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SUPERMARKET INCOME REIT



TRADITIONAL
IN-STORE



CLICK & COLLECT
AT STORE



HOME DELIVERY
FROM STORE

INVESTING IN THE FUTURE OF UK GROCERY

RESULTS PRESENTATION

FOR THE SIX MONTHS FROM 1 JULY 2020 TO 31 DECEMBER 2020



Agenda

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Supermarket Income REIT Board of Directors



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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



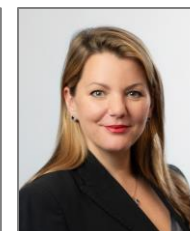
Steven Noble
Managing Director



Natalie Markham
CFO



Justin King
Senior Adviser



Carcie Rogers
Head of IR



Robert Abraham
Director



Haffiz Kala
Finance Director

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Supportive grocery market backdrop

Sector continues to be a net beneficiary of changes in consumer habits

Increased investment demand for grocery property

Rotation of capital continues

COVID-19 changes in consumer grocery habits

Temporary shifts

30%
average
increase in
basket size⁽¹⁾

Calorie shift
from eating
out to
supermarkets

Accelerated trends

66%
1st time online
grocery shoppers
who expect to
continue⁽²⁾

14%
online
grocery
market share

Permanent changes

**2 days per
week**
average post
Covid working
from home⁽³⁾

**Step
change**
expected in
grocery
volumes



Period highlights – 6 months to 31 December 2020

£315m

Deployed

£1bn

Gross
assets

100%

Rent
received

5.5%

LfL valuation
increase

104p

EPRA NTA
per share

2.9p

Dividend paid
per share

Financial results

- Income statement
- Annualised rent
- Statement of financial position
- Movement in EPRA NTA per share
- Pro forma income statement
- Current bank financing

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Image: Tesco, Newmarket



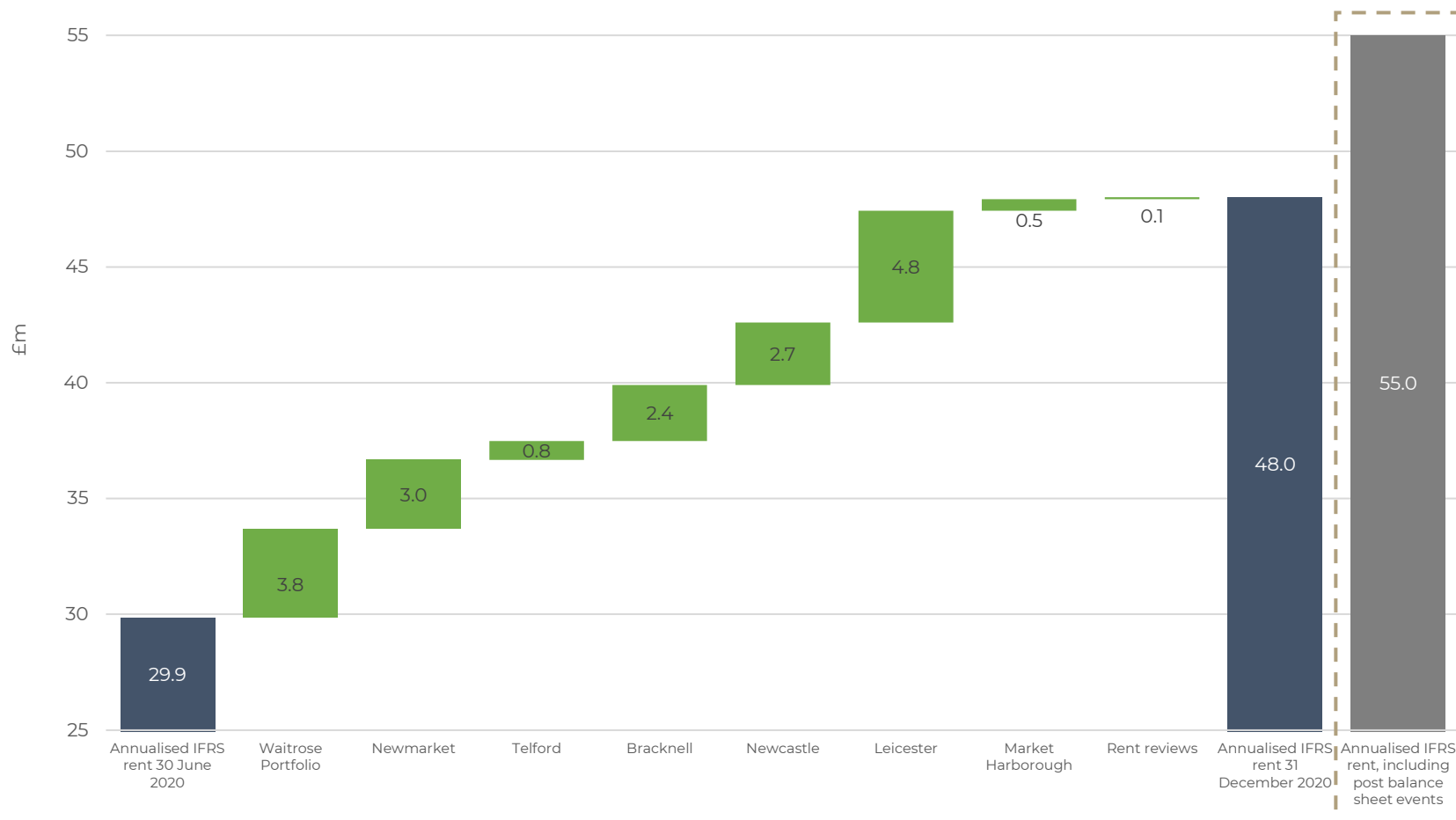


Income statement

	Six months to 31-Dec-20 £m	Six months to 31-Dec-19 £m	Twelve months to 30-Jun-20 £m
Rental income	20.4	11.9	26.4
Net income from joint venture (undistributed)	2.9	0.0	0.5
Administrative & other expenses	(4.1)	(2.3)	(5.2)
Finance costs	(3.7)	(2.5)	(4.9)
EPRA Earnings	15.5	7.2	16.8
EPRA EPS	2.8 pence	2.5 pence	5.0 pence
Dividend paid per share	2.9 pence	2.5 pence	5.8 pence
EPRA dividend cover	1.12x	0.88x	0.84x
EPRA cost ratio	19.9%	18.9%	19.7%
AIC cost ratio	1.4%	1.6%	1.5%

Annualised rental growth via acquisitions

Direct supermarket portfolio annualised rental growth





Income statement

	Six months to 31-Dec-20 £m	Six months to 31-Dec-19 £m	Twelve months to 30-Jun-20 £m
Rental income	20.4	11.9	26.4
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AIC cost ratio	1.4%	1.6%	1.5%



Adjusted EPRA earnings reconciliation

	Six months to 31-Dec-20 £m	Twelve months to 30-Jun-20 £m
EPRA earnings	15.5	16.8
Net income from joint venture (undistributed)	(2.9)	(0.5)
Adjusted EPRA earnings	12.6	16.3
Adjusted EPRA EPS	2.2p	4.9p
EPRA dividend cover	1.12x	0.84x
Adjusted EPRA dividend cover	0.91x	0.82x



Pro forma income statement⁽¹⁾

	Annualised including post balance sheet events £m
Rental income	55.0
EPRA earnings	49.0
Dividend cover (EPRA earnings)	1.26x
Adjustment: net income from joint venture (undistributed)	(11.6)
Adjusted EPRA earnings	37.4
Dividend cover (Adjusted EPRA earnings)	0.95x

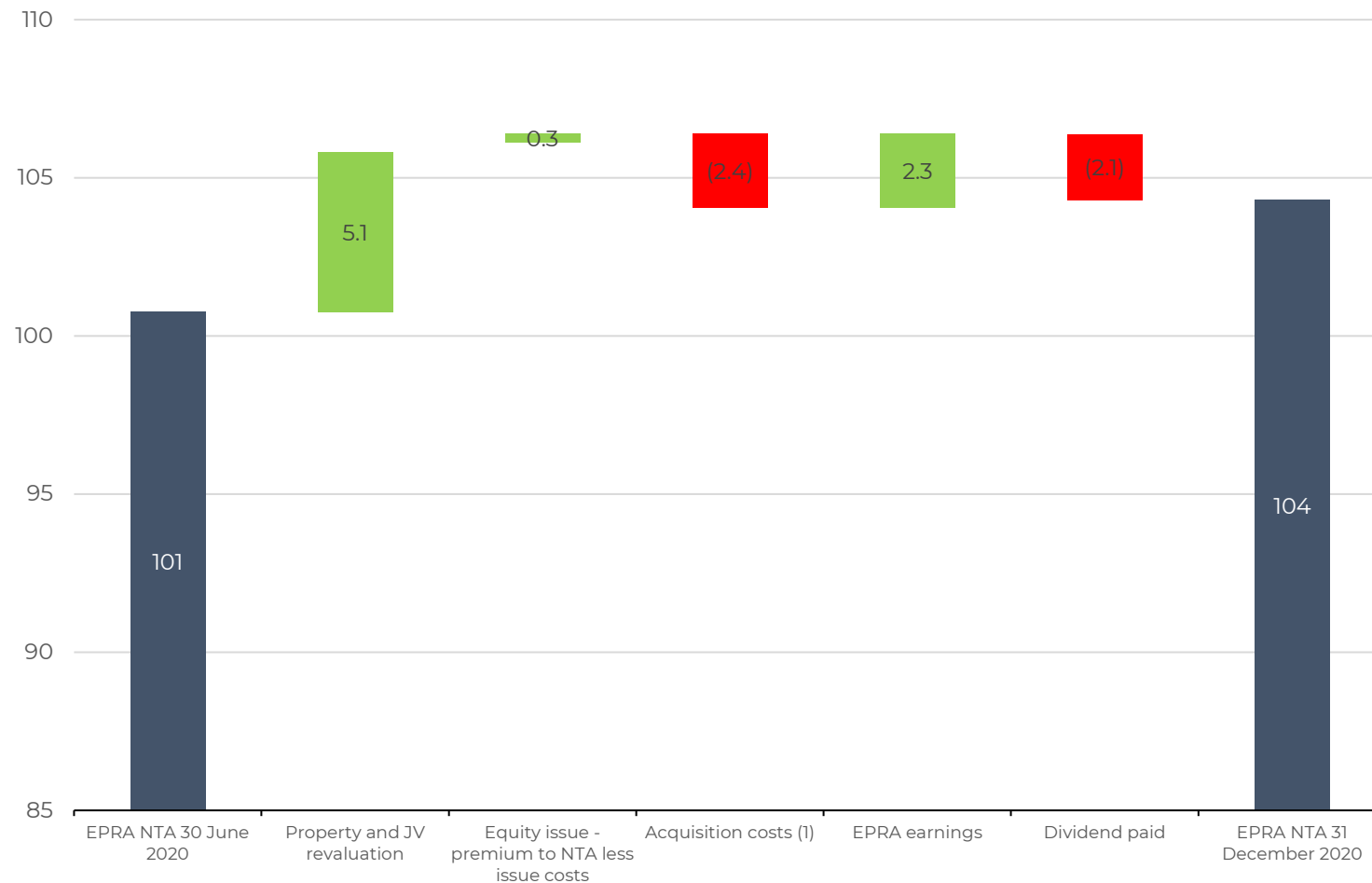


Statement of financial position

	As at 31-Dec-20 £m	As at 30-Jun-20 £m
Investment properties	885.3	539.4
Investment in joint venture	61.1	56.1
Cash and cash equivalents	61.9	20.3
Other assets	3.3	1.7
Gross assets	1,011.6	617.5
Borrowings	(301.2)	(126.8)
Prepaid rents and other liabilities	(18.6)	(13.5)
EPRA net tangible assets (NTA)	691.8	477.2
EPRA NTA per share	104 pence	101 pence
Net LTV ⁽¹⁾	27.0%	19.7%

Movement in EPRA NTA per share

Components of EPRA NTA pence per share: June to December 2020





Diversified bank lending group

Lender	Facility	Interest cost	Expiry date	Term to expiry
 HSBC UK	£140m	1.73%	Aug 2022	18 mths
 Bayern LB	£59m	2.50%	July 2023	3 yrs
 Bayern LB	£28m	2.03%	Aug 2025	5 yrs
 DekaBank	£77m	1.90%	Sep 2026 ⁽¹⁾	6 yrs
 WELLS FARGO	£160m ⁽²⁾	2.13%	July 2027 ⁽¹⁾	7 yrs
Dec 2020	£464m			
 RBC  BARCLAYS	£150m ⁽³⁾	1.55%	Jan 2026 ⁽¹⁾	5 yrs
Mar 2021	£614m			
£168m undrawn debt facilities⁽⁴⁾				



Extended maturity, reduced interest cost

	Pro forma	Six months to 31-Dec-20
Drawn debt	£446m	£304m
Total debt facilities ⁽²⁾	£614m	£464m
Net LTV	42%	27%
Weighted average interest cost⁽¹⁾	1.9%	2.0%
Average debt maturity⁽²⁾	5 years	4 years








Environmental, Social & Corporate Governance

“We want to make a positive contribution to the environment & society while generating a financial return for shareholders”





Environmental, Social and Corporate Governance

ENVIRONMENTAL		SOCIAL		GOVERNANCE ⁽²⁾	
Assets with environmental plan ⁽¹⁾	100%	Women in senior leadership roles ⁽²⁾	40%	2x EPRA Gold governance awards	 
Our approved Thetford solar array:	370 kw	Covid-19 safe workplace ⁽²⁾	Yes	Independent Board members	100%
Thetford estimated CO2 saving to Tesco (pa)	85,000 kg	Whistleblowing policy ⁽²⁾	Yes	Female Board members	25%
Workplace electricity supplied from renewable sources ⁽²⁾	100%	Nominated Charities ⁽²⁾		Independence of Audit and Remuneration Committee	100%
Work place operational waste recycling rate ⁽²⁾	100%	    		Voting rights for shareholders	Equal
				Management investment ⁽³⁾	£3.2m
				Percentage of management fee paid in shares	25%



Ambitious targets create renewable energy opportunity

Sainsbury's

**Carbon neutral
by 2040**

TESCO

**Net zero
by 2035**

Morrisons
Since 1899

**Carbon neutral
by 2045**

WAITROSE
& PARTNERS

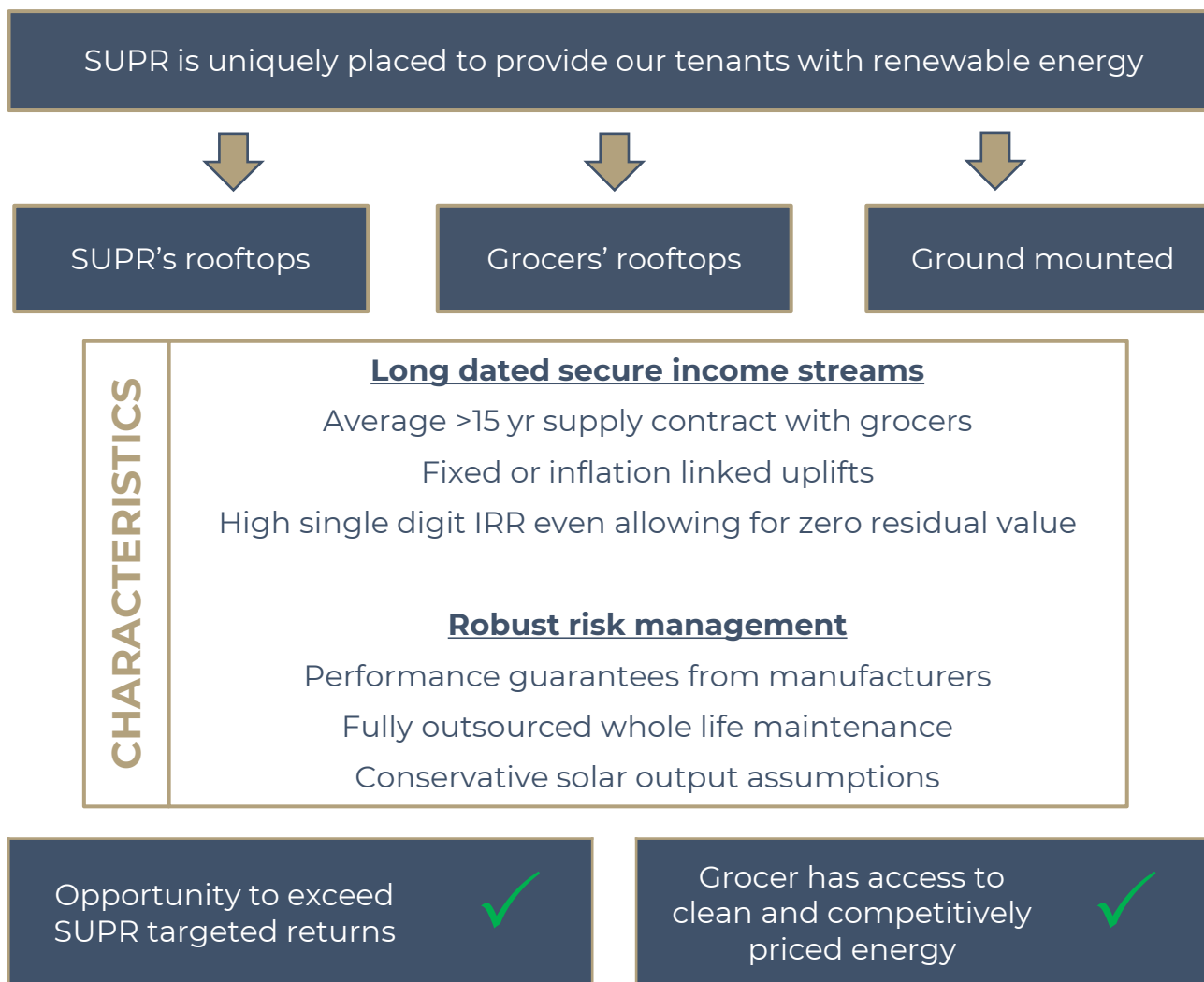
**Net zero
by 2035**

ALDI

**Carbon neutral
since
1 January 2019⁽¹⁾**

Grocers estimated to consume nearly 5% of electricity in the UK⁽²⁾

The renewable energy opportunity



Portfolio

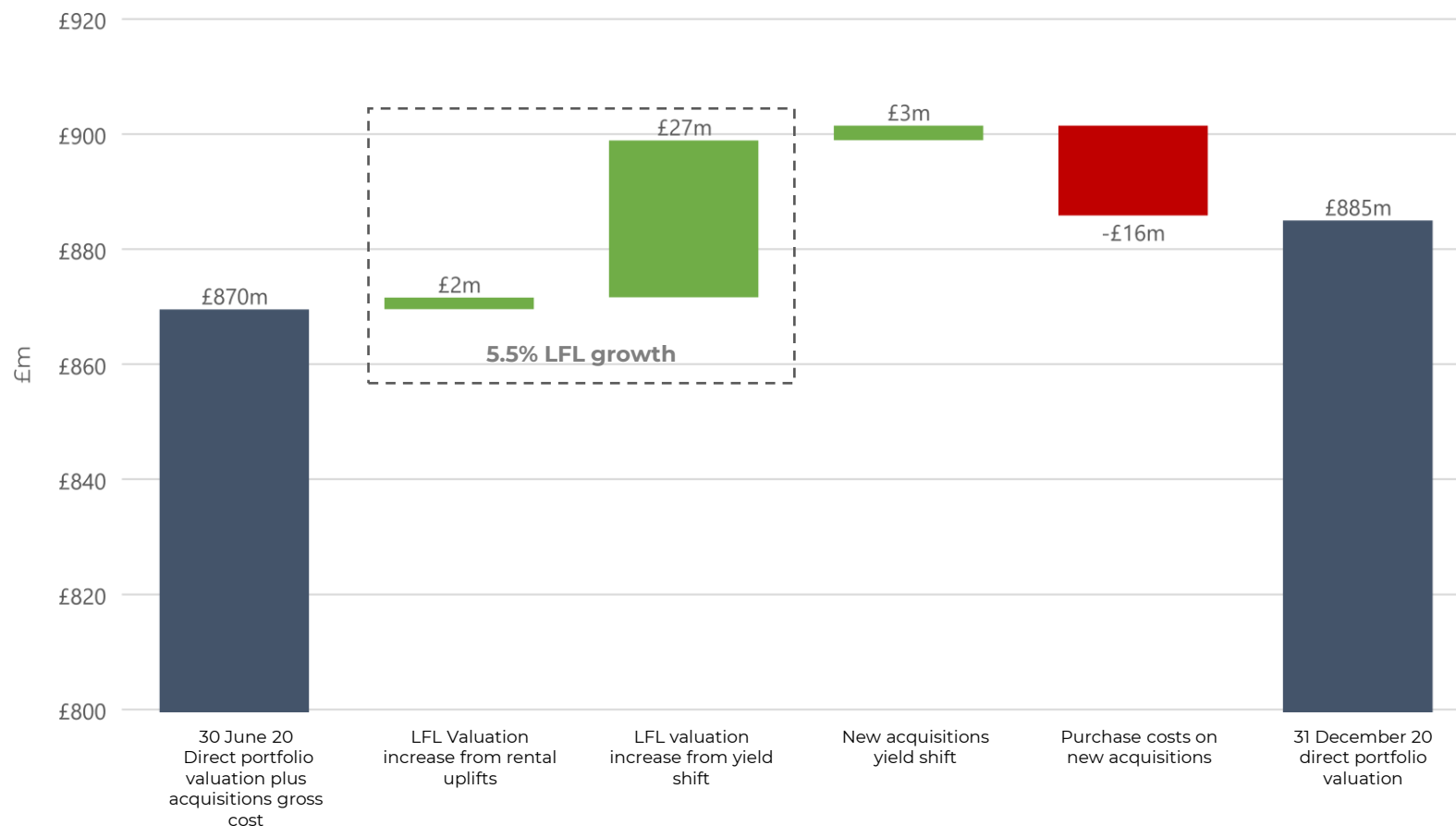
- Valuation growth
- Current portfolio
- Lease maturity
- Rental income
- Non-food assets
- Portfolio breakdown

Image: Morrisons, Telford

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Components of direct portfolio valuation uplift

Direct portfolio valuation increase for the 6 month period ending 31 December 2020

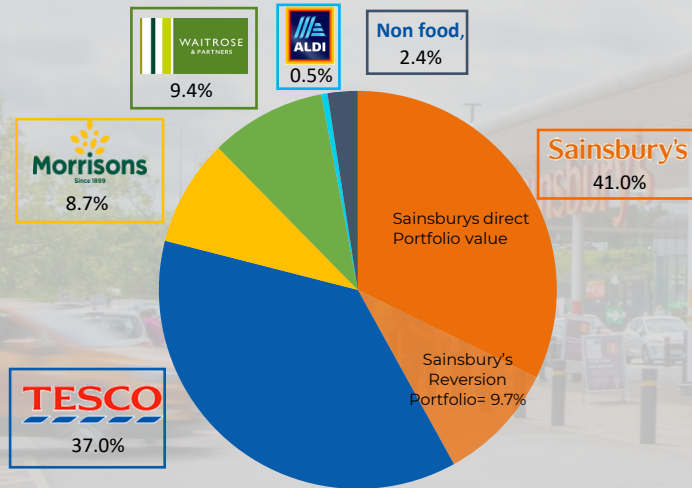


Current portfolio of 53 stores⁽¹⁾

27 directly owned stores

26 indirectly owned stores

Portfolio tenant split by valuation



Net portfolio valuation £1.1bn

Map key

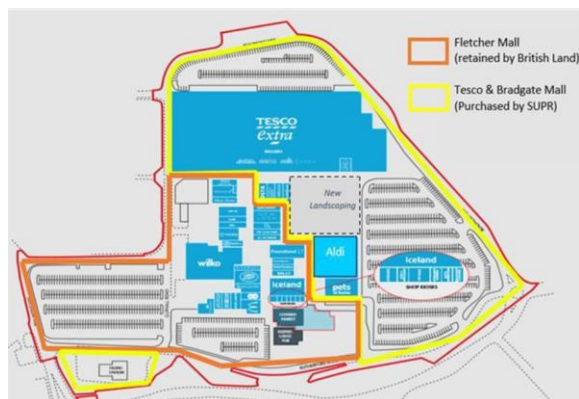
- Tesco
- Sainsbury's
- Morrisons
- Waitrose
- Aldi
- ▲ Sainsbury's Reversion Portfolio



How we think about our non-food assets

Of our 53 supermarket sites, 5 have non-food units

Store redevelopment



Enabling store redevelopment and regear

2-3 years est. development

Site repurposing



Repurposing to enhance the onsite offer

1-2 years est. development

Site control



Control of site to support future store / GOL development

Hold with unrestricted reconfiguration rights

2.4% - proportion of portfolio value represented by non-food units



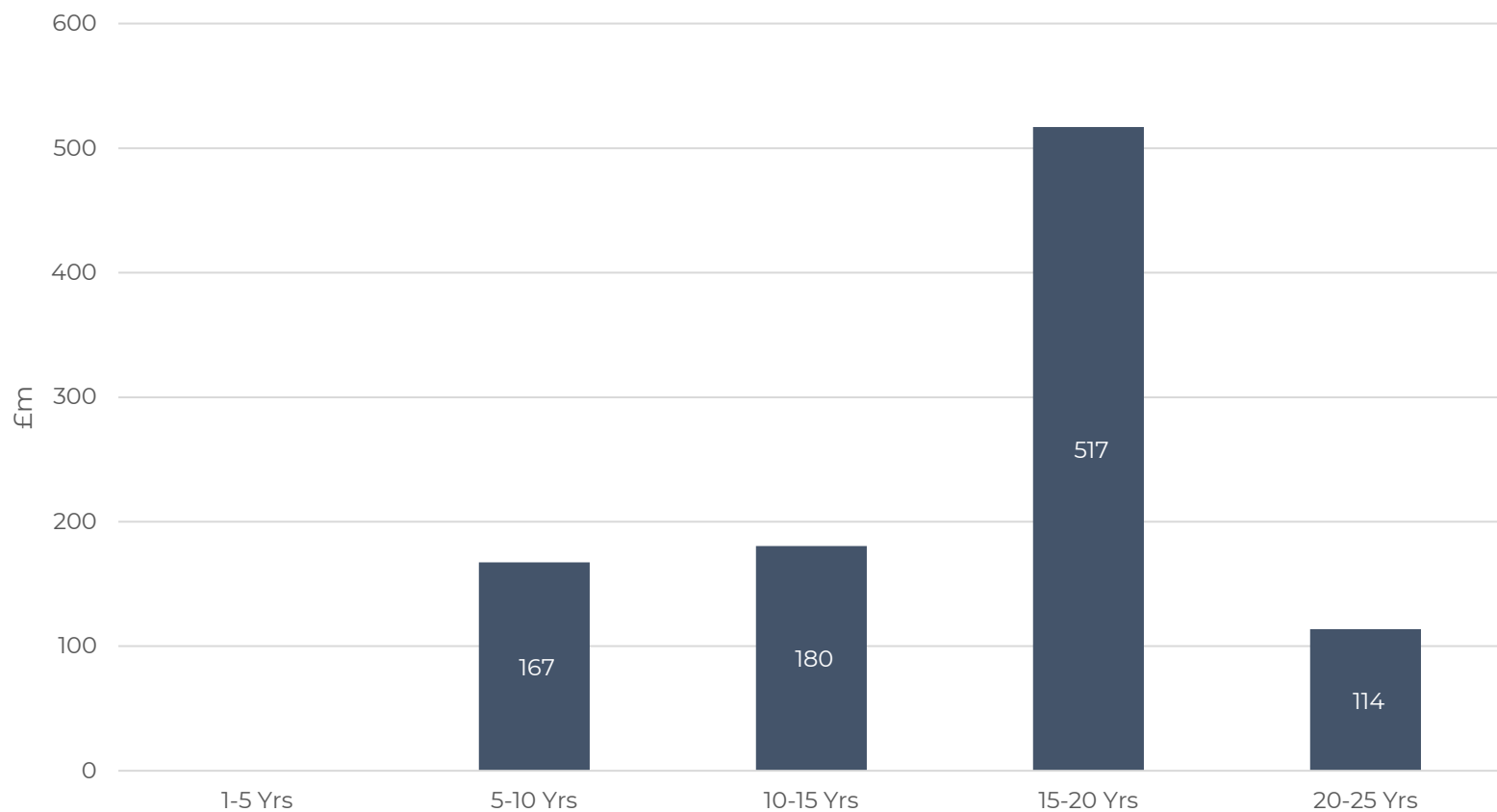
SUPR portfolio breakdown⁽¹⁾

	Directly owned supermarkets portfolio	Sainsbury's Reversion Portfolio	Non-food	Total
Portfolio valuation	£978m	£119m	£27m	£1,124m
Percentage of overall portfolio valuation	87.0%	10.6%	2.4%	100%
Annualised passing rent income	£49.2m	£13.4m	£3.0m	£65.6m
Percentage of overall rent	74.9%	20.4%	4.7%	100%
Net initial yield	4.7%	5.4%	10.2%	4.9%
WAULT	16 yrs	2 yrs	6 yrs	14 yrs
Vacant units	0	0	4	4
Average rent per sq.ft	£24	£22	£16	£24



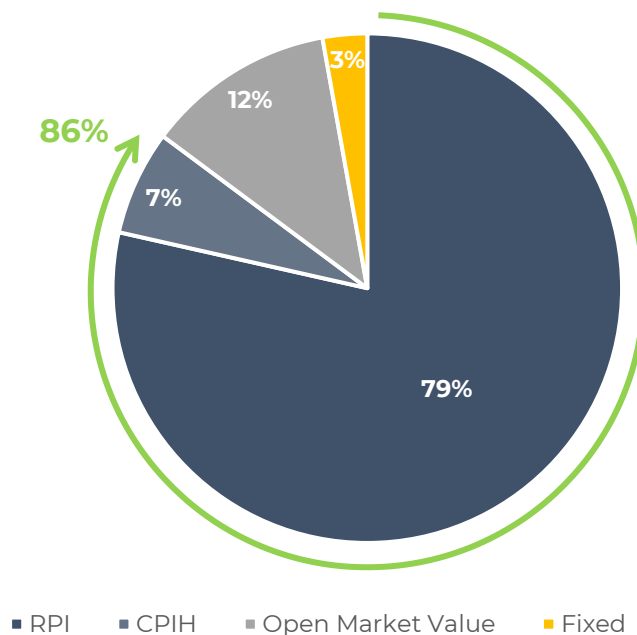
Direct portfolio supermarket lease maturity by value

Supermarket direct portfolio valuation by lease maturity (including post balance sheet events)



86% of rent is inflation linked⁽¹⁾

Rent review basis for directly owned portfolio including post balance sheet events



Market Outlook

- Conclusion and Q&A

Image Sainsbury's, Hessle

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The outlook for UK grocery

Positive tailwinds continue for sector

Last 12 months →
significant strengthening of our tenants' balance sheets

The 'new normal' bodes well for grocery

The 'future model of grocery' has arrived
and it's omnichannel

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TESCO

Morrisons
Since 1899


Sainsbury's

WAITROSE
& PARTNERS

Long inflation linked
income



Supporting daily life
through mission critical
last mile function



Real asset backing:
large flexible sites

Appendix 1: Financial

- EPRA metrics
- SRP – balance sheet
- SRP – income statement
- Pro forma statement of financial position

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Appendix 1: EPRA metrics

	As at 31-Dec 20	As at 30-Jun-20
EPRA NTA per share	104 pence	101 pence
EPRA NRV per share	113 pence	109 pence
EPRA NDV per share	105 pence	102 pence
	For the period ending 31-Dec-20	For the period ending 30-Jun-20
EPRA EPS	2.8 pence	5.0 pence
EPRA NIY	4.7%	5.0%
EPRA cost ratio	19.9%	19.7%



Appendix 1: Sainsbury's Reversion Portfolio – Balance sheet

	As at 31-Dec-20 £m	As at 30-Jun-20 £m
Portfolio valuation ⁽¹⁾	916.5	900.7
Rent receivable	34.4	29.3
Bonds notional value (42.7% LTV) ⁽⁴⁾	(390.9)	(405.3)
Interest accruals & other liabilities ⁽²⁾	(79.4)	(80.5)
Book value	481.0	444.3
SUPR share of net assets (12.5%)	61.2	56.1
Purchase price (£m) ⁽³⁾	52.6	52.6



Appendix 1: Sainsbury's Reversion Portfolio

Income statement

	Period to 31-Dec-20 £m	12 months Pro forma ⁽¹⁾ £m
Rental income	3.7	14.8
Expenses	(0.1)	(0.4)
Finance cost	(0.5)	(2.0)
Taxation	(0.2)	(0.8)
Joint venture earnings (undistributed)	2.9	11.6
Change in fair value of investment properties	2.0	-
Joint Venture Profit (undistributed)	4.9	11.6

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



Appendix 1: Pro forma statement of financial position

Pro Forma
31-Dec-20

Investment portfolio (including net investment in joint venture)	£1,127m
EPRA NTA	£687m
Net loan to value ⁽¹⁾	42%
EPRA NTA per share	103 pence

Proportionate consolidation of Sainsbury's Reversion Portfolio

Investment portfolio	£1.2bn
Net loan to value	44%

BUTCHER & FISHMONGER

Appendix 2: General

- Key Terms
- Share price performance
- Combined portfolio details



Image: Sainsbury's Preston

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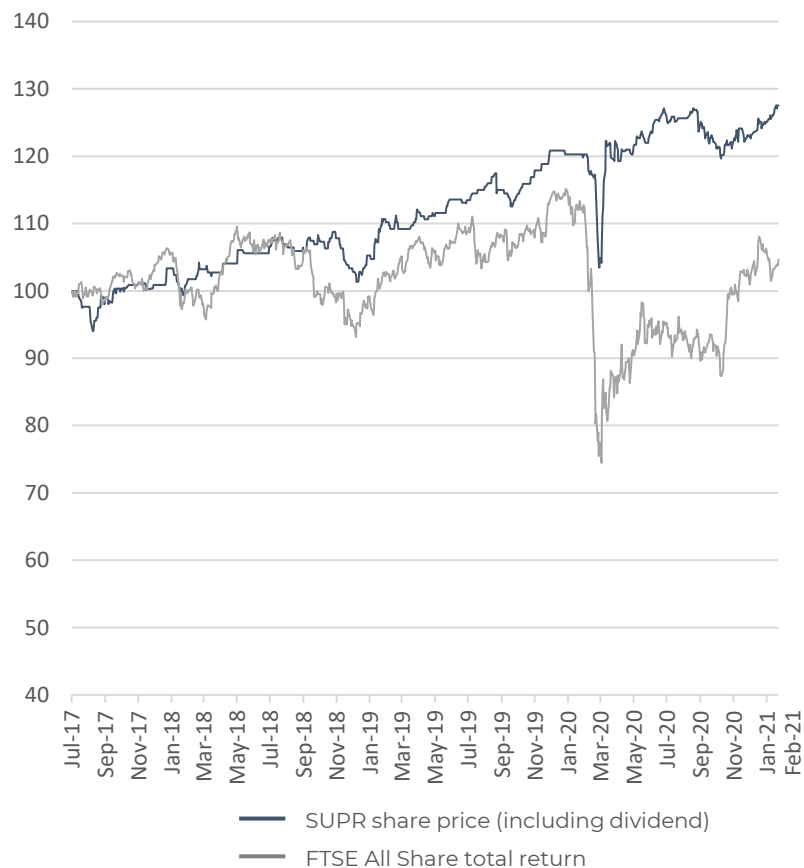
Appendix 2: SUPR key terms

The Company	<ul style="list-style-type: none"> • UK listed REIT • London Stock Exchange Main Market, Specialist Fund Segment
Gearing	<ul style="list-style-type: none"> • Targeted average leverage of 30-40% through the cycle
IRR	<ul style="list-style-type: none"> • Target IRR of 7 to 10% ⁽¹⁾
Governance	<ul style="list-style-type: none"> • An independent board of directors; compliant with the AIC Corporate Governance Code
Management	<ul style="list-style-type: none"> • Atrato Capital as Investment Adviser • JTC Group as AIFM
Investment Adviser fee	<ul style="list-style-type: none"> • Management fee based on NAV less uninvested cash based on the following tiers: <ul style="list-style-type: none"> • 0.95% up to £500 million; • 0.75% between £500 million to £1 billion; • 0.65% between £1 billion to £1.5 billion; • 0.45% above £1.5 billion • 25% of the management fee will be received in shares
Management & Board investment	<ul style="list-style-type: none"> • £3.2 million⁽²⁾
KIID Ratios ⁽³⁾	<ul style="list-style-type: none"> • Ongoing costs: 1.2% • Transaction costs 4.6%

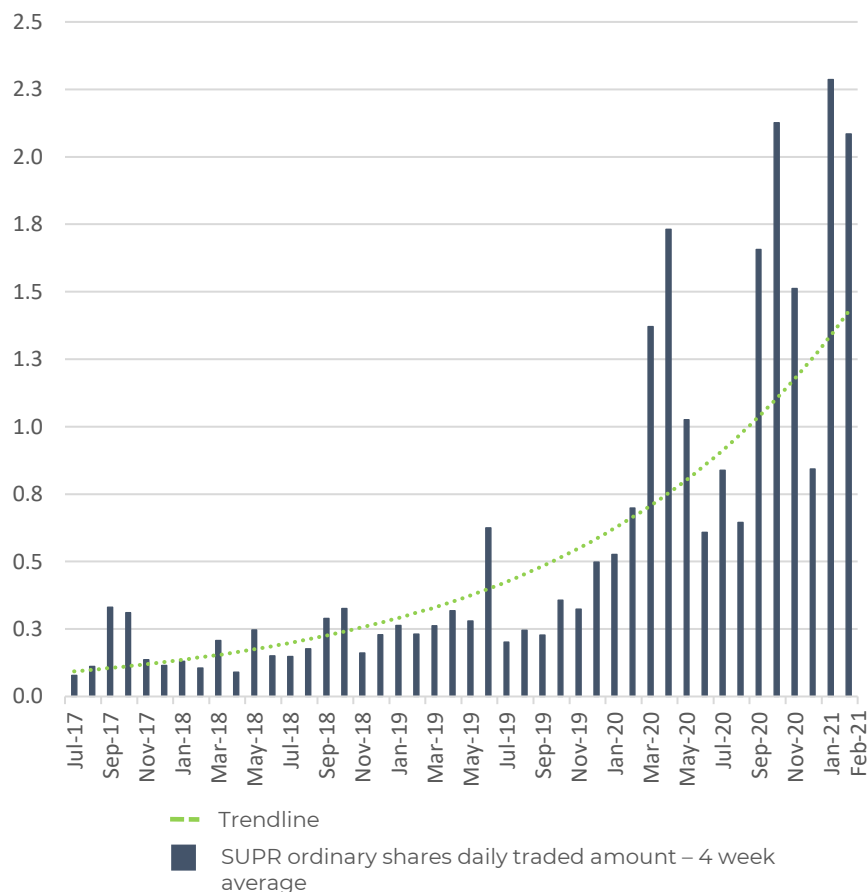


Appendix 2: Share price performance

Relative share price performance since IPO (£p)⁽¹⁾

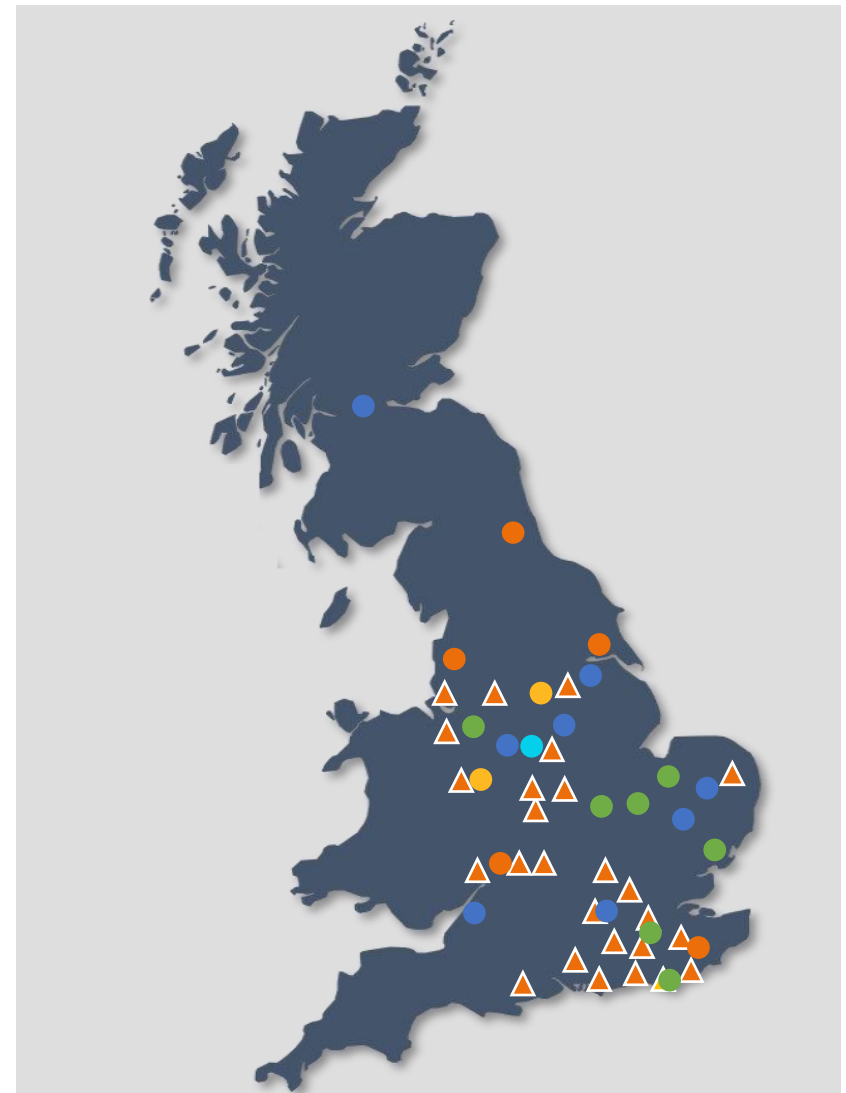
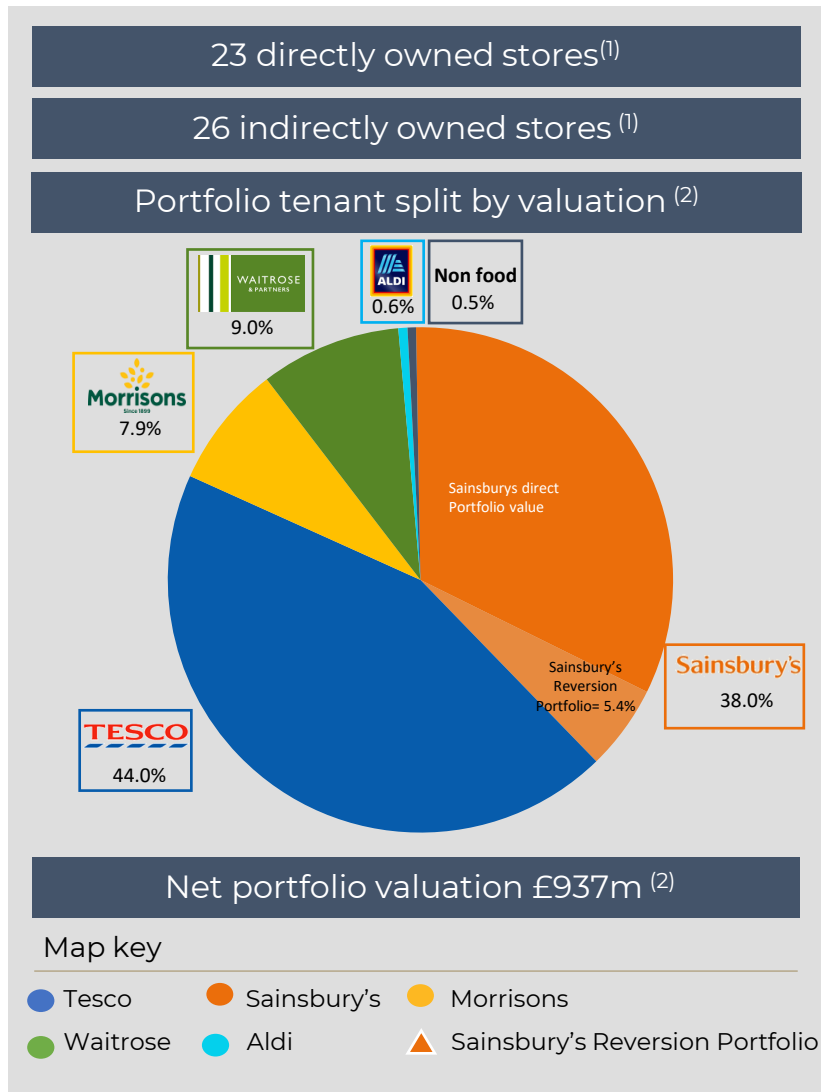


Trading volume – 4 wk rolling daily average since IPO (£m)⁽²⁾



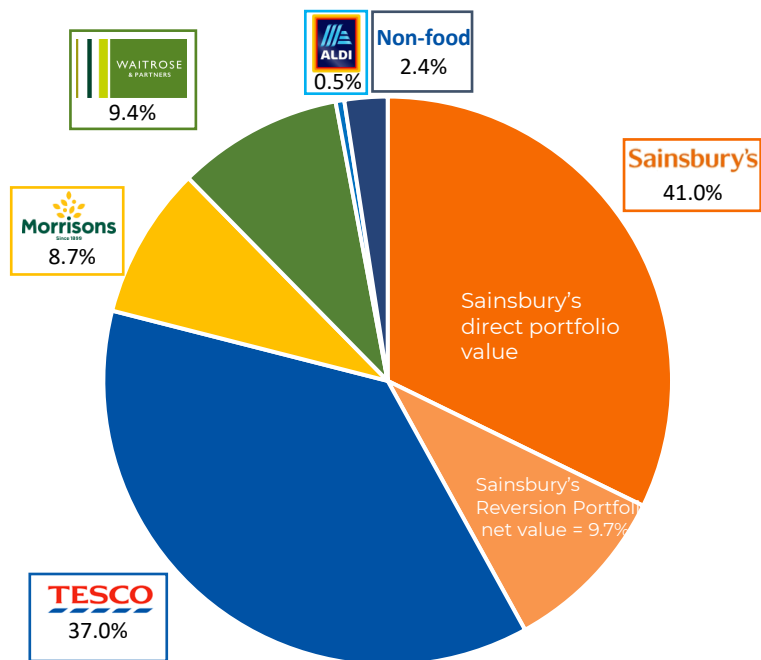
Your capital is at risk.

Appendix 2: Portfolio as at 31 December 2020

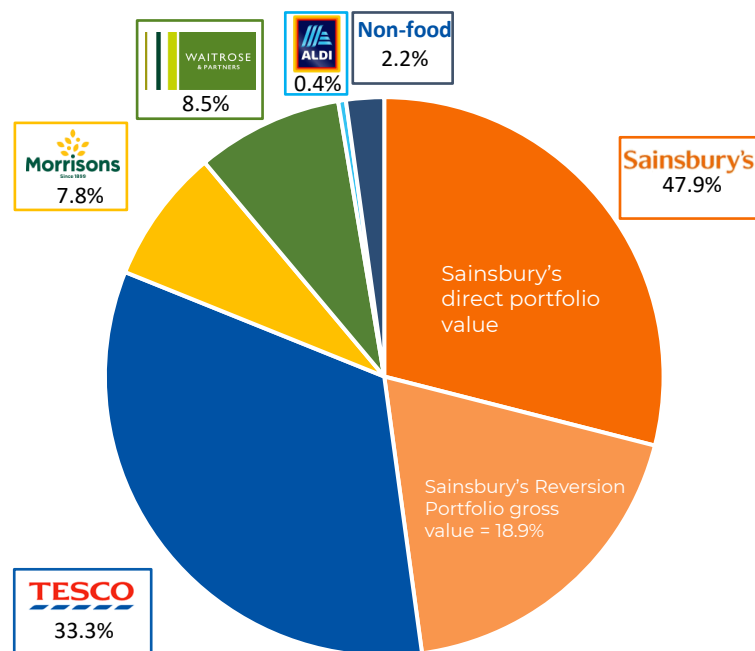


Appendix 2: Current portfolio valuation⁽¹⁾

Portfolio valuation: £1.1bn
(including JV net asset value)

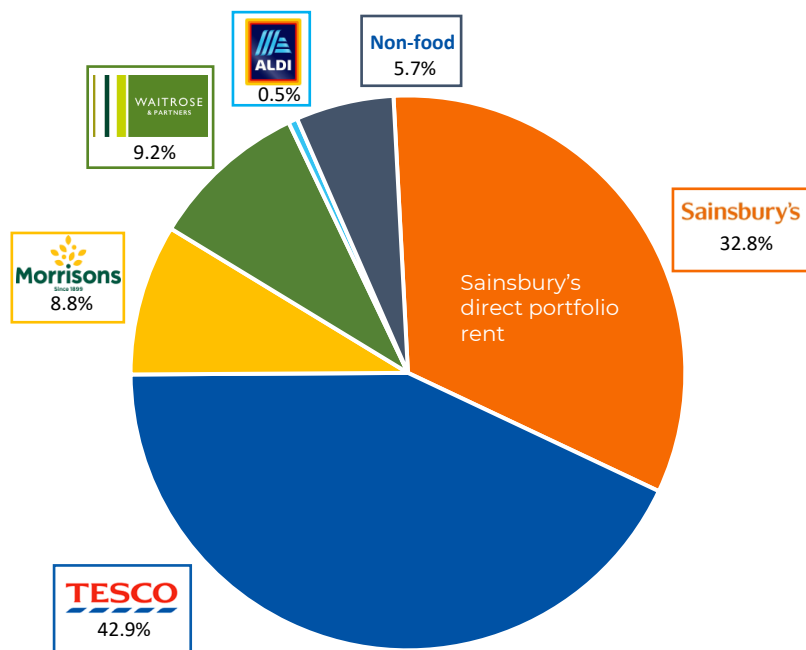


Portfolio valuation: £1.2bn
(including JV gross asset value⁽²⁾)

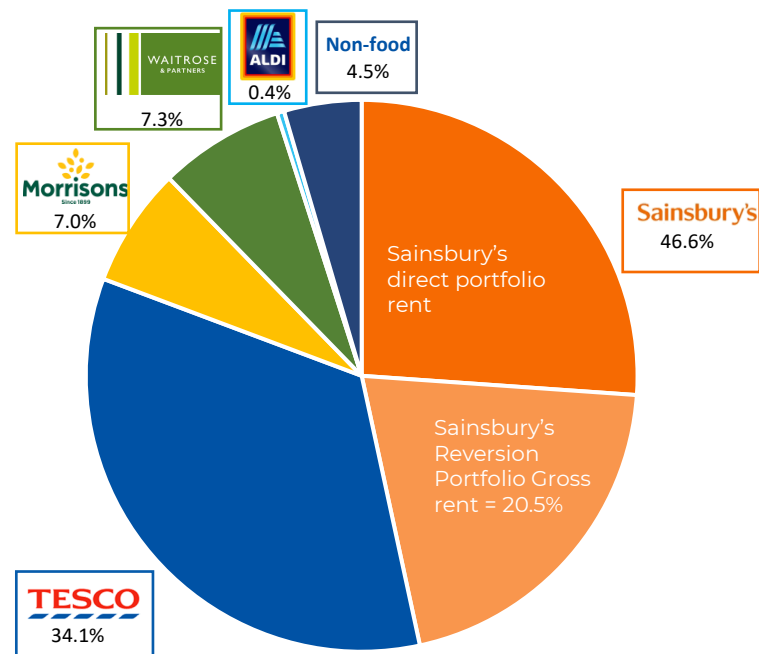


Appendix 2: Current portfolio rent roll⁽¹⁾

Portfolio passing rent roll: £52.2m
(excluding JV rental income)



Portfolio passing rent roll: £65.6m
(including JV gross rental income)



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