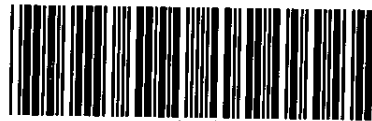


Supermarket Income Investments UK (NO2) LIMITED
(Company registration number 10866226)

Director's Report and Unaudited Financial Statements
For the year ended 30 June 2022

THURSDAY



AC0EQ09V

A08

30/03/2023

#165

COMPANIES HOUSE

Supermarket Income Investments UK (NO2) LIMITED
Registered number: 10866226

Contents

Corporate information	1
Strategic report	2-3
Director's report	4-5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Notes to the financial statements	9-16

Supermarket Income Investments UK (NO2) LIMITED

Registered number: 10866226

Corporate information

Director	Jonathan Martin Austen
Registered office	The Scalpel, 18 th Floor 52 Lime Street London EC3M 7AF
Administrator & Secretary	JTC (UK) Limited The Scalpel, 18 th Floor 52 Lime Street London EC3M 7AF
Legal Advisers	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT
Company Registration Number	10866226

Supermarket Income Investments UK (NO2) LIMITED

Registered number: 10866226

Strategic Report

Review of the business

The Company owns a property located at Lime Trees Road, Bristol BS6 7XW. The property is a Tesco Superstore comprising of 55,000 sq. ft. on a 5.7 acre site with more than 450 parking spaces. The Company acquired the property in August 2017 for £28.5 million, reflecting a net initial yield of 4.9%.

The property is leased to Tesco under annual, upward only, RPI-linked (capped and floored) rent reviews on full repairing and insuring terms with the first break being at the time of lease expiry in March 2031.

This store facilitates online fulfilment via click and collect.

The Company's profit before taxation for the year ended 30 June 2022 amounted to £458,811 (2021: £1,878,977) which includes a £550,000 deficit (2021: £690,000 surplus) on the revaluation of the Company's investment property which was valued at £28.12 million as at 30 June 2022. Excluding this unrealised revaluation deficit, the Company made a £1,008,811 profit (2021: £1,188,977) from activities during the year.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to meet its liabilities as and when they fall due, for the foreseeable future. In light of the significant impact of rising inflation, the energy crisis, the Ukrainian conflict and supply-chain issues on the UK economy, and the retail sector, the Director has placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Company financial statements for the year ended 30 June 2022. The Director believes that this basis is appropriate as the Company will be expected in future periods to benefit from secure rental income streams from leases on their investment properties. All contractual rental income due to the Company, during the period and subsequently, has been received on time.

The Company's net current assets as at 30 June 2022 amounted to £3,763,263.

On 30 August 2017 the Company, along with its parent and other group affiliates, entered into a loan facility agreement with HSBC Bank plc for a total amount of £100m; this was subsequently increased by an additional £50m and after the year end was extended to expire in August 2024. The group met its loan covenants throughout the year and has continued to do so thereafter. As at the year end, the full balance was unutilised under this facility, with no amounts being drawn down by the Company.

Based on the above, the Director believes that there are currently no material uncertainties in relation to the Company's ability to continue in operation for a period of at least 12 months from the date of signing the Company's financial statements. The Director is, therefore, of the opinion that the going concern basis adopted in the preparation of the financial statements is appropriate.

Principal risks and uncertainties

The following are the key risks identified by the Director which may have an adverse impact on the future performance of the Company. There is also the possibility of additional risks not yet identified or not yet deemed to have a potentially material adverse impact on the Company's future performance:

a) Property risk

A lower-than-expected performance of the investment property could reduce the property valuation and/or revenue. Market conditions may also reduce revenues generated by the investment property, which may affect the Company's ability to pay dividends and service its debt obligations as they fall due. A severe fall in the value of the investment property may result in a forced sale of the asset to repay our loan commitments, resulting in a fall in the net asset value of the Company.

Mitigation

The investment property is let on a long term lease with an institutional-grade tenant. The lease contains upward-only rent reviews which are inflation linked. These factors help maintain the asset value.

b) Risk of default by lessee

Our investment property being a supermarket property means we directly rely on the performance of the supermarket operator. Insolvencies or poor performance within the UK supermarket sector could affect our revenues earned and property valuations which in turn could affect the Company's ability to pay dividends in the future and service its debt obligations as they fall due.

Supermarket Income Investments UK (NO2) LIMITED

Registered number: 10866226

Strategic Report (continued)

Principal risks and uncertainties (continued)

Mitigation

The investment property is let to one of the largest supermarket operators in the UK by market share. Ensuring our investment property is let to tenants with strong financial covenants and limiting exposure to smaller operators in the sector decreases the probability of a tenant default.

c) Financial risk

The use of floating rate debt can expose the Company to underlying interest rate movements. Interest on the bank loan facility is payable based on a margin over SONIA. Any adverse movements in the floating reference rate could significantly impair the profitability of the Company and in turn the Company's ability to pay dividends to its shareholder and service its debt obligations as they fall due.

Mitigation

The Company as part of the Supermarket Income REIT Plc group continue to monitor interest rates and can enter into interest rate derivative contracts to partially mitigate the direct exposure to movements in SONIA, by capping the exposure to SONIA increases. The current exposure to SONIA interest rate movements is considered to be at an acceptable level to not require a derivative contract.

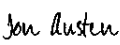
d) Taxation risk

The Company is subject to the UK REIT regime as part of the Supermarket Income REIT Plc group. Any failure to comply with the UK REIT conditions could result in the group failing to remain a REIT for UK tax purposes, and any profits and gains generated by the Company being subject to UK corporation tax. This could impact the level of future profits available for distribution to our shareholder.

Mitigation

The board of the ultimate parent company takes direct responsibility for ensuring adherence to the UK REIT regime, by monitoring the REIT compliance. The board of the ultimate parent company has also engaged third-party tax advisers to help monitor REIT compliance requirements and the AIFM also monitors compliance by the group with the REIT regime, the results of which are available to the Director for consideration.

This report was approved by the sole Director on 22 March 2023:

DocuSigned by:

661A4B7F9B22422

Jonathan Martin Austen
Director

Supermarket Income Investments UK (NO2) LIMITED

Registered number: 10866226

Director's Report

The Director presents his report and the financial statements of Supermarket Income Investments UK (NO2) LIMITED (the "Company") for the year ended 30 June 2022.

The Company was incorporated on 14 July 2017 as a private company under the Companies Act 2006. The comparative information presented within these financial statements relates to the year ended 30 June 2021.

Principal activity

The Company's investment policy is to invest in 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 aims to focus predominantly on investing in assets with long unexpired lease terms, with index-linked or fixed rental uplifts in order to provide investors with income security and inflation protection.

The Company is wholly-owned by Supermarket Income Investments UK Limited who in turn is wholly-owned by Supermarket Income REIT Plc, a real estate investment trust, traded on the Premium Segment of the Main Market of the London Stock Exchange.

Since the period end, the Company continues to focus on the investment objectives of the Company. A review of the business of the Company is included within the Strategic Report on page 2.

Post balance sheet events

Post balance sheet events are described in note 15 to the financial statements.

Audit exemption taken for the year ended 30 June 2022

The Company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act, as disclosed in the financial statements of Supermarket Income Investments UK Limited for the year ended 30 June 2022.

Results and dividends

The results for the year are disclosed on page 6.

During the year ended 30 June 2022, dividends of £21,914,945 were declared by the Company (2021: £18,791,034).

Director

The Director of the Company who served during the year ended 30 June 2022 and subsequently is as follows:

Jonathan Martin Austen

Supermarket Income Investments UK (NO2) LIMITED

Registered number: 10866226

Director's Report (continued)

Statement of Director's Responsibilities

The Director is responsible for preparing the report and the financial statements in accordance with applicable law and regulations.

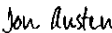
Companies law requires the Director to prepare financial statements for each financial period. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102). Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable standards under FRS 102 are followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Director confirms that he has complied with his responsibilities and with the above requirements throughout the period and subsequently.

This report was approved by the sole Director on 22 March 2023:

DocuSigned by:

661A4B7F9B22422

Jonathan Martin Austen
Director

The Scalpel, 18th Floor
52 Lime Street
London
EC3M 7AF

Supermarket Income Investments UK (NO2) LIMITED**Registered number: 10866226****Statement of comprehensive income**

for the year ended 30 June 2022

	Notes	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Gross rental income	4	1,651,279	1,620,219
Net rental income		1,651,279	1,620,219
Administrative and other expenses		(118,114)	(120,085)
Changes in fair value of investment property	7	(550,000)	690,000
Operating profit	5	983,165	2,190,134
Finance costs		(524,354)	(311,157)
Profit on ordinary activities before taxation		458,811	1,878,977
Tax charge for the year	6	-	-
Profit for the year		458,811	1,878,977
Total comprehensive income for the year		458,811	1,878,977

The Company has no recognised gains and losses other than those included above that would require disclosure in a separate statement of other comprehensive income.

No operations were discontinued in the year.

The accompanying notes form an integral part of these financial statements.

Supermarket Income Investments UK (NO2) LIMITED**Registered number: 10866226****Statement of financial position**

As at 30 June 2022

	Notes	30 June 2022 £	30 June 2021 £
Fixed assets			
Investment property	7	28,120,000	28,670,000
Current assets			
Loan receivable	8	3,722,706	120,261
Trade and other debtors	9	19,487	1
Cash and cash equivalents		564,537	949,009
Total current assets		4,306,730	1,069,271
Total assets		32,426,730	29,739,271
Non-current liabilities			
Bank borrowings		-	19,252,312
Current liabilities			
Loan payable	10	17,633	7,991,706
Trade and other creditors	10	525,834	604,253
Total liabilities		543,467	27,848,271
Total net assets		31,883,263	1,891,000
Capital and reserves			
Share capital	11	304	302
Capital reduction reserve	11	31,853,532	676
Retained earnings		29,427	1,890,022
Total equity		31,883,263	1,891,000

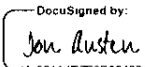
For the year ending 30 June 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors responsibilities:

- The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006; and
- The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved and authorised for issue by the sole Director

On 22 March 2023:

DocuSigned by:

 Jonathan Martin Austen
 Director

The accompanying notes form an integral part of these financial statements.

Supermarket Income Investments UK (NO2) LIMITED**Registered number: 10866226****Statement of changes in equity**

for the year ended 30 June 2022

	Notes	Share capital £	Share premium £	Capital reduction reserve £	Retained earnings £	Total £
As at 01 July 2020		302	-	17,922,710	880,045	18,803,057
Total comprehensive income for the year		-	-	-	1,878,977	1,878,977
Transactions with owners						
Dividends paid during the year		-	-	(17,922,034)	(869,000)	(18,791,034)
At 30 June 2021		302	-	676	1,890,022	1,891,000
At 1 July 2021		302	-	676	1,890,022	1,891,000
Total comprehensive income for the year		-	-	-	458,811	458,811
Transactions with owners						
Share issued during the year	11	2	51,448,395	-	-	51,448,397
Share premium cancelled during the year and transferred to capital reduction reserve		-	(51,448,395)	51,448,395	-	-
Dividends paid during the year		-	-	(19,595,539)	(2,319,406)	(21,914,945)
At 30 June 2022		304	-	31,853,532	29,427	31,883,263

The accompanying notes form an integral part of these financial statements.

Supermarket Income Investments UK (NO2) LIMITED

Registered number: 10866226

Notes to the financial statements for the year ended 30 June 2022

1. Basis of preparation

General information

Supermarket Income Investments UK (NO2) LIMITED (the "Company") is a private company incorporated, domiciled and registered in England and Wales. The register number is 10866226 and the registered address is The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF. The Company is wholly owned by Supermarket Income Investments UK Limited who in turn is wholly-owned by Supermarket Income REIT Plc. The ultimate holding company which prepares consolidated financial statements is Supermarket Income REIT Plc. The registered office of both Supermarket Income Investments UK Limited and Supermarket Income REIT Plc is the same as that of the Company.

The financial statements for the year ended 30 June 2022 are prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") and in accordance with the Companies Act 2006.

The financial statements have been prepared on a historical cost basis, except for investment properties which have been measured at fair value.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of certain disclosure exemptions conferred by FRS 102.

Therefore, these financial statements do not include:

- The requirements of Section 7 Statement of Cash Flows and paragraph 3.17(d);
- Financial instrument disclosures where equivalent disclosures have been presented in the notes to the consolidated financial statements of Supermarket Income REIT Plc; and
- The disclosure of the remuneration of key management personnel.

This information is included in the consolidated financial statements of Supermarket Income REIT Plc as at 30 June 2022 and these financial statements can be obtained from The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF or from www.supermarketincomereit.com.

Convention

The financial statements are presented in Sterling, which is also the Company's functional currency.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to meet its liabilities as and when they fall due, for the foreseeable future. In light of the significant impact of rising inflation, the energy crisis, the Ukrainian conflict and supply-chain issues on the UK economy, and the retail sector, the Director has placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Company financial statements for the year ended 30 June 2022. The Director believes that this basis is appropriate as the Company will be expected in future periods to benefit from secure rental income streams from leases on their investment properties. All contractual rental income due to the Company, during the period and subsequently, has been received on time.

The Company's net current assets as at 30 June 2022 amounted to £3,763,263.

On 30 August 2017 the Company, along with its parent and other group affiliates, entered into a loan facility agreement with HSBC Bank plc for a total amount of £100m; this was subsequently increased by an additional £50m and expires in August 2023. The group met its loan covenants throughout the year and has continued to do so thereafter. Funds from this facility may be made available to the Company. As at the year end, the full balance was unutilised under this facility, with no amounts being drawn down by the Company.

Based on the above, the Director believes that there are currently no material uncertainties in relation to the Company's ability to continue in operation for a period of at least 12 months from the date of signing the Company's financial statements. The Director is, therefore, of the opinion that the going concern basis adopted in the preparation of the financial statements is appropriate.

Supermarket Income Investments UK (NO2) LIMITED

Registered number: 10866226

Notes to the financial statements for the year ended 30 June 2022

2. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosures. However, uncertainty about these assumptions and estimates could result in outcomes that would require material adjustment to the carrying amounts of the assets or liabilities in future periods.

The judgements, estimates and assumptions that the Director considers to have a significant risk of causing a material adjustment to the carrying amounts of the Company's assets and liabilities within the next 12 months are outlined as follows.

Recoverability of loan receivables

Loan receivables are made up entirely of amounts due from Supermarket Income Investments UK Limited, the parent of the Company. As the counterparty is a related party who shares a common director, the Director of the Company considers the risk of non-recoverability to be minimal. The parent of the Company, through its wholly owned subsidiaries, benefits from a dividend income stream which should enable the parent to repay any loans due from it.

Fair valuation of investment property

The valuation of the Company's investment property is at fair value, which is determined by the Company's independent valuer on the basis of market value in accordance with the RICS Valuation – Global Standards (the 'Red Book'). Recognised valuation techniques are used by the independent valuer which are in accordance with those recommended by the International Valuation Standard Committee.

The independent valuer is considered to have sufficient current local and national knowledge of the supermarket property market and the requisite skills and understanding to undertake the valuation competently.

In forming an opinion as to fair value, the independent valuer makes a series of assumptions, which are typically market-related, such as those in relation to net initial yields and expected rental values. These are based on the independent valuer's professional judgement. Other factors taken into account by the independent valuer in arriving at the valuation of the Company's investment property include the length of the property lease, the location of the property and the strength of tenant covenants.

Gains or losses arising from changes in the fair value are included in the Statement of Comprehensive Income in the period in which they arise. In order to avoid double accounting, the assessed fair value may be increased or reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives to the Statement of Comprehensive Income.

Operating lease contracts – the Company as lessor

The Company has acquired an investment property that is subject to a commercial property lease with a tenant. The Director has concluded, based on an evaluation of the terms and conditions of the arrangement, that the Company retains all the significant risks and rewards of ownership of the property acquired and so has accounted for the lease as an operating lease rather than a finance lease. Such considerations are required each time that the Company acquires a new property.

3. Summary of significant accounting policies

Rental income

Rental income arising on investment property is included in gross rental income in the Statement of Comprehensive Income and is accounted for on an accruals basis.

Rental income from rent reviews linked to RPI is recognised when the results of those reviews are determinable and reasonably certain.

As permitted by FRS 102, the company accounts for fixed or minimum guaranteed rent review uplifts as they arise in recognition of the fact that they were intended as a proxy for inflation.

Finance costs

Finance costs consist principally of interest payable and the amortisation of loan arrangement fees. Loan arrangement fees are expensed using the effective interest method over the term of the relevant loan. Interest payable and other finance costs, including commitment fees, which the Company incurs in connection with bank borrowings, are expensed in the period to which they relate.

Supermarket Income Investments UK (NO2) LIMITED

Registered number: 10866226

Notes to the financial statements for the year ended 30 June 2022

3. Summary of significant accounting policies (continued)

Taxation

Entry to the UK-REIT regime

The Company as part of the Supermarket Income REIT Plc group obtained its UK-REIT status, which was effective for the group, from 21 December 2017. Entry to the regime results in, subject to continuing relevant UK-REIT criteria being met, the profits of the Company's business, comprising both income and capital gains, being exempt from UK taxation.

The Company as part of the Supermarket Income REIT Plc group intends to ensure that it complies with the UK-REIT regulations on an on-going basis and regularly monitors the conditions required to maintain REIT status.

Non-REIT taxable income

Taxation on the Company's profit or loss for the period that is not exempt from tax under the UK-REIT regulations comprises current and deferred tax, as applicable. Tax is recognised in profit or loss except to the extent that it relates to items recognised as direct movements in equity, in which case it is similarly recognised as a direct movement in equity.

Current tax is the expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the end of the relevant period.

Investment property

Investment property consists of land and buildings which are held to earn income together with the potential for capital growth.

Investment property is recognised when the risks and rewards of ownership have been transferred and are measured initially at cost, being the fair value of the consideration given, including transaction costs. Transaction costs include transfer taxes and professional fees for legal services. Any subsequent capital expenditure incurred in improving the investment property is capitalised in the period incurred and included within the book cost of the property. All other property expenditure is written off in profit or loss as incurred.

After initial recognition, investment property is measured at fair value, with gains and losses recognised in profit or loss in the period in which they arise.

The carrying value of investment property is increased or reduced by the total of the unamortised lease incentive or accrued future rental income balances, where relevant. Any remaining balances in respect of properties disposed of are included in the calculation of the profit or loss arising at disposal.

Gains and losses on disposals of the investment property will be determined as the difference between the net disposal proceeds and the carrying value of the relevant asset. These will be recognised in profit or loss in the period in which they arise.

Trade and other receivables

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are initially recognised at fair value and subsequently measured at amortised cost. A provision for impairment is made when there is objective evidence that the Company will not be able to recover balances in full.

Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and cash equivalents consists of cash at bank.

Trade and other creditors

Trade payables and other creditors are initially recognised at fair value and are subsequently measured at amortised cost.

Loans receivable and loans payable

Loans receivable are initially recognised at fair value and subsequently measured at amortised cost. A provision for impairment is made when there is objective evidence that the Company will not be able to recover all amounts due to it. Loans payable are initially recognised at fair value and are subsequently measured at amortised cost.

Share capital

The share capital relates to amounts subscribed for share capital at its par value.

Share premium

The surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account. The reserve is non-distributable.

Supermarket Income Investments UK (NO2) LIMITED**Registered number: 10866226****Notes to the financial statements
for the year ended 30 June 2022****3. Summary of significant accounting policies (continued)****Capital reduction reserve**

On 12 November 2021, the Company by Special Resolution resolved to cancel the entire share premium of the Company. Subsequent to this resolution being passed the Company transferred £19,414,864 to a capital reduction reserve.

On 6 May 2022, the Company by Special Resolution resolved to cancel the entire share premium of the Company. Subsequent to this resolution being passed the Company transferred £ 32,033,531 to a capital reduction reserve. This is a distributable reserve.

4. Analysis of rental income

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Rental income – freehold property*	1,651,279	1,620,219
Gross rental income	1,651,279	1,620,219

*Derived from a single geographical location being the United Kingdom.

5. Operating profit

The Company had no employees and the Director received no remuneration from the Company during the year.

6. Taxation**Analysis of the tax charge in the year:**

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Current tax:		
UK corporation tax	-	-
Tax on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The differences between the tax assessed and the standard rate of corporation tax for the year are explained as follows:

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Profit on ordinary activities before tax	458,811	1,878,977
Theoretical tax at UK standard corporation tax rate	(87,174)	(357,006)
Effects of:		
REIT exempt income and losses	87,174	357,006
Total tax charge	-	-

The Company as part of Supermarket Income REIT Plc (the "Group") operates as a UK Group REIT. Subject to continuing compliance with certain rules, the UK REIT regime exempts the profits of the Company and the Group's property rental business from UK corporation tax. To operate as a UK Group REIT a number of conditions had to be satisfied in respect of the Company and the Group's qualifying activities. Since 21 December 2017 the Group has met all such applicable conditions.

From 1 April 2023 the main corporation tax rate will increase from 19% to 25%. This may increase the Company's future tax charge accordingly.

Supermarket Income Investments UK (NO2) LIMITED**Registered number: 10866226****Notes to the financial statements
for the year ended 30 June 2022****7. Investment property**

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
As at 1 July	28,670,000	27,980,000
Acquisitions during the year	-	-
Acquisition costs capitalised during the year	-	-
Revaluation movement	(550,000)	690,000
Closing value per independent valuation report	28,120,000	28,670,000
Closing fair value per Statement of Financial Position	28,120,000	28,670,000

In August 2017 the Company acquired the Tesco store property located at Lime Trees Road, Bristol BS6 7XW for a total consideration of £28.5 million. The property acquired was on a long leasehold basis.

The property has been independently fair valued by Cushman & Wakefield, an accredited independent valuer with recognised and relevant professional qualifications and with experience in the location and category of the investment property being valued. The valuation has been prepared in accordance with the RICS Valuation – Global Standards incorporating the IVSC International Valuation Standards ("the Red Book").

The valuation is the ultimate responsibility of the Director. Accordingly, the critical assumptions used in establishing the independent valuation are reviewed and approved by the Director.

8. Loan receivable

	30 June 2022	30 June 2021
	£	£
Debtor due within one year:		
Due from:		
Supermarket Income REIT Plc*	-	-
Supermarket Income Investments UK (NO1) Limited	120,261	120,261
Supermarket Income Investments UK Limited	3,602,445	-
Loan Receivable	3,722,706	120,261

*The intercompany loan is unsecured, interest free and repayable on demand.

9. Trade and other debtors

	30 June 2022	30 June 2021
	£	£
Prepayments	19,487	1
Trade and other debtors	-	-
Trade and other debtors	19,487	1

Supermarket Income Investments UK (NO2) LIMITED**Registered number: 10866226****Notes to the financial statements
for the year ended 30 June 2022****10. Current and non-current liabilities**

	30 June 2022 £	30 June 2021 £
Non-current		
Amount utilised from revolving credit facility	-	19,406,249
Unamortised arrangement fees	-	(153,937)
Bank borrowings	-	19,252,312
Current		
Loan payable to:		
Supermarket Income REIT Plc*	17,633	20,121
Supermarket Income Investments UK Limited	-	7,971,585
Loan payable	17,633	7,991,706
Deferred rent	393,107	378,053
VAT	87,746	80,945
Accruals	8,300	41,672
Other trade creditors	36,681	103,583
Trade and other creditors	525,834	640,253

*The intercompany loan balance is unsecured, interest free and repayable on demand.
For the year ended 30 June 2022, an unamortised arrangement fee asset of £19,487 has been disclosed within trade and other debtors (see note 9) in the statement of financial position.

11. Share capital, share premium and capital reduction reserve

	Shares in issue Number	Share capital £	Share premium £	Capital reduction reserve £	Total £
As at 1 July 2020	30,101	302	-	17,922,710	17,923,012
Dividend paid during the year	-	-	-	(17,922,034)	(17,922,034)
As at 30 June 2021	30,101	302	-	676	978
As at 1 July 2021	30,101	302	-	676	978
Issue of 1 share on 12 November 2021	1	1	19,414,864	-	19,414,865
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(19,414,864)	19,414,864	-
Issue of 1 share on 06 May 2022	1	1	32,033,531	-	32,033,532
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(32,033,531)	32,033,531	-
Dividend paid during the year	-	-	-	(19,595,539)	(19,595,539)
As at 30 June 2022	30,103	304	-	31,853,532	31,853,836

All shares in issue were issued at a par value of £1 each and are allotted, issued and fully paid.

On 12 November 2021, the Company allotted 1 share at £19,414,865 with a nominal value of £1. The consideration received in excess of the nominal value of the shares issued, being £19,414,864, was credited to the share premium account.

On 12 November 2021, the Company by Special Resolution resolved to reduce the share premium of the Company. Subsequent to this resolution being passed the Company transferred £19,414,864 to a capital reduction reserve.

On 6 May 2022, the Company allotted 1 share at £32,033,532 with a nominal value of £1. The consideration received in excess of the nominal value of the shares issued, being £32,033,531, was credited to the share premium account.

Supermarket Income Investments UK (NO2) LIMITED**Registered number: 10866226****Notes to the financial statements
for the year ended 30 June 2022**

On 6 May 2022, the Company by Special Resolution resolved to reduce the share premium of the Company. Subsequent to this resolution being passed the Company transferred £32,033,531 to a capital reduction reserve.

On 28 July 2021, the sole Director resolved to pay an interim dividend on ordinary shares totalling £490,000 (£1,622.52 per ordinary share in issue at that date).

On 4 November 2021, the sole Director resolved to pay an interim dividend on ordinary shares totalling £400,000 (£1324.50 per ordinary share in issue at that date).

On 15 November 2021, the sole Director resolved to pay an interim dividend on ordinary shares totalling £10,044,945 (£33,151.63 per ordinary share in issue at that date).

On 10 January 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £10,000,000 (£33,003.30 per ordinary share in issue at that date).

On 7 February 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £800,000 (£2,640.26 per ordinary share in issue at that date).

On 18 May 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £180,000 (£592.11 per ordinary share in issue at that date).

All shares were issued at a par value of £1 each and are allotted, issued and fully paid.

12. Operating lease

The Company's investment property is leased to a third party under a non-cancellable operating lease. As at 30 June 2022 the remaining lease term was 8.7 years with an annual rent review. The future minimum lease payments receivable are as follows:

	30 June 2022 £	30 June 2021 £
Within one year	1,694,637	1,629,458
Between one and five years	6,778,550	6,517,833
More than five years	6,226,051	7,611,579
	14,699,238	15,758,870

13. Capital commitments and contingent liabilities

As at the reporting date the Company did not have any significant commitments in place.

As described in the going concern section of note 1, the Company is party to a loan facility provided to certain group affiliates. The loan is secured by a fixed and floating charge over the assets of the Company and those group affiliates. At 30 June 2022, £nil was outstanding under this facility.

14. Ultimate parent company and controlling party

As at 30 June 2022, the Company was a wholly owned subsidiary of Supermarket Income Investments UK Limited which is a wholly owned subsidiary of Supermarket Income REIT Plc, both of which are incorporated in England and Wales, with the latter being the ultimate holding company who prepares consolidated financial statements incorporating both the Company and Supermarket Income Investments UK Limited.

The consolidated financial statements of Supermarket Income REIT Plc are available to the public through its website, www.supermarketincomereit.com.

There is no ultimate controlling party.

15. Subsequent events

In September 2022, The Company along with certain related entities, agreed an extension to its HSBC facility to August 2024, with an additional one-year accordion option at lender's discretion.

On 1 July 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £30,000,000 (£98,684.21 per ordinary share).

Supermarket Income Investments UK (NO2) LIMITED

Registered number: 10866226

**Notes to the financial statements
for the year ended 30 June 2022**

15. Subsequent events (continued)

On 5 August 2022, the Company allotted 1 additional share with a nominal value of £1 for total consideration of £30,035,026.90. The consideration received in excess of the nominal value of the shares issued being £30,035,025.90, was credited to the share premium account.

On 5 August 2022, the Company by Special Resolution resolved to cancel the share premium of the Company. Subsequent to this resolution being passed, the Company transferred £30,035,025.90 to a capital reduction reserve. This is a distributable reserve.

On 8 August 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £210,000 (£688.52 per ordinary share).

On 22 September 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £25,511,826 (£83,645.33 per ordinary share).

On 3 November 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £186,324.16 (£610.90 per ordinary share).

On 17 January 2023, the sole Director resolved to pay an interim dividend on ordinary shares totalling £91,930.84 (£301.41 per ordinary share).

There were no other material subsequent events which require disclosure in these financial statements.