Supermarket Income REIT

Interim results

Financial and strategic progress

Real estate

Supermarket income REIT (SUPR) showed a strong H122 financial performance, driven by accretive portfolio growth alongside index-linked rental growth. The prospects for this to continue are well supported by structural trends in the market. SUPR continues to identify accretive acquisition opportunities while its recent admission to the Premium Segment of the LSE and Investment Grade credit rating provide additional flexibility and depth to its funding strategy.

Year end	Rental income (£m)	EPRA earnings (£m)	EPRA EPS* (p)	NAV*/share (p)	DPS (p)	P/NAV (x)	Yield (%)
06/20	26.4	16.8	5.0	101	5.80	1.20	4.8
06/21	47.9	36.8	5.6	108	5.86	1.13	4.8
06/22e	71.2	56.5	6.1	114	5.94	1.06	4.9
06/23e	82.7	61.4	6.2	119	6.10	1.02	5.0

Note: *EPRA EPS is normalised, excluding gains on revaluation and other non-recurring items. **NAV is EPRA net tangible assets.

Strong investment returns continued in H122

Strong H122 progress included a 60% y-o-y increase in net rental income (to £32.6m) and EPRA earnings growth of 74% (to £26.9m). Confirming the benefits of increasing scale, the EPRA cost ratio fell to 15.6%. EPRA EPS was up 11% to 3.1p and covered DPS 1.13x. NAV per share increased 5% versus end-FY21 and including DPS paid the NAV total return was 7.8%. NAV growth benefited from 2% like-for-like growth in the direct portfolio and strong gains in the JV following Sainsbury's exercise of purchase options over 21 of the 26 assets. The £200m (gross) proceeds of the October 2021 equity raise were fully deployed within three months in accretive acquisitions and debt funding is in place for further growth. Our EPRA EPS forecasts are reduced c 2% in FY22 and 5% in FY23, primarily due to higher interest rates, but forecast fully covered DPS growth is unchanged.

Supported by structural trends

UK grocery sales remain 10% above pre-pandemic levels despite the economy re-opening, in part due to the impact of the shift towards working from home on household spending. Omnichannel stores, the focus of SUPR's portfolio, have captured an outsized share of the growth with 80% of all UK online orders fulfilled from a store. Inflation is providing a positive tailwind for SUPR, with 85% of rents inflation linked, while the non-discretionary nature of most grocery sales has historically benefited the sector in an inflationary environment. Migration to the Premium Segment of the LSE, with likely inclusion in the FTSE 250 and EPRA NAREIT indices in June, and the attainment of an Investment Grade credit rating may provide access to a wider pool of investors and add to debt funding flexibility. Both should support further inorganic growth from a strong pipeline of opportunities.

Valuation: Well supported income visibility

SUPR provides visibility of income and DPS growth with good inflation protection. The prospects for further capital growth are also favourable. The FY22 target DPS of 5.94p represents a yield of 4.9%, in line with a selected peer group of other long-income REITs and supporting the c 7% premium to end-H122 NAV.

21 March 2022

Price	**121p**
Market cap	**£1,192m**

Net debt (£m) at 31 December 2021	454.0
Net LTV at 31 December 2021	32.1%
Shares in issue	985.5m
Free float	99.5%
Code	SUPR
Primary exchange	LSE
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	2.5	(0.8)	13.1
Rel (local)	4.0	(0.9)	5.6
52-week high/low		127p	107p

Business description

Supermarket Income REIT, listed on the Premium Segment of the London Stock Exchange, invests in supermarket property, primarily let to leading UK supermarket operators, on long, inflation-linked leases. The investment objective is to provide an attractive level of income, with the potential for capital growth, with a 7–10% pa total shareholder return target over the medium term.

Next events

Q3 DPS declared	8 April 2022

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Edison profile page

Supermarket Income REIT is a research client of Edison Investment Research Limited

Visible income and growth potential

Supermarket Income REIT (SUPR), now listed on the Premium Segment of the London Stock Exchange (having initially listed on the specialist fund segment), invests in a diversified portfolio of supermarket property, let to leading UK supermarket operators on primarily long, RPI-linked leases. The investment objective is to provide an attractive level of income, with the potential for capital growth and a 7–10% pa total shareholder return target over the medium term. Since listing in July 2017, SUPR has paid increasing dividends and has generated consistently positive returns in line with its targets.

Supermarket property has a long record of positive total returns. These have been underpinned by stable income, reflecting typically long lease commitments, a strong occupier covenant, and the non-cyclical nature of grocery retailing. SUPR predominantly targets omnichannel stores that operate both as physical supermarkets and as online fulfilment centres, in strong locations, with asset management potential. The company firmly believes that omnichannel stores represent the future model of grocery in the UK, being able to benefit from the expected continued growth of grocery sales, the increasing popularity of online purchasing and the key role that such assets play in the online business strategies of the tenant operators.

Advised by Atrato Capital

The company has an independent board of non-executive directors and has appointed Atrato Capital as investment adviser. The Atrato management team brings a very high level of experience and knowledge of the UK real estate sector, having advised on, structured and executed more than £5.0bn of supermarket transactions (including more than £1.5bn for SUPR) over the past decade. In March 2019, Justin King joined Atrato as a senior adviser. He is widely recognised as one of the UK's most successful grocery sector leaders, with a wealth of experience in the grocery sector and a deep understanding of grocery property strategy. He served as chief executive of J Sainsbury for 10 years until 2014, and before that was part of the leadership team at Marks & Spencer and previously held senior roles at Asda. Biographies for key members of the Atrato team can be found at the back of this report. Investment advisor fees are calculated according to a tiered structure, allowing shareholders to benefit more fully from portfolio growth and compare favourably in a sector context. 25% of the investment advisory fee is paid in shares and there is no performance fee. A revised investment advisory agreement in July 2021, ahead of the expiry in July 2022 of the initial agreement in place since IPO, extended the notice period to a rolling two-year term and introduced a new lower fee tier when NAV exceeds £2.0bn.

Exhibit 1: Investment adviser fees on NAV (less uninvested cash)

Up to £500m	0.95%
£500m–1.0bn	0.75%
£1.0bn–1.5bn	0.65%
£1.5bn–2.0bn	0.45%
Above £2.0bn	0.40%

Source: Supermarket Income REIT

Strong near-term returns with a positive outlook

The H122 results showed a strong financial performance, boosted by accretive acquisitions, rental growth and revaluation gains. The prospects for a continuation of these trends are favourable. SUPR identifies three key structural factors that currently underpin this positive outlook, namely: the trend to working from home, which continues to favour grocery spending at the expense of restaurants and bars; positive inflationary tailwinds that drive rental growth and support the performance of operators; and digital transformation, increasing the market share of the omnichannel stores on which SUPR is focused. We explore each of these below. Income visibility and security continues generate strong investor demand for supermarket properties, driving up asset prices and SUPR's NAV, but is compressing acquisition yields. We nevertheless expect the strong asset sourcing capabilities of the investment adviser in combination with its sector expertise and intelligence to support continuing accretive acquisition led growth. The proceeds of October's £200m (gross) equity raise were deployed within three months and, including subsequent transactions, SUPR has now deployed £277m, with the acquisitions of six supermarket assets. Debt funding capacity remains for further acquisitions and the distribution of cash from SUPR's highly successful indirect investment in the Sainsbury's Reversion Portfolio (described in detail below) in the middle of calendar 2023 will release significant cash (we estimate £184m) for redeployment. We assume deployment will be into further asset growth, but should acquisition yields compress to a level where this no longer creates value we expect SUPR to consider alternative options, including a return of capital to shareholders.

The post-H122 entry into the Premium Segment of the LSE and the attainment of an Investment Grade credit rating are strategic milestones, providing access to a wider base of potential equity investors and adding increased debt funding flexibility. Both will further support inorganic portfolio growth from a continuing strong pipeline of identified opportunities.

The shift to working from home and increased digitalisation

Increased working from home appears likely to remain a permanent feature even as the economy fully re-opens and represents a step-change in UK grocery shopping habits. During the pandemic, supermarkets demonstrated their critical role in the UK economy as core food infrastructure and although the exceptional growth experienced during the lockdowns has normalised, grocery sales remain 10% higher than pre-pandemic levels, in part due to the shift towards working from home resulting in a more permanent increase in household spend on groceries. While in-store shopping remains the dominant channel, representing 87% of all grocery sales,[1] the 13% share of online sales is almost twice the pre-pandemic level. Omnichannel stores have captured an outsized share of the growth with 80% of all UK online orders fulfilled from a store. Omnichannel stores with in-store picking for online orders are capital light, flexible and quickly scalable, and have now become a profitable method of fulfilling online orders. The online channel shift has been dominated by the major supermarket operators (68% market share) leveraging their store networks to support last mile delivery.

Inflation benefits

Given the non-discretionary nature of most grocery sales, supermarkets have historically benefited from an inflationary environment, with their ability to pass on supply chain cost pressures through price increases. In February 2022, the 12-month rate of RPI was 7.1%, the highest rate of increase since March 1991, while CPI increased by 5.5%, the highest rate of increase since March 1992. The Bank of England continues to expect a moderation in inflation as commodity prices stabilise, supply shortages ease and global demand rebalances, but this is far from assured, and has surely been deferred by the continued rise in oil and commodity prices amid international tensions and war in Ukraine.

SUPR benefits in two ways from this inflationary tailwind. The first is through the inflation-linked rental uplifts that apply to 85% (76% RPI and 9% CPI) of passing rent, although this is capped at an average c 4%. The second is from the beneficial impact that may be expected on operators

[1] Kantar data

including the linkage between store turnover and the determination of market level rents. SUPR estimates that its average rent to turnover ratio across the portfolio is c 4%,[2] which it believes indicates that rents remain highly affordable.

Premium Segment listing

SUPR's migration from the specialist fund segment to a Premium Segment listing on the Main Market of the London Stock Exchange is likely to benefit the company and existing shareholders, including the increased liquidity that should arise from the likely inclusion in the FTSE 250 and FTSE EPRA NAREIT stock indices, including demand from passive and tracker investment funds. The cut-off date for the next quarterly rebalancing of the FTSE 250 Index is 20 May 2022, and the next FTSE EPRA NAREIT quarterly index review will be published on 3 June 2022.

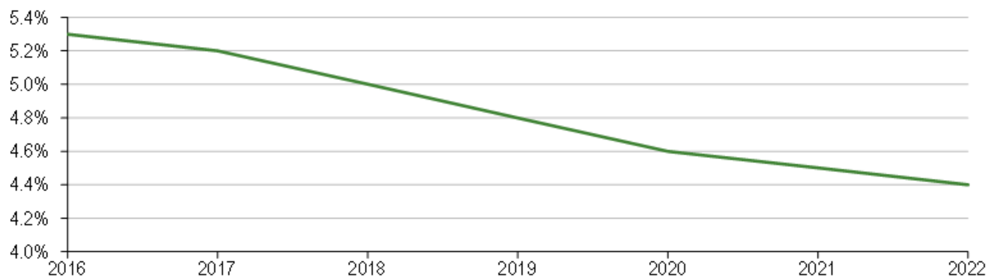
Investment Grade credit rating

The Investment Grade credit rating of BBB+ (stable outlook) awarded by Fitch Ratings provides SUPR with increased debt-funding flexibility and the opportunity to pursue a wider range of debt funding strategies. This includes the potential for accessing the sterling bond market, providing access to longer-term unsecured funding.

Good potential for further yield compression

Exhibit 2, produced by SUPR, tracks whole of market transaction yields in respect of its target market (more than 10 years remaining lease length with fixed or index-linked rent uplifts). With strong investment demand for supermarket assets, yields for the assets that SUPR targets have compressed from c 5–6% at IPO in July 2017 to c 4.4% currently, and this has been reflected in the valuation of SUPR's portfolio[3] and NAV. SUPR's portfolio is currently valued at a 4.7%, yield which it believes reflects a conservative approach by valuers, yet to fully reflect investment market activity, particularly for the omnichannel stores[4] that it targets. SUPR firmly believes there is further valuation upside in its portfolio from yield compression.

Exhibit 2: Atrato supermarket property yield series



Source: Supermarket Income REIT as calculated by Atrato Capitital

Yield compression has largely been driven by strong investment demand for the secure income that supermarket assets provide, with those that have inflation linked or fixed uplift rents (as opposed to those with rents reviewed on an open market basis) providing good visibility of income growth.

[2] Based on Atrato Capital estimates of store trading.

[3] SUPR's directly owned portfolio net initial yield at end-FY21 was 4.6%.

[4] Combining in store delivery with online transactions, both click and collect and home delivery.

Over the past three years, c £5bn of UK supermarket properties have transacted. In addition to SUPR, significant investors such as Realty Income, a large US REIT, have been active in the market, while Tesco has also been active in repurchasing assets as an alternative to leasing. SUPR anticipates further market yield tightening, driven by transaction activity but also by a positive valuation relative to bonds.

Tesco and Sainsbury's unsecured bonds trade at a significantly tighter yield than supermarket property[5] despite the latter getting the benefit of inflationary rent uplifts. Asda bonds trade at a wider yield[6] and SUPR sees potential for selective sale and leaseback transactions.

The spread between UK supermarket property yields and UK index-linked gilts is close to an all-time high and although SUPR's index-linked rent uplifts are capped at an average c 4%, this is in alignment with the longer-term inflation outlook implied by market pricing.

Despite yield compression, SUPR sees further potential for accretive acquisition-led growth using what it believes to be its information and relationship advantage. This may give it an insight into store trading and help it to identify those stores that are strategically important to the operators, supporting its ability to source attractive stores from the very large volume of market transactions.

Swift capital deployment and further opportunities

SUPR has built a strong record of swift capital deployment, achieved by identifying a range of suitable assets ahead of capital raising, primarily off-market and at an advanced stage of due diligence or under exclusivity. By having a range of opportunities, its bargaining position is protected, and swift deployment has usually followed. It has generally been able to deploy equity proceeds within three months and achieve full deployment, including associated debt capital, within six months. The deployment of the proceeds of the most recent £200m (gross) equity raise in October was in line with this trend. By late December 2021, £222m had been committed to four acquisitions, with final completion in early January 2022. Including the subsequent acquisition of an additional two stores, SUPR has now deployed £277m at an average 4.6% net initial yield.

In October, SUPR disclosed an identified pipeline of identified acquisition opportunities of more than £600m but our forecasts include little of this. We assume additional acquisitions of £22m by end-FY22 and a further £300m (before costs) in FY24 as the cash proceeds from the joint venture (JV) (explained below) are redeployed on a geared basis.

SUPR's JV investment has been highly successful

SUPR's investment, through its 50:50 JV with British Airways Pension Fund (BAPF), in a beneficial interest the Sainsbury's Reversion Portfolio ('the reversion portfolio'), has been a highly successful investment in line with its investment case detailed below. Including attractive recurring earnings and capital growth in the portfolio's supermarket assets, the value of SUPR's £108.5m investment (before costs) has already increased to £167.5m with the c £60m gain to date representing an internal rate of return of 19%. Driven by recurring earnings we estimate it will reach c £184m before cash distributions back to SUPR in the second half of 2023, providing significant capital for redeployment.

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5 At 24 February, coinciding with publication of the H122 results, Bloomberg data showed Tesco 2.75% April 2030 (BBB- unsecured) bonds yielding 3.0% and Longstone Finance (Sainsbury's) 4.8% April 2030 (A+ secured) bonds yielding 2.3%.

6 Bells Finco (Asda) 3.25% February 2026 (BB- secured) bonds yielded 5.7% at 24 February (source: Bloomberg).

The reversion portfolio, one of the largest in the UK, comprising 26 high-quality supermarkets, was created by Sainsbury's in 2000 through two sale and leaseback transactions (Highbury Finance and Dragon Finance). Sainsbury's retains the remaining 49% beneficial interest in the portfolio, occupies the stores and pays all the rents under the current occupational leases, which expire in March 2023 and July 2023. The rental income is used to service and repay the debt of the securitisation vehicles, generating a steady increase in their net assets before any changes in portfolio property valuations.

SUPR's JV with BAPF was formed in May 2020 to acquire from British Land Plc an initial 25.5% stake in the reversion portfolio for £102m (excluding acquisition costs). In February 2021 the JV acquired a further 25.5% stake in this portfolio from Aviva for £115m (excluding acquisition costs). Both transactions reflected a discount to prevailing net asset value, which has since increased as described above. The increase in the value of SUPR's investment in the JV reflects its share of the increase in the net asset value of the securitisations.

Sainsbury's had the option to repurchase stores from each of the sale and leaseback transactions ahead of the lease expiry and has done so over 21 of the 26 stores,[7] while the remaining five stores remain under negotiation with Sainsbury's. The price that Sainsbury's will pay to acquire the stores over which its purchase option has been exercised will be fixed at the expiry of the leases and based on the market value of an assumed new 20-year lease to Sainsbury's with the initial rent set at the higher of passing or open market, subject to upward-only, five-yearly market rent reviews. The transactions will be completed in March and July 2023 respectively on the expiry of the current occupational leases. Until then, Sainsbury's will continue to pay rent until completion, and SUPR's beneficial interest will continue to generate recurring returns. It is not clear at this stage whether Sainsbury's will continue to occupy the five stores where it has not exercised its repurchase option, but in any case, these will be sold from the securitisation vehicles or refinanced and may provide acquisition opportunities for SUPR.

Exhibit 3: Schedule of option terms

Two securitisations	Highbury Finance	Dragon Finance
Current lease expiry date	Mar 23	Jun 23
Sainsbury's option to purchase or regear	Aug 21 to Sep 21	Dec 21 to Jan 22
Total number of stores	16	10
Purchase options exercised	13	8
Option price setting date	Mar 22	Jul 22
Option completion date	Mar 23	Jul 23

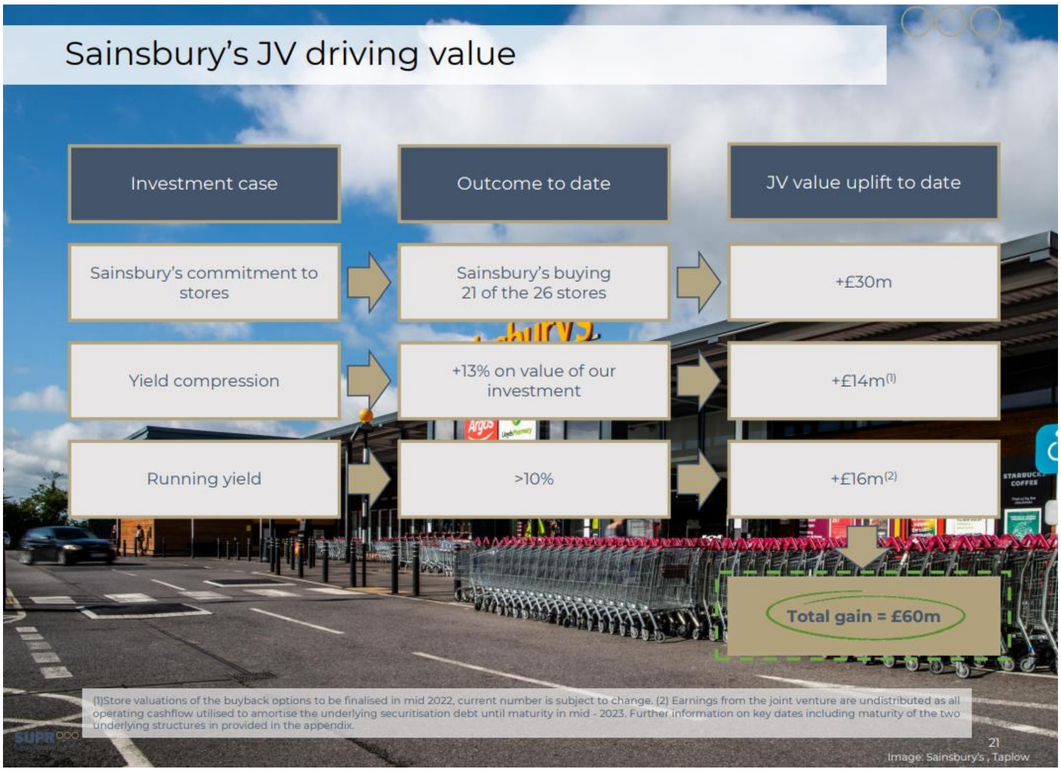
Source: Supermarket Income REIT

SUPR's investment case was based on its expectation that Sainsbury's would remain committed to the stores and its assessment of the quality of the stores,[8] and this has been proven by the strong returns generated. Exhibit 4 shows a breakdown of the c £60m uplift in the value of SUPR's JV investment to date.

[7] In September 2021 Sainsbury's exercised its option over 13 of the 16 Highbury Finance stores. In January 2022 its exercised its option over eight of the 10 Dragon Finance stores.

[8] The quality and trading performance of the portfolio is indicated by the fact that SUPR estimates to represent c 4% of the total Sainsbury's estate (by floor space) but generates c 7% of annual sales.

Exhibit 4: Summary of JV returns



Source: Supermarket Income REIT

Of the total revaluation gains to date of £44m,[9] c £30m has been generated by Sainsbury's purchase option exercise and c £14m from yield compression. The cumulative running yield of c £16m (ie, excluding revaluation gains) represents a more than 10% return on investment. The running yield will continue to accumulate until lease expiry, at a current rate of c £12m pa.

[9] When the JV was created, a new SUPR affiliate (Atrato Halliwell) was established to act as investment adviser. Atrato Halliwell receives an annual advisory fee from the JV on the proportion attributable to BAPF. It also has carried interest, which entitles it to share in JV cash returns in excess of 10%, up to a capped maximum. Based on the JV returns to date, SUPR has provided for its £7.5m maximum share of the carried interest.

Consistently strong returns

SUPR's targeted 7–10% pa return is the product of rental growth, supporting dividend growth and, to the extent that property valuation yields do not change, is capitalised into asset value and NAV growth. Targeted returns also assume a benefit from gearing, which the company expects to be 30–40% over the medium term on a fully invested basis.

The accounting total return (change in NAV adjusted for dividends paid) has been consistently positive since the company listed in July 2017, averaging 8.1% pa and within the target range. Dividends per share have increased each year and represent c 60% of the total return. Annualised returns have steadily increased over the period (the 7.8% return in H122 represents an annualised rate of more than 16%), benefiting from swift deployment of capital resources, acquiring well-performing assets, and increased scale and diversification. Returns would be higher if adjusted for the c 7p per share of aggregate acquisition costs incurred in building the portfolio since IPO. Shareholder total return of 48% since IPO (the change in the share price adjusted for dividends paid) has been higher than the accounting total return, reflecting the premium to NAV at which the shares trade.

Our forecasts indicate an 8.9% average annual total return during FY22 to FY25, despite a drag on returns in FY24 resulting from our assumed reinvestment of the cash distributions from its JV (see details below). We have not assumed yield compression, for which there are positive indicators, and this would have a positive impact on our forecast returns.

Exhibit 5: NAV total return

	FY18*	FY19	FY20	FY21	H122	IPO to end-H122	FY22e	FY23e	FY24e	FY25e	FY22-FY25
Opening NAV per share (p)	97	96	97	101	108	97	108	114	119	122	108
Closing NAV per share (p)	96	97	101	108	113	113	114	119	122	127	127
DPS paid (p)	4.1	5.6	5.8	5.9	3	24.3	5.9	6.1	6.2	6.4	24.6
NAV total return	3.4%	6.6%	10.7%	12.1%	7.8%	41.6%	11.7%	9.6%	7.5%	9.5%	40.9%
Annual average return						**8.1%**					**8.9%**

Source: Supermarket Income REIT data, Edison Investment Research forecasts. Note: *Adjusted for IPO issue costs.

Sustainability goals aligned with tenants

SUPR's ESG strategy is currently very focused on the sustainability agenda, which benefits from a close alignment of the aims of both SUPR and its tenants, who continually invest to improve the environmental credentials of the stores they operate. This includes initiatives such as the installation of energy efficient lighting and refrigeration, which improves energy efficiency at no cost to SUPR. The company is also introducing green provisions in all new leases aimed at supporting operators with their net zero carbon targets by 2040 or earlier.

Currently 75% of SUPR's portfolio has an EPC[10] rating of C or better, a 5pp improvement compared with end-FY21, and SUPR continues to develop its sustainability agenda. The board is currently conducting a search for an additional board member with relevant experience to enhance its sustainability skills. The investment adviser, Atrato, has recently appointed a head of sustainability and has engaged a third-party to work on SECR[11] for the company and its funds.

[10] Energy Performance Certificate

[11] Streamlined Energy & Carbon Reporting (SECR) is a piece of legislation that makes it mandatory for large businesses, including charitable organisations, to report their energy and carbon emissions, as well as efficiency measures taken throughout the year, on an annual basis.

The directly owned portfolio continues to grow and diversify

Selective investment policy

SUPR is highly selective in the supermarkets it acquires, seeking to assure that its portfolio benefits from long unexpired lease terms with contractual, upward only, rental uplifts. It undertakes a robust process of due diligence to identify acquisition opportunities and screen for sustainability credentials. SUPR's stores will typically have the following attributes:

- sites that are critical to the operations of the operators,
- ideally located in large catchment populations with good transport links,
- long unexpired leases with inflation-linked rental uplifts,[12]
- robust underlying trading and strong tenants,
- attractive property fundamentals with opportunities for active asset management, and
- good sustainability credentials or the potential for improvement through assets management.

Strong portfolio growth despite selective approach

SUPR's direct portfolio has grown very strongly since listing (Exhibit 6). Including post-H122 acquisitions it is externally valued at just over £1.5bn, comprising 41 assets, with annualised passing rent of £77.0m reflected in a net initial yield of 4.7%.

At end-H122 the portfolio valuation was £1,413.5m, up £265.1m during the six months, of which acquisitions accounted for £243.4m and valuation growth £21.7m, a 2.0% like-for-like gain.

Exhibit 6: Direct portfolio development

	H118	H218	H119	H219	H120	H220	H121	H221	H122	Current*
Portfolio valuation (£m)	207.9	264.9	320.7	368.2	490.4	539.4	885.3	1,148.4	1,413.5	1,541.0
Annualised passing rent (£m)	10.7	13.6	16.5	19.2	26.1	28.7	46.1	57.8	70.2	77.0
No. stores	4	5	6	7	9	19	27	30	38	41
Net initial yield	4.9%	4.9%	4.9%	5.0%	5.0%	5.0%	4.7%	4.7%	4.7%	4.7%

Source: Supermarket Income REIT. Note: *Edison estimate at date of this report.

Most rents (88%) are either linked to inflation (85%) or subject to fixed uplifts (3%), with 12% set on an open market basis. Most rents (64%) are reviewed on an annual basis, providing regular uplifts in rental income, with 34% reviewed at five-yearly intervals, and a small number at seven-yearly intervals.

The weighted average lease term (WAULT) of the portfolio is 15 years with the longest individual term to expiry 36 years and the shortest six years. SUPR focuses on index-linked longer leases for the income visibility they provide, but shorter leases may provide enhanced returns, blending a higher immediate yield with asset management opportunities to regear (extend) the lease. SUPR will also acquire assets subject to open market rent reviews where the investment case is strong.

The portfolio valuation includes £54m of properties with annualised passing of £4.4m in respect of the ancillary assets (typically non-food stores) that have been acquired alongside a small number of the supermarket acquisitions. These ancillary assets are not targeted by SUPR but can provide access to attractive supermarkets, allowing it to maintain full strategic control over sites, while also providing asset management options.

A notable example of SUPR using its sector specialist expertise to identify value add opportunities was the September 2021 acquisition of an omnichannel Tesco store in Prescot. Having identified

[12] SUPR will also acquire assets shorter lease assets where it sees potential to regear (extend) the lease and will also consider attractive assets with open market rents.

the attractions of this top-quartile trading store, situated in a densely populated catchment area, SUPR had been engaged in off-market discussion for a couple of years. For many potential acquirers the short (four-year) remaining lease term, significant unutilised site area and a high rent to store turnover ratio posed uncertainty over the lease renewal outcome. SUPR was able to de-risk the asset at acquisition, agreeing a new 15-year annual CPI-linked lease with rebased an affordable level (estimated by SUPR at 4% of store turnover), creating material additional value. By acquiring an adjacent site SUPR has created the opportunity to create further online capacity for the store.

In February 2022, SUPR completed another value creating lease regear of a strategically important omnichannel store let to Tesco store in Leicester. The open market value lease with eight years remaining was replaced with a new 15-year lease with annual RPI uplifts, with rents also rebased to 4% rent-to turnover.

With its growth, the portfolio has become increasingly diversified by store operator as well as by geography, although it continues to be focused on the main operators, Tesco and Sainsbury's. During H122 SUPR added M&S to its list of tenant operators and in January added Asda. Full details of the portfolio (and the Sainsbury's Reversion Portfolio) are available on SUPR's website.

Exhibit 7: Portfolio diversification by operator

Operator	Number of stores	Valuation (£m)	Portfolio share
Tesco	13	680	46%
Sainsbury's	10	515	35%
Morrisons	5	135	9%
Waitrose	8	107	7%
Asda	1	28	2%
Aldi	3	17	1%
M&S	1	4	0%
Ancillary		54	4%
Portfolio total	**41**	**1,487**	**100%**

Source: Supermarket Income REIT data

Recent transactions

During H122 SUPR acquired eight supermarket assets for an aggregate £243m (before acquisition costs) at an accretive net initial yield of 4.5% and average 16-year WAULT. These comprise:

- August 2021: an M&S and Aldi in West Derby, Liverpool, for £10.2m. The M&S store has a 10-year unexpired lease term and five-yearly, upward-only, open market rent reviews. The Aldi store has a 15-year unexpired lease term and five-yearly, upwards only, 2.5% fixed rent reviews compounded annually.
- September 2021: an Aldi in Oldham, Manchester, for £5.6m with a 10-year unexpired lease term and five-yearly, upwards-only, 2% fixed rent reviews compounded annually.
- September 2021: a Tesco in Prescot, Merseyside, for £50.0m with a 15-year unexpired lease term and annual, upwards-only, CPI-linked rent reviews.
- September 2021: a Morrisons in Workington, Cumbria, for £28.9m with a 17-year unexpired lease term and five-yearly, upwards-only, CPI-linked rent reviews.
- November 2021: Sainsbury's in Swansea and Tesco in Maidstone, for £73.0m with a weighted average unexpired lease term of 21 years, both with five-yearly, upward-only, open market rent reviews.
- November 2021: Sainsbury's in Cannock for £75.8m with a 15-year unexpired lease term and five-yearly, upward-only, RPI-linked rent reviews.

Included in the acquisitions above were 10 non-food units, which were acquired as part of the site freeholds. These were valued at £13.9m as at 31 December 2021 and consist of a mix of non-food retail and consumer services.

Since H122 SUPR has acquired a further three supermarkets with a weighted average net initial yield of 4.8% and weighted average unexpired lease term of 19 years for a total consideration of £128.3m (before acquisition costs). These comprise:

- January 2022: Sainsbury's in Washington and Asda in Cwmbran for £55.1m with a weighted average unexpired lease term of 21 years. The Sainsbury's has seven-yearly, upward-only, RPI-linked rent reviews and the Asda has five-yearly, upwards-only, open market rent reviews.
- January 2022: Tesco in Sheffield for £73.2m with 17 years unexpired lease term and annual, upward-only, RPI-linked rent reviews.

Included in the acquisitions above were two non-food, quick service restaurant units for a combined £2.5m (before acquisition costs).

Summary of H122 results and pro-forma position

Exhibit 8 summarises the reported FY21 financial performance, which demonstrates strong ongoing growth and scale efficiencies. We later show the pro-forma position provided by SUPR to illustrate the full impact of acquisitions made during H122 and subsequently, SUPR has provided a pro-forma analysis, provided later in this section.

Exhibit 8: H122 results summary

£m unless stated otherwise	H122	H121	H122/H121	H221
Total net rental income	32.6	20.4	60%	27.5
Administrative & other expenses	(6.2)	(4.1)	53%	(5.2)
Operating profit before investment property change in fair value	26.4	16.3	62%	22.3
Net finance expense	(5.7)	(3.7)	51%	(4.8)
Share of income from joint venture (exc. revaluation gains)	6.2	2.9	113%	3.7
EPRA earnings	**26.9**	**15.5**	**74%**	**21.3**
Negative goodwill	0.0	0.0		(3.3)
Change in fair value of investment properties	11.0	15.5		20.8
Change in fair value of investment properties within JV	31.0	2.0		3.6
IFRS earnings	68.9	33.0	109%	42.5
Period end number of shares (m)	985.4	665.9	48%	810.7
Average number of shares (m)	877.2	561.4	56%	744.2
Basic & diluted IFRS EPS (p)	7.9	5.9		6.6
EPRA EPS (p)	3.1	2.8	11%	2.9
DPS declared (p)	2.97	2.93		2.93
EPRA basis dividend cover (x)	1.13	1.12		0.98
EPRA cost ratio	15.8%	19.9%		N/A*
Gross assets	1,620.7	1,011.6		1,302.6
Investment properties	1,413.5	885.3		1,148.4
Net assets	1,115.1	691.8		871.3
EPRA NTA per share (p)	113	104		108
EPRA NTA total return	7.8%	5.9%		6.0%
Net balance sheet debt	(454.0)	(239.2)		(390.1)
Loan to value ratio (LTV)	32.1%	27.0%		34.0%

Source: Supermarket Income REIT data. Note: *Basis of calculation has changed.

In brief we highlight:

- Strong growth in rental income (+60% y-o-y and +19% versus H221), primarily reflecting acquisitions but also rental uplifts.
- Benefiting from economies of scale, a 75% increase in EPRA earnings (+26% versus H221) reflected in a decline in the EPRA cost ratio to 15.8%.
- The number of shares increased by 48% y-o-y and the average number by 56%.
- EPRA EPS increased by 11% y-o-y to 3.1p and 7% versus H221. DPS was covered 1.13x or 0.87x if the non-cash EPRA income in respect of the JV (rolled up into capital growth until cash distributions commence in 2023) are excluded.

- DPS of 2.97p was in line with the 5.94p annual target (FY21: 5.86p).
- NAV per share (EPRA NTA) increased 5.0% from 108p at end-FY21 to 113p and including DPS paid the total return was 7.8%.

Significant uplift on pro-forma basis

Acquisitions completed since H122 have increased annualised passing rent from £70.2m to £77.0m and this is included in SUPR's calculation of the pro-forma results for the six months to 31 December 2021 on an annualised basis (Exhibit 9). The net rental income includes IFRS adjustments, and the EPRA EPS and dividend cover assume that the current number of shares were in place for the full period. Not included is the further deployment of existing debt capital resources.

Exhibit 9: Pro-forma income statement

Pro-forma (£m)	6 months to 31 December annualised
Net rental income	79.7
EPRA earnings	65.3
EPRA EPS	6.6
EPRA dividend cover	1.12

Source: Supermarket Income REIT

Financials

Our forecasts are updated for the H122 results and further progress with capital deployment. There is no change to our DPS expectations for the FY22–25 period, representing an annualised growth rate of 2.6% pa, and we expect these to be fully covered despite a reduction in our EPRA earnings and EPRA EPS forecasts. The earnings reduction is primarily driven by increased net interest costs in respect of the unhedged portion of floating rate debt (see below) but also by higher forecast administrative expenses.

Exhibit 10: Forecast revisions

	Rental income (£m)			EPRA earnings (£m)			EPRA EPS (p)			EPRA NAV/share (p)			DPS (p)		
	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.
06/22e	71.2	70.7	1%	56.5	57.5	-2%	6.1	6.2	-2%	114	113	1%	5.94	5.94	0%
06/23e	82.7	81.8	1%	61.4	64.8	-5%	6.2	6.6	-5%	119	118	1%	6.10	6.10	0%
06/24e	95.7	95.7	0%	62.2	66.0	-6%	6.3	6.7	-6%	122	120	1%	6.25	6.25	0%
06/25e	100.6	100.3	0%	65.8	69.4	-5%	6.7	7.0	-5%	127	126	1%	6.41	6.41	0%

Source: Edison Investment Research

Key forecasting assumptions

In addition to the H122 acquisition of six assets for an aggregate c £243m and the subsequently announced acquisitions of four assets for an aggregate c £128m, we assume the following further acquisition investment, all at a 4.5% net initial yield:

- With the equity proceeds of October's £200m (gross) equity raise fully deployed, a further £22m (before costs) by end-FY22 funded by debt.[13]
- £300m (before costs) during early FY24, reinvesting c £183m of cash distributions from the JV on a geared basis.

Our other key assumptions include:

- Rent uplifts of c £1.0m in H222 (a blended average 4.4% pa uplift on reviews in the period and an annualised increase of c 2.7% on the end-H122 portfolio passing rent), 3.0% in FY23 and

13 This is in line with our previous forecasts, which assumed £150m of FY22 deployment prior to the £128m reported post-H122.

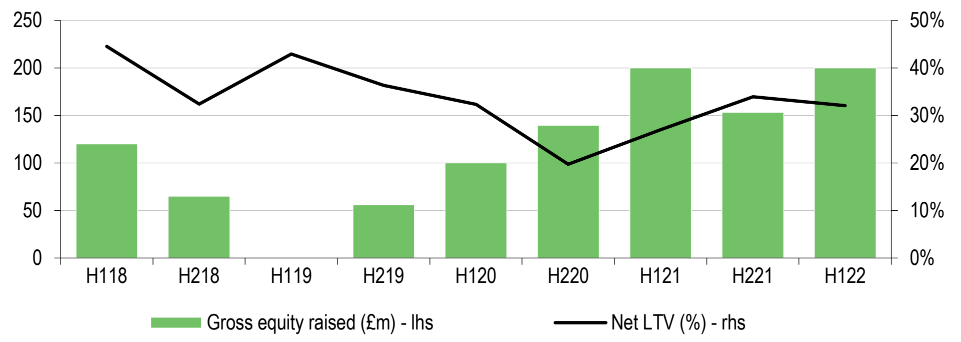
2.5% pa thereafter. This is likely to prove a conservative assumption, but it allows for a smaller uplift from the c 12% of rents that are reviewed on an open-market basis.

- JV recurring (non-cash) earnings until the middle of 2023 and no further valuation uplifts, although this may prove conservative, particularly in respect of ongoing negotiations with respect to the five stores where Sainsbury's has not exercised its purchase option.
- Investment adviser fees in line with the agreed schedule, at marginal rate of 0.65% pa on net assets of more than £1,000m. We expect a further step-up in other administrative expenses to reflect the increased size of the business but then to increase broadly in line with inflation.
- Finance expense follows the increase in borrowing with a pick-up in the average cost of borrowing to c 2.5%.
- For the wholly owned portfolio, we assume valuation growth in line with rental growth. For clarity, we have not assumed gains from further yield compression, although the prospects for this are favourable.

Active debt management in tandem with equity raising

With recurring earnings distributed in dividends, the strong growth in SUPR's portfolio since IPO has been financed by a blend of new equity and debt, while targeting a medium-term loan to value ratio (LTV) of 30–40%. We expect it to operate towards the top of this range, reflecting the increased scale and diversification of the portfolio and the improving financial position of tenants. It can also anticipate with some confidence the significant cash proceeds from the JV in mid-2023.

Exhibit 11: Equity raising and loan to value ratio



Source: Supermarket Income REIT data

SUPR's most recent equity raise closed on 20 October 2021 with 173.9m new shares issued at 115p per share to raise £200m (gross). The issue was very well received by investors with a scaling back of subscriptions despite an increase in the target issue size from up to £100m to up to £200m.

SUPR's debt facilities have increased from c £477m (including an undrawn £100m accordion option with Wells Fargo) at end-FY21 to currently c £793m (including undrawn accordion options of £38.7m with Wells Fargo and £49.8m with Barclays/RBS). Recent financing measures include:

- In August 2021, the DekaBank facility was increased by £20m to c £97m.
- In September 2021, the HSBC facility was increased by £10m to £150m and extended by 12 months.
- In September 2021, £61.3m of the accordion option with Wells Fargo was exercised.
- In January 2022, the Barclays/RBC facility was increased by £136.5m to c £250m with a remaining undrawn accordion option of c £50m.

Exhibit 12: Current debt portfolio

Lender	Facility size inc. accordion options	Running cost*	Expiry date	Term to expiry inc. extension options
Bayern LB	£7m	2.17%	Jul-23	2 years
Bayern LB	£52m	2.75%	Jul-23	2 years
HSBC	£150m	1.87%	Aug-23	2 years
Bayern LB	£27m	2.22%	Aug-25	4 years
Barclays/RBC	£300m	1.69%	Jan-26	4 years
Wells Fargo	£100m	1.59%	Jul-23	5 years
DekaBank	£97m	2.09%	Aug-24	5 years
Wells Fargo	£60m	2.39%	Jul-25	6 years
Total credit facilities	**£793m**	**1.91%**		**4 years**

Source: SUPR. Note: *Running cost includes credit margin plus SONIA at the 31 December 2021 rate of 0.19% and costs associated with hedging, but excludes amortisation of loan arrangement fees.

Including amortisation of loan arrangement fees, the weighted average finance cost was c 2.5% at end-H122 compared with the running interest cost of c 1.9%

SUPR operates a hedging strategy designed to mitigate the impact of any significant rise in interest rates that would affect debt costs and targets to fix/hedge at least 60% of annualised debt costs. At end-H122, 44% of drawn debt was fixed/hedged[14] with a further 13% capped at 3.35%. Of the expanded total debt facilities c 30% are currently fixed/hedged and we would expect SUPR to seek to use its increased borrowing flexibility arising from the credit rating to increase this towards its target. One likely possibility for achieving this would be to leverage the new Investment Grade credit rating to access fixed rate, long-term, unsecured bond funding, perhaps refinancing some of the shorter-term current facilities.

Our acquisition assumptions do not fully use the current debt facilities until FY24, at which point we allow for the cash reimbursements from the JV to be redeployed on a geared basis (£184m of cash reimbursement plus £116m of debt). There is scope for SUPR to exceed our near-term acquisition assumption (£22m by end-FY22) by drawing more quickly on available debt resources while remaining within or around its target LTV range. An additional c £50m of acquisitions (in addition to the £22m we assume) would take FY22e LTV to a little over 40%.

Valuation

Based on the company's FY22 target aggregate DPS of 5.94p, the prospective yield is 4.9% (124p). The share price premium to end-FY21 EPRA NTA per share is 7%.

In Exhibit 13 we show a comparison of SUPR with a group of other property companies that focus on income returns derived from long leases. Compared with the group average, SUPR has a similar yield and slightly higher P/NAV ratio. Its predominantly RPI-linked rent growth provides investors with considerable visibility of income with protection against inflation, while the strength of its tenant covenant has been successfully tested and even enhanced during the pandemic and should prove resilient in the inflationary conditions that have followed. As well as supporting the SUPR share rating, this suggests a favourable outlook for further supermarket property yield tightening and NAV growth above our forecasts.

14 The DekaBank facilities are fixed, the Bayern LB facilities and £30m of the Wells Fargo facilities are fixed with hedges to maturity, and £63.5m of the HSBC facility is capped at 3.35% until expiry.

Exhibit 13: Valuation and performance summary of long-lease REITS

	Price (p)	Market cap (£m)	P/NAV (x)	Trailing yield** (%)	Share price performance			
					1 month	3 months	12 months	From 12M high
Assura	67	1,965	1.14	4.4	10%	-3%	-7%	-17%
Impact Healthcare	114	441	1.02	5.6	2%	-3%	1%	-6%
Civitas Social Housing	86	524	0.79	6.4	0%	-10%	-22%	-29%
Lxi REIT	142	1,294	1.02	4.2	3%	-1%	16%	-8%
Primary Health Properties	148	1,969	1.27	4.2	12%	-1%	1%	-13%
Secure Income	432	1,400	1.10	3.5	8%	8%	27%	-3%
Target Healthcare	110	685	0.99	6.1	3%	-4%	-2%	-12%
Triple Point Social Housing	91	366	0.85	5.7	2%	-3%	-9%	-20%
Tritax Big Box	241	4,500	1.24	2.7	6%	1%	35%	-4%
Average			**1.05**	**4.8**	**5%**	**-2%**	**5%**	**-13%**
Supermarket Income	**121**	**1,193**	**1.07**	**4.9**	**3%**	**-1%**	**14%**	**-5%**
UK property sector index	1,906				4%	-2%	17%	-6%
UK equity market index	4,135				-1%	0%	8%	-4%

Source: company data, Refinitiv. Note: Priced at 18 March 2022. *Based on last reported EPRA NAV/NTA. **Based on last 12 months DPS declared.

Sensitivities

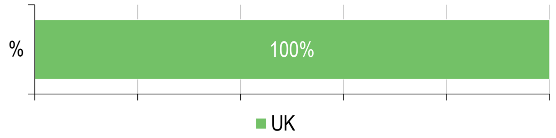
The visibility to SUPR's contractual income is provided by long leases and inflation-linked rent increases. Additionally, the company plans further accretive acquisition of assets. We see the key sensitivities as relating to the following:

- The failure of any of the tenants could negatively affect contractual incomes if this involved a void period or a need to re-let the space on less advantageous terms. SUPR seeks to mitigate this risk by targeting institutional-grade tenants with multi-billion-pound revenues and strong consumer brands.
- In recent years, supermarket rents linked to inflation have risen faster than open market rents, such that they are in many circumstances above market rent levels. If this were to remain the case, as lease expiry approaches it is likely that property valuations would be negatively affected, reflecting the possibility that rental income would decline at lease expiry unless offset by lease regears or other asset management initiatives. SUPR indicates that its portfolio is not over-rented. Moreover, with SUPR's inflation-linked rent increases capped at c 4%, the current period of high inflation is likely to mitigate this risk by lifting store turnover. Asset management opportunities during the 15-year WAULT, including lease regears, provides additional protection.
- Inflation-linked rent increases provide good income protection against inflation, provided inflation does not rise too far. SUPR's inflation-linked rents, 85% of the total, are capped at an average level of c 4%. Rental income will lag higher rates of inflation. Were higher rates of inflation to have a negative impact on economic growth, the relative security of the tenant base, and its ability to pass on inflationary supply chain pressures, is in contrast to much of the mainstream commercial property market.
- As noted above, debt facilities currently amount to c £794m with an average term to maturity of around four years. Increasing interest rates negatively affect borrowing costs in respect of the fully floating rate debt, but index-linked rates are currently increasing at a faster rate. A material rise in long-term interest rates, also at historically low levels, could negatively affect valuations across the commercial property sector.

Exhibit 14: Financial summary

Year ended 30 June (£m)	2018	2019	2020	2021	2022e	2023e	2024e	2025e
INCOME STATEMENT								
Rent receivable	8.5	16.9	25.5	46.2	69.1	80.7	93.7	98.6
Rent smoothing adjustment	0.5	0.4	0.9	2.0	2.2	2.0	2.0	2.0
Net service charge expense	0.0	0.0	0.0	(0.2)	(0.1)	0.0	0.0	0.0
Total rental income	8.9	17.2	26.4	47.9	71.2	82.7	95.7	100.6
Administrative & other expenses	(2.1)	(3.1)	(5.2)	(9.3)	(13.9)	(14.7)	(15.2)	(16.0)
Operating profit before investment property change in fair value	6.8	14.1	21.2	38.7	57.3	68.0	80.5	84.5
Change in fair value of investment properties	(4.1)	0.6	13.1	36.3	22.3	45.9	24.8	47.7
Share of profit of JV	0.0	0.0	0.5	15.5	43.1	9.2	0.0	0.0
Negative goodwill	0.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0
Operating profit/(loss)	2.8	14.8	37.7	90.5	122.7	123.1	105.3	132.3
Net finance expense	(1.9)	(4.2)	(4.9)	(8.5)	(12.9)	(15.8)	(18.3)	(18.8)
Profit/(loss) before tax	0.8	10.6	32.8	82.0	109.8	107.3	87.0	113.5
Tax	(0.2)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
Profit/(loss) for the period	0.6	10.6	32.8	82.0	109.8	107.3	87.0	113.5
Adjust for:								
Changes in fair value of investment property	4.1	(0.6)	(13.1)	(36.3)	(22.3)	(45.9)	(24.8)	(47.7)
Share of changes in fair value of JV investment property				(5.6)	(31.0)	0.0	0.0	0.0
Negative goodwill	0.0	0.0	(3.0)	(3.3)	0.0	0.0	0.0	0.0
EPRA earnings	4.7	9.9	16.8	36.8	56.5	61.4	62.2	65.8
EPRA cost ratio inc. direct vacancy costs	23.5%	17.9%	19.2%	16.8%	16.3%	15.8%	15.9%	15.9%
Closing number of shares (m)	184.4	239.8	473.6	810.7	985.5	985.5	985.5	985.5
Average number of shares in issue (m)	124.2	198.1	334.2	652.8	931.4	985.5	985.5	985.5
IFRS EPS (p)	0.5	5.3	9.8	12.6	11.8	10.9	8.8	11.5
EPRA EPS (p)	3.8	5.0	5.0	5.6	6.1	6.2	6.3	6.7
DPS declared (p)	5.50	5.63	5.80	5.86	5.94	6.10	6.25	6.41
EPRA earnings/dividends paid	103%	92%	84%	104%	108%	103%	102%	105%
EPRA NTA total return		6.6%	10.7%	12.1%	11.7%	9.6%	7.5%	9.5%
BALANCE SHEET								
Investment property	264.9	368.2	539.4	1,148.4	1,584.7	1,632.6	1,977.4	2,027.2
Associate	0.0	0.0	56.1	130.3	173.5	(0.0)	(0.0)	(0.0)
Other non-current assets	0.0	0.0	56.1	131.3	177.9	3.8	3.1	3.0
Total non-current assets	264.9	368.2	595.5	1,279.7	1,762.6	1,636.4	1,980.6	2,030.2
Trade & other receivables	1.0	3.5	1.7	3.1	3.9	4.2	5.0	5.1
Cash & equivalents	2.2	9.9	20.4	19.6	15.5	190.9	0.1	2.4
Other current assets	0.0	0.0	(0.0)	0.2	0.1	0.1	0.1	0.1
Total current assets	3.3	13.4	22.1	23.0	19.5	195.1	5.2	7.6
Deferred rental income	(1.7)	(3.5)	(5.2)	(12.1)	(15.0)	(15.0)	(15.0)	(15.0)
Current tax liabilities	(0.2)	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0
Trade &other payables	(1.5)	(2.6)	(6.4)	(8.4)	(11.6)	(12.5)	(15.0)	(15.2)
Total current liabilities	(3.4)	(6.4)	(11.6)	(20.4)	(26.6)	(27.5)	(30.0)	(30.2)
Bank borrowings	(88.1)	(143.7)	(126.8)	(409.7)	(628.5)	(629.5)	(755.5)	(756.5)
Interest rate derivatives	0.0	(1.1)	(2.0)	(1.2)	0.0	0.0	0.0	0.0
Total non-current liabilities	(88.1)	(144.8)	(128.8)	(410.9)	(628.5)	(629.5)	(755.5)	(756.5)
Net assets	176.7	230.5	477.2	871.3	1,126.9	1,174.5	1,200.2	1,251.0
IFRS NAV per share (p)	96	96	101	107	114	119	122	127
EPRA NTA per share (p)	96	97	101	108	114	119	122	127
CASH FLOW								
Net cash from operations	8.1	13.9	26.9	42.8	58.0	66.6	80.1	82.7
Acquisition & investment in investment property	(268.7)	(91.1)	(157.3)	(570.0)	(409.5)	0.0	(318.0)	0.0
Investment in associate	0.0	0.0	(52.6)	(58.7)	0.0	182.7	0.0	0.0
Other investing activity	0.0	0.0	0.0	(0.9)	(2.8)	0.0	0.0	0.0
Net cash from investing activity	(268.7)	(91.1)	(209.9)	(629.5)	(412.3)	182.7	(318.0)	0.0
Share issuance (net of costs)	180.9	43.9	234.8	345.6	195.6	0.0	0.0	0.0
Debt drawn/(repaid)	88.8	56.1	(16.2)	284.7	218.4	0.0	125.0	0.0
Interest paid and other financing costs	(2.3)	(4.3)	(5.6)	(9.3)	(11.7)	(14.2)	(16.6)	(17.6)
Dividends paid	(4.6)	(10.9)	(19.6)	(34.9)	(52.1)	(59.7)	(61.2)	(62.8)
Net cash from financing activity	262.8	84.8	193.4	586.0	350.2	(73.9)	47.2	(80.4)
Change in cash	2.2	7.7	10.5	(0.8)	(4.1)	175.4	(190.7)	2.3
Opening cash	0.0	2.2	9.9	20.4	19.6	15.5	190.9	0.1
Closing cash	2.2	9.9	20.4	19.6	15.5	190.9	0.1	2.4
Debt as per balance sheet	(88.1)	(143.7)	(126.8)	(409.7)	(628.5)	(629.5)	(755.5)	(756.5)
Net debt	(85.9)	(133.8)	(106.4)	(390.1)	(613.0)	(438.7)	(755.4)	(754.1)
LTV	32.4%	36.3%	19.7%	34.0%	38.7%	26.9%	38.2%	37.2%

Source: Supermarket Income REIT historical data, Edison Investment Research forecasts.

Contact details	Revenue by geography
4th floor, 36 Queen Street London EC4R 1BN UK +44 20 3790 8087 www.supermarketincomereit.com	

Leadership team

Non-executive chairman, Supermarket Income REIT: Nick Hewson	Principal, Atrato Capital: Ben Green
Nick Hewson was co-founder, CEO and chairman of Grantchester Holdings, where he worked from 1990 until 2012. Nick serves as a non-executive director and chair of the audit committee at Redrow, a FTSE 250 company and one of the UK's leading housebuilders. Prior to this, Nick was chair of the executive committee of Pradera AM, a European retail property fund management business. Nick was also a founding partner of City Centre Partners.	Ben co-founded the Atrato Group in December 2016 and is responsible for leading the development and execution of the firm's long-term strategy. Ben is a member of the Atrato Group Investment Committee and the Leadership Team. Ben has over 20 years' experience structuring and executing real estate transactions and has completed c £4bn of supermarket sale and leaseback transactions over the course of his career. Ben qualified as a lawyer in 1997 and began his career at Wilde Sapte and Linklaters LLP. He left law in 2000 and has since spent his banking career at Barclays, Lloyds and Goldman Sachs where he was managing director, European head of structured finance.
Principal, Atrato Capital: Steve Windsor	**Managing director, fund management, Atrato Capital: Robert Abrahams**
Steve co-founded Atrato in December 2016 and is responsible for leading the development and execution of the firm's long-term strategy. He is a member of the Atrato Group Investment Committee and the Leadership Team. Steve spent 16 years at Goldman Sachs, specialising in finance and risk management, becoming a partner in 2008, heading its European, Middle East and African debt capital markets and risk management businesses from 2010 until 2016. Steve has helped and advised a number of FTSE 100 companies on how to finance their business and manage risk.	Rob joined the Atrato Group in May 2019 and is responsible for origination and financing for the supermarket's investment fund for the group. Prior to joining Atrato he spent eight years at Lloyds Bank, most recently in the loan markets business working with borrowers and lenders across the corporate, funds and real estate sectors. His experience includes syndication of significant event-driven debt facilities to support M&A activity involving FTSE 100 companies.

Principal shareholders	(%)
Quilter Cheviot Investment Management	6.19
Close Brothers Asset Management	5.66
Waverton Investment Management	4.66
Cazenove Capital Management	4.50
BMO Global Asset Management (UK)	4.34
abrdn	3.75
Smith & Williamson Wealth Management	3.64
Tilney	3.42
Hargreaves Lansdown, stockbrokers (EO)	3.30
West Yorkshire PF	3.07

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