SUPR
SUPERMARKET INCOME REIT

INVESTING IN THE FUTURE OF UK GROCERY

ANNUAL REPORT 2022

WHO WE ARE | SUPERMARKET INCOME REIT PLC (LSE: SUPR) IS A REAL ESTATE INVESTMENT TRUST DEDICATED TO INVESTING IN PROPERTY WHICH ENABLES THE FUTURE MODEL OF UK GROCERY.

A YEAR OF GROWTH

CONTENTS

WE AIM | TO PROVIDE INVESTORS WITH LONG-DATED, SECURE, INFLATION-LINKED INCOME WITH CAPITAL APPRECIATION POTENTIAL OVER THE LONGER TERM.

7%
TOTAL SHAREHOLDER RETURN
FY21 – 11%

5.94p
DIVIDEND PER SHARE
FY21 – 5.86P

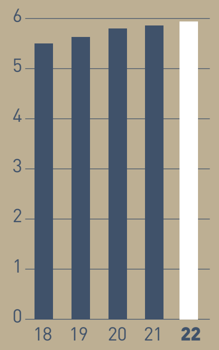
5.9p
EPRA EPS
FY21 – 5.6P

15yrs
PORTFOLIO WAULT
FY21 – 15YRS

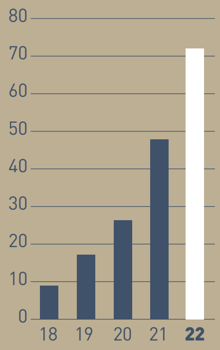
115p
EPRA NTA PER SHARE
FY21 – 108P

19%
NET LTV DIRECT PORTFOLIO
FY21 – 34%

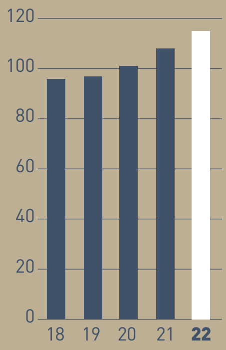
DIVIDEND PAID PER SHARE (pence)



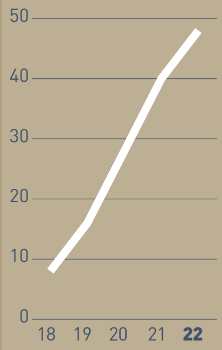
NET RENTAL INCOME (£m)



NTA PER SHARE (pence)



CUMULATIVE TOTAL SHAREHOLDER RETURN (%)



"THIS HAS BEEN ANOTHER SIGNIFICANT YEAR OF GROWTH AND ONE IN WHICH WE ACHIEVED THE IMPORTANT MILESTONES OF BEING ADDED TO THE PREMIUM SEGMENT OF THE LONDON STOCK EXCHANGE AND THE FTSE 250 INDEX"

Nick Hewson Chairman

Dear Shareholder,

I am very pleased to report another year of solid performance by the Group, one in which we have delivered a 7% Total Shareholder Return and a cumulative total return of 48% since our IPO in 2017. The Company has grown its total NTA to £1.4 billion, a 64% increase on the previous year, and has grown its portfolio of handpicked supermarket assets to £1.75 billion[1]. We are now the largest landlord of supermarkets in the UK and our investment strategy of acquiring top trading omnichannel supermarkets continues to deliver growth for our shareholders against a challenging macroeconomic and geopolitical backdrop. During the year we also achieved a significant milestone for the business, being admitted to the Premium Segment of the London Stock Exchange, which due to our size, resulted in us becoming a constituent of the FTSE 250 as well as gaining membership of the FTSE EPRA/NAREIT indices. Inclusion in these indices increases liquidity in the shares and broadens our potential investor base.

The Company continues to benefit from access to capital and this financial year raised over £500 million through two highly successful, oversubscribed equity issuances. Post year-end the Company also arranged a new £412.1 million unsecured credit facility. We are delighted with the level of financing support, reaffirming the resilient nature and defensive characteristics of the grocery sector, particularly given the challenges facing the global economy.

The combination of inflation and sector volume growth has seen turnover at store level growing ahead of rents. Our estimated average rent to turnover across the portfolio is now less than 4% meaning that rents are becoming ever more affordable for our tenants. This combination of sustainable rental growth and continued investment demand has driven growth in capital values for our portfolio. As a result, EPRA NTA has increased 6% in the year to 115 pence per share (2021: 108 pence per share) with net initial yields remaining resilient despite the challenging backdrop for the broader real estate market.

Our business model has inflation protection at its core, with over 80% of our rent reviews being inflation-linked. However, rising interest rates have had a negative impact on earnings due to higher borrowing costs. In the financial year SONIA rates increased from 0.05% to 1.7% today. The business is partially protected from these cost pressures both through its inflation-linked income and its interest rate hedging policies. Additionally, the Company's borrowings are also well diversified across lenders and maturities. After the balance sheet date, the Company took the decision to fix its interest rate exposure by entering into new interest rate swaps. 100% of the Company's drawn debt is now hedged and has an effective fixed borrowing cost of 2.6%.

Despite the increase in finance costs, the Company still achieved an EPRA Dividend Cover Ratio of 1.08x during the year.

Post balance sheet, the Company has also agreed a purchase price for the 21 stores in the JV portfolio which Sainsbury's had exercised an option to acquire. In addition Sainsbury's agreed new leases on four of the remaining stores. Combined, this is estimated to increase the value of our investment in the JV to £190 million, or a 1.7 times return on purchase cost.

Environment, Social and Governance ("ESG") remains a key priority for us. During the year our Investment Adviser recruited a Head of Sustainability to advance and accelerate our ESG ambitions. We have become supporters of the Task Force on Climate-related Financial Disclosures ("TCFD") and signatories of the UN Principles for Responsible Investment ("UN PRI"). In addition, we have defined and published an equivalent tonnes of CO_2 figure for the Company as part of our commitment to transparency and environmental stewardship and have now embarked on a benchmarking process to look for opportunities to improve further the sustainability of our sites.

We are also delighted to welcome Frances Davies to the Board. Frances brings a wealth of experience in corporate finance, asset management and relevant board roles. Frances has agreed to chair a new committee of the Board that we have established to deal specifically with sustainability.

We have historically increased our dividend in line with our annualised rental growth, increasing the dividend from 5.5 pence per share at IPO to 5.94 pence per share in 2022. Whilst our annualised contractual rental growth for this year was 1.8% we recognise the current market uncertainty, especially around interest rates, and we are therefore targeting a more conservative increase in the dividend for the next financial year to 6.0 pence per share.

Outlook

While the impact of COVID lockdowns has receded this year, we are nevertheless faced with another set of macroeconomic headwinds in the form of higher interest rates, geopolitical uncertainty and a possible recessionary environment for the UK. At the same time, our long-dated, substantially inflation linked leases[2], together with our strong tenant covenants operating in a non-discretionary spend sector, positions us well as a business and we stand ready to take advantage of opportunities which may arise.

Nick Hewson
Chairman
20 September 2022

1 Includes the Company's investment in the Sainsbury's Reversion Portfolio
2 Inflation linked leases are subject to annual floors and caps

	12 months to 30-June-22	12 months to 30-June-21	Change in Year
Annualised passing rent[3]	£77.6m	£57.8m	+34%
EPRA Earnings[3]	£57.4m	£36.8m	+56%
Profit before tax	£110.3m	£82.0m	+35%
Dividend per share declared	5.94 pence	5.86 pence	+1%
IFRS EPS	11.3 pence	12.6 pence	-10%
EPRA EPS[3]	5.9 pence	5.6 pence	+5%
EPRA dividend cover[3]	1.08x[4]	1.04x	n/a
IFRS net assets	£1,432m	£871m	+64%
EPRA NTA[3]	£1,427m	£872m	+64%
EPRA NTA per share[3]	115 pence	108 pence	+6%
Net loan to value (Direct Portfolio)[3]	19.0%	34.0%	n/a
Direct Portfolio net initial yield[3]	4.6%	4.7%	n/a

Financial Highlights

- 7% Total Shareholder Return for the Year
- 48% Total Shareholder Return since IPO in 2017[5], a 9.7% annualised Total Shareholder Return
- EPRA NTA per share increased by 7 pence in the Year to 115 pence, a 6% increase
- Direct Portfolio[6] independently valued at £1.57 billion, increasing by £423.2 million
  - Net initial yield ("NIY") of 4.6%
  - Weighted average unexpired lease term ("WAULT") of 15 years
  - Annualised passing rent increased by 34% to £77.6 million
  - 81% of leases are inflation-linked
  - 3.7% rental growth on a like-for-like basis
- Net loan to value ("LTV") ratio of 19.0% as at 30 June 2022
- 100% of total rent collected during the year

Business Highlights

- Further portfolio growth through deployment of £506.7 million of equity raised via two upsized and over-subscribed issuances of new ordinary shares leading to:
  - Admission to the Official List of the FCA and to the Premium Segment of the London Stock Exchange plc's Main Market
  - Inclusion in the FTSE 250 and FTSE EPRA/NAREIT Global Real Estate Index Series
- Acquisition of 12 supermarkets for an aggregate purchase price of £381.0 million (excluding acquisition costs) at a blended net initial yield of 4.5% and blended WAULT of 19 years[7]
- Value of investment in the Sainsbury's Reversion Portfolio increased by £46.8 million to £177.1 million, predominantly due the exercise of purchase options by Sainsbury's
- Fitch Ratings Limited ("Fitch") assigned an Investment Grade credit rating of BBB+ to the Company

Post Balance Sheet Highlights

- Purchase of five further assets for £216.1 million (excluding acquisition costs) at a blended NIY of 5.1%
- £412.1 million unsecured bank credit facility agreed at a margin of 1.5% over SONIA and a weighted average term of 6 years[8]
- FY 2023 dividend target increased by 1% to 6 pence per share
- Entered into interest rate swaps, hedging the Company's £381 million drawn unsecured debt
  - Weighted average fixed rate of 2.8% (including margin) over an average term of 4 years
  - 100% of drawn debt now hedged at an effective fixed rate of 2.6% (including margin)
  - The cost of new hedging instruments were £35.3 million which will immediately impact EPRA NTA by 2.8 pence per share
- Agreement with Sainsbury's on the Joint Venture Reversion Portfolio
  - £1,040 million sales price agreed on 21 option stores
  - New 15 year leases agreed on four stores
  - Increases joint venture investment value to estimated £190 million

NICK HEWSON, CHAIRMAN OF SUPERMARKET INCOME REIT PLC, COMMENTED:

"I am pleased to be reporting another set of strong full year results for the Company. This has been another significant year of growth and one in which we achieved the important milestones of being added to the Premium Segment of the London Stock Exchange and the FTSE 250 index.

During the year, our Direct Portfolio has benefitted from a 3.7% like-for-like increase in valuation delivering a 6% increase in EPRA NTA to 115 pence per share as at 30 June 2022. Since our IPO in 2017, we have delivered a 48% Total Shareholder Return.

At a time of considerable unpredictability and uncertainty especially for our economy, we believe our portfolio of targeted, sector specific real estate assets will continue to deliver stable, long-term, and growing income to our shareholders."

3 The alternative performance measures used by the Group have been defined and reconciled to the IFRS financial statements within the unaudited supplementary information
4 Calculated as EPRA earnings divided by dividends paid during the year
5 Includes the Q4 2022 interim dividend paid on 22 August 2022
6 Includes property acquisition recognised as financial asset at amortised cost under IFRS
7 Includes property acquisition recognised as financial asset at amortised cost under IFRS
8 Inclusive of uncommitted accordion options

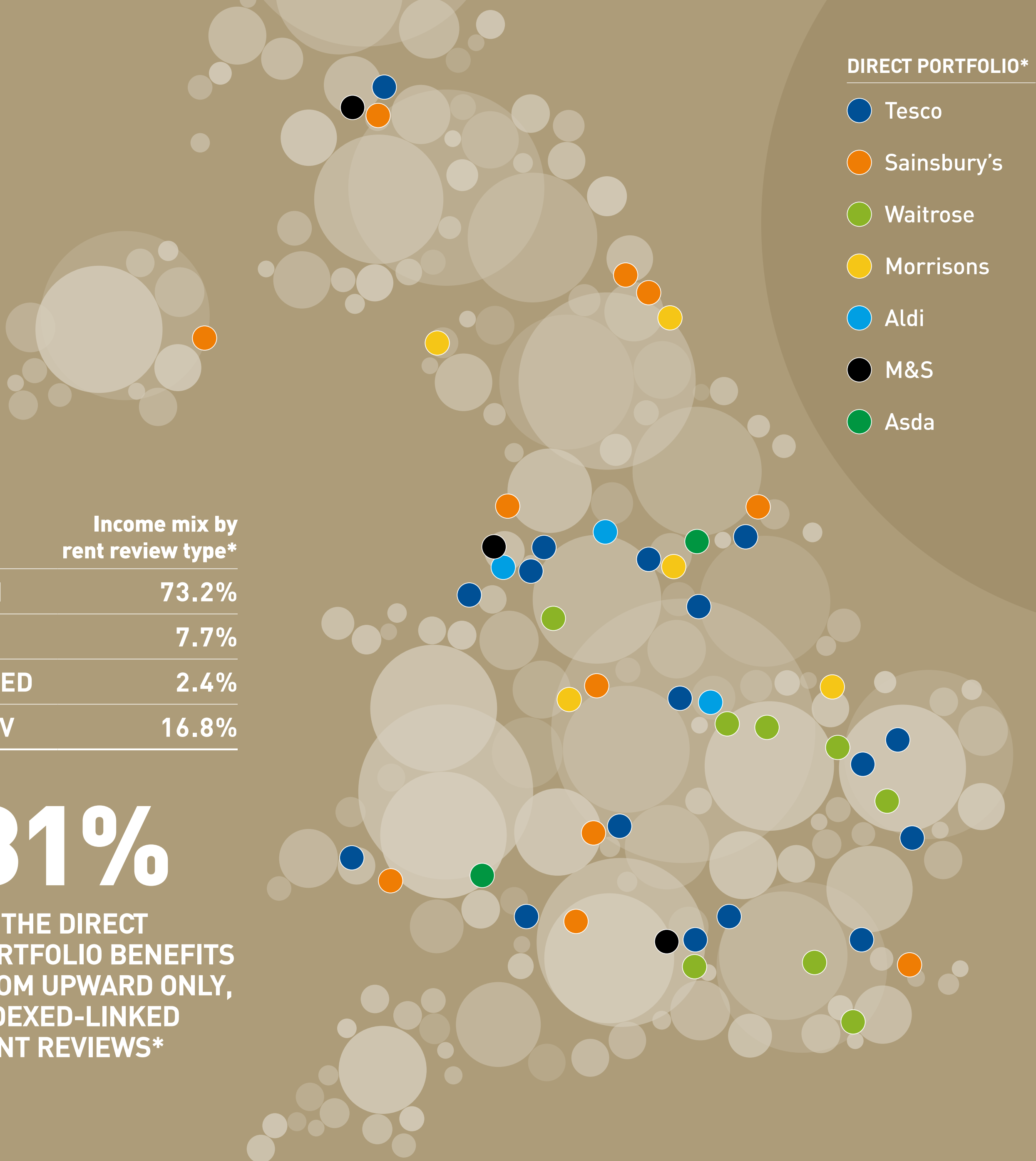
OMNICHANNEL | THE FUTURE MODEL OF GROCERY – OVER 80% OF ONLINE GROCERY IN THE UK IS FULFILLED FROM OMNICHANNEL SUPERMARKETS.

OMNICHANN

THE SEAMLESS INTEGRATION BETWEEN ONLINE AND OFFLINE FULFILMENT PROVIDES OUR TENANTS WITH ECONOMIES OF SCALE AND OPERATIONAL EFFICIENCIES.

OUR PORTFOLIO | WE HAVE BUILT A UNIQUE PORTFOLIO OF SUPERMARKETS, DIVERSIFIED BOTH BY GEOGRAPHY AND TENANT. OUR PROPERTIES ARE 'MISSION CRITICAL' TO OUR GROCERY TENANTS, OPERATING AS KEY ONLINE FULFILMENT HUBS AS WELL AS GENERATING INSTORE PHYSICAL SALES.

EL AT WORK



	Income mix by rent review type*
RPI	73.2%
CPI	7.7%
FIXED	2.4%
OMV	16.8%

81%

OF THE DIRECT PORTFOLIO BENEFITS FROM UPWARD ONLY, INDEXED-LINKED RENT REVIEWS*

* Including post balance sheet acquisitions

HEADLINE STRATEGY | WE ACQUIRE SUPERMARKET PROPERTY WITH LONG, INFLATION LINKED LEASES AND AIM TO PROVIDE INVESTORS WITH A LONG-TERM AND SECURE INCOME STREAM WHICH IS EXPECTED TO GROW WITH INFLATION.

INVESTING IN OF UK G

WE INVEST PRIMARILY IN OMNICHANNEL SUPERMARKETS:

- TRADITIONAL IN-STORE
- CLICK & COLLECT AT STORE
- HOME DELIVERY FROM STORE

WITH HIGHLY ATTRACTIVE LEASE TERMS:

- LONG LEASE LENGTHS
- INFLATION-LINKED RENT REVIEWS
- TENANTS ARE UK'S LEADING GROCERS

DELIVERING STABLE, LONG-TERM AND GROWING INCOME TO SHAREHOLDERS:

5.94p
DIVIDEND PAID FY 22

7%
TOTAL SHAREHOLDER RETURN FY 22

6.0p
TARGET DIVIDEND FY 23

OUR STRATEGY AT WORK | WE HAVE HAND PICKED A UNIQUE PORTFOLIO OF SUPERMARKETS WITH ATTRACTIVE TRADING FUNDAMENTS. WE ARE NOW THE LARGEST LANDLORD OF SUPERMARKETS IN THE UK AND OUR INVESTMENT STRATEGY OF ACQUIRING TOP TRADING OMNICHANNEL SUPERMARKETS CONTINUES TO DELIVER GROWTH FOR OUR SHAREHOLDERS.

THE FUTURE ROCERY

1

Washington, Sainsbury's

This store provided a rare opportunity to acquire a strong trading Sainsbury's supermarket with a 35 year unexpired lease term and attractive lease fundamentals. The store has a significant omnichannel operation forming a key part of Sainsbury's online network in the region.

Read more on page 15

2

Prescot, Tesco,

The store has a large omnichannel operation supporting 12 delivery vans which form part of Tesco's online grocery network in the region.

Read more on page 16

3

Liverpool, Aldi and M&S

The co-located neighbourhood scheme provides a complementary retail provision with a high degree of cross-shopping between the two stores.

Read more on page 19

OUR SUSTAINABILITY JOURNEY | ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) IS A KEY PRIORITY. THE BOARD HAS COMMITTED TO THE IMPLEMENTATION OF A WIDER ESG STRATEGY ENGAGING EXTERNAL CONSULTANTS AND IN PARTICULAR, THE CREATION OF A NEW ESG COMMITTEE.

OUR SUSTAINAB

OUR SUSTAINABILITY ACTIVITY:

- INCREASED DIVERSITY OF BOARD
- ESTABLISHED ESG COMMITTEE
- NEW HEAD OF SUSTAINABILITY AT INVESTMENT ADVISER
- TCFD ALIGNED ANNUAL REPORT
- JOINED UN PRINCIPLES FOR RESPONSIBLE INVESTING

AWARD WINNING GOVERNANCE:

EPRA BPR GOLD	EPRA BPR GOLD	EPRA BPR GOLD	EPRA BPR GOLD
2019	2020	2021	2022

ILITY ACTIVITY

IMPROVING SUSTAINABILITY WITH OUR TENANTS:

81%
DIRECT SUPERMARKET PORTFOLIO EPC RATED C OR ABOVE*

+11%
INCREASE IN EPCS A-C SINCE JUNE 21

AMBITIOUS NET ZERO TARGETS:

ALDI:
CARBON NEUTRAL SINCE JANUARY 2019

MORRISONS, SAINSBURY'S, TESCO, WAITROSE:
NET ZERO BY 2035

ASDA, M&S:
NET ZERO BY 2040

REPORTING AND REDUCING CARBON EMISSIONS:

- ANNUAL CALCULATION OF BASELINE EMISSIONS
- EV CHARGING INITIATIVE
- SOLAR PV ENERGY GENERATION INITIATIVE
- ANNUAL REPORT TCFD ALIGNED

* Including post balance sheet acquisitions

Justin King CBE Senior Adviser

"IN A POST PANDEMIC ERA, THE CUSTOMER REQUIRES SEAMLESS INTEGRATION BETWEEN ONLINE AND OFFLINE CHANNELS. THE GROWING INVESTMENT IN THE PURSUIT OF OMNICHANNEL STORES IS A SIGNIFICANT DEVELOPMENT WITHIN THE GROCERY INDUSTRY"

A conversation with Justin King CBE about the future of the UK grocery sector

Justin King is a senior adviser to Atrato Capital, the Group's Investment Adviser. Justin is recognised as one of the UK's most successful grocery sector leaders, having served as CEO of Sainsbury's for over a decade and previously held senior roles at Marks & Spencer and Asda. He is currently Non-Executive Director of Marks & Spencer and advises a series of high-profile consumer-focused companies. Justin is an advocate for responsible business, has been instrumental in launching a number of charitable concerns and also chairs the charity Made by Sport, which champions the power of sport to change young lives. Justin brings an unrivalled wealth of grocery sector experience and a deep understanding of grocery property strategy.

Q: Consumers are facing unprecedented increases in the cost of living. What can supermarket operators do to support customers in this current cost of living crisis?

Well firstly, supermarket operators' primary role is to represent their customers in the supply chain. In the current market that means challenging food manufacturers and producers on the basis of any price inflation to keep price rises in check. We see evidence of that with the recent, and much publicised, row between Tesco and Heinz on the price of a tin of beans. The retailers are rightly challenging price rises through tough negotiation with the supply base.

Secondly, operators need to do what they can on their own cost structure and pass those savings through to consumers through lower prices. The operators' ability to limit price rises is less than many people think, as the sector's competitiveness already drives low margins and high operational efficiencies.

The third aspect operators can change is their product lines on the shelves. Facilitating customers' switch from expensive calories to less expensive calories could actually be their most impactful contribution. Think of it as giving the customer the ability to achieve a cut in their pence per calorie consumed. In previous recessions we have seen the effectiveness of supporting the customer through value alternatives. That's why the traditional supermarkets carry an extensive range of products to ensure their mix can cater for the changing needs of the customers' shopping basket.

Q: Looking forward, can we expect operator profit margins to suffer as customers switch to less profitable value ranges?

Not necessarily, you need to remember that in a recession the first change the customer will make is a shift away from expensive calories and the most expensive are those consumed out of the home in restaurants and takeaways. Rarely will a customer's total calorie consumption change through the economic cycle, instead what you observe is a shift in the discretionary additional spend of their calorie consumption from eating out, to eating in. In a recession, that favours the supermarket. So, the net impact of a customer shifting towards perhaps lower margin value range is often offset via an increase in overall volumes across all price ranges.

Q: Is there a risk those mechanics are changing given the growth of the German discounters in the UK?

It's worth remembering that the presence of discounters in the UK grocery market is not new, nor is their business model. Aldi and Lidl have opened stores and gained significant market share in recent years, however previous discounter brands such as Netto (acquired by Asda) and KwikSave (acquired in-part by Co-Op) have all but disappeared. The current market share of Aldi and Lidl is (16%) which is actually the 'normal' market share for the UK grocery discounter channel as far back as the early '90s.

In terms of growth, there is no doubt that Aldi and Lidl have been highly successful in opening smaller format stores and capturing market share quickly. Combined over the last five years, they've opened around 500 stores, hence the headlines on growth in sales and market share. In addition, the discounters have seen dramatic sales increases in more recent months, bringing more and more customers through their doors as the pressure of rising costs mounts and consumers look to greater value ranges to cut costs. According to data from Kantar, in the four weeks to 4 September 2022 Aldi exceeded Morrisons in becoming the fourth largest grocer in the UK.

However, if we look at Aldi and Lidl's current UK market share it's still significantly less than their market share in Europe and I think this illustrates just how effective the UK grocers have been in competing on price with their own value product range. It's also worth noting that we cannot look at this in isolation. While the discounter growth is capturing the headlines, in my view the traditional grocers are rightly focused on capitalising on the online and convenience growth opportunity. Over the last three years, the online channel has grown significantly and the traditional grocers have been highly successful in capturing this growth channel, already controlling over 80% of the online market. Remember most of these online customers are also physically shopping in their supermarkets too!

Q: Online demand has declined over the last 12 months, does this worry you given the online capex investment we have seen in the last few years?

We are experiencing a post-COVID-19 normalisation of consumer shopping patterns as people return to shopping in stores. The data points to a reduction in online grocery's market share from its high point of above 15% during the height of the pandemic and national lockdown, to its current post pandemic level of around 12%.

The online channel's current market share of 12%, or £22 billion, is up around 80% compared to its pre-COVID level. That makes online the fastest growing channel in the UK. I believe this trend will continue, underpinned by the structural change in working habits towards more work from home. Working people are at home more often which means they don't have to rely on those scarce evening or weekend online delivery slots to get their groceries delivered.

The improvements in omnichannel profitability from this growth are impressive. Economies of scale drive profitability with both delivery densities and item pick rates per hour well above pre-pandemic levels. In my view, productivity and profitability will continue to improve. What this does show is the importance, flexibility and resilience of the omnichannel store pick model. The store pick model facilitated a doubling of online capacity in the height of the pandemic and allowed the traditional Big Four (Tesco, Sainsbury's, Asda, Morrisons) grocers to capture market share and dominate that channel. As online demand falls back post pandemic, that capacity is being scaled back at relatively little cost.

In contrast, pure play online operators that rely on heavily automated warehouses faced capacity constraints during COVID induced sharp market upturns. The pure play online operators lost market share to omnichannel operators who were able to rapidly flex their in-store fulfilment.

I have always believed one should think about customer, not channel. In a post-pandemic era, the customer requires seamless integration between online and offline channels. The growing investment in the pursuit of omnichannel stores is a significant development within the grocery industry and empowers the grocer to be truly blind to channel. The grocers are best advised to be focused purely on the customer and agnostic to whether the sale takes place via the front of the store through physical sales or the back of the store via an online sale.

Q: Given the recent record years for inward investment into both grocery operators and supermarket property, do you think the uncertain economic environment will impact investment volumes and returns from supermarket property?

During a period of macro-economic uncertainty, the grocery sector has been a stand-out positive performer. When you examine supermarket property investment performance trends over the last 15 years you see the strength and stability of this asset class.

I have always said that there is no greater retail business proposition than a large, grocery-led supermarket with fresh food at its heart, in the right location. Supermarkets generate significant cash flow and are the core infrastructure of how and where consumers shop.

Supermarkets represent resilient investments, generally avoiding the volatile peaks and troughs of the economic cycle. Investors looking for property assets that offer consistent returns and low volatility have increasingly targeted the supermarket property sector.

Having said that, not all supermarket property is equal and specialists like the Atrato Capital team are essential to ensure the right asset selection for the long term.

Ben Green Principal of Atrato Capital

Robert Abraham Managing Director Fund Management

INVESTMENT ADVISER'S INTERVIEW | Atrato Capital Limited is the Investment Adviser to Supermarket Income REIT ("SUPR"). Ben Green (Principal of Atrato Capital) and Robert Abraham (Managing Director, Fund Management) answer questions on SUPR's performance and the long-term outlook for the business.

Q: Summarise the key achievements and milestones in the year for SUPR?

Ben: This has been a transformative year for SUPR. In February 2022 the Company migrated its listing to the Premium Segment of the London Stock Exchange and subsequently joined the FTSE 250 and FTSE EPRA NAREIT indices. This is a significant milestone for the Company which will bring a number of benefits to shareholders and reflects how far we have come in a relatively short time.

During the year, we raised over £500 million of equity through two significantly over-subscribed equity issues. In addition, Fitch Ratings assigned an Investment Grade credit rating of BBB+ to the Company in February. Following this, in July 2022 we announced a new £412.1 million unsecured credit facility. This is the first time the Company has accessed unsecured debt financing providing greater flexibility to manage our portfolio and optimise our capital structure.

The Company now has exposure to 75 UK supermarkets with a total portfolio value of £2.0 billion and has become the UK's largest landlord of omnichannel stores. We are delivering on our investment strategy of targeting handpicked, top performing, omnichannel supermarkets, providing long dated, inflation linked income. The Company's carefully selected Portfolio is unique, acquired during the rapid growth of omnichannel shopping in the space, and is impossible to replicate.

The market has recognised the success of the investment model as the Company has outperformed the FTSE All Share over the period since IPO.

Q: What has this growth done to the profile of the portfolio?

Rob: As our Portfolio continues to grow, we benefit from economies of scale and increased diversification by both geography and tenant, which is further reinforced by seeking to achieve representation of the key UK grocery market participants within the Portfolio.

Including post balance sheet acquisitions, we have deployed a total of £597.1 million into 19 carefully selected stores at an accretive blended net initial yield of 4.8%. This has been accretive to both the quality and geographic diversification of the Portfolio. We have also been able to maintain the WAULT at 15 years.

We were pleased to add our first two Asda stores and we acquired five additional high-quality smaller format stores including two stores occupied by Aldi in the discounter space and three M&S Foodhalls as premium range operators.

All our investments go through a rigorous financial, property, ESG and performance due diligence assessment. A good example is the top trading Cwmbran, Asda acquired in January 2022 which was a fantastic addition to the Portfolio having a lease length of 10 years, representing the most dominant store in the town with strong trading performance and benefiting from a substantial investment programme by Asda to expand its home delivery operation from the store.

Our investment strategy is to buy the best performing supermarkets in the UK and in some cases we will acquire non-grocery units which are on the same site as the supermarket. These are complementary to the grocery offering and often drive greater footfall. We sometimes acquire additional non-grocery units in order to control the overall site. As at 30 June 2022 our non-grocery assets accounted for less than 10% of our Direct Portfolio by value and by rent.

Q: What is an omnichannel store and why the focus on omnichannel assets?

Ben: We have always seen omnichannel stores as the future model of UK grocery. The pandemic demonstrated that omnichannel stores are the optimal method of online fulfilment due to their proximity to consumers. This reduces delivery time and cost.

Omnichannel is the dominant model for last-mile grocery fulfilment. Over 80% of all online orders are now fulfilled from omnichannel supermarkets. These stores are critical to the operations of the UK's leading grocers and to the country as feed the nation infrastructure.

The seamless integration between online and offline fulfilment provides our tenants with economies of scale and operational efficiencies. Together with the growing profitability of online operations, this model is empowering operators to be truly agnostic to channel. The global themes of consumers demanding more choice, more quality, faster fulfilment and all at lower prices, results in omnichannel supermarkets being ideally placed to serve these desires whether online or physical.

There is not expected to be a return to historic working patterns. Greater home working leads to a bigger household spend on grocery and a larger penetration of online grocery. We estimate that this combination of enlarged market size and growing online penetration is driving like-for-like sales growth of over 13% for omnichannel stores. This makes omnichannel the fastest growing format in UK grocery and highly resilient as an asset class.

Q: What impact is inflation having on your investment portfolio?

Rob: Our rental income has in-built protection through the attractive terms of our leases.

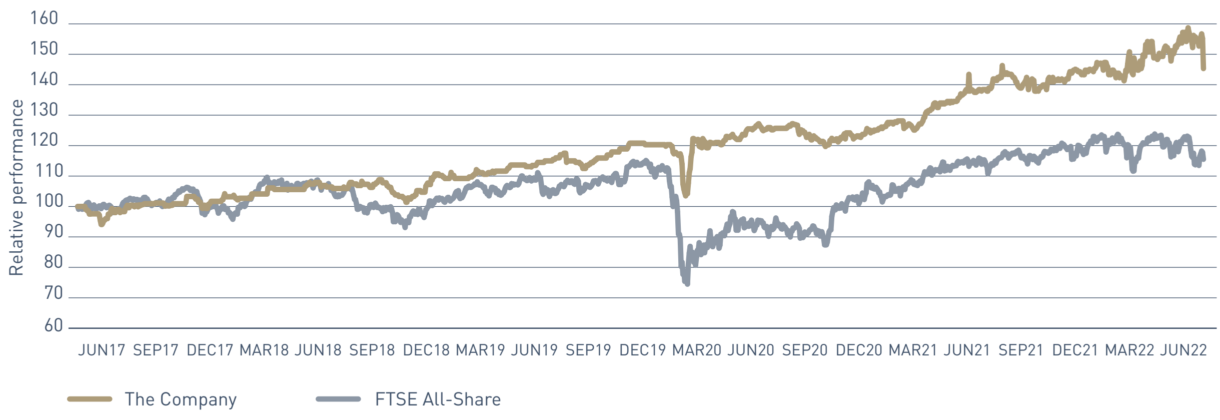
All rents are upwards only at the point of review. We have a mix of review types, with 81% of our reviews linked to inflation. Consequently, these leases provide a natural inflation hedge and enable our income to grow in line with inflation (subject to caps and floors on the reviews).

On a like for like basis, the annualised increase in the Company's rental income was 3.7% with most of this rental growth also captured in our portfolio valuation. During the year, like-for-like value growth was also up 3.7%, increasing our Direct Portfolio valuation by £42 million and increasing our EPRA NTA by 6% to 115 pence per ordinary share as at 30 June 2022. Therefore, the benefits of inflation linked growth in our rents flow through to both EPRA earnings and EPRA NTA.

It is common for property leases with inflation linked rent reviews to be subject to annual caps. Across our Direct Portfolio our average inflation linked rent review cap is currently 4%. We are, of course, seeing grocery inflation above this 4% cap. As such the turnover of our stores is also growing ahead of rents making our leases more affordable as a proportion of store turnover. The estimated average rent to turnover in the Company's Portfolio is now 3.9% against an industry benchmark of 4%.

We have strategically increased the proportion of stores in the Portfolio with open market rent reviews ("OMV") to 12% by rental income. OMV rent reviews are typically uncapped and determined based on market rents in the local area. With the high growth in grocery revenues, we see value in these leases given the potential for uncapped future rental growth in a highly inflationary environment.

FTSE All-Share vs The Company



Q: What is the impact from the higher interest rate environment?

Ben: The Company has historically hedged its interest rate risk on annualised borrowings through either fixed rate debt or fixing variable rates using financial derivatives. At year end, 60% of the Company's drawn debt was hedged. After the balance sheet date, the Company took the decision to fix its interest rate exposure by entering into new interest rate swaps. 100% of the Company's drawn debt is now hedged and has an effective fixed rate borrowing of 2.6%. We believe this was a prudent and proactive decision which essentially de-risks the Company's interest rate exposure ahead of a period of extreme uncertainty.

Q: Will you have to invest significant capital into your existing assets to meet higher environmental standards?

Ben: The short answer is "no". We are well placed in this regard.

Firstly, our tenants all have genuine and ambitious commitments to net zero, which means that they have investment programmes across both freehold and leasehold stores, for instance rolling out energy efficient lighting and refrigeration.

Secondly, we own mission critical real estate so whether a supermarket operator achieves a physical sale or online, it all goes through the store networks. That means the operators are continually investing in our stores to keep them modern and improve the shopping experience, that also helps to improve energy efficiency.

We have a number of examples of stores which have improved from a legacy EPC E rating to a B rating simply through tenant works, at zero cost to the Company.

We have defined and published an equivalent tonnes of CO_2 figure for our Portfolio as part of our commitment to transparency and environmental stewardship and have now embarked on a benchmarking process to look for opportunities to improve further the sustainability of our sites. For example, we are undertaking works to seek to improve the sustainability of our locations, which includes rooftop solar and working on the rollout of EV charging in our car parks.

Our Portfolio is now 81% A-C EPC rated and we have asset management plans in place for all properties which are D or below.

Q: Will you be acquiring more assets and what is the priority for 2023?

Rob: Yes, we plan to continue to grow where we see attractive acquisition opportunities which are accretive to our unique Portfolio.

As the UK's only listed specialist investor in grocery real estate, we have established unique relationships and coverage across the sector, coupled with our depth of experience in UK grocery, providing us with a competitive advantage in sourcing assets.

We operate with the aim of acquiring the best trading supermarkets in the UK and identifying further purchases which would be accretive to our return profile or where we can add value through active management. Our aim is to maximise risk-adjusted returns while ensuring we continue to maintain and grow income.

While we talk a lot about the growth in the portfolio, in the current economic environment it's also worth remembering the highly defensive nature of our Portfolio. Our supermarkets are held on long, inflation-linked leases and our tenants are some of the biggest names in the non-discretionary, UK grocery space.

Ben: 2023 is going to be another very busy year. Continuing to embed our sustainability agenda across the business is a huge priority that will continue to make a positive impact on our local communities and environments. We will also continue to seek out new opportunities for growth to add to our already substantial pipeline and we'll be looking to drive further value from the existing Portfolio through active asset management.

We are also optimistic that the current economic uncertainty may unlock some assets that we have coveted for a long time and/or offer the opportunity to acquire assets at attractive yields.

REINFORCING RELATIONSHIPS

Omnichannel hub in Washington

This store provided a rare opportunity to acquire a strong trading Sainsbury's supermarket with a 35 year unexpired lease term and attractive lease fundamentals. The store, which was built in the late 1970s, was extensively refurbished in 2011 and has a significant omnichannel operation forming a key part of Sainsbury's online network in the region.

Washington, Sainsbury's, Galleries Shopping Centre, Sunderland

MAXIMISING POTENTIAL

Expanding home delivery in Prescot

This large format Tesco supermarket was acquired in September 2021 as part of an off-market transaction. Tesco has operated from the site since the early 1990s and the store was redeveloped in 2010. The store has a large omnichannel operation supporting 12 delivery vans which form part of Tesco's online grocery network in the region. The store was regeared on acquisition with Tesco agreeing to a new 15 year lease with annual CPI linked rent reviews (subject to a 0% floor and 4% cap).

The asset further increases the proportion of indexation within the Portfolio and highlights the important relationships that the Company has within the market.

Prescot, Tesco,
Cables Shopping Park,
Liverpool

THE COMPANY'S PORTFOLIO

We have built a unique portfolio of top trading omnichannel supermarkets, diversified both by geography and tenant.

Our properties are 'mission critical' to our grocery tenants, operating as key online fulfilment hubs as well as generating in store physical sales. The leases on our stores benefit from long unexpired terms, with the strong covenants of the UK's leading and largest grocery operators reinforcing the value of these assets. As sector specialists we have strong relationships with the grocery operators and the financial year ended 30 June 2022 saw new grocery tenants added in Asda and M&S Food.

During the financial year, the Group further strengthened its Direct Portfolio with the addition of 12 supermarkets (including supermarket anchored) assets for £381.0 million (excluding acquisition costs).

These acquisitions have a blended unexpired lease term of 19 years and a blended net initial yield of 4.5%.

The Group's investment strategy is to acquire high quality supermarkets which are sometimes located on sites which contain non-grocery elements. During the year the Group acquired 12 non-grocery units on three supermarket sites for £16.4 million (excluding acquisition costs). This amount is included in the total site costs, listed above. All of the units are occupied.

Post balance sheet the Group acquired five assets for a total acquisition cost of £216.1 million (excluding acquisition costs) and a blended net initial yield of 5.1%.

The acquisitions were primarily financed by two expanded and oversubscribed equity raises and the proceeds of new and existing secured and, post balance sheet, unsecured banking facilities. For more information on financing arrangements see the Financial Statement in this document.

A table summarising the properties in the Direct Portfolio of supermarkets can be found in the Portfolio section on the Group's website: *www.supermarketincomereit.com*

Tenant exposure

Tenant	Exposure by rent roll	Exposure by valuation
Tesco	47.5%	47.4%
Sainsbury's	27.9%	29.9%
Morrisons	7.0%	7.6%
Waitrose	5.4%	6.0%
Asda	2.4%	2.1%
Aldi	1.0%	1.0%
M&S	0.8%	0.8%
Non-grocery	8.0%	5.3%
Total	**100%**	**100%**

The Direct Portfolio benefits from attractive long term, inflation linked leases with strong tenant covenants (Tesco, Sainsbury's, Morrisons, Waitrose, Aldi, Marks & Spencer and Asda).

The long-term strength and resilience of the Group's income is underpinned by a weighted average unexpired lease term of 15 years on the Direct Portfolio (including post balance sheet acquisitions) with a weighted average yield of 4.7% (including post balance sheet acquisitions). In addition to the long average length of these leases, our portfolio is heavily weighted towards fixed and inflation-linked leases which provide resilience in an inflationary environment. 81% of the Direct Portfolio benefits from upward only, indexed-linked rent reviews subject to annual floors and caps (including post balance sheet acquisitions).

Tenant	Income mix by rent review type
RPI	73.2%
CPI	7.7%
Fixed	2.4%
OMV	16.8%
Total	**100.0%**

As we have continued to acquire high quality assets, our EPC scores have increased within the portfolio. A breakdown by rating seen overleaf:

Supermarket EPC breakdown

EPC rating	% of portfolio
A	4.2%
B	43.8%
C	33.3%
D	18.8%
Total	**100%**

Sainsbury's Reversion Portfolio

In May 2020 the Company formed a 50:50 joint venture (the "JV") with British Airways Pension Trustees Limited to acquire from British Land Plc a 25.5% stake in one of the UK's largest portfolios of supermarket properties (the "Sainsbury's Reversion Portfolio") for £102 million, excluding acquisition costs. Subsequently, in February 2021 the JV acquired a further 25.5% stake in this portfolio from Aviva for £115 million, excluding acquisition costs.

The Company's total contribution to the JV was £112.0 million, excluding acquisition costs. The equity interests in the properties are now owned by Sainsbury's (49%) and the JV (51%).

The Sainsbury's Reversion Portfolio comprises a high-quality portfolio of 26 predominantly omnichannel Sainsbury's supermarkets with strong trading histories and attractive property fundamentals. The stores in the Sainsbury's Reversion Portfolio are leased to Sainsbury's until 2023. The investment case for acquiring the stakes in the Sainsbury's Reversion Portfolio was largely based on the Company's conviction that Sainsbury's would want to remain in occupation of a large majority of the stores.

In September 2021 and in January 2022, Sainsbury's exercised options to acquire 21 stores within the Portfolio. This outcome was in-line with the Company's initial underwriting of the transaction and is evidence of the strength of demand for UK grocery assets. The Company determined at the year end that the exercise of the purchase options resulted in the performance obligation being satisfied for a sale of properties in accordance with IFRS 15. Following the exercise of these options the JV was deemed to hold a contractual receivable from Sainsbury's, the value of which is based on the estimated purchase price for the assets and has been determined with reference to a valuation prepared by Cushman & Wakefield (see below).

After the year end, the Company announced the purchase price on the 21 option stores was formally agreed at £1,040 million. The purchase by Sainsbury's plc is expected to complete between March 2023 and July 2023 on expiry of the current leases.

Sainsbury's has agreed to retain occupation of 4 of the 5 remaining stores within the Portfolio under a new 15-year lease agreement with five yearly open market rent reviews and a tenant break at year 10.

This agreement is estimated to increase the value of the JV to £190 million.

Further details on the valuation of the Sainsbury's Reversion Portfolio can be found in Note 14 to the financial statements.

Portfolio valuation

Cushman & Wakefield valued the Direct Portfolio as at 30 June 2022, in accordance with the RICS Valuation – Global Standards which incorporate the International Valuation Standards and the RICS UK Valuation Standards edition current at the valuation date. The properties were valued individually without any premium/discount applying to the Portfolio as a whole. The Direct Portfolio market value was £1.57[9] billion, an increase of £423.2 million following valuation growth of £42.2 million and new acquisitions of £381.0 million.

This valuation growth of the Direct Portfolio reflects the supermarket operators' covenant strength as tenants, together with rental growth and overall increased demand in the investment market for high quality assets.

The properties within the Sainsbury's Reversion Portfolio were also independently valued by Cushman & Wakefield, in accordance with the RICS Valuation – Global Standards, which incorporate the International Valuation Standards and the RICS UK Valuation Standards edition current at the valuation date. The net carrying value of the Company's underlying investment was £177.1 million, increasing by £62.4 million above the Group's combined investment cost of £114.7 million (including capitalised acquisition costs), which arises from the profit generated by the joint venture in the post-acquisition period.

9 Includes property acquisition recognised as a financial asset at amortised cost under IFRS

BROADENING OUR PORTFOLIO

Co-located development in Liverpool delivers first M&S Foodhall

The two stores are co-located on Queens Drive, Liverpool and were acquired by the Company in August 2021 as part of an off market transaction. The properties were purpose built in 2016 and are surrounded by a strong road network helping to drive footfall into the stores from the densely populated local area. The co-located neighbourhood scheme provides a complementary retail provision with a high degree of cross-shopping between the two stores.

Liverpool,
Aldi and M&S

"INVESTORS LOOKING FOR PROPERTY ASSETS THAT OFFER CONSISTENT RETURNS AND LOW VOLATILITY HAVE INCREASINGLY TARGETED THE SUPERMARKET PROPERTY SECTOR"

Steven Noble Atrato Capital

THE UK GROCERY MARKET | Atrato Capital Limited is the Investment Adviser to Supermarket Income REIT. Steven Noble (Chief Investment Officer of Atrato Capital) discusses the UK grocery market and the outlook for real estate investment in the sector.

Q: How has the overall UK grocery market changed?

To understand longer term grocery market trends it's important to compare data to the pre-pandemic period. UK grocery is up 13% since 2019 and IGD estimates the UK grocery market will now reach £217 billion in 2022 which is an increase of over £25 billion since 2019.

The legacy of the pandemic has been the emergence of a permanent shift towards increased home working. This has increased in-home consumption and the weekly shopping basket by some 5% to 10%, resulting to a large extent in this positive 13% shift in grocery sales. Since the start of 2019, average inflation was around 7%[10] so the sector has experienced significant volume gains.

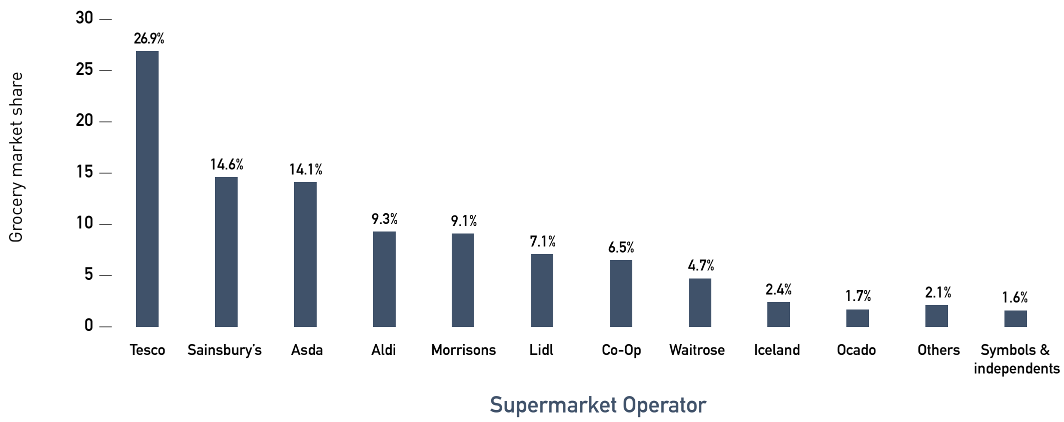
Looking ahead, inflation continues to rise. According to the latest data from Kantar, UK grocery inflation reached 12.4% in September 2022, up from 11.6% in August and 9.9% in July and that will drive further growth in the sector. Unlike other retail sectors, grocery is a non-discretionary expenditure so price inflation will inevitably translate into elevated market size. This is one reason why we view investment in UK grocery real estate as a good long-term hedge against inflation.

Q: Who are the largest operators in the UK grocery market?

The UK market is highly concentrated with the seven largest grocers controlling over 80% of the UK grocery space. The traditional Big Four boast a combined market share of approximately 65%[11]. Each of these businesses have multi-billion-pound revenues, an established consumer brand and strong credit covenants. Together they serve customers through more than 7,500 stores in the UK. These operators play an integral role in the UK market, successfully operating a strategy of price and assortment management through a multi-channel brand focused strategy. Their combined market share is largely unchanged since 2019.

The second largest group of operators is the lower-price grocery operators (the "Discounters") such as Aldi and Lidl who continue to grow through ambitious store opening plans which have captured a combined market share of 16%[12]. Their lower cost, low-margin business model requires simplicity and standardisation of range which is attractive to price sensitive customers but at odds with the fulfilment intricacies and product assortment required in online grocery.

UK grocery market – August 2022

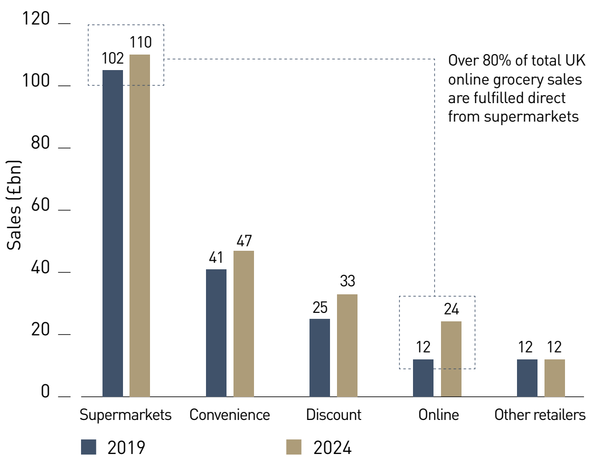


10 Office for National Statistics
11 Kantar: September 2022
12 Kantar: August 2022

Q: What are the largest and fastest growing channels in the UK?

As illustrated below, the supermarket channel remains is the dominant sales channel in the UK grocery market, while online grocery is the fastest growing.

IGD UK channel forecasts



Over the last three years online grocery is up over 73% and now has a 12% UK market share. This is up from 8% prior to the pandemic in 2019. Online ordering has now become an integrated part of the customers' grocery shopping habits. Data from IGD shows that online grocery sales contributed over £10 billion to total UK grocery growth, materially exceeding the £5 billion growth in the UK discounter channel which is the second fastest growth channel.

Omnichannel store networks are key in meeting this increased demand for online fulfilment. The traditional Big Four dominate the online channel with a combined 85% market share in online grocery. Over 90%[13] of their online sales are fulfilled from omnichannel supermarkets.

Combining in-store supermarket sales (the most dominant channel) with online fulfilment (the fastest-growing channel) sees around 60%[13] of all UK grocery market sales fulfilled through omnichannel supermarkets. This has resulted in like-for-like sales growth of 13% for omnichannel supermarkets. This sales growth means the Company's rents are highly affordable and we expect market rents in the omnichannel asset class will over time exceed wider supermarket market rents.

In more recent months, the discounters have seen dramatic sales increases, bringing more and more customers through their doors as the pressure of rising costs mounts and consumers transition towards greater value changing what they buy and how they shop to cut costs. According to Kantar in the four weeks to 4 September 2022, Aldi market share of 9.3% exceeded Morrisons' 9.1% becoming the fourth largest grocer in that period.

These market share gains reflect consumers' reaction to the sudden cost-of-living increase caused by high energy price inflation as their lower cost, low-margin business model has been highly successful in attracting price sensitive consumers. We believe this channel will continue to grow and expect to see a growing number of discount supermarket property come to the investment market.

Q: What changes have you seen in the omnichannel format?

The UK's traditional Big Four pioneered the development of an omnichannel business model which seamlessly integrates both in-store and online fulfilment. Their dominance in online grocery has only been achievable due to this network of omnichannel supermarkets and illustrates the vital role of the omnichannel store operating as last mile logistics nodes in the nation's food supply network. The COVID-19 pandemic generated an 80% increase in online demand. This increased online penetration has transformed the profitability of omnichannel grocery fulfilment. With in-store and online profit margins now at near parity, omnichannel stores provide operators the benefit of achieving a seamless integration of customer experience across all channels[14].

Recent technology developments mean that smaller automated micro fulfilment systems, or urban fulfilment centres ("UFCs"), can now be housed within supermarket back of house areas. These smaller systems can house 20,000 product lines and automate the picking of dry goods that require minimal management within the storage system. Picking of fresh and frozen items that are difficult and expensive to automate is done in store via physical store pick. Whilst this technology is new and will take time to deploy, we believe it represents the next evolution of the omnichannel store model. This development would enable stores to meet greater demand and deliver increased profitability.

Q: What is a typical supermarket lease structure?

Supermarket lease agreements are often long dated and inflation linked. Original lease tenures range from 15 to 30 years without break options. Rent reviews often link the growth in rents to an inflation index such as RPI, RPIX or CPI (with caps and floors), or, alternatively, may have fixed annual growth rates or open market rent reviews.

An open market review means that the rent is adjusted (usually upwards only) to reflect the rent the landlord could achieve on a letting in the open market. Such rent reviews take place either annually or every five years, with the rent review delivering an increase in the rent at the growth rate, compounded over the period.

13 Atrato Capital research
14 Atrato Capital research

Landlords usually benefit from "full repairing and insuring leases". These are lease agreements whereby the tenant is obligated to pay all taxes, building insurance, other outgoings and repair and maintenance costs of the property, in addition to the rent and service charge.

Operators often have the option to acquire the leased property at the lease maturity date at market value. Furthermore, to ensure that the operator does not transfer its lease obligation to other parties, assignment of the lease by the tenant is restricted.

Q: How have supermarket investment returns and yields performed?

Supermarket property offers relative stability compared to the broader UK commercial property market. When you examine supermarket property investment performance over the last 15 years you see the strength and stability of this asset class. During periods of economic uncertainty, the grocery sector has been a strong and resilient investment, generally avoiding the volatile peaks and troughs of the economic cycle. Investors looking for property assets that offer consistent returns and low volatility have increasingly targeted the supermarket property sector.

Atrato compiles a yield series of all supermarket property transactions with lease lengths of greater than 10 years and larger store format sizes. This provides an accurate reflection of the segment of the market which the Company typically targets.

Average investment yields on supermarket property reached a 20 year low of 4.3% in 2007, during which interest rates peaked over 6%, before a period of negative yield shift during the financial crisis. Yields have since strengthened, tightening to a current average of 4.5% in 2022. In contrast to other property sectors, supermarket yields have remained relatively stable and resilient across this time period. Supermarket yields are currently higher than IPD All Property yields of 4.0% and Distribution Warehouses of 3.7% which have seen significant yield compression and valuation increases in recent years.

Supermarket property will not be entirely immune to the challenging broader macroeconomic environment. However, the defensive characteristics displayed by these assets coupled with ongoing demand for long-term secure income is expected to make supermarket property yields highly resilient.

Q: How has supply and demand for supermarket property performed?

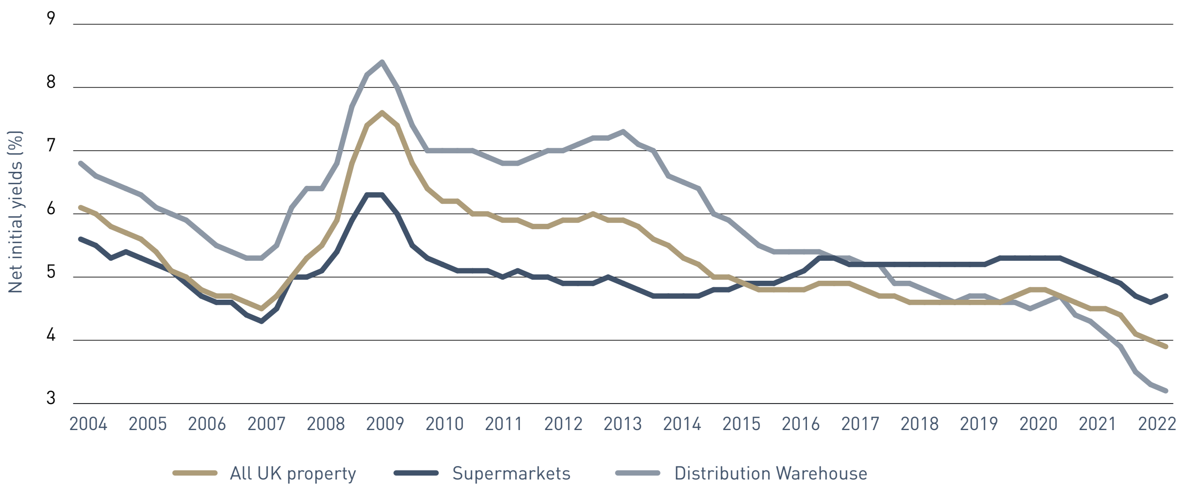
The supermarket sector is a highly attractive asset class within real estate investment. The improved financial performance by the UK's major grocery operators against a backdrop of growing UK grocery demand and inflation has attracted domestic and international institutional investors to supermarket property.

In addition, we are also witnessing an increasing number of transactions with shorter lease terms. Research shows that transactions for those assets with an unexpired lease term of under 20 years accounted for 70% of deals in 2021, up from 60% in 2020. Meanwhile, more deals are completing with an open market rent review leasing structure. Both of these developments illustrate the increased confidence in rental growth driven by the strong trading performance of the grocery sector.

There has been some supply of new grocery investment property opportunities due to the growth in the store network of the Discounters however, the buyback of supermarket property by Tesco and Sainsbury's over the previous five years has resulted in a net overall contraction of supply. Since 2017, Tesco has completed over £1.3 billion of store buybacks.

We expect investment volumes to decline somewhat in 2022 from the £1.8bn annual volumes seen in 2020 and 2021. However, the defensive characteristics displayed by supermarket property coupled with ongoing demand for long-term secure income is expected to continue to generate strong investor demand.

IPD net initial yields 2004-2022 (YTD)



Our objective is to provide secure, inflation-protected, long income from grocery property in the UK.

Set out below are the key performance indicators we use to track our progress.

KPI	Definition	Performance
1. Total Shareholder Return	Shareholder return is one of the Group's principal measures of performance. Total Shareholder Return ("TSR") is measured by reference to the growth in the Company's share price over a period, plus dividends declared for that period.	7% for the year to 30 June 2022 (2021:11%)
2. WAULT	WAULT measures the average unexpired lease term of the Direct Portfolio, weighted by the Direct Portfolio valuations.	15 years WAULT as at 30 June 2022 (2021:15 years)
3. EPRA NTA per share	The value of our assets (based on an independent valuation) less the book value of our liabilities, attributable to Shareholders and calculated in accordance with EPRA guidelines. EPRA provides three recommended measures of NAV, of which the Group deem EPRA NTA as the most meaningful measure. See Note 26 for more information.	115 pence per share as at 30 June 2022 (2021:108 pence per share)
4. Net Loan to Value	The proportion of our Direct Portfolio gross asset value that is funded by borrowings calculated as balance sheet borrowings less cash balances divided by total investment properties valuation.	19% as at 30 June 2022 (2021:34%)
5. EPRA EPS	Earnings attributable to Shareholders adjusted for other earnings not supported by cash flows and calculated in accordance with EPRA guidelines.	5.9 pence per share for the year ended 30 June 2022 (2021:5.6 pence per share)

The Group uses alternative performance measures, as disclosed above and including the European Public Real Estate ("EPRA") Best Practice Recommendations ("BPR") to supplement its IFRS measures as the Board considers that these measures give users of the Annual Report and financial statements the best understanding of the underlying performance of the Group's property portfolio.

The EPRA measures are widely recognised and used by public real estate companies and investors and seek to improve transparency, comparability and relevance of published results in the sector.

The key EPRA performance measures used by the Group are disclosed on the following page.

Reconciliations between EPRA measures and the IFRS financial statements can be found in Notes 10 and 27 to the financial statements.

The table below shows additional performance measures, calculated in accordance with the Best Practice Recommendations of the European Public Real Estate Association (EPRA). We provide these measures to aid comparison with other European real estate businesses. The Group voluntarily adopted the EPRA issued new best practice reporting guidelines in the current year, incorporating the new measure of loan to value: EPRA Loan-to-Value (EPRA LTV) and is defined as net debt divided by total property market value.

For a full reconciliation of all EPRA performance indicators, please see the Notes to EPRA measures within the unaudited supplementary section of the Annual Report.

Measure	Definition	Performance
1. EPRA Earnings per Share	A measure of EPS designed by EPRA to present underlying earnings from core operating activities.	5.9 pence per share for the year ended 30 June 2022 (2021:5.6 pence per share)
2. EPRA Net Reinstatement Value (NRV) per share	An EPRA NAV per share metric which assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	124 pence per share as at 30 June 2022 (2021:118 pence per share)
3. EPRA Net Tangible Assets (NTA) per share	An EPRA NAV per share metric which assumes entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	115 pence per share as at 30 June 2022 (2021:108 pence per share)
4. EPRA Net Disposal Value (NDV) per share	An EPRA NAV per share metric which represents the Shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	116 pence per share as at 30 June 2022 (2021:107 pence per share)
5. EPRA Net Initial Yield (NIY) & EPRA "Topped-Up" Net Initial Yield	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. The "topped-up" yield is the same as the standard measure as we do not have adjustments for any rent-free periods or other lease incentives.	4.6% as at 30 June 2022 (2021:4.8%)
6. EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	0.2% as at 30 June 2022 (2021:0.4%)
7. EPRA Cost Ratio	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	16.5% for the year ended 30 June 2022 (2021:16.8%)
8. EPRA LTV*	Net debt divided by total property portfolio and other eligible assets.	22.2% for the year ended 30 June 2022 (2021:36.3%)

* New measure reported during the year, with prior year comparative stated in line with new methodology

"WE HAVE RAPIDLY SCALED SUPR THROUGH SELECTIVE ACQUISITIONS OF TOP TRADING OMNICHANNEL STORES IN A HIGHLY ACCRETIVE FASHION DELIVERING DIVIDEND PER SHARE AND NTA PER SHARE GROWTH EVERY YEAR"

Haffiz Kala Finance Director

Atrato Capital Limited, the Investment Adviser to the Group, is pleased to report the financial results of the Group for the 12 months ended 30 June 2022.

IFRS net rental income for the year to 30 June 2022 increased by 50% to £72.1 million, up from £47.9 million in the prior year. Contracted inflation rent reviews in the year, including a number of five-yearly rent reviews, resulted in average passing rent increases in the Portfolio of 3.7% compared to 1.4% in the prior year, as a result of the higher inflationary environment witnessed over the last year, with many reviews hitting their maximum rental caps. A further £11.5 million of rental contributions were also recognised from new acquisitions during the year.

Administrative and other expenses, including management and advisory fees and other costs of running the Group, were £14.2 million (2021: £9.5 million), generating an EPRA cost ratio of 16.5% (2021: 16.8%).

Financing costs for the year were £13.0 million (2021: £8.5 million). The Group's weighted average cost of finance at 30 June 2022 was 2.6% (2021: 1.9%). The increase in net financing costs reflects the increase in the quantum of the Group's banking facilities increases in sterling borrowing rates. The Group's continued conservative leverage policy maintains a robust interest cover at 668% compared to the covenant at a minimum of 200%. Further information on financing and hedging is provided below.

As a result of the above, the Group's operating profit, before changes in fair value of investment properties and share of income from the joint venture, as reported under IFRS, increased by 50.4% to £58.2 million (2021: £38.7 million).

Change in fair value of the Direct Portfolio investment properties in the year was £21.8 million (2021: £36.3 million), which is comprised of a £42.3 million increase in valuation offset by £17.6 million of acquisition costs and £2.9 million of rent smoothing and guarantee adjustments. The Group's EPRA NTA at 30 June 2022 equates to 115 pence per ordinary share (2021: 108 pence per ordinary share).

The Sainsbury's Reversion Portfolio continues to be an accretive investment, with the share of income from joint venture increasing by 179% to £43.3 million (2021: £15.5 million), the growth in part due to the Group increasing its stake in the portfolio in February 2021. During the reporting period, Sainsbury's exercised purchase options to acquire 21 of the 26 stores in the portfolio.

The Group is a qualifying UK Real Estate Investment Trust ("REIT") which exempts the Group's property rental business from UK Corporation Tax[15]. The Total Shareholder Return for the year was 7% (2021: 11%). This is measured as the growth in share price over the financial year of 1.7% (2021: 5.6%), plus dividends declared for the year of 5.94 pence per share (2021: 5.86 pence per share) divided by the share price at the beginning of the financial year.

Equity raising and debt financing

In October 2021, the Group completed an upsized and oversubscribed £200 million Placing and Offer for Subscription in which 173,913,043 new ordinary shares were issued at 115 pence per share representing a 6.5% premium to prevailing EPRA NTA at the time of issue. Following a strong level of support from investors during the marketing roadshow, the October Placing was increased from the original target of £100.0 million.

In April 2022, the Company successfully completed a further oversubscribed Placing of ordinary shares, raising £306.7 million. A total of 253,492,160 new ordinary shares were issued at 121 pence per share, representing a 7.1% premium to the Company's last reported EPRA NTA at the time of issue. The April Placing was increased from an original target of £175 million due to strong levels of investor support during the marketing roadshow.

15 Profits which are not derived from property rental business would be subject to corporation tax

The Group has raised in total £506.7 million through its two equity placing programmes during the year, issuing a total of 427,405,203 shares. A further 1,743,049 shares were issued by the Group as part of its SCRIP dividend scheme, meaning 1,239,868,420 shares were in issue as at the year end.

During the year, the Group also increased its debt facilities as follows:

- In August 2021, the Group increased its secured term loan with Deka by £20.0 million to £96.6 million for the remaining three-year term. The new tranche of the secured term has a fixed rate of 1.72%.
- In August 2021 the Group also completed a one-year extension alongside a £10.0 million increase to its now £150.0 million Revolving Credit Facility with HSBC, priced at a margin of 1.75% above SONIA.
- In September 2021, the Group exercised its accordion option under the Wells Fargo credit facility by £61.3 million. The tranche was priced at a margin of 1.40% above SONIA and was refinanced shortly after the year end with the proceeds of the new unsecured facility of which Wells Fargo participated as part of the wider bank syndicate (see below).
- In January 2022, the Group arranged a £136.5 million increase to its Revolving Credit Facility with Barclays and Royal Bank of Canada. This facility was priced at a margin of 1.50% above SONIA and was also refinanced after the year end through the proceeds of the new unsecured facility, of which Barclays and Royal Bank of Canada both participated as part of the wider bank syndicate (see below).

After the year end, the Group secured a new £412 million unsecured borrowing facility at 1.5% above SONIA, which was the first time the Group accessed unsecured debt financing. The proceeds of the new facility were used to refinance a portion of the Group's existing secured debt and to fund further supermarket acquisitions which completed after the year end.

The Group also completed in September 2022, a further two-year extension (inclusive of a one-year accordion option at lender's discretion) on its £150 million Revolving Credit Facility with HSBC, where all other terms of the facility remained unchanged.

A summary of the Group's credit facilities as at the year end and after the balance sheet date is provided below:

Lender	Facility	Maturity*	Interest cost**	Loan commitment 30 June £m*	Loan commitment (Post balance sheet) £m	Amount drawn at 30 June 2022 £m
Barclays/RBC	Revolving Credit Facility	Jan-26	1.50% plus SONIA	300.0	77.5	138.75
Bayerische Landesbank	Term Loan	Jul-23	2.56%	52.1	52.1	52.1
Bayerische Landesbank	Additional Term Loan A	Jul-23	1.98%	7.3	7.3	7.3
Bayerische Landesbank	Additional Term Loan B	Aug-25	2.03%	27.5	27.5	27.5
Deka Bank	Term Loan	Aug-26	1.89%	47.6	47.6	47.6
Deka Bank	Term Loan	Aug-26	2.05%	28.9	28.9	28.9
Deka Bank	Term Loan	Aug-26	1.72%	20.0	20.0	20.0
HSBC	Revolving Credit Facility	Aug-25	1.65% plus SONIA	100.0	100.0	–
HSBC	Revolving Credit Facility	Aug-25	1.75% plus SONIA	50.0	50.0	–
Wells Fargo	Revolving Credit Facility	Sep-23	1.4% plus SONIA	100.0	–	–
Wells Fargo	Revolving Credit Facility	Jul-27	2.19%	30.0	30.0	30.0
Wells Fargo	Revolving Credit Facility	Jul-27	2.11% plus SONIA	30.0	9.0	–
Total				**793.4**	**449.9**	**352.2**
Post Balance Sheet Events						
Unsecured Bank Syndicate	Revolving Credit Facility	Jun-29	2.84%	N/A	250.0	N/A
Unsecured Bank Syndicate	Term Loan	Jun-27	2.84%	N/A	100.0	N/A
Unsecured Bank Syndicate	Term Loan	Jan-25	2.84%	N/A	30.6	N/A
Unsecured Bank Syndicate	Term Loan	Jan-25	1.50% plus SONIA	N/A	31.5	N/A
Total				**793.4**	**862.0**	**352.2**

* Inclusive of uncommitted accordion options
**Interest cost is inclusive of hedging arrangements where applicable. Amounts stated do not include unamortised arrangement fees.

The new and increased debt facilities combined (including post balance sheet events) have a weighted debt maturity of 4.5 years (including extension options) (2021: 4.0 years) and a cost of borrowing of 2.8% (2021: 1.9%).

The Group continues to have a conservative leverage policy, with a medium term LTV target of 30%-40%. At the end of the year, total net debt was £297.3 million, resulting in a net loan-to-value ("LTV") ratio of 19% (2021: 34%). Including post balance sheet acquisitions, the Group's Gross LTV currently stands at 33%. The Group has further balance sheet capacity to utilise for opportunities which may come to market.

Each loan drawn under the credit facilities requires interest payments only until maturity and is secured against both the subject properties and the shares of the property-owning entities. This is with the exception of the new unsecured facilities completed after the year end where the loans are not secured against any of the Group's properties. Each property-owning entity is either directly or ultimately owned by the Group.

The Group continues to maintain significant headroom on its LTV covenants which contain a maximum 60% LTV threshold and a minimum 200% interest cover ratio for each asset in the Portfolio. As at 30 June 2022, the Group could afford to suffer a fall in property values of 54% before being in breach of its LTV covenants. With current hedging arrangements in place the Group has significant interest cover headroom. Within the Going Concern period of 12 months from the signing of the accounts £59.4 million of the BLB loan falls due, as per the Going Concern Note 1 of the financial statements this is expected to be refinanced.

After the year end date, the Company took the decision to fix its interest rate exposure by entering into interest rate swaps to hedge the Company's £381 million of drawn unsecured debt for a weighted average term of 4 years. 100% of the Company's drawn debt is now hedged at an effective fixed rate of 2.6% (including margin). The cost of acquiring the hedges was £35.2 million which will immediately impact EPRA NTA by 2.8 pence per share.

Further details of the Group's debt and interest rate hedging can be found in Notes 20 and 21 to the financial statements.

Dividends

The Company has declared four interim dividends for the year as follows:

- On 23 September 2021, a first interim dividend of 1.485 pence per share, which was paid on 16 November 2021
- On 10 January 2022, a second interim dividend of 1.485 pence per share, which was paid on 25 February 2022
- On 6 April 2022, a third interim dividend of 1.485 pence per share, which was paid on 27 May 2022
- On 8 July 2022, a fourth interim dividend of 1.485 pence per share, which was paid on 22 August 2022

The Group's EPRA dividend cover ratio was 1.08x for the year (2021: 1.04x). The increase reflects the level of deployment of the equity proceeds resulting in an increase in the EPRA earnings available to cover the dividends paid in the financial year.

The Company has increased the quarterly dividend payable from October 2022 by 1.0% from 1.485 to 1.50 pence per share, which will be the fifth consecutive year of annual dividend increases.

The Company is targeting a dividend for the year to 30 June 2023 of 6.0 pence per share.

Atrato Capital Limited
Investment Adviser
20 September 2022

Introduction

During the reporting period, the Company has continued to develop its sustainability strategy. As part of the implementation of this strategy the Investment Adviser has recruited a Head of Sustainability, Christoph Scaife. Christoph took up this role in February 2022 and will take the lead in further developing and implementing the Company's sustainability strategy with the Company's investment team. A key element of the Company's ESG strategy focuses on defining the Company's investment impact. This includes environmental, social and governance risk management, as well as quantifying positive and negative impacts from its investment activities. These actions are designed to ensure that investments are made having assessed all aspects of risks and opportunities to preserve and grow capital for the long term.

ESG + Impact + Long-term investing = Sustainability

As part of the work undertaken by the Investment Advisers, board in 2021 and 2022 several sustainability related priorities have been identified as key to delivering value for the Company's stakeholders. These were based on an in-depth materiality assessment which highlighted four key elements, namely: i) mitigation of environmental impact, ii) introducing the highest standards of governance and reporting, iii) engagement with tenants and wider stakeholders, and iv) responsible citizenship and support for communities.

Task-Force on Climate Related Financial Disclosures (TCFD)

During the reporting year the Company has commenced reporting climate related disclosures using the four pillars from the TCFD framework. This includes the calculation of the Company's carbon emissions. The Company has interpreted these disclosures below.

Governance

An outline of The Company's and Board's Governance developments are laid out below. The Board had started its strategy in the previous year and the Investment Adviser continues to work on refining that strategy.

Strategy

The impacts of climate-related risks and opportunities on the investments and the organization's operations. Key developments in refining the strategy are mentioned below.

Risk Management

Due to the unique nature of the asset class the Company has developed a stakeholder engagement approach that will identify, assess, and work with clients to manage climate-related risks.

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Governance

Refining our Approach

Building on work such as the detailed materiality assessment undertaken in 2021, the Company continues to refine its strategy to deliver more sustainable business practices. We have also started to develop an operational framework that drives continuous focus on safeguarding of the environment and society.

In May 2022 SUPR joined the United Nations Principles for Responsible Investing (PRI). This introduction of a best-in-class sector related governance standard was an important step in bringing the Company in line with international best practice as a Responsible Investor. The PRI defines responsible investment as a strategy and practice to incorporate ESG factors in investment decisions and active ownership. With a strong emphasis on stewardship, and close contact between our investors and Company Board, the Group is well suited to fulfil the role of a responsible investor. In 2022/3 the Company will focus on refining its approach to identifying and managing ESG issues across the Portfolio.

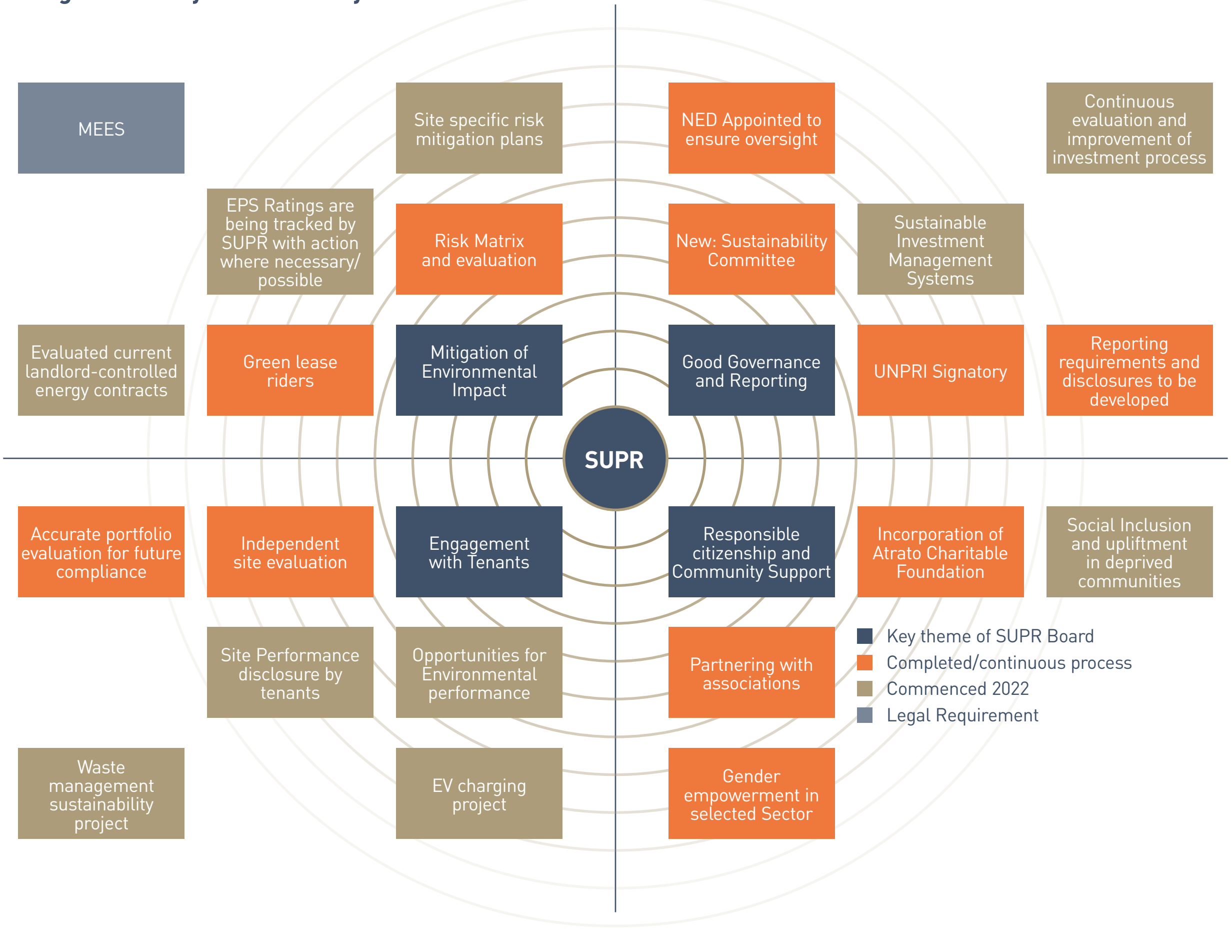
The Nomination Committee recommended the appointment of Frances Davies with effect from 1 June 2022. Frances' depth of experience in corporate finance and asset management will allow her to contribute to the development and implementation of our strategy and the long-term sustainable success of the Group. Frances is currently a partner of Opus Corporate Finance, a corporate finance advisory business, and is a Non-Executive Director at HICL Infrastructure Plc and JP Morgan Smaller Companies Investment Trust. Frances will be the Sustainability Champion for the Board and will ensure that Sustainability matters are taken into account at all levels.

During the financial year, the Board has worked to implement a more formal sustainability approach by reviewing the reporting and governance framework under which it operates. The Terms of Reference of the Audit Committee were updated to include the responsibilities of ESG oversight in relation to the Company's internal processes and the investment activities carried out by the Investment Adviser. Subsequently it was agreed that the Board would convene a dedicated ESG Committee which will be Chaired by Frances Davies as part of her role as Sustainability Champion for the Board. We have outlined our approach to responsible investment on our website, and, prior to the end of 2022, we will publish our commitments to implement goals and targets for the period ahead.

The Board continues to review updates to the business strategy, ensuring performance, policy and fund objectives meet the changing requirements for Sustainability in the sector. By the end of 2022 the Investment Adviser has and will continue to focus on refining and developing their ESG evaluation methodologies and impact measurement frameworks to address the incoming legislation and climate change disclosure requirements. The Investment Adviser will draw upon the highest governance standards and best practices to ensure that the fund achieves its long-term goals. These commitments will be met with tangible steps to drive performance. Consequently, we have primarily focused our initial actions on the following areas:

- Strengthening oversight of ESG and sustainability
- Integration of ESG and sustainability criteria into the evaluation of asset acquisition
- Ensuring our assets enhance the communities in which they are located
- Commitment to enhance the sustainability of our buildings
- Engagement and partnership with tenants

Progress on Key Sustainability Themes



Good Governance and Reporting

As a first step, we have formalised our ESG commitments into policies, updated the Terms of Reference of the Board's committees, and refined our overall reporting framework. During the year to 30 June 2022, we commenced a rigorous assessment of our approach to oversight and governance of sustainability, which is central to the development of an effective strategy. This review resulted in integrating sustainability criteria into the remit of the newly appointed ESG Committee, under the oversight of Frances Davies, the Chair. The Terms of Reference of the Committee were updated to reflect this change and to ensure a focus on sustainability factors on a par with the financial aspects of our business. Simultaneously, Steve Windsor, Principal at Atrato Group, undertook responsibility for the monitoring and managing of ESG risks and opportunities at our Investment Adviser.

This decision was guided by an internal analysis of the skills, knowledge, experience of our directors, which identified the most appropriate framework to address and oversee ESG factors. In line with the recommendations of the AIC Code of Corporate Governance, during the past year, the Board also carried out an assessment of the current structure and operation of the Board. That assessment evaluated the balance of skills, knowledge, experience, independence and diversity of the Board. The results of this evaluation helped us to identify areas we can strengthen. The process is detailed in full in the Nomination Committee report.

Under the strengthened governance structure, the Board has approved the Group's Sustainability Strategy, Sustainability Policy and other relevant policies. Quarterly updates are sent from the Investment Adviser. The Board also oversees the Investment Adviser's policies to ensure that environmental and social priorities are incorporated into the investment strategy. In line with the increased focus on sustainability at the Company and across our stakeholders, the Atrato Group recently finalised and published its own ESG policy, which can be found on its website.

Our Strategy

Materiality Risk Assessment

The Company completed its risk evaluation matrix in 2021, which highlighted the need to address climate related issues from a sustainability point of view, as well as from a compliance aspect. As the UK government has finalised its Minimum Energy Efficiency Standard (MEES), an industry goal to achieving a 2oC world and Net Zero target, with increased energy efficiency at the heart of achieving these goals. As the assets held within the Portfolio are managed though the tenants, an engagement strategy has been developed by the Company to collaborate with tenants on how to tackle these issues, including climate related factors such as flooding, power purchasing and carbon reduction commitments from the tenant's supply chain.

Labour standards and the minimum wage levels have become a major risk for operators as the cost of living has risen dramatically in 2022. These issues have a knock-on effect for tenants and consumers alike and the need to reduce operational costs throughout the supply chain needs to be addressed. The need to be aware of consumer habits and satisfaction is more material than ever, with a renewed focus on the consumer and the cost of supply as well as disposal or end of useful life for products.

Opportunity Identification

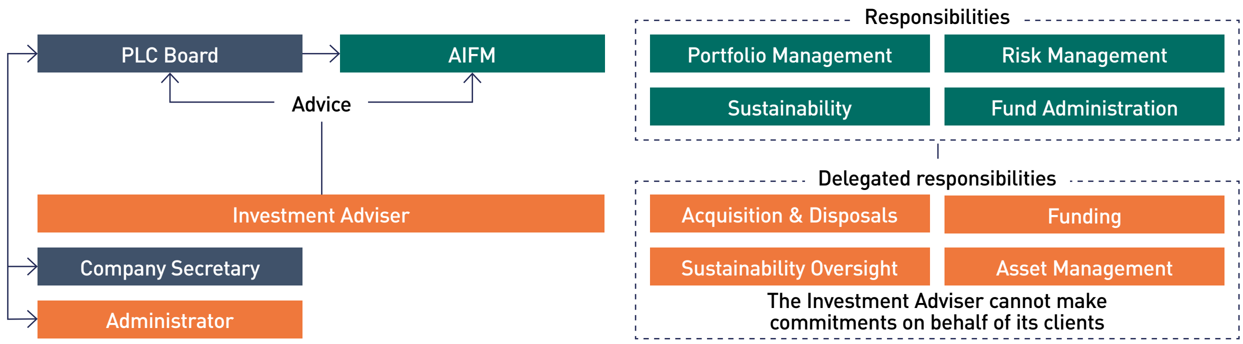
A key route to delivering positive impact are the possibilities arising from the growth of the electric vehicles industry, and its need for electric charging points. The Company is looking at where there is a viable demand for charging stations, both on assets that are directly managed and those where tenants have the capacity to install charging points.

The Company is looking at where there is a viable demand for charging stations and parking capacity and rights for installation. The Company is also keen to support tenant led installations, where possible. This initiative aligns with the UK government's intention to reduce subsidies for private home charging connections and focus on providing charging points that are accessible to the wider public.

Governance framework

SUPR who is Atrato's client has a prescribed governance framework structured around key service provision relationships. Sustainability is implemented by the AIFM, however, oversight is provided by the Board based on the advice of the Investment Adviser.

Policies and standards are set by the Groups.



•••Structure chart shows only material relationships. It does not illustrate all service provider relationships for the clients.

Roles undertaken by Atrato

Tenant engagement

The majority of the Company's tenants are leading supermarket retailers who have already committed to implementing high standard sustainability practices. However, as these clients have large portfolios and varying sustainability agendas the focus of these groups may not align with the Company's priorities. As a result, the portfolio management team will draft an engagement strategy to address key sustainability aspects to ensure the Company meets its sustainability agenda. One focus of the Company's engagement strategy includes obtaining data on how tenants are capturing and reporting their emissions data as well as their actions to reduce greenhouse gas emissions and lower energy usage. The Company will focus engagement efforts over the coming year with tenants to obtain accurate data on energy performance, looking at what energy sources tenants are drawing their power from, and whether they have considered purchasing renewable energy. Tenants are strongly considering how to reduce energy costs and emissions and these efforts also include roof top solar.

Environmental

Establishing responsible practices throughout the Company's landlord controlled operations and supply chain is a key part of the Company's engagement strategy. During 2022 the Company will continue to focus on the responsible disposal of waste and green energy contracts. A key focus area of engagement between the Company and the tenants is the energy performance of assets. The Company has set out a target to ensure the Portfolio remains in line with the Government's requirements and selected assets have been identified as medium risks to not achieving compliance with these standards in 2023. Collaborating with our tenants to address major environmental risks through the use of independent assessments is being introduced by the Company and will continue as part of a monitoring and assurance programme.

Social

As a result of the growth of electric vehicles, the need for a greater quantity of electric charging points has arisen. EV charging points improve accessibility for customers who drive EV vehicles, and may encourage others to move to this type of vehicle. Supermarkets offer a compelling opportunity to include EV charging points for shoppers, as this is an efficient use of consumers' time to charge their vehicles while they shop. We articulate this further below.

Governance

The Company continues to keep EPC assessments up-to-date to understand the environmental performance of its assets. Included in these assessments are possible opportunities for energy efficiency improvements which we assess on a case-by-case basis. This assurance process allows the portfolio management team to focus their engagement efforts on those assets most at risk of underperforming against key sustainability metrics, as well as highlighting possible high impact energy efficiency opportunities that can maximise shareholder value.

Responsible Citizenship and Community Support

The Board firmly believes that the Company can achieve a positive impact in its communities. The Company, through its Investment Adviser, is in the process of incorporating the Atrato Charitable Foundation which plans to use capital from the fund to support various charities whose values align with that of the Group. These charities may include community development, educational support and gender inclusivity.

Risks

Mitigation of Environmental Risks

Climate change is one of the defining issues of our time and we realise that actions taken today will have repercussions for the future. While decoupling the economy from emission generation is a complex task, requiring major policy and behaviour changes, we believe that there is a role to play for all sectors and especially investors such as the Company. New technology now forms a part of the investment consideration, where assets can provide their own routes to positive impact and reduce their own carbon footprint, for example, through the use of solar PV panels, waste management and reduced water consumption, to name a few. As these solutions become more cost effective and accessible, we are engaging with our tenants to look at possibilities to optimise their positive impact opportunities and look beyond what are the current normal conventions of day-to-day business.

As identified in the risk materiality assessment undertaken in 2021, and evaluated on a rolling basis since then, the risk of downgrading energy inefficient assets is material for some assets. The Company is conducting third party evaluations of its sites to monitor changes in risks. These independent reviews will provide the Group with reliable and up to date EPC assessments of the performance of its assets. Included in these assessments are possible opportunities for impact improvements, energy savings and key asset improvements. This assurance allows the asset management team to focus their engagement efforts on those assets most at risk on underperforming as well as highlighting possible impact opportunities that can maximise shareholders value. It is expected that these corrective measures will ensure that the Company maintains its compliance with MEES while also reducing possible exposure to other environmental risks, and in some cases the exposure to volatile energy costs.

Metrics and Targets

MEES

April 1st 2020	April 2023
MEES Regulations applied to all rented residential properties. All new or existing rentals must have an E grade.	MEES Regulations will be extended to include ALL COMMERCIAL leases, including existing leases.
April 2025	**April 2030**
The UK government has declared their intention to raise MEES standards, so the minimum will rise to a D.	In order for the Government to hit their carbon targets, MEES standards will rise to C.

During the reporting period, we continued to assess the EPC ratings of our Portfolio and benchmark current performance against historic performance, as well against the future Minimum Energy Efficiency Standards that came into effect in 2016. The overall value weighted portfolio rating is C-56, as at 30 June 2022. There were eight properties with an EPC rating of 'D' on that date representing 19% of the Portfolio by number and 18% by value. This compares to 14 properties which had a D or E rating at the end of the prior financial year, showing progressive improvement in the energy rating of our assets year-on-year.

We make a conscious effort to acquire assets with stronger EPC ratings or where we are able to identify opportunities to improve the EPC rating through active engagement with the occupier.

In addition to enabling the Company to drive improvements in its existing Portfolio, a deeper understanding and assessment of the EPC profile of the Portfolio also provides additional detail to help inform future investment strategy. We are also actively looking at how lease renewals on existing properties can be structured to add incentives that would encourage tenants to undertake improvements to reduce emissions, energy and resource use.

Company Emissions

2022 marks the first year in which the Company has calculated its emissions at the Company and at the Investment Adviser level. Following this exercise, it was concluded that the total emissions, mostly due to electricity and refrigerants, account for 97% of the Company's total emissions. No refrigerants were included in the analysis for Petrol Filling Stations (PFS) or non-grocery sites, as tenants do not disclose their air conditioning reports, and as such certain adjustments and assumptions had to be made to include these assets in the overall total. The reporting sample covers 105 supermarket sites and PFS, which were counted separately.

The Company's total emissions for the reporting period are 87,715 tonnes of CO^2 equivalent. The classification of these emissions is categorised as Scope 3 Category 13 Downstream Leased Assets, since any asset that a company owns but does not have control over must be included in its Scope 3 indirect emissions. The Company leases properties to tenants, which means it must include the tenants' Scope 1 and 2 emissions within the Company's Scope 3 Category 13 emissions. The main heating fuel type according to the data from the EPC assessments of our supermarket portfolio was natural gas, whereas non-grocery and PFS sites were mainly heated using electricity. As per GHG Protocol guidelines, the emissions from biomass are out of scope and, therefore, not included in the total Scope 1,2, and 3 emissions. Natural gas accounts for 77% of emissions and it should be noted that if tenants switched to non-fossil fuel heating, this would represent a significant opportunity to decrease emissions for the Company and tenants alike. The Company does not have any offices or employees, as such only the emissions of its tenants are included in the GHG inventory. The Investment Adviser will report separately on its emissions in its annual report.

SUPR GHG Inventory Methodology

SUPR accounts for the emissions of commercial buildings that it is directly owns and leases out to various tenants, some of whom do not record their emissions or have a strategic plan to reduce their emissions. In the first year of Greenhouse Gas (GHG) accounting, no activity data was available, so estimations were required throughout. Scope 1 (heating and refrigerants) and scope 2 (electricity) was estimated for each site using publicly available data from Energy Performance Certificates (EPCs). CIBSE data was used to provide intensity estimates based on floor area for the different commercial building types. Certain data assumptions have been made to estimate the size of petrol filling stations, since this data was not provided.

Scope 1 (Heating)

The main heating fuel type was taken from the EPC. Some gaps existed and it was assumed that, in these cases, sites at the same location used the same heating fuel types. CIBSE data was used to provide intensity estimates (kWh/m^2) of the fossil fuel heating use. For sites that used electricity as their main heating fuel type, the fossil fuel heating consumption was given a value of 0 (nil). CIBSE provides intensity estimates for typical and good practice energy use. The EPC rating was used to assume whether a site had typical practice energy use (EPC rating of D or below) or good practice energy use (EPC rating of C or above).

When petrol filling stations are counted as their own site, five sites used biomass heating and 53 used natural gas. The remaining 47 sites were heated using electricity. The latest DEFRA emission factors were applied to the kWh of consumption for heating to calculate the emissions at a site level.

Scope 1 (Refrigerants)

Publicly available air conditioning (AC) certificates were used to determine the type and amount of refrigerants used by supermarkets. Where this data was not available for certain sites, other sites that were similar in terms of size and tenant were used as a proxy.

As per EPA data, the size of the air conditioning equipment used was dependent on the amount of refrigerant used and the floor area. It was assumed that air conditioning was used for 6 months of the year in the UK. Loss rates were taken from DEFRA data. Supermarket refrigeration was estimated as no activity data was available. An intensity estimate (refrigerant charge per square foot) was taken from EPA data and the refrigerant used was the most common for this activity according to UNEP. Refrigerant loss rate for refrigeration was taken from DEFRA data.

No refrigerants were estimated for non-grocery or petrol filling station sites.

Scope 2 (Electricity)

CIBSE data was used to provide intensity estimates (kWh/m^2) of the electricity use. The EPC rating was used to assume whether a site had typical practice energy use (EPC rating of D or below) or good practice energy use (EPC rating of C or above).

Five supermarket sites have solar photovoltaic (PV) panels on their roofs. Google Maps was used to identify the number of solar panels on the roofs. An estimate was made as to the amount of energy produced per panel and that was applied to the total solar panels for each site. The amount of electricity generated from the solar panels at these five sites was subtracted from the estimate for the total electricity consumption. It was assumed that the five supermarkets receive the full generation from the panels, meaning the electricity generated from them is attributed solely to the supermarkets.

The latest DEFRA emission factors were applied to the kWh of consumption for electricity to calculate the emissions at a site level.

The calculations and evaluations have been calculated by The Anthesis Group, a third party contractor who was contracted out by the Company.

External Recommendation on Emissions

The Company contracted Anthesis Consulting to undertake its emissions calculations, as well as provide recommendations to improve the emissions and reporting quality for future reports. Selected recommendations include the setting of targets, and to validate emissions through an external organisation such as the SBTi.

As the majority of our tenants publicise their GHG emissions, the Company should use its position to encourage tenants to provide more detailed data and communicate it publicly to show stakeholder groups their improvements on sustainability practices.

The Company is required to meet emissions reductions and future MEES legislation, and this will influence the focus of the Investment Adviser's efforts to ensure that all investments meet these requirements.

The Investment Adviser will develop training for key staff members on the importance of climate action and their role in it.

The Board and JTC Global AIFM Solutions Limited, the Company's Alternative Investment Fund Manager (the "AIFM"), together have joint overall responsibility for the Company's risk management and internal controls, with the Audit Committee reviewing the effectiveness of the Board's risk management processes on its behalf.

To ensure that risks are recognised and appropriately managed, the Board has agreed a formal risk management framework. This framework sets out the mechanisms through which the Board identifies, evaluates and monitors its principal risks and the effectiveness of the controls in place to mitigate them.

The Board aims to operate in a low-risk environment, focusing substantially on a single sector of the UK real estate market. The Board and the AIFM therefore recognise that effective risk management is key to the Group's success. Risk management ensures a defined approach to decision making that seeks to decrease the uncertainty surrounding anticipated outcomes, balanced against the objective of creating value for Shareholders.

The Board determines the level of risk it will accept in achieving its business objectives, and this has not changed during the year. We have no appetite for risk in relation to regulatory compliance or the health, safety and welfare of our tenants, service providers and the wider community in which we work. We continue to have a moderate appetite for risk in relation to activities which drive revenues and increase financial returns for our investors.

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the forthcoming financial year and could cause actual results to differ materially from expected and historical results.

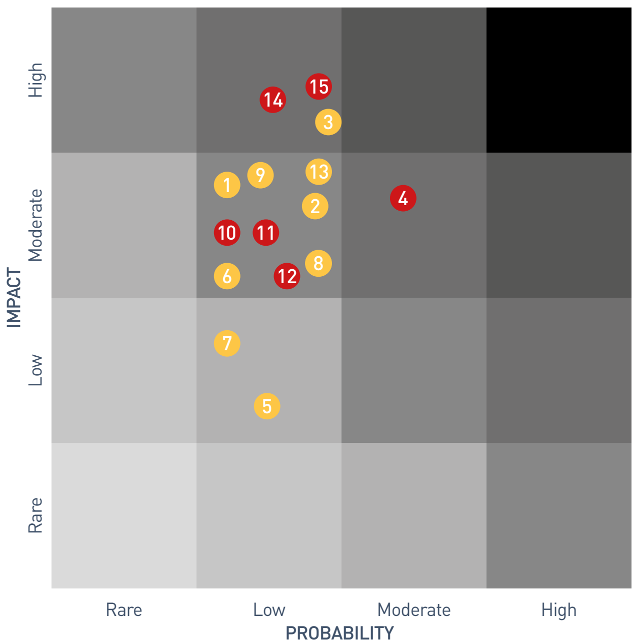
The risk management process includes the Board's identification, consideration and assessment of those emerging risks which may impact the Group.

Emerging risks are specifically covered in the risk framework, with assessments made both during the regular quarterly risk review and as potentially significant risks arise. The quarterly assessment includes input from the Investment Adviser and review of information by the AIFM, prior to consideration by the Audit Committee.

The matrix below illustrates our assessment of the impact and the probability of the principal risks identified. The rationale for the perceived increases and decreases in the risks identified is contained in the commentary for each risk category.

The following risks have been removed in the current year and are no longer shown on the matrix:
- Impact of COVID-19: The Company has not experienced any material adverse impacts from the COVID pandemic, which warrants the removal of this as a principal risk. However, we continue to monitor the impact closely
- European Union exit without EU trade deal ("Brexit"): The Company has not experienced any material adverse impacts from Brexit. However, we are keeping this under constant review given the recent news of plans to amend parts of the NI protocol

The following risks have been added in the current year and are discussed in detail below:
- A reduction in the energy efficiency of the portfolio
- Volatile changes to weather systems
- The rise in cyber risks
- Inflationary pressures on the valuation of the portfolio
- Impact of the war in Ukraine



The Board considers these risks have increased since last year

4 Our use of floating rate debt will expose the business to underlying interest rate movements as interest rates continue to rise

10 The assets within the Group's portfolio that are less energy efficient may be exposed to downward pressure on valuation

11 Volatile changes in the weather systems may deem the Group's properties no longer viable to tenants.

12 The rise in cyber risks arising from recent geopolitical tensions has increased the risk for listed companies being targets for market manipulation

14 Inflationary pressures on the valuation of the portfolio may result in a fall in valuations

15 Impact of war in Ukraine could lead to a global recession

The Board considers these risks to be broadly unchanged since last year

1 The lower-than-expected performance of the Portfolio could reduce property valuations and/or revenue, thereby affecting our ability to pay dividends or lead to a breach of our banking covenants

2 Our ability to source assets may be affected by competition for investment properties in the supermarket sector

3 The default of one or more of our lessees would reduce revenue and may affect our ability to pay dividends

5 A lack of debt funding at appropriate rates may restrict our ability to grow

6 We must be able to operate within our banking covenants

7 There can be no guarantee that we will achieve our investment objectives

8 We are reliant on the continuance of the Investment Adviser

9 We operate as a UK REIT and have a tax-efficient corporate structure, with advantageous consequences for UK Shareholders

13 Shareholders may not be able to realise their shares at a price above or the same as they paid for the shares or at all

PROPERTY RISK

1	*The lower-than-expected performance of the Portfolio could reduce property valuations and/or revenue, thereby affecting our ability to pay dividends or lead to a breach of our banking covenants*	
Probability: Low	**Impact:** Moderate	**Mitigation**
	An adverse change in our property valuations may lead to breach of our banking covenants. Market conditions may also reduce the revenues we earn from our property assets, which may affect our ability to pay dividends to Shareholders. A severe fall in values may result in us selling assets to repay our loan commitments, resulting in a fall in our net asset value.	Our Direct Portfolio is 99.9% let (100% of supermarket assets are let) with long weighted average unexpired lease terms and an institutional-grade tenant base. All the leases contain upward-only rent reviews, 81% are inflation linked, 17% are open market value and the rest contain fixed uplifts. These factors help maintain our asset values. We manage our activities to operate within our banking covenants and constantly monitor our covenant headroom on Loan to Value and Interest Cover. We are reviewing alternative financing arrangements to lessen any dependence on the banking sector.

2	*Our ability to source assets may be affected by competition for investment properties in the supermarket sector*	
Probability: Low	**Impact:** Moderate	**Mitigation**
	The Company faces competition from other property investors. Competitors may have greater financial resources than the Company and a greater ability to borrow funds to acquire properties. The supermarket investment market continues to be considered a safe asset class for investors seeking long term secure cash flows which is maintaining competition for quality assets. This has led to increased demand for supermarket assets without a comparable increase in supply, which could potentially increase prices and make it more difficult to deploy capital.	The Investment Adviser has extensive contacts in the sector and we often benefit from off-market transactions. They also maintain close relationships with a number of investors and agents in the sector, giving us the best possible opportunity to secure future acquisitions for the Group. The Company has acquired assets which are anchored by supermarket properties but which also have ancillary retail on site, and these acquisitions allow the Company to access quality Supermarket assets whilst providing additional asset management opportunities. We are not exclusively reliant on acquisitions to grow the Portfolio. Our leases contain upward-only rent review clauses, which mean we can generate additional income and value from the current Portfolio. We also have the potential to add value through active asset management and we are actively exploring opportunities for all our sites. We maintain a disciplined approach to appraising and acquiring assets, engaging in detailed due diligence and do not engage in bidding wars which drive up prices in excess of underwriting.

3	*The default of one or more of our lessees would reduce revenue and may affect our ability to pay dividends*	
Probability: Low	**Impact:** High	**Mitigation**
	Our focus on supermarket property means we directly rely on the performance of UK supermarket operators. Insolvencies could affect our revenues earned and property valuations.	Our investment policy requires the Group to derive at least 60% of its rental income from a Portfolio let to the largest four supermarket operators in the UK by market share. Focusing our investments on assets let to tenants with strong financial covenants and limiting exposure to smaller operators in the sector decreases the probability of a tenant default. Before investing, we undertake a thorough due diligence process with emphasis on the strength of the underlying covenant and receive a recommendation on any proposed investment from the AIFM. We select assets that have strong property fundamentals (good location, large sites with low site cover) and which should be attractive to other occupiers or have strong alternative use value should the current occupier fail.

FINANCIAL RISK

4	*Our use of floating rate debt will expose the business to underlying interest rate movements as interest rates continue to rise*	
Probability: Moderate (from Low)	**Impact:** Moderate	**Mitigation**
	Interest on the majority of our debt facilities is payable based on a margin over SONIA. Any adverse movements in SONIA could significantly impair our profitability and ability to pay dividends to shareholders.	We have entered into interest rate swaps to partially mitigate our direct exposure to movements in SONIA, by capping our exposure to SONIA increases. We aim to hedge prudently our SONIA exposure, keeping the hedging strategy under constant review in order to balance the risk of exposure to rate movements against the cost of implementing hedging instruments. We selectively utilise hedging instruments with a view to keeping the overall exposure at an acceptable level.

5	*A lack of debt funding at appropriate rates may restrict our ability to grow*	
Probability: Low	Impact: Low	Mitigation
	Without sufficient debt funding we may be unable to pursue suitable investment opportunities in line with our investment objectives. If we cannot source debt funding at appropriate rates, this will impair our ability to maintain our targeted level of dividend.	Before we contractually commit to buying an asset, we enter discussions with our lenders to get uncommitted approvals (where borrowings are secured), which ensures that we can borrow against the asset and maintain our borrowing policy. The Board keeps our liquidity and gearing levels under review. We have recently broadened our capital structure by starting to transition our balance sheet to an unsecured structure, reducing our reliance on a single source of funding. Supermarket property has remained popular with lenders, owing to long leases and letting to single tenants with strong financial covenants and being seen as a safe asset class in times of market uncertainty. We have seen increased appetite from lenders to provide financing for future acquisitions albeit that some of our existing lenders have indicated that they are close to reaching capacity in some asset classes. The Company has had two oversubscribed capital raises during the year ended 30 June 2022 which has provided increased liquidity and enabled the continuation of the Company's growth. We believe that this indicates that alternative credit sources will become available in the short to medium term and we will become less reliant on bank funding.
6	*We must be able to operate within our banking covenants*	
Probability: Low	Impact: Moderate	Mitigation
	The Group's borrowing facilities contain certain financial covenants relating to Loan to Value ratio and Interest Cover ratio, a breach of which would lead to a default on the loan. The Group must continue to operate within these financial covenants to avoid default.	We and the AIFM continually monitor our banking covenant compliance to ensure we have sufficient headroom and to give us early warning of any issues that may arise. We will enter into interest rate caps and swaps to mitigate the risk of interest rate rises and also invest in assets let to institutional grade covenants.

CORPORATE RISK

7	*There can be no guarantee that we will achieve our investment objectives*	
Probability: Low	Impact: Low	Mitigation
	Our investment objectives include achieving the dividend and total returns targets. The amount of any dividends paid or total return we achieve will depend, among other things, on successfully pursuing our investment policy and the performance of our assets. Future dividends are subject to the Board's discretion and will depend on our earnings, financial position, cash requirements, level and rate of borrowings, and available distributable reserves.	The Board uses its expertise and experience to set our investment strategy and seeks external advice to underpin its decisions, for example independent asset valuations. There are complex controls and detailed due diligence arrangements in place around the acquisition of assets, designed to ensure that investments will produce the expected results. Significant changes to the Portfolio, both acquisitions and disposals, require specific Board approval. The Investment Adviser's significant experience in the sector should continue to provide us with access to assets that meet our investment criteria going forward. Rental income from our current Portfolio, coupled with our hedging policy, supports the current 6.00 pence per share dividend target. Movement in capital value is subject to market yield movements and the ability of the Investment Adviser to execute asset management strategies.
8	*We are reliant on the continuance of the Investment Adviser*	
Probability: Low	Impact: Moderate	Mitigation
	We rely on the Investment Adviser's services and reputation to execute our investment strategy. Our performance will depend to some extent on the Investment Adviser's ability and the retention of its key staff.	A new Investment Advisory Agreement was entered into on 14 July 2021; this revised agreement provides that unless there is a default, either party may terminate by giving not less than two years written notice. This provides additional certainty for the Company. The Board keeps the performance of the Investment Adviser under continual review and undertakes a formal review at least annually. The interests of the Company and the Investment Adviser are aligned due to (a) key staff of the Investment Adviser having personal equity investments in the Company and (b) any fees paid to the Investment Adviser in shares of the Company are to be held for a minimum period of 12 months. The Board can pay up to 25% of the Investment Adviser fee in shares of the Company. In addition, the Board has set up a management engagement committee to assess the performance of the Investment Adviser and ensure we maintain a positive working relationship. The AIFM receives and reviews regular reporting from the Investment Adviser and reports to the Board on the Investment Adviser's performance. The AIFM also reviews and makes recommendations to the Board on any investments or significant asset management initiatives proposed by the Investment Adviser.

TAXATION RISK

9	***We operate as a UK REIT and have a tax-efficient corporate structure, with advantageous consequences for UK Shareholders. Any change to our tax status or in UK tax legislation could affect our ability to achieve our investment objectives and provide favourable returns to Shareholders***	
Probability: Low	Impact: Moderate	Mitigation
	If the Company fails to remain a REIT for UK tax purposes, our profits and gains will be subject to UK corporation tax.	The Board uses its expertise to maintain adherence to the UK REIT regime by monitoring the REIT compliance. The Board has also engaged third-party tax advisers to help monitor REIT compliance requirements and the AIFM also monitors compliance by the Company with the REIT regime.

CLIMATE RISKS

10	***The assets within the Group's Portfolio that are less energy efficient may be exposed to downward pressure on valuation or increased pressure to invest in the improvement of individual assets***	
Probability: Low	Impact: Moderate	Mitigation
	As investors increase their focus on climate risk, there is likely to become a larger pool of capital looking to invest in energy efficient assets. Although this represents an opportunity for those best-in-class assets to achieve a 'green premium', there is likely to be an impact on yield demanded, and therefore valuation, on assets within the Portfolio which are less energy efficient. Given the unexpired lease terms across the Portfolio, this trend may impact the residual values implicit in valuations and reduce tenant demand for these properties.	An ESG committee has been created to develop a roadmap for an energy efficient property portfolio including an appropriate policy for minimum energy performance across the Group's assets. The Company has engaged with external experts to assess the work required and the respective costs of implementation. Many of the supermarket operators have published targets to achieve net zero and are actively upgrading stores to make them more energy efficient. The Company continues to work with its tenants to help them meet this target and has entered into a framework agreement with Atrato Onsite Energy to install rooftop solar panels across the Company's Portfolio.
11.	***Volatile changes in the weather systems may deem the Group's properties no longer viable to tenants***	
Probability: Low	Impact: Moderate	Mitigation
	Given the impact of global warming, there is likely to be an increased risk of floods and natural disasters which could result in physical damage to the Group's properties.	The Company obtains environmental surveys on all acquisitions, which address the short-term risk of climate related damage to group properties. The Investment Adviser's asset management team will continue to monitor the changing physical risk as it develops through regular site visits to the Group's assets.

CYBER RISKS

12	***The rise in attempted cyber crime and more recently cyber risks arising from recent geopolitical tensions has increased the risk for listed companies being targets for market manipulation and/or insider trading***	
Probability: Low	Impact: Moderate	Mitigation
	As an externally managed REIT, all services are contracted with external third party service providers. A cyber attack on any of the Group's third party service providers could lead to wider business disruption or loss of market sensitive information.	The Company's main service provider is the Investment Adviser which has robust IT security and data protection policies in place. These are reviewed frequently, alongside business continuity plans in the event of major disruption to the organisation. For all other key service providers appropriate policies are sought and reviewed in respect of cyber security and data protection.

MARKET PRICE RISK

13	*Shareholders may not be able to realise their shares at a price above or the same as they paid for the shares or at all*	
Probability: Moderate	**Impact: Moderate**	**Mitigation**
	Although the Company's ordinary shares have to date traded in a relatively narrow range closely related to the price at which they were issued, this is largely a function of supply and demand for the ordinary shares in the market and cannot therefore be controlled by the Board. The Company's recent move to the premium list of the London Stock Exchange will increase liquidity in shares, thereby reducing the risk that Shareholders will not be able to sell their shares at all.	The Company may seek to address any significant discount to EPRA NTA at which its ordinary shares may be trading by purchasing its own ordinary shares in the market on an ad hoc basis. The Directors have the authority to make market purchases of up to 14.99% of the ordinary shares in issue as at IPO; being 1.21% of the total shares in issue as at 30 June 2022. Ordinary shares will be repurchased only at prices below the prevailing NAV per ordinary share, which should have the effect of increasing the NAV per ordinary share for remaining Shareholders. It is intended that a renewal of the authority to make market purchases will be sought from Shareholders at each Annual General Meeting of the Company. Purchases of ordinary shares will be made within guidelines established from time to time by the Board. Investors should note that the repurchase of ordinary shares is entirely at the discretion of the Board and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of ordinary shares that may be repurchased.

MACROECONOMIC RISKS

14	*Inflationary pressures on the valuation of the portfolio*	
Probability: Low	**Impact: Moderate**	**Mitigation**
	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.	Inflation is monitored closely by the Investment Adviser. The Group's Portfolio rent reviews include a mixture of fixed, upward only capped as well as open market rent reviews, to hedge against a variety of inflationary outcomes.
15	*Impact of the war in Ukraine*	
Probability: Low	**Impact: Moderate**	**Mitigation**
	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.	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. Our 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.

Going concern

In light of the current macroeconomic backdrop, the Directors have continued to place significant focus on the appropriateness of adopting the going concern basis in preparing the Group's and Company's financial statements for the year ended 30 June 2022. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council.

The Board regularly monitors the Group's ability to continue as a going concern. Included in the information reviewed at quarterly Board meetings are summaries of the Group's liquidity position, compliance with loan covenants and the financial strength of its tenants. Based on this information, the Directors are satisfied that the Group and Company are able to continue in business for the foreseeable future, being a period of at least twelve months from the date of approval of the financial statements, and therefore have adopted the going concern basis in the preparation of these financial statements.

In light of the Group's current position and principal risks, the Board has assessed the prospects of the Group for the period to 30 September 2023, reviewing the Group's liquidity position, compliance with loan covenants and the financial strength of its tenants, together with forecasts of the Group's future performance under various scenarios. The Board has concluded there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities over that period. The Board has also assessed the prospects of the Group over a longer period than the going concern review and has a reasonable expectation that the Group will be able to continue in business over the five-year period examined in that assessment.

During the year covered by this report, the Group has raised a total of £506.7 million from the issue of equity shares and a further £180.0 million under the various banking facilities. All financial covenants have been met to date; at the year end, there was significant headroom in our covenants including property values needing to fall by 54.3% for a breach of covenants to occur. £59.4 million of the Group's BLB loan facility falls due in July 2023. The Directors' expect this facility to be refinanced in advance of its expiry however it is also noted that the Group has sufficient headroom in its existing facilities to repay this facility in full if required.

After the year end, the Group secured a new £412 million unsecured borrowing facility at 1.5% above SONIA, which was the first time the Group accessed unsecured debt financing. The Group also completed in August 2022, a further two-year extension (inclusive of a one-year accordion option at lender's discretion) on its £150 million Revolving Credit Facility with HSBC, where all other terms of the facility remained unchanged. Further details are set out in the notes to the financial statements.

The Group generated net cash flow from operating activities in the year of £63.0 million, with its cash balances at 30 June 2022 totalling £51.2 million and available debt facilities at 30 June 2022 of £705.0 million. The available debt facilities post year end were £862.0 million. The Group had no capital commitments or contingent liabilities as at the balance sheet date. 100% of contractual grocery rent for the Year has been collected in full.

The Group benefits from a secure income stream from its property assets that are let to tenants with excellent covenant strength, and are critical to the UK grocery infrastructure, under long leases that are subject to upward only rent reviews. The WAULT at the year-end was 15 years (2021: 15 years).

As a result, the Directors believe that the Group is well placed to manage its financing and other business risks and that the Group will remain viable, continuing to operate and meeting its liabilities as they fall due over the assessment period. The Directors are therefore of the opinion that the going concern basis adopted in the preparation of the financial statements is appropriate.

Assessment of viability

The period over which the Directors consider it feasible and appropriate to report on the Group's viability is the five-year period to 30 June 2027. This period has been selected because it is the period that is used for the Group's medium-term business plans and individual asset performance forecasts. The assumptions underpinning these forecast cash flows and covenant compliance forecasts were sensitised to explore the resilience of the Group to the potential impact of the Group's significant risks, or a combination of those risks. The principal risks on pages 34 to 40 summarise those matters that could prevent the Group from delivering on its strategy. A number of these principal risks, because of their nature or potential impact, could also threaten the Group's ability to continue in business in its current form if they were to occur. The Directors paid particular attention to the risk of a deterioration in economic outlook which could impact property fundamentals, including investor and occupier demand which would have a negative impact on valuations, and give rise to a reduction in the availability of finance.

The sensitivities performed were designed to be severe but plausible; and to take full account of the availability of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks.

Viability Statement

The Board has assessed the prospects of the Group over the five years from the balance sheet date to 30 June 2027, which is the period covered by the Group's longer term financial projections. The Board considers five years to be an appropriate forecast period since, although the Group's contractual income extends beyond five years, the availability of most finance and market uncertainty reduces the overall reliability of forecast performance over a longer period.

The Board considers the resilience of projected liquidity, as well as compliance with secured debt covenants and UK REIT rules, under a range of RPI and property valuation assumptions.

The principal risks and the key assumptions that were relevant to this assessment are as follows:

Risk	Assumption
Borrowing risk	The Group continues to comply with all relevant loan covenants. The Group was able to extend the £150.0 million RCF falling due in August 2023 on acceptable terms. The Group is able to refinance all debt falling due within the viability assessment period on acceptable terms.
Interest Rate Risk	The increase in variable interest rates are managed by a reduction of variable debt from cash inflows and by hedges enacted after the year end.
Liquidity risk	The Group continues to generate sufficient cash to cover its costs while retaining the ability to make distributions.
Tenant risk	Tenants (or guarantors where relevant) comply with their rental obligations over the term of their leases and no key tenant suffers an insolvency event over the term of the review.

Based on the work performed, the Board has a reasonable expectation that the Group will be able to continue in business over the five-year period of its assessment.

Other disclosures

Disclosures in relation to the Company's business model and strategy have been included within the Investment Adviser's report on pages 12 to 22. Disclosures in relation to the main industry trends and factors that are likely to affect the future performance and position of the business have been included within The UK Grocery Market on pages 20 to 22. Disclosures in relation to environmental and social issues have been included within the Sustainability section on pages 28 to 33. Employee diversity disclosures have not been included as the Directors do not consider these to be relevant to the Company.

Key Performance Indicators (KPIs)

The KPIs and EPRA performance measures used by the Group in assessing its strategic progress have been included on pages 23 and 24.

Nick Hewson
Chairman
20 September 2022

The Directors consider that in conducting the business of the Company over the course of the year ended 30 June 2022, they have acted to promote the long-term success of the Company for the benefit of shareholders, whilst having regard to the matters set out in section 172(1)(a-f) of the Companies Act 2006 ("the Act").

Details of our key stakeholders and how the Board engages with them can be found on pages 45 to 48. Further details of the Board activities and principal decisions are set out on pages 52 and 53 providing insight into how the Board makes decisions and their link to strategy.

Other disclosures relating to our consideration of the matters set out in s172(1)(a-f) of Act has been noted as follows:

s172 Factor	Our approach	Relevant disclosures
A The likely consequences of any decision in the long term	The Board has regard to its wider obligations under Section 172 of the Act. As such these strategic discussions involve careful considerations of the longer-term consequences of any decisions and their implications on Shareholders and other stakeholders and the risk to the longer term success of the business. Any recommendation is supported by detailed cash flow projections based on various scenarios, which include: availability of funding; borrowing; as well as the wider economic conditions and market performance.	Key decisions of the Board during the year on page 53 Our Key Stakeholder relationships on pages 45 to 48 Board activities during the year on page 52
B The interests of the Company's employees	The Group does not have any employees as a result of its external management structure. The Board's main working relationship is with the Investment Adviser. Consequently, the Directors have regard to the interests of the individuals who are responsible for delivery of the investment advisory services to the Company to the extent that they are able to do so.	Our Key stakeholders on pages 45 to 48 Culture on page 49
C The need to foster the Company's business relationships with suppliers, customers and others	The Company's key service providers and customers include the Investment Adviser, professional firms such as lenders, property agents, accounting and law firms, tenants with which we have longstanding relationships and transaction counterparties which are generally large and sophisticated businesses or institutions.	Our Key stakeholders on pages 45 to 48
D The impact of the Company's operations on the community and the environment	As an owner of assets located in communities across the UK, we aim to ensure that our buildings and its surroundings provide safe and comfortable environments for all users. The Board and the Investment Adviser have committed to limiting the impact of the business on the environment where possible and engage with tenants to seek to improve the ESG credentials of the properties owned by the Company.	Our Key stakeholders on pages 45 to 48 Details of the ESG policy and strategy are included on pages 28 to 33 The Board's approach to sustainability is explained on pages 28 to 33
E The desirability of the Company maintaining a reputation for high standards of business conduct	The Board is mindful that the ability of the Company to continue to conduct its investment business and to finance its activities depends in part on the reputation of the Board, the Investment Adviser and Investment Advisory Team. The risk of falling short of the high standards expected and thereby risking business reputation is included in the Audit and Risk Committee's review of the Company's risk register, which is conducted at least annually.	Chairman's letter on corporate governance on page 44 Principal risks and uncertainties on pages 34 to 40 Our culture on page 49
F The need to act fairly as between members of the Company	The Board recognises the importance of treating all members fairly and oversees investor relations initiatives to ensure that views and opinions of Shareholders can be considered when setting strategy.	Chairman's letter on corporate governance on page 44 Our Key stakeholders on pages 45 to 48

DIRECTORS

NICK HEWSON
CHAIRMAN OF THE BOARD AND CHAIR OF MANAGEMENT ENGAGEMENT COMMITTEE

Relevant skills and experience:

Date of appointment: June 2017
- Over 35 years' experience as a property developer and investor
- Founded a UK retail warehousing business
- Invested in businesses covering bio-tech, digital imaging, geo-thermal ground source energy and corporate finance and fund management
- Experienced Non-Executive Director for both listed and private businesses
- Fellow of the Institute of Chartered Accountants of England and Wales

Career Highlights:
- Co-Founder, CEO and then Chairman of Grantchester Holdings plc, a specialist LSE listed developer of and investor in UK retail warehouse property assets, where he worked from 1990 until 2002
- Senior Independent Director, Chair of the Audit Committee, former Chair of the Nomination Committee, Member of the Placemaking and Sustainability Committee, Member of the Remuneration Committee, at Redrow plc, a FTSE 250 company and one of the UK's leading housebuilders
- Chair of the Executive Committee of Pradera AM plc, a European retail property fund management business, managing significant portfolios of retail properties located in Europe and the Near East
- Co-Founder, Investor and Non-Executive Director of Going Green Limited for 10 years to 2012, a firm founded with the mission to minimise the effects of carbon emissions in cities by encouraging electric vehicle commuting, pioneering the G-Wiz electric vehicle
- Founding partner of City Centre Partners LP, a business specialising in converting office properties to residential in Central London

VINCE PRIOR
CHAIR OF THE NOMINATION COMMITTEE AND SENIOR INDEPENDENT DIRECTOR

Date of appointment: June 2017
- Over 35 years' experience in the retail property sector; over 20 years as a senior advisor and consultant
- Key areas of expertise include supermarket real estate, business strategy, investment property financing and real estate development
- Experienced Executive and Non-Executive Director

- Head of Property Investment at Sainsbury's. Over a five-year period to 2014, the property portfolio grew from £7.5 billion to £12 billion
- Head of Retail Advisory Services at Jones Lang LaSalle ("JLL") providing strategic advice to a range of high profile supermarket and retail operators
- COO of European Retail Group at Jones Lang LaSalle, overseeing growth and development of JLL's retail business across Europe
- Corporate Planning and Manager of Site Research Unit for Tesco Stores, involved in set up of the location planning team and developing the group's first five-year strategic plan

JON AUSTEN
CHAIR OF AUDIT AND RISK COMMITTEE

Date of appointment: June 2017
- Over 30 years' experience in the UK property sector
- Board member of privately owned business, which specialises in land development and promotion, and renewable energy
- Fellow of the Institute of Chartered Accountants of England and Wales

- Chief Financial Officer at Audley Court Limited, which develops retirement villages in the UK
- Senior Independent Director and Chair of the Audit Committee of McKay Securities plc, a fully listed REIT specialising in office and industrial property, until its takeover by Workspace plc in May 2022
- Group Finance Director at Urban&Civic plc, the UK's leading Master Developer
- Also held senior finance roles at London and Edinburgh Trust plc, Pricoa Property plc and Goodman Limited

CATHRYN VANDERSPAR
CHAIR OF THE REMUNERATION COMMITTEE

Date of appointment: February 2020
- Lawyer with over 30 years' experience (over 20 of these as a tax partner). Specialist in direct and indirect real estate structuring, including REITs
- Active member of HMRC, HMT and industry working groups and committees
- Author of the tax chapter on REITs in Tolleys Taxation of Collective Investment

- Head of Real Estate Tax at Travers Smith LLP
- Non-Executive Director of CBRE Investment Management (Formerly CBRE Global Investors (UK Funds) Limited)
- Head of London Tax at Eversheds Sutherland
- Tax Partner at Berwin Leighton Paisner (now BCLP)

FRANCES DAVIES
CHAIR OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Date of appointment: June 2022
- Over 30 years' experience in corporate finance and asset management
- Partner at Opus Corporate Finance
- Non-Executive Director at Aegon Investments Limited and HICL Infrastructure plc
- Independent Member of Aviva With-Profits Committee

- Head of Global Institutional Business at Gartmore Investment Management
- Non-Executive Director of JP Morgan Smaller Companies Investment Trust plc.
- Previously held directorships at SG Warburg, Morgan Grenfell Asset Management and Dalton Strategic Partnership

INVESTMENT ADVISER

BEN GREEN PRINCIPAL

Relevant skills and experience:

Date of appointment: Nov 2016
Ben is a principal at Atrato and is responsible for leading the development and execution of the firm's long-term strategy. Ben is a member of the Atrato Group Leadership Team and a member of the firm's Investment Committee.

- Over 20 years' experience structuring and executing real estate transactions
- Completed more than £3.5 billion of sale and leaseback transactions, with major occupiers including Tesco, Barclays and the BBC
- Expert in executing transactions for grocery real estate and real estate corporate finance
- Qualified Lawyer

Career Highlights:

- Co-founded Atrato and led the IPO of Supermarket Income REIT
- Managing Director Lloyds Bank Commercial Banking, where he ran the team providing corporate finance services to corporates, infrastructure and real estate clients
- Managing Director and Head of European Structured Finance at Goldman Sachs from 2007 to 2013
- Director Barclays Capital

STEVE WINDSOR PRINCIPAL

Date of appointment: Jan 2017
Steve is a principal at Atrato and is responsible for leading the development and execution of the firm's long-term strategy. Steve is a member of the Atrato Group Leadership Team and a member of the firm's Investment Committee.

- Over 20 years' experience specialising in finance and risk management
- Expert in capital markets, risk management and financing
- Highly experienced in senior management positions

- Co-founded Atrato and led the IPO of Supermarket Income REIT
- Partner and Head of EMEA Debt Capital Markets and Risk Solutions at Goldman Sachs
- Held various roles across both Trading and Banking divisions at Goldman Sachs from 2000 to 2016
- Member of Goldman Sachs Investment Banking Risk Committee
- Advised numerous FTSE 100 firms on managing risk and financing their business

STEVEN NOBLE CHIEF INVESTMENT OFFICER

Date of appointment: Apr 2017
Steven is responsible for overseeing all investments for the Group. Steven is a member of the Atrato Group Leadership Team and a member of the firm's Investment Committee.

- Over 20 years' experience specialising in finance, risk management and real estate
- Extensive supermarket property transaction experience
- Specialist in corporate finance, with a primary focus on commercial real estate
- Chartered Financial Analyst and Chartered Accountant

- Co-founded Atrato and led the IPO of Supermarket Income REIT
- Transacted over 30 supermarket property transactions, growing Supermarket Income REIT's portfolio to £1.2 billion
- Senior Manager at Lloyds Bank in Corporate Finance

NATALIE MARKHAM CHIEF FINANCIAL OFFICER

Date of appointment: Nov 2017
Natalie is responsible for the management of the finance function for Atrato Group, including the supermarkets investment fund. Natalie is a member of the Atrato Group Leadership Team and a member of the firm's Investment Committee.

- Over 20 years' experience in finance, specialising in real estate investment funds
- Experienced in senior management positions and financial management positions of real estate investment companies
- Leading the SUPR ESG project with the Atrato COO
- Fellow of the Chartered Institute of Accountants

- European CFO Macquarie Global Property Advisors, member of MGPA European Management Team and Director of the MGPA European advisory business
- Manager RSM Robson Rhodes, audit and assurance

ROBERT ABRAHAM MANAGING DIRECTOR – FUND MANAGEMENT

Date of appointment: May 2019
Robert is responsible for managing the supermarkets investment fund for the Group.

- Over 10 years of real estate investment and loan origination/ syndication experience
- Key areas of expertise include property investment, commercial banking, and loans
- Chartered Financial Analyst

- Origination of over £1 billion of supermarket acquisitions
- Execution of over £750 million of debt facilities for the group
- Coordination and execution of debt facilities whilst in the Loan Markets team at Lloyds Bank

HAFFIZ KALA FINANCE DIRECTOR

Date of appointment: Nov 2020
Haffiz is the Finance Director at Atrato and is responsible for the finance, tax and operations of the supermarkets investment fund.

- Over 15 years' experience within the investment management industry with a sector focus on real estate and private equity
- Fellow of the Institute of Chartered Accountants in England and Wales

- Vice President, Alternative Funds at PIMCO
- Senior manager within the assurance practice at PriceWaterhouseCoopers, performing audit and advisory services within the investment management industry

Dear Shareholders

I have pleasure in introducing this year's Corporate Governance report for the financial year ended 30 June 2022. The Board recognises that the way in which we conduct our business is just as important as what we do. A strong governance framework with an appropriate tone from the Board, is a key factor in being able to deliver sustainable business performance, whilst at the same time being able to deliver value for our Shareholders.

Board priorities and establishment of new committees

A key part of the Board's focus during the year was to oversee the successful implementation of the Company's strategy and ensure it is positioned for long-term success. The Company has continued to grow throughout the year with 12 new acquisitions, supported by two highly successful equity raises in October 2021 and April 2022 raising in total £506.7 million of gross proceeds. At a time of considerable macroeconomic uncertainty, we believe our exposure to the defensive nature of grocery real estate will allow us to continue delivering stable and long-term income to our shareholders.

Sustainability continues to remain an important focus for the Board, and with the support of the Investment Adviser, we continue to make good progress in implementing this within our overall strategy. During the year we decided to create a separate Environmental, Social and Governance Committee, highlighting the ever-increasing importance of this topic on our agenda. I am pleased to report that during the year we also became supporters of the Task Force on Climate-related Financial Disclosures ("TCFD") and signatories of the UN Principles for Responsible Investment ("UN PRI"). Further information on our sustainability strategy can be found on pages 28 to 33.

As an externally managed company, review of the performance and fees of our supplier relationships is vital to ensure that we are able to deliver the best value for our Shareholders. We look to partner with suppliers who share our values and ethos, and managing these relationships is key. In particular, we rely on the Investment Adviser's services and reputation, to execute our investment strategy. Regular monitoring of its performance and review of its resources to deliver satisfactory investment performance, is crucial to the future success of the Company. Whilst this has historically been addressed as a full Board agenda item, a separate Management Engagement Committee has been established in the year to review these matters in greater depth. I chair that committee.

Further information on the new committees can be found on page 49.

Board composition and succession planning

Succession planning is an important part of our governance process. In June 2022, we were delighted to welcome Frances Davies as a Non-Executive Director to the Board. Frances brings together experience from her various Non-Executive roles at listed companies, together with a wealth of experience in her career in capital markets and ESG. I am certain that her breadth of knowledge will be an invaluable addition to the Board. It is the intention of the Board to further strengthen our resources over the coming year with the appointment of a further non-executive director.

Board effectiveness

During the year we carried out an external Board effectiveness review. I am pleased to report that the review concluded that the Board's functions and activities were working well. The high level of personal and professional respect amongst the Directors contributed to the strong working relationships at both Board and Committee levels. The review further observed that Board discussions strike a good balance between constructiveness and challenge and offered some good suggestions for improvement. More details on the review process and recommendations are presented on pages 56 and 57.

AIC Code of Corporate Governance (2019)

This report demonstrates how we have applied the principles and complied with the provisions of the AIC Code of Corporate Governance (February 2019) ('AIC Code') during the year, as well as our approach to corporate governance in practice. The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (July 2018) (the 'UK Code'), as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council provides more relevant information to Shareholders. Details of how the Board has discharged its duty under both the Code and AIC Code can be found on pages 54 and 55.

Shareholder Engagement

The AGM process has been somewhat disrupted over the last couple of years with a closed meeting necessary in 2020 and a hybrid arrangement in 2021. We very much look forward to having a fully physical Annual General Meeting this year and to welcoming and engaging with Shareholders at this meeting.

Priorities for 2023

Looking ahead to 2023, the Board is focused on continuing to live up to the highest standards of corporate governance, as well as continuing to progress the Company's sustainability strategy, whilst continuing to encourage the delivery of strong financial performance.

Nick Hewson
Chairman
20 September 2022

Building strong relationships with our key stakeholders is a critical element to our success. The Board recognises that the foundation underpinning effective corporate governance is determined on how it aligns the strategic decisions of the Company with the views of its various stakeholders. We aim to build long lasting relationships with all of our key stakeholders based on professionalism and integrity.

The Board regularly consults with the Investment Adviser, who in turn manage and foster the relationships with our tenants, key partners and advisers.

Investor engagement

The Company's shareholders are an incredibly important stakeholder group and the ultimate owners of the business. In order to deliver our strategy, it is vital that shareholders continue to understand and support the Company's performance, investment thesis as well as the wider market in which we operate. The Board oversees the Investment Adviser's formal investor relations programme which is supported by the Company's brokers and public relations consultants, providing Shareholders with frequent business updates as well as facilitating regular meetings both in person and on-line. The Board aims to be open with Shareholders and available to them, subject to compliance with relevant securities and laws.

How did we engage?

- The 2021 AGM was held as a physical meeting and was attended by all of the Board. All Board members are available to meet with Shareholders and to answer any questions at the Company's AGM and otherwise as reasonably required. Recognising that some Shareholders may not have been comfortable attending in person, we also provided opportunities for Shareholders to submit questions to the Board via a live link and to attend via conference call
- Our FY22 interim results presentation to analysts in March 2022 was shown through a live audio webcast with replay facilities made available on our website
- The Board approves all resolutions and related documentation to be put to Shareholders at the AGM, together with circulars, prospectuses, listing particulars and regulatory announcements concerning the Company
- Our website contains comprehensive information about our business, regulatory news and press releases alongside information about our approach to ESG issues
- This year we were pleased, once again, to be represented by the Investment Adviser at the Investor Meet Company presentation, providing individual and wealth managers with direct access to the Company
- The formal investor relations programme is designed to promote engagement with major investors, generally defined as those holding more than approximately 1% of the shares in the Company. Major investors are offered meetings after each results announcement or other significant announcements. The Investment Adviser also held multiple virtual meetings with prospective and new investors as part of the two equity raises which occurred in October 2021 and April 2022

Topics discussed

- Financial performance of the Company and disclosures contained within the annual and interim report
- The Sainsbury's Reversion Portfolio including the exercise of Sainsbury's option to acquire 21 stores within the Portfolio
- Challenges and opportunities for the Big Four operators, including the increased prominence of discounters
- Macroeconomic themes including the impact of inflation on grocery operators

How did we respond?

- Investor feedback has helped shape our disclosures, providing additional supplementary information provided in annual and interim results materials
- Positive feedback through the use of virtual meetings has improved accessibility to our international and regional based shareholders. We anticipate that on-line engagement will continue to play an important part in engagement with our shareholders in addition to helping to reduce associated carbon emissions in line with our sustainability strategy. Further details on our sustainability strategy can be found on pages 28 to 33.

Lender engagement

We have strong working relationships with our lender group who in turn help provide financing to facilitate our continued growth.

As part of this, we are in regular dialogue with our banks to ensure they understand the Company's strategy and long-term ambition. These relationships have been particularly key in recent months, with the Company accessing unsecured financing for the first time in July 2022, having announced a new £412.1 million unsecured facility with a syndicate of four relationship banks.

How did we engage?

- The Investment Adviser has regular meetings with both existing and prospective lenders to ensure that they are kept up to date with business strategy, developments and performance
- Debt structure and future debt requirements are considered by the Board at a minimum on a quarterly basis as part of the Investment Adviser's review
- The Board was engaged throughout the year when authorisations were required in order to enter into a new unsecured facility and extend or upsize existing secured facilities with HSBC and Barclays and Royal Bank of Canada

Topics discussed

- Investment Grade credit rating and access to unsecured capital
- Deployment pipeline and future borrowing needs
- Debt maturity profile
- Interest rate environment

How did we respond?

- In August 2021, the Group increased its secured term loan with Deka by £20.0 million to £96.6 million and also completed a one-year extension alongside a £10.0 million increase to its Revolving Credit Facility with HSBC
- In September 2021, the Group exercised its accordion option under the Wells Fargo credit facility by £61.3 million. The total size of the facility increased to £121.3 million
- In January 2022, the Group announced an increase of its revolving credit facility of £136.5 million with Barclays and Royal Bank of Canada. The total size of the facility increased to £250.2 million
- In February 2022 Fitch Ratings assigned an Investment Grade credit rating of BBB+ with stable outlook to the Company
- In July 2022 the Company announced it had arranged a new £412.1 million unsecured credit facility with a bank syndicate comprising of Barclays, Royal Bank of Canada, Royal Bank of Scotland International and Wells Fargo. This was the first time the Company had accessed unsecured debt financing
- In September 2022 the Company announced a two-year extension on our Revolving Credit Facility with HSBC to August 2025

The Investment Adviser

The Board's main working relationship is with the Investment Adviser. The Investment Adviser brings a depth of experience in the Supermarket Property sector. This gives the Company a competitive advantage through its knowledge, specialist focus and network of industry and occupier contacts. The Investment Adviser has a crucial role in the performance and long-term success of the Company.

Whilst the Group has no employees, the Board has regard to the interests of the individuals who are responsible for delivery of investment advisory services to the Company to the extent that they are able to do so. The Board does not have direct responsibility for any employees.

The Board and the Investment Adviser maintain a positive and transparent relationship to ensure alignment of values and business objectives.

How did we engage?

- The Board engage with the Investment Adviser at a minimum on a quarterly basis which follows the Company corporate calendar. In addition to the scheduled quarterly meetings, the Board will also have separate unscheduled Board meetings to approve recommendations for all acquisitions and disposals, approval of asset management opportunities, approval of new financing arrangements and appointment of advisers
- The Board created a newly formed Management Engagement Committee to monitor and evaluate the Investment Adviser's performance as well as oversee the relationship between the Board and the Investment Adviser
- The Independent Directors seek to obtain and assess feedback from investors, advisers and other market participants, where appropriate, in order to monitor standards of conduct, including the conduct and reputation of the Investment Adviser and the reputation of the business
- The Board also engage with the Investment Adviser through the annual strategy day in addition to informal meetings as and when required

Topics discussed

- Appropriateness of staffing levels and staff qualifications as part of the Board's review of the internal control environment
- Employee focussed initiatives undertaken by the Investment Adviser to attract and retain key members of staff

How did we respond?

- The Investment Advisory Agreement was renewed during July 2021, in advance of the expiry of the initial agreement in July 2022
- Expansion of key named individuals within the renewed Investment Advisory Agreement executed in July 2021

Tenants

We recognise that the success of the Company relies on the continued success of our operators, who in turn rely on quality stores in order to help them succeed. This is why we place particular onus on having a strong relationship with the grocery operators to better understand the challenges and opportunities facing their business.

How did we engage?

- Regular meetings are held between the Investment Adviser and our key occupiers to understand their future needs, including views on market sentiment, performance and sustainability initiatives. Any potential opportunities or risks facing the Company are fed back to the Board to inform future strategy
- The Investment Adviser will visit every site within the portfolio at least once a year, with feedback reported to the Board of any material issues
- Review of published operator data, such as annual accounts, trading updates and analysts' reports to identify mutually beneficial opportunities

Topics discussed

- Renegotiations for any leases approaching maturity
- Improvements in Energy Performance Ratings ('EPC') of our buildings
- Repurposing existing space

How did we respond

- Our Leicester and Prescot Tesco stores were both regeared during the financial year for 15-year terms with annual

- indexation, which ensures the rental levels remain affordable for our tenants
- We continue to support Tesco with the rollout of photovoltaic solar panels, with the plans to initially pilot in one store, to a total of nine stores across our estate
- The Investment Adviser has initiated conversations with our tenants on environmental and sustainability strategies, including enhanced data collection around on-site energy consumption in order to meet the grocers' net zero targets
- The Investment Adviser continues to work with our tenants on repurposing of space that allows all of our operators to maximise the value of their building and, potentially, increase underlying footfall or revenues per square foot by adding new customer offerings or facilities in or around the store

Our Suppliers

The Company's key suppliers include professional firms such as property agents, accounting and law firms and transaction counterparties which are generally large, sophisticated businesses or global institutions.

Whilst most engagements are subject to a tender process to ensure the Company continues to obtain value for money, we aim to partner with suppliers who share our values and ethos and work to secure the best people with an established track record and, where possible, retain key partners on successive transactions and workstreams.

Where material counterparties are new to the business, checks, including anti money laundering checks, are conducted prior to transacting any business to ensure that no reputational or legal issues would arise from engaging with that counterparty. The Company also reviews the compliance of all material counterparties with relevant laws and regulations such as the Criminal Finances Act 2017.

All Group entities have a policy of paying suppliers in accordance with pre agreed terms as reported in the Supplier Payment Policies on page 48.

How did we engage?

- Key suppliers such as our property agent, Morgan Williams and the Company broker, Stifel, are invited to attend the quarterly Board meetings in order for the Board to be kept informed of the current market within which we operate
- The Board and Committees speak with accounting and law firms on an informal or one-to-one basis to discuss specific issues relating to the Company
- The Board are also provided with access to external adviser reports on all workstreams and transactions

Topics discussed

- Service levels and annual performance
- Fees charged during the year for key suppliers engaged during the year
- Relationship management

How did we respond?

- There is direct engagement between the Investment Adviser and the Board in respect of suppliers engaged during the year. Most professional firms and advisers acting for the business have had relationships with the Company and the Investment Adviser since the IPO in July 2017. Feedback has continued to be positive on all of our key supplier arrangements
- The Board has established a Management Engagement Committee, where the supplier performance and fees are reviewed on an annual basis to ensure that the Company continues to obtain best value for money on services procured

Our Communities

As an owner of assets located in communities across the UK, we intend to support initiatives to enhance the lives of the people close to our supermarkets, be good neighbours to our communities, and partner with our tenants to support local causes.

The Company's tenants are primarily leading supermarket retailers who have already committed to high standards on improving the local communities within which they operate. Such characteristics make our tenants ideal partners in driving greater engagement of the local catchments of our assets and operations.

How did we engage?

- Ongoing tenant engagement provides the opportunity to discuss how the Company can support our tenants on community initiatives, as well as their own efforts to mitigate the impact of their operations
- Tenant engagement is managed in line with the preferences of individual tenants, and ranges from regular scheduled meetings to more informal discussions as needed

Topics discussed

- Supermarket surroundings
- Environmental impacts

How did we respond?

- We aim to ensure our buildings and their surroundings provide safe and comfortable environments for all users. CBRE act as the asset manager on all of our sites, who aim to address any site management issues in a timely fashion
- The Board and the Investment Adviser have committed to limiting the impact of the business on the environment where possible and engage with tenants to seek to improve the ESG credentials of the properties owned by the Company
- The Board has always approached transactions and operational activities in a manner which seeks to minimise detrimental impacts to the environment and local communities, and has, over the past 12 months, taken a more formalised approach to this process. The Investment Adviser has also strengthened its responsible investment strategy by drafting an investment policy grounded on responsible investment principles and defining a scorecard focused on key ESG-related criteria to guide investment decisions

- The Board has committed to implementation of a wider ESG strategy engaging external consultants and in particular, the creation of a new ESG committee, with greater integration of ESG-related factors into property evaluation, and updates to the Board on the evolution of ESG practice

The Board's approach to sustainability is explained on pages 28 to 33.

Supplier payment policies

Neither the Company nor any of its subsidiary undertakings exceeds the thresholds for reporting payment practices and performance.

The following voluntary disclosures relate to the Group:

- the Group does not have standard or maximum payment terms, but seeks to settle supplier invoices in accordance with pre-agreed terms
- invoices may be submitted electronically but as the volume of payments is relatively low, the Group does not operate electronic tracking for suppliers
- the Group does not offer supply chain finance
- there are no arrangements for participation on supplier lists and no charges for being on such a list
- the Group is not a member of a payment code of conduct

Modern slavery and human trafficking policy

The Group is committed to maintaining the highest standards of ethical behaviour and expects the same of its business partners. Slavery and human trafficking are entirely incompatible with the Group's business ethics. We believe that every effort should be made to eliminate slavery and human trafficking in the Group's supply chain. The Board has considered and approved our Modern Slavery Statement, which demonstrates our commitment to seeking to ensure that there is no slavery, forced labour or human trafficking within any part of our business or suppliers. A copy of our Modern Slavery Statement is available at *https://www.supermarketincomereit.com/about*.

Role of the Board

The Board has a duty to promote the long-term sustainable success of the Company for its shareholders. The Board is responsible for the overall leadership of the Company, setting its values and standards, including approval of the Group's strategic aims and objectives and oversight of its operations.

The Board currently comprises of the Chairman and four independent Non-Executive Directors and is supported by JTC (UK) Limited who act as the Company Secretary. Nick Hewson is the Chairman of the Company and is responsible for leading the Board and for setting the tone in respect of the Company's purpose, values and culture. As part of his role in leading the Board, he ensures that the Board provides constructive input into the development of strategy, understands the views of the Company's key stakeholders and provides appropriate oversight, challenge and support. Nick Hewson also serves as Chair of the newly created Management Engagement Committee.

Vince Prior is the Senior Independent Director ('SID') and acts as a sounding board for the Chairman as well as an intermediary to the other Directors and Shareholders as required. The SID also meets with the other Non-Executive Directors annually, without the Chairman present, to evaluate the performance of the Chairman, in line with good practice. In addition to his role as the SID, Vince Prior serves as Chair of the Nomination Committee.

The Board is well balanced and possesses a sufficient breadth of skills, variety of backgrounds, relevant experience and knowledge to ensure it functions effectively and promotes the long-term sustainable success of the Company. All Directors have access to the advice and services of External Counsel and the Company Secretary, who are responsible to the Chairman on matters of corporate governance. Further details of each Director's experience can be found in the biographies on page 42.

How we operate

The Company's business model and strategy were established at the time of the IPO in July 2017. Whilst the business has grown materially since the Company's listing, its strategy and operations have not changed. The business continues to generate long-term income with inflation protection from key operating real estate assets, with additional potential for capital growth over the medium to long term. Acquisition opportunities and any related debt finance are examined by the Board with a view to ensuring the long-term sustainability of the business. The security and longevity of returns is absolutely fundamental to the Company's strategy, as summarised in the outline of the Group's business model on pages 12 to 22 and on the Company's website: *www.supermarketincomereit.com/*, and the Company's investment strategy is described in the Strategic Report on pages 1 to 41.

The Company has an outsourced operating model. JTC Global AIFM Solutions Limited has been appointed by the Group, pursuant to the AIFM Agreement, to be the Group's Alternative Investment Fund Manager (the 'AIFM' or the 'Investment Manger'), under which it is responsible for overall portfolio management and compliance with the Group's investment policy, ensuring compliance with the requirements of the Alternative Investment Fund Manager Directive ('AIFMD') that apply to the Group and undertaking risk management. The AIFM has delegated certain services in relation to the Group and its Portfolio, which include advising in relation to financing and asset management opportunities to the Investment Adviser. The Investment Adviser advises the Group and the AIFM on the acquisition of its investment portfolio and on the development, management and disposal of UK commercial assets in its portfolio pursuant to the Investment Advisory Agreement.

The Management Engagement Committee keeps the appropriateness of the Investment Adviser's appointment under review. In doing so the Committee considers the past investment performance of the Group and the capability and resources of the Investment Adviser to deliver satisfactory investment performance in the future. It also reviews the fees payable to the Investment Adviser, together with the standard of services provided by key suppliers to the Company.

Conflicts of interest

All of the Directors are considered by the Board to be independent of the AIFM and of the Investment Adviser. As such they are considered to be free from any business or other relationships that could interfere with the exercise of their judgements.

Each Director has a duty to avoid a situation in which he or she has a direct or indirect interest that may conflict with the interests of the Company. The Board may authorise any potential conflicts, where appropriate, in accordance with the Articles of Association. Where a potential conflict of interest arises, a Director will declare their interest at the relevant Board meeting and not participate in the decision making in respect of the relevant business.

Culture

The culture and ethos of the Company are integral to its success. The Board promotes open dialogue and frequent, honest and open communication between the Investment Adviser and other key advisors to the Company. Whilst the Company has no employees, the Board pays close attention to the culture of the Investment Adviser and its employees and believes that its forward thinking and entrepreneurial approach, combined with its rigour and discipline, is the right fit for delivering our strategy and purpose.

The Board believes that its positive engagement and working relationship with the Investment Adviser helps the business achieve its objectives by creating an open and collaborative culture, whilst allowing for constructive challenge. The Non-Executive Directors speak regularly with members of the Investment Adviser outside of Board meetings to discuss various key issues relating to Company matters. The Company's success is based upon the effective implementation of its strategy by the Investment Adviser and third-party providers under the leadership of the Board. The Board's culture provides a forum for constructive and robust debate, and the Board believes that this has been fundamental to the success of the Company to date.

Investment Advisory Agreement

A revised Investment Advisory Agreement was entered into in July 2021, prior to the expiry of the initial agreement in July 2022. The terms of the revised agreement have not materially changed other than the extension of the notice period to a rolling two-year term and the introduction of a new lower fee tier when NAV exceeds £2 billion. In reviewing the terms of the Investment Advisory Agreement (material terms of which are summarised in note 27 to the financial statements) and the fee arrangements within it, the Board has considered the extent to which the outcome for Shareholders and management is consistent with the provisions of the UK Corporate Governance Code.

Specifically:

- Clarity and transparency is achieved by way of the structure of the Investment Advisory Agreement which compensates the Investment Adviser through the advisory fee to cover all overheads and running costs relating to the Group and which provides strong Shareholder alignment through the payment of the semi-annual fees, which are used to purchase further shares in the Company
- The structure of and rationale behind the Investment Adviser's fees are explained in note 28 to the financial statements and are designed to be simple and not to require subjectivity in their calculation. Given the simple arithmetic underlying the fee calculations, the range of potential outcomes is straightforward to calculate and not subject to discretion. While the Code recommends oversight of the level of reward to individual team members, this is not appropriate in the case of an externally managed structure where the Independent Directors do not control the workforce

The Board has sought and received confirmation from the Investment Adviser that it complies with all governance requirements relevant to it. Such confirmation will be sought at least annually.

The Board's attendance in 2021/2022

All Directors are expected to devote sufficient time to the Company's affairs to fulfil their duties as Directors and to attend all scheduled meetings of the Board and of the Committees on which they serve. Where Directors are unable to attend a meeting, they will provide their comments on the Board papers received in advance of the meeting to the Chairman, who will share such input with the rest of the Board and the AIFM . The Nomination Committee is satisfied that all the Directors, including the Chairman, have sufficient time to meet their commitments.

Attendance at scheduled Board and Committee meetings during the year was as follows:

	Quarterly Board meetings	Audit and Risk Committee	Nominations Committee	Remuneration Committee
	4 Scheduled meetings; 100% Attendance	3 Scheduled meetings; 100% Attendance	4 Scheduled meetings; 100% Attendance	2 Scheduled meetings; 100% Attendance
Nick Hewson	4/4	3/3*	4/4	2/2
Vince Prior	4/4	3/3	4/4	2/2
Jon Austen	4/4	3/3	4/4	2/2
Cathryn Vanderspar	4/4	3/3	4/4	2/2
Frances Davies**	n/a	n/a	n/a	1/1

* Nick Hewson as Chair of the Board is not a member of the audit committee but attended by invitation
** Frances Davies was appointed to the Board and all other committees from 1 June 2022.

The newly formed ESG and Management Engagement committees were yet to meet during the period.

OUR OPERATING MODEL

The Supermarket Income REIT PLC Board (The 'Board')

The Board is responsible for promoting the long-term sustainable success of the Company, working towards strategic objectives and generating value for Shareholders and other stakeholders.

Environmental, Social & Governance Committee	Nominations Committee	Audit and Risk Committee	Management Engagement Committee	Remuneration Committee
Oversee the development of the Company's ESG strategy Monitor impact of current and emerging ESG trends on the Company Oversee engagement with the broader stakeholder community on ESG matters.	Reviews Board composition Succession planning requirements of the Group Board and Committee evaluations.	Monitors the effectiveness of the audit process Monitors Group's risk management processes Reviews integrity of the Group's financial statements.	Overseeing new tenders and appointments Reviewing performance of key suppliers including the Investment Adviser.	Implements remuneration policy of the Group Ensures Directors' remuneration is set so as to continue to attract, retain and motivate Agree the policy for authorising claims for expenses for the Directors.

JTC Global AIFM Solutions Limited (The "AIFM")

The AIFM, together with the Board, makes investment decisions following recommendations from the Investment Adviser. The AIFM is responsible for the oversight of the portfolio management activities and undertakes the risk management function of the Company. The AIFM is responsible for the running of the fund.

Responsibilities

Portfolio	Risk Management
Marketing	Fund Administration

Atrato Capital (The 'Investment Adviser')

The Investment Adviser's activities comprise of sourcing opportunities, conducting due diligence, providing investment recommendations, assisting with carrying out transactions and reporting on the management of the investments. The Investment Adviser will also make recommendations on financing decisions and strategy which is approved by the Investment Manager and Board.

Delegated responsibilities

Acquisitions & Disposals	Funding
Marketing	Asset Management

The Board typically meets for scheduled Board meetings four times a year in addition to an annual strategy day. The Board will also have separate unscheduled Board meetings to approve recommendations for:

- All potential acquisitions and disposals, including appointment of principal advisers and cost budgets
- Asset management initiatives
- New financing or refinancing arrangements
- Equity raises.

Board meetings

The quarterly Board meetings follow a formal agenda, which is approved by the Chairman and circulated by the Company Secretary in advance of the meeting. The Chairman leads the Board by presiding over Board meetings; agreeing the agendas, ensuring, among other matters, that appropriate weight is given to topics such as strategy, asset allocation and financial performance. He ensures that Board debates are balanced, open and inclusive and promotes behaviours and attributes that make up our culture.

The Chairman ensures that the Board is provided with information of appropriate quality and form, in a timely manner. The Board is kept fully informed of potential investment opportunities, along with wider property market intelligence, through a comprehensive set of Board papers prepared by the Investment Adviser prior to each meeting. Representatives of the Investment Adviser are invited to attend the Board meetings as are representatives of the Company's other advisers as required, particularly representatives from the Company's property agent, external legal counsel and the Company's broker.

A summary of typical matters discussed by the Board at each quarterly Board meeting are noted below:

	Discussion
Strategy and operational	• Update by the Company's broker on the public markets and capital market activity of the Company's peers • Supermarket property sector update by the Company's property agent • Review of movements within the Direct Portfolio, including recent acquisitions and rent-reviews which have taken place during the year • Review of the Joint Venture Portfolio • Grocery sector overview, including financial update on key tenants • Leasing activity, major developments and longer term pipeline • Future asset management initiatives
Finance and Financing	• Quarterly financial statements review • Actuals vs budgets analysis • Review of the Company's key performance indicators • Analysis of current debt facilities, including any impending facility renewals • Review of current cost of capital • Approval of the financial budget (annual basis)
Environmental	• Update on the sustainability agenda and targets • EPC summary of the portfolio
Governance	• Update by the Company's external legal counsel on matters which have been actioned during the year • Committee chairs will report on items discussed at the Board Committees • Review and discussion of the quarterly AIFM report presented by the AIFM • The Company secretary will report on Corporate Governance developments including any changes required to Terms of References • Stakeholder feedback from shareholders and research analysts • Review of significant shareholdings at the period end

In addition to formal Board meetings, there is also an ongoing informal interaction between the Directors, the AIFM and the Adviser. The annual evaluation of the Board's effectiveness always considers the performance of the Chairman, and whether he has performed his role effectively. In recent years, the Directors, led by the Senior Independent Director, have concluded that the Chairman has fulfilled his role and supported effective functioning of the Board.

Some examples of how the Board has considered stakeholder interests and s.172(1) matters in its decision making in 2021/22 are set out below and in "Board activities during the year" on page 52. Further details on our stakeholder engagement, and our response, can also be found on pages 45 to 48.

Decision	Stakeholders	Board rationale and considerations	Impact	Long term effects of decision
Equity raises in October 2021 and April 2022	Shareholders Lenders Tenants The Investment Adviser	The equity raises in October 2021 and April 2022 were underpinned by an accretive pipeline, resulting in an improved earnings per share and increasing the diversity of the Company's tenant base	The Board approved the decision to conduct two equity raises in October 2021 and April 2022, successfully raising £506.7 million at a premium to NTA which has been accretive to existing shareholders	The equity raises supported the continued growth of the Company. Both equity raises were significantly oversubscribed. A further 427,405,203 new shares were issued in relation to the equity raise
Unsecured financing	Shareholders Lenders The Investment Adviser	The new unsecured debt facility was competitively tendered with a panel of banks to ensure best pricing was achieved for shareholders. The new unsecured debt facility was split equally amongst the bank syndicate with all parties signing up to the same conditions	The Board approved the decision to sign a new £412.1 million unsecured credit facility with a bank syndicate comprising Barclays, Royal Bank of Canada, Wells Fargo and Royal Bank of Scotland International. This was the first time the Company accessed unsecured debt financing	The new unsecured debt facility allows the Company to continue to grow, with attractive pricing which is accretive to shareholders
Migration of Company shares to the Premium Segment of the London Stock Exchange plc's Main Market	Shareholders The Investment Adviser	The decision for the shares to be admitted to the main market increases liquidity of shares for shareholders and broadens the long-term potential investor base	The Board approved the decision for the entire issued ordinary share capital of the Company to be admitted to the Official List of the FCA and for a transfer of the shares from trading on the Specialist Fund Segment to the Premium Segment of the London Stock Exchange plc's Main Market	The Migration allowed the company to be eligible for inclusion in the FTSE UK and FTSE EPRA NAREIT Index Series which occurred on 23 February 2022
Appointment of Non-Executive Director	Shareholders Communities	Succession planning ensures a smooth and orderly transfer of responsibilities by the Board reducing future business risk A Board member with capabilities in capital markets and ESG will enhance the Board's decision-making process on such issues	The Board approved the decision following the recommendation of the Nominations Committee to appoint Frances Davies as a Non-Executive Director from 1 June 2022	The Board now has 60% of Directors who have served for five or more years. The Board has a 40% representation of female members appointed in the last four years, meaning the Company has achieved the 33% female Board representation target as set out by the Hampton-Alexander initiative

KEY BOARD STATEMENTS

Statement of Compliance

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance (February 2019) ('AIC Code') and that these provide the most appropriate framework for the Company's governance and reporting to Shareholders.

The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (July 2018) (the 'UK Code'), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to Shareholders.

The Company has complied with the Principles and Provisions of the AIC Code throughout the year, except for the three provisions set out below:

- The role of the chief executive
- Executive directors' remuneration
- The need for an internal audit function

The Board considers that these provisions are not relevant to Supermarket Income REIT plc, being an externally managed investment company. All of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Group does not have an internal audit function. The need for this is reviewed annually by the Audit and Risk Committee. Due to the relative lack of complexity and the outsourcing of the majority of the day to-day operational functions, the Audit and Risk Committee continues to be satisfied that there is no requirement for such a function.

A copy of the AIC Code can be obtained via the AIC's website, *www.theaic.co.uk* It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant to investment companies.

This Corporate Governance Statement forms part of the Directors' Report.

AIC Code	Principle	Evidence of compliance/ explanation of departure from the AIC Code
A	A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for Shareholders and contributing to wider society.	Section 172(1) Statement on page 41 Leadership and Purpose on pages 49 to 51 Strategic report on pages 1 to 41
B	The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.	Strategic report on pages 1 to 41 Leadership and Purpose on pages 49 to 51
C	The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	Our Principal Risks on pages 34 to 40 Audit and Risk Committee report on pages 59 to 61 Nomination Committee report on pages 56 to 58 Directors' report on pages 66 to 68
D	In order for the company to meet its responsibilities to Shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	Section 172 Statement on page 41 Our Key Stakeholders on pages 45 to 48
F	The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all Non-Executive Directors, and ensures that Directors receive accurate, timely and clear information.	Board activities during the year on page 52
G	The board should consist of an appropriate combination of directors (and, in particular, independent Non-Executive Directors) such that no one individual or small group of individuals dominates the board's decision making.	Leadership and Purpose on pages 49 to 51 Nomination Committee Report on pages 56 to 58
H	Non-Executive Directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third-party service providers to account	Leadership and Purpose on pages 49 to 51 Nomination Committee report on pages 56 to 58
I	The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	Nomination Committee report on pages 56 to 58 Board Activities during the year on page 52 Leadership and Purpose on pages 49 to 51
J	Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	Nomination Committee report on pages 56 to 58

AIC Code	Principle	Evidence of compliance/ explanation of departure from the AIC Code
K	The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	Board of Directors' Biographies on page 42 Nomination Committee report on pages 56 to 58
L	Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	Nomination Committee report on pages 56 to 58
M	The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	Audit and Risk Committee report on pages 59 to 61
N	The board should present a fair, balanced and understandable assessment of the company's position and prospects.	Audit and Risk Committee report on pages 59 to 61
O	The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	Audit and Risk Committee report on pages 59 to 61 Alternative Investment Fund Manager's report on pages 70 to 71
P	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	Remuneration Committee report on pages 62 to 65
Q	A formal and transparent procedure for developing a remuneration policy should be established. No Director should be involved in deciding their own remuneration outcome.	Remuneration Committee report on pages 62 to 65
R	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	Remuneration Committee report on pages 62 to 65

Requirement	Board statement	Where to find further information
Going concern basis	The Board is of the opinion that the going concern basis adopted in the preparation of the Annual Report is appropriate.	Further details are set out on page 1 to 41 of the Strategic Report
Viability Statement	The Board is of the opinion that the viability statement adopted in the preparation of the Annual Report is appropriate.	Further details are set out on page 1 to 41 of the Strategic Report
Annual review of systems of risk management and internal control	A continuing process for identifying, evaluating and managing the risks the Company faces has been established and the Board has reviewed the effectiveness of the internal control systems.	Further details are set out in Audit, Risk and Internal Controls on page 61 of this Governance Report
Robust assessment of the Company's emerging and principal risks to the business model, future performance, solvency and liquidity of the Company.	The Audit and Risk Committee and the Board undertake a full risk review annually where all the emerging, principal risks and uncertainties facing the Company and the Group are considered.	Further details can be found in Our Principal Risks on pages 34 to 40 of the Strategic Report
Fair, balanced and understandable	The Directors confirm that to the best of their knowledge the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.	Further details of the fair, balanced and understandable statement can be found in the Audit and Risk Committee Report on pages 59 to 61
Appointment of the Adviser	The Directors consider the continuing appointment of the Adviser on the terms agreed in the Investment Advisory Agreement dated 14 September 2020 and the subsequent renewal dated 14 July 2021 to be in the best interests of the Company.	Further details are set out in Note 28 to the Consolidated Financial Statements
s172	The Directors have considered the requirements of s172 when making strategic decisions.	Section 172 Statement on page 41

Dear Shareholders

I am pleased to present the Nomination Committee report for the year ended 30 June 2022. The main focus of the Committee over the past year has been on Board recruitment and we were delighted to welcome Frances Davies to the Board in June 2022.

How the Committee operates

The Nomination Committee Terms of Reference are available on the Company's website and on request from the Company's registered office.

Our Committee comprises of five Independent Non-Executive Directors of the Company, none of which are connected to the AIFM or Investment Adviser.

Committee Members

Vince Prior: Committee Chair
Nick Hewson
Jon Austen
Cathryn Vanderspar
Frances Davies (appointed 1 June 2022)

All of the Committee members served for the full year, unless otherwise stated.

During the year the Nomination Committee held four formal meetings. The Company Secretary and I ensure that the meetings are of sufficient length to allow the Committee to consider all important matters and the Committee is satisfied that it receives full information in a timely manner to allow it to fulfil its obligations.

Members of the Investment Adviser were invited to attend the Committee meetings. JTC (UK) Limited as Company Secretary acts as secretary to the Committee.

Committee Responsibilities

The Committee is responsible for reviewing the structure, size and composition of the Board to ensure that it has the appropriate skills, experience and knowledge to enable the company to fulfil its strategic objectives. The Committee is also responsible for effective Board succession planning.

Specifically, the Committee is required to determine and make recommendations to the Board concerning:

- Plans for succession for Non-Executive Directors, in particular for the key role of Chairman. Source suitable candidates for the role of Senior Independent Director
- Membership of the Audit and Risk and Remuneration Committees and any other Board committees as appropriate, in consultation with the chairs of those committees
- The reappointment of any Director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required
- Any matters relating to the continuation in office of any Director at any time

Board Independence and Tenure

The Board currently comprises five Non-Executive Directors all of whom are deemed independent. In accordance with the provisions of the AIC code, all Directors offer themselves for annual re-election by Shareholders at the AGM. We considered whether this was appropriate having due regard to each Directors' performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required. We also considered other external appointments held by Directors and the amount of time each Director has devoted to the Company.

The Committee is satisfied that each Director has devoted sufficient time to the Company over the past year which has seen a material increase in acquisition activity and two successful fund raises. Following the advice of the Committee and in line with the AIC code the Board will recommend the re-election of each Director at the forthcoming AGM.

Directors are appointed for an initial term of three years with an expectation that they will serve at least two three-year terms, but they may be invited to serve for an additional period. The Board is subject to an annual evaluation and while we do not believe it is necessary to mandatorily replace a Director after a fixed term we do have regard for the need for progressive Board refreshment and renewal, particularly in relation to Directors being re-elected for a term beyond six years and will implement succession planning accordingly. In October 2020, we recommended to the Board that Nick Hewson, Jon Austen and Vince Prior serve a second three-year term, subject to annual re-election at the AGM. In accordance with the principles of the AIC Code, we do not consider it necessary to mandatorily replace a Director after a predetermined period of tenure. We are, however, mindful of the circumstances of each Director and implement succession planning accordingly.

Activities during the year

Succession planning

The Committee is responsible for considering succession planning for the Directors, taking into account the challenges and opportunities facing the Company, and the skills and expertise expected to be needed in the future. Following the skills matrix exercise undertaken in the prior year, the Committee evaluated the current skills and experience on the Board and identified the need to appoint an additional Non-Executive Director with capabilities in capital markets and ESG.

The Board undertook a formal, rigorous and transparent process, shortlisting a pool of candidates who were known by either the Investment Adviser or the Company's advisors. The criteria was based solely on merit, taking into account the candidates' experience to date as well as their cognitive and personal strengths. Open advertising was not used. In undertaking the process the Board had regard to both the AIC and FRC Guidance on Board effectiveness.

As part of this, the Investment Adviser identified a long list of external candidates and arranged a series of interviews with the Board as well as members of the Investment Adviser. Following a detailed selection process, the Committee recommended the appointment of Frances Davies with effect from 1 June 2022. Frances' depth of experience in corporate finance and asset management will allow her to contribute to the development and implementation of our strategy and the long-term sustainable success of the Group. Frances is currently a partner of Opus Corporate Finance, a corporate finance advisory business, and is a Non-Executive Director at HICL Infrastructure Plc and JP Morgan Smaller Companies Investment Trust.

The Committee is wholly satisfied that the Directors devoted sufficient time to their duties over the past year and that the Board comprised the necessary skills and experience to discharge its obligations to the Company's Shareholders and other stakeholders. Consequently, there were no other changes to the composition of the Board this year. Looking ahead, the Committee recognises the benefits that new and diverse thinking may bring to the Board and will keep composition under continuing review.

Committee membership

During the year, we also reviewed the composition of the Board's committees and recommended that in order to best utilise the existing skills and experience of the Board, that all Board members shall be members of all committees for the next financial year (apart from Nick Hewson, as Chairman of the Board not being a member of the Audit Committee). The Board also established a new Environmental, Social and Governance Committee and a Management Engagement Committee from 1 July 2022. Nick Hewson will chair the Management Engagement Committee, whilst Frances Davies will chair the Environmental, Social and Governance Committee.

Director training programme

The Chairman is responsible for ensuring that any ongoing training and development needs of the Directors that are relevant for their role in the Company are met. All Directors are provided with an appropriate induction at the time of appointment. The remit of the Nomination Committee includes monitoring the skills and knowledge of the Directors and, where necessary, further support is provided. Frances Davies received a formal induction upon the joining the Board which consisted of meetings with the Chair, Investment Adviser and Company Secretary.

We recognise that it is essential to keep abreast of regulatory and compliance changes including Corporate Governance and ESG related issues. Accordingly, training programmes are arranged as and when the need arises.

In addition to the bespoke training sessions, each Director is expected to maintain their individual professional skills and is responsible for identifying any training needs to help them ensure that they maintain the requisite knowledge to be able to consider and understand the Company's responsibilities, business and strategy. All Directors have access to the advice and services of the Company Secretary. The Directors are also entitled to take independent advice at the Company's reasonable expense at any time.

Our 2021/22 Board evaluation programme

During August 2021, the Chairman, a senior member of the Investment Adviser's team and I met with three potential providers to undertake an external Board evaluation. Following this process, BoardAlpha were selected to undertake a Board effectiveness review which occurred in November 2021. The evaluation process was led by Richard Clarke. Neither BoardAlpha or Richard Clarke have any connection with the Company apart from conducting the Board evaluation. The aim of the review was to assess the effectiveness of the Board, its Committees and individual Directors in order to identify any actions to improve how Directors fulfil their duties and become a more effective Board.

The Board evaluation took the form of individual, structured, in-depth interviews with each of the Directors, including the Chairman. Discussions were also held with key staff at the Investment Adviser, as well as the Company's broker, the Company Secretary, external counsel and the AIFM. BoardAlpha also attended meetings of the Board and Audit committee, to further inform the assessment.

The process also considered the effectiveness of individual Directors and one-to-one performance feedback was given by the Senior Independent Director to the Chairman and by the Chairman to the other Directors at the end of the process. The review concluded that the Board, its Committees and individual Directors continue to operate effectively. Some of the key strengths identified included:

- The Board appears to have an open and positive relationship with the investment adviser whilst also appropriately scrutinising and challenging their decision-making processes
- Directors appear to have a good balance of complementary skills and are highly engaged and communicate frequently, both with each other and with their advisers
- Directors appear to receive high-quality and comprehensive information from the Investment Adviser, particularly on acquisitions
- Well-managed Board and Committee meetings with effective leadership from their respective Chairs and a clear focus on priorities

The review identified some recommendations and opportunities and the key actions for 2022/23, all of which are currently underway.

Number	Recommendation	How this is being addressed
1	The Board agreed to spend more time formalising the strategic review process	An annual strategy day with the Investment Adviser, the Board and key advisors in attendance has been scheduled, with the first having taken place during January 2022
2	Increased engagement between the Board and Shareholders	This has already been initiated through planned investor events and the AGM and we can see immediate benefits from encouraging and developing this dialogue
3	Ensure that the working risk register is reviewed regularly	A working risk register is included in Board or Audit and Risk Committee packs and placed as a standing agenda item
4	Management Engagement Committee	The Board voted to establish a Management Engagement Committee with effect from 1 July 2022
5	Extending the Board	Frances Davies was appointed during the year and we will continue to keep the composition of the Board under continuing review

Board diversity and inclusion

The Company does not have any employees. In respect of appointments to the Board, we consider that each candidate should be appointed on merit to make sure that the best candidate for the role is appointed every time. The Board supports diversity and inclusion at Board level and encourage candidates from all educational backgrounds and walks of life. We commit to diversity and inclusion with respect to all protected characteristics, including gender. No candidate will face discrimination due to their race, ethnicity, country of origin, nationality, cultural background, gender or any other protected characteristic in the Board nomination process. What is important is professional achievement and the ability to be a successful Director based on the individual's skill set and experience.

Qualifications are considered when necessary to ensure compliance with regulation such as in relation to appointments to the Audit and Risk Committee. The Company's Diversity Policy is reviewed regularly and it is believed that the Board has a balance of skills, qualifications and experience which are relevant to the Company. The Board adopted a formal diversity policy at its meeting on 3 September 2018.

The Board supports the recommendations set out in the Hampton-Alexander Review on gender diversity and the Parker Review on ethnic diversity and recognise the value and importance of cognitive diversity in the boardroom. As at the date of this report the Board consisted of three male and two female members who have both been appointed in the last four years, meaning we have achieved the 33% female Board representation target as set out by the Hampton-Alexander initiative. The Nomination Committee recognises that diversity extends beyond gender and is committed to continuing to review Board composition from that perspective.

The Board does not currently have any Directors from an ethnic minority background and we are therefore giving specific focus to ethnic diversity in ongoing Board recruitment. Diversity and inclusion remain a key priority and the Board and its Committees continue to drive and oversee our progress in these areas.

Senior Independent Director (SID)

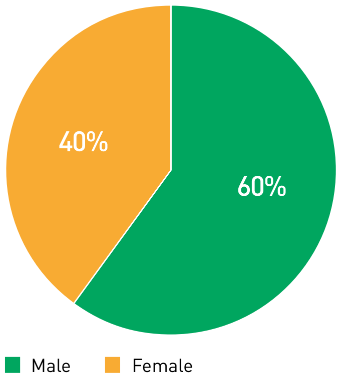
The Committee is responsible for the recommendation to the Board of a Senior Independent Director. The role of the SID is, among other things, to act as a sounding board for the Chairman and as an intermediary for other Directors and Shareholders. No Director has a say in their own nomination to the role of Senior Independent Director.

I was appointed as the Company's Senior Independent Director on 7 February 2018 to serve for a term that runs consecutively with my Non-Executive Directorship. In addition, I meet with the other Non-Executive Directors annually, without the Chairman present, to evaluate the performance of the Chairman, in line with good practice.

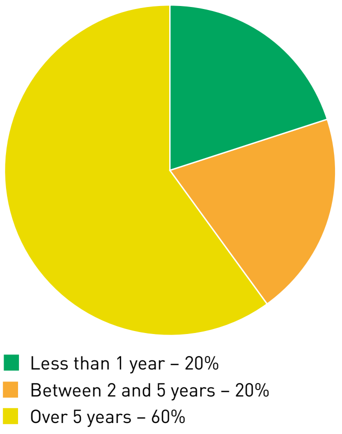
Signed on behalf of the Nomination Committee

Vince Prior
Nomination Committee Chair
20 September 2022

Gender balance at the year end



Length of Directors' tenure at the year end



Dear Shareholders,

I am pleased to present the Audit and Risk Committee Report for the year ended 30 June 2022. The Audit and Risk Committee's role is to oversee the Group's financial reporting process, including the risk management and internal financial controls in place within the AIFM and the Investment Adviser, the valuation of the property portfolio, the Group's compliance with accepted accounting standards and other regulatory requirements as well as the activities of the Group's Auditor. I was pleased to welcome Frances Davies to the Committee during the year and am certain her breadth of experience will be a welcome addition to the Board.

How the Committee operates

The Audit and Risk Committee Terms of Reference are available on the Company's website and on request from the Company's registered office.

Our Committee consists of four Independent Non-Executive Directors of the Company, none of which are connected to the AIFM or Investment Adviser.

Committee Members

Jon Austen: Committee Chair
Vince Prior
Cathryn Vanderspar
Frances Davies (appointed 1 June 2022)

All of the Committee members served for the full year, unless otherwise stated. The Committee believes that its members have the right balance of skills and experience within the real estate sector to be able to function effectively. The Board considers that I have recent and relevant financial expertise to chair the Audit and Risk Committee. Further details of each Director's experience can be found in the biographies on page 42.

During the year the Audit and Risk Committee held three formal meetings following the Company's corporate calendar, which ensures that the meetings are aligned to the Company's financial reporting timetable. The Company Secretary and I ensure that the meetings are of sufficient length to allow the Committee to consider all important matters and the Committee is satisfied that it receives full information in a timely manner to allow it to fulfil its obligations.

Members of the Investment Adviser and the Group's Auditor were invited to attend the Committee meetings. JTC (UK) Limited as Company Secretary acts as secretary to the Committee. The Chair of the Board, Nick Hewson, whilst not a member of the Audit and Risk Committee attends the meetings during the year by invitation.

As the Committee Chair, I have had regular communications with the Auditor and senior members of the Investment Adviser. In addition, the Committee has discussions throughout the year outside of the formal Committee meetings.

Activities during the year

Relationship with the auditor

The Committee has primary responsibility for managing the relationship with the Auditor, including assessing their performance, effectiveness and independence annually and recommending to the Board their reappointment or removal.

BDO LLP ("BDO") were appointed as the Group's Auditor in 2017 and we are recommending that they be re-appointed at the forthcoming AGM. Under the Company's interpretation of the transitional arrangements for mandatory audit rotation, the Company will be required to put the external audit out for tender in the financial year ended 30 June 2028.

Thomas Edward Goodworth continues to remain as audit partner and, in line with the policy on lead partner rotation, he is expected to rotate off the audit ahead of the 2026 audit.

The Committee has met with the key members of the audit team over the course of the year and BDO has formally confirmed its independence as part of the reporting process. As Chair of the Committee, I regularly speak with the external audit partner without the Investment Adviser present to ascertain if there are any concerns, to discuss the audit reports and to ensure that the Auditor has received the support and information requested from management. There have been no concerns identified to date.

The Company became a constituent of the FTSE 350 on 20 June 2022 and confirms that it has complied with the terms of The Statutory Audit Services for Large Companies Market Investigation (Mandatory User of Competitive Tender Processes and Audit and Risk Committee Responsibilities) Order 2014 (the "Order") throughout the year.

Effectiveness and independence

We meet with the Auditor and the Investment Adviser before the preparation of each of the Annual and Interim results, to plan and discuss the scope of the audit or review as appropriate, and challenge where necessary to ensure its rigour. At these meetings the Auditor prepares a detailed audit or review plan which is discussed and questioned by us and the Investment Adviser to ensure that all areas of the business are adequately reviewed and that the materiality thresholds are set at the appropriate level, which varies depending on the matter in question. We also discuss with the Auditor its views over significant risk areas and why it considers these to be risk areas.

The Audit and Risk Committee, where appropriate, continues to challenge and seek comfort from the Auditor over those areas which drive audit quality. The timescale for the delivery of the audit or review is also set at these meetings. We meet with the Auditor again just prior to the conclusion of the review or audit to consider, challenge and evaluate findings in depth.

We have considered the objectivity and effectiveness of the auditor and we consider that the audit team assigned to the Company by BDO has the necessary experience, qualifications and understanding of the business to enable it to produce a detailed, high-quality, in-depth audit and permits the team to scrutinise and challenge the Company's financial procedures and significant judgements. We ask the Auditor to explain the key audit risks and how these have been addressed. We also considered BDO's internal quality control procedures and transparency report and found them to be sufficient. Overall, the Committee is satisfied that the audit process is transparent and of good quality and that the Auditor has met the agreed audit plan.

Audit and Non-audit fees

We continue to believe that, in some circumstances, the external Auditor's understanding of the Company's business can be beneficial in improving the efficiency and effectiveness of advisory work. For this reason, we continue to engage BDO as reporting accountants on the Company's issues of equity and debt capital in the normal course of the Company's business. Other reputable firms have been engaged during the year to assist with financial and tax due diligence on corporate acquisitions as well as general tax compliance advice.

The Non-Audit Services Policy requires approval by the Committee above a certain threshold before the external Auditor is engaged to provide any permitted non-audit services. The Company paid £167,500 in fees to the Auditor for non-audit services during the year ended 30 June 2022. These fees are set out below.

- Corporate finance services in connection with the October 2021 and April 2022 equity raises – £77,500
- Financial Position and Prospects Procedures review in connection with the migration of the Company to the Premium Segment of the London Stock Exchange – £45,000
- ICMA Comfort Letter – £15,000
- Review of the Group's interim report – £30,000
- Total Audit Fees for the year ended 30 June 2022 – £252,000
- The ratio of non-audit fees to audit fees for the year ended 30 June 2021 was 66%

The Committee periodically monitors the ratio to ensure that any fees for permissible non-audit services do not exceed 70% of the average audit fees paid in the last three years.

Of the £167,500 paid to BDO during the year, £32,500 relate to services which were in relation to work on public prospectus opinions and therefore fell outside of the 70% fee cap. The Committee was therefore satisfied that the non-audit fees paid during the year did not exceed 70% of the average audit fees paid within the last three years.

In addition to ensuring compliance with the Group's policy in respect of non-audit services, the Committee also receives confirmation from BDO that it remains independent and has maintained internal safeguards to ensure its objectivity.

Financial reporting and significant judgements

We monitor the integrity of the financial information published in the Interim and Annual Reports and any other formal announcement relating to financial performance. We consider whether suitable and appropriate estimates and judgements have been made in respect of areas which could have a material impact on the financial statements.

A variety of financial information and reports were prepared by the Investment Adviser and provided to the Board and to the Committee over the course of the year. These included budgets, periodic re-forecasting following acquisitions or corporate activity, papers to support raising of additional finance and general compliance.

We also regularly review the Company's ability to continue to pay a progressive dividend. All financial information was fully reviewed and debated both at Committee and Board level across a number of meetings. The Investment Adviser and the Auditor update us on changes to accounting policies, legislation and best practice and areas of significant judgement by the Investment Adviser. They pay particular attention to transactions which they deem important due to size or complexity.

The significant issue considered by the Committee in respect of the year ended 30 June 2022, which contained a significant degree of estimation uncertainty, is set out in the table below.

Significant issue	How the issue was addressed
Valuation of property portfolio	
Cushman and Wakefield have been engaged to value, on a bi-annual basis, both the Company's direct property investments and the underlying properties within the joint venture. The Group's Direct Portfolio value as at 30 June 2022 was £1.57 billion (30 June 2021: £1.1 billion) reflecting a valuation uplift, net of costs, of 3.7% for the year on a like-for-like basis. The valuation of the Group's property portfolio is a key determinant of the Group's net asset value as well as directly impacting the fee payable to the Investment Adviser. The valuation is conducted externally by independent valuers, however, the nature of the valuation process is inherently subjective due to the assumptions made in determining market comparable yields and estimated rental values.	The Audit and Risk Committee met with the valuer on two occasions, together with the Investment Adviser and external auditor in January and August to review the valuation included within the half-year and year-end financial statements. This review included the valuation process undertaken, changes in market conditions, recent transactions in the market and how these impacted our Portfolio and the valuer's expectations in relation to future rental growth and yield movement. The Committee asked the valuer to highlight significant judgements or disagreements with the Investment Adviser during the valuation process to ensure a robust and independent valuation had taken place. The Auditor, BDO, reviewed the underlying assumptions using its real estate experts and provided the Audit and Risk Committee with a summary of its work as part of its report on the half-year and year-end results. As a result of these reviews, the Committee concluded that the valuation had been carried out appropriately and independently. The Board approved the valuations in February 2022 and September 2022 in respect of the interim and annual valuations.

Internal audit function

The Group does not have an internal audit function. The need for this is reviewed annually by the Committee. Due to the relative lack of complexity and the outsourcing of the majority of the day to-day operational functions, the Committee continues to be satisfied that there is no requirement for such a function.

Fair, balanced and understandable financial statements

The production and audit of the Group's Annual Report is a comprehensive process, requiring input from a number of contributors. To reach a conclusion on whether the Annual Report is fair, balanced and understandable, as required under the AIC Code, the Board has requested that the

Committee advise on whether it considers that the Annual Report fulfils these requirements. In outlining our advice, we have considered the following:

- The comprehensive documentation that outlines the controls in place for the production of the Annual Report, including the verification processes to confirm the factual content
- The detailed reviews undertaken at various stages of the production process by the Investment Adviser, AIFM, Company Secretary, Financial Advisers, Auditor and the Committee, which are intended to ensure consistency and overall balance
- Controls enforced by the Investment Adviser, Company Secretary and other third-party service providers, to ensure complete and accurate financial records and security of the Company's assets
- The satisfactory ISAE 3402 control report produced by the Company Secretary for the year ended 31 March 2022, which has been reviewed and reported upon by the Company Secretary's external auditor, to verify the effectiveness of the Company Secretary's internal controls over cash management
- The Investment Adviser have a highly experienced team who have a strong proficiency in producing financial statements

As a result of the work performed, we have concluded and reported to the Board that the Annual Report for the year ended 30 June 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Risk management and internal controls

The Board oversees the Group's risk management and internal controls and determines the Group's risk appetite. The Board has, however, delegated responsibility for review of the risk management methodology and the effectiveness of internal controls to the Audit and Risk Committee. The Group's system of internal controls includes financial, operational and compliance controls and risk management. Policies and procedures, including clearly defined levels of delegated authority, have been communicated throughout the Group.

Internal controls are implemented by the Investment Adviser in respect of the key operational and financial processes of the business. These policies are designed to ensure the accuracy and reliability of financial reporting and govern the preparation of the Financial Statements.

As part of the migration of the Company to the Premium Segment of the London Stock Exchange, a Board Memorandum was prepared that documented the financial position and prospects procedures (FPPP) of the Company. This Memorandum was independently reviewed by an external accountancy firm and no major deficiencies were identified, which provided the Committee with additional comfort that the Group's system of internal controls remained fit for purpose and robust.

During the year, I also performed a review and walk through of the key systems and controls in place at the Investment Adviser which I found to be suitable for a Company of our size.

Risk register

During the year, the Audit and Risk Committee reviewed the Group's risk register, which is maintained by the AIFM in conjunction with the Investment Adviser and is subject to the supervision and oversight of the Committee. A summary of the risk register is also reviewed at least annually by the Board.

We have reviewed and approved all statements included in the Annual Report concerning internal controls and risk management taking into consideration the review of the risk register and our assessment of the Group's internal controls and knowledge of the business.

We have also reviewed the adequacy of the Company's arrangements for any relevant party to raise concerns, in confidence, about possible wrongdoing in financial reporting, regulatory or other relevant matters and the procedures of both the Company's AIFM and Investment Adviser for detecting fraud and preventing bribery. We consider that they are appropriate.

ESG

The Committee's terms of reference were amended during the year to 30 June 2021 to include responsibility for ESG. During the year the Committee received a presentation from FTI on the outputs of the ESG strategy review and materiality review. The Committee worked closely with the Investment Adviser on a dedicated ESG strategy session which was held during March 2022. During this session the longer term sustainability strategy was discussed and the implementation plan for 2023 agreed. As a result of the increased importance of ESG for the Company the Board voted to approve the establishment of a dedicated ESG committee chaired by Frances Davies with effect from 1 July 2022.

Committee effectiveness

I believe that the quality of discussion and level of challenge by the Committee with the Investment Adviser, the external audit teams and the valuer, together with the timeliness and quality of papers received by the Committee, ensures the Committee is able to perform its role effectively.

Details of the performance evaluation conducted during the year can be found on pages 57 and 58.

Signed on behalf of the Audit and Risk Committee on 20 September 2022.

Jon Austen
Audit and Risk Committee Chair
20 September 2022

Dear Shareholders

I am pleased to present the Remuneration Committee report for the year ended 30 June 2022.

How the Committee operates

The Remuneration Committee Terms of Reference are available on the Company's website and on request from the Company's registered office.

Our Committee comprises of five Independent Non-Executive Directors of the Company, none of which are connected to the AIFM, or Investment Adviser.

Committee Members

Cathryn Vanderspar: Committee Chair
Vince Prior
Nick Hewson
Jon Austen
Frances Davies (appointed 1 June 2022)

All of the Committee members served for the full year, unless otherwise stated.

During the year the Remuneration Committee held two formal meetings. The Company Secretary and I ensure that the meetings are of sufficient length to allow the Committee to consider all important matters and the Committee is satisfied that it receives full information in a timely manner to allow it to fulfil its obligations.

Members of the Investment Adviser were invited to attend the Committee meetings. JTC (UK) Limited as Company Secretary acts as secretary to the Committee.

The Committee determines the level of Non-Executive Directors' remuneration. No remuneration changes have taken place during the year, however following a benchmarking exercise undertaken the remuneration has been increased from 1 July 2022.

Full details of the Group's policy with regards to Directors' remuneration paid during the year ended 30 June 2022 are shown below.

Committee Responsibilities

The main responsibilities of the Remuneration Committee, which apply as necessary to the Company, its subsidiary undertakings and the Group as a whole, are to:

- Set the remuneration policy for the Board and the Company's Chairman
- Review the ongoing appropriateness and relevance of the remuneration policy
- Agree the policy for authorising claims for expenses for the Directors

In determining Remuneration Policy, the Remuneration Committee takes into account all factors which it deems necessary, including the Company's strategy and the risk environment in which it operates, relevant legal and regulatory requirements, the provisions and recommendations of the Code considered to be relevant, and associated guidance. In order to obtain reliable, up to date information about remuneration in other companies of comparable scale and complexity, the Remuneration Committee may appoint remuneration consultants and commission or purchase any reports, surveys or information which it deems necessary, at the expense of the Company but within any budgetary constraints imposed by the Board.

The Committee is responsible for appropriately managing Directors' conflicts of interests. Directors' other interests have been disclosed. No conflicts have been identified during the year. If a conflict were to be identified, the Committee would take the appropriate steps to resolve and manage such conflicts appropriately.

It is the Board's policy that Directors do not have service contracts, but each new Director is provided with a letter of appointment, and these are available for inspection at the Company's registered office. Each Director is appointed for an initial three-year term subject to annual re-election at the Company's AGM. Directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. The Directors' appointments can be terminated at no notice in accordance with the terms of the letters of appointment without compensation for loss of office.

Remuneration Policy

The Company's policy is to determine the level of Directors' fixed annual fees in accordance with its Articles of Association.

When setting the level of Directors' fees, the Company will have due regard to the experience of the board as a whole, the time commitment required, the responsibilities of the role and to be fair and comparable to non-executive directors of similar companies.

Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee the Company properly and to reflect its specific circumstances. The Company may also periodically choose to benchmark Directors' fees with an independent review, to ensure they remain fair and reasonable.

Directors' fees are reviewed annually and will be adjusted from time to time, as may be determined by the Board under the Articles of Association and this policy. In terms of the Company's Articles of Association, the aggregate remuneration of all the Directors shall not exceed £500,000 per annum but this may be changed by way of ordinary resolution.

The Directors are also entitled to be paid their reasonable expenses incurred in undertaking their duties.

Additional Directors' fees may be paid by the Company where Directors are involved in duties beyond those normally expected as part of the Directors' appointment. In such instances, where additional remuneration is paid, the Board will provide details of the events, duties and responsibilities that gave rise to any additional Directors' fees in the Company's annual report.

No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company. Directors' fees are payable in cash, monthly in arrears.

The Directors hold their office in accordance with the Articles of Association and their appointment letters. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles of Association and without compensation.

The Company is committed to engagement with Shareholders and will seek major Shareholders' views in advance of making significant changes to its remuneration policy and how it is implemented. As Chair of the Remuneration Committee, I will attend the AGM to hear the views of Shareholders on remuneration and to answer any questions.

The Directors' Remuneration Policy was approved by Shareholders at the 2021 AGM with 99.98% of the votes cast being in favour of the resolution. The Directors' remuneration report for the year ended 30 June 2021 was approved by the Shareholders at the 2021 AGM with 99.98% of the votes cast being in favour. The Remuneration Policy is subject to a binding vote at the 2024 AGM.

In accordance with the Articles of Association, all Directors are required to retire and seek re-election at least every three years. Although not required by the Company's Articles of Association, the Company is choosing to comply with Provision 23 of the AIC Code requiring all Directors to be subject to annual election. All Directors retire at each Annual General Meeting and those eligible and wishing to serve again offer themselves for election.

Director	Date of original appointment	Most recent date of election	Latest due date of re-election
Nick Hewson	20 June 2017	24 November 2021	**31 December 2022**
Jon Austen	20 June 2017	24 November 2021	**31 December 2022**
Vince Prior	20 June 2017	24 November 2021	**31 December 2022**
Cathryn Vanderspar	5 February 2020	24 November 2021	**31 December 2022**
Frances Davies	1 June 2022	n/a	**n/a**

Directors' Fees

The Committee considers the level of Directors' fees at least annually. Reviews of Directors' fees take place in each financial year, with any changes being applicable from the start of the next financial year. The remuneration of the Directors was benchmarked during the year ended 30 June 2022. The Committee considered fee levels this year and considered that amendments were necessary and, therefore, fees will be increased with effect from 1 July 2022.

Base fees have been increased to reflect the increased frequency of Board meetings and complexity of matters to be considered. The fee for the role of the Audit and Risk Committee Chair has been increased by £1,500 to reflect that this position has become more involved with the increased responsibility for risk management. The increase in the fee for the role of Nomination Committee Chair reflects the additional work undertaken in relation to the external Board evaluation process and the appointment of new members to the Board. In aggregate total fees remain under the limit set out in the Governing documents as set out below.

	Revised fee per annum from 1 July 2022	Fee per annum year ended 30 June 2022
Chairman	£75,000	£70,000
Non-Executive Directors ('NEDs')	£52,500	£50,000
Senior Independent Director ('SID')*	£5,000	£5,000
Audit Committee Chair*	£9,000	£7,500
Remuneration Committee Chair*	£5,000	£5,000
Nomination Committee Chair*	£4,000	£2,500
Management Engagement Committee Chair*	–	–
Environmental, Social, and Governance Committee Chair*	£5,000	–

* No additional fee is payable for Committee Chair positions undertaken by the Chairman of the Board

Annual Report on Remuneration

Directors' emoluments – single total figure table (audited)

The Directors who served during the year received the following emoluments, all of which was in the form of fees: No Directors received any expenses.

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000	Fixed Remuneration (both years) %	Annual percentage change since 30 June 2021[1] %
Nick Hewson	70	70	100	0
Jon Austen	58	58	100	0
Vince Prior	58	58	100	0
Cathryn Vanderspar	55	55	100	0
Frances Davies*	4.2	–	n/a	n/a

(1) Or date of appointment, if later.

* Appointed 1 June 2022

Relative importance of spend on pay

The table below sets out, in respect of the year ended 30 June 2022:

a) The remuneration paid to the Directors

b) The management fee and expenses which have been included to give Shareholders a greater understanding of the relative importance of spend on pay

c) Distributions to Shareholders by way of dividend to provide a comparison of the Shareholders' returns against Directors' remuneration

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000	Variance year on year %
Directors' fees	245	240	2.1
Management fee and expenses	9,405	6,255	50
Dividends paid	53,190	35,481	50

Directors' fees as a percentage of	Year ended 30 June 2022 %	Year ended 30 June 2021 %
Management fee and expenses	2.6	3.8
Dividends paid	0.46	0.68

Directors' shareholdings (audited)

The Directors of the Company had the following beneficial interests in the issued ordinary share capital of the Company as at 30 June 2022 and at the date of this report:

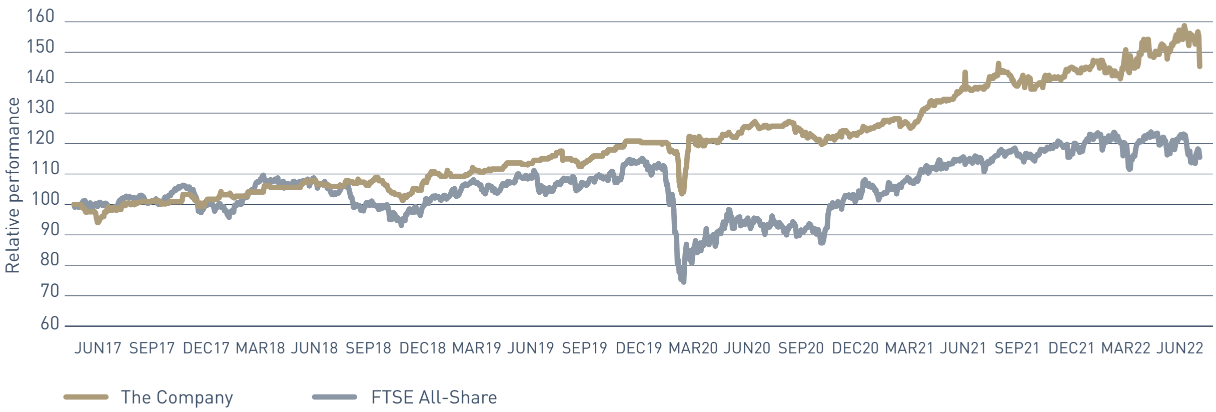
Directors	As at the date of this report	As at 30 June 2022
Nick Hewson	1,086,670	661,670
Jon Austen	305,339	279,779
Vince Prior	151,923	134,886
Cathryn Vanderspar	108,645	91,738
Frances Davies	0	0

The Company does not oblige the Directors to hold shares in the Company, but this is encouraged to ensure the appropriate alignment of interests.

Group performance – Total Shareholder Return

The Board is responsible for the Group's investment strategy and performance, whilst the management of the investment portfolio is delegated to the AIFM. The AIFM has, in turn, delegated certain services, including but not limited to advice on acquisitions and financing, to the Investment Adviser. The graph below compares, for the period from our IPO in June 2017 to 30 June 2022, the total return (assuming all dividends are reinvested) to ordinary Shareholders compared to the FTSE All-Share Index. This index was chosen as it is considered an indicative measure of the expected return from an equity stock. An explanation of the performance of the Group for the year ended 30 June 2022 is given in the Strategic Report.

FTSE All-Share vs The Company



It is a company law requirement to compare the performance of the Group's share price to a single broad equity market index on a total return basis. However, it should be noted that constituents of the comparative index used above are larger in size than the Group. The Group does not have a benchmark index.

Voting at Annual General Meeting

An Ordinary Resolution to approve the Director's Remuneration Report will be put to Shareholders at the Company's AGM and Shareholders will have the opportunity to express their views and raise any queries in respect of the Director's Remuneration Report at this meeting.

This Directors' Remuneration Report is approved on behalf of the Board by

Cathryn Vanderspar
Remuneration Committee Chair
20 September 2022

The Directors present their report together with the audited financial statements for the year ended 30 June 2022. The Corporate Governance Statement pages 54 to 55 forms part of this report.

Principal activities and status

The Company is registered as a UK public limited company under the Companies Act 2006. It is an Investment Company as defined by Section 833 of the Companies Act 2006 and has been established as a closed-ended investment company with an indefinite life. The Company has a single class of shares in issue which were traded during the year until 22 February 2022 on the Specialist Fund Segment of the London Stock Exchange's Main Market. On the 23 February 2022, the Company migrated to the Premium List of the London Stock Exchange's Main Market and the Company's shares were traded on the Premium List from this date. The Group has entered the Real Estate Investment Trust (REIT) regime for the purposes of UK taxation.

The Company is a member of the Association of Investment Companies (the "AIC").

Results and dividends

The results for the year are set out in the attached financial statements. It is the policy of the Board to declare and pay dividends as quarterly interim dividends.

In respect of the 30 June 2022 financial year, the company has declared interim dividends amounting to aggregate 5.94 pence per share (2021: 5.9 pence per share). The following dividends were declared during the year and subsequently:

Date declared	Amount per share (pence)	Date paid
8 July 2021	1.465	7 August 2021
23 September 2021	1.485	16 November 2021
10 January 2022	1.485	25 February 2022
6 April 2022	1.485	27 May 2022
8 July 2022	1.485	22 August 2022

Dividend policy

Subject to market conditions and performance, financial position and outlook, it is the Directors' intention to pay an attractive level of dividend income to Shareholders on a quarterly basis. The Company intends to grow the dividend progressively through investment in supermarket properties with upward-only, predominantly inflation-protected, long-term lease agreements.

Directors

The Directors who served throughout the year unless otherwise stated otherwise, are detailed below:

Director	Service in the year to 30 June 2022
Nick Hewson	Served throughout the year
Jon Austen	Served throughout the year
Frances Davies	Appointed 1 June 2022
Vince Prior	Served throughout the year
Cathryn Vanderspar	Served throughout the year

All of the above Directors remain in office at the date of this report.

Biographical details of the current Directors of the Company are shown on page 42.

Powers of Directors

The Board will manage the Company's business and may exercise all the Company's powers, subject to the Articles, the Companies Act and any directions given by the Company by special resolution.

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. It also sets up the Group's strategic aims, ensuring that the necessary resources are in place for the Group to meet its objectives and review investment performance. The Board also sets the Group's values, standards and culture. Further details on the Board's role can be found in the Corporate Governance Report on page 49.

Directors' interests

The beneficial interests of the Directors and their closely connected persons in the ordinary shares of the Company as at 30 June 2022 were as follows:

	Number of shares	Percentage of issued share capital
Nick Hewson	661,670	0.05%
Jon Austen	279,779	0.02%
Vince Prior	134,886	0.01%
Cathryn Vanderspar	91,738	0.01%
Frances Davies	0	0.00%

Appointment and replacement of Directors

All Directors retired and were re-elected at the AGM on 24 November 2021, with the exception of Frances Davies who was appointed to the Board on 1 June 2022. In accordance with the AIC Corporate Governance Code, all the Directors will retire and those who wish to continue to serve will offer themselves for election or re-election at the forthcoming Annual General Meeting.

Directors' indemnification and insurance

The Company maintains £25 million of Directors' and Officers' Liability Insurance cover for the benefit of the Directors, which was in place throughout the year. The level of cover was increased to £30 million on 19 July 2022 and continues in effect at the date of this report.

Political contributions

The Group made no political contributions during the year (2021: none).

Significant shareholdings

The table below shows the interests in shares notified to the Company in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority who have a disclosable interest of 3% or more in the ordinary shares of the Company as at 30 June 2022.

	Number of shares	Percentage of issued share capital
Evelyn Partners (formerly Smith & Williamson)	91,946,704	7.42%
Quilter Cheviot Investment Management	78,092,320	6.30%
Close Brothers Asset Management	72,417,780	5.84%
Waverton Investment Management	50,822,795	4.10%
BMO Global Asset Management (UK)	48,242,334	3.89%
Cazenove Capital Management	43,230,456	3.49%

Since the year end, and up to 20 September 2022, the Company has been notified of the following interests in its ordinary shares in accordance with DTR 5. The information provided is correct as at the date of notification:

	Number of shares	Percentage of issued share capital
BlackRock Inc	64,767,491	5.21%
Columbia Threadneedle Investments	61,728,272	4.98%
Waverton Investment Management	49,926,559	4.02%

Branches outside the UK

The Company has no branches outside the UK.

Financial instruments

The Group's exposure to, and management of, capital risk, market risk and liquidity risk is set out in note 22 to the Group's financial statements.

Employees

The Group has no employees and therefore no employee share scheme or policies for the employment of disabled persons or employee engagement.

Greenhouse gas emissions

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 Group's activities are included within the TCFD aligned report on pages 28 to 33.

Other disclosures

Disclosures of financial risk management objectives and policies and exposure to financial risks are included in note 22 to the financial statements. Details of future developments are included in the Strategic Report.

No additional disclosures are required in accordance with Listing Rule (LR) 9.8.4C R.

Disclosure of information to auditor

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

Auditor

BDO LLP was appointed as auditor by the Directors in June 2017 and was last re-appointed as auditor by the Company's Shareholders at the AGM held on 7 November 2021. BDO LLP have expressed their willingness to continue as auditor for the financial year ending 30 June 2023. A resolution to appoint BDO LLP as auditor of the Company will be proposed at the forthcoming AGM.

Change of control – significant agreements

The Company entered into a new unsecured borrowing facility on 1 July 2022 provided by a syndicate of lenders. The facility includes provisions that may require any outstanding borrowings to be repaid or the alteration or termination of the facilities in the event of a change of control at the ultimate Parent Company level.

Share capital structure

As at 30 June 2022, the Company's issued share capital consisted of 1,239,868,420 ordinary shares of one penny each, all fully paid and listed on the Premium List of the London Stock Exchange's Main Market. Further details of the share capital, including changes throughout the year are summarised in note 23 of the financial statements.

Subject to authorisation by Shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. At the Annual General Meeting held in 2021, Shareholders authorised the Company to make market purchases of up to 147,641,558 Ordinary Shares or 14.99 per cent of the Ordinary Shares in issue at that time. The Company has not repurchased any of its ordinary shares under this authority, which is due to expire at the AGM in 2022 and appropriate renewals will be sought.

There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the Company. There are no known arrangements under which financial rights are held by a person other than the holder of the shares and no known agreements on restrictions on share transfers and voting rights.

Post balance sheet events

For details of events since the year-end date, please refer to note 29 of the consolidated financial statements.

Corporate Governance

The Company's statement on corporate governance can be found in the Corporate Governance Report on pages 54 to 55 of this Annual Report. The Corporate Governance Report forms part of this directors' report and is incorporated into it by cross-reference.

Signed by order of the Board on 20 September 2022.

Nick Hewson
Chairman
20 September 2022

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

The UK Companies Act 2006 requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are 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 Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business
- Prepare a Directors' Report, a Strategic Report, Directors' Remuneration Report and Corporate Governance Statement which comply with the requirements of the Companies Act 2006

The Directors are 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 them to ensure that the financial statements comply with the requirements of the Companies Act 2006.

They are 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 Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

The Company is required to make the Annual Report and Accounts available on a website. The Company's website address is *www.SupermarketIncomeREIT.co.uk*. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from such legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Responsibility Statement

The Directors confirm to the best of their knowledge:

- The Group financial statements prepared in accordance with UK adopted international accounting standards and the Company financial statements prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group
- The Annual Report and Accounts include a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face
- The Annual Report and Accounts taken as whole, is fair, balanced and understandable and the information provided to Shareholders is sufficient to allow them to assess the Group's performance, business model and strategy

This Responsibility Statement was approved by the Board of Directors and is signed on its behalf by:

Nick Hewson
Chairman
20 September 2022

Background

The Alternative Investment Fund Manager's Directive (the "AIFMD") came into force on 22 July 2013. The objective of the AIFMD was to ensure a common regulatory regime for funds marketed in or into the EU which are not regulated under the UCITS regime. This was primarily for investors' protection and also to enable European regulators to obtain adequate information in relation to funds being marketed in or into the EU to assist their monitoring and control of systemic risk issues.

The AIFM is a non-EU Alternative Investment Fund Manager (a "Non-EU AIFM"), the Company is a non-EU Alternative Investment Fund (a "Non-EU AIF") and the Company is marketed primarily into the UK, but also into the EEA. Although the AIFM is a non-EU AIFM, so the depositary rules in Article 21 of the AIFMD do not apply, the transparency requirements of Articles 22 (Annual report) and 23 (Disclosure to investors) of the AIFMD do apply to the AIFM and therefore to the Company. In compliance with those articles, the following information is provided to the Company's shareholders by the AIFM.

1. Material Changes in the Disclosures to Investors

During the financial year under review, there were no material changes to the information required to be made available to investors before they invest in the Company under Article 23 of the AIFMD from that information set out in the Company's prospectus dated 1 October, 2021, save as updated in the supplementary prospectus dated 7 April, 2022 and as disclosed below and in certain sections of the Strategic Report, those being the Chairman's Statement, Investment Adviser's Report, The UK Grocery Market, Sustainability and TCFD Aligned Report, the Directors' Report and Our Principal Risks sections in this Annual Financial Report.

2. Risks and Risk Management Policy

The current principal risks facing the Company and the main features of the risk management systems employed by AIFM and the Company to manage those risks are set out in the Strategic Report (Our Principal Risks), the Directors' Report and in notes 20 and 22 to the financial statements.

3. Leverage and borrowing

The Company is entitled to employ leverage in accordance with its investment policy and as described in the section entitled "POST BALANCE SHEET HIGHLIGHTS", the Chairman's Statement, the section entitled "FINANCIAL OVERVIEW" in the Strategic Report, and in notes 2, 20, 21 and 28 to the financial statements. Other than as disclosed therein, there were no changes in the Company's borrowing powers and policies.

4. Environmental, Social and Governance ("ESG") Issues and Regulation (EU) 2019/2099 on Sustainability-Related Disclosures in the Financial Services Sector (the "SFDR")

As a member of the JTC group of Companies, the AIFM's ultimate beneficial owner and controlling party is JTC Plc, a Jersey-incorporated company whose shares have been admitted to the Official List of the UK's Financial Conduct Authority and to trading on the London Stock Exchange's Main Market for Listed Securities (mnemonic JTC LN, LEI 213800DVUG4KLF2ASK33). In the conduct of its own affairs, the AIFM is committed to best practice in relation to ESG matters and has therefore adopted JTC Plc's ESG framework (the "ESG Framework") and a copy of the ESG Framework can be viewed on the AIFM's website at *https://www.jtcgroup.com/wp-content/themes/jtcgroup/dist/img/review-2019/pdfs/esg.pdf*.

From the perspective of the SFDR, although the AIFM is a non-EU AIFM, the Company is marketed into the EEA, so that the AIFM is required to comply with the SFDR in so far as it applies to the Company and the AIFM's management of the Company, which the Company has classified as being within the scope of Article 6 of the SFDR.

The AIFM and Atrato Capital Limited ("Atrato") as the Company's Alternative Investment Fund Manager and Investment Adviser respectively do consider ESG matters in their respective capacities, as explained in SUPR's prospectus dated 1 October, 2021, a copy of which can be found at 174243 Project Charlie – Online Guide (*supermarketincomereit.com*), as updated by SUPR's supplementary prospectus dated 7 April, 2022, a copy of which can be found at *77d474_705dd82df0b94e56b563d2685573b7ae.pdf* (*supermarketincomereit.com*).

Since the publication of those documents, the AIFM, Atrato and the Company have continued to enhance their collective approach to ESG matters and detailed reporting on (a) enhancements made to each party's policies, procedures and operational practices and (b) our collective future intentions and aspirations is included in the Sustainability and TCFD Aligned Report included in the Strategic Report this annual financial report.

The AIFM also has a comprehensive risk matrix (the "Matrix"), which is used to identify, monitor and manage material risks to which the Company is exposed, including ESG and sustainability risks, the latter being an environmental, social or governance event or condition that, if it occurred, could cause an actual or a potential material negative impact on the value of an investment. We also consider sustainability factors, those being environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

As at the date of this report, one subsidiary of JTC Plc is currently a U.N. Principles for Responsible Investment signatory. During the remainder of 2022 a project is underway to extend this across the JTC Group.

The AIFM is also cognisant of the announcement published by H.M. Treasury in the UK of its intention to make mandatory by 2025 disclosures aligned with the recommendations of the Task Force on Climate-Related Disclosures, with a significant proportion of disclosures mandatory by 2023. The AIFM also notes the roadmap and interim report of the UK's Joint Government-Regulator TCFD Taskforce published by H.M. Treasury on 9 November, 2020. The AIFM continues to monitor developments and intends to comply with the UK's regime to the extent either mandatory or desirable as a matter of best practice.

5. Remuneration of the AIFM's Directors and Employees

During the financial year under review, no separate remuneration was paid by the AIFM to its executive directors, Graham Taylor, Gregory Kok and James Tracey, because they were all employees of the JTC group of companies, of which the AIFM forms part. Matthew Tostevin is a non-executive director and is paid a fixed fee of £10,000 for acting as a director, attendance at all Board meetings and work performed as a director of the Company in the ordinary course of business. Subject to the prior approval of the Board of directors on each occasion, Mr Tostevin is paid additional remuneration on a time spent basis for services rendered to the Company which are not in the ordinary course of business. Other than the directors, the AIFM has no employees. The Company has no agreement to pay any carried interest to the AIFM. During the year under review, the Company paid £10,000 in fixed fees and £20,982.50 in variable remuneration to its directors.

During the Company's financial year, Messrs Kok and Tracey resigned as directors of the AIFM and Mr Kobus Cronje was appointed as a director. Mr Cronje is not paid any separate remuneration for acting as a director of the AIFM, because he is an employee of the JTC group of companies.

6. Remuneration of the AIFM Payable by the Company

The AIFM was during the year under review until 31 March, 2022 paid a fee of 0.04% per annum of the net asset value of the Company, subject to a minimum of £50,000 per annum, such fee being payable quarterly in arrears. With effect from 1 April, 2022, the AIFM reduced its fees on the net asset value of the Company over £1 billion to 0.03% of the net asset value over £1 billion. The total fees paid to the AIFM during the year under review were £327,413.15.

JTC Global AIFM Solutions Limited
Alternative Investment Fund Manager
20 September, 2022

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 Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company 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 REIT Plc (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 and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated cash flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the United Kingdom 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. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Directors in June 2017 to audit the financial statements for the 13-month period ended 30 June 2018 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the periods ended 30 June 2018 to 30 June 2022. We remain 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

We have reviewed the Directors' going concern assessment. Our work included:

- Using our knowledge of the Group and its market sector together with the current economic environment to assess the Directors' identification of the inherent risks to the Group's business and how these might impact the Group's ability to remain a going concern for the going concern period, being the period to 30 September 2023, which is at least 12 months from when the financial statements are authorised for issue;
- Obtaining an understanding of the Directors' process for assessing going concern including an understanding of the key assumptions used;
- We have reviewed the forecasts that support the Directors' going concern assessment and:
  - Assessing the Group's forecast cash flows with reference to budgeted and historic performance and challenging management's forecast assumptions in comparison to the current performance of the Group;
  - Agreeing the inputs into the forecasts to supporting documentation for reasonableness based on contractual agreements, where available;
  - Agreeing the Group's available borrowing facilities and the related covenants to supporting financing documentation and calculations;
- Analysing the sensitivities applied by the Directors' stress testing calculations and challenging the assumptions made using our knowledge of the business and of the current economic climate, to assess the reasonableness of the downside scenarios selected;
- Obtaining covenant calculations and forecast calculations to test for any potential future covenant breaches;
- Considering the covenant compliance headroom for sensitivity to both future changes in property valuations and the Group's future financial performance;

- Considering board minutes, and evidence obtained through the audit and challenging the Directors on the identification of any contradictory information in the forecasts and the resultant impact to the going concern assessment;
- Reviewing the disclosures in the financial statements relating to going concern to check that the disclosure is consistent with the circumstances.

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 and the 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.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

Coverage[13]	*100% (2021: 100%) of Group profit before tax* *100% (2021: 100%) of Group revenue* *100% (2021: 100%) of Group total assets* *100% (2021: 100%) of Group investment property*		
Key audit matters		2022	2021
	Valuation of investment properties	✓	✓
Materiality	*Group financial statements as a whole* £18 million (2021:£12.8 million) based on 1% of Group total assets (2021: 1% of Group total assets)		

13 These are areas which have been subject to a full scope audit by the Group engagement team

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates solely in the United Kingdom and in one segment, investment property, structured through a number of subsidiary entities and a joint venture. None of the subsidiaries or the joint venture were considered to be significant components and as such the audit approach included undertaking audit work on the key risks of material misstatements identified for the Group across the subsidiary entities and joint venture. The Group audit engagement team performed full scope audits in order to issue the Group and Parent Company audit opinion, including undertaking all of the audit work on the risks of material misstatement identified in the key audit matters section below. As a result of our audit approach, we achieved coverage of 100% of rental income and 100% of investment property valuations in respect of those property assets held directly by the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of investment properties As detailed in notes 12 and 14, the Group, directly or indirectly through its joint venture, owns a portfolio of investment properties which, as described in the accounting policy in note 2.8, are held at fair value in the Group financial statements. As described within Note 14, the Group's joint venture also holds a contractual receivable, the value of which is calculated with reference to the fair value of associated investment properties. As described in the significant accounting judgements, estimates and assumptions section of note 1, determination of the fair value of investment properties is a key area of estimation. The valuation of investment property and related disclosures requires significant judgement and estimates by the Directors and the independent valuer and is therefore considered a key audit matter due to the subjective nature of certain assumptions inherent in each valuation. Any input inaccuracies or unreasonable bases used in the valuation judgements (such as in respect of estimated rental value and yield profile applied) could result in a material misstatement of the income statement and statement of financial position. There is also a risk of fraud in relation to the valuation of the property portfolio where the Directors may influence the significant judgements and estimates in respect of property valuations in order to achieve property valuation and other performance targets to meet market expectations.	Our audit work included, but was not restricted to, the following: **Experience of the valuer and relevance of its work** • We assessed the competency, qualifications, independence and objectivity of the independent external valuer engaged by the Group and reviewed the terms of their engagement for any unusual arrangements, limitations in the scope of their work or evidence of Management bias. • Real estate experts within our team read the valuation reports and confirmed that all valuations had been prepared in accordance with applicable valuation guidelines and were therefore appropriate for determining the carrying value in the Group's financial statements. **Data provided to the valuer** • We validated the underlying data provided to the valuer by the Investment Adviser. This data included key observable inputs such as current rent and lease term, which we agreed to the executed lease agreements as part of our audit work covering 100% of the population. **Assumptions and estimates used by the valuer** • We developed yield expectations for each property using available independent industry data, reports and comparable transactions in the market around the period end. • We evaluated the other key valuation assumptions, being the market rental values, by reference to industry data, taking into account the location and specifics of each property. • We then discussed both the assumptions used and the valuation movement in the period with the Investment Adviser, the Chair of the Audit Committee and the independent valuer. Where the valuation was outside of our expected range we challenged the independent valuer on specific assumptions and reasoning for the yields and/or market rents applied and corroborated their explanations where relevant, including agreeing to third-party documentation. • We consulted with internal RICS-qualified experts as part of setting our expectations. They also attended the audit meetings with the Group's valuers to assist us in assessing that explanations provided were appropriate and in line with market knowledge. **Related disclosures in the financial statements** • We reviewed the appropriateness of the Group's disclosures within the financial statements in relation to valuation methodology, key valuation assumptions and valuation sensitivity. **Key observations:** Based on our work we have not noted any material instance which may indicate that the assumptions adopted by the Directors in the valuation were not reasonable or that the methodology applied was inappropriate

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Materiality	**18**	12.8	**13.3**	9.0
Basis for determining materiality	Materiality for the Group and Parent Company's financial statements was set at 1% of total assets (2021: 1%). This provides a basis for determining the nature and extent of our risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature and extent of further audit procedures			
Rationale for the benchmark applied	We determined that total assets would be the most appropriate basis for determining overall materiality as we consider it to be the principal considerations for the users of the financial statements in assessing the financial performance of the Group.			
Performance materiality	**13.5**	9.6	**10**	6.7
Basis for determining performance materiality	Performance materiality is set at an amount to reduce to an appropriate low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. On the basis of our risk assessment, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality for the Group should be 75% (2021: 75%) of materiality. We determined that the same measure as the Group was appropriate for the Parent Company.			

Specific materiality

We also determined that for other account balances and classes of transactions that impact the calculation of European Public Real Estate Association ("EPRA") earnings, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined that specific materiality for these items should be £2.9 million (2021: £1.9 million), being 5% (2021: 5%) of EPRA earnings. EPRA earnings excludes the impact of the net surplus on revaluation of investment properties, including those held through joint ventures. We further applied a performance materiality level of 75% (2021: 75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £145,000 (2021: £95,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report 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.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 39; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 39 and 40.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on pages 60 and 61; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 55; • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 61; and • The section describing the work of the Audit Committee set out on pages 59 to 61.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
Directors' remuneration	In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are 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 Directors determine 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 Directors are 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 Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have 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 compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law, UK tax legislation (including the REIT regime requirements) and the UK Listing Rules, and we considered the extent to which non-compliance might have a material effect on the Group financial statements.
- In order to address the risk of non-compliance with the REIT regime, we considered a report from the Group's external adviser, detailing the actions that the Group has undertaken to ensure compliance. This paper was reviewed, and the assumptions challenged, by our own internal expert.

- We 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 the Directors that represented a risk of material misstatement due to fraud. This included evaluating any management bias within the valuation of investment property, as mentioned under the key audit matters subheading
- The fraud risk around revenue recognition was addressed by inspecting signed lease agreements to recalculate the annual turnover and agreeing cash receipts to bank statement to check customers exist and that the management information did agree for a sample of tenants.
- We agreed all bank balances and loans to direct bank confirmations and agreements.
- Our tests included agreeing the financial statement disclosures to underlying supporting documentation where relevant, review of Board and Committee meeting minutes, enquiries with management and the Directors as to the risks of non-compliance and any instances thereof, and we considered the appropriateness of the design and implementation of controls around procurement fraud.
- We made enquiries of the Directors as to whether there were any known or suspected instances of fraud in the year, or since the year end.

There is also a risk of fraud in relation to the valuation of the investment property portfolio where the Directors may influence the significant judgements and estimates in respect of investment property valuations in order to achieve property valuation and other performance targets (as set out in the Key audit matter section above).

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: *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.

Thomas Edward Goodworth (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
20 September 2022

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	As at 30 June 2022 £000	Year to 30 June 2021 £000
Gross rental income	3	**72,363**	48,156
Service charge income	3	**2,086**	830
Service charge expense	4	**(2,338)**	(1,044)
Net Rental Income		**72,111**	**47,942**
Administrative and other expenses	5	**(13,937)**	(9,262)
Operating profit before changes in fair value of investment properties and share of income from joint venture		**58,174**	**38,680**
Changes in fair values of investment properties and associated rent guarantees	12	**21,820**	36,288
Share of income from joint venture	14	**43,301**	15,506
Total share of income from joint venture		**43,301**	**15,506**
Operating profit		**123,295**	**90,474**
Finance expense	8	**(12,992)**	(8,518)
Profit before taxation		**110,303**	**81,956**
Tax charge for the year	9	**–**	–
Profit for the year		**110,303**	**81,956**
Items to be reclassified to profit or loss in subsequent periods			
Fair value movements in interest rate derivatives	20	**5,566**	1,569
Total comprehensive income for the year		**115,869**	**83,525**
Total comprehensive income for the year attributable to ordinary Shareholders		**115,869**	**83,525**
Earnings per share – basic and diluted	10	**11.3 pence**	12.6 pence

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	As at 30 June 2022 £000	As at 30 June 2021 £000
Non-current assets			
Property, plant and equipment		**129**	129
Investment properties	12	**1,561,590**	1,148,380
Investment in joint ventures	14	**177,140**	130,321
Contract fulfilment asset	17	**93**	85
Financial asset at amortised cost	16	**10,626**	–
Interest rate derivatives	20	**5,114**	763
Total non-current assets		**1,754,692**	**1,279,678**
Current assets			
Financial assets held at fair value through profit and loss	15	**283**	237
Trade and other receivables	18	**1,863**	3,140
Cash and cash equivalents		**51,200**	19,579
Total current assets		**53,346**	**22,956**
Total assets		**1,808,038**	**1,302,634**
Non-current liabilities			
Bank borrowings	21	**348,546**	409,684
Interest rate derivatives	20	**–**	1,210
Total non-current liabilities		**348,546**	**410,894**
Current liabilities			
Deferred rental income		**16,360**	12,061
Trade and other payables	19	**10,677**	8,369
Total current liabilities		**27,037**	**20,430**
Total liabilities		**375,583**	**431,324**
Net assets		**1,432,455**	**871,310**
Equity			
Share capital	23	**12,399**	8,107
Share premium reserve	23	**494,174**	778,859
Capital reduction reserve	23	**778,859**	–
Retained earnings		**141,909**	84,796
Cash flow hedge reserve		**5,114**	(452)
Total equity		**1,432,455**	**871,310**
Net asset value per share – basic and diluted	27	**116 pence**	108 pence
EPRA NTA per share	27	**115 pence**	**108 pence**

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 20 September 2022 and were signed on its behalf by:

Nick Hewson
Chairman
20 September 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Share capital £000	Share premium reserve £000	Cash flow hedge reserve £000	Capital reduction reserve £000	Retained earnings £000	Total £000
As at 1 July 2021	**8,107**	**778,859**	**(452)**	**–**	**84,796**	**871,310**
Comprehensive income for the year						
Profit for the year	–	–	–	–	110,303	110,303
Other comprehensive income	–	–	5,566	–	–	5,566
Total comprehensive income for the year	**–**	**–**	**5,566**	**–**	**110,303**	**115,869**
Transactions with owners						
Ordinary shares issued at a premium during the year	4,292	504,539	–	–	–	508,831
Share premium cancellation to capital reduction reserve	–	(778,859)	–	778,859	–	–
Share issue costs		(10,365)	–	–	–	(10,365)
Interim dividends paid	–	–	–	–	(53,190)	(53,190)
As at 30 June 2022	**12,399**	**494,174**	**5,114**	**778,859**	**141,909**	**1,432,455**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Share capital £000	Share premium reserve £000	Cash flow hedge reserve £000	Capital reduction reserve £000	Retained earnings £000	Total £000
As at 1 July 2020	**4,735**	**436,126**	**(2,021)**	**–**	**38,321**	**477,161**
Comprehensive income for the year						
Profit for the year	–	–	–	–	81,956	81,956
Other comprehensive income	–	–	1,569	–	–	1,569
Total comprehensive income for the year	**–**	**–**	**1,569**	**–**	**81,956**	**83,525**
Transactions with owners						
Ordinary shares issued at a premium during the year	3,372	350,132	–	–	–	353,504
Share issue costs	–	(7,399)	–	–	–	(7,399)
Interim dividends paid	–	–	–	–	(35,481)	(35,481)
As at 30 June 2021	**8,107**	**778,859**	**(452)**	**–**	**84,796**	**871,310**

CONSOLIDATED CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Operating activities			
Profit for the year (attributable to ordinary Shareholders)		110,303	81,956
Adjustments for:			
Changes in fair value of investment properties and associated rent guarantees	12	(21,820)	(36,288)
Movement in rent smoothing adjustments	3	(2,654)	(1,998)
Finance expense	8	12,992	8,518
Share of income from joint venture	14	(43,301)	(15,506)
Cash flows from operating activities before changes in working capital		55,520	36,682
Decrease/(increase) in trade and other receivables		1,277	(1,437)
(Increase)/decrease in rent guarantee receivables		(87)	185
Increase in deferred rental income		4,299	6,858
Increase in trade and other payables		2,004	516
Net cash flows from operating activities		63,013	42,804
Investing activities			
Acquisition of contract fulfilment assets	17	(8)	(85)
Acquisition of investment properties	12	(371,093)	(541,210)
Acquisition of other financial assets	16	(10,626)	(766)
Investment in joint venture	14	(3,518)	(58,734)
Capitalised acquisition costs		(17,603)	(28,752)
Net cash flows used in investing activities		(402,848)	(629,547)
Financing activities			
Proceeds from issue of Ordinary Share Capital	23	506,727	352,956
Costs of share issues	23	(10,366)	(7,399)
Bank borrowings drawn	21	402,922	582,961
Bank borrowings repaid	21	(464,029)	(298,300)
Loan arrangement fees paid		(2,187)	(3,211)
Bank interest paid		(9,846)	(5,578)
Bank commitment fees paid		(681)	(527)
Dividends paid to equity holders		(51,084)	(34,933)
Net cash flows from financing activities		371,456	585,969
Net movement in cash and cash equivalents in the year		31,621	(774)
Cash and cash equivalents at the beginning of the year		19,579	20,353
Cash and cash equivalents at the end of the year		51,200	19,579

1. Basis of preparation

General information

Supermarket Income REIT plc (the "Company") is a company registered in England and Wales with its registered office at The Scalpel 18th Floor, 52 Lime Street, London, United Kingdom EC3M 7AF. The principal activity of the Company and its subsidiaries (the "Group") is to provide its Shareholders with an attractive level of income together with the potential for capital growth by investing in a diversified portfolio of supermarket real estate assets in the UK.

At 30 June 2022 the Group comprised the Company and its wholly owned subsidiaries as set out in Note 13.

Basis of preparation

These consolidated financial statements cover the year to 30 June 2022, including comparative figures relating to the year to 30 June 2021, and include the results and net assets of the Group.

The consolidated financial statements have been prepared in accordance with:

- UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards,
- The Disclosure and Transparency Rules of the Financial Conduct Authority.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, other than where new policies that were not previously relevant to the Group's operations have been adopted.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted international accounting standards in its consolidated financial statements for the year commencing 1 July 2021. There was no impact or changes in accounting policies from the transition.

Going concern

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 Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Group's and Company's financial statements for the year ended 30 June 2022. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council.

During the period covered by this report, the Group raised a total of £506.7 million from the issue of equity shares and a further £180.0 million of debt; being £150.0 million under the Barclays/RBC Bank facility and increases to the existing HSBC RCF and Deka loan facility of £10.0 million and £20.0 million respectively (see note 21 for further information). All financial covenants have been met to date.

In July 2022, the Company arranged a new £412.1 million unsecured with a bank syndicate comprising Barclays, Royal Bank of Canada, Wells Fargo and Royal Bank of Scotland International, of which £255 million was used to refinance existing secured commitments (See note 29 for further information).

In September 2022, the HSBC RCF facility that was due to mature in August 2023 was extended by a further two years to mature in August 2025.

The Group generated net cash flow from operating activities in the period of £63.0 million, with its cash balances at 30 June 2022 totalling £51.2 million. The Group had no capital commitments or contingent liabilities as at the year-end date.

As at the date of issuance of these consolidated financial statements, all contractual grocery rent for the March and June quarters has been collected in full; similarly, over 99.5% from non-grocery units has been collected or recovered under vendor provided rental guarantees.

The Group benefits from a secure income stream from its property assets that are let to tenants with excellent covenant strength, and are critical to the UK grocery infrastructure, under long leases that are subject to upward only rent reviews.

£59.4 million of the Group's BLB loan facility falls due in July 2023. The Directors expect this facility to be refinanced in advance of its expiry however it is also noted that the Group has sufficient headroom in its existing facilities to repay this facility in full if required. As mentioned above the Group successfully raised additional debt financing in July 2022.

As a result, the Directors believe that the Group is well placed to manage its financing and other business risks and that the Group will remain viable, continuing to operate and meet its liabilities for the foreseeable future, being the period to 30 September 2023, which is at least a period of 12 months from the date of approval of the financial statements. The Directors are therefore of the opinion that the going concern basis adopted in the preparation of the financial statements is appropriate.

Accounting convention and currency

The consolidated financial statements (the "financial statements") have been prepared on a historical cost basis, except that investment properties, rental guarantees and interest rate derivatives are measured at fair value.

The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£'000), except where otherwise indicated. Pounds Sterling is the functional currency of the Company and the presentation currency of the Group.

1. Basis of preparation continued

Adoption of new and revised standards

In the current financial year, the Group has adopted a number of minor amendments to standards effective in the year issued by the IASB, none of which have had a material impact on the Group.

The Interest Rate Benchmark Reform – IBOR 'phase 2' amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 provide a practical expedient to account for changes in the basis for determining contractual cash flows of financial assets and financial liabilities as a result of IBOR reform. Under the practical expedient, entities will account for these changes by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9 without the recognition of an immediate gain or loss. This practical expedient applies only to such a change and only to the extent that it is necessary as a direct consequence of interest rate benchmark reform, and the new basis is economically equivalent to the previous basis.

There was no material effect from the adoption of other amendments to IFRS effective in the year. They have no significant impact on the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Standards and interpretations in issue not yet adopted

The following are new standards, interpretations and amendments, which are not yet effective, and have not been early adopted in this financial information, that will or may have an effect on the Group's future financial statements:

- Amendments to IAS 1 which are intended to clarify the requirements that an entity applies in determining whether a liability is classified as current or non-current. The amendments are intended to be narrow-scope in nature and are meant to clarify the requirements in IAS 1 rather than modify the underlying principles. The Group will review the further amendments when they are issued (expected November 2022), at this stage, based on communications from the IASB to date there is not expected to be a material impact on the classification of liabilities as current or non-current on the Statement of Financial Position

The amendments include clarifications relating to:

  - How events after the end of the reporting period affect liability classification
  - What the rights of an entity must be in order to classify a liability as non-current
  - How an entity assesses compliance with conditions of a liability (e.g. bank covenants)
  - How conversion features in liabilities affect their classification

The amendments were originally effective for periods beginning on or after 1 January 2022 which was then deferred to 1 January 2023.

The IASB has proposed further amendments in an exposure draft that was issued in November 2021, as part of these further amendments the effective date is proposed to be deferred to 1 January 2024. The Group will review the further amendments when they are issued (expected November 2022), at this stage, based on communications from the IASB to date there is not expected to be a material impact on the classification of liabilities as current or non-current on the Statement of Financial Position.

- Amendments to IFRS 3 Business Combinations and IAS 8 Accounting policies (effective for periods beginning on or after 1January 2022)

There are other new standards and amendments to standards and interpretations which have been issued that are effective in future accounting periods, and which the Group has decided not to adopt early. None of these are expected to have a material impact on the condensed consolidated financial statements of the Group.

Significant accounting judgements, estimates and assumptions

The preparation of these financial statements in accordance with IFRS requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements.

Key estimate: Fair value of investment properties

The fair value of the Group's investment properties 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 and compliant with IFRS 13 "Fair Value Measurement."

The independent valuer did not include any material valuation uncertainty clause in relation to the valuation of the Group's investment property for 30 June 2022 or 30 June 2021.

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 properties include the length of property leases, the location of the properties and the strength of tenant covenants.

The fair value of the Group's investment properties as determined by the independent valuer, along with the significant methods and assumptions used in estimating this fair value, are set out in note 12.

1. Basis of preparation continued

Key judgement: Joint ventures – joint control

In prior years, the Group entered into a 50:50 joint venture with the British Airways Pension Trustees Limited to acquire 100% of the issued share capital in Horndrift Limited for a combined total consideration of £102 million plus costs. The joint venture also acquired 100% of the issued share capital in Cornerford Limited for a combined total consideration of £115 million plus costs (together "the Joint Venture Interest").

Horndrift Limited and Cornerford Limited each hold a 25.2% beneficial interest in a property trust arrangement/bond securitisation structure (the "Structure") which previously held a portfolio of 26 Sainsbury's supermarket properties funded by bonds which mature in 2023. During the year, Sainsbury's exercised options to acquire 21 of these stores within the Structure and it has been determined that the exercise of the purchase options by Sainsbury's resulted in the performance obligation being satisfied for a sale of the properties in accordance with IFRS 15. The Joint Venture is deemed to hold a contractual receivable from Sainsbury's plc in respect of these 21 properties, with the cash proceeds expected to be received during the course of 2023. The remaining five stores continue to be held as Investment Properties within the Joint Venture.

The classification and accounting treatment of the Joint Venture Interest in the property trust arrangement in the Group's consolidated financial statements is subject to significant judgement. By reference to the contractual arrangements and deeds that regulate the Structure, it was necessary to determine whether the Joint Venture Interest, together with the other key parties of the Structure had the ability to jointly control the Structure through their respective rights as defined by the contractual arrangements and deeds of the Structure. The review of the Joint Venture Interest and the other key parties' rights required significant judgement in assessing whether the rights identified were substantive as defined by IFRS 10 Consolidated Financial Statements, principally in respect of whether there were any economic barriers that prevent the joint venture investment or the other key parties from exercising their rights. Through assessing the expected possible outcomes either before or upon maturity of the Structure it was determined that there were no significant economic barriers that would prevent Horndrift Limited, Cornerford Limited or the other key parties from exercising their rights under the contractual arrangements and deeds of the Structure.

The Directors therefore concluded that through its Joint Venture Interest, the Group indirectly has joint control of the Structure as defined by IFRS 10 Consolidated Financial Statements. As such the Group's interest in the Structure is accounted for using the equity method of accounting under IAS 28.

Key judgement: Acquisition of investment properties

The Group has acquired and intends to acquire further investment properties. At the time of each purchase the Directors assess whether an acquisition represents the acquisition of an asset or the acquisition of a business.

Under the Definition of a Business (Amendments to IFRS 3 "Business Combinations"), to be considered as a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The optional 'concentration test' is also applied, where if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

During the year, the group completed 10 acquisitions. In 10 cases the concentration test was applied and met, resulting in the acquisitions being accounted for as asset purchases.

All £371.1 million of acquisitions during the year were accounted for as asset purchases.

Key judgement: Acquisition of financial assets at amortised cost

The Group has acquired properties under a sale and leaseback arrangement. At the time of the purchase the Directors assess whether the acquisition represents the acquisition of an investment property or a financial asset.

Under IFRS 15, for the transfer of an asset to be accounted for as a true sale, satisfying a performance obligation of transferring control of an asset must be met for this to be deemed a property transaction and accounted for under IFRS 16. If not, it is accounted for as an asset under IFRS 9.

During the year, the Group acquired a property under a sale and leaseback arrangement with a Big Four Supermarket Operator. In this case, it was deemed that as the lease was for a significant part of the asset's useful economic life, control was not passed and the asset was therefore accounted for under IFRS 9 as an amortised cost asset.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below.

2.1 Basis of consolidation

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.

2. Summary of significant accounting policies 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.

2.2 Segmental information

The Directors are of the opinion that the Group is currently engaged in a single segment business, being investment in United Kingdom in supermarket property assets; the non-supermarket properties are ancillary in nature to the supermarket property assets and are therefore not segmented.

2.3 Rental income

Rental income arising on investment properties is accounted for in profit or loss on a straight-line basis over the lease term, as adjusted for the following:

- Any rental income from fixed and minimum guaranteed rent review uplifts is recognised on a straight-line basis over the lease term, variable lease uplift calculations are not rebased when a rent review occurs and the variable payment becomes fixed;
- Lease incentives are spread evenly over the lease term, even if payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Contingent rents, such as those arising from indexed-linked rent uplifts or market-based rent reviews, are recognised in the period in which they are earned.

Where income is recognised in advance of the related cash flows due to fixed and minimum guaranteed rent review uplifts or lease incentives, an adjustment is made to ensure that the carrying value of the relevant property, including the accrued rent relating to such uplifts or lease incentives, does not exceed the external valuation.

Rental income is invoiced in advance with that element of invoiced rental income that relates to a future period being included within deferred rental income in the consolidated statement of financial position.

Leases classified under IFRS 9 as financial assets recognise income received from the tenant between finance income and a reduction of the asset value, based on the interest rate implicit in the lease.

2.4 Finance expense

Finance expenses 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 Group incurs in connection with bank borrowings, are expensed in the period to which they relate.

2.5 Administrative and other expenses

Administrative and other expenses, including the investment advisory fees payable to the Investment Adviser, are recognised as a profit or loss on an accruals basis.

2.6 Dividends payable to Shareholders

Dividends to the Company's Shareholders are recognised when they become legally payable, as a reduction in equity in the financial statements. Interim equity dividends are recognised when paid. Final equity dividends will be recognised when approved by Shareholders at an AGM.

2.7 Taxation

Non-REIT taxable income

Taxation on the Group's profit or loss for the year 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 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.

Entry to the UK-REIT regime

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

The 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.

2. Summary of significant accounting policies continued

2.8 Investment properties

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

Investment properties are 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. Where the purchase price (or proportion thereof) of an investment property is settled through the issue of new ordinary shares in the Company, the number of shares issued is such that the fair value of the share consideration is equal to the fair value of the asset being acquired. Transaction costs include transfer taxes and professional fees for legal services. Any subsequent capital expenditure incurred in improving investment properties 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 properties are measured at fair value, with gains and losses recognised in profit or loss in the period in which they arise.

Gains and losses on disposals of investment properties 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.

Initially, rental guarantees are recognised at their fair value and separated from the purchase price on initial recognition of the property being purchased. They are subsequently measured at their fair value at each reporting date with any movements recognised in the profit or loss.

2.9 Joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. The Group's joint ventures are arrangements in which the partners have joint control and rights to the net assets of the arrangement. Investments in joint ventures are carried in the statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment or share of income adjusted for dividends. In assessing whether a particular entity is controlled, the Group considers the same principles as control over subsidiaries as described in note 2.1.

2.10 Property, plant and equipment

Property, plant and equipment comprises of rooftop solar panels. Rooftop solar panels are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised over the useful lives of the equipment, using the straight-line method at a rate of between 25-30 years depending on the useful economic life.

Residual value is reviewed at least at each financial year and there is no depreciable amount if residual value is the same as, or exceeds, book value. Any gain or loss arising on the disposal of the rooftop solar panels are determined as the difference between the sales proceeds and the carrying amount of the asset.

2.11 Financial assets and liabilities

Financial assets and liabilities are recognised when the relevant Group entity becomes a party to the unconditional contractual terms of an instrument. Unless otherwise indicated, the carrying amounts of financial assets and liabilities are considered by the Directors to be reasonable estimates of their fair values.

Financial assets

Financial assets are recognised initially at their fair value. All of the Group's financial assets, except interest rate derivatives, are held at amortised cost using the effective interest method, less any impairment.

For assets where changes in cash flows are linked to changes in an inflation index, the Group updates the effective interest rate at the end of each reporting period and this is reflected in the carrying amount of the asset each reporting period until the asset is derecognised.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and short-term deposits in banks with an original maturity of three months or less.

Trade and other receivables

Trade and other receivables, including rents receivable, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provisions for impairment are calculated using an expected credit loss model. Balances will be written-off in profit or loss in circumstances where the probability of recovery is assessed as being remote.

Trade and other payables

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

Bank borrowings

Bank borrowings are initially recognised at fair value net of attributable transaction costs. After initial recognition, bank borrowings are subsequently measured at amortised cost, using the effective interest method. The effective interest rate is calculated to include all associated transaction costs.

2. Summary of significant accounting policies continued

In the event of a modification to the terms of a loan agreement, the Group considers both the quantitative and qualitative impact of the changes. Where a modification is considered substantial, the existing facility is treated as settled and the new facility is recognised. Where the modification is not considered substantial, the carrying value of the liability is restated to the present value of the cash flows of the modified arrangement, discounted using the effective interest rate of the original arrangement. The difference is recognised as a gain or loss on refinancing through the statement of comprehensive income.

Derivative financial instruments and hedge accounting
The Group's derivative financial instruments currently comprise of interest rate swaps. These are designated as hedging instruments for which hedge accounting is being applied as under IAS 39. These instruments are used to manage the Group's cash flow interest rate risk.

The instruments are initially recognised at fair value on the date that the derivative contract is entered into, being the cost of any premium paid at inception, and are subsequently re-measured at their fair value at each reporting date.

Fair value measurement of derivative financial instruments
The fair value of derivative financial instruments is the estimated amount that the Group would receive or pay to terminate the agreement at the period end date, taking into account current interest rate expectations and the current credit rating of the relevant group entity and its counterparties.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole.

A number of assumptions are used in determining the fair values including estimations over future interest rates and therefore future cash flows. The fair value represents the net present value of the difference between the cash flows produced by the contract rate and the valuation rate.

Hedge accounting
At the inception of a hedging transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking the hedging transaction.

The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Assuming the criteria for applying hedge accounting continue to be met the effective portion of gains and losses on the revaluation of such instruments are recognised in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of such gains and losses will be recognised in profit or loss within finance income or expense as appropriate. The cumulative gain or loss recognised in other comprehensive income is reclassified from the cash flow hedge reserve to profit or loss (finance expense) at the same time as the related hedged interest expense is recognised.

2.12 Equity instruments
Equity instruments issued by the Company are recorded at the amount of the proceeds received, net of directly attributable issue costs. Costs not directly attributable to the issue are immediately expensed in profit or loss.

Further details of the accounting for the proceeds from the issue of shares in the period are disclosed in note 23.

2.13 Fair value measurements and hierarchy
Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market. It is based on the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. A fair value measurement of a non-financial asset takes into account the best and highest value use for that asset.

The fair value hierarchy to be applied under IFRS 13 is as follows:
Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are carried at fair value and which will be recorded in the financial information on a recurring basis, the Group will determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

3. Gross rental income

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Rental income - freehold property	44,332	29,679
Rental income - long leasehold property	28,031	18,477
Gross rental income	**72,363**	**48,156**

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Property insurance recoverable	449	251
Service charge recoverable	1,637	579
Total property insurance and service charge income	**2,086**	**830**
Total property income	**74,449**	**48,986**

Included within rental income is a £2,654,000 (2021: £1,998,000) rent smoothing adjustment that arises as a result of IFRS 16 'Leases' requiring that rental income in respect of leases with rents increasing by a fixed percentage be accounted for on straight-line basis over the lease term. During the year this resulted in an increase in rental income and an offsetting entry being recognised in profit or loss as an adjustment to the investment property revaluation.

On an annualised basis, rental income comprises £34,420,000 (2021: £27,012,000) relating to the Group's largest tenant, £24,265,000 (2021: £17,271,000) relating to the Group's second largest tenant and £6,272,000 (2021: £5,340,000) relating to the Group's third largest tenant. There were no further tenants representing more than 10% of annualised gross rental income during either year.

4. Service charge expense

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Property insurance expenses	639	379
Service charge expenses	1,699	665
Total property insurance and service charge expense	**2,338**	**1,044**

5. Administrative and other expenses

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Investment Adviser fees (Note 28)	9,405	6,255
Directors' remuneration (Note 7)	269	260
Corporate administration fees	893	676
Legal and professional fees	2,249	916
Other administrative expenses	1,121	1,155
Total administrative and other expenses	**13,937**	**9,262**

The fees relating to the issue of shares in the year have been treated as share issue expenses and offset against the share premium reserve.

6. Operating profit

Operating profit is stated after charging fees for:

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Audit of the Company's consolidated and individual financial statements	190	155
Audit of subsidiaries, pursuant to legislation	64	78
Total audit services	**254**	**233**
Audit related services: interim review	32	31
Total audit and audit related services	**286**	**264**

The Group's auditor also provided the following services in relation to the placing of share capital, the fees for which have been recognised within equity as a deduction from share premium:

6. Operating profit continued

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Other non-audit services: corporate finance services in connection with the October 2021 and April 2022 placings	78	–
Other non-audit services: corporate finance services in connection with the transition to premium segment of LSE	45	–
Other non-audit services: corporate finance services in connection with the October 2020 and May 2021 placings	–	90
Total other non-audit services	123	90
Total fees charged by the Group's auditor	409	354

7. Directors' remuneration

The Group had no employees in the current or prior year. The Directors, who are the key management personnel of the Company, are appointed under letters of appointment for services. Directors' remuneration, all of which represents fees for services provided, was as follows:

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Directors' fees	245	240
Employer's National Insurance Contribution	24	20
Total Directors' remuneration	269	260

The highest paid Director received £70,000 (2021: £70,000) for services during the year.

8. Finance expense

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Interest payable on bank borrowings and hedging arrangements	9,565	5,810
Fair value adjustment of interest rate derivatives (Note 20)	296	706
Commitment fees payable	969	532
Amortisation of loan arrangement fees	2,157	1,442
Amortisation of interest rate derivative premium (Note 20)	5	28
Total finance expense	12,992	8,518

The above finance expense includes the following in respect of liabilities not classified as fair value through profit and loss:

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Total interest expense on financial liabilities held at amortised cost	11,723	7,252
Fee expense not part of effective interest rate for financial liabilities held at amortised cost	969	532
Total finance expense	12,692	7,784

9. Taxation

A) Tax charge in profit or loss

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Corporation tax	–	–

B) Total tax expense

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Tax charge in profit and loss as per the above	–	–
Share of tax expense of equity accounted joint ventures	987	511
Total tax expense	987	511

The Company and its subsidiaries operate 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 the Company, the Group's qualifying activity and the Group's balance of business. Since the 21 December 2017 the Group has met all such applicable conditions.

The reconciliation of the profit before tax multiplied by the standard rate of corporation tax for the period of 19% to the total tax charge is as follows:

C) Reconciliation of the total tax charge for the year

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Profit on ordinary activities before taxation	110,303	81,956
Theoretical tax at UK standard corporation tax rate of 19%	20,958	15,572
Effects of:		
Investment property revaluation not taxable	(4,146)	(6,895)
REIT exempt income	(16,812)	(8,677)
Share of tax expense of equity accounted joint ventures	987	511
Total tax expense for the year	**987**	**511**

UK REIT exempt income includes property rental income that is exempt from UK corporation tax in accordance with Part 12 of CTA 2010.

10. Earnings per share

Earnings per share (EPS) amounts are calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The European Public Real Estate Association ("EPRA") publishes guidelines for calculating adjusted earnings on a comparable basis. EPRA EPS is a measure of EPS designed by EPRA to enable entities to present underlying earnings from core operating activities, which excludes fair value movements on investment properties and negative goodwill.

The calculation of basic, diluted and EPRA EPS is as follows:

1 Based on the weighted average number of ordinary shares in issue

For the year ended 30 June 2022	Net profit attributable to ordinary Shareholders £000	Weighted average number of ordinary shares[1] Number	Earnings/ per share Pence
Basic and diluted EPS	110,303	975,233,858	11.3
Adjustments to remove:			
Changes in fair value of investment properties and rent guarantees	(21,820)	–	(2.2)
Group share of changes in fair value of joint venture investment properties	6,021	–	0.6
Group share of gain on disposal of joint venture investment properties	(37,102)	–	(3.8)
EPRA EPS	**57,402**	**975,233,858**	**5.9p**

10. Earnings per share continued

For the year ended 30 June 2021	Net profit attributable to ordinary Shareholders £000	Weighted average number of ordinary shares[1] Number	Earnings/ per share Pence
Basic and diluted EPS	81,956	652,828,945	12.6
Adjustments to remove:			
Changes in fair value of investment properties and rent guarantees	(36,288)	–	(5.6)
Group share of changes in fair value of joint venture investment properties	(5,619)	–	(0.9)
Group share of negative goodwill from joint venture investment	(3,265)	–	(0.5)
EPRA EPS	**36,784**	**652,828,945**	**5.6p**

1 Based on the weighted average number of ordinary shares in issue.

11. Dividends

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Amounts recognised as a distribution to ordinary Shareholders in the year:		
Dividends paid	**53,190**	35,481

On 8 July 2021, the Board declared a fourth interim dividend for the year ended 30 June 2021 of 1.465 pence per share, which was paid on 7 August 2021 to Shareholders on the register on 16 July 2021.

On 23 September 2021 the Board declared a first interim dividend for the year ended 30 June 2022 of 1.485 pence per share, which was paid on 16 November 2021 to Shareholders on the register on 8 October 2021.

On 10 January 2022, the Board declared a second interim dividend for the year ended 30 June 2022 of 1.485 pence per share, which was paid on 25 February 2022 to Shareholders on the register on 21 January 2022.

On 6 April 2022, the Board declared a third interim dividend for the year ended 30 June 2022 of 1.485 pence per share, which was paid on 27 May 2022 to Shareholders on the register on 22 April 2022.

On 8 July 2022, the Board declared a fourth interim dividend for the year ended 30 June 2022 of 1.485 pence per share, which was paid on 22 August 2022 to Shareholders on the register on 15 July 2022. This has not been included as a liability as at 30 June 2022.

12. Investment properties

In accordance with IAS 40 "Investment Property", the Group's investment properties have been independently valued at fair value by Cushman & Wakefield, an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued. The valuations have been prepared in accordance with the RICS Valuation – Global Standards (the "Red Book") and incorporate the recommendations of the International Valuation Standards Committee which are consistent with the principles set out in IFRS 13.

The independent valuer in forming its opinion on valuation makes a series of assumptions. As explained in note 2, all the valuations of the Group's investment property at 30 June 2022 are classified as 'level 3' in the fair value hierarchy defined in IFRS 13.

The valuations are ultimately the responsibility of the Directors. Accordingly, the critical assumptions used in establishing the independent valuation are reviewed by the Board.

	Freehold £000	Long Leasehold £000	Total £000
At 1 July 2021	723,540	424,840	1,148,380
Property additions	150,363	220,447	370,810
Capitalised acquisition costs	7,825	9,778	17,603
Revaluation movement	22,122	2,675	24,797
Valuation at 30 June 2022	**903,850**	**657,740**	**1,561,590**

12. Investment properties continued

	Freehold £000	Long Leasehold £000	Total £000
At 1 July 2020	244,030	295,380	539,410
Property additions	438,710	102,500	541,210
Capitalised acquisition costs	23,331	5,799	29,130
Revaluation movement	17,469	21,161	38,630
Valuation at 30 June 2021	**723,540**	**424,840**	**1,148,380**

There were 10 property acquisitions during the period, of which two were purchased through the acquisition of a corporate structure, rather than acquiring the asset directly. All corporate acquisitions during the year have been treated as asset purchases rather than business combinations because they are considered to be acquisitions of properties rather than businesses.

Included within the carrying value of investment properties at 30 June 2022 is £6,212,000 (2021: £3,558,000) in respect of the smoothing of fixed contractual rent uplifts as described in note 3. The difference between rents on a straight-line basis and rents actually receivable is included within the carrying value of the investment properties but does not increase that carrying value over fair value. The effect of this adjustment on the revaluation movement for the period is as follows:

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Revaluation movement per above	**24,797**	38,630
Rent smoothing adjustment (note 3)	**(2,654)**	(1,998)
Movements in associated rent guarantees (note 15)	**(323)**	(344)
Change in fair value recognised in profit or loss	**21,820**	**36,288**

Valuation techniques and key unobservable inputs

Valuation techniques used to derive fair values

The valuations have been prepared on the basis of market value which is defined in the RICS Valuation Standards as 'the estimated amount for which an asset or liability should exchange on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'. Market value as defined in the RICS Valuation Standards is the equivalent of fair value under IFRS.

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

Unobservable inputs

Significant unobservable inputs include: the estimated rental value ("ERV") based on market conditions prevailing at the valuation date and net initial yield. Other unobservable inputs include but are not limited to the future rental growth - the estimated average increase in rent based on both market estimations and contractual situations, and the physical condition of the individual properties determined by inspection.

A decrease in ERV would decrease the fair value. A decrease in net initial yield would increase the fair value.

Sensitivity of measurement of significant valuation inputs

As described in note 2 the determination of the valuation of the Group's investment property portfolio is open to judgement and is inherently subjective by nature.

Sensitivity analysis – impact of changes in net initial yields and rental values

Net initial yields of the Group's investment properties at 30 June 2022 range from 3.8% to 6.6% (2021: 3.9% to 6.2%). Rental values (being passing rents or ERV as relevant) on the Group's investment properties at 30 June 2022 range from £0.3 million to £4.2 million (2021: £0.4 million to £4.8 million).

The table below analyses the sensitivity on the fair value of investment properties for changes in rental values and net initial yields:

	+1% Rental value £m	–1% Rental value £m	+0.25% Net Initial Yield £m	–0.25% Net Initial Yield £m
(Decrease)/increase in the fair value of investment properties as at 30 June 2022	**15.6**	**(15.6)**	**(81.1)**	**90.7**
(Decrease)/increase in the fair value of investment properties as at 30 June 2021	11.5	(11.5)	(58.8)	65.6

13. Subsidiaries

The entities listed in the following table were the subsidiary undertakings of the Company at 30 June 2022 all of which are wholly owned. All but one subsidiary undertakings are incorporated in England with their registered office at The Scalpel 18th Floor, 52 Lime Street, London, United Kingdom EC3M 7AF. The remaining Company as stated below is incorporated in Jersey and has a registered office of 28 Esplanade, St. Helier, JE2 3QA, Jersey.

Company name	Holding type	Nature of business
Supermarket Income Investments UK Limited	Direct	Intermediate parent company
Supermarket Income Investments (Midco2) UK Limited	Direct	Intermediate parent company
Supermarket Income Investments (Midco3) UK Limited	Direct	Intermediate parent company
Supermarket Income Investments (Midco4) UK Limited	Direct	Intermediate parent company
SII UK Halliwell (MIDCO) LTD	Direct	Intermediate parent company
Supermarket Income Investments (Midco6) UK Limited	Direct	Intermediate parent company
SUPR Green Energy Limited	Direct	Energy provision company
Supermarket Income Investments UK (NO1) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO2) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO3) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO4) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO5) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO6) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO7) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO8) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO9) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO10) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO11) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO12) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO16) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO16a) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO16b) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO16c) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO17) Limited	Indirect	Property investment
TPP Investments Limited	Indirect	Property investment
T (Partnership) Limited	Indirect	Property investment
The TBL Property Partnership	Indirect	Property investment
Supermarket Income Investments UK (NO19) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO20) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO21) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO22) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO23) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO24) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO25) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO26) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO27) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO28) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO29) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO30) Limited	Indirect	Property investment
Supermarket Income Investments UK (NO31) Limited*	Indirect	Property investment
Supermarket Income Investments UK (NO32) Limited**	Indirect	Property investment
Supermarket Income Investments UK (NO33) Limited*	Indirect	Property investment
Supermarket Income Investments UK (NO34) Limited*	Indirect	Property investment
Supermarket Income Investments UK (NO35) Limited**^	Indirect	Property investment
Supermarket Income Investments UK (NO36) Limited*	Indirect	Property investment
Supermarket Income Investments UK (NO37) Limited*	Indirect	Property investment
Supermarket Income Investments UK (NO38) Limited*	Indirect	Property investment
SII UK Halliwell (No1) LTD	Indirect	Investment in Joint venture
SII UK Halliwell (No2) LTD	Indirect	Investment in Joint venture
SII UK Halliwell (No3) LTD	Indirect	Investment in Joint venture
SII UK Halliwell (No4) LTD	Indirect	Investment in Joint venture
SII UK Halliwell (No5) LTD	Indirect	Investment in Joint venture
SII UK Halliwell (No6) LTD	Indirect	Investment in Joint venture

* New subsidiaries incorporated during the year ended 30 June 2022 ** Subsidiaries acquired during the year ended 30 June 2022 ^ Jersey registered entity

13. Subsidiaries continued

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
SII UK Halliwell (MIDCO) LTD	12473355
SUPR Green Energy Limited	12890276
SII UK Halliwell (No1) LTD	12475261
SII UK Halliwell (No2) LTD	12475599
SII UK Halliwell (No3) LTD	12478141
SII UK Halliwell (No4) LTD	12604032
SII UK Halliwell (No5) LTD	12605175
SII UK Halliwell (No6) LTD	12606144

14. Investment in joint ventures

As at 30 June 2022 the Group has one joint venture investment. On the 28 May 2020, the Group entered into a 50:50 joint venture with the British Airways Pension Trustees Limited to acquire 100% of the issued share capital in Horndrift Limited for a combined total consideration of £102 million plus costs.

On the 17 February 2021, the joint venture also acquired 100% of the issued share capital in Cornerford Limited for a combined total consideration of £115 million plus costs. Further amounts have been advanced in the year to fund operating costs and taxation liabilities on a pro-rata basis with the other parties.

Horndrift and Cornerford Limited each hold a 25.2% share of certain beneficial interests in a property trust arrangement that holds a portfolio of 26 Sainsbury's supermarket properties funded by bonds which mature in 2023 (the "Structure"). Rental surpluses generated by the Structure are required to be applied in the repayment of the bonds and not therefore capable of being transferred to the joint venture or Group until those bonds have been repaid.

The Group deems this to be a joint venture, as through the Group's interest in Horndrift Limited and Cornerford Limited it indirectly has joint control of the structure.

Under the terms of the Horner (Jersey) LP (the "JV") Limited Partnership Agreement ("LPA"), an affiliate of the Investment Adviser, Atrato Halliwell Limited (the "Carry Partner"), has a carried interest entitlement over the investment returns from the JV's investment in the Structure. Under the terms of the LPA, once the Group and its JV partner have received a return equal to their total investment in the JV plus an amount equivalent to a 10% per annum preferred return on that investment, the Carry Partner is entitled to share in any further cash returns to be distributed by the JV. The Carry Partner's entitlement to share in cash returns in excess of the preferred return increases depending on the extent of those cash returns, up to a maximum entitlement of £15,000,000.

The Group has estimated the value of the Carry Partner's interest in the Group's share of the JV as at 30 June 2022 to be £7,500,000 (2021: £2,200,000). This has been determined by reference to the expected returns from the JV's investment in the Structure, assuming that the proceeds realised from the future sale of the properties held by within the Structure are equal to the independent valuations of those properties as at 30 June 2022. Accordingly, the Group's beneficial interest in the JV, and therefore the Group's share of the JV's net assets as at 30 June 2022, is estimated to amount to 47.9%.

The carried interest payments are only payable upon cash distributions from the JV to the Group. To date there have been no cash distributions received by the Group and therefore no carried interest payment has yet become payable.

Entity	Partner	Address and principal place of business	Ownership
Jersey			
Horner (Jersey) LP	British Airways Pensions Trustees Limited	Third Floor, Liberation House, Castle Street, St Helier, Jersey, JE1 2LH	50% owned by the Group
Horner REIT Limited		Third Floor, Liberation House, Castle Street, St Helier, Jersey, JE1 2LH	100% owned by Horner (Jersey) LP
United Kingdom			
Horndrift Limited		Langham Hall UK LLP, 1 Fleet Street, London, E4M 7RA	100% owned by Horner REIT Limited
Cornerford Limited		Langham Hall UK LLP, 1 Fleet Street, London, E4M 7RA	100% owned by Horner REIT Limited

14. Investment in joint ventures continued

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Opening balance	130,321	56,081
Acquired in the year	3,518	58,734
Negative goodwill arising on acquisition	–	–
Group's share of profit after tax	43,301	15,506
Closing balance	**177,140**	**130,321**

The joint venture entities have a 31 March year end. For accounting purposes consolidated management accounts have been prepared for the joint venture for the periods from acquisition to 30 June 2022 using accounting policies that are consistent with those of the Group.

The financial statements of Horner (Jersey) LP prepared on this basis would be as follows:

Statement of comprehensive income	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Share of income from joint venture	97,464	28,885
Negative goodwill	–	6,530
Profit for the period and total comprehensive income	**97,464**	**35,415**
Group's share of profit for the period	**43,301**	**15,506**

Statement of financial position	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Investment in joint venture	369,280	265,045
Net assets	**369,280**	**265,045**
Group's share of net assets	**177,140**	**130,320**

Horner (Jersey) LP's share of the aggregate amounts recognised in the consolidated statement of comprehensive income and statement of financial position of the Structure are as follows:

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Rental income	12,878	19,886
Finance income	15,988	–
Administrative and other expenses	(190)	(585)
Change in fair value of investment properties	(11,336)	13,259
Gain on disposal of investment properties	84,095	–
Operating profit	**101,435**	**32,560**
Finance expense	(1,996)	(2,470)
Profit before taxation	**99,439**	**30,090**
Tax charge for the period	(1,974)	(1,205)
Profit for the year	**97,465**	**28,885**

14. Investment in joint ventures continued

Non-current assets	As at 30 June 2022 £000	As at 30 June 2021 £000
Investment properties	37,005	477,447
Total non-current assets	**37,005**	**477,447**
Current assets		
Contractual receivable	530,481	–
Trade and other receivables	2,897	15,163
Cash and cash equivalents	–	–
Total current assets	**533,378**	**15,163**
Total assets	**570,383**	**492,610**
Non-current liabilities		
Debt securities in issue	176,243	190,788
Interest rate derivative	3,451	8,836
Deferred tax	4,196	11,048
Other liabilities	9,883	9,188
Total non-current liabilities	**193,773**	**219,860**
Current liabilities		
Trade and other payables	7,329	7,705
Total current liabilities	**7,329**	**7,705**
Total liabilities	**201,102**	**227,565**
Net assets	**369,281**	**265,045**

During the year, Sainsbury's exercised options to acquire 21 stores within the Structure. The purchase price under the options is determined based on the assumption of a new 20-year lease term at the higher of passing or open market rent, subject to upward-only, five yearly market rent reviews. The purchase price is subject to contractual negotiations and as at the year-end had not been agreed.

As the year end, the Group determined that the exercise of the purchase options by Sainsbury's Plc resulted in the performance obligation being satisfied for a sale of the properties in accordance with IFRS 15. The JV is deemed to hold a contractual receivable from Sainsbury's plc, with the cash proceeds expected to be received during the course of 2023 as noted above.

In arriving at the valuation of the contractual receivable, the fair value of the 21 properties subject to option exercise were valued as at 30 June 2022 by the Group's independent valuer in accordance with the RICS Valuation - Global Standards (the 'Red Book') given the absence of an agreed purchase option price. This amount was adjusted based on future expected rental receipts from the properties together with an indexation adjustment of the property valuation over the last years based on the MSCI Supermarket Property Index as per the terms of the contractual documents. The total of all these amounts was then discounted to present value.

After the year end, the Company announced the purchase price on the 21 option stores was formally agreed at £1,040 million. The purchase by Sainsbury's plc is expected to complete between March 2023 and July 2023 on expiry of the current leases.

Sainsbury's has agreed to retain occupation of 4 of the 5 remaining stores within the Portfolio under a new 15-year lease agreement with five yearly open market rent reviews and a tenant break at year 10. The JV has exclusivity to purchase these stores for £68 million (excluding acquisition costs), reflecting a net initial yield of 6%, which can be exercised upon expiry of the current leases between March and July 2023. The remaining store is expected to be sold in March 2023 subject to vacant possession.

15. Financial assets held at fair value through profit or loss

Rental guarantees provided by the seller of an investment property are recognised as a financial asset when there is a valid expectation that the Group will utilise the guarantee over the contractual term. Rental guarantees are classified as financial assets at fair value through profit and loss in accordance with IFRS 9.

In determining the fair value of the rental guarantee, the Group makes an assessment of the expected future cash flows to be derived over the term of the rental guarantee and discounts these at the market rate. A review is performed on a periodic basis based on payments received and changes in the estimation of future cash flows.

The fair value of rental guarantees held by the Group are as follows:

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
At start of year	237	–
Additions	283	766
Fair value changes (including changes in estimated cash flows)	(326)	(344)
Collected during the year	89	(185)
Total financial assets held at fair value through profit and loss at end of year	**283**	**237**

16. Financial assets held at amortised cost

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
At start of year	–	–
Additions	10,626	–
Amortisation	–	–
Impairment	–	–
Total financial asset held at amortised cost	**10,626**	**–**

On 8 June 2022, the Group acquired an Asda store in Carcroft, via a sale and leaseback transaction for £10.6 million, this has been recognised in the Statement of Financial Position as a Financial asset in accordance with IFRS 9. The financial asset is measured using the amortised cost model, which recognises the rental payments as financial income and reductions of the asset value based on the implicit interest rate in the lease. The carrying value of financial assets held at amortised cost approximates fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced over the period from incorporation to 30 June 2022. The historical loss rates are then adjusted for current and forward-looking information on macro-economic factors affecting the Group's customers. Both the expected credit loss provision and the incurred loss provision in the current year is immaterial. No reasonable possible changes in the assumptions underpinning the expected credit loss provision would give rise to a material expected credit loss.

17. Contract fulfilment assets

In the prior year, the Group was chosen to provide renewable electricity to one of its tenants through the use of its acquired rooftop solar panels under the terms of a Purchasing Power Agreement ("PPA"). It is intended that under the terms of the PPA, the tenant will acquire 100% of the system's generated power with a maximum 75% contracted under a take or pay arrangement and 25% under a purchase option. The term of the PPA will be 20 years with a break option coterminous with the occupational lease expiry. As at the year end, no electricity under the PPA was provided to its tenant.

Under IFRS 15, the incremental costs of obtaining a contract with a customer are recognised as a contract fulfilment asset if the costs are expected to be recoverable. The Group has determined that the following costs may be capitalised as contract fulfilment assets: i) legal fees to draft a contract (once the Group has been selected as a preferred supplier for a bid) and ii) any commissions payable that are directly related to winning a specific contract.

17. Contract fulfilment assets continued

Costs incurred prior to selection as preferred supplier are not capitalised but are expensed as incurred.

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
At start of year	85	–
Additions	8	85
Amortisation	–	–
Total contract fulfilment assets at end of year	**93**	**85**

In preparing these consolidated financial statements, a review was undertaken to identify indicators of impairment of contract fulfilment assets. As at the year-end no such indicators were noted.

18. Trade and other receivables

	As at 30 June 2022 £000	As at 30 June 2021 £000
Other receivables	1,430	2,624
Prepayments and accrued income	433	516
Total trade and other receivables	**1,863**	**3,140**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced over the period from incorporation to 30 June 2022. The historical loss rates are then adjusted for current and forward-looking information on macro-economic factors affecting the Group's customers. Both the expected credit loss provision and the incurred loss provision in the current and prior year are immaterial. No reasonable possible changes in the assumptions underpinning the expected credit loss provision would give rise to a material expected credit loss.

19. Trade and other payables

	As at 30 June 2022 £000	As at 30 June 2021 £000
Corporate accruals	8,958	6,153
VAT payable	1,719	2,216
Total trade and other payables	**10,677**	**8,369**

20. Interest rate derivatives

	As at 30 June 2022 £000	As at 30 June 2021 £000
Non-current asset: Interest rate swaps	5,114	763
Non-current liability: Interest rate swaps	–	(1,210)

The rate swaps are remeasured to fair value by the counterparty bank on a quarterly basis.

The fair value at the end of year comprises:	Year to 30 June 2022 £000	Year to 30 June 2021 £000
At start of year (net)	(447)	(1,988)
Amortisation of cap premium in the year (note 8)	(5)	(28)
Changes in fair value of interest rate derivative in the year	5,270	863
Charge to the profit or loss (note 8)	296	706
Fair value at end of year (net)	**5,114**	**(447)**

To partially mitigate the interest rate risk that arises as a result of entering into the floating rate debt facilities referred to in note 20, the Group has entered derivative interest rate swaps in relation to the loan facilities with Bayerische Landesbank ('the BLB swaps') and Wells Fargo Bank ('the Wells swap').

The total notional value of the BLB swaps was £86.9 million, which is equal to the total amounts drawn under Bayerische Landesbank loan facility. The terms of the BLB swaps coincide with the maturity of the respective Bayerische Landesbank loan facility. The fixed interest rate of £52.1 million of the swap exposure as at 30 June 2022 was 1.305%. The fixed interest rate of the swaps of £27.5 million and £7.3 million for the remaining exposure of £34.8 million were 0.178% and 0.128% respectively.

20. Interest rate derivatives continued

The total notional value of the Wells swap was £30.0 million with its term coinciding with the maturity of the Wells Fargo loan facility. The fixed interest rate of the swap as at 30 June 2022 was 0.189%.

61% of the Group's outstanding debt as at 30 June 2022 was hedged through the use of fixed rate debt or financial instruments as at 30 June 2022 (2021: 63%). It is the Group's target to hedge at least 50% of the Group's total debt at any time using fixed rate loans or interest rate derivatives.

The derivatives have been valued in accordance with IFRS 13 by reference to interbank bid market rates as at the close of business on the last working day prior to each reporting date. The fair values are calculated using the present values of future cash flows, based on market forecasts of interest rates and adjusted for the credit risk of the counterparties. The amounts and timing of future cash flows are projected on the basis of the contractual terms.

All interest rate derivatives are classified as level 2 in the fair value hierarchy as defined under IFRS 13 and there were no transfers to or from other levels of the fair value hierarchy during the year.

In accordance with the Group's treasury risk policy, the Group applies cash flow hedge accounting in partially hedging the interest rate risks arising on its variable rate linked loans. Changes in the fair values of derivatives that are designated as cash flow hedges and are effective are recognised directly in the cash flow hedge reserve and included in other comprehensive income. Any ineffectiveness that may arise in this hedge relationship will be included in profit or loss.

All floating rate loans and interest rate derivatives are contractually linked to the Sterling Overnight Index Average ("SONIA").

After the year end date, the Company took the decision to fix its interest rate exposure by entering into interest rate swaps to hedge the Company's £381 million of drawn unsecured debt for a weighted average term of 4 years. 100% of the Company's drawn debt is now hedged at an effective fixed rate of 2.6% (including margin). The cost of acquiring the hedges was £35.2 million which will immediately impact EPRA NTA by 2.8 pence per share.

21. Bank borrowings

	As at 30 June 2022 £000	As at 30 June 2021 £000
Amounts falling due after more than one year:		
Secured debt	**352,213**	413,320
Less: Unamortised finance costs	**(3,667)**	(3,636)
Bank borrowings per the consolidated statement of financial position	**348,546**	**409,684**

A summary of the Group's borrowing facilities as at 30 June 2022 are shown below:

Lender	Facility	Expiry	Credit margin	Variable	Loan commitment £m^	Amount drawn 30 June 2022 £m
HSBC	Revolving credit facility	Aug 2025*	1.65%	SONIA	£100.0	Nil
HSBC	Revolving credit facility	Aug 2025*	1.75%	SONIA	£50.0	Nil
Deka	Term Loan	Aug 2026*	1.89%		£47.6	£47.6
Deka	Term Loan	Aug 2026*	2.05%		£28.9	£28.9
Deka	Term Loan	Aug 2026*	1.72%		£20.0	£20.0
BLB	Term Loan	Jul 2023	1.25%	SWAP (Note 20)	£52.1	£52.1
BLB	Term Loan	Aug 2025	1.85%	SWAP (Note 20)	£27.5	£27.5
BLB	Term Loan	Jul 2023	1.85%	SWAP (Note 20)	£7.3	£7.3
Wells Fargo	Revolving credit facility	Jul 2027*	2.00%	SWAP (Note 20)	£30.0	£30.0
Wells Fargo	Revolving credit facility	Jul 2027*	2.00%	SONIA	£30.0	Nil
Wells Fargo	Revolving credit facility	Sep 2023	1.40%	SONIA	£100.0	Nil
Barclays	Revolving credit facility	Jan 2026*	1.50%	SONIA	£300.0	£138.8
Total					**£793.4**	**£352.2**

*Includes extension options

^Includes uncommitted accordions

21. Bank borrowings continued

The Group has been in compliance with all of the financial covenants across the Group's bank facilities as applicable throughout the periods covered by these financial statements.

Any associated fees in arranging the bank borrowings that are unamortised as at the end of the year are offset against amounts drawn under the facility as shown in the table above. The debt is secured by charges over the Group's investment properties and by charges over the shares of certain Group undertakings, not including the Company itself. There have been no defaults of breaches of any loan covenants during the current year or any prior period.

As disclosed in note 1, the Group has adopted Interest Rate Benchmark Reform – IBOR 'phase 2'. Applying the practical expedient introduced by the amendments, when the benchmarks affecting the credit facility and the BLB loan facility were transitioned from LIBOR to SONIA the adjustments to the contractual cash flows have been reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loans' benchmark interest rate has not result in an immediate gain or loss recorded in profit or loss.

Each of the Group's facilities impacted by the changes resulting from interest rate benchmark reform transitioned during the period and the Group does not consider that the transition from LIBOR to SONIA within the Group's floating rate facilities gives rise to a significant change in market risk.

22. Categories of financial instruments

	As at 30 June 2022 £000	As at 30 June 2021 £000
Financial assets		
Financial assets at amortised cost:		
Lease Receivables	10,626	–
Cash and cash equivalents	51,200	19,579
Trade and other receivables	1,430	2,624
Financial assets at fair value:		
Rent guarantees	283	237
Derivatives in effective hedges:		
Interest rate derivative	5,114	763
Total financial assets	**68,653**	**23,203**

Financial liabilities		
Financial liabilities at amortised cost:		
Secured debt	348,546	409,684
Trade and other payables	8,958	6,153
Derivatives in effective hedges:		
Interest rate derivative	–	1,210
Total financial liabilities	**357,504**	**417,047**

At the year end, all financial assets and liabilities were measured at amortised cost except for the interest rate derivatives and rental guarantees which are measured at fair value. The interest rate derivative valuation is classified as 'level 2' in the fair value hierarchy as defined in IFRS 13 and its fair value was calculated using the present values of future cash flows, based on market forecasts of interest rates and adjusted for the credit risk of the counterparties.

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, for example by using interest rate cap and interest rate swap derivatives to partially mitigate exposure to fluctuations in interest rates, as described in note 20.

The exposure to each financial risk considered potentially material to the Group, how it arises and the policy for managing it is summarised below.

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

22. Categories of financial instruments continued

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, although the Group has purchased interest rate derivatives as described in note 20 in order to partially mitigate the risk in respect of finance costs. The Group's sensitivity to changes in interest rates, calculated on the basis of a ten-basis point increase in the three-month LIBOR and the SONIA daily rate, was as follows:

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Effect on profit	**413**	356
Effect on other comprehensive income and equity	**(223)**	(376)

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 Board 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 Board 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 by the Board at least quarterly to assess ongoing liquidity requirements and compliance with loan covenants. The Board 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.

The following table shows the maturity analysis for financial assets and liabilities. The table has been drawn up based on the undiscounted cash flows of non-derivative financial instruments, including future interest payments, based on the earliest date on which the Group can be required to pay and assuming that the SONIA daily rate remains at the 30 June 2022 rate. Interest rate derivatives are shown at fair value and not at their gross undiscounted amounts.

22. Categories of financial instruments continued

As at 30 June 2022	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000	Total £000
Financial assets:					
Cash and cash equivalents	51,200	–	–	–	51,200
Trade and other receivables	1,430	–	–	–	1,430
Amortised cost asset	290	290	870	76,415	77,865
Rent guarantees	283	–	–	–	283
Interest rate derivatives	–	843	4,271	–	5,114
Total financial assets	**53,203**	**1,133**	**5,141**	**76,415**	**135,892**
Financial liabilities:					
Bank borrowings	9,335	205,679	156,510	–	371,524
Trade payables and other payables	8,958	–	–	–	8,958
Interest rate derivatives	–	–	–	–	–
Total financial liabilities	**18,293**	**205,679**	**156,510**	**–**	**380,482**
As at 30 June 2021					
Financial assets:					
Cash and cash equivalents	19,579	–	–	–	19,579
Trade and other receivables	2,624	–	–	–	2,624
Rent guarantees	237	–	–	–	237
Interest rate derivatives	–	–	763	–	763
Total financial assets	**22,440**	**–**	**763**	**–**	**23,203**
Financial liabilities:					
Bank borrowings	6,153	111,962	312,366	–	430,481
Trade payables and other payables	6,153	–	–	–	6,153
Interest rate derivatives	–	–	1,210	–	1,210
Total financial liabilities	**12,306**	**111,962**	**313,576**	**–**	**437,844**

Capital risk management

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

Bank borrowings are secured on the Group's property portfolio by way of fixed charges over property assets and over the shares in the property-owning subsidiaries and any intermediary holding companies of those subsidiaries. The Group does not provide any cross-group guarantees nor does the Company act as a guarantor to the lending bank.

At 30 June 2022, the capital structure of the Group consisted of bank borrowings (note 21), cash and cash equivalents, and equity attributable to the Shareholders of the Company (comprising share capital, retained earnings and the other reserves referred to in notes 23 and 24).

In managing the Group's capital structure, the Board considers the Group's cost of capital. In order to maintain or adjust the capital structure, the Group keeps under review the amount of any dividends or other returns to Shareholders and monitors the extent to which the issue of new shares or the realisation of assets may be required.

22. Categories of financial instruments continued

Reconciliation of financial liabilities relating to financing activities

	Bank borrowings due in more than one year £000	Interest and commitment fees payable £000	Interest rate derivatives £000	Total £000
As at 1 July 2021	**409,684**	**1,634**	**447**	**411,765**
Cash flows:				
Debt drawdowns in the year	402,922	–	–	402,922
Debt repayments in the year	(464,029)	–	–	(464,029)
Interest and commitment fees paid	–	(10,527)	–	(10,527)
Loan arrangement fees paid	(2,188)	–	–	(2,188)
Non-cash movements:				
Finance costs in the statement of comprehensive income	2,157	10,832	5	12,994
Fair value changes	–	–	(5,566)	(5,566)
As at 30 June 2022	**348,546**	**1,939**	**(5,114)**	**345,371**

	Bank borrowings due in more than one year £000	Interest and commitment fees payable £000	Interest rate derivatives £000	Total £000
As at 1 July 2020	**126,791**	**692**	**1,988**	**129,471**
Cash flows:				
Debt drawdowns in the year	582,961	–	–	582,961
Debt repayments in the year	(298,300)	–	–	(298,300)
Interest and commitment fees paid	–	(6,105)	–	(6,105)
Loan arrangement fees paid	(3,211)	–	–	(3,211)
Non-cash movements:				
Finance costs in the statement of comprehensive income	1,443	7,047	28	8,518
Fair value changes	–	–	(1,569)	(1,569)
At 30 June 2021	**409,684**	**1,634**	**447**	**411,765**

Movements in respect to share capital are disclosed in note 23 below.

The interest and commitment fees payable are included within the corporate accruals balance in note 19. Cash flow movements are included in the consolidated statement of cash flows and the non-cash movements are included in note 8. The movements in the interest rate derivative financial liabilities can be found in note 20.

23. Share capital

	Ordinary Shares of 1 pence Number	Share capital £000	Share premium reserve £000	Capital reduction reserve £000	Total £000
As at 1 July 2021	**810,720,168**	**8,107**	**778,859**	**–**	**786,966**
Scrip Dividends issued and fully paid – 20 August 2021	300,468	3	348	–	351
Ordinary shares issued and fully paid – 22 October 2021	173,913,043	1,740	198,261	–	200,001
Scrip dividends issued and fully paid – 16 November 2021	500,750	5	578	–	583
Share premium cancelled during the year and transferred to capital reduction reserve	–	–	(778,859)	778,859	–
Scrip dividends issued and fully paid – 25 February 2022	111,233	1	136	–	137
Ordinary shares issued and fully paid – 29 April 2022	253,492,160	2,535	304,191	–	306,726
Scrip dividends issued and fully paid – 27 May 2022	830,598	8	1,026	–	1,034
Share issue costs	–	–	(10,366)	–	(10,366)
As at 30 June 2022	**1,239,868,420**	**12,399**	**494,174**	**778,859**	**1,285,432**

	Ordinary Shares of 1 pence Number	Share capital £000	Share premium reserve £000	Capital reduction reserve £000	Total £000
As at 1 July 2020	**473,620,462**	**4,735**	**436,126**	**–**	**440,861**
Ordinary shares issued and fully paid – 9 October 2020	192,307,692	1,923	198,077	–	200,000
Scrip dividends issued and fully paid – 26 February 2021	124,795	2	132	–	134
Ordinary shares issued and fully paid – 23 March 2021	144,297,503	1,443	151,513	–	152,956
Scrip dividends issued and fully paid – 21 May 2021	369,716	4	410	–	414
Share issue costs	–	–	(7,399)	–	(7,399)
As at 30 June 2021	**810,720,168**	**8,107**	**778,859**	**–**	**786,966**

Share allotments and other movements in relation to the capital of the Company in the year:

On 22 October 2021 the Company completed an equity fundraising and issued an additional 173,913,043 ordinary shares of one pence each at a price of £1.15 per share. The consideration received in excess of the par value of the ordinary shares issued, net of total capitalised issue costs, of £193.8 million was credited to the share premium reserve.

Following a successful application to the High Court and lodgement of the Company's statement of capital with the Registrar of Companies, the Company was permitted to reduce the capital of the Company by an amount of £778.9 million. This was effected on 15 December 2021 by a transfer of that amount from the share premium reserve to the capital reduction reserve. The capital reduction reserve is classed as a distributable reserve.

On 29 April 2022 the Company completed an equity fundraising and issued an additional 253,492,160 ordinary shares of one pence each at a price of £1.21 per share. The consideration received in excess of the par value of the ordinary shares issued, net of total capitalised issue costs, of £298.3 million was credited to the share premium reserve.

Scrip dividends were issued on 20 August 2021, 16 November 2021, 25 February 2021 and 27 May 2022 at a reference price of £1.17, £1.16, £1.23 and £1.25 per share respectively. The Company issued a combined total of 1,743,049 shares under the scrip dividend programme during the year. The consideration received in excess of the par value of the ordinary shares issued, of £2.1 million was credited to the share premium reserve.

Ordinary Shareholders are entitled to all dividends declared by the Company and to all the Company's assets after repayment of its borrowings and ordinary creditors. Ordinary Shareholders have the right to vote at meetings of the Company. All ordinary shares carry equal voting rights. The aggregate ordinary shares in issue at 30 June 2022 total was 1.24 billion.

24. Reserves

The nature and purpose of each of the reserves included within equity at 30 June 2022 are as follows:

- Share premium reserve: represents the surplus of the gross proceeds of share issues over the nominal value of the shares, net of the direct costs of equity issues
- Cash flow hedge reserve: represents cumulative gains or losses, net of tax, on effective cash flow hedging instruments
- Capital reduction reserve: represents a distributable reserve created following a Court approved reduction in capital less dividends paid
- Retained earnings represent cumulative net gains and losses recognised in the statement of comprehensive income.

The only movements in these reserves during the period are disclosed in the consolidated statement of changes in equity.

25. Capital commitments

The Group had no capital commitments outstanding as at 30 June 2022 and 30 June 2021.

26. Operating leases

The Group's principal assets are investment properties which are leased to third parties under non-cancellable operating leases. The weighted average remaining lease term at 30 June 2022 is 15.1 years (2021: 14.8 years). The leases contain predominately fixed or inflation-linked uplifts.

The future minimum lease payments receivable under the Group's leases, are as follows:

	As at 30 June 2022 £000	As at 30 June 2021 £000
Within one year	77,438	57,348
Between one year and five years	307,774	231,448
More than five years	834,128	612,471
Total	**1,219,340**	**901,267**

27. Net asset value per share

NAV per share is calculated by dividing the Group's net assets as shown in the consolidated statement of financial position, by the number of ordinary shares outstanding at the end of the year. As there are no dilutive instruments outstanding, basic and diluted NAV per share are identical.

The European Public Real Estate Association ("EPRA") publishes guidelines for the calculation of three measures of NAV to enable consistent comparisons between property companies, which were updated in the prior year and took effect from 1 January 2020. The Group uses EPRA Net Tangible Assets ("EPRA NTA") as the most meaningful measure of long term performance and the measure which is being adopted by the majority of UK REITs, establishing it as the industry standard benchmark. It excludes items that are considered to have no impact in the long term, such as the fair value of derivatives.

NAV and EPRA NTA per share calculation are as follows:

	As at 30 June 2022 £000	As at 30 June 2021 £000
Net assets per the consolidated statement of financial position	1,432,455	871,310
Intangibles	(93)	(85)
Fair value of financial assets at amortised cost	(666)	–
Fair value of interest rate derivatives	(5,114)	447
EPRA NTA	1,426,582	871,672
Ordinary shares in issue at 30 June	1,239,868,420	810,720,168
NAV per share – Basic and diluted (pence)	116p	108p
EPRA NTA per share (pence)	115p	108p

28. Transactions with related parties

Details of the related parties to the Group in the year and the transactions with these related parties were as follows:

a. Directors

Directors' fees

Nick Hewson, Chairman of the Board of Directors of the Company, is paid fees of £70,000 per annum, with the other Directors each being paid fees of £50,000 per annum. Jon Austen is paid an additional £7,500 per annum for his role as chair of the Company's Audit Committee, Vince Prior is paid an additional £2,500 per annum for his role as chair of the Company's Nomination Committee and £5,000 for his role as Senior Independent Director. Cathryn Vanderspar is paid an additional £5,000 for her role as Chair of the Remuneration Committee. Frances Davies is paid an additional £5,000 for her role as Chair of the ESG Committee.

The total remuneration payable to the Directors in respect of the current year and previous year are disclosed in note 7.

Directors' interests

Details of the direct and indirect interests of the Directors and their close families in the ordinary shares of one pence each in the Company at 30 June 2022 were as follows:

- Nick Hewson: 661,670 shares (0.05% of issued share capital)
- Jon Austen: 279,779 shares (0.02% of issued share capital)
- Vince Prior: 134,886 shares (0.01% of issued share capital)
- Cathryn Vanderspar: 91,738 (0.01% of issued share capital)

Details of the direct and indirect interest of the Directors and their close families in the ordinary shares of one pence each in the Company at the date of signing the accounts were as follows:

- Nick Hewson: 1,086,670 shares (0.09% of issued share capital)
- Jon Austen: 305,339 shares (0.02% of issued share capital)
- Vince Prior: 151,923 shares (0.01% of issued share capital)
- Cathryn Vanderspar: 108,645 (0.01% of issued share capital)

b. Investment Adviser

Investment advisory and accounting fees

The investment adviser to the Group, Atrato Capital Limited (the 'Investment Adviser'), is entitled to certain advisory fees under the terms of the Investment Advisory Agreement (the 'Agreement') dated 14 July 2021.

The entitlement of the Investment Adviser to advisory fees is by way of what are termed 'Monthly Management Fees' and 'Semi-Annual Management Fees' both of which are calculated by reference to the net asset value of the Group at particular dates, as adjusted for the financial impact of certain investment events and after deducting any uninvested proceeds from share issues up to the date of the calculation of the relevant fee (these adjusted amounts are referred to as 'Adjusted Net Asset Value' for the purpose of calculation of the fees in accordance with the Agreement).

Until the Adjusted Net Value of the Group exceeds £1,500 million, the entitlements to advisory fees can be summarised as follows:

- Monthly Management Fee payable monthly in arrears: 1/12th of 0.7125% per calendar month of Adjusted Net Asset Value up to or equal to £500 million, 1/12th of 0.5625% per calendar month of Adjusted Net Asset Value above £500 million and up to or equal to £1,000 million and 1/12th of 0.4875% per calendar month of Adjusted Net Asset Value above £1,000 and up to or equal to £1,500 million.
- Semi-Annual Management Fee payable semi-annually in arrears: 0.11875% of Adjusted Net Asset Value up to or equal to £500 million, 0.09375% of Adjusted Net Asset Value above £500 million and up to or equal to £1,000 million and 0.08125% of Adjusted Net Asset Value above £1,000 million and up to or equal to £1,500 million.

For the year to 30 June 2022 the total advisory fees payable to the Investment Adviser were £9,404,938 (2021: £6,255,423) of which £1,446,246 (2021: £1,463,898) is included in trade and other payables in the consolidated statement of financial position.

The Investment Adviser is also entitled to an annual accounting and administration service fee equal to: £51,500; plus (i) £4,175 for any indirect subsidiary of the Company and (ii) £1,620 for each direct subsidiary of the Company. A full list of the Company and its direct and indirect subsidiary undertakings is listed in Note 13 of these financial statements.

For the year to 30 June 2022 the total accounting and administration service fee payable to the Investment Adviser was £237,559 (2021: £64,920) of which £81,833 (2021: £52,646) is included in trade and other payables in the consolidated statement of financial position.

Introducer Services

Atrato Partners, an affiliate of the Investment Adviser, is entitled to fees in relation to the successful introduction of prospective investors in connection with subscriptions for ordinary share capital in the Company.

The entitlement of the Investment Adviser to introducer fees is by fees and/or commission which can be summarised as follows:

- Commission basis: 1% of total subscription in respect of ordinary shares subscribed for by any prospective investor introduced by Atrato Partners.

For the period to 30 June 2022 the total introducer fees payable to the affiliate of the Investment Adviser were £271,239 (2021: £269,172).

28. Transactions with related parties continued

Interest in shares of the Company

Details of the direct and indirect interests of the Directors of the Investment Adviser and their close families in the ordinary shares of one pence each in the Company at 30 June 2022 were as follows:

- Ben Green: 1,199,938 shares (0.10% of issued share capital)
- Steve Windsor: 1,319,486 shares (0.11% of issued share capital)
- Steven Noble: 204,130 shares (0.02% of issued share capital)
- Natalie Markham: 52,529 shares (0.00% of issued share capital)

Carried interest held in the Group's joint venture

Under the terms of the Horner (Jersey) LP (the "JV") Limited Partnership Agreement ("LPA"), an affiliate of the Investment Adviser, Atrato Halliwell Limited (the "Carry Partner"), has a carried interest entitlement over the investment returns from the JV's investment in the Structure. Further details regarding the estimated value of the Carry Partner's interest in the JV are included in note 14.

The carried interest payments are only payable to the extent that distributions are made from the JV to the Group. To date there have been no cash distributions received by the Group and therefore no carried interest payment has yet become payable.

29. Subsequent events

Debt financing

- In July 2022 the Group announced the arrangement of a new £412.1 million unsecured credit facility with a bank syndicate comprising Barclays, Royal Bank of Canada, Wells Fargo and Royal Bank of Scotland International. This consists of:
  - A £250 million five-year revolving credit facility at a margin of 1.5% over SONIA, with two further one-year extension options;
  - A £100 million three-year term loan at a margin of 1.5% over SONIA, with two further one-year extension options;
  - A £62.1 million eighteen-month term loan at a margin of 1.5% over SONIA, with one further eighteen-month extension option.
- In July 2022, the new unsecured facility was used to refinance the following existing secured facilities:
  - A reduction of the Barclays/RBC facility of £300.0 million including uncommitted accordion options to £77.5 million;
  - A reduction of the Wells Fargo facility of £160.0 million including uncommitted accordion options to £39.0 million.
- In September 2022, the Group announced a two-year extension to its revolving credit facility with HSBC, inclusive of a one-year accordion option at lender's discretion..

Hedging

- After the year end date, the Company took the decision to fix its interest rate exposure by entering into interest rate swaps to hedge the Company's £381 million of drawn unsecured debt for a weighted average term of 4 years. 100% of the Company's drawn debt is now hedged at an effective fixed rate of 2.6% (including margin). The cost of acquiring the hedges was £35.2 million which will immediately impact EPRA NTA by 2.8 pence per share.

Acquisitions

- In July 2022, the Group announced the acquisition of a Tesco superstore, M&S Foodhall and an Iceland in Chineham, Basingstoke with non-grocery units for £72.9 million (excluding acquisition costs). The Tesco superstore has a 12-year unexpired lease term and is subject to 5-yearly open market rent reviews.
- In August 2022, the Group announced the acquisition of a Sainsbury's supermarket and an M&S Foodhall in Glasgow with non-grocery units for £34.5 million (excluding acquisition costs). The unexpired lease terms of the two stores are 10 and 4 years respectively and are both subject to 5-yearly upwards only, open market rent reviews.
- In August 2022, the Group announced the acquisition of a Tesco in Newton-le-Willows, Merseyside for £16.6 million (excluding acquisition costs). The store has a 12-year unexpired lease term and is subject to annual RPI-linked rental uplifts.
- In August 2022, the Group announced the acquisition of a Tesco in Bishops Cleeve, Cheltenham for £25.4 million (excluding acquisition costs). The store has a 12-year unexpired lease term and is subject to annual RPI-linked rental uplifts.
- In September 2022, the Group announced the acquisition of a Tesco supermarket in Llanelli, South Wales for £66.8 million (excluding acquisition costs). The store has a 12-year unexpired lease term and is subject to annual, upwards only RPI linked rent reviews.

Joint Venture investment

- After the year end, the Company announced the purchase price on the 21 option stores was formally agreed at £1,040 million. The purchase by Sainsbury's plc is expected to complete between March 2023 and July 2023 on expiry of the current leases.
- Sainsbury's has agreed to retain occupation of 4 of the 5 remaining stores within the Portfolio under a new 15-year lease agreement with five yearly open market rent reviews and a tenant break at year 10.
- The JV has exclusivity to purchase these stores for £68 million (excluding acquisition costs), reflecting a net initial yield of 6%, which can be exercised upon expiry of the current leases between March and July 2023. The remaining store is expected to be sold in March 2023 subject to vacant possession.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

Registered number: 10799126

	Notes	As at 30 June 2022 £000	As at 30 June 2021 £000
Fixed assets			
Investments in subsidiaries	D	**1,329,108**	760,767
Total non-current assets		**1,329,108**	**760,767**
Current assets			
Trade and other receivables	E	**41,201**	141,620
Cash and cash equivalents		**23,413**	1,207
Total current assets		**64,614**	**142,827**
Total assets		**1,393,722**	**903,594**
Current liabilities			
Trade and other payables	F	**44,603**	67,162
Total current liabilities		**44,603**	**67,162**
Total liabilities		**44,603**	**67,162**
Total net assets		**1,349,119**	**836,432**
Equity			
Share capital	G	**12,399**	8,107
Share premium reserve		**494,174**	778,859
Capital reduction reserve		**778,859**	–
Retained earnings		**63,687**	49,466
Total equity		**1,349,119**	**836,432**

The notes on pages 110 to 111 form part of these financial statements.

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 accumulated profit for the year dealt with the financial statements of the Company was £67,411,000 (2021: £62,992,000). As at 30 June 2022 the Company has distributable reserves of £842.5 million (2021: £49.5 million).

The Company financial statements were approved and authorised for issue by the Board of Directors on 20 September 2022 and were signed on its behalf by:

Nick Hewson
Chairman
20 September 2022

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Share capital £000	Share premium reserve £000	Capital reduction reserve £000	Retained earnings £000	Total £000
As at 1 July 2021	**8,107**	**778,859**	**-**	**49,466**	**836,432**
Profit and total comprehensive Income for the year	–	–	–	67,411	67,411
Transactions with owners					
Ordinary shares issued at a premium during the year	4,292	504,540	–	–	508,832
Transfer to capital reduction reserve	–	(778,859)	778,859	–	–
Share issue costs	–	(10,366)	–	–	(10,366)
Interim dividends paid	–	–	–	(53,190)	(53,190)
As at 30 June 2022	**12,399**	**494,174**	**778,859**	**63,687**	**1,349,119**

	Share capital £000	Share premium reserve £000	Capital reduction reserve £000	Retained earnings £000	Total £000
As at 1 July 2020	**4,735**	**436,126**	**–**	**21,955**	**462,816**
Profit and total comprehensive Income for the year	–	–	–	62,992	62,992
Transactions with owners					
Ordinary shares issued at a premium during the year	3,372	350,132	–	–	353,504
Share issue costs	–	(7,399)	–	–	(7,399)
Interim dividends paid	–		–	(35,481)	(35,481)
As at 30 June 2021	**8,107**	**778,859**		**49,466**	**836,432**

A. Basis of preparation

The Company's financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The principal accounting policies relevant to the Company are as follows:
- Investments in subsidiaries are recognised at cost less provision for any impairment;
- Loans and receivables are recognised initially at fair value plus transaction costs less provision for impairment;
- Trade payables are recognised initially at fair value and subsequently at amortised cost;
- Equity instruments are recognised as the value of proceeds received net of direct issue costs; and
- Dividends are recognised as a financial liability and deduction from equity in the period in which they are declared.

In preparing the Company's financial statements, advantage has been taken of the following disclosure exemptions available in FRS 102:
- no cash flow statement has been presented;
- disclosures in respect of the Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group;
- no reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as it is identical to the reconciliation for the Group shown in note 22 to the Group financial statements; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the Company as their remuneration is shown in note 7 to the Group financial statements.

In the year to 30 June 2023, the Company intends to continue to use these disclosure exemptions unless objections are received from Shareholders.

B. Significant accounting judgements, estimates and assumptions

In preparing the financial statements of the Company, the Directors have made the following judgements:
- Determine whether there are any indicators of impairment of the investments in subsidiary undertakings. Factors taken into consideration in reaching such a decision include the financial position and expected future performance of the subsidiary entity.

C. Auditor's remuneration

The remuneration of the auditor in respect of the audit of the Company's consolidated and individual financial statements for the year was £190,000 (2021: £155,000). Fees payable for audit and non-audit services provided to the Company and the rest of the Group are disclosed in note 6 to the Group financial statements.

D. Investment in subsidiary undertakings

The Company's wholly owned direct subsidiaries are Supermarket Income Investments UK Limited, Supermarket Income Investments (Midco2) UK Limited, Supermarket Income Investments (Midco3) UK Limited, Supermarket Income Investments (Midco4) UK Limited, Supermarket Income Investments (Midco6) UK Limited, SII UK Halliwell (Midco) Limited and SUPR Green Energy Limited, all of which are incorporated and operating in England with a registered address of The Scalpel 18th Floor, 52 Lime Street, London, United Kingdom EC3M 7AF. The full list of subsidiary entities directly and indirectly owned by the Company is disclosed in note 13 to the Group financial statements.

The movement in the year was as follows:

	Year to 30 June 2022 £000
Opening balance	760,767
Additions	871,692
Closing balance	**1,632,459**
Impairments of investments in subsidiaries	**(303,351)**
As at 30 June 2022	**1,329,108**

	Year to 30 June 2021 £000
Opening balance	337,256
Additions	525,918
Closing balance	**863,174**
Impairments of investments in subsidiaries	**(102,407)**
As at 30 June 2021	**760,767**

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

E. Trade and other receivables

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Intercompany receivables	40,380	141,411
Prepayments and accrued income	163	114
Corporation tax receivable	–	–
VAT receivable	–	95
Other receivables	658	–
Total trade and other receivables	**41,201**	**141,620**

F. Trade and other payables

	Year to 30 June 2022 £000	Year to 30 June 2021 £000
Trade creditors	898	–
Corporate accruals	525	2,245
VAT payable	28	–
Intercompany payables	43,152	64,917
Total trade and other payables	**44,603**	**67,162**

G. Share capital

Details of the share capital of the Company are disclosed in note 23 to the Group financial statements.

H. Related party transactions

Details of related party transactions are disclosed in note 29 to the Group financial statements.

Notes to EPRA and other Key Performance Indicators

1. EPRA Earnings per Share

For the period from 1 July 2021 to 30 June 2022	Net profit attributable to ordinary Shareholders £000	Weighted average number of ordinary shares[1] Number	Earnings per share Pence
Net profit/(loss) attributable to ordinary Shareholders	115,869	975,233,858	11.9p
Adjustments to remove:			
Changes in fair value of interest rate derivatives	(5,566)	–	(0.6p)
Changes in fair value of investment properties and associated rent guarantees	(21,820)	–	(2.2p)
Group share of changes in fair value of joint venture investment properties	6,021	–	(0.6p)
Group share of gain on disposal of joint venture investment properties	(37,102)	–	(3.8p)
EPRA EPS	**57,402**	**975,233,858**	**5.9p**

1 Based on the weighted average number of ordinary shares in issue in the year ended 30 June 2022.

For the period from 1 July 2020 to 30 June 2021	Net profit attributable to ordinary Shareholders £000	Weighted average number of ordinary shares[2] Number	Earnings per share Pence
Net profit/(loss) attributable to ordinary Shareholders	83,526	652,858,945	12.8p
Adjustments to remove:			
Changes in fair value of interest rate derivatives	(1,570)	–	(0.2p)
Changes in fair value of investment properties and associated rent guarantees	(36,288)	–	(5.6p)
Group share of changes in fair value of joint venture investment properties	(5,619)	–	(0.9p)
Group share of negative goodwill from joint venture investment	(3,265)	–	(0.5p)
EPRA EPS	**36,784**	**652,858,945**	**5.6p**

2 Based on the weighted average number of ordinary shares in issue in the year ended 30 June 2021.

2. EPRA NTA per share

EPRA NTA is considered to be the most relevant measure for the Group and is now the primary measure of net assets, replacing the previously reported EPRA Net Asset Value metric. For the current period EPRA NTA is calculated as net assets per the consolidated statement of financial position excluding the fair value of interest rate derivatives.

30 June 2022	EPRA NTA £000	EPRA NRV £000	EPRA NDV £000
IFRS NAV attributable to ordinary Shareholders	**1,432,455**	**1,432,455**	**1,432,455**
Fair value of interest rate derivatives	(5,114)	(5,114)	–
Fair value of Financial asset held at amortised cost	(666)	(666)	(666)
Intangibles	(93)	–	–
Purchasers' costs	–	113,935	–
Fair value of debt	–	–	4,320
EPRA metric	**1,426,582**	**1,540,610**	**1,436,109**
EPRA metric per share	**115p**	**124p**	**116p**

30 June 2021	EPRA NTA £000	EPRA NRV £000	EPRA NDV £000
IFRS NAV attributable to ordinary Shareholders	**871,310**	**871,310**	**871,310**
Fair value of interest rate derivatives	447	447	447
Intangibles	(85)	–	–
Purchasers' costs	–	83,787	–
Fair value of debt	–	–	(2,111)
EPRA metric	**871,672**	**955,544**	**869,646**
EPRA metric per share	**108p**	**118p**	**107p**

3. EPRA Net Initial Yield (NIY) and EPRA "topped up" NIY

	As at 30 June 2022 £000	As at 30 June 2021 £000
Investment Property – wholly owned (note 12)	1,561,590	1,148,380
Investment Property – share of joint ventures	266,500	233,125
Completed Property Portfolio	1,828,090	1,381,505
Allowance for estimated purchasers' costs	133,380	100,797
Grossed up completed property portfolio valuation (B)	1,961,470	1,482,302
Annualised passing rental income – wholly owned	77,230	57,754
Annualised passing rental income – share of joint venture	13,372	13,239
Annualised non-recoverable property outgoings	(400)	(482)
Less: contracted rent under rent free periods	–	–
Annualised net rents (A)	90,202	70,511
Rent expiration of rent-free periods and fixed uplifts	56	–
Topped up annualised net rents (C)	90,258	70,511
EPRA NIY (A/B)	4.60%	4.76%
EPRA "topped up" NIY (C/B)	4.60%	4.76%

4. EPRA Vacancy Rate

EPRA Vacancy Rate	As at 30 June 2022 £000	As at 30 June 2021 £000
Estimated rental value of vacant space	188	238
Estimated rental value of the whole portfolio	77,237	57,762
EPRA Vacancy Rate	0.2%	0.4%

5. EPRA Cost Ratio

	As at 30 June 2022 £000	As at 30 June 2021 £000
Administration expenses per IFRS	13,937	9,262
Service charge income	(2,086)	(830)
Service charge costs	2,338	1,044
Net Service charge costs	252	214
Share of joint venture expenses	95	292
Total costs (including direct vacant property costs) (A)	14,284	9,768
Vacant property costs	(99)	(187)
Total costs (excluding direct vacant property costs) (B)	14,185	9,581
Gross rental income per IFRS	72,363	48,156
Less: service charge components of gross rental income	–	–
Add: Share of Gross rental income from Joint Ventures	14,423	9,944
Gross rental income (C)	86,786	58,100
EPRA Cost ratio (including direct vacant property costs) (A/C)	16.46%	16.81%
EPRA Cost ratio (excluding vacant property costs) (B/C)	16.34%	16.49%

6. EPRA LTV

The Group voluntarily adopted the EPRA issued new best practice reporting guidelines in the year ending 30 June 2022, incorporating the new measure of loan to value: EPRA Loan-to-Value (EPRA LTV) and is defined as net debt divided by total property market value.

The table below illustrates the reconciliation of the numbers under the new measures, where prior year comparative figures have also been restated in line with the new EPRA methodology.

	As at 30 June 2022 £000	As at 30 June 2021 £000
Group Net Debt		
Borrowings from financial institutions	348,546	409,684
Net payables	24,893	17,053
Less: Cash and cash equivalents	(51,200)	(19,579)
Group Net Debt Total (A)	322,239	407,158
Group Property Value		
Investment properties at fair value	1,561,590	1,148,380
Intangibles	93	85
Financial assets	10,626	–
Total Group Property Value (B)	1,572,309	1,148,465
Group LTV (A-B)	20.49%	35.45%
Share of Joint Ventures Debt		
Bond loans	88,121	95,394
Net payables	822	865
JV Net Debt Total (A)	88,943	96,259
Group Property Value		
Owner-occupied property		
Investment properties at fair value	277,407	238,724
Total JV Property Value (B)	277,407	238,724
JV LTV (A-B)	32.06%	40.32%
Combined Net Debt (A)	411,182	503,417
Combined Property Value (B)	1,849,717	1,387,189
Combined LTV (A-B)	22.23%	36.29%

7. Total Shareholder Return

Total Shareholder Return	Year to 30 June 2022 Pence per share	Year to 30 June 2021 Pence per share
Share price at start of the year	117.50	111.4
Share price at the end of the year	119.50	117.5
Increase in share price	2.00p	6.1p
Dividends declared for the year	5.94p	5.86p
Increase in share price plus dividends	7.94p	11.96p
Share price at start of year	117.50p	111.4p
Total Shareholder Return	7%	11%

8. Net loan to value ratio

The proportion of our gross asset value that is funded by borrowings calculated as statement of financial position borrowings less cash balances divided by total investment properties valuation.

Net loan to value	As at 30 June 2022 £000	As at 30 June 2021 £000
Bank borrowings	348,546	409,684
Less cash and cash equivalents	(51,200)	(19,579)
Net borrowings	297,346	390,105
Investment properties valuation	1,561,590	1,148,380
Net loan to value ratio	19%	34%

9. Annualised passing rent

Annualised passing rent is the annualised cash rental income being received as at the stated date.

GLOSSARY

AGM	Annual General Meeting
AIFMD	Alternative Investment Fund Managers Directive
Direct Portfolio	Wholly Owned Properties held by the Group
EPRA	European Public Real Estate Association
EPS	Earnings per share, calculated as the profit for the period after tax attributable to members of the parent company divided by the weighted average number of shares in issue in the period
FRI	A lease granted on an FRI basis means that all repairing and insuring obligations are imposed on the tenant, relieving the landlord from all liability for the cost of insurance and repairs
IFRS	International accounting standards in conformity with the requirements of the Companies Act 2006
IPO	An initial public offering (IPO) refers to the process of offering shares of a corporation to the public in a new stock issuance
LTV	Loan to Value: the outstanding amount of a loan as a percentage of property value
NAV	Net Asset Value
Net Initial Yield	Annualised net rents on investment properties as a percentage of the investment property valuation, less assumed purchaser's costs of 6.8%
Net Loan to Value or Net LTV	LTV calculated on the gross loan amount less cash balances
Omnichannel	Stores offering both instore picking and online fulfilment
REIT	Real Estate Investment Trust
Running yield	The anticipated Net Initial Yield at a future date, taking account of any rent reviews in the intervening period
Sainsbury's Reversionary Portfolio	A portfolio consisting of the freehold interest in 26 geographically diverse high quality Sainsbury's supermarkets
Total Shareholder Return	The movement in share price over a period plus dividends declared for the same period expressed as a percentage of the share price at the start of the Period
WAULT	Weighted Average Unexpired Lease Term. It is used by property companies as an indicator of the average remaining life of the leases within their portfolios

COMPANY INFORMATION

Directors	**Nick Hewson** (Non-Executive Chairman) **Vince Prior** (Chair of Nomination Committee & Senior Independent Director) **Jon Austen** (Chair of Audit Committee) **Cathryn Vanderspar** (Chair of Remuneration Committee) **Frances Davies** (Chair of ESG Committee)
Company Secretary	**JTC (UK) Limited** The Scalpel 52 Lime Street, 18th Floor London EC3M 7AF
Registrar	**Link Asset Services** The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
AIFM	**JTC Global AIFM Solutions Limited** Ground floor, Dorey Court Admiral Park St Peter Port Guernsey Channel Islands GY1 2HT
Investment Adviser	**Atrato Capital Limited** 36 Queen Street London EC4R 1BN
Financial adviser, Broker and Placing Agent	**Stifel Nicolaus Europe Limited** 150 Cheapside London EC2V 6ET
Auditors	**BDO LLP** 55 Baker Street London W1U 7EU
Property Valuers	**Cushman & Wakefield** 125 Old Broad Street London EC2N 1AR
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