Company Registration Number 12374252

PEASLAKE INVESTMENTS 1 PLC

ANNUAL REPORTS AND AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 20 DECEMBER 2019 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

PEASLAKE INVESTMENTS 1 PLC
Registration Number: 12374252

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COMPANY INFORMATION

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Sunil Masson (appointed on 20 December 2019)
Julius Manuel Bozzino (appointed on 20 December 2019)

ADMINISTRATOR & COMPANY SECRETARY
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Luxembourg

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Grand Duchy
Luxembourg

STRATEGIC REPORT
FOR THE PERIOD FROM 20 DECEMBER 2019 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

Principal activity and business review

Peaslake Investments 1 PLC (the "Company") also referred to as (the "Issuer") is a special purpose vehicle (the "SPV") and was incorporated in England and Wales on 20 December 2019, as a public company with limited liability under the Companies Acts 2006 with company registration number 12374252. The Company has no subsidiaries. The principal activity of the Company is to raise funds by the issuance of Notes (the "Notes") which are listed on the Vienna MTF Stock Exchange. On 30 March 2020, the Company issued Notes for the proceeds of GBP 31,581,760 to acquire 100 % of the A Units of the Drury Jersey Property Unit Trust (the "Trust") for the consideration of GBP 31,503,914. The amount of GBP 77,846 was transferred to the Expense Reserve Account. The Underlying Collateral means in connection with the issue of the Instruments, the Issuer's rights, title and/or interests in and to the A Units of the Drury Jersey Property Unit Trust. The assets subject of the Trust consist of the property, the lease and the associated bank accounts.

The relevant property under the Jersey Trust Instrument is the freehold interest in the property known as Hythe Riverside Park Colchester with registered title number EX624826. The lease consists of a lease agreement relating to the Property, dated 20 May 2019 between (1) British Overseas Bank Nominees Limited and W.G.T.C. Nominees Limited (collectively, acting as nominees for NatWest Trustee and Depositary Services Limited as depositary of Schroder UK Real Estate Fund) and (2) Sainsburys Supermarkets Ltd (the "Lessee"). On 24 July 2019, the Property was transferred from Schroder UK Real Estate Fund (the "Transferor") to the Drury Trustee 1 Limited and Drury Trustee 2 Limited (the "Transferee"). They hold the Property as the Trustees of the Drury Jersey Property Unit Trust. The bank accounts being maintained by the Trust consist of an income account and cash reserve account, as defined in clause 17 of the Trust Instrument agreement.

In accordance with clause 16.2 of the trust instrument, the A Unitholders shall be entitled to receive a distribution amount (the "Distribution Amount") on each distribution date. The distribution amount consists of the rental income received during that distribution period after the deduction of the budgeted expense amount and the deduction of any withholding tax. The budgeted expense amount for each distribution period shall be calculated on a quarterly basis (i.e. January, April, July and October) on the first Business Day of each distribution period.

In line with clause 9.2.3, the Unitholders shall be entitled to the votes attaching to the percentage of the total number of Units in issue as at the date that such resolution is passed (the "Resolution Date") as set out in the table below. The total number of Units in issue shall be distributed between each of the Unitholders in proportion to their percentage on the Resolution Date, as defined in the table below:

Number of years from the date of this Trust Instrument	Unitholder A	Unitholder B	Unitholder C
0 - 5	96.50%	1.50%	2%
5 - 15	91%	1.30%	7.70%
15 - 20	65.50%	0.50%	33.50%
20 - the date of the expiry of the A Unit entitlement period	21%	0.20%	78.80%
The date immediately following the expiry of the A Unit entitlement period and thereafter	0%	0%	100%

The "A Unit entitlement period" is defined as the period commencing on the date of the Trust Instrument agreement (i.e. 23 July 2019) and ending on 19 May 2044. The A Unitholder is the senior unit holder and is entitled to receive the Distribution Amount from the Trust for the duration of the A Unit Entitlement Period (defined below). During the A Unit Entitlement Period, the B Unitholder will receive the B Unitholder Distribution Amount which is outlined per the Trust Instrument. Once the A Unit Entitlement Period has lapsed, the A Unitholder will not be entitled to any residual interest in the Trust. The C Unitholder has the ability to extend the lease and the B Unitholder will be entitled to any residual interest in the Trust once the A Unitholder Entitlement Period has lapsed.

The "Trust Fund" is defined as all the property and assets for the time being held or deemed to be held by the Trustees upon the terms of the Trust, but which excludes, for the avoidance of doubt, all Distribution Amount, which shall belong to Unitholders in accordance with clause 16.1 of the Trust Instrument agreement.

Results and performance

The results of the Company for the period are set out on page 16 of the financial statements. The Company had a shareholder's funds of GBP 50,606 as at 31 December 2020.

The profit after tax from 20 December 2019 to 31 December 2020 amounted to GBP 606. In addition, in accordance with the constitution agreement, the Issuer shall be entitled to an annual retained profit of GBP 1,000. Therefore, the Issuer shall be entitled to a quarterly retained profit of GBP 250 for each Interest Payment Date ("IPD") (i.e. January, April, July and October). During the period, the retained profit amounted to GBP 750.

Key Performance Indicators ('KPIs')

During the financial period:

- the Company made a profit of GBP 606;
- the Company's indebtedness was GBP 34,490,554;
- net gain on financial assets amounted to GBP 4,144,436; and
- the net loss on financial liabilities amounted to GBP 4,087,332.

Strategy

The Company was established as a special purpose Company for the purposes of issuing notes (the "Notes") in order to acquire the beneficial interest in a unit trust. On 30 March 2020, the Company issued GBP 32,000,000 Fixed Rate and RPI Linked UK Lease Receivable Instruments Due 2044 for the proceeds of GBP 31,581,760 in accordance to the term sheet. The Company's "Business Model" is to use the proceeds from the issue of these Notes to acquire 100% of the A Units of the Drury Jersey Property Unit Trust (the "Trust") for the consideration of GBP 31,503,914. On the issue date, an amount of GBP 77,846 was transferred to the Expense Reserve Account which represented the difference between the Notes issue proceeds and the cost of acquisition for the A units of the Drury Jersey Property Unit Trust. As a result, the Company receives Distribution Amount from the Trust on a quarterly basis to pay for its operating expenses and for the repayment of principal and interest to the noteholders, Aviva Investors Multi-asset Alternative Income S.A - Compartment 1 & 6 and Saul Trustee Company (collectively, the "Noteholders") as per the terms of the Notes. During the period, the Company received GBP 1,197,682 as Distribution Amount from the Trust and accordingly paid GBP 708,484 as principal and GBP 457,554 as interest expense to the Noteholders.

The Trust has been set up to hold property as an investment with the principal objective of generating profit. The Trust holds a freehold interest in the property known as Hythe Riverside Park Colchester with registered title number EX624826. Under FRS 102 Section 9, the investment in the Trust has been treated as an unconsolidated structured entity.

The strategy used by the Company in achieving its objectives regarding the use of their financial instruments were set when the Company entered into the initial set-up transactions.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company is financial instrument risks comprising, interest rate risk, credit risk, price risk, currency risk and liquidity risk. The principal nature of these risks are summarised below.

Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The principal credit risk to the Company is that the Trust will not be able to meet its obligations under the Trust Instrument agreement as they fall due. Following receipt of funds by the Company from the Trust, the Issuer will use part of this amount to pay on a quarterly basis to the Noteholders as a partial redemption. Additionally, the Issuer will use part of the funds to pay interest on the Notes. The excess amount, after settling the aforementioned obligations, will be transferred and retained in the Expense Reserve Account as a expense top-up as per the application of proceeds under the enforcement of Transaction security. By 14 April 2044, the Company is expected to fully redeem the Notes. The Trust's ability to repay the A Unitholder is dependent on the Lessee meeting its obligations to the Trust under the lease agreement.

The terms of the Notes are limited recourse and therefore the Company is only obliged to repay the Notes to the extent that the Company receives cash from the financial assets. The Noteholders will therefore ultimately bear the Company's deficits on maturity of the Notes. It is to be noted that after the Notes have reached its maturity, the issuer retained profit will be fully retained by the Issuer of the Notes.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's asset is financed primarily by the issuance of the Notes. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the asset purchased. The Company is only obliged to make repayments of Interest and principal in respect of the Notes to the extent of the Distribution Amount received from the Trust.

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates under a different basis or which reset at a different time. The Company minimises its exposure to interest rate risk by ensuring that only the remaining income is paid to the noteholders as interest expense. The Notes have a fixed interest rate plus an inflation adjustment to the rate. The inflation linked interest amount is any excess amounts standing to the balance of the Issuer Collection Account following a distribution from the Collateral and provided clause 5.2 (i) to (v) (Directions for operation of the Issuer Account) under the Account Bank Agreement have been settled on each Interest Payment Date.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD FROM 20 DECEMBER 2019 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

Principal risks and uncertainties (continued)

Interest rate risk (continued)

The Company minimises its exposure to interest rate risk by ensuring that only the remaining income is paid to the Noteholders as interest expense. Interest income received in the trust units is then used to pay all the expenses of the Company and only the remaining amount would be paid to the Noteholders. Within the valuation model of the A Units and Notes LIBOR is used as an input to derive the discount rate of the discount cashflow technique. In line with the Interest Rate Benchmark Reform effective, by latest, end of 2021, the LIBOR will be replaced by SONIA (reformed Sterling Overnight Index Average) and relevant spread in accordance with market convention for IBOR transition to be confirmed at the time.

Price risk

Price risk is the risk of a decline in the value of the financial instrument of the Company, due to multiple factors. These factors include earnings volatility, poor management, industry risk, and price changes.

Currency risk

The currency risk arises from changes in the relative valuation of currencies. All of the Company's assets and liabilities are denominated in Pound Sterling and therefore, there is no foreign currency risk.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Future developments

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The Directors do not anticipate any changes to the present level of activity or the nature of the Company's business in the near future.

Brexit

The UK left the European Union ('EU') on 31 January 2020 and has now completed an 11-month transition period. On 24 December 2020, UK and EU negotiators reached an "agreement in principle" on the text of a new 'Trade and Cooperation Agreement' with the view to its provisional application as from 1 January 2021. The new agreement consists mainly of the following:

- an unprecedented free trade agreement;
- ambitious cooperation on economic, social, environmental and fisheries issues;
- a close partnership for citizens' security; and
- an overarching governance framework.

The impact on the UK and EU economies as a result of a "current" Brexit deal is still unfolding and may impact the future valuation of the Company's investments in the A Units of the Trust or operations. There is no evidence as at reporting date that Brexit has adversely affected the Company's activities but the Directors will continue to monitor the developments and assess any changes.

As approved by and signed on behalf of the board

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Director: Sunil Masson

Date 10/12/2021

DIRECTORS' REPORT
FOR THE PERIOD FROM 20 DECEMBER 2019 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

Incorporation
The Company was incorporated in England and Wales on 20 December 2019, as a public company with limited liability under the Companies Act 2006 with company registration number 12374252. The Company is limited by shares.

Dividends
The Directors do not recommend the payment of a dividend for the period ended 31 December 2020.

Financial instruments
The financial risk management objectives, policies and the exposure of the Company to credit risk, liquidity risk and interest rate risk are discussed in the Strategic Report and in Note 18. The Company's operational risk is disclosed in the Strategic Report.

Going Concern
As at 31 December 2020, the Company generated a profit after tax of GBP 606, had net assets of GBP 50,606 and a cash balance of GBP 80,095. Accordingly, the Directors have made an assessment of the Company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. In making the assessment, the Directors have considered the current funding position of the Company, projected expected cash flows and the limited recourse nature of the Notes.

Following the above, all factors being considered have produced a positive outcome, such that the funds available in the Company's bank account along with the expected cash flows from the A Units of the Trust will be sufficient to meet its expenses for a period of at least 12 months from the date of approval of these financial statements.

Covid-19 Global Pandemic
An area of uncertainty is the novel strain of coronavirus (COVID-19) which first surfaced in China and has since become a Global pandemic. Since the outburst of the pandemic, there has been significant impact on the global economy putting pressure on the financial system that lead to volatility in global financial markets, fluctuation in interest rates, foreign exchange rates and debt sustainability. During the period, there has been a net gain movement on the A Units investment of GBP 4,144,436. The Company has not experienced any negative impact as a result of COVID-19.

As a result of the above factors, the Directors have concluded that the Company is able to meet its liabilities as they fall due and will remain in existence for the foreseeable future. Consequently, the financial statements have been prepared on the going concern basis.

Future developments
Information on future development is included in the Strategic Report.

Post balance sheet events
Brexit
The UK left the EU on 31 January 2020 and has now completed the 11-month transition period. The impact on the UK and EU economies as a result of a "current" Brexit deal is still unfolding and may impact the valuation of the Company's investments in the A Units of the Trust and on the Notes. There is no evidence as at the reporting date that Brexit has adversely affected the Company's activities but the Directors will continue to monitor the developments and assess any changes.

Political donations
The Company made no political donations or incurred any political expenditure during the period.

Qualifying indemnity provisions
During the period and at the date of the approval of the Directors' report, there were no qualifying indemnity provisions in the financial statements.

Capital structure
As at 31 December 2020, the Company's capital structure consisted of ordinary shares. The entire issued ordinary share capital of the Company is held by CHT Nominees Limited as the share trustee (refer to Note 15 and Note 16).

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD FROM 20 DECEMBER 2019 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

Rights attached to shares and voting rights

The Directors may offer, allot, grant options over or otherwise deal with or dispose of any shares to such persons, at such time and generally on such terms as the directors may decide. The directors are generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006, to exercise all the powers of the Company to allot shares up to a maximum nominal amount of £50,000.

Voting rights shall attach equally to partly paid shares. A proxy appointed by a member of the Company may vote on a show of hands as well as on a poll.

The share trustee shall not sell, transfer or otherwise dispose of all or any of the shares or any right, interest or benefit therein as per the Declaration of Trust (DoT). Moreover as per the DoT, the share trustee cannot propose or pass any resolution to wind-up or take any other steps or actions whatsoever for the purposes of winding-up any body corporate whose securities form part of the Trust Fund or make or support any petition to wind-up or appoint an administrator, examiner or similar person to such a body corporate or of any subsidiary or holding company of such a body corporate; or appoint or remove any director of anybody corporate whose securities form part of the Trust Fund or of any subsidiary of such a body corporate.

There are no special rights attached to the shares.

Appointment and removal of directors

The Company may, by ordinary resolution, elect any person who is willing to act to be a director, either to fill a vacancy or as an additional director. Every resolution of a general meeting for the election of a director shall relate to one named person and a single resolution for the election of two or more persons shall be void, unless a resolution that it shall be so proposed has been first agreed to by the meeting without any vote being cast against it. The Company may by special resolution, or by ordinary resolution, of which special notice has been given in accordance with the Statutes, remove any director before his period of office has expired notwithstanding anything in these articles or in any agreement between him and the Company.

Amendment to the Company's articles of association

The Company may amend its articles by special resolution.

Directors

The Directors who served the Company during the period and up to the date of signing the financial statements were as follows:
Sunil Masson (appointed on 20 December 2019)
Julius Manuel Bozzino (appointed on 20 December 2019)

None of the Directors held any beneficial interest in the ordinary share capital of the Company. None of the Directors had any interest either during or at the end of the period in any material contract or arrangement with the Company.

Company secretary

Vistra (UK) Limited (appointed on 20 December 2019)

Statement of disclosure of information to auditor

The Directors confirm that:

- so far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware; and
- having made enquiries of fellow directors and of the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditor

The auditor, KPMG, was appointed during the period as auditors of the Company and have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

As approved by and signed on behalf of the board

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Director: Sunil Masson

Date 10/12/2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE PERIOD FROM 20 DECEMBER 2019 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

The Directors are responsible for preparing the Strategic report, Directors' report and the Company's 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 they have elected to prepare the financial statements in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom" ("FRS 102"), in conformity with the Companies Act 2006.

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 for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report and directors' report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

As approved by and signed on behalf of the board

....

Director: Sunil Masson

Date 10/12/2021

KPMG

KPMG
Audit
1 Harbourmaster Place
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Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PEASLAKE INVESTMENTS 1 PLC

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Peaslake Investments 1 PLC ('the Company') for the period ended 31 December 2020 set out on pages 14 to 28, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*.
In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the Company's profit for the period then ended;
- the Company financial statements have been properly prepared in accordance with *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard as applied to a listed entity, 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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Conclusions relating to going concern (continued)

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. We evaluated the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PEASLAKE INVESTMENTS 1 PLC (continued)

There were no risks identified that we considered were likely to have a material adverse effect on the Company's available financial resources over this 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 of at least twelve months from the date when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of directors as to the Company's policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of directors regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Inspecting the Company's regulatory and legal correspondence.
- Reading Board minutes.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Detecting irregularities including fraud (continued)

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-bribery, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PEASLAKE INVESTMENTS 1 PLC (continued)

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation.
- Evaluating the business purpose of significant unusual transactions
- Assessing significant accounting estimates for bias
- Assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key audit matters: our assessment of risks of material misstatement

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

In arriving at our audit opinion above, we determined there was only one key audit matter as follows:

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PEASLAKE INVESTMENTS 1 PLC (continued)

Valuation of Financial Assets - €34,450,668
Refer to pages 19 and 20 (accounting policy) and pages 22, 23, 27 and 28 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
Valuation of Financial Assets is considered to be a key audit matter. The Company's Financial investment in trust units (A Units of the Drury Jersey Property Unit Trust) makes up the majority of the Company's Balance Sheet and is considered to be a key driver of the Company's results. We do not consider these financial assets to be at significant risk of material misstatement or to be subject to a significant level of estimation uncertainty. However, due to their materiality in the context of the financial statements as a whole, they are considered of most significance in the audit of the financial statements.	Our audit procedures over the valuation of the Company's Financial Assets included but not limited to: • Inspecting the fair value model to ensure the mathematical accuracy of the methodology applied. • Assessing the assumptions used in the fair value model to determine whether these were reasonable. • Agreeing the data used in the fair value model to external sources where possible. • Agreeing receipt of payments on the A Units during the year to supporting documentation including bank statements. Based on the procedures performed, we found that that the Company's valuation of Financial Assets and related disclosures to be appropriate. No material exceptions were noted as part of our testing.

Our application of materiality and an overview of the scope of our audit

Materiality for the Company's financial statements as a whole was set at £318,700 determined with reference to a benchmark of total assets of which it represents approximately 1%. We consider total assets to be one of the principal considerations of the stakeholders of the Company in assessing the financial performance of the Company.
In applying our judgement in determining the most appropriate benchmark, the factors, which had the most significant impact were:

- the elements of the financial statements
- the items on which the attention of the users of the particular entity's financial statements tends to be focused
- the nature of the entity, where the entity is in its life cycle, and the industry and economic environment in which the entity operates, and
- the entity's ownership structure and the way it is financed.

In applying our judgement in determining the percentage to be applied to the benchmark, the following qualitative factors, which had the most significant impact, on our assessment of materiality were:

- the Company operates in a stable business environment;
- the operations of the Company are relatively less complex;
- the Company provides a limited range of product and service; and
- few changes in the Company's stakeholders and external users of the financial statements are expected

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PEASLAKE INVESTMENTS 1 PLC (continued)

We applied materiality to assist us determine the overall audit strategy.
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of materiality.
In applying our judgement in determining performance materiality, the following factors were considered to have the most significant impact, decreasing our assessment of performance materiality:

- the number of accounting issues that require significant judgement

Our application of materiality and an overview of the scope of our audit (continued)

- entity level control deficiencies, such as in the control environment
- turnover of senior management or key financial reporting personnel
- management's attitude towards correcting misstatements

We applied performance materiality to assist us determine what risks were significant risks for the Company.
We reported to the Board of Directors any corrected or uncorrected identified misstatements exceeding £15,900, in addition to other identified misstatements that warranted reporting on qualitative grounds. Our audit of the Company was undertaken to the materiality level specified above and was all performed by the one engagement team in Dublin.

We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Strategic Report, the Directors' Report and the Statement of Directors' Responsibilities. The financial statements and our auditor's report thereon do not comprise part of 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 as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

We have nothing to report on the other matters on which we are required to report by exception

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

- 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
- the Company 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.

We have nothing to report in these respects.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PEASLAKE INVESTMENTS 1 PLC (continued)

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Vincent Reilly

Vincent Reilly (Senior Statutory Auditor)
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
International Finance Services Centre
Dublin 1
Ireland

10 December 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 20 DECEMBER 2019 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

	Notes	Period ended 31 December 2020 GBP
Net gain on financial assets	6	4,144,436
Net loss on financial liabilities	7	(4,087,332)
		57,104
Operating expenses	8	(56,354)
PROFIT BEFORE TAX FOR THE PERIOD		750
Taxation	9	(144)
PROFIT AFTER TAX FOR THE PERIOD		606
Other comprehensive income		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		606

The result for the period was derived from continuing operations.

PEASLAKE INVESTMENTS 1 PLC
Registration Number: 12374252

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	31 December 2020 GBP
CURRENT ASSETS		
Financial investment in trust units (of which GBP 32,872,709 is due after one year)	10	34,450,668
Trade and other receivables	11	37,500
Cash at bank	12	80,095
		34,568,263
CREDITORS: amounts falling due within one year		
Financial liabilities	14	1,554,240
Trade and other payables	13	27,103
		1,581,343
TOTAL ASSETS LESS CURRENT LIABILITIES		32,986,920
CREDITORS: amounts falling due in more than one year		
Financial liabilities	14	32,936,314
NET ASSETS		50,606
CAPITAL AND RESERVES		
Called up share capital	15	50,000
Profit and loss account		606
SHAREHOLDER'S FUNDS		50,606

The financial statements on pages 14 to 28 were approved and authorised for issue by the Board of Directors on ....10/12/. 2021 and were signed on its behalf by:

....

Director: Sunil Masson

The notes on pages 18 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 20 DECEMBER 2019 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

	Called up share capital GBP	Profit and loss account GBP	Shareholder's funds GBP
Balance at 20 December 2019	-	-	-
Profit for the period	-	606	606
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	606	606
Share capital issued during the period	50,000	-	50,000
Balance at 31 December 2020	50,000	606	50,606

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 20 DECEMBER 2019 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

	Notes	**Period ended 31 December 2020 GBP**
Profit after tax for the period		606
Adjustments for:		
Net gains on financial assets	6	(4,144,436)
Net loss on financial liabilities	7	4,087,332
Movements in working capital		
Increase in trade and other receivable		-
Increase in trade and other payables		27,103
Cash used in operating activities		(29,395)
Tax paid		-
Net cash used in operating activities		(29,395)
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of investment in trust units	10	1,197,682
Net cash generated from investing activities		1,197,682
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of ordinary share capital	15	12,500
Proceeds from issuance of Notes	14	65,346
Interest paid to the Noteholders	7	(457,554)
Principal repayment of Notes	14	(708,484)
Net cash used in financing activities		(1,088,192)
Net movements in cash and cash equivalents		80,095
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	12	80,095

Supplemental non-cash information:

For the period ended 31 December 2020, the following non-cash transactions occurred that are not shown on the Statement of Cash Flows:

	GBP
Financial investment in trust units	(31,503,914)
Issuance of Notes	31,581,760

During the period ended 31 December 2020, the Company issued Notes amounting to GBP 31,581,760 of which a balance of GBP 77,846 was deposited as cash in the Expense Reserve account, out of which GBP 12,500 being used for share capital which is not repayable to the Noteholders. The remaining consideration of GBP 31,503,914 was used to acquire 100 % of the A Units of the Drury Jersey Property Unit Trust (the "Trust").

The analysis of changes in net debt is disclosed in Note 19 of the notes to the financial statements.

1. GENERAL INFORMATION

The Company was incorporated in England on 20 December 2019, as a public company with limited liability under the Companies Acts 2006 with company registration number 12374252. The Company has no subsidiaries. The principal activity of the Company is to raise funds by the issuance of Notes which are listed on the Vienna MTF Stock Exchange and invest the monies raised in the A Units of the Trust. The registered office of the Company is found at 3rd Floor 11-12 St. James's Square, Suite 2 London England SW1Y 4LB.

The Company, being the A Unitholders of the Trust, shall be entitled to the votes attached to the percentage of the total number of Units in issue as at the Resolution Date as set out after clause 9.2.3 of the Trust Instrument agreement, shared pari passu between each of the A Unitholders in proportion to the number of A Units held by them on the Resolution Date.

In accordance with clause 16.2 of the Trust Instrument agreement, the Company shall be entitled to receive income on each distribution date. The distribution amount consists of the rental income received from the Trust, during that distribution period after the deduction of the budgeted expense amount of the Trust and the deduction of any withholding tax. The Trust has been set up to hold property as an investment with the principal objective of generating profit. Therefore, the Company receives Distribution Amount, which consists of the rental income net of the operating costs of the Trust, as a result of the Trust holding a freehold interest in the property known as Hythe Riverside Park Colchester.

2. BASIS OF PREPARATION

(a) Statement of compliance

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom" ("FRS 102"), in conformity with the Companies Act 2006.

Going concern basis

As at 31 December 2020, the Company generated a profit after tax of GBP 606, had net assets of GBP 50,606 and a cash balance of GBP 80,095. Accordingly, the Directors have made an assessment of the Company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. In making the assessment, the Directors have considered the current funding position of the Company, projected expected cash flows and the limited recourse nature of the Notes.

Following the above, all factors being considered have produced a positive outcome, such that the funds available in the Company's bank account along with the expected cash flows from the A Units of the Trust will be sufficient to meet its expenses for a period of at least 12 months from the date of approval of these financial statements.

Covid-19 Global Pandemic

An area of uncertainty is the novel strain of coronavirus (COVID-19) which first surfaced in China and has since become a Global pandemic. Since the outburst of the pandemic, there has been significant impact on the global economy putting pressure on the financial system that lead to volatility in global financial markets, fluctuation in interest rates, foreign exchange rates and debt sustainability. During the period, there has been a net gain movement on the A Units investment of GBP 4,144,436. The Company has not experienced any negative impact as a result of COVID-19.

As a result of the above factors, the Directors have concluded that the Company is able to meet its liabilities as they fall due and will remain in existence for the foreseeable future. Consequently, the financial statements have been prepared on the going concern basis.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Investment in trust units are measured at fair value through profit or loss; and
- Notes issued at fair value through profit or loss are measured at fair value through profit or loss.

(c) Functional and presentation currency

The financial statements are presented in pound sterling (GBP), which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital of the Company is denominated in GBP and the debt securities issued are also primarily denominated in GBP. The Directors of the Company believe that GBP most faithfully represents the economic effects of the underlying transactions, events and conditions.

Except as otherwise indicated, all financial information presented in GBP has been rounded to the nearest GBP.

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of judgements and estimates

The preparation of financial statements in conformity with FRS 102 requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. 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 year in which the estimate is revised if the revision affects only that period or in the period of the revision and future years if the revision affects both current and future years.

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 if the revision affects only that period or in the period of the revision and future years if the revision affects both the current and future periods. Details of estimates regarding fair values have been further described in Note 18.

Key sources of estimation uncertainty

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires estimation depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. Details on the estimates and judgements are shown in note 18 and details on classification are detailed note 3 of the financial statements.

Determination of fair value of the investment in trust units

The Directors have valued the investments in trust units using the available market information and the discounted cashflows using current market rates adjusted for credit, interest and liquidity inputs. Details on the estimates and judgements is shown in note 18 and details on classification is detailed note 3 of the financial statements.

Determination of fair value of the Notes

Because of the limited recourse nature of the financial liabilities, the fair value of financial liabilities issued by the Company is determined by reference to the fair value of the investment in trust units and cash at bank, with respect to the balance being held in the Expense Reserve account. Any future change in the fair value of the investment securities and other financial instruments will have an equal but opposite impact on the fair value of the financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial instruments comprise the investment in trust units, Notes issued, trade and other receivables, cash at bank and in hand, and trade and other payables. The financial instruments have been classified as basic under Section 11 of FRS 102, except for the investment in trust units and the financial liabilities issued which do not meet the Basic Instruments Criteria under FRS 102. Accordingly, these instruments have been measured at fair value through profit or loss, as discussed under "Classification".

Financial instruments falling under the Basic Instrument Criteria per FRS 102, are recognised initially at transaction price and adjusted for transaction costs. Subsequently, they are carried at amortised cost using the effective interest method.

Initial recognition of investment in trust units and Notes issued

The Company initially recognises its investment in trust units and the Notes issued on the trade date at which the Company becomes a party to the contractual provisions of the instruments. From trade date, any gains and losses arising from changes in fair value of the investment in trust units or financial liabilities measured at fair value through profit or loss are recorded in the Statement of Comprehensive Income.

Classification

The Company has classified financial assets and financial liabilities in accordance with FRS 102 into the following categories:

- investment in trust units have been measured at fair value through profit or loss; and
- financial liabilities measured at fair value through profit or loss are measured at fair value.

During the financial period, the Company had no financial instruments that have been categorised as amortised cost. The Company also had fees and tax payable included in trade payables that have been categorised at amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Investment in trust units

The Investment in trust units does not meet the Basic Instrument Criteria under Section 11 of FRS 102 and hence are measured at fair value through profit or loss as it is classified as an Other Financial Instrument under FRS 102 as the repayments of the principal and the return to the holder of the A Unit are linked to a single relevant observable index of general price inflation. The investment in trust units held by the Company is classified and initially measured at fair value through profit or loss. Subsequent changes in the fair value of the investment in trust units at fair value through profit or loss are recognised directly in the Statement of Comprehensive Income.

Financial liabilities

The Notes issued does not meet the Basic Instrument Criteria under Section 11 of FRS 102 and hence are measured at fair value through profit or loss as it is classified as an Other Financial Instrument under FRS 102, as the repayments of the principal and the return to the holder of the Notes issued are linked to a single relevant observable index of general price inflation. The Notes issued is classified and initially measured at fair value through profit or loss. Subsequent changes in the fair value would be recognised in the Statement of Comprehensive Income.

Subsequent measurement

After initial measurement at fair value, the Company measures financial instruments which are classified at fair value through profit or loss at their fair value. Subsequent changes in the fair value of financial instruments are measured at fair value through profit or loss are recognised directly in profit or loss in the Statement of Comprehensive Income. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Net gain on financial assets

Net gain on financial assets includes all realised and unrealised fair value change on investment in trust units. Any gains and losses arising from changes in fair value of the financial assets at fair value through profit or loss are recorded in the Statement of comprehensive income.

Net loss on financial liabilities

Net loss on financial liabilities includes all realised and unrealised fair value change and interest expense on notes issued. Any gains and losses arising from changes in fair value of the financial liabilities measured at fair value through profit or loss are recorded in the Statement of comprehensive income.

Other income and expense recognition

All other income and expenses are recognised on an accruals basis.

Taxation

Income tax payable on profits is based on applicable tax law and is calculated at rates of tax enacted or substantively enacted at the reporting date. Income tax payable is recognised as an expense in the year in which the profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available which these losses can be utilised against. The Company is taxable under The Taxation of Securitisation Companies Regulations 2006 (the "Regulations"), which is effective for accounting periods beginning on or after 1 January 2007. As such, the Company is taxed on the issuer retained profit at each accounting period.

Disclosure of interest in unconsolidated structured entities

The investment in the A Units of the Trust has been treated as an investment in an unconsolidated structured entity. Under FRS 102 Section 9, disclosure of interest in unconsolidated structured entities, further information on the investment in relation to the nature and extent of the Company's interest in the Trust and its associated risk have been disclosed in Note 10.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. EMPLOYEE COSTS AND DIRECTORS' REMUNERATION

The entity does not have any employees and therefore, there are no associated costs during the period. During the period, the Company entered into a corporate services agreement with Vistra (UK) Limited. The corporate services provided by Vistra (UK) Limited include acting as a corporate secretary of the Company, provide the services of and arrange the appointment of Directors of the Company and bookkeeping services. The corporate services provider fees amounted to GBP 21,869 for the financial period.

5. AUDITOR'S REMUNERATION

The audit fees for the period in respect of the audit of the Company's financial statements amounted to GBP 22,205. Additionally, the Company engaged KPMG to provide some non-audit services pertaining to the tax compliance services and IXBRL conversion services. The non-audit services fees for the period amounted to GBP 4,450.

6. NET GAIN ON FINANCIAL ASSETS

	Period ended 31 December 2020 GBP
Fair value gain of investment in trust units	4,144,436
	4,144,436

7. NET LOSS ON FINANCIAL LIABILITIES

	Period ended 31 December 2020 GBP
Interest paid on the Notes	457,554
Fair value loss on the Notes	3,629,778
	4,087,332

The rate of interest applicable to the financial liabilities for any note interest period up to and including the expected maturity date is equal to 2.65%. Details on the inflation linked interest amounts ("RPI") are discussed in Note 14.

8. OPERATING EXPENSES

	Period ended 31 December 2020 GBP
Audit fees	22,205
Corporate services provider fees (Vistra fees)	21,869
Non-audit services fees	4,450
Paying agent fees	2,500
Trustee fees	2,400
Professional fees	1,764
Bank account fees	1,000
Bank Charges	166
	56,354

9. TAXATION

The Company is taxable under The Taxation of Securitisation Companies Regulations 2006 (the "Regulations"), which is effective for accounting periods beginning on or after 1 January 2007. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the transaction.

The Company is entitled to retain one basis point of each interest payment date income collection as profit. This profit meets the definition of Retained Profits under the Regulations, and is taxable at the current taxation rate.

The standard rate of Corporation Tax in the UK is 19% for the tax year starting 1 April 2017. Accordingly, the Company's retained profits for this accounting financial period are taxed at 19%.

9. TAXATION (CONTINUED)

	Period ended 31 December 2020 GBP
Tax expense comprises:	
Current tax expense	144
Tax charge for the period	144
Profit before tax	750
The total charge for the period can be reconciled to the accounting profit as follows:	
Income tax charge calculated at the rate of 19%	143
Effect of adjustments under the Regulations in determining taxable profit	1
Income tax expense recognised in the Statement of Comprehensive Income	144

As at 31 December 2020, the Company has not provided for deferred tax assets or liabilities, as it is taxed under the Regulations referred to above. The Regulations only take the annual retention profit into consideration for the purpose of determining the Company's tax liability. The Directors are not aware of any factors that will have a significant effect on the future tax charge of the Company.

10. FINANCIAL INVESTMENT IN TRUST UNITS

	31 December 2020 GBP
Balance at the beginning of the period	-
Additions during the period	31,503,914
Repayment on financial assets during the period	(1,197,682)
Fair value gain	4,144,436
Balance as at 31 December	34,450,668

	31 December 2020 GBP
Non-current assets	
Financial investment in trust units	32,872,709
Current assets	
Financial investment in trust units	1,577,959

On 30 March 2020, the Company acquired 100% of the A Units of the Drury Jersey Property Unit Trust. The Trust has been set up to hold property as an investment with the principal objective of generating profit. The A Units entitlement period is expected to end on 19 May 2044. The A Unitholders shall be entitled to the votes attaching to the percentage of the total number of Units in issue as at the Resolution Date as set out after clause 9.2.3 of the Trust Instrument agreement. Additionally, in accordance with clause 16.2 of the trust instrument, the A Unitholders shall be entitled to receive Distribution Amount on each distribution date. The distribution amount consists of the rental income received during that distribution period after the deduction of the budgeted expense amount and the deduction of any withholding tax. The budgeted expense amount for each distribution period shall be calculated on a quarterly basis (i.e. January, April, July and October) on the first Business Day of each distribution period. The A Unitholder is the senior unit holder and is entitled to receive the Distribution Amount from the Trust for the duration of the A Unit Entitlement Period (defined below). During the A Unit Entitlement Period, the B Unitholder will receive the B Unitholder Distribution Amount which is outlined per the Trust Instrument. Once the A Unit Entitlement Period has lapsed, the A Unitholder will not be entitled to any residual interest in the Trust. The C Unitholder has the ability to extend the lease and the B Unitholder will be entitled to any residual interest in the Trust once the A Unitholder Entitlement Period has lapsed.

Under FRS 102 section 9, the investment in the Trust has been treated as an unconsolidated structured entity. The Directors have considered the Company's investment in the A Unit of the JPUT and have determined using their judgement that in accordance with FRS 102.9.10, as the Company is not entitled to the residual interest in the Trust as outlined above, the Company's investment in the A Unit of the Trust does not result in control of the JPUT and has therefore not recognised its investment in the JPUT as a Subsidiary. The Trust holds a freehold interest in the property known as Hythe Riverside Park Colchester with registered title number EX624826. The Trust receives rental income through the letting, licencing or granting of other rights of use or occupation of the property pursuant to the lease. The rental income is inflation linked as per the Trust instrument in line with the notes.

The "A Unit entitlement period" is defined as the period commencing on the date of the Trust Instrument agreement (i.e. 23 July 2019) and ending on 19 May 2044. During the A Unit entitlement Period any Rental income Deficit amount is allocated firstly to the Rental income Deficit less the B Unitholder Deficit Amount to the A Unitholders in proportion to the number of A units held during the relevant Distribution period; and secondly the B Unitholder Deficit Amount to the B unitholders in proportion to the number of B Units held. The A Unitholders and B Unitholders shall not be entitled to any Distribution Amount arising during the C Unit Entitlement Period and the C Unitholders shall not be entitled to any Distribution Amount arising during the A Unit Entitlement Period.

10. FINANCIAL INVESTMENT IN TRUST UNITS (CONTINUED)

The Company is principally exposed to the risk of cashflow shortfall from the Trust. Given that terms of the Notes are limited recourse, the Noteholders will ultimately bear any of the Company's cashflow shortfall from the Trust. A cashflow shortfall may result due to a principal deterioration of the credit quality of the lessee and the underlying lease receivable. The Company principally depends on the Distribution Amount from the Trust in order to pay for its operating expenses and its obligations under the terms of the Notes. During the period, the Trust provided the Company with the quarterly Distribution Amount which amounted to GBP 1,197,682. The carrying amount of financial assets represents the maximum credit exposure. As at 31 December 2020, the Directors are of opinion that the principal credit risk arises principally from the ability of the Lessee's ability to meet its obligation under the Trust instrument. The Distribution Amount on the A Unit is adjusted for inflation as outlined per Annex 1 of the Trust Instrument. The underlying rental cash flows received by the Trust from the Lessee are reviewed on the fifth anniversary of the lease term commencement date and are adjusted for the aggregate annual increases in UK RPI with a minimum annual increase of 1.5% and a maximum annual increase of 3.5%.

The below table summarises the carrying amount and its maximum exposure relating to its interest in the Trust:

	Carrying amount 31 December 2020 GBP	Maximum Exposure 31 December 2020 GBP
Financial investment in trust units	34,450,668	34,450,668

At the reporting date, the investment in trust units was valued at GBP 34,450,668 and is measured at fair value through profit or loss. Details of estimates of fair values are disclosed in Note 18 "Fair values".

11. TRADE AND OTHER RECEIVABLES

	31 December 2020 GBP
Unpaid share capital receivable	37,500
	37,500

12. CASH AT BANK

	31 December 2020 GBP
Cash at bank	80,095
	80,095

The cash at bank balance includes an amount of GBP 66,971 held in the Expense Reserve account which will be used to pay for future expenses. The balance outstanding on this bank account will be payable to Noteholders upon termination.

13. TRADE AND OTHER PAYABLES

	31 December 2020 GBP
Audit fees	22,205
Non-audit services fees (Note 5)	4,450
Other payable *	304
Current tax	144
	27,103

* The other payable consists of GBP 40 due to Vistra (UK) Limited.

14. FINANCIAL LIABILITIES

	31 December 2020 GBP
Balance at the beginning of the period	-
Issue of financial liabilities during the period	31,569,260
Repayment of financial liabilities during the period	(708,484)
Interest payment on financial liabilities during the period	(457,554)
Net loss on financial liabilities	4,087,332
Balance as at 31 December	34,490,554

14. FINANCIAL LIABILITIES (CONTINUED)

	31 December 2020 GBP
Non-current liabilities	
Financial liabilities	32,936,314
Current liabilities	
Financial liabilities	1,554,240

Details	Currency	Nominal Amount	Issue Price	Interest Rate	Inflation Linked Interest
GBP 32,000,000 RPI linked Notes due 2044	GBP	32,000,000	98.69%	2.65%	*
		32,000,000			

The financial liabilities are the sole obligations of the Company and are limited recourse instruments. The Noteholders will have a claim under the financial liabilities against the Company only to the extent of amounts payable in respect of the Notes which are derived from cashflows generated by payments on the A units, subject to the payment of amounts ranking in priority to the payment of amounts due in respect of the Notes. If there are insufficient funds available to the Company to pay in full all principal, interest and other amounts outstanding in respect of the Notes at the final maturity date or earlier, then the Noteholders will have no further claim against the Company in respect of the unpaid amounts. There will be no other assets of the Company available to meet any outstanding claims of the Noteholders, who will bear any shortfall pro rata on their holdings of Notes.

Interest
The basic rate of interest applicable to the Notes for any note interest period up to and including the Expected Maturity Date will be equal to a fixed rate of 2.65%.

* The inflation linked interest amounts are based on projected UK retail price index levels, as published by the UK Office for National Statistics or any successor thereto, ("RPI") determined in relation to the Collateral as of the Trade Date. If, at the point of determination, actual RPI values (and therefore associated distributions under the Collateral) are less than those used to calculate the Inflation Linked Interest Amounts on or around the Trade Date, payments by the Issuer of the Inflation Linked Interest Amounts may be less. Conversely if actual RPI values and therefore associated distributions under the Collateral are greater than those used to calculate the Inflation Linked Interest Amounts on or around the Trade Date, payments by the Issuer of the Inflation Linked Interest Amounts may be higher than those outlined under the Terms and Conditions.

Redemption
Redemption of the financial liabilities will be made from the collateral distribution received from the underlying asset on a quarterly basis (i.e. January, April, July and October). Following receipt of funds by the Company from the Trust, the Company will pay such amount on a quarterly basis to the Noteholders as a partial redemption by way of amortisation and record a related expense on the financial liabilities. By 14 April 2044, the Company is expecting to fully redeem the financial liabilities.

Underlying asset
The underlying asset is the collateral, meaning 100% of the A Units of the Drury Jersey Property Unit Trust.

15. CALLED UP SHARE CAPITAL

	31 December 2020 GBP
Authorised Capital	
50,000 Ordinary shares of GBP 1 each	50,000
Called up shares	
Paid - 12,500 Ordinary shares - GBP 1 each	12,500
Unpaid - 37,500 Ordinary shares of GBP 1 each	37,500
	50,000

16. IMMEDIATE PARENT AND CONTROLLING PARTY

CHT Nominees Limited is the legal owner of the Company's ordinary shares, having its registered office at 3rd Floor 11-12 St James's Square London, SW1Y 4LB, United Kingdom with registration number 470163. The Board of Directors are responsible for the day to day management and administration of the Company. The Board is composed of two Directors, both of whom are employees of the Administrator. The Directors have determined that based on the information available to them there is no single party or Noteholder that has overall control of the Company as defined under FRS 102 Section 9.

17. RELATED PARTY TRANSACTIONS

On 20 December 2019, Vistra (UK) Limited ("Corporate services provider") was appointed as the secretary and administrator of the Company. The Directors of the Company are also employees of Vistra (UK) Limited. The corporate services provider fees amounted to GBP 21,869 for the financial period.

The Directors of the Company are considered to be the Key Management Personnel of the Company.

18. FINANCIAL INSTRUMENTS

Introduction and overview
The principal activity of the Company is the issuance of Notes and use the proceeds of the Notes to acquire 100 % of the A Units of the Drury Jersey Property Unit Trust. The Company receives Distribution Amount from the Trust and subsequently pays out on a quarterly basis to the Noteholders: interest and an amount as a partial redemption by way of amortisation, reducing the outstanding aggregate nominal amount accordingly. The financial liabilities are measured at fair value through profit or loss.

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company does not have any externally imposed capital requirements.

The terms of the Notes are limited recourse and therefore the Company is only obliged to repay the Notes to the extent that the Company receives cash from its investment in the Trust. Therefore, the risk profile of the Company is such that market, credit, liquidity and other risks relating to the Notes and held for risk management are borne fully by the holders of the Notes issued.

The Company has exposure to the following risks from its use of financial instruments:

(i) Credit risk;
(ii) Liquidity risk; and
(iii) Market risk.

(i) Credit risk
Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's investment in the A Units of the Trust, that consequently distribute Distribution Amount to the Company.

The Company's largest exposure to credit risk is the net proceeds receivable as a result of its investment in the Trust. The Trust receives rental income from its underlying property in order to pay for the Distribution Amount , which is secured through a lease agreement. The Company also has additional credit risk in the form of cash held with financial institutions which is managed through ensuring these financial institutions are considered reputable and have a credit rating that meets the minimum criteria as set out in the underlying transaction documentation.

(ii) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's obligation to the Noteholders is limited to the net proceeds receivable from its investment in the Trust. Should the net proceeds be insufficient to make all payments due in respect of a particular class of the Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the holders of the Notes.

(iii) Market risks
Market risk is defined as the potential loss in value or earnings of an organisation arising from changes in external market factors.

The Company is exposed to market risk which comprises interest rate risk and inflation risk.

All of the Company's assets and liabilities are denominated in Pound Sterling (GBP) and therefore, there is no foreign currency risk.

Credit risk
Credit risk exists primarily on the net proceeds receivable from the investment in the Trust. Should the net proceeds be insufficient to make all payments due in respect of a particular class of the Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the holders of the Notes. Credit risk also exists on any cash held by the Company.

18. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	31 December 2020	
	Carrying Value	Maximum Exposure
	GBP	GBP
Financial investment in trust units	34,450,668	34,450,668
Cash at bank and in hand	80,095	80,095
	34,530,763	34,530,763

The following table is a summary of the Counterparties, where the Company's cash is held and lessee's credit ratings as per the rating agencies:

	Standard & Poor's	Moody's	Fitch
Short-term	2020	2020	2020
HSBC UK Bank Plc	A-1	P-1	F1+
Barclays Bank UK Plc	A-1	P-1	F1
Long-term			
HSBC UK Bank Plc	A+	A1	AA-
Barclays Bank UK Plc	A	A1	A+

The Company is also exposed to the credit risk of J Sainsbury Plc (the Lessee of the Trust). However, J Sainsbury PLC is not rated by the credit rating agencies mentioned above. Refer to Note 18 "Fair values" for detail on Sainsbury's credit spread.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's position. Should the net proceeds be insufficient to make all payments due in respect of the Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the Noteholders.

The following are the undiscounted contractual maturities of the financial liabilities:

	2020				
	Carrying amount	Gross contractual cash flows	Less than 1 year	1 year to 5 years	Greater than 5 years
	GBP	GBP	GBP	GBP	GBP
Notes	34,490,554	31,291,516	732,516	3,319,719	27,239,281
Interest payable on Notes	-	19,575,535	994,779	3,262,313	15,318,443
Other payables	26,959	26,959	26,959	-	-
	34,517,513	50,894,010	1,754,254	6,582,032	42,557,724

Currency risk

All of the Company's assets and liabilities are denominated in Pound Sterling and therefore, there is no foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the Company does not receive enough interest from the investment in trust units to secure interest payments on the Notes. The Company minimises its exposure to interest rate risk by ensuring that only the remaining income is paid to the noteholders as interest expense. The Notes have a fixed interest rate plus an inflation adjustment to the rate. The inflation linked interest amount is any excess amounts standing to the balance of the Issuer Collection Account following a distribution from the Collateral and provided clause 5.2 (i) to (v) (Directions for operation of the Issuer Account) under the Account Bank Agreement have been settled on each Interest Payment Date.

Notes	Interest rate	RPI	Nominal amount
			GBP
GBP 32,000,000 RPI linked UK Notes due 2044	2.65%	*	32,000,000
			32,000,000

18. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk (continued)
*The inflation linked interest amounts are based on projected UK retail price index levels, as published by the UK Office for National Statistics or any successor thereto, ("RPI") determined in relation to the Collateral as of the Trade Date. If, at the point of determination, actual RPI values (and therefore associated distributions under the Collateral) are less than those used to calculate the Inflation Linked Interest Amounts on or around the Trade Date, payments by the Issuer of the Inflation Linked Interest Amounts may be less. Conversely if actual RPI values and therefore associated distributions under the Collateral are greater than those used to calculate the Inflation Linked Interest Amounts on or around the Trade Date, payments by the Issuer of the Inflation Linked Interest Amounts may be higher than those outlined under the Terms and Conditions.

The rental income from the A unit is also linked to inflation as per the Trust instrument and as outlined in Note 10. As a result, any inflation adjustment observed on the A Unit cashflows will be matched on the amounts due and payable to the Notes Issued of the Company.

Fair values
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company's investment in trust units and Notes issued are carried at fair value on the Statement of financial position. Usually, the fair value of the financial instruments can be reliably determined within a reasonable range of estimates.

Estimation of fair values
Cash and cash equivalents are short term and approximate its fair value. Regarding other receivables and other payables, no calculation of fair value is prepared as their carrying amount is viewed as a reasonable approximation of fair value. The major methods and assumptions used in estimating the fair values of the Company's investment in trust units and Notes issued are disclosed below.

Investment in trust units and Notes issued
The Directors have valued the investment in trust units by using available market information to discount cash flows using current market rates adjusted for credit, interest, liquidity and other related risks.

Although the Directors believe that the valuation technique used to determine the fair value is appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of judgement e.g. interest rates, volatility, credit spreads, probability of defaults, estimated cash flows and therefore, cannot be determined with precision.

Valuation techniques and significant unobservable inputs
The following is an explanation of the valuation techniques used in establishing the fair value of the different types of financial instruments of the Company.

Financial investment in trust units
Where close proxies instruments in an active market are not available, fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow models using current market rates for credit spread, interest, liquidity premium including discount curve, discount spread and inflation swap curve.

The Directors have determined that the following inputs to determine the fair value are unobservable inputs:
- Expected cashflows; and
- Discount Rate

Expected Cash Flows
The expected cash flows have been derived from the Trust Instrument between the Company and the JPUT and are based on a contractual agreement between the parties. Projected future cash flows have been adjusted for projected UK RPI as per the inflation linked adjustments outlined in Note 10. The UK RPI inflation linked adjustments are bound by a cap and a floor. The projected limited price indexation of the future cashflows incorporates projected volatility values in relation to the cap and floor which are based on agreed calibration between the market participants at trade date and are generally considered unobservable due market illiquidity.

18. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values (continued)

Valuation techniques and significant unobservable inputs (continued)

Discount Rate

The Discount Rate has been determined using a combination of observable and unobservable data as at 31 December 2020 as outlined below:

Input	Rate (%)
Sainsbury's Credit Spread (Observable)	1.14
Premium for lack of liquidity (Unobservable)	1.89
6M LIBOR Rate (Observable)	0.03
Discount rate	3.06

Financial liabilities measured at fair value through profit and loss

The fair value of debt securities issued at fair value through profit and loss is dependent upon the fair value of the financial investment in trust units. Any changes in the valuation have direct impact to the fair value of financial liabilities.

For more complex Level 3 instruments, more sophisticated modelling techniques are required which usually are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions or more complex parameters.

The fair values together with the carrying amounts shown in the Statement of financial position are as follows:

	Fair value hierarchy as at 31-Dec-2020			
	Level 1	Level 2	Level 3	Total
	GBP	GBP	GBP	GBP
Financial investment in trust units	-	-	34,450,668	34,450,668
Financial liabilities	-	-	(34,490,554)	(34,490,554)
	-	-	(39,886)	(39,886)

Financial investment in trust units and financial liabilities are included in Level 3 in 2020 following the assessment that certain significant inputs to their model valuation are unobservable in the market.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting year.

19. ANALYSIS OF CHANGES IN NET DEBT

	At 20 Dec 2019	Cash flows	Issuance of Notes	FV movement	At 31 Dec 2020
	GBP	GBP	GBP	GBP	GBP
Cash at bank and in hand					
Cash at bank	-	80,095	-	-	80,095
	-	80,095	-	-	80,095
Borrowing					
Notes	-	(1,166,038)	31,569,260	4,087,332	34,490,554
Total	-	(1,085,943)	31,569,260	4,087,332	34,570,649

20. POST BALANCE SHEET EVENTS

Covid-19

The Directors continue to monitor and assess the impact of Covid-19 on the Company's activities.

Brexit

The UK left the EU on 31 January 2020 and has now completed the 11-month transition period. The impact on the UK and EU economies as a result of a "current" Brexit deal is still unfolding and may impact the valuation of the Company's investments in the A Units of the Trust and on the Notes. There is no evidence as at the reporting date that Brexit has adversely affected the Company's activities but the Directors will continue to monitor the developments and assess any changes.