Secure Income REIT Plc
Results for the year ended 31 December 2019

12 March 2020

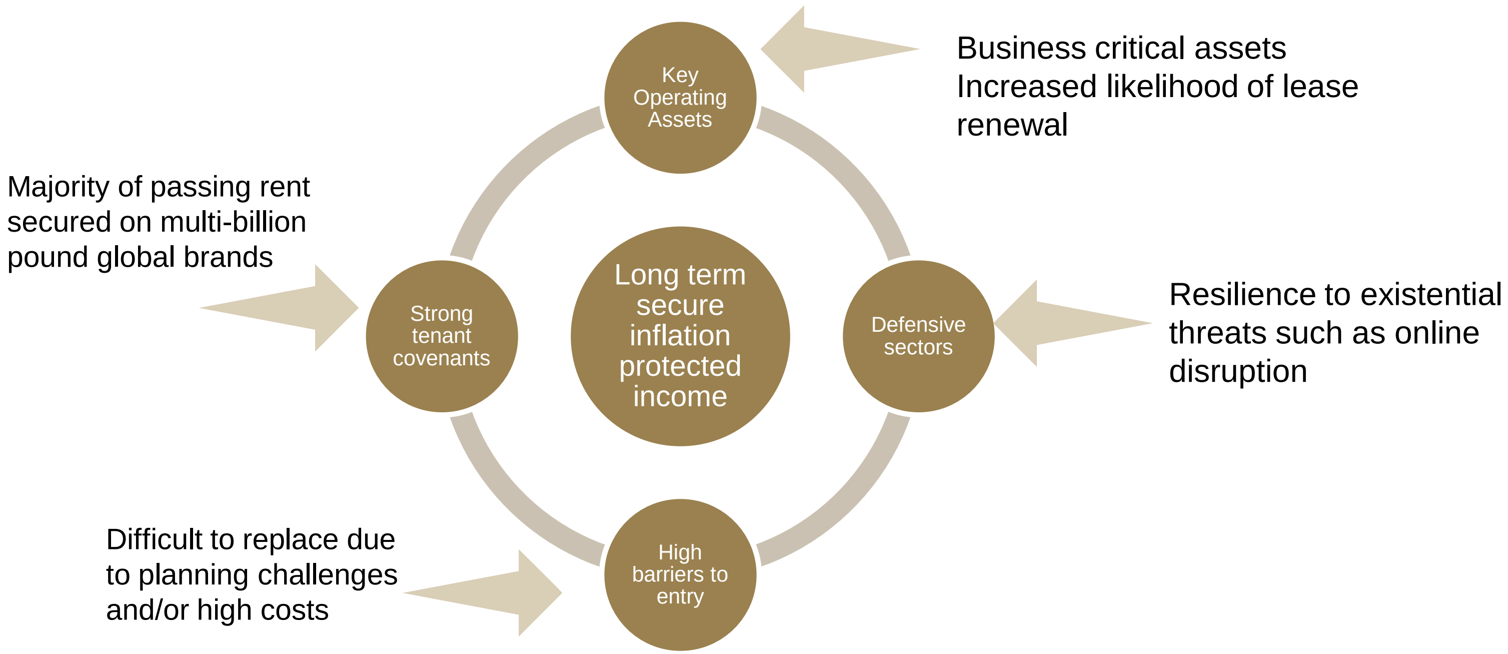
www.SecureIncomeREIT.co.uk

1.	Introduction and operating highlights	Nick Leslau
2.	Results	Sandy Gumm
3.	Portfolio update & market outlook	Mike Brown
	Q&A	

Secure Income REIT Plc

- A specialist UK REIT, investing in real estate with long term inflation protected rental income

Highly disciplined selection process



- Consistently strong performance since listing in June 2014:
  - EPRA NAV per share up 150% (1)
  - Total Accounting Return 19% p.a.
- Strong management alignment of the Prestbury team with a 12% stake (£173.5 million(2))

(1) From 174 p per share placing price
(2) At 31 December 2019 EPRA NAV per share

Features of income security

- Our assets are let on **individual leases with income protection at the site and tenant level** and the majority of rental income has the **further protections of parent guarantees**

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

Asset

- Site profitability creates attraction to alternative operators
- Alternative use
- Residual value

Tenant

- Financial strength
- Assignment restrictions
- Spread of operations
- Rent payable even in event of tenant's business interruption

Guarantor

- Financial strength
- Global spread
- May include added protection of public company transparency

Secure Income REIT Plc

- A £2.1bn,161 property portfolio with secure income characteristics that are difficult to replicate
- Weighted Average Unexpired Lease Term of 21.0 years without break
  - No other major[(1)] UK REIT has a WAULT over 15 years
- Income growth is "baked in", driven by:
  - 59% RPI linked upward only rent reviews; 41% fixed rental uplifts averaging 2.8% p.a.
  - Two thirds of leases by rental value have annual reviews
- Net initial yield 4.95%, expected to rise to 5.08% by the end of this year

Leisure assets	Healthcare assets	Budget hotels
41% of asset value	36% of asset value	23% of asset value
Includes: Alton Towers theme park with 493 hotel rooms Thorpe Park Warwick Castle Manchester Arena The Brewery on Chiswell St	11 private hospitals let to Ramsay, a top 5 global private healthcare operator; and Nightingale Hospital, Central London's only private psychiatric hospital	123 Travelodge Hotels, benefiting from the national Travelodge brand across 586 hotels with its sophisticated booking network

(1) Market capitalisation over £1bn

Operating highlights

- Sale of eight Ramsay hospitals completed mid August 2019 at **19% above December 2018 book value and 16% above June 2019 book value**
  - **Unlevered property return of over 100% from hospitals sold** over the period from listing in June 2014 until sale
- Lease on the Brewery at Chiswell St, London (£3.4m pa) **extended by 25 years** at no cost to SIR
- Six non-core Budget Hotels sold for net proceeds of £13 million, 5.7% above Dec 2018 book value
- Running total of **purchases and sales transacted since listing c. £1.4bn**
  - **Average yield spread of 1.8%**: purchases at blended 6.3% and sales at blended 4.5%
  - **Net LTV has fallen to 32**% from 78%

Outlook:

- The UK general election result brought welcome relief, but **the impact of Covid-19 is creating considerable uncertainty**
- **Cash retained from the hospitals sale is c. £160.5 million at 31 December 2019 and we continue to apply our rigorous deal selection criteria to optimise the redeployment of this surplus**

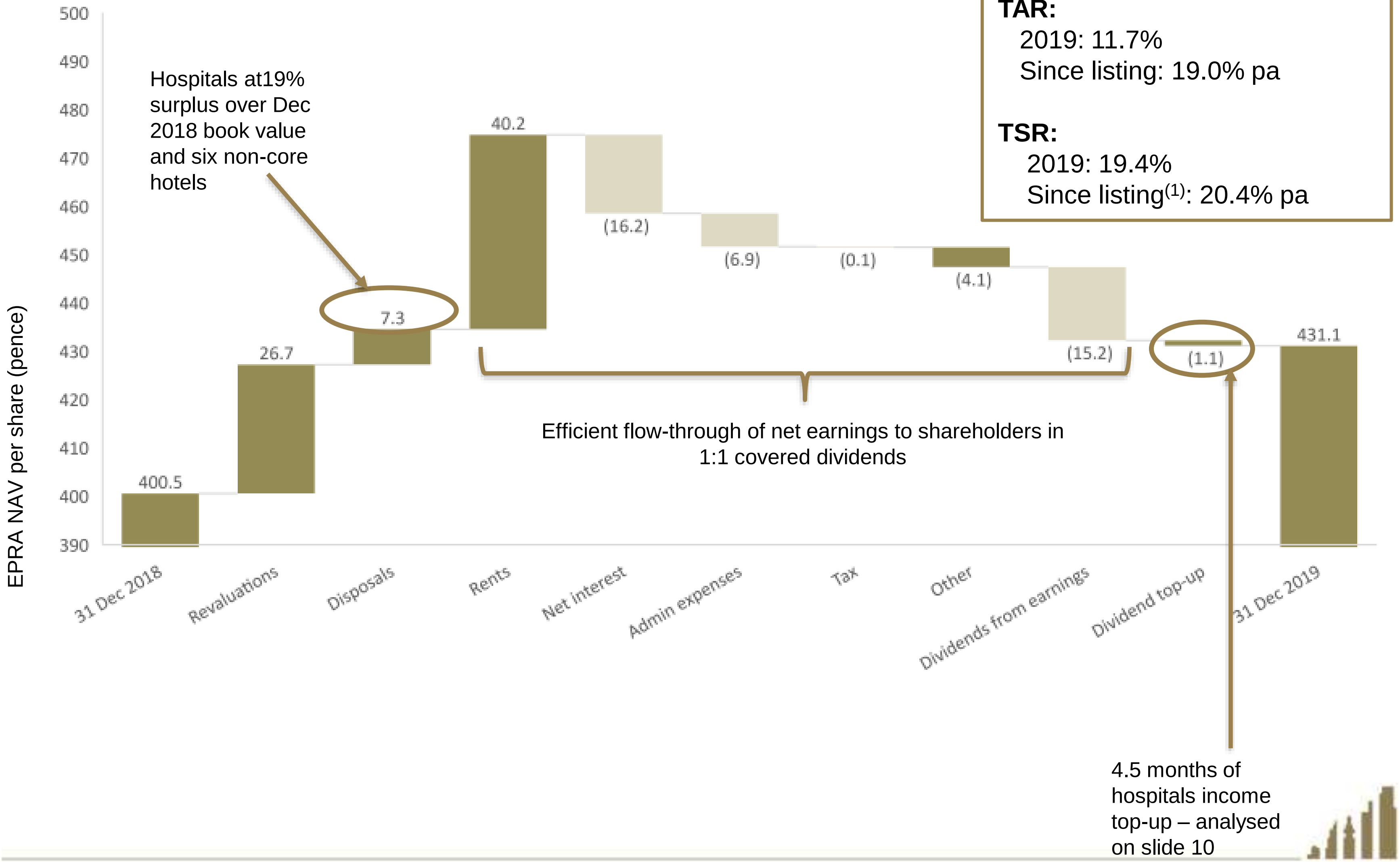
Financial highlights

	31 December 2019	31 December 2018	
Net Assets	£1,384.5m	£1,281.6m	Up 8.0%
EPRA Net Asset Value	£1,396.9m	£1,292.9m	Up 8.0%
EPRA Net Asset Value per share	431.1p	400.5p	Up 7.6%
Net LTV	31.9%	43.0%	Down 26%
Uncommitted cash	£234.2m	£66.4m	Up 3.5x
Adjusted EPRA EPS	15.3p	14.7p	Up 4.1%
Dividends per share	16.3p	13.9p	Up 17.3%
Latest DPS annualised as a percentage of EPRA NAV	3.9%	3.9%	-
Portfolio net initial yield	4.95%	5.05%	Down 10bp LFL
Running yield within 12 months[1]	5.08%	5.16%	Down 8bp LFL
WAULT	21.0 years	20.9 years	Up 0.5%

Degearing from hospitals portfolio sale and asset management actions in the year, together with full year impact of 2018 acquisitions, delivered **lower net LTV, an increased dividend and extended WAULT**

(1) Calculated using the independent external valuers' estimates of RPI averaging 2.6%

EPRA NAV per share up 8.0%



TAR:
2019: 11.7%
Since listing: 19.0% pa

TSR:
2019: 19.4%
Since listing[1]: 20.4% pa

(1) From 174 p per share placing price

Adjusted EPRA Earnings

	2019		2018	
	£m	*Pence*	*£m*	*Pence*
Net rent after finance costs				
Like for like portfolio	**39.9**	**12.3**	38.4	12.6
2018 acquisitions (Apr/Jul)	**21.2**	**6.6**	12.8	4.4
Hospitals sold August 2019	**5.6**	**1.7**	8.7	3.0
	66.7	**20.6**	59.9	20.0
Admin & corporate costs	**(16.9)**	**(5.2)**	(15.3)	(5.1)
Tax charge (German assets)	**(0.4)**	**(0.1)**	(0.3)	(0.1)
Weighting of share numbers	**-**	**-**	-	(0.1)
Adjusted EPRA Earnings	**49.4**	**15.3**	44.3	14.7

Accretive acquisition drove growth in property income net of interest

Admin costs up only 0.1p per share

Adjusted EPRA EPS up 4.1% in the year

Dividend cover and surplus cash

- **Uncommitted cash at 31 December 2019 of £234 million** includes c. £160.5 million of the surplus from the sale of hospitals yet to be deployed
- **Advisory fees will not be charged on the surplus to the extent not deployed, saving an initial c. £1.2m p.a**.
- Dividends will be topped up until the surplus is invested or returned; initially 2.7p per share (£8.7 million) per annum

	£m	£m	Pence
2019 Adjusted EPRA Earnings		49.5	15.3
Dividends paid out of earnings 1.01x covered		49.0	15.2
Plus top-up from sale proceeds over period since completion:			
rent [(1)]	5.6		
interest saving	(2.5)	3.5	1.1
interest income on surplus	0.2		
2019 Dividends paid		**52.5**	**16.3**

Management Team motivated through strong shareholder alignment to optimise use of surplus

(1) Pro rata share of annualised figure is £6m; actual impact in 2019 was £5.6m as rent reviews occur 4 months into the year
Estimated future dividend top-up amounts assuming no other deployment of surplus cash is given on page 30

Cash reserves

- While the 2019 UK general election result removed one source of material uncertainty, the Board still considers the **outlook to be uncertain, especially in light of the Covid-19 outbreak, and surplus cash should therefore be retained to optimise the use of those funds**
- Options for deployment:
  1. Acquisitions, with ability to move quickly to take advantage of opportunities
  2. Special dividends and / or capital returns
  3. Reserves for application to debt to ride out economic shocks arising from external sources such as a disorderly Brexit or 'Black Swan' events
- Coronavirus was clearly not part of our thinking when setting the strategy to retain cash, but until the market correction reverses, it falls within the Black Swan category

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

Financing

Net LTV at an all time low with significant cash available

- **Net LTV reduced to 31.9%** from 43.0% over the year
- **Uncommitted cash £234 million**, up from £66 million at 31 December 2018

In built protection

- Six ring fenced facilities with **substantial headroom & flexibility** on financial covenants and cash cure rights (where surplus cash can be injected into secured structures to cure actual or prospective breaches)
  - valuation headroom – measured **before the impact of any mitigating action** – maintained or improved in all cases through 2019 with tightest LTV default test requiring **at least 38%** (up from 34%) valuation movement
  - ICR default headroom **at least 35%** (up from 31%) with Interest cover in the year maintained at 2.4x(1)

Near term potential for reduction in interest cost to enhance dividends

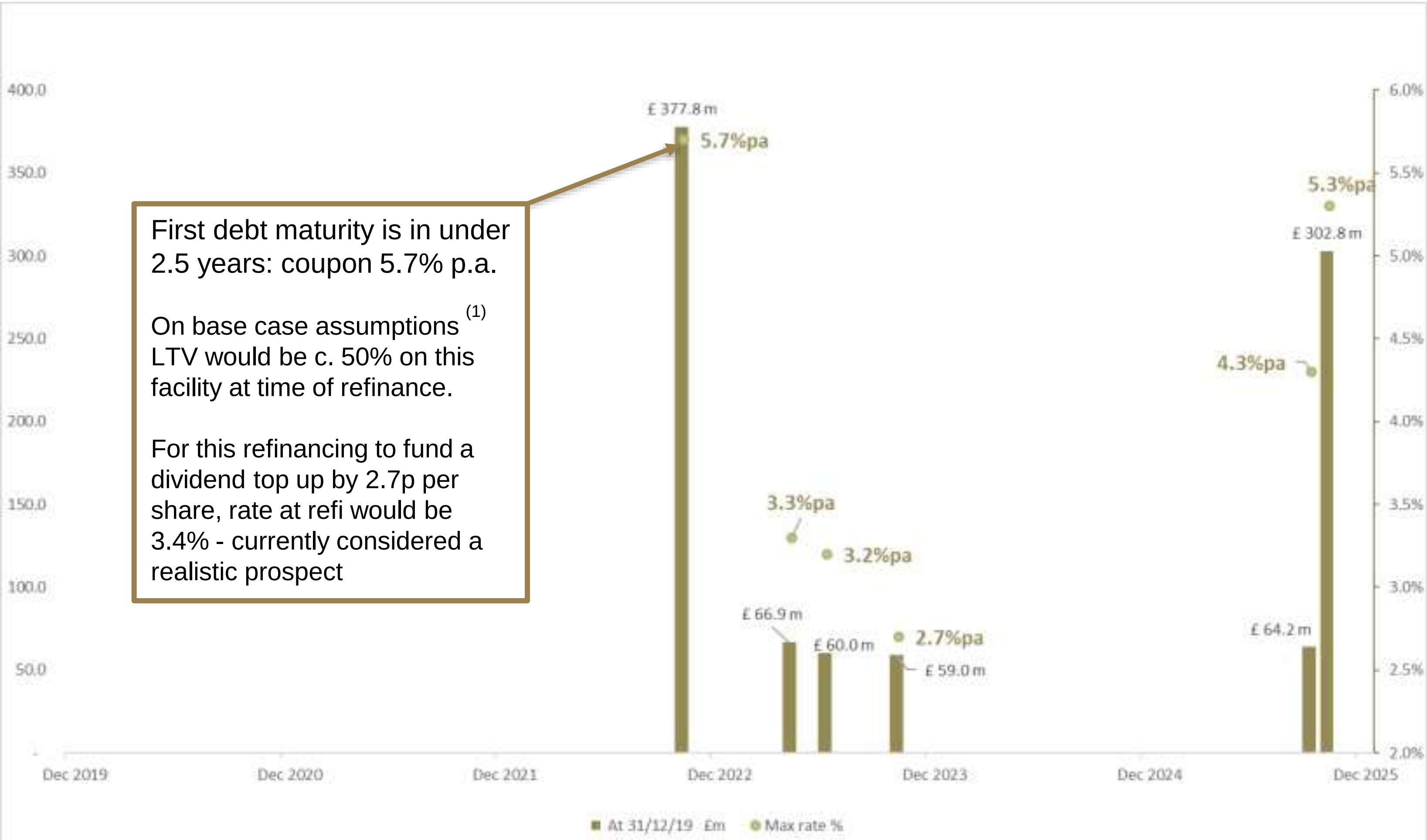
- Weighted average maximum interest cost of 4.9% pa (4.8% pa in 2018)
- Weighted average term to expiry 4.1 years
  - first maturity in mid 2022: £378 million leisure facility at 5.7% p.a. fixed rate
  - current expectation is that material interest savings should be achievable on refinancing

Consistent focus on risk management and financial covenant safety with cost reduction potential

(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 36 and detailed covenant information is included in the preliminary results announcement

Financing: maturity profile

First debt maturity October 2022 **expected to provide upside not reflected in illustrative outlook**



First debt maturity is in under 2.5 years: coupon 5.7% p.a.

On base case assumptions [(1)] LTV would be c. 50% on this facility at time of refinance.

For this refinancing to fund a dividend top up by 2.7p per share, rate at refi would be 3.4% - currently considered a realistic prospect

(1) See assumptions on page 30

Portfolio Update and Market Outlook

Thorpe Park

Rents up 2.0% on like for like portfolio

	Healthcare		Leisure		Budget Hotels		Total		
Passing rent:	31 Dec 2019 £m	Change since Dec 2018	31 Dec 2019 £m	Change since Dec 2018	31 Dec 2019 £m	Change since Dec 2018	**31 Dec 2019 £m**	**31 Dec 2018 £m**	**Like for like increase over Dec 2018**
Like for like	35.6	2.8%	47.1	3.1%	28.3	0.6%	**111.0**	109.0	**+ 2.0%**
Euro FX	-	-	(0.3)	(0.8)%			**(0.3)**	-	
Disposals	-	-	-	-	-	-	**-**	16.9	
Total	35.6	2.8%	46.8	2.3%	28.3	0.6%	**110.7**	125.0	

All healthcare assets have fixed annual uplifts

£32m p.a.rent with annual upwards only RPI reviewed in the year and up 3.04%; £6.5m fixed annual 3.34% increases occur each July

Reviewed on a staggered five-yearly cycle: only 4 reviews in 2019 which averaged 2.4% p.a. uplift

Travelodge reviews by passing rent:
2019 4%
2020 22%
2021 24%
2022 39%
2023 11%

2019 property valuation uplift

	Leisure		Healthcare		Budget Hotels		Total	
	31 Dec 2019 £m	Like for like change since Dec 2018	31 Dec 2019 £m	Like for like change since Dec 2018	31 Dec 2019 £m	Like for like change since Dec 2018	**31 Dec 2019 £m**	Like for like change since Dec 2018
Valuation:								
31 Dec 2018	826.7		984.8		495.2	-	**2,306.7**	
Revaluation, constant FX	31.2	3.8%	55.9	8.1%	(0.4)	0.0%	**86.7**	**4.3%**
Euro FX	(6.0)	(0.8%)	-	-	-	-	**(6.0)**	**(0.3%)**
Additions	-	-	-	-	0.3		**0.3**	
Disposals	-	-	(292.3)	-	(12.3)	-	**(304.6)**	
	851.9		**748.4**		**482.8**		**2,083.1**	

Blended Net Initial Yield 4.95%

	Healthcare		Leisure		Budget Hotels		Total	
	31 Dec 2019	31 Dec 2018 [2]	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Net Initial Yield	4.46%	4.78%	5.07%	5.11%	5.50%	5.50%	**4.95%**	**5.05%**
Running Yield within 12 months [1]	4.58%	4.82%	5.19%	5.25%	5.66%	5.50%	**5.08%**	**5.16%**

- Healthcare yield compression following comparable evidence including SIR's £347 million sale of eight hospitals to Medical Properties Trust, Inc
- Overall impact is a modest 10bp compression of the blended like for like NIY
- **Running yield expected to rise to 5.08% [1] within 12 months**

(1) Using valuers' assessments of RPI at next uplift (2.6% on average) and taking no account of any open market uplift on Ramsay Hospitals
(2) Like for like – excluding sold assets

Indexed reviews drive annual portfolio rental uplifts

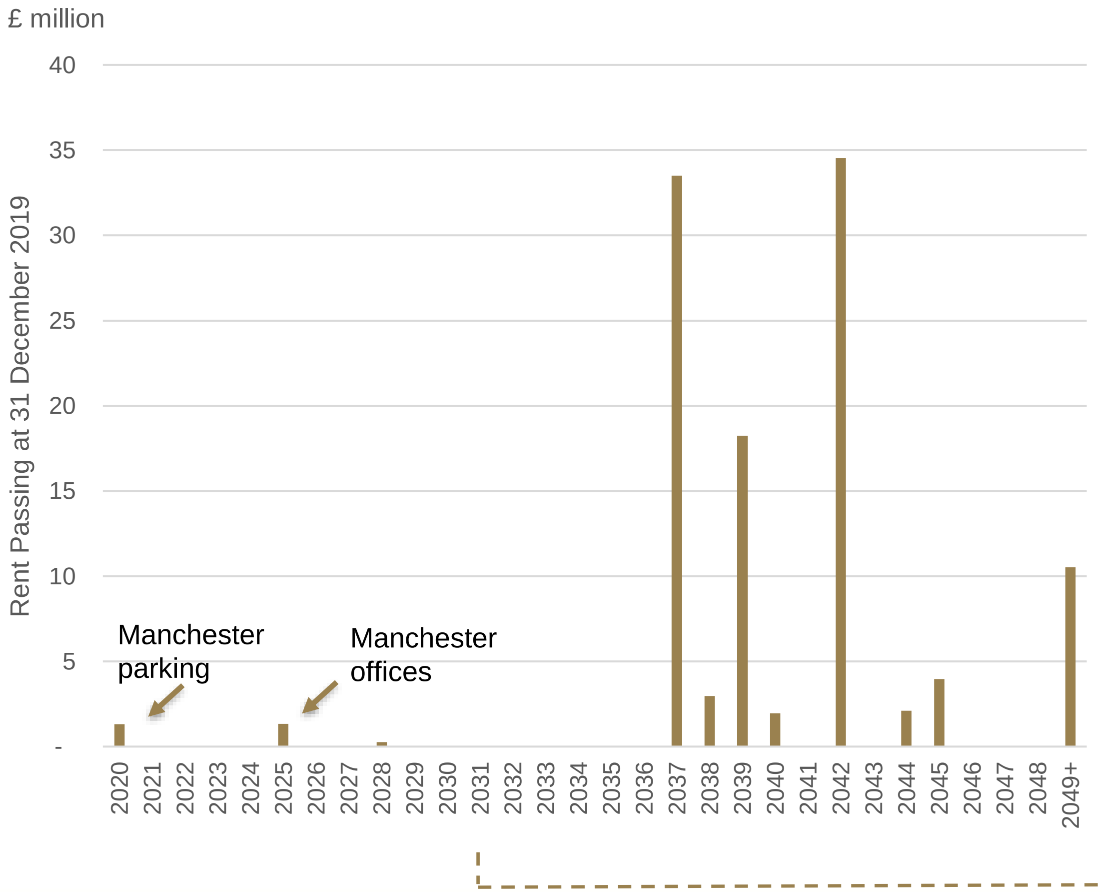
	31 December 2019			31 December 2018
	Reviewed annually	**Reviewed three or five yearly**	**Total portfolio**	**Total Portfolio**
Uncapped RPI	25%	28%	**53%**	47%
Collared RPI	4%	2%	**6%**	5%
Total upwards only RPI-linked reviews	29%	30%	**59%**	52%
Total fixed uplifts	38%	3%	**41%**	48%
Total portfolio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

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

67% of rents are reviewed annually

Very long term income with no breaks

Weighted average term to expiry 21.0 years – no breaks



97.5% of portfolio income has over 17 years unexpired without break

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

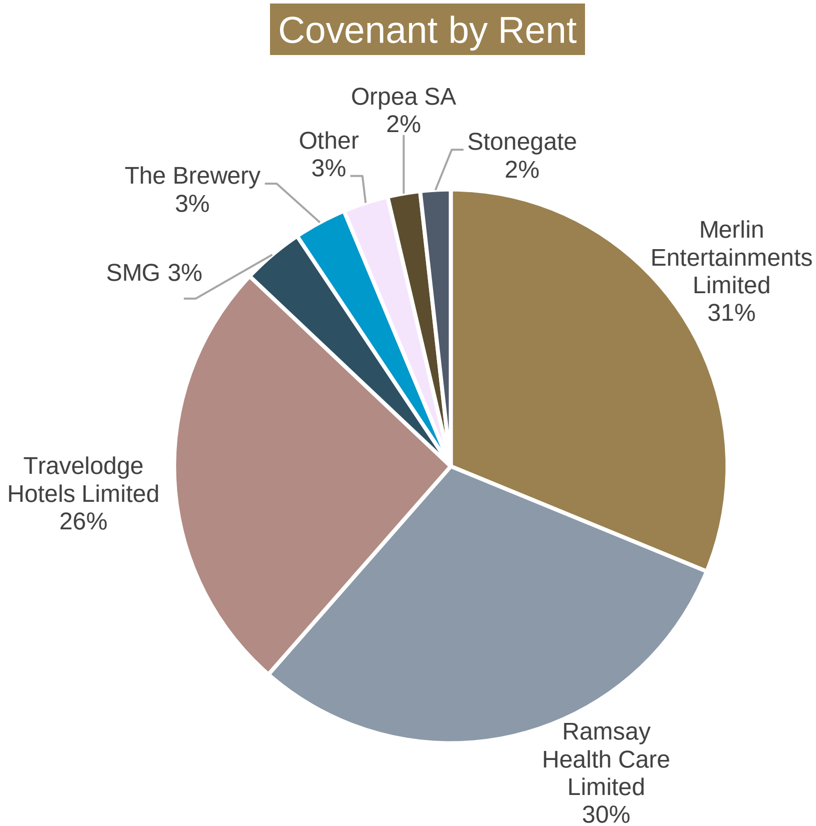
Longest WAULT in long income REITs > £1bn market cap

Weighted average term to expiry 21.0 years – no breaks

The 13 remaining UK REITs over £1bn have WAULTs under 10 years

Source: Company data publicly available at 10 March 2020

Tenant covenants



- Taken private at £6bn EV
- Well capitalised owners with long term investment horizons
- > 130 attractions in 25 countries
- 6.7 million visitors last year
- Further info: page 32

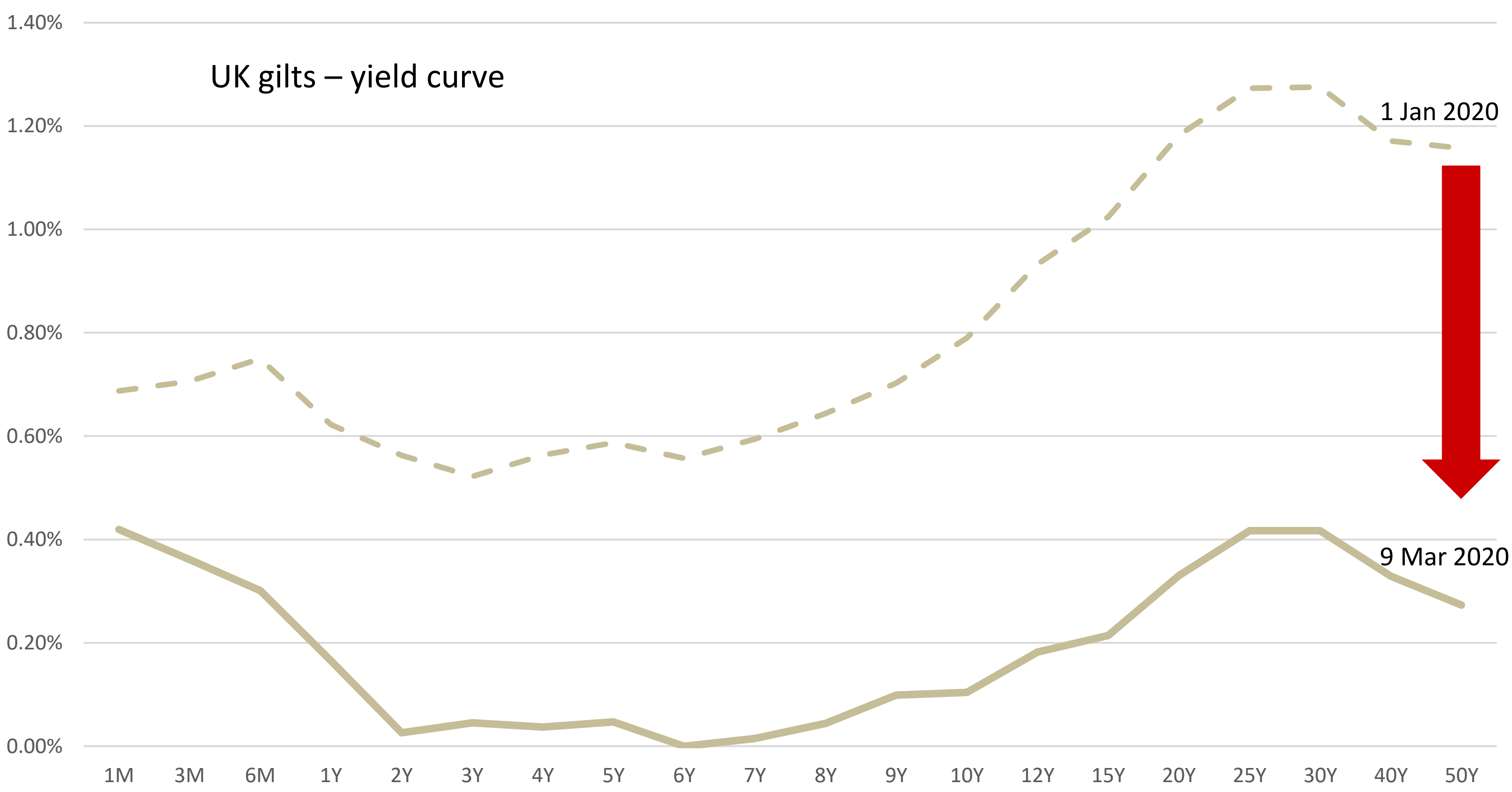
- Market cap £7.0bn [1]
- 500 facilities in 11 countries
- 5 yr EPS growth 7.3% to y/e 30 Jun 19
- At their 31/12/19 interims Ramsay UK reported "its best half performance in recent years"
- A top 5 global private hospital operator
- Further info: page 33

- 2018 Revenue £693m; EBITDA £122m
- Consistent long term sector outperformance
- 586 hotels and 44,684 rooms [2]
- Further info: page 34

1 at 4 March 2020 and A$ rate £1:A$1.94
2 at 30 September 2019

Flight to safety at a time of uncertainty

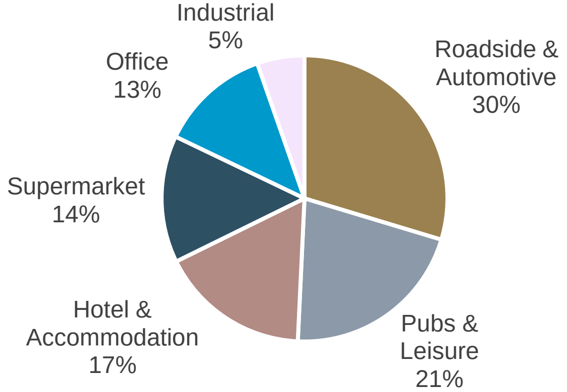
- Income returns on the lowest risk assets have collapsed in 2020 to historic lows



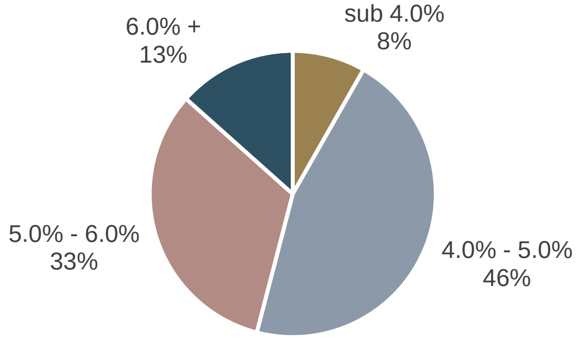
Deal availability of long lease assets: £1.97 billion

19% / £376m of current deal availability meets our strict selection criteria . . .
. . but is priced at an average NIY of 4.1%

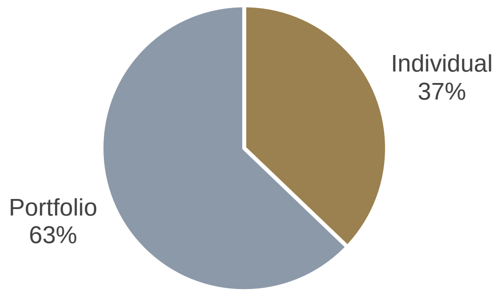
Sector



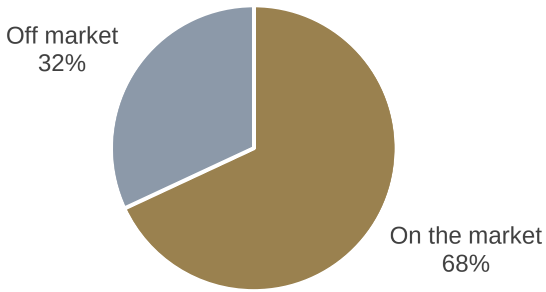
Yield Profile



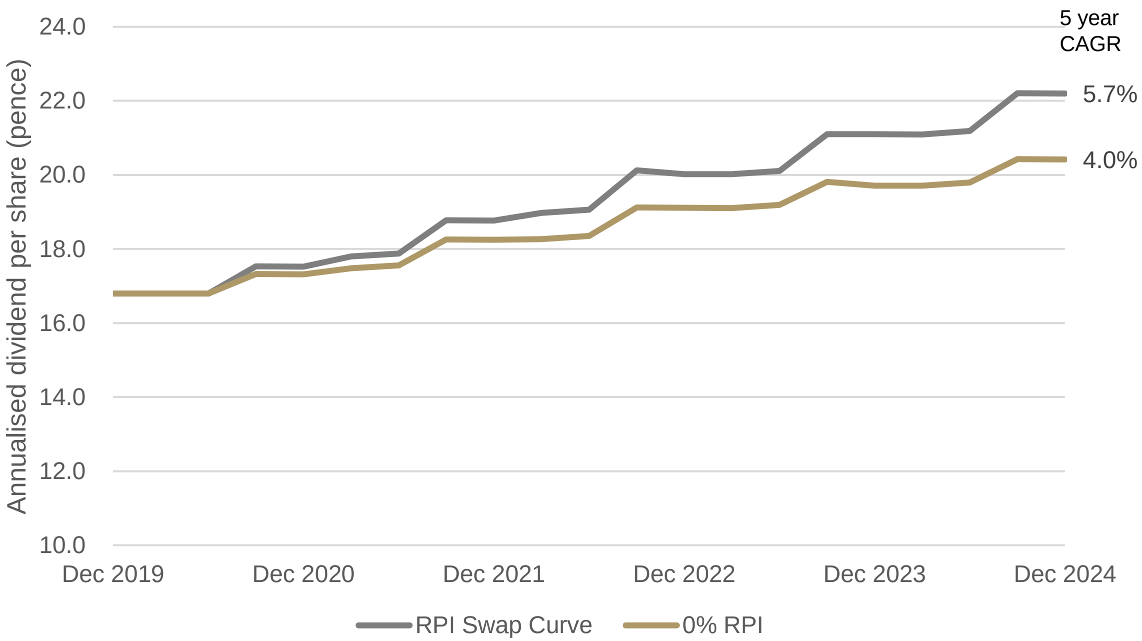
Individual v Portfolio



Marketed v Off Market



Illustrative distribution outlook



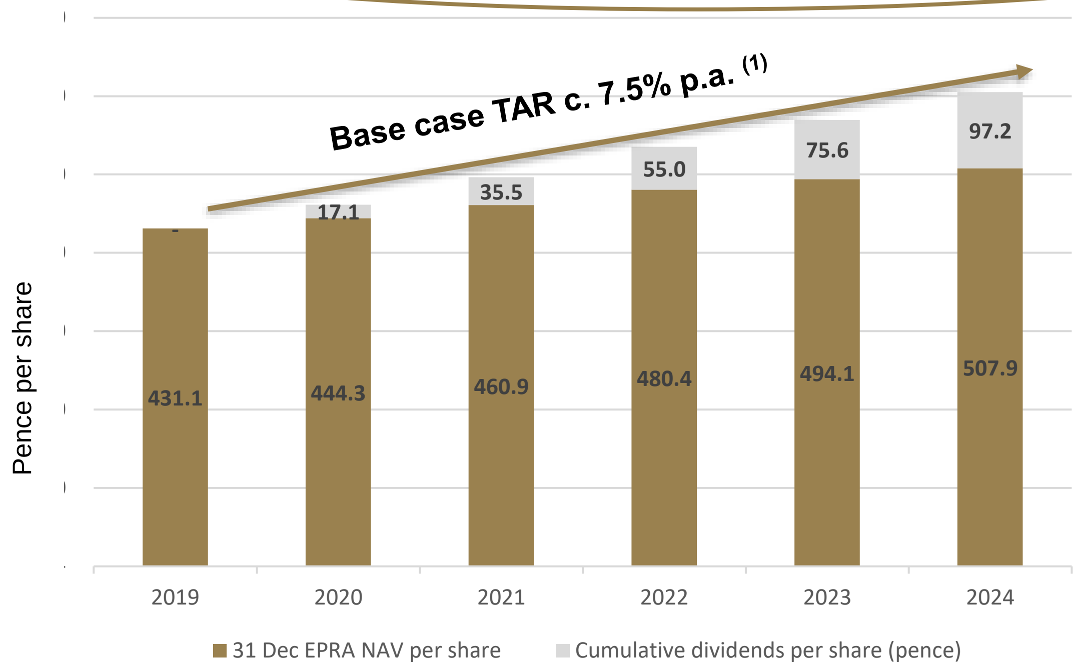
RPI flex:
+/- 1%pa is c. 0.6% pa impact on distribution CAGR

- Covered dividend of 1x Adjusted EPRA EPS plus top-up dividends from hospitals disposal, paid quarterly
- Current dividend annualised at 16.8p per share: annualised dividend yield of c. 3.9% on pro forma EPRA NAV at 31 December 2019
- **Illustrative 5 year dividend CAGR (Dec 2019 to Dec 2024) on base case assumptions [1]: 5.7% p.a.**

(1) See assumptions on page 30; **There is no certainty that this illustrative outlook will be achieved**

Base case total return outlook

No growth factored in from investment or refinancing opportunities

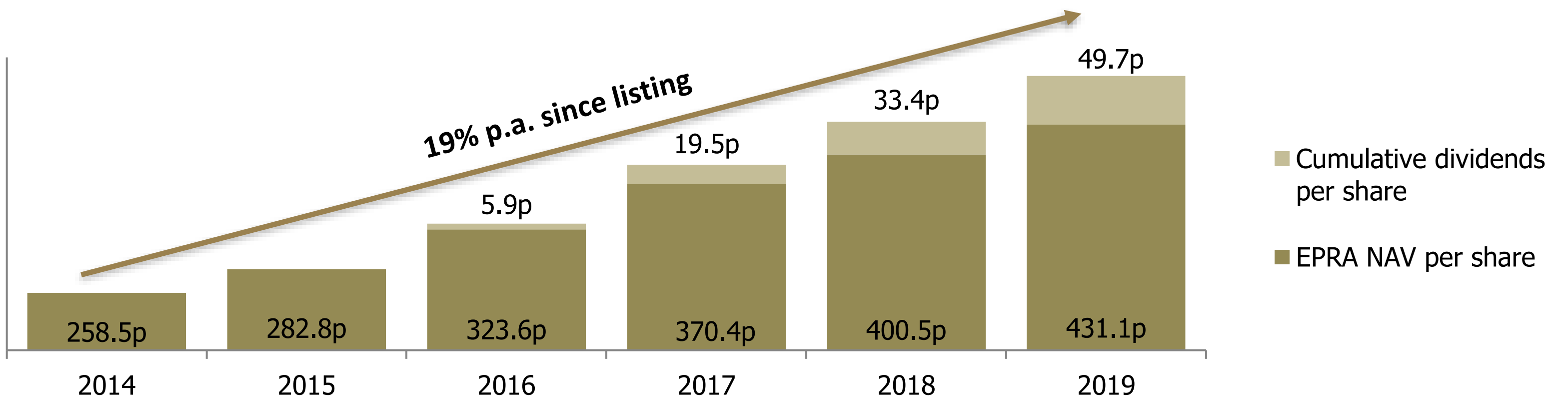


	% p.a.
Impact on annual returns of:	
Investing £150m @5%/40% LTV/annual RPI	1.2%
Returning £150m cash	0.8%
Merlin debt refinance @3.4% in 2022	From Q4 2022: 0.6%

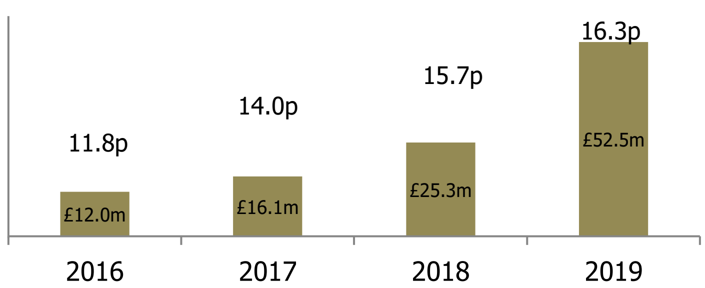
(1) See assumptions on page 30; **There is no certainty that this illustrative outlook will be achieved**

Delivering strong total returns

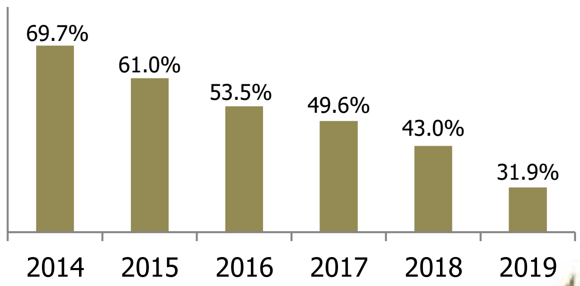
Total Accounting Return



Dividends paid (£m) and Annualised DPS



Net Loan to Value

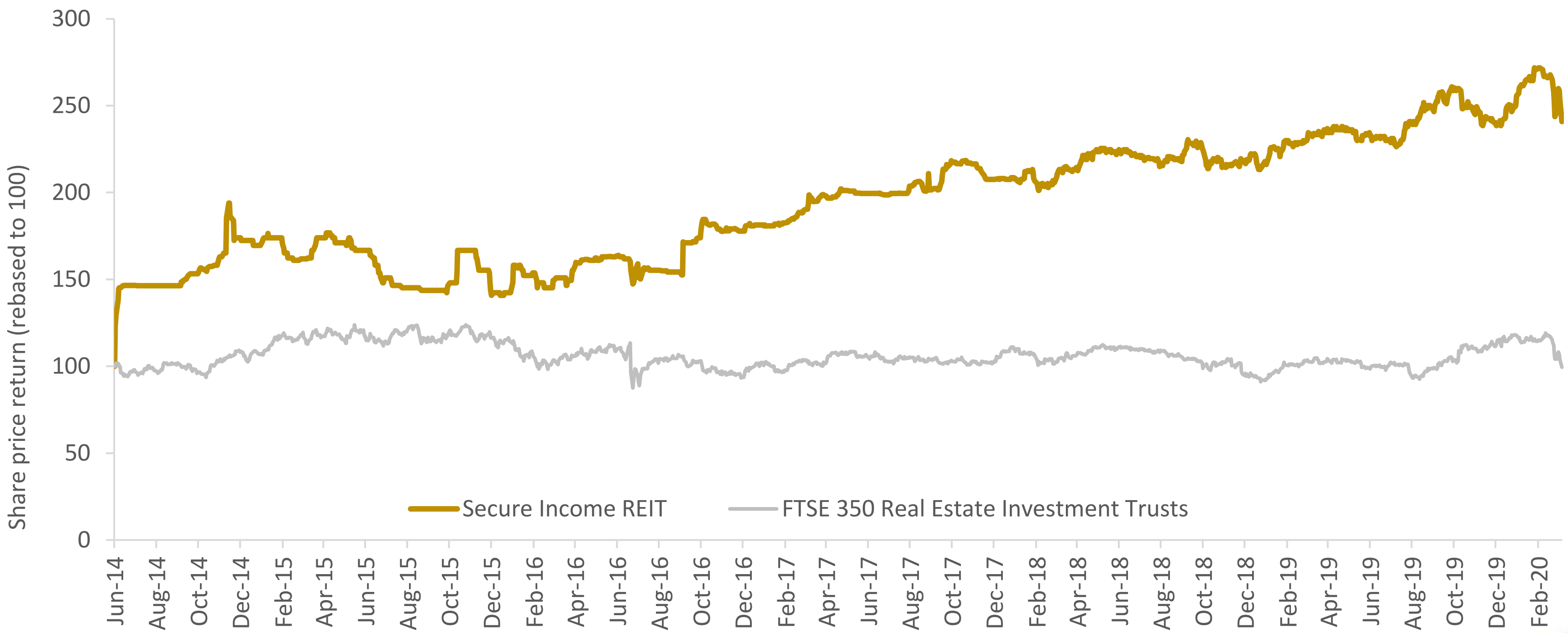


Outperformance since listing

Performance since listing in June 2014

- NAV per share up 150%
- Total accounting return 19% p.a.
- Net LTV down from 78% to 32%
- Annualised current dividend 16.8p per share

FTSE 350 REIT Sector Outperformance [1]



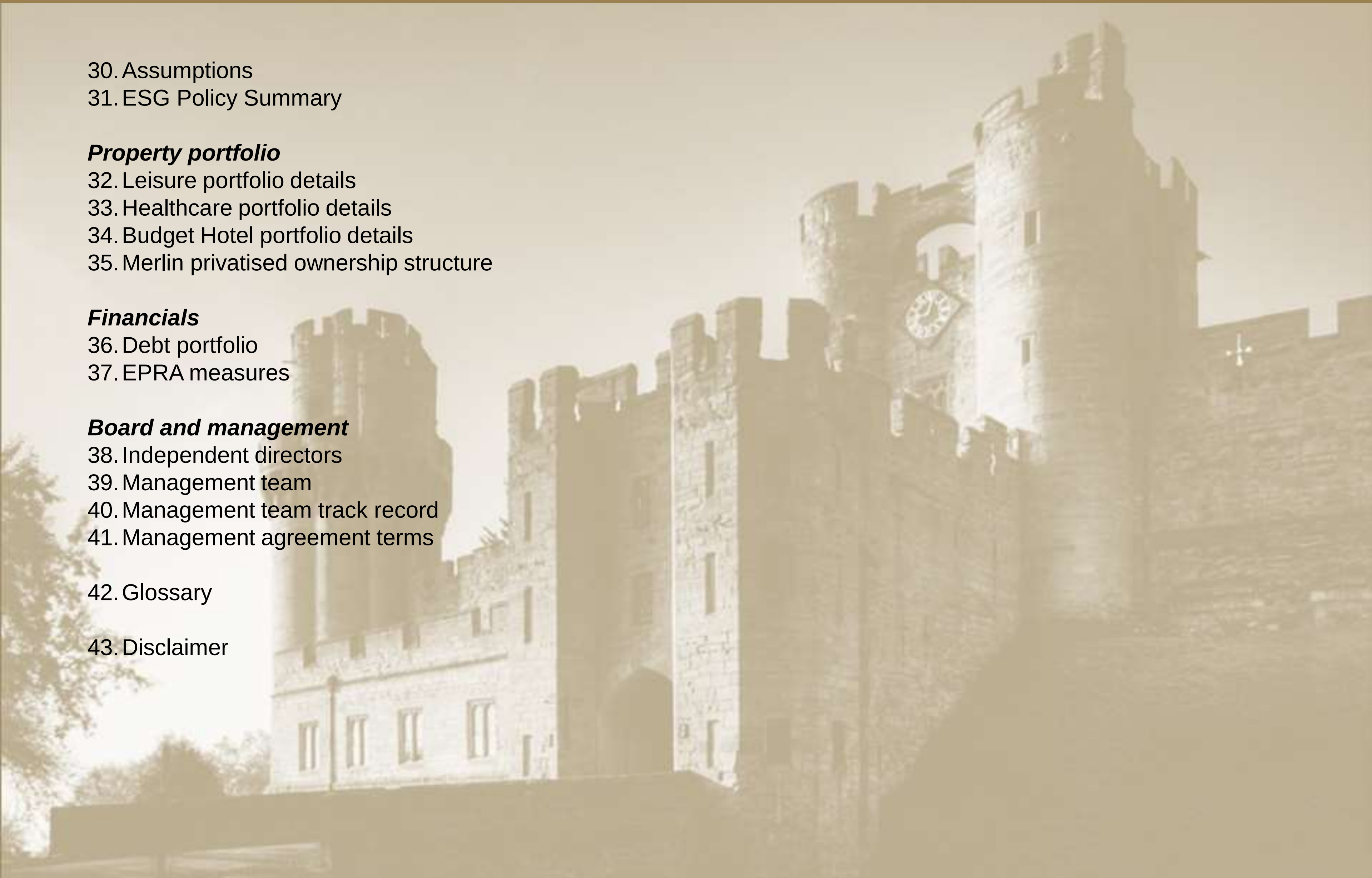
(1) Datastream: Market data from 174p per share placing price 4 June 2014 to 9 March 2020

Delivering on commitments and well positioned

- **Total Accounting Return**
  - 11.7% in 2019
  - 19.0% per annum since listing in 2014
- **Total Shareholder Return**
  - 19.4% in 2019
  - 20.4% per annum from the placing price at listing in 2014
- Dividend currently annualising 16.8 pence per share (4.2 pence per share per quarter):
  - **3.9% yield on EPRA NAV** with excellent growth prospects
- Robust balance sheet:
  - 32% Net LTV
  - uncommitted cash of £234m
- **Well positioned to take advantage of the right opportunities**
- **Very strongly aligned Management Team with a £173.5 million investment in the business [(1)]**

(1) At 31 December 2019 EPRA Net Asset Value per share

Appendices



30. Assumptions
31. ESG Policy Summary

Property portfolio

32. Leisure portfolio details
33. Healthcare portfolio details
34. Budget Hotel portfolio details
35. Merlin privatised ownership structure

Financials

36. Debt portfolio
37. EPRA measures

Board and management

38. Independent directors
39. Management team
40. Management team track record
41. Management agreement terms

42. Glossary

43. Disclaimer

Warwick Castle

Assumptions

1. Employs RPI swap curve at 9 March 2020, averaging a rate of 3.1% p.a. compound over the period
2. Constant property valuation yield at 31 December 2019 external net valuation yields (blended 4.95% NIY)
3. Ignores potential for further uplifts from open market reviews
4. No purchases or sales of properties or lease variations
5. 31 December 2019 exchange rate of €1:£0.85 used throughout illustrative periods
6. Surplus cash from hospitals disposal is not reinvested but partly used to top up distributions to keep investors' income returns whole before cash is redeployed, as estimated below:

	2020	2021	2022	2023	2024
Rent growing at 2.75% pa	(16.3)	(16.7)	(17.2)	(17.7)	(18.2)
Interest at constant rate	6.5	6.5	6.5	6.5	6.5
Net before interest income (£m)	**(9.8)**	**(10.2)**	**(10.7)**	**(11.2)**	**(11.7)**
Net before interest income (p)	**3.0**	**3.2**	**3.3**	**3.5**	**3.6**

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, loan principal estimated to be c. £369m (at 31 December 2019 Euro exchange rate) and the base case property valuation on the basis of the assumptions outlined on this page is estimated at £719m, or approx. 51% LTV
    b) Between April and October 2023 a further three facilities mature with a total principal outstanding of £186m. The base case property valuation of the assets securing those facilities at the time of loan expiries is c. £757m or approx. 25% LTV.

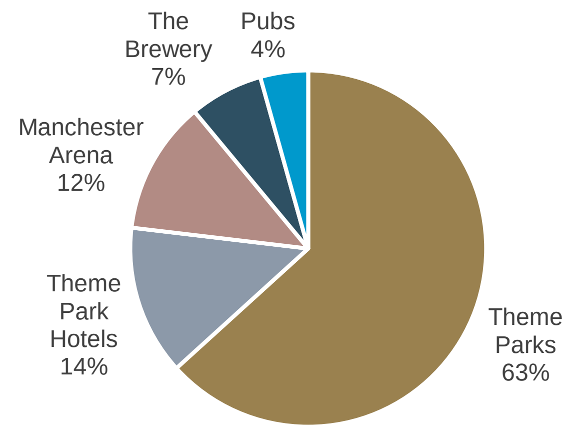
Environmental, Social & Governance Policies

- The Group's properties are held on very long fully repairing and insuring leases. The vast majority of these leases have been in place for over 12 years and, typically for leases of that time, they do not include any tenant obligations for emissions reporting or improving environmental benchmarks, although they do include the usual requirement for compliance with laws and regulations including those relating to environmental matters.
- The nature of the contractual relationship with our tenants is such that we are not in a position to influence environmental outcomes nor to report site CO_2 emissions data and we are unlikely to be able to do so in the near term, with 17 years yet to expire before the first material lease expiry.
- In assessing any acquisition and in agreeing the terms of any new letting we aim to include new environmental standards to the extent practicable.
- The Company is committed to operating in a way that takes account of the interests of its broad range of stakeholders, as set out in the Section 172 statement on the Company's website and that will be included in the full corporate governance report to be included in the Report and Accounts.
- The Board is committed to holding high standards of diversity, inclusion, sustainability and social responsibility for the Company.
- An externally managed business with a relatively small workforce there is no gender pay gap reporting required but the Board and the investment Adviser affirm their commitment to fairness and diversity in recruitment and in undertaking the business of the Company.

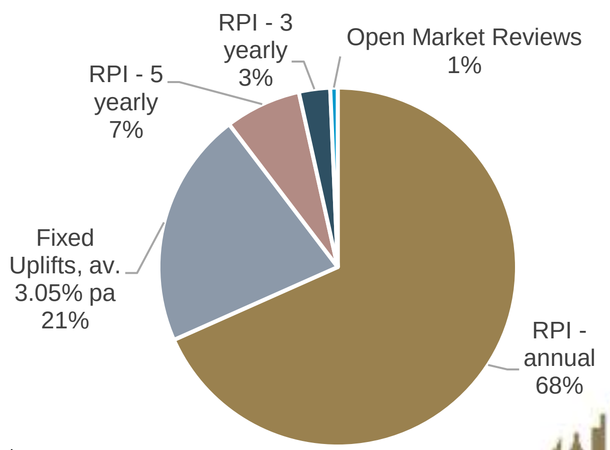
Leisure: £852m, 41% of total portfolio value

- Valued at **£851.9m**[(1)] **at 31 Dec 2019 on £46.8m of passing rent**[(2)]
  - Merlin Theme Parks
  - Manchester Arena 8 acre complex
  - The Brewery on Chiswell Street, London
  - 18 Stonegate Pubs
- Individual FRI leases with 22.5 **year WAULT**
- **Merlin – Theme Parks**
  - 74% (£34.5m) of leisure portfolio rent - guaranteed by **Merlin Entertainments Plc**: taken private in 2019 at a £6bn valuation or approx. 12x EBITDA multiple (see page 35);
  - 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**
  - 8.5% (£4.0m) of leisure portfolio rent
  - Now part of ASM, the world's largest venue management company with over 322 venues in 21 countries and pro forma Sept 19 LTM revenues of $500m [(3)]

Sub-sector by value



Rent review type by rent



Leisure Portfolio Net Initial Yield of 5.07% at 31 Dec 2019

(1) Includes £110.3m of German assets valued in Euros and translated at the 31 Dec 2019 exchange rate
(2) Includes £6.5m of rent from German assets denominated in Euros and translated at the 31 Dec 2019 exchange rate
(3) Source: Moody's Rating Action report dated 7 January 2020

Healthcare: £748.4m, 36% of total portfolio value

Ramsay

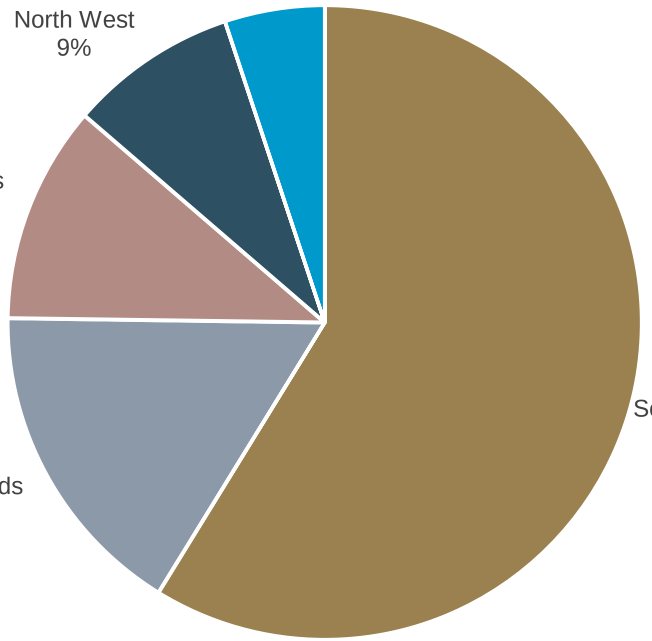
- **11 private hospitals** valued at **£697.2m at 31 Dec 2019,** generating **£33.5m of passing rent**
- Let on individual **fully repairing and insuring leases with a term to expiry of 17.4 years** at Dec 2019 – no break clauses
- Rent increases by at least 2.75% p.a. throughout the lease term in May 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 £7.0 bn [(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 24.6 years** from Dec 2019
- Central London's only private psychiatric hospital – located in Lisson Grove, near Marylebone station
- Rent increases by 3.0% each May
- Valued at **£51.1 m at 31 Dec 2019** generating **£2.1m of passing rent**
- **Guaranteed by Orpea SA,** mental health and aged care specialists, listed on Euronext with c. £6.9bn [1] market capitalisation

Healthcare Portfolio Net Initial Yield
4.46% at 31 Dec 2019

Location by value



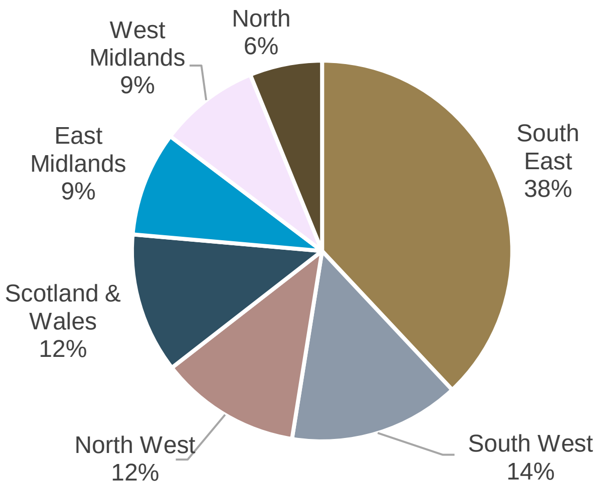
(1) At 4 March 2020; A$ exchange rate £1:A$1.94; Euro exchange rate £1:€1.15

Budget Hotels: £483m, 23% of total portfolio value

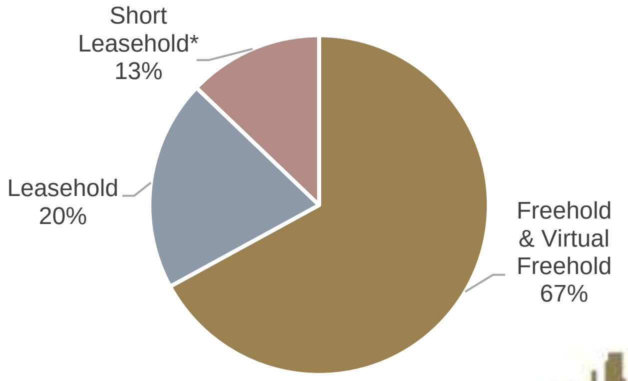
- 31 Dec 2019 valuation **£482.8m** generating **£28.3m of passing rent**
  - 123 Budget Hotels with 6,577 rooms
    - Top three assets in Manchester, Oxford & Edinburgh: average lot size £23.0m
    - Remaining 120 properties: average lot size £3.4m
    - Average rent of £4,308 per room including City Centre sites
- **22.4 year weighted average unexpired lease term**
    - no unexpired lease shorter than 18.5 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 586 hotels (569 in the UK) and over 44,600 rooms [(1)].
- 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% at 31 Dec 2019

Location by value



Tenure by value



** Leases with sub 80 years unexpired*

(1) At 30 September 2019

Merlin ownership

Merlin Entertainments

Kirkbi (50%): €8bn (£7bn) investment portfolio inc 75% of Lego; investor in Merlin since 2005

Blackstone Core Equity Partners: long term fund with modest risk profile; part of Blackstone with US$512bn (£400bn) AUM

CPPIB: (Canada Pension Plan Investment Board) C$392bn (£230bn) AUM; invested through long term permanent capital fund

"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

Financing at 31 December 2019

	Gross debt	No of properties	Max annual interest rate	Rate protection	Annual cash amortisation	Maturity date
Merlin leisure [(1)]	£377.8m	6	5.7%	Fixed	£3.8m from Oct 2020	Oct 2022
Hotels 2	£66.9m	70	3.3%	78% fixed 22% capped	None	Apr 2023
Leisure 2	£60.0m	20	3.2%	83% fixed 17% capped	None	June 2023
Hotels 1	£59.0m	53	2.7%	Fixed	None	Oct 2023
Healthcare 1	£64.2m	2	4.3%	Fixed	£0.3m	Sept 2025
Healthcare 2	£302.8m	10	5.3%	Fixed	£3.2m	Oct 2025
Gross debt	**£930.7m**	**161**	**4.9%**			
Cash	£267.1m					
Net debt	**£663.6m**					

(1) £316.8m of senior & mezzanine Sterling loans and €71.8m senior and mezzanine Euro loans translated at year end rate

Summary of EPRA measures

	2019	2018
EPRA Net Asset Value per share	431.1p	400.5p
EPRA Triple Net Asset Value per share	417.9p	389.2p
EPRA Net Initial Yield	4.94%	5.04%
EPRA Topped Up Net Initial Yield	4.94%	5.05%
EPRA Vacancy Rate	0%	0%
EPRA EPS	16.9p	16.6p
Adjusted EPRA EPS	15.3p	14.7p
EPRA Capital Expenditure	£0.3m	£435.5m
EPRA Cost Ratio inc direct vacancy costs	17.5%	16.8%
EPRA Cost Ratio ex direct vacancy costs	17.6%	16.9%
Adjusted EPRA Cost Ratio inc direct vacancy costs	14.9%	14.1%
EPRA Cost Ratio ex direct vacancy costs	15.0%	14.2%

These measures are calculated in accordance with the EPRA Best Practice Guidelines 2016. New guidelines have come into effect for accounting periods commencing 1 January 2020 and so will apply from the Company's next reports for the six months to June 2020. Calculations drawn up under the new guidelines are presented the unaudited supplementary information section of the preliminary results announcement, for information in advance of the effective date.

Full details of calculations are included in supplementary information presented with the preliminary results announcement

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 **BMO Commercial Property Trust**
- Chairman of **M&G Real Estate** until 2013 and CEO from 1996 to 2012
- Chairman 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

- Board Counsellor of **The Crown Estate** and Senior Non-executive director of **Town Centre Securities Plc.** Lead Independent Director **Shurgard Self Storage SA**
- Senior Adviser to **Eastdil Secured, Elysian Residences Limited, The Anschutz Corporation** 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** & until 2019 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**
- Director, Trustee and chair of the Development Board of Tenebrae Choir
- 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 and Chair of Audit Committee of **Windmill Hill Asset Management** and **The Queen's Commonwealth Trust**
- Advisor to 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: 145+ 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 37 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 22 years with Prestbury
- BSc (Hons) Est Man, FRICS

Mike Brown
Prestbury's CEO; SIR Director

- **Over 36 years' real estate experience** in funds and listed companies (Secure Income REIT Plc, Max Property Group Plc, Helical Bar plc, Threadneedle)
- Over 10 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 22 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

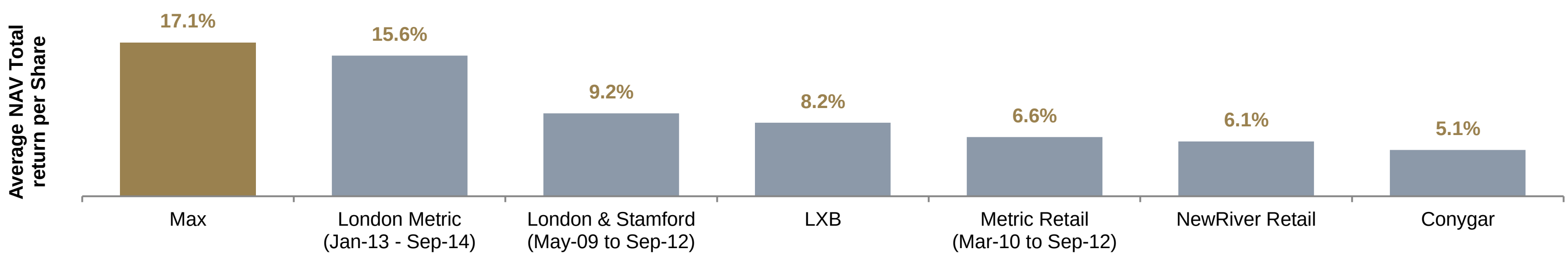
Overseeing an experienced team of finance, property and administrative staff

Proven track record of delivering shareholder returns

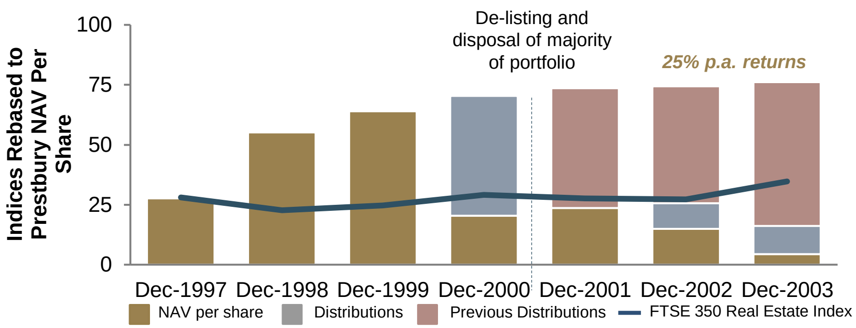
Prestbury Team Track Record

- 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**

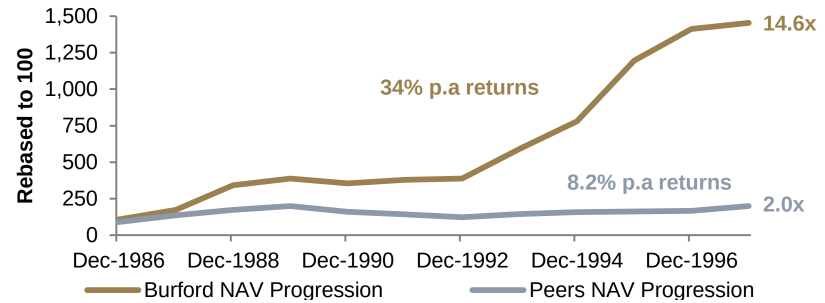
A Max Property Group Plc – Average Total Return of 17.1% p.a. (May-2009 – Sep-2014) vs. Peer Group[1]



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 £173.5m[(1)] shareholding among the largest in the quoted UK Real Estate sector**
- **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 surplus after investor priority returns**:
  - Target is 10% growth in EPRA NAV plus dividends above higher of (i) previous year end EPRA NAV and (ii) EPRA NAV at time of last incentive share award ("high water `mark")
  - Paid in shares subject to lock-in with phased release over18 – 42 months
  - Priority returns of 43.1p per share must be received by shareholders during 2020 before any incentive fee is earned for the yar to 31 December 2020
  - 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
- Surplus cash on hospitals sale excluded from fee entitlement – current saving approx. £1.2m per annum

(1) At 31 December 2019 EPRA Net Asset Value per share

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	Ful 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 Investment Partners Limited, 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
Total Accounting Return, or TAR	The movement in **EPRA NAV per share** over a period plus distributions paid in the period, expressed as a percentage of **EPRA NAV per share** at the start of the period
Total Shareholder Return, or TSR	The movement in share price over a period plus distributions per share paid in the period, expressed as a percentage of the share price at the start of the period
Weighted Average Unexpired Lease Term, or WAULT	The term to the first break or expiry of a lease, weighted by rental value

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