

### ***Investment policy***

Supermarket Income REIT plc (“The Company”) is focused on investing in a diversified portfolio of principally freehold and long leasehold operational properties let to UK supermarket operators, which benefit from long-term growing income streams with high quality tenant covenants.

The Company will continue predominantly to target assets with long unexpired lease terms (typically more than 15 years to first break) with index-linked or fixed rental uplifts in order to provide investors with income security and considerable inflation protection.

The Company expects its assets to be leased to institutional grade tenants, with multi-billion pound revenues and strong consumer brands. The Company expects the majority of its tenants to consist of the four largest UK supermarket operators by market share, currently Tesco, Sainsbury’s, Asda and Morrisons. The Company may also invest in assets let to other supermarket operators and retailers, such as Lidl, Marks & Spencer, Aldi or Waitrose, where it believes the underlying asset covenant is consistent with the overarching objective of providing shareholders with regular and sustainable dividends as well as the potential for some capital value uplift over the longer term.

The Company will seek to diversify its exposure to individual cities, towns and regions. The Company will also seek to acquire different sized assets appealing to different consumer types with typical assets ranging from larger convenience based store formats through to the larger superstores.

The Company will target assets that it believes may benefit from future asset management opportunities. In addition, the Company will target assets that it believes offer good potential for alternative use over the longer term. This includes targeting assets in highly populated residential areas with strong transportation links.

The Company will primarily seek to acquire properties which are already operationally complete and fully let. The Company may invest, from time to time, in asset management or development opportunities, which, when complete, would fall within the Investment Policy to invest in operational properties let to UK supermarket operators. In addition, the Company may seek to maximise alternative use values of existing operational assets by engaging with planning authorities and development partners. Any asset management or development opportunities will be conducted in such a way that the project will have no recourse to the other assets of the Company (outside of the funds committed to the development). The expected gross development cost to the REIT Group of any such developments will be limited to an amount representing 20 per cent. of the REIT Group’s gross assets, measured at the commencement of the relevant development.

The Directors currently intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).

### ***Investment restrictions***

The Company will continue to invest and manage its assets with the objective of spreading risk and, in doing so, will maintain the following investment restrictions (all of which are reviewed by the Board semi-annually following semi-annual valuations produced in accordance with the Company’s valuation policy):

- the Company will invest, directly or indirectly, at least 80 per cent. of its Gross Asset Value in properties let to UK supermarket operators;

- the Company may invest up to 20 per cent. of its Gross Asset Value in assets let to non-supermarket operators, when these assets are located on the same site, or are complementary to, an existing asset;
- the Company will derive at least 60 per cent. of its rental income from a portfolio let to the largest four supermarket operators in the UK by market share;
- no individual UK grocer tenant will operate more than one of the REIT Group's UK grocery real estate assets in any single geographical area, which is defined as being within a 10 minute drive time of each other for urban areas or a 15 minute drive time for rural areas, and the REIT Group will own no more than two assets within the drive times as aforesaid<sup>1</sup>;
- the expected gross development costs to the REIT Group of development opportunities will not exceed 20 per cent. of the REIT Group's gross assets at the commencement of the relevant development;
- the REIT Group may acquire property interests either directly or through corporate structures (whether onshore UK or offshore) and also through joint venture or other shared ownership or co-investment arrangements;
- the Company will not invest in other closed-ended investment companies; and
- neither the Company, nor any of its subsidiaries will conduct any trading activities which are significant in the context of the REIT Group as a whole.

In addition to the above investment restrictions, no individual property is to represent more than 15 per cent. of the prevailing Gross Asset Value at the date of this document, and no individual property will represent more than 15 per cent. of the prevailing Gross Asset Value at the time of investment.

In the event of a breach of the investment guidelines and restrictions set out above, the AIFM shall inform the Directors upon becoming aware of the same and if the Directors consider the breach to be material, notification will be made to a Regulatory Information Service. Any material change to the Investment Policy may only be made by Shareholders' ordinary resolution.

### ***Borrowing policy***

The Directors intend that the Company will follow a prudent approach for the asset class with its gearing and maintain a conservative level of aggregate borrowings.

The Board intends that gearing, calculated as borrowings as a percentage of the REIT Group's gross assets, will continue to be approximately 30 to 40 per cent. over the medium term (calculated at the time of drawdown). However, the REIT Group will have the ability to exceed this level from time to time as borrowings are incurred to finance the growth of the REIT Group's portfolio. The REIT Group will have a maximum level of aggregate borrowing of 60 per cent. of the Company's Gross Asset Value at the time of drawdown of the relevant borrowings.

Borrowings will over the longer term be diversified by covenant, lender, type and maturity profile and will primarily be secured at the asset or special purpose vehicle level and will therefore be non-recourse to the other assets of the REIT Group.

The Company will be permitted to invest cash, held by it for working capital purposes and awaiting investment, in cash deposits and gilts. The Company may enter into interest rate derivatives, from time to time, for the purposes of efficient portfolio management.

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<sup>1</sup> Excludes assets which the Group has contracted to or has an obligation to dispose of