Supermarket Income Investments UK Limited

(Company registration number 10871563)

Annual Report and Audited Financial Statements

For the year ended 30 June 2023

Supermarket Income Investments UK Limited
Registered number: 10871563

Contents

Supermarket Income Investments UK Limited
Registered number: 10871563

Corporate information

Director	Jonathan Martin Austen
Registered office	1 King William Street London EC4N 7AF
Independent Auditor	BDO LLP 55 Baker Street London W1U 7EU
Administrator & Secretary	Hanway Advisory Limited 1 King William Street London EC4N 7AF
Legal Advisers	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT
Company Registration Number	10871563

Supermarket Income Investments UK Limited
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Strategic Report

Review of the business

At the year-end date the Company holds investments in eleven wholly owned subsidiaries. The total consideration paid by the Company for the issued share capital in these subsidiary entities totalled £602.3 million. The principal activity of the acquired entities is that of holding investment property which generates secure income streams from long term, inflation-linked leases with reputable tenants.

At 30 June 2023, the Group owned 10 (2022: 9) investment properties with a weighted average unexpired lease term of 11.4 years (2022: 13.1 years).

The Group's loss before taxation for the year ended 30 June 2023 amounted to £28,116,512 (2022: £19,578,955 profit). The Group has seen an increase in gross rental income of £1,815,318 compared to the prior year, due to rent review increases on existing assets and income from the property acquired during the year. The Group carried out valuations of the investment properties twice during the year. The loss for the year includes a deficit of £39,433,786 on the revaluation of the Group's investment properties which were valued at £278,360,000 as at 30 June 2023. The deficit during the year is a result of adverse market movements impacting the UK real estate investment market as a whole. The Group's net finance costs for the year decreased by £165,368 compared to the prior year due to a reduction in the average loan drawn during the year.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group and Company will continue to meet their liabilities as and when they fall due, for the foreseeable future. In light of the current Macroeconomic backdrop, the Director has placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Group's and Company's financial statements for the year ended 30 June 2023. The Director believes that this basis is appropriate as the Group 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 Group, during the year and subsequently, has been received in full and on time.

The Group's net current assets as at 30 June 2023 amounted to £4,851,040 and the company's net current liabilities amounted to £22,306,226.

Of the Company's £22,306,226 net liabilities £27,405,656 relates to amounts owed to 100% owned subsidiaries which are under the control of the Company, excluding these balances the Company has net current assets of £5,099,431.

On 30 August 2017 the Group 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 the maximum term, inclusive of uncommitted extension options extended to August 2025. At the year-end £78m of this loan facility had been utilised. The Group and its subsidiaries met their loan covenants throughout the year and have continued to do so thereafter. In September 2023, the Group refinanced its existing £150.0 million three-year RCF revolving credit facility with a new £50.0 million, secured three-year RCF with a £75 million accordion option. The new facility has two one-year extension options and a margin of 170 bps over SONIA. The Company and its subsidiaries 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

Based on the above, the Director believes that there are currently no material uncertainties in relation to the Group or Company's ability to continue in operation for a period of at least 12 months from the date of signing these 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 Group and 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 Group or Company's future performance:

Strategic Report (continued)

Principal risks and uncertainties (continued)

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

Mitigation
The main tenants of the investment properties are institutional-grade tenants with long term leases. The leases contain upward-only rent reviews, of which the majority are inflation linked. These factors help maintain the asset value.

b) Risk of default by lessee
Our investment properties include large supermarket properties which means the Group directly relies on the performance of the various supermarket operators. Insolvencies or poor performance within the UK supermarket sector could affect Group revenues and property valuations which in turn could affect the potential to pay dividends in the future and service debt obligations as they fall due.

Mitigation
The investment properties held by the Group are let to some of the largest supermarket operators in the UK by market share. Ensuring investment properties are let to tenants with strong financial covenants and limiting exposure to smaller operators in the sector decreases the probability of a tenant default. The leases are either guaranteed by the parent company in the specific operator group or are a direct obligation of the main UK operating entity of the operator group. The directors also perform periodic reviews of the tenant covenant strength.

c) Financial risk
The use of floating rate debt by the Group can expose it to underlying interest rate movements. Interest on bank borrowings is payable based on a margin over SONIA. Any adverse movements in SONIA could significantly impair profitability of subsidiaries and their ability to pay dividends to the Company (and in turn the Company's ability to pay dividends to its shareholder) and service their debt obligations as they fall due.

Mitigation
As at year end 100% of the Group's drawn debt is fixed. In September 2023, the Group refinanced its existing £150.0 million revolving credit facility with HSBC was refinanced with a new £50.0 million, secured three-year RCF with a £75 million accordion option. The new facility has two one-year extension options and a margin of 170 bps over SONIA. The Company and its subsidiaries 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.

d) Inflation risk
The UK is experiencing historic price rises with the highest inflation rate in 40 years, and a slowing economy. The Bank of England has responded by successive interest rate increases which could lead to a sharp decline in economic activity, stock markets and possibly stagflation. A recessionary environment could impact real estate valuations. Continued high inflation may cause rents to exceed market levels and result in the softening of valuation yields. Where leases have capped rental uplifts, high inflation may cause rent reviews to cap out at maximum values, causing rental uplifts to fall behind inflation.

Mitigation
The rent review provisions within the Group's various property leases include a mixture of fixed, upward only capped as well as open market rent reviews, to hedge against a variety of inflationary outcomes.

e) Taxation risk
The Group entities are 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 and its subsidiaries being subject to UK corporation tax. This could impact the level of profits available for distribution in the future.

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.

Supermarket Income Investments UK Limited
Registered number: 10871563

This report was approved by the sole Director on 19 December 2023:

DocuSigned by:
Jon Austen
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Jonathan Martin Austen
Director

Director's Report

The Director presents his report and the audited group financial statements of Supermarket Income Investments UK Limited and its subsidiaries for the year ended 30 June 2023.

The Company was incorporated on 18 July 2017 as a private company under the Companies Act 2006.

Principal activity
The Company's principal activity is that of a holding company. The Group's principal activity 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 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.

Results and dividends
The results for the period are disclosed on page 10.

For the year ended 30 June 2023 interim dividends totalling £304,459,195 were declared and paid by the Company. The director does not recommend the payment of a final dividend.

Post balance sheet events
Post balance sheet events are described in note 20 to the financial statements.

Other Companies Act 2006 disclosures
- Disclosures regarding the Group's financial risk management objectives and policies are included in note 14 to the financial statements;
- Information on exposure to price risk, credit risk, liquidity risk and cash flow risk is included in note 14 to the financial statements;
- During the year there were no political donations and expenditure for the Group headed by the Company;
- Qualifying indemnity insurance is provided for the Director
- The Group has taken the exemption from the requirements of the Streamlined Energy and Carbon Reporting Framework as the information in respect of the Group's Scope 1, 2 and 3 emissions are included within the Annual report and consolidated financial statements of Supermarket Income REIT Plc for the year ended 30 June 2023.

Disclosure of information to auditor
The Director of the Company who held office at the date of approval of this report confirms that:
- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Future developments
The Company and the Group are looking at new acquisitions which may become available in the future, where acquiring these would in return create additional rental income and help the growth of the Group and the Company.

Director
The Director of the Company who served during the year ended 30 June 2023 and subsequently is as follows:

Jonathan Martin Austen

Independent auditor
BDO LLP have confirmed their willingness to continue in office.

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 year. 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 Group and Company and of the profit or loss of the Group 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 year and subsequently.

This report was approved by the sole Director on 19 December 2023:

DocuSigned by:
Jon Austen
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Jonathan Martin Austen
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUPERMARKET INCOME INVESTMENTS UK LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2023 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Supermarket Income Investments UK Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2023 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director with respect to going concern are described in the relevant sections of this report.

Other information

The Director is responsible for the other information. The other information comprises the information included in the Annual Report and Audited Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUPERMARKET INCOME INVESTMENTS UK LIMITED (CONTINUED)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Director's report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Director

As explained more fully in the Statement of Director's Responsibilities, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with the Investment Adviser and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.
-

We considered the significant laws and regulations to be applicable accounting standards, the Companies Act 2006 and the UK Real Estate Investment Trust ("REIT") regime.

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The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be UK VAT regulations.

Our procedures in respect of the above included:

- Review of Group Board meeting minutes for any instances of non-compliance with laws and regulations;
- Review of a report from the Group's Investment Adviser, detailing the actions that the Group has undertaken to ensure compliance. With the assistance of our internal tax experts, this paper was reviewed, and the assumptions challenged;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with the Investment Adviser and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
  - Review of Group Board meeting minutes for any known or suspected instances of fraud;
  - Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition (existence and accuracy of rental receipts), investment property valuations and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- We agreed to bank and loan balances to direct bank confirmations and agreements;
- We also addressed the risk of management override of internal controls by evaluating whether there was evidence of bias by the Investment Adviser and the Directors that represented a risk of material misstatement due to fraud. This included evaluating any management bias within the valuation of investment property, as mentioned under the key audit matters subheading;
- To address the fraud risk in relation to the existence and accuracy of rental receipts, for a sample of rental periods (i.e. quarter or month) under each lease, we set expectations for the rental income to be received under the terms of lease agreement and compared this to the cash receipts identified per the bank statements, investigating any variances.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUPERMARKET INCOME INVESTMENTS UK LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Charles Ellis
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Charles Ellis (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 21 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Supermarket Income Investments UK Limited
Registered number: 10871563

Consolidated statement of comprehensive income

for the year ended 30 June 2023

	Notes	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Gross rental income	4	16,701,655	14,886,337
Service charge and insurance income		1,211,669	785,875
Service charge and insurance expense		(1,340,716)	(842,317)
Net rental income		**16,572,608**	**14,829,895**
Administrative and other expenses		(1,459,674)	(1,340,845)
Operating profit before changes in fair value of investment properties		**15,112,934**	**13,489,050**
Changes in fair value of investment properties and rental guarantee	8	(39,433,786)	9,276,506
Operating (loss)/profit	5	**(24,320,852)**	**22,765,556**
Finance income		1,873,185	-
Finance costs		(4,894,418)	(3,186,601)
Changes in fair value of interest rate derivatives	9	*(774,427)*	-
(Loss)/ profit on ordinary activities before taxation		**(28,116,512)**	**19,578,955**
Tax charge for the year	6	-	-
(Loss)/ profit for the year		**(28,116,512)**	**19,578,955**
Other comprehensive (loss)/ income			
Change in fair value of interest rate derivatives		-	4,812
Total comprehensive (loss)/ income for the year		**(28,116,512)**	**19,583,767**

The Group 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 Limited
Registered number: 10871563

Consolidated statement of financial position

as at 30 June 2023

	Notes	30 June 2023 £	30 June 2022 £
Non-current assets			
Investment property	8	278,360,000	281,440,000
Interest rate derivative	9	1,597,051	-
Total non-current assets		**279,957,051**	**281,440,000**
Current assets			
Interest rate derivative	9	3,584,453	-
Loan receivable	10	56,652	-
Trade and other debtors	11	1,174,724	434,885
Cash and cash equivalents		6,650,023	5,598,277
Total current assets		**11,465,852**	**6,033,162**
Total assets		**291,422,903**	**287,473,162**
Non-current liabilities			
Bank borrowings	13	77,834,525	-
Total non-current liabilities		**77,834,525**	**-**
Current liabilities			
Loan payable	12	-	747,626
Deferred income		3,583,880	3,525,836
Trade and other creditors	12	3,030,931	1,570,905
Total current liabilities		**6,614,811**	**5,844,367**
Total liabilities		**84,449,336**	**5,844,367**
Total net assets		**206,973,567**	**281,628,795**
Capital and reserves			
Share capital	16	1,175	1,172
Share premium	16	-	-
Capital reduction reserve	16	179,762,647	226,301,366
Retained earnings		27,209,745	55,326,257
Cash flow hedge reserve		-	-
Total equity		**206,973,567**	**281,628,795**

The financial statements were approved and authorised for issue by the sole Director on 19 December 2023:

DocuSigned by:
Jon Austen
661A4B7F9B22422
Jonathan Martin Austen
Director

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

Supermarket Income Investments UK Limited
Registered number: 10871563

Company statement of financial position

as at 30 June 2023

	Notes	30 June 2023 £	30 June 2022 £
Non-current assets			
Interest rate derivatives	9	1,597,051	-
Investments in subsidiaries	7	210,908,598	280,774,137
Total non-current assets		**212,505,649**	**280,774,137**
Current assets			
Interest rate derivatives	9	3,584,453	-
Loans receivable	10	588,079	282,963
Trade and other debtors	11	860,877	264,600
Cash and cash equivalents		678,271	61,123
Total current assets		**5,711,680**	**608,686**
Total assets		**218,217,329**	**281,382,822**
Current liabilities			
Loans payable	12	27,687,006	26,352,995
Trade and other creditors	12	330,900	265,600
Total liabilities		**28,017,906**	**26,618,595**
Total net assets		**190,199,423**	**254,764,228**
Capital and reserves			
Share capital	15	1,175	1,172
Share premium	15	-	-
Capital reduction reserve	15	179,762,647	226,301,366
Retained earnings		10,435,601	28,461,690
Cash flow hedge reserve		-	-
Total equity		**190,199,423**	**254,764,228**

The Company has taken advantage of the exemption within section 408 of the Companies Act 2006 not to present its own profit and loss account. The total comprehensive loss for the year dealt with the financial statements of the Company was £18,026,089 (2022: £6,398,773 profit).

The financial statements were approved and authorised for issue by the sole Director on 19 December 2023:

DocuSigned by:
Jon Austen
661A4B7F9B22422
Jonathan Martin Austen
Director

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

Supermarket Income Investments UK Limited
Registered number: 10871563

Consolidated statement of changes in equity

for the year ended 30 June 2023

	Notes	Share capital £	Share premium £	Capital reduction reserve £	Retained earnings £	Cash flow hedge reserve £	Total equity £
At 1 July 2021		**1,169**	**-**	**41,204,586**	**50,946,325**	**(4,812)**	**92,147,268**
Total comprehensive income							
Profit for the year		-	-	-	19,578,955	-	19,578,955
Other Comprehensive income for the year		-	-	-	-	4,812	4,812
Transactions with owners							
Shares issued during the period	15	3	364,617,819	-	-	-	364,617,822
Share premium cancelled during the period and transferred to capital reduction reserve	15	-	(364,617,819)	364,617,819	-	-	-
Dividends paid during the year		-	-	(179,521,039)	(15,199,023)	-	(194,720,062)
At 30 June 2022		**1,172**	**-**	**226,301,366**	**55,326,257**	**-**	**281,628,795**
At 1 July 2022		**1,172**	**-**	**226,301,366**	**55,326,257**	**-**	**281,628,795**
Total comprehensive income/ (loss)							
Loss for the year		-	-	-	(28,116,512)	-	(28,116,512)
Other Comprehensive income for the year		-	-	-	-	-	-
Transactions with owners							
Shares issued during the year	16	3	257,920,476	-	-	-	257,920,479
Share premium cancelled during the year and transferred to capital reduction reserve	16	-	(257,920,476)	257,920,476	-	-	-
Dividends paid during the year	16	-	-	(304,459,195)	-	-	(304,459,195)
At 30 June 2023		**1,175**	**-**	**179,762,647**	**27,209,745**	**-**	**206,973,567**

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

Supermarket Income Investments UK Limited
Registered number: 10871563

Company statement of changes in equity

for the year ended 30 June 2023

	Notes	Share capital £	Share premium £	Capital reduction reserve £	Retained earnings £	Cash flow hedge reserve £	Total equity £
At 1 July 2021		**1,169**	**-**	**41,204,586**	**37,266,752**	**(4,812)**	**78,467,695**
Total comprehensive income							
Profit for the year		-	-	-	6,393,961	-	6,393,961
Other comprehensive income of the year		-	-	-	-	4,812	4,812
Transactions with owners							
Shares issued during the period	16	3	364,617,819	-	-	-	364,617,822
Share premium cancelled during the period and transferred to capital reduction reserve		-	(364,617,819)	364,617,819	-	-	-
Dividends paid during the year	16	-	-	(179,521,039)	(15,199,023)	-	(194,720,062)
At 30 June 2022		**1,172**	**-**	**226,301,366**	**28,461,690**	**-**	**254,764,228**
At 1 July 2022		**1,172**	**-**	**226,301,366**	**28,461,690**	**-**	**254,764,228**
Total comprehensive income							
Loss for the year		-	-	-	(18,026,089)	-	(18,026,089)
Other comprehensive income of the year		-	-	-	-	-	-
Transactions with owners							
Shares issued during the year	16	3	257,920,476	-	-	-	257,920,479
Share premium cancelled during the year and transferred to capital reduction reserve	16	-	(257,920,476)	257,920,476	-	-	-
Dividends paid during the year	16	-	-	(304,459,195)	-	-	(304,459,195)
At 30 June 2023		**1,175**	**-**	**179,762,647**	**10,435,601**	**-**	**190,199,423**

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

Supermarket Income Investments UK Limited
Registered number: 10871563

Consolidated statement of cash flows

for the year ended 30 June 2023

	Notes	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Operating activities			
(Loss)/Profit for the period		(28,116,512)	19,578,955
Adjustments for:			
Changes in fair value of investment properties and associated rent guarantees		39,433,786	(9,276,506)
Changes in fair value of interest rate derivatives measured at fair value through profit and loss		774,427	-
Finance costs		4,894,418	3,186,601
Finance income		(1,873,185)	-
Cash flows from operating activities before changes in working capital		**15,112,934**	**13,489,050**
(Increase)/ decrease in trade and other receivables		(237,828)	427,404
Increase/(decrease) in deferred rental income		58,044	(39,632)
(Increase)/decrease in rental guarantees		(8,125)	24,417
Increase/(decrease) in trade and other payables		468,859	(226,918)
Net cash flows from operating activities		**15,393,884**	**13,674,321**
Investing activities			
Acquisition of investment properties		(34,500,000)	-
Capitalised acquisition costs		(1,845,661)	-
Net cash flows used in investing activities		**(36,345,661)**	**-**
Financing activities			
Proceeds from issue of ordinary share capital		257,920,479	286,358,638
Amount due to parent company repaid		(804,278)	3,630,382
Bank borrowings drawn		298,088,014	180,033,743
Bank borrowings repaid		(220,000,000)	(286,141,020)
Loan arrangement fees paid		(364,050)	(365,217)
Bank interest paid		(2,931,696)	(2,248,191)
Bank commitment fees paid		(731,523)	(330,446)
Settlement of interest rate derivatives		1,241,702	-
Derivative premiums paid		(5,955,930)	-
Dividends paid to equity holders		(304,459,195)	(194,720,063)
Net cash flows from/(used in) financing activities		**22,003,523**	**(13,782,174)**
Net movement in cash and cash equivalents in the period		**1,051,746**	**(107,853)**
Cash and cash equivalents at the beginning of the period		**5,598,277**	**5,706,130**
Cash and cash equivalents at the end of the period		**6,650,023**	**5,598,277**

Notes to the financial statements

1. Basis of preparation

General information

Supermarket Income Investments UK Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales. The register number is 10871563 and the registered address is 1 King William Street, London, EC4N 7AF

The financial statements for the year ended 30 June 2023 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 and rental guarantees which have been measured at fair value.

Disclosure exemptions adopted

In preparing the separate financial statements the Company took advantage of certain disclosure exemptions conferred by FRS 102.

Therefore, the separate financial statements of the Company do not include:

- A Company statement of cash flows.
- Financial instrument disclosures where equivalent disclosures have been provided in respect of the Group.
- The requirements of Chapter 33 Related Party Disclosure set out in paragraph 33.7 relating to key management personnel.

Convention

The financial statements are presented in Sterling, which is also the functional currency of each Group undertaking.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group and Company will continue to meet their liabilities as and when they fall due, for the foreseeable future. In light of the current Macroeconomic backdrop, the Director has placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Group's and Company's financial statements for the year ended 30 June 2023. The Director believes that this basis is appropriate as the Group 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 Group, during the year and subsequently, has been received in full and on time.

The Group's net current assets as at 30 June 2023 amounted to £4,851,040 and the company's net current liabilities amounted to £22,306,226.

Of the Company's £22,306,226 net liabilities £27,405,656 relates to amounts owed to 100% owned subsidiaries which are under the control of the Company, excluding these balances the Company has net current assets of £5,099,431.

On 30 August 2017 the Group 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 the maximum term, inclusive of uncommitted extension options extended to August 2025. At the year-end £78m of this loan facility had been utilised. The Group and its subsidiaries met their loan covenants throughout the year and have continued to do so thereafter. In September 2023, the Group refinanced its existing £150.0 million revolving credit facility with a new £50.0 million, secured three-year RCF with a £75 million accordion option. The new facility has two one-year extension options and a margin of 170 bps over SONIA. The Company and its subsidiaries 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

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

Notes to the financial statements (continued)

1. Basis of preparation (continued)

Consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries drawn up to 30 June 2023.

Subsidiaries are those entities including special purpose entities, directly or indirectly controlled by the Company. Control exists when the Company is exposed or has rights to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In preparing the consolidated financial statements, intra group balances, transactions and unrealised gains or losses are eliminated in full.

Uniform accounting policies are adopted for all entities within the Group.

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 Group's and/or Company's assets and liabilities within the next 12 months are outlined as follows.

Carrying value of investments

Investments in wholly owned subsidiaries of the Company are reviewed for impairment at each reporting date. Such is the nature of each subsidiary, being an entity holding investment property at fair value, that the Director considers recoverable value can be assessed by reference to the net asset value of the subsidiary. In determining the fair value of its investment property, each subsidiary engages an independent valuer, further information is provided in each subsidiary's financial statements.

Fair valuation of investment property

The valuation of the Group's investment property is at fair value, which is determined by the Group'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 Group's investment property include the length of the property lease, the location of the property and the strength of tenant covenants.

Operating lease contracts – the Group as lessor

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

Notes to the financial statements (continued)

2. Significant accounting judgements, estimates and assumptions (continued)

Fair value of interest rate derivatives
Derivatives are valued by reference to interbank bid market rates as at the close of business on the last working day prior to each reporting date. The fair values are calculated using the present values of future cash flows, based on market forecasts of interest rates and adjusted for the credit risk of the counterparties. The amounts and timing of future cash flows are projected on the basis of the contractual terms. The fair value of the Group's interest rate derivatives are detailed in note 9.

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 Group 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.

Service charge income
Service charge income represents amounts billed to tenants for services provided in conjunction with leased properties based on budgeted service charge expenditure for a given property over a given service charge year. The Company recognises service charge income on a straight-line basis over the service charge term.

Finance income
Finance income consists principally of interest receivable from interest rate derivatives. An adjustment is applied to reclassify amounts received upon periodic settlement of interest rate derivatives assets from change in fair value to interest income.

Finance costs
Finance costs consist primarily of any amortisation of loan arrangement fees and interest payable relating to the Group's loan facility.

The loan arrangement fee is expensed using the effective interest method over the term of the relevant loan facility. Interest payable and other finance costs, including other commitment fees, which the Group incurs in connection with bank borrowings, are expensed in the period to which they relate.

Taxation
Entry to the UK-REIT regime
The Group entities are part of the Supermarket Income REIT PLC group which obtained its UK-REIT status, effective from 21 December 2017. Entry to the regime results in, subject to continuing relevant UK-REIT criteria being met, the profits of the Group entities being exempt from UK taxation.

The Group 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 Group'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.

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

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.

Investments in subsidiaries
Investments in subsidiaries consist of shares held by the Company in its directly held subsidiaries.

Investments in subsidiaries are recognised when the Company becomes the legal owner of the shares in the acquired subsidiary and are initially measured at cost, being the fair value of the gross consideration paid for the acquired shares and subsequently carried at cost less provision for any impairment.

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 Group 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 consist 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 Group 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.

Interest rate derivatives
The Company uses interest rate derivatives to manage its exposure to the cash flow risk arising from the loan facility taken out by the Company, along with certain of its directly held subsidiaries. Derivatives are measured at fair value at each reporting date. To the extent the derivative is effective as a cash flow hedge, movements in the fair value are recognised in other comprehensive income and presented in a separate cash flow hedging reserve. Any ineffective portions of those movements are recognised in profit or loss.

Interest rate derivatives that do not qualify under hedge accounting are carried in Statement of Financial Position at fair value, with changes in fair value recognised in the Statement of Comprehensive Income, net of interest receivable/payable from the derivatives shown in the finance income or expense line.

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.

Capital reduction reserve
The Company may by Special Resolution resolve to cancel the share premium of the Company. Subsequent to these resolutions being passed the Company transfers the funds to a capital reduction reserve. This is a distributable reserve.

Notes to the financial statements (continued)

4. *Analysis of rental income*

	Year ended 30 June 2023 £	Year ended to 30 June 2022 £
Rental income – Investment property*	16,701,655	14,886,337
Gross rental income	16,701,655	14,886,337

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

5. Operating (loss)/profit

The audit fee for the year has been borne by Supermarket Income REIT Plc, the parent entity. The auditor's remuneration in respect of the Group amounted to £11,950 (2022: £10,625), which has been recharged by the parent entity.

The Group or Company had no employees and the Director, who is considered to represent the key management personnel, received no remuneration from the Group or Company during the current or prior period.

6. *Taxation*

Analysis of the tax charge in the period:

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Current tax:		
UK corporation tax	-	-
Tax on (loss)/profit on ordinary activities	-	-

Factors affecting tax charge for period
The differences between the tax assessed and the standard rate of corporation tax for the period are explained as follows:

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
(Loss)/profit on ordinary activities before tax	(28,116,512)	19,578,955
Theoretical tax at UK standard corporation tax rate of 20.5% (2022: 19%)	(5,763,885)	3,720,001
Effects of:		
Investment property and derivative revaluation not taxable	8,242,684	-
Residual business losses	32,436	
REIT exempt income and losses	(2,511,235)	(3,720,001)
Total tax charge	-	-

The Group as part of Supermarket Income REIT Plc ("SUPR") operates as a UK Group REIT. Subject to continuing compliance with certain rules, the UK REIT regime exempts the profits of 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 SUPR's qualifying activities. Since 21 December 2017 SUPR has met all such applicable conditions.

From 1 April 2023 the main UK corporation tax rate increased from 19% to 25%. The blended rate used for the current year is 20.5%.

Notes to the financial statements (continued)

7. Investment in subsidiaries

Company	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
As at 1 July	280,774,137	124,275,849
Total acquisitions during the year	257,920,480	334,188,431
Impairment of investment in subsidiaries	(327,786,019)^	(177,690,143)
Closing value per Statement of Financial Position	210,908,598	280,774,137

^ An impairment of investments in subsidiaries was recognised during both the current and previous year following the payment of upstream dividends to the Company. Following the payment of dividends, the net assets of certain dividend-paying subsidiaries no longer support the carrying value of the Company's investment in those entities and thus an impairment charge was recognised to bring the carrying value of the investments in line with the recoverable amount, which was also considered to be its value in use.

At the period end date, the Company held the following investments:

	30 June 2023 Ownership %	30 June 2022 Ownership %
Name of subsidiary:		
Supermarket Income Investments UK (NO1) LTD	100	100
Supermarket Income Investments UK (NO2) LTD	100	100
Supermarket Income Investments UK (NO4) LIMITED	100	100
Supermarket Income Investments UK (NO10) LIMITED	100	100
Supermarket Income Investments UK (NO11) LIMITED	100	100
Supermarket Income Investments UK (NO16B) LIMITED	100	100
Supermarket Income Investments UK (NO16C) LIMITED	100	100
Supermarket Income Investments UK (NO19) LIMITED	100	100
Supermarket Income Investments UK (NO40) LIMITED	100	-
TPP Investments Limited	100	100
T (Partnership) Limited	100	100
The TBL Property Partnership^	100	100

^The TBL Property Partnership is general partnership owned equally by TPP Investments Limited and T (Partnership) Limited as partners. The Company therefore indirectly owns 100% of the partnership.

The principal activity of each of the Company's subsidiaries is that of holding investment property

All of the Company's subsidiary undertakings are incorporated and operate in England and Wales. The registered address of these subsidiary undertakings is 1 King William Street, London, EC4N 7AF

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act.

Company Name	Companies House Registration Number
Supermarket Income Investments UK (NO1) LTD	10865893
Supermarket Income Investments UK (NO2) LTD	10866226
Supermarket Income Investments UK (NO4) LIMITED	11031632
Supermarket Income Investments UK (NO10) LIMITED	12295148
Supermarket Income Investments UK (NO11) LIMITED	12299485
Supermarket Income Investments UK (NO16B) LIMITED	12631932
Supermarket Income Investments UK (NO16C) LIMITED	12633422
Supermarket Income Investments UK (NO19) LIMITED	12699950
Supermarket Income Investments UK (NO40) LIMITED	14217121

Notes to the financial statements (continued)

8. Investment property

Group	Year ended 30 June 2023 £	Year ended 30 June 2022 £
As at 1 July	281,440,000	271,938,160
Acquisitions during the year	34,500,000	-
Acquisition costs capitalised during the year	1,845,661	-
Revaluation movement	(39,425,661)	9,501,840
Closing value per independent valuation report	278,360,000	281,440,000
Closing fair value per Statement of Financial Position	278,360,000	281,440,000

The properties held by the Group have 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 yield methodology approach is used when valuing the Group's properties which uses market rental values capitalised with a market capitalisation rate. This is sense-checked against the market comparable method (or market comparable approach) where a property's fair value is estimated based on comparable *transactions in the market.*

Key inputs into the valuations were:
- Estimated rental value ("ERV"): £0.4m - £4.3m, with a weighted average of £2.7m
- Net initial yield: 5.0% - 6.8%, with a weighted average of 5.7%.

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. The total historic cost of the investment properties at acquisition was £277.5 million (2022: £243.0 million).

A summary of the revaluation movement within the profit and loss is shown below:

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Revaluation movement per above	(39,425,661)	9,501,840
Movements in associated rent guarantees	(8,125)	(225,334)
Changes in fair value recognised in profit and loss	(39,433,786)	9,276,506

Supermarket Income Investments UK Limited
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Notes to the financial statements (continued)

9. Interest rate derivatives

Group and Company	30 June 2023 £	30 June 2022 £
Non-current asset: Interest rate cap	1,597,051	-
Current asset: Interest rate cap	3,584,453	-
Fair value of interest rate derivatives at 30 June	5,181,504	-

Group and Company	30 June 2023 £	30 June 2022 £
Fair value of interest rate derivative at 1 July	-	-
Interest rate derivative premium paid on inception	5,955,931	-
Changes in fair value of interest rate derivative in the year (P&L)	(774,427)	-
Fair value of interest rate derivative at 30 June	5,181,504	-

10. Loans receivable

Group	30 June 2023 £	30 June 2022 £
Loan receivable from:		
Supermarket Income REIT Plc	56,652	-
Loans receivable	56,652	-

Company	2023 £	2022 £
Loan receivable from:		
Supermarket Income Investments UK (NO1) LTD	-	9,158
Supermarket Income Investments UK (NO11) LTD	47,912	154
Supermarket Income Investments UK (NO16C) LIMITED	46,280	99
Supermarket Income Investments UK (NO19) LIMITED	34,422	131
T *(Partnership)* Limited	1,250	1,607
TPP Investments Limited	760	1,605
The TBL Property Partnership	457,455	270,209
Loans receivable*	588,079	282,963

*The intercompany loans are unsecured, interest free and repayable on demand.

11. Trade and other debtors

Group	30 June 2023 £	30 June 2022 £
Trade debtors	253,063	93,865
Prepaid expenses and other debtors	921,661	341,020
Total trade and other debtors	1,174,724	434,885

Company	30 June 2023 £	30 June 2022 £
VAT receivable	-	1,127
Prepaid expenses and other debtors	860,877	263,473
Total trade and other debtors	860,877	264,600

Supermarket Income Investments UK Limited
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Notes to the financial statements (continued)

12. Current liabilities

Loans payable

Group	30 June 2023 £	30 June 2022 £
Loan payable to:		
Supermarket Income REIT Plc	-	747,626
Loans payable	-	747,626
Accruals	1,134,158	314,107
Other trade creditors	1,071,220	517,015
VAT payable	825,553	739,783
Total trade and other creditors	3,030,931	1,570,905

Company	30 June 2023 £	30 June 2022 £
Loan payable to:		
Supermarket Income REIT Plc	281,350	372,726
Supermarket Income Investments UK (NO1) LIMITED	414,570	-
Supermarket Income Investments UK (NO40) LIMITED	1,084,932	-
Supermarket Income Investments UK (NO16B) LIMITED	1,667,631	1,695,329
Supermarket Income Investments UK (NO10) LIMITED	2,572,737	2,613,210
Supermarket Income Investments UK (NO4) LIMITED	17,858,178	18,069,285
Supermarket Income Investments UK (NO2) LTD	3,807,608	3,602,445
The TBL Property Partnership	-	-
Loans payable*	27,687,006	26,352,995
Other trade creditors	322,025	265,600
VAT payable	8,875	
Trade and other creditors	330,900	265,600

* The intercompany loans are unsecured, interest free and repayable on demand.

13. Non-current liabilities

Group	30 June 2023 £	30 June 2022 £
Non-current		
Amount utilised from loan facility	78,088,014	-
Unamortised loan arrangement fees^	(253,489)	-
Bank borrowings*	77,834,525	-

^For the year ended 30 June 2022, the unamortised arrangement fee asset of £329,207 was disclosed within trade and other debtors (see note 11) in the Statement of Financial Position.

*On 30 August 2017 the Group entered into a credit facility agreement with HSBC Bank plc for a total amount of £100m of which a total of £18.5m was initially drawn down by the Company. In September 2020, the facility was increased by £40m.

The credit facility has a maturity of three years and contains options for extension of two years (split into two, one-year extensions). The extension options require the agreement of both the Company and its subsidiary undertakings and the counterparty bank in order to exercise. In September 2021, the Group agreed an increase of £10m to the credit facility and an extension to the maturity date to August 2023. In September 2022 the Group agreed a two-year extension with HSBC to August 2025. Subsequent to the year end the existing facility with HSBC was refinanced. Refer to Note 20 for further details.

Notes to the financial statements (continued)

13. Non-current liabilities (continued)

The advances drawn under the credit facility have an interest charge which is payable quarterly based on a margin of 165 basis points above SONIA on the first £100 million and 175 basis points above SONIA on the remaining £50 million. The Group has entered into an interest rate derivative in order to manage its exposure to SONIA as a result of entering into the credit facility (see note 9). The aim is to mitigate its direct exposure to movements in SONIA by capping its exposure to SONIA increases Any associated fees in arranging the bank borrowings that are unamortised as at the end of the period were offset against amounts drawn under the facility and are disclosed in the above table.

The bank borrowings are secured by way of charges over the individual investment properties held by the Group. The lending bank also holds charges over the shares of the Company and these entities and any other intermediary holding companies affiliated with the Company and its group affiliates.

At 30 June 2023, £78.1 million (2022: nil) had been drawn in total by the Group. Prepaid loan arrangement fees continue to be amortised on a straight-line basis over the life of the credit facility.

14. Categories of financial instrument

	30 June 2023 £	30 June 2022 £
Financial assets		
Financial assets at amortised cost:		
Prepaid loan arrangement fee	-	329,207
Cash and cash equivalents	6,650,023	5,598,277
Intercompany loan receivable	56,652	-
Trade and other receivables	253,063	93,865
Financial assets at fair value through profit and loss:		
Interest rate derivatives	5,181,503	-
Total financial assets	12,141,241	6,021,349
Financial liabilities		
Financial liabilities at amortised cost:		
Secured debt	77,581,036	-
Intercompany loan payable	-	747,626
Trade and other payables	2,205,378	831,122
Total financial liabilities	79,786,414	1,575,748

Financial risk management
Through the Group's operations and use of debt financing it is exposed to certain risks. The Group's financial risk management objective is to minimise the effect of these risks. The exposure to each financial risk considered potentially material to the Group, how it arises and the policy for managing it is summarised below.

Market risk
Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risk arises from open positions in interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

The Group's interest-bearing financial instruments comprise cash and cash equivalents and bank borrowings. Changes in market interest rates therefore affect the Group's finance income and costs. The Group has entered into an interest rate derivative in order to manage its exposure to SONIA as a result of entering into the credit facility (see note 9). The aim is to mitigate its direct exposure to movements in SONIA by capping its exposure to SONIA increases. Trade and other receivables and payables are interest free as long as they are paid in accordance with their terms, and have payment terms of less than one year, so it is assumed that there is no material interest rate risk associated with these financial instruments.

Notes to the financial statements (continued)

14. Categories of financial instrument (continued)

The Group prepares its financial information in Sterling and all of its current operations are Sterling denominated. It therefore has no exposure to foreign currency and does not have any direct sensitivity to changes in foreign currency exchange rates.

Inflation risk arises from the impact of inflation on the Group's income and expenditure. The majority of the Group's passing rent at 30 June 2023 is subject to inflation linked rent reviews. Consequently, the Group is exposed to movements in the Retail Prices Index ("RPI"), which is the relevant inflation benchmark. However, all RPI-linked rent review provisions provide those rents will only be subject to upwards review and never downwards. As a result, the Group is not exposed to a fall in rent in deflationary conditions.

The Group does not expect inflation risk to have a material effect on the Group's administrative expenses, with the exception of the investment advisory fee which is determined as a function of the reported net asset value of the Group resulting from any upward rent reviews.

Credit risk
Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations. The principal counterparties are the Group's tenants (in respect of rent receivables arising under operating leases) and banks (as holders of the Group's cash deposits).

The credit risk of rent receivables is considered low because the counterparties to the operating leases are considered by the Group to be high quality tenants and any lease guarantors are of appropriate financial strength. Rent collection dates and statistics are monitored to identify any problems at an early stage, and if necessary rigorous credit control procedures will be applied to facilitate the recovery of rent receivables. The credit risk on cash deposits is limited because the counterparties are banks with credit ratings which are acceptable to the Group and are kept under review each quarter.

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance costs and principal repayments on its secured debt. It is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group seeks to manage its liquidity risk by ensuring that sufficient cash is available to meet its foreseeable needs. These liquidity needs are relatively modest and are capable of being satisfied by the surplus available after rental receipts have been applied in payment of interest as required by the credit agreement relating to the Group's secured debt.

Before entering into any financing arrangements, the Board assesses the resources that are expected to be available to the Group to meet its liabilities when they fall due. These assessments are made on the basis of both base case and downside scenarios. The Group prepares detailed management accounts which are reviewed at least quarterly to assess ongoing liquidity requirements and compliance with loan covenants. The Group also keeps under review the maturity profile of the Group's cash deposits in order to have reasonable assurance that cash will be available for the settlement of liabilities when they fall due.

Capital risk management
The primary objective when monitoring capital is to preserve the Group's ability to continue as a going concern, while ensuring it remains within its debt covenants so as to safeguard secured assets and avoid financial penalties.

Bank borrowings are secured on the Group's property portfolio by way of fixed charges over property assets and over the shares in the property-owning subsidiaries.

Supermarket Income Investments UK Limited
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Notes to the financial statements (continued)

15. Net debt reconciliation

	1 July 2022	Cash flows	Other non-cash changes	30 June 2023
	£	£	£	£
Cash at bank	5,598,277	1,051,746	-	6,650,023
Bank loans	329,207	(77,723,964)	(439,768)	(77,834,525)
Interest rate derivatives	-	4,714,228	467,275	5,181,503
Amount due to parent company	(747,626)	804,278	-	56,652
	5,179,858	(71,153,712)	27,507	(65,946,347)

Non-cash movements relate to the amortisation of capitalised prepaid financing costs.

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank and in hand.

16. Share capital, share premium and capital reduction reserve

	Shares in issue	Share capital	Share premium	Capital reduction reserve	Total
	Number	£	£	£	£
As at 1 July 2021	116,596	1,169	-	41,204,586	41,205,755
Share issued on 12 November 2021	1	1	136,201,454	-	136,201,455
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(136,201,454)	136,201,454	-
Share issued on 6 May 2022	1	1	150,157,183	-	150,157,184
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(150,157,183)	150,157,183	-
Share issued on 8 June 2022	1	1	78,259,183	-	78,259,184
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(78,259,183)	78,259,183	-
Dividends paid during the year	-	-	-	(179,521,039)	(179,521,039)
As at 30 June 2022	116,599	1,172	-	226,301,366	226,302,538
As at 1 July 2022	116,599	1,172	-	226,301,366	226,302,538
Share issued on 22 July 2022	1	1	36,966,523	-	36,966,524
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(36,966,523)	36,966,523	-
Share issued on 5 August 2022	1	1	150,177,187	-	150,177,188
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(150,177,187)	150,177,187	-
Share issued on 6 April 2023	1	1	70,776,766	-	70,776,767
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(70,776,766)	70,776,766	-
Dividends paid during the year	-	-	-	(304,459,195)	(304,459,195)
As at 30 June 2023	116,602	1,175	-	179,762,647	179,763,822

Notes to the financial statements (continued)

16. Share capital, share premium and capital reduction reserve (continued)

On 22 July 2022, the Company allotted one additional share with a nominal value of £1 for total consideration of £36,966,524. The consideration received in excess of the nominal value of the shares issued being £36,966,523, was credited to the share premium account.

On 22 July 2022, the Company by Special Resolution resolved to cancel the share premium of the Company as at that date. Subsequent to this resolution being passed the Company transferred £36,966,523 to a capital reduction reserve.

On 5 August 2022 the Company allotted an additional share with a nominal value of £1 for total consideration of £150,177,188. The consideration received in excess of the nominal value of the shares issued being £150,177,187, 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 as at that date. Subsequent to this resolution being passed the Company transferred £150,177,187 to a capital reduction reserve.

On 6 April 2023, the Company allotted an additional share with a nominal value of £1 for total consideration of £70,776,767. The consideration received in excess of the nominal value of the shares issued being £70,776,766, was credited to the share premium account.

On 6 April 2023, the Company by Special Resolution resolved to cancel the share premium of the Company as at that date. Subsequent to this resolution being passed the Company transferred £70,776,766 to a capital reduction reserve.

The shares have been issued at a par value of £1 each with all shares being allotted, issued and fully paid.

On 1 July 2022, the sole Director resolved to pay interim dividends on ordinary shares totalling £77,328,682 and £72,671,318 (£663.20 and £623.26 per ordinary share respectively).

On 8 August 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £3,925,000 (£33.66 per ordinary share).

On 20 September 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £5,187,000 (£44.49 per ordinary share).

On 22 September 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £85,511,826 (£733.37 per ordinary share).

On 3 November 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £3,165,301 (£27.15 per ordinary share).

On 21 February 2023, the sole Director resolved to pay an interim dividend on ordinary shares totalling £ 2,218,254 (£19.02 per ordinary share).

On 21 April 2023, the sole Director resolved to pay an interim dividend on ordinary shares totalling £40,152,563 (£344.36 per ordinary share).

On 9 May 2023, the sole Director resolved to pay an interim dividend on ordinary shares totalling £3,493,800 (£29.96 per ordinary share).

On 16 May 2023, the sole Director resolved to pay an interim dividend on ordinary shares totalling £11,435,451 (£98.07 per ordinary share).

Notes to the financial statements (continued)

17. Operating leases

The Group's investment properties are leased to third parties under a non-cancellable operating leases. The weighted average remaining lease term at 30 June 2023 is 11.4 years (2022: 13.1 years). The Group's leases all contain upward-only fixed or inflation-linked uplifts.

The future minimum lease payments receivable are as follows:

	30 June 2023 £' 000	30 June 2022 £' 000
Year 1	102,713	77,438
Year 2	101,637	77,831
Year 3	101,330	77,088
Year 4	100,268	76,861
Year 5	99,893	75,994
Year 6 – 10	465,234	375,951
Year 11 – 15	323,091	290,613
Year 16 – 20	95,004	127,809
Year 21 – 25	23,358	25,144
More than 25 years	12,743	14,846
	1,425,272	1,219,575

18. Capital commitments and contingent liabilities

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

The Company is party to a loan facility provided to its subsidiary undertakings which is secured by a fixed and floating charge over the assets of the Company and its subsidiary undertakings. At 30 June 2023 the balance drawn on this facility was £77,834,525 (see note 13).

19. Ultimate parent company and controlling party

As at 30 June 2023, the Company was a wholly owned subsidiary of Supermarket Income REIT Plc, a company incorporated in England and Wales, who is the ultimate holding company that prepares consolidated financial statements incorporating both the Company and the subsidiaries of the Company.

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.

20. Subsequent events

On 26 July 2023, the sole Director resolved to pay interim dividends on ordinary shares totalling £2,675,000 (£22.94 per ordinary share).

On 30 October 2023 the sole Director resolved to pay interim dividends on ordinary shares totalling £5,250,000 (£45.02 per ordinary share).

In September 2023, the Group announced that its £150.0 million revolving credit facility with HSBC was refinanced with a new £50.0 million, secured three-year RCF with a £75 million accordion option. The new facility has two one-year extension options and a margin of 170 bps over SONIA.

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