

Company Registration Number 12374252

PEASLAKE INVESTMENTS 1 PLC
ANNUAL REPORTS AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

PEASLAKE INVESTMENTS 1 PLC
Registration Number: 12374252

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COMPANY INFORMATION

DIRECTORS

Jillur Malik (Appointed on 26 April 2023)
Mahen Beejadhursingh Surnam (Appointed on 27 October 2023)
Julius Bozzino (Resigned on 27 October 2023)
Martin Palmer (Resigned on 26 April 2023)

CORPORATE SERVICES PROVIDER

Vistra (UK) Limited
7th Floor
50 Broadway
London
SW1H 0DB
United Kingdom

COMPANY SECRETARY

Accomplish Secretaries Limited
7th Floor
50 Broadway
London
SW1H 0DB
United Kingdom

REGISTERED OFFICE

(From 7 February 2024)	(Until 6 February 2024)
7th Floor	7th Floor
Suit 2	Suite 2
50 Broadway	50 Broadway
London	London
SW1H 0DB	SW1H 0BD
United Kingdom	United Kingdom

TRUSTEE

HSBC Corporate Trustee Company (UK) Limited
London E14 5HQ

ISSUING AND PAYING AGENT AND CALCULATION AGENT

HSBC Bank Plc
8 Canada Square
London E14 5HQ
United Kingdom

CUSTODIAN

Crestbridge Limited
47 Esplanade, St Helier
JE1 0BD, Channel Islands
Jersey

BANKERS

HSBC Bank Plc
8 Canada Square
London E14 5HQ
United Kingdom

Barclays Bank Plc
1 Churchill Place
London
E14 5HP
United Kingdom

NOTEHOLDERS

Aviva Investors Multi-asset Alternative Income S.A - Compartment 1
2, rue du Fort Bourbon L-1249
Grand Duchy, Luxembourg

Saul Trustee Company
1 King's Arms Yard
London EC2R 7AF
United Kingdom

Aviva Investors Multi-asset Alternative Income S.A - Compartment 6
2, rue du Fort Bourbon L-1249
Grand Duchy, Luxembourg

AUDITOR

KPMG
1 Harbourmaster Place
IFSC
Dublin 1, DO1 F6F5
Ireland

ARRANGER, DEALER AND DISPOSAL AGENT

Deutsche Bank AG, London Branch
1 Great Winchester St
London EC3N 2DB
United Kingdom

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023****Principal activity and business review**

Peaslake Investments 1 PLC (the "Company" or 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 Act 2006 (the "Act") 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 (the "A Units" or the "investment in trust 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 (the "Trust Instrument") is the freehold interest in the property known as Hythe Riverside Park Colchester (the "Property") with registered title number EX624826. The lease (the "Superior 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) Sainsbury's Supermarkets Ltd (the "Lessee" or "Tenant"). 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 "Superior Landlord").

During 2021, an underlease, that is, a licence to underlet was agreed with the Lessee (the "Landlord") of the Superior Lease agreement and B&Q Limited (the "Undertenant") in respect of the Property for a term commencing from and including 19 May 2021 to and including 5 November 2021. During the period of the underlease, the Property was agreed to be demised by the Tenant to the Undertenant. 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 agreement, 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 February 2023, Crestbridge Limited (the "Custodian") contacted the Directors of the Company to request they review and consider a proposed unitholder resolution. The unitholders (the "Unitholders") of the trust, the Company being Unitholder A, were required to authorize the trustees to enter into an Agreement to Vary and a Deed of Variation in respect to the application of the property in accordance with clause 3.12.6 of the Lease. An Agreement to Vary and a Deed of Variation was negotiated by the property manager with the tenant in respect of the property, whereby the lease would be varied to grant the tenant permission to convert part of the demise of the property into a logistics depot (the "Lease Variation"). The tenant will pay a premium in the sum of £3,000,000 to the trustees (in their capacity as trustees of the Trust) in relation to the Lease Variation (the "Premium") which is not rental income in nature and shall form part of the Trust Fund. As such, it was proposed that the trustees consider a distribution from the Trust Fund to the Unitholders in the amount of the Premium.

Accordingly, a notice was sent to the noteholders of the Company to request their consent to the amendment. Consequently, the notice was approved by the noteholders and the unitholder resolution was signed by the Directors. As such, on 1 June 2023, the Company received the Premium distribution amounting to £350,000.

In line with schedule 1, clause 9.2.3 of the Trust Instrument agreement, 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	96.5%	1.5%	2%
5 - 15	91%	1.3%	7.7%
15 - 20	65.5%	0.5%	33.5%
20 - the date of the expiry of the A Unit entitlement period	21%	0.2%	78.8%
The date immediately following the expiry of the A Unit entitlement period and thereafter	0%	0%	100%

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023****Principal activity and business review (continued)**

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 as supplemented on 1 December 2021) 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. 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 properties 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 year are set out on page 16 of the financial statements. The Company had a shareholder's funds of GBP 52,991 as at 31 December 2023 (2022: GBP 52,226).

The profit after tax for the year amounted to GBP 765 (year ended 31 December 2022: GBP 810). In accordance with the constitution agreement, 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 year, the retained profit amounted to GBP 1,000 (year ended 31 December 2022: GBP 1,000).

Key Performance Indicators ('KPIs')

During the financial year:

- the Company made a profit of GBP 765 (year ended 31 December 2022: GBP 810);
- the Company's indebtedness was GBP 24,677,580 (year ended 31 December 2022: GBP 22,363,857);
- the net gain on financial assets amounted to GBP 4,262,301 (year ended 31 December 2022: net loss of GBP 5,025,015); and
- the net loss on financial liabilities amounted to GBP 4,219,516 (year ended 31 December 2022: net gain of GBP 5,068,288).

Strategy

The Company was established as a SPV for the purposes of issuing 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 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 Trust. As a result, the Company receives the 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 year, the Company received GBP 1,948,092 (year ended 31 December 2022: GBP 1,597,020) as the Distribution Amount from the Trust and accordingly paid GBP 773,021 (year ended 31 December 2022: GBP 748,376) as principal and GBP 1,132,772 (year ended 31 December 2022: GBP 806,452) as interest expense to the Noteholders.

The Trust has been set up to hold the 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.

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023****Principal risks and uncertainties (continued)***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 an expense top-up as per the application of proceeds under the enforcement of a 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 Superior 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 Trust 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 IPDs.

The 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, the Sterling Overnight Index Average ("SONIA") rate was used as an input to derive the discount rate of the discount cashflow technique of the financial instruments as at 31 December 2023.

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 (GBP) 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.

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 (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.

As approved by and signed on behalf of the Board

DocuSigned by:

Jillur Malik

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Director: Jillur Malik

Date: 03 July 2024

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023****Incorporation**

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

Dividends

The Directors do not recommend the payment of a dividend for the year (year ended 31 December 2022: GBP nil).

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 19. The Company's operational risk is disclosed in the Strategic Report.

Going Concern

As at 31 December 2023, the Company generated a profit after tax of GBP 765 (year ended 31 December 2022: GBP 810), had net assets of GBP 52,991 (31 December 2022: GBP 52,226) and a cash balance of GBP 60,195 (31 December 2022: GBP 66,441). 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.

During the financial year, the Company received the Distribution Amount in relation to its investments on the A Units during the IPD of January, April, July and October 2023. Accordingly, the Company was able to meet its yearly interest payment and principal repayment to the Noteholders. Additionally, based on its assessment of the forecast cash flow of one year, the Directors believe that the Company will be able to meet its primary obligations. Subsequent to the financial year, the Company received the Distribution Amount during the IPD of January 2024 and subsequently fulfilled its obligations to pay its quarterly interest payments and principal repayments to the Noteholders.

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.

Impact of the current conflict in Ukraine

The Board of Directors has continued to assess the impacts of the war concerning the additional sanctions that have been made following military operations initiated by Russia on 24 February 2022 against Ukraine including the restriction of the access of already sanctioned Russian banks to the international payments system SWIFT towards the Company's potential exposure to the above. At the date of this report, the Company including its going concern is not impacted (directly or indirectly) by the above and the situation including the possible impact of changing micro-and macroeconomic conditions will continue to be monitored.

As the Company has no significant direct or indirect exposure to Russia or Ukraine, the Company is currently not affected directly by the economic consequences of the war, albeit there is a general increase in the threat posed by cyber risks. However, the indirect macroeconomic consequences of the war may affect the achievement of the Company's financial objectives. In principle, they may have an impact on earnings and risk costs.

Impact of changes in the interest rate environment

Since the UK Governing Council meeting in September 2023, inflation has fallen by more than 2.5 percentage points and the inflation outlook has improved markedly. Based on the latest communication dated 6 June 2024 from the UK Government Council, it was decided to lower the three key ECB interest rates by 25 basis points. Accordingly, the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will be decreased to 4.25%, 4.50% and 3.75% respectively, with effect from 12 June 2024. Underlying inflation has also eased, reinforcing the signs that price pressures have weakened, and inflation expectations have declined at all horizons. Accordingly, the UK Governing Council stands ready to adjust all of its instruments within its mandate to ensure that inflation returns to its 2% target over the medium term and to preserve the smooth functioning of monetary policy transmission.

While exposure to these interest rate hikes has resulted in increased inflationary pressures, the Directors continue to track developments that may impact on the Company's assets to manage risk in the context of the Company's principal activity. For instance, the projected cash flows of the A Units will only be impacted by cumulative increases in the Retail Price Index ("RPI") to the extent that the annual increase is limited to the floor and cap in place per the Trust Instrument document. Further detail is outlined in Note 11. The Company uses SONIA as an input to determine the fair value of the financial assets at year-end. Any movement in interest rates will impact the fair value of the financial assets however this impact will ultimately be borne by the Noteholders due to the limited recourse nature of the Notes issued.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Future developments

Information on future development is included in the Strategic Report.

Post balance sheet events

The post balance sheet events have been disclosed in Note 21 of the financial statements.

Political donations

The Company made no political donations or incurred any political expenditure during the year (2022: GBP nil).

Qualifying indemnity provisions

During the year and at the date of the approval of the Directors' report, there were no qualifying indemnity provisions in the financial statements (2022: GBP nil).

Capital structure

As at 31 December 2023, 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 16 and Note 17).

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 Act, to exercise all the powers of the Company to allot shares up to a maximum nominal amount of GBP 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 a director

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 way of a special resolution.

Directors

The Directors who served the Company during the year and up to the date of signing the financial statements were as follows:

Jillu Malik (Appointed on 26 April 2023)

Mahen Beejadhursingh Surnam (Appointed on 27 October 2023)

Julius Bozzino (Resigned on 27 October 2023)

Martin Palmer (Resigned on 26 April 2023)

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 year in any material contract or arrangement with the Company.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Company secretary

The secretary (the "Company Secretary") who held office during the year was Accomplish Secretaries Limited.

Statement of disclosure of information to auditor

The Directors confirm that:

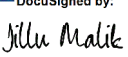
- so far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware; and
- having made enquiries of fellow directors 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 Act.

Independent auditor

KPMG have expressed their willingness to continue as auditors of the Company and a resolution to re-appoint them will be proposed at the Company's forthcoming Annual General Meeting.

As approved by and signed on behalf of the Board

DocuSigned by:

...C16BC6F1CA59487...
Director: Jillur Malik

Date: 03 July 2024

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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Company's audited 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 Act.

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 financial year. In preparing the financial statements, the Directors are required to:

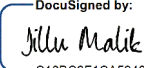
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Act. 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

DocuSigned by:

C16BC6F1CA59487.....
Director: Jillur Malik

Date: 03 July 2024



KPMG

Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5

Independent Auditor's Report to the Members 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 year ended 31 December 2023 set out on pages 16 to 34, 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 3.

The financial reporting framework that has been applied in their preparation is UK Law and UK accounting standards, including 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 2023 and of its profit for the year then ended;
- the 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").

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 entity's ability to continue to adopt the going concern basis of accounting included:

- Consideration of the inherent risks to the Company's business model and analysis of how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



Independent Auditor's Report to the Members of Peaslake Investments 1 PLC (continued)

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 legal correspondence, if any.
- 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.

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: : liquidity and certain aspects of company legislation recognizing the financial and regulated nature of the Company's activities and its legal form.

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 risk.



Independent Auditor's Report to the Members of Peaslake Investments 1 PLC (continued)

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 judgement, 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 (unchanged from 2022):

Valuation of Financial Assets £24,655,539 (2022: £22,341,330)

Refer to pages 22 and 23 (accounting policy); and pages 26 to 27, and pages 32 to 33 (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. For the reasons outlined above the engagement team determine this matter to be a key audit matter.	Our audit procedures included but not limited to: - Inspecting the fair value model to check the mathematical accuracy of the methodology applied. - Assessing the assumptions used in the fair value model to determine whether these were reasonable. - Agreeing the expected cashflows to underlying agreements and the discount rate data (Credit spread and risk-free rate) and projected inflation rate 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.



Independent Auditor's Report to the Members of Peaslake Investments 1 PLC (continued)

	Based on evidence obtained, we found that the Company's valuation of Financial Assets and related disclosures to be appropriate. No material exceptions were noted as part of our testing.
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Our application of materiality and an overview of the scope of our audit

Materiality for the Company financial statements as a whole was set at £248,000 (2022: £225,000), determined with reference to benchmarks of total assets (of which it represents 1% (2022: 1%).

Performance materiality for the Company financial statements as a whole was set at £186,000 (2022: 168,000), determined with reference to benchmark of total assets (of which it represents 75% (2022: 75%)).

We consider total assets to be the most appropriate benchmark as this is one of the principal considerations of the stakeholders of the Company in assessing the financial performance of the Company.

We reported to the Board of Directors any corrected or uncorrected identified misstatements exceeding £12,300 (2022: £11,200), in addition to other identified misstatements that warranted reporting on qualitative grounds.

We applied materiality to assist us in determining the overall audit strategy.

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

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
- 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.



Independent Auditor's Report to the Members of Peaslake Investments 1 PLC (continued)

Our audit was undertaken to the materiality and performance materiality level specified above and was all performed by a single 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 Company information, Strategic Report, 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, 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.

We have nothing to report in these respects.

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 9, 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.



Independent Auditor's Report to the Members of Peaslake Investments 1 PLC (continued)

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.

A handwritten signature in blue ink that reads 'Vincent Reilly'.

3 July 2024

Vincent Reilly (Senior Statutory Auditor)

for and on behalf of

KPMG, Statutory Auditor

1 Harbourmaster Place

IFSC

Dublin 1

D01 F6F5

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

		Year ended 31 December 2023 GBP	Year ended 31 December 2022 GBP
	Notes		
Net gain/(loss) on financial assets	7	4,262,301	(5,025,015)
Net (loss)/gain on financial liabilities	8	(4,219,516)	5,068,288
		42,785	43,273
Other income	6	16,220	11,173
Operating expenses	9	(58,005)	(53,446)
PROFIT BEFORE TAX FOR THE YEAR		1,000	1,000
Taxation	10	(235)	(190)
PROFIT AFTER TAX FOR THE YEAR		765	810
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>765</u>	<u>810</u>

The results for the year were derived from continuing operations.

The notes on pages 20 to 34 form part of these audited financial statements.

PEASLAKE INVESTMENTS 1 PLC
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	31 December 2023 GBP	31 December 2022 GBP
CURRENT ASSETS			
Financial investment in trust units (of which GBP 22,990,113 is due after one year) (2022: GBP 20,795,276)	11	24,655,539	22,341,330
Trade and other receivables	12	45,151	38,791
Cash at bank	13	60,195	66,441
		<u>24,760,885</u>	<u>22,446,562</u>
CREDITORS: amounts falling due within one year			
Financial liabilities	15	1,623,364	1,503,493
Trade and other payables	14	30,314	30,479
		<u>1,653,678</u>	<u>1,533,972</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,107,207	20,912,590
CREDITORS: amounts falling due in more than one year			
Financial liabilities	15	23,054,216	20,860,364
NET ASSETS		<u>52,991</u>	<u>52,226</u>
CAPITAL AND RESERVES			
Called up share capital	16	50,000	50,000
Profit and loss account		2,991	2,226
SHAREHOLDER'S FUNDS		<u>52,991</u>	<u>52,226</u>

The financial statements on pages 16 to 34 were approved and authorised for issue by the Board on 03 July 2024 and were signed on its behalf by:

DocuSigned by:

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.....

Director: Jillur Malik

The notes on pages 20 to 34 form part of these audited financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital GBP	Profit and loss account GBP	Shareholder's funds GBP
Balance at 01 January 2022	50,000	1,416	51,416
Profit for the year	-	810	810
Balance at 31 December 2022	50,000	2,226	52,226
Profit for the year	-	765	765
Balance at 31 December 2023	50,000	2,991	52,991

The notes on pages 20 to 34 form part of these audited financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

		Year ended 31 December 2023 GBP	Year ended 31 December 2022 GBP
	Notes		
Profit after tax for the year		765	810
<i>Adjustments for:</i>			
Net (gain)/loss on financial assets	7	(4,262,301)	5,025,015
Net loss/(gain) on financial liabilities	8	4,219,516	(5,068,288)
<i>Movements in working capital</i>			
Increase in trade and other receivable	12	(6,360)	(1,291)
Decrease in trade and other payables	14	(165)	(14,755)
Cash used in operating activities		(48,545)	(58,509)
Tax paid		-	(143)
Net cash used in operating activities		(48,545)	(58,652)
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment of investment in trust units	11	1,948,092	1,597,020
Net cash generated from investing activities		1,948,092	1,597,020
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid to the Noteholders	8	(1,132,772)	(806,452)
Principal repayment of Notes	15	(773,021)	(748,376)
Net cash used in financing activities		(1,905,793)	(1,554,828)
Net movements in cash and cash equivalents		(6,246)	(16,460)
Cash and cash equivalents at beginning of the year		66,441	82,901
Cash and cash equivalents at end of the year	13	60,195	66,441

The analysis of changes in net debt is disclosed in Note 20 of the notes to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****1. GENERAL INFORMATION**

The Company was incorporated in England on 20 December 2019, as a public company with limited liability under the Act 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 was found at 7th Floor, Suite 2, 50 Broadway, London, SW1H, 0BD, United Kingdom. On 7 February 2024, the registered office was changed to 7th Floor, Suit 2, 50 Broadway, London, SW1H, 0DB, United Kingdom.

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 the 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.

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 Act.

Going concern basis

As at 31 December 2023, the Company generated a profit after tax of GBP 765 (year ended 31 December 2022: GBP 810), had net assets of GBP 52,991 (31 December 2022: GBP 52,226) and a cash balance of GBP 60,195 (31 December 2022: GBP 66,441). 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.

During the financial year, the Company received the Distribution Amount in relation to its investments on the A Units during the IPD of January, April, July and October 2023. Accordingly, the Company was able to meet its yearly interest payment and principal repayment to the Noteholders. Additionally, based on its assessment of the forecast cash flow of one year, the Directors believe that the Company will be able to meet its primary obligations. Subsequent to the financial year, the Company received the Distribution Amount during the IPD of January 2024 and subsequently fulfilled its obligations to pay its quarterly interest payments and principal repayments to the Noteholders.

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.

Impact of the current conflict in Ukraine

The Board of Directors has continued to assess the impacts of the war concerning the additional sanctions that have been made following military operations initiated by Russia on 24 February 2022 against Ukraine including the restriction of the access of already sanctioned Russian banks to the international payments system SWIFT towards the Company's potential exposure to the above. At the date of this report, the Company including its going concern is not impacted (directly or indirectly) by the above and the situation including the possible impact of changing micro-and macroeconomic conditions will continue to be monitored.

As the Company has no significant direct or indirect exposure to Russia or Ukraine, the Company is currently not affected directly by the economic consequences of the war, albeit there is a general increase in the threat posed by cyber risks. However, the indirect macroeconomic consequences of the war may affect the achievement of the Company's financial objectives. In principle, they may have an impact on earnings and risk costs.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

Going concern basis (continued)

Impact of changes in the interest rate environment

Since the UK Governing Council meeting in September 2023, inflation has fallen by more than 2.5 percentage points and the inflation outlook has improved markedly. Based on the latest communication dated 6 June 2024 from the UK Government Council, it was decided to lower the three key ECB interest rates by 25 basis points. Accordingly, the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will be decreased to 4.25%, 4.50% and 3.75% respectively, with effect from 12 June 2024. Underlying inflation has also eased, reinforcing the signs that price pressures have weakened, and inflation expectations have declined at all horizons. Accordingly, the UK Governing Council stands ready to adjust all of its instruments within its mandate to ensure that inflation returns to its 2% target over the medium term and to preserve the smooth functioning of monetary policy transmission.

While exposure to these interest rate hikes has resulted in increased inflationary pressures, the Directors continue to track developments that may impact on the Company's assets to manage risk in the context of the Company's principal activity. For instance, the projected cash flows of the A Units will only be impacted by cumulative increases in the Retail Price Index ("RPI") to the extent that the annual increase is limited to the floor and cap in place per the Trust Instrument document. Further detail is outlined in Note 11. The Company uses SONIA as an input to determine the fair value of the financial assets at year-end. Any movement in interest rates will impact the fair value of the financial assets however this impact will ultimately be borne by the Noteholders due to the limited recourse nature of the Notes issued.

(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 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.

(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.

Details of estimates regarding fair values have been further described in Note 19.

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 19 and details on classification are detailed in Note 3 of the financial statements.

Determination of fair value of the investment in trust units

The Directors have valued the investment 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 are shown in Note 19 and details on classification being detailed in Note 3 of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of judgements and estimates (continued)

Key sources of estimation uncertainty (continued)

Determining fair values (continued)

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" below.

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 the 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 year, 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.

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 are 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 are 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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/(loss) on financial assets

Net gain/(loss) 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)/gain on financial liabilities

Net (loss)/gain 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 11.

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.

Segmental Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Makers ('CODM') and for which discrete financial information is available. The CODM for the Company are the Arranger and the Board of Directors. In considering the segments of the Company, the Company has considered the information reviewed by the Company's CODM and determined that there is one operating segment. The Company's business involves the investment in financial assets, the A Unit of the Trust. The CODM review information from the investment in the A Unit of the Trust.

The Company has only one business unit and all administration and operating functions are carried out and reviewed by the administrator and secretary.

PEASLAKE INVESTMENTS 1 PLC**Registration Number: 12374252**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023****3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Segmental Reporting (continued)**

The Company earns all of its revenue from financial assets at profit through loss, the A Unit of the Trust which is originated in the geographical location of the United Kingdom and is concentrated within the real estate industry as it is dependent on the quarterly Distribution Amounts from the underlying lease agreement between the Trust and the Lessee. The Company relies on the A Unit of the Trust to earn all of its revenue. The Company does not consider the Trust to be a major customer of the Company as it does not provide the Trust with a product or service. The Noteholders of the Company are not concentrated within a single entity such that they could be considered a major customer of the Company.

4. EMPLOYEE COSTS AND DIRECTORS' REMUNERATION

The entity does not have any employees and therefore, there are no associated costs during the year. On 20 December 2019, the Company entered into a corporate services agreement with Vistra (UK) Limited (the "Corporate Services Provider"). The corporate services provided by the Corporate Services Provider include acting as a corporate secretary of the Company, provide the services of and arrange the appointment of the Directors of the Company and bookkeeping services. The Corporate Services Provider fees amounted to GBP 21,012 (year ended 31 December 2022: GBP 21,012) for the year.

5. AUDITOR'S REMUNERATION

The audit fees for the year in respect of the audit of the Company's financial statements amounted to GBP 12,355 (year ended 31 December 2022: GBP 12,355). 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 year amounted to GBP 4,450 (year ended 31 December 2022: GBP 5,700). The 2022 fees included service for the UK Certificate of tax residence amounting to £1,250. During the year, the Directors deemed that the service was not required and as such, a reversal of the fee in full has been recorded during the year. As at 31 December 2023, the non-audit services fees payable balance amounted to GBP 10,680 (2022: GBP 11,160).

6. OTHER INCOME

	Year ended 31 December 2023 GBP	Year ended 31 December 2022 GBP
Arranger income	16,202	11,092
Bank interest earned	18	81
	<u>16,220</u>	<u>11,173</u>

7. NET GAIN/(LOSS) ON FINANCIAL ASSETS

	Year ended 31 December 2023 GBP	Year ended 31 December 2022 GBP
Fair value gain/(loss) of investment in trust units	4,262,301	(5,025,015)

8. NET (LOSS)/GAIN ON FINANCIAL LIABILITIES

	Year ended 31 December 2023 GBP	Year ended 31 December 2022 GBP
Interest paid on the Notes	1,132,772	806,452
Fair value loss/gain on the Notes	3,086,744	(5,874,740)
	<u>4,219,516</u>	<u>(5,068,288)</u>

The fixed rate of interest applicable to the financial liabilities for any Notes interest period up to and including the expected maturity date is equal to 2.65% (2022: 2.65%). Details on the inflation linked interest amounts ("RPI") are discussed in Note 15.

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9. OPERATING EXPENSES

	Year ended 31 December 2023 GBP	Year ended 31 December 2022 GBP
Corporate Services Provider fees (Vistra fees)	21,012	21,012
Audit fees	12,355	12,355
Non-audit services fees	3,840	6,840
Legal & professional fees	18,594	12,718
Penalty fees	-	200
Bank Charges	204	196
Commission charges	-	125
Proposition fees	500	-
Trustee amendment fees	1,500	-
	58,005	53,446

10. TAXATION

The Company is taxable under 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.

As announced in the March 2020 Budget, the UK's corporation tax was set at 19% for the financial year beginning 1 April 2020. This maintains the rate at 19%, rather than reducing it to 17% from 1 April 2020. However, in the March 2021 Budget, the UK government announced that the UK's corporation tax will increase to 25% in April 2023 as the government looks to restore public finances in the aftermath of the Covid-19 pandemic. Following the tax assessment of the Company, the Company's tax advisor is of the opinion that the Company is to be taxed at 25% as from 1 April 2023. Accordingly, the appropriate apportionment between 19% and 25% of tax charge on profit before tax have been made as follows:

	Year ended 31 December 2023 GBP	Year ended 31 December 2022 GBP
Tax expense comprises:		
Current tax expense	235	190
Tax charge for the year	235	190
Profit before tax from 1 January 2023 till 31 March 2023 charged at 19%	247	1,000
Profit before tax from 1 April 2023 till 31 December 2023 charged at 25%	753	-
The total charge for the year can be reconciled to the accounting profit as follows:		
Income tax charge calculated at the rate of 19% (2022: 19%)	47	190
Income tax charge calculated at the rate of 25% (2022: N/A)	188	-
Income tax expense recognised in the Statement of Comprehensive Income	235	190

As at 31 December 2023, 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.

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11. FINANCIAL INVESTMENT IN TRUST UNITS

	31 December 2023 GBP	31 December 2022 GBP
Balance as at 01 January	22,341,330	28,963,365
Repayment on financial assets during the year	(1,948,092)	(1,597,020)
Net gain/(loss) on financial assets	4,262,301	(5,025,015)
Balance as at 31 December	<u>24,655,539</u>	<u>22,341,330</u>
	31 December 2023 GBP	31 December 2022 GBP
Non-current assets		
Financial investment in trust units	<u>22,990,113</u>	<u>20,795,276</u>
Current assets		
Financial investment in trust units	<u>1,665,426</u>	<u>1,546,054</u>

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 Unit 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 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. 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 (as 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 units 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 with a registered title number EX624826. The Trust receives rental income through the letting, licensing 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.

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 year, the Trust provided the Company with the quarterly Distribution Amount which amounted to GBP 1,948,092 (year ended 31 December 2022: GBP 1,597,020), which consists of a premium distribution of GBP 350,000. The carrying amount of financial assets represents the maximum credit exposure. As at 31 December 2023, 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 Units 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%.

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11. FINANCIAL INVESTMENT IN TRUST UNITS (CONTINUED)

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

	Carrying amount	Maximum Exposure	Carrying amount	Maximum Exposure
	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	GBP	GBP	GBP	GBP
Financial investment in trust	24,655,539	24,655,539	22,341,330	22,341,330

At the reporting date, the investment in trust units was valued at GBP 24,655,539 (2022: GBP 22,341,330) and is measured at fair value through profit or loss. Details of estimates of fair values are disclosed in Note 19 "Fair values".

12. TRADE AND OTHER RECEIVABLES

	31 December 2023	31 December 2022
	GBP	GBP
Arranger income receivable	7,651	1,291
Unpaid share capital receivable	37,500	37,500
	<u>45,151</u>	<u>38,791</u>

13. CASH AT BANK

	31 December 2023	31 December 2022
	GBP	GBP
Cash at bank	<u>60,195</u>	<u>66,441</u>

The cash at bank balance includes an amount of GBP 60,195 (2022: GBP 66,441) 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.

14. TRADE AND OTHER PAYABLES

	31 December 2023	31 December 2022
	GBP	GBP
Non-audit services fees (Note 5)	10,680	11,160
Audit fees (Note 5)	12,355	12,355
Corporate services provider	-	5,253
Legal & professional fees	6,624	1,291
Current tax	615	380
Other payable *	40	40
	<u>30,314</u>	<u>30,479</u>

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

15. FINANCIAL LIABILITIES

	31 December 2023	31 December 2022
	GBP	GBP
Balance as at 01 January	22,363,857	28,986,973
Repayment of financial liabilities during the year	(773,021)	(748,376)
Interest payment on financial liabilities during the year	(1,132,772)	(806,452)
Net loss/(gain) on financial liabilities	4,219,516	(5,068,288)
Balance as at 31 December	<u>24,677,580</u>	<u>22,363,857</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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15. FINANCIAL LIABILITIES (CONTINUED)

				31 December 2023 GBP	31 December 2022 GBP
Non-current liabilities					
Financial liabilities				23,054,216	20,860,364
Current liabilities					
Financial liabilities				1,623,364	1,503,493
Details	Currency	Nominal Amount	Issue Price	Interest Rate	Inflation Linked Interest
GBP 32,000,000 RPI linked	GBP	29,037,848	98.69%	2.65%	*
		29,037,848			

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 ("RPI"), as published by the UK Office for National Statistics or any successor thereto, 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 the 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 Trust.

16. CALLED UP SHARE CAPITAL

	31 December	31 December
	2023	2022
	GBP	GBP
<i>Authorised Capital</i>		
50,000 Ordinary shares of GBP 1 each	50,000	50,000
<i>Called up shares</i>		
Paid - 12,500 Ordinary shares - GBP 1 each	12,500	12,500
Unpaid - 37,500 Ordinary shares of GBP 1 each	37,500	37,500
	<u>50,000</u>	<u>50,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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17. 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 is 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.

18. RELATED PARTY TRANSACTIONS

The Corporate Services Provider was appointed as the secretary and administrator of the Company. The Directors of the Company are also employees of the Corporate Services Provider. The Corporate Services Provider fees amounted to GBP 21,012 (year ended 31 December 2022: GBP 21,012) for the financial year.

The Directors of the Company are considered to be the key management personnel of the Company.

19. 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 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 has the 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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19. FINANCIAL INSTRUMENTS (CONTINUED)

Risk management framework (continued)

(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 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.

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 2023		31 December 2022	
	Carrying Value	Maximum Exposure	Carrying Value	Maximum Exposure
	GBP	GBP	GBP	GBP
Financial investment in trust units	24,655,539	24,655,539	22,341,330	22,341,330
Cash at bank and in hand	60,195	60,195	66,441	66,441
	24,715,734	24,715,734	22,407,771	22,407,771

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 for the year:

Short-term

HSBC UK Bank Plc
 Barclays Bank UK Plc
 J Sainsbury Plc

Standard & Poor's	Moody's	Fitch
A-1	P-1	F1+
A-1	P-1	F1
N/A	P-2	N/A

Long-term

HSBC UK Bank Plc
 Barclays Bank UK Plc
 J Sainsbury Plc

A+	A1	AA-
A+	A1	A+
N/A	Baa1	N/A

The Company is also exposed to the credit risk of J Sainsbury Plc (the "Lessee" of the Trust), as mentioned above. Refer to Note 19 "Fair values" for more details on the Lessee'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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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The following are the undiscounted contractual maturities of the financial liabilities:

31 December 2023

	Carrying amount GBP	Gross contractual cash flows GBP	Less than 1 year GBP	1 year to 5 years GBP	Greater than 5 years GBP
Notes	24,677,580	29,037,848	858,422	3,904,402	24,275,023
Interest payable on Notes	-	17,165,592	1,000,972	3,234,943	12,929,677
Other payables	29,699	29,699	29,699	-	-
	<u>24,707,279</u>	<u>46,233,139</u>	<u>1,889,093</u>	<u>7,139,345</u>	<u>37,204,700</u>

31 December 2022

	Carrying amount GBP	Gross contractual cash flows GBP	Less than 1 year GBP	1 year to 5 years GBP	Greater than 5 years GBP
Notes	22,363,857	29,810,868	773,021	3,752,016	25,285,832
Interest payable on Notes	-	17,947,379	942,011	3,304,538	13,700,830
Other payables	30,099	30,099	30,099	-	-
	<u>22,393,956</u>	<u>47,788,346</u>	<u>1,745,131</u>	<u>7,056,554</u>	<u>38,986,662</u>

Currency risk

All of the Company's assets and liabilities are denominated in GBP 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's 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 IPD.

Notes	Interest rate	RPI	31 December 2023 Nominal amount GBP	31 December 2022 Nominal amount GBP
GBP 32,000,000 RPI linked UK Notes due 2044	2.65%	*	29,037,848	29,810,868
			<u>29,037,848</u>	<u>29,810,868</u>

* The inflation linked interest amounts are based on the projected UK RPI, as published by the UK Office for National Statistics or any successor thereto, 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 the 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023****19. FINANCIAL INSTRUMENTS (CONTINUED)**Risk management framework (continued)**Interest rate risk (continued)**

The rental income from the A Units is also linked to inflation as per the Trust Instrument and as outlined in Note 11. As a result, any inflation adjustment observed on the A Units 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 11. The UK RPI inflation linked adjustments are bound by a cap and a floor. The projected limited price indexation of the future cash flows 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.

Seasonality rates

Regarding the seasonality rates which are considered within the valuation of the A Units and Notes, it is to be noted that the seasonality does not trade and is extremely illiquid in nature since inception. Accordingly, the Directors note that a change in seasonality rates will not have a material impact on the fair value of the A Units and Notes.

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19. FINANCIAL INSTRUMENTS (CONTINUED)

Risk management framework (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 2023 and 2022 and are as outlined below:

Input	2023 Rate (%)	2022 Rate (%)
Sainsbury's credit spread (Observable)	1.26	2.12
Premium for lack of liquidity (Unobservable)	1.89	1.89
SONIA fallback spread adjustment (Observable)	0.28	0.28
6M SONIA rate (Observable)	5.07	4.04
Discount rate	8.50	8.33

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.

Any changes in the fair value of the financial liability attributable to changes in the credit risk, and not attributed to market risk, of the Note instrument are not considered to be material.

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 December 2023			
	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial investment in trust units	-	-	24,655,539	24,655,539
Financial liabilities	-	-	(24,677,580)	(24,677,580)
	-	-	(22,041)	(22,041)

	Fair value hierarchy as at 31 December 2022			
	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial investment in trust units	-	-	22,341,330	22,341,330
Financial liabilities	-	-	(22,363,857)	(22,363,857)
	-	-	(22,527)	(22,527)

Financial investment in trust units and financial liabilities are included in Level 3 during the year (2022: Level 3) 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.

It is to be noted that any changes in the fair value of the financial investment in trust units or financial liabilities due to the Company's own credit risk is not considered material.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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20. ANALYSIS OF CHANGES IN NET DEBT

	At 01 January 2023	Cash flows	Issuance of Notes	FV movement	At 31 December 2023
	GBP	GBP	GBP	GBP	GBP
Cash at bank and in hand					
Cash at bank	66,441	(6,246)	-	-	60,195
	66,441	(6,246)	-	-	60,195
Borrowing					
Notes	22,363,857	(1,905,793)	-	4,219,516	24,677,580
Total	22,430,298	(1,912,039)	-	4,219,516	24,737,775

	At 01 January 2022	Cash flows	Issuance of Notes	FV movement	At 31 December 2022
	GBP	GBP	GBP	GBP	GBP
Cash at bank and in hand					
Cash at bank	82,901	(16,460)	-	-	66,441
	82,901	(16,460)	-	-	66,441
Borrowing					
Notes	28,986,973	(1,554,828)	-	(5,068,288)	22,363,857
Total	29,069,874	(1,571,288)	-	(5,068,288)	22,430,298

21. POST BALANCE SHEET EVENTS

There have been no significant events after the reporting date up to the date of signing these financial statements that require disclosure.

22. APPROVAL OF FINANCIAL STATEMENTS

The Board approved these financial statements on 03 July 2024.