

Company registration number 13065713 (England and Wales)

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023



SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

COMPANY INFORMATION

Director	Jonathan Austen
Administrator & Secretary	Hanway Advisory Limited 1 King William Street London United Kingdom EC4N 7AF
Company number	13065713
Registered office	1 King William Street London United Kingdom EC4N 7AF

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

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SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The Director presents the strategic report for the year ended 30 June 2023.

Review of the business

In February 2021, Supermarket Income Investments UK (NO26) LIMITED (the "Company"), purchased on a freehold basis a Tesco Store, located in Prestatyn, Wales for total consideration of £26,500,000; reflecting a net initial yield of 5.3%. The property currently has a lease in place which expires in December 2032 and includes 5 yearly, upward only, RPI-linked (capped and floored) rent reviews.

The Company made a loss before taxation for the year ended 30 June 2023 amounted to £89,478 (2022: profit £3,768,413). The Company carried out valuations of the investment property twice during the year. The loss for the year includes a deficit of £1,480,000 on the revaluation of the Company's investment property which were valued at £28,190,000 as at 30 June 2023.

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

Principal risks and uncertainties

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

a) Property risk

A lower-than-expected performance of the investment property could reduce the property valuation and/or revenue. Market conditions may also reduce revenues generated by the investment property, which may affect the Company's ability to pay dividends and satisfy its liabilities as they fall due.

Mitigation

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

b) Risk of default by lessee

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

Mitigation

The key tenant of the Company's investment property is one of the largest supermarket operators in the UK by market share. Ensuring our investment property is let to tenants with strong financial covenants and limiting exposure to smaller operators in the sector decreases the probability of a tenant default. The lease is guaranteed by the parent company in the operator group.

c) Financial risk

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

Mitigation

The Company as part of the Supermarket Income REIT Plc group continue to monitor interest rates and can enter into interest rate derivative contracts to partially mitigate the direct exposure to movements in SONIA, by capping the exposure to SONIA increases. At the period end 100% of the Group's outstanding debt was hedged through the use of fixed rate debt or financial instrument.

d) Taxation risk

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

Mitigation

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

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the 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 Company financial statements for the year ended 30 June 2023. The Director believes that this basis is appropriate as the Company will be expected in future periods to benefit from secure rental income streams from leases on their investment properties. All contractual rental income due to the Company, during the period and subsequently, has been received on time.

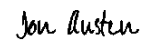
The Company has net current assets as at 30 June 2023 amounting to £119,008 (net current liabilities 2022: £25,412).

As at 30 June 2023, the Company, along with other group affiliates held a £77,536,820 secured revolving credit facility with Barclays and Royal Bank of Canada ("RBC"). The facility has a five-year term (three year plus two one-year extension options) with a margin of 1.5% above SONIA. The group met its loan covenants throughout the period and has continued to do so thereafter. As at 30 June 2023 none of this debt had been drawn.

In September 2023, the Company, along with other group affiliates cancelled its Barclays and RBC facility, the properties secured under this facility are now unsecured.

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

On behalf of the board

DocuSigned by:

6B1A6B7F9B22422

Jonathan Austen

Director

25-03-24 | 11:28 AM GMT

Date:

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The Director presents his annual report and financial statements for the year ended 30 June 2023.

Principal activities

The Company's investment policy is to invest in principally freehold and long leasehold operational properties let to UK supermarket operators, which benefit from long-term growing income streams with high quality tenant covenants. The Company aims to focus predominantly on investing in assets with long unexpired lease terms, with index-linked or fixed rental uplifts in order to provide investors with income security and inflation protection.

The Company is wholly-owned by Supermarket Income Investments UK (Midco 6) Limited who in turn is whollyowned by Supermarket Income REIT Plc, a real estate investment trust, traded on the Premium Segment of the Main Market of the London Stock Exchange.

Since the period end, the Company continues to focus on the investment objectives of the Company. A review of the business of the Company is included within the Strategic Report on pages 1 - 3.

Results and dividends

The results for the year are set out on page 5.

Ordinary dividends were paid amounting to £1,255,238. The Director does not recommend payment of a final dividend.

Director

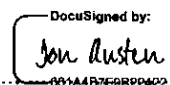
The Director who held office during the year and up to the date of signature of the financial statements was as follows:

Jonathan Austen

Post reporting date events

Post balance sheet events, if any, are described in the notes to the financial statements

On behalf of the board

DocuSigned by:

001A4B7F682D402

Jonathan Austen

Director

25-03-24 | 11:28 AM GMT

Date:

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 £	2022 £
Gross rental income	3	1,636,700	1,588,615
Service charge income		84,867	-
Service charge expenses		(84,867)	-
Administrative expenses		(118,212)	(219,559)
Operating profit before changes in fair value of investment properties		1,518,488	1,369,056
Changes in fair value of investment properties	9	(1,480,000)	2,740,000
Operating profit		38,488	4,109,056
Finance income	5	443	-
Finance costs	6	(128,409)	(340,643)
(Loss)/profit before taxation		(89,478)	3,768,413
Tax on (loss)/profit	7	-	-
(Loss)/profit for the financial year		(89,478)	3,768,413

The income statement has been prepared on the basis that all operations are continuing operations.

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2023**

		2023	2022
	Notes	£	£
Non-current assets			
Investment property	9	28,190,000	29,670,000
Current assets			
Trade and other receivables	10	127,525	81,969
Cash and cash equivalents		524,148	477,358
		651,673	559,327
Current liabilities	11	(532,665)	(584,739)
Net current assets/(liabilities)		119,008	(25,412)
Total assets less current liabilities		28,309,008	29,644,588
Non-current liabilities	12	-	(18,397,697)
Net assets		28,309,008	11,246,891
Equity			
Called up share capital	14	3	2
Capital reduction reserve	15	25,710,742	8,559,148
Retained earnings	15	2,598,263	2,687,741
Total equity		28,309,008	11,246,891

The notes on pages 8 to 18 form part of these financial statements.

For the financial year ended 30 June 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

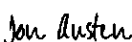
The Director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

25-03-24 | 11:28 AM GMT

The financial statements were approved and signed by the director and authorised for issue on

DocuSigned by:



Jonathan Austen

Director

Company registration number 13065713 (England and Wales)

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	Share capital £	Share premium account £	Capital reduction reserve £	Retained earnings £	Total £
Balance at 1 July 2021		2	-	9,932,620	(1,080,672)	8,851,950
Year ended 30 June 2022:						
Profit and total comprehensive income		-	-	-	3,768,413	3,768,413
Dividends	8	-	-	(1,373,472)	-	(1,373,472)
Balance at 30 June 2022		2	-	8,559,148	2,687,741	11,246,891
Year ended 30 June 2023:						
Loss and total comprehensive income		-	-	-	(89,478)	(89,478)
Issue of share capital	14	1	18,406,832	-	-	18,406,833
Dividends	8	-	-	(1,255,238)	-	(1,255,238)
Share premium cancelled and transferred to capital reduction reserve		-	(18,406,832)	18,406,832	-	-
Balance at 30 June 2023		3	-	25,710,742	2,598,263	28,309,008

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

Company information

Supermarket Income Investments UK (NO26) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 King William Street, London, United Kingdom, EC4N 7AF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

In addition to the above, the company has also taken advantage of the below disclosure exemptions conferred by FRS 102.

- The requirements to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- Certain disclosures where equivalent disclosures have been presented in the notes to the consolidated financial statements of Supermarket Income REIT Plc.

The financial statements of the company are consolidated in the financial statements of Supermarket Income REIT Plc. These consolidated financial statements are available from its registered office, 1 King William Street London EC4N 7AF or from www.supermarketincomereit.com.

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the 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 Company financial statements for the year ended 30 June 2023. The Director believes that this basis is appropriate as the Company will be expected in future periods to benefit from secure rental income streams from leases on their investment properties. All contractual rental income due to the Company, during the period and subsequently, has been received on time.

The Company has net current assets as at 30 June 2023 amounting to £119,008 (2022: net current liabilities £25,412).

As at 30 June 2023, the Company, along with other group affiliates held a £77,536,820 secured revolving credit facility with Barclays and Royal Bank of Canada ("RBC"). The facility has a five-year term (three year plus two one-year extension options) with a margin of 1.5% above SONIA. The group met its loan covenants throughout the period and has continued to do so thereafter. As at 30 June 2023 none of this debt had been drawn.

In September 2023, the Company, along with other group affiliates cancelled its Barclays and RBC facility, the properties secured under this facility are now unsecured.

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

1.3 Revenue

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.

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.

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

1.4 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.

1.5 Cash and cash equivalents

Cash and cash equivalents consists of cash at bank.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

1.7 Taxation

Entry to the UK-REIT regime

The Company is 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 Company's property rental business, comprising both income and capital gains, being exempt from UK taxation.

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

Non-REIT taxable income

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

Current tax

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

1.8 Dividends

Dividends are recognised when they become legally payable.

1.9 Borrowing cost

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

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Fair Valuation of investment property

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

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

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

Gains or losses arising from changes in the fair value are included in the Statement of Comprehensive Income in the period in which they arise.

Operating lease contracts - the Company as lessor

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

3 Revenue

	2023 £	2022 £
Revenue analysed by class of business		
Rental income - freehold property	1,636,700	1,588,615
	<u> </u>	<u> </u>
	2023 £	2022 £
Other revenue		
Interest income	443	-
	<u> </u>	<u> </u>

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2023****3 Revenue (Continued)**

Rental income is derived from a single geographical location being the United Kingdom.

4 Employees

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

	2023	2022
	Number	Number
Total	-	-

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

5 Investment income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	443	-

6 Finance costs

	2023	2022
	£	£
Interest on bank overdrafts and loans	122,559	334,793
Amortisation of loan arrangement fees	5,850	5,850
	<u>128,409</u>	<u>340,643</u>

7 Taxation

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
(Loss)/profit before taxation	(89,478)	3,768,413
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	(18,343)	715,998
Investment property revaluation not taxable	303,400	-
REIT exempt income and losses	(285,057)	(715,998)
Taxation charge for the year	-	-

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

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

8 Dividends

	2023 £	2022 £
Interim paid	1,255,238	1,373,472

9 Investment property

	2023 £
Fair value	
At 1 July 2022	29,670,000
Net gains or losses through fair value adjustments	(1,480,000)
At 30 June 2023	28,190,000

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

9 Investment property

(Continued)

In February 2021, the Company acquired the Tesco Store, located in Prestatyn, Wales for a total consideration of £28,300,000. The property acquired was on a freehold basis.

The property has been independently fair valued at 30 June 2023 by Cushman & Wakefield Plc, 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.

10 Trade and other receivables

	2023 £	2022 £
Amounts falling due within one year:		
Trade receivables	640	20,501
Amounts owed by group undertakings	123,180	56,959
Prepayments and accrued income	3,705	4,509
	<u>127,525</u>	<u>81,969</u>

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

11 Current liabilities

	2023 £	2022 £
Amounts owed to group undertakings	-	21,656
Taxation and social security	86,592	69,736
Other payables	26,909	-
Accruals and deferred income	419,164	493,347
	<u>532,665</u>	<u>584,739</u>

12 Non-current liabilities

	Notes	2023 £	2022 £
Bank loans and overdrafts	13	-	18,397,697

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

13 Borrowings

	2023 £	2022 £
Bank loans	-	18,397,697
Payable after one year	-	18,397,697

As at 30 June 2023, the Company, along with other group affiliates held a £77,536,820 secured revolving credit facility with Barclays and Royal Bank of Canada ("RBC"). The facility has a five-year term (three year plus two one-year extension options) with a margin of 1.5% above SONIA. The group met its loan covenants throughout the period and has continued to do so thereafter. As at 30 June 2023 none of this debt had been drawn.

In September 2023, the Company, along with other group affiliates cancelled its Barclays and RBC facility, the properties secured under this facility are now unsecured.

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

14 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid of £1 each	3	2	3	2

On 20 September 2022, the Company allotted 1 ordinary share at £18,406,833 with a nominal value of £1. The consideration received in excess of the nominal value of the shares issued, being £18,406,832, was credited to the share premium account.

On 20 September 2022, the Company by Special Resolution resolved to reduce the share premium of the Company. Subsequent to this resolution being passed the Company transferred £18,406,832 to a capital reduction reserve.

15 Reserves

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 entire 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.

16 Operating lease commitments

SUPERMARKET INCOME INVESTMENTS UK (NO26) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

16 Operating lease commitments

(Continued)

Lessor

The Company's investment property is leased to a third party under a non-cancellable operating lease. As at 30 June 2023 the remaining lease term was 9.4 years and the lease contains five yearly, upward only, RPI-linked rent reviews.

The future minimum lease payments receivable are as follows:

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2023	2022
	£	£
Within one year	1,746,047	1,529,955
Between two and five years	6,979,405	6,247,757
In over five years	8,072,113	8,867,079
	<u>16,797,565</u>	<u>16,644,791</u>

17 Subsequent events

On 19 July 2023, the sole Director resolved to pay an interim dividend on ordinary shares totalling £365,000.

On 7 November 2023, the sole Director resolved to pay an interim dividend on ordinary shares totalling £410,556.

On 8 February 2024, the sole Director resolved to pay an interim dividend on ordinary shares totalling £433,807

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