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Notice of AGM



## NOTICE OF AGM

[SUPERMARKET INCOME REIT PLC](#)

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**SUPERMARKET INCOME REIT PLC**  
(the "Company")

### NOTICE OF ANNUAL GENERAL MEETING AND SHAREHOLDER RESOLUTIONS

The Board of Directors of Supermarket Income REIT plc (LSE: SUPR), announces that the Annual General Meeting ("AGM") of the Company will be held on Monday, 16 December 2024 at 12.00 p.m. at the offices of Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT. The Notice of AGM has been sent to shareholders and is also available on the Company's website.

In addition to the usual AGM business, the Company will be seeking shareholder approval to: i) amend its investment objective and policy, and ii) enter into new service agreements with entities within the Atrato Group. Further details of both of these matters are outlined below.

#### **Proposed amendments to the Company's Investment Policy**

In Europe, we see an attractive opportunity to broaden our investible universe and enhance the diversity of our asset and tenant base, particularly following our inaugural transaction in Europe earlier this year with Carrefour. To that end, the Board is proposing changes to the Company's Investment Policy to allow for greater investment in European markets, whilst ensuring the UK remains our core focus with at least 60% of rental income derived from properties in the UK let to supermarket operators.

The key proposed changes include:

- to expand the geographical area of investment in relation to at least 80% of GAV to cover supermarket operators in both the UK and Europe;
- to broaden the investment restriction which currently requires the Company to derive at least 60% of its rental income from a portfolio of properties let to the largest four UK supermarket operators, to also include properties located in the UK let to other supermarket operators; and
- to amend the investment restriction which applies within a geographical area such that:
  - there will be no more than two assets within a single geographical area; and
  - no individual grocer tenant will operate more than one of the Company's grocery real estate assets in any single geographical area where the value of the two assets combined at the point of acquisition would exceed 10% of the portfolio gross asset value.

If the proposed changes are approved, the Board and Investment Adviser intend to continue focusing primarily on investing in UK assets whilst taking an incremental approach to gradually increase the Company's exposure to European assets, initially in a limited number of countries, and primarily France in the near term. Investments will continue to align with the

Company's strict investment criteria, targeting high-quality operators and strong trading omnichannel stores that meet the Company's rigorous standards. The proposed changes aim to enhance the Company's ability to scale and diversify the portfolio whilst maintaining tenant covenant strength. Additionally, the ability to access lower Euro-denominated financing costs will further enhance earnings accretion.

The Company has received written approval from the Financial Conduct Authority to make the amendments to the Company's Investment Policy described above and in accordance with the UK Listing Rules, shareholder approval is being sought for those amendments at the AGM. If approved, the changes to the Investment Policy will take immediate effect following the AGM.

Further details on the changes, along with the full revised Investment Policy, are provided in the Notice of AGM, available in the Investor Centre of the Company's website at [www.supermarketincomereit.com](http://www.supermarketincomereit.com).

### **Entry into New Service Agreements**

The Company is also voluntarily seeking shareholder approval to enter into new service agreements with entities within the Atrato Group.

As announced on 5 November 2024, the Company's aims to have one of the lowest EPRA cost ratios in the UK REIT sector and accordingly, the Directors have worked closely with the Investment Adviser to identify ways to deliver both material cost savings and even closer alignment with the interests of the Company and its shareholders.

The new investment advisory agreement will see the basis of the calculation of the management fee change from net asset value ("NAV") to market capitalisation. While the proposed change will not be implemented until the start of the Company's next financial year, 1 July 2025, based on the current share price of 68.5p on 15 November 2024, being the latest practicable date prior to publication of the Notice of AGM, the Company would save c.£1.9 million per annum compared to the management fee calculated based on the Company's last published NAV.

The AIFM, company secretarial and payment services have previously been fulfilled by external service providers. The Company will seek to transition these services to the Atrato Group at a reduced fixed fee level that will result in further savings of c.£0.3 million per annum for the Company.

The Company expects the aggregate annual savings to contribute materially to earnings per share and therefore dividend cover (based both on its current market capitalisation relative to NAV, as well as in absolute terms for the non-investment advisory services). The Directors consider that the New Service Agreements together represent a fair outcome of negotiations, in particular in the context of the material reduction in fees from July 2025.

Each of the Investment Adviser, the New AIFM and Hafren are related parties of the Company and entry into the New Service Agreements each constitutes a relevant related party transaction under UKLR 11.5.4R. While the Company is not required to obtain shareholder approval in relation to the entry into the New Service Agreements, it is giving shareholders the opportunity to approve the entry into the New Service Agreements as a matter of good corporate governance.

The Board considers entry into the New Service Agreements to be fair and reasonable as far as the shareholders of the Company are concerned, having been so advised by the Company's sponsor, Stifel Nicolaus Europe Limited.

The details of the New Service Agreements have been set out in the appendix of this announcement and further details can be found in the Notice of AGM.

Capitalised terms used in this announcement shall have the meanings ascribed to them in the Notice of AGM, unless the context otherwise requires.

### **General Meeting**

The AGM of the Company will be held on Monday, 16 December 2024 at 12.00 p.m. at the offices of Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT.

As your participation is important to us, we would encourage you to vote ahead of the AGM by appointing your proxy in the manner described in the notice of AGM, no later than 12.00 p.m. on Thursday, 12 December 2024.

The Notice of AGM, Annual Report and Financial Statements are available to view in the Investor Centre of the Company's website at <http://www.supermarketincomereit.com> and, in accordance with UKLR 6.4.1, copies of the documents have been submitted to the Financial Conduct Authority and will shortly be available for inspection from the National Storage Mechanism at: <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

### **FOR FURTHER INFORMATION**

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### **NOTES TO EDITORS:**

Supermarket Income REIT plc (LSE: SUPR) 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.

Atrato Capital Limited is the Company's Investment Adviser.

Further information is available on the Company's website [www.supermarketincomereit.com](http://www.supermarketincomereit.com)

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## **Appendix Details of New Service Agreements**

Subject to and conditional upon the approval of Shareholders at the AGM:

- (i) the Company has agreed to enter into a new investment advisory and accounting and administration services agreement with Atrato Capital Limited (the "**Investment Adviser**") and Atrato Partners Limited (the "**New AIFM**") (the "**New IAA**");
- (ii) the Company has agreed to enter into a new AIFM Agreement with the New AIFM (the "**New AIFM Agreement**"); and
- (iii) the Company has agreed to enter into a new company secretarial services agreement with Hafren Limited ("**Hafren**"), an entity within the Atrato Group (the "**New Company Secretarial Services Agreement**"),

(together, the "**New Service Agreements**"). The New Service Agreements will each become effective by 1 July 2025. The Company's existing investment advisory agreement, AIFM agreement and company secretarial services agreement will each be terminated in connection with entry into the New Service Agreements.

The Directors have conducted extensive negotiations with the Investment Adviser, the New AIFM and Hafren with the benefit of independent advice on the terms of the New Service Agreements.

### *(a) The New IAA*

The terms of the New IAA will be on materially the same terms as under the existing investment advisory agreement (the "**Existing IAA**"), except for the following:

- (i) Basis of fee calculation

The basis of the management fee calculation will be changed from net asset value to market capitalisation, effective from 1 July 2025. The current fee thresholds and rates applied to the net asset value-based calculations will be retained as shown below:

<b>Threshold</b>	<b>Fee rate on revised market capitalisation basis</b>
Up to £500 million	0.95%
Between £500 million to £1 billion	0.75%
between £1 billion to £1.5 billion	0.65%
Between £1.5 billion to £2 billion	0.45%
Above £2 billion	0.40%

- (ii) Timing of fees

The Existing IAA provides for 75% of the management fee to be paid monthly and the remaining 25% of the management fee to be paid semi-annually. The New IAA provides that 100% of the management fee will be paid monthly such that there is no semi-annual management fee.

- (iii) Termination payment

In order to remain aligned with the fee basis with the change from net asset value to market capitalisation, the termination payment due in the event of a takeover, delisting or liquidation will be based on the offer value or net consideration due to shareholders rather than on the prevailing net asset value of the Company.

(iv) Payment services

The Investment Adviser will provide payment services for a fee of £150,000 per annum.

(b) *The New AIFM Agreement*

The New AIFM Agreement is on materially the same terms as the Company's existing AIFM agreement except as follows:

(i) Fees

The New AIFM shall be entitled to receive an annual fee of £135,000 from the Company.

(ii) AIFM related changes

Certain changes have been made to reflect the New AIFM's UK regulated status, to update regulatory references and to reflect the AIFM's responsibilities under relevant regulation.

(c) *The New Company Secretarial Services Agreement*

The New Company Secretarial Services Agreement is on materially the same terms as the Company's existing company secretarial services agreement except as follows:

(i) Fees

Hafren shall be entitled to receive an annual fee of £250,000 from the Company.

(ii) Term

The initial term of the agreement is two years (the initial term of the Company's existing company secretarial services agreement is 18 months). The agreement may be terminated on not less than 6 months' notice after the initial term (the Company's existing company secretarial services agreement may be terminated on not less than 3 months' written notice after the initial term).

For the avoidance of doubt, each New Service Agreement provides that the amount of fees or other remuneration payable by the Company to the Investment Adviser in any twelve-month period, when aggregated with any other fees or other remuneration payable by the Company to the Investment Adviser or a member of the Investment Adviser's group shall not exceed 4.99% of the Company's net asset value.

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