

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom, or another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom, without delay.

This document comprises a supplementary prospectus relating to LXi REIT plc (the "**Company**" or "**LXi**") prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority ("**FCA**") made pursuant to section 73A of FSMA (the "**Supplementary Prospectus**").

This Supplementary Prospectus has been approved by the FCA under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended) (the "**UK Prospectus Regulation**"). The FCA only approves this Supplementary Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of this Supplementary Prospectus.

This Supplementary Prospectus is supplemental to, and should be read in conjunction with, the prospectus (comprising a combined circular and prospectus) published by the Company on 1 June 2022 relating to, *inter alia*, the recommended offer by the Company to acquire the entire issued ordinary share capital of Secure Income REIT plc ("**SIR**") (the "**Merger**"), the proposed issue of up to 1,074,817,168 New LXi Shares in connection with the Merger and the applications for admission and re-admission of the LXi Shares to the premium listing segment of the Official List and to trading on the premium segment of the Main Market (the "**Prospectus**"). Except as expressly stated herein, or unless the context otherwise requires, capitalised terms used in this Supplementary Prospectus shall have the meanings given to such terms in the Prospectus.

The Company and each of the Directors and Proposed Directors, whose names appear on page 9 of this Supplementary Prospectus, accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge of the Company, the Directors and the Proposed Directors, the information contained in this Supplementary Prospectus is in accordance with the facts and this Supplementary Prospectus makes no omission likely to affect its import.

LXi REIT PLC

(Incorporated in England and Wales with company number 10535081 and registered as an investment company under section 833 of the Companies Act 2006)

SUPPLEMENTARY PROSPECTUS

Lead Financial Adviser and Joint Broker
Jefferies International Limited

Sponsor, Joint Financial Adviser and Joint Broker
Peel Hunt LLP

Joint Financial Adviser
HSBC Bank plc

Joint Financial Adviser
Barclays Bank PLC

No New LXi Shares or any other securities in the Company have been marketed to, nor are available for purchase, in whole or in part, by the public in the United Kingdom or elsewhere in connection with the admission of the LXi Shares to the premium listing segment of the Official List and to trading on the premium segment of the Main Market, save for SIR Shareholders in connection with the Merger.

Each of Peel Hunt LLP ("**Peel Hunt**") and Jefferies International Limited ("**Jefferies**"), both of which are authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and for no-one else and will not regard any other person (whether or not a recipient of this Supplementary Prospectus or the Prospectus) as its client in relation to the Proposals, the proposed Merger or Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in connection with the Proposals, the proposed Merger or Admission, or any other matters referred to in the Prospectus and this Supplementary Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Peel Hunt or Jefferies by the FCA or under FSMA, or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Peel Hunt nor Jefferies nor any person affiliated with them, assumes any responsibility whatsoever and makes no representation or warranty, express or implied, as to the contents of the Prospectus or this Supplementary Prospectus, including its accuracy, completeness or verification, or for any other statement made or purported to be made by Peel Hunt, Jefferies, or on their behalf, the Company or any other person in connection with the Company, the New LXi Shares, or the Proposals, the proposed Merger or Admission and nothing contained in the Prospectus or this Supplementary Prospectus is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Neither Peel Hunt nor Jefferies (together with their respective affiliates) assumes any responsibility for the accuracy, completeness or verification of the Prospectus or this Supplementary Prospectus and accordingly each of them disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of the Prospectus or this Supplementary Prospectus or any such statement.

Notice to Overseas Shareholders

The release, publication or distribution of this Supplementary Prospectus in jurisdictions other than the United Kingdom and the ability of SIR Shareholders who are not resident in the United Kingdom to participate in the Merger may be restricted by laws and/or regulations of those jurisdictions. Persons who are not resident in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and should observe, any applicable requirements. Any failure to comply with these requirements may constitute a violation of the securities laws of any such jurisdiction.

Unless otherwise determined by the Company or required by the City Code on Takeovers and Mergers (the "**Takeover Code**"), and permitted by applicable law and regulation, the Merger will not be implemented and documentation relating to the Merger shall not be made available, directly or indirectly, in, into or from an Excluded Territory where to do so would violate the laws of that jurisdiction and no person may vote in favour of the Merger by any use, means, instrumentality or form within an Excluded Territory or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Supplementary Prospectus are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Excluded Territory and persons with access to this Supplementary Prospectus and any documents relating to the Merger (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Excluded Territory.

The availability of New LXi Shares under the Merger to SIR Shareholders who are not resident in the UK may be affected by the laws of the relevant jurisdictions in which they are resident. This Supplementary Prospectus has been prepared for the purpose of complying with English law and applicable regulations and the information disclosed may not be the same as that which would have been disclosed if this Supplementary Prospectus had been prepared in accordance with the laws of jurisdictions outside of England. Overseas Shareholders should inform themselves about and should observe any applicable legal or regulatory requirements and, in case of doubt, should consult their own legal and tax advisers with respect to the legal and tax consequences of the Merger in their particular circumstances. It is the responsibility of all Overseas Shareholders to satisfy themselves as to the full compliance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This Supplementary Prospectus does not constitute an offer to sell or issue or the solicitation of an offer to buy, acquire or subscribe for shares in the capital of LXi in any Excluded Territory or to any person to whom it is unlawful to make such offer or solicitation. None of the securities referred to in this Supplementary Prospectus shall be sold, issued or transferred in any jurisdiction in contravention of applicable law and/or regulation.

It is the responsibility of each person into whose possession this Supplementary Prospectus comes to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the distribution of this Supplementary Prospectus, the receipt of the New LXi Shares and the implementation of the Merger and to obtain any governmental, exchange control or other consents which may be required, comply with other formalities which are required to be observed and pay any issue, transfer or other taxes due in such jurisdiction. To the fullest extent permitted by applicable law, the Company, the Directors, the Proposed Directors, Peel Hunt and Jefferies and all other persons involved in the Merger disclaim any responsibility or liability for the failure to satisfy any such laws, regulations or requirements by any person.

Further details relevant for SIR Shareholders in overseas jurisdictions are contained in the Scheme Document.

Notice to SIR Shareholders in the United States

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 Securities Exchange Act of 1934, as amended (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 Supplementary Prospectus (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 of 1933, as amended (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.

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 Supplementary Prospectus have been approved or disapproved by the United States Securities and Exchange Commission 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 Supplementary Prospectus is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

However, if, in the future, the Company 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.

Under US federal securities laws, a SIR Shareholder who is an "affiliate" of the Company within 90 days prior to, or at any time following, the date upon which the Court Order is filed at U.K. Companies House will be subject to certain US transfer restrictions relating to the New LXi Shares received in connection with the Merger pursuant to a scheme of arrangement under the laws of England and Wales. The New LXi Shares held by such affiliates may not be sold without registration under the Securities Act, except pursuant to the applicable resale provisions of Rule 144 under the Securities Act or another available exemption from the registration requirements of the Securities Act, including transactions conducted pursuant to Regulation S under the Securities Act. Whether a person is an "affiliate" of a company for such purposes depends upon the circumstances, but affiliates of a company can include certain officers, directors and significant shareholders. A person who believes that he or she may be an affiliate of LXi should consult his, her or its own legal advisers prior to any sale of any New LXi Shares.

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.

Notice to SIR Shareholders in Switzerland

Neither this Supplementary Prospectus nor any other offering or marketing material relating to the securities of SIR and of LXi may be publicly distributed or otherwise made publicly available in Switzerland. Therefore, this Supplementary Prospectus is provided to you personally as a shareholder SIR; it may not be passed on to any third party except to your advisors. By accepting delivery of this Supplementary Prospectus, you undertake to abide by these restrictions.

This Supplementary Prospectus is provided to you for information purposes only. It therefore represents neither an offer in the legal sense nor an invitation or recommendation to buy or sell financial instruments as understood by the Swiss Financial Services Act ("**FINSA**"). In particular, this Supplementary Prospectus does neither constitute a prospectus within the meaning of Art. 35 et seq. FINSA nor a key information document

within the meaning of Art. 58 et seq. FINSA. Further, no application has or will be made to admit the securities of LXI and/or of SIR to trading on any trading venue (exchange or multilateral trading facility) in Switzerland.

Copies of this Supplementary Prospectus will be available on the Company's website www.LXiREIT.com and the National Storage Mechanism of the FCA at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

17 June 2022

Events arising since publication of the Prospectus

This document constitutes a Supplementary Prospectus required under Prospectus Regulation Rules 3.4.1 and 3.4.2 following the publication of the Company's annual report and accounts for the financial year ended 31 March 2022 (the "**2022 Annual Report and Accounts**"), which constitutes a significant new factor relating to financial information contained in the Prospectus. This Supplementary Prospectus is supplemental to the Prospectus and has been approved for publication by the FCA.

A. Significant new factors

Report and accounts for the financial year ended 31 March 2022

On 7 June 2022, the Company published its 2022 Annual Report and Accounts. A copy of the 2022 Annual Report and Accounts has been filed with the FCA and, by virtue of this Supplementary Prospectus, the parts of the 2022 Annual Report and Accounts referenced in this Supplementary Prospectus are incorporated into, and form part of, the Prospectus. The parts of the 2022 Annual Report and Accounts not referenced in this Supplementary Prospectus are either not relevant for investors or are covered elsewhere in the Prospectus. To the extent that any part of the 2022 Annual Report and Accounts that is incorporated into the Prospectus by reference itself contains information that is incorporated by reference, such information shall not form part of the Prospectus.

Historical financial information incorporated by reference

Historical financial information relating to the Company on the matters referred to below is included in the 2022 Annual Report and Accounts as set out in the table below and is expressly incorporated by reference into this Supplementary Prospectus and the Prospectus (and Part 4 of the Prospectus is supplemented accordingly).

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The 2022 Annual Report and Accounts have been prepared in accordance with IFRS and were audited by BDO LLP, whose report was unqualified. BDO LLP is a member firm of the Institute of Chartered Accountants in England and Wales.

B. Supplements to the Summary

As a result of the publication of the 2022 Annual Report and Accounts, the summary section of the Prospectus is hereby supplemented as follows:

2. Key information on the issuer				
b. What is the key financial information regarding the issuer?				
Investors should read the whole of the Prospectus and this Supplementary Prospectus and not rely solely on the summarised financial information set out in this section.				
Table 1: Additional information relevant to closed end funds				
Share Class	Total NAV ¹	No. of shares ²	NAV per share ¹	Historical performance of the Company
Ordinary	£1,300.7 million	911,569,741	142.7p	Since the LXi Shares were first admitted to trading on the Main Market on 27 February 2017, the LXi Shares, assuming dividends reinvested, have delivered a total shareholder return of 81.33 per cent., comprising growth in the market price of LXi Shares and dividends paid to LXi Shareholders up to 16 June 2022, being the latest practicable date prior to the publication of this Supplementary Prospectus. The LXi Group has delivered a compounded average annual total NAV return since IPO to 31 March 2022 of 11.2 per cent. per annum, comprising annual NAV growth and dividends paid to LXi Shareholders.
¹ As at 31 March 2022.				
² As at 16 June 2022, being the latest practicable date prior to the publication of this Supplementary Prospectus.				

Table 2: Income statement for closed end funds

	Financial year ended 31 March 2022 (audited) (£m)
Consolidated Statement of Comprehensive Income	
Rental income	58.5
Administrative and other expenses	(9.3)
Operating profit before change in fair value and gain on disposal of investment property	49.2
Change in fair value of investment property	117.7
Gain on disposal of investment property	-
Change in fair value of financial instruments	1.2
Operating profit / (loss)	168.1
Gain on refinancing	-
Finance income	-
Finance costs	(6.8)
Profit/(loss) before tax	161.3
Taxation	0.7
Profit/(loss) and total comprehensive income attributable to shareholders	162.0
Earnings per share – basic and diluted	22.8p
Adjusted earnings per share – basic and diluted	7.0p
Total NAV return for the period	18.2%

Table 3: Balance sheet for closed end funds

	As at 31 March 2022 (audited) (£m)
Consolidated Statement of Financial Position	
Non-current assets:	
Investment property	1,480.1
Trade and other receivables	-
Total non-current assets	1,480.1
Current assets:	
Trade and other receivables	19.4
Assets held for sale	19.0
Deferred acquisition costs	0.7
Financial instruments	1.2
Restricted cash	-
Cash and cash equivalents	72.5
Total current assets	112.8
Total assets	1,592.9
Current liabilities:	
Trade and other payables	38.6

<i>Total current liabilities</i>	<i>38.6</i>
<i>Non-current liabilities:</i>	
Bank borrowings	240.0
Trade and other payables	13.6
<i>Total non-current liabilities</i>	<i>253.6</i>
<i>Total liabilities</i>	<i>292.2</i>
<i>Net assets</i>	<i>1,300.7</i>
<i>Equity:</i>	
Share capital	9.1
Share premium reserve	940.0
Capital reduction reserve	21.0
Retained earnings	330.6
<i>Total equity</i>	<i>1,300.7</i>
Net Asset Value per share – basic and diluted	142.7p
EPRA NTA per share	142.6p

C. Significant change

Save as disclosed below, there has been no significant change in the financial position or financial performance of the LXi Group since 31 March 2022, being the end of the last financial period for which audited financial information has been published.

The significant changes since 31 March 2022 comprise:

Dividends

- On 19 May 2022, the Company declared an interim quarterly dividend of 1.5 pence per LXi Share in respect of the quarter ended 31 March 2022, payable on 24 June 2022 to LXi Shareholders on the register at 27 May 2022.

Acquisitions and disposals

The LXi Group completed or exchanged contracts:

- to acquire an Asda foodstore in Halesowen, Birmingham for £43.5 million with a 22-year unexpired lease term and five yearly fixed uplifts of 3 per cent. per annum compounded (exchanged prior to the year end and completed in May 2022);
- in respect of a pre-let forward funding of an M&S grocery store in Scotland with a 15-year unexpired lease term from build completion and five yearly 2.5 per cent. fixed uplifts (contracts exchanged post year end for an acquisition price of £5.7 million, with completion expected in Q1 2023 and not included in the March 2022 valuation);
- in relation to a sale of a property in Saffron Walden let to Premier Inn, B&M, Pure Gym, Pets at Home and Costa for £19.33 million, generating a 19 per cent. p.a. IRR.

Debt

- The LXi Group exercised the one-year extension option on the Revolving Credit Facility which now expires in August 2024. As at 16 June 2022, being the latest practicable

date prior to the publication of this Supplementary Prospectus, £81.0 million has been drawn down on the Revolving Credit Facility.

- On 11 May 2022, the LXi Group entered into the Acquisition Facility Agreement with Barclays Bank PLC and HSBC Bank plc (the "**Lenders**"), pursuant to which the Lenders have made available to the LXi Group (i) an unsecured term loan facility of up to £385 million, the proceeds of which are to fund the cash consideration payable to SIR Shareholders under the Partial Cash Alternative, and (ii) an unsecured term loan facility of up to £830 million to the LXi Group for the purpose of refinancing any financial indebtedness of the SIR Group that may become due and payable by the Combined Group as a result of the Merger. As at the date of this Supplementary Prospectus, the LXi Group has not drawn down on either of these facilities. Further details of the Acquisition Facility Agreement are set out in paragraph 11.4 of Part 9 (*Additional information*) of the Prospectus.

D. Additional information

Responsibility

The Company, whose registered office appears below, and each of the Directors and Proposed Directors, whose names appear below, accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge of the Company and each of the Directors and the Proposed Directors, the information contained in this Supplementary Prospectus is in accordance with the facts and the Supplementary Prospectus makes no omission likely to affect its import.

The Directors of the Company are:

Cyrus Ardalan (*Non-executive Chairman*)

Hugh Seaborn CVO (*Non-executive Senior Independent Director*)

Jan Etherden (*Non-executive Director*)

John Cartwright (*Non-executive Director*)

Patricia Dimond (*Non-executive Director*)

Ismat Levin (*Non-executive Director*)

The Proposed Directors of the Company are:

Nick Leslau (*Non-executive Director*)

Sandy Gumm (*Non-executive Director*)

The registered office of the Company is:

6th Floor, 125 London Wall, London EC2Y 5AS

Documents available for inspection

Copies of this Supplementary Prospectus, the Prospectus and the 2022 Annual Report and Accounts are available for inspection at the registered office of the Company and the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date of Admission, and shall be available on the Company's website at <https://www.LXiREIT.com/Proposed-Offer-For-Secure-Income> and the National Storage Mechanism of the FCA at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

General

To the extent that there is any inconsistency between any statement in or incorporated by reference in this Supplementary Prospectus and any other statement in or incorporated by reference in the Prospectus, the statements in or incorporated by reference in this Supplementary Prospectus will prevail.

Save as disclosed in this Supplementary Prospectus, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

17 June 2022