RNS Half-year/Interim Report

HALF-YEAR REPORT 6 MONTHS ENDED 31 DECEMBER 2022

SUPERMARKET INCOME REIT PLC

Released 07:00:06 30 March 2023

RNS Number : 6965U
Supermarket Income REIT PLC
30 March 2023

SUPERMARKET INCOME REIT PLC
(the "Group" or the "Company")
LEI: 2138007FOINJKAM7L537

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022
GROCERY SECTOR REMAINS RESILIENT DESPITE CHALLENGING MACROECONOMIC ENVIRONMENT

The Board of Directors of Supermarket Income REIT plc (LSE: SUPR), the real estate investment trust providing secure, inflation-linked, long income from grocery property in the UK, reports its interim results for the Group for the six months ended 31 December 2022 (the "Period").

FINANCIAL HIGHLIGHTS

	Six months to 31-Dec-22	Six months to 31-Dec-21	Change in Year
Annualised passing rent[1]	£95.5m	£70.2m	+36%
Adjusted Earnings[1,][2],[3]	£36.4m	£26.9m	+35%
Operating profit[3]	£38.0m	£26.4m	+44%
Changes in fair value of investment properties[3,][4]	(£248.1m)	£11.0m	n/a
Dividend paid per share	3.0 pence	3.0 pence	-
Adjusted EPS[1,2,3]	2.9 pence	3.1 pence	-5%
Dividend cover[1]	0.98x[5]	1.13x	n/a

	31-Dec-22	30-June-22	Change in Period
IFRS net assets	£1,198m	£1,432m	-16%
EPRA NTA[1]	£1,147m	£1,427m	-20%
EPRA NTA per share[1]	92 pence	115 pence	-20%
Loan to value (Direct Portfolio)[1]	40.0%	19.0%	n/a
Portfolio net initial yield[1]	5.5%	4.6%	n/a

Strong growth momentum

- 36% increase in annualised passing rent
- 3.7% average annualised rental uplift in the Period[6]
- 8.8% increase in grocery market[7]
- Operator revenues at record levels benefitting from non-discretionary expenditure

- 80% of leases with inflation-linked rent reviews and 100% of rent collected

Handpicked, high-quality portfolio of 50 supermarkets

- Strong tenant covenants; 75% of income from Sainsbury's and Tesco
- Future-proofed portfolio of omnichannel stores
- Capturing elevated online grocery demand, up 80% since 2019
- 14 years weighted average unexpired lease term ("WAULT")

Prudent management of the balance sheet, protecting earnings and maintaining a sustainable dividend

- Flexibility to deploy capital via accretive acquisitions and/or return excess capital to shareholders
- Transition to unsecured financing via new six-year £412 million facility[8]
- Drawn debt 100% fixed (or hedged to fixed) at 2.9% weighted average cost[9]
- Fitch Ratings Limited ("Fitch") reaffirmed the Company's Investment Grade credit rating of BBB+
- Post-balance sheet monetisation of the Sainsbury's Reversion Portfolio ("SRP") generating minimum cash proceeds of £430 million and money-on-money multiple of 1.9x and IRR of 30%[10], with pro forma LTV expected to decline to below 30% in July 2023
- On track to deliver full-year 2023 target dividend of 6 pence per share

Valuation reflects impact of market repricing due to higher interest rates and macroeconomic environment

- Direct Portfolio independently valued at £1.63 billion (30 June 2022: £1.56 billion)
- Net initial yield ("NIY") of 5.5% as at 31 December 2022 (30 June 2022: 4.6%)
- 13.3% downward valuation adjustment on a like-for-like basis compared with MSCI All Property Capital Index reduction of 19%

Commitment to sustainability and governance

- Signatories of the Net Zero Asset Managers Initiative ("NZAM") as of March 2023, associated United Nations Principles of Responsible Investment's ("UNPRI") pledge on carbon emissions
- EV charging to be installed at eight supermarket sites
- New Tesco 20-year PPA for rooftop solar installation to be installed Summer 2023

Nick Hewson, Chairman of Supermarket Income REIT plc, commented:

"This Period has seen a very strong underlying performance of the grocery sector with the most recent data from Kantar showing 8.8%[11] sales growth on the prior year and annualised sales now exceeding the levels seen at the height of the pandemic.

While property valuations have decreased as a function of broader interest rate policy changes, our balance sheet remains strong. We have sold assets, shortly after the Period end, worth c.40% of our market capitalisation which brings net proceeds of at least £430 million over the course of the next few months. The Board commits to utilise these funds in the most accretive way for shareholders.

We have a high quality, handpicked portfolio of supermarket property with 100% rental collection, benefitting from being in the non-discretionary spend sector of grocery. Our secure rental income is 80% linked to inflation. Our debt is 100% fixed (or hedged to fixed) giving us a high degree of certainty of cashflows and, therefore, dividend over the medium term."

PRESENTATION FOR ANALYSTS

A presentation for analysts and investors will take place today at Stifel's offices at 8.30 am. Please contact FTI Consulting using the contact details below if you would like to attend.

Webcast details are as follows:

https://brrmedia.news/SupermarketIncomeREIT_HY

The results presentation is available in the Investor Centre section of the Group's website. For further details, please email Dido Laurimore at SupermarketIncomeREIT@fticonsulting.com

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NOTES TO EDITORS:

Supermarket Income REIT plc (LSE: SUPR) is a real estate investment trust dedicated to investing in grocery properties which are an essential part of the UK's feed the nation infrastructure. The Company focuses on grocery stores which are omnichannel, fulfilling online and in-person sales. All of the Company's supermarkets are let to leading UK supermarket operators, diversified by both tenant and geography.

The Company provides investors with attractive, long-dated, secure, inflation-linked, growing income with the potential for capital appreciation over the longer term and targets a 7% to 10% p.a. total shareholder return over the medium term(1). The Company has increased its dividend every year since IPO.

The Company is listed on the premium segment of the Official List of the UK Financial Conduct Authority and its Ordinary Shares are traded on the Main Market of the London Stock Exchange, having listed initially on the Specialist Fund Segment of the Main Market on 21 July 2017.

Atrato Capital Limited is the Company's Investment Adviser.

Further information is available on the Company's website www.supermarketincomereit.com

1. *There is no certainty that these illustrative projections will be achieved*

Stifel Nicolaus Europe Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Supermarket Income REIT plc and no one else in connection with this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Stifel Nicolaus Europe Limited nor for providing advice in connection with the matters referred to in this announcement.

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CHAIRMAN'S STATEMENT

Dear Shareholder,

2022 demonstrated the continuing strength of the grocery sector set against a rapidly changing economic backdrop. The strong performance of the UK grocery market highlights how non-discretionary grocery expenditure is highly resilient to the volatile peaks and troughs of the economic cycle, especially in the current inflationary environment.

The most recent data from Kantar shows that the UK grocery market has grown 8.8%[12] on the prior year, with annualised sales now exceeding the levels seen at the height of the pandemic lockdowns in 2021. This growth is further enhancing the strength of our primary tenants, Sainsbury's and Tesco, which account for a combined 75% of our income. In January, Sainsbury's predicted a 20% increase in full-year free cash flow to £600 million and Tesco increased its free cash flow target by 29% to £1.8 billion[13]. At the store level, this results in revenue growing significantly ahead of rental increases, which are typically capped at 4% annually. The resulting increase in affordability provides a strong tailwind for future ERV growth across our supermarket portfolio.

The robust performance of the grocery sector is in stark contrast to the decline in values seen in the property investment market caused by the challenging macroeconomic and geopolitical backdrop. The significant increase in interest rates since September has caused a rapid decline in property values, with the MSCI Capital Values Index declining by over 19%. Supermarket property has been less volatile, but not immune, with a 13% like-for-like decline in our portfolio value resulting in a net initial yield of 5.5% as at 31 December 2022 (30 June 2022: 4.6%).

While the sharp adjustment in interest rates has impacted our property values, we took the prudent decision during the Period, to protect earnings through hedging 100% of our drawn debt at a weighted average cost of 2.8%. As a result, we remain on track to deliver our 6 pence per share dividend target for the year.

We continue to focus on our sustainability strategy, where we have defined and published the carbon footprint of our portfolio and are now embarking on a benchmarking process to further improve the sustainability of our sites in conjunction with our tenants. The Board holds itself and the Investment Adviser to the highest standards of governance and this has been recognised with four consecutive EPRA Gold awards. I am also delighted to welcome Sapna Shah as an independent non-executive director who brings a wealth of experience in advising UK companies, including listed REITs and investment companies, and is also a non-executive director of The Association of Investment Companies ("AIC").

OUTLOOK

During this period of macroeconomic uncertainty, the grocery sector has been a standout positive performer. Our high quality portfolio continues to deliver stable, long-term inflation-linked income. Despite the 13% decline in like-for-like capital values, we believe supermarket yields now fully reflect current economic conditions and are well positioned to benefit from the growth in the UK grocery market.

Given the uncertain backdrop, it is essential for the Company to maintain its flexible, resilient balance sheet and a supportive banking group. As a result of the Company's £430.9 million disposal of its interest in the SRP, our pro forma LTV will fall below 30% following receipt of the proceeds. The Board is committed to utilising these funds in the most accretive way and will consider all options, which may include returning capital to shareholders and/or redeploying into supermarket real estate assets given current attractive levels of pricing. This optionality gives us additional confidence in our ability to provide secure income to our investors while remaining focused on the resilient assets which have underpinned our investment strategy to date.

Nick Hewson
Chairman
29 March 2023

KEY PERFORMANCE INDICATORS

Our objective is to provide secure, inflation-linked, 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 Group's share price over a period, plus dividends declared for that period.	(11.7%) for the six months ended 31 December 2022 (Six months ended 31 December 2021: 6.3%)
2. WAULT	WAULT measures the average unexpired lease term of the Direct Portfolio, weighted by the Direct Portfolio valuations.	14 years WAULT as at 31 December 2022 (As at 30 June 2022: 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 states three measures of NAV to be used; of which the Group deem EPRA NTA as the most meaningful measure. See Note 24 for more information.	92 pence per share as at 31 December 2022 (As at 30 June 2022: 115 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.	40.0% as at 31 December 2022 (As at 30 June 2022: 19.0%)
5. Adjusted EPS*	EPRA earnings adjusted for company specific items to reflect the underlying profitability of the business.	2.9 pence per share for the six months ended 31 December 2022 (Six months ended 31 December 2021: 3.1 pence per share) Including non-recurring debt restructuring costs 2.8 pence per share (Six months ended: 31 December 2021 3.1 pence per share)

*New measure reported during the Period, with prior year comparative stated in line with new methodology. Adjusted EPS is calculated using EPRA EPS and adjusted to recognise finance income received from the settlement of derivatives held at fair value through profit and loss. It also excludes one-off exceptional costs in relation to the acceleration of unamortised arrangement fees following the partial transition of the Group's debt structure from secured to unsecured. The Board deems this a more relevant indicator of core earnings as it reflects the overall interest cost to the business in managing its Portfolio.

The Group uses alternative performance measures 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.

Reconciliations between EPRA measures and the IFRS financial statements can be found in Notes 10 and 24 to the financial statements.

EPRA PERFORMANCE INDICATORS

The table below shows additional performance measures, calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association (EPRA). We provide these measures to aid comparison with other European real estate businesses.

For a full reconciliation of all EPRA performance indicators, please see the Notes to EPRA measures within the supplementary section of the interim financial statements.

Measure	Definition	Performance
1. EPRA EPS	A measure of EPS designed by EPRA to present underlying earnings from core operating activities.	2.6 pence per share for the six months ended 31 December 2022 (Six months ended 31 December 2021: 3.1 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.	102 pence per share as at 31 December 2022 (As at 30 June 2022: 124 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.	92 pence per share as at 31 December 2022 (As at 30 June 2022: 115 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.	97 pence per share as at 31 December 2022 (As at 30 June 2022: 116 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.	5.3% as at 31 December 2022 (As at 30 June 2022: 4.6%)
6. EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	0.5% as at 31 December 2022 (As at 30 June 2022: 0.2%)
7. EPRA Cost Ratio	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	16.7%[14] for the six months ended 31 December 2022 (Six months ended 31 December 2021: 15.8%)

8. EPRA LTV	Net debt divided by total property portfolio and other eligible assets.	40.2% for the six months ended 31 December 2022 (As at 30 June 2022: 22.2%)
9. EPRA Like-for-like Rental Growth	Changes in net rental income for those properties held for the duration of both the current and comparative reporting period.	Rental Increase of 1.6% for the six months to December 2022 versus six months to December 2021
10. EPRA Capital Expenditure	Amounts spent for the purchase of investment properties (including any capitalised transaction costs). There has been no other capital expenditure incurred in relation to the investment property portfolio.	£310.2 million for the six months ended 31 December 2022 (Six months ended 31 December 2021: £252.7 million)

INVESTMENT ADVISER'S REPORT

Atrato Capital Limited, the Investment Adviser to the Group, is pleased to report on the operations of the Group for the Period.

Overview

Strong grocery market supported by non-discretionary expenditure

The UK grocery market has performed strongly with current sales up 8.8% based on the latest Kantar market data[15], highlighting the ability of grocers to pass through price increases. Grocery is a non-discretionary spend sector which is therefore highly resilient to the volatile peaks and troughs of the economic cycle. Record levels of food price inflation are translating into an enlarged grocery market. The latest data from Kantar shows annualised grocery sales exceeding levels previously seen at the height of the pandemic lockdowns in April 2021.

Increased operator revenues driving sustainable rental growth

The enlarged grocery sector also provides favourable tailwinds for enhanced ERV growth as elevated store sales exceed contracted rental growth. Across our Direct Portfolio our inflation-linked rent reviews are capped at an average of 4% per annum. Added to this, we expect to see a significant reduction in supermarket business rates with some stores seeing up to a 19% rate reduction. These factors combine to increase the affordability of our supermarket rents even further.

Income generated from strong tenant covenants

The affordability of rents and secure nature of the Group's income is highlighted by the 100% rent collection during the Period. The Company's assets are predominantly let to the leading and largest grocery operators in the UK, with multibillion pound turnovers generated through nationwide networks of stores. 75% of income is from assets let to Sainsbury's and Tesco. The strong grocery market backdrop means that Sainsbury's and Tesco have grown free cash flow, which is providing capacity for store buybacks, as evidenced by Sainsbury's buying back 21 of the 26 stores in the SRP for a total consideration of £1,040 million. In contrast, Morrisons and Waitrose, to which our portfolio exposure is low, have been most impacted by the changes in the macroeconomic environment. Those businesses however, remain of significant scale, highly cash generative, with a significant hold in the UK grocery market.

Focused investment strategy targeting future-proof stores

A key pillar of the Group's investment strategy is to invest in high quality omnichannel supermarkets that form part of the UK online grocery distribution network. These stores also facilitate in-store shopping and click and collect. 93% of the Group's portfolio by value are omnichannel stores. Online grocery penetration remains significantly higher compared to pre-pandemic levels, with a market share of 12% (up 52% in the three year period from January 2020 to January 2023). In the last 12 months the impact of inflation has seen the channel drop back from the pandemic high of 15% as consumers switch back to in-store shopping. This channel shift highlights the operational flexibility that omnichannel stores offer to our tenants. The seamless integration between online and in-store channels in omnichannel stores allows our tenants to reposition resources in real time to meet consumer channel demand.

Challenging economic environment impacting property valuations

During the Period, we have seen significant disruption to the UK property investment market due to macroeconomic and geopolitical issues. A significant increase in interest rates from 0.25% in December 2021 to 3.5% in December 2022[16] caused a sharp increase in the overall cost of capital and subsequently drove property yields higher.

Valuers have been quick to respond to this higher rate environment, as illustrated by the MSCI All Property Capital Index, which was down 19% as at 31 December 2022. Supermarkets have proven less volatile than broader property markets but have not been immune to this adjustment. Our Direct Portfolio declined 13.3% on a like-for-like basis over the six month period to £1,625 million as at 31 December 2022, reflecting a net initial yield of 5.5% (30 June 2022: 4.6%). We expect that the higher quality assets generating stable income flows, such as the type we own, will stabilise more quickly and prove to be more resilient in the face of a potentially weaker UK economy.

SRP proceeds bolstering the balance sheet

The Company's balance sheet is in a robust position. As at 31 December 2022 our LTV was 40.0%, however, following the sale of the Company's interest in the SRP to Sainsbury's, the Company's LTV is expected to decline to c.30% by July 2023 (see Sainsbury's Reversion Portfolio below).

We are committed to a disciplined approach to capital deployment. In the event that investment opportunities arise in our market which generate accretive returns for shareholders, our balance sheet is well positioned to capitalise.

In addition, the decision to enter into hedges to fix 100% of our drawn debt during the Period means we have maintained our attractive cost of debt at 2.9%. The Company has a robust and liquid balance sheet with near-term cost of debt significantly protected through its fixed (or hedged to fixed) debt strategy.

Acquisitions further diversifying the Company's portfolio of high quality, hand picked supermarkets

During the Period, the Group purchased eight further supermarkets in six locations for £299.1million[17]:

- **July 2022**: A Tesco superstore and M&S Foodhall in Chineham, Basingstoke, including non-grocery units for £71.9 million[17]. The Tesco superstore had a 12-year unexpired lease term and is subject to 5-yearly, upwards only open market rent reviews.
- **August 2022**: A Sainsbury's supermarket and M&S Foodhall in Glasgow with non-grocery units for £34.5 million[17]. The unexpired lease terms of the two stores are 10 and 15[18] years respectively and are both subject to 5-yearly upwards only,

open market rent reviews.

- **August 2022**: A Tesco supermarket in Newton-le-Willows, Merseyside, for £16.6 million[17]. The store had a 12-year unexpired lease term and is subject to annual, upwards only RPI-linked rent reviews.
- **August 2022**: A Tesco in Bishops Cleeve, Cheltenham, for £25.4 million[17]. The store has a 12-year unexpired lease term and is subject to annual, upwards only RPI-linked rent reviews.
- **September 2022**: A Tesco supermarket in Llanelli, South Wales, for £66.8 million[17]. The store has a 12-year unexpired lease term and is subject to annual, upwards only RPI-linked rent reviews.
- **September 2022:** A Tesco supermarket, Iceland Food Warehouse and complementary non-grocery units in Bradley Stoke, Bristol, for £84.0 million[17]. The Tesco store has a 14-year unexpired lease term and is subject to annual, upwards only RPI-linked rent reviews.

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

Sector expertise delivering additional value for shareholders

The Company's investment in the SRP has generated a highly attractive return for shareholders. Following the sale of the Company's interest and receipt of proceeds, it is estimated that the investment will have provided a money-on-money multiple of 1.9x and an IRR of 30%.

Post balance sheet transactions

In January 2023, the Company acquired its joint venture partner's 25.5% interest in the SRP for £196 million, increasing its interest to 51.0%. This was wholly funded by a non-recourse loan facility provided by JPMorgan Chase Bank.

On 17 March 2023, the Company completed the sale of its interest in the SRP to Sainsbury's for a total gross consideration of £430.9 million (excluding costs). The sale completes the acquisition by Sainsbury's of 21 of the 26 SRP properties and concludes the contractual unwind of the SRP structure.

The £430.9 million consideration is being received in three tranches. £279.3 million was received on 17 March 2023 and £116.9 million will be received on 10 July 2023. The third tranche of £34.7 million is conditional on the sale of the remaining five stores in the SRP.

The JPM Chase Bank loan facility was repaid in full immediately following the receipt of the first tranche of £279.3 million on 17 March 2023.

Sainsbury's has entered into new 15-year leases on four of the five remaining stores, with five yearly open market rent reviews and a tenant break option in year ten. Following completion of the transaction, SUPR has an option to acquire these four stores benefitting from the new Sainsbury's 15-year leases for a net consideration of £28.3 million (net of the Company's existing interest and excluding acquisition costs). It is expected that the one remaining store will be sold with vacant possession.

Background information on the SRP

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

The SRP comprised a high-quality portfolio of 26 predominantly omnichannel Sainsbury's supermarkets with strong trading histories and attractive property fundamentals. At acquisition, the stores in the SRP were leased to Sainsbury's until 2023. The investment case for acquiring the stakes in the SRP was largely based on the Group'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. The purchase price on the 21 option stores was agreed at £1,040 million. 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.

In addition, Sainsbury's has agreed to retain occupation of four of the five 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. It is expected that the one remaining store will be sold at vacant possession value.

Further details on the valuation of the SRP can be found in Note 13 to the financial statements.

Valuation reflects market repricing due to higher interest rates and macro economic environment

Cushman & Wakefield valued the Direct Portfolio as at 31 December 2022 in accordance with the RICS Valuation Global Standards. The properties were valued individually without any premium/discount applied to the Portfolio as a whole.

The Direct Portfolio market value was £1,625.1 million, a net increase of £63.5 million for the Period following valuation decline of £235.6 million and new acquisitions of £299.1 million (excluding acquisition costs). This valuation reflects a net initial yield of 5.5% and a like-for-like valuation decline of 13.3%.

The decline in valuation reflects the outward shift in property yields applied by valuers as a result of higher interest rates and the macroeconomic environment. However, the valuation decline has been partially mitigated by our contractual inflation-linked rental uplifts. The average annualised increase in rent from rent reviews performed during the six month period to 31 December 2022 was 3.7%. 82% of the Company's leases benefit from contractual rental uplifts, with 80% linked to inflation and 2% with fixed uplifts.

The benchmark MSCI All Property Capital Index during the same period was down 19%. The repricing of assets has been rapid and significantly faster than in previous property cycles. Since the Period end we have seen signs of improved market sentiment. We expect the attractive characteristics of supermarket property assets to continue to appeal to a wide range of property investors resulting in relatively resilient yields compared to other property sectors.

Active asset management delivering additional value

We continue to seek to drive value for shareholders through active management of our larger sites which are not fully demised to the grocery anchor tenants and therefore benefit from greater landlord control.

Following the regear of the supermarket lease at our Tesco Leicester site (announced in March 2022), we have achieved two new lettings to the Post Office and an upsize of Greggs into an adjacent vacant unit. At acquisition there were four vacant units and one retailer in Company Voluntary Arrangement that was not paying rent. As at 31 December 2022, the site is fully let, rents are now being paid on all units and the valuation gain compared to purchase price on the non-grocery units is £6.85 million.

Feasibility studies are underway for the development of additional units at a number of our sites including the Sainsbury's in Newcastle, Tesco in Chineham, Sainsbury's in Bangor and Tesco in Bradley Stoke. Lease terms have been agreed in each location with complementary retailers. Such development, if viable, would drive additional income and footfall to the locations, enhancing the overall site sales performance.

Following the acquisition of the Sainsbury's anchored site in Glasgow, upon exercise of the break option in the Argos lease, the M&S Foodhall will upsize into the adjacent unit, previously occupied by Argos. M&S will enter in to a new 15-year RPI linked lease. As we have seen elsewhere in the portfolio, the Argos offering has been moved into the Sainsbury's store enhancing the omnichannel offering.

During the Period, the Group completed 12 rent reviews, resulting in an annualised increase in rental income of £1.3 million. The weighted average rental uplift for the rent reviews in the Period was 5.1% across 12 stores, of which two stores benefitted from a 5-yearly rent review. On an annualised basis the average uplift was 3.7%.

We also made progress on sustainability initiatives at our sites. Terms have been agreed for EV charging to be installed at eight sites which is now in the planning phase. Post the balance sheet date, in February 2023, Tesco entered into a 20-year PPA with Atrato Onsite Energy plc for a new solar installation on the rooftop at the Group's store in Thetford.

Commitment to sustainability

The Group has continued to develop and implement its sustainability strategy in the Period. The Board has committed to expand the Company's existing membership of the United Nations Principles of Responsible Investment ("UNPRI") by committing itself to the Net Zero Asset Managers Initiative ("NZAM"). NZAM focuses on the role of the investment community in delivering the goals of the Paris Agreement's commitment to global net zero emissions. This pledge will set the framework for the Company's implementation of Science Based Targets into the investment process. This will set the basis for the Company's reporting and disclosure and will allow investors to benchmark it against other investment companies on its sustainability performance.

The Annual Report and Accounts for the year ended 30 June 2022 included a Task Force on Climate-Related Financial Disclosures ("TCFD") aligned report which included reporting on the Company's Green House Gas emissions. The Company used a third-party consultant to calculate the baseline emissions for the Company and the portfolio. The calculations covered Scope 1, 2 and 3 emissions. Scope 3 emissions are considered to be the "Scope 3 Category 13 Downstream Leased Assets". As the assets are owned but leased to tenants under Fully Repairing and Insuring leases, the Company does not have full control over the emissions at these assets. Under TCFD reporting, however, they are considered part of the Company's emissions footprint. 96% of the Company's 87,715 tonnes of carbon dioxide equivalent ("TCO_2e") total emissions originate from tenant companies. The Company's tenants are primarily the UK's leading grocery operators (75% Tesco and Sainsbury's by income), which have their own ambitious net zero targets. As the TCO_2e figure was the initial baseline calculation, the Company will use this in 2023 to determine a science-based carbon reduction target and a route to net zero.

The Company continued to evaluate the steps that will need to be taken to ensure that the UK government's Minimum Energy Efficiency Standards ("MEES") requirements are met. The Company is working in anticipation that all commercial properties will require an EPC rating of at least a "B" by the end of 2030, with the first compliance window likely to be April 2027 where properties will require an EPC rating of at least a "C". We are confident that the Group will meet the specified targets within the required timeframe. We are currently seeing continuing improvements in our EPC scores as a result of our tenants' commitments to sustainability and their ongoing store refresh programmes. We therefore anticipate the long term requirement for capital by the Company to be immaterial.

Some key Initiatives that the Company has engaged in during the Period, include:

Electric Vehicle (EV) charging
During the Period, commercial and property agreements were progressed for the introduction of EV charging points at selected centres and planning applications for all of the sites were submitted. These sites will be test cases for possible roll out on further properties. The need for EV infrastructure remains critical and we believe that integrating EV charging into consumers' shopping experience is a cost-effective way to help transition the economy away from fossil fuels.

Green Lease Riders
Green lease riders have been developed based on the Better Buildings Partnership model for green lease clauses, which are an industry standard. These clauses have been included in all new leases negotiated by the Company and enable the Company to request that tenants provide environmental performance data and agree to a more significant level of commitment to environmental issues. This forms part of an ongoing stakeholder engagement process to ensure that all tenants disclose critical data on environmental performance.

Environmental Action Plan
At three of the Company's larger sites where the Company has direct control over day-to-day property management, environmental action plans have been produced setting out policies to reduce the environmental impact of the Company's operations. These action plans are based on independent evaluations of the buildings' performance and conditions, and outline pathways to better environmental and financial performance.

Sustainable waste contracts, where the Company has control of site management
Waste, especially food waste, significantly contributes to greenhouse gas emissions at a national level. Food loss and waste amount to 8 to 10%[19] of anthropogenic greenhouse gas emissions. For comparison, aviation is responsible for 3.5% of emissions. The Company is working with site teams to drive recycling, become more sustainable in waste management and look at various alternatives to reducing all waste streams.

Financial results

IFRS net rental income for the six months to 31 December increased by 41% to £45.9 million, up from £32.6 million when compared to the same six month period in the prior year. Contractual inflation-linked rent reviews in the Period resulted in average annualised passing rent increases in the Portfolio of 3.7% (six months to 31 December 2021: 3.3%), in addition to £6.2 million of rental contributions from new acquisitions.

Administrative and other expenses, which include management and advisory fees and other costs of running the Group, were £7.9 million (six months to 31 December 2021: £6.2 million) generating an EPRA cost ratio for the Period of 16.7% (six months to 31 December 2021: 15.8%). The Adjusted EPRA cost ratio, which excludes a one-off exceptional cost of £0.9 million in relation to the unwind of the SRP was 15.1% (six months to 31 December 2021: 15.8%).

Net financing costs for the Period were £10.4 million (six months to 31 December 2021: £5.7 million). The increase in net financing costs reflects higher debt in the period, coupled with an increase in sterling borrowing rates on the Company's floating rate debt exposure in the first half of the Period, which was later fixed in full (see Financing and Hedging section below). Net financing costs were also impacted by a one off non-recurring finance charge of £1.5 million, resulting from the acceleration of unamortised arrangement fees as a result of the Company restructuring 50% of its debt from a secured to an unsecured debt structure in the Period. As at 31 December 2022, the Group's weighted average finance cost during the period was 3.0%[20] (six months to 31 December 2021: 2.5%).

The Group's operating profit, before changes in the fair value of investment properties and share of income from joint ventures, as reported under IFRS, increased by 44% to £38.0 million (six months to 31 December 2021: £26.4 million).

The net decrease in fair value of the Direct Portfolio investment properties in the Period was £248.1 million (six months to 31 December 2021: £11.0 million increase), which comprised a £246.7 million valuation reduction, offset by a £1.3 million rent smoothing adjustment. As noted above, the decline in valuation reflects the outward shift in property valuation yields due to rising interest costs and the macroeconomic environment. As at 31 December 2022, the EPRA NTA per share was 92 pence (30 June 2022: 115 pence).

Share of income from joint ventures during the Period was £18.9 million (six months to 31 December 2021: £37.2 million). The fall represents the year on year six-monthly valuation movement on the underlying properties, however the share of income (excluding fair value movements) in the Period was £7.4 million compared to £6.2 million in the prior year.

The Group is a qualifying UK Real Estate Investment Trust ("REIT") which exempts the Group's property rental business from UK Corporation Tax.

Dividends

The Group declared two interim dividends in the Period: on 8 July 2022, a Q4 2022 interim dividend of 1.485 pence per share and on 21 September 2022, a Q1 2023 interim dividend of 1.5 pence per share. The Q2 2023 interim dividend of 1.5 pence per share was declared after the Period end and the Group remains on track to declare total dividends of 6 pence per share for the financial year. The Group's dividend cover ratio, which shows the level of cover of Adjusted Earnings compared to dividends paid was 0.98x for the Period.

Financing and hedging

During the Period, the Group extended and broadened its banking relationships as follows:

- In July 2022, the Group secured 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 priced at 1.5% above SONIA with a weighted average term of six years (inclusive of uncommitted extension options).
- In September 2022 the Group agreed a further two-year extension (inclusive of a one-year accordion option at the lender's discretion) of its £150.0 million Revolving Credit Facility with HSBC. All other terms of the facility remained unchanged.
- In January 2023, after the Period end, the Group secured a new £202.8 million secured debt facility provided by JPMorgan Chase Bank. The Facility had an interest rate of 5.3% and was fully repaid in March 2023 following receipt of £279.3 million in respect of the first tranche of proceeds from the sale of the Group's interest in the SRP to Sainsbury's.
- The Group also refinanced its existing loan facilities with Bayerische Landesbank in March 2023, with a new three-year £86.9 million term loan fixed at an all-in rate of 4.29%.

During the Period, the Group made the decision to fix 100% of its floating rate debt exposure. This was achieved by entering into three interest rate swaps in the Period. This hedged £381.0 million of drawn floating unsecured debt for a weighted average term of four years.

The Group also purchased an interest rate cap to fix the variable rate of interest on £96.5 million of its Revolving Credit Facility with HSBC until August 2024.

The interest rate derivatives entered into during the Period have a weighted average fixed rate of 2.8% (including margin) over an average term of four years. The cost of acquiring these interest rate derivatives was £41.4 million and were valued at the Period end at £40.5 million. The effect on the income statement for the new derivatives for the period are a loss on fair value of the derivatives of £0.9 million and finance income received from the quarterly settlement of the derivatives of £2.1 million.

A summary of the Group's credit facilities is provided below:

Lender	Facility	Maturity*	Margin	Sonia/swap rate**	Loan commitment (31-Dec-22) £m	Loan commitment (Post balance sheet) £m	Amount drawn at 31 December 2022 £m
Barclays and RBC	Revolving Credit Facility	Jan-26	1.50%	SONIA	77.5	77.5	-
Bayerische Landesbank	Term Loan	Jul-23	1.25%	1.31%	52.1	-	52.1
Bayerische Landesbank	Additional Term Loan A	Jul-23	1.85%	0.13%	7.3	-	7.3
Bayerische Landesbank	Additional Term Loan B	Aug -25	1.85%	0.18%	27.5	-	27.5
Deka Bank	Term loan	Aug-26	1.35%	0.54%	47.6	47.6	47.6
Deka Bank	Term loan	Aug-26	1.35%	0.7%	28.9	28.9	28.9
Deka Bank	Term loan	Aug-26	1.35%	0.32%	20.0	20.0	20.0
HSBC	Revolving Credit Facility	Aug-25	1.65%	1.12%	96.5	96.5	96.5
HSBC	Revolving Credit Facility	Aug-25	1.65%	SONIA	3.5	3.5	-
HSBC	Revolving Credit Facility	Aug-25	1.75%	SONIA	50.0	50.0	-
Wells Fargo	Revolving Credit Facility	Jul-27	2.00%	0.19%	30.0	30.0	30.0
Wells Fargo	Revolving Credit Facility	Jul-27	2.00%	SONIA	9.0	9.0	0.0
Unsecured Syndicate	Revolving Credit Facility	Jul-29	1.50%	1.34%	250.0	250.0	218.5
Unsecured Syndicate	Term Loan	Jul-27	1.50%	1.34%	100.0	100.0	100.0

Unsecured Syndicate	Term Loan	Jan-25	1.50%	1.34%	62.1	62.1	62.1
Total					**862.1**	**862.1**	**690.6**
Post Balance Sheet Events							
Bayerische Landesbank	Term Loan	Mar-26	1.65%	2.64%	-	89.9	N/A
Total					**862.1**	**862.1**	**690.6**

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

Total net debt as at 31 December 2022 stood at £650.1 million (30 June 2022: £297.3 million), reflecting a net loan-to-value ("LTV") ratio of 40.0% (30 June 2022: 19.0%).

The Group has material headroom on its LTV and interest cover covenants. The covenants contain a maximum 60% LTV threshold and a minimum of 200% interest cover ratio for each asset in the Portfolio. Further analysis on the Group's liquidity and banking covenant compliance strength is set out in note 1 of the financial statements.

Atrato Capital Limited
Investment Adviser
29 March 2023

PRINCIPAL RISKS AND UNCERTAINITIES

The Audit and Risk Committee, which assists the Board with its responsibilities for managing risk, regularly considers changes to the principal risk and uncertainties for the Group. Following those presented on pages 34 to 40 of the 2022 Annual Report, the following risk has been added as an additional principal risk during the period:

Property Risk

The default of one of the supermarket operators would create an excess supply of supermarket real estate, thereby putting pressure on ERVs leading to a breach in our banking covenants.

Probability:	Impact:	Mitigation
Low	**High** 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	The failure of a single operator in any given town would place strain on the immediate surrounding retailers as demand previously supplied by the failed operator would be taken up by existing retailers. The potential demise of a major supermarket operator would therefore result in the real estate being potentially acquired by another operator and would continue to be used as a supermarket. Our investment strategy is to acquire strong trading grocery locations, which in many cases have been supermarkets for between 30 and 50 years. Our investment underwriting targets 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.

The Board have also taken the decision to increase the probability and impact for the following two risks:
Property Risk

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:	Impact:	Mitigation
Changed from Low to Moderate	**Moderate (No change)** 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.

Financial Risk

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

Probability:	Impact:	Mitigation
Changed from Moderate to High	**Changed from Moderate to High**	We have entered into interest rate swaps and caps to partially mitigate our direct exposure to movements in

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.	SONIA, by fixing our exposure to SONIA increases. We aim to hedge prudently our SONIA exposure, keeping the hedging strategy under constant review 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. As at the period end 100% of SUPR's drawn debt exposure is fixed.

The remaining risks are expected to remain broadly consistent for the remaining six months of the financial year.

ALTERNATIVE INVESTMENT FUND MANAGER (the "AIFM")

The AIFM was appointed with effect from 15 June 2017 as the Company's alternative investment fund manager under the terms of a Management Agreement between the Company and the AIFM, in accordance with the Alternative Investment Fund Manager's Directive and the Alternative Investment Fund Managers Regulations 2013.
The AIFM is licensed and regulated by the Guernsey Financial Services Commission.

The AIFM is responsible for the day-to-day management of the Company's investments, subject to the investment objective and investment policy and the overall supervision of the Directors. The AIFM is also required to comply with on-going capital, reporting and transparency obligations and a range of organisational requirements and conduct of business rules. The AIFM must also, as the AIFM for the Company, adopt a range of policies and procedures addressing areas such as risk management, liquidity management, conflicts of interest, valuations, compliance, internal audit and remuneration.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that, to the best of their knowledge, this condensed set of consolidated financial statements has been prepared in accordance with IAS 34 as adopted by the United Kingdom and that the operating and financial review included herein provides a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority, namely:

- an indication of important events that have occurred during the Period and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining months of the Group's financial year; and
- disclosures of any material related party transactions in the Period. These are included in note 23.

A full list of Directors of the Company can be found at the end of this interim report. Shareholder information is as disclosed on the Supermarket Income REIT plc website.

For and on behalf of the Board

Nick Hewson
Chairman
29 March 2023

INDEPENDENT REVIEW REPORT TO SUPERMARKET INCOME REIT PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2022 which comprises Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement and the related notes.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the

Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
29 March 2023

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 31 December 2022

Profit or loss	**Notes**	**Unaudited Six months to 31 December 2022 £'000**	**Unaudited Six months to 31 December 2021 £'000**	**Audited Year to 30 June 2022 £'000**
Gross rental income	4	46,162	32,746	72,363
Service charge income	4	2,884	906	2,086
Service charge expense	5	(3,153)	(1,008)	(2,338)
Net Rental Income		**45,893**	**32,644**	**72,111**
Administrative and other expenses	6	(7,894)	(6,218)	(13,937)
Operating profit before changes in fair value of investment properties and interest rate derivatives and share of income from joint venture		**37,999**	**26,426**	**58,174**
Changes in fair value of investment properties and associated rent guarantees	12	(248,064)	10,967	21,820
Changes in fair value of interest rate derivatives	18	(950)	-	-
Share of income from joint venture	13	18,851	37,214	43,301
Operating (loss) /profit		**(192,164)**	**74,607**	**123,295**
Finance income	8	3,209	-	-
Finance expense	8	(13,655)	(5,661)	(12,992)
(Loss)/Profit before taxation		**(202,610)**	**68,946**	**110,303**
Tax charge for the period	9	-	-	-
(Loss)/Profit for the period		**(202,610)**	**68,946**	**110,303**
Items to be classified to profit or loss in subsequent periods				
Changes in the fair value of interest rate derivatives	21	1,780	2,232	5,566
Total comprehensive (expense)/income for the period		**(200,830)**	**71,178**	**115,869**
Total comprehensive (expense)/income for the period attributable to ordinary shareholders		**(200,830)**	**71,178**	**115,869**
Earnings per share - basic and diluted (pence)	10	(16.3p)	7.9p	11.3p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	**Unaudited 31 December 2022 £'000**	**Audited 30 June 2022 £'000**	**Unaudited 31 December 2021 £'000**
Non-current assets				
Property, plant and equipment		129	129	129
Investment properties	12	1,625,100	1,561,590	1,413,500
Investment in joint ventures	13	197,821	177,140	167,534
Contract fulfilment asset		-	93	85
Other financial assets	15	10,723	10,626	2,786
Interest rate derivatives	18	31,862	5,114	2,124
Total non-current assets		**1,865,635**	**1,754,692**	**1,586,158**
Current assets				
Interest rate derivatives	18	15,528	-	-
Financial assets held at fair value through profit and loss	14	-	283	98
Trade and other receivables	16	7,502	1,863	10,368
Cash and cash equivalents		35,380	51,200	24,070
Total current assets		**58,410**	**53,346**	**34,536**
Total assets		**1,924,045**	**1,808,038**	**1,620,694**

	Notes	Unaudited 31 December 2022 £'000	Audited 30 June 2022 £'000	Unaudited 31 December 2021 £'000
Non-current liabilities				
Bank borrowings	19	626,119	348,546	478,031
Interest rate derivatives	18	-	-	344
Total non-current liabilities		**626,119**	**348,546**	**478,375**
Current liabilities				
Bank borrowings	19	59,323	-	-
Deferred rental income		21,171	16,360	15,047
Trade and other payables	17	19,676	10,677	12,188
Total current liabilities		**100,170**	**27,037**	**27,235**
Total liabilities		**726,289**	**375,583**	**505,610**
Total net assets		**1,197,756**	**1,432,455**	**1,115,084**
Equity				
Share capital	20	12,426	12,399	9,854
Share premium reserve	20	497,316	494,174	194,770
Cash flow hedge reserve	21	6,894	5,114	1,780
Capital reduction reserve	20	741,821	778,859	778,859
Retained earnings		(60,701)	141,909	129,821
Total equity		**1,197,756**	**1,432,455**	**1,115,084**
Net asset value per share - basic and diluted	**23**	**96p**	**116p**	**113p**
EPRA net tangible asset per share - basic and diluted	**23**	**92p**	**115p**	**113p**

These unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 March 2023 and were signed on its behalf by: Nick Hewson, Chairman.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 31 December 2022 (unaudited)

	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 2022	**12,399**	**494,174**	**5,114**	**778,859**	**141,909**	**1,432,455**
Comprehensive income for the period						
Loss for the period	-	-	-	-	(202,610)	(202,610)
Other comprehensive income	-	-	1,780	-	-	1,780
Total comprehensive income for the period	**-**	**-**	**1,780**	**-**	**(202,610)**	**(200,830)**
Transactions with owners						
Ordinary shares issued at a premium during the period	27	3,185	-	-	-	3,212
Share issue costs	-	(43)	-	-	-	(43)
Interim dividends paid	-	-	-	(37,038)	-	(37,038)
As at 31 December 2022	**12,426**	**497,316**	**6,894**	**741,821**	**(60,701)**	**1,197,756**

For the year from 1 July 2021 to 30 June 2022 (audited)

	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 period						
Profit for the period	-	-	-	-	110,303	110,303
Other comprehensive income	-	-	5,566	-	-	5,566
Total comprehensive income for the period	**-**	**-**	**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**

ONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 31 December 2021 (unaudited)

	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 period						
Profit for the period	-	-	-	-	68,946	68,946
Other comprehensive income	-	-	2,232	-	-	2,232
Total comprehensive income for the period	**-**	**-**	**2,232**	**-**	**68,946**	**71,178**
Transactions with owners						
Ordinary shares issued at a premium during the year	1,747	199,188	-	-	-	200,935
Share issue costs	-	(4,418)	-	-	-	(4,418)
Transfer to capital reduction reserve	-	(778,859)	-	778,859	-	-
Interim dividends paid	-	-	-	-	(23,921)	(23,921)
As at 31 December 2021	**9,854**	**194,770**	**1,780**	**778,859**	**129,821**	**1,115,084**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six month period ending 31 December 2022

Operating activities	Notes	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
(Loss) /profit for the period (attributable to ordinary shareholders)		(202,610)	68,946	110,303
Adjustments for:				
Changes in fair value of interest rate derivatives		950	-	-
Changes in fair value of Investment properties and associated rent guarantees	12	248,064	(10,967)	(21,820)
Movement in rent smoothing adjustments	4	(1,256)	(1,209)	(2,654)
Finance income	8	(3,209)		
Finance expense	8	13,655	5,661	12,992
Share of income from Joint ventures	13	(18,851)	(37,214)	(43,301)
Cash flows from operating activities before changes in working capital		**36,743**	**25,217**	**55,520**
Increase in trade and other receivables		(3,962)	(7,229)	1,277
Decrease/(Increase) in rent guarantee receivables		198	(70)	(87)
Increase in deferred rental income		4,811	2,986	4,299
Increase in trade and other payables		7,567	1,226	2,004
Cash flows from operating activities		**45,357**	**22,130**	**63,013**
Investing activities				
Acquisition of contract fulfilment assets		-	-	(8)
Acquisition of investment properties	12	(299,130)	(243,449)	(371,093)
Acquisition of financial assets held at fair value through profit and loss	15	-	-	(10,626)
Decrease/(Increase) in other financial assets		93	(2,786)	-
Investment in Joint venture	13	(1,830)	-	(3,518)
Capitalised acquisition costs		(11,103)	(7,146)	(17,603)
Net cash flows used in investing activities		**(311,970)**	**(253,381)**	**(402,848)**
Financing activities				
Proceeds from issue of ordinary share capital	20	-	200,000	506,727
Costs of share issues	20	(43)	(4,418)	(10,366)
Bank borrowings drawn		664,064	256,407	402,922
Bank borrowings repaid		(325,717)	(187,971)	(464,029)
Loan arrangement fees paid		(3,740)	(1,096)	(2,187)
Bank interest paid		(8,646)	(3,884)	(9,846)
Settlement of interest rate derivatives		1,436	-	-
Bank commitment fees paid		(1,291)	(310)	(681)
Dividends paid to equity holders		(33,825)	(22,986)	(51,084)
Purchase of interest rate derivative		(41,445)	-	-
Net cash flows from financing activities		**250,793**	**235,742**	**371,456**
Net (decrease) / increase in cash and cash equivalents for the period		**(15,820)**	**4,491**	**31,621**
Cash and cash equivalents at the beginning of the period		**51,200**	**19,579**	**19,579**
Cash and cash equivalents at the end of the period		**35,380**	**24,070**	**51,200**

1. Basis of preparation

General information

Supermarket Income REIT plc (the "Company" or "Group") 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.

The financial information set out in this report covers the six months to 31 December 2022, with comparative numbers amounts shown for the year to 30 June 2022 and the six months to 31 December 2021. These condensed financial statements are unaudited and the financial information for the year ended 2021 contained herein does not constitute statutory accounts for as defined in section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 June 2022 have been delivered to the Registrar of Companies. The independent auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

At 31 December 2022 the Group comprised of the Company and its wholly-owned subsidiaries and joint ventures. All subsidiaries are incorporated in the England & Wales and Jersey.

The condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the United Kingdom. The accounting policies adopted in this report are consistent with those applied in the Group's audited financial statements for the year ended 30 June 2022. The accounting policies applied in the preparation of this financial information are expected to be consistently applied in the financial statements for the year to 30 June 2023.

Accounting convention and currency
The condensed 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 Group and the presentation currency of the Group.

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.

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, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Group's interim results for the six months ended 31 December 2022. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council.

Liquidity

At 31 December 2022, the Group generated net cash flow from operating activities of £43.7 million and had cash and undrawn committed facilities totalling £206.9 million with no capital commitments or contingent liabilities.

After the period end, the Group announced that it was due to receive gross proceeds of £430.9 million following the sale of its interest in the SRP. Of this amount, £279.3 million has already been received and has been used to repay the JP Morgan facility totalling £202.8 million which was put in place in January 2023. The remaining £76.5 million will be used to either repay debt (see below) or deploy into new acquisitions.

The remaining £151.6 million of proceeds from the SRP is expected to be received as follows:

- £116.9 million is to be received on 9 July 2023; and
- £34.7 million conditional on the sale of the remaining five stores in the SRP.

1. Basis of preparation (continued)

The Directors are of the belief that the Group continues to be well funded during the going concern period with no concerns over its liquidity.

Refinancing events

At the date of signing the financial statements, two facilities fall due for repayment during the going concern period:

- A drawn £62.1 million unsecured term loan due to expire in January 2024 with a bank syndicate comprising Barclays, Royal Bank of Canada, Wells Fargo and Royal Bank of Scotland International; and
- An undrawn £77.5 million secured facility due to expire in January 2024 with Barclays / RBC.

It is intended that the above facilities will either be paid down in full using the cash proceeds received from the sale of the SRP or refinanced prior to maturity. All lenders have been supportive during the period and have expressed commitment to the long-term relationship they wish to build with the Company.

Covenants

The Group's debt facilities include covenants in respect of LTV and interest cover, both projected and historic. All debt facilities, except for the unsecured facilities, are ring-fenced with each specific lender.

The Directors have evaluated a number of scenarios as part of the Group's going concern assessment and considered the impact of these scenarios on the Group's continued compliance with secured debt covenants. The key assumptions that have been sensitised within these scenarios are falls in rental income and increases in administrative cost inflation.

As at the date of issuance of this consolidated financial information 100% of contractual rent for the period has been collected. The Group benefits from a secure income stream from its property assets that are let to tenants with excellent covenant strength under long leases that are subject to upward only rent reviews.

The list of scenarios are below and are all on top of the base case model which includes prudent assumptions on valuations and cost inflation. No sensitivity for movements in interest rates have been modelled as the Group is fully hedged during the going concern assessment period.

Scenario	Rental Income	Costs
Base case scenario (Scenario 1)	100% contractual rent received when due and rent reviews based on forward looking inflation curve, capped at the contractual rate of the individual leases.	Costs assumed as 20% of rental income
Scenario 2	Rental income to fall by 25%	Costs expected to remain the same as the base case.
Scenario 3	Rental Income expected to remain the same as the base case.	10% increases on base case costs to all administrative expenses

The Group continues to maintain covenant compliance for its LTV and ICR thresholds throughout the going concern assessment period under each of the scenarios modelled. The lowest amount of ICR headroom experienced in the worst case stress scenarios was 21%. Based on the latest bank commissioned valuations, Property values would have to fall by more than 27% before LTV covenants are breached, and 11% against 31 December 2022 Company valuations. Similarly, the strictest interest cover covenant within each of the ring-fenced banking groups is 225%, where the portfolio is forecast to have an average interest cover ratio of 515% during the going concern period.

Having reviewed and considered three modelled scenarios, the Directors consider that the Group has adequate resources in place for at least 12 months from the date of these results and have therefore adopted the going concern basis of accounting in preparing the interim financial statements.

2. Significant accounting judgements, estimates and assumptions

There have been no new or material revisions to the nature and amount of judgements and estimates reported in the Annual Report 2022, other than changes to certain assumptions applied in the valuation of properties. Details of the key assumptions applied at 31 December 2022 are set out in note 12.

3. Summary of significant accounting policies

The principal accounting policies adopted in this report are consistent with those applied in the Group's audited financial statements for the year ended 30 June 2022 and are expected to be consistently applied during the year ending 30 June 2023.

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

3.1. New standards issued and effective

There were a number of new standards and amendments to existing standards which are required for the Group's accounting period beginning on 1 July 2022.

The Group has considered amendments to standards endorsed by the United Kingdom effective for the current accounting period and determined that these do not have a material impact on the consolidated financial statements of the Group in the period ended 31 December 2022.

3.2. New standards issued but not yet effective

Amendments to IAS 1 on Classification of liabilities as Current or Non-Current are effective for the financial years commencing on or after 1 January 2024 and are to be applied retrospectively. It is not expected that the amendments may have an impact on the presentation and classification of liabilities in the Group Statement of Financial Position based on rights that are in existence at the end of the reporting period.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. None of these are expected to have a material impact on the consolidated financial statements of the Group.

4. Gross rental income

	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Rental income - freehold property	26,198	20,832	44,332
Rental income - long leasehold property	19,964	11,833	28,031
Surrender premiums	-	81	-
Gross rental income	**46,162**	**32,746**	**72,363**
Property insurance recoverable	300	177	449
Service charge recoverable	2,584	729	1,637
Total property insurance and service charge income	**2,884**	**906**	**2,086**
Total property income	**49,046**	**33,652**	**74,449**

4. Gross rental income (continued)

Included within rental income is a £1,256,000 (six months to 31 December 2021: £1,209,000; year to 30 June 2022: £2,654,000) 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 £46,200,000 relating to the Group's largest tenant and £25,400,000 relating to the Group's second largest tenant. There were no further tenants representing more than 10% of annualised gross rental income during either year.

5. Service charge expense

	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Property insurance expenses	419	248	639
Service charge expenses	2,734	760	1,699
Total property insurance and service charge expenses	**3,153**	**1,008**	**2,338**

6. Administrative and other expenses

	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Investment Adviser fees (note 23)	5,355	4,300	9,405
Directors' remuneration (note 7)	175	134	269
Corporate administration fees	557	414	893
Legal and professional fees	803	842	2,249
Other administrative expenses	1,004	528	1,121
Total administrative and other expenses	**7,894**	**6,218**	**13,937**

7. Directors' remuneration

The Group has no employees. The Directors, who are the key management personnel of the Group, are appointed under letters of appointment for services. Directors' remuneration, all of which represents fees for services provided, was as follows:

	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Directors' fees	157	120	245

	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Employer's National Insurance Contribution	19	14	24
Total Directors' remuneration	**176**	**134**	**269**

8. Finance Income and expense

Finance income

	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Interest received on bank deposits	4	-	-
Finance income recognised on financial assets held at amortised cost	241	-	-
Finance income on settlement of interest rate derivatives (note 18)	2,964	-	-
Total finance income	**3,209**	**-**	**-**

Finance expense

Interest payable on bank borrowings	10,492	3,928	9,565
Finance expense on settlement of interest rate derivatives (note 18)	-	326	296
Commitment fees payable on bank borrowings	875	465	969
Amortisation of loan arrangement fees*	2,288	937	2,157
Amortisation of interest rate cap premium (note 18)	-	5	5
Total finance expense	**13,655**	**5,661**	**12,992**
Net finance expense recognised in income statement	**10,446**	**5,661**	**12,992**

**This includes a one-off exceptional charge of £1.52 million, relating to the acceleration of unamortised arrangement fees in respect of the modification of the Wells Fargo and Barclays/RBC facilities under IFRS 9.*

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

	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Total interest expense on financial liabilities held at amortised cost	12,780	4,864	11,723
Fee expense not part of effective interest rate for financial liabilities held at amortised cost	875	465	969
Total finance expense	**13,655**	**5,329**	**12,692**

9. Taxation

a) Tax charge in profit or loss	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Corporation tax	**-**	**-**	**-**
b) Total tax expense			
Tax charge in profit and loss as per the above	**-**	**-**	**-**
Share of tax (credit)/expense of equity accounted joint ventures	(435)	421	987
Total tax (credit)/expense	**(435)**	**421**	**987**

The Company and its subsidiaries operate as a UK Group REIT. Subject to continuing compliance with certain rules, the UK REIT rules exempt 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 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 tax charge for the period	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
(Loss)/ Profit on ordinary activities before taxation	**(202,610)**	**68,946**	**110,303**
Theoretical tax at UK standard corporation tax rate of 19% Effects of:	(38,496)	13,100	20,958
Investment property revaluation not subject to taxation	(47,132)	(2,084)	(4,146)
Financial instruments revaluation not taxable	181	-	-
REIT exempt income	85,447	(11,016)	(16,812)
Share of tax expense of equity accounted joint ventures	(435)	421	987
Total tax (credit)/expense for the period	**(435)**	**421**	**987**

10. Earnings per share

Earnings per share (EPS) amounts are calculated by dividing the profit or loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. 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.

The Company has also included an additional earnings measure called "Adjusted Earnings" and "Adjusted EPS." Adjusted Earnings and Adjusted EPS is based on EPRA's Best Practices Recommendations and recognises finance income earned from derivatives held at fair value through profit and loss used to fix the Company's floating interest rate exposure and excludes one-off restructuring costs in relation to the acceleration of unamortised arrangement fees following the partial transition of the Group's debt structure from secured to unsecured. The Board deems this a more relevant indicator of core earnings as it reflects the overall interest cost to the business in managing its property portfolio.

The reconciliation of IFRS Earnings, EPRA Earnings and Adjusted Earnings is shown below:

10. Earnings per share (continued)

	Unaudited Six months to 31 December 2022 £'000	**Unaudited Six months to 31 December 2021 £'000**	**Audited Year to 30 June 2022 £'000**
IFRS Net (loss)/profit attributable to ordinary shareholders	**(202,610)**	**68,946**	**110,303**
EPRA adjustments:			
Changes in interest rate derivatives measured at fair value through profit and loss	950	-	-
Changes in fair value of investment properties and rent guarantees	248,064	(10,967)	(21,820)
Group share of changes in fair value of joint venture investment properties	(11,485)	(31,048)	6,021
Group share of gain on disposal of joint venture investment properties	-	-	(37,102)
Finance income received on interest rate derivatives held at fair value through profit and loss	(2,085)	-	-
EPRA earnings	**32,834**	**26,931**	**57,402**
Adjustments for:			
Finance income received on interest rate derivatives held at fair value through profit and loss	2,085	-	-
One-off restructuring costs in relation to the acceleration of unamortised arrangement fees	1,518	-	-
Adjusted Earnings	**36,437**	**26,931**	**57,402**
	Number[1]	**Number[1]**	**Number[1]**
Weighted average number of ordinary shares	**1,241,446,763**	**878,171,925**	**975,233,858**

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

	Unaudited Six months to 31 December 2022 Pence per share	**Unaudited Six months to 31 December 2021 Pence per share**	**Audited Year to 30 June 2022 Pence per share**
Basic and Diluted EPS	**(16.3)p**	**7.9p**	**11.3p**
EPRA adjustments:			
Changes in fair value of interest rate derivatives measured at FVTPL	-	-	-
Changes in fair value of investment properties and rent guarantees	20.0p	(1.3)p	(2.2)p
Group share of changes in fair value of joint venture investment properties	(0.9)p	(3.5)p	0.6p
Group share of gain on disposal of joint venture investment properties	-	-	(3.8)p
Finance income received on interest rate derivatives held at fair value through profit and loss	(0.2)p	-	-
EPRA EPS	**2.6p**	**3.1p**	**5.9p**
Adjustments for:			
Finance income received on interest rate derivatives held at fair value through profit and loss	0.2p	-	-
One-off restructuring costs in relation to the acceleration of unamortised arrangement fees	0.1p	-	-
Adjusted EPS	**2.9p**	**3.1p**	**5.9p**

11. Dividends

	Unaudited Six months to 31 December 2022 £'000	**Unaudited Six months to 31 December 2021 £'000**	**Audited Year to 30 June 2022 £'000**
Distributions to ordinary shareholders in the period:			
Dividends paid	**37,038**	**23,921**	**53,190**

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 14 July 2022.

On 21 September 2022 the Board declared a first interim dividend for the year ending 30 June 2023 of 1.5 pence per share, which was paid on 16 November 2022 to shareholders on the register on 6 October 2022.

On 12 January 2023, the Board declared a second interim dividend for the year ending 30 June 2023 of 1.5 pence per share, which was paid on 23 February 2023 to shareholders on the register on 19 January 2023. This has not been included as a liability as at 31 December 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. All the valuations of the Group's investment property at 31 December 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 2022	903,850	657,740	1,561,590
Property additions	106,400	192,730	299,130
Capitalised acquisition costs	2,799	8,304	11,103
Revaluation movement	(139,199)	(107,524)	(246,723)
Valuation at 31 December 2022	**873,850**	**751,250**	**1,625,100**
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**
At 1 July 2021	723,540	424,840	1,148,380
Property additions	96,182	147,267	243,449
Capitalised acquisition costs	3,629	5,657	9,286
Revaluation movement	18,339	(5,954)	12,385
Valuation at 31 December 2021	**841,690**	**571,810**	**1,413,500**

12. Investment Properties (continued)

Of the fifteen properties held under long leaseholds, the years unexpired on the headleases are as follows: four properties with between 116 and 156 years, and eleven properties with between 983 and 988 years. The Group has no material liabilities in respect of these headleases.

Included within the carrying values of investment properties at 31 December 2022 is £7,468,000 (six months to 31 December 2021: £4,767,000, year to 30 June 2022: £6,212,000) in respect of the smoothing of fixed contractual rent uplifts as described in note 4. The difference between rents on a straight-line basis and rents 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:

	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Revaluation movement per above	(246,723)	12,385	24,797
Rent smoothing adjustment (note 4)	(1,256)	(1,209)	(2,654)
Movements in associated rent guarantees (note 14)	(85)	(209)	(323)
Change in fair value recognised in profit or loss	**(248,064)**	**10,967**	**21,820**

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.

Unobservable inputs

Significant unobservable inputs include: the estimated rental value ("ERV") based on market conditions prevailing at the valuation date and the equivalent yield (defined as the weighted average of the net initial yield and reversionary 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 fair value. A decrease in the equivalent yield would increase the fair value.

Sensitivity of measurement of significant unobservable inputs

The determination of the valuation of the Group's investment property portfolio is open to judgements and is inherently subjective by nature.

Sensitivity analysis - impact of changes in initial yields and passing rent

Initial yields of the Group's investment properties at 31 December 2022 range from 4.7% to 7.3% (year ended 30 June 2022: 3.8% to 6.6%; six months ended 31 December 2021: 3.8% to 6.6%). Rental values (being passing rents or ERV as relevant) on the Group's investment properties at 31 December 2022 range from £0.3 million to £5.1 million (year ended 30 June 2022: £0.3 million to £4.2 million; six months ended 31 December 2021: £0.3 million to £4.8 million).

12. Investment Properties (continued)

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	+0.5% Net Initial Yield* £m	-0.5% Net Initial Yield* £m
(Decrease)/increase in the fair value of investment properties as at 31 December 2022	16.3	(16.3)	(137.0)	165.1
(Decrease)/increase in the fair value of investment properties as at 31 December 2021	14.1	(14.1)	(72.3)	81.9

	+1% Rental value £m	-1% Rental value £m	+0.5% Net Initial Yield* £m	-0.5% 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

**31 December 2021 and 30 June 2022 figures were calculated on +/-0.25% sensitivity net initial yield.*

13. Investment in joint ventures

As at 31 December 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 ("BAPTL") to acquire 100% of the issued share capital in Horndrift Limited for a combined total consideration of £102m 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 £115m plus costs. Further amounts have been advanced since this date to fund operating costs and taxation liabilities on a pro-rata basis with the other parties.

On 12 January 2023, after the balance sheet date, the Company acquired BAPTL's 25.5% beneficial interest in the SRP for £196 million (excluding acquisition costs). Further details on this non-adjusting post balance sheet event have been detailed in note 25.

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 31 December 2022 to be £7,500,000 (six months to 31 December 2021: £7,500,000, 30 June 2022: £7,500,000). 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 31 December 2022. Accordingly, the Group's beneficial interest in the JV, and therefore the Group's share of the JV's net assets as at 31 December 2022, is estimated to amount to 52.7%

The carried interest payments are only payable upon cash distributions from the JV to the Group. To date no carried interest payment have become payable.

13. Investment in joint ventures (continued)

After the balance sheet date, the Company announced the sale of its interest in the SRP for £430.9 million. Of this amount, £279.3 million has already been received and a further £116.9 million is due to be received on 10 July 2023 and the third tranche of £34.7 million is conditional on the sale of the remaining five stores in the SRP. Carried interest payments are due to be paid in July on receipt of the remaining sale proceeds. Further information on this disposal has been detailed in note 25 of these financial statements.

	Partner	Address	Ownership
Jersey			
Horner (Jersey) LP	British Airways Pensions Trustees Limited	Third Floor, Liberation House, Castle Street, St Helier, Jersey, JE1 2LH parent company	50% owned by the Group
Horner REIT Limited		Third Floor, Liberation House, Castle Street, St Helier, Jersey, JE1 2LH parent company	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

	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Opening balance	177,140	130,320	130,321
Additions	1,830	-	3,518
Group's share of profit after tax	18,851	37,214	43,301
Closing balance	**197,821**	**167,534**	**177,140**

The joint venture entities have a 30 June year end. For accounting purposes consolidated management accounts have been prepared for the joint venture for the period from 1 July to 31 December 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	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Share of income from joint venture	37,644	84,748	97,464
Profit for the period and total comprehensive income	**37,644**	**84,748**	**97,464**

Statement of comprehensive income	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Group's share of profit for the period	**18,851**	**37,214**	**43,301**

Statement of financial position			
Investment in joint ventures	410,643	350,069	369,280
Net assets	**410,643**	**350,069**	**369,280**
Group's share of net assets	**197,821**	**167,534**	**177,140**

13. Investment in joint ventures (continued)

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:

	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Rental income	2,871	14,986	12,878
Finance income	13,345	-	15,988
Administrative and other expenses	(1,806)	(99)	(190)
Change in fair value of investment properties	(4,256)	72,693	(11,336)
Gain on disposal of investment properties	27,228	-	84,095
Operating profit	**37,382**	**87,580**	**101,435**
Finance expense	(608)	(1,869)	(1,996)
Profit before taxation	36,774	**85,710**	**99,439**
Tax charge for the period	870	(962)	(1,974)
Profit for the period	**37,644**	**84,748**	**97,465**

	Unaudited Six months to 31 December 2022 £'000	Unaudited Six months to 31 December 2021 £'000	Audited Year to 30 June 2022 £'000
Non-current assets			
Investment properties	**-**	**555,925**	**37,005**
Total non-current assets	**-**	**555,925**	**37,005**
Current assets			
Contractual receivable	563,677	-	530,481
Trade and other receivables	3,214	18,220	2,897
Investment properties held for sale	33,772	-	-
Cash and cash equivalents	-	-	-
Total current assets	**600,663**	**18,220**	**533,378**
Total assets	**600,663**	**574,145**	**570,383**
Non-current liabilities			
Debt securities in issue	-	187,133	176,243
Interest rate derivative	-	6,849	3,451
Deferred tax	-	11,321	4,196
Other liabilities	-	10,039	9,883
Total non-current liabilities	-	**215,342**	**193,773**
Current liabilities			
Debt securities in issue	(170,840)	**-**	**-**
Interest rate derivative	(743)	**-**	**-**
Deferred tax	(357)	**-**	**-**
Other liabilities	(10,252)	**-**	**-**
Trade and other payables	(7,828)	8,733	7,329
Total current liabilities	**(190,020)**	**8,733**	**7,329**
Total liabilities	**(190,020)**	**224,075**	**201,102**
Net assets	**410,643**	**350,070**	**369,281**

13. Investment in joint ventures (continued)

During the year, Sainsbury's agreed to purchase 21 of the 26 stores within the Structure for a price of £1,040 million.

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, which has been valued based on the agreed sales price as noted above and further rental income to be received until expiry of the securitisation.

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 Company has exclusivity to purchase these stores for £61.9 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.

14. 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 cashflows to be derived over the term of the rental guarantee and discounted these at the market rate. A review is performed on a periodic basis based on payments received and changes in the estimation of future cashflows.

The fair value of rental guarantees held by the Group as at the period end date are as follows:

	Unaudited 31 December 2022 £'000	Audited 30 June 2022 £'000	Unaudited 31 December 2021 £'000
At start of period	283	237	237
Additions	-	283	-
Fair value changes (including changes in estimated cash flows)	86	(326)	(209)
Payments (received)/refunded	(369)	89	70
At end of period	-	**283**	**98**

The fair value of rental guarantees recognised have a contractual expiry of less than next twelve months.

15. Financial assets held at amortised cost

	Unaudited 31 December 2022 £'000	Audited 30 June 2022 £'000	Unaudited 31 December 2021 £'000
At start of period	10,626	-	-
Additions	-	10,626	-
Interest income recognised in profit and loss	241	-	-
Lease payments received during the period	(144)	-	-
At end of period	**10,723**	**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.

15. Financial assets held at amortised cost (continued)

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 31 December 2022. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic 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.

16. Trade and other receivables

	Unaudited 31 December 2022 £'000	Audited 30 June 2022 £'000	Unaudited 31 December 2021 £'000
Trade and other receivables	6,384	1,430	9,531
Prepayments	1,118	433	837
Total trade and other receivables	**7,502**	**1,863**	**10,368**

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 31 December 2022. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic 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.

17. Trade and other payables

	Unaudited 31 December 2022 £'000	Audited 30 June 2022 £'000	Unaudited 31 December 2021 £'000
Corporate accruals	15,211	8,958	9,607
VAT payable	4,465	1,719	2,581
Total trade and other payables	**19,676**	**10,677**	**12,188**

18. Interest rate derivatives

	Unaudited 31 December 2022 £'000	Audited 30 June 2022 £'000	Unaudited 31 December 2021 £'000
Non-current asset: Interest rate swaps	29,572	5,114	2,124
Non-current asset: Interest rate cap	2,290	-	-
Current asset: Interest rate swaps	12,699	-	-
Current asset: Interest rate cap	2,829	-	-
Non-current liability: Interest rate swap	-	-	(344)
Total	**47,390**	**5,114**	**1,780**

The interest rate cap and interest rate swap is remeasured to fair value by the counterparty bank on a quarterly basis

18. Interest rate derivatives (continued)

The fair value at the end of the period comprises:	Unaudited 31 December 2022	Audited 30 June 2022	Unaudited 31 December 2021
At start of the period	5,114	(447)	(447)
Interest rate derivative premium paid on inception	41,445	-	-
Amortisation of cap premium in the period (note 8)	-	(5)	(5)
Changes in fair value of interest rate derivative in the period	3,795	5,270	1,906
(Credit)/Charge to the income statement	(2,964)	296	326
As at the end of the period	**47,390**	**5,114**	**1,780**

To partially mitigate the interest rate risk that arises as a result of entering into the floating rate debt facilities referred to in note 19, the Group has entered into derivative interest rate swaps in relation to the drawn Unsecured bank syndicate facilities ('the Unsecured swaps') and loan facilities with Bayerische Landesbank ('the BLB swaps') and Wells Fargo Bank ('the Wells swaps'). The Group has also entered into a derivative interest rate cap in relation to the drawn HSBC loan facility ('the HSBC cap').

The total notional value of the Unsecured swaps was £380.6 million, which is equal to the total amounts drawn under the Unsecured bank syndicate facilities. The terms of the Unsecured swaps coincide with the maturity of the respective Unsecured bank syndicate loan facilities. The fixed interest rate of the swaps as at 31 December 2022 was 0.99%. The weighted average strike rate of the swaps to maturity is 1.34%.

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 31 December 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.

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 31 December 2022 was 0.189%.

The total notional value of the HSBC cap was £96.5 million with its term coinciding with the maturity of the HSBC loan facility. The strike rate of the interest rate cap as at 31 December 2022 was 0.99%. The weighted average strike of the swaps to maturity is 1.10%.

100% of the Group's outstanding debt as at 31 December 2022 was hedged through the use of fixed rate debt or financial instruments (30 June 2022: 61%). 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 balance sheet 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 Bayerische Landesbank and Wells Fargo variable rate linked facilities. 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.

18. Interest rate derivatives (continued)

The remaining derivatives (Unsecured swaps and HSBC cap), that do not qualify under hedge accounting are carried in the Group Statement of Financial Position at fair value with changes in fair value recognised in the Group profit or loss, net of interest receivable/payable from the derivatives shown in the finance income or expense line.

19. Bank borrowings

Amounts falling due within one year:	Unaudited 31 December 2022 £'000	Audited 30 June 2022 £'000	Unaudited 31 December 2021 £'000
Secured debt	59,408	-	-
Unsecured debt	-	-	-
Less: Unamortised finance costs	(85)	-	-
	59,323	**-**	**-**
Amounts falling due after more than one year:			
Secured debt	250,555	352,213	481,826
Unsecured debt	380,597	-	-
Less: Unamortised finance costs	(5,033)	(3,667)	(3,795)
	626,119	**348,546**	**478,031**
Bank borrowing per consolidated statement of financial position	**685,442**	**348,546**	**478,031**

19. Bank borrowings (continued)

A summary of the Group's borrowing facilities as at 31 December 2022 are shown below:

Lender	Facility	Expiry	Expiry[21]	Credit Margin	Swap/Cap Rates	Loan commitment £m^	Amount drawn 31 December 2022 £m
HSBC	Revolving credit facility	Aug 2024	Aug 2025	1.65%	Cap - 1.12%	£96.5	£96.5
HSBC	Revolving credit facility	Aug 2024	Aug 2025	1.65%	SONIA	£3.5	Nil
HSBC	Revolving credit facility	Aug 2024	Aug 2025	1.75%	SONIA	£50.0	Nil
Deka	Term Loan	Aug 2024	Aug 2026	1.35%	0.54%	£47.6	£47.6
Deka	Term Loan	Aug 2024	Aug 2026	1.35%	0.70%	£28.9	£28.9
Deka	Term Loan	Aug 2024	Aug 2026	1.40%	0.32%	£20.0	£20.0

Lender	Facility	Expiry	Expiry[21]	Credit Margin	Swap/Cap Rates	Loan commitment £m^	Amount drawn 31 December 2022 £m
BLB	Term Loan	Jul 2023	Jul 2023	1.25%	SWAP - 1.31%	£52.1	£52.1
BLB	Term Loan	Aug 2025	Aug 2025	1.85%	SWAP - 0.18%	£27.5	£27.5
BLB	Term Loan	Jul 2023	Jul 2023	1.85%	SWAP - 0.13%	£7.3	£7.3
Wells Fargo	Revolving credit facility	Jul 2025	Jul 2027	2.00%	SWAP - 0.19%	£30.0	£30.0
Wells Fargo	Revolving credit facility	Jul 2025	Jul 2027	2.00%	SONIA	£9.0	Nil
Barclays	Revolving credit facility	Jan 2024	Jan 2026	1.50%	SONIA	£77.6	Nil
Syndicate	Revolving credit facility	Jul 2027	Jul 2029	1.50%	SWAP - 1.34%	£250.0	£218.5
Syndicate	Term Loan	Jul 2025	Jul 2027	1.50%	SWAP - 1.34%	£100.0	£100.0
Syndicate	Term Loan	Jan 2024	Jan 2025	1.50%	SWAP - 1.34%	£30.6	£30.6
Syndicate	Term Loan	Jan 2024	Jan 2025	1.50%	SWAP - 1.34%	£31.5	£31.5
Total						**£862.1**	**£690.5**

^Includes uncommitted accordions

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 period are offset against amounts drawn under the facilities 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 companies, not including the Company itself. There have been no defaults of breaches of any loan covenants during the current or any prior period.

The Group's borrowings carried at amortised cost are considered to be approximate to their fair value.

20. Share capital

Six months to 31 December 2022 (unaudited)	Ordinary shares of 1 pence Number	Share capital £'000	Share premium reserve £'000	Capital reduction reserve £'000	Total £'000
As at 1 July 2022	**1,239,868,420**	**12,399**	**494,174**	**778,859**	**1,285,432**
Scrip dividends issued and fully paid - 22 August 2022	1,898,161	19	2,316	-	2,335
Ordinary shares issued and fully paid - 22 November 2022	866,474	8	869	-	877
Share issue costs		-	(43)	-	(43)
As at 31 December 2022	1,242,633,055	12,426	497,316	778,859	1,288,601
Dividends paid in the period	-	-	-	(37,038)	(37,038)
As at 31 December 2022	**1,242,633,055**	**12,426**	**497,316**	**741,821**	**1,251,563**

Year to 30 June 2022 (audited)	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 2021	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**

Six months to 31 December 2021 (unaudited)	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	349	-	352
Ordinary shares issued and fully paid - 22 October 2021	173,913,043	1,739	198,261	-	200,000
Scrip dividends issued and fully paid - 16 November 2021	500,750	5	578	-	583
Transfer to capital reduction reserve			(778,859)	778,859	-
Share issue costs	-	-	(4,418)	-	(4,418)
As at 31 December 2021	**985,434,429**	**9,854**	**194,770**	**778,859**	**983,483**

Scrip dividends were issued on 22 August 2022 and 22 November 2022 at a reference price of £1.23 and £1.01 per share respectively. The Company issued a combined total of 2,764,635 shares under the scrip dividend programme during the year.

The consideration received in excess of the par value of the ordinary shares issued, of £3.2 million was credited to the share premium reserve.

20. Share capital (continued)

Ordinary shareholders are entitled to all dividends declared by the Company and to all of 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 31 December 2022 total was 1.24 billion.

21. Cash flow hedge reserve

	Unaudited Six months to 31 December 2022 £'000	Audited Year to 30 June 2022 £'000	Unaudited Six months to 31 December 2021 £'000
At start of the period	5,114	(452)	(452)
Fair value movement of interest rate derivatives in effective hedges	1,780	5,566	2,232
At the end of the period	**6,894**	**5,114**	**1,780**

22. Capital commitments

The Group had no capital commitments outstanding as at 31 December 2022 (30 June 2022: none; 31 December 2021: none).

23. Transactions with related parties

Details of the related parties to the Group in the period 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 £75,000 per annum, with the other Directors each being paid fees of £52,500 per annum. Jon Austen is paid an additional £9,000 per annum for his role as chair of the Company's Audit Committee, Vince Prior is paid an additional £4,000 per annum for his role as chair of the Company's Nominations 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.

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 31 December 2022 were as follows:

- Nick Hewson: 1,154,170 shares (0.09% of issued share capital)
- Jon Austen: 305,339 shares (0.02% of issued share capital)
- Vince Prior: 173,432 shares (0.01% of issued share capital)
- Cathryn Vanderspar: 108,645 shares (0.01% of issued share capital)
- Frances Davies: 24,774 (0.00% 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 un-invested 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).

23. Transactions with related parties (continued)

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 million 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 period 31 December 2022 the total advisory fees payable to the Investment Adviser were £5,355,138 (six months to December 2021: £4,299,869; year to 30 June 2022: £9,404,938) of which £1,970,754 (30 June 2022: £1,446,246; 31 December 2021: £1,937,162) 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: £52,788; plus (i) £4,279 for any indirect subsidiary of the Company and (ii) £1,661 for each direct subsidiary of the Company.

For the period to 31 December 2022 the total accounting and administration service fee payable to the Investment Adviser was £149,548 (six months to 31 December 2021: £111,497, year to 30 June 2022: £237,559) of which £78,322 (six months to December 2021: £111,497; year to 30 June 2022: £81,833) 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: one per cent of total subscription in respect of ordinary shares subscribed for by any prospective investor introduced by Atrato Partners.

For the period to 31 December 2022 the total introducer fees payable to the affiliate of the Investment Adviser were £Nil (six months to 31 December 2021: £92,805; year to 30 June 2022: £271,239)

Interest in shares of the Company

Details of the direct and indirect interests of persons discharged with managerial responsibility of the Investment Adviser and their close families in the ordinary shares of one pence each in the Company at 31 December 2022 were as follows:

- Ben Green: 1,305,454 shares (0.11% 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: 62,679 (0.01% 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 13.

23. Transactions with related parties (continued)

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.

After the balance sheet date, in February 2023, Tesco entered into a 20-year PPA with Atrato Onsite Energy plc for a new solar installation on the rooftop at the Group's store in Thetford. Atrato Onsite Energy plc is advised by Atrato Partners Limited, which is a related party of the Investment Adviser. No amounts have been paid to Atrato Onsite Energy plc or Atrato Partners Limited to date in respect of this transaction.

24. 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 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.

The EPRA NTA per share calculation are as follows:

	Unaudited 31 December 2022 £'000	**Unaudited 31 December 2021 £'000**	**Audited 30 June 2022 £'000**
Net assets per the consolidated statement of financial position	1,197,756	1,115,084	1,432,455
Intangibles	-	(85)	(93)
Fair value of financial assets at amortised cost	(3,423)	-	(666)
Fair value of interest rate derivatives	(47,389)	(1,780)	(5,114)
EPRA NTA	**1,146,944**	**1,113,219**	**1,426,582**
Ordinary shares in issue	**1,242,633,055**	985,434,429	1,239,868,420
NAV per share - Basic and diluted (pence)	**96p**	113p	116p
EPRA NTA per share (pence)	**92p**	113p	115p

25. Subsequent events

On 12 January 2023, the Board declared a second interim dividend for the year ending 30 June 2023 of 1.5 pence per share, which was paid on 23 February 2023 to shareholders on the register on 19 January 2023. This has not been included as a liability as at 31 December 2022.

On 12 January 2023, the Company announced the purchase of British Airways Pension Trustees Limited's ("BAPTL") 25.5% beneficial interest in the SRP for £196 million (excluding acquisition costs), increasing the Company's beneficial interest in the SRP to 51%. The acquisition was funded entirely by a new debt facility provided by JP Morgan Chase Bank of £202.8 million. This Facility was priced a margin of 1.5% over SONIA and an arrangement fee of 2.0%.

On 20 March 2023, the Company announced the sale of its interest in the SRP. The consideration of £430.9 million is to be received in three tranches. £279.3 million was received on completion of the sale, of which £202.8 million of this was used to pay in full the debt facility provided by JP Morgan Chase Bank. £116.9 million is due to be received on 10 July 2023 and the third tranche of £34.7 million is conditional on the sale of the remaining five stores in the SRP. The profit on disposal of the interest in the SRP is expected to increase NTA by approximately £23.1 million or 1.9 pence per share (excluding transactional costs) compared to the value of £197.8m as presented in the consolidated financial statements.

25. Subsequent events (continued)

On 21 March 2023, The Company announced the refinancing of its existing loan facilities with Bayerische Landesbank with a new three-year £86.9 million term loan replacing the existing tranches of the same amount. The facility matures in March 2026 and is priced at a margin of 1.65% above SONIA which has been fully hedged for the term of the facility using an interest rate swap to fix at an all-in rate of 4.29%.

Notes to EPRA and other Key Performance Indicators (Unaudited)

1. EPRA Earnings and Adjusted Earnings per Share

	As at 31 December 2022 £'000	**As at 31 December 2021 £'000**	**As at 30 June 2022 £'000**
Net profit/(loss) attributable to ordinary Shareholders	**(200,830)**	**71,178**	**115,869**
Adjustments to remove:			
Changes in fair value of interest rate derivatives (OCI)	(1,780)	(2,232)	(5,566)
Changes in fair value of interest rate derivatives measured at FVTPL	950	-	-
Changes in fair value of investment properties and associated rent guarantees	248,064	(10,967)	(21,820)
Group share of changes in fair value of joint venture investment properties	(11,485)	(31,048)	6,021
Finance income received on interest rate derivatives held at fair value through profit and loss	(2,085)		

	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 30 June 2022 £'000
Group share of gain on disposal of joint venture investment properties	-	-	(37,102)
EPRA Earnings	**32,834**	**26,931**	**57,402**
EPRA EPS	**2.6p**	**3.1p**	**5.9p**
Finance income received on interest rate derivatives held at fair value through profit and loss	2,085	-	-
One-off restructuring costs in relation to the acceleration of unamortised arrangement fees	1,518	-	-
Adjusted Earnings	**36,437**	**26,931**	**57,402**
Weighted average number of ordinary shares[1]	**1,241,446,763**	**878,171,925**	**975,233,858**
Adjusted EPS	**2.9p**	**3.1p**	**5.9p**

[1] Based on the weighted average number of ordinary shares in issue for the six months to 31 December 2022.

Adjusted Earnings and Adjusted EPA are new measures shown in the Period - See the Key Performance Indicators summary in the Interim Financial Statements.

Notes to EPRA and other Key Performance Indicators (Unaudited) continued

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 and financial assets held at amortised cost.

31 December 2022 (Unaudited)	**EPRA NTA £'000**	**EPRA NRV £'000**	**EPRA NDV £'000**
IFRS NAV attributable to ordinary shareholders	**1,197,756**	**1,197,756**	**1,197,756**
Fair value of interest rate derivatives	(47,389)	(47,389)	-
Fair value of financial assets held at amortised cost	(3,423)	(3,423)	(3,423)
Intangibles	-	-	-
Purchasers' costs	-	119,102	-
Fair value of debt	-	-	5,768
Deferred tax	-	-	-
EPRA metric	**1,146,944**	**1,266,046**	**1,201,101**
EPRA metric per share	**92p**	**102p**	**97p**

30 June 2022 (Audited)			
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 assets held at amortised cost	(666)		
Intangibles	(93)	(666)	(666)
Purchasers' costs	-	-	-
Fair value of debt	-	113,935	-
Deferred tax	-	-	4,320
EPRA metric	**1,426,582**	**1,540,610**	**1,436,109**
EPRA metric per share	**115p**	**124p**	**116p**

31 December 2021 (Unaudited)	**EPRA NTA £'000**	**EPRA NRV £'000**	**EPRA NDV £'000**
IFRS NAV attributable to ordinary shareholders	**1,115,084**	**1,115,084**	**1,115,084**
Fair value of interest rate derivatives	(1,780)	(1,780)	-
Intangibles	(85)	-	-
Purchasers' costs	-	103,131	-
Fair value of debt	-	-	(719)
Deferred tax	-	-	-
EPRA metric	**1,113,219**	**1,216,435**	**1,114,365**
EPRA metric per share	**113p**	**123p**	**113p**

Notes to EPRA and other Key Performance Indicators (Unaudited) continued

3. EPRA Net Initial Yield (NIY) and EPRA "topped up" NIY

	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 30 June 2022 £'000
Investment Property - wholly owned (note 12)	1,625,100	1,413,500	1,561,590
Investment Property - share of joint ventures	281,533	265,325	266,500
Completed Property Portfolio	**1,906,633**	**1,678,825**	**1,828,090**
Allowance for estimated purchasers' costs	139,111	122,489	133,380
Grossed up completed property portfolio valuation (B)	**2,045,743**	**1,801,314**	**1,961,470**
Annualised passing rental income - wholly owned	95,239	70,161	77,230
Annualised passing rental income - share of joint venture	13,695	13,294	13,372
Annualised non-recoverable property outgoings	(952)	(344)	(400)
Less: contracted rent under rent free periods	(82)	-	-

	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 30 June 2022 £'000
Annualised net rents (A)	**107,900**	**83,111**	**90,202**
Rent expiration of rent-free periods and fixed uplifts	82	-	56
Topped up annualised net rents (C)	**107,982**	**83,111**	**90,258**
EPRA NIY (A/B)	**5.27%**	**4.61%**	**4.60%**
EPRA "topped up" NIY (C/B)	**5.28%**	**4.61%**	**4.60%**

4. EPRA Vacancy Rate

	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 30 June 2022 £'000
Estimated rental value of vacant space	451	155	188
Estimated rental value of the whole portfolio	95,239	70,161	77,237
EPRA Vacancy Rate	**0.5%**	**0.2%**	**0.2%**

The EPRA vacancy rate is calculated as the ERV of the unrented, lettable space as a proportion of the total rental value of the direct Investment Property portfolio. This is expected to continue to be a highly immaterial percentage as the majority of the portfolio is let to the largest supermarket operators in the UK.

Notes to EPRA and other Key Performance Indicators (Unaudited) continued

5. EPRA Cost Ratio

	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 30 June 2022 £'000
Administration expenses per IFRS	**7,894**	**6,218**	**13,937**
Service charge income	**(2,884)**	(906)	(2,086)
Service charge costs	**3,153**	1,008	2,338
Net Service charge costs	**269**	**102**	**252**
Share of joint venture expenses	**903**	50	95
Total costs (including direct vacant property costs) (A)	**9,066**	**6,370**	**14,284**
Vacant property costs	**(125)**	(80)	(99)
Total costs (excluding direct vacant property costs) (B)	**8,941**	**6,290**	**14,185**
Gross rental income per IFRS	**46,162**	**32,746**	**72,363**
Less: service charge components of gross rental income	-	-	-
Add: Share of Gross rental income from Joint Ventures	**8,108**	7,493	14,423
Gross rental income (C)	**54,270**	**40,239**	**86,786**
EPRA Cost ratio (including direct vacant property costs) (A/C)	**16.71%**	**15.83%**	**16.46%**
EPRA Cost ratio (excluding vacant property costs) (B/C)	**16.48%**	**15.63%**	**16.34%**

1. The Company does not have any overhead costs capitalised as it has no assets under development.

Notes to EPRA and other Key Performance Indicators (Unaudited) continued

6. EPRA LTV

	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 30 June 2022 £'000
Group Net Debt			
Borrowings from financial institutions	685,442	478,031	348,546
Net payables	33,345	16,768	24,893
Less: Cash and cash equivalents	(35,380)	(24,070)	(51,200)
Group Net Debt Total (A)	**683,407**	**470,729**	**322,239**
Group Property Value			
Investment properties at fair value	1,625,100	1,413,500	1,561,590
Intangibles	-	85	93
Financial assets	10,723	-	10,626
Total Group Property Value (B)	**1,635,823**	**1,413,585**	**1,572,309**
Group LTV (A-B)	**41.78%**	**33.30%**	**20.49%**
Share of Joint Ventures Debt			
Bond loans	85,420	93,566	88,121
Net payables	6,302	9,070	822
JV Net Debt Total (A)	**91,722**	**102,636**	**88,943**
Group Property Value			
Owner-occupied property	**-**	**-**	-
Investment properties at fair value	291,070	277,962	277,407
Total JV Property Value (B)	**291,070**	**277,962**	**277,407**
JV LTV (A-B)	**31.51%**	**36.92%**	**32.06%**

	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 30 June 2022 £'000
Combined Net Debt (A)	**775,129**	**573,365**	411,182
Combined Property Value (B)	**1,926,893**	**1,691,547**	1,849,717
Combined LTV (A-B)	**40.23%**	**33.90%**	**22.23%**

7. EPRA Like-for-Like Rental Growth

Sector	Six months to 31 December 2022 £'000	Six months to 31 December 2022 £'000	Like-for-Like rental growth %
UK	**30,821**	**30,337**	**1.60**

The like-for-like rental growth is based on changes in net rental income for those properties which have been held for the duration of both the current and comparative reporting. This represents a portfolio valuation, as assessed by the valuer of £ 1.03 bn (31 December 2021: £1.17 bn).

The rental growth movement includes a £0.9m reduction in rent for a lease regear of one of the Group's assets. Excluding this reduction, the like for like rental growth increases to 3.08%.

Notes to EPRA and other Key Performance Indicators (Unaudited) continued

8. EPRA Property Related Capital Expenditure

	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 30 June 2022 £'000
Group			
Acquisitions	310,223	252,735	388,695
Development	-	-	-
Investment properties	-	-	-
Group Total CapEx	**-**	**-**	**-**
Joint Venture			
Acquisitions	-	-	-
Development	-	-	-
Investment properties	-	-	-
Joint Venture Total CapEx	**-**	**-**	**-**
Total CapEx	**310,223**	**252,735**	**388,695**

9. Total Shareholder Return

Total Shareholder Return	Six months to 31 December 2022 Pence per share	Six months to 31 December 2021 Pence per share	Year to 30 June 2022 Pence per share
Share price at start of the period / year	119.5	117.5	117.5
Share price at the end of the period / year	102.5	122.0	119.5
(Decrease)/Increase in share price	(17.0)	4.5	2.0
Dividends declared for the year	3.0	2.95	5.9
(Decrease)/Increase in share price plus dividends	**(14.0)**	**7.45**	**7.9**
Share price at start of period	**119.5**	**117.5**	**117.5**
Total Shareholder Return	**-12%**	**6%**	**7%**

10. 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 31 December 2022 £'000	As at 31 December 2021 £'000	As at 30 June 2022 £'000
Bank borrowings	685,442	478,031	348,546
Less cash and cash equivalents	(35,380)	(24,070)	(51,200)
Net borrowings	650,062	453,961	297,346
Investment properties valuation	1,625,100	1,413,500	1,561,590
Net loan to value ratio	**40%**	**32%**	**19%**

11. Annualised passing rent

Annualised passing rent is the annualised cash rental income being received as at the stated date.

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) Sapna Shah (Independent Non-Executive Director)
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 AIFM Services Ground Floor Dorey Court Admiral Park St Peter Port Guernsey Channel Islands GY21 2HT
Investment Adviser	Atrato Capital Limited 36 Queen Street London EC4R 1BN
Financial Adviser and Joint Corporate Broker	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
Joint Corporate Broker	Goldman Sachs International Plumtree Court 25 Shoe Lane London EC4A 4AU
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Property Valuers	Cushman & Wakefield 125 Old Broad Street London EC2N 1AR
Financial PR Advisers	FTI 200 Aldersgate Street London EC1A 4HD
Website	www.supermarketincomereit.com
Registered Office	The Scalpel 52 Lime Street 18th Floor London EC3M 7AF
Stock exchange ticker **ISIN**	SUPR GB00BF345X11

This report will be available on the Company's website.

END

[1] The alternative performance measures used by the Group have been defined and reconciled to the IFRS financial statements within the supplementary information.

[2] Adjusted Earnings and Adjusted EPS are calculated as EPRA Earnings and EPRA EPS adjusted for finance income from derivatives held at fair value through profit and loss and non-recurring debt restructuring costs.

[3] New financial highlight for the Period, expected to be included in future financials as they provide a more comprehensive understanding of core business performance

[4] Includes changes in fair value of associated rental guarantees in accordance with IFRS.

[5] Calculated as Adjusted earnings divided by dividends paid during the Period.

[6] Average annualised increase for rents subject to an inflation-linked review during the period 1 July 2022 to 31 December 2022.

[7] Based on Kantar UK food retail for the 4 weeks to 19 February 2023 vs 19 February 2022.

[8] Four year term plus 2 years of uncommitted extension options.

[9] As at the date of issuance of the interim financial statements, including post balance sheet refinancing events.

[10] Including post balance sheet events.

[11] Kantar UK food retail data for the four weeks to 19 February 2023 vs 2022.

[12] Kantar UK food retail data for the four weeks to 19 February 2023 vs 2022.

[13] Based on Retail Free Cash Flow guidance as per Tesco and Sainsbury's Q3 Trading Statement updates January 2023.

[14] Includes one off exceptional cost in relation to the unwind of the SRP totalling £0.9m. The EPRA cost ratio excluding this one off cost would be 15.1%.

[15] Based on Kantar UK food retail for the 4 weeks to 19 February 2023 vs 19 February 2022.

[16] Bank of England Official Bank Rate data.

[17] Excluding acquisition costs.

[18] 4 year lease length at the point of acquisition however the tenant has subsequently upsized its unit and taken a 15 year lease.

[19]IPCC's 2019, Special Report on Climate Change and Land.

[20] Excluding non-recurring costs relating to the acceleration of unamortised arrangement fees.

[21] Including uncommitted extension options.

END

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