

Channel Islands Property Fund

Sustainability Report 2024



CHANNEL ISLANDS
PROPERTY FUND



TERRA INSTINCT



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Highlights

ENVIRONMENTAL

Actual emissions	2050 1.5°C Aligned Emissions
19.37 KG CO2e/sqm (2023: 26.5 kgCO2e/sqm)	4.8 KG CO2e/sqm* <small>*Kilograms of carbon dioxide equivalent per square meter</small>



Scope 1: 283.27 tCO2e* (2023: 165 tCO2e)
Scope 2: 326.65 tCO2e (2023: 615 tCO2e)
Scope 3: 307.35 tCO2e (2023: 476 tCO2e)

*Tonnes of carbon dioxide equivalent

156 kWh of
Energy Consumed per square
meter (2023: 158 kWh/square meter)

16 Green Leases
(2023: 10 Green Leases)

SOCIAL & GOVERNANCE

4 Board Meetings in
2024 discussing sustainability
matters (2023: 3 Board Meetings)



25% FEMALE board
members (2023: 25%)





Introduction

Channel Islands Property Fund ('CIPF' or 'The Fund'), established in 2010, continues to operate as a Guernsey-based closed-ended investment fund, regulated by the Guernsey Financial Services Commission. CIPF maintains its focus on acquiring and managing commercial real estate assets across Guernsey, Jersey, and the Isle of Man.

As a prominent investor in the Crown Dependencies' real estate market, CIPF remains dedicated to sustainable and ethical investment practices. The Fund's mission remains consistent: to provide a total return from a combination of capital growth and an appropriate dividend policy.

CIPF's environmental, social, and governance ('ESG') objectives continue to emphasise climate change mitigation, community impact, and governance integrity. The Fund's ESG policy serves as the foundation for integrating these considerations into all investment activities, reflecting CIPF's belief that sustainability is crucial for the long-term success of its business, stakeholders, and the Crown Dependencies.

In a significant step forward, CIPF has conducted its first comprehensive climate risk assessments for both physical and transitional risks this year. This initiative marks an important milestone in the Fund's commitment to understanding

and addressing climate-related challenges and opportunities within its portfolio.

This ESG report provides a comprehensive overview of CIPF's sustainability commitments, governance structures, strategic approach, risk management practices, and key metrics across ESG domains. It outlines CIPF's methodologies for evaluating acquisitions, conducting ESG due diligence, fostering tenant engagement, and monitoring properties through a sustainability lens. Recognising the distinct energy landscape of the Crown Dependencies compared to the UK mainland, this report reflects enhanced emissions calculations using localised emission factors that account for these regional differences in energy sources and policies. This report also includes insights from the newly conducted climate risk assessments, demonstrating how CIPF applies industry practices tailored to address the unique challenges and opportunities within the Crown Dependencies real estate sector.

CIPF remains committed to investing responsibly, mitigating risks, supporting the local green transition, and upholding high standards of transparency and performance. Through proactive management of ESG factors, CIPF aims to enhance the resilience of its assets and deliver sustainable value in the market.



Governance

CIPF maintains its governance practices for overseeing and managing sustainability-related risks and opportunities. The Board of Directors ('the Board') continues to lead sustainability governance, supported by Ravenscroft Corporate Finance Limited ('the Investment Manager') and D2 Real Estate Limited ('the Property Manager').

Board Oversight of Sustainability

The Board, Investment Manager and Property Manager collaborate to integrate sustainability consideration into investment decisions across the real estate investment lifecycle. The Board's role encompasses considering ESG factors, establishing climate-related policies, and monitoring climate risk management. Sustainability-related issues were discussed in four board meetings during 2024 (2023: three meetings), reflecting the ongoing importance of these matters within the Fund's governance framework.

While the Board maintains overarching sustainability oversight, the Property Manager and Investment Manager continue their roles in monitoring and managing sustainability matters. The Property Manager partners with the Board and the Investment Manager to implement environmental programs, engaging tenants on ESG plans and impacts.

The Board ensures CIPF's properties meet legislative requirements, integrates ESG considerations into decision-making processes, and engages stakeholders on ESG requirements. The collaboration with Terra Instinct Limited (the 'ESG Consultant') continues to provide insights on climate impacts and potential areas for improvement.

Climate-Related Governance

The Board is responsible for overseeing climate-related risks and opportunities as part of its broader sustainability governance responsibilities.

This involves working with management to track and report on climate issues across the property portfolio. The Board also collaborates closely with the ESG Consultant, Investment Manager, and Property Manager to monitor key metrics identified through sustainability materiality assessments.

The Investment Manager oversees the third-party service provider's identification of climate risks and opportunities, providing updates to the Board.

The Property Manager incorporates climate factors into day-to-day property management, collecting data on emissions, energy consumption, and climate resilience initiatives.

The ESG policy continues to guide the integration of climate considerations into the Fund's operations. The Board stays apprised of evolving climate regulations when reviewing the overall business strategy and medium-term planning, aiming to align with changing requirements.

The Board's oversight of major decisions, strategy, and risk management continues to focus on climate issues, with enhanced processes for assessing climate risk exposure and evaluating potential trade-offs in property acquisitions and divestments.

Competencies and Training

The Board of Directors acknowledges their role of strong sustainability governance in overseeing the organisation's approach to managing sustainability issues, including climate-related risks and opportunities. Board members remain engaged on key ESG topics and keep themselves informed of developments in sustainability regulations, investor expectations, and industry practices.

The Board's collaboration with the Property Manager on integrating environmental considerations into operations and decisions continues, providing practical insights into sustainability challenges and solutions.

Setting Sustainability Targets

Although the Fund has not introduced new quantified sustainability performance targets, it is considering the potential of electrifying select buildings as a future initiative. This approach would leverage future grid decarbonisation, and contribute to the broader goal of achieving net zero emissions by 2050.

The Board maintains active oversight of these sustainability efforts through a structured process. The Investment Manager, assisted by the ESG Consultant, defines proposed targets and initiatives. These are then presented to the Board, which reviews, challenges, and approves these proposals as appropriate. To ensure ongoing alignment and progress, the Board receives updates on sustainability matters at least bi-annually.

In addition to target-setting and monitoring, the Board's oversight of sustainability extends to broader initiatives. These include ESG training, conducting portfolio benchmarking, enhancing sustainability reporting, and environmental certifications.

Regarding specific sustainability initiatives, CIPF has one BREEAM In-Use certified property at 17/18 Esplanade, which achieved a "Very Good" rating.

While there are currently no plans to pursue BREEAM assessments for other properties in the portfolio, the aim is to deliver against BREEAM criteria where construction work is carried out. The Fund focuses on consuming low-emission energy sources, recognising the ongoing decarbonisation of local grids and the transition to renewable energy sources.

CIPF's structure as a closed-ended investment fund, with no executives and only non-executive directors, means that no executive compensation is tied to sustainability targets. Investment management remains outsourced to a third-party manager.

The annual budget does not allocate a specific percentage to sustainability initiatives, as sustainability-related expenditures are not financially material. However, CIPF remains committed to integrating sustainability into its operations and decision-making processes.

CIPF continues to refine its approach to sustainability governance, reaffirming its commitment to transparency, responsible investment, and the creation of long-term value for all stakeholders while contributing to the environment and communities in which it operates.

Strategy

CIPF continues to recognise climate change as a strategic priority, demonstrated by its ongoing commitment to climate mitigation as a key ESG objective within its sustainability policy. The Fund acknowledges that climate change is part of a broader sustainability landscape encompassing factors such as positive community impact, governance, and social responsibility.

In response to the evolving risks and opportunities related to both climate change and broader sustainability trends, CIPF has maintained its ESG policy throughout 2024. This policy outlines the organisation's commitments, objectives, and planned approach across key areas. The ESG policy continues to serve as a foundation for integrating ESG criteria into CIPF's strategy and decision-making processes.

The ESG approach maintains its focus on four core objectives connected to climate change mitigation, community impact, governance, and being a landlord of choice. To achieve these objectives, the policy sets out requirements to screen acquisitions, engage stakeholders, monitor performance, and report on progress against goals to manage priority sustainability issues.

Climate-Related Risks & Opportunities

CIPF recognises that its properties, particularly those on coasts and islands, face specific climate circumstances relating to rise in sea levels that could potentially impact its business prospects and financial performance. To better understand and manage these risks and opportunities, CIPF is developing its approach to assessing physical and transitional factors. This ongoing work will help inform strategic decision-making and risk management considerations related to climate change.

Physical Analysis

The climate risk analysis, covering the period 2024-2050, examines how changing climate conditions may affect properties across their locations. The assessment reveals that the portfolio's primary climate-related considerations include changes in mean temperatures, precipitation patterns, and wind conditions. These factors were evaluated across property locations in Jersey, Guernsey, and the Isle of Man to understand their potential impact on assets over time.

The analysis reveals that across all the Fund's property locations, mean temperatures remain below 20°C, mean wind speeds do not exceed 50 mph, and mean precipitation stays under 10 mm. These parameters were studied extensively to understand their potential impact on the property portfolio. The resulting Climate Value at Risk ("CvaR") is calculated at 0.0218% of total asset value. This notably low CVaR figure indicates that under projected climate scenarios, the expected loss between now and 2050 due to climate-related risks is approximately 0.0218% of the portfolio value.

Based on these findings, it is concluded that physical climate risks do not present a material financial risk to the portfolio through 2050. While this assessment demonstrates limited climate risk exposure, ongoing monitoring of climate-related risks remains an integral part of the risk management framework.

Flood Risk Analysis

In addition to the study above that is based on the Coupled Model Intercomparison Project Phase 6 ('CMIP 6') data, each jurisdiction has undertaken an analysis into a specific hazard of coastal flooding from sea level rise. This hazard is particularly challenging for non-governmental entities to assess because data on existing and planned sea defences is limited. The ability to take any adaption action at the asset level is also limited as this particular hazard requires significant infrastructure development to mitigate the risk. Governmental reporting is therefore a better source for assessing this hazard.

Comprehensive flood risk assessments have been conducted across CIPF's three jurisdictions, with each analysis incorporating climate change projections over extended time horizons. In Jersey, the 2021 Strategic Flood Risk Assessment indicates that CIPF's waterfront properties are well-protected by coastal defenses, with flooding risks primarily contained to the coastline and managed through the St Helier Shoreline Management Plan¹. In Guernsey, the 2012 Coastal Defences Flood Risk Assessment Study evaluated risks across multiple return periods, finding that CIPF's St Peter Port properties, particularly those along Gategny Esplanade, show manageable exposure to higher frequency flooding events but increased sensitivity during extreme events exceeding 1:50 year return periods². The Isle of Man's 2016 National Strategy Evidence Report indicates moderate present-day risk for CIPF's Fort Anne property in Douglas Bay, potentially increasing to high by the 2060s, while other properties face primarily surface water flooding considerations³. All jurisdictions have outlined specific mitigation measures and management strategies to address these identified risks. A detailed assessment of flood risks for each jurisdiction can be found in Appendix I.

Transitional Analysis

Policy and Legal Risks and Opportunities

The regulatory landscape in CIPF's operating jurisdictions is evolving, with island governments potentially implementing stricter standards to meet

net-zero emissions targets. Appendix II includes a list of key policies across Guernsey, Jersey and the Isle of Man that might impact CIPF. This shift could increase operating costs and compliance burdens for the Fund. CIPF's development of a formal ESG policy and implementation of green leases demonstrate proactive risk management. By screening acquisitions and monitoring performance against sustainability goals, the Fund is positioning itself to navigate these changes effectively. Nevertheless, CIPF must remain vigilant, continually adapting its strategies to keep pace with the rapidly changing policy landscapes in Guernsey, Jersey, and the Isle of Man to maintain its competitive edge.

Technology Risks and Opportunities

Rapidly evolving clean technologies present both opportunities and challenges for CIPF. The Fund's initiatives in energy efficiency, including LED lighting upgrades, sub-metering, and heating optimisations, showcase its commitment to technological adaptation. CIPF has also taken concrete steps to support decarbonisation by facilitating the installation of electric vehicle charging points at its properties. These investments reduce emissions, lower costs, and enhance the long-term resilience of CIPF's properties. The rapid pace of technological advancement in sustainable real estate persists. To prevent current investments from becoming outdated, CIPF must adopt a proactive approach by regularly evaluating and incorporating new technologies in building management and energy systems, ensuring it remains competitive in its niche markets.

Market Risks and Opportunities

Shifting investor and tenant preferences towards sustainability have the potential to impact the real estate landscape in the Crown Dependencies. CIPF's integration of ESG factors across its portfolio and the deployment of green leases align well with these market trends, ensuring the Fund maintains a competitive offering in future years. The challenge lies in balancing these sustainability efforts with maintaining competitive rental rates and property performance. CIPF remains agile, continuously

¹ [Jersey Strategic Flood Risk Assessment](#)

² [Guernsey Coastal Defences Flood Risk Assessment Studies](#)

³ [National Strategy on Sea Defences, Flooding and Coastal Erosion: Evidence Report](#)

reassessing and adapting to market trends to ensure its offerings remain attractive in an increasingly environmentally conscious market.

Reputation Risks and Opportunities

In the jurisdictions where CIPF operates, corporate reputation is paramount. The Fund's multi-faceted approach to stakeholder engagement, including regular tenant meetings, community initiatives, and transparent shareholder communication, builds a strong foundation for reputational resilience. However, to capitalise on reputational opportunities and mitigate risks, CIPF must ensure consistent sustainability performance and transparent reporting. By continuously elevating its practices and maintaining an open dialogue with stakeholders, CIPF can maintain its reputation in the real estate market.

Sustainability-Related Risks and Opportunities

Alongside climate factors, CIPF faces broader sustainability-related risks spanning social and governance areas that could affect its business prospects. The Fund recognises that evolving stakeholder expectations and regulatory requirements around social responsibility and corporate governance may impact its operations and reputation.

On the social front, CIPF has continued to ensure supplier contracts demonstrate its commitment to fair labour practices within its supply chain. In 2024, the Property Manager partnered with local charity Beresford Street Kitchen for their Cookie Campaign, where the charity visits CIPF buildings in Jersey, to sell cookies, contributing to over £6,000 in fundraising so far. These efforts contribute to managing reputational risks and strengthen community relations.

For environmental factors, CIPF has continued its initiatives to reduce energy consumption across

the portfolio through upgrades like smart parking ventilation. These efficiency gains present the ongoing potential to cut costs. CIPF is also investing to make buildings more resilient to physical climate impacts as an opportunity to protect assets.

Additionally, CIPF has maintained its focus on governance measures, including binding service providers to industry standards and undertaking robust supplier due diligence. The Fund believes that staying ahead of evolving governance regulations can transform compliance into a strategic advantage by promoting ethical business practices.

Time Horizons

Based on an analysis of the sustainability-related risks and opportunities, CIPF has refined its consideration of the time horizons over which they may materialise and affect the business:

Short-term risks and opportunities include supply chain disruptions that could increase property maintenance and project costs, as well as potential misalignments with investor ESG priorities that could hamper CIPF's access to capital.

Over the medium-term time horizon, CIPF anticipates that regulatory requirements around sustainability reporting, emissions, and energy efficiency will continue tightening, necessitating action and investments to maintain compliance. Opportunities to further engage tenants on waste, water, and energy goals are also viewed as medium-term.

Long-term risks and opportunities anticipated include substantially reducing greenhouse gas ('GHG') emissions across CIPF's property portfolio as technologies evolve. Additionally, physical climate change impacts are expected to manifest gradually, alongside potential reputational risks or benefits depending on CIPF's sustainability performance over time.

Business Model Impacts

CIPF continues to see sustainability and climate-related risks and opportunities manifest in impacts across its business model and value chain:

- Based on the climate and flood climate risk assessments, the property portfolio demonstrates minimal exposure to physical climate risks, with the CVaR calculated at 0.0218%. The analysis of key climate parameters through 2050 - including average temperatures remaining below 20°C, average wind speeds not exceeding 50 mph, and precipitation staying under 10 mm - indicates that physical climate impacts on the Fund's operations and property portfolio are expected to be negligible. While long-term projections indicate potential increased flood exposure for certain coastal properties, particularly in waterfront locations, the current defensive infrastructure provides adequate protection. Current effects on utilities, maintenance, and property enhancement costs are within the normal range of variability for real estate operations, with no significant impact anticipated on core expenses or net operating income beyond typical market fluctuations. While physical climate risks are not deemed material to the portfolio, CIPF maintains vigilant monitoring of these factors as part of its routine property management practices. The Fund recognises that evolving investor preferences around sustainability continue to influence investor engagement, and compliance costs associated with tightened regulations on sustainability reporting have risen locally across the industry and may impact CIPF.
- Anticipated effects going forward relate to potential capital investments needed to decarbonise buildings, meet emission reduction standards, and adapt properties for climate resilience. However, revenue opportunities may also emerge by meeting tenant demands for more sustainable office space and by reducing operating expenses through energy efficiency gains, renewable energy adoption, and other innovations. CIPF also sees the possibility of accessing favourable green financing terms by executing its sustainability strategy, as lenders

typically require borrowers to demonstrate specific environmental standards and eligibility criteria for green loan qualification, according to the International Bar Association (IBA)⁴.

The current and expected impacts span multiple areas of CIPF's enterprise, from costs and asset values today to significant potential shifts in expenses and revenues as risks materialise and new opportunities emerge.

Engagement

CIPF has maintained its proactive approach to engaging stakeholders to shape its ESG strategy. The Property Manager has continued to engage tenants through regular meetings to gather input on sustainability priorities and property needs, which has directly informed the Board's asset management decisions.

As part of its decarbonisation aims, CIPF has deployed 16 green leases as at 2024 (2023: 10 green leases as at 2023), and memorandum of understanding ('MOUs') with tenants where they can have the most impact. Tradeoffs around such initiatives are considered case-by-case. Notably, tenant ESG awareness and initiatives have increased, with occupiers investing in sustainability improvements within their spaces. These improvements include window upgrades, employee gymnasium installation, swimming pool efficiency modifications aligned with island fuel sourcing parameters and planned photovoltaic installations.

Although community impact remains limited, the Property Manager has continued to engage locals via tenant events to identify potential partnerships on waste reduction and other areas. CIPF has also maintained its approach to gathering shareholder perspectives through quarterly reports, Annual General Meetings ('AGMs'), investor meetings, and direct Board contact to align ESG direction with their priorities.

CIPF continues to recognise biodiversity as a material consideration for the real estate sector. However, the footprint of buildings in CIPF's portfolio remains very limited in terms of land area.

⁴ IBA: Green financing: a fast-growing trend

This continues to limit the opportunity for biodiversity enhancement and restricts options for roof developments. However, CIPF maintains its influence to promote sustainable practices by tenants despite having limited post-lease control.

When new ESG risks emerge, CIPF will investigate and address them through proactive multi-channel engagement to incorporate stakeholder perspectives into its sustainability approach.

Financial Statements

CIPF maintains its understanding that sustainability and climate-related risks and opportunities may impact future financial positions. Potential directional increases in assets like capitalised efficiency investments and decreases in liabilities from lower operating expenses are acknowledged.

The operating expenses have been immaterially impacted financially by sustainability and climate-related risks and opportunities. As part of decarbonisation planning, replacement technologies for fossil fuels were considered, and continue to be evaluated with any capital expenditure being taken into account at the relevant time.

Following the comprehensive climate risk assessment conducted in 2024, against the current data and in the current regulatory framework, CIPF has determined that physical climate risks present an immaterial impact on future operating performance and cash flows.

Based on a portfolio decarbonisation study, CIPF has concluded that none of the properties are currently at risk of becoming stranded assets due to not measuring up to the required standards and potential therefore unsaleable or of less value. Although an increase in insurance premiums due to climate risks and more claimable events is anticipated.

Overall, CIPF continues to see sustainability measures, especially energy efficiency, as an important tool to support asset value preservation and enable its properties to meet the expectations of tenants with strong covenants over the long term.



Risk Management

CIPF continues to recognise the importance of proactively identifying, assessing, and managing risks related to sustainability and climate factors. CIPF has an integrated approach to sustainability considerations in its overall risk management. By regularly evaluating ESG issues such as climate change risks and opportunities, CIPF seeks to make strategic, risk-informed decisions considering relevant sustainability factors. Effective management of ESG risks remains critical for protecting and enhancing the long-term value of CIPF's portfolio.

Identification and Assessment of Sustainability and Climate-Related Risks and Opportunities

During the year, CIPF completed a detailed assessment of physical and transition climate risks, marking a significant advancement in its risk identification and assessment processes, see detail above. In addition, CIPF's net zero dependencies were mapped out, these identify key external commitments that CIPF is reliant on in order to decarbonise by 2050.

The Board maintains overall responsibility for overseeing sustainability and climate-related risks and opportunities. CIPF's Investment Manager and Property Manager continues to report to the Board on key ESG performance indicators and issues across the portfolio, including metrics on energy usage, GHG emissions, water usage, waste management programs, and compliance with health and safety regulations.

CIPF's Property Manager regularly engages with tenants through meetings and surveys to gather input on their sustainability priorities and interests. The Property Manager also consults local communities when evaluating potential development projects, partnerships, and community initiatives.

Prioritisation of Sustainability and Climate-Related Risks

The Fund continues to demonstrate a strategic prioritisation of sustainability-related risks through:

- Regular monitoring and reporting of ESG issues to the Board, with emerging risks like climate change being closely tracked.
- Active engagement with the ESG Consultant to ensure the Board stays abreast of the latest sustainability risks relevant to its portfolio.
- Significant attention to climate change risks, as evidenced by the detailed climate risk assessments conducted for 100% of its properties..
- Integration of ESG commitments and objectives into its business strategy, with the Board maintaining oversight of ESG policies and reporting.

Monitoring Sustainability and Climate-Related Risks

CIPF has enhanced its monitoring of sustainability-related risks in 2024. The Fund has implemented a periodic review that correlates to the annual reporting period to monitor these risks. This aligns with CIPF's plan to review and update its climate-related risk register annually, correlating with the entity's external reporting on risks.

The Board has maintained regular oversight of ESG reporting provided by the ESG Consultant. The key metrics measured include energy consumption, GHG emissions, compliance with evolving regulations, and other relevant risks across its portfolio.

CIPF's regular engagement with the ESG Consultant

continues to provide an independent perspective on whether emerging regulatory, technology and market trends are altering the level of sustainability-related risks. The Property Manager

maintains regular check-ins and meetings with tenants to gather feedback on ESG priorities and interests.





Metrics & Targets

Metrics

Environmental Metrics

CIPF continues to manage its property portfolio to promote environmental and social outcomes. The Fund maintains its commitment to measuring progress through a materiality assessment referencing sustainability regulations and real estate guidance. The material metrics, adopted as part of the Board's approval of the ESG policy, continue to guide CIPF's sustainability efforts.

The ongoing monitoring of sustainability factors is crucial for CIPF to understand its impacts, identify priorities, and drive improvement. Despite the challenges presented by long-term tenancies in obtaining comprehensive performance data, CIPF has made significant progress in data collection and analysis throughout 2024.

CIPF's property portfolio spans three locations: Guernsey, Jersey, and Isle of Man. The Fund quantifies and discloses its GHG emissions across these properties as illustrated in the figure below:



19.37 kgCO₂e/sqm
(2023: 26.5 kgCO₂e/sqm)



3.56 tCO₂e/million
GBP of current value of all investments (2023: 4.86)

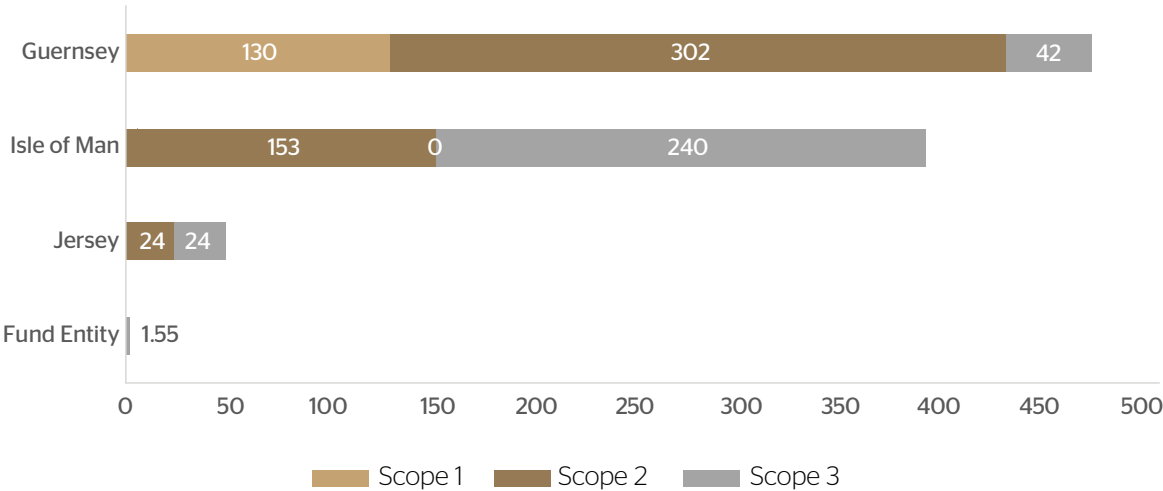


156 kWh
of **Energy Consumed** per square meter (2023: 158 kWh/sqm)



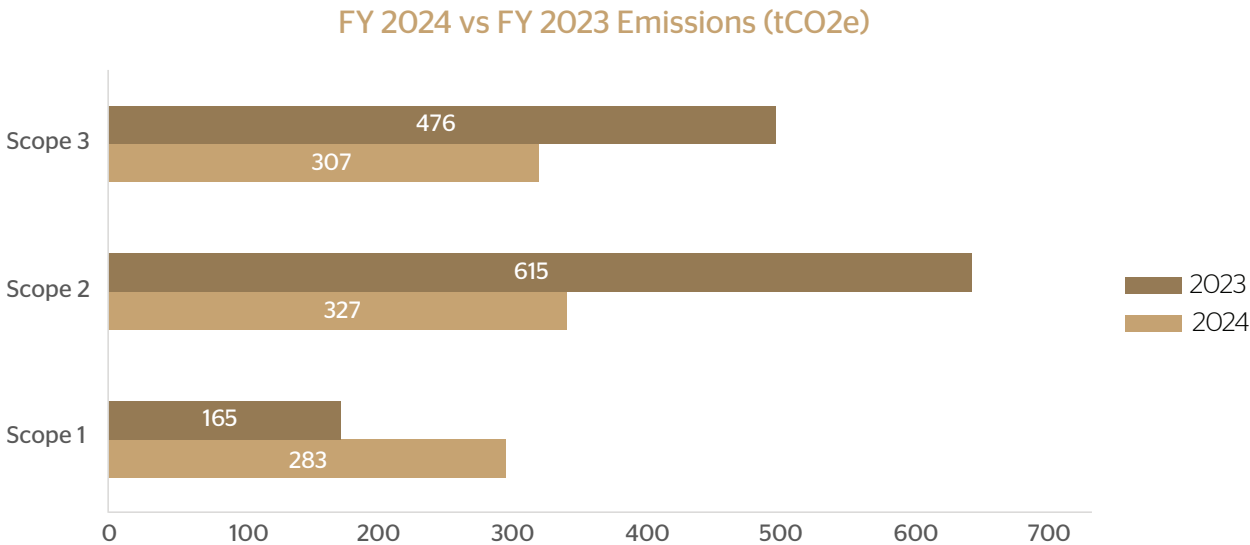
Total GHG Emissions:
917.26 tCO₂e (2023: 1,256 tCO₂e)

Emission Breakdown (tCO₂e)



The emissions calculation methodology adheres to the Greenhouse Gas Protocol. Scope 1 emissions are derived from fuel consumption data and emission factors from DEFRA's 2024 UK Government GHG Conversion Factors for Company Reporting and country-specific sources. Scope 2 emissions apply location-based grid factors, while Scope 3 emissions utilise activity data and emissions factors. The graph presents a look-through basis of emissions for both properties and the Fund, with all property

emissions categorised as Scope 3 Category 15 for CIPF. This approach provides a more insightful understanding of the split between scopes 1-3 at the property level. The variations in emissions between locations reflect the differing levels of control CIPF has over building consumption activities and the technical characteristics of heating systems. Multi-let tenancies typically afford CIPF greater control over communal areas.



The comparison shows a variation in GHG emissions between the 2023 financial year reporting period and the 2024 financial year. These changes across all scopes are attributed to improved data availability, enhanced data quality and the use of updated localised emission factors.

Social Metrics

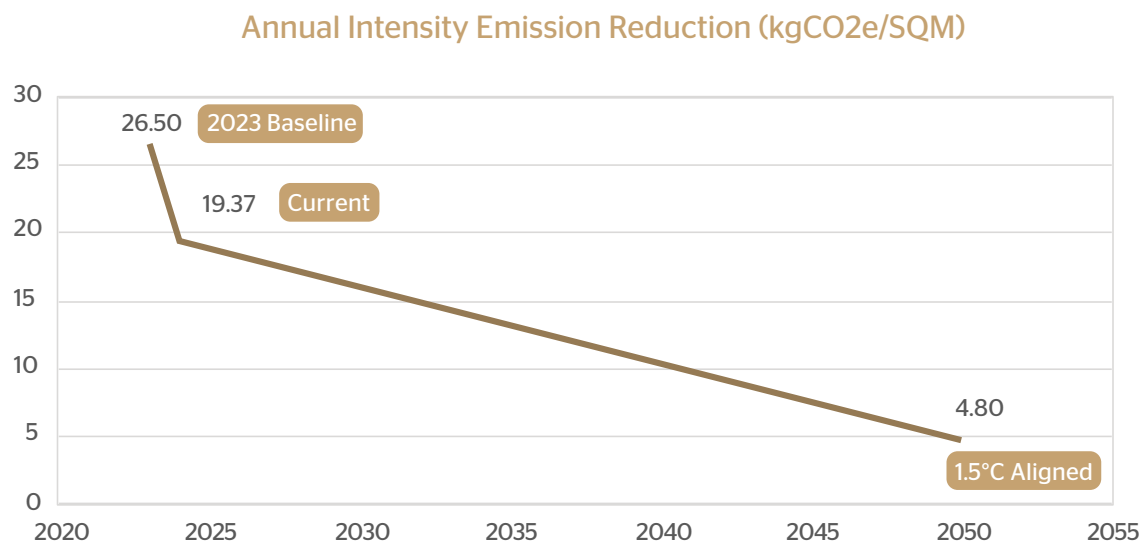
Alongside its environmental initiatives, CIPF maintains a strong focus on social responsibility, as reflected in its key social indicators for 2024. The Fund's commitment to diversity at the highest levels of governance is evident in its Board composition, with 25% of Board members being female, which remains unchanged from the previous year. In terms of operational safety, the Fund reports zero accidents among contractors in 2024, highlighting the effectiveness of its safety protocols and risk management practices. Furthermore, the integration of sustainability into core governance processes is reflected in the discussion of ESG

matters at four board meetings throughout the year. This regular engagement at the board level underscores the strategic importance CIPF places on sustainability and ESG considerations in its overall business strategy and decision-making processes.

Net Zero Strategy

In 2024, CIPF undertook two significant studies to chart its course towards net zero emissions: a decarbonisation study and a net zero dependencies analysis. These complementary studies employed tools and methodologies to provide a holistic view of CIPF's sustainability journey. The decarbonisation study utilised the Science Based Targets Initiative ('SBTi') tool, which incorporates data from the IPCC. This tool enabled CIPF to model temperature scenarios and align its emission reduction pathway with the Paris Agreement's 1.5°C goal. For the net zero dependencies analysis, CIPF employed a comprehensive framework that assessed both

internal and external factors influencing its decarbonisation pathway. This framework considered grid decarbonisation plans in relevant jurisdictions, the lifecycle of current heating systems, and potential technological advancements in building energy efficiency. Together, these tools provided CIPF with a robust analytical foundation for its net zero strategy.



The decarbonisation study established an emission intensity of 19.37kgCO₂e/sqm for the portfolio in 2024 (Baseline 2023: 26.5 kgCO₂e/sqm), projecting a reduction to 4.8kgCO₂e/sqm by 2050, targeting an 83% intensity reduction. The 2024 emission intensity figure reflects significantly enhanced data quality, with improved data coverage across all relevant activities and the inclusion of additional emission sources such as well-to-tank emissions, resulting in a more comprehensive and accurate assessment of the portfolio's carbon footprint.

The net zero dependencies analysis provided more profound insights into the pathway to achieve these reductions. It highlighted crucial external factors, particularly the decarbonisation of local electricity grids in Guernsey, Jersey, and the Isle of Man. The study identified two key reduction steps: grid decarbonisation, especially in the Isle of Man where a 75% renewable electricity generation target is set for 2035, and the electrification of gas-based heating systems by 2039. These steps are crucial in achieving the projected emissions reductions outlined in the decarbonisation study. These comprehensive analyses provide CIPF with a clear, strategic roadmap for its net zero

journey, balancing internal actions with external dependencies and highlighting the need for ongoing reassessment and adaptation to evolving climate science and local energy policies.

Future Focus

The formalisation of sustainability policies and reporting remains a key focus for CIPF. The Fund is committed to high-quality data collection through close engagement with external partners, enabling accurate measurement and oversight of environmental and social impacts.

While the data has not undergone independent verification or audit, it has been prepared by the ESG Consultant, a third-party specialist. This involvement provides an additional layer of rigour to the reported figures.

CIPF's ongoing commitment to measuring, understanding, and targeting sustainability factors aims to reduce environmental impacts and risks, thereby enhancing the long-term performance of its property portfolio.

Appendix I: Flood Risk Assessment

This section includes the detailed flood risk assessment conducted for each jurisdiction in which CIPF operates.

Jersey

The 2021 Jersey Strategic Flood Risk Assessment ("SFRA") conducted by AECOM Infrastructure & Environment UK Limited for the Government of Jersey provides a comprehensive evaluation of flood risks across the island. The assessment employs detailed modelling and historical data to categorise flood risks while incorporating climate change projections up to 2120.

For coastal flood risk, the assessment models three future periods (2040, 2070, and 2120) and is particularly relevant for CIPF's waterfront properties - 17a/18 Esplanade, Liberation House and Windward House. These properties are well-protected by coastal defenses, with the SFRA confirming that flood water is effectively restricted to the coastline and flooding would only occur in the unlikely event of defense overtopping. While the assessment considers a projected sea-level rise of 0.83m by 2120 under the Intergovernmental Panel on Climate Change ("IPCC") RCP8.5 scenario, these risks are actively managed through the St Helier Shoreline Management Plan's adaptive management strategy. This includes regular defense maintenance, strategic pumping stations, and a framework for infrastructure improvements, ensuring long-term flood risk remains well-controlled. The inland flood risk analysis, which considers current scenarios (1 in 30, 1 in 100, and 1 in 1000-year events) with climate change uplifts of 20% and 40%, is particularly relevant for CIPF's inland property at 18-22 Grenville Street. This property shows a lower risk profile, though it maintains some exposure to surface water flooding during intense rainfall events.

Importantly, all CIPF properties benefit from the West of Albert pumping station, which manages surface water in central and eastern St Helier. The current drainage infrastructure can handle 1 in 1-year events, though there may be limitations during more extreme scenarios.

The SFRA outlines several practical management approaches relevant to these properties, including property-specific flood evacuation plans, regular drainage system maintenance, implementation of Sustainable Drainage Systems ("SuDS") where feasible, and consideration of flood-resistant materials for ground-floor areas. These insights are particularly valuable as they allow CIPF to plan a proactive approach to climate resilience while maintaining the strong commercial positioning of its Jersey portfolio.

Guernsey

The 2012 Guernsey Coastal Defences Flood Risk Assessment Study provides a comprehensive analysis of coastal flooding risks around Guernsey, offering valuable insights for property stakeholders on the island.

The study employed a robust three-model methodology spanning a 100-year timeline: MIKE21 for offshore wave modeling, AMAZON for wave overtopping calculations, and TUFLOW for flood inundation mapping. The assessment examined flood risks across various return periods (1, 10, 50, 100, and 250 years) while incorporating climate change projections through different periods (present day, +20, +50, and +100 years). The analysis covered seven coastal units, with particular relevance to CIPF's portfolio being the Belle Greve Bay and St Peter Port areas.

Regarding CIPF's properties, four assets (Regency Court, Gategny Court, Royal Chambers & The Rotunda, and Royal Bank Place) are located in St Peter Port, with Regency Court and Gategny Court situated along the Gategny Esplanade. The study's findings for Belle Greve Bay (which includes the Gategny Esplanade area) indicate sensitivity to extreme water levels, particularly during events greater than 1:50 year return periods. However, the analysis suggests that higher frequency flooding events (1:1 to 1:20 years) are currently manageable in this area. Potential mitigation measures outlined in the study include improving existing coastal defences and implementing strategic adaptation

options, which will be monitored by CIPF to ensure effective implementation and outcomes.

Isle of Man

The National Strategy Evidence Report on Sea Defences, Flooding and Coastal Erosion (2016) provides a comprehensive assessment of flood and coastal risks for the Isle of Man. The study evaluates risks across multiple time horizons: present-day (2016), near future (2036), medium-term (2066), and long-term (2116), offering a strategic perspective on evolving environmental challenges.

The methodology encompassed a detailed assessment conducted between November 2015 and May 2016, examining four risk categories: coastal flooding, fluvial flooding, surface water flooding, and coastal erosion. The analysis divided the island into 676 1km grid squares and evaluated impacts on property damages, critical assets, infrastructure, and environmental sites, leading to the identification of priority risk areas requiring attention over different time periods.

Regarding CIPF's properties in Douglas, the study's findings suggest varying levels of potential exposure, though notably at a town-level rather than property-specific scale. Fort Anne, overlooking Douglas Bay, falls within Action Area A3 (Douglas Bay), where risk is assessed as moderate in the present day but could increase to high by the 2060s. The primary concerns for this area include wave overtopping and still water level flooding, though the report indicates that current evidence for immediate risks is limited, noting "no records of properties at risk and limited history of flooding" in such coastal areas. For Vicarage House and First Names House, located in business park settings, the study indicates that surface water flooding represents the main consideration. However, the report explicitly states that while surface water mapping "highlights properties at risk that are located in dips and hollows, it does not necessarily mean that they will flood during periods of high/intense precipitation."

CIPF has incorporated the findings of this report into the asset level flood protection plans.



Appendix II: Transitional Risks and Opportunities Assessment

The following assessment outlines key policies across Guernsey, Jersey, and the Isle of Man that are likely to impact CIPF's operations.

Region	Policies	Description	
Guernsey	Guernsey Energy Policy 2020-2050	This policy sets out Guernsey's long-term energy strategy, aiming to achieve net zero carbon emissions by 2050. It focuses on decarbonizing the energy sector, improving energy efficiency, and promoting renewable energy sources.	
		Transition Risks: 1. Increased costs for retrofitting existing buildings to meet new energy efficiency standards 2. Potential restrictions on high-energy consuming properties 3. Higher operating costs due to carbon pricing mechanisms	Transition Opportunities: 1. Increased demand for energy-efficient commercial properties 2. Potential for onsite renewable energy generation in CIPF properties 3. Enhanced property values for buildings meeting or exceeding energy standards
	Guernsey Green Finance Strategy	Launched in 2018 and continually updated, this strategy aims to position Guernsey as a leading green finance center.	
		Transition Risks: 1. Increased scrutiny from investors on CIPF's environmental performance, potentially affecting capital raising 2. Risk of losing investors if CIPF's sustainability practices lag competitors 3. Potential challenges in securing financing for properties not meeting green standards, affecting CIPF's growth strategy	Transition Opportunities: 1. Potential to access new pools of capital by aligning CIPF with green finance principles 2. Chance to enhance CIPF's reputation and potentially its valuation by becoming a leader in sustainable property investment
Jersey	Jersey Carbon Neutral Strategy	Adopted in 2019 and updated in 2022, this strategy outlines Jersey's plan to become carbon neutral by 2030. It includes measures for sustainable transport, energy-efficient buildings, and renewable energy adoption.	
		Transition Risks: 1. Stricter building regulations affecting renovation and new development costs 2. Potential carbon taxes impacting operational expenses 3. Possible reduction in tenant demand for properties not aligned with the strategy, affecting CIPF's occupancy rates	Transition Opportunities: 1. Potential for CIPF to benefit from government support for sustainable property development in Jersey 2. Chance to position CIPF as a leader in sustainable commercial real estate in Jersey 3. Opportunity to acquire cutting-edge, low-carbon properties, potentially yielding higher returns
Isle of Man	Isle of Man Climate Change Act 2021	This act provides a legal framework for the Isle of Man's climate action, including setting interim targets for GHG emissions reduction.	
		Transition Risks: 1. Increased regulatory compliance costs for CIPF's Isle of Man properties 2. Potential for new taxation on high-emission properties, impacting CIPF's returns 3. Risk of decreased demand for properties not meeting new climate-related standards, affecting CIPF's occupancy rates	Transition Opportunities: 1. Potential for CIPF to benefit from government incentives for early adoption of climate-friendly practices 2. Chance to attract environmentally conscious tenants to CIPF's Isle of Man properties, potentially at premium rents 3. Opportunity for CIPF to develop expertise in climate-resilient property management, potentially expanding its market share

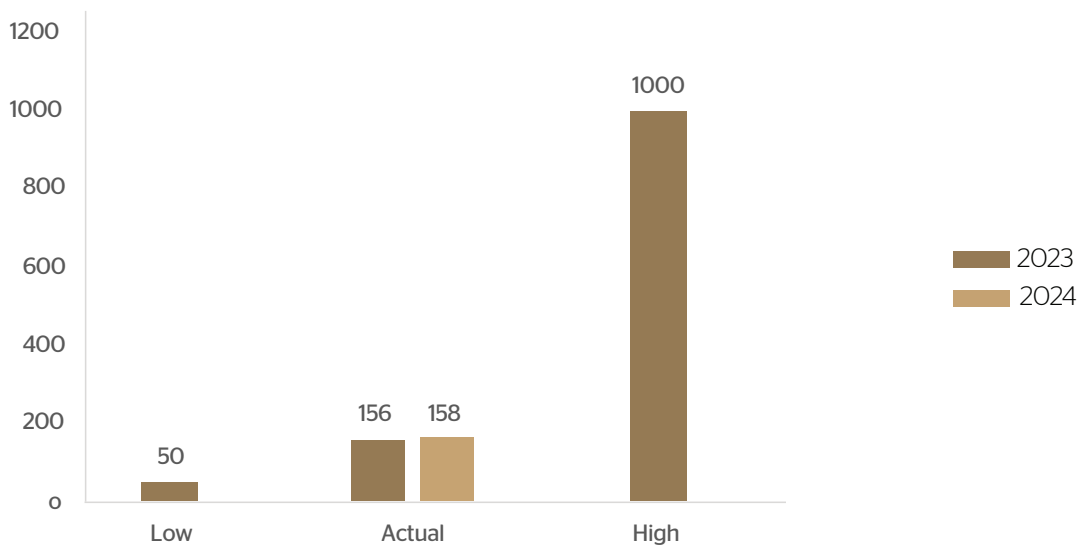


Appendix III: Performance Analysis

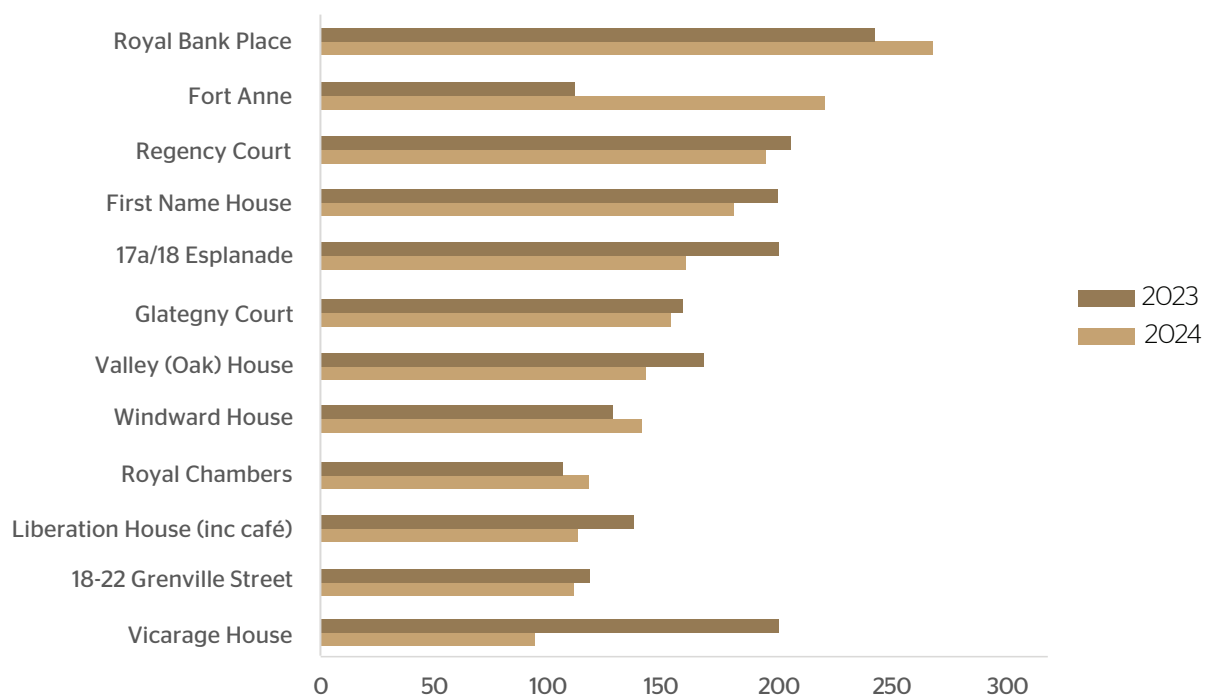
Energy Use Intensity (EUI)

In the real estate sector, operational GHG emissions are primarily driven by energy consumption. The industry standard for measuring this is the weighted average EUI expressed in kWh/sqm. CIPF's portfolio performance is benchmarked against the Real Estate Environmental Benchmark (REEB) data set:

Weighted Average EUI (kWh/sqm)



Building EUI (kWh/sqm)



The current weighted average EUI for CIPF's portfolio stands at 156 kWh/sqm (2023: 158 kWh/sqm). This figure demonstrates the ongoing energy efficiency of CIPF's buildings, with the portfolio performing in the top quartile of energy efficiency according to REEB data.

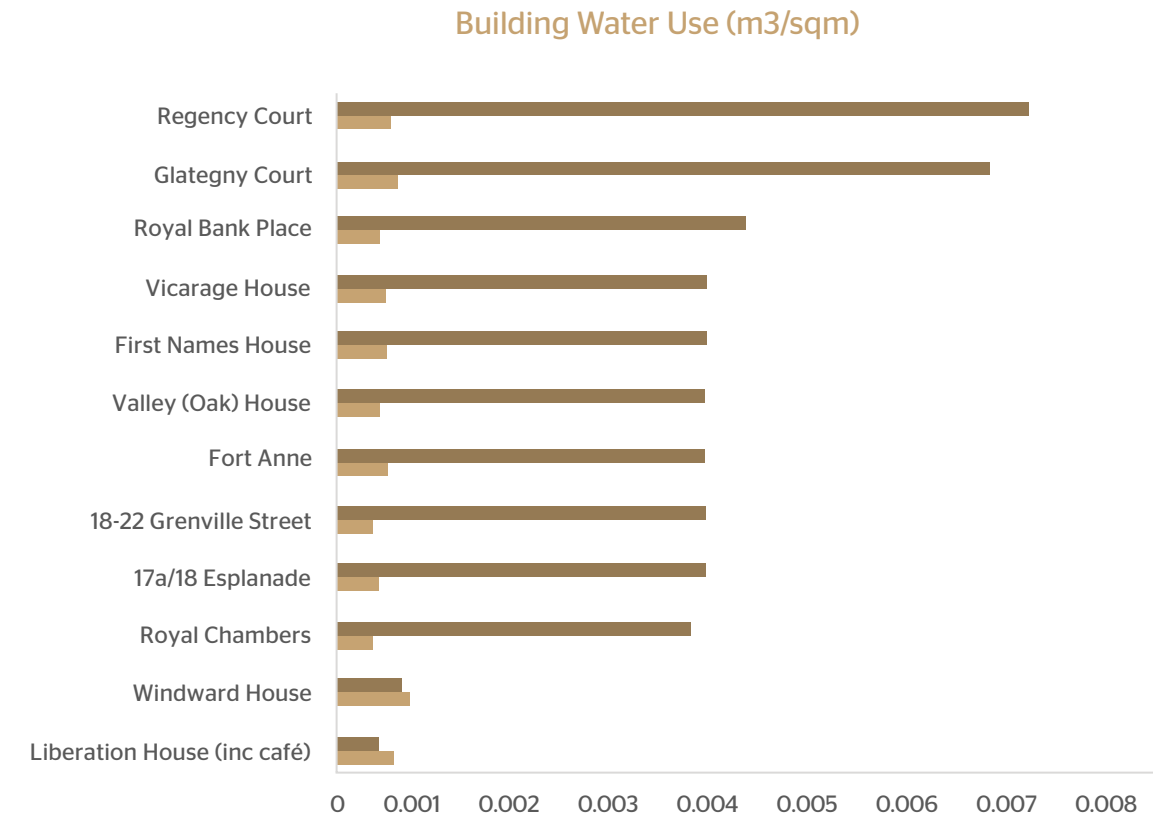
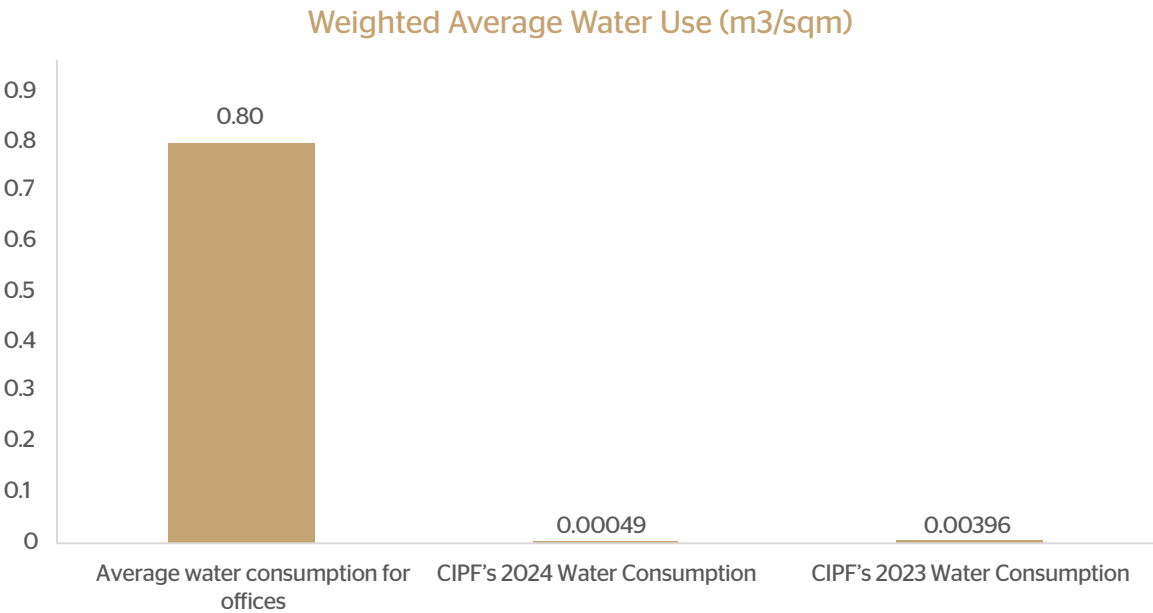
Water Consumption

Water consumption monitoring remains a key focus across CIPF's properties:

- Guernsey: 0.0051 (2023:0.011 litres per million

- GBP of revenue)
- Jersey: 0.0070 (2023: 0.007 litres per million GBP of revenue)
- Isle of Man: 0.0044 (2023: 0.012 litres per million GBP of revenue)

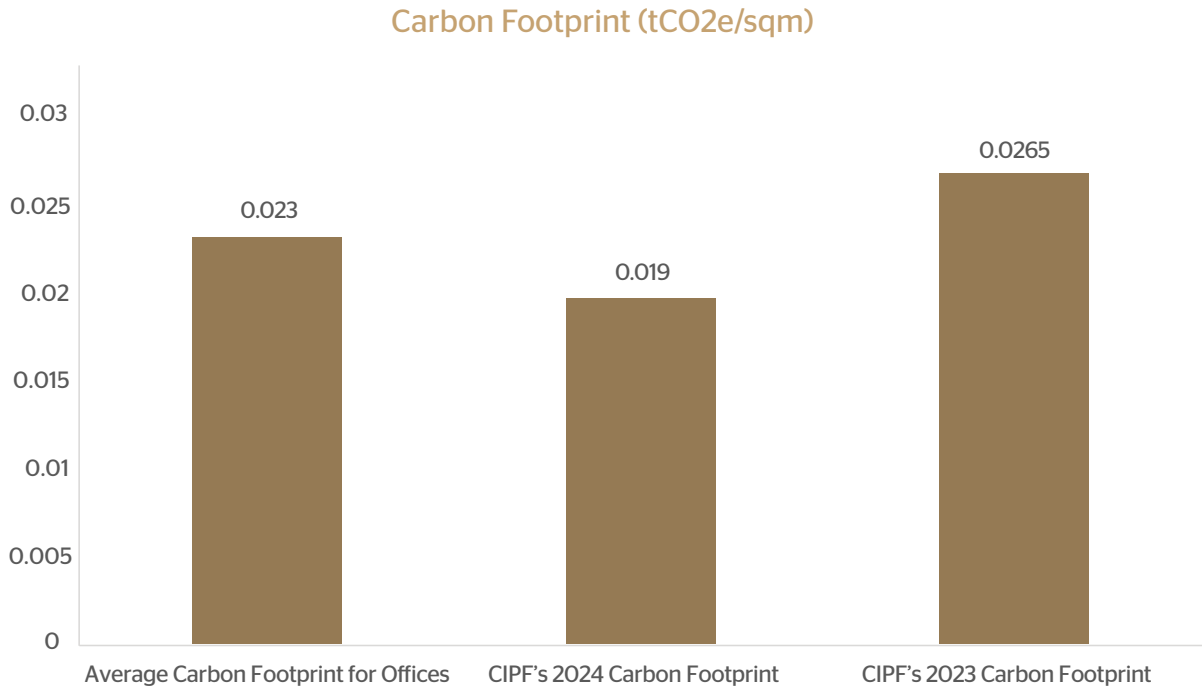
The decrease in reported water consumption is attributed to the transition from estimated figures in 2023 to actual, measured data in 2024. This change in data collection methodology has provided a more accurate representation of water usage, revealing that previous estimates were higher than actual consumption.



CIPF's water consumption of 0.0005 m3/sqm/year (2023: 0.0039 m3/sqm/year) significantly outperforms the industry average of 0.8 m3/sqm/year for offices, as reported by the European Real Estate Association ('EPRA'). This exceptional performance demonstrates CIPF's highly effective water management practices. Such efficiency reduces environmental impact, saves costs, and enhances water scarcity resilience.

Carbon Footprint

CIPF's 2024 carbon footprint of 0.0193tCO2e/sqm (2023: 0.0265) tCO2e/sqm) compares favourably to the industry average of 0.023 tCO2e/sqm for offices, as reported by GRESB.



This performance indicates that CIPF's properties are more carbon-efficient than typical office buildings. While this is a positive result, it also

highlights the potential for further improvements to position CIPF as a leader in low-carbon real estate.



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