

Company Registration No. 04174473 (England and Wales)

SUBWAY REALTY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2024

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SUBWAY REALTY LIMITED

COMPANY INFORMATION

Directors	I Kobert C Walsh
Company number	04174473
Registered office	First Floor Lacon House 84 Theobald's Road London WC1X 8NL
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Kingsway Cardiff CF10 3PW United Kingdom

SUBWAY REALTY LIMITED

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SUBWAY REALTY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present the strategic report for the year ended 31 December 2024.

Fair review of the business

The company is a wholly owned subsidiary of Subway International Holdings B.V. and operates as part of the group's European division.

The company's principal activity is to enter into lease/sublease arrangements with landlords and franchisees who operate SUBWAY® sandwich shops. In addition, the company provides services to SUBWAY® companies through various service arrangements. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The financial results for the year are in line with expectations. The company continued operating by providing subleases on properties to franchisees who operate SUBWAY® sandwich shops. The average number of active leases were 1,123 for the year ended 31 December 2024 (2023: 1,241). The changes in the UK economy will directly impact the activity of this business as it is dependent on the growth of the fast-food market.

As shown in the company's Income Statement on page 11, the company's turnover has increased by 5.22% over the prior year and the company's gross profit margin has increased from 36.93% in 2023 to 38.47% in 2024. Profit for the financial year has increased from £2,492,552 in 2023 to £2,888,933 in 2024.

The Statement of Financial Position on page 12 of the financial statements shows that the company's financial position at the year-end in terms of net assets has increased on the prior year from £10,366,280 in 2023 to £13,255,213 in 2024. The year-end cash position has increased from £787,408 at the end of 2023 to £4,283,690 at the end of 2024.

Principal risks and uncertainties

The principal risk associated with the company acting as both a lessee and lessor, aside from those associated with its financial instruments, is the risk associated with the effective management of leased properties where the company holds the head lease.

The risks associated with head leases are managed by the estates team who continually review and monitor lease agreements to ensure that any underlying issues are addressed promptly and effectively.

Financial Instruments

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Credit risk

The credit risk attached to the collection of sub lease receipts from franchisees is a significant risk for the company. Credit risk is managed through the on-going review of recoverability of accounts receivable balances. Where balances are deemed irrecoverable, a specific provision is recognised within the financial statements.

Liquidity risk

Management's objectives are to retain sufficient liquid funds to enable it to meet its day-to-day requirements and match the repayment schedule of all external leases with the future cash flows expected to arise from the company's trading activities.

Currency risk

Through group service charges the company is exposed in its trading operations to the risk of changes in foreign currency exchange rates. No specific hedging instrument is in place to cover this but, given the level of trading denominated in foreign currencies and the fact that the company both generates income and incurs costs in foreign currencies, the company considers that the overall risk is not significant. The main foreign currencies in which the company operates are the Euro and US dollar.

SUBWAY REALTY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Key performance indicators

Turnover

The majority of the revenue of the business arises from rental income as a result of lease arrangements entered into with franchisees. As a result, the revenue stream and its quality is a key measure of the success of the company. The other key performance indicator is the level of delinquency in respect of sub leases by franchisees who terminate their arrangements early. This is regularly monitored by the company.

Cost of sales

The primary component of this is the rentals paid to landlords in respect of head leases which are in time subject to franchisees. The key measure monitored by the company is that all head leases have an active sub lease with a SUBWAY® shop trading on site.

Debtors

The level of debtors is closely monitored by the company to ensure that franchisees are financially stable and able to support the sub lease they have entered into.

The key performance indicators for the company are summarized below:

	2024	2023	% Change
	£	£	
Turnover	49,216,949	46,777,346	5.2
Cost of sales	30,282,709	29,501,985	2.6
Debtors	9,610,170	16,279,695	(41.0)

The directors are satisfied with the performance of the company and KPIs during the year.

Statement by the directors on performance of their statutory duties in accordance with S172(1) Companies Act of 2006.

The directors work to promote the success of the company as they implement the company strategy and day to day operational activities, by giving due consideration to the impact that any of their decisions have on both the company and its key stakeholders.

a) the likely consequence of any decision in the long term

Notwithstanding macro business risks and uncertainties, the company and its directors continue to execute three categories of activities with the intent of growing the Subway business.

These activities include, but are not limited to:

Development Partnership

- Growing the Subway Market Operations in appropriate markets where it is more cost effective than using Business Developers;
- Growing the number of multi-unit operators, either through transfers of existing restaurants or opening of new restaurants;
- Encouraging restaurant remodelling by driving down the design and construction costs for the restaurant operators; and
- Establishing master franchise agreements in countries where this model may accelerate restaurant growth and profitability over the traditional Business Developer model.

SUBWAY REALTY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Franchisee Support

- Executing third party evaluations of restaurant operations to better measure the efficacy of the restaurants and identify areas for improvement; and
- Refining pricing strategies to provide compelling value to consumers at a profitable price point for the restaurant operator.

Capital Management

The directors' policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

b) the interests of the company's employees

The directors of the company and senior leadership remain visible to the workforce, sharing ongoing business performance updates, key strategic priorities, insights, and brand initiatives through quarterly "town hall" business meetings. At these meetings, various departments, and supplemental teams, such as Employee Resource Groups (ERG), share information and initiatives regarding diversity and inclusion. Additionally, as part of ongoing quarterly engagement, employees are asked to participate in various surveys to provide feedback to human resources and senior leadership. The average number of full-time employees (FTE's) amounted to 88 during 2024 (2023: 71).

c) the need to foster the company's business relationships with suppliers, customers and others

The working relationship that the company maintains with internal and external customers is crucial to its success. The company upholds these relationships and remains in good standing by adhering to payment and reporting practices monthly to ensure that all invoices are paid promptly. Additionally, there is a clear escalation and dispute resolution process in place to be utilized as needed.

d) the impact of the company's operations on the community and the environment

The SUBWAY® brand and its directors aim to enable people all over the world to enjoy a wide range of delicious meals while at the same time trying to reduce our environmental impact and positively impact society. The vision is to make our restaurants and business operations as environmentally friendly and socially responsible as possible. In recent years we have switched to products and processes that are more economical in energy, water consumption and of higher food and water quality, and that reduce our waste flow. By streamlining our supply chain, using sustainable procurement solutions, and maintaining high standards of food quality and safety, we not only help to save energy, water and waste, but we also care for the environment.

e) the desirability of the company maintaining a reputation for high standards of business conduct

The company and its directors have adopted a code of conduct that is expected to be followed by all employees, franchisees, vendors, and affiliates. The intent is to adhere to managing the business in a responsible manner by operating within the high standards of business conduct and good governance. A copy of the code of conduct is available for review through the company's web-based portal and outlines the company's commitment to its personnel and staff.

f) the need to act fairly as between members of the company

The company works together with a solution-based approach to overcome challenges and set standards. The company believes in fuelling potential and our purpose is to help people achieve their goals. We coach our employees who want to grow in their professions, and we work together to help everyone be their very best, each and every day. To achieve continuous improvement across all areas of the business, we repeatedly challenge ourselves to be better, to do better. It's a never-ending journey, always asking ourselves how we can improve.

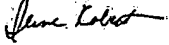
SUBWAY REALTY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

This report was approved by the board and signed on its behalf by:

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Director

12 August 2025

SUBWAY REALTY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their annual report and audited financial statements for the year ended 31 December 2024.

Principal activities

The principal activity of the company during the year was to enter into lease/sublease arrangements with landlords and franchisees who operate SUBWAY® sandwich shops. In addition, the company provides services to SUBWAY® companies through various service arrangements.

Results and dividends

The results for the year are set out on page 11.

The profit for the financial year amounted to £2,888,933 (2023: £2,492,552).

No interim ordinary dividends were paid during the year (2023: £nil). The directors do not recommend payment of a final dividend.

Directors

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

C J Kan	(Resigned 31 December 2024)
N P Doughty	(Resigned 31 May 2024)
J W Shepherd	(Resigned 8 April 2025)
L J Cook	(Resigned 1 January 2025)
I Kobert	(Appointed 1 January 2025)
C Walsh	(Appointed 1 January 2025)

Qualifying third party indemnity provisions

Subway had a qualifying third-party indemnity provision in place for the benefit of the Company's Directors throughout the financial year. The indemnity provision remained in force up to the date of signing of the financial statements.

Future developments

The company will continue to support the development of the SUBWAY® brand in the UK by the provision of properties under sub lease arrangements with franchisees.

SUBWAY REALTY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Streamlined Energy and Carbon Reporting (SECR)

The company recognises its responsibility to the environment and commits to be as environmentally friendly as possible throughout all business activities.

	2024		2023	
<i>Energy consumption</i>	kWh	kWh	kWh	kWh
Aggregate of energy consumption in the year				
- Mobile combustion, company cars and staff mileage claims	324,461		134,687	
- Electricity - location based	236,502		258,002	
		560,963		392,689
<i>Emissions of CO2 equivalent</i>		Metric tonnes		Metric tonnes
Scope 1 - direct emissions				
- Mobile combustion, company cars and staff mileage claims		79.60		33.04
Scope 2 - indirect emissions				
- Electricity - location based		49.44		43.60
Total gross emissions		129.04		76.64
Intensity ratio				
Greenhouse gas emissions per £100,000 revenue		0.262		0.164
Greenhouse gas emissions per FTE		1.466		1.079
Greenhouse gas emissions per meter squared office space		0.111		0.081

Quantification and reporting methodology

The Scope 1 and Scope 2 energy use and greenhouse gas emissions data for 2024 has been produced from information provided by the company.

To calculate the footprint, the company uses accurate data sources available for each component of its energy use and carbon emissions calculations. Assumptions and estimations are only used when strictly necessary by means of the most appropriate data and projections available.

For business travel, the company analyzes mileage information to establish the level of scope 1 emissions. Business mileage undertaken in staff's personally owned vehicles has been calculated based on mileage expense claims, applying the average UK split between petrol and diesel vehicles to estimate relative fuel emissions. Additionally, the average Co2e and kWh's per square meter for the leased offices are applied to the subleased square meterage to provide an estimated total energy and GHG footprint.

Intensity measurement

The chosen intensity measurement ratios are total gross emissions in metric tonnes CO2e per £100,000 of revenue, CO2e per FTE and CO2e per meter squared office space. These are the recommended ratios for the sector:

Measures taken to improve energy efficiency

The company recognises its responsibility to mitigate the impact of ongoing operations regarding climate change, and takes steps to reduce this wherever possible. However, the company occupies 3,571 square meters of a shared workspace through Regus, in which the company has no direct impact regarding building management's decision-making process to reduce its impact concerning climate change.

SUBWAY REALTY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Statement of directors' responsibilities

The directors are responsible for preparing the Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Strategic report

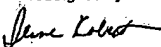
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report it has done so in respect of financial risk management.

Independent Auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors of the company 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

The financial statements on pages 11 to 26 were approved by the Board of Directors and signed on its behalf by:

DocuSigned by:



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I Kobert

Director

12 August 2025

Independent auditors' report to the members of Subway Realty Limited

Report on the audit of the financial statements

Opinion

In our opinion, Subway Realty Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2024; the Income statement and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax law and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the inappropriate journal entries. Audit procedures performed by the engagement team included:

- enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes, including those of the Board; and
- identifying and testing journal entries, in particular any journal entries posted to revenue with unusual account combinations, where any such journals were identified.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Nathan Price (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
12 August 2025

SUBWAY REALTY LIMITED

INCOME STATEMENT

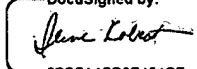
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £	2023 £
Turnover	3	49,216,949	46,777,346
Cost of sales		(30,282,709)	(29,501,985)
Gross profit		18,934,240	17,275,361
Administrative expenses		(15,025,637)	(13,751,211)
Operating profit	6	3,908,603	3,524,150
Interest payable and similar expenses		-	(163)
Profit before taxation		3,908,603	3,523,987
Tax on profit	8	(1,019,670)	(1,031,435)
Profit for the financial year		2,888,933	2,492,552

SUBWAY REALTY LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2024**

	Notes	2024 £	£	2023 £	£
Fixed assets					
Tangible assets	9		5,300,718		104,055
Current assets					
Debtors	10	9,610,170		16,279,695	
Cash at bank and in hand		4,283,690		787,408	
		13,893,860		17,067,103	
Creditors: amounts falling due within one year	11	(5,300,159)		(6,093,101)	
Net current assets			8,593,701		10,974,002
Total assets less current liabilities			13,894,419		11,078,057
Provisions for liabilities	12		(639,206)		(711,777)
Net assets			13,255,213		10,366,280
Capital and reserves					
Called up share capital	15		100,001		100,001
Share premium account	16		5,999,999		5,999,999
Profit and loss account	16		7,155,213		4,266,280
Total equity			13,255,213		10,366,280

The financial statements on pages 12 to 27 were approved by the Board of Directors on 12 August 2025 and signed on its behalf by:

DocuSigned by:

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 I Kobert
 Director

12 August 2025

SUBWAY REALTY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital £	Share premium account £	Profit and loss account £	Total £
Balance at 1 January 2023	100,001	5,999,999	1,773,728	7,873,728
Year ended 31 December 2023:				
Profit for the financial year	-	-	2,492,552	2,492,552
Balance at 31 December 2023	100,001	5,999,999	4,266,280	10,366,280
Year ended 31 December 2024:				
Profit for the financial year	-	-	2,888,933	2,888,933
Balance at 31 December 2024	100,001	5,999,999	7,155,213	13,255,213

SUBWAY REALTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

Company information

Subway Realty Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales, United Kingdom. The registered office and principal place of business is First Floor Lacon House, 84 Theobald's Road, London, WC1X 8NL.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Underground Purchaser LLC. These consolidated financial statements are available from the Dutch Chamber of Commerce.

Going concern

During the current financial year the company made a profit of £2,888,933 (2023: £2,492,552) and had net assets of £13,255,213 (2023: £10,366,280).

The inter-relationships with other Group companies and their support make the Company dependent on the Group to enable it to continue as a going concern. The directors have received a letter of support from Underground Purchaser LLP, the ultimate parent, that it will provide any necessary funds to the Company for a period of at least 12 months from the date of approval of these financial statements to settle any obligations of the Company as they fall due. On this basis the directors have a reasonable expectation based on company's current and future prospects based on the forecasts that the company has adequate resources to continue operational existence for a period of at least 12 months from the date of approval of the financial statements.

SUBWAY REALTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable from franchisees and a service charge receivable, and is shown net of VAT and other sales related taxes.

Income on leases is recognised in respect of the period of time for which the lease is in effect. Payments received for rent period(s) after the year end are recorded as deferred income and recorded as income in the period it is due.

Where the impact is material, rent free periods or other incentives offered to franchisees are accounted for as a reduction to the rental income and recognised on a straight line basis over the lease term, or, if shorter, the period ending when prevailing market rentals will become receivable.

Income on group service charges is recognised on a cost plus basis in the period in which the related costs are recognised.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Cost represents purchase price together with any incidental costs of acquisition.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	shorter of 10 years straight line or remaining years of lease
Fixtures, fittings and equipment	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

SUBWAY REALTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (Continued)

Financial instruments

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors, accrued income, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade creditors, deferred lease liability, amounts owed to group undertakings, and accruals, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Derecognition of financial liabilities

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

SUBWAY REALTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

The company estimates unreported back rent obligations owed by the company. As of 31 December 2024, the company has recorded a liability within "Accrued back rent" related to reported and estimated unreported back rent obligations owed by the company and due from the franchisee sub-lessees for the period on or before 1 July 2020. Effective 1 July 2020, the company changed the process of paying the rents directly to the landlord. Any obligation arising pursuant to lease contracts is recorded in accordance with the general policy on provisions above.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

SUBWAY REALTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (Continued)

Leases

The company, as lessee, rents numerous Subway locations under lease arrangements ("Head Lease") classified as operating leases. In connection with entering into each Head Lease arrangement, the company, as lessor, enters into a reciprocal operating sub-lease arrangement ("Tail Lease") with a franchisee sub-lessee at terms equal to those of the company's Head Lease. As the payment terms under the Head Lease and Tail Lease are identical, the company requires the franchisee sub-lessee, in most instances, to remit lease payments directly to the landlord, in fulfilment of the company's payment obligations on the Head Lease. However, effective 1 July 2020, the company started to pay and collect rent respectively under the Head and Tail Leases.

The company recognises fixed escalating lease rent payments as rent expense on a straight line basis over the expected lease terms, beginning on the date when the company has the right to control the use of the leased property. Landlord allowances are recorded based on contractual terms and amortised as a reduction of rent expense on a straight line basis over the expected lease terms. The company's leases routinely require variable lease payments consisting of rent based on reimbursements for real estate taxes and other costs ("common area maintenance"), percentage rent based on a particular location's sales and changes in established indices. Variable lease payments are recognised on an accrual basis when the lease payment has been incurred.

The company recognises fixed escalating lease rent receipts as rental revenue on a straight line basis over the expected lease terms, beginning on the date when the sub-lessee has the right to control the use of its leased property. Landlord allowances provided to sub-lessees are recorded based on contractual terms and amortised as a reduction of rental revenue on a straight line basis over the expected lease terms. Sub-lessees routinely require variable lease payments consisting of rent based on reimbursements for real estate taxes and other costs ("common area maintenance"), percentage rent based on a particular sub-lessee's location's sales, and changes in established indices. Variable lease receipts are recognised on an accrual basis when the lease receipt has been incurred. When the company concludes it may not receive the payments due under a lease contract, it records a provision for such losses.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

The directors do not consider there to be any material accounting estimates or judgements in preparing these financial statements.

SUBWAY REALTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3 Turnover

An analysis of the company's turnover is as follows:

	2024 £	2023 £
Turnover analysed by class of business		
Rental income	29,611,763	31,189,826
Service fee income	19,605,186	15,587,520
	<u>49,216,949</u>	<u>46,777,346</u>
	2024 £	2023 £
Turnover analysed by geographical market		
United Kingdom	29,622,688	31,268,706
Rest of Europe	19,237,103	14,907,763
United States of America	357,158	600,877
	<u>49,216,949</u>	<u>46,777,346</u>

4 Employees

The average monthly number of persons employed by the company during the year was:

	2024 Number	2023 Number
Administrative staff	61	22
Management staff	31	57
	<u>92</u>	<u>79</u>

Their aggregate remuneration comprised:

	2024 £	2023 £
Wages and salaries	9,865,655	9,137,418
Social security costs	1,222,917	1,151,143
Other pension costs	293,848	221,988
	<u>11,382,420</u>	<u>10,510,549</u>

SUBWAY REALTY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024****5 Directors' remuneration**

Director's remuneration amounted to £3,096 during the year (2023: £6,414). The director received additional remuneration in relation to his wider role within the Subway group. The remuneration has not been recharged to other group companies however it is disclosed in respective financial statements. The remuneration of the remaining three directors has been borne by other companies in the group and it is not considered possible to apportion their remuneration between different entities.

6 Operating profit

	2024	2023
	£	£
Operating profit for the year is stated after (crediting)/charging:		
Exchange differences	(13,350)	-
Depreciation of owned tangible fixed assets	68,972	84,491
Operating lease charges	20,694,527	22,634,865
	<u> </u>	<u> </u>

7 Auditors' remuneration

	2024	2023
	£	£
Fees payable to the company's auditors and its associates		
For audit services		
Audit of the financial statements of the company	144,794	103,875
	<u> </u>	<u> </u>

SUBWAY REALTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

8 Tax on profit

	2024 £	2023 £
Current tax		
UK corporation tax on profits for the current period	764,145	717,502
Adjustments in respect of prior periods	8,278	338,022
Total current tax	772,423	1,055,524
Deferred tax		
Origination and reversal of timing differences	247,247	(20,451)
Adjustment in respect of prior periods	-	(3,638)
Total deferred tax	247,247	(24,089)
Total tax charge	1,019,670	1,031,435

The standard rate of tax applied to reported profit on ordinary activities, as at 1 April 2023, is 25.00% for taxable profits over £250,000, 19% for taxable profits under £50,000 and a marginal relief rate for taxable profits between £50,000 and £250,000. Deferred tax has been calculated at 25.00% which was the tax rate substantively enacted as at 31 December 2024.

Tax assessed for the year is higher (2023: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2024 of 25.00% (2023: 23.52%). The differences are explained below:

	2024 £	2023 £
Profit before taxation	3,908,603	3,523,987
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 23.52%)	977,151	828,861
Tax effect of expenses that are not deductible in determining taxable profit	23,528	40,489
Adjustments in respect of prior years	8,278	334,384
Deferred tax not recognised	-	(182,000)
Fixed asset differences	10,713	141
Remeasurement of deferred tax for changes in tax rates	-	9,560
Tax expense for the year	1,019,670	1,031,435

SUBWAY REALTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

9 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 1 January 2024	72,940	159,803	232,743
Additions	4,232,728	1,032,907	5,265,635
At 31 December 2024	4,305,668	1,192,710	5,498,378
Accumulated depreciation and impairment			
At 1 January 2024	30,336	98,352	128,688
Depreciation charged in the year	43,589	25,383	68,972
At 31 December 2024	73,925	123,735	197,660
Carrying amount			
At 31 December 2024	4,231,743	1,068,975	5,300,718
At 31 December 2023	42,604	61,451	104,055

10 Debtors

	2024	2023
	£	£
Amounts falling due within one year:		
Trade debtors	5,019,465	6,422,741
Corporation tax recoverable	21,531	-
Amounts owed by group undertakings	3,683,272	9,621,398
Other debtors	873,394	230,142
Prepayments and accrued income	12,508	-
	9,610,170	16,274,281
Deferred tax asset (note 13)	-	5,414
	9,610,170	16,279,695

Included within trade debtors is a bad debt provision of £717,780 (2023: £1,248,095).

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

SUBWAY REALTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

11 Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	48,148	1,071,670
Amounts owed to group undertakings	300,082	294,563
Corporation tax	-	100,667
Other taxation and social security	397,319	197,487
Deferred lease liability	1,140,607	1,690,293
Accruals and deferred income	3,414,003	2,738,421
	<u>5,300,159</u>	<u>6,093,101</u>

Amounts owed to group undertakings are unsecured, interest free, and are repayable on demand.

12 Provisions for liabilities

	Note	2024 £	2023 £
Accrued back rent		397,373	711,777
Deferred tax liabilities	13	241,833	-
		<u>639,206</u>	<u>711,777</u>

Movements on provisions apart from deferred tax liabilities:

	Accrued back rent £
At 1 January 2024	711,777
Reversal of provision	(249,679)
Utilisation of provision	(64,725)
At 31 December 2024	<u>397,373</u>

Further details in relation to the accrued back rent provision can be found in note 1 to the financial statements.

SUBWAY REALTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

13 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities/ (assets) 2024 £	Liabilities/ (assets) 2023 £
Balances:		
Accelerated capital allowances	259,521	8,815
Short term timing differences	(17,688)	(14,229)
	<u>241,833</u>	<u>(5,414)</u>
		2024
		£
Movements in the year:		
Asset at 1 January 2024		(5,414)
Charge to profit or loss		247,247
		<u>241,833</u>
Liability at 31 December 2024		<u>241,833</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

14 Retirement benefit schemes

	2024 £	2023 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>293,848</u>	<u>221,988</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end contributions of £70,753 (2023: £105,299) were payable to the scheme and are included within accruals.

15 Called up share capital

	2024 Number	2023 Number	2024 £	2023 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>100,001</u>	<u>100,001</u>	<u>100,001</u>	<u>100,001</u>

The company has one class of shares which carry no right to fixed income.

16 Reserves

Share premium account

The share premium account represents the excess of consideration received over the nominal value of shares issued.

SUBWAY REALTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

16 Reserves (Continued)

Profit and loss account

Cumulative profit and loss net of distributions to owners.

17 Operating lease commitments

Lessee

At the reporting end date the company had total outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 £	2023 £
Within one year	19,548,511	20,592,195
Between one and five years	58,346,363	60,145,145
In over five years	33,305,623	34,918,227
	<u>111,200,497</u>	<u>115,655,567</u>

Lessor

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

	2024 £	2023 £
Within one year	19,548,511	20,592,195
Between one and five years	58,346,363	60,145,145
In over five years	33,305,623	34,918,227
	<u>111,200,497</u>	<u>115,655,567</u>

18 Related party transactions

The following transactions relate to the companies who share common control with Subway Realty Limited.

During the year the company charged service charges and fees in the sum of £17,108,050 (2023: £12,396,651) to Subway International B.V. As at 31 December 2024, £2,686,312 (2023: £6,212,370) was due from that company. The balance is unsecured and interest free.

During the year the company charged service charges and fees in the sum of £2,129,053 (2023: £2,511,112) to Subway Franchise Advertising Fund Trust B.V. As at 31 December 2024, £996,960 (2023: £2,629,899) was due from that company. The balance is unsecured and interest free. Estimated payments are made on account of service charges and fees throughout the year.

As at 31 December 2024, £292,475 (2023: £294,563) was due to Franchise World Headquarters LLC. The balance is unsecured and interest free.

During the year the company charged service fees in the sum of £357,158 (2023: £600,877) to Subway IP Inc. As at 31 December 2024, £nil (2023: £597,385) was due from that company. The balance is unsecured and interest free.

SUBWAY REALTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

19 Ultimate parent company

The company is a wholly owned subsidiary of Subway International Holdings B.V. which is incorporated in Amsterdam, The Netherlands. The company's ultimate parent undertaking and controlling party is Underground Purchaser LLC. which is incorporated in the USA. It is also the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Underground Purchaser LLC's financial statements can be obtained upon written request to 1 Corporate Drive, Suite 1000, Shelton, CT 06484, United States of America.