2019 exchange rate of €1:£0.8948 used throughout illustrative periods (Euro denominated EPRA NAV amounts to under 4% of the 30 June 2019 pro forma)
6. Surplus cash from hospitals disposal is not reinvested but partly used to top up distributions with special dividends to keep investors' income returns whole
7. Certain loan facilities expire in the period which are assumed to be refinanced and continue on their existing terms:
 - a) In October 2022 the Merlin leisure loan facility matures. At that time the loan principal is estimated to be c. £373.4m at 30 June 2019 Euro exchange rate and the base case property valuation on the basis of the assumptions outlined on this page is estimated at £729.9m – approx. 51% LTV
 - b) Between April and October 2023 a further three facilities mature with a total principal outstanding of £188.4m. The base case property valuation of the assets securing those facilities at the time of loan expiries is c. £782m – approx. 24% LTV.



Leisure: £848m, 41% of total portfolio value

- Valued at **£848.1m¹** at 30 June 2019 on **£46.8m of passing rent²**
 - Merlin Theme Parks
 - Manchester Arena 8 acre complex
 - The Brewery on Chiswell Street, London
 - 18 Stonegate Pubs
- Individual FRI leases with 23.1 **year WAULT**
- **Merlin – Theme Parks**
 - 74% (£34.7m) of leisure portfolio rent - guaranteed by **Merlin Entertainments Plc**: recently taken private at a £6bn valuation³ approx. 12x EBITDA multiple (see page 35); Market cap £4.2bn
 - Second largest visitor attractions company in the world and largest in Europe
 - 2018 results Merlin reported “exceptionally strong performance in Resort Theme Parks” with revenue up 9.4%, underlying EBITDA up 22.7% and underlying operating profit up 38.6%.
 - Alton Towers Park and Hotel, Thorpe Park, Warwick Castle and Heide Park and Hotel
- **SMG – Manchester Arena**
 - 8% (£4.0m) of leisure portfolio rent – US parent SMG on lease: the worlds largest venue management company with 240 venues globally and 16m annual ticket sales
 - 25 years of uninterrupted EBITDA growth averaging 8% p.a.
 - In Feb 2019 announced merger with AEG Facilities (subject to competition clearance) to create global venue services company with 310 venues across five continents

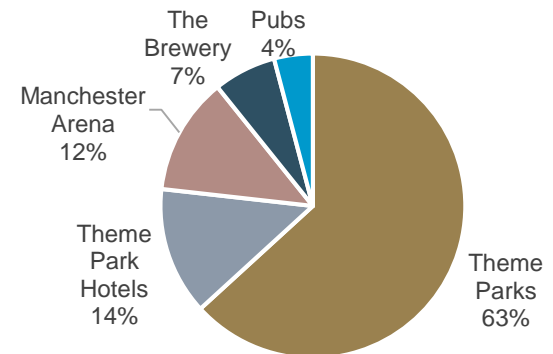
Leisure Portfolio Net Initial Yield of 5.1% as at 30 June 2019

¹ Includes £116.2m of German assets valued in Euros and translated at the 30 June 2019 exchange rate

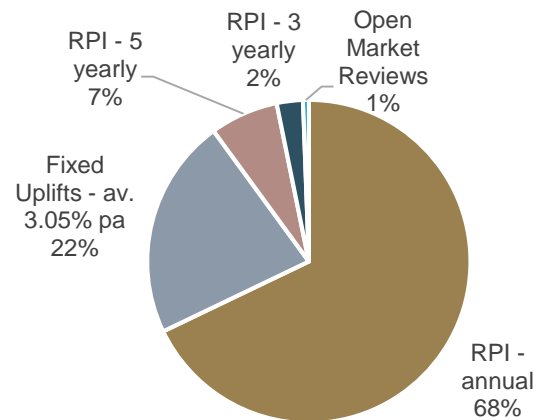
² Includes £6.6m of rent from German assets denominated in Euros and translated at the 30 June 2019 exchange rate

³ At 2 September 2019

Sub-sector by value



Rent review type by rent



Healthcare: £712m, 35% of total portfolio value

Ramsay

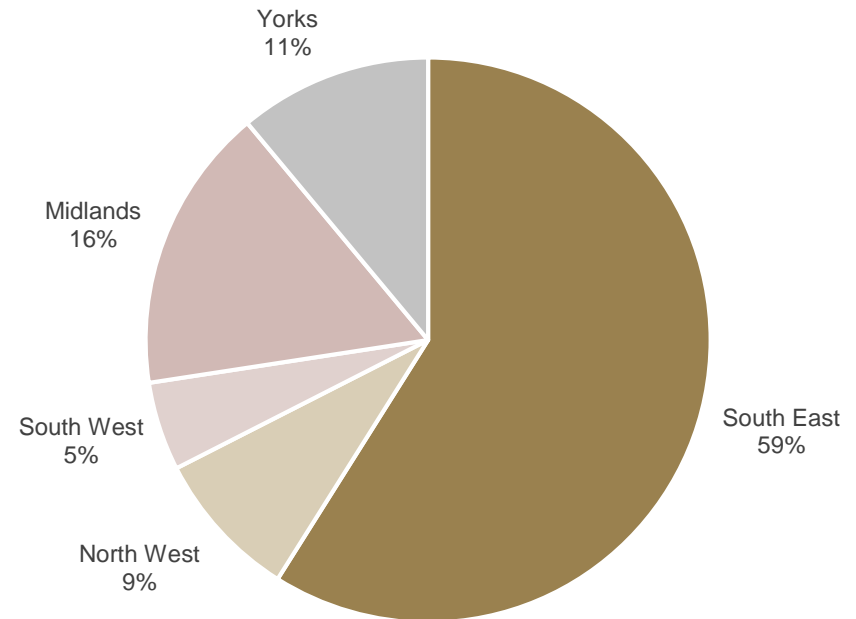
- **11 private hospitals** valued at **£660.6m at 30 June 2019 adjusted for sales**, generating **£33.5m of passing rent**
- Let on individual **fully repairing and insuring leases with a term to expiry of 17.9 years** at June 2019 – no break clauses
- Rent increases by at least 2.75% p.a. throughout the lease term in May each year
- **Guaranteed by Ramsay Health Care Limited**, one of the top five private hospital operators in the world, **an ASX 50 company with a market capitalisation of £7.3bn**¹; **FY2018/19 group revenue A\$11.4bn (c. £6.3bn)**; **group EBITDA A\$1.6bn (£0.9bn)**

Nightingale Hospital, London

- Let to a UK subsidiary of **Groupe Sinoué on a fully repairing and insuring lease for 25.1 years** from 30 June 2019
- Central London's only private psychiatric hospital – located in Lisson Grove, near Marylebone station
- Rent increase of 3.0% in May each year
- Valued at **£51.1 m at 30 June 2019** generating **£2.1m of passing rent**
- **Guaranteed by Orpea SA**, mental health and aged care specialists, listed on Euronext with c. £6.7bn¹ market capitalisation

Healthcare Portfolio Net Initial Yield
4.7% as at 30 June 2019

Location by value

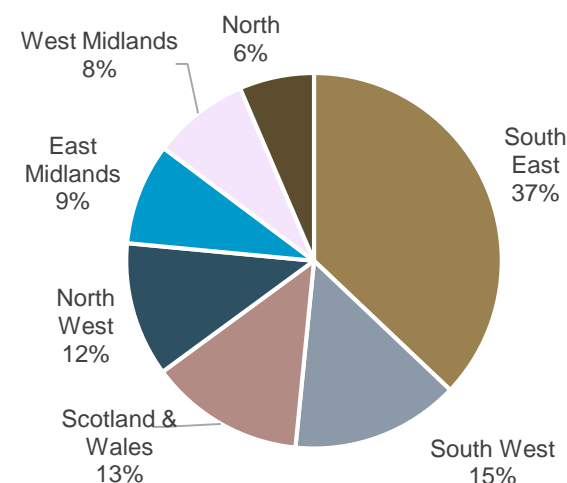


Budget Hotels: £490m, 24% of total portfolio value

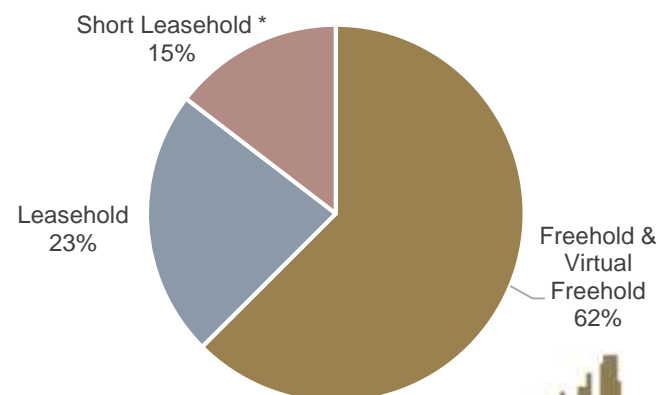
- 30 June 2019 valuation **£490.4m** generating **£28.7m of passing rent**
 - 126 Budget Hotels with 6,710 rooms
 - Top three assets in Manchester, Oxford & Edinburgh: average lot size £23.0m
 - Remaining 123 properties: average lot size 3.4m
 - Average rent of £4,275 per room including City Centre sites
- **22.9 year weighted average unexpired lease term**
 - no unexpired lease shorter than 19 years
 - no break clauses
- Five yearly **upwards only uncapped RPI** rent reviews
- Each hotel **let to Travelodge Hotels Ltd** – one of the UK's leading hotel brands with c. 19m customers annually. Trading in the UK, Ireland and Spain with 584 hotels (567 in the UK) and over 44,500 rooms.
- Travelodge has outperformed its competitive segment in each of the five years to 31 December 2018. Reported RevPAR growth 2.6bps ahead of the sector In the first half to June 2019.
- Travelodge full year results to 31 December 2018
 - Revenue up 8.8% to £693.3m
 - Adjusted EBITDA up 9.2% to £122.0m
 - Like for like RevPar up 3.2%: 2.3% ahead of competitive segment
 - Like for like occupancy up 2.5pts to 78.5%
- Half year results to 30 June continue these trends with revenue up 6.0%, LFL RevPAR up 0.6% and average 4* TripAdvisor rating maintained

Hotel Portfolio Net Initial Yield of 5.5% as at 30 June 2019

Location by value



Tenure by value



* Leases with sub 80 years unexpired

Stringent asset selection criteria

LONG LEASES, STRONG COVENANTS & INDEXED RENTAL UPLIFTS

+

KEY OPERATING ASSETS

Properties that are essential for the tenant to carry out its business

+

DEFENSIVE SECTORS

More resilient to online disruption and economic downturn

+

HIGH BARRIERS TO ENTRY

Difficult to replace due to planning challenges and/or high cost

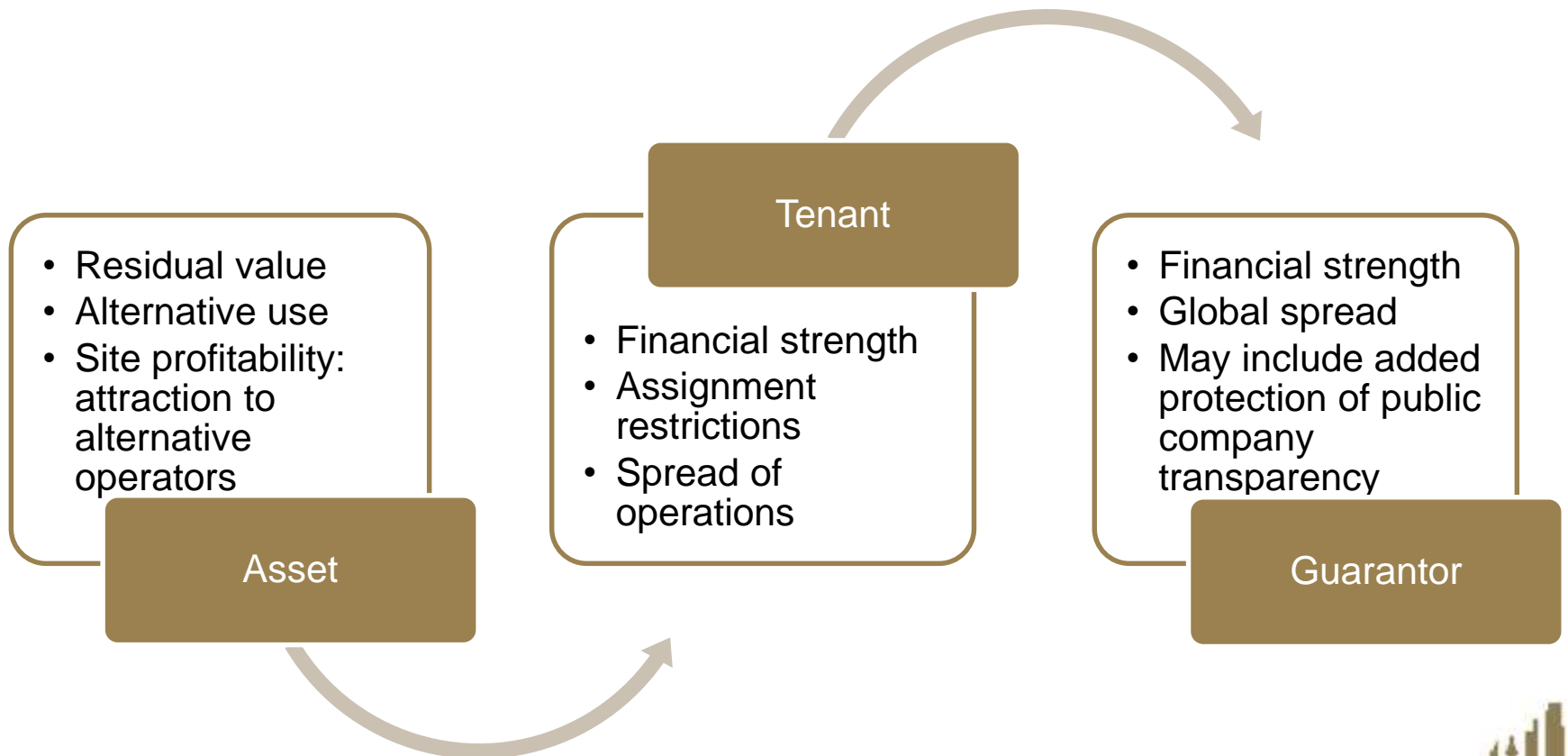
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ENDURING TENANTS MORE LIKELY TO RENEW AND EXTEND LEASES;
ASSETS LESS PRONE TO OBSOLESCENCE, PRESERVING VALUE

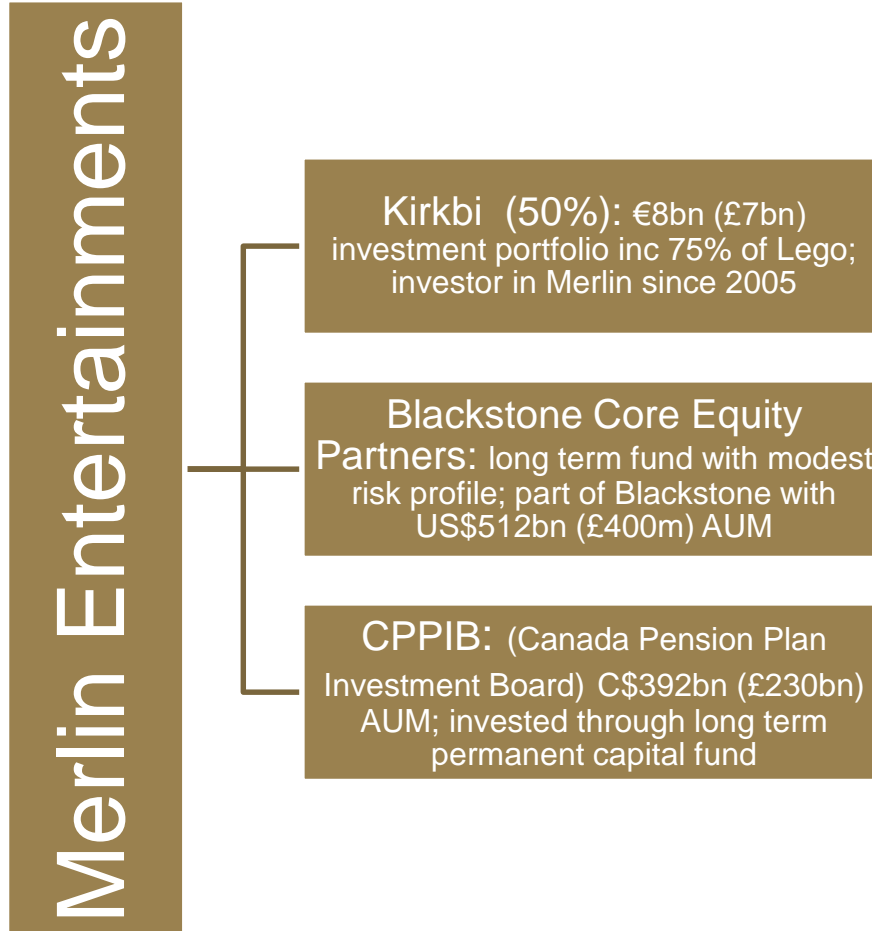


Features of income security

Income security is assessed by reference either to the financial strength of the tenants or to the extent of asset cover provided by way of residual asset value.



Merlin takeover offer



“With a shared understanding of the business and its culture, we believe that this group of investors has the unique collective resources necessary to equip Merlin, including the LEGOLAND® Parks and LEGOLAND® Discovery Centres, for their next phase of growth.” Søren Thorup Sørensen, Chief Executive Officer of KIRKBI A/S

“We are prepared to commit the substantial resources required to support the long-term objectives of Merlin, which will require significant investment to ensure its long-term success. We believe we are uniquely placed with our long-dated investment fund, Core Private Equity, to make this investment alongside our partners at KIRKBI and CPPIB. We look forward to backing Nick Varney and his strong management team in driving Merlin into the future.” Joe Baratta, Global Head of Private Equity at Blackstone

“Through close collaboration with our partners, we look forward to promoting the steady growth, long-term capitalisation and continued international expansion of this business, which aligns well with CPPIB’s long-horizon investment strategy” Ryan Selwood, Managing Director, Head of Direct Private Equity at CPPIB

Pro forma EPRA net assets

	At 30 June 2019	Hospitals sale	Pro forma
	£m	£m	£m
Properties at valuation	2,350.6	(300.4)	2,050.2
Gross debt	(1,090.0)	152.0	(938.0)
Unamortised finance costs	11.0	(0.8)	10.2
Cash	98.3	164.0	262.3
Other net liabilities	(27.1)	-	(27.1)
EPRA Net Assets	1,342.8	14.8	1,357.6
<i>Net LTV</i>	42.2%		33.0%
EPRA NAV per share	415.9 p per share	4.6p per share	420.5p per share



Gross proceeds less book value	14.4p
Early debt redemption costs	(8.4)p
Disposal costs	(1.0)p
Unamortised finance costs expensed	(0.4)p
Net EPRA NAV per share impact	4.6p



Financing: 30 June 2019 adjusted for hospitals sale

	Gross debt	No of properties	Max annual interest rate	Rate protection	Annual cash amortisation	Maturity date
Merlin leisure	£381.0m	6	5.7%	Fixed	£3.8m from Oct 2020	Oct 2022
Hotels 2	£68.4m	72	3.4%	76% fixed 24% capped	None	Apr 2023
Leisure 2	£60.0m	20	3.2%	83% fixed 17% capped	None	June 2023
Hotels 1	£60.0m	54	2.7%	Fixed	None	Oct 2023
Healthcare 1	£64.3m	2	4.3%	Fixed	£0.3m	Sept 2025
Healthcare 2	£304.3m	10	5.3%	Fixed	£3.2m	Oct 2025
	£938m	164	4.9%			



Unaudited supplementary information

Summary of EPRA measures

	Pro forma 30 June 2018	Year to 31 December 2018	Six months to 30 June 2018		Pro forma 30 June 2018	Year to 31 December 2018	Six months to 30 June 2018
EPRA EPS	9.8p	16.6p	8.0p	EPRA Net Initial Yield	5.0%	5.0%	5.2%
EPRA NAV Per Share	420.5p	400.5p	382.4p	EPRA Topped Up Net Initial Yield	5.0%	5.1%	5.2%
EPRA Triple Net Asset Value Per Share	406.6p	389.2p	370.9p	EPRA Vacancy Rate	0%	0%	0%
EPRA Cost Ratio (inc vacancy)	12.9%	16.9%	13.3%	EPRA Capital Expenditure	nil	£435.5m	£435.5m

EPRA Earnings Per Share

	Six months to 30 June 2019	Six months to 30 June 2018
	£000	£000
Basic earnings attributable to shareholders	74,511	64,647
EPRA adjustments:		
Investment property revaluation	(43,089)	(42,835)
German deferred tax on investment property revaluation	668	655
Profit on sale of investment properties	(421)	--
Revaluation of derivatives	27	-
EPRA earnings	31,696	22,477
Other adjustments:		
Rent Smoothing Adjustment	(5,493)	(5,223)
Incentive fee	-	-
Adjusted EPRA earnings	26,203	17,254
Weighted average number of shares	322,850,595	281,091,238
Adjusted EPRA EPS	8.1p	6.2p

EPRA EPS

	Six months to 30 June 2019	Six months to 30 June 2018
	Pence per share	Pence per share
EPRA EPS	9.8	8.0
Diluted EPRA EPS	9.8	8.0
Adjusted EPRA EPS	8.1	6.2

EPRA NAV Per Share

	Pro forma 30 June 2019	Pro forma 30 June 2019	31 December 2018	31 December 2018
	£000	Pence per share	£000	Pence per share
Basic NAV	1,329,854	411.9	1,218,901	379.1
EPRA adjustments:				
Deferred tax on investment property revaluations	11,768	3.6	10,862	3.3
Derivative fair values	1,153	0.4	-	-
Hospitals portfolio sold 22 July 2019	14,787	4.6	-	-
EPRA NAV	1,357,562	420.5	1,229,763	382.4

Unaudited supplementary information

EPRA Cost Ratio

	Six months to 30 June 2019	Year ended 31 December 2018	Six months to 30 June 2018
	£000	£000	£000
Revenue	69,040	125,874	56,109
Tenant contributions to property outgoings	(805)	(1,384)	(594)
Total revenue	68,235	124,490	55,515
Non-recoverable property expenses	423	427	129
Administrative expenses	8,353	20,575	7,257
EPRA costs including direct vacancy costs	8,776	21,002	7,386
Direct vacancy costs	(46)	(90)	-
EPRA Costs	8,730	20,912	7,386
EPRA Cost Ratio: including direct vacancy costs	12.9%	16.9%	13.3%
EPRA Cost Ratio: excluding direct vacancy costs	12.8%	16.8%	13.3%

Adjusted EPRA Cost Ratio

	Six months to 30 June 2019	Year ended 31 December 2018	Six months to 30 June 2018
	£000	£000	£000
EPRA gross rental income	68,235	124,490	55,515
Rent Smoothing Adjustments	(5,493)	(10,950)	(5,223)
Adjusted EPRA gross rent excluding non-cash items	62,742	113,540	50,292
EPRA Total Costs	8,776	21,002	7,386
Incentive fee settled in shares	-	(4,872)	-
Adjusted EPRA costs including direct vacancy costs	8,776	16,130	7,386
Direct vacancy costs	(46)	(90)	-
Adjusted EPRA costs excluding direct vacancy costs	8,730	16,040	7,386
Adjusted EPRA Cost Ratio (inc direct vacancy costs)	14.0%	14.2%	14.7%
Adjusted EPRA Cost Ratio (inc direct vacancy costs)	13.9%	14.1%	14.7%

A note on the Company's PRIIPs KID disclosures:

Disclosures of cost ratios made in the Company's Key Information Document ("KID"), which is required by the PRIIPs regulations, are calculated using methodology required by those regulations. The KID is available in the investor centre of the SIR website: SecureIncomeREIT.co.uk. It should be noted that the costs disclosed in the KID are all taken into account in the calculation of the Company's returns as disclosed in this and all other company reports, which are net of all costs, fees and expenses.



Unaudited supplementary information

EPRA Net Initial Yield

	Six months to 30 June 2019	Year ended 31 December 2018	Six months to 30 June 2018
	£000	£000	£000
Annualised rental income	111,080	124,989	124,514
Non-recoverable property expenses	(813)	(815)	(682)
Annualised net rents	110,267	124,174	123,832
Notional rent increase on expiry of lease incentives	97	187	187
Topped up annualised net rents	110,364	124,361	124,019
Property at external valuation: all wholly owned	2,050,219	2,306,709	2,253,503
Allowance for estimated purchaser's costs	138,340	155,628	152,032
Grossed up valuation	2,188,559	2,462,337	2,405,535
EPRA Net Initial Yield	5.0%	5.0%	5.2%
EPRA Topped Up Initial Yield	5.0%	5.1%	5.2%

EPRA Triple Net Asset Value Per Share

	Pro forma 30 June 2019	Pro forma 30 June 2019	31 December 2018	31 December 2018
	£000	Pence per share	£000	Pence per share
EPRA NAV	1,342,775	415.9	1,292,895	400.5
Fair value adjustment to fixed rate debt	(39,950)	(12.4)	(25,176)	(7.8)
Fair value of derivatives	(1,153)	(0.4)	(197)	(0.1)
Deferred tax on German investment property revaluations	(11,768)	(3.6)	(11,110)	(3.4)
EPRA Triple NAV	1,289,904	399.5	1,256,412	389.2
Hospitals portfolio disposal 22 July 2019	14,787	4.6	-	-
Revaluation to fair value of debt repaid on hospitals portfolio disposal	8,044	2.5	-	-
Pro forma EPRA Triple NAV	1,312,735	406.6	1,256,412	389.2



Highly experienced board: Independent Directors

Governance Structure Strongly Aligned with Shareholder Interests

- Chairman highly experienced in long lease sector and independent of managers
- 4 independent non-executive directors (including Chairman)
- 3 management representatives on Board (Nick Leslau, Mike Brown and Sandy Gumm) must be in minority for all decisions

Experienced Independent Directors



Martin Moore
Chairman

- Senior advisor to **KKR** and Senior Independent Non-Executive Director at **SEGRO Plc** and non-executive director of **F&C Commercial Property Trust**
- Chairman of **M&G Real Estate** until 2013 and CEO from 1996 to 2012
- Trustee of the **Guildhall School Trust**
- Past President and board member of **British Property Federation**
- Chartered Surveyor
- Past Chairman of the **Investment Property Forum** and Commissioner of **The Crown Estate**



Ian Marcus
Remuneration Committee Chair and Senior Independent Director

- Senior Non-Executive Director **The Crown Estate** and of **Town Centre Securities**. Lead Independent Director **Shurgard Self Storage**
- Senior Adviser to **Eastdil Secured, Elysian Residences Limited** and **Work.Life**
- Member of **Redevco NV's** Advisory Board, Trustee of **The Prince's Foundation** and Member of the European Advisory Board of the **Wharton Business School** Real Estate Faculty; President of **Cambridge University Land Society**
- Former Chairman of **Bank of England's Commercial Property Forum**. MD and Chairman of the European RE Investment Banking division of **Credit Suisse**; Past President of the **British Property Federation**; past Chairman of the **Investment Property Forum**



Jonathan Lane
Nominations Committee Chair

- Senior Advisor to **Morgan Stanley & Co** and Chairman of EMEA Real Estate Investment Banking
- Chairman of the board of **Grosvenor Europe**
- Policy Committee member of the **British Property Federation**, member of the **Bank of England Commercial Property Forum**
- Advisory board member for the University of Oxford Programme for the **Future of Cities**
- Former member of the Government's **Property Unit Advisory Panel**, former member of the advisory board of **Resolution Real Estate Advisors LLP** and former Director of **Songbird Estates**



Leslie Ferrar, CVO
Audit Committee Chair

- Non-Executive director of **The Queen's Commonwealth Trust** and Non-Executive Director and Chair of Audit Committee of **Windmill Hill Asset Management**
- Trustee of the **Diocese of Westminster**
- Former Non-Executive member of **HMRC Risk & Audit Committee**
- Treasurer to **TRH the Prince of Wales and the Duchess of Cornwall** 2005 to 2012
- Formerly Non-Executive Chairman of **The Risk Advisory Group** and Audit Committee member for the **Sovereign Grant**; Former head of international expatriate tax at **KPMG**
- Chartered Accountant 

Proven management team: 130+ yrs combined experience

Strong Management Team Track Record

- Management team members have a **strong track record of long-term investment in the companies they have managed** (Burford, Prestbury, Helical Bar, Max Property Group Plc)



Nick Leslau
Prestbury's Chairman;
SIR Director

- **Over 36 years' real estate experience** (Secure Income REIT Plc, Max Property Group Plc, Prestbury Group Plc, Burford Holdings Plc)
- Extensive Plc board experience both as executive and non-executive
- Over 21 years with Prestbury
- BSc (Hons) Est Man, FRICS



Mike Brown
Prestbury's CEO;
SIR Director

- **Over 35 years' real estate experience** in funds and listed companies (Secure Income REIT Plc, Max Property Group Plc, Helical Bar plc, Threadneedle)
- Over 9 years with Prestbury
- BSc (Hons) Land Man, MRICS



Sandy Gumm
Prestbury's COO;
SIR Director

- **Over 28 years' experience** in finance with extensive Plc board experience (Secure Income REIT Plc, Prestbury Group Plc, Burford Holdings Plc)
- 9 years with KPMG in Sydney and London
- Over 21 years with Prestbury
- BEc, CA (ANZ)



Tim Evans
Prestbury's Property Director

- **Over 28 years' real estate experience** (Secure Income REIT Plc, Prestbury, Jones Lang LaSalle, Hill Samuel Asset Management, MEPC)
- Over 16 years with Prestbury
- MA Hons (Cantab), MRICS



Ben Walford
Prestbury's Senior Surveyor

- **Over 16 years' experience** in property investment, refurbishment and design
- Over 16 years with Prestbury
- BSc (Hons) Est Man, MRICS

Overseeing an experienced team of finance, property and administrative staff

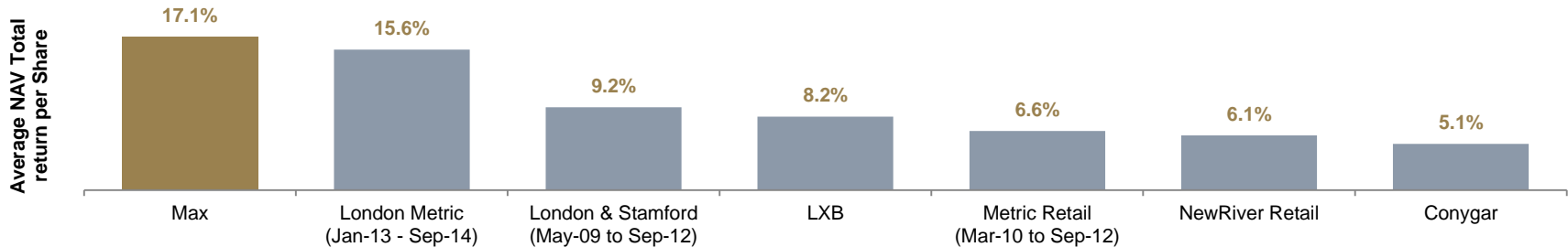


Proven track record of delivering shareholder returns

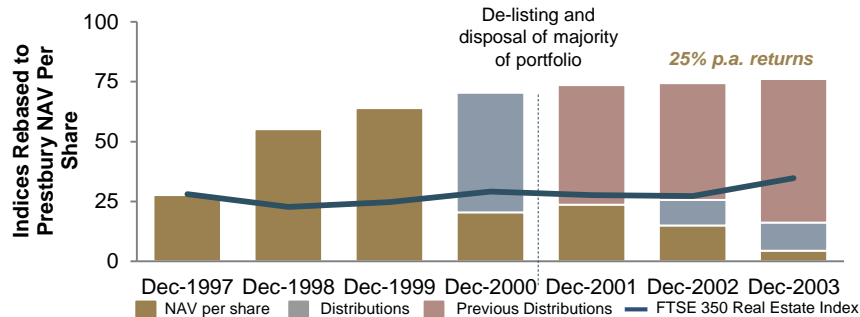
Prestbury Team Track Record

- The Prestbury Team has a **strong track record** including, between them, the management of three listed real estate investment vehicles, **Burford Holdings Plc, Prestbury Group Plc and Max Property Group Plc**

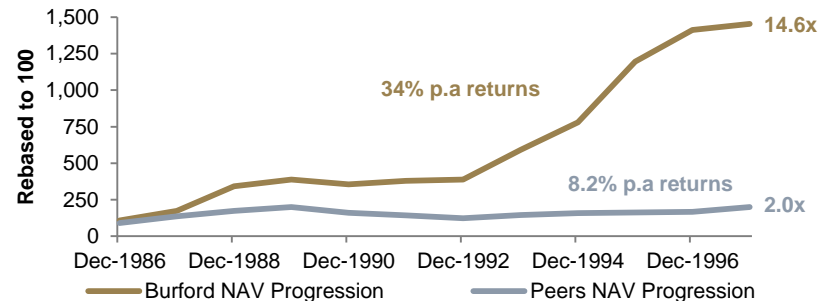
A Max Property Group Plc – Average Total Return of 17.1% p.a. (May-2009 – Sep-2014) vs. Peer Group¹



B Prestbury Group Plc: Average Total Returns of 25% p.a. (1997 – 2003)



C Burford Holdings Plc – Total Returns of 34% p.a. (1987 – 1997)



¹ Sources: Data compiled from company announcements and annual reports over the following periods: Max Property Group Plc (May 2009 to September 2014); London & Stamford Property Plc (May 2009 to September 2012); Metric Property Investments Plc (March 2010 to September 2012); LXB Retail Properties Plc (October 2009 to September 2014); LondonMetric Property Plc (January 2013 to September 2014); New River Retail Ltd (September 2009 to September 2014); and Conygar Investment Company Plc (May 2009 – September 2014). LondonMetric Property Plc was not listed as a cash shell but created through the merger of London & Stamford Property Plc and Metric Property Investments Plc which were listed in 2007 and 2010 respectively.

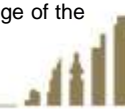
Management team strongly aligned with shareholders

- **Management Team has among the largest shareholdings in the quoted UK Real Estate sector: c.£190m at 30 June 2019 EPRA NAV per share**
- **Prestbury exclusively offers all qualifying long lease deals to the Company**
- **Contract term to December 2025 – no renewal rights or termination payment at end of term; minimal termination payments on change of control (up to 4x last quarter’s advisory fee)**
- **Incentive to achieve above target returns via incentive share awards of 20% of above target growth after investor priority returns:**
 - Target is higher of 10% above year end EPRA NAV and EPRA NAV at time of last incentive share award (“high water `mark”)
 - Paid in shares subject to lock-in of 18 – 42 months
 - The 2018 results set a new benchmark of 10% total accounting return in 2019 from the 400.5p per share delivered at 31 December 2018; that is, returns of 40p per share accruing to shareholders during the year before any incentive fee is earned
 - Save in the event of a sale of the majority of the business, incentive fees capped at 5.0% of EPRA NAV
 - Contract to be reviewed by Independent Directors again in 2022 or in the event that it is proposed that the Company moves to the Main List of the London Stock Exchange
- **Management meets overhead costs and receives advisory fee on sliding scale relative to EPRA NAV:** paid in cash quarterly 1.25% p.a. up to £500m, plus 1.0% p.a. between £500m to £1.0bn, plus 0.75% p.a. between £1.0bn and £1.5bn, plus 0.5% thereafter



Glossary

Adjusted EPRA EPS	EPRA EPS adjusted to exclude non-cash and non-recurring costs, calculated on the basis of time weighted shares in issue
DPS	Dividends per share
Dividend Cover	Adjusted EPS dividend by DPS
EPRA	European Public Real Estate Association
EPRA EPS	A measure of EPS designed by EPRA to present underlying earnings from core operating activities
EPRA NAV	A measure of NAV designed by EPRA to present the fair value of a company on a long term basis by excluding items such as interest rate derivatives held for long term benefit, net of deferred tax
EPS	Earnings per share, calculated as the earnings over a period, after tax, attributable to members of the parent company divided by the weighted average number of shares in issue over the period
FRI	Fully Repairing and Insuring lease terms – where a tenant bears maintenance, repair and insurance costs
Key Operating Asset	An asset where the operations conducted from the property are integral to the tenant's business
Loan To Value or LTV	The outstanding amount of a loan expressed as a percentage of property value
NAV	Net asset value
Net Initial Yield	Annualised net rents on investment properties expressed as a percentage of the investment property valuation, less purchasers' costs
Net LTV	LTV calculated on the gross loan amount and any other secured liabilities, less cash balances
Prestbury	Prestbury Investments LLP, the investment adviser to the company
RevPAR	Revenue per available room
Running yield	The anticipated Net Initial Yield at a future date, taking account of any rent reviews in the intervening period, Existing Portfolio at 31 December 2017 independent valuation and acquisition at cost
TAR	Total Accounting Return: the movement in EPRA NAV over a period plus distributions paid in the period, expressed as a percentage of EPRA NAV at the start of the period
TSR	Total Shareholder Return: the movement in share price over a period plus distributions paid in the period, expressed as a percentage of the share price at the start of the period
WAULT	Weighted average unexpired lease term



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