Company Registration No. 06064226 (England and Wales)

P1 REVERSIONS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022

P1 REVERSIONS LIMITED

COMPANY INFORMATION

Directors	Mr M J Northover Mr J N Spinney Mr A Berry
Secretary	Waystone Governance (UK) Limited
Company number	06064226
Registered office	C/O Waystone Governance (UK) Limited 2nd Floor 20-22 Bedford Row Holborn London WC1R 4EB
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Investment advisor	QSix Shared Equity Limited 54 Jermyn Street London SW1Y 6LX
Parent of investment advisor	QSix LLP 54 Jermyn Street London SW1Y 6LX
Legal advisors	TLT 1 Redcliff Street Bristol BS1 6TP and Ropes and Gray 60 Ludgate Hill London EC4M 7AW

P1 REVERSIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their strategic report for the year ended 31 March 2022.

Review of the business

The principal activity of the company is the ownership and management of rights under a contract of a portfolio of residential property reversions located throughout the United Kingdom ("UK"). The interest in the portfolio is documented by way of a Total Return Swap.

The company entered into the contract in December 2007, under which it acquired a right to proceeds in respect of future disposals of 3,325 properties owned by third parties ("the contract"). As at 31 March 2022, 466 (31 March 2021: 556) properties remained in the portfolio. The contract was originally entered into at a cost of £236.8 million of which £70.3 million (31 March 2021: £78.2 million) remained at the balance sheet date.

The company receives a percentage (increasing annually at 31 December) of gross sale proceeds when properties are sold by counterparties under the contract. The company received 74.0% (2020: 73.1%) of the gross sale proceeds for the calendar year ended 31 December 2021. The percentage rose to 74.9% for the period from 1 January 2022 to 31 March 2022 and is expected to rise to 75.7% in 2023 and increase annually until reaching 79.9% in 2032.

During the year to 31 March 2022, the company received £14.6 million under the contract compared to £15.0 million in the prior year. Cash proceeds received from the contract depend on sales volumes and house values achieved on sale: 90 properties sold in the year at an average margin of 43% above the value attributed to them at the time of the change in the ownership of the company in 2017 ("the acquisition cost") compared to 88 properties in the prior year at an average margin of 16%. The volume of sales is dependent on the timing of sales by the contract counterparty and is outside of the control of the company. Fluctuations are, therefore, to be expected from year to year.

Principal risks and uncertainties

Business Risk

Social restriction measures implemented by the UK government in light of the COVID-19 pandemic have now been lifted. Any impact of COVID-19 is captured within various market data used in the valuation model, and no separate adjustments have been made.

Cash proceeds received from the contract are dependent on the effects of House Price Inflation (HPI). Following a year of positive house price growth in 2021 the HPI forecast by Savills across all regions for 2022 is more conservative with the 5yr Compounded Annual Growth Rate ("CAGR") reducing from 3.4% to 2.1%.

Cash proceeds received from the contract are also dependent on properties reverting and subsequently being sold. Following a review of observed data up to March 2022, the time taken to realise cash for surrender cases (e.g., where a tenant voluntarily surrenders the property to move into a care home and the property is subsequently sold) was extended by 1 month to 14 months. The time taken to realise cash for death was extended by one month to 11 months.

The majority of the underlying properties were revalued at year end with Hometrack providing the valuations. For those cases regional valuation haircuts were applied to the Hometrack valuations based on observed historical differences. Further individual property case reviews were undertaken on factors including completed sales, properties available for sale, restricted use and high value cases over £500k. The revaluations, combined with higher forecast HPI assumptions from Savills resulted in an increased revision in the fair value of £0.9 million at the balance sheet date.

Principal risks and uncertainties

Due to the reversionary nature of the portfolio, the potential physical and transitional risks and opportunities presented by climate change is not a principal risk for the company for the year ended 2022. The average remaining life of the tenants within the portfolio is 3.9 years, which is relatively short term in comparison to the longer term potential impacts of climate change. Any immediate impacts from climate change, such as coastal erosion, have been factored into the valuation of the properties through the underlying third party data sources.

We concluded that these do not have a material impact on the carrying value of any assets or liabilities as at 31 March 2022.

Market risk

The fair value of the company's investment is sensitive to house market conditions in the UK. As at the balance sheet date, 53% of the underlying assets were located in London and the South East where market conditions have historically been strongest and average house prices are the highest.

Financing risk

In 2017 the company repaid the secured bank loans maturing in December 2017 and refinanced with an unsecured loan note, listed on the Cayman Islands Stock Exchange, maturing in November 2032. The company does not have an immediate financing risk.

Key performance indicators

	31/03/2022	31/03/2021	31/03/2020
Policies outstanding	466	556	644
Sales in the period	90	88	142
Proceeds from sales (£ million)	14.6	15.0	23.5
Average proceeds per sale (£ thousand)	162	171	166

On behalf of the board

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Director

Date: 22 June 2022

P1 REVERSIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of the ownership of rights under a contract over a portfolio of residential property reversions located throughout the UK. The interest in the portfolio is documented by way of a Total Return Swap.

Directors

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

Mr M J Northover	(Appointed 22 November 2017)
Mr J N Spinney	(Appointed 22 November 2017)
Mr A Berry	(Appointed 12 June 2020)

Results and dividends

The results for the year are set out on page 14.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

Income is dependent on the proceeds obtained from the sales of residential property, the timing of which is outside of the control of the company. The company intends to continue to operate as it has done since inception.

Auditor

Ernst & Young LLP was appointed as auditor to the company in December 2021 in accordance with section 485 of the Companies Act 2006.

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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The directors have prepared cash flow forecasts from the date of approval of these financial statements to 30 June 2023 that indicate that liabilities will be settled as they fall due.

Consideration has been given to the terms and conditions of the loan note instrument executed between the Company its parent entity, which is listed in the Cayman Islands Stock Exchange. Directors have considered the potential downside factors that could affect the Company's operations, including the delay in reversions occurring and the delay selling reverted properties.

Consequently, at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources in both expected and reasonably plausible downside scenarios to continue in *operational existence for the foreseeable future.*

Current geopolitical uncertainty and the economic situation of rising inflation and falling disposable incomes have also been considered although the reversionary nature of the portfolio means that the impact of these factors is low at this stage. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

During the year, the company generated a total income of £3.2m (2021 a total income of £6.5m). As at 31 March 2022, the company has a net asset position of £9.4m (2021 – Net asset position of £6.2m). The company has a liability of £62.4m with respect to the loan note issued to its shareholder. The loan note carries a fixed interest rate of

4.04%, is unsecured and matures on 22 November 2032. The company continues to hold income generating assets which it believes will generate surpluses in future periods..

Events after the reporting date

The company paid £417,337 of accrued interest on the unsecured loan note on 5 May 2022.

Risk management objectives and policies

Price - The risk of residential property being sold below the market value, adversely affecting cash proceeds received from the contract. Sales prices are reviewed by the investment advisor against recently traded assets with similar attributes. Where there is a discrepancy, the investment advisor has the ability to discuss, but cannot directly affect the asking prices. The counterparty's interests are aligned with the company, to achieve the best possible price.

Credit – The risk that proceeds from property sales are not passed on to the company. As well as the contractual rights afforded to the company to enforce payment, the proceeds from sales are initially in a segregated account of the counterparty. Additionally, the counterparty to the contract is part of the Phoenix Group Holdings which is rated A+ by Fitch.

Liquidity / cashflow – Prior to any distribution, a liquidity assessment is undertaken to ensure that cash equivalent to at least 12 months forecast costs is retained within the company bank account.

On behalf of the board

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Director

Date: 22 June 2022

P1 REVERSIONS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are.reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- provide additional disclosures when compliance with the specific requirements in UK GAAP is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- present fairly the financial position, financial performance and cash flows of the company.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P1 REVERSIONS LIMITED

Opinion

We have audited the financial statements of P1 Reversions Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash flows and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included;

- Obtaining an understanding of management's conclusion for the use of the going concern basis of accounting. We assessed whether there were any factors that may indicate events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Events or conditions were identified, and we designed our audit procedures to evaluate the effect of these factors on the entity's ability to continue as a going concern;
- Testing the mathematical accuracy of the cash flow forecast prepared by management;
- Assessing the reasonableness of the cash flow forecast by analysing management's historical forecasting accuracy;
- Evaluating management's assumptions by assessing changes from the prior period, and considering whether assumptions were consistent with each other and other areas of the business activities, and considered whether there was any indication of management bias;
- Obtaining the loan notes instrument and reviewing the terms and conditions to assess the debt and interest repayments through the going concern;
- Assessing the completeness and appropriateness of the going concern disclosures in the financial statements.

Our key observations

We observed that the Company's parent has issued a loan note instrument to finance the activities of the Company. This instrument carries a long maturity (November 2032), is unsecured and does not have financial covenants. The base case cash flow forecast prepared by management has assumed that the Company will continue to generate cash proceeds from the contract, make voluntary payments towards the loan notes, and retain an adequate cash balance. In addition, from our stress testing over management's model, we observed that the Company would continue to have sufficient cash to cover the interest and the operating expenses even if there were no sales during the going concern period.

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 from when the financial statements are authorised for issue to 30 June 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of misstatement of the fair value of investments of £70.3m, as a result of the use of inappropriate estimates or methodology in the valuation model.
Materiality	• Overall materiality of £0.7m which represents 1% of total assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact P1 Reversions Limited. The company has assessed the future impacts from climate change on its operations. These are explained on page 2 in the strategic report in the principal risks and uncertainties section, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained under principal risks and uncertainties in the strategic report, due to the reversionary nature of the portfolio, and the remaining average minimum life of the tenants occupying the properties, the exposure to potential physical and transitional climate related risks are not considered to be significant.

Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and ensuring that the assessment of material climate risks disclosed on page 2 is appropriate. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of misstatement of the fair value of investments of £70.3m (2021: £78.2m) as a result of the use of inappropriate estimates in the valuation model and management override of controls *Refer to the Accounting policies (page 18); and Note 9 of the Financial Statements (page 24)* The Company holds fixed asset investments that gives it the right to a proportion of the proceeds from future disposals of residential properties throughout the UK. The valuation of the fixed asset investments at 31 March 2022 requires significant estimation by management, in particular: • The valuation of the underlying properties at 31 March 2022 • Future house price inflation • The mortality rate of the current owners • The market required return for such an investments. • Timing of the sale of properties	• We obtained an understanding of management's process in estimating the value of the investments, and tested the design and operating effectiveness of controls related to the valuation of the underlying properties at 31 March 2022. • We evaluated the methodology used in the valuation model against market practice. • We checked a sample of the property values at 31 March 2022 to prices of similar properties on house market websites • We compared assumptions about life span to published actuarial tables. • We compared the proceeds from the sale of properties subsequent to the year-end with those estimated in the 31 March 2022 valuation in order to obtain evidence on the validity of the valuations of those properties in the model. • We checked that the model reflected the contractual terms of the investment on a sample basis, in particular the amounts due to the company from the realisation of the property values • We checked on a sample basis, whether the base data such as tenant age and property details in the model, were correct.	We concluded that management's valuation model was appropriate, that the estimates used in the model were reasonable and the other inputs reflected the contractual arrangements. Consequently, we concluded that the value assigned to the fixed asset investments was within a reasonable range of values. We also concluded that appropriate disclosures have been provided in the financial statements.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Other inputs into the model included those to reflect the contractual terms of the investments, the age of the tenant and the property details. The COVID-19 pandemic has impacted estimates in the valuation, and there continues to be a higher risk in relation to the future value of the properties, life expectancy estimates and the timing of the sale of properties. Due to the subjectivity of these estimates and potential management bias we considered this to be a significant risk of material misstatement	• We have checked the sales achieved during the year to the completion statements to evaluate the accuracy of valuations adopted in the model against the realised sale, and understand the potential impact of COVID-19. • We performed various sensitivity analyses over the timing of the sales, the changes to the value of the properties and life expectancy estimates to evaluate the potential impact of COVID-19 on the valuation. • We have used the assistance of a specialist to determine the reasonability of the discount rate used in the model, the appropriateness of the life estimates and the valuation methodology. • We assessed the adequacy of disclosures provided in the financial statements.	

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £0.73 million (2021: £0.82 million), which is 1% (2021: 1%) of total assets. We believe that total assets provides us with the best basis for determining materiality to reflect the considerations of the main users of the financial statement.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £0.54m (2021: £0.62m). We have set performance materiality at this percentage due to the low risk nature of the company's business and the absence of audit differences in the prior year.

Reporting threshold

We agreed with those charged with Governance that we would report to them all uncorrected audit differences in excess of £36,000 (2021: £41,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 2 to 6, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety. industry specific laws/regulations.

- We understood the company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We tested manual journals, including segregation of duties. We tested specific transactions backing to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, and journal entry testing, with a focus on journals indicating penalties or fines.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephney Dallmann

Stephney Dallmann (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
22 June 2022

P1 REVERSIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes		2022 £'000		2021 £'000
Sales proceeds received from the contract		14,569		15,025	
Fair value of underlying properties sold	9	(13,162)		(13,938)	
Gain from sale of underlying properties			**1,407**		**1,087**
Revaluation of reversion rights	9		5,212		9,422
Total fair value gain on fixed asset investments			**6,619**		**10,509**
Administrative expenses			(579)		(686)
Operating profit	5		**6,040**		**9,823**
Interest receivable and similar income	6		1		-
Interest payable and similar expenses	7		(2,806)		(3,304)
Income before taxation			**3,235**		**6,519**
Tax on income	8		-		-
Income for the financial year			**3,235**		**6,519**

P1 REVERSIONS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Investments	9		70,259		78,209
Current assets					
Debtors	10	925		1,856	
Cash at bank and in hand		1,270		2,390	
		2,195		4,246	
Creditors: amounts falling due within one year	11	(627)		(652)	
Net current assets			1,568		3,594
Total assets less current liabilities			71,827		81,803
Creditors: amounts falling due after more than one year	12		(62,408)		(75,619)
Net assets		9,419		6,184	
Capital and reserves					
Called up share capital	15	23,472		23,472	
Profit and loss reserves	16	(14,053)		(17,288)	
Total equity		9,419		6,184	

The financial statements were approved by the board of directors and authorised for issue on 22 June 2022 and are signed on its behalf by:

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Director

P1 REVERSIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Called up share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2020		23,472	(23,807)	(335)
Year ended 31 March 2021:				
Income for the year		-	6,519	6,519
Total comprehensive income for the year		-	6,519	6,519
Balance at 31 March 2021		23,472	(17,288)	6,184
Year ended 31 March 2022:				
Income for the year		-	3,235	3,235
Total comprehensive income for the year		-	3,235	3,235
Balance at 31 March 2022		23,472	(14,053)	9,419

P1 REVERSIONS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Cash flows from operating activities					
Cash used in operations	**17**		(521)		(744)[1]
Investing activities					
Cash proceeds received from the contract		15,500		15,265[1]	
Interest received	**6**	1		-	
Net cash generated from investing activities			15,501		15,265
Financing activities					
Repayment of loan notes	**12**	(13,211)		(11,047)	
Interest paid		(2,889)		(3,397)	
Net cash used in financing activities			(16,100)		(14,444)
Net (decrease)/ increase in cash and cash equivalents			(1,120)		77
Cash and cash equivalents at beginning of year			2,390		2,313
Cash and cash equivalents at end of year			1,270		2,390

[1] Prior year amount has been amended to reclass £240,277 from cash used in operations to cash proceeds received from the contract, to conform to current year presentation.

1 Accounting policies

Company information

P1 Reversions Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is C/O Waystone Governance (UK) Limited, 2nd Floor, 20-22 Bedford Row, London, WC1R 4EB

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.

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 £'000.

These financial statements have been prepared under the historical cost convention, modified to include the revaluation of property reversion rights at fair value. The principal accounting policies adopted are set out below.

Going concern

The directors have prepared cash flow forecasts from the date of approval of these financial statements to 30 June 2023 that indicate that liabilities will be settled as they fall due.

Consideration has been given to the terms and conditions of the loan note instrument executed between the Company its parent entity, which is listed in the Cayman Islands Stock Exchange. Directors have considered the potential downside factors that could affect the Company's operations, including the delay in reversions occurring and the delay selling reverted properties.

Consequently, at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources in both expected and reasonably plausible downside scenarios to continue in operational existence for the foreseeable future.

Current geopolitical uncertainty and the economic situation of rising inflation and falling disposable incomes have also been considered although the reversionary nature of the portfolio means that the impact of these factors is low at this stage. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

During the year the company generated a total income of £3.2m (2021: a total income of £6.5m). As at 31 March 2022, the company has a net asset position of £9.4m (2021 - Net asset position of £6.2m). The company has a liability of £62.4m with respect to the loan note issued to its shareholder. The loan note carries a fixed interest rate of 4.04%, is unsecured and matures on 22 November 2032. The company continues to hold income generating assets which it believes will generate surpluses in future periods.

Gain from sale of underlying properties

The principal activity of the company continued to be that of the ownership of rights under a contract over a portfolio of residential property reversions located throughout the UK. The interest in the portfolio is documented by way of a Total Return Swap.

The gain from sale of underlying properties comprises the net of proceeds from the contract and the fair value of underlying properties sold.

Cash proceeds from the contract represents the company's share of proceeds arising from the reversion of the property, which is recognised upon the sale of the underlying property. Proceeds from such sales that are yet to be received by the company are included within accrued income.

The fair value of the underlying properties sold represents the fair value at which the company's right to the investment property proceeds has been brought forward from the prior year.

1 Accounting policies (Continued)

Fixed assets investments

Property reversion rights are initially measured at transaction price excluding transaction costs and are subsequently measured at fair value at each reporting date. Changes in fair value are recognized in profit or loss under revaluation of reversion rights.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

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 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.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies 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. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

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

Equity instruments

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

1 Accounting policies (Continued)

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, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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 company 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 during the reporting period.

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 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements and estimates 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.

Critical judgements

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

Deferred tax assets

Deferred tax assets are recognised in respect of the company's tax losses to the extent that they are expected to be utilised in settlement of deferred tax liabilities on the company's fixed asset investments, which arise on the cumulative gain in the fair value of the fixed asset investments at each balance sheet date.

Key sources of estimation uncertainty

The estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Fixed asset investments

Reversion right valuations (the carrying value of the fixed assets at the balance sheet date) are assessed by the directors at each reporting date on an investment appraisal basis through a discounted cash flow model. The basis of that valuation is summarised in the fixed asset investments in note 9.

Social restriction measures implemented by the UK government in light of the COVID-19 pandemic have now been lifted. Any impact of COVID-19 is captured within various market data used in the valuation model, and no separate adjustments have been made.

3 Employees

The average monthly number of persons (including directors) engaged by the company on a contract for services basis during the year was:

	2022 Number	2021 Number
Directors	1	1

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	18	16

4 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	18	16

5 Operating profit

Operating profit for the year is stated after charging:	2022 £'000	2021 £'000
Fees payable to the company's auditor for the audit of the company's financial statements	75	70
Fees payable to the company's auditor for other non-audit related fees	15	15
	90	85

6 Interest receivable and similar income

	2022	2021
	£'000	£'000
Interest income		
Interest on bank deposits	1	-

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1	-

7 Interest payable and similar expenses

	2022	2021
	£'000	£'000
Interest on financial liabilities measured at amortised cost:		
Interest payable on unsecured loan notes	2,806	3,304
	2,806	3,304

The term of the loan notes has been disclosed in the note 12.

8 Taxation

Current Tax	2022 £'000	2021 £'000
Current tax charge	-	-
Net deferred tax charge	-	-
Total tax charge	-	-

On 1 April 2022 the main rate of UK Corporation Tax remained at 19%.

At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 through to 2022 would remain at 19%.

On 24 May 2021 the Finance Bill was passed by the House of Commons to increase the Corporation Tax main rate to 25% for the years starting 1 April 2023.

The total tax charge for the year included in the statement of comprehensive income is based on taxable profits. This is based on the chargeable gains for the properties sold during the year less relevant management expenses and allowable loss reliefs and carried forward tax losses. There is no tax charge for the current year.

	2022 £'000	2021 £'000
Income before taxation	3,235	6,519
Tax rate	19%	19%
Expected tax charge	615	1,239
Tax losses utilised against taxable gains	(761)	(1,518)
Unrealised revaluations not taxable	563	690
Indexation on capital disposal	(417)	(411)
Tax charge for the year	-	-

The company has unprovided tax losses available to offset against future trading profits amounting to £42.1 million (2021: £46.1 million) which equates to an unprovided tax asset of £10.5 million (2021: £8.8 million) using a tax rate of 25% (2021 - 19%) being the rate at the balance sheet date the asset is expected to be recognised.

9 Fixed asset investments

Movements in fixed asset investments

	Property reversion rights £'000
Fair value	
At 1 April 2021	78,209
Valuation changes	5,212
Disposals	(13,162)
At 31 March 2022	70,259
Carrying amount	
At 31 March 2022	70,259
At 31 March 2021	78,209

The company has a right to a share in the proceeds from the future disposals of properties owned by third parties located throughout the UK.

As at 31 March 2022, 466 (2021: 556) reversions remained with the portfolio representing a fair value of £70.26 million (2021: £78.21 million). The £5.21m represents the valuation uplift from the existing 466 properties for the year ended 31 March 2022. The (£13.16m) represents the disposal of the 90 properties at fair value which comprises of an acquisition cost of (£10.16m) plus the (£3.0m) of valuation uplift that was attributed to these properties from prior years.

The valuation of the portfolio is estimated by the directors with the assistance of the Investment Advisor. It is derived from the current vacant possession value ("VPV") of each property in the portfolio adjusted for expected HPI and then discounted from the reversion date that is estimated using actuarial assumptions (average life expectancy) about the owners.

Finally, the VPV is adjusted by the percentage share of the property retained by the tenant and the relevant percentage share of sale proceeds that would be received by the company in the year that the property is considered likely to revert.

HPI is estimated using 5-year regional HPI assumptions published by Savills Plc, to the expected time of reversion. The 5 year CAGR used in 2022 was 2.1% (2021: 3.4%).

The other key assumptions underlying the valuation are as follows:

- Discount rate of 6.62% (2021: 6.62%)
- Average life expectancy of 3.9 years (2021: 4.1 years)

10 Debtors

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Accrued income	925	1,856

11 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Accruals	627	652
	627	652

12 Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Unsecured loan notes – opening balance	75,619	86,666
Loan note principal repaid during year	(13,211)	(11,047)
Unsecured loan notes – closing balance	62,408	75,619

On 22 November 2017, the company issued an unsecured loan note to its new shareholder of nominal amount £121,539,648 with a fixed rate of interest of 4.04% and a maturity date of 22 November 2032. This loan note was subsequently listed on the CSX on 23 March 2018.

The company repaid £11,046,725 of principal during the prior year resulting in the loan note balance reducing from £86,665,815 to £75,619,090 as at 31 March 2021.

The company repaid a further £13,211,477 of principal during the year resulting in the loan note balance reducing to £62,407,613 as at 31 March 2022.

The company also paid £2,889,198 and £3,396,734 of interest expenses on the loan note during the year ended 31 March 2022 and 31 March 2021 respectively. As at 31 March 2022, £417,337 of accrued interest remained unpaid.

Amounts included above which fall due after five years are as follows:

	2022	2021
	£'000	£'000
Payable other than by installments	62,408	75,619

13 Financial instruments

	2022 £'000	2021 £'000
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	70,259	78,209
Carrying amount of financial liabilities		
Measured at amortised cost		
Loan commitments measured at cost less impairment	62,825	76,120

For information on the fair value of financial assets please see note 9.

The fair value of the loan notes is considered equal to the carrying value of £62,824,950 at 31 March 2022 as interest rate on the loan notes is still considered to be at market rates.

14 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	2022 £'000	2021 £'000
Deferred tax liability	(7,242)	(5,516)
Revaluations of investments	7,242	5,516
	-	-
Unprovided deferred tax	42,115	46,130
Prior year adjustment	-	-
Unprovided deferred tax (revised)	42,115	46,130
Tax rate	25%	19%
Deferred tax asset	10,529	8,765

At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2021 and 2022 would remain at 19%.

On 24 May 2021 the Finance Bill was passed by the House of Commons to increase the Corporation Tax main rate to 25% for the years starting 1 April 2023. Therefore, at the balance sheet date of 31 March 2022 the changes had been substantively enacted and the applicable rate is 25%.

14 Deferred taxation (Continued)

As the future deferred tax balances, if any, will be dependent on future changes in the fair value of assets and liabilities, it is not possible to estimate any future reversals of existing deferred tax balances.

15 Share capital

	2022	2021
	£'000	£'000
Ordinary share capital		
Issued and fully paid	23,472	23,472
23,472,400 ordinary shares of £1 each	23,472	23,472

The company has one class of ordinary share capital. Each share entitles the owner to one vote at general meetings of the company but does not carry the right to a fixed income. Upon a winding up of the company ordinary shareholders rank below unsecured creditors.

16 Reserves

Profit and loss reserves

Retained earnings represent the accumulated earnings of the company net of any distributions to owners.

17 Cash generated from movements in working capital

	2022	2021[1]
	£'000	£'000
Income for the year after tax	3,235	6,519
Adjustments for:		
Finance costs	2,806	3,304
Interest income	(1)	-
Revaluations to investment portfolio	(5,212)	(9,422)
Gain from sale of underlying properties	(1,407)	(1,087)
Movements in working capital:		
Increase / (decrease) in creditors	58	(58)
Cash flow used in operations	(521)	(744)

[1] Prior year presentation has been amended to move £240,277 from cash used in operations to cash proceeds received from the contract

18 Analysis of changes in net debt

	At 1 April 2021	Cash flows	At 31 March 2022
	£'000	£'000	£'000
Cash	2,390	(1,120)	1,270
Borrowings:			
- Loan notes	(75,619)	13,211	(62,408)
	(73,229)	12,091	(61,138)

19 Events after the reporting date

The company paid £417,337 of accrued interest on the unsecured loan note on 5 May 2022.

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2022	2021
	£'000	£'000
Aggregate compensation	18	16

Transaction with XYQ Cayman Ltd – parent from 22 November 2017

At 31 March 2022, the company owes XYQ Cayman Limited £62.4 million (2021: £75.6 million) in the form of an unsecured loan note issued on 22 November 2017 (note 12). The interest on this loan accrued at year end is £0.4 million which remained unpaid at 31 March 2022 (2021: £0.5 million), which is included in accruals.

21 Controlling party

The ordinary shares issued by the company are legally owned by XYQ Cayman Ltd., a Cayman Islands exempted company, which is beneficially owned by XUS, LLC ("XUS"). XUS is beneficially owned by FFI Fund Ltd. ("FFI"), a Cayman Islands exempted company.

The ultimate parent undertaking of FFI is BIL, Ltd. ("BIL"), a Cayman Islands exempted company. At 31 March 2022, Alaina Danley and Lori Webb-Griffith serve as independent directors of both BIL and FFI.

Neither the immediate nor any more senior parent prepares consolidated accounts which contain this entity and are publicly available.