



Supermarket Income REIT plc is a real estate investment trust dedicated to investing in supermarket property forming a key part of the future model of UK grocery. We provide investors with long dated, secure, inflation-linked income and potential capital appreciation over the longer term.

Investment Policy

Highly focused investment strategy in omnichannel stores:



TRADITIONAL
IN-STORE



CLICK & COLLECT
AT STORE



HOME DELIVERY
FROM STORE

With attractive lease terms:



18 YEARS AVERAGE
LEASE LENGTH



UPWARD-ONLY RPI
LINKED RENT REVIEWS



MORRISONS, SAINSBURY'S
AND TESCO

Providing regular, sustainable, inflation-linked income:



5.58
PENCE
TOTAL DIVIDEND
DECLARED FY18



3.2%
DIVIDEND GROWTH⁽⁴⁾



5.63
PENCE
FULL YEAR DIVIDEND
TARGET⁽³⁾

Financial and Operating Performance

Performance to date:

- Acquired seven supermarkets in the UK that operate as both physical supermarkets and as online fulfilment centres
- All assets have upward only, RPI linked rent reviews
- Rapid deployment of capital, fully invested within six weeks, all assets acquired off market
- Investment properties independently valued at 4.7% above the aggregate acquisition price⁽¹⁾
- FY 2018 Total Shareholder Return of 8%⁽²⁾

Target returns:

- Full year dividend target 5.63p FY19⁽³⁾
- 7-10% net total return target over the medium term

Our portfolio

Omnichannel focus underpinned by strong covenants

Sainsbury's

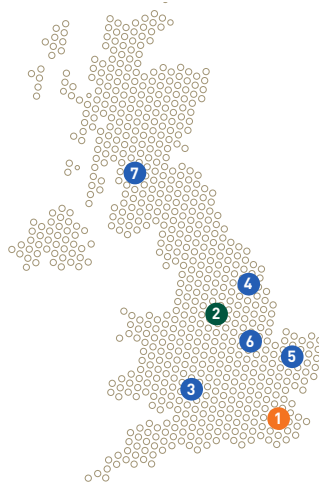
- 1 Sainsbury's Ashford



- 2 Morrisons, Sheffield

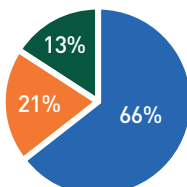


- 3 Tesco, Bristol
- 4 Tesco, Scunthorpe
- 5 Tesco, Thetford
- 6 Tesco, Mansfield
- 7 Tesco, Cumbernauld



Portfolio tenant mix by annualised passing rent

- Tesco 66%
- Sainsbury's 21%
- Morrisons 13%



£366m

Portfolio valuation

5.0%

Valuation yield

£19.2m

Passing annualised rent

18 yrs

WALVT

4.7%

Increase in value⁽¹⁾

43%

Net loan to value⁽²⁾

96p

EPRA NAV⁽²⁾

- (1) Valuation growth over aggregate purchase price, ex acquisition costs, ex Mansfield acquisition
(2) As per last audited financial results June 2018
(3) This is a target not a forecast of future performance
(4) As per 1 Oct to 31 Dec 2018 dividend declaration

We invest in future-proofed stores; modern, flexible buildings providing both physical retailing and last mile online distribution.

The Omnichannel Model



Rationale

Omnichannel stores are:

- Large, modern buildings adapted to operate both in store and online retail operations
- Located in strategic locations close to major road networks and within large catchment areas
- The principal method of online grocery distribution in the UK: 90% of Tesco online orders are fulfilled in store
- Positioned to benefit from online channel growth, predicted to increase 70% by 2023 to £17bn
- The model being adopted by major online retailers including Amazon through Whole Foods and Alibaba through HEMA

Supermarket Property – The Investment Case

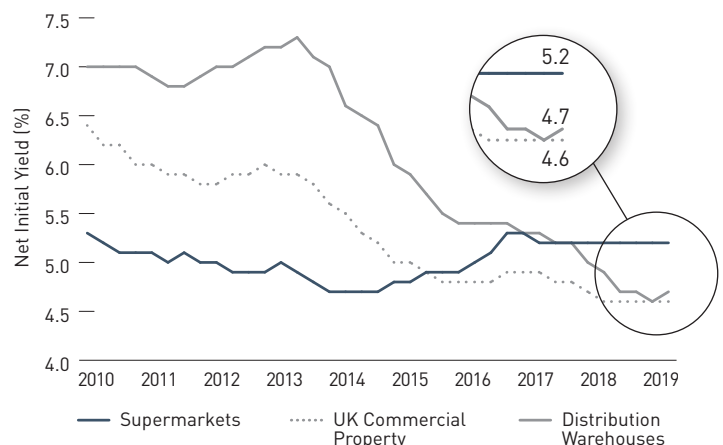
Stable Predictable Income

- Grocery is a non-cyclical, low volatility sub sector
- 30 year track record of delivering stable, predictable income
- Very large institutional grade tenants – Big Four have c.70% of UK grocery market share

Strong Value Proposition

- Current yields present a buying opportunity
- Leases provide an attractively priced source of RPI inflation
- Typically very well located for last mile logistics

Supermarket yields present a buying opportunity compared to All Property and Distribution Warehouses



At a Glance

Ticker
SUPR

Listed
**London Stock
Exchange,
Main Market**

Market cap⁽⁵⁾
£245m

(5) Based on share price as at 29 April 2019
Fact sheet as at 29 April 2019

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