

**SUPR** ○○○  
SUPERMARKET INCOME REIT

# INTERIM RESULTS PRESENTATION

FOR THE 6 MONTHS TO 31 DECEMBER 2024

11 MARCH 2025



INVESTING IN THE FUTURE OF GROCERY



Welcome and introduction

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Financial results

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Delivering on our strategic initiatives

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Investment market

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Q&A

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**Nick Hewson**  
Chair



**Robert Abraham**  
Fund Manager



**Michael Perkins**  
Finance Director



Operational  
performance  
supported by  
resilient sector

Significant  
progress on key  
strategic  
initiatives

Internalisation:  
well positioned  
for future  
growth

*Photo: Tesco, Prescot*





## Financial Results

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click+Collect  
Collect here.

*Photo: Tesco, Colchester*



# Growing earnings and robust balance sheet



**£58m**

+10%

Net rental  
income

**13.6%**

-1.5%

EPRA Cost  
Ratio

**3.0p**

+3%

Adjusted  
EPS

**£1.8bn**

+0.5% LFL

Portfolio  
value

**88p**

+0.6%

EPRA NTA  
per share

**38%**

Loan to  
Value<sup>(1)</sup>

*Past performance is not indicative of future results*

*Photo: Sainsbury's, Ashford*

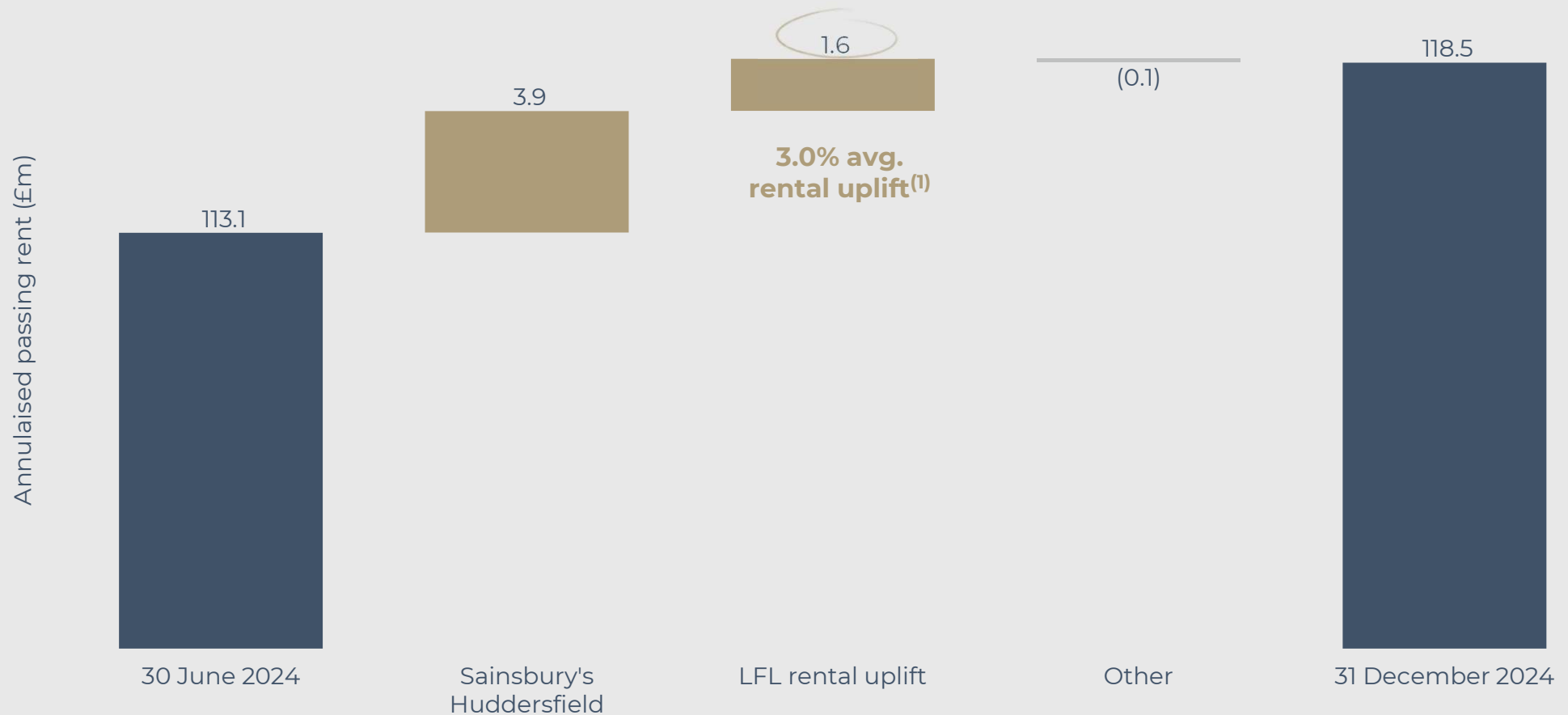
# 10% increase in net rental income



	Six months to 31-Dec-24 £m	Six months to 31-Dec-23 £m	Change
<b>Net rental income</b>	<b>57.8</b>	<b>52.6</b>	<b>+10.0%</b>
Administrative & other expenses <sup>(1)</sup>	(7.5)	(7.6)	
Net finance expense <sup>(2)</sup>	(12.9)	(8.7)	
Adjusted earnings <sup>(3)</sup>	37.4	36.3	
<b>Gross to net rent margin</b>	<b>99.4%</b>	<b>99.3%</b>	
EPRA cost ratio	13.6%	15.1%	
Adjusted earnings per share	3.0p	2.9p	
Dividend per share (declared)	3.1p	3.0p	
Dividend cover <sup>(4)</sup>	0.99x	0.97x	

*Past performance is not indicative of future results*

# Driven by growth in passing rent



*Past performance is not indicative of future results*



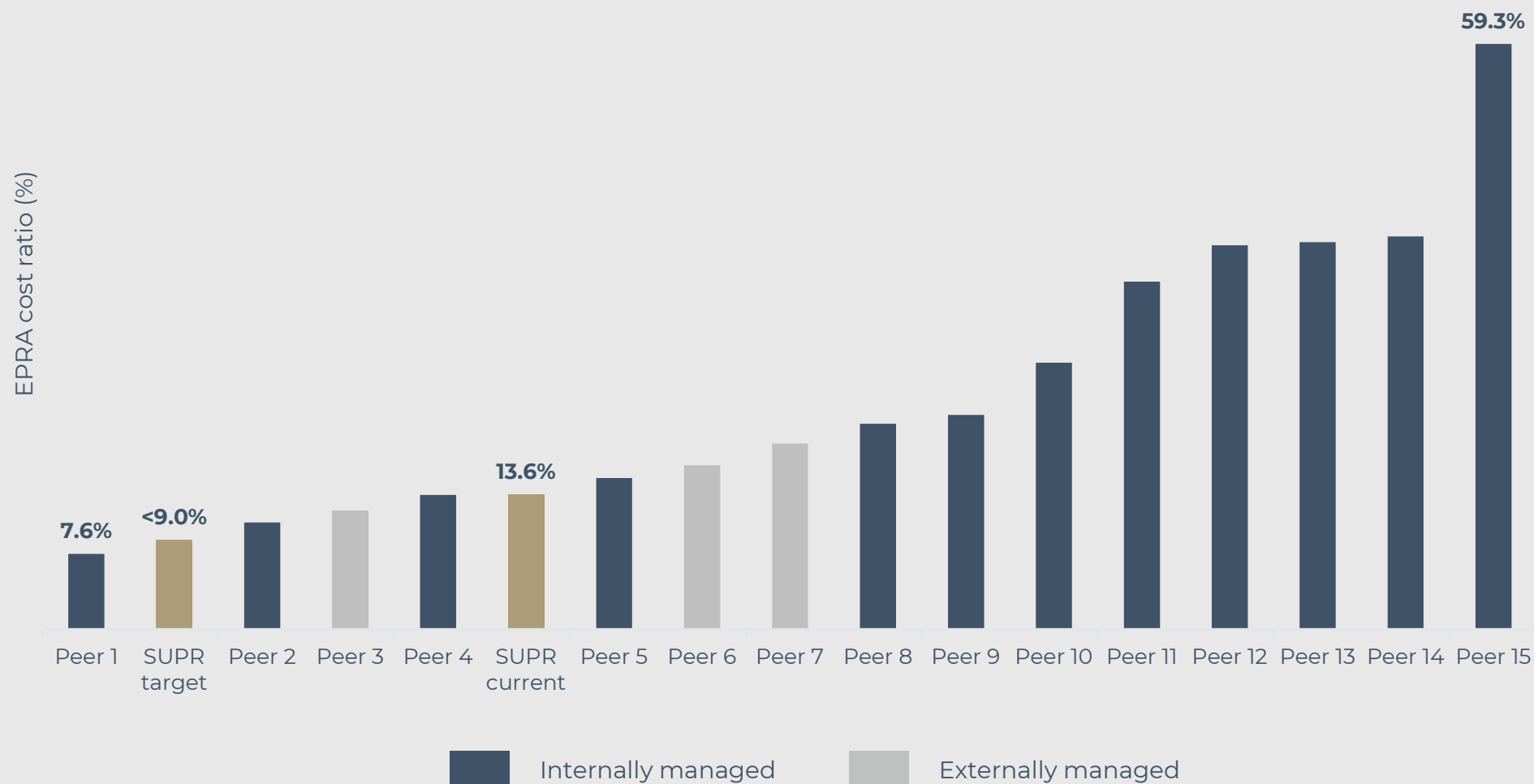
# Tight cost control and improving cost ratio



	Six months to 31-Dec-24 £m	Six months to 31-Dec-23 £m	Change
Net rental income	57.8	52.6	
<b>Administrative &amp; other expenses<sup>(1)</sup></b>	<b>(7.5)</b>	<b>(7.6)</b>	<b>-1.9%</b>
Net finance expense <sup>(2)</sup>	(12.9)	(8.7)	
Adjusted earnings <sup>(3)</sup>	37.4	36.3	
Gross to net rent margin	99.4%	99.3%	
<b>EPRA cost ratio</b>	<b>13.6%</b>	<b>15.1%</b>	
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# One of the lowest EPRA cost ratios in the sector



# Finance costs have risen due to higher LTV

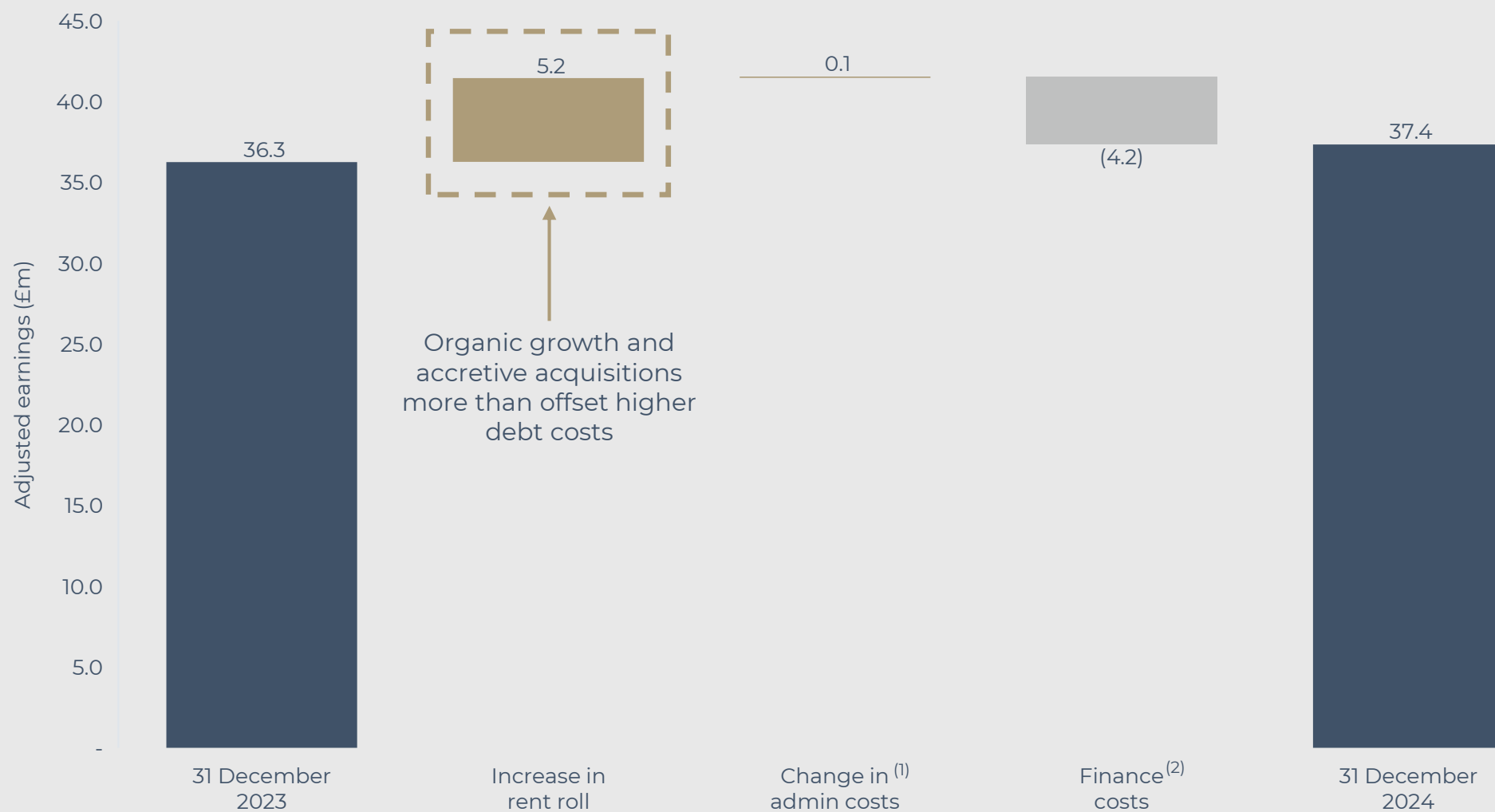


	Six months to 31-Dec-24 £m	Six months to 31-Dec-23 £m	Change
Net rental income	57.8	52.6	
Administrative & other expenses <sup>(1)</sup>	(7.5)	(7.6)	
<b>Net finance expense<sup>(2)</sup></b>	<b>(12.9)</b>	<b>(8.7)</b>	<b>+49.5%</b>
Adjusted earnings <sup>(3)</sup>	37.4	36.3	
Gross to net rent margin	99.4%	99.3%	
EPRA cost ratio	13.6%	15.1%	
Adjusted earnings per share	3.0p	2.9p	
Dividend per share (declared)	3.1p	3.0p	
Dividend cover <sup>(4)</sup>	0.99x	0.97x	

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



# 3% growth in Adjusted Earnings



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

# Robust balance sheet



	As at 31-December-24 £m	As at 30-June-24 £m
<b>Portfolio valuation<sup>(1)</sup></b>	<b>1,833</b>	<b>1,776</b>
Cash and cash equivalents	41	39
Other assets	11	12
Borrowings	(745)	(694)
Prepaid rents and other liabilities	(49)	(48)
EPRA net tangible assets (NTA)	1,091	1,085
<b>EPRA NTA per share</b>	<b>88 pence</b>	<b>87 pence</b>
<b>Loan to value<sup>(2)</sup></b>	<b>38%</b>	<b>37%</b>

*Past performance is not indicative of future results*

# Increased EPRA NTA over the period

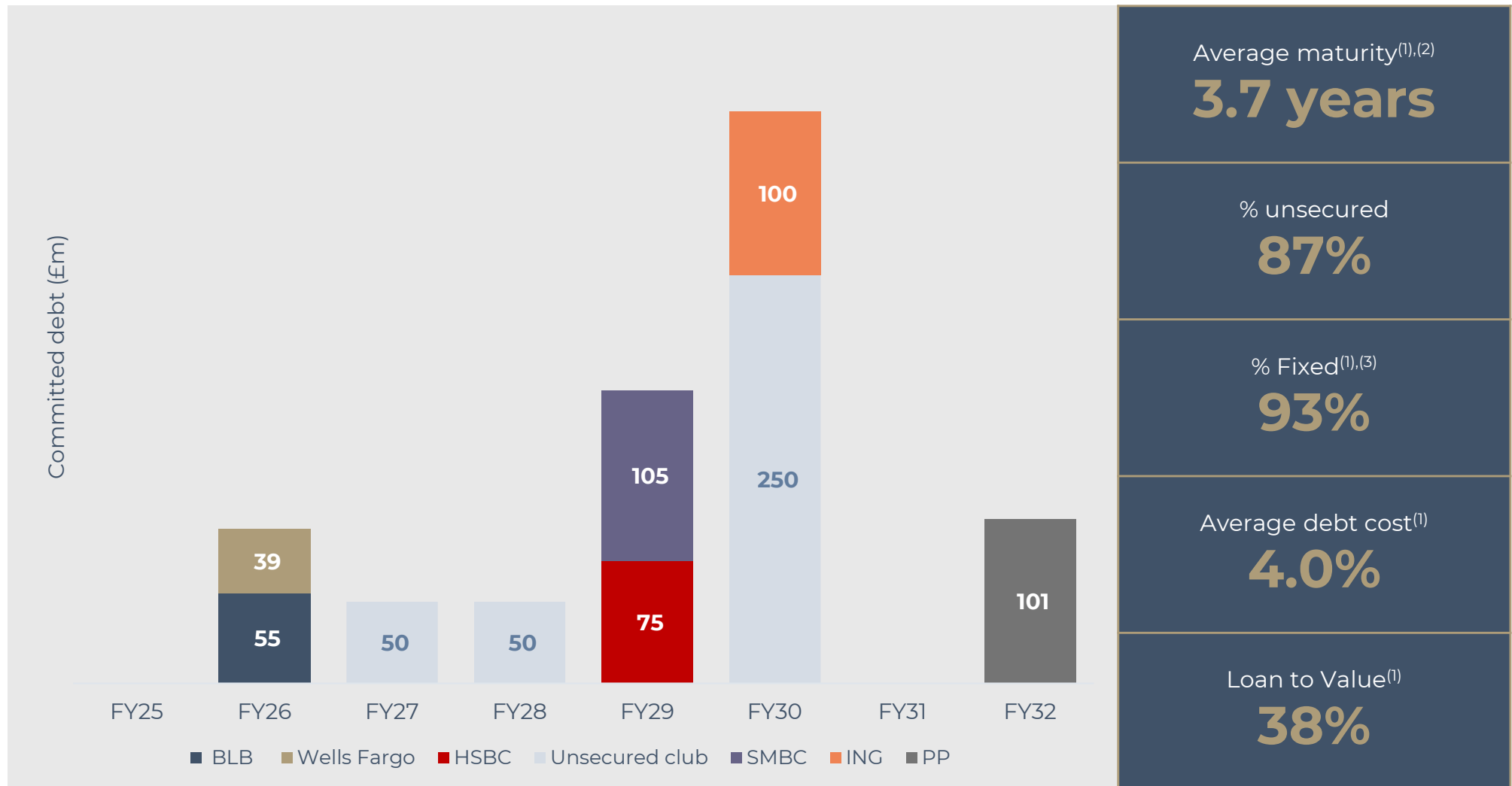


**4.1% total accounting return – 85% from income**

*Past performance is not indicative of future results*



# Strong balance sheet – BBB+ credit rating



# Significant progress on key strategic initiatives



## Cost Reductions ✓

Management fee cut - £2m saving<sup>(1)</sup>

Internalisation - £4m saving<sup>(2)</sup>

Target EPRA cost ratio <9%<sup>(2)</sup>

## Lease Renewals ✓

15-year leases (RPI)

35% above MSCI index<sup>(3)</sup>

13% above valuer ERV<sup>(3)</sup>

## Capital Recycling ✓

£64 million disposals

£80 million acquisitions

## Joint Venture ⌚

Further capital recycling opportunity

**Driving earnings growth and enhancing dividend cover**

- 1) Estimated savings from changes to the Investment Advisory fee basis from NAV to Market Capitalisation plus additional savings from AIFM and CoSec services as announced 5 November 2024
- 2) Saving based on annual budgeted expenditure under internalised structure compared with current external management structure and using a 12 month average share price as at 28 February 2025 of 72.6p to calculate the advisory fee payable on a market capitalisation basis, which is due to take effect from 1 July 2025
- 3) As at 31 December 2024



**Cost  
Reductions**

**Lease  
Renewals**

**Capital  
Recycling**

**Joint  
Venture**

# Internalisation delivers significant benefits for SUPR



Material cost savings of at least £4 million per annum<sup>(1)</sup>



New EPRA cost ratio target < 9%, one of the lowest in the sector<sup>(1)</sup>



Greater balance sheet flexibility and optionality including long dated debt



Increased alignment between the Company, management and shareholders



Simplified structure, securing the specialist team and platform



Broaden investor appeal with potential to change listing<sup>(2)</sup>

# Highest return on capital allocation



**19%**

Internalisation  
yield<sup>(1)</sup>

**8%**

Buyback  
yield<sup>(2)</sup>

**9%**

Unlevered IRR on  
acquisitions<sup>(3)</sup>

***Internalisation is the most accretive capital allocation option***





**Cost  
Reductions**

**Lease  
Renewals**

**Capital  
Recycling**

**Joint  
Venture**

# Evidencing higher affordable rents



## Renewal of the three shortest leases in the portfolio

### Bracknell



### Bristol



### Thetford



**15 yrs**

*Annual inflation-linked uplifts<sup>(1)</sup>*

**20%**

*Average passing rent reduction*

**4%**

*Rent to turnover<sup>(2)</sup>*

**35%**

*Above MSCI Supermarkets ERV<sup>(3)</sup>*

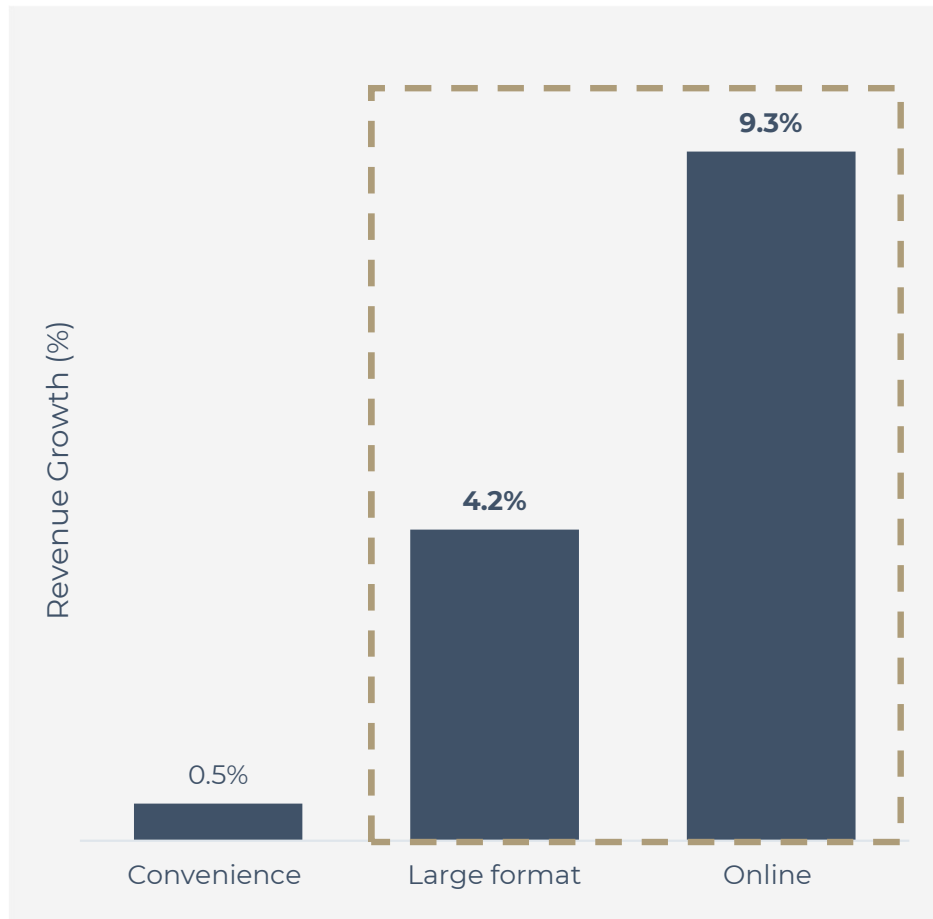
**13%**

*Valuer's ERV<sup>(3)</sup>*

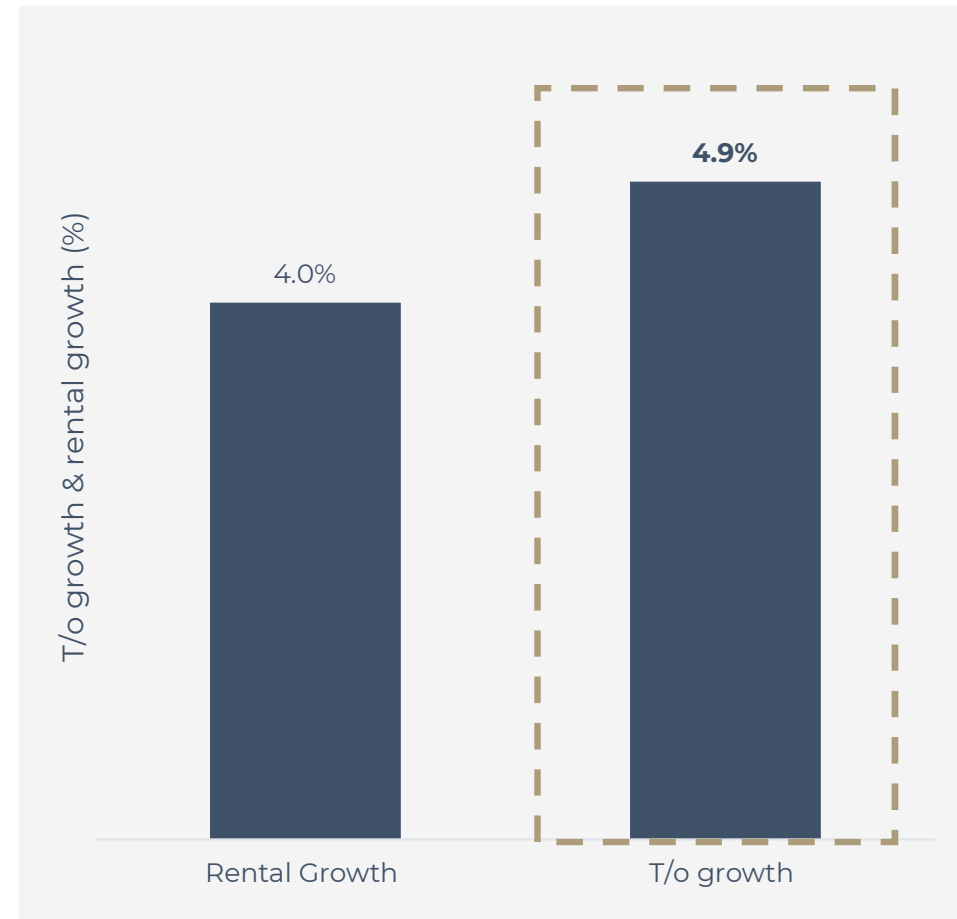
# Omnichannel stores: higher affordable rents



## Delivering outsized revenue growth<sup>(1)</sup>



## Turnover growth above rents<sup>(2)</sup>



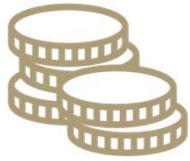


**Cost  
Reductions**

**Lease  
Renewals**

**Capital  
Recycling**

**Joint  
Venture**



**Selling above book value, supporting portfolio valuation**

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**Redeploying capital to enhance earnings**

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**Maintaining robust tenant credit strength**



# Selective disposals of lower yielding assets



Highlights the critical nature of omnichannel store estate to operators

Sold at 7.4% premium to book value<sup>(2)</sup>

Proceeds provide optionality for redeployment<sup>(3)</sup>

# Enhancing earnings through accretive acquisitions



## Sainsbury's Huddersfield



£49.7m – 7.6% NIY<sup>(1)</sup>



106k sq.ft. GIA



1.6% spread to cost of debt<sup>(3)</sup>



Investment grade



Omnichannel

## Carrefour Portfolio



€36.7m – 6.8% NIY<sup>(2)</sup>



40k sq.ft. GIA<sup>(4)</sup>



2.7% spread to cost of debt<sup>(5)</sup>



Investment grade



Omnichannel



**Cost  
Reductions**

**Lease  
Renewals**

**Capital  
Recycling**

**Joint  
Venture**

# Joint Ventures provide further strategic benefits



	Single store sales	Joint Ventures
<b>Supporting valuation</b> <i>Driving NTA growth</i>	✓	✓
<b>Financial flexibility</b> <i>Reduced LTV provides capacity</i>	✓	✓
<b>Scale through third party capital</b> <i>Supporting investment thesis</i>	✗	✓
<b>Management fee</b> <i>Additional earnings generation</i>	✗	✓
<b>Retaining ownership</b> <i>Medium term pipeline</i>	✗	✓



## Investment Market

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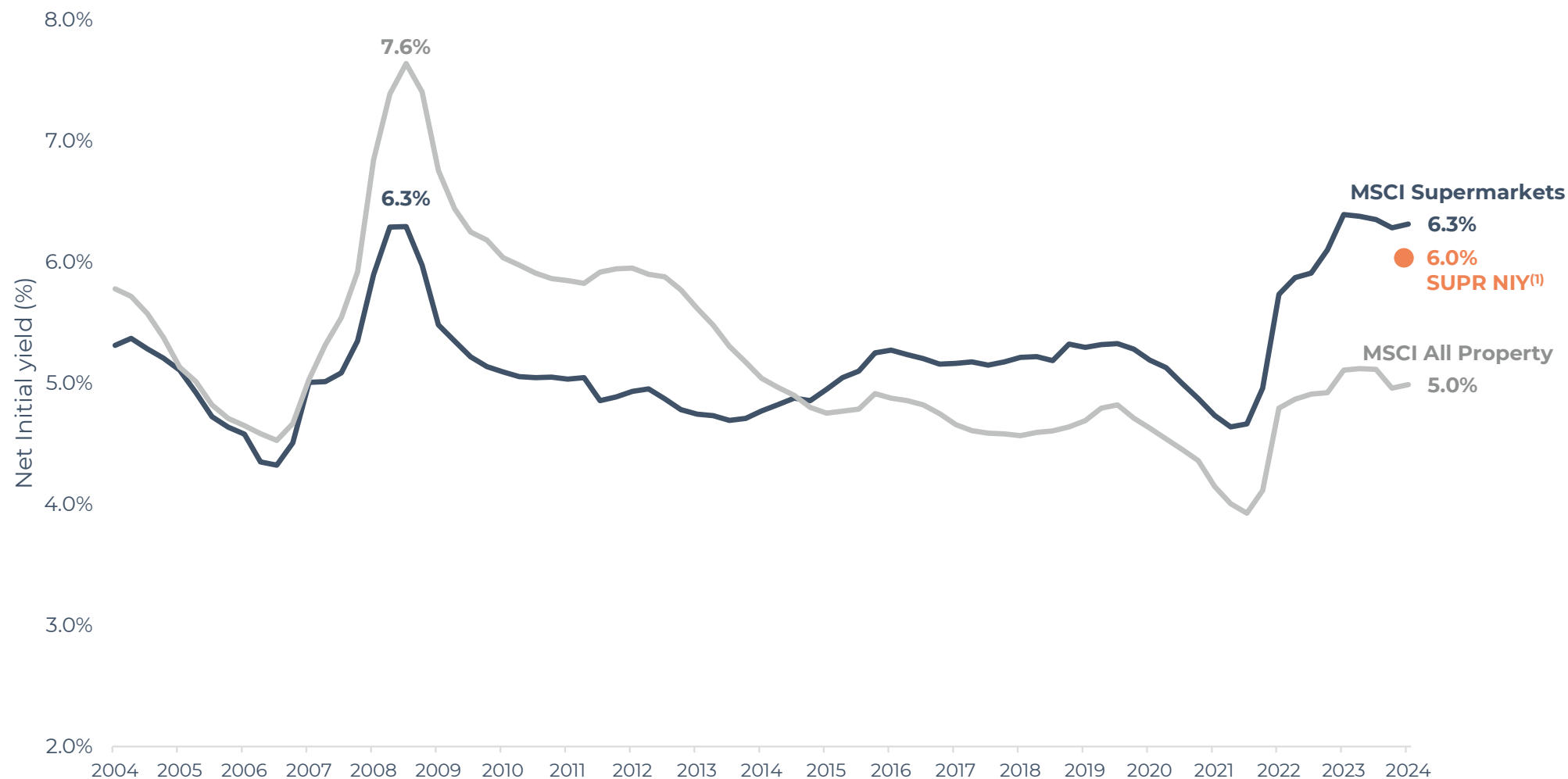
Sainsbury's



Photo: Sainsbury's, Ashford



# Supermarket investment yields have peaked



# Supermarket yields supported by transactions



## Sainsbury's Wantage

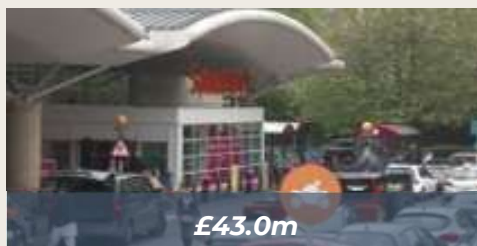


4.6%  
NIY

25yrs  
WAULT

lgps

## Sainsbury's Halifax



6.1%  
NIY

14yrs  
WAULT

ICG

## Tesco Congleton



7.0%  
NIY

7yrs  
WAULT

TESCO

Purchaser

Competition for assets provide upwards pressure on portfolio valuations

# SUPR's investment case



**Defensive sector, resilient throughout economic cycles**



**Highly secure income – 79% investment grade<sup>(1)</sup>**



**Excellent visibility of income – 12 year WAULT<sup>(2)</sup> with 81% inflation-linked<sup>(3)</sup>**



**Future proofed stores acting as last mile omnichannel fulfilment hubs**



**Growing store revenues provide sustainable rental growth**

*Photo: Sainsbury's, Newcastle*



# Well positioned for future growth



Resilient and  
highly attractive  
grocery sector

Focus on  
enhancing  
earnings and  
closing discount  
to NTA

Targeting  
further progress  
on strategic  
initiatives

*Photo: Tesco, Prescot*

# Key near term deliverables



Deliver  
internalisation  
and pursue  
change of listing

Strategic JV and  
review of capital  
allocation  
options

Refinancing of  
debt and extend  
maturity





## Q&A

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Sainsbury's

Photo: Sainsbury's, Ashford

# Proposed Internalised structure: experienced team



## Management Team



**Rob Abraham**  
CEO

- Fund Manager, for 3 years, with Atrato for 6 years, helping grow SUPR's portfolio from 7 to 82 supermarkets
- 14 years of experience across real estate, finance, capital markets and investment
- CFA qualified



**Mike Perkins**  
CFO

- Finance Director, Supermarkets, for 1 year
- Previously CFO at Logistics Asset Management, IA to Urban Logistics REIT
- 15 years' experience in the real estate and financial services sector
- 8 years of listed real estate experience
- Fellow, ACCA

Simplified leadership structure

Experienced team of 14 full time employees including Fund Management, Asset Management, Investor Relations and Finance functions

Efficient operational transition of entire platform

Team which is 100% focused on SUPR

## Board of Directors



**Nick Hewson**  
Chair



**Sapna Shah**  
SID



**Jon Austen**  
Audit Chair



**Vince Prior**  
NED



**Frances Davies**  
NED



**Cathryn Vanderspar**  
NED



**Roger Blundell**  
NED

## Outsourced services

- HR
- IT
- Cosec
- ESG

# Delivering cost savings of at least £4m per annum



Units: £000s	FY24 adjusted for Dec-24 IA fee change <sup>(1)</sup>	Pro-forma 12 month run rate <sup>(3)</sup>	Notes
Investment adviser fees	7,786	-	Market cap based fee <sup>(2)</sup>
Salaries, social security costs	-	4,200	Transferred management team, allows for 50% vesting of LTIPs
Director's remuneration	410	580	New NED fees following internalisation
Corporate administration fees	740	600	Key savings – AIFM <sup>(1)</sup>
Legal and professional fees	1,475	1,400	No material change
Other administrative expenses	2,812	1,820	Key savings – Accounting and Payment Services <sup>(1)</sup>
Office, IT and other costs	-	500	
<b>Total</b>	<b>13,223</b>	<b>9,100</b>	<b>c.£4m total saving vs market cap based fee</b>

*Past performance is not indicative of future results*

# Portfolio let to leading supermarket operators



82

Supermarkets<sup>(1)</sup>

6.0%

Net Initial  
Yield<sup>(2)</sup>

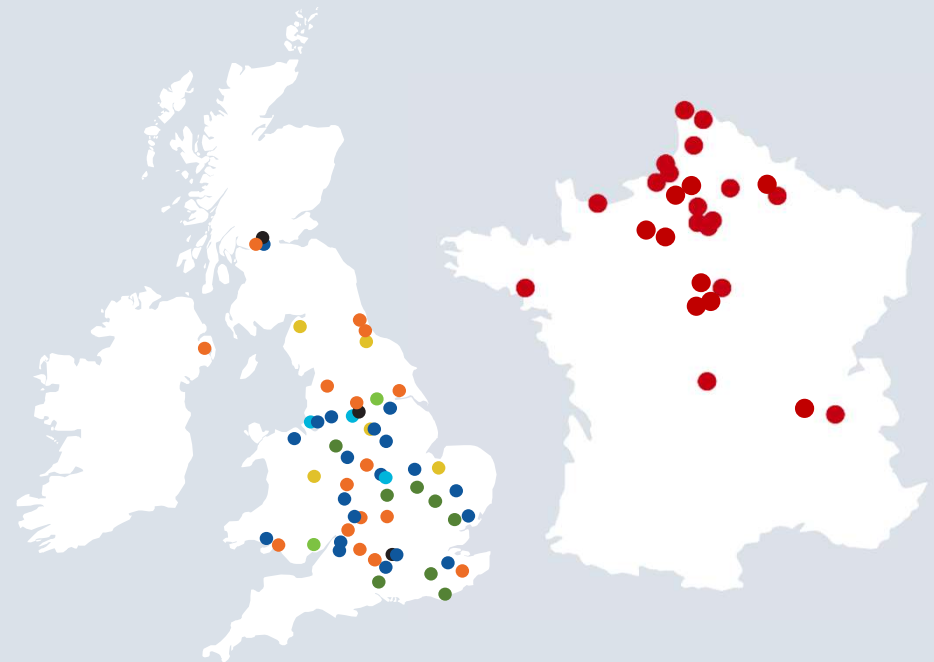
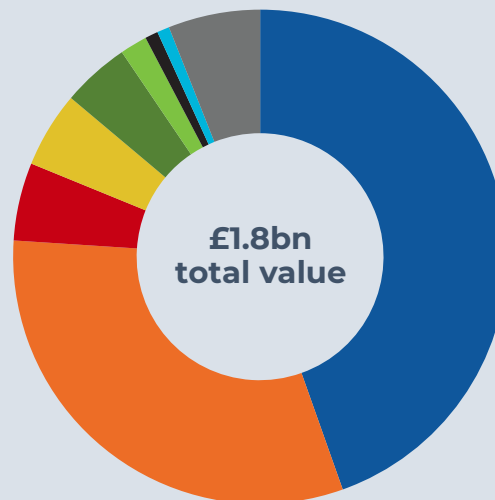
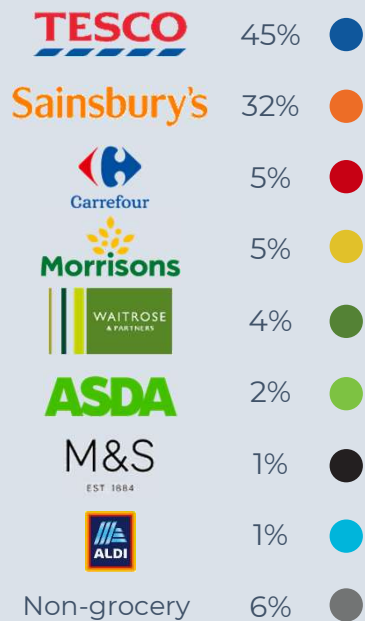
94%

Omnichannel  
stores<sup>(3)</sup>

79%

Investment  
grade<sup>(3)</sup>

## Exposure by value<sup>(2)</sup>



Map locations are  
indicative only.

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