CHANNEL ISLANDS PROPERTY FUND LIMITED

ANNUAL REPORT & AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

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For the year ended 31 October 2019

GENERAL INFORMATION

DIRECTORS:	Shelagh Mason	
	Steve Le Page	
	Paul Le Marquand	(appointed 1 December 2018)
	Paul Turner	(appointed 1 April 2019)
	Richard Wilson	(resigned 1 December 2018)
	Paul Bell	(resigned 1 April 2019)
REGISTERED OFFICE:	PO Box 656 East Wing Trafalgar Court Les Banques St Peter Port Guernsey Channel Islands GY1 3PP	(from 1 November 2019)
	11 New Street St Peter Port Guernsey Channel Islands GY1 2PF	(to 31 October 2019)
INVESTMENT MANAGER:	Ravenscroft Limited PO Box 222 20 New Street St Peter Port Guernsey Channel Islands GY1 4JG	
ADMINISTRATOR AND SECRETARY:	Aztec Financial Services (Guernsey) Limited PO Box 656 East Wing Trafalgar Court Les Banques St Peter Port Guernsey Channel Islands GY1 3PP	(from 1 November 2019)

GENERAL INFORMATION (CONTINUED)

ADMINISTRATOR AND SECRETARY:	Vistra Fund Services (Guernsey) Limited PO Box 91 11 New Street St Peter Port Guernsey Channel Islands GY1 3EG	(to 31 October 2019)
REGISTRAR:	Link Market Services (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampsons Guernsey Channel Islands GY2 4LH	(from 1 November 2019)
	Vistra Fund Services (Guernsey) Limited PO Box 91 11 New Street St Peter Port Guernsey Channel Islands GY1 3EG	(to 31 October 2019)
PRINCIPAL BANKERS:	Royal Bank of Scotland International Limited PO Box 62 Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey Channel Islands GY1 4BQ	
INDEPENDENT AUDITOR:	PricewaterhouseCoopers CI LLP PO Box 321 Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey Channel Islands GY1 4ND	

GENERAL INFORMATION (CONTINUED)

PROPERTY ASSET MANAGER:	D2 Real Estate (Jersey) Limited Ground Floor Dialogue House 2-6 Anley Street St Helier Jersey Channel Islands JE2 3QE
INDEPENDENT VALUER:	Montagu Evans LLP 5 Bolton Street London England W1J 8BA

COMPANY SUMMARY

Channel Islands Property Fund Limited (the "Company" and together with its subsidiaries the "Group") was registered as an Authorised Closed-Ended Collective Investment Scheme by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, on 26 October 2010. A total of 159,892,798 (2018: 159,892,798) ordinary shares were admitted to the Official List of The International Stock Exchange ("TISE") as at the year end.

Date Admitted	Shares Issued	Total Shares in Issue
17 November 2010	26,225,000	26,225,000
19 July 2013	8,000,000	34,225,000
8 August 2014	41,775,000	76,000,000
12 May 2015	14,000,000	90,000,000
16 September 2016	45,000,000	135,000,000
11 August 2017	13,500,000	148,500,000
19 December 2017	11,392,798	159,892,798

A Special Resolution was passed by the members of the Company at an EGM held on 28 September 2018, that the term of the Company be extended indefinitely, subject to the ability for shareholders who together hold at least 15% in number of the shares in the Company, to place a continuation vote on the agenda of the 2023 Annual General Meeting ("AGM") and each AGM falling on every fifth anniversary thereafter, to be voted on as an Ordinary Resolution.

INVESTMENT OBJECTIVE & POLICY

The Company has been established with the objective of providing an investment opportunity that aims to provide a total return from a combination of capital growth and an appropriate dividend policy through the acquisition and active management of commercial property predominantly in the Crown Dependencies.

There are no geographical or other limitations or restrictions to which investment by the Company is subject. The Company may invest directly or indirectly in commercial property including property development. Investment in property related funds, derivatives and financial indices is also permitted.

CHAIRMAN'S STATEMENT
For the year ended 31 October 2019

Where property values are stated within the Chairman's Statement, they are based on the assumption of disposals of properties by share transfer rather than conveyance, such that document duty or stamp duty as applicable is not payable, rather than in line with International Financial Reporting Standards (''IFRS''). This includes references to Loan to Values, and therefore figures maybe different to those stated in the consolidated financial statements. Where Net Asset Value ("NAV") is referenced, it is in line with those published by the Company on TISE. Further detail of how this NAV can be reconciled back to the IFRS NAV can be found in Note 24 of the consolidated financial statements.

I am pleased to be able to update you on the activity of the Channel Islands Property Fund Limited ("CIPF" or the "Company") over the 12 month period ended 31 October 2019.

CIPF invests in prime Grade A office space let on long leases with quality covenants in the Channel Islands and the Isle of Man. The objective of the Company is to provide an investment opportunity which targets a total return from a combination of capital appreciation and an appropriate dividend policy.

The year has been a busy one for the Board and the investment manager, involving the sale of three properties from the portfolio, the acquisition of a Grade A multi-let building, lease extensions, rent reviews, refurbishment projects and the appointment of two new directors and a new administrator.

The portfolio of three Jersey properties was sold on 21 December 2018. It comprised 17-21 Seaton Place (acquired in 2010), 11-15 Seaton Place (acquired in 2011), both single tenanted buildings and 40 Esplanade, a multi-let property (acquired in 2014). These properties had average lease lengths which were significantly less than the remainder of the portfolio and were felt to no longer fit the asset profile which CIPF targets to maintain its return to shareholders. The properties were sold at a combined price of £30 million, representing a premium of 5.2% to the 2018 financial year-end valuation.

In June 2019 the Company purchased Royal Bank Place, 1 Glategny Esplanade, St Peter Port, utilising the proceeds of the prior sale. This Grade A building is currently let to 3 tenants; Royal Bank of Scotland International, PricewaterhouseCoopers CI LLP and Apax Partners Guernsey Ltd. It totals 43,861 sq.ft. of net lettable area and has parking for 56 cars. At the time of acquisition half of the 3rd floor (6,234 sq.ft.) and the 4th floor (6,423 sq.ft.) were vacant. The Company is currently having these areas refurbished to a high quality specification and discussions are underway with potential occupiers.

The total vacancy in the portfolio at year end was less than 4% of the total floor area with the majority of this being refurbished and in advanced stages of asset management and reletting. Vacancies provide opportunities for rental growth and value uplift when properly managed. We anticipate that if fully let, the total rental income from the portfolio could increase by approximately £750,000 per annum.

Leases to two tenants at Regency Court were extended by 10 years and 12 years respectively during the year and 7 of 10 rent reviews were settled in 2019 with the remaining three forming part of a wider asset management initiative at Liberty Wharf in St Helier where the major works to the building completed at the end of November 2019.

CHAIRMAN'S STATEMENT (CONTINUED)
For the year ended 31 October 2019

The result of these activities has been to increase the average lease lengths and the rental income from the tenants where rent reviews were agreed. The independent portfolio valuation undertaken at the year end by Montagu Evans LLP increased marginally to £253,690,000 (2018: £253,230,000) and the loan to value currently stands at 41.23% (2018: 40.42%). The 2019 year end figures are not directly comparable to those of 2018 due to the change in portfolio composition as a result of the sale of the three properties and the acquisition of Royal Bank Place. A simple but interesting way of comparing the two valuations is to note that in 2018 the portfolio extended to 515,115 sq.ft. and at the current year end total area had reduced by 34,642 sq.ft. to 480,473 sq.ft. whilst the overall value is stable, and, as noted above, there is around 19,700 sq.ft of prime office space to let.

The Board welcomed two new directors during the year; Paul Le Marquand, a real estate specialist based in Jersey, who replaced Richard Wilson on 1 December 2018, and Paul Turner, CEO of a family office, based in the UK, replaced Paul Bell, who had served on the Board since the launch of the Company in 2010. I would like to express my thanks to both Richard and Paul for their respective contributions to the Board over the years.

On 1 November, after a competitive tender process involving eight potential service providers, Aztec Group replaced Vistra as CIPF's administrator and secretary.

The property market across all three islands in which the Company is invested have been strong over the last 12 months, on both the letting and investment sides.

In Jersey, both of the International Finance Centre properties were sold; IFC 1, where tenants include BNP Paribas and UBS, for £43.7 million reflecting a yield of sub-6% and IFC 5, where the major occupier is Sanne Group, at £47.6 million reflecting a yield of around 5.75%, the latter a record for the current market cycle. Both purchasers were local and competition to acquire both assets was strong. Developers JDC have consent to construct IFC 6 and are reported to be in negotiations with a number of potential occupiers. These transactions enhance the reputation of the Channel Islands and strengthen occupational demand.

The largest office building in the Channel Islands, Gaspé House, was sold earlier in the year for £90.0 million reflecting a yield of 6.15% being the biggest property investment transaction the islands have witnessed, dwarfing the £60.3 million paid for Trafalgar Court in 2015. This property was purchased by an overseas syndicate of investors arranged by a local promoter who has followed this acquisition with the recent purchase of 27/28 Esplanade from the same developer, Dandara, for a price of £41.0 million, reflecting a yield of 6.2%. Tenants include JTC, Saltgate and Ardian.

In Guernsey, Dorey Court and Martello Court at Admiral Park, were sold jointly by fund manager Brockton Estates to a private overseas investor for a price of £60.3 million, a yield of c.6.3%. Tenants include Intertrust, ABN Amro, Royal Bank of Canada and AON. The sale followed a comprehensive refurbishment of Dorey Court and lettings to the latter two companies.

On the adjacent site, Comprop has announced that it intends to commence construction of No.1 The Plaza, totalling around 61,500 sq.ft., the first new office development to take place in 10 years. It is understood that around half of this building is under offer to a major financial institution. Premier Inn has signed agreements to have the developer provide a 100 bed hotel to the rear of the office building. Comprop is also seeking a tenant for its site at Rue Marguerite in St Peter Port. The scheme provides for around 19,000 sq.ft. of new office space.

Currently only CIPF can offer prime office space which is immediately available to the market at Regency Court and Royal Bank Place as noted above and we are hopeful that tenants will be secured for these floors in the near future.

CHAIRMAN'S STATEMENT (CONTINUED)
For the year ended 31 October 2019

In the Isle of Man the market remains stable with little in the way of new development either in town or in the main business parks. Prime rents are increasing slowly with a number of Grade A office rent reviews linked to inflation, including the 3 properties which CIPF owns, where the first review at Fort Anne has been agreed reflecting an increase of around 7.5% from the passing rent agreed in 2016.

CIPF's portfolio continues to be well placed in the markets in which it operates, comprising, as it does, a diverse mix of defensive assets, let on long leases to good covenants with upward only rent reviews and a comparatively low loan to value.

The Board and the Investment Manager regularly review the asset management plan for every property with a view to increasing lease lengths and rental income and considering whether buildings continue to fit with the aims and objectives of the Company. Future sales may be considered to refresh the portfolio where properties are no longer deemed to provide attractive asset management opportunities, and lease expiry profiles no longer meet our investment criteria.

The General Election result has reduced some of the political uncertainty from the UK real estate market and has immediately increased the volume of transactions in what had previously been a sluggish environment, with over £1.2 billion of commercial property changing hands between the election and the end of December, and research from CBRE highlighting over £32 billion of overseas money targeting investment in the UK.

As the Channel Islands property market are closely correlated to the UK regions the Board is hopeful that this positive outlook will equally apply to Guernsey, Jersey and the Isle of Man over the next 12 months.

May I take this opportunity to thank shareholders for their continued support throughout the year as we look forward to another successful year in 2020.

Shelagh Mason
3 February 2020

INVESTMENT MANAGER'S REPORT
For the year ended 31 October 2019

Where property values are stated within the Investment Manager's Report, they are based on the Royal Institution of Chartered Surveyors Red Book valuations (on the assumption of disposals of properties by share transfer rather than conveyance such that document duty or stamp duty as applicable is not payable) rather than on an accounting basis. This includes references to loan to values, and therefore figures may be different to those stated in the financial statements. Where Net Asset Value ("NAV") is referenced, it is in line with those published by the Company on TISE. Further detail of how this NAV can be reconciled back to the IFRS NAV can be found in note 24 of the consolidated financial statements.

The Investment Manager ("Manager") is pleased to report that Channel Islands Property Fund Limited ("CIPF" or the "Company") is performing in line with its dividend strategy and has paid shareholders 6.6p in dividends in the 12 months to 31 October 2019.

During the year the Manager has been active across all aspects of the portfolio, selling 3 properties in Jersey, acquiring a new asset in Guernsey, agreeing a majority of the outstanding rent reviews to achieve increases in income in each case, and removing lease breaks or agreeing new leases when the current one expired, undertaking a programme of refurbishment across a number of the properties and planned preventative maintenance works over the whole portfolio.

The asset management initiatives have increased the weighted average unexpired lease term ("WAULT") to 13.92 years (2018: 13.18) to lease expiries and 9.35 years (2018: 8.84) to break options, assuming all are exercised.

Following the sale and acquisition the Company owns 11 Grade A office properties let to 23 tenants across all main financial, regulatory and support sectors. The Company sold 3 properties and acquired 1 property during the financial year. The total floorspace now stands marginally above 480,000 sq.ft. and annual contracted rent (including those leases where there are rent free periods) is £16.74 million. The portfolio (by value) as at the year end is split; Guernsey 68.43%, Jersey 18.95% and Isle of Man 12.62%.

The year end valuation remains relatively flat at £253,470,000 and the Company's debt is £105,0000,000 resulting in a loan to value of 41.4%. The debt expires in October 2024 and is an interest only loan from Royal Bank of Scotland International at a margin of 2.12%. £40.0 million of the loan total is fixed at 0.54% plus margin and the remainder is floating at 3 month LIBOR plus margin.

Over the last 12 months, 7 out of 10 rent reviews were settled resulting in rental increases in each case with the remaining 3 forming part of wider asset management plans. In the next 12 months a further 11 reviews will become operative.

In 2019, for the first time, the Company had vacant space within its main office buildings. Three floors totalling 19,700 sq.ft. will be available to let once the refurbishment of each is complete. Two of these floors are at Royal Bank Place which was acquired with these floors vacant and taken into account in the price paid, presenting a value enhancing opportunity and the third is at Regency Court. When let the floors are anticipated to generate an additional £750,000 in rental income to the Company.

There are currently a number of discussions ongoing with tenants at Liberty Wharf, Regency Court and Royal Bank Place regarding removal of break options, new leases and rent reviews, which, if successful will further increase the contracted rent and WAULT.

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 October 2019

In both St Peter Port and St Helier the letting markets remain strong with demand outstripping currently available supply resulting in rental growth both for new lettings and at rent reviews. The demand is, in the main, generated from M&A activity in the financial sector with companies seeking to re-locate staff to a single office rather than operating from multiple sites. The Isle of Man market remains relatively quieter from a letting perspective with no developers building space speculatively.

The Channel Islands' property investment market has been very active with over £300 million of Grade A offices changing hands during the financial year.

The focus of the Investment Manager over the next 12 months, under direction from the Board, will be to progress the various asset management opportunities, continue to actively monitor the market in all three islands and seek to deliver further opportunities to the Company in line with the investment guidelines to maintain and enhance the dividend.

Ravenscroft Limited
3 February 2020

BOARD OF DIRECTORS
For the year ended 31 October 2019

Shelagh Mason (Chairman)
Appointed to the Board 14 October 2010

Mrs. Shelagh Mason, LLB, is an English property solicitor. Mrs. Mason was Senior Partner of Spicer and Partners Guernsey LLP until November 2014 and is now a consultant with Collas Crill LLP, specialising in commercial property both in the UK and Guernsey. She is also the Chairman of Riverside Capital PCC and Non-Executive Director of The Renewables Infrastructure Group Limited, a FTSE 250 company. She has recently been appointed to the Board of Skipton International Limited and she also holds other non-executive positions. Previously she was Chief Executive of a property development company active throughout the United Kingdom and the Channel Islands and was a member of the board of directors of Standard Life Investments Property Income Trust, a property fund listed on the London Stock Exchange for 10 years until December 2014. She retired from the board of MedicX Fund Limited, a main market listed investment company investing in primary healthcare facilities in 2017 after 10 years on the board. Shelagh is a past Chairman of the Guernsey Branch of the Institute of Directors and a member of the Chamber of Commerce, the Guernsey International Legal Association and she also holds the IOD Company Direction Certificate and Diploma with distinction. Mrs. Mason is resident in Guernsey.

Steve Le Page (Audit Committee Chairman)
Appointed to the Board 1 April 2017

Mr. Stephen Le Page is a Chartered Accountant and a Chartered Tax Advisor. Mr. Le Page was a Partner with PricewaterhouseCoopers in the Channel Islands from 1994 until his retirement in September 2013. During his career, his main role was as an audit partner working with a wide variety of financial services businesses and structures, including many listed investment funds. Mr. Le Page also led PricewaterhouseCoopers CI LLP's Audit and Advisory businesses for approximately ten years, and for five of those years was the Senior Partner (equivalent to Executive Chairman) for the Channel Islands firm. Since his retirement, Mr. Le Page has built a portfolio of non-executive director roles, including the London listed funds Highbridge Tactical Credit Fund Limited, Volta Finance Limited, Princess Private Equity Holding Limited and Tufton Oceanic Assets Limited, all of which he serves as Chairman of the audit committee. He is a past Chairman of the Guernsey International Business Association and a past president of the Guernsey Association of Chartered and Certified Accountants. Mr. Le Page is resident in Guernsey.

Paul Le Marquand (Director)
Appointed to the Board 1 December 2018

Mr. Paul Le Marquand is a Chartered Surveyor and an experienced non-executive director with extensive experience in dealing with commercial property investment and asset management. Prior to returning to Jersey in 2001 he was head of Property Management for Heathrow Airport Limited. Since 2001 he has been involved in the establishment, operation and administration of offshore property fund and holding structures working with both Mourant International Financial Services and Sanne Group. He holds the IOD Certificate and Diploma in Company Direction and is now regulated by the Jersey Financial Services Commission to provide Director Services and has a portfolio of non-executive roles for companies involved with real estate investment and fund management.

BOARD OF DIRECTORS (CONTINUED)
For the year ended 31 October 2019

Paul Turner (Director)
Appointed to the Board 1 April 2019

Mr. Paul Turner has extensive experience at the operating level in real estate at senior board positions in the UK, Channel Islands and South Africa as well as sitting on the board of several manufacturing operations in the UK. Paul worked in the Folkes group of companies for over 25 years. Joining the finance function whilst the Group was listed on the London Stock Exchange, moving to Finance Director of the Property Division in 1996 and Managing Director of the Property Division in 2000. Following the privatisation of the Group in 2002 he undertook the role of Group Finance Director, moving to Group Managing Director in 2009. Prior to Folkes, Paul held management and director roles at Morgan Stanley International, Cookson Group, Hillsdown Holdings and Evered Holdings. Paul has wide experience of property leasing, investment, development and funding both in the UK and South Africa, managing industrial, office, retail and residential developments and portfolios. Paul is also experienced in managing structural changes in corporations to maximise returns for stakeholders. Currently, Paul sits as a Non-Executive Director, in addition to CIPF, on Red Fund Ltd, a Channel Islands based fund, which is also advised by Ravenscroft, and remains on the board of Folkes UK and South African operations as well as advising a Channel Islands based family office.

Richard Wilson (Director)
Appointed to the Board 16 April 2015 / Resigned from the Board 1 December 2018

Mr. Richard Wilson is a Chartered Surveyor with a long family history of involvement in real estate and development. An alumni of the University of Reading, Mr. Wilson has a breadth of experience across commercial and residential property incorporating asset management and development and is a shareholder and Director of Davidsons Group, a private property company with interests throughout the UK. He has numerous other privately held property interests and is also an investor in new and emerging technology companies with offices in London and New York. Mr. Wilson is resident in London.

Paul Bell (Director)
Appointed to the Board 14 October 2010 / Resigned from the Board 1 April 2019

Mr. Paul Bell has over thirty years' experience in the building and property industry and has been a director of Persimmon, Wain Homes and Taylor Woodrow. Paul is a major shareholder and chairman of two property companies in the Channel Islands and UK and has speculative development interests in New York, Antigua and Mallorca. Mr. Bell is resident in Jersey.

DIRECTORS' REPORT

For the year ended 31 October 2019

The Directors submit their Annual Report and Audited Consolidated Financial Statements (the "Consolidated Financial Statements") of Channel Islands Property Fund Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 October 2019, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and in accordance with any relevant enactment for the time being in force; and are in agreement with the accounting records, which have been properly kept in accordance with section 238 of the Companies (Guernsey) Law, 2008.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Consolidated Financial Statements for each financial year. Under that law they have elected to prepare the Consolidated Financial Statements in accordance with International Financial Reporting Standards as issued by the IASB, and applicable law.

The Consolidated Financial Statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these Consolidated Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements; and
- prepare the Consolidated Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the Consolidated Financial Statements comply with the Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 October 2019

CORPORATE GOVERNANCE
The Board has undertaken a review of the effectiveness of its corporate governance practices for the Group. In the context of the nature, scale and complexity of the Group the Directors are satisfied with the level of their governance oversight for the Group and their compliance with the Finance Sector Code of Corporate Governance issued by the Guernsey Financial Services Commission (the "GFSC") on 30 September 2011 as amended on 18 February 2016 (the "Guernsey Code").

The Company joined the Association of Investment Companies (the "AIC") on 9 July 2018, and so the Board of the Company has applied the principles and recommendations of the AIC Code of Corporate Governance issued in 2016 (the "AIC Guide") for Investment Companies in the preparation of these Consolidated Financial Statements. The AIC Code of Corporate Governance, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Board considers that reporting in accordance with the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide the best information to shareholders. In future, the Board will ensure that the AIC Code is complied with on an ongoing basis and will thereby also ensure compliance with the Guernsey Code.

The Board acknowledges the publication of the updated AIC Code during 2019 (the "2019 AIC Code") which is applicable to accounting periods beginning on or after 1 January 2019. The current reporting period began prior to 1 January and as such the Board has reported with reference to the 2016 AIC Code in this document, and will report with reference to the 2019 AIC Code in the next set of the Consolidated Financial Statements, for the year ending 31 October 2020.

As detailed in the Viability Statement below, the Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

ACTIVITY
The Group's principal activity is that of investment in commercial properties located in the Crown Dependencies. Three properties in Jersey were sold on 21 December 2018 and the proceeds re-invested into the purchase of one property in Guernsey on 7 June 2019.

PRINCIPAL RISKS AND UNCERTAINTIES
Principal risks are those which the Directors consider to either have the greatest chance of materially impacting the Group's objectives or those which whilst considered remote in occurrence would have a very significant impact if they did occur. The Board has adopted a "controls" based approach to its risk monitoring requiring each of the relevant service providers including the Investment Manager to establish the necessary controls to ensure that all known risks are monitored and controlled in accordance with agreed procedures. The Directors receive periodic updates at their Board meetings on key risks and have adopted their own control review to ensure, where possible, risks are monitored appropriately. Occurrences of principal risks may have a number of underlying causes, and it is with respect to those causes that the Directors have implemented controls or mitigation as follows. Please note that risk or uncertainty cannot be eliminated. The principal risks and uncertainties along with the control or mitigation implemented by the Board are detailed as follows:

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 October 2019

PRINCIPAL RISKS AND UNCERTAINTIES(CONTINUED)

Risk (in what way)	**Underlying cause of risk or uncertainty**	**Control or mitigation implemented**
Asset Risk (Operational)	Tenant default causes voids, less revenue and impacts dividend rate. Loan repayment and interest payments are not met and borrowing covenants are broken. Property investment suffers significant incident and is not insured.	Tenants are subjected to extensive credit worthiness checks prior to contracting with them. Several different tenants exist, providing a diversification mitigation to the impact of any individual failure. In the event of default by a tenant, the desirable nature of the properties should enable alternatives to be found, although possibly at lower rentals.
Credit (Loss of Funding)	Failure or inability to renew financing before expiry causes insufficient financing.	The Investment Manager negotiates re-financing options with various parties well in advance of expiry of current funding. Quarterly reports for board meetings detail the financing and termination date and any communication with the financing party.
Failure by the financing parties (counter-party risk)	Failure to call on financing facility in the event of business failure of the lender causes insufficient funding .	The Investment Manager is the main point of contact with financing parties and negotiates the facilities. The Board relies greatly on their expertise. The Board decides whether to proceed with proposed financing and providers. The Treasury Policy dictates the credit rating the financing parties must have.
Non-compliance with laws and regulations (Operational)	GFSC loses confidence in administrator or the Investment Manager causing reputational damage.	This risk cannot be directly controlled but the Board and its Audit Committee receive quarterly reports from its Service Providers. The administrator, the investment manager and the Group's legal advisers have close contacts with the regulator and the tax advisers. Aztec Financial Services (Guernsey) Limited has thorough and well-practiced controls which are independently reviewed on an annual basis.
Political/Jurisdictional (Market risk)	Negative impact on the Group as a result of political actions e.g. changes in taxation, BREXIT and government.	The Board relies on advice from its advisers but also keeps up to date with news in the relevant jurisdictions that may impact the Group. Strategy Days - the Board will consider and plan for potential outcomes.

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 October 2019

VIABILITY STATEMENT

The Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. The Directors present the following viability statement which summarises the results of their assessment of the Group's current position, its principal risks and prospects over a period of five years. The prospects were assessed over a five-year period for the following reasons:

(i) the Group's long-term forecast covers a five-year period;

(ii) the Group normally establishes certainty over its rent reviews over a period of at least three years;

(iii) the Group is exposed to movements in interest rates and inflation which are more uncertain beyond a five-year period; and

(v) the Directors believe that a typical investor of the Company has an investment horizon of at least four years.

The Group's five-year cash flow forecast incorporates assumptions related to the Group's investment strategy and principal risks, from which performance results and cash flows are output.

These principal risks which are detailed on the previous page are mitigated by the Group's risk management and internal control processes which function on an ongoing basis. The Board, via delegation to the Audit Committee, monitors the effectiveness of the Group's risk management and internal control processes on an ongoing basis.

The monitoring activities include direct review and challenge of the Group's documented risks, risk ratings and controls and of the performance and compliance reports prepared by the Group's service providers, including its Investment Manager.

Where appropriate, the Group's forecasts are subject to sensitivity analysis which involves applying severe but plausible conditions and flexing a number of assumptions simultaneously. The underlying three-year forecast makes assumptions about the rate of rental growth, expenditure, dividend levels and the resulting levels and timing of debt and equity capital required.

Based on the results of their assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 October 2019

SUBSEQUENT EVENTS
Details of events that have occurred after the date of the Consolidated Statement of Financial Position are provided in Note 27 to these Consolidated Financial Statements.

DIVIDENDS
Interim dividends paid up to the date of this report were:

Dividend period	Date paid	Dividend per share	Total dividend
31 October 2018	31 December 2018	£0.0165	£2,638,231
31 January 2019	29 March 2019	£0.0165	£2,638,231
30 April 2019	28 June 2019	£0.0165	£2,638,231
31 July 2019	30 September 2019	£0.0165	£2,638,231
31 October 2019	31 December 2019	£0.0165	£2,638,231

DIRECTORS
The Directors during the year and to the date of this Report are as stated within General Information. During the year, the Directors received remuneration in the form of fees, as stated in Note 20.

DIRECTORS' INTERESTS
At the year end and on the date of this report the Directors held the following shares in the Company:

	31 October 2019	5 August 2019	31 October 2018
Mrs S. Mason	63,500	63,500	13,500
Mr S. Le Page	100,000	100,000	100,000
Mr P. Le Marquand	-	-	-
Mr P. Turner	-	-	-

Mrs Mason's and Mr Le Page's interests are all held indirectly. At no point during the year did any of the Directors hold an interest in any material contract or contract for provision of services to which the Company, or any subsidiary undertaking, is a party.

Mr Bell and Mr Wilson resigned during the year ended 31 October 2019.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 October 2019

BOARD AND COMMITTEE MEETING ATTENDANCE

The Board met 14 times during the year whilst the Audit Committee met 8 times during the year. Individual attendance at the Board and Audit Committee meetings is set out below.

	Board	Audit Committee
Shelagh Mason	14	8
Paul Le Marquand	11	6
Paul Turner	6	3
Steve Le Page	14	8
Paul Bell (resigned)	4	5
Richard Wilson (resigned)	0	0

GOING CONCERN

The Board have examined significant areas of possible financial risk, in particular cash requirements and the on-going obligations of the banking covenants.

Cash flow projections are reviewed on a regular basis and the risk of the covenants being breached is considered to be low.

After due consideration the Directors believe that the Group has adequate resources to continue in operational existence for a period of not less than twelve months from the date of the approval of the Consolidated Financial Statements, and as such it is appropriate to adopt the going concern basis in preparing the Consolidated Financial Statements.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

AUDITOR

PricewaterhouseCoopers CI LLP (the "Auditor") was reappointed as auditor of the Group at the last AGM for the year. The Auditor has expressed their willingness to continue in office as auditor and a resolution to re-appoint them as auditor will be put to the members at the next AGM.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD")

The AIFMD, which was introduced as from 22 July 2014, aims to harmonise the regulation of Alternative Investment Fund Managers ("AIFMs") and imposes obligations on managers who manage or distribute Alternative Investment Funds ("AIFs") in the EU or who market shares in such Funds to EU investors.

The Company is considered an AIF as its shares are distributed to investors resident in the UK. The Company has elected to be a self-managed AIF and so, the Company is also the AIFM.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 October 2019

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD") (continued)
Pursuant to Article 22(1) of AIFMD, an AIFM must, where appropriate for each AIF it manages, make an annual report available to the AIF's investors. The Annual Report must contain, amongst other items, the total amount of the remuneration paid by the AIFM to its staff for the financial year, split into fixed and variable remuneration, including, where relevant, any carried interest paid by the AIF, along with the aggregate remuneration awarded to senior management and members whose actions have a material impact on the risk profile of the AIF.

The quantitative AIFM remuneration disclosures for the year ended 31 October 2019 (comparative: year to 31 October 2018) are presented below:

31 October 2019 Remuneration	**Number of beneficiaries**	**Fixed Remuneration £**	**Variable Remuneration £**	**Total Remuneration Paid £**
Total remuneration paid by the AIFM during the financial year	6	161,575	27,375	**188,950**
Remuneration paid to senior management of the AIFM who have a material impact on the risk profile of the AIF				
Directors (senior management)	6	161,575	27,375	**188,950**

31 October 2018 Remuneration	**Number of beneficiaries**	**Fixed Remuneration £**	**Variable Remuneration £**	**Total Remuneration Paid £**
Total remuneration paid by the AIFM during the financial year	4	154,520	40,938	**195,458**
Remuneration paid to senior management of the AIFM who have a material impact on the risk profile of the AIF				
Directors (senior management)	4	154,520	40,938	**195,458**

For the year ended 31 October 2019 and 2018, the Company had no staff and there were no amounts of carried interest paid by the Company.

US FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA") AND THE OECD COMMON REPORTING STANDARDS ("CRS")
US FATCA became effective on 1 January 2013 and is being gradually implemented internationally. The legislation is aimed at determining assets held by US citizens in non-US accounts and improving US Tax compliance with respect to those assets. Additionally, more than 90 jurisdictions, including 33 member countries of the Organisation of Economic Co-operation and Development ("OECD") and all the G20 members, have committed to implement the Common Reporting Standard for automatic exchange of tax information ("CRS"). Building on the model created by FATCA, the CRS creates a global standard for the annual automatic exchange of financial account information between the relevant tax authorities.

The Board in conjunction with the Company's service providers and advisers have ensured the Company's compliance with both the FATCA and the CRS requirements to the extent relevant to the Company.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 October 2019

CONSTRUCTIVE USE OF THE AGM
The Notice of AGM is sent out at least 20 working days in advance of the meeting. All shareholders will have the opportunity to put questions to the Board and the Investment Manager, either formally at the Company's Annual General Meeting on 19 March 2020, informally following the meeting, or in writing at any time during the year via the Company Secretary.

Approved by the Board of Directors on 3 February 2020 and signed on its behalf by:

Shelagh Mason **Steve Le Page**

REPORT OF THE AUDIT COMMITTEE
For the year ended 31 October 2019

The Board is supported by the Audit Committee, which comprises all of the Directors excluding the Chairman to enable a greater understanding of the issues facing the Group. The Board has considered the composition of the Committee and is satisfied that the Members have sufficient skills and relevant expertise.

ROLES AND RESPONSIBILITIES

The primary role and responsibilities of the Audit Committee are outlined in the Committee's Terms of Reference, available at the registered office, which includes;

- Monitoring the integrity of the financial statements and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements and estimates contained therein;
- Reviewing the Group's quarterly accounts, cash flow forecasts and relevant sensitivities to those forecasts;
- Reviewing the Group's internal financial controls and, unless expressly addressed by the Board itself, the Group's internal control and risk management systems and mandatory effectiveness review;
- Making recommendations to the Board for a resolution to be put to the shareholders, for their approval in general meeting, on the appointment of the external auditor and the approval of the remuneration and terms of engagement of the external auditor;
- Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the auditor and audit process, taking into consideration relevant professional and regulatory requirements;
- Developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm; and
- Reporting to the Board on how the Committee discharged all relevant responsibilities, undertaken by the Chairman at each Board Meeting.

FINANCIAL REPORTING

The primary role of the Audit Committee in relation to the financial reporting is to review with the Administrator, Investment Manager and Auditor the appropriateness of the Consolidated Financial Statements concentrating on, amongst other matters:

- The quality and acceptability of accounting policies and practices;
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;

REPORT OF THE AUDIT COMMITTEE (CONTINUED)
For the year ended 31 October 2019

FINANCIAL REPORTING (CONTINUED)

- Material areas in which significant judgements and estimates have been applied or there has been discussion with the auditor;

- Whether the Consolidated Financial Statements are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Group's performance, business model and strategy; and

- Any correspondence from regulators in relation to the Group's financial reporting.

ACTIVITIES OF THE COMMITTEE

The Committee met 8 times during the year under review; individual attendance of the Directors is outlined within the Directors' Report. The main matters discussed at the meetings were:

- Review of auditor independence;

- Review and approval of the audit plan and external auditor;

- Discussion and approval of the fee for external audit;

- Review of the Group's key risks and internal controls;

- Consideration of the Board's adherence to the Guernsey Code of Corporate Governance, Guidance on Audit Committees and other regulatory guidelines, and the subsequent impact on the Group; and

- Adoption of the AIC Code of Corporate Governance for the preparation of and the disclosures in this Annual Report and Audited Consolidated Financial Statements and on an ongoing basis from the start of the new financial year. The Consolidated Financial Statements for the year ending 31 October 2020 will report with reference to the 2019 AIC Code.

The Committee has also reviewed and considered the whistleblowing policies in place for the Investment Manager and Administrator and is satisfied that the relevant staff can raise concerns in confidence about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Group.

ANNUAL GENERAL MEETING

The Audit Committee Chairman, or other members of the Audit Committee appointed for the purpose, shall attend each AGM of the Company, prepared to respond to any shareholder questions on the Audit Committee's activities.

INTERNAL AUDIT

The Audit Committee considers at least once a year whether there is the need for an internal audit function. Currently, the Audit Committee does not consider there to be a need given that there are no employees in the Group and all outsourced functions are with parties who have their own internal controls and procedures. This is evidenced by the reports provided by those parties, including a type II SOC 1 report from the Company's Administrator, which give sufficient assurance that a sound system of internal controls is maintained.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)
For the year ended 31 October 2019

SIGNIFICANT RISKS IN RELATION TO THE FINANCIAL STATEMENTS

Throughout the year, the Audit Committee identifies any potential significant issues and areas of risk in respect of the Consolidated Financial Statements. None were identified in the current financial year. The key risk to arise is the valuation of the investments due to, among other factors, the individual nature of each property, its location and the tenant profile for that particular property. The Company has engaged Independent Valuers to provide the Board with a valuation of each property as at the reporting date. The Audit Committee reviews the valuations, including interim valuations for the purposes of determining the published net asset value of the Company's shares, on a regular basis and in addition to its own determination receives confirmation from both the Investment Manager and the Independent Valuers that the basis of the valuation is appropriate and in line with relevant accounting standards. The Committee is satisfied that this work is sufficient to enable them to conclude as to the appropriateness of the valuation for financial reporting purposes. The Audit Committee also reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Group had been identified and suitable audit procedures had been put in place in response.

AUDIT TENURE AND OBJECTIVITY

The Auditor, PricewaterhouseCoopers CI LLP, was selected during 2017 and has been appointed to act pursuant to an Engagement Letter signed on 6 November 2018 and subsequent reconfirmation letter dated 17 September 2019. The Committee reviews the Auditor's performance on a regular basis with a detailed formal review conducted on an annual basis to ensure the Company receives an optimal service. The re-appointment of the Auditor will be subject to annual shareholder approval at the AGM. There are no contractual obligations restricting the choice of external auditor and the Company will consider putting the audit services contract out to tender at least every ten years.

PricewaterhouseCoopers CI LLP will regularly update the Committee on the rotation of audit partners, staff, level of fees in proportion to overall fee income from the Company, details of relationships between parties and overall confirmation from the auditor of their independence and objectivity.

The Audit Committee undertook a formal review of the auditor for the year ended 31 October 2019, with no issues arising. As a result of their review, the Committee is satisfied that PricewaterhouseCoopers CI LLP is independent of the Group, the Investment Manager and other service providers and recommends the continuing appointment of the auditor to the Company. There are currently no plans to retender the audit.

CONCLUSIONS IN RESPECT TO THE FINANCIAL STATEMENTS

The production and the audit of the Consolidated Financial Statements is a comprehensive process requiring input from a number of different contributors. In order to reach a conclusion as to whether the Company's Consolidated Financial Statements are fair, balanced and understandable, the Board has requested the Committee advises on whether it considers that the Consolidated Financial Statements fulfils these requirements. In outlining their advice, the Committee has considered the following:

REPORT OF THE AUDIT COMMITTEE (CONTINUED)
For the year ended 31 October 2019

CONCLUSIONS IN RESPECT TO THE FINANCIAL STATEMENTS (CONTINUED)

- The comprehensive documentation that is in place outlining the controls in place for the production of the Annual Report, including the verification processes in place to confirm the factual content; and

- The detailed reviews undertaken at various stages of the production process by the Investment Manager, Administrator and the Committee that are intended to ensure consistency and overall balance; and the controls enforced by the Investment Manager, Administrator and other third-party service providers to ensure complete and accurate financial records.

As a result of the work performed in the year, the Audit Committee has concluded it has acted in accordance with its terms of reference and ensured the independence and objectivity of the auditor and that the Annual Report for the year ended 31 October 2019, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Steve Le Page
Audit Committee Chairman

3 February 2020

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHANNEL ISLANDS PROPERTY FUND LIMITED

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Channel Islands Property Fund Limited (the "Company") and its subsidiaries (together the "Group") as at 31 October 2019, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 October 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Materiality

- Overall Group materiality was £2.5 million (2018: £2.5 million), which represents 1% of the Total Assets of the Group.

Audit scope

- We conducted our audit of the consolidated financial statements based on information provided by the appointed service providers to the Group to whom the directors have delegated the provision of certain functions, including Vistra Fund Services (Guernsey) Limited, who administered the Group throughout the financial year, and Aztec Financial Services (Guernsey) Limited, who prepared the financial statements for the financial year, (together the "Administrators"), Ravenscroft Limited (the "Investment Manager"), D2 Real Estate Limited (the "Property Asset Manager") and Montagu Evans LLP (the "External Property Valuer").
- Our audit opinion covers the consolidated financial statements of the Group only. We have not been engaged to provide individual statutory opinions on the financial statements of the Company nor the subsidiaries of the Company.
- We engaged with our own real estate expert to challenge the valuations of the investment properties based on market information and industry knowledge and expertise.
- We have carried out our audit work in Guernsey. We have tailored the scope of our audit taking into account the types of investments within the Group, the accounting processes and controls and the industry in which the Group operates.
- The Company is a Guernsey incorporated company listed on The International Stock Exchange.

Key audit matters

- Valuation of Investment Properties and Non-Current Assets Classified as Held for Sale (together 'Investment Properties')
- Rental Income

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	£2.5 million (2018: £2.5 million)
How we determined it	1% of Total Assets (2018: 1% of Total Assets)
Rationale for the materiality benchmark	We believe that Total Assets is a primary measure used by the shareholders in assessing the performance of the Group. It is also a generally accepted measure used for companies in this industry.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.13 million (2018: £0.13 million), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Properties and Non-Current Assets Classified as Held for Sale (together 'Investment Properties') The Group's Investment Properties comprise of office buildings in the Crown Dependencies of Guernsey, Jersey and the Isle of Man and represent the majority of the assets as at 31 October 2019. Please see Note 8 to the consolidated financial statements. The valuation of the Group's Investment Properties is inherently subjective due to, among other factors, the individual nature of each investment property, its location and the expected future rental income for that particular investment property. The valuation of Investment Properties is therefore an area of significant judgement and includes a number of assumptions including capitalisation yield and future rental values. The valuation of the Group's Investment Properties was carried out	**Objectivity and experience of the External Property Valuer** We assessed the External Property Valuer's qualifications and expertise and confirmed whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We found no evidence to suggest the objectivity of the External Property Valuer was compromised in the performance of their valuations. **External valuation report** We read the valuation reports for all Investment Properties and discussed the reports with the External Property Valuer. We confirmed that the valuation reports had been prepared in accordance with RICS- Professional Standards (Global and UK Edition) and were suitable for use in determining the fair value of the Group's Investment Properties as at 31 October 2019. We reconciled the investment property specific data supplied

by the External Property Valuer. The External Property Valuer was engaged by the directors, and performed its work in accordance with the RICS- Professional Standards (Global and UK Edition). The External Property Valuer used by the Group is a well-known chartered surveyor, with experience in the markets in which the Group operates. In determining a property's valuation, the External Property Valuer takes into account property specific current information such as the current tenancy agreements and rental income earned from the property. Assumptions are then applied in relation to capitalisation rates, current market rent and growth (based on available market data and transactions) to arrive at a range of valuation outcomes, from which they derive a point estimate. Due to the unique nature of each property, the assumptions applied take into consideration the individual property characteristics at a tenant level, as well as the qualities of the property as a whole. Comparable market information is available for the Group's investment properties. The Group has adopted the assessed values determined by the External Property Valuer.	to the External Property Valuer by the Group on a sample basis, to determine whether it reflected the underlying investment property records held by the Group. No issues were noted. **Assumptions** Our work over the assumptions encompassed all Investment Properties in the portfolio. We engaged our own internal valuation expert to critique and challenge the work performed and assumptions used by the External Property Valuer. In particular, we compared the valuation metrics used by the External Property Valuer to recent comparable market activity and industry indices. We challenged management and the External Property Valuer on significant movements in the valuations. During our work we noted that due to the limited levels of market activity in the Crown Dependencies of Guernsey, Jersey and the Isle of Man, the External Property Valuer had utilised and adjusted comparable UK regional industry benchmarks in determining appropriate market rental yields. We consider this approach to be appropriate. Due to subjectivity involved in determining valuations for individual Investment Properties and the existence of alternative assumptions and valuation methods, we determined a range of values that were considered reasonable to evaluate the independent investment property valuations adopted by the directors. We determined that the assumptions used in the valuations were supportable in light of the available and comparable market evidence. **Presentation and disclosure** We have challenged and corroborated management's assessment of which Investment Properties should be classified as Non-Current Assets Held for Sale. We concur with their conclusion. We confirmed that the valuations adopted by the directors were correctly included in the consolidated financial statements and no material differences were noted.
Rental Income Revenue for the Group consists primarily of rental income. Please see Note 5 to the consolidated financial statements. Rental income is based on tenancy agreements where there is a standard process in place for recording revenue. The majority of the Group's revenue is collected and managed by the Property Asset Manager. In addition to the standard process for recording rental income, the Group manually calculates the spreading of lease incentives to ensure revenue is recorded on a straight-line basis over the course of the lease.	To address the completeness of rental income we have confirmed that the rental tenancy schedule provided by the Property Asset Manager includes all of the Investment Properties owned by the Group, and reconciled the contractual rent to the underlying financial records with no material differences noted. To address the accuracy, cut off and occurrence of rental income we have tested a sample of rental income to signed lease agreements and rent review agreements. We have also recalculated any material lease incentives to confirm the accuracy of management's calculation and that the lease incentive has been appropriately recognised on a straight-line

Due to the importance of rental income to the Group's ability to continue to pay regular dividends and therefore the significance of this balance to the users of the consolidated financial statements, we have deemed this area to be a key audit matter.

basis over the full lease term. No material differences were noted.

We have selected for further investigation journal entries in the rental income accounts that could be deemed unusual or out of the course of ordinary business from an operational and commercial perspective, stratifying the population of journals based on risk factors such as the timing of a posting or selecting postings that had been netted off against the rental income account. No evidence of fraud or material misstatement was identified as a result of our work over journal postings.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report and Audited Consolidated Financial Statements but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group and the wider economy.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

This report, including the opinion, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Elizabeth Burne
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
4 February 2020

a. The maintenance and integrity of the Channel Islands Property Fund Limited webpage which is hosted on the website of the Investment Manager is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website.
b. Legislation in Guernsey governing the preparation and dissemination of consolidated financial statements may differ from legislation in other jurisdictions.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 October 2019

	Note	Year to 31 October 2019 £	Year to 31 October 2018 £
INCOME			
Rental income	5	16,082,487	17,110,467
Service charge income	10	3,145,997	1,352,166
Other income	5	2,602	2,679
Total Operating Income		**19,231,086**	**18,465,312**
Unrealised movement on revaluation of investment properties	8	(2,734,069)	3,066,001
Unrealised movement on revaluation of investment properties classified as held for sale	8	(327,102)	372,036
Realised gain on disposal of investment properties	8	2,772,813	-
EXPENSES			
Service charge expenses	10	(3,499,761)	(1,499,172)
Management expenses	19	(1,584,047)	(1,548,680)
Other operating expenses	12	(1,472,039)	(1,311,519)
Total Operating Expenses		**(6,555,847)**	**(4,359,371)**
PROFIT BEFORE FINANCE COSTS AND TAX		**12,386,881**	**17,543,978**
FINANCING			
Interest income	5	187,664	2,581
Interest expense	6	(3,143,978)	(4,003,847)
Loan setup expense	6	(404,704)	-
Total finance costs (net)		**(3,361,018)**	**(4,001,266)**
PROFIT BEFORE TAX		**9,025,863**	**13,542,712**
Current tax	7	(269,843)	(489,143)
PROFIT FOR THE YEAR		**8,756,020**	**13,053,569**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of interest rate swap	17	(444,417)	48,015
TOTAL COMPREHENSIVE INCOME		**8,311,603**	**13,101,584**
Basic and diluted earnings per share	**11**	**0.05**	**0.08**

The accompanying notes on pages 35 to 67 form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2019

	Note	31 October 2019	31 October 2018
		£	£
NON-CURRENT ASSETS			
Investment properties	8	221,841,991	211,355,863
Receivable on rental incentives	8	6,111,793	2,449,827
Interest rate swap	17	100,101	544,518
Total non-current assets		**228,053,885**	**214,350,208**
CURRENT ASSETS			
Non-current assets classified as held for sale	8	15,900,000	27,200,000
Trade and other receivables	14	515,184	410,356
Receivable on rental incentives	8	566,216	3,568,920
Cash and cash equivalents	13	4,371,911	4,782,064
Total current assets		**21,353,311**	**35,961,340**
TOTAL ASSETS		**249,407,196**	**250,311,548**
EQUITY			
Share capital	18	154,064,292	154,064,292
Hedging reserve	18	100,101	544,518
Accumulated deficit		(13,665,802)	(11,868,237)
TOTAL EQUITY		**140,498,591**	**142,740,573**
NON-CURRENT LIABILITIES			
Loans and borrowings	16	104,584,015	102,357,642
Total non-current liabilities		**104,584,015**	**102,357,642**
CURRENT LIABILITES			
Rent received in advance		2,530,481	2,574,190
Other payables	15	1,794,109	2,639,143
Total current liabilities		**4,324,590**	**5,213,333**
TOTAL LIABILITIES		**108,908,605**	**107,570,975**
TOTAL EQUITY AND LIABILITES		**249,407,196**	**250,311,548**
Net Asset Value per share		0.879	0.893

The Consolidated Financial Statements on pages 31 to 67 were approved by the Board of Directors on 3 February 2020 and are signed on its behalf by:

Shelagh Mason **Steve Le Page**

The accompanying notes on pages 35 to 67 form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 October 2019

	Note	Year to 31 October 2019 £	Year to 31 October 2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		9,025,863	13,542,712
Adjusted for:			
Interest income	5	(187,664)	-
Interest expense	6	3,143,978	4,003,847
Unrealised loss/(gain) on investment properties	8	2,734,069	(3,066,001)
Unrealised loss/(gain) on investment properties held for sale	8	327,102	(372,036)
Realised gain on investment properties	8	(2,772,813)	-
Movement in trade and other receivables		(104,828)	(275,564)
Movement in rental incentives		(659,262)	(1,486,963)
Movement in rent received in advance		(43,709)	304,906
Movement in other payables		(845,034)	1,086,066
Amortisation of set up costs	16	226,373	1,099,953
Taxation paid	7	(269,843)	(443,931)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**10,574,232**	**14,392,989**
INVESTING ACTIVITIES			
Property acquisitions	8	(26,381,589)	-
Property disposals	8	29,714,173	-
Capitalised expenses	8	(2,807,070)	(2,006,229)
Retention payments received	8	-	526,619
NET CASH OUTFLOW FROM INVESTING ACTIVITES		**525,514**	**(1,479,610)**
FINANCING ACTIVITIES			
Net proceeds from issue of Ordinary Shares	18	-	11,164,941
Set up costs paid	16	-	(483,158)
Net loans received	16	2,000,000	-
Loan repayments	16	-	(9,000,000)
Interest received	5	187,664	-
Interest paid	6	(3,143,978)	(3,978,921)
Dividends paid		(10,553,585)	(10,526,655)
NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES		**(11,509,899)**	**(12,823,793)**
NET CASH (OUTFLOW) / INFLOW FOR THE YEAR		**(410,153)**	**89,586**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		4,782,064	4,692,478
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**13**	**4,371,911**	**4,782,064**

The accompanying notes on pages 35 to 67 form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2019

	Note	Share Capital £	Hedging Reserve £	Accumulated Deficit £	Total £
Balance at 31 October 2017		**142,899,351**	**496,503**	**(14,368,882)**	**129,026,972**
Profit for the year		-	-	13,053,569	13,053,569
Total other comprehensive income		-	48,015	-	48,015
Total comprehensive income for the year			**48,015**	**13,053,569**	**13,101,584**
Dividend	**25**	-	-	(10,552,924)	(10,552,924)
Amounts received on issue of shares	**18**	11,392,798	-	-	11,392,798
Issue costs	**18**	(227,857)	-	-	(227,857)
Balance at 31 October 2018		**154,064,292**	**544,518**	**(11,868,237)**	**142,740,573**
Profit for the year		-	-	8,756,020	8,756,020
Total other comprehensive income		-	(444,417)	-	(444,417)
Total comprehensive income for the year		-	**(444,417)**	**8,756,020**	**8,311,603**
Dividend	**25**	-	-	(10,553,585)	(10,553,585)
Amounts received on issue of shares	**18**	-	-	-	-
Issue costs	**18**	-	-	-	-
Balance at 31 October 2019		**154,064,292**	**100,101**	**(13,665,802)**	**140,498,591**

The accompanying notes on pages 35 to 67 form an integral part of these Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 REPORTING ENTITY

Channel Islands Property Fund Limited (the "Company" and together with its subsidiaries the "Group") was incorporated on 25 August 2010 and registered on 26 October 2010 as an Authorised Closed-ended Investment Scheme in Guernsey pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Authorised Closed-ended Investment Scheme Rules 2008. The Consolidated Financial Statements of the Group as at and for the year ended 31 October 2019 comprise the Company and its subsidiaries as listed in Note 23. The Group's principal activity is that of investment in commercial properties in Guernsey, Jersey and the Isle of Man.

Statement of compliance
The Consolidated Financial Statements, which give a true and fair view, have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB"), and comply with the Companies (Guernsey) Law, 2008.

2 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's Consolidated Financial Statements.

Going concern
The Consolidated Financial Statements have been prepared on a going concern basis. The Board has examined areas of possible financial risk, in particular cash requirements and the on-going obligations of the banking covenants. After due consideration the Directors believe that the Group has adequate resources to continue in operational existence for a period of not less than twelve months from the date of the approval of the Consolidated Financial Statements, and as such it is appropriate to adopt the going concern basis in preparing the Consolidated Financial Statements.

Accounting policies effective and adopted
The accounting policies applied in the year are consistent with those of the previous financial year with the exception of new standards effective and adopted during the year. In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB, that are relevant to its operations and effective for annual reporting periods beginning on or after 1 November 2018.

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 November 2018:

- IFRS 3 Definition of a Business;
- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers; and
- IAS 40 Investment Property.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Accounting policies effective and adopted (continued)
Further details on the assessment are as follows:

IFRS 3: Business Combinations – effective for accounting periods on or after 1 January 2020. IFRS 3 has been amended to clarify and simplify when an acquisition is a business combination or an acquisition of a group of assets. The determination continues to be driven predominantly by whether there are inputs and processes in place, therefore the Group's determination will remain the same for assets similar to which the Group has already acquired.

Any services provided by investments acquired during the period are outsourced and replaceable and therefore not sufficiently involved to be considered processes. In this case the acquisition of subsidiaries, thus, does not represent a business combination but is accounted for as an asset acquisition. The Directors have therefore concluded that there will be no material impact by the amendment and have elected to adopt the amendment early for the year ended 31 October 2019.

IFRS 9: Financial Instruments Classification and Measurement – effective for accounting periods on or after 1 January 2018. IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 requires financial assets to be classified into three measurement categories: those measured as at fair value through profit or loss, those measured at fair value through other comprehensive income, and those measured at amortised cost. The determination is made at initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

This standard also introduces a new general hedge accounting model. The objective is to more closely align the accounting treatment with risk management. As such it will allow entities to reduce profit or loss and balance sheet volatility by applying hedge accounting in more circumstances. However, when an entity first applies this IFRS, it may choose, as an accounting policy choice under this IFRS, to continue to apply the hedge accounting requirements of IAS 39.

IFRS 9 has been applied retrospectively by the Group which has resulted in changes in accounting policies but did not result in any adjustments to the amounts recognised in the Consolidated Financial Statements.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Accounting policies effective and adopted (continued)

The Directors have concluded that the treatment of the interest rate swap as at fair value recognised through other comprehensive income remains the applicable method of recognition and hence that the impact of IFRS 9 on the Group's Consolidated Statement of Financial Position has had no significant bearing on the Group's Consolidated Financial Statements due to investment property at fair value not being addressed by IFRS 9.

Other financial assets which are held for collection (i.e. trade and other receivables, cash and cash equivalents) continue to be measured at amortised cost. The Group has not designated any financial liabilities at fair value through profit or loss. All financial liabilities continue to be measured at amortised cost using the effective interest method. There was no material impact on adoption from the application of the new impairment model.

IFRS 15: Revenue from Contracts with Customers – presents new requirements for the recognition of revenue, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts" and several revenue related interpretations, effective for periods commencing on or after 1 January 2018. The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The Directors have concluded, due to the nature of the revenue received by the Group being rental income which is scoped out of IFRS 15 and service charge income the treatment of which is not materially different than under IAS 18 that the impact of IFRS 15 on the Group's Consolidated Statement of Financial Position does not have any significant bearing on the Group's Consolidated Financial Statements and there are no changes to the recognition basis as a result of the retrospective adoption of the standard.

IAS 40: Investment Property – was amended effective for periods beginning on or following 1 January 2018. The amendment changed the basis for which an entity can transfer a property to, or from, investment property so that the property may be transferred when, and only when, there is evidence of a change of use. This excludes the possibility of transferring where management simply changes its intentions for the use of a property.

The Directors have concluded, due to the Group not transferring assets to, or from, investment property, that the amendment to IAS 40 will have no material impact on the Group's Consolidated Financial Statements.

Accounting policies not yet adopted

IFRS 16: Leases – effective for periods beginning on or after 1 January 2019 which was issued by the IASB on 13 January 2016 and prescribes generally the same basis as its predecessor IAS 17 in which a lessor, such as the subsidiaries, must allocate leases dependent on whether they qualify as a finance or operating lease. The treatment of operating leases remains materially unchanged from IAS 17. As all subsidiaries are the ultimate lessor of each property, no material effect is expected on the Group's Consolidated Financial Statements as the Group already utilises a similar measurement policy. The Board have assessed that no reclassification of operating leases to finance leases will occur as a result of the new standard.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for investment properties and derivatives that are measured at fair value.

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as disclosed in Note 23. Control is achieved where the Company has the power over the investee; is exposed, or has the rights, to variable returns from its involvement with the investee; and has the ability to use its powers to affect its returns. In assessing control, potential voting rights that presently are exercisable are taken into account.

The results of subsidiaries are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition. Where necessary to ensure consistency with the accounting policies adopted by the Group, adjustments are made to the Consolidated Financial Statements for subsidiaries on consolidation. All subsidiaries have a reporting date of 31 October.

Where properties are acquired by the Group through corporate acquisitions but the acquisition does not meet the definition of a business combination, the acquisition has been treated as an asset acquisition.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Income and expenses

Rental income is included in the Consolidated Statement of Comprehensive Income on a straight-line basis and rental expenses on an accruals basis.

Income and lease incentives from investment property leased out are recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the lease.

The lease term is the full life of the lease or up to the lease break date if at the inception of the lease, the Directors have a reasonable expectation that the tenant will exercise their break option. Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured.

Service charge expenses relate to the cost of managing the properties and their tenants on a day to day basis and other non-recoverable costs.

Any fees relating to arranging new lettings are amortised over the life of the arranged lease.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Income and expenses (continued)

The income charged to tenants for property service charges and the costs associated with such service charges are shown separately in the profit or loss as service charges recharged to tenants to reflect that the ultimate risk for paying and recovering these costs rests with the property owner. Service charge income is recognised in the period in which the income relates to. Service charge income amounts are regularly reviewed by the property manager and any amounts deemed not recoverable are written off in the same period.

Interest income is generated from cash and cash equivalents and is recognised on an accruals basis.

Interest expense comprises interest expense on loans and borrowings, and any ineffective portion of interest rate swaps. Attributable transaction costs incurred in establishing the Group’s credit facilities are deducted from the fair value of borrowings on initial recognition and are amortised over the lifetime of the facilities using the effective interest method.

Investment property

Properties which are held for the long term, to earn rentals and/or for capital appreciation are accounted for under IAS 40: Investment Property. Such properties are initially stated at cost, including any related transaction costs. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the period incurred and included within the book cost of the properties. After initial recognition, investment properties are carried at their fair value based on professional valuations using recognised valuation techniques suitably adjusted for unamortised lease incentives and lease surrender premiums. Property acquisitions and disposals are recognised at the point of unconditional exchange of contracts.

Properties include completed properties that are generating rent or are available for rent. Investment properties comprise freehold and leasehold properties and are first measured at cost (including transaction costs), then revalued to market value at each reporting date by independent professional valuers. Leasehold properties are shown gross of any leasehold payables (which are accounted for as finance lease obligations). Valuation gains and losses in a period are taken to the Consolidated Statement of Comprehensive Income. As the Group uses the fair value model, as per IAS 40 Investment Properties, no depreciation is provided.

The professional valuation of the investment property is largely based on estimates using property appraisal techniques and other valuation methods. Such estimates, further disclosed in Note 3, are inherently subjective and actual values can only be determined in a sales transaction.

Gains or losses arising from changes in the fair value of, or disposal of, investment properties are included in the Consolidated Statement of Comprehensive Income in the period in which they arise.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Held for sale

Non-current Assets are classified as held for sale under IFRS 5 must be up for sale in its present condition and the sale must be highly probable. In order for the sale to be classed as "highly probable" there must be certain characteristics present. These include:

- Management must be committed to a plan to sell;
- There must be an active programme of seeking a purchaser;
- The asset must be available for immediate sale;
- The sale is highly probable; and
- The sale is expected to complete within one year of the asset being classified as held for sale.

An asset will be classified as held for sale within investment properties, in line with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, where there is Board approval at the year-end date and the asset is expected to be disposed of within 12 months of the balance sheet date.

Lease incentives

Lease incentives, generally in the form of rent free periods or inducement fees, can be offered to tenants. The value of any such lease incentive, being, for example, the value of the rent forgone, will be recognised in the Consolidated Statement of Comprehensive Income over the period of the lease or when at the inception of the lease, the Directors expect with reasonable certainty that the tenant will exercise their break option, in which case the incentive is accounted for from the inception of the lease to the break option date. Rental income is shown net of any amortised lease incentives.

Share capital

Ordinary shares are classified as equity. Incremental costs and placing fees directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Financial assets and financial liabilities

The Group classifies its financial assets based on the business model for managing those financial assets and their contractual cashflow characteristics. Financial assets and financial liabilities comprise trade and other receivables, cash and cash equivalents, loans and borrowings, interest rate swaps and other payables. These are recognised initially at fair value plus any directly attributable transaction costs. Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument.

The Group classifies financial assets and financial liabilities into the following categories:

- Financial Assets at amortised cost – This incorporates cash and cash equivalents and all trade receivables;
- Financial Liabilities at amortised cost – This incorporates loans and borrowings and all other payables including trade payables;
- Financial assets / Financial liabilities at fair value – Derivatives; and
- Financial assets at fair value through profit or loss – Jubilee Management Limited.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

The amortised cost of a financial asset or liability is the amount at which the instrument is measured at initial recognition, adjusted for any impairment for financial assets, and amortised over the useful economic life of the financial asset or liability in the profit or loss.

The Group derecognises a financial asset when it no longer bears the risk, nor is entitled to the rewards, of ownership. On derecognition the difference between the carrying amount of the financial asset and the consideration received is recognised in the profit or loss. The Group derecognises a financial liability when its contractual obligations are discharged or expire.

Interest rate swaps

The Group uses an interest rate swap to hedge its exposure to interest rate fluctuations. It is not the Group's policy to trade in derivative financial instruments.

The interest rate swap is recognised initially at fair value and subsequently re-measured to fair value at each reporting date. Fair value is determined by the counterparties to the contracts using observable market data, this is usually the estimated amount that the Group would receive or pay to terminate the swap at the reporting date.

Hedge accounting

The Group designates certain financial instruments (principally the interest rate swap) as cash flow hedges, subject to the satisfaction of the criteria set out in IFRS 9.

For qualifying cash flow hedges, the effective portion of any change in fair value is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of the change in fair value is recognised immediately in interest expense in profit or loss.

On maturity, or early redemption, of the hedged item the realised gains or losses arising are taken to profit and loss, with a matching transfer from the amounts in other comprehensive income in respect of previously recognised unrealised gains or losses arising in the fair value of these instruments.

Loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, such as set up costs. After initial recognition interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Set up costs associated with any borrowings are charged to the profit or loss over the period of the borrowings.

Distributions

Dividends paid during the year are disclosed as a movement in equity. Final dividends proposed by the Board and approved by the shareholders prior to the year-end are disclosed as a liability. Dividends proposed but not approved are disclosed in the notes to the Consolidated Financial Statements.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

Operating leases

The Group leases out investment properties on operating leases. A property held under an operating lease is classified and accounted for as an investment property where the Group holds it to earn rentals, capital appreciation, or both.

Jubilee Management Limited

The Group owns indirectly through two subsidiaries, 58% of the Ordinary Class A shares in Jubilee Management Limited however due to a "golden" share owned by the property manager does not control the entity. The "golden" share is owned by the property manager until the final office suite of Royal Court is purchased. The investment is therefore held at fair value through profit or loss and has a fair value deemed to be nil.

Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989.

It should be noted, however, that the Group is subject to Guernsey, Jersey or Isle of Man taxation at the prevailing rates on its rental income net of tax allowable expenses. Pursuant to the exemption granted under the above-mentioned Ordinance, the Company is subject to an annual fee, currently £1,200 (2018: £1,200), payable to the Guernsey Authorities.

Functional and presentation currency

The Directors consider Sterling to be the functional and presentation currency of the Company as it is the currency that most faithfully represents the economic effect of the Company's underlying transactions, events and conditions. Sterling is the currency in which the Group presents its performance and reports its results. Sterling is the currency in which the Company receives subscriptions from its investors. This determination also considers the competitive environment in which the Group is compared to other Crown Dependency investment products. The Group currently has no exposure to any foreign currencies.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Use of estimates and judgements

The preparation of Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The most significant estimates and judgements made in preparing these Consolidated Financial Statements are as follows:

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Significant estimates

Valuation of investment property

In accordance with the accounting standards adopted by the Group, investment property is stated at fair value as at the Consolidated Statement of Financial Position date. Fair value is defined as the estimated amount for which the property could be exchanged which would reflect its highest and best use between market participants and should reflect the actual market state and circumstances as at the reporting date.

As at the year end, valuations of all properties have been prepared by Montagu Evans LLP, London, in accordance with the definition of Market Value as set out in the Royal Institute of Chartered Surveyors ("RICS") Professional Standards (Global and UK edition).

The Directors have elected that full valuations are prepared on acquisition, and then every three years, with desktop valuations performed for all other years. The Directors believe that as the valuation of properties is primarily based on rental income and yields, desktop valuations will represent the fair valuations of the properties. The Directors believe there will be no significant deterioration to the buildings between inspections, as they are inspected by the Property Managers, who report back to the Directors on a regular basis.

The fair value of investment property is based on valuations provided as described above. These values are determined by using recognised valuation techniques and taking into consideration any recent market transactions for similar properties in similar locations to the investment properties held by the Group and the anticipated future cash flows from rental income that the properties are expected to generate.

Equivalent yield on the estimated rental value ("ERV") of each property has been used in arriving at the valuation of each property and is considered to be the most significant unobservable input that affects the valuation of the investment properties.

This yield has been arrived at using comparable evidence, where available, and taking account of the nature of the individual investments including the occupational tenants, income stream and lease lengths. Note 22 outlines the impact of Equivalent yield and ERV on property valuations and the significant unobservable inputs included in the valuation of the investment properties.

Fair value of derivatives

During the year and at the year end the fair value of the interest rate swap, being the only derivative held, is based on valuation models run by the counterparty to the contract, Royal Bank of Scotland International Limited ("RBSI"). The object of the valuation model is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The valuation models used for interest rate swaps are widely recognised as using only observable market data. As such they significantly reduce the level of management judgement and estimation required.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Significant judgements

Lease classification

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. Classification is made at the inception of the lease.

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form. There are a number of factors to consider in arriving at a conclusion as to whether a lease is a finance lease or operating lease. Management is of the opinion that the investment properties are leased out on operating leases.

The main factors to consider in determining whether the lease is an operating or finance lease are:

- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- which party owns the title to the asset once the agreement is in place; and
- which party is responsible for the maintenance of the property.

Based on these criteria, the Directors are of the opinion that all of the Group's leases are operating leases as the title is held by a Group company and that company is responsible for maintaining the property under the lease agreements. Whilst at the inception of the lease, the present value of the minimum lease payments usually amounts to at least substantially all of the fair value of the leased asset, this is as a result of long lease terms and on completion of the lease, the tenant has no further right to the use of the asset.

Business combinations

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, the following criteria are considered:

- the number of items of land and buildings owned by the subsidiary;
- the extent to which significant processes are acquired and in particular the extent of ancillary services provided by the subsidiary; and
- whether the subsidiary has allocated its own staff to manage the property and/or to deploy any processes, including provision of all relevant administration and information to the entity's owners.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. Please refer to Note 2 for the Company's assessment and adoption of the amendment to IFRS 3.

The Group acquired Esplanade Holdings Limited and Esplanade Properties (Guernsey) Limited during the year. The Board has considered the nature and activities of the subsidiaries acquired in the financial year and has concluded that they do not represent the acquisition of a business and as such the cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

4 SEGMENTAL INFORMATION

The Board is charged with setting the Group investment strategy in accordance with the Group investment policy and overall objectives. The Directors have delegated the day to day implementation of this strategy to the Investment Manager but retain responsibility for ensuring that adequate resources of the Group are directed in accordance with their decisions. The operating activities of the Investment Manager are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Board.

The Investment Manager has been given full authority to act on behalf of the Group in certain situations. Under the terms of the Investment Management Agreement, subject to the overall supervision of the Board, the Investment Manager advises on the investment strategy of the Group, advises the Group on its borrowing policy and advises on the use of, and management of, derivatives and hedging by the Company.

Whilst the Investment Manager may make operational decisions on a day to day basis regarding the property investments, any changes to the investment strategy or major allocation decisions have to be approved by the Board, even though they may be proposed by the Investment Manager.

The Board therefore retains full responsibility for investment policy and strategy. The Investment Manager will always act under the terms of the Investment Management Agreement which cannot be changed without the approval of the Board. The Board has considered the requirements of IFRS 8 "Operating Segments".

The Board is of the opinion that the Group is organised into one main business segment, focusing on achieving long-term total returns through acquisition and holding of commercial property interests and for which information is provided based on IFRS accounting policies. The Group's secondary segment is the geographical segment, based on the location of the investments within Guernsey, Jersey and the Isle of Man. The Directors consider the portfolio to be a single geographic segment and therefore no separate information is provided for each Crown Dependency.

The Board of Directors are considered to be the Chief Operating Decision Maker of the Group.

5 INCOME

	Year to 31 October 2019 £	Year to 31 October 2018 £
Bank deposit and swap interest	187,664	2,581
Rental income	16,082,487	17,110,467
Other income	2,602	2,679
	16,272,753	**17,115,727**

6 INTEREST EXPENSE

	Year to 31 October 2019	Year to 31 October 2018
	£	£
Interest paid at amortised cost		
RBSI	3,143,978	4,003,847
	3,143,978	**4,003,847**

The payments to RBSI (2018: RBSI) are in relation to the interest charged on the Facility Agreement and Swap Agreement for the year (see Note 16 and Note 17). The year ended 31 October 2019 amount includes £404,704 of amortised loan set up costs (2018: £1,099,953).

7 TAXATION

Regency Court Property Limited, Glategny Holdings Limited, Commerce Holdings Limited, Esplanade Holdings Limited and Guernsey Property No 4. Limited are subject to Guernsey income tax on rental income arising after the deduction of allowable debt financing costs and allowable expenses. St Helier Investments Limited and Liberty Wharf 4 Limited are subject to Jersey income tax on rental income arising after the deduction of allowable debt financing costs and allowable expenses. Fort Anne Holdings Limited, Vicarage House Limited and FN House Limited are subject to Isle of Man income tax on rental income arising after the deduction of allowable debt financing costs and other allowable expenses.

Total tax is derived from the income and expenses of the property holding companies which are the only entities within the Group liable to tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 TAXATION (CONTINUED)

	31 October 2019 £	31 October 2018 £
Tax expense in the year	269,843	489,143
Profit before tax *	9,025,863	13,542,712
Less:		
Company and intermediary holding company loss for the year	(1,345,022)	(9,862,051)
Fair value movement on investment property	288,358	(3,438,037)
Profit from disposal of subsidiaries	(9,792,993)	-
Restatement of intercompany balances	4,341,843	926,210
Taxable profit	**2,518,049**	**1,168,834**
Income tax using an effective tax rate of 20%	503,608	233,767
Interest income	(17)	(640)
Disallowed expenses	190,228	548,348
Specific allowances	(208,235)	(251,930)
Annual allowances	(111,081)	(108,567)
Losses utilised/carried forward	(13,396)	(32,720)
Prior year provisions	(132,285)	2,433
Fair value movement on investment property	41,021	-
Tax payable by vendor	-	98,452
Current tax expense in the year	**269,843**	**489,143**

*In order to reconcile the Group profit before tax of £9,025,863 (2018: £13,542,712) to the total taxable profit or loss, the adjustments required are detailed below:

- Exclusion of the Company's and intermediary holding company's profit or loss for the year as the Company and those subsidiaries are all tax exempt;
- Fair value movement on investment property;
- Profit from disposal of subsidiaries; and
- Restatement of intercompany balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 INVESTMENT PROPERTIES

<u>**LEVEL 3 RECONCILIATION**</u>	**31 October 2019** **£**	**31 October 2018** **£**
Fair value at beginning of year	238,555,863	233,638,216
Disposals at previously held fair value	(26,941,360)	-
Additions at cost	26,381,589	-
Capitalised costs	2,807,070	2,006,229
Retention payments received	-	(526,619)
Unrealised gain / (loss) on revaluation of investment property	(2,734,069)	3,006,001
Unrealised gain / (loss) on revaluation of investment property classified as held for sale	(327,102)	372,036
Fair value at end of the year	**237,741,991**	**238,555,863**

The carrying value of investment properties reconcile to the Appraised Value as follows:

Appraised Values	244,420,000	244,547,610
Lease incentives held as debtors	(6,678,009)	(6,018,747)
Carrying value at the end of the year	**237,741,991**	**238,555,863**

Included in the Appraised Values above is 1 asset held for sale at 31 October 2019 and 3 assets held for sale at 31 October 2018

Non-current assets classified as held for sale	15,900,000	27,200,000
	15,900,000	**27,200,000**

The fair value of investment properties at the year end is £221,841,991 (2018: £211,355,863) with investment properties classified as held for sale valued at £15,900,000 (2018: £27,200,000). In line with the investment strategy detailed in the Annual Report, the investment portfolio consists only of commercial property located in the Crown Dependencies.

Lease incentives have previously been granted to the tenants of certain properties, in the form of payments and rent-free periods. The value of these lease incentives is being recognised in the Consolidated Statement of Comprehensive Income over the period of the leases.

The property valuations have incorporated the future cash flows of these leases in arriving at the market value and as such an accounting adjustment, being an adjustment to the value of the investment property, has to be made to take into consideration the lease incentives.

Under IFRS 13, purchase costs must be accounted for in the valuation of property and the intention to sell the property holding company, rather than the property itself, has no bearing on the valuation of the investment property.

All investment properties are valued at year end by Montagu Evans LLP, London, who is a member of the Royal Institution of Chartered Surveyors. Fees for the valuer are fixed, and agreed on an annual basis.

8 INVESTMENT PROPERTIES (CONTINUED)

Valuations are reviewed and approved by the Directors. The basis of the valuations is as described in Note 3. All investment properties are categorised as level 3 in the IFRS 13 fair value hierarchy. Transfers between levels are deemed to occur at the end of the reporting period. There have been no transfers of properties between levels 1, 2 and 3 during the year (2018: None).

An increase in passing rent or ERV would increase valuations of the investment properties. A decrease in the initial yield or equivalent yield would also increase the valuation. The effect of this sensitivity is detailed in Note 22. An equivalent yield of between 6.16% and 7.27% (2018: 6.51% and 7.54%) has been used in determining the fair value as at 31 October 2019.

There are interrelationships between all these unobservable inputs as they are determined by market conditions. The existence of an increase in more than one unobservable input would be to magnify the impact on the valuation. The impact on the valuation will be mitigated by the interrelationship of the two unobservable inputs moving in the same direction, e.g. an increase in rent may be offset by an increase in rental yield, resulting in no net impact on the valuation.

The entire share capital of the companies listed in Note 23 are the subject of a guarantee and indemnity between these parties in favour of RBSI. The properties held by the subsidiaries, as detailed in Note 23, are also subject to individual bonds in favour of RBSI. Further details of the loan are provided in Note 16.

9 OPERATING LEASES

The below table details the minimum lease receipts of the operating leases of the Group:

	31 October 2019	31 October 2018
	£	£
Within 1 Year	15,535,433	17,908,833
1 to 5 Years	60,919,192	63,255,364
After 5 Years	91,115,966	77,236,044
	167,570,591	**158,400,241**

Significant agreements

Guernsey

Regency Court

Regency Court is a multi-tenant property located in St. Peter Port which is leased on fixed term agreements. The majority of agreements are for a lease period of 21 years, ending between May 2025 and October 2026, with the exception of a 15 year agreement ending in June 2021. During the year two of the tenants leases were extended and a third (Barclays Wealth) exercised its break option. This area is currently being refurbished.

Royal Chambers

Royal Chambers is a fully-let, multi-tenant property. It is fully leased until at least 2024.

Glategny Court

Glategny Court is a fully let, multi-tenant property located in Guernsey which is leased on fixed term agreements. The majority of agreements are for a lease period of 24 years, ending between September 2034 and September 2038. One of the tenants has break clauses which can be enacted in September 2029.

Carey House

Carey House is a single tenant property located in Guernsey which is leased on a fixed term agreement of 21 years ending in February 2029.

Royal Bank Place

Royal Bank Place is a partially let, multi-tenant property located in Guernsey which is leased on fixed term agreements, the earliest of which expires in 2023.

Jersey

Windward House & Liberation House

Liberation House is a fully-let, multi-tenant property located in Jersey which is leased on fixed term agreements. The majority of agreements are for a lease period of 24 years, ending between December 2031 and January 2032.

Windward House is a single tenant property located in Jersey which is leased on a fixed term agreement of 24 years ending in September 2032, with a break option in favour of the tenant in October 2024.

9 OPERATING LEASES (CONTINUED)

Significant agreements (continued)

Jersey (continued)

17 ½-18 Esplanade

17 ½ -18 Esplanade is a single tenant property located in Jersey which is leased on a fixed term agreement of 42 years ending in November 2045. The current lease includes three break clauses which can be enacted in October 2024 and 2031.

Isle of Man

Fort Anne

Fort Anne is a single tenant property located in Isle of Man which is leased on a fixed term agreement of 21 years ending in August 2037.

Vicarage House

Vicarage House is a single tenant property located in Isle of Man which is leased on a fixed term agreement of 15 years ending in May 2032. The current lease includes a break clause which can be enacted in May 2027.

First Names House

First Names House is a single tenant property located in Isle of Man which is leased on a fixed term agreement of 21 years ending in August 2037. The current lease includes a break clause which can be enacted in June 2035.

All tenants undergo rent reviews every three years, with the date of each review based on the inception date of the lease. Increases are agreed in line with market values at the time of the review.

During the year, no tenants contributed greater than 15% of the rental income of the Group. The single largest was 10.48% (2018: 7.75%). This tenant currently has a tenancy in Regency Court.

10 SERVICE CHARGE EXPENSES

Regency Court Property Limited, Guernsey Property No 4 Limited, Glategny Holdings Limited, Liberty Wharf 4 Limited and Esplanade Property (Guernsey) Limited invoice tenants for service charges quarterly in advance based upon a budgeted amount for each year. These monies are held in a client account with the Property Manager and are used to settle electricity, water, rates, maintenance, etc. During the year to 31 October 2019 an amount of £3,499,761 (2018: £1,499,172) had been incurred in relation to these services.

If one of the tenants was to vacate the Regency Court, Glategny Esplanade, Royal Chambers, Glategny Court, Liberation House, Windward House, or Royal Bank Place at the end of its lease term an amount of these expenses would become the responsibility of the respective property holding company in a proportion to the rental income received. No such event took place during the year. During the year non recoverable expenses of £353,764 (2018: £147,006) were incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share for the Group is based on the profit for the year of £8,311,603 (2018: Profit £13,101,584) and the weighted average number of Ordinary Shares in issue during the year of 159,892,798 (2018: 158,394,567).

12 OTHER OPERATING EXPENSES

	31 October 2019	31 October 2018
	£	£
Administration fees	242,847	245,742
Insurance	20,532	97,891
Audit fees	85,388	71,095
Legal and professional fees	691,254	633,028
Regulatory fees	85,641	16,505
Directors' fees and expenses	188,950	195,458
Marketing expenses	10,000	10,000
Sundry expenses	147,427	41,800
	1,472,039	**1,311,519**

Fees and expenses relating to the establishment of the subsidiaries will be borne by the Group. The Group will also incur on-going operational expenses. These expenses include audit costs, costs of valuing and pricing assets, expenses of publishing any reports or notices, bank charges and any other expenses relating to the making of any capital or income distributions, insurance premiums, legal and professional expenses which the Group incurs, whether in litigation on behalf of the Group or in connection with the on-going administration of the Group or otherwise and any other costs of a similar nature.

13 CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents of £4,371,911 (2018: £4,782,064) is £1,006,952 (2018: £1,407) of cash held under the security terms of the loan facility with RBSI. Under the terms of the agreement, RBSI release income into the general accounts of each entity in order to fund the ongoing activities of the underlying subsidiary. Further details of the loan facility are disclosed in Note 16.

14 TRADE AND OTHER RECEIVABLES

	31 October 2019	31 October 2018
	£	£
Sundry debtors	333,226	380,385
Rent due	11,435	11,297
Prepayments	170,523	18,674
	515,184	**410,356**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 OTHER PAYABLES

	31 October 2019	31 October 2018
	£	£
Administration fees	58,968	36,482
Audit fees	60,000	70,741
Investment Manager fees	394,018	390,583
Legal & professional fees	12,517	90,000
Loan arrangement fee	-	463,500
Directors' fees	30,937	27,938
Other creditors	684,438	674,623
Loan interest payable to RBSI	131,458	140,807
GST / VAT payable	(14,920)	8,406
Taxation payable	436,093	708,789
Dividend payable	600	27,274
	1,794,109	**2,639,143**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 LOANS AND BORROWINGS

	31 October 2019	31 October 2018
Due after 1 year:	**£**	**£**
RBSI:		
Net loan liability at beginning of year	102,357,642	110,740,847
Loan principal drawndown	2,000,000	-
Loan principal repayment	-	(9,000,000)
Loan set up costs	-	(483,158)
Amortisation of loan set up costs	226,373	1,099,953
Net loan liability due after 1 year	104,584,015	102,357,642
TOTAL NET LOAN LIABILITY DUE AFTER 1 YEAR	**104,584,015**	**102,357,642**
Unamortised RBSI loan set up costs	(415,985)	(642,358)
RBSI Loan principal liability	105,000,000	103,000,000
	104,584,015	**102,357,642**

	31 October 2019	31 October 2018
Due within 1 year:		
RBSI:	**£**	**£**
Net loan liability at beginning of year	-	-
Loan principal repayment	-	-
TOTAL NET LOAN LIABILITY DUE WITHIN 1 YEAR	-	-
TOTAL NET LOAN LIABILITY AT YEAR END	**104,584,015**	**102,357,642**

The table below analyses the movements in the Group's bank borrowings for the year

	Cash and Cash equivalents	Loan Set up Costs	Loan repayment	Interest paid	Total
As at 1 November 2018	4,782,064	616,795	(9,000,000)	(3,978,921)	**(7,580,062)**
Cash Flows	(1,292,063)	-	-	(3,018,936)	**(4,310,999)**
Non cash	-	-	-	-	**-**
Amortisation of set up costs	-	226,373	-	-	**226,373**
As at 31 October 2019	3,490,001	843,168	(9,000,000)	(6,997,857)	**(11,664,688)**

16 LOANS AND BORROWINGS (CONTINUED)

On 6 June 2019, the bank finance was renegotiated under a restated and amended loan facility agreement. The amended and restated agreement was signed on 6 June 2019 to amend the total commitment amount to £105,000,000.

Security has been provided by way of a charge over the Group's investment properties under the facility agreement. Interest is charged at the aggregate of the margin and LIBOR and is payable quarterly in arrears. As a result of the amended facility agreement, the margin rate is dependent on the principal value of the loan drawn down.

The loan is split into 2 margin portions. The first portion considers the first £65,000,000 of debt with the margin being 2.12% on top of LIBOR at 0.89%. The loan term expires on 30 June 2024. The second portion is a £40,000,000 hedge at a LIBOR of 0.54% with a margin of 2.12% until 28 March 2021.

The loan facility was drawn to assist with financing the purchase of the properties. In accordance with the loan facility agreement the Group has various non-financial and financial covenants that are required to be met. These are reviewed and confirmed to RBSI on a quarterly basis. The covenants include a maximum Group loan to value ratio of 50%. The actual loan to value ratio at 31 October 2019 was 42.79% (2018: 42.27%).

As at the year end, the effective rate of interest charged was 3.01% (2018: 2.87%) on the outstanding loan.

17 INTEREST RATE SWAP

An interest rate swap was entered into on 15 July 2016 between the Company and RBSI. The Group hedged the interest rate risk via a £40,000,000 interest rate swap with RBSI, fixed at 0.54% per annum with a margin of 2.12%. This facility is due to terminate on 28 March 2021.

Interest on the swap was receivable at a variable rate calculated on the same LIBOR basis as for the bank loan (as detailed in Note 16) and payable quarterly.

The fair value of the asset in respect of the interest rate swap contract was based on the marked to market value. The interest rate swap is classified as Level 2 under the hierarchy of fair value measurements required by IFRS 13, further details of which are disclosed in Note 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 INTEREST RATE SWAP (CONTINUED)

Derivatives primarily held for risk management purposes

	Assets / (Liabilities)	Notional Amount
	£	£
RBSI:		
Net swap asset at beginning of year	496,503	40,000,000
Unrealised gain in revaluation	48,015	-
As at 31 October 2018	544,518	40,000,000
Net swap asset at beginning of year	544,518	40,000,000
Unrealised loss in revaluation	(444,417)	-
As at 31 October 2019	**100,101**	**40,000,000**
TOTAL SWAP POSITION AT 31 OCTOBER 2019	**100,101**	**40,000,000**
TOTAL SWAP POSITION AT 31 OCTOBER 2018	**544,518**	**40,000,000**

18 SHARE CAPITAL AND RESERVES

Authorised

The Company has an unlimited number of Ordinary Shares of no par value. The rights attaching to the Ordinary Shares are as follows:-

- As to income — the holders of Ordinary Shares shall be entitled to receive, and participate in, any dividends or other distributions attributable to the Ordinary Shares and available for dividend or distribution and resolved to be distributed in respect of any accounting period or any other income or right to participate therein.
- As to capital — the holders of Ordinary Shares shall be entitled on a winding up, to participate in the distribution of capital.
- As to voting — the holders of the Ordinary Shares shall be entitled to receive notice of and to attend and vote at general meetings of the Company.

18 SHARE CAPITAL AND RESERVES (CONTINUED)

Issued and Fully Paid

	No. of Shares	£
Ordinary Shares		
Balance as at 31 October 2017	**148,500,000**	**142,899,351**
Issued during the year	11,392,798	11,392,798
Issue costs	-	(227,857)
Balance as at 31 October 2018	**159,892,798**	**154,064,292**
Issued during the year	-	-
Issue costs	-	-
Balance as at 31 October 2019	**159,892,798**	**154,064,292**

Hedging Reserve

	Year to 31 October 2019 £	Year to 31 October 2018 £
Balance at start of year	544,518	496,503
Movement during the year	(444,417)	48,015
Balance at end of year	**100,101**	**544,518**

Movements relating to the interest rate swap arrangement accounted for as a cash flow hedge are recognised in this reserve.

19 MATERIAL AGREEMENTS

Fees Payable to the Administrator (Vistra)

The Administrator is entitled to receive a fixed fee dependent upon the number of investment properties held within the Group. The Group pays a fee of £60,000 per annum in relation to the first three investment properties acquired with an additional fee of £12,000 per annum due on any additional investment property acquired.

As of 31 October 2019, there are no additional investment properties. The total annual fee due as at 31 October 2019 is £168,000 (2018: £168,000) per annum.

In addition, shareholder transaction fees are charged at £100 for each initial subscription and £50 for each redemption, transfer, switch and further subscription from an existing Shareholder.

The Administrator is also entitled to receive an accounting fee of £1,000 for the preparation of the Annual Financial Statements for each of the Company's subsidiaries.

19 MATERIAL AGREEMENTS (CONTINUED)

Fees Payable to the Administrator (continued)

Total fees charged by the Administrator during the year were £242,847 (2018: £245,742), of which £58,968 remained unpaid at 31 October 2019 (2018: £36,482). The Administrator has the right to be reimbursed from the Company for any reasonable out of pocket expenses incurred in carrying out its responsibilities.

Aztec Financial Services (Guernsey) Limited, the new administrator, has charged £20,000 in relation to the migration of the Group from the Administrator. This amount remains unpaid at 31 October 2019.

Fees Payable to the Property Asset Manager

The Property Asset Manager is entitled to receive a fee for each property they manage. Where this property is multi-let, the full amount of the fee is recoverable via the service charge. Should any tenant from a multi-let property vacate their lease, the Group would be responsible for their share of the management fee.

Property	Agent	Type	Fee (p.a)
Regency Court	D2	Multi-let	57,210
17½ -18 Esplanade	D2	Single let	4,973
Glategny Court	D2	Multi-let	61,928
Carey House	D2	Single let	4,901
Royal Chambers	D2	Multi-let	35,840
Liberation House & Windward House	D2	Multi-let	37,565
Fort Anne	D2	Single let	4,877
Vicarage House	D2	Single let	4,877
First Names House	D2	Single let	4,877
Glategny Esplanade	D2	Multi-let	61,928
Royal Bank Place	D2	Multi-let	35,000

Fees payable to the Investment Manager

Management fee

Pursuant to the Investment Management Agreement, the Company pays the Investment Manager an annual fee equal to 0.6% per annum of the Gross Asset Value of the Company (which shall include assets that were purchased with leverage) calculated by reference to the Gross Asset Value as at the end of each quarter and payable quarterly in arrears. To the extent that there is a capital raising during a quarter, an adjustment shall be made to Gross Asset Value on a time apportioned basis.

Where the completion date of the acquisition of an investment is made part way through a quarter, the portion of the fee paid relating to that investment shall be apportioned pro rata in accordance with the period from the completion date to the end of that quarter.

Fees charged by the Investment Manager during the year were £1,584,047 (2018: £1,548,680), of which £394,018 remains unpaid at year end (2018: £390,583).

19 MATERIAL AGREEMENTS (CONTINUED)

Acquisition fee

Pursuant to the Investment Management Agreement the Company pays the Investment Manager an acquisition fee which will not exceed 1.5 % of the purchase price of each Investment upon completion of such purchase. During the year, the Company acquired Royal Bank Place in Guernsey and a fee of £290,000.

20 RELATED PARTY TRANSACTIONS

The following transactions have been entered into with parties deemed to be related to the Company. The terms of these transactions are disclosed below and are equivalent to those that would prevail in an arms' length transaction.

Directors

During the current and prior year the directors were entitled to the following fees per annum:

	Until 31 July 2018	From 1 August 2018
	£	£
Shelagh Mason	50,500	55,000
Steve Le Page	37,000	40,500
Paul Le Marquand *	-	34,500
Paul Turner *	-	34,500

* The fees of Paul Le Marquand and Paul Turner are effective from the date of their appointment on 1 December 2018 and 1 April 2019 respectively.

At 31 October 2019, an amount of £30,937 remained outstanding between the directors and the Company (2018: £27,938). On 1 December 2018, Richard Wilson resigned as a Director and Paul Le Marquand was appointed. On 1 April 2019, Paul Bell resigned as a Director and Paul Turner was appointed.

Mrs. Shelagh Mason is also entitled to additional fees on a time spent basis of which £27,375 (2018: £41,443) fees were charged for the year ended 31 October 2019. At 31 October 2019, £2,288 of variable fee remained outstanding.

Mr. Steve Le Page holds 100,000 shares (2018: 100,000) in the Company indirectly and Mrs. Shelagh Mason holds 63,500 shares (2018: 13,500) indirectly.

Mr. Jon Ravenscroft holds 750,000 shares (2018: 750,000) in the Company indirectly and is the Group Chief Executive Officer of the Investment Manager.

Details of the Directors shareholdings in the Company are disclosed within the Directors' Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 AUDITOR'S REMUNERATION

PricewaterhouseCoopers CI LLP (the "Auditor") was appointed as auditor of the Group on 21 August 2018.

During the year, the audit fee charged to the profit or loss was £85,388 (2018: £71,095).

22 FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES

Market price risk
The Group's exposure to market price risk is comprised mainly of movements in the value of the Group's investment properties and are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where the sale occurs shortly after valuation date.

The Board manages and monitors this risk by reviewing periodic updates and ensures that if future properties are to be acquired then property acquisition values will be below fair market value where possible.

Until such time as the final terms of the UK exit from the European Union are known it is difficult to make a prediction on the trajectory of the real estate market. Properties let on long leases to good covenants offer significantly higher yields to investors and it is expected that, in the event of a downturn, these types of properties will hold value compared to those where the income stream is less certain.

The performance of the Group would be adversely affected by a downturn in the commercial property market of the Channel Islands or the Isle of Man in terms of market value. In the event of default by a tenant or during any other void period, the Group may suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs, re-letting, refurbishment or upgrading costs, maintenance costs, insurances, rates and marketing costs. As the main input to the valuation of the properties is ERV a reduction in the level of rent would result in a reduction in the value of the property.

Any future property market recession could materially affect the market value of properties. The market value of an investment in properties depends largely on the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in the equivalent yield of the property.

Rental income and consequently the market value of properties are generally affected by overall conditions in the relevant local economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact on the demand for premises.

Both rental income and equivalent yields may also be affected by other factors specific to the commercial property market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs.

22 FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

Market price risk (continued)

Any change to the laws and regulations relating to the Guernsey, Jersey or Isle of Man commercial property market may have an adverse effect on the market value of the property portfolio and/or the rental income of the property portfolio.

The Board aims to minimise the rental income risk through careful selection and thorough due diligence on prospective/existing tenants.

The Group's sensitivity to movements in the key valuation inputs is detailed below:

	31 October 2019	31 October 2018
	£	£
Increase in estimated rental value of 5%	10,313,684	11,168,356
Decrease in estimated rental value of 5%	(9,527,691)	(10,974,373)
Increase in equivalent yield of 0.25%	(7,427,195)	(635,240)
Decrease in equivalent yield of 0.25%	7,809,252	638,423

Liquidity risk

The Group's main assets are property assets which are traded in an environment where deal timescales can take place over months. As a result, the Group may not be able to liquidate quickly some of its properties at an amount close to their fair value in order to meet liquidity requirements. The Board monitors this risk by reviewing future cash flow projections of the Group on a regular basis to ensure that future liabilities can be met as and when they fall due.

The table below analyses the Group's liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period at the Consolidated Statement of Financial Position date to the current contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The fair value of balances due within 12 months, equal their carrying balances as the impact of discounting is not significant.

22 FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

Liquidity risk (continued)

		CONTRACTUAL CASHFLOWS			
	Carrying Amount	**Total**	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
31 October 2019					
Other payables (excluding rent received in advance)	(1,794,109)	**(1,794,109)**	(1,794,109)	-	-
Borrowings	(104,584,015)	**(116,425,215)**	(2,960,300)	(11,841,200)	(101,623,715)
	(106,378,124)	**(118,219,324)**	(4,754,409)	(11,841,200)	(101,623,715)
31 October 2018					
Other payables (excluding rent received in advance)	(2,639,144)	**(2,639,144)**	(2,639,144)	-	-
Borrowings	(102,357,642)	**(120,119,442)**	(2,960,300)	(11,841,200)	(105,317,942)
	(104,996,785)	**(122,758,585)**	(5,599,444)	(11,841,200)	(105,317,942)

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. In the event of a default by a tenant, the Group will suffer a rental income shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. Tenant incentive debtors would also be written off. The Group's largest tenant generated 10.48% (2018: 7.75%) of the Group's rental income with the next largest generating 7.11% (2018: 6.39%).

Credit risk in respect of other financial assets is reflected in the carrying value of these assets being set to their fair value. The Board monitors the placement of cash balances on an ongoing basis. All cash is placed with reputable institutions. The majority of the Group's cash is held at RBSI, who have a Fitch rating of A.

The following table analyses the Group's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of netting at the reporting date:

	31 October 2019	**31 October 2018**
	£	**£**
Trade and other receivables (excluding prepayments)	344,661	391,682
Interest rate swap	100,101	544,518
Cash and cash equivalents - RBSI	4,366,846	4,780,657
Cash and cash equivalents - Rent Accounts	5,065	1,407
	4,816,673	**5,718,264**

Interest rate risk

The Group is exposed to risk associated with the effects of fluctuations in the prevailing levels of market interest rates on its cash and debt positions. Management review market interest rates, cash and bank balances on a regular basis to take advantage of the best rates offered at any time.

22 FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

Interest rate risk (continued)

To minimise risk and smooth cash flows the Group has entered into an interest rate swap in which the Group agrees to exchange, at specified intervals, the difference between the fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount in an effort to manage these risks. The continuance of the interest rate hedging instruments is a requirement of the loan agreements entered into with RBSI and previously with HSBC, and their acceptability is monitored by RBSI (previously also HSBC), through the completion of compliance certificates on a quarterly basis, and by the Investment Manager on a regular basis.

The interest rate profile of the financial assets and liabilities, after the impact of hedging, as at the Consolidated Statement of Financial Position date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial liabilities
	£	£	£
As at 31 October 2019	4,371,911	(64,584,015)	(40,000,000)
As at 31 October 2018	4,782,064	(62,357,642)	(40,000,000)

At 31 October 2019, if interest rates had moved by 1% with other variables remaining constant, the change in equity and profit or loss for the year would amount to approximately +/- 602,121 (2018: +/- £575,756).

The variable rate financial assets comprise the cash held on account with RBSI, interest on which is received based on the respective base rate. The Group hedged £40,000,000 of its borrowings with RBSI via an Interest Rate Swap Agreement to reduce the risk to the Group (see Note 17).

The interest charged on the interest rate swap is a fixed rate and therefore not subject to interest rate fluctuation. The excess, unhedged amount held with RBSI is therefore still sensitive to interest rate fluctuations.

Fair values

The Board considers that the fair values of financial assets and liabilities are not materially different from their carrying values in the Consolidated Financial Statements. The following summarises the main methods and assumptions used in estimating the fair values of financial instruments.

22 FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

Fair values (continued)

	31 October 2019	31 October 2018
	£	£
Financial assets not measured at fair value, for which fair value is disclosed		
Trade and other receivables (excluding prepayments)	344,661	391,682
Receivable on rental incentives	6,678,009	6,018,747
Cash and cash equivalents	4,371,911	4,782,064
	11,394,581	**11,192,493**

	31 October 2019	31 October 2018
Financial liabilities not measured at fair value, for which fair value is disclosed		
Loan and borrowings	104,584,015	102,357,642
Other payables	1,794,109	2,639,143
	106,378,124	**104,996,785**

Derivatives

The fair value for the interest rate swap is provided by RBSI, the counterparty to the deal, using valuation models. In the fair value hierarchy interest rate swaps are classified as level 2 as the inputs to the valuation models are observable.

The fair value hierarchy levels are as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3	Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Levels 1, 2 and 3 during the year (2018: None).

Interest bearing loans and borrowings

The carrying value of interest-bearing loans and borrowing approximate fair value due to the floating rate nature of the instruments. As such these values are based on the amounts which are to be repaid, less any costs incurred in obtaining the borrowings. These costs are then amortised over the period of the borrowings.

Trade and other receivables/payables

All trade receivables and trade payables are deemed to be due within one year and as such the carrying amount is considered to reflect the fair value.

22 FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents are deemed to be due within three months and as such the carrying amount is considered to reflect the fair value.

Capital risk management

The Board's policy is to maintain a strong capital base to ensure that entities within the Group will be able to continue as going concerns while maintaining investor, creditor and market confidence and to sustain future development of the business.

The Board carefully considers the balance between the higher levels of return that may be available from higher levels of borrowing and the security provided by a strong equity base. The Board then monitors the level of dividends payable to shareholders who provide this base. There were no changes in the Group's approach to capital management during the year.

The capital structure consists of net debt, being borrowings as disclosed in Note 16 offset by cash and cash equivalents, and equity of the Group, being issued capital, reserves and accumulated deficit.

23 INVESTMENT IN SUBSIDIARIES

Subsidiary	Date of incorporation/ acquisition	Domicile
CIPF Holdings (Guernsey) Limited	**19 March 2015**	**Guernsey**
- Regency Court Property Limited	30 November 2010	Guernsey
- Glategny Holdings Limited	8 August 2014	Guernsey
- Commerce Holdings Limited	12 May 2015	Guernsey
- Guernsey Property No.4 Limited	1 July 2016	Guernsey
- Esplanade Holdings Limited	12 October 2017	Guernsey
CIPF Holdings Jersey Limited	**7 January 2016**	**Guernsey**
- St Helier Investments Limited	19 July 2013	Jersey
- Liberty Wharf 4 Limited	16 September 2016	Jersey
CIPF Holdings (IOM) Limited	**17 May 2017**	**Isle of Man**
- Vicarage House Limited	15 December 2015	Isle of Man
- FN House Limited	18 May 2017	Isle of Man
- Fort Anne Holdings Limited	1 July 2016	Isle of Man

All companies listed above are 100% owned and were originally set up to acquire properties.

During the year to 31 October 2019, the Company acquired one property in Guernsey for £26,381,589 (2018: no acquisitions), however three properties were disposed of, with proceeds of £29,714,173 (2018: no disposals). The Company acquired additional shares in Jubilee Management Limited as part of the acquisition of Royal Bank Place during the year, refer to Note 2.

24 NET ASSET VALUE PER SHARE

The below table reconciles the difference between the published net asset value as at 31 October 2019 and the net asset value calculated as part of these annual audited financial statements. The variances detailed have resulted from disparities between the valuation assumptions used for the purposes of the published net asset value and those required under IFRS. The Directors do not believe that they will incur Document Duty on the disposal of the SPVs which hold the individual properties.

There are also sometimes variances in the accruals recorded between the valuation and the financial statements. These tend to arise as a result of the differing time frames between the preparation of each report. Should additional information become available after the publication of the quarterly valuation, these changes would be reflected in the annual financial statements but not the published valuation.

24 NET ASSET VALUE PER SHARE (CONTINUED)

	31 October 2019	31 October 2018
	£	£
Net asset value attributable to Ordinary Shares per consolidated financial statements	**140,498,591**	**142,740,573**
Adjustments:		
Adjustments to tax payable	(367,866)	-
Adjustments to fair value of investment property	9,280,000	9,530,000
Adjustments to capital expenditure	103,826	636,919
Adjustments to other current assets and liabilities	553,932	-
Published net assets value per RNS	**150,068,483**	**152,907,492**
Shares in issue	159,892,798	159,892,798
Published Net Asset Value per Share	0.939	0.956
IFRS Net Asset Value per share	0.879	0.893

25 DIVIDENDS

During the year dividends totalling 6.6 pence per share (£10,553,585) (2018: 6.6 pence per share (£10,552,924)) have been declared and £600 (2018: £27,274) remains outstanding at year end, to ordinary shareholders, with a further dividend of 1.65 pence per share paid post year end on 31 December 2019. Under the Facility Agreement between RBSI and the Company, no dividends may be declared or paid without the consent of RBSI.

26 CONTROLLING PARTY

Due to the nature of the ownership of the shares in the Company, in the Directors' opinion there is no ultimate controlling party.

27 EVENTS AFTER REPORTING DATE

On 12 November 2019, the Company entered into an Amended and Restated Facility Agreement with RBSI to extend its credit facility by £3,000,000 to £108,000,000. On 19 December 2019, the additional facility was drawn down by the Company.

On 12 December 2019, the Company approved an interim dividend of £0.0165 per ordinary share.