

24 February 2025

SUPERMARKET INCOME REIT PLC
(the "Company")

UPDATE ON PORTFOLIO INITIATIVES

Supermarket Income REIT plc (LSE: SUPR), the real estate investment trust with secure, inflation-linked, long-dated income from grocery property, is pleased to announce its progress against a number of key portfolio initiatives which were outlined in the announcement on 18 November 2024. These significant actions demonstrate the attractions of our high quality portfolio, our conservative valuations and our ability to recycle capital to drive earnings accretion.

Sale of Tesco, Newmarket for £63.5 million

The Company has completed the sale of Tesco, Newmarket to its operator, Tesco plc, for £63.5 million. The sale was completed at a 7.4% premium to the 30 June 2024 valuation. This sale of a large format omnichannel store at an attractive valuation, underlines the strategic importance of the Company's assets to the supermarket operators. The passing rent of the store upon disposal was £3.5 million.

In recycling the proceeds, the Board will consider options to create accretive value for shareholders.

The Company continues to actively explore opportunities to recycle capital through individual asset sales and potential joint ventures at attractive valuations.

Lease renewals - average 4% rent to turnover^[1] and 35% above MSCI rents

The Company has successfully completed three lease renewals on Tesco stores located in Bracknell, Bristol and Thetford, which were the three shortest leased Tesco stores in the Company's portfolio. These store leases have been renewed at an average 4% rent to turnover¹, 35% above MSCI's supermarket benchmark index and 13% above the Company's valuer's estimated rental values (as at 30 June 2024). The leases have been extended to 15 years with annual RPI-linked rent reviews (subject to a 4% cap and a 0% floor). The regeared stores are expected to benefit from a capital value growth which will be fully reflected in the 30 June 2025 valuation.

The lease renewals demonstrate the affordable rental levels for the Company's strong trading, large format omnichannel stores. The Company's WAULT has increased from 11 years to 12 years^[2]. The Company's next material lease expiry is not until 2032^[3].

Earnings enhancing acquisitions - nine omnichannel Carrefour supermarkets in France

The Company has continued to demonstrate its ability to deploy capital into earnings enhancing assets with an attractive spread to the cost of debt. The Company has completed the acquisition of a portfolio of a further nine omnichannel Carrefour supermarkets in France. The stores were acquired through a direct sale and leaseback transaction ("SLB") with Carrefour, for a total purchase price of €36.7 million (excluding acquisition costs), at a portfolio net initial yield of 6.8%^[4]. The Company now has 26 Carrefour stores in France, representing c. 5%^[5] of its gross assets.

The nine stores, which have an average gross internal area of c. 40,000 sq ft per store, operate under the Carrefour Market brand and are all well established with long trading histories and low competition in their catchment areas. These omnichannel supermarkets form part of Carrefour's "Drive" online grocery fulfilment network.

The SLB portfolio has been acquired on a weighted average lease term of 12 years (with a tenant-only break option in year 10), subject to annual uncapped inflation-linked rent reviews.

This acquisition was financed through a private placement with an institutional investor for €39 million of new senior unsecured notes (the "Notes"). The Notes have a maturity of seven years and a fixed rate coupon of 4.1%.

Following the placement of the Notes and receipt of proceeds from the sale of Tesco, Newmarket, the Company has a pro-forma LTV of 38%.

Nick Hewson, Chair of Supermarket Income REIT plc, commented:

"We have made significant progress on the portfolio initiatives that we set out in November 2024, which together are intended to support our earnings growth. These transactions highlight the inherent value of the portfolio, the importance of these stores for the grocery operators and our ability to crystallise value as part of our capital recycling strategy. We remain focused on continuing to make good progress with our remaining strategic initiatives, including delivering further cost savings for the Company, and we look forward to updating the market in due course."

FOR FURTHER INFORMATION

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NOTES TO EDITORS:

Supermarket Income REIT plc (LSE: SUPR, JSE: SRI) is a real estate investment trust dedicated to investing in grocery properties which are an essential part of the feed the nation infrastructure. The Company focuses on grocery stores which are omnichannel, fulfilling online and in-person sales. The Company's supermarkets are let to leading supermarket operators in the UK and Europe, diversified by both tenant and geography.

The Company's assets earn long-dated, secure, inflation-linked, growing income. The Company targets a progressive dividend and the potential for capital appreciation over the longer term.

The Company is listed on the Closed-ended investment funds category of the FCA's Official List and its Ordinary Shares are traded on the LSE's Main Market. The Company also has a secondary listing on the Main Board of the JSE Limited in South Africa.

Atrato Capital Limited is the Company's Investment Adviser.

Further information is available on the Company's website www.supermarketincomereit.com

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[1] Based on Atrato Capital's estimates

[2] Post: Sale of Tesco, Newmarket, three Tesco lease renewals and the acquisition of 8 Carrefour stores (plus one Carrefour store for which the Company has signed a conditional purchase to buy)

[3] Excludes leases where passing rent is <0.3% of annual rent roll

[4] Includes one store for which the Company has signed a conditional purchase to buy

[5] Exposure by valuations as at 30 June 2024, including post balance sheet events

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