

Supermarket Income Investments UK (Midco6) Limited

(Company registration number 12858267)

Director's Report and Audited Financial Statements

For the year ended 30 June 2022

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Supermarket Income Investments UK (Midco6) Limited
Registered number: 12858267

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Supermarket Income Investments UK (Midco6) Limited
Registered number: 12858267

Corporate information

Director	Jonathan Martin Austen
Registered office	The Scalpel, 18 th Floor 52 Lime Street London EC3M 7AF
Independent Auditor	BDO LLP 55 Baker Street London W1U 7EU
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	12858267

Supermarket Income Investments UK (Midco6) Limited

Registered number: 12858267

Strategic Report

Review of the business

At the year-end date the Company holds investments in fourteen wholly owned subsidiaries. The total consideration paid by the Company for the issued share capital in these subsidiary entities totalled £504.6 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.

During the year the Group acquired six supermarket properties for an aggregate purchase price of £276.4 million, with a blended yield of 4.6% and a weighted average unexpired lease term of 18 years.

At 30 June 2022, the group owned 14 (2021: 8) investment properties with a weighted average unexpired lease term of 15.1 (2021: 14.3) years.

The Group's profit before taxation for the year ended 30 June 2022 amounted to £9,487,488 (2021: Loss £4,803,081). The Group has seen an increase in gross rental income of £14,094,452 compared to the prior year, due to a 110% increase in annualised passing rent from the acquisitions in the year and a full year's rental contribution along with rent review increases on existing assets. The Group carried out valuations of the investment properties twice during the year. The profit for the year includes a deficit of £5,850,377 on the revaluation of the Group's investment properties which were valued at £536,940,000 as at 30 June 2022. The Group's finance costs for the year increased by £2,568,268 compared to the prior year, which reflects a full year of interest on bank borrowings as the facility was set up mid-way through the prior year and the additional funds drawn under that facility in the current year. In the final quarter of the year there were increases in the variable SONIA rate.

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 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 Group and Company financial statements for the period ended 30 June 2022. 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 period and subsequently, has been received on time.

The Group's net current assets as at 30 June 2022 amounted to £999,273 and the company's amounted to £31,004,021.

The Group entered into a £150m secured revolving credit facility with Barclays and Royal Bank of Canada ("RBC") in January 2021. The facility has a five-year term (three year plus two one-year extension options) with a margin of 1.5% above SONIA. As at 30 June 2022 the facility was drawn to £138.75m with a further £11.25m of headroom remaining. The Group met its loan covenants throughout the period and has continued to do so thereafter.

In July 2022, the Group completed a reduction of its Barclays and RBC facility, reducing the facility size from £138,750,000 to £77,536,820 utilising monies received from a new equity issue.

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:

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 Company.

Supermarket Income Investments UK (Midco6) Limited

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Strategic Report (continued)

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.

Principal risks and uncertainties (continued)

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 their 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.

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

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.

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 groups 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) Risk of the impact on the war in Ukraine

Russia's invasion of the Ukraine in February 2022 has led to a surge in global energy and food prices. The extent and impact of military action, resulting sanctions and further market disruptions is difficult to predict which increases the uncertainty, and challenges of tenant operators as well as consumer confidence and financial markets. This could lead to a recession should the conflict move towards a broader regional or global one.

Mitigation

Supermarket operators have historically been able to successfully pass on inflationary increases through increasing price increases to the end consumer. Whilst sales volumes may fall in a recessionary environment, the nature of food means that demand is relatively inelastic, where the end consumer may decide to substitute luxury brands for supermarket own-branded products. The Group's tenants have strong balance sheets with robust and diversified supply chains. The tenants are therefore well positioned to deal with any disruption that may occur. As a result, we believe any adverse impact for the Group would be minimal. The Group invests solely in UK properties.

f) 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.

Supermarket Income Investments UK (Midco6) Limited

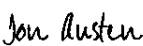
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Strategic Report (continued)

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 19 October 2022:

DocuSigned by:

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Jonathan Martin Austen
Director

Supermarket Income Investments UK (Midco6) Limited

Registered number: 12858267

Director's Report

The Director presents his report and the audited group financial statements of Supermarket Income Investments UK (Midco6) Limited and its subsidiaries for the year ended 30 June 2022.

The Company was incorporated on 4 September 2020 as a private company under the Companies Act 2006. The comparative information presented within these financial statements relates to the period from incorporation to 30 June 2021.

Principal activity

The Company's principal activity is that of a holding company. The group's principle 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 2022 interim dividends totalling £28,720,449 were declared and paid by the Company.

Post balance sheet events

Post balance sheet events are described in note 19 to the financial statements.

Other Companies Act 2006 disclosures

- Disclosures regarding the Group's financial risk management objectives and policies are included in note 13 to the financial statements;
- Information on exposure to price risk, credit risk, liquidity risk and cash flow risk is included in note 13 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 is considered to be a low energy user due to the fact it has no Scope 1 or Scope 2 emissions and therefore is not required to make any disclosures under the Streamlined Energy and Carbon Reporting Framework. Information regarding Scope 3 emissions arising from the activities of the wider group of which this group is a member are included within the Annual report and consolidated financial statements of Supermarket Income REIT Plc for the year ended 30 June 2022.

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 2022 and subsequently is as follows:

Jonathan Martin Austen

Independent auditor

BDO LLP were appointed as auditor during the year and have confirmed their willingness to continue in office.

Supermarket Income Investments UK (Midco6) Limited

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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.

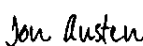
Companies law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard 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 October 2022::

DocuSigned by:

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Jonathan Martin Austen
Director

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

Supermarket Income Investments UK (Midco6) Limited
Registered number: 12858267

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUPERMARKET INCOME INVESTMENTS UK (MIDCO6) 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 2022 and of the Group's profit 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 (Midco6) Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2022 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 Director's 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.

Supermarket Income Investments UK (Midco6) Limited
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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:

- As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We considered the Group's and Parent Company's compliance with laws and regulations that have a significant impact on the financial statements including, but not limited to, UK company law, UK tax legislation (including the REIT regime requirements at a wider group level) and we considered the extent to which non-compliance might have a material effect on the financial statements.
- In order to address the risk of non-compliance with the REIT regime, we considered a report from the wider group's external adviser, detailing the actions that the wider group has undertaken to ensure compliance. This paper was reviewed, and the assumptions challenged, by our own internal expert.
- Our tests included agreeing the financial statement disclosures to underlying supporting documentation where relevant, review of Board meeting minutes, enquiries with management and the Director as to the

Supermarket Income Investments UK (Midco6) Limited

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risks of non-compliance and any instances thereof, and we considered the appropriateness of the design and implementation of controls around procurement fraud.

- We also addressed the risk of management override of internal controls by the testing of unusual journals and evaluating whether there was evidence of bias by management and/or the Director that represented a risk of material misstatement due to fraud.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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:

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Christopher Wingrave (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

Date: 20 October 2022

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

Supermarket Income Investments UK (Midco6) Limited
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Consolidated statement of comprehensive income

for the year ended 30 June 2022

	Notes	Year ended 30 June 2022 £	Period 4 September 2020 to 30 June 2021 £
Gross rental income	4	20,804,990	6,710,538
Service charge income		742,504	189,288
Service charge expense		(808,044)	(502,018)
Net rental income		20,739,450	6,397,808
Administrative and other expenses		(2,023,336)	(740,961)
Operating profit before changes in fair value of investment properties		18,716,114	5,656,847
Changes in fair value of investment properties	8	(5,850,377)	(9,649,947)
Operating profit/(loss)	5	12,865,737	(3,993,100)
Finance costs		(3,378,249)	(809,981)
Profit/(loss) on ordinary activities before taxation		9,487,488	(4,803,081)
Tax charge for the year	6	-	-
Profit/(loss) for the year		9,487,488	(4,803,081)
Total comprehensive income/(loss) for the year		9,487,488	(4,803,081)

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 period.

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

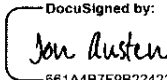
Supermarket Income Investments UK (Midco6) Limited
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Consolidated statement of financial position

as at 30 June 2022

	Notes	30 June 2022 £	30 June 2021 £
Non-current assets			
Investment property	8	536,940,000	252,410,000
Total non-current assets		536,940,000	252,410,000
Current assets			
Rental guarantee		283,000	137,868
Loans receivable	9	529,405	2,968,818
Trade and other debtors	10	716,287	1,204,086
Cash and cash equivalents		10,505,145	4,920,244
Total current assets		12,033,837	9,231,016
Total assets		548,973,837	261,641,016
Non-current liabilities			
Bank borrowings	12	137,387,797	112,917,233
Current liabilities			
Deferred income	11	6,221,861	2,937,827
Trade and other creditors	11	4,812,703	1,891,238
Total current liabilities		11,034,564	4,829,065
Total liabilities		148,422,361	117,746,298
Total net assets		400,551,476	143,894,718
Capital and reserves			
Share capital	15	13	7
Share premium	15	-	-
Capital reduction reserve	15	395,867,056	148,697,792
Retained earnings	15	4,684,407	(4,803,081)
Total equity		400,551,476	143,894,718

The financial statements were approved and authorised for issue by the sole Director
On 19 October 2022:

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Jonathan Martin Austen
Director

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

Supermarket Income Investments UK (Midco6) Limited
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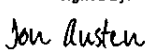
Company statement of financial position

as at 30 June 2022

	Notes	30 June 2022 £	30 June 2021 £
Non-current assets			
Investments in subsidiaries	7	366,308,333	144,269,444
Total non-current assets		366,308,333	144,269,444
Current assets			
Loans receivable	9	43,089,808	3,338,936
Trade and other debtors	10	493,905	212,888
Cash and cash equivalents		462,605	77,723
Total current assets		44,046,318	3,629,547
Total assets		410,354,651	147,898,991
Current liabilities			
Loans payable	11	12,781,683	3,739,018
Trade and other creditors	11	260,614	47,157
Total liabilities		13,042,297	3,786,175
Total net assets		397,312,354	144,112,816
Capital and reserves			
Share capital	15	13	7
Share premium	15	-	-
Capital reduction reserve	15	395,867,056	148,697,792
Retained earnings	15	1,445,285	(4,584,983)
Total equity		397,312,354	144,112,816

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 profit for the year dealt with the financial statements of the Company was £6,030,268 (2021: Loss £4,584,983).

The financial statements were approved and authorised for issue by the sole Director
On 19 October 2022:

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Jonathan Martin Austen
Director

Supermarket Income Investments UK (Midco6) Limited
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Consolidated statement of changes in equity

for the year ended 30 June 2022

	Notes	Share capital £	Share premium £	Capital reduction reserve £	Retained earnings £	Total equity £
At 4 September 2020		-	-	-	-	-
Total comprehensive (loss) for the period		-	-	-	(4,803,081)	(4,803,081)
Transactions with owners						
Shares issued during the period	15	7	148,697,792	-	-	148,697,799
Share premium cancelled during the period and transferred to capital reduction reserve	15	-	(148,697,792)	148,697,792	-	-
At 30 June 2021		7	-	148,697,792	(4,803,081)	143,894,718
At 1 July 2021		7	-	148,697,792	(4,803,081)	143,894,718
Total comprehensive income for the year		-	-	-	9,487,488	9,487,488
Transactions with owners						
Shares issued during the year	15	6	275,889,713	-	-	275,889,719
Share premium cancelled during the year and transferred to capital reduction reserve	15	-	(275,889,713)	275,889,713	-	-
Dividends paid during the year	15	-	-	(28,720,449)	-	(28,720,449)
At 30 June 2022		13	-	395,867,056	4,684,407	400,551,476

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

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Company statement of changes in equity

for the year ended 30 June 2022

	Notes	Share capital £	Share premium £	Capital reduction reserve £	Retained earnings £	Total equity £
At 4 September 2020		-	-	-	-	-
Total comprehensive (loss) for the period		-	-	-	(4,584,983)	(4,584,983)
Transactions with owners						
Shares issued during the period	15	7	148,697,792	-	-	148,697,799
Share premium cancelled during the period and transferred to capital reduction reserve	15	-	(148,697,792)	148,697,792	-	-
At 30 June 2021		7	-	148,697,792	(4,584,983)	144,112,816
At 1 July 2021		7	-	148,697,792	(4,584,983)	144,112,816
Total comprehensive income for the year		-	-	-	6,030,268	6,030,268
Transactions with owners						
Shares issued during the year	15	6	275,889,713	-	-	275,889,719
Share premium cancelled during the year and transferred to capital reduction reserve	15	-	(275,889,713)	275,889,713	-	-
Dividends paid during the year	15	-	-	(28,720,449)	-	(28,720,449)
At 30 June 2022		13	-	395,867,056	1,445,285	397,312,354

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

Supermarket Income Investments UK (Midco6) Limited
Registered number: 12858267

Consolidated statement of cash flows

for the year ended 30 June 2022

		Year ended 30 June 2022	Period 4 September 2020 to 30 June 2021
	Notes	£	£
Operating activities			
Profit/(loss) for the period		9,487,488	(4,803,081)
Adjustments for:			
Changes in fair value of investment properties and associated rent guarantees	8	5,850,377	9,649,947
Finance costs		3,378,249	809,981
Cash flows from operating activities before changes in working capital		18,716,114	5,656,847
Decrease/(increase) in trade and other receivables		2,927,212	(4,172,904)
Increase in deferred rental income		3,284,034	2,937,827
(Increase)/decrease in rental guarantees		(145,132)	149,863
Increase in trade and other payables		1,512,235	1,553,214
Net cash flows from operating activities		26,294,463	6,124,847
Investing activities			
Acquisition of investment properties	8	(275,355,981)	(247,521,400)
Acquisition of rental guarantees		-	(287,731)
Capitalised acquisition costs	8	(14,016,039)	(14,538,547)
Net cash flows used in investing activities		(289,372,020)	(262,347,678)
Financing activities			
Proceeds from issue of ordinary share capital	15	275,889,719	148,697,799
Bank borrowings drawn	12	66,758,044	113,750,000
Bank borrowings repaid	12	(41,758,044)	-
Loan arrangement fees paid		(1,094,408)	(966,600)
Bank interest paid		(2,293,616)	(313,364)
Bank commitment fees paid		(118,788)	(24,760)
Dividends paid to equity holders	15	(28,720,449)	-
Net cash flows from financing activities		268,662,458	261,143,075
Net movement in cash and cash equivalents in the period		5,584,901	4,920,244
Cash and cash equivalents at the beginning of the period		4,920,244	-
Cash and cash equivalents at the end of the period		10,505,145	4,920,244

Supermarket Income Investments UK (Midco6) Limited

Registered number: 12858267

Notes to the financial statements

1. Basis of preparation

General information

Supermarket Income Investments UK (Midco6) Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales. The register number is 12858267 and the registered address is The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF.

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 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 undertaking.
- 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.

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 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 Group and Company financial statements for the period ended 30 June 2022. 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 period and subsequently, has been received on time.

The Group's net current assets as at 30 June 2022 amounted to £999,273 and the company's amounted to £31,004,021.

The Group entered into a £150m secured revolving credit facility with Barclays and Royal Bank of Canada ("RBC") in January 2021. The facility has a five-year term (three year plus two one-year extension options) with a margin of 1.5% above SONIA. As at 30 June 2022 the facility was drawn to £138.75m with a further £11.25m of headroom remaining. The Group met its loan covenants throughout the period and has continued to do so thereafter.

In July 2022, the Group completed a reduction of its Barclays and RBC facility, reducing the facility size from £138,750,000 to £77,536,820 utilising monies received from a new equity issue.

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.

Consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries drawn up to 30 June 2022.

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.

Supermarket Income Investments UK (Midco6) Limited

Registered number: 12858267

Notes to the financial statements

1. Basis of preparation (continued)

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.

Supermarket Income Investments UK (Midco6) Limited

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Notes to the financial statements

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.

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.

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.

Supermarket Income Investments UK (Midco6) Limited**Registered number: 12858267****Notes to the financial statements****3. Summary of significant accounting policies (continued)****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 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 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.

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 by Special Resolution resolved to cancel the share premium of the Company during the year. Subsequent to these resolutions being passed the Company transfers the funds to a capital reduction reserve. This is a distributable reserve.

4. Analysis of rental income

	Year ended 30 June 2022 £	Period from 4 September 2020 to 30 June 2021 £
Rental income – Investment property*	20,804,990	6,710,538
Gross rental income	20,804,990	6,710,538

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

5. Operating profit / (loss)

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 £13,750 (2021: £20,700), which has been recharged by the parent entity.

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

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

	Year ended 30 June 2022 £	Period from 4 September 2020 to 30 June 2021 £
Current tax:		
UK corporation tax	-	-
Tax on profit / (loss) on ordinary activities	-	-

Supermarket Income Investments UK (Midco6) Limited
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Notes to the financial statements

6. Taxation (continued)

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 2022	Period from 4 September 2020 to 30 June 2021
	£	£
Profit/(Loss) on ordinary activities before tax	9,487,488	(4,803,081)
Theoretical tax at UK standard corporation tax rate of 19%	1,802,623	(912,585)
Effects of:		
REIT exempt income and losses	(1,802,623)	912,585
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.

A change in the UK corporation tax rate, announced in the Budget on 3 March 2021, was substantively enacted on 24 May 2021. From 1 April 2023 the main corporation tax rate will increase from 19% to 25%. This may increase the Group's future tax charge accordingly.

7. Investment in subsidiaries

Company	Year ended 30 June 2022	Period from 4 September 2020 to 30 June 2021
	£	£
As at 1 July/4 September	144,269,444	-
Total acquisitions during the period	298,292,144	206,318,490
Impairment of investment in subsidiaries	(76,253,255)	(62,049,046)
Closing value per Statement of Financial Position	366,308,333	144,269,444

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

	30 June 2022 Ownership %	30 June 2021 Ownership %
Name of subsidiary:		
Supermarket Income Investments UK (NO20) LIMITED	100	100
Supermarket Income Investments UK (NO21) LIMITED	100	100
Supermarket Income Investments UK (NO22) LIMITED	100	100
Supermarket Income Investments UK (NO23) LIMITED	100	100
Supermarket Income Investments UK (NO24) LIMITED	100	100
Supermarket Income Investments UK (NO25) LIMITED	100	100
Supermarket Income Investments UK (NO26) LIMITED	100	100
Supermarket Income Investments UK (NO27) LIMITED	100	100
Supermarket Income Investments UK (NO28) LIMITED	100	100
Supermarket Income Investments UK (NO33) LIMITED	100	-
Supermarket Income Investments UK (NO34) LIMITED	100	-
Supermarket Income Investments UK (NO35) LIMITED	100	-
Supermarket Income Investments UK (NO36) LIMITED	100	-
Supermarket Income Investments UK (NO37) LIMITED	100	-

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

Supermarket Income Investments UK (Midco6) Limited**Registered number: 12858267****Notes to the financial statements****7. Investment in subsidiaries (continued)**

All except one of the Company's subsidiary undertakings are incorporated and operate in England and Wales. The registered address of these subsidiary undertakings is The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF. Supermarket Income Investments UK (NO35) Limited is incorporated in Jersey and the registered address is 28 Esplanade, St. Helier, JE2 3QA, Jersey.

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 (NO20) LIMITED	12843556
Supermarket Income Investments UK (NO21) LIMITED	12844006
Supermarket Income Investments UK (NO22) LIMITED	12860129
Supermarket Income Investments UK (NO23) LIMITED	12949988
Supermarket Income Investments UK (NO24) LIMITED	12951528
Supermarket Income Investments UK (NO25) LIMITED	13065920
Supermarket Income Investments UK (NO26) LIMITED	13065713
Supermarket Income Investments UK (NO27) LIMITED	13145902
Supermarket Income Investments UK (NO28) LIMITED	13146061
Supermarket Income Investments UK (NO33) LIMITED	13691292
Supermarket Income Investments UK (NO34) LIMITED	13698197
Supermarket Income Investments UK (NO36) LIMITED	13777503
Supermarket Income Investments UK (NO37) LIMITED	13777520

8. Investment property

Group	Year ended 30 June 2022 £	Period from 4 September 2020 to 30 June 2021 £
As at 1 July/ 4 September	252,410,000	-
Acquisitions during the period	276,364,338	247,521,400
Acquisition costs capitalised during the period	14,016,039	14,538,547
Revaluation movement	(5,850,377)	(9,649,947)
Closing value per independent valuation report	536,940,000	252,410,000
Closing fair value per Statement of Financial Position	536,940,000	252,410,000

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 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 £523.7 million (2021: £247.5 million)

9. Loans receivable

Group	30 June 2022 £	30 June 2021 £
Loan receivable from:		
Supermarket Income REIT Plc	529,405	2,968,818
Loans receivable*	529,405	2,968,818

Supermarket Income Investments UK (Midco6) Limited
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Notes to the financial statements

9. Loans receivable (continued)

Company	30 June 2022 £	30 June 2021 £
Loan receivable from:		
Supermarket Income REIT Plc	938,601	3,335,993
Supermarket Income Investments UK (NO35) LIMITED	42,151,207	-
Supermarket Income Investments UK (NO28) LIMITED	-	2,943
Loans receivable*	43,089,808	3,338,936

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

10. Trade and other debtors

Group	30 June 2022 £	30 June 2021 £
Trade debtors	372,192	538,940
Prepaid expenses and other debtors	344,095	665,146
Total trade and other debtors	716,287	1,204,086

Company	30 June 2022 £	30 June 2021 £
VAT	4,631	6,191
Prepaid expenses and other debtors	489,274	206,696
Total trade and other debtors	493,905	212,888

11. Current liabilities

Group	30 June 2022 £	30 June 2021 £
Deferred income	6,221,861	2,937,827
Accruals	1,018,061	374,374
Other trade creditors	2,464,488	899,578
VAT	1,330,154	617,286
Total trade and other creditors	4,812,703	1,891,238

Company	30 June 2022 £	30 June 2021 £
Loan payable to:		
Supermarket Income Investments UK (NO20) LIMITED	391,075	170,665
Supermarket Income Investments UK (NO21) LIMITED	44,974	208,077
Supermarket Income Investments UK (NO22) LIMITED	61,843	1,835,013
Supermarket Income Investments UK (NO23) LIMITED	93,369	393,107
Supermarket Income Investments UK (NO24) LIMITED	980,246	283,842
Supermarket Income Investments UK (NO25) LIMITED	18,209	314,026
Supermarket Income Investments UK (NO26) LIMITED	56,958	385,314
Supermarket Income Investments UK (NO27) LIMITED	69,018	148,974
Supermarket Income Investments UK (NO28) LIMITED	103,758	-
Supermarket Income Investments UK (NO33) LIMITED	89,807	-
Supermarket Income Investments UK (NO34) LIMITED	1,020	-
Supermarket Income Investments UK (NO36) LIMITED	5,823,530	-
Supermarket Income Investments UK (NO37) LIMITED	5,047,876	-
Loans payable*	12,781,683	3,739,018
Other trade creditors	260,614	47,157
Trade and other creditors	260,614	47,157

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

Supermarket Income Investments UK (Midco6) Limited**Registered number: 12858267****12. Non-current liabilities**

	30 June 2022 £	30 June 2021 £
Non-current		
Amount utilised from loan facility	138,750,000	113,750,000
Unamortised loan arrangement fees	(1,362,203)	(832,767)
Bank borrowings*	137,387,797	112,917,233

*On 20 January 2021 the Company, along with its certain subsidiary undertaking, entered into a £150 million credit facility agreement with Barclays and RBC.

The credit facility has a maturity of three years and contains options for two one year extensions. The extension options require the agreement of both the Company and its subsidiary undertakings and the counterparty banks in order to exercise. The advances drawn under the credit facility have an interest charge which is payable quarterly based on a margin of 150 basis points above daily non-cumulative compounded SONIA.

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 2022, £138.75 million (2021: £113.75 million) had been drawn in total by the Group.

In July 2022, the Group completed a reduction of its Barclays and RBC facility, reducing the amount of the facility from £138,750,000 to £77,536,820.

13. Categories of financial instrument

	30 June 2022 £	30 June 2021 £
Financial assets		
<i>Financial assets at amortised cost:</i>		
Cash and cash equivalents	10,505,145	4,920,244
Trade and other receivables	372,192	538,940
<i>Financial assets at fair value:</i>		
Rent guarantee	283,000	137,868
Total financial assets	11,160,337	5,597,052
Financial liabilities		
<i>Financial liabilities at amortised cost:</i>		
Secured debt	137,387,797	112,917,233
Trade and other payables	3,482,549	1,273,952
Total financial liabilities	140,870,346	114,191,185

At the year end, all financial assets and liabilities were measured at amortised cost except for the rental guarantees which are measured at fair value.

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.

Supermarket Income Investments UK (Midco6) Limited

Registered number: 12858267

13. Categories of financial instrument (continued)

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. 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.

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 2022 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.

Supermarket Income Investments UK (Midco6) Limited**Registered number: 12858267****Categories of financial instrument (continued)**

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.

14. Net debt reconciliation

	1 July 2021 £	Cash flows £	Other non- cash changes £	30 June 2022 £
Cash at bank	4,920,244	5,584,901	-	10,505,145
Bank loans	(112,917,233)	(23,905,592)	(564,972)	(137,387,797)
	107,996,989	(18,320,691)	(564,972)	(126,882,652)

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.

Supermarket Income Investments UK (Midco6) Limited**Registered number: 12858267****15. Share capital, share premium and capital reduction reserve**

	Shares in issue Number	Share capital £	Share premium £	Capital reduction reserve £	Total £
As at 4 September 2020	1	1	-	-	1
Issue of 2 shares on 14 September 2020	2	2	41,822,000	-	41,822,002
Share premium cancelled during the period and transferred to capital reduction reserve	-	-	(41,822,000)	41,822,000	-
Share issued on 28 October 2020	1	1	55,709,801	-	55,709,802
Share premium cancelled during the period and transferred to capital reduction reserve	-	-	(55,709,801)	55,709,801	-
Share issued on 24 December 2020	1	1	9,684,353	-	9,684,354
Share premium cancelled during the period and transferred to capital reduction reserve	-	-	(9,684,353)	9,684,353	-
Share issued on 28 January 2021	1	1	31,549,018	-	31,549,019
Share premium cancelled during the period and transferred to capital reduction reserve	-	-	(31,549,018)	31,549,018	-
Share issued on 2 March 2021	1	1	9,932,620	-	9,932,621
Share premium cancelled during the period and transferred to capital reduction reserve	-	-	(9,932,620)	9,932,620	-
As at 30 June 2021	7	7	-	148,697,792	148,697,799
As at 1 July 2021	7	7	-	148,697,792	148,697,799
Issue of 2 shares on 15 November 2021	2	2	77,376,583	-	77,376,585
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(77,376,583)	77,376,583	-
Share issued on 26 November 2021	1	1	77,222,537	-	77,222,538
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(77,222,537)	77,222,537	-
Share issued on 10 January 2022	1	1	76,756,548	-	76,756,549
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(76,756,548)	76,756,548	-
Share issued on 11 January 2022	1	1	2,723,376	-	2,723,377
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(2,723,376)	2,723,376	-
Share issued on 11 May 2022	1	1	41,810,669	-	41,810,670
Share premium cancelled during the year and transferred to capital reduction reserve	-	-	(41,810,669)	41,810,670	-
Dividends paid during the year	-	-	-	(28,720,449)	(28,720,449)
As at 30 June 2022	13	13	-	395,867,056	395,867,069

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

On 15 November 2021, the Company allotted two additional shares with a nominal value of £1 for total consideration of £77,376,585. The consideration received in excess of the nominal value of the shares issued being £77,376,583, was credited to the share premium account.

On 15 November 2021, 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 £77,376,583 to a capital reduction reserve.

On 26 November 2021, the Company allotted an additional share with a nominal value of £1 for total consideration of £77,222,538. The consideration received in excess of the nominal value of the shares issued being £77,222,537, was credited to the share premium account.

On 26 November 2021, 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 £77,222,537 to a capital reduction reserve.

On 10 January 2022, the Company allotted an additional share with a nominal value of £1 for total consideration of £76,756,549. The consideration received in excess of the nominal value of the shares issued being £76,756,548, was credited to the share premium account.

On 10 January 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 £76,756,548 to a capital reduction reserve.

On 11 January 2022, the Company allotted an additional share with a nominal value of £1 for total consideration of £2,723,377. The consideration received in excess of the nominal value of the shares issued being £2,723,376, was credited to the share premium account.

On 11 January 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 £2,723,376 to a capital reduction reserve.

On 11 May 2022, the Company allotted an additional share with a nominal value of £1 for total consideration of £41,810,670. The consideration received in excess of the nominal value of the shares issued being £41,810,669, was credited to the share premium account.

On 11 May 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 £41,810,669 to a capital reduction reserve.

On 28 July 2021, the sole Director resolved to pay an interim dividend on ordinary shares totalling £3,210,000 (£458,572 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 £2,405,000 (£343,571 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 £3,725,000 (£338,636 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 £5,940,000 (£495,000 per ordinary share in issue at that date).

On 8 June 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £3,440,449 (£264,650 per ordinary share in issue at that date).

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

Supermarket Income Investments UK (Midco6) Limited**Registered number: 12858267****16. Operating leases**

The Group's investment property is leased to a third party under a non-cancellable operating leases. The weighted average remaining lease term at 30 June 2022 is 15.1 years (2021:14.3 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 2022	30 June 2021
	£	£
Within one year	27,202,540	12,482,169
Between one and five years	108,232,788	50,541,154
More than five years	318,629,454	126,517,588
	<u>454,064,782</u>	<u>189,540,911</u>

17. 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 2022, £138.75m was outstanding under this facility.

18. Ultimate parent company and controlling party

As at 30 June 2022, 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.

19. Subsequent events

In July 2022, the Group completed a reduction of its Barclays and RBC facility, reducing the amounts of the facility from £138,750,000 to £77,536,820.

On 1 July 2022 the Company allotted an additional 1 share at £91,436,264 with a nominal value of £1. The consideration received in excess of the nominal value of the share issued was credited to the share premium account. The share was issued at a par value of £1 each with all shares being allotted, issued and fully paid.

On 1 July 2022, the Company by special resolution resolved to cancel the share premium of the company as at the date. Subsequent to this resolution being passed the Company transferred £91,436,263 to a capital reduction reserve.

On 20 September 2022, the Company allotted an additional 1 share at £77,536,821 with a nominal value of £1. The consideration received in excess of the nominal value of the share issued was credited to the share premium account. The share was issued at a par value of £1 each with all shares being allotted, issued and fully paid.

On 20 September 2022, the Company by special resolution resolved to cancel the share premium of the company as at the date. Subsequent to this resolution being passed the Company transferred £77,536,820 to a capital reduction reserve.

On 22 July 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £29,793,178 (£2,124,227 per ordinary share)

On the 8 August 2022, the sole Director resolved to pay an interim dividend on ordinary shares totalling £5,580,000 (£429,231 per ordinary share)

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