SUPR

SUPERMARKET INCOME REIT

# RESULTS PRESENTATION

## FOR THE YEAR TO 30 JUNE 2022

INVESTING IN THE FUTURE OF UK GROCERY

Image: Sainsbury's, Melksham

# Agenda and Presenting Team


| | |
|---|---|
| Welcome and introduction – Ben Green | 2 |
| Financial results – Haffiz Kala | 9 |
| Sustainability and portfolio – Robert Abraham | 23 |
| Investment market – Steven Noble | 30 |
| Appendix: Financial | 40 |
| Appendix: General | 49 |

**Ben Green**
Principal

**Haffiz Kala**
Finance Director

**Robert Abraham**
Managing Director

**Steven Noble**
CIO

# The outlook for Supermarket Income REIT

HIGHLY RESILIENT SECTOR

STRUCTURALLY SUPPORTED INVESTMENT STRATEGY

OMNICHANNEL STORES

INFLATION-LINKED RENT REVIEWS

Image: Sainsbury's, Washington

# Business highlights

**£597m**
Cash deployed[1]

**15yrs**
Portfolio WAULT[1]

**11%**
Increase in EPCs A-C[2]

**FTSE 250 and EPRA**
Index inclusion

**1.7x**
Money multiple on JV store sales[3]

**100%**
Hedged or fixed rate debt[3]

(1) For the period 1 July 2021 to 20 September 2022
(2) To date compared with 30 June 2021
(3) Including post balance sheet events

**Past performance is not indicative of future results**

# Financial highlights to 30 June 2022

**£1.8bn**
Total assets[1]

**115p**
EPRA NTA per share

**6.5%**
EPRA NTA per share increase

**7%**
FY 22 total shareholder return

**1.08x**
Dividend cover

**6p**
FY 23 dividend target

(1) Includes investment in joint venture and cash and cash equivalents

**Past performance is not indicative of future results. There is no certainty that illustrative projections will be achieved. Forecasts are not a reliable indicator of future performance.**

## Financial Results

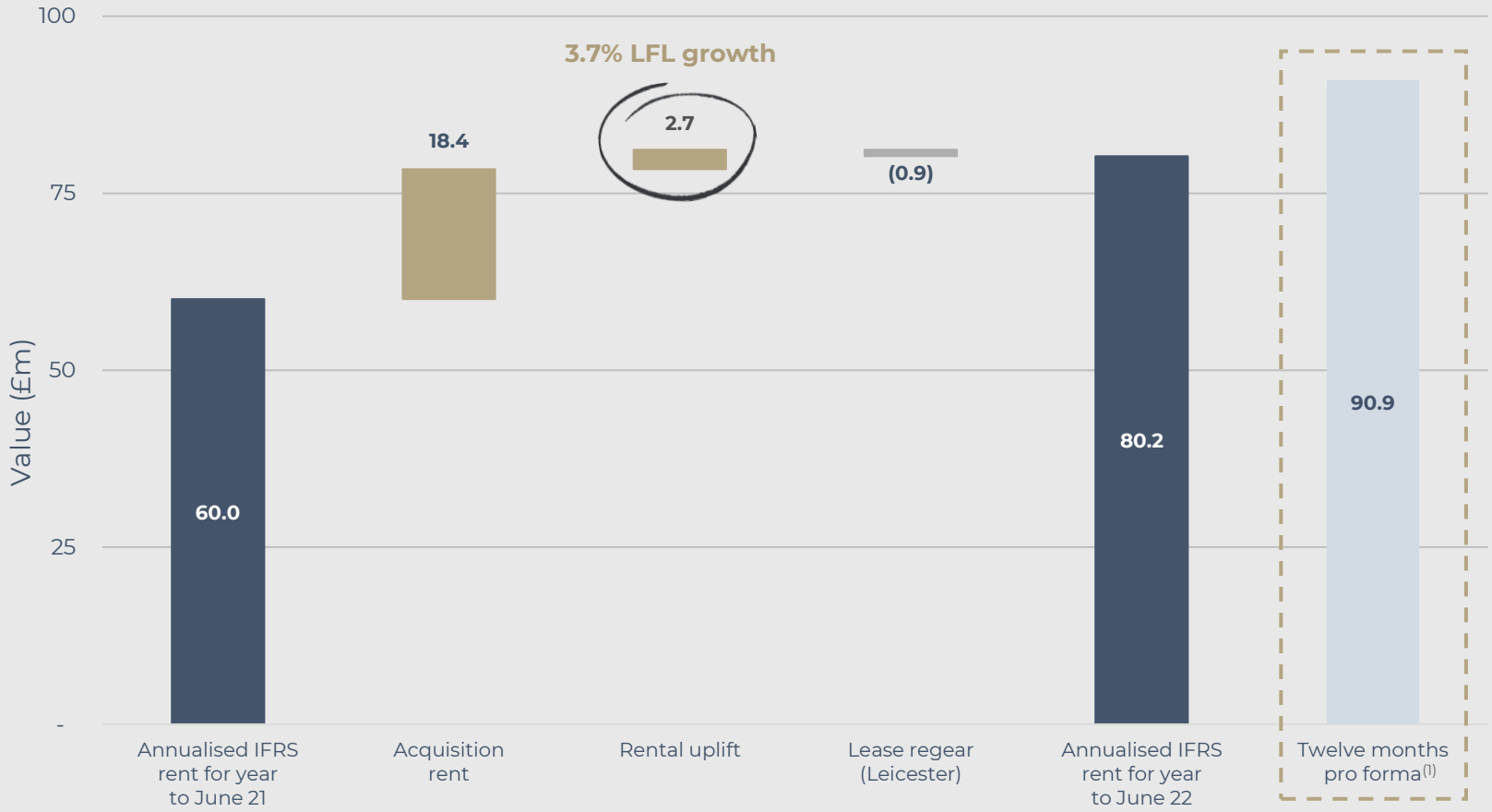
- Income statement
- Growth in rental income
- Debt financing
- Financial statement
- Movement in EPRA NTA per share
- Portfolio growth
- Summary

Image: Waitrose, Winchester

# Income statement – rental income

| | Twelve months to 30-Jun-22 £m | Twelve months to 30-Jun-21 £m | % change YoY |
|---|---|---|---|
| **Net rental income** | **72.1** | **48.0** | **+50%** |
| Net income from joint venture (undistributed) | 12.2 | 6.6 | |
| Administrative & other expenses | (13.9) | (9.3) | |
| Finance expense | (13.0) | (8.5) | |
| EPRA earnings | 57.4 | 36.8 | |
| EPRA earnings per share | 5.9 pence | 5.6 pence | |
| | | | |
| Dividends paid | 53.2 | 35.5 | |
| EPRA dividend cover | 1.08x | 1.04x | |
| | | | |
| EPRA cost ratio | 16.5% | 16.8% | |

# Growth in passing rent

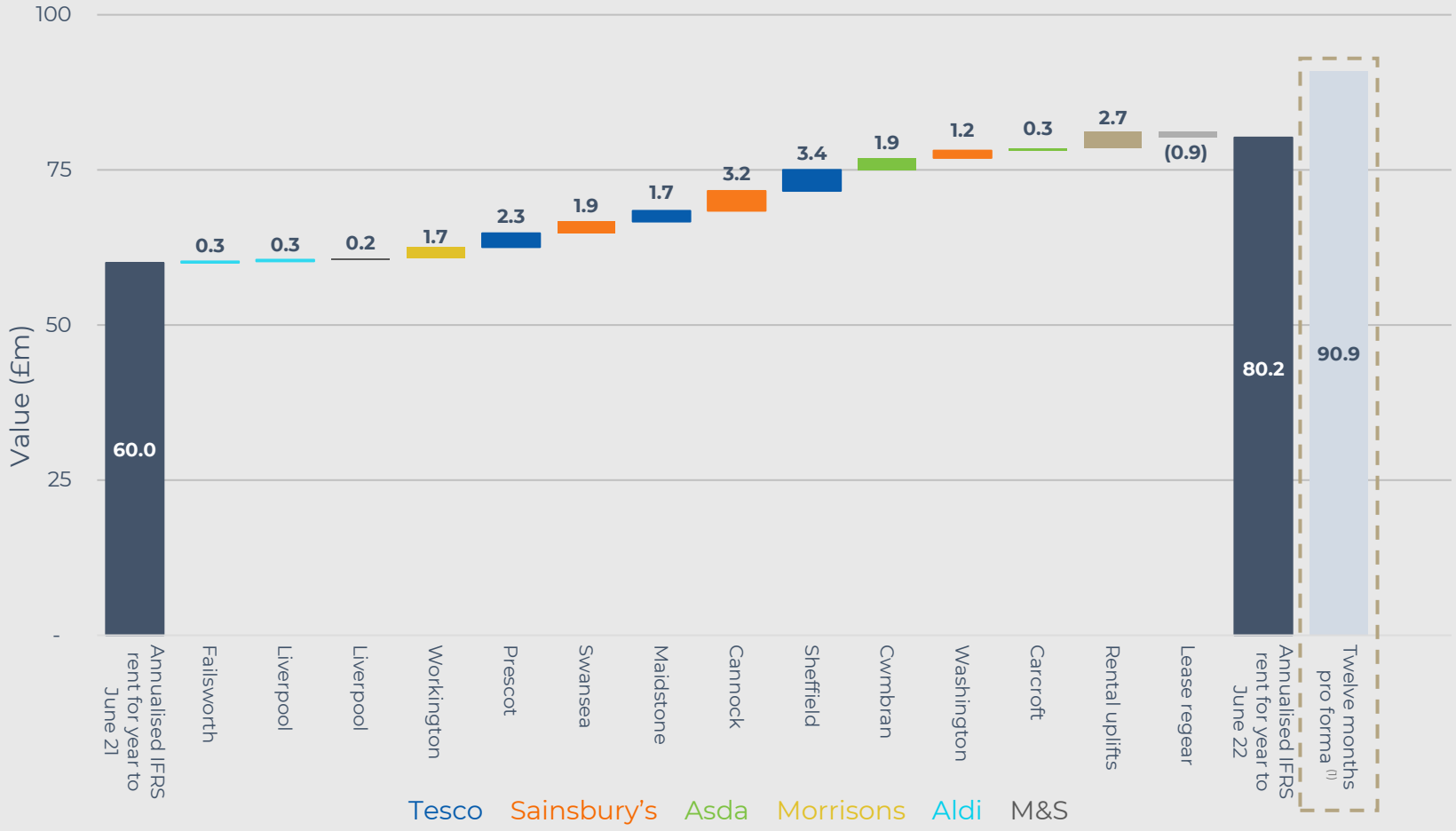



Growth in passing rent relates to the direct portfolio only. Movements based on annualised passing rent, includes rent smoothing.

(1) Includes post balance sheet events

**Past performance is not indicative of future results.**

# Growth in passing rent




Growth in passing rent relates to the direct portfolio only. Movements based on annualised passing rent, includes rent smoothing.

(1) Includes post balance sheet events

# Income statement – joint venture

| | Twelve months to 30-Jun-22 £m | Twelve months to 30-Jun-21 £m | % change YoY |
|---|---|---|---|
| Net rental income | 72.1 | 48.0 | |
| **Net income from joint venture (undistributed)** | **12.2** | **6.6** | **+85%** |
| Administrative & other expenses | (13.9) | (9.3) | |
| Finance expense | (13.0) | (8.5) | |
| EPRA earnings | 57.4 | 36.8 | |
| EPRA earnings per share | 5.9 pence | 5.6 pence | |
| | | | |
| Dividends paid | 53.2 | 35.5 | |
| EPRA dividend cover | 1.08x | 1.04x | |
| | | | |
| EPRA cost ratio | 16.5% | 16.8% | |

# Income statement – EPRA cost ratio

| | Twelve months to 30-Jun-22 £m | Twelve months to 30-Jun-21 £m | % change YoY |
|---|---|---|---|
| Net rental income | 72.1 | 48.0 | |
| Net income from joint venture (undistributed) | 12.2 | 6.6 | |
| **Administrative & other expenses** | **(13.9)** | **(9.3)** | **+49%** |
| Finance expense | (13.0) | (8.5) | |
| EPRA earnings | 57.4 | 36.8 | |
| EPRA earnings per share | 5.9 pence | 5.6 pence | |
| | | | |
| Dividends paid | 53.2 | 35.5 | |
| EPRA dividend cover | 1.08x | 1.04x | |
| | | | |
| **EPRA cost ratio** | **16.5%** | **16.8%** | |

# Income statement – finance expense

| | Twelve months to 30-Jun-22 £m | Twelve months to 30-Jun-21 £m | % change YoY |
|---|---|---|---|
| Net rental income | 72.1 | 48.0 | |
| Net income from joint venture (undistributed) | 12.2 | 6.6 | |
| Administrative & other expenses | (13.9) | (9.3) | |
| **Finance expense** | **(13.0)** | **(8.5)** | **+53%** |
| EPRA earnings | 57.4 | 36.8 | |
| EPRA earnings per share | 5.9 pence | 5.6 pence | |
| | | | |
| Dividends paid | 53.2 | 35.5 | |
| EPRA dividend cover | 1.08x | 1.04x | |
| | | | |
| EPRA cost ratio | 16.5% | 16.8% | |

# Transitioning debt facilities for growth

**100%**

Drawn debt hedge ratio[1]

**2.6%**

Fixed debt cost[1]

## SHIFT TO UNSECURED

| Facility | Committed debt | Debt maturity[2] |
|---|---|---|
| Secured | £450m | 3 yrs |
| Unsecured | £412m | 6 yrs |
| **Total credit facilities** | **£862m** | **4 yrs** |

## DIVERSIFIED BANKING GROUP

HSBC UK
WELLS FARGO
RBC
New lender RBS International
Bayern LB
DekaBank
BARCLAYS

(1) Including post balance sheet events

(2) Including all uncommitted extension options and post balance sheet drawdowns as at 20 September 2022.

# Income statement – EPRA earnings

| | Twelve months to 30-Jun-22 £m | Twelve months to 30-Jun-21 £m | % change YoY |
|---|---|---|---|
| Net rental income | 72.1 | 48.0 | |
| Net income from joint venture (undistributed) | 12.2 | 6.6 | |
| Administrative & other expenses | (13.9) | (9.3) | |
| Finance expense | (13.0) | (8.5) | |
| **EPRA earnings** | **57.4** | **36.8** | **+56%** |
| **EPRA earnings per share** | **5.9 pence** | **5.6 pence** | |
| | | | |
| Dividends paid | 53.2 | 35.5 | |
| EPRA dividend cover | 1.08x | 1.04x | |
| | | | |
| EPRA cost ratio | 16.5% | 16.8% | |

# Income statement – dividend cover

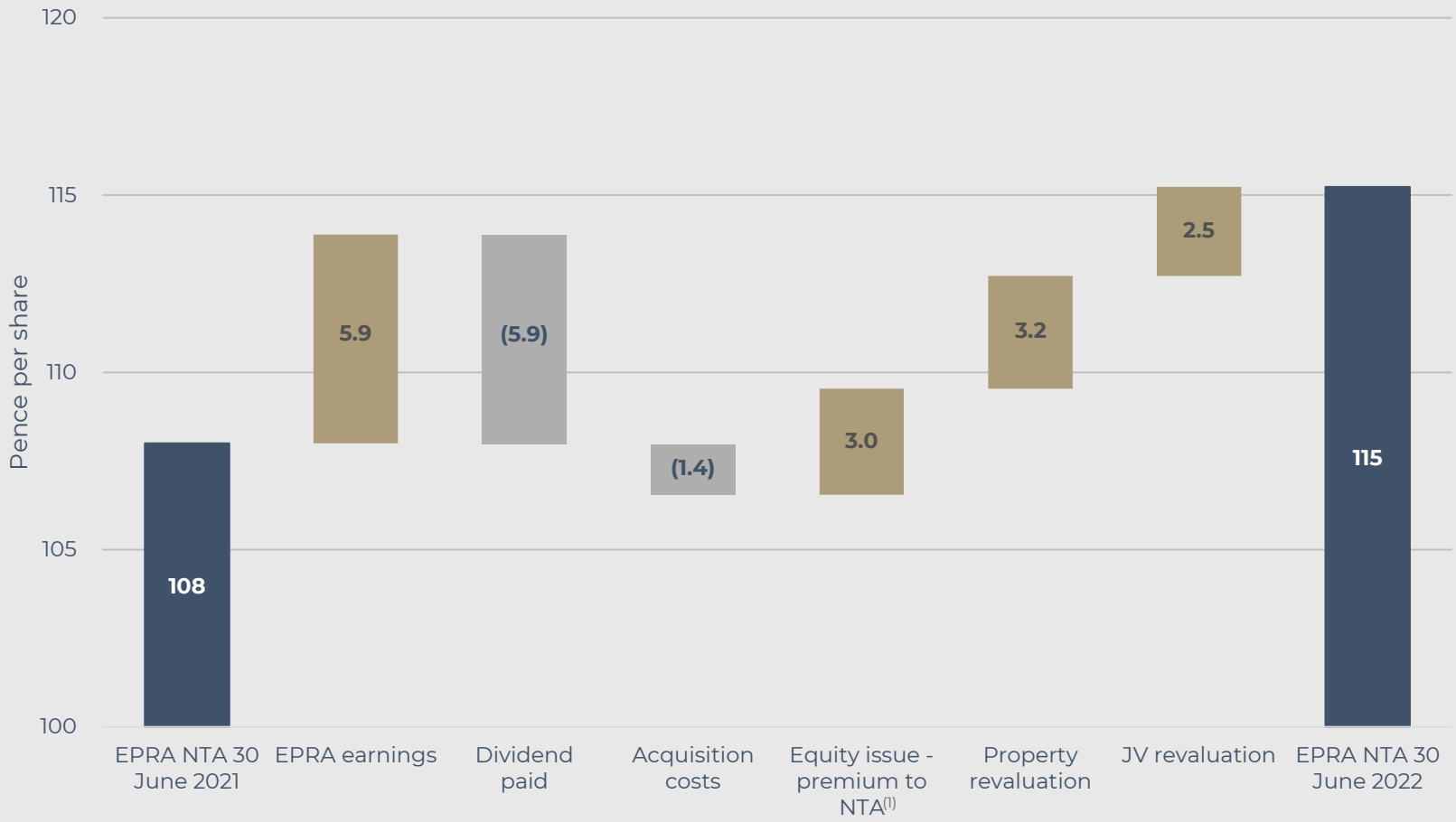
| | Twelve months to 30-Jun-22 £m | Twelve months to 30-Jun-21 £m | % change YoY |
|---|---|---|---|
| Net rental income | 72.1 | 48.0 | |
| Net income from joint venture (undistributed) | 12.2 | 6.6 | |
| Administrative & other expenses | (13.9) | (9.3) | |
| Finance expense | (13.0) | (8.5) | |
| EPRA earnings | 57.4 | 36.8 | |
| EPRA earnings per share | 5.9 pence | 5.6 pence | |
| | | | |
| Dividends paid | 53.2 | 35.5 | |
| **EPRA dividend cover** | **1.08x** | **1.04x** | |
| | | | |
| EPRA cost ratio | 16.5% | 16.8% | |

# Statement of financial position

| | As at 30-Jun-22 £m | As at 30-Jun-21 £m | % change YoY |
|---|---|---|---|
| Investment properties | 1,561.6 | 1,148.4 | |
| Financial asset held at amortised cost | 10.6 | 0.0 | |
| Investment in joint venture | 177.1 | 130.3 | |
| Cash and cash equivalents | 51.2 | 19.6 | |
| Other assets | 7.5 | 4.3 | |
| **Gross assets** | **1,808.0** | **1,302.6** | **+39%** |
| Borrowings | (348.5) | (409.7) | |
| Prepaid rents and other liabilities | (27.0) | (21.6) | |
| EPRA net tangible assets (NTA) | 1,426.5 | 871.3 | |
| | | | |
| **EPRA NTA per share** | **115 pence** | **108 pence** | |
| **Net LTV**[1] | **19.0%** | **34.0%** | |

(1) Based on Direct Portfolio only excluding the investment in joint venture

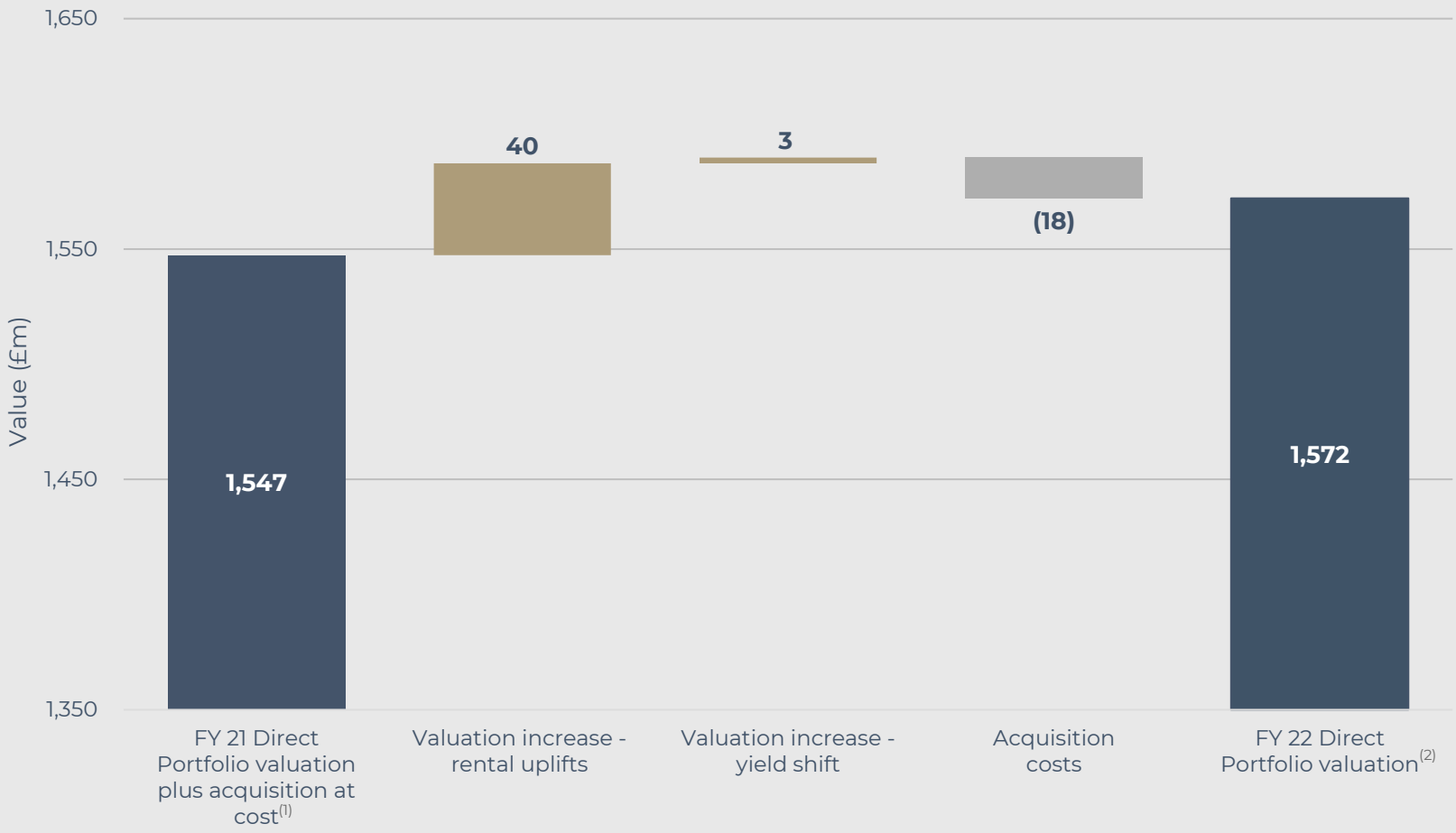
# Movement in EPRA NTA per share




(1) Net of equity issue costs

**Real Estate Investments involve a high degree of risk. There can be no assurance that the value of a real estate investment will remain accurate or further, that the income derived from them will continue to be realised.**

# Rental growth driving valuation uplift

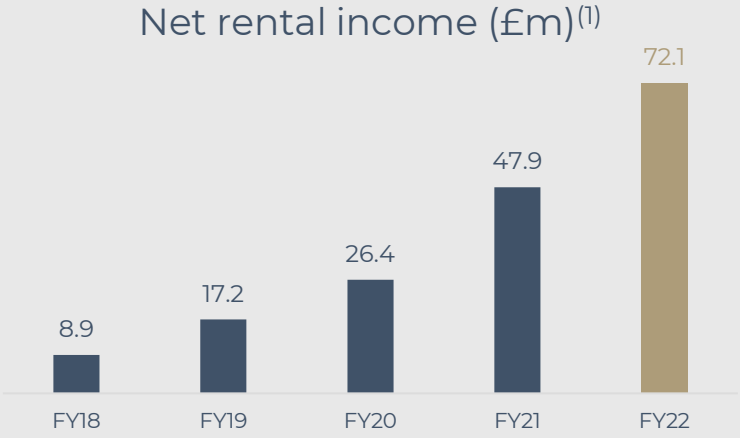


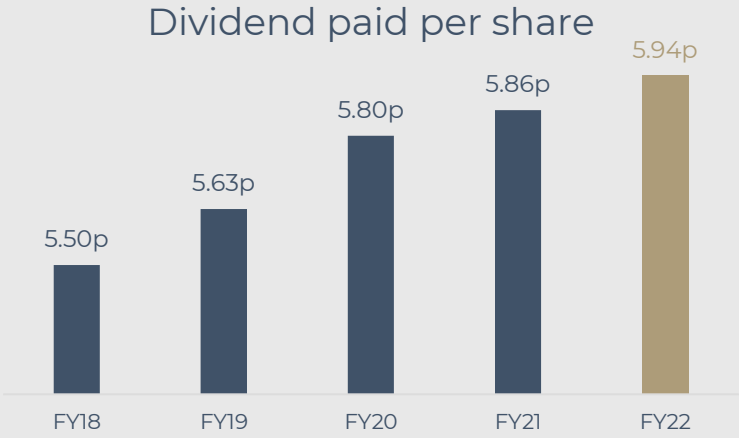

(1) Includes regears and excludes acquisition costs.

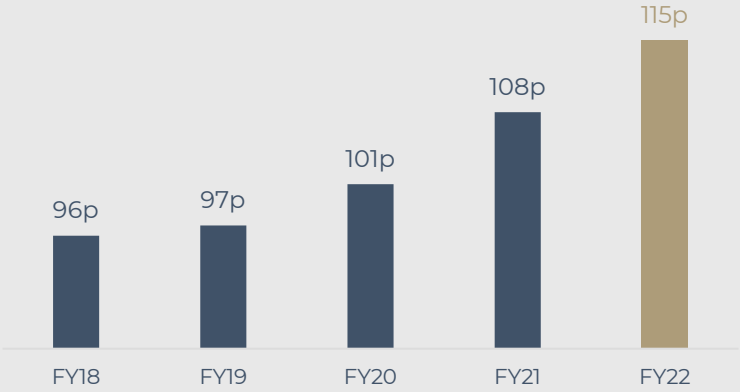
(2) Includes financial assets held at amortised cost

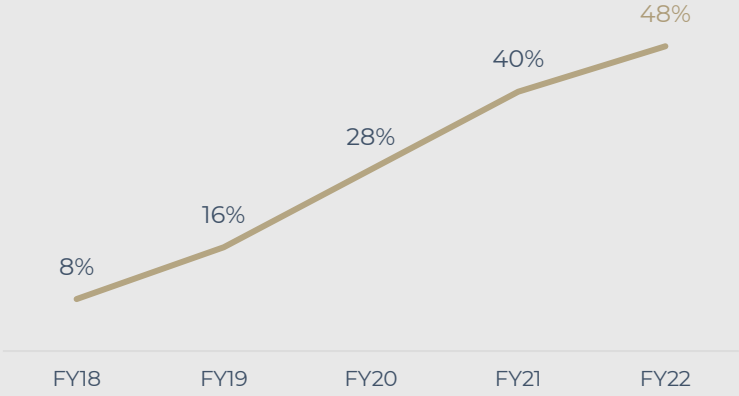
**Real Estate Investments involve a high degree of risk. There can be no assurance that the value of a real estate investment will remain accurate or further, that the income derived from them will continue to be realised.**

# 5 years of growth and performance




(1) Based on IFRS rental income.

(2) Cumulative total shareholder return based on cumulative dividend paid plus share price movement over each financial period from IPO in June 2017 to FY 2022

**Past performance is not indicative of future results.**

## Current Portfolio

Sustainability

Direct Portfolio growth

Direct Portfolio

Sainsbury's Reversion Portfolio

Image: M&S, Liverpool

# Sustainability

## Change in EPC breakdown since June 2021

June 21 Supermarkets Portfolio EPC

**70%** rated A-C

**11% IMPROVEMENT IN A-C[1]**

**81%** rated A-C

Current Supermarkets Portfolio EPC[2]

## Carbon emissions

Annual calculation of baseline emissions

EV charging initiative

Solar PV energy generation initiative

Annual report TCFD aligned

## Governance

EPRA BPR GOLD 2019

EPRA BPR GOLD 2020

EPRA BPR GOLD 2021

EPRA BPR GOLD **2022**

(1) Compared with 30 June 2021

(2) As at 20 September 2022 by number.

**This is for illustrative purposes only.**

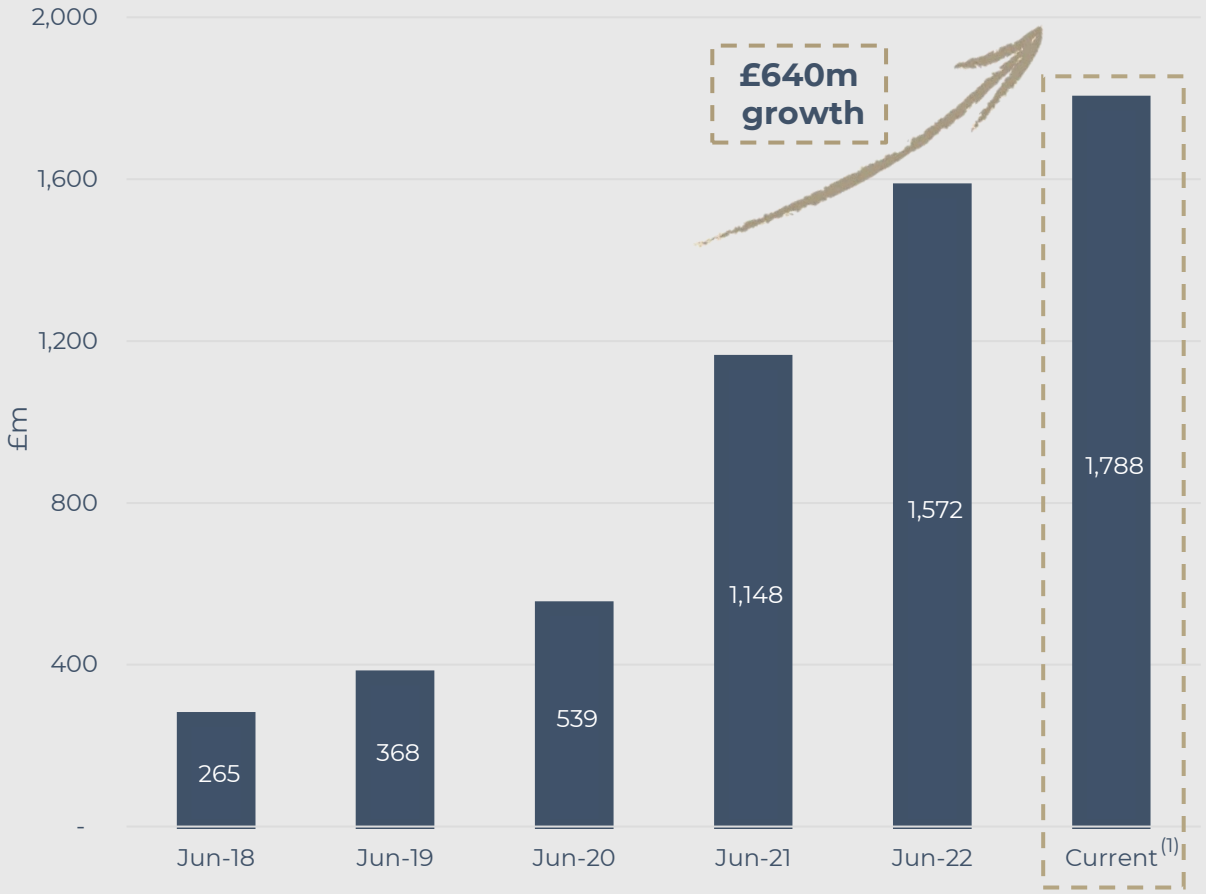
# Direct Portfolio growth

**49**

Stores owned

**£90.9m**

Current rent roll



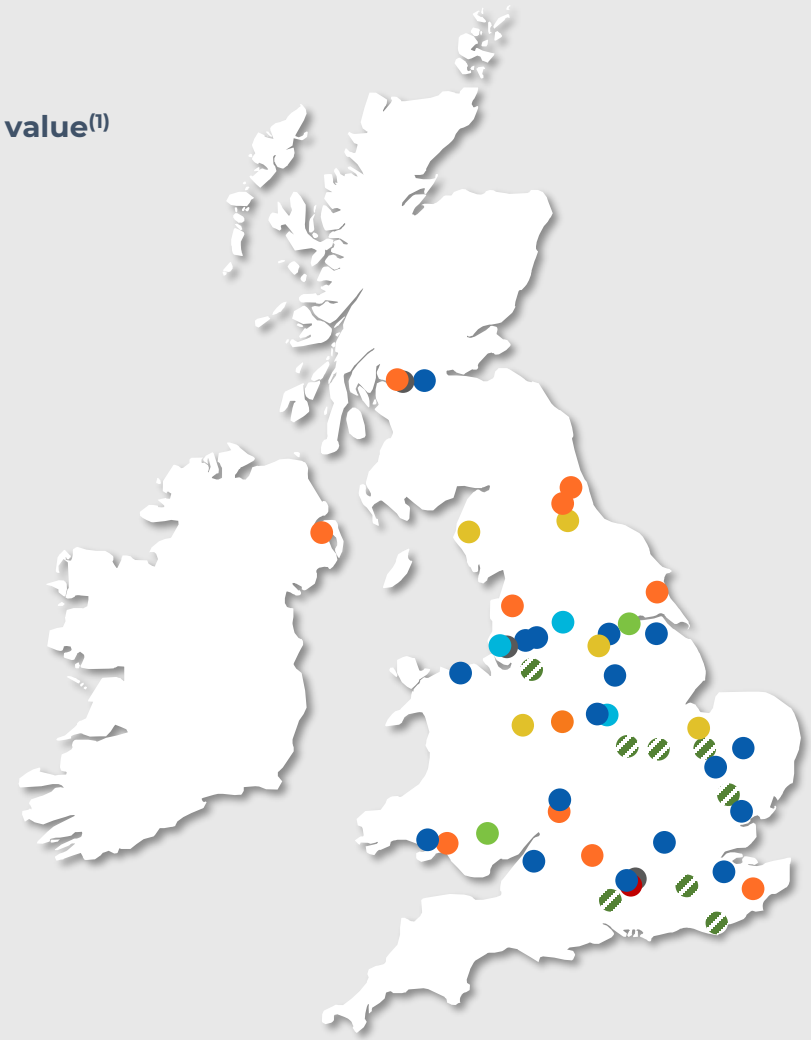

(1) Direct Portfolio growth is as at June 2022 including financial assets held at amortised costs and post balance sheet acquisitions

**Past performance is not indicative of future results.**

# Unique portfolio of handpicked supermarkets

**Map key and exposure by value[1]**

- Tesco 50%
- Sainsbury's 32%
- Morrisons 8%
- Waitrose 6%
- Asda 2%
- Aldi 1%
- M&S 1%
- Iceland <1%



**8**
Grocery operators

**93%**
Omnichannel stores[1]

**81%**
Inflation-linked rents[2]

The portfolio shown is Including post balance sheet events to date.

(1) Supermarkets portfolio by value at 30 June 2022 valuation and post balance sheet events at purchase price excluding acquisition costs

(2) Direct Portfolio only, includes post balance sheet events to date. Weightings based on percentage of rent roll.

**This chart is for illustrative purposes only. Past Performance is not indicative of future results.**

# Value add: Tesco Leicester case study

| | |
|---|---|
| **Purchase price** | £63.7m |
| **Current valuation[1]** | £78.0m |
| **Gain over cost** | **+£14.3m** |
| **IRR[2]** | 17% |

**Omnichannel store**

**Top quartile trader**

**Value opportunity at acquisition**

**8yr WAULT**

**Regeared to 15yr RPI lease**

**Significant capital upside**

(1) As at 30 June 2022

(2) Assumes the asset is sold at 30 June 2022 valuation

**For illustrative purposes only, actual results may vary, perhaps materially, from the results contained here.**

# Complementary non-grocery assets

Image: Medical Practice, Winchester

Image: Glasgow

Image: Pets at Home, Leicester

Image: Tim Hortons, Washington

Image: Homebase, Bangor

Image: Boots, Chineham

**Specialist non-grocery team:** Ex Landsec, Tesco and abrdn

**7.2%** Net initial yield

**4yrs** WAULT

**5%** of Direct Portfolio[1]

Exposure by value[2]

| | Units | Value | % of Direct Portfolio |
|---|---|---|---|
| DIY | 4 | £20.2m | 1.1% |
| Medical and pharmacy | 8 | £16.2m | 0.9% |
| Homeware | 6 | £14.1m | 0.8% |
| Other retail | 14 | £12.4m | 0.7% |
| Local amenities | 24 | £8.6m | 0.5% |
| Food and beverage | 15 | £8.3m | 0.5% |
| Fashion | 2 | £5.4m | 0.3% |
| Discount store | 3 | £4.5m | 0.2% |
| Automotive | 3 | £3.5m | 0.2% |
| Private rental | 1 | £0.8m | 0.1% |
| **Total** | | **£93.9m** | **5.3%** |

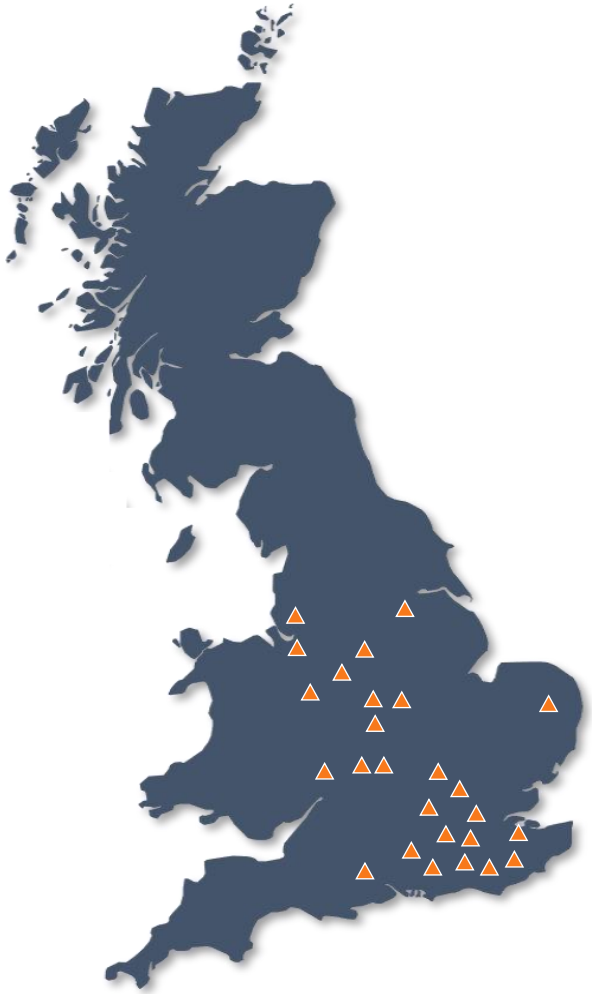
(1) By value as at 20 September 2022

(2) As at 20 September 2022

# Sainsbury's Reversion Portfolio

| Co-owners | SUPR's ownership | SUPR's investment at cost[2] | SUPR's valuation at 30 June 2022 | SUPR's implied value[3] |
|---|---|---|---|---|
| SUPR SUPERMARKET INCOME REIT<br>BRITISH AIRWAYS[1]<br>Sainsbury's | 25.5% | £108.5m | £177m | £190m |

| Two securitisations | Highbury Finance BV | Dragon Finance BV |
|---|---|---|
| **Number of stores** | 16 | 10 |
| **Option completion date** | March 23 | June 23 |
| **Money multiple** | 1.7x | |
| **IRR** | 24% | |



*There is no certainty that these illustrative projections will be achieved. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical performance analysis, therefore actual results may vary, perhaps materially, from the results contained here.*

(1) British Airways Pensions Trustees Limited

(2) Purchase price excluding purchaser costs and tax

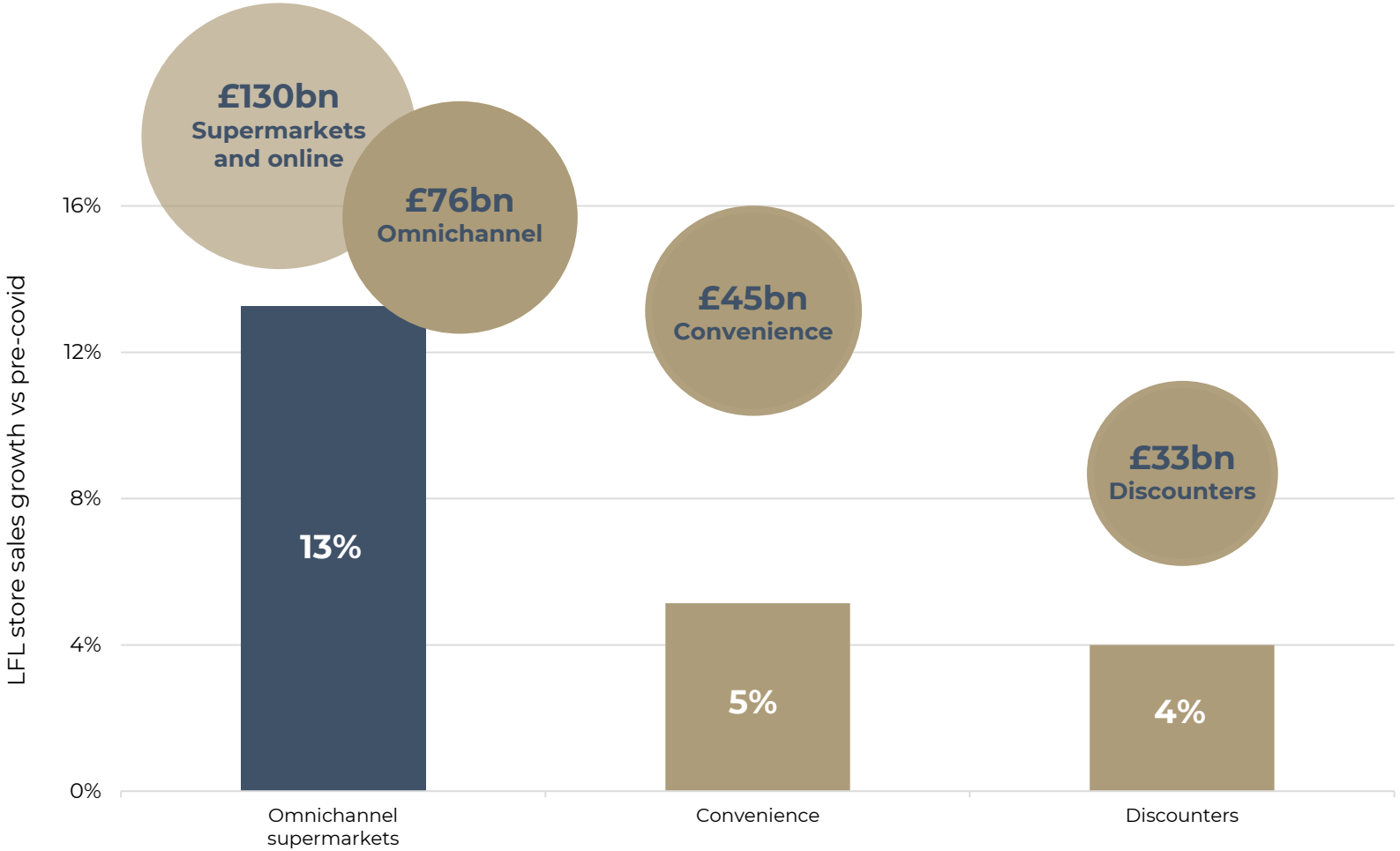
(3) Implied value based on valuation uplift following agreement with Sainsbury's on the purchase option price and 4 stores renewal lease

# Our Market

- Omnichannel shift
- Supermarket property yields
- Transaction volumes
- Addressable market
- Inflation
- Outlook
- Investment strategy
- Conclusion

Image: Tesco, Sheffield

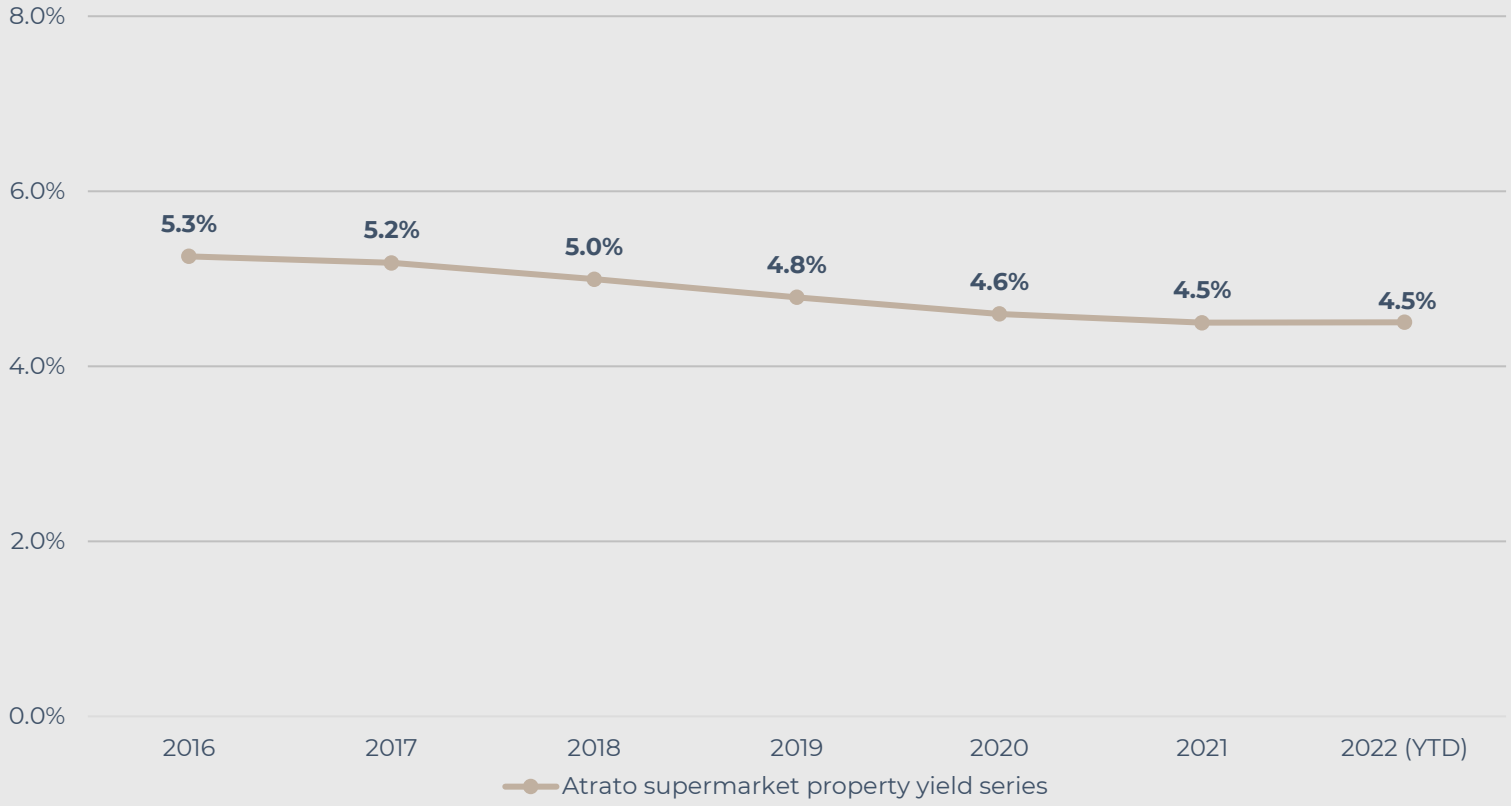
# Omnichannel generating largest LFL growth




The statement "Online shopping is the largest growing supermarket channel" is based on IGD grocery sales data and total store sizes for Tesco, Sainsbury's, Asda, Morrisons, Lidl and Aldi between 2019 to 2022. Omnichannel based on average supermarket store sales plus IGD online grocery sales as a percentage of all omnichannel store sq. ft. as per Atrato research between 2019 and 2022.

This chart is for illustrative purposes only.

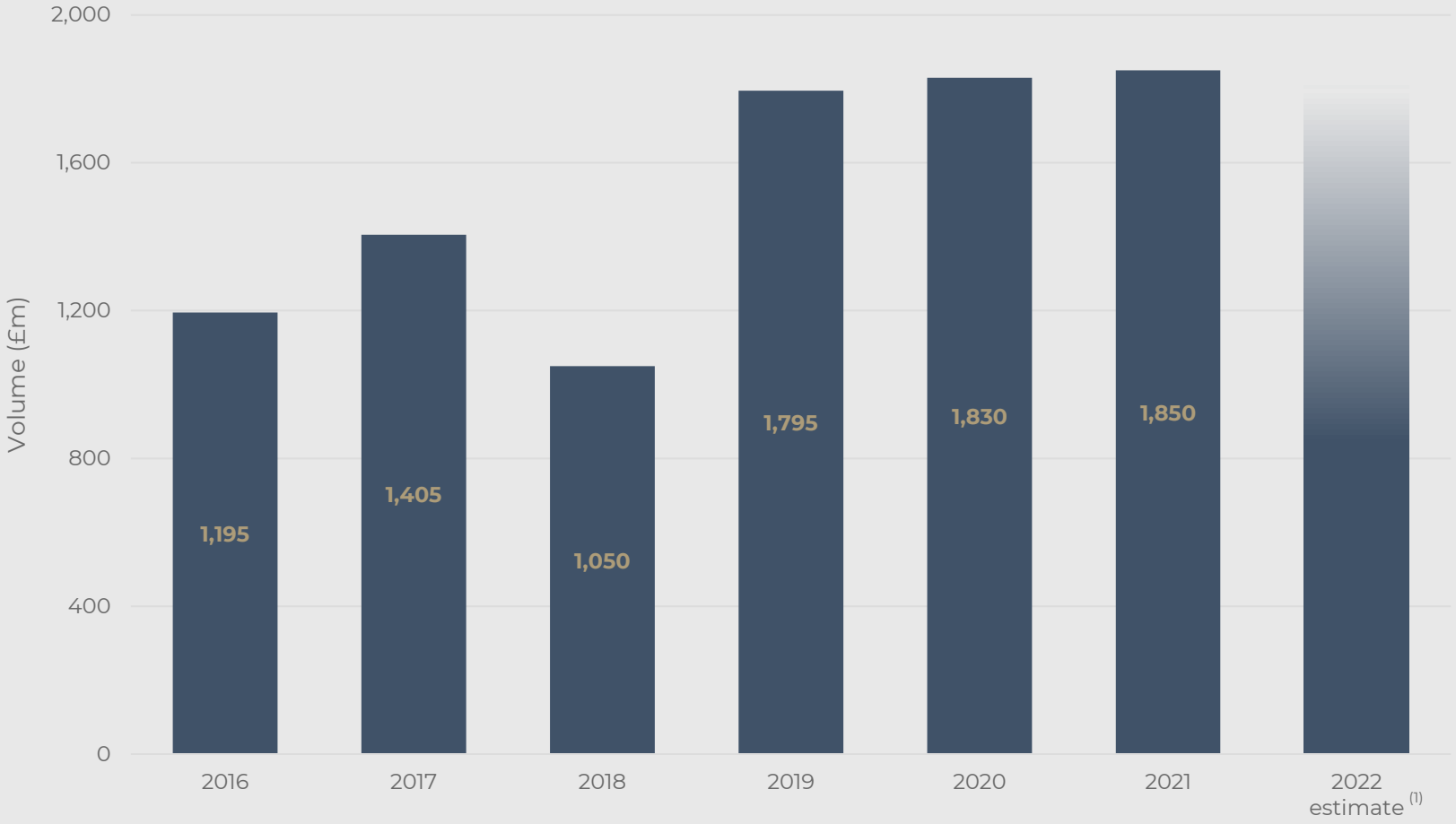
# Supermarket property yields remain stable




Property yields sourced from Atrato Capital research based on representative investment market transactions exceeding 10 years in lease length with fixed uplifts or index-linked rent reviews. Excluding open market rent reviews. As at 30 June 2022.

**Past performance is not indicative of future results. The value of investments and the income from them can fall as well as rise**

# Grocery real estate transaction volumes




Total grocery real estate transaction volumes from Colliers UK Grocery real Estate Review 2022

(1) Atrato Capital research

# £40bn addressable market size

| Vendors[1] | Transaction value £m |
|---|---|
| British Land Plc | 1,028 |
| SUPR & BA[3] JV | 520 |
| Legal & General Property | 367 |
| USS | 333 |
| Aberdeen Standard Investments | 328 |
| Aviva | 324 |
| Other | 5,261 |
| **Total (5 years)** | **8,161** |

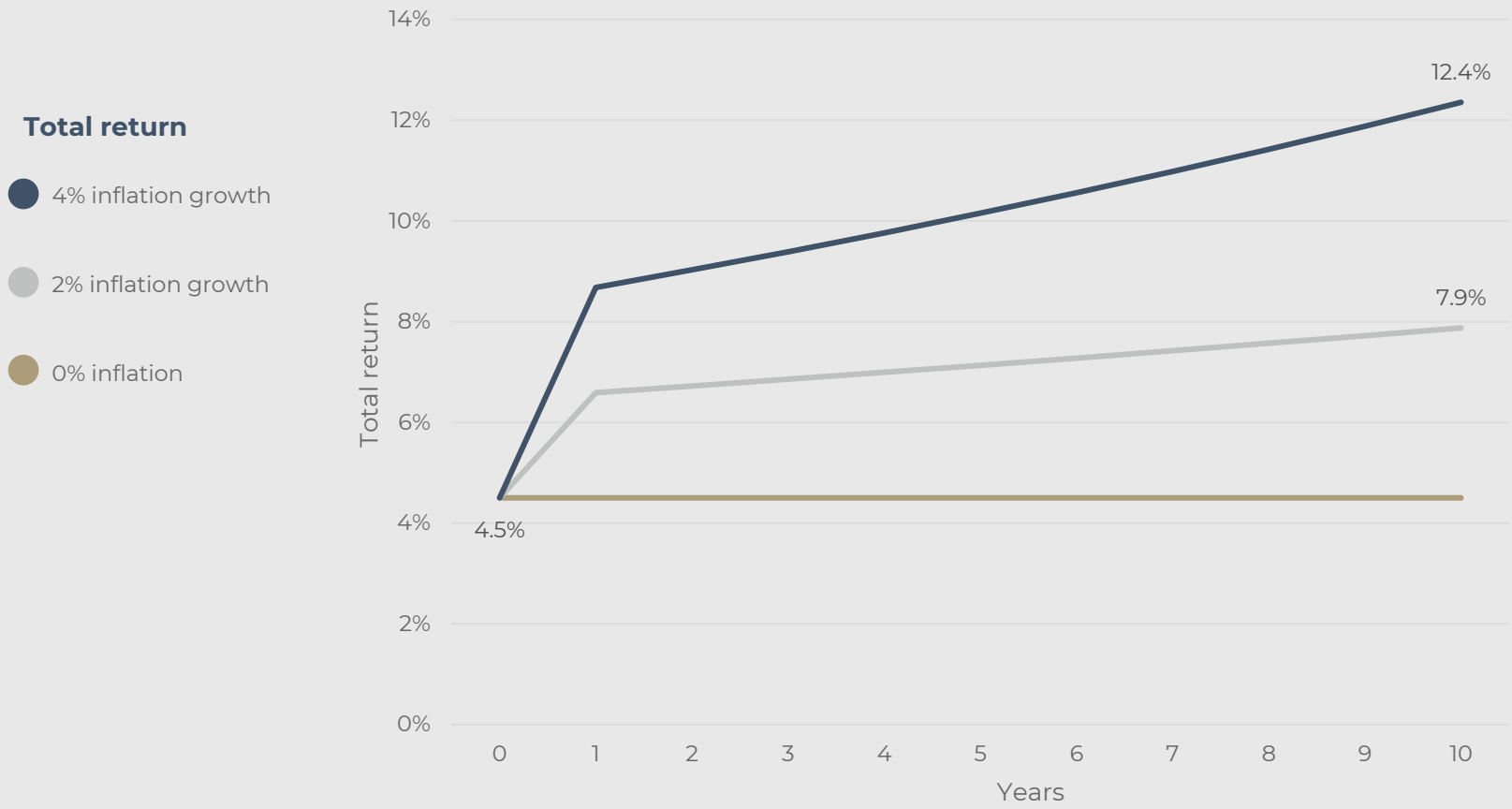
| Purchasers[2] | Transaction value £m |
|---|---|
| SUPR | 1,674 |
| Tesco Plc | 1,340 |
| Realty Income | 1,099 |
| Sainsbury's | 520 |
| LXI REIT | 277 |
| Blackrock | 156 |
| Other | 3,095 |
| **Total (5 years)** | **8,161** |

(1) Source: Property Data UK from July 2017 to September 2022 and Atrato Capital research.

(2) Source: Property Data UK July 2017 to September 2022 and Atrato Capital research. Tesco Plc includes the property values of their 50% stake buyback in Atrato and Sparta portfolios. Includes 25% of Sainsbury's Reversion Portfolio EV on purchase. Excluding the share paid by BAPF.

(3) British Airways Pensions Trustees Limited

# Illustrative impact of inflation on returns




Property yields based on 4.5% NIY, assuming no purchaser costs and no leverage with inflation based on illustration and valuation based on flat yields.

**Past performance is not indicative of future results. The value of investments and the income from them can fall as well as rise**

# The outlook for Supermarket Income REIT

STRUCTURALLY SUPPORTED SECTOR

HIGHLY CONTRACTED, INFLATION-LINKED RENTAL GROWTH

STRONG, FLEXIBLE BALANCE SHEET

OPPORTUNISTIC VALUE ADD TRANSACTIONS

Image: Tesco, Newmarket

# Pillars of our investment strategy

**LONG INFLATION-LINKED INCOME**

**FUTURE PROOFED STORES**

**REAL ASSET BACKING: LARGE FLEXIBLE SITES**

Images: Tesco Prescot, Tesco Bracknell

## Appendix 1: Financial

EPRA metrics
Adjusted EPRA earnings
IFRS income statement
IFRS balance sheet
Joint Venture income statement
Joint Venture income reconciliation
Joint Venture balance sheet
Pro forma balance sheet

Image: Sainsbury's, Washington

# EPRA metrics

| | As at 30-Jun-22 | As at 30-Jun-21 |
|---|---|---|
| EPRA NTA per share | 115 pence | 108 pence |
| EPRA NRV per share | 124 pence | 118 pence |
| EPRA NDV per share | 116 pence | 107 pence |

| | Twelve months to 30-Jun-22 | Twelve months to 30-Jun-21 |
|---|---|---|
| EPRA EPS | 5.9 pence | 5.6 pence |
| EPRA NIY | 4.60% | 4.80% |
| EPRA cost ratio | 16.50% | 16.80% |

# Adjusted EPRA earnings

| | Twelve months to 30-Jun-22 £m | Twelve months to 30-Jun-21 £m |
|---|---|---|
| EPRA earnings | 57.4 | 36.8 |
| Net income from joint venture (undistributed) | (12.2) | (6.6) |
| | | |
| **Adjusted EPRA earnings** | **45.2** | **30.2** |
| Adjusted EPRA EPS | 4.6p | 4.6p |
| Dividend paid | 53.2 | 35.5 |
| | | |
| **Adjusted EPRA dividend cover** | **0.85x** | **0.85x** |

(1) Includes twelve months of income in respect of assets acquired both during the period and after 30 June 2021. Twelve months' finance costs have been included in respect of drawdowns used to finance assets acquired during the period ending 30 June 2021 and in respect of post balance sheet event debt drawdowns, based on finance costs at the date of drawdown.

# IFRS income statement

| | Twelve months to 30-Jun-22 £m | Twelve months to 30-Jun-21 £m |
|---|---|---|
| Net rental income | 72.1 | 48.0 |
| Administrative and other expenses | (13.9) | (9.3) |
| Change in fair value of properties | 21.8 | 36.3 |
| Share of income from joint venture | 43.3 | 15.5 |
| **Operating Profit** | **123.3** | **90.5** |
| Finance expense | (13.0) | (8.5) |
| **Profit for the year** | **110.3** | **82.0** |
| Fair value movement of derivatives | 5.6 | 1.6 |
| | | |
| **Total comprehensive income** | **115.9** | **83.5** |

# IFRS balance sheet

| | As at 30-Jun-22 £m | As at 30-Jun-21 £m |
|---|---|---|
| Investment property | 1,561.6 | 1,148.4 |
| Financial assets held at amortised cost | 10.6 | 0.0 |
| Investment in joint venture | 177.1 | 130.3 |
| Other non-current assets | 5.3 | 1.0 |
| Cash | 51.2 | 19.6 |
| Trade and other receivables | 1.9 | 3.1 |
| Financial assets held at fair value through profit and loss | 0.3 | 0.3 |
| **Total assets** | **1,808.0** | **1,302.7** |
| Bank borrowings | (348.5) | (409.7) |
| Interest rate derivatives | 0.0 | (1.2) |
| Deferred rental income | (16.3) | (12.1) |
| Trade and other payables | (10.7) | (8.4) |
| **Total liabilities** | **(375.6)** | **(431.4)** |
| **Net assets** | **1,432.5** | **871.3** |
| Share capital | 12.4 | 8.1 |
| Share premium | 494.2 | 778.9 |
| Capital reduction reserve | 778.9 | 0 |
| Retained earnings | 141.9 | 84.8 |
| Cash flow hedge reserve | 5.1 | (0.5) |
| **Total equity** | **1,432.5** | **871.3** |

# Joint Venture - income statement

| | Twelve months to 30-Jun-22 £m | Twelve months to 30-Jun-21 £m |
|---|---|---|
| Rental income | 52.9 | 52.4 |
| Expenses | (0.3) | (0.3) |
| Finance cost | (14.3) | (15.5) |
| Taxation | (3.6) | (3.2) |
| **Joint venture earnings (undistributed)** | **34.7** | **33.4** |
| Change in fair value of investment properties | 133.5 | 31.8 |
| Change in fair value of derivatives | 10.6 | 8.7 |
| **Joint venture profit (undistributed)** | **178.8** | **73.9** |
| SUPR share of joint venture profit | 43.3 | 15.5 |

All free cash flow from the Sainsbury's Reversion Portfolio is used to amortise the bonds to a bullet maturity of £315m upon expiry in 2023

# Joint Venture income reconciliation

| | Twelve months to 30-Jun-22 £m | Twelve months to 30-Jun-21 £m |
|---|---|---|
| **EPRA net income from joint venture (undistributed)** | **12.2** | **6.6** |
| Gain on bargain purchase[1] | 0.0 | 3.3 |
| Share of fair value gain on investment properties | 31.1 | 5.6 |
| **IFRS net income from joint venture (undistributed)** | **43.3** | **15.5** |

(1) The bargain purchase amount reflects the difference between the Cornerford purchase price of £58.6m and the net asset fair value of £61.9m at the time of acquisition. The difference is required to be recognised as a share of income from joint ventures under IFRS accounting but is excluded from EPRA earnings.

# Joint Venture – balance sheet

| | As at 30-Jun-22 £m | As at 30-Jun-21 £m |
|---|---|---|
| Portfolio valuation [1] | 1,066.0 | 932.5 |
| Rent receivable | 29.9 | 29.6 |
| Bonds notional value *(42.7% LTV)* [2] | (338.6) | (372.6) |
| Interest accruals & other liabilities[3] | (61.3) | (71.8) |
| **Book value** | **696.0** | **517.7** |
| SUPR share of net assets | 177.1 | 130.3 |
| Purchase price [4] | 108.5 | 108.5 |
| Negative goodwill on acquisitions | 0 | 3.3 |

(1) Valuation based on Cushman & Wakefield valuation report as at Year end (2) Bond principal amount £390.9m average interest rate 7%, yield to maturity 2.4% and future amortisation of bonds (3) Includes deferred tax, pre stipulated payments, derivative and bond fair values (4) Purchase price excludes acquisition costs

# Pro forma balance sheet

| | Pro forma £m |
|---|---|
| Investment properties | 1,777.7 |
| Financial asset held at amortised cost | 10.6 |
| Investment in joint venture | 177.1 |
| Cash and cash equivalents | 48.5 |
| Other assets | 1.9 |
| Borrowings | (605.1) |
| Prepaid rents and other liabilities | (29.2) |
| **EPRA net tangible assets (NTA)[1]** | **1,381.5** |

| | |
|---|---|
| **EPRA NTA per share** | **111 pence** |
| **Net LTV** | **31.3%** |

(1) Adjusted as per EPRA guidelines

# Appendix 2: General


Board and Investment Adviser

Governance

Key terms

Investment strategy

Debt facilities

Share price performance

Portfolio breakdown

Inflation

Relative value


Image: Tesco, Sheffield

# Board of Directors and Investment Adviser

## New Board appointment

**Frances Davies**
Independent Director

Frances Davies was appointed to the Board as a non-execute director as of 1st June 2022.

Frances has over 30 years' experience across corporate finance and asset management. Since 2008, Frances has been a Partner at Opus Corporate Finance, and has previously held directorships at SG Warburg, Morgan Grenfell Asset Management, Gartmore and Dalton Strategic Partnership.

Frances currently holds Board positions for HICL Infrastructure plc, JPMorgan UK Smaller Companies plc, Aegon UK plc and Federated Hermes' Property Unit Trust. Frances also sits on Aviva's With-Profits Committee.

## Supermarket Income REIT Board of Directors

Nick Hewson
Chairman

Vince Prior
Senior Independent Director

Jon Austen
Chair of Audit Committee

Cathryn Vanderspar
Independent Director

## Atrato Capital Senior Team

Investment Adviser to Supermarket Income REIT

Ben Green
Principal

Steve Windsor
Principal

Natalie Markham
CFO

Steven Noble
CIO

Lara Townsend
COO

Justin King
Senior Adviser

Robert Abraham
Managing Director

Haffiz Kala
Finance Director

Carcie Rogers
Head of IR

Chris McMahon
IR Director

# Governance

| | |
|---|---|
| **4th** | Consecutive EPRA Gold governance award |
| **100%** | Independent Board members |
| **40%** | Female Board membership and in leadership roles[1] |
| **ESG** | Committee assembled for oversight and reporting |

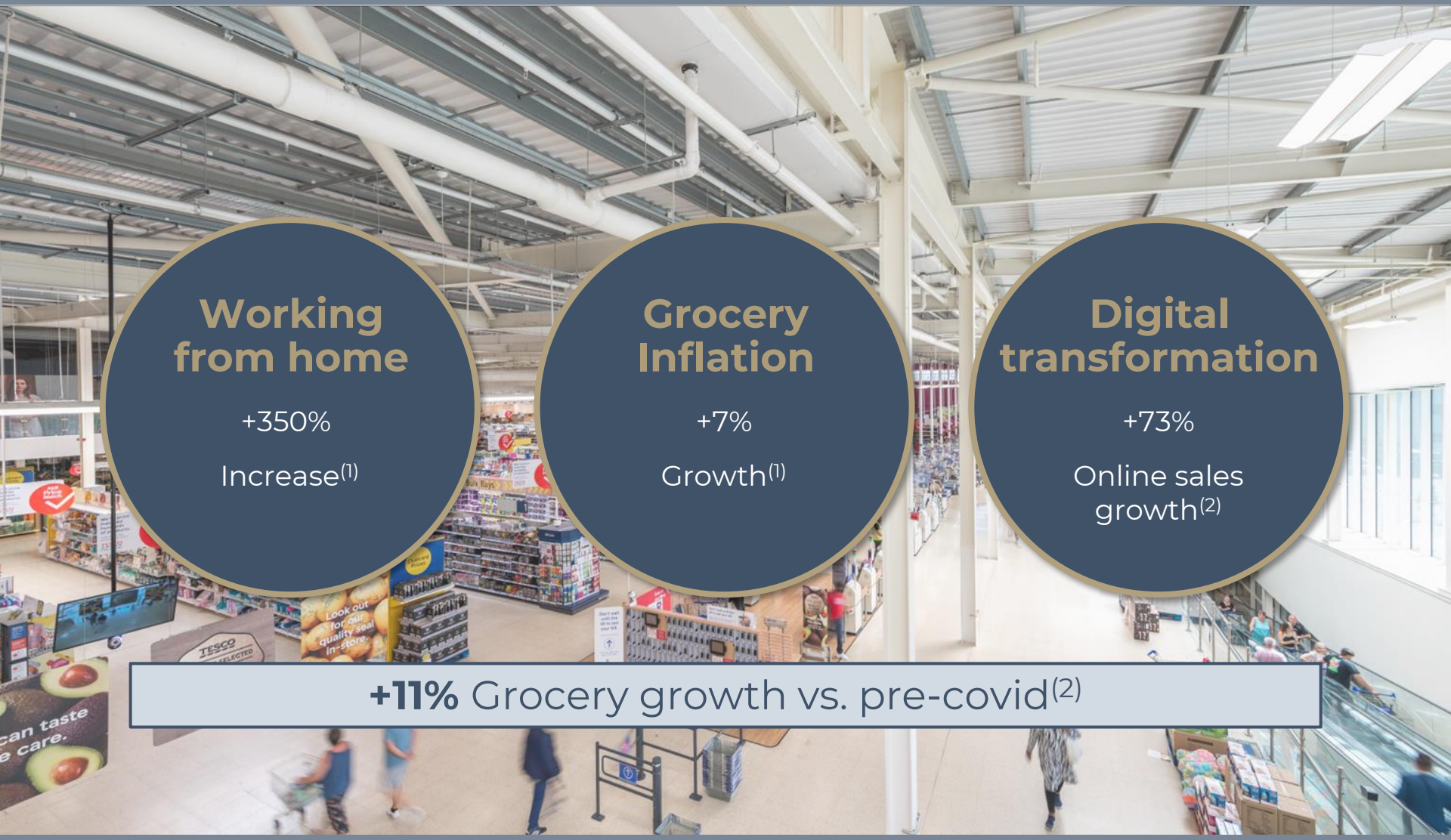
(1) Investment Adviser

# SUPR key terms

| | |
|---|---|
| The Company | • UK listed REIT<br>• London Stock Exchange Main Market, Premium Segment |
| Gearing | • Targeted average leverage of 30-40% through the cycle |
| IRR | • Target IRR of 7 to 10% [1] |
| Governance | • An independent board of directors; compliant with the AIC Corporate Governance Code |
| Management | • Atrato Capital as Investment Adviser<br>• JTC Group as AIFM |
| Investment Adviser fee | • Management fee based on NAV less uninvested cash based on the following tiers:<br>  • 0.95% up to £500 million;<br>  • 0.75% between £500 million to £1 billion;<br>  • 0.65% between £1 billion to £1.5 billion;<br>  • 0.45% between £1.5 billion to £2 billion;<br>  • 0.40% above £2 billion<br>• 25% of the management fee will be received in shares |
| Management & Board investment | • £4.9 million[2] |
| KIID Ratios [3] | • Ongoing costs: 1.42%<br>• Transaction costs 0.51%[4] |

(1) **There is no certainty that these illustrative projections will be achieved** (2) Share register as at 13 September 2022, share price as at 13 September 2022 (3) Based on last publicly available Kid, March 2022 released. (4) Portfolio transaction costs' outlined in the table represent the transactional costs to the Company in buying and selling underlying investments, including legal, broker and due diligence fees. They do not include Stamp Duty Land Tax (SDLT) associated with buying the investments as these are deemed to be an embedded component of the purchase price of the asset. The inclusion of SDLT within 'Portfolio transaction costs' would generate a total figure of 3.29% compared to 0.51% as shown within the table above.

# Structurally supported investment strategy



## Working from home

+350%

Increase[1]

## Grocery Inflation

+7%

Growth[1]

## Digital transformation

+73%

Online sales growth[2]

**+11%** Grocery growth vs. pre-covid[2]

(1) January 2019 to December 2021

(2) Kantar data July 2019 and July 2022 (four week periods annualised)

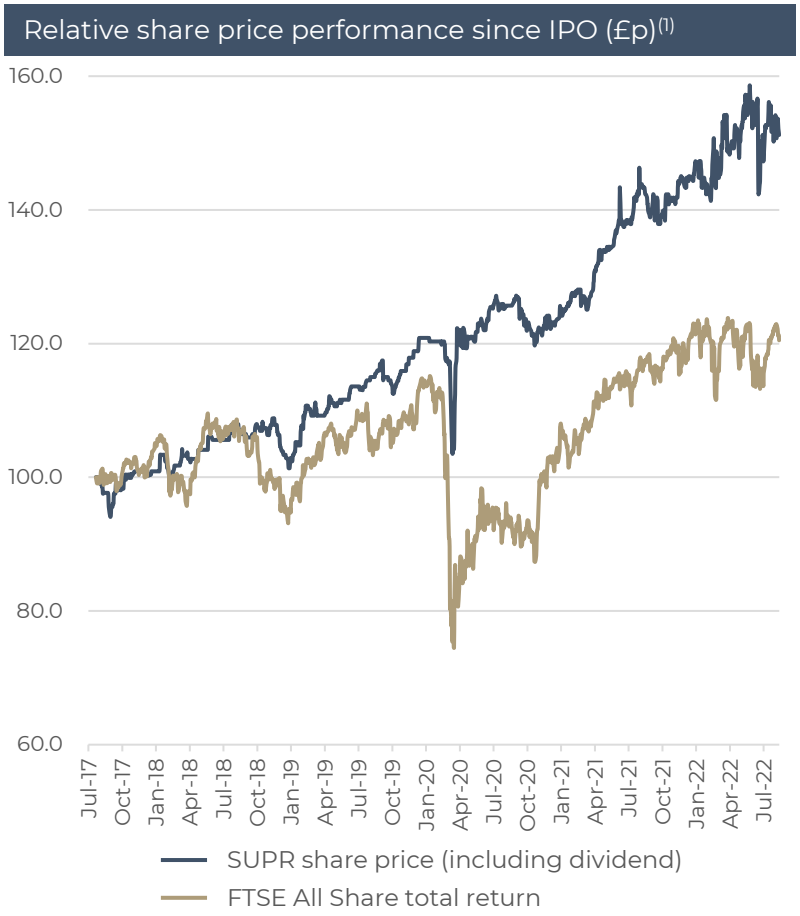
**Annualised figures are backward looking and do not reflect expected outcomes. Past performance is not an indication of future performance**

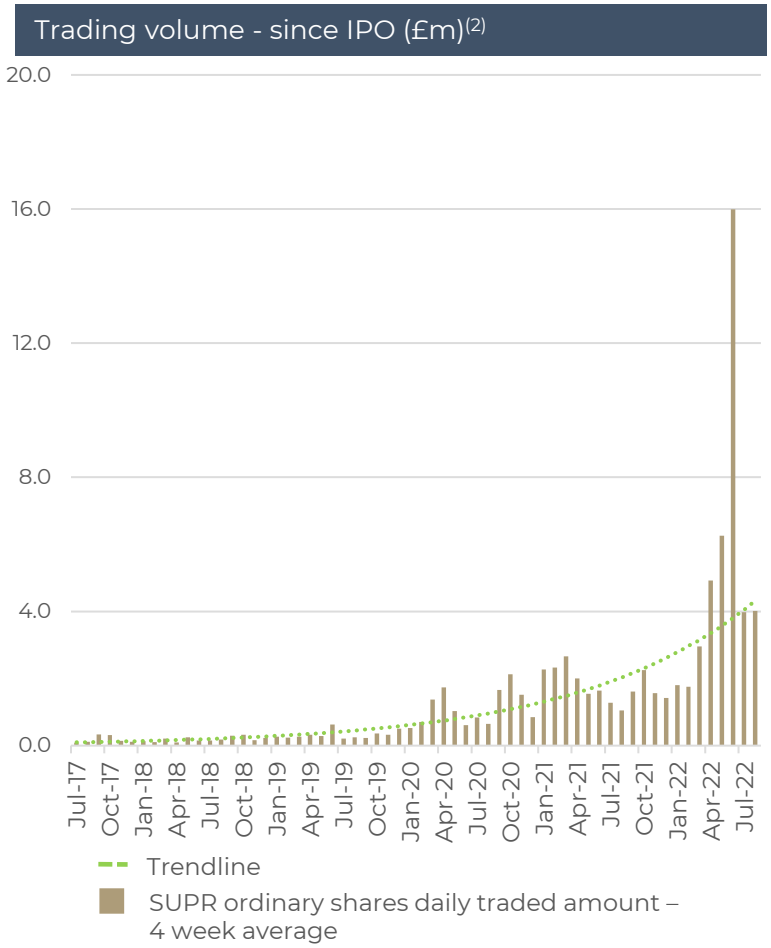
# Debt facilities providing capacity to grow

| Lender | Facility | Term to expiry[1] |
|---|---|---|
| Bayern LB | £52m | 1 yrs |
| HSBC UK | £150m | 1 yrs |
| Bayern LB | £35m | 2 yrs |
| RBC BARCLAYS | £78m | 3 yrs |
| WELLS FARGO | £39m | 5 yrs |
| DekaBank | £97m | 4 yrs |
| Unsecured RCF[2] | £250m | 7 yrs |
| Unsecured term[2] | £100m | 5 yrs |
| Unsecured term[2] | £62m | 3 yrs |
| **Total credit facilities** | £862m | 4 yrs |

(1) Including all uncommitted extension options and post balance sheet drawdowns as at 20 September 2022. (2) The unsecured RCF and unsecured terms are with a bank syndicate comprising Barclays, Royal Bank of Canada, Wells Fargo and Royal Bank of Scotland

# Share price performance






(1) From IPO to 29 August 2022 Including dividends.

(2) From IPO to 29 August 2022 monthly trading volumes.

**Past performance is not indicative of future results. The value of investments and the income from them can fall as well as rise.**

# SUPR portfolio breakdown

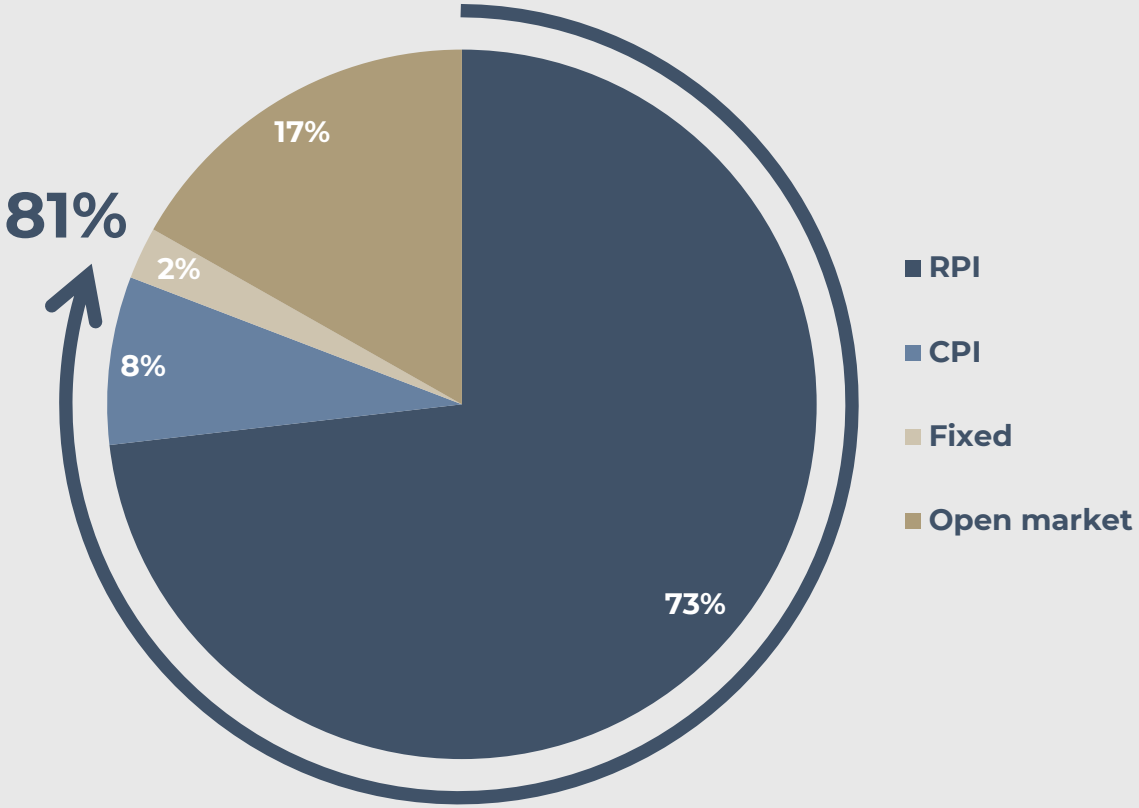
| | Direct Portfolio - supermarkets | Sainsbury's Reversion Portfolio | Direct Portfolio - non-food |
|---|---|---|---|
| Portfolio valuation | £1,694m | £190m | £94m |
| Passing rent[1] | £83.7m | £14.5m | £7.2m |
| Net initial yield | 4.6% | 4.9% | 7.2% |
| WAULT | 15 yrs | 1 yrs | 4 yrs |
| Vacant units | 0 | 0 | 7 |
| Average rent per sq.ft | £25 | £23 | £16 |

Portfolio breakdown includes post balance sheet events and SUPR stake in JV

(1) Sainsbury's Reversion Portfolio based on valuation rent. Rent attributable to the valuation as per Sainsbury's purchase option agreement

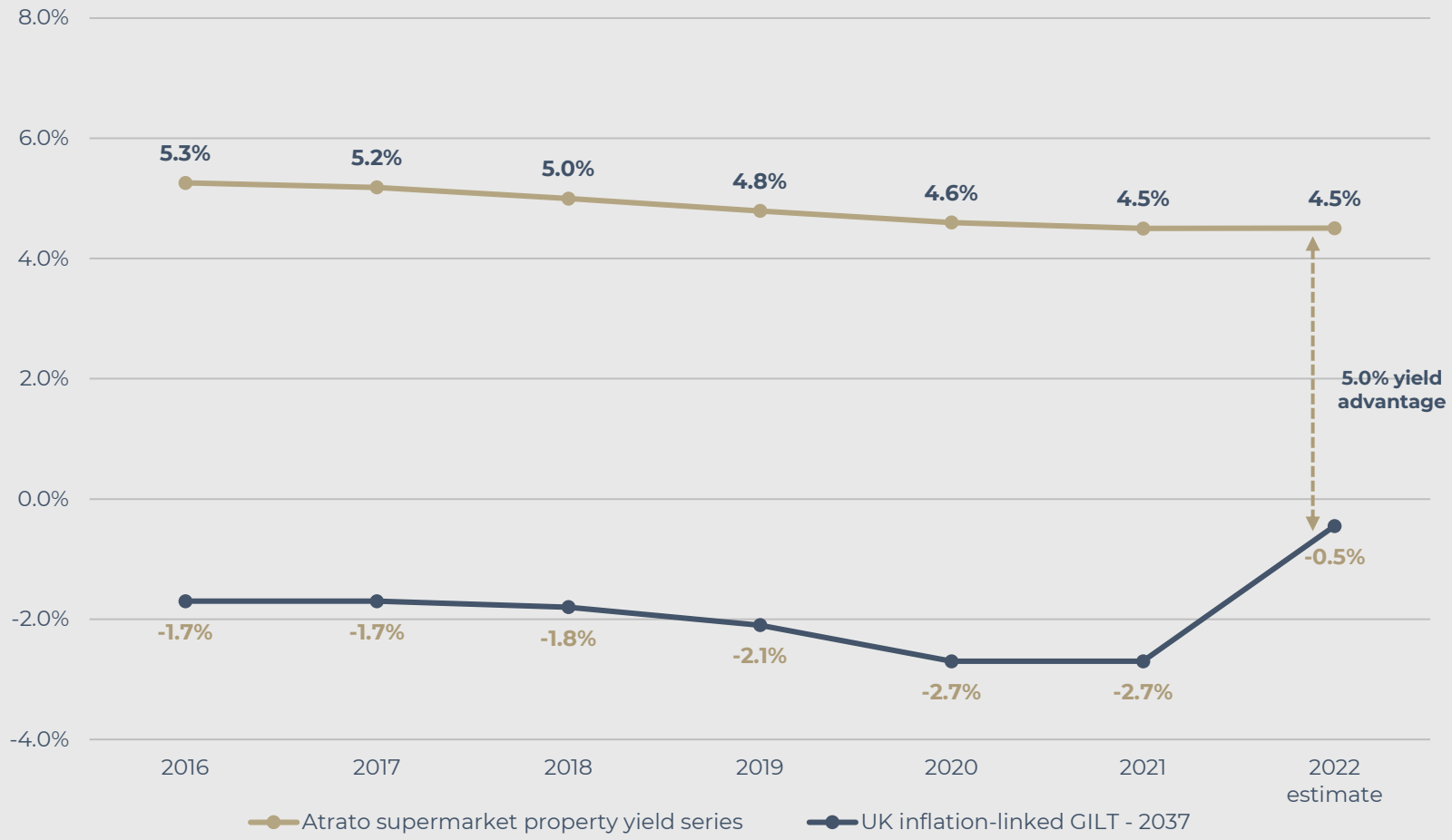
**Past performance is not indicative of future results.**

# 81% inflation-linked rent reviews




81% inflation-linked rent reviews relates to the Direct Portfolio only, excludes Sainsbury's Reversion Portfolio but includes post balance sheet events to date. Weightings based on percentage of rent roll. Rent reviews based on current lease terms.

# Relative value to index-linked Gilts




Bond data sourced from Bloomberg as at 5 September 2022. Property yields sourced from Atrato Capital research based on representative investment market transactions exceeding 10 years in lease length with fixed uplifts or index-linked rent reviews. Excluding open market rent reviews.

**Past performance is not indicative of future results. The value of investments and the income from them can fall as well as rise.**

# Important Information

THIS PRESENTATION IS STRICTLY CONFIDENTIAL AND IS BEING PROVIDED TO YOU SOLELY FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED, REDISTRIBUTED, COPIED OR PUBLISHED (IN WHOLE OR IN PART) TO ANY OTHER PERSON FOR ANY PURPOSE. ANY RECIPIENT OF THIS PRESENTATION AGREES TO KEEP PERMANENTLY CONFIDENTIAL ALL INFORMATION IN THE PRESENTATION NOT ALREADY IN THE PUBLIC DOMAIN.

This presentation has been prepared by Atrato Capital Limited ("Atrato") (company number 10532978, with registered office at First Floor, Radius House, 51 Clarendon Road, Watford, United Kingdom, WD17 1HP), the Investment Advisor to Supermarket Income REIT PLC ("SUPR"). Atrato is an appointed representative of Atrato Partners Limited (company number 10533101) which is authorised and regulated by the Financial Conduct Authority (firm refence number 830613).

By attending this presentation and/or receiving this presentation document, you are agreeing to the terms and conditions set out below.

This presentation is for information purposes only and under no circumstances does it constitute the basis for a public offering or a decision to invest in securities of the Company or of any present or future member of its group or an offer for sale of, resale of, transfer of or delivery of or the solicitation of a offer to purchase, directly or indirectly, securities anywhere in the world, including to a "U.S. person" or in or into the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan. If you have received this presentation and you are not an interested party or are not otherwise permitted by law to receive it, you must return it immediately to Atrato. You shall treat and safeguard as private and confidential all information contained in this presentation and take all reasonable steps to preserve such confidentiality.

This presentation does not constitute or form part of, and should not be construed as, an offer to sell, or the solicitation or invitation of any offer to buy or subscribe for or underwrite or otherwise acquire, any securities or financial instruments of the Company or any present or future member of its group in any jurisdiction. No part of this presentation should form the basis of, or be relied on in connection with, or act as any inducement to enter into, any contract or commitment or investment decision whatsoever. This presentation does not constitute a recommendation regarding the securities of the Company or any present or future member of its group. The information and opinions contained in this presentation are provided as at the date of this presentation solely for your information and background and are subject to completion, revision and amendment without notice. No person is under any obligation to update or keep current the information contained in this presentation. None of Atrato, any employees or agents of Atrato, the directors of the Company, the Company, its shareholders or any other person shall have any liability whatsoever (in negligence or otherwise) for any loss however arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.

Any securities referenced herein or which may be referenced in any Prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or with any other securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, transferred or delivered, directly or indirectly in or into the United States, or for the benefit of any US Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Company's securities will be offered and sold (i) in the United States to a limited number of persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the Securities Act that are also both "qualified purchasers" within the meaning of Section 2(a)(51) of the US Investment Company Act of 1940, as amended, and the rules thereunder and "accredited investors" as defined in Rule 501 under the US Securities Act. The Company will require the provision of a representation letter by any investors who are US Persons containing representations as to their status under the US Securities Act, and (ii) outside the United States in accordance with Regulation S under the Securities Act. The Company does not intend to register any portion of the offering in the United States or conduct a public offering of securities in the United States.

The information contained in the presentation is given at the date of its publication (unless otherwise marked) and is subject to updating, revision and amendment. No reliance may be placed for any purpose whatsoever on the information or opinions contained in the presentation or on their completeness, accuracy or fairness. The contents of the presentation have not been approved by any competent regulatory or supervisory authority. This presentation is not intended to provide, and should not be relied upon for, accounting, legal or tax advice, or investment recommendations, and any recipient should conduct its own independent analysis of the data referred to herein and obtain independent legal, tax and financial advice accordingly.

# Important Information

The information contained in this presentation has not been independently verified by the Company, Atrato or any other person, and some of the information is still in draft form. No representation, warranty or undertaking, express or implied, is made by the Company, Atrato or any of their respective advisers or representatives or their respective affiliates, officers, employees or agents as to, and no reliance should be placed on, the fairness, accuracy, completeness, correctness or reasonableness of the information or the opinions contained herein. The Company, Atrato and their respective advisers and representatives and their respective affiliates, officers, employees and agents expressly disclaim any and all liability which may be based on this presentation and any errors or inaccuracies therein or omissions therefrom.

The Company has not been, and has no intention to be, registered under the U.S. Investment Company Act of 1940, as amended and investors will not be entitled to the benefits of that act. The securities described in this presentation have not been and will not be registered under the Securities Act or under any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States. Consequently, such securities may not be offered, sold, resold, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person (as such term is defined in Regulation S under the Securities Act) unless such securities are registered under the Securities Act or except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities law of any state or jurisdiction in the United States. No offering of the securities is being made in the United States.

This presentation and any materials distributed in connection with this presentation are not directed at, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such publication, availability, distribution or use would be contrary to the law or regulation of that jurisdiction or which would require any registration or licensing within such jurisdiction. Persons who come into possession of any document or other information referred to herein should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

This presentation includes forward-looking statements that reflect management's current views with respect to future events and financial and operational performance. These statements contain the words "anticipate", "believe", "intend", "estimate", "expect", "may", "plan", "should", "could", "aim", "target", "might" and words of similar meaning. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company's results of operations, financial position, business strategy, plans and objectives of management for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company and its group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company expects to operate in the future. They speak only as at the date of this presentation, and actual results, performance or achievements may differ materially from those expressed or implied from the forward-looking statements. In addition, the forward-looking statements are not intended to give any assurances as to future results and statements regarding past trends should not be taken as a representation that they will continue in the future. The Company, Atrato and their respective advisers and representatives each expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's or Atrato's expectations or any change in the events, conditions or circumstances on which any such statement is based, unless otherwise required by law. Neither the Company nor Atrato undertakes to review, confirm or release publicly or otherwise to investors or any other person any revisions to any forward-looking statements to reflect events occurring or circumstances arising after the date of this presentation.

This presentation, and any matter or dispute (whether contractual or non-contractual) arising out of it, shall be governed and construed in accordance with English law and the English courts shall have exclusive jurisdiction in relation to any such matter or dispute.