CIPF

CHANNEL ISLANDS PROPERTY FUND

CHANNEL ISLANDS PROPERTY FUND LIMITED

ANNUAL REPORT & AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2020

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For the year ended 31 October 2020

GENERAL INFORMATION

DIRECTORS:	Shelagh Mason Steve Le Page Paul Le Marquand Paul Turner	
REGISTERED OFFICE:	PO Box 656 East Wing Trafalgar Court Les Banques St Peter Port Guernsey Channel Islands GY1 3PP	
INVESTMENT MANAGER:	Ravenscroft Specialist Fund Management Limited PO Box 222 20 New Street St Peter Port Guernsey Channel Islands GY1 4JG	(From 1 June 2020)
	Ravenscroft Limited PO Box 222 20 New Street St Peter Port Guernsey Channel Islands GY1 4JG	(To 31 May 2020)
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	

GENERAL INFORMATION (CONTINUED)

REGISTRAR:	Link Market Services (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampsons Guernsey Channel Islands GY2 4LH
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
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 70 St Mary Axe London EC3A 8BE

COMPANY SUMMARY

Channel Islands Property Fund Limited (the "Company" or "CIPF" 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 (2019: 159,892,798) ordinary shares were admitted to the Official List of The International Stock Exchange ("TISE") as at 31 October 2020.

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 shareholders with a total return from a combination of quarterly dividends and capital growth through the acquisition and active asset management of Grade A office properties in the Channel Islands and the Isle of Man.

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 2020

At the onset of the financial year, the largest looming clouds on the domestic real estate market horizon were the upcoming UK General Election and the ongoing Brexit saga. A matter of months later and the world was in the grip of a global pandemic, resulting in economic paralysis, with vast numbers of people under varying degrees of lockdown restrictions, practising social distancing, and governments around the world increasing debt to previously unimaginable levels to support economies.

The authorities in the jurisdictions in which CIPF operates adopted differing approaches in response to the pandemic, with both Guernsey and the Isle of Man keeping borders closed for longer so as not to overwhelm their respective health services with Jersey opening earlier, partly as a consequence of the construction of additional hospital facilities, and allowing relatively free movement of individuals, subject to COVID testing on arrival.

The Isle of Man and Guernsey were relatively virus free for a number of months over the summer and developed an air bridge to allow travel directly between the two islands. This travel corridor was closed in the autumn, as Guernsey saw a small number of initially untraced cases. Jersey experienced an increase in cases in November and December resulting in a closure of bars, restaurants and non-essential retail until January 2021 and the re-introduction of the advice to work from home where possible, but stopping short of a full lockdown. At the time of writing, there are around 300 active cases on the island.

The Isle of Man re-introduced lockdown measures on 7 January 2021 for a 21 day period following the identification of two clusters of individuals testing positive, and in Guernsey, whilst the total number of cases remains low, the States have advised against all but essential travel to the island, in light of the new UK and South African strains of the virus.

A number of companies have successfully trialled vaccinations and have received regulatory approval to their use in the general population. Vaccination programmes have commenced in all three islands.

Whilst this is undoubtedly a positive development, the economic impact of the virus is likely to be felt for a considerable period. Increased unemployment, government borrowing and reducing tax receipts will present future challenges, the impact of which is difficult to judge at the present time.

In property terms, at the beginning of lockdown, around £23 billion of UK property assets in open ended funds were gated by fund managers, preventing investors from selling, citing material uncertainty in valuation of the underlying properties. Many of these funds own a diversified portfolio across a range of sectors including those which have suffered disproportionately from a value perspective, including; high street retail, shopping centres, retail warehouse parks, hotels, pubs, restaurants and cinemas.

In the UK, the Government suspended commercial and residential evictions, initially until the end of June 2020 and subsequently until 31 March 2021. The result of this has been mass scale non-payment of rents, notably in the sectors listed above, as companies and individuals hold cash to remain afloat and in some instances even in well capitalised businesses.

In the Channel Islands and the Isle of Man, equivalent legislation was not introduced although property owners were encouraged to work with tenants in difficulty where it was possible to do so.

Tenants of CIPF properties were ordered home in March 2020 and largely did not return until the end of June 2020 at the earliest with the majority opting to split teams into two and working alternate weeks from the office, or prioritising those who were having difficulty in working from home. Some, notably those with UK or overseas parent entities, continued to advise staff to work from home. As noted above, in Jersey and the Isle of Man the authorities are currently advising people to work from home where possible and as such offices in these jurisdictions are largely empty or running on a skeleton staff.

CHAIRMAN'S STATEMENT (CONTINUED)
For the year ended 31 October 2020

The majority of our occupiers, due to the nature of their businesses were and still are, for the most part, able to work successfully from home and as a result it is extremely satisfying to note that rents have been (and continue to be) paid as they fall due, ensuring consistency of the Company's income, allowing it to continue to pay the quarterly dividend to shareholders, in an environment when investor returns were down across the board.

There has been a great deal of speculation on the future of offices, especially in major conurbations, where long daily commutes are commonplace, and technology has developed to allow staff to work successfully from home. On the one hand, multi-national companies are allowing staff to work from home indefinitely and on the other, a number of studies have shown that productivity fell during the initial lockdown period in the UK.

From discussions with the Company's tenants throughout the course of the year, it is clear that the commonly held view is that the office environment is important from corporate culture, training and mentoring perspectives. Whilst employers are being more flexible, most are in favour of staff returning to work in an office based environment. With mental health being high up the agenda for most employers, the advantages of a collegiate environment, particularly for younger staff, are becoming apparent.

In times of market uncertainty, investors, as they did in the aftermath of the 2008/9 crash, turn increasingly to assets which are let on long leases, to quality tenants. This flight to quality has seen certain office and industrial properties (particularly the sub-set of logistics specialising in online deliveries) experiencing a positive re-rating with yields compressing as investors compete for these assets. This is reflected in the increased valuation of the portfolio at the year-end compared with the previous year, validating the strategy of acquiring quality assets let to financially robust tenants.

The Investment Manager ("IM") has noted requirements from investors seeking to invest an aggregate c.£100 million in commercial property in the Channel Islands, a number of whom are UK based and have never invested in the islands previously. Guernsey, in particular, has earned plaudits for its handling of the crisis and this has raised its profile, particularly in the UK. It is also notable that both open and local market residential sales have been extremely buoyant in the second half of the year with an influx of new buyers predominantly from the UK.

This year has been an exceptionally busy one for the board and the IM, involving the sale of two properties from the portfolio, the addition of two others, lease extensions, rent reviews and refurbishment projects. The property manager, D2 Real Estate has played an especially important role in communication with the tenants and ensuring the buildings themselves were compliant with local rules and regulations as different phases of the response to the virus were implemented. It has been very encouraging for the board to receive such positive feedback from the tenants in relation to the property manager's performance.

The sale of Carey House completed in February 2020, at a premium to book value to a locally based family office. The lease length had fallen below 10 years and it is a key metric for the company to continue to increase the WAULT (the average lease length across the portfolio). In May 2020, Bucktrout House was sold, again at a premium to book value to a locally based business.

The proceeds from these sales together with an increase in the bank debt funded the acquisitions of two properties, one in Guernsey and one in Jersey.

In July, the Company purchased Valley House, subsequently re-named Oak House, in St Peter Port, from a private investor for £7.7 million. The property, totalling 14,782 sq.ft. had been the subject of a £2.2 million refurbishment, and is let to Oak Group Limited for 15 years with no breaks.

CHAIRMAN'S STATEMENT (CONTINUED)
For the year ended 31 October 2020

In September, the Company acquired Specular Limited, a special purpose company which owns 18 – 22 Grenville Street in St Helier. The property is let to Mourant (Grenville Street) Limited, guaranteed by Mourant LP, for 15 years with no breaks.

The Company is now fully invested once again with a WAULT of 13.41 years at the year-end.

Lockdown caused almost all of the leasing and lease re-gear discussions with occupiers to be paused and refurbishment projects to be put on hold, causing a delay to re-fitting the vacant office space at Royal Bank Place, which was completed in December 2020. Total vacancy in the portfolio at year-end was less than 4% of the total floor area.

At Liberation House, a lease has been extended to provide an additional 7 years of income and a new lease has been entered into for a term of 9 years.

The letting market has seen reduced activity in the year with many occupiers choosing to extend leases in existing premises rather than relocate. Anecdotally it appears that total space requirements for occupiers has reduced from levels reported earlier in the year.

In Guernsey, Comprop is developing No. 1 The Plaza, at Admiral Park. The building is 30,870 sq.ft. and the majority of space has been pre-let to Bank Julius Bär. The same developer has also commenced construction of a new office building at Rue Marguerite. This development will provide 18,386 sq.ft. of Grade A accommodation in St Peter Port and has been partially pre-let to Grant Thornton.

In the Isle of Man, the market remains stable with little in the way of new development either in Douglas or in the main business parks. Prime rents are increasing slowly with new lettings at 55 Atholl Street reflecting rates of £23 per square foot.

Jersey has seen a tail off in both new developments and lettings following record years in 2018 and 2019. Rental growth for existing stock is incremental and reflected in the rent reviews that have occurred in the portfolio.

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 each property with a view to increasing lease lengths and rental income whilst 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/or lease expiry profiles no longer meet the investment criteria. The Board re-visits strategy formally on an annual basis, but is always adaptive and fleet of foot as has been demonstrated in this very challenging year.

CHAIRMAN'S STATEMENT (CONTINUED)
For the year ended 31 October 2020

Environmental, Social and Corporate Governance ("ESG") are increasingly important factors for many investors and the Company has undertaken a review of its own activities against this backdrop. We seek to positively impact the communities in which we operate using local contractors where possible and undertaking initiatives such as installation of defibrillators in two of our multi-let office buildings in Guernsey. ESG considerations are included in the due diligence process when acquiring new properties and in the quarterly review of the existing portfolio. The company has a stated ESG policy communicated to all of its suppliers and fully integrated into our procurement process. The board adopts high standards of governance and risk management, including emerging risks through climate change and will continue to do so as the Crown Dependencies move towards net zero and we all play our part.

May I take this opportunity to thank shareholders for their continued support throughout the year as we look forward to 2021 and the world's economies strive to recover.

Shelagh Mason
28 January 2021

INVESTMENT MANAGER'S REPORT
For the year ended 31 October 2020

During the year, the Investment Manager has been active across all aspects of the portfolio, selling two properties in Guernsey, acquiring two new assets, one in each of Guernsey and Jersey, re-negotiating the Company's borrowing facilities, agreeing a majority of the outstanding rent reviews to achieve increases in income in each case, and removing lease breaks or agreeing new leases.

The programme of refurbishment and planned preventative maintenance works, an essential aspect of our portfolio management, across the portfolio has continued, although lockdown has impacted completion of some of the projects.

Following the sale of Carey House and Bucktrout House and the acquisitions of Oak House and 18 – 22 Grenville Street the Company owns 12 Grade 'A' office properties let to 23 tenants across all of the main financial, regulatory and support sectors. The total floorspace now stands at 517,436 sq.ft. with annual contracted rent (including those leases where there are rent-free periods) of £18,059,804. The portfolio (by value) comprises, Guernsey 62.98%, Jersey 24.90% and Isle of Man 12.12%.

Direct comparison of the individual properties in the portfolio at the 2019 year end and the cost of the newly acquired properties during the year, results in an uplift in value equating to 2.68%.

In the period, the Company's debt increased from £105,000,000 to £120,000,000, with the additional borrowings applied to fund the Grenville Street acquisition. The loan to value is 44.2% against a covenant of 55.0%. The bank debt has been extended until 2025 at a margin of 2.25%. £40.0 million of the loan total is fixed at 0.54% plus margin until March 2021 and the remainder is floating at 3 month LIBOR plus margin.

The weighted average unexpired lease term to lease expiries is 13.41 years and 9.21 years to break options, assuming all are exercised.

Over the last 12 months, 8 out of 14 rent reviews were settled resulting in rental increases in each case. The majority of those outstanding are linked to asset management plans. In the next 12 months a further 2 reviews will become operative.

The Company has 19,700 sq.ft. of space available to let in St Peter Port, at Royal Bank Place and Regency Court. A further 5,726 sq.ft. will become available in June 2021 as a lease at Regency Court expires with the relocation of the occupier to Oak House. Encouragingly, toward the end of 2020 heads of terms were issued to two companies for the majority of the space. This may or may not lead to new lettings.

There are continuing conversations with occupiers regarding removal of break options, new leases and rent reviews, which, if successful, will further increase the contracted rent and average lease length.

In St Peter Port, St Helier and Douglas the letting markets remain in a weakened condition with new lease agreements down from the previous year due to the pandemic. Where demand exists it pre-dominantly arises from leases expiring and/or the consolidation of operations from multiple sites to a single location.

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 October 2020

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 shareholder returns.

Ravenscroft Specialist Fund Management Limited
28 January 2021

BOARD OF DIRECTORS
For the year ended 31 October 2020

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

Mrs. Shelagh Mason, is a solicitor specialising in English commercial property, who retired as a consultant with Collas Crill LLP on 31 October 2020. She is also non-executive chairman of Riverside Capital PCC, sits on the board of Skipton International Limited, a Guernsey licensed bank, and is a non-executive director of The Renewables Infrastructure Fund, a FTSE 250 company. She has this year taken up non-executive positions with two further London listed companies; Ruffer Investment Company Limited and Starwood European Real Estate Finance Limited. Previously Mrs. Mason 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. She 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 a resident of 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 2020

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. Mr. Turner worked in the Folkes Group of companies (the “Folkes Group”) for over 25 years. Joining the finance function whilst the Folkes 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 Folkes Group in 2002, he undertook the role of group finance director, moving to group managing director in 2009. Prior to Folkes Group, Mr. Turner held management and director roles at Morgan Stanley International, Cookson Group, Hillsdown Holdings and Evered Holdings. Mr. Turner 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. Mr. Turner is also experienced in managing structural changes in corporations to maximise returns for stakeholders. Currently, Mr. Turner 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. The Board considered whether Mr. Turner’s appointment to an additional Ravenscroft fund would result in a conflict and concluded that the shareholder base and investment objective of the two funds differed and therefore there would be no conflict.

DIRECTORS' REPORT

For the year ended 31 October 2020

The Directors submit their Annual Report and Audited Consolidated Financial Statements (the "Consolidated Financial Statements") of Channel Islands Property Fund Limited (the "Company" or "CIPF") and its subsidiaries (together the "Group") for the year ended 31 October 2020, 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 (the "Law").

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.

The 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 Law. 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 Company's 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 auditor is 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 auditor is aware of that information.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 October 2020

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 updated AIC Code of Corporate Governance issued in 2019 (the "AIC Guide") for Investment Companies in the preparation of these Consolidated Financial Statements. The AIC Code of Corporate Governance (the "AIC Code"), 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. 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.

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.

The Company is an externally managed investment company, has no employees, and as such is operationally quite simple. The Board does not believe that the Company has any material stakeholders other than those set out in the following table.

Stakeholder	**Engagement process**	**Rationale and example outcomes**
Investors	Annual General Meeting Frequent meetings with investors by the Corporate Broker and the Investment Manager and subsequent reports to the Board Quarterly factsheets	Clearly investors are the most important stakeholder for the Company. Most of our engagement with investors is about "business as usual" matters, but in the past has also included discussions about fund raising. In addition, the Board has focussed on valuation of the property portfolio, a key priority for shareholders. As a result, it was decided to focus on asset management of the properties to regear leases and maximise the open market value of the properties.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 October 2020

CORPORATE GOVERNANCE (CONTINUED)

Stakeholder	Engagement process	Rationale and example outcomes
Service providers	The main service providers – Ravenscroft, D2 and Aztec – engage with the Board in face to face meetings quarterly, giving them direct input to Board discussions. The Board also considers the interests of the Corporate Broker and RBSI as lender at each of its meetings. All service providers are asked to complete a questionnaire annually which includes feedback on their interaction with the Company.	The Company relies on service providers entirely as it has no systems or employees of its own. No major decisions were made by the Board which effected service providers in the year, although in the prior year the decision to change property manager was only made after due consultation of those impacted. The Board always seeks to act fairly and transparently with all service providers, and this includes such aspects as prompt payment of invoices.
Community and environment	The Company itself has only a very small footprint in the local community and only a very small impact on the environment. However, the property portfolio could have a significant environmental impact and the Board acknowledges that it is imperative that everyone contributes to local and global sustainability.	The Board, the property manager and the Investment Manager work together to ensure that environmental factors are carefully considered and reflected in all decisions, as outlined elsewhere in the document. An example of a resulting decision is the purchase of AEDs for each of our multi-tenanted buildings. Clearly the global COVID-19 pandemic has impacted on normal activities, but normally Board members and service providers do travel, partly to meetings in Guernsey, and partly elsewhere on Company business, but always only when the Board considers this essential for oversight purposes, to visit properties or to safeguard stakeholder interests. Otherwise, the Board seeks to minimise travel by the use of conference calls whenever good governance permits.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 October 2020

CORPORATE GOVERNANCE (CONTINUED)

Stakeholder	Engagement process	Rationale and example outcomes
Tenants	The Investment Manager and property manager meet regularly with tenants to discuss our plans for the properties and how they will impact upon tenants. Tenants views are then discussed in each quarterly Board meeting.	The value of underlying properties is driven by tenancies, and the Company also wishes to be perceived as a "good landlord". An example of how tenant's views are reflected in decision making arose during the major works at one of the Company's Jersey properties when major works were carried out to it. The contractors were instructed to minimise disruption to tenants (eg by weekend and evening working) and compensation for the remaining disruption was also offered. The COVID-19 pandemic and resulting government actions has impacted greatly upon our tenants activities, and the Board, through our property manager D2 has sought their views on all aspects of "good housekeeping" for our properties during these difficult times.

Engagement processes are kept under regular review. Investors and other interested parties are encouraged to contact the Company via Ravenscroft or Aztec on these or any other matters.

ACTIVITY

The Group's principal activity is that of investment in commercial properties located in the Crown Dependencies. Two properties in Guernsey were sold on 14 February 2020 and 7 May 2020 respectively. The proceeds from these disposals and an increase in the loan facility with Royal Bank of Scotland International Limited ("RBSI") were used to invest into the purchase of one property in Guernsey on 30 July 2020 and one property in Jersey on 4 September 2020.

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. The Directors consider and identify any emerging risks at their Board meetings. 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. During the year, an additional principal risk in relation to Coronavirus ("COVID-19") was identified. 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 2020

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)	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. The Administrator has thorough and well-practiced controls which are independently reviewed on an annual basis.
Political/Jurisdictional (Market)	Negative impact on the Group as a result of political actions e.g. changes in taxation, BREXIT or government actions.	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. At annual Strategy Days, the Board will consider and plan for potential outcomes.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 October 2020

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risk (in what way)	**Underlying cause of risk or uncertainty**	**Control or mitigation implemented**
COVID-19	COVID-19 has and continues to impact the wider global market. The immediate impact, continued and future uncertainty, and the currently unknown length and depth of the upcoming recession might all potentially impact the value of the real estate assets, the stability of tenants, the stability of the lenders and of the wider markets.	Comprehensive reports on the contingency plans put in place by the Administrator, Property Asset Manager and Investment Manager were received and considered by the Board at the outbreak of COVID-19. Ad-hoc Board meetings are held as required to discuss and consider the wider impact of COVID-19 and regular updates are provided by the Property Asset Manager on tenant discussions and the status of rent payments.

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 is exposed to movements in interest rates (on borrowings) and inflation (on expenses and the quantum of rental increases) which are more uncertain beyond a five-year period;

(ii) the Directors believe that a typical investor of the Company has an investment horizon of at least four years, and have therefore chosen five years to ensure their expectations are met; and

(iii) the Group's long-term forecast therefore covers a five-year period.

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 earlier in the Directors' Report 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 five-year forecast makes assumptions about the rate of rental growth, the proportion of rents due actually collected, expenditure, dividend levels and the resulting levels and timing of debt and equity capital required.

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 October 2020

VIABILITY STATEMENT (CONTINUED)

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 five-year period of their assessment, subject only to the success of a continuation vote by shareholders in 2023.

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 2019	31 December 2019	£0.0165	£2,638,231
31 January 2020	31 March 2020	£0.0165	£2,638,231
30 April 2020	30 June 2020	£0.0165	£2,638,231
31 July 2020	30 September 2020	£0.0165	£2,638,231
31 October 2020	31 December 2020	£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 31 October 2020 and on the date of this report the Directors held the following shares in the Company:

	31 October 2020	31 October 2019
Mrs S. Mason	63,500	63,500
Mr S. Le Page	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.

DIRECTOR INDEPENDENCE

Mrs Mason satisfies all of the criteria for assessing director independence set out by the AIC and adopted by the Board. She has, however, served on the Board for ten years. It is the opinion of the other members of the Board that Mrs Mason continues to demonstrate objective and independent thought processes during her leadership of the Board and her dealings with the Investment Manager, and they therefore consider her to be independent, despite her long service. In addition, her legal background and deep property experience continue to deliver diversity and appropriate skills to the Board and add value to the Board and for stakeholders.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 October 2020

BOARD AND COMMITTEE MEETING ATTENDANCE

The Board met 19 times during the year whilst the Audit Committee met 6 times during the year. Individual attendance at the Board and Audit Committee meetings is set out below.

	Board *	Audit Committee
Shelagh Mason	19	6
Paul Le Marquand	16	6
Paul Turner	18	6
Steve Le Page	19	6

* 15 of the above Board meetings were ad hoc.

GOING CONCERN

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

Cash flow projections, which take into account the possible impact of the COVID-19 pandemic on rent collections and expenses, 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.

INDEPENDENT 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 2020

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 2020 (comparative: year ended October 2019) are presented below:

31 October 2020 Remuneration	**Number of beneficiaries**	**Fixed Remuneration £**	**Variable Remuneration £**	**Total Remuneration Paid £**
Total remuneration paid by the AIFM during the financial year	4	164,500	18,463	**182,963**
Remuneration paid to senior management of the AIFM who have a material impact on the risk profile of the AIF				
Directors (senior management)	4	164,500	18,463	**182,963**

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**

For the year ended 31 October 2020 and 2019, 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 100 jurisdictions, including 37 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 2020

CONSTRUCTIVE USE OF THE AGM

The Notice of AGM is sent out at least 20 working days in advance of the meeting. The Board intend to return to their previous practice and to convene a full physical meeting for the Company's AGM on 15 March 2021. In any event, all shareholders will have the opportunity to put questions to the Board and the Investment Manager, either formally at the Company's AGM on 15 March 2021 or in writing at any time during the year via the Company Secretary.

Approved by the Board of Directors on 28 January 2021 and signed on its behalf by:

Shelagh Mason **Steve Le Page**

REPORT OF THE AUDIT COMMITTEE
For the year ended 31 October 2020

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 Chairman is however entitled to attend meetings upon the invitation of the Committee Chairman. 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.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)
For the year ended 31 October 2020

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;
- 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 six 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
- Compliance with 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. The Consolidated Financial Statements for the year ended 31 October 2020 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 ("AGM")
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.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)
For the year ended 31 October 2020

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 an ISAE 3402 report from the Company's Administrator, which give sufficient assurance that a sound system of internal controls is maintained. The Board will formally assess the controls of the Administrator at the upcoming board meeting.

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. During the year, the Committee identified that the COVID-19 pandemic and the resulting government actions and economic consequences has the effect of increasing the likelihood of certain risks crystallising. Consequently, the Committee considered whether any additional controls or monitoring procedures were necessary to mitigate these heightened risks. The Committee concluded that no additional procedures as such were required, but the frequency of monitoring was increased to ensure that any possible issues were identified as early as possible to enable rectifying action to be taken. No such action has been necessary to date.

The key risk to arise remains the valuation of the investment properties due to, among other factors, the individual nature of each property, its location and the tenant profile, including the potential impact of the pandemic on the tenant(s), 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 ("PwC"), was selected during 2017 and has been appointed to act pursuant to an Engagement Letter signed on 6 November 2018 and subsequent reconfirmation letters dated 17 September 2019 and 9 September 2020. 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.

PwC 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 the parties and overall confirmation from the auditor of their independence and objectivity.

PwC are tenants of the Company in the property known as Royal Bank Place in Guernsey. This fact was considered by both parties at the time the Company acquired that property, and in subsequent independence assessments. PwC's contracted rent is considered immaterial since it was less than 5% of both the Company's total rental income and of PwC's turnover both at appointment and at 31 October 2020, which remains the case. The Company and PwC have both concluded that this relationship does not impact upon their independence.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)
For the year ended 31 October 2020

AUDIT TENURE AND OBJECTIVITY (CONTINUED)
The Audit Committee undertook a formal review of the auditor for the year ended 31 October 2020, with no issues arising. As a result of their review, the Committee is satisfied that PwC 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 fulfil these requirements. In outlining their advice, the Committee has considered the following:

- 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, the 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 Company's Consolidated Financial Statements for the year ended 31 October 2020, 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

28 January 2021

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 2020, 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 2020;
- 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 significant accounting policies and other explanatory information.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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 £2.67 million (2019: £2.50 million), which represents 1% of Group total assets

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 Aztec Financial Services (Guernsey) Limited, Peregrine Corporate Services Limited, New Street Management Limited and Parish Group Limited (together the "Administrators"), Ravenscroft Specialist Fund Management Limited (formerly Ravenscroft Limited) (the "Investment Manager"), D2 Real Estate (Jersey) 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 of the subsidiaries of the Company.
- We engaged with our own real estate expert (PwC UK Real Estate Valuations team) 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 which is 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
- COVID-19

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	£2.67 million (2019: £2.50 million)
How we determined it	1% of Total Assets (2019: 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 (2019: £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 judgment, 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 largely 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 2020 and is therefore considered to be a key audit matter. Please see Note 2 and Note 7 to the consolidated financial statements.	**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.

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 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.

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 2020.

We reconciled the Investment Property-specific data supplied 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 and deem the assessment to be in line with the Group's accounting policies.

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 2 to the consolidated financial statements.

To address the completeness of rental income, we have reconciled the rental tenancy schedule to the Investment Properties owned by the Group and the rent recognised in the underlying financial records with no material differences noted.

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.

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.

To address the accuracy, cut off and occurrence of rental income, we have tested a sample of rental income per the accounting records 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 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.

COVID-19

Refer to the Chairman's Report and the Directors' Report.

The outbreak of the novel coronavirus (known as COVID-19) in many countries has rapidly evolved and the socio-economic impact has been unprecedented. It was declared a global pandemic by the WHO in March 2020 and has had a major impact on economies and financial markets. It has had a significant impact on global markets, causing disruption to supply chains and travel, slowing global growth and causing volatility in global markets and in exchange rates, to date.

The Group had capital and reserves attributable to equity holders of £266.82 million at 31 October 2020 with a cash balance of £6.03 million, to cover liquidity requirements.

The directors have prepared the consolidated financial statements of the Group on a going concern basis, and believes this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and that the Group and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the coronavirus pandemic.

We have evaluated the assessment of the impact of the COVID-19 pandemic on the Group by:

Reviewing the minutes of the board meetings of the directors and discussing with them their assessment of the impact of COVID-19 on the Group's operations and whether the relevant threats presented have had an impact on the Group's risk assessment and consolidated financial statements.

We have discussed with the directors their going concern assessment, which reflects conditions up to the point of approval of the Annual Report and Audited Consolidated Financial Statements.

This included reviewing the contents of the documentation for the quarterly board meetings of the directors and corroborating their discussions therein on the Group's financial position, their assessment of liquidity as well as their review of the operational resilience of the Group and oversight of key third party service providers.

We have assessed the disclosures presented in the Annual Report and Audited Consolidated Financial Statements in relation to COVID-19 by reading the other information and assessing its consistency with the consolidated financial statements and the evidence we obtained in our audit.

We have no matters that require communication to those charged with governance in regard to the procedures set out above.

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 related 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 directors' 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 over a period of at least twelve months from the date of approval of the consolidated financial statements. 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.
- 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, actions taken to eliminate threads or safeguards applied.

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.

Use of this report

This independent auditor's report, including the opinions, 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 these opinions, 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.

Report on other legal and regulatory requirements

Company Law exception reporting

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.

Elizabeth Burne

For and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants

Guernsey, Channel Islands

28 January 2021

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 auditors does not involve consideration of these matters and, accordingly, the auditors accept 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2020

	Note	Year to 31 October 2020 £	Year to 31 October 2019 £
INCOME			
Rental income		15,397,716	16,082,487
Service charge income	9	3,382,084	3,145,997
Other income	10	605,033	2,602
Total Operating Income		**19,384,833**	**19,231,086**
Unrealised movement on revaluation of investment properties	7	3,046,350	(2,734,069)
Unrealised movement on revaluation of investment properties classified as held for sale	7	578,000	(327,102)
Realised gain on disposal of investment properties	7	1,380,466	2,772,813
EXPENSES			
Service charge expenses	9	(3,945,146)	(3,499,761)
Management expenses	19	(2,196,939)	(1,584,047)
Other operating expenses	12	(2,067,576)	(1,472,039)
Total Operating Expenses		**(8,209,661)**	**(6,555,847)**
PROFIT BEFORE FINANCE COSTS AND TAX		**16,179,988**	**12,386,881**
FINANCING			
Interest income		36,671	187,664
Interest expense	5	(2,932,308)	(3,143,978)
Loan setup expense	5	(524,721)	(404,704)
Total Finance Costs (net)		**(3,420,358)**	**(3,361,018)**
PROFIT BEFORE TAX		**12,759,630**	**9,025,863**
Current tax	6	(790,303)	(269,843)
PROFIT FOR THE YEAR		**11,969,327**	**8,756,020**
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	(191,423)	(444,417)
TOTAL COMPREHENSIVE INCOME		**11,777,904**	**8,311,603**
Basic and diluted earnings per share	**11**	**0.07**	**0.05**
Total Comprehensive Income attributable to equity holders		11,777,904	8,311,603
Total Comprehensive Income attributable to non-controlling interests	23	-	-
		11,777,904	**8,311,603**

The accompanying notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2020

	Note	31 October 2020	31 October 2019
		£	£
NON-CURRENT ASSETS			
Investment properties	7	251,230,618	221,841,991
Receivable on rental incentives	7	6,695,970	6,111,793
Interest rate swap	17	-	100,101
Total non-current assets		**257,926,588**	**228,053,885**
CURRENT ASSETS			
Non-current assets classified as held for sale	7	1,778,000	15,900,000
Trade and other receivables	14	834,345	515,184
Receivable on rental incentives	7	250,412	566,216
Cash and cash equivalents	13	6,029,329	4,371,911
Total current assets		**8,892,086**	**21,353,311**
TOTAL ASSETS		**266,818,674**	**249,407,196**
EQUITY			
Share capital	18	154,064,292	154,064,292
Hedging reserve	18	(91,322)	100,101
Accumulated deficit		(12,249,399)	(13,665,802)
TOTAL EQUITY		**141,723,571**	**140,498,591**
NON-CURRENT LIABILITIES			
Loans and borrowings	16	119,625,669	104,584,015
Interest rate swap	17	91,322	-
Total non-current liabilities		**119,716,991**	**104,584,015**
CURRENT LIABILITES			
Rent received in advance		2,451,485	2,530,481
Other payables	15	2,926,627	1,794,109
Total current liabilities		**5,378,112**	**4,324,590**
TOTAL LIABILITIES		**125,095,103**	**108,908,605**
TOTAL EQUITY AND LIABILITES		**266,818,674**	**249,407,196**
Capital and reserves attributable to equity holders		266,818,673	249,307,095
Capital and reserves attributable to non-controlling interests	23	1	-
		266,818,674	**249,407,196**
Net Asset Value per share	24	0.886	0.879

The Consolidated Financial Statements were approved by the Board of Directors on 28 January 2021 and are signed on its behalf by:

Shelagh Mason **Steve Le Page**

The accompanying notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 October 2020

	Note	Year to 31 October 2020 £	Year to 31 October 2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		12,759,630	9,025,863
Adjusted for:			
Interest income		(36,671)	(187,664)
Interest expense	5	2,932,308	3,143,978
Unrealised loss/(gain) on investment properties	7	(3,046,350)	2,734,069
Unrealised loss/(gain) on investment properties held for sale	7	(578,000)	327,102
Realised gain on investment properties	7	(1,380,466)	(2,772,813)
Movement in trade and other receivables		(319,161)	(104,828)
Movement in rental incentives		(268,373)	(659,262)
Movement in rent received in advance		(78,996)	(43,709)
Movement in other payables		1,132,518	(845,034)
Taxation paid	6	(790,303)	(269,843)
Amortisation of loan set up costs		428,734	226,373
NET CASH INFLOW FROM OPERATING ACTIVITIES		**10,754,870**	**10,574,232**
INVESTING ACTIVITIES			
Property acquisitions	7	(27,093,998)	(26,381,589)
Property disposals	7	17,892,822	29,714,173
Capitalised expenses	7	(1,060,635)	(2,807,070)
NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITES		**(10,261,811)**	**525,514**
FINANCING ACTIVITIES			
Set up costs paid	16	(387,080)	-
Net loans received	16	15,000,000	2,000,000
Revolving credit facility drawdown	16	3,000,000	-
Revolving credit facility repayment	16	(3,000,000)	-
Interest received		36,671	187,664
Interest paid	5	(2,932,308)	(3,143,978)
Dividends paid		(10,552,924)	(10,553,585)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		**1,164,359**	**(11,509,899)**
NET CASH INFLOW / (OUTFLOW) FOR THE YEAR		**1,657,418**	**(410,153)**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		4,371,911	4,782,064
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**13**	**6,029,329**	**4,371,911**

The accompanying notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2020

	Note	Share Capital £	Hedging Reserve £	Accumulated Deficit £	Total £
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)
BALANCE AT 31 OCTOBER 2019		**154,064,292**	**100,101**	**(13,665,802)**	**140,498,591**
Profit for the year		-	-	11,969,327	11,969,327
Total other comprehensive income		-	(191,423)	-	(191,423)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	**(191,423)**	**11,969,327**	**11,777,904**
Dividend	25	-	-	(10,552,924)	(10,552,924)
BALANCE AT 31 OCTOBER 2020		**154,064,292**	**(91,322)**	**(12,249,399)**	**141,723,571**

The accompanying notes form an integral part of these Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 October 2020

1 REPORTING ENTITY

Channel Islands Property Fund Limited (the "Company" or "CIPF" 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 2020 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 ("IFRS"), 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 2019.

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 November 2019:

- IFRS 16: Leases;
- Amendments to IAS 1: Presentation of Financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors; and
- IFRS 3: Business Combinations.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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, there was no material effect on the Group's Consolidated Financial Statements as the Group already utilised a similar measurement policy. The Board have assessed that no reclassification of operating leases to finance leases was required as a result of the new standard.

Amendments to IAS 1: Presentation of Financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors – effective for periods beginning on or after 1 January 2020. IAS 1 and IAS 8 have been amended to clarify the definition of material and how it should be applied. The updated definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The Directors have concluded that there is no material impact as a result of the amendment and have elected to adopt the amendment early for the year ended 31 October 2020.

IFRS 3: Business Combinations – effective for accounting periods beginning 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 is no material impact as a result of the amendment and have elected to adopt the amendment early for the year ended 31 October 2020.

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.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 22. 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. The majority of subsidiaries have a reporting date of 31 October, with the exception of Esplanade Holdings Limited and Jubilee Management Limited which both have a reporting date of 31 December.

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, 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 2, 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: Non-Current Assets Held for Sale and Discontinued Operations 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, 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.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)
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; and
- Financial assets / Financial liabilities at fair value – Derivatives.

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: Financial Instruments.

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.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

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.

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.

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 (2019: £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 and its subsidiaries 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:

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 31 October 2020, 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.

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

Significant estimates (continued)

Fair value of derivatives

During the year and at 31 October 2020 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.

Income and expenses

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.

Significant judgements

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 2G Limited and Specular 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. On 18 August 2020, the "golden" share of Jubilee Management Limited, which was owned by the property manager, was executed and the Company took control of the entity. The results of Jubilee Management Limited are consolidated into these financial statements from the date control was obtained.

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 INTEREST EXPENSE

	Year to 31 October 2020	**Year to 31 October 2019**
	£	**£**
Interest paid at amortised cost		
RBSI	2,932,308	3,143,978
	2,932,308	**3,143,978**

The payments to RBSI are in relation to the interest charged on the Facility Agreement and Swap Agreement for the year (see Note 15 and Note 16). The year ended 31 October 2020 amount includes £524,721 of amortised loan set up costs (2019: £404,704).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 October 2020

6 TAXATION

Regency Court Property Limited, Glategny Holdings Limited, Esplanade Properties (Guernsey) Limited, Guernsey Property No 4. Limited and 2G 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, Liberty Wharf 4 Limited and Specular 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.

	31 October 2020	31 October 2019
	£	£
Tax expense in the year	790,303	269,843
Profit before tax *	12,759,630	9,025,863
Less:		
Company and intermediary holding company loss for the year	(1,478,635)	(1,345,022)
Fair value movement on investment property	(5,004,816)	288,358
Profit from disposal of subsidiaries	(521,943)	(9,792,993)
Restatement of intercompany balances	5,609,673	4,341,843
Taxable profit	**11,363,909**	**2,518,049**
Income tax using an effective tax rate of 20%	2,272,782	503,608
Effect of:		
Interest income	(54)	(17)
Disallowed expenses	(730,282)	190,228
Specific allowances	(227,904)	(208,235)
Annual allowances	(546,114)	(111,081)
Losses utilised/carried forward	(43,917)	(13,396)
Prior year adjustments	227,995	(132,285)
Fair value movement on investment property	-	41,021
Land development holiday	(131,155)	-
Pre-acquisition adjustment	(31,048)	-
Current tax expense in the year	**790,303**	**269,843**

6 TAXATION (CONTINUED)

*In order to reconcile the Group profit before tax of £12,759,630 (2019: £9,025,863) 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.

7 INVESTMENT PROPERTIES

LEVEL 3 RECONCILIATION	31 October 2020 £	31 October 2019 £
Fair value at beginning of year	237,741,991	238,555,863
Disposals at previously held fair value	(17,892,822)	(29,714,173)
Additions at cost	27,093,998	26,381,589
Capitalised costs	1,060,635	2,807,070
Unrealised gain / (loss) on revaluation of investment property	3,046,350	(2,734,069)
Unrealised gain / (loss) on revaluation of investment property classified as held for sale	578,000	(327,102)
Realised gain on disposal of investment property	1,380,466	2,772,813
Fair value at end of the year	**253,008,618**	**237,741,991**

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

Appraised Values	259,955,000	244,420,000
Lease incentives held as debtors	(6,946,382)	(6,678,009)
Carrying value at the end of the year	**253,008,618**	**237,741,991**

Included in the Appraised Values above are 2 assets held for sale at 31 October 2020 and 1 asset held for sale at 31 October 2019

Non-current assets classified as held for sale	1,778,000	15,900,000
	1,778,000	**15,900,000**

The fair value of investment properties at 31 October 2020 is £251,230,618 (2019: £221,841,991) with investment properties classified as held for sale valued at £1,778,000 (2019: £15,900,000). In line with the investment strategy detailed in the Annual Report, the investment portfolio consists primarily of commercial property located in the Crown Dependencies.

7 INVESTMENT PROPERTIES (CONTINUED)

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, which is a member of the Royal Institution of Chartered Surveyors. Fees for the valuer are fixed, and agreed on an annual basis.

Valuations are reviewed and approved by the Directors. The basis of the valuations is as described in Note 2. 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 (2019: 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 6.25% and 7.27% (2019: 6.16% and 7.27%) has been used in determining the fair value as at 31 October 2020.

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.

8 OPERATING LEASES

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

	31 October 2020	31 October 2019
	£	£
Within 1 Year	17,627,933	15,535,433
1 to 5 Years	227,034,993	60,919,192
After 5 Years	130,656,922	91,115,966
	375,319,848	**167,570,591**

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 June 2021 and October 2035, with the exception of a 15 year agreement ending in June 2021.

Royal Chambers

Royal Chambers is a fully-let, multi-tenant property. It is fully leased until at least 2030.

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. Two of the tenants have break clauses which can be enacted in September 2029 and January 2032 respectively.

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 2028. Two of the tenants have break clauses which can be enacted in June 2023 and December 2033.

Oak House

Oak House is a fully let, single tenant property located in Guernsey. At 31 October 2020, there was a rent free period incentive in place ending in April 2021. The property is leased on a fixed term agreement which expires in 2035.

Jersey

Liberation House & Windward 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 January 2031 and March 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.

8 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.

18 – 22 Grenville Street

18 – 22 Grenville Street is a single tenant property located in Jersey which is leased on a fixed term agreement of 31 years ending in April 2035.

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 June 2038. 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 9.86% (2019: 10.48%). This tenant currently has a tenancy in Regency Court in Guernsey and Liberation House in Jersey.

9 SERVICE CHARGE INCOME AND EXPENSES

Regency Court Property Limited, Guernsey Property No 4 Limited, Glategny Holdings Limited, Liberty Wharf 4 Limited and Esplanade Properties (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, service charge income of £3,382,084 (2019: £3,145,997) was received from tenants and an amount of £3,945,146 (2019: £3,499,761) had been incurred in relation to these services.

9 SERVICE CHARGE INCOME AND EXPENSES (CONTINUED)

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. During the year, non-recoverable expenses of £563,062 (2019: £353,764) were incurred.

10 OTHER INCOME

	31 October 2020	31 October 2019
	£	£
Lease surrender income	580,000	-
Other income	25,033	2,602
	605,033	**2,602**

During the year, the Group agreed a settlement with a lessee surrendering a lease of one of the properties, as a result of which the Group assumed the obligation to undertake certain repairs to the building concerned, previously the responsibility of the tenant, in exchange for a cash payment. The portion of the settlement payment representing the current estimated cost of repairs is carried as a creditor in the Consolidated Statement of Financial Position until the repairs have been carried out and the balance has been taken to the Consolidated Statement of Comprehensive Income.

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 £11,969,327 (2019: profit of £8,756,020) and the weighted average number of Ordinary Shares in issue during the year of 159,892,798 (2019: 159,892,798). The basic and diluted earnings per share is £0.07 at the reporting date (2019: £0.05).

12 OTHER OPERATING EXPENSES

	31 October 2020	31 October 2019
	£	£
Administration fees	347,935	242,847
Insurance	168,531	20,532
Audit fees	98,292	85,388
Legal and professional fees	1,137,252	741,254
Regulatory fees	9,396	85,641
Directors' fees and expenses	169,776	188,950
Marketing expenses	8,472	10,000
Lease surrender costs	50,000	-
Sundry expenses	77,922	97,427
	2,067,576	**1,472,039**

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 £6,029,329 (2019: £4,371,911) is £1,012,506 (2019: £1,006,952) 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 2020	31 October 2019
	£	£
Sundry debtors	77,935	30,684
Amounts receivable from tenants	515,339	11,435
Amounts due from Property Manager	169,753	302,542
Prepayments	71,318	170,523
	834,345	**515,184**

15 OTHER PAYABLES

	31 October 2020	31 October 2019
	£	£
Administration fees	31,292	58,968
Audit fees	34,670	60,000
Investment Manager fees	417,973	394,018
Legal and professional fees	-	12,517
Directors' fees	10,125	30,937
Other creditors	828,416	684,438
Loan interest payable to RBSI	120,697	131,458
GST / VAT payable	35,639	(14,920)
Taxation payable	541,176	436,093
Dividend payable	6,639	600
Lease surrender settlement	900,000	-
	2,926,627	**1,794,109**

During the year, the Group agreed a settlement with a lessee surrendering a lease of one of the properties, as a result of which the Group assumed the obligation to undertake certain repairs to the building concerned, previously the responsibility of the tenant, in exchange for a cash payment. The portion of the settlement payment representing the current estimated cost of repairs is carried as a creditor in the Consolidated Statement of Financial Position until the repairs have been carried out and the balance has been taken to the Consolidated Statement of Comprehensive Income.

16 LOANS AND BORROWINGS

	31 October 2020	31 October 2019
Due after 1 year:	£	£
RBSI:		
Net loan liability at beginning of year	104,584,015	102,357,642
Loan principal drawdown	120,000,000	2,000,000
Loan principal repayment	(105,000,000)	-
Revolving credit facility drawdown	3,000,000	-
Revolving credit facility repayment	(3,000,000)	-
Loan set up costs	(387,080)	-
Amortisation of loan set up costs	428,734	226,373
Net loan liability due after 1 year	119,625,669	104,584,015
TOTAL NET LOAN LIABILITY DUE AFTER 1 YEAR	**119,625,669**	**104,584,015**
Unamortised RBSI loan set up costs	(374,331)	(415,985)
RBSI Loan principal liability	120,000,000	105,000,000
	119,625,669	**104,584,015**

There is no loan liability due before 1 year.

On 4 September 2020, the bank finance was renegotiated under a restated and amended loan facility agreement. The result of this agreement was to amend the total commitment amount to £120,000,000.

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.

The interest charged on the loan of £120,000,000 is the aggregate of the margin being 2.25% and LIBOR at 0.04%. The loan term expires on 30 June 2025. As at 31 October 2020, the effective rate of interest charged was 2.30% (2019: 3.01%) on the outstanding loan.

16 LOANS AND BORROWINGS (CONTINUED)

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. In addition, the covenants are frequently monitored by the Investment Manager and sensitivity analysis is performed on at least a quarterly basis. The four financial covenants are detailed in the following table.

Covenants	Requirement	31 October 2020	31 October 2019
Loan to Market Value Ratio (including lease incentives)	Must not exceed 55%	47.43%	42.79%
Loan to Market Value Ratio (excluding lease incentives)	Must not exceed 55%	46.16%	42.96%
Projected Interest Cover Ratio	Must be in excess of 225%	616.66%	525.11%
Historic Interest Cover Ratio	Must be in excess of 225%	513.60%	418.24%
Projected Debt to Rent Cover	Must not exceed 900%	706.75%	681.92%

All figures in the above table are calculated using inputs from the financial statements, in accordance with IFRS.

The loan amount is not expected to change in the near future and property valuations are performed on a periodic basis therefore no significant changes to the ratio are expected.

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.

17 INTEREST RATE SWAP (CONTINUED)

Derivatives primarily held for risk management purposes

	Assets / (Liabilities)	Notional Amount
	£	£
RBSI:		
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**
Net swap asset at beginning of year	100,101	40,000,000
Unrealised loss in revaluation	(191,423)	-
As at 31 October 2020	**(91,322)**	**40,000,000**
TOTAL SWAP POSITION AT 31 OCTOBER 2020	**(91,322)**	**40,000,000**
TOTAL SWAP POSITION AT 31 OCTOBER 2019	**100,101**	**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 October 2020

18 SHARE CAPITAL AND RESERVES (CONTINUED)

Issued and Fully Paid

	No. of Shares	£
Ordinary Shares		
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**
Issued during the year	-	-
Issue costs	-	-
Balance as at 31 October 2020	**159,892,798**	**154,064,292**

Hedging Reserve

	Year to 31 October 2020 £	Year to 31 October 2019 £
Balance at start of year	100,101	544,518
Movement during the year	(191,423)	(444,417)
Balance at end of year	**(91,322)**	**100,101**

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

The Administrator of the Company is Aztec Financial Services (Guernsey) Limited ("Aztec"). Aztec, Peregrine Corporate Services Limited, New Street Management Limited and Parish Group Limited provide administration services to certain subsidiaries. These companies are collectively known as the "Administrators". Total fees charged by the Administrators during the year were £347,935 (2019: £242,847), of which £31,292 remained payable as at 31 October 2020 (2019: £58,968).

The Administrators have the right to be reimbursed from the Company for any reasonable out of pocket expenses incurred in carrying out their responsibilities.

Fees Payable to the Property Asset Manager

The Property Asset Manager is entitled to receive a fee for each property it manages. 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.

19 MATERIAL AGREEMENTS (CONTINUED)

Fees Payable to the Property Asset Manager (continued)

Total property management fees during the year ended 31 October 2020 were £235,434 (2019: £207,239), of which £1,715 remained payable as at 31 October 2020 (2019: £2,103).

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 £1,610,439 (2019: £1,584,047), of which £417,973 remains unpaid at 31 October 2020 (2019: £394,018).

Acquisition fees

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 Oak House in Guernsey and 18-22 Grenville Street and paid fees of £115,500 and £285,000 respectively. During the year ended 31 October 2019, acquisition fees of £290,000 were paid in relation to the purchase of Royal Bank Place in Guernsey.

Disposal fees

Pursuant to the Investment Management Agreement the Company pays the Investment Manager a disposal fee of 3% of the sale price of the property sold. During the year, the Company sold Carey House and Bucktrout House in Guernsey and paid fees of £171,000 and £15,000 respectively. No disposal fees were paid during the year ended 31 October 2019.

Other fees

During the year, the Company paid fees of £10,000 (2019: £10,000) to Ravenscroft Limited (the Investment Manager has subsequently changed to Ravenscroft Specialist Fund Management Limited). These fees are in relation to market making (management of the Huntress (CI) Nominees Limited account).

Fees payable to the Project Manager

During the year, the Company paid fees of £10,900 (2019: £nil) to Ravenscroft Project Management Limited. These fees relate to one-off projects as instructed by the Board.

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 year the directors were entitled to the following fees per annum:

	£
Shelagh Mason	55,000
Steve Le Page	40,500
Paul Le Marquand	34,500
Paul Turner	34,500

At 31 October 2020, an amount of £10,125 remained outstanding between the directors and the Company (2019: £30,937).

During the year, overpaid director fees of £14,375 were returned to the Company by Mr. Richard Wilson, a previous director of the Company who retired on 1 December 2018.

Mrs. Shelagh Mason is also entitled to additional fees on a time spent basis of which £13,463 fees were charged for the year (2019: £27,375). Mr. Steve Le Page received additional fees of £5,000 during the year (2019: £nil). At 31 October 2020, no variable fees remained outstanding (2019: £2,288).

At 31 October 2020, Mr. Steve Le Page holds 100,000 shares (2019: 100,000) in the Company indirectly and Mrs. Shelagh Mason holds 63,500 shares (2019: 63,500) indirectly.

At 31 October 2020, Mr. Jon Ravenscroft holds 500,000 shares (2019: 750,000) in the Company indirectly. He is a director of the Investment Manager.

At 31 October 2020, Mr. Brian O'Mahoney holds a total of 150,000 shares (2019: 150,000) in the Company, of which 100,000 shares (2019: 100,000) are held directly and 50,000 shares (2019: 50,000) are held indirectly. He is a director of the Investment Manager.

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

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 £98,292 (2019: £85,388), of which £34,670 (2019: £60,000) remained payable at 31 October 2020.

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.

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.

22 FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

Market price risk (continued)

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 2020	31 October 2019
	£	£
Increase in estimated rental value of 5%	10,344,453	10,313,684
Decrease in estimated rental value of 5%	(9,534,798)	(9,527,691)
Increase in equivalent yield of 0.25%	(9,946,253)	(7,427,195)
Decrease in equivalent yield of 0.25%	10,734,714	7,809,252

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.

		CONTRACTUAL CASHFLOWS			
	Carrying Amount	Total	Less than 1 year	Between 1 and 5 years	Over 5 years
31 October 2020					
Other payables (excluding rent received in advance)	(2,926,627)	**(2,926,627)**	(2,926,627)	-	-
Borrowings	(119,625,669)	**(133,347,945)**	(2,967,123)	(130,380,822)	-
	(122,552,296)	**(136,274,572)**	(5,893,750)	(130,380,822)	-
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)

22 FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

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 9.86% (2019: 10.48%) of the Group's rental income with the next largest generating 7.87% (2019: 7.11%).

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 2020	**31 October 2019**
	£	**£**
Trade and other receivables (excluding prepayments)	763,027	344,661
Interest rate swap	(91,322)	100,101
Cash and cash equivalents – RBSI	6,029,255	4,371,911
Cash and cash equivalents – HSBC	74	-
	6,701,034	**4,816,673**

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.

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 their acceptability is monitored by RBSI, through the completion of compliance certificates on a quarterly basis, and by the Investment Manager on a regular basis.

22 FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

Interest rate risk (continued)

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**
	£	**£**
As at 31 October 2020	6,029,329	(119,625,669)
As at 31 October 2019	4,371,911	(104,584,015)

At 31 October 2020, if interest rates had moved by 0.01% with other variables remaining constant, the change in equity and profit or loss for the year would amount to approximately +/- 11,360 (2019: +/- 10,021).

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).

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.

	31 October 2020	**31 October 2019**
	£	**£**
Financial assets not measured at fair value, for which fair value is disclosed		
Trade and other receivables (excluding prepayments)	763,027	344,661
Receivable on rental incentives	6,946,382	6,678,009
Cash and cash equivalents	6,029,329	4,371,911
	13,738,738	**11,394,581**
Financial liabilities not measured at fair value, for which fair value is disclosed		
Loan and borrowings	119,625,669	104,584,015
Other payables	2,926,627	1,794,109
	122,552,296	**106,378,124**

22 FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

Fair values (continued)

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 (2019: 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.

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 INVESTMENTS IN SUBSIDIARIES AND NON-CONTROLLING INTERESTS

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
- Guernsey Property No.4 Limited	1 July 2016	Guernsey
- Jubilee Management Limited	2 January 2019	Guernsey
- Esplanade Holdings Limited	12 October 2017	Guernsey
- Esplanade Properties (Guernsey) Limited	12 October 2017	Guernsey
- Jubilee Management Limited	2 January 2019	Guernsey
- 2G Limited	30 July 2020	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
- Specular Limited	4 September 2020	Jersey
CIPF Holdings (IOM) Limited	**17 May 2017**	**Isle of Man**
- Vicarage House Limited	15 December 2015	Isle of Man
- Fort Anne Holdings Limited	1 July 2016	Isle of Man
- FN House Limited	18 May 2017	Isle of Man

All companies listed above are 100% owned and were originally set up to acquire properties, with the exception of Jubilee Management Limited. Guernsey Property No 4 Limited and Esplanade Properties (Guernsey) Limited own 34.67% and 20.79% of the shares of Jubilee Management Limited respectively.

The Group owns, indirectly through two subsidiaries, a total of 55% of the Ordinary Class A shares in Jubilee Management Limited. On 18 August 2020, the "golden" share owned by the property manager was executed and the Company took control of the entity. The results of Jubilee Management Limited are consolidated into these financial statements from the date control was obtained.

On 30 July 2020, the ownership of Esplanade Properties (Guernsey) Limited was transferred from Esplanade Holdings Limited to CIPF Holdings (Guernsey) Limited. Proceedings have begun to liquidate Esplanade Holdings Limited, with liquidators being appointed on 15 October 2020.

During the year, the Company acquired one property in Guernsey for £8,093,998 and one property in Jersey via purchase of Specular Limited at a cost of £19,000,000. Two properties in Guernsey were disposed of, one of which was a partial disposal, with total cash proceeds of £17,892,822.

24 NET ASSET VALUE PER SHARE

The below table reconciles the difference between the published net asset value as at 31 October 2020 and the net asset value calculated as part of these Consolidated 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 Consolidated 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 Consolidated Financial Statements but not the published valuation.

	31 October 2020	**31 October 2019**
	£	**£**
Net asset value attributable to Ordinary Shares per consolidated financial statements	**141,723,571**	**140,498,591**
Adjustments:		
Adjustments to tax payable	(621,069)	(367,866)
Adjustments to fair value of investment property	11,150,000	9,280,000
Adjustments to capital expenditure	-	103,826
Adjustments to other current assets and liabilities	(393,480)	553,932
Published net asset value per RNS	**151,859,022**	**150,068,483**
Shares in issue	159,892,798	159,892,798
Published Net Asset Value per Share	0.950	0.939
IFRS Net Asset Value per share	0.886	0.879

25 DIVIDENDS

During the year, dividends totalling 6.6 pence per share (£10,552,924) (2019: 6.6 pence per share (£10,553,585)) have been declared and £6,639 (2019: £600) remains outstanding at 31 October 2020, to ordinary shareholders, with a further dividend of 1.65 pence per share paid post year end on 31 December 2020. 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 11 December 2020, the Company approved an interim dividend of £0.0165 per ordinary share, which was paid on 31 December 2020.

On 24 December 2020, the Company sold 2 Don Street for £448,500.

On 7 January 2021, the Company sold 4 Don Street for £425,000.