



**CHANNEL ISLANDS  
PROPERTY FUND**

**ANNUAL REPORT &  
AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

For the year ended 30 September 2023



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COFFEE SHOP



# CHANNEL ISLANDS PROPERTY FUND

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## BUSINESS AND FINANCIAL HIGHLIGHTS

For the year ended 30 September 2023



Average lease length  
**11.44 years**

The total portfolio  
floor area  
**517,365 sq.ft.**



**100%**  
office rent  
collection  
in 2023 and 2022

Total contracted rent  
per annum **£18.8m**  
(100% of fair Market Rent)



Annual dividend per  
share at September 2023  
**6.6p**



# BUSINESS AND FINANCIAL HIGHLIGHTS (CONTINUED)

For the year ended 30 September 2023

**12** properties  
across three  
jurisdictions  
GSY **5** JSY **4** IOM **3**

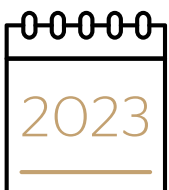
 **28**  
tenants

Percentage portfolio  
value by island

GSY **63%**  
JSY **25%**  
IOM **12%**



Financial Calendar



**31 December 2023**  
**20 February 2024**

Quarter End  
Next AGM Date



## 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

### 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

### 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 Gategny Esplanade  
St Peter Port  
Guernsey  
Channel Islands  
GY1 4BQ

### INDEPENDENT AUDITOR

PricewaterhouseCoopers CI LLP  
PO Box 321  
Royal Bank Place  
1 Gategny Esplanade  
St Peter Port  
Guernsey  
Channel Islands  
GY1 4ND

### PROPERTY ASSET MANAGER

D2 Real Estate (Jersey) Limited  
4th Floor  
Conway House  
7-9 Conway Street  
St Helier  
Jersey  
Channel Islands  
JE2 3NT

### INDEPENDENT VALUER

Montagu Evans LLP  
70 St Mary Axe  
London  
United Kingdom  
EC3A 8BE

### MARKET MAKER

Ravenscroft (CI) Limited  
PO Box 222  
20 New Street  
St Peter Port  
Guernsey  
Channel Islands  
GY1 4JG



Channel Islands Property Fund Limited (the “Company” or “CIPF” and together with its subsidiaries the “Group”) is an Authorised Closed-Ended Collective Investment Scheme regulated by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended, and the Authorised Closed-Ended Investment Scheme Rules, 2021. A total of 159,892,798 (2022: 159,892,798) ordinary shares were admitted to the Official List of The International Stock Exchange (“TISE”) as at 30 September 2023.

<b>Date Admitted</b>	<b>Shares Issued</b>	<b>Total Shares in Issue</b>
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. The 2023 AGM was held on 2 March 2023 and no such request from shareholders for a continuation vote was received.

### **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 capital growth and an appropriate dividend policy through the acquisition and active asset management of commercial property predominantly in the Channel Islands. Target properties are intended to be fully or partially let and provide a core income which may offer opportunities to add value through active asset management across all sectors of the property market.

There are no geographical or other limitations or restrictions to which investment by the Company is subject. The Company may invest in derivatives, investments, funds, and companies owning property and financial indices which are property related including, but not limited to, property development.



# CHAIRMAN'S STATEMENT

For the year ended 30 September 2023



Shelagh Mason

Chairman

The properties in the portfolio have remained the same with no sales or purchases in the period, but this does not mean that there hasn't been activity with a number of planned asset management initiatives coming to fruition and positively impacting the valuation of those assets against a backdrop of falling values in UK offices.

The last 12 months have seen the Company conclude a number of lease regears and new lettings to produce an increase of £608,000 in contracted annual rental income from the portfolio, taking the uplift in the last 18 months to £1,100,000 per annum. This is set against a backdrop of turbulence in the wider real estate markets as interest rates return to historical long-term averages and the ongoing pattern of working from home continues to impact the UK office sector in particular.

The Bank of England ("BoE") has raised base rates on seven occasions, from 2.25% in September 2022, to 5.25% in August 2023.

The increase in the cost of borrowing has had an adverse impact on investment company valuations, with the AIC reporting an average discount of 16.9% to net asset value at market close on 31 October 2023, the highest level since 31 December 2008. Listed UK real estate companies operating across all sectors of the market are trading at an average discount to net asset value of 33.0% reflecting an investor concern about the impact of higher debt costs on earnings.

As debt has become more expensive so too has it become scarcer, with lenders becoming ever more cautious on the outlook for pricing following the sharpest correction since the financial crisis of 2007/08. Lower loan to value's are evident where lending is available, and interest cover ratios (loan interest covered by rental income) are flexed to reflect the new operating environment.

The consensus view is that base rates have peaked (or are close to peaking) with the BoE's Monetary Policy Committee holding rates steady at its November meeting, and with inflation tracking down, there may be scope for rate reductions in 2024. Base rate reductions should, in theory translate into a drop in gilt and property yields (which move inversely to prices), easing the pressure on valuations.

This scenario does not account for a macroeconomic shock, such as a hike in oil prices as a result of a widening of the conflict in the Middle East, which would increase inflation and restrict the BoE's ability to reduce rates.

CIPF has limited its exposure to further rate rises by way of a swap and a cap which fixes interest payments on £90 million of £120 million debt until June 2027.

As has been the case in times of past market turmoil, after the UK's Brexit vote in 2016 and the Truss/Kwarteng 'mini-budget' in 2022, a number of open-ended UK property funds (those which offer daily dealing with an underlying portfolio of inherently illiquid assets) have gated investors, restricting their ability to withdraw cash thereby preventing a fire sale of assets to meet redemption requests. These funds include M&G (£565 million), St James Place (£924 million), and Canada Life (£254 million). Unlike those funds, CIPF is a listed closed-ended company which facilitates the continual trading in its shares without the need to 'gate'.

In addition to higher borrowing costs, the UK office market, from which much of the comparative evidence for CIPF's portfolio valuation is drawn, continues to suffer from a reluctance of staff in both the public and private sectors to return to the office. Citing long commuting hours into London and the main regional centres, together with the ongoing rolling transport strikes, recent research by D2 Real Estate ("D2RE") suggests that workers in the UK spend as much as 40% weekly working from home. This has caused demand for all but the very highest quality offices to fall resulting in higher vacancy rates and reduced rents per square foot.





## CHAIRMAN'S STATEMENT (CONTINUED)

For the year ended 30 September 2023

In the Channel Islands, where there is scant evidence to support a work from home culture, in fact there is currently demand for over 100,000 sq.ft. of office space in Jersey. It has become uneconomic at current prime office rents to build new space due to rising build costs and labour / material shortages meaning that in the short term, at least, this demand can only be satisfied from existing stock and could result in significant increases in passing rents.

The void rate in the current portfolio is 2.3%, which will reduce to 1.1% on the assumption that one of the vacant floors which is currently under offer, completes. This will have the double benefit of generating additional rental income whilst at the same time reducing void costs.

As noted in last year's statement, Environmental, Social and Governance ("ESG") issues continue to remain at the forefront of both investors and occupiers' decision making processes.

Whilst valuers do not yet formally report on ESG and its potential impact on value, anecdotally it can be seen from the high levels of demand for the 'best in class' environmentally friendly buildings, that occupiers are favouring "greener" buildings, but the full effects of green premia are not yet able to be quantified.

CIPF has developed its own ESG objectives, being: (i) to mitigate climate change, (ii) to be the landlord of choice based on its responsible, sustainable, ethical and transparent

approach, (iii) to maintain ethics and integrity in its governance and dealings, and (iv) to have a positive effect on the communities in which it operates. These criteria are a key component of our decision making in relation to the portfolio as a whole.

Terra Instinct, a firm of sustainability advisors, has supported CIPF in codifying and expanding the Fund's ESG policy, concentrating on climate change mitigation via data collection, community impact, and governance integrity. The inaugural Sustainability Report provides an overview of CIPF's commitments to future-proof its assets and uphold high standards of transparency and performance. The report will be available to view online at [www.cipropertyfund.com](http://www.cipropertyfund.com).

Despite the return to historical average interest rates, the board continues to believe that the portfolio is of high quality and defensive in nature with a moderate loan to value ratio, very low vacancy rates and the ability to grow rentals through new lettings, lease renewal and rent reviews. The tenant base can be considered 'blue-chip' as evidenced by 100% rent collection in the period. In summary, whilst recognising that CIPF's 2023 performance has not matched that of previous years I am pleased with what has been achieved and feel that there is good reason to indicate that we are at or close to the bottom of the current cycle.

May I take the opportunity to thank shareholders for their continued support throughout the year.

**Shelagh Mason**

**Chairman**

11 December 2023



# INVESTMENT MANAGER'S REPORT

For the year ended 30 September 2023

Asset management is important at all stages in the property cycle, but perhaps none more so than in a market downturn.

The Investment Manager ("IM") in conjunction with D2RE and the board has successfully concluded a number of asset management strategies in the last 12 months which have contributed to the protection of the portfolio valuation in a period when values in the UK office market are down, in many cases by more than 20%. Unlike the UK, the Channel Islands continue to see strong tenant demand and rental growth. The Company's contracted annual rent has increased by £608,000 in the last 12 months and £1,100,000 per annum overall in the last 18 months. Heads of Terms have been agreed in respect of a currently vacant floor which (if a letting is successfully concluded) will reduce the vacancy rate to 1.1% across the portfolio.

On a like-for-like basis the valuation of the portfolio has fallen by £3.2 million (1.22%) from the September 2022 valuation date. At an individual property level, 5 of 12 properties have seen a comparative increase in the period. Those which have reduced in value have been those which have short-dated income with lease breaks or expiries occurring in the next 24 months, it is for this reason that they have borne the brunt of the yield shift.

As highlighted in the announcement of the 30 September unaudited NAV, the portfolio value has suffered a reduction due to changes in the tax treatment of the properties in Jersey. This change was reflected in the portfolio valuation for the published NAV as at 30 September 2023 for the first time. These financial statements, which are prepared in compliance with IFRS and have thus always reflected the current position, are unaffected by this change, except that in the reconciliation of these statements to the published NAV given in Note 23, the adjustments to the Fair Value of property are reduced by £3.2 million, being the tax applicable to the Jersey properties.

No sales or acquisitions were made in the period and the investment portfolio comprised 12 properties; Guernsey (5), Jersey (4) and Isle of Man (3).

The total floor area is 517,365 sq.ft. Contracted rent is £18,779,345 p.a. (including car parking) which gives an average rent per square foot of £36.30 per square foot. There is a disparity between prime rentals in the Islands, Guernsey being c.£40 p.s.f., Jersey c.£45 p.s.f and Isle of Man c.£23 p.s.f.

There are 27 tenants (some of whom have space in both Guernsey and Jersey) the majority of which are financial services related occupiers.

Currently there is 12,149 sq.ft. of vacant space, over two floors, at Royal Bank Place and Regency Court. On successful lettings the IM estimates additional contracted rent of around £500,000 per annum based on current rent rates. The floor in Royal Bank Place is currently under offer.

New lettings were concluded at Liberation House to Investec and Stonehage Fleming and a lease re-gear agreed with CPA. At Windward House BDO re-gear its lease which was due to expire in October 2024 and it has taken an additional floor within the building. Discussions are ongoing with the other occupiers within the building to extend leases.

In Guernsey, PwC has re-gear its lease at Royal Bank Place and taken additional space within the building on longer leases.

As a result of the above, the average length of lease in the portfolio to expiry is 11.44 years (30 September 2022: 11.55 years).

Rent collection remains consistent with previous years at 100%.

Demand for office space remains strong in both Jersey and Guernsey, with available supply falling, resulting in increased rents per square foot.

It is expected that this situation will continue throughout 2024 and perhaps into 2025.

There has been a focus during the period on the introduction of 'green' leases for new lettings and a Memorandum of Understanding has been agreed with many of the existing tenants in relation to information exchanges for ESG purposes. As this becomes more relevant to current corporate decision making and its likely introduction as a valuation metric in the future, the ability to analyse consumption data will be a useful tool in assisting with the future proofing of value across the portfolio particularly with the impending introduction of Jersey Energy Performance Assessments in 2025. This will be a metric that will be constantly monitored as part of the Company's Sustainability Reporting.

The focus of the IM in the next 12 months will be to progress asset management initiatives and to grow contracted rent, reduce voids and increase average lease lengths in the portfolio with a view to delivering value to shareholders.

**Ravenscroft Specialist Fund Management Limited**

11 December 2023





## BOARD OF DIRECTORS

For the year ended 30 September 2023



**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 and sits on the board of Skipton International Limited, a Guernsey licensed bank.

She also holds 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 and from FTSE 250 company The Renewables Infrastructure Group in February 2022.

She is a past chairman of the Guernsey Branch of the Institute of Directors 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. Steve 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 Amedeo Air Four Plus Limited, Volta Finance 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 a resident of Guernsey.



## BOARD OF DIRECTORS (CONTINUED)

For the year ended 30 September 2023



### 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 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.



### Paul Turner (Director)

Appointed to the Board 1 April 2019

Mr. Paul Turner has extensive operating experience in real estate, having held 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 Limited, 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. However, Mr. Turner is not considered to be independent under the criteria set out by the Association of Investment Companies.





# DIRECTORS' REPORT

For the year ended 30 September 2023

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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 30 September 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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"), as amended.

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## 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 year.

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 corporate and financial information included on the Company's website ([www.cipropertyfund.com](http://www.cipropertyfund.com)), 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.



# DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2023

## 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 with 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 and further amended on 10 June 2021 (the "Guernsey Code").

The Company joined the Association of Investment Companies (the "AIC") on 9 July 2018, and so the Board of the Company has applied the principles and recommendations of the AIC Code of Corporate Governance issued in 2019 (the "AIC Code") for Investment Companies in the preparation of these Consolidated Financial Statements. The AIC Code 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 provides 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	<p>Annual General Meeting.</p> <p>Frequent meetings with investors by the Market Maker and the Investment Manager and subsequent reports to the Board.</p> <p>Quarterly factsheets and annual report and accounts.</p> <p>AIC ESG reporting on the AIC website/portal.</p> <p>Annual Sustainability report.</p>	<p>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 fundraising.</p> <p>During our engagement with the shareholders we have also assessed their desire to see the Company continue in the light event of a possible continuation vote per the Company's articles which may be put forward at the AGM at a minimum threshold of 15% of shareholders. No such vote was not put forward at the 2023 AGM.</p> <p>In addition, the Board has focused 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.</p> <p>ESG requirements of investors are actively being taken into account, and the Company has engaged external advisors to help meet those requirements.</p>





# DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2023

## CORPORATE GOVERNANCE (continued)

Stakeholder	Engagement process	Rationale and example outcomes
Service providers	<p>The main service providers – the Investment Manager, Property Manager and Administrator – engage with the Board in face-to-face meetings on a quarterly basis, giving them direct input to Board discussions. An Independent Valuer is also engaged by the Board on a semi-annual basis and meets with the Board at least annually.</p> <p>The Board also considers the interests of the Market Maker and Royal Bank of Scotland International Limited (“RBSI”) as lender at each of its meetings.</p> <p>All service providers are asked to complete a questionnaire annually which includes feedback on their interaction with the Company. The Board also complete an evaluation questionnaire for all service providers and the results are fully discussed at the Management Engagement Committee and feedback given.</p>	<p>The Company relies on service providers entirely as it has no systems or employees of its own. During the year, no major decisions were made by the Board which affected service providers.</p> <p>The Board always seeks to act fairly and transparently with all service providers, and this includes such aspects as prompt payment of invoices.</p> <p>The evaluation process monitors performance and alignment with CIPF’s values and policies.</p>
Community and environment	<p>The Company itself, as opposed to its portfolio, has only a very small footprint in the local community and only a very small impact on the environment.</p> <p>However, all businesses contribute and work towards economic and environmental sustainability at both a local and global level, and the Group’s property portfolio is more significant to the jurisdiction in which they are located and also to their environmental commitments.</p> <p>The Company will publish its inaugural Sustainability Report imminently and intends to do so annually in the future.</p>	<p>The Board, the Property Manager and the Investment Manager work together to ensure that environmental factors are carefully considered and reflected in all decisions and the day-to-day running of the properties. Further details of the Company’s Environment, Social and Governance (“ESG”) policy and examples of how ESG is incorporated by the Property Manager into the management of the portfolio may be found at <a href="http://www.cipropertyfund.com">www.cipropertyfund.com</a></p> <p>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 desirable for oversight purposes, to visit properties or to safeguard stakeholder interests.</p> <p>Otherwise, the Board seeks to reduce travel by the use of video conference calls whenever good governance permits.</p>



# DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2023

## CORPORATE GOVERNANCE (continued)

Stakeholder	Engagement process	Rationale and example outcomes
Occupiers	<p>The Investment Manager and Property Manager meet regularly with occupiers to discuss our plans for the properties and how those plans will impact upon them.</p> <p>Occupiers' views are then discussed in each quarterly Board meeting or on an ad-hoc basis if required.</p>	<p>The value of underlying properties is driven by tenancies, and the Company also wishes to be perceived as a "best in class landlord".</p> <p>Throughout the year to date, the Property Manager has consulted regularly with occupiers and has reported their concerns and suggestions to the Board. This has greatly informed decisions taken with respect to the operation of our portfolio of buildings.</p> <p>An example of how occupiers' views are reflected in decision making arose during recent major works at one of the Company's Guernsey properties. The contractors were instructed to minimise disruption to occupiers (e.g., by weekend and evening working to carry out intrusive works). The Company has also installed AEDs in the reception of its properties and charging points in the car parks.</p>

Engagement processes are kept under regular review. Investors and other interested parties are encouraged to contact the Company via the Investment Manager or Administrator on these or any other matters and the Board are available to speak to investors.

## ACTIVITY

The Group's principal activity is that of investment in commercial properties located in Guernsey, Jersey and the Isle of Man.



# DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2023

## CORPORATE GOVERNANCE (continued)

### 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 discuss all risks at Board meetings and have adopted their own control review to ensure, where possible, risks are monitored appropriately. The Directors consider and identify any emerging risks at 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. The principal risks and uncertainties, along with the control or mitigation implemented by the Board, are detailed below:

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.  One or more of the properties is damaged as a result of a significant incident which is not covered by insurance.  Loan repayment and interest payments are not met and borrowing financial covenants are breached.	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.  Each property is insured against all foreseeable and insurable perils.
Non-compliance with laws and regulations (Operational)	GFSC loses confidence in the 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 contact with the regulator and the tax advisers. The Administrator has thorough and well-practised 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, interest rates or other 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.  Borrowings are mostly fixed rate or appropriately hedged limiting the negative impact of interest rate rises for the life of the loan.



# DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2023

## CORPORATE GOVERNANCE (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk (in what way)	Underlying cause of risk or uncertainty	Control or mitigation implemented
Climate Change (Market)	Negative effect on the properties themselves due to failure to keep up with tenant and/or societal climate change expectations or regulation, for example relating to net zero targets.	<p>The Board seeks regular update training from external consultants to ensure it keeps abreast of expectations and regulation. The Board also actively engages with the Independent Property Valuer to understand their approach to Climate Change factors in determining their valuation so as to ensure the properties are not regarded as below market benchmarks in this respect.</p> <p>Instructing an energy efficiency rating for each building in the property portfolio has provided useful insight for improvements. Such opportunities for improvement are carefully considered on reputational as well as pure economic grounds.</p> <p>The Board has also engaged an external advisor to assist in determining an action plan for the future and in communicating that plan to investors. See <a href="http://www.cipropertyfund.com">www.cipropertyfund.com</a></p>
Geo-political conflict (Market)	Political and economic disruptions, impact of evolving sanctions, supply chains e.g. building materials, the EU's over reliance on energy and power from Russia driving price increases and supply issues.	<p>The Board relies on the Market Maker and Registrar having adequate controls and governance in place to deal with sanctions and monitor the geographical location of investors. The Board seeks regular updates from both Ravenscroft Specialist Fund Management Limited and Link Market Services (Guernsey) Limited. CIPF has no physical investments in Ukraine, Russia or Eastern Europe.</p> <p>To date, the Group has experienced no difficulties arising from the conflict, but has reflected the resulting increase in costs in its future plans.</p>
Disruption to supply chains (Market)	Increased lead-in times, lack of available resources or available labour, increased construction costs, increased energy prices or fuel shortages.	The Board relies on the Property Asset Manager and Ravenscroft Project Management Limited to advise on property maintenance and enhancement requirements and to take into consideration the impact of the disruption to supply chains on these aspects. Updates are provided on a regular basis at quarterly Board meetings. Ad-hoc Board meetings are held as required to discuss urgent maintenance or construction concerns.

## EMERGING RISK

Risk (in what way)	Underlying cause of risk or uncertainty	Control or mitigation implemented
"Higher for longer" interest rates (Market)	Interest rates have risen considerably in the recent past, and the consensus among market participants is now that these higher rates will persist for several years to come.	The Board regularly reviews a cashflow model which uses the forward Sonia curve to forecast interest payments. 75% of the loan amount is hedged until 2027 but rates are forecast to still be close to current levels at that time. As a result, the Board has begun to consider the actions it might take to mitigate the impact of such rates on the activities of the Group.



# DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2023

## 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 has a financing facility in place which expires in approximately four years although there is always the possibility of renewing the facility and the Directors will work on the Group's best option near expiry date;
- (ii) the Group is exposed to upward movements in interest rates (on borrowings, which are partially hedged for a period of approximately four years) and inflation (on expenses and the quantum of rental increases) which is even more unpredictable beyond a five-year period;
- (iii) the Directors believe that a typical investor of the Company has an investment horizon of at least five years and have therefore chosen five years to ensure their expectations are met; and
- (iv) 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.

The principal risks, which are detailed earlier in the Directors' Report, are mitigated as far as possible 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. Those principal risks considered most relevant to the Company's viability are the Asset risks and the possible impact of the conflicts and the disruptions to supply chains.

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.

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 assumes no rental growth, that all rents due are actually collected, interest rates follow the current expected yield curve and dividend levels are maintained. The forecast thus drives the resulting levels and timing of liquidity required to meet the ongoing needs of the business within the existing capital structure.

This model indicates that in these circumstances, the Company experiences unsustainable cash outflow shortly after the current interest rate derivatives expire in 2027. In the unlikely event that this situation were to occur, the Board would consider implementing the mitigating actions listed below.

In the first stress scenario applied to the model described above it is assumed that all tenant breaks are exercised, and leases are not renewed on expiry resulting in significant capital expenditure and void periods of one year after which an occupier takes over a lease with 18 months' rent free. In the second scenario, it is assumed in addition that the Group's largest occupier defaults, resulting in significant capital expenditure and a loss of 14% of rental income for two years until a new occupier is found. Both these extreme scenarios result in the Group experiencing a cash shortfall before the end of the five-year period, if required to by the unlikely actual occurrence of any of the cash shortfalls described above, the Board could defer capital expenditure, increase borrowing or in the extreme sell properties or reduce the dividend to ensure the Group remained viable.

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. In making this assessment the Directors have assumed that there will not be a request for shareholder vote to discontinue the Company in 2028, and that the existing borrowing can be refinanced when it matures in 2027.

## 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.



# DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2023

## DIVIDENDS

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

Dividend period	Date paid	Dividend per share	Total dividend
31 December 2022	28 February 2023	£0.0165	£2,638,231
31 March 2023	31 May 2023	£0.0165	£2,638,231
30 June 2023	31 August 2023	£0.0165	£2,638,231
30 September 2023	30 November 2023	£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 19.

## DIRECTORS' INTERESTS

At 30 September 2023 and on the date of this Report the Directors held the following shares in the Company:

	30 September 2023	30 September 2022
Shelagh Mason	100,000	100,000
Steve Le Page	100,000	100,000
Paul Le Marquand	-	-
Paul Turner	20,000	20,000

All the Directors' interests are 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 thirteen 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.

Mr. Turner sits as a non-executive director, in addition to CIPF, on Red fund Limited, a Channel Islands based fund, which is also advised by Ravenscroft Specialist Fund Management Limited 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 fund managed by Ravenscroft Specialist Fund Management Limited 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. However, under the AIC criteria he does not qualify as independent.

## BOARD AND COMMITTEE MEETING ATTENDANCE

The Board met 10 times during the year whilst the Audit Committee met 5 times during the year. Individual attendance at the Board and Audit Committee meetings is set out below.

	Quarterly Board*	Quarterly Audit Committee**
Shelagh Mason		
Steve Le Page		
Paul Le Marquand		
Paul Turner		

\*there were 6 additional ad hoc meetings during the year

\*\*there was 1 additional ad hoc meeting during the year

It should be noted that Paul Turner is not a member of the Audit Committee and was invited to attend the meetings disclosed in the above table.



## DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2023

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### GOING CONCERN

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

Cash flow projections, which take into account the Principal risks detailed earlier in the report, are reviewed on a regular basis and the risk of the borrowing 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.

### CONSTRUCTIVE USE OF THE AGM

The Notice of AGM is sent out at least 20 working days in advance of the meeting. 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 20 February 2024 or in writing at any time during the year via the Company Secretary.

Approved by the Board of Directors on 8 December 2023 and signed on its behalf by:

**Shelagh Mason**

**Chairman**

**Steve Le Page**

**Audit Committee Chairman**

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## REPORT OF THE AUDIT COMMITTEE

For the year ended 30 September 2023

The Board is supported by the Audit Committee, which comprises Mr. Le Page (Chair), Mrs. Mason and Mr. Le Marquand, to enable a greater understanding of the issues facing the Group. Mr. Turner is entitled to attend meetings upon the invitation of the Committee Chairman, and usually do so. 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 roles and responsibilities of the Audit Committee are outlined in the Committee's Terms of Reference, available at the registered office and on the Company's website, and include:

- 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 management 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 reviews;
- 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 on 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 the audit process, taking into consideration relevant professional and regulatory requirements;
- Developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm; and
- Reporting to the Board on how the Committee discharged all relevant responsibilities, undertaken by the Chairman at each Board meeting.

### FINANCIAL REPORTING

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

- The quality and acceptability of accounting policies and practices;
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- 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 five times during the year under review; individual attendance of the Directors is outlined within the Directors' Report. Two of these meetings focused on approval of the Company's published quarterly net asset value. The main matters discussed at the other three meetings (all of which were attended by Mr. Le Page) were:

- Review of the external auditor, covering independence, proposed fees and their plan for the audit of this Annual Report and Audited Consolidated Financial Statements;
- Review and approval of the Company's accounting policies;
- Discussion and approval of the basis for significant judgements and estimates made in the preparation of this Report;
- Review of the Group's key risks and internal controls; and
- Consideration of the Board's adherence to the regulatory guidelines applicable to the Company, both 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 30 September 2023 report in accordance with the principles and recommendations of the 2019 AIC Code.





## REPORT OF THE AUDIT COMMITTEE (CONTINUED)

For the year ended 30 September 2023

### 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.

### 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 formally assessed the controls of the Administrator at the Board meeting to approve these financial statements.

### SIGNIFICANT RISKS IN RELATION TO THE FINANCIAL STATEMENTS

Throughout the year, the Audit Committee seeks to identify any new significant issues or areas of risk in respect of the Consolidated Financial Statements. None were identified in the current year. 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. 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 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, the most recent being dated 11 September 2023. 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 as at 30 September 2023, which remains the case. The Company and PwC have both concluded that this relationship does not impact upon their independence.

The Audit Committee undertook a formal review of the auditor for the year ended 30 September 2023, 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.



## REPORT OF THE AUDIT COMMITTEE (CONTINUED)

For the year ended 30 September 2023

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### 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 Group'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 outlining the controls in place for the production of the Annual Report, including the verification processes in place to confirm the factual content;
- 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 that it has acted in accordance with its Terms of Reference and ensured the independence and objectivity of the auditor and that the Group's Consolidated Financial Statements for the year ended 30 September 2023, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

**Steve Le Page**

**Audit Committee Chairman**

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11 December 2023





# 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 30 September 2023, 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 30 September 2023;
- 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

#### 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, Atla Fiduciaries Limited and Parish Group Limited (together the "Administrators"), Ravenscroft Specialist Fund Management Limited (the "Investment Manager"), D2 Real Estate (Jersey) Limited (the "Property Asset Manager") and Montagu Evans LLP (the "Independent 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 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. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. The Group financial statements are prepared on a consolidated basis, and the audit team carries out an audit over the consolidated Group balances in support of the Group audit opinion.

#### Key audit matters

- Valuation of Investment Properties
- Recognition of rental Income

#### Materiality

- Overall Group materiality: GBP 264 million (2022: GBP 2.73 million) based on 1% of Group total assets.
- Performance materiality: GBP 1.98 million (2022: GBP 2.05 million).



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHANNEL ISLANDS PROPERTY FUND LIMITED (CONTINUED)

## The scope of our audit

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.

## Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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

#### Valuation of Investment Properties

The Group's Investment Properties consist of office buildings in the Crown Dependencies of Guernsey, Jersey and the Isle of Man and represent the majority of the assets as at 30 September 2023 and therefore the valuation of the investment properties is considered to be a key audit matter. Please see Note 2 and Note 7 to the consolidated financial statements.

The valuation of the Group's Investment Properties is inherently subjective due to, among other factors, the individual nature of each investment property, its location and the expected future rental income for that particular investment property.

The valuation of Investment Properties is therefore an area of significant judgement and includes a number of assumptions including capitalisation yield and future rental values.

The valuation of the Group's Investment Properties was carried out by an Independent Property Valuer. The Independent Property Valuer was engaged by the directors and performed its work in accordance with the RICS - Professional Standards (Global and UK Edition).

### How our audit addressed the key audit matter

#### Objectivity and experience of the Independent Property Valuer

We assessed the Independent Property Valuer's qualifications and expertise and assessed whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.

#### Control environment and appropriateness of the accounting policy

We have understood and assessed the controls in place over the valuation process.

We read the letter of engagement between the Independent Property Valuer and the Group, the Independent Property Valuer's notes and attended the valuation meeting between the valuer and the board where the valuations were discussed.

We understood and assessed the Group's accounting policy for the investment properties and adherence to IAS 40: Investment Property.

#### External valuation reports

We read the valuation letter, summary, summary schedule and approach notes produced by the Independent Property Valuer for the Investment Properties. We noted 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 30 September 2023.

We agreed the value per the valuation letter, summary and individual valuation reports to the amount per the financial statements.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHANNEL ISLANDS PROPERTY FUND LIMITED (CONTINUED)

### Key audit matter

#### Valuation of Investment Properties (continued)

In determining a property's valuation, the Independent 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. Comparable market information is used where applicable in the valuations of the Group's Investment Properties, with an adjustment to UK regional benchmarks given the smaller nature of the Crown Dependency market. The Group has adopted the assessed values determined by the Independent Property Valuer.

### How our audit addressed the key audit matter

#### 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 Independent Property Valuer.

We compared the valuation metrics, used by the Independent Property Valuer, to industry indices and market data.

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 Independent Property Valuer had utilised and adjusted comparable UK regional industry benchmarks in determining appropriate market rental yields.

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 challenged management and the Independent Property Valuer on significant movements in the valuations, key assumptions including rental terms, capital expenditure requirements, and the application of void periods within each valuation.

We reconciled a sample of underlying data provided to the Independent Property Valuer as key valuation input to supporting documents.

Based on the audit work detailed above we have no matters to report.

#### Recognition of rental income

Revenue for the Group consists primarily of rental income. Please see Note 2 to the consolidated financial statements.

Rental income is based on tenancy agreements where there is a standard process in place for recording revenue. The majority of the Group's revenue is collected and managed by the Property Asset Manager.

In addition to the standard process for recording rental income, the Group manually calculates the spreading of lease incentives to ensure revenue is recorded on a straight-line basis over the course of the lease.

Due to the importance of the recognition 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.

We have understood and assessed the process flow and controls in place for recognising rental income.

We have assessed the accounting policy for rental income for compliance with IFRS 16.

We have reconciled a sample of rental income within the tenancy schedule to the contractual rent in the underlying property records.

We have tested the accuracy of management's calculation of material lease incentives and agreed the inputs to underlying lease agreements.

We have no matters to report in respect of this work.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHANNEL ISLANDS PROPERTY FUND LIMITED (CONTINUED)

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give 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. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall Group materiality	GBP 2.64 million (2022: 2.73 million)
How we determined it	1% of total assets (2022: 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 use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to GBP 1.98 million (2022: GBP 2.05 million) for the Group financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above GBP 0.13 million (2022: GBP 0.13 million), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Reporting on other information

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

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 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 based on these responsibilities.

## RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE AUDIT

### Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Statement of Directors' Responsibilities, 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 intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHANNEL ISLANDS PROPERTY FUND LIMITED (CONTINUED)

### 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 threats 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.





# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHANNEL ISLANDS PROPERTY FUND LIMITED (CONTINUED)

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## 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.

**Jonathan Mauger**

**For and on behalf of PricewaterhouseCoopers CI LLP  
Chartered Accountants  
Guernsey, Channel Islands**

11 December 2023

- The maintenance and integrity of the Channel Islands Property Fund Limited website 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 financial statements since they were initially presented on the website.*
- Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*



# Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2023

	Note	Year to 30 September 2023 £	Year to 30 September 2022 £
<b>INCOME</b>			
Rental income		17,851,045	17,104,376
Service charge income	10	4,780,002	3,878,800
<b>Total Operating Income</b>		<b>22,631,047</b>	<b>20,983,176</b>
Unrealised movement on revaluation of investment properties	8	(3,457,719)	(8,279,039)
<b>Total Losses on Investments</b>		<b>(3,457,719)</b>	<b>(8,279,039)</b>
<b>EXPENSES</b>			
Other operating expenses	12	(1,542,843)	(1,592,875)
Management expenses	19	(1,675,555)	(1,686,925)
Service charge expenses	10	(5,003,251)	(4,171,674)
<b>Total Operating Expenses</b>		<b>(8,221,649)</b>	<b>(7,451,474)</b>
<b>PROFIT BEFORE FINANCE COSTS AND TAX</b>		<b>10,951,679</b>	<b>5,252,663</b>
<b>FINANCING</b>			
Changes in fair value of derivative financial instruments	17	(3,100,745)	14,179,789
Interest income (expense) on derivative financial instruments		1,688,206	(220,583)
Interest income		82,326	9,016
Loan and bond setup expense	16	(82,042)	(382,959)
Loan interest and commitment fees	5	(6,916,884)	(3,071,759)
<b>Total Finance (Costs)/Income (net)</b>		<b>(8,329,139)</b>	<b>10,513,504</b>
<b>PROFIT BEFORE TAX</b>		<b>2,622,540</b>	<b>15,766,167</b>
Current tax	6	(599,394)	(1,256,248)
<b>PROFIT FOR THE YEAR</b>		<b>2,023,146</b>	<b>14,509,919</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2,023,146</b>	<b>14,509,919</b>
<b>Basic and diluted earnings per share</b>	11	<b>0.01</b>	<b>0.09</b>
Total Comprehensive Income attributable to equity holders		2,023,146	14,509,919
		<b>2,023,146</b>	<b>14,509,919</b>

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



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Note	30 September 2023 £	30 September 2022 £
<b>NON-CURRENT ASSETS</b>			
Investment properties	8	240,616,457	243,395,217
Receivable on rental incentives	8	6,933,561	7,245,182
Derivative financial instruments	17	11,079,044	14,179,789
<b>Total Non-current Assets</b>		<b>258,629,062</b>	<b>264,820,188</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	14	130,615	10,787
Receivable on rental incentives	8	639,982	664,602
Cash and cash equivalents	13	5,337,535	7,485,026
		<b>6,108,132</b>	<b>8,160,415</b>
<b>TOTAL ASSETS</b>		<b>264,737,194</b>	<b>272,980,603</b>
<b>EQUITY</b>			
Share capital	18	154,064,292	154,064,292
Hedging reserve	18	11,079,044	14,179,789
Accumulated deficit		(27,997,777)	(22,568,744)
<b>TOTAL EQUITY</b>		<b>137,145,559</b>	<b>145,675,337</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	16	119,692,285	119,610,243
<b>Total Non-current Liabilities</b>		<b>119,692,285</b>	<b>119,610,243</b>
<b>CURRENT LIABILITIES</b>			
Rent received in advance	7	3,993,734	4,010,446
Other payables	15	3,905,616	3,684,577
<b>Total Current Liabilities</b>		<b>7,899,350</b>	<b>7,695,023</b>
<b>TOTAL LIABILITIES</b>		<b>127,591,635</b>	<b>127,305,266</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>264,737,194</b>	<b>272,980,603</b>
Capital and reserves attributable to equity holders		137,037,176	145,556,725
Capital and reserves attributable to non-controlling interests		108,383	118,612
Net Asset Value	24	<b>137,145,559</b>	<b>145,675,337</b>
Net Asset Value per share	24	0.858	0.911

The Consolidated Financial Statements were approved by the Board of Directors on 8 December 2023 and are signed on its behalf by:

**Shelagh Mason** (Director)

**Steve Le Page** (Director)

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



# Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2023

	Note	Year ended 30 September 2023 £	Year ended 30 September 2022 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		2,622,540	15,766,167
<i>Adjusted for:</i>			
Interest income		(82,326)	(9,016)
Loan interest and commitment fees	5	6,916,884	3,071,759
Unrealised movement on revaluation of investment properties	8	3,457,719	8,279,039
Movement in trade and other receivables	14	(119,828)	154,658
Movement in rental incentives	8	336,241	216,636
Movement in rent received in advance		(16,712)	190,314
Movement in other payables	15	(669,451)	701,436
Taxation	6	(599,394)	(1,256,248)
Amortisation of set up costs	16	82,042	382,959
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>11,927,715</b>	<b>27,497,704</b>
<b>INVESTING ACTIVITIES</b>			
Movement in fair value of derivative financial instruments	17	3,100,745	(14,179,789)
Capitalised expenses	8	(678,959)	(565,675)
<b>NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>2,421,786</b>	<b>(14,745,464)</b>
<b>FINANCING ACTIVITIES</b>			
Loan setup costs	16	-	(471,800)
Loan principal drawdown	16	-	120,000,000
Loan principal repaid	16	-	(120,000,000)
Interest income		82,326	9,016
Loan interest and commitment fees	5	(6,026,394)	(3,071,759)
Dividends paid	25	(10,552,924)	(9,673,514)
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		<b>(16,496,992)</b>	<b>(13,208,057)</b>
<b>NET CASH OUTFLOW FOR THE YEAR</b>		<b>(2,147,491)</b>	<b>(455,817)</b>
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	13	7,485,026	7,940,843
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>13</b>	<b>5,337,535</b>	<b>7,485,026</b>

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2023

	Note	Share Capital £	Hedging Reserve £	Accumulated Deficit £	Total £
<b>BALANCE AT 30 SEPTEMBER 2021</b>		<b>154,064,292</b>	<b>-</b>	<b>(13,225,360)</b>	<b>140,838,932</b>
Profit for the year	17	-	14,179,789	330,130	14,509,919
Total other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-</b>	<b>14,179,789</b>	<b>330,130</b>	<b>14,509,919</b>
Dividend	25	-	-	(9,673,514)	(9,673,514)
<b>BALANCE AT 30 SEPTEMBER 2022</b>		<b>154,064,292</b>	<b>14,179,789</b>	<b>(22,568,744)</b>	<b>145,675,337</b>
Profit for the year	17	-	(3,100,745)	5,123,891	2,023,146
Total other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>(3,100,745)</b>	<b>5,123,891</b>	<b>2,023,146</b>
Dividend	25	-	-	(10,552,924)	(10,552,924)
<b>BALANCE AT 30 SEPTEMBER 2023</b>		<b>154,064,292</b>	<b>11,079,044</b>	<b>(27,997,777)</b>	<b>137,145,559</b>

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2023

### 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. The Company is an Authorised Closed-Ended Collective Investment Scheme regulated by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended, and the Authorised Closed-Ended Investment Scheme Rules, 2021. The Group’s consolidated financial statements as at and for the year ended 30 September 2023 (the “Consolidated Financial Statements”) 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, as amended.

### 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.

#### Accounting policies effective and adopted

The accounting policies applied in the current year are consistent with those of the previous financial year. Certain new accounting standards and interpretations have been published that are not mandatory for the 30 September 2023 reporting year and have not been early adopted by the Group. There is no expected material impact on, or any restatement of, the Group’s Consolidated Financial Statements as a result of new accounting standards and interpretations published but not yet adopted. The following new accounting standards have been updated that do not require mandatory adoption; IFRS 1 – First Time Adoption of International Financial Reporting Standards; IFRS 3 – Business Combinations and IFRS 17 – Insurance Contracts.

#### 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 ongoing 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.

#### Basis of measurement

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

#### Basis of consolidation

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

The results of subsidiaries are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition. Where necessary, to ensure consistency with the accounting policies adopted by the Group, adjustments are made to the Consolidated Financial Statements for subsidiaries on consolidation. The majority of subsidiaries have a reporting date of 30 September, with the exception of Jubilee Management Limited which has 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 Consolidated Statement of Financial Position date that are subject to an insignificant risk of changes in their fair value.

#### Income and expenses

Rental income is included in the Consolidated Statement of Comprehensive Income on a straight-line basis. Any rent received in advance from tenants are recorded as income when collected and is shown as liability on the Consolidated Statement of Financial Position. Expenses are recognised on an accruals basis, with the exception of fees relating to arranging new lettings which are amortised over the life of the arranged lease.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

#### Income and expenses (continued)

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.

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 3, are inherently subjective and actual values can only be determined in a sales transaction. During the year, a change in the valuation methodology of the properties in Jersey was made due to changes in tax laws in Jersey where document duty is now being deducted from the property value.

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.

#### 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 cash flow 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 cost plus any directly attributable transaction costs and later adjusted to fair value. 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 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.

#### Derivative financial instruments

Derivative financial instruments are 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.

On revaluation of the derivative the unrealised gain or loss arising is taken to profit or loss. On maturity or redemption of the derivative, the realised gains or losses arising are taken to profit and loss.

#### 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 period 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.

Pursuant to the exemption granted under the above-mentioned Ordinance, the Company is subject to an annual fee, currently £1,200 (2022: £1,200), payable to the Guernsey Authorities. 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.

#### 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





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(continued)

#### Significant estimates (continued)

##### Valuation of investment property (continued)

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 30 September 2023, 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 unknown deterioration to the buildings between inspections, as they are inspected by the Property Manager, who reports 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 21 outlines the impact of Equivalent yield and ERV on property valuations and the significant unobservable inputs included in the valuation of the investment properties.

##### Fair Value of derivative financial instruments, including assessment of associated credit and default risk adjustments

During the year ended 30 September 2023, the fair value of the derivative financial instruments are based on valuation models run by the counterparty to the contract, NatWest Markets plc. The object of the valuation model is to arrive at a

fair value determination that reflects the price of the financial instruments at the reporting date that would have been determined by market participants acting at arm's length.

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

The Board has also made a judgement concerning the risk of credit or default losses arising from the financial instruments. In making this assessment the Board has taken into account the fact that the counterparty has a good standing and a good credit rating and is highly experienced in such instruments. In addition, it is closely connected to the bank which has provided the loan hedged by the derivative. Accordingly, the Board do not consider any valuation adjustment necessary.

#### Significant judgements

##### Income and expenses

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. For Income or expenses apportioned and charged on the Consolidated Statement of Comprehensive using the lease term, the Directors have made the judgment that the lease term is the full life of the lease or up to the lease break date if at the inception of the lease, there is a reasonable expectation that the tenant will exercise their break option.

##### 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.

The Company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 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 (as disclosed in Note 18), 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 jurisdiction.

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

### 5. INTEREST EXPENSE

	Year to 30 September 2023 £	Year to 30 September 2022 £
<b>Interest paid</b>		
RBSI	6,916,884	3,071,759

The payments to RBSI are in relation to the commitment fees and interest charged on the Facility Agreement for the year (see Note 16).

### 6. TAXATION

Regency Court Property Limited, Gategny Holdings Limited, Esplanade Properties (Guernsey) Limited, Guernsey Property No4 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.

There were no amounts of deferred taxation for the year ended 30 September 2023. No deferred tax assets have been recognised during the year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 6. TAXATION (continued)

	30 September 2023 £	30 September 2022 £
Tax expense in the year	599,394	1,256,248
<b>Profit before tax</b>	2,622,540	15,766,167
Less:		
Company and intermediary holding company loss for the year	(9,307,361)	(5,170,090)
Fair value movement on derivative financial instruments	3,100,745	(14,179,789)
Fair value movement on investment property	(3,470,000)	(680,000)
<b>Taxable loss</b>	<b>(7,054,076)</b>	<b>(4,263,712)</b>
Income tax using an effective tax rate of 20%	<b>(1,410,815)</b>	<b>(852,742)</b>
Effect of:		
Expenses not deductible for tax purposes	2,672,148	2,378,631
Annual allowances	(682,799)	(309,288)
Losses utilised / carried forward	20,860	4,069
Prior period adjustments	-	35,578
<b>Current tax expense in the year</b>	<b>599,394</b>	<b>1,256,248</b>

### 7. RENT RECEIVED IN ADVANCE

As of 30 September 2023, the Group has received rent in advance amounting to £3,993,734 (2022: £4,010,446) as a result of the timing of payments agreed with the tenants that is non-coterminous with the Group's financial reporting date.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 8. INVESTMENT PROPERTIES

#### Level 3 reconciliation

	30 September 2023 £	30 September 2022 £
Fair value at beginning of year	243,395,217	251,108,581
Capitalised costs	678,959	565,675
Unrealised loss on revaluation of investment property	(3,457,719)	(8,279,039)
<b>Fair value at end of the year</b>	<b>240,616,457</b>	<b>243,395,217</b>

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

Appraised Values	248,190,000	251,305,001
Lease incentives held as debtors	(7,573,543)	(7,909,784)
<b>Carrying value at the end of the year</b>	<b>240,616,457</b>	<b>243,395,217</b>

The fair value of investment properties at 30 September 2023 is £240,616,457 (30 September 2022: £243,395,217). In line with the investment strategy detailed in the Annual Report, the investment portfolio consists of commercial property located in Guernsey, Jersey and the Isle of Man.

Lease incentives have previously been granted to the tenants of certain properties, in the form of payments and rent-free periods. A portion of these lease incentives is recognised as expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the lease.

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.

Full red book valuations and site visits are performed on all investment properties at year end by Montagu Evans LLP, London. 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 (30 September 2022: 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 21. An equivalent yield of between 6.50% and 8.00% (30 September 2022: 6.30% and 7.25%) has been used in determining the fair value as at 30 September 2023.

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 22 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 22, are also subject to individual bonds in favour of RBSI. Further details of the loan are provided in Note 15.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 9. OPERATING LEASES

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

(a) Calculated based on the assumption that tenants will continue to occupy the property until the agreed lease expiry date:

	30 September 2023 £	30 September 2022 £
Within 1 Year	18,779,346	18,173,289
1 to 2 Years	17,616,070	17,918,574
2 to 3 Years	16,611,553	16,958,053
3 to 4 Years	16,611,553	15,984,927
4 to 5 Years	16,611,553	15,984,927
After 5 Years	106,535,905	120,396,531
	<b>192,765,980</b>	<b>205,416,301</b>

(b) Calculated based on the assumption that tenants will exercise their break lease date option:

	30 September 2023 £	30 September 2022 £
Within 1 Year	18,779,346	18,173,289
1 to 2 Years	16,427,816	16,933,000
2 to 3 Years	15,292,707	14,826,747
3 to 4 Years	14,760,893	13,724,515
4 to 5 Years	13,643,722	13,044,465
After 5 Years	55,734,141	59,592,294
	<b>134,638,625</b>	<b>136,294,310</b>

### Significant agreements

#### Guernsey

*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 up to 21 years, ending between May 2025 and June 2037.

*Royal Chambers* - is a multi-let property to four tenants. The majority of agreements are for a lease period of 21 years, ending between June 2033 and October 2038. All the four tenants have break clauses which can be enacted between November 2024 and October 2035.

*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.

*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 September 2028. Two of the tenants have break clauses which can be enacted in May 2033 and December 2033.

*Oak House* - is a fully let, single tenant property located in Guernsey. The property is leased on a fixed term agreement which expires in January 2035.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 9. OPERATING LEASES (continued)

#### Significant agreements (continued)

##### Jersey

*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 up to 24 years, ending between September 2028 and April 2041. Two of the tenants have break clauses which can be enacted in November 2029 and April 2034.

*Windward House* - is a fully let, multi-tenant property located in Jersey which is leased on a fixed term agreements. The agreements are for a lease period of 7 and 12 years, ending between August 2024 and January 2034.

*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 October 2045, with a break option that can be enacted in October 2024. The tenant has given notice to exercise this break option.

*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. There is no break option.

##### Isle of Man

*Fort Anne* - is a single tenant property located in the Isle of Man which is leased on a fixed term agreement of 21 years ending in August 2037, with a break option break option that can be enacted in October 2031.

*Vicarage House* - is a single tenant property located in the Isle of Man which is leased on a fixed term agreement of 15 years ending in May 2032, with a break option break option that can be enacted in May 2027.

*First Names House* - is a single tenant property located in the Isle of Man which is leased on a fixed term agreement of 21 years ending in June 2038, with a break option that 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 13.50% (30 September 2022: 8.18%). This tenant currently has a tenancy in Royal Chambers in Guernsey and 18-22 Grenville Street in Jersey.

### 10. SERVICE CHARGE INCOME AND EXPENSES

The leases for the multi-tenant properties listed in Note 8 entitle the Group to 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 not received by the Company being used to settle electricity, water, rates, maintenance, etc.

During the year, service charge income of £4,780,002 (30 September 2022: £3,878,800) was received from occupiers and an amount of £5,003,251 (30 September 2022: £4,171,674) had been incurred in relation to these services.

If there is a vacancy in one of the properties, an amount of these expenses would become the responsibility of the respective property holding company in a proportion relative to the size of the vacancy. During the year, non-recoverable expenses of £254,019 (30 September 2022: £292,874) were incurred by the Group as a result of vacant spaces, primarily in Royal Bank Place.

### 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 £2,023,146 (30 September 2022: £14,509,919) and the weighted average number of Ordinary Shares in issue during the year of 159,892,798 (30 September 2022: 159,892,798). The basic and diluted earnings per share is £0.01 at the reporting date (30 September 2022: £0.09).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 12. OTHER OPERATING EXPENSES

	30 September 2023 £	30 September 2022 £
Administration fees	348,702	357,148
Legal and professional fees	506,466	465,715
Repairs and maintenance	114,642	199,223
Directors' fees and expenses	176,591	172,952
Regulatory fees	120,014	159,510
Audit fees	108,320	93,000
General expenses	54,681	37,001
Marketing expenses	6,763	28,790
Insurance	41,408	20,441
Sundry expenses	65,256	59,095
	<b>1,542,843</b>	<b>1,592,875</b>

Fees and expenses relating to the establishment of the subsidiaries will be borne by the Group. The Group will also incur ongoing 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 ongoing 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 £5,337,535 (30 September 2022: £7,485,026) is £1,018,782 (30 September 2022: £1,018,782) of cash held under the security terms of the loan facility with RBSI. Further details of the loan facility are disclosed in Note 15.

### 14. TRADE AND OTHER RECEIVABLES

	30 September 2023 £	30 September 2022 £
Prepayments	3,602	3,038
Sundry debtors	126,233	7,749
Amounts due from tenants	780	-
	<b>130,615</b>	<b>10,787</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 15. OTHER PAYABLES

	30 September 2023 £	30 September 2022 £
Investment Manager fees	414,077	858,859
Loan interest and commitment fees - RBSI	1,743,486	852,996
Taxation	614,372	1,098,136
GST / VAT	164,049	166,510
Audit fees	108,320	93,000
Dividend	6,210	6,210
Other creditors	855,102	608,866
	<b>3,905,616</b>	<b>3,684,577</b>

### 16. LOANS AND BORROWINGS

	30 September 2023 £	30 September 2022 £
<i>Due after 1 year:</i>		
<b>RBSI:</b>		
Net loan liability at beginning of year	119,610,243	119,699,084
Loan principal drawdown	-	120,000,000
Loan principal repayment	-	(120,000,000)
Loan set up costs	-	(471,800)
Amortisation of loan set up costs	82,042	382,959
Net loan liability due after 1 year	119,692,285	119,610,243
<b>TOTAL NET LOAN LIABILITY DUE AFTER 1 YEAR</b>	<b>119,692,285</b>	<b>119,610,243</b>
Unamortised RBSI loan set up costs	(307,715)	(389,757)
RBSI loan principal liability	120,000,000	120,000,000
	<b>119,692,285</b>	<b>119,610,243</b>

There is no loan liability due before 1 year.

On 30 September 2021, the bank finance was renegotiated under a restated and amended loan facility agreement (the "Agreement"). The effective date of the Agreement was 1 October 2021 with expiry date of 30 June 2027. The result of the Agreement was to amend the total commitment to £125,000,000, of which £120,000,000 has been drawn.

Security has been provided by way of a charge over the Group's investment properties under the Agreement. Interest is charged at the aggregate of the margin and base rate and is payable quarterly in arrears.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 16. LOANS AND BORROWINGS (continued)

The interest charged on the loan of £120,000,000 is the aggregate of the margin and base rate. As at 30 September 2023, the rate of interest charged was 5.75% (30 September 2022: 5.50%) on the outstanding loan. Commitment fees are charged on the loan at a rate of 1.00% of the undrawn principal.

The loan facility was drawn to assist with financing the purchase of the properties. In accordance with the 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	30 September 2023	30 September 2022
Loan to Market Value Ratio (including lease incentives)	Must not exceed 55%	48.35%	47.75%
Loan to Market Value Ratio (excluding lease incentives)	Must not exceed 55%	49.87%	49.30%
Projected Interest Cover Ratio	Must be in excess of 225%	408.79%	402.11%
Historic Interest Cover Ratio	Must be in excess of 225%	390.02%	442.73%
Projected Debt to Rent Cover	Must not exceed 900%	645.28%	648.69%

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

### 17. DERIVATIVE FINANCIAL INSTRUMENTS

On 11 November 2021, the Company entered into two derivative arrangements with NatWest Markets plc ("NatWest") on £90,000,000 of its debt, split equally between an interest rate swap for £45,000,000 and an interest rate cap with a strike rate of 1% on the other £45,000,000. These arrangements became effective on 15 January 2022 and will expire on 30 June 2027.

The fair value of the derivatives in respect of these contracts is based on their marked to market value. The interest rate swap and interest rate cap are classified as level 2 under the hierarchy of fair value measurements required by IFRS 13.

#### Derivatives primarily held for risk management purposes

	Assets £	Notional Amount £
Net derivative financial assets at beginning of year	14,179,789	90,000,000
Movement during the year of interest rate cap receivable	(1,323,357)	-
Movement during the year of interest rate swap receivable	(1,777,388)	-
<b>AS AT 30 SEPTEMBER 2023</b>	<b>11,079,044</b>	<b>90,000,000</b>
<b>AS AT 30 SEPTEMBER 2022</b>	<b>14,179,789</b>	<b>90,000,000</b>

During the year, the Company received £1,688,206 (2022: paid £220,583) interest in relation to the Derivative Financial Instrument Agreements. Both elements of the index swap have a maturity date of 30 June 2027.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 18. SHARE CAPITAL AND RESERVES

#### Authorised

The Company has an unlimited number of Ordinary Shares of no par value.

#### Issued and Fully Paid

	No. of Shares	£
Ordinary Shares		
<b>Balance as at 30 September 2021</b>	<b>159,892,798</b>	<b>154,064,292</b>
Issued during the period	-	-
Issue costs	-	-
<b>Balance as at 30 September 2022</b>	<b>159,892,798</b>	<b>154,064,292</b>
Issued during the year	-	-
Issue costs	-	-
<b>Balance as at 30 September 2023</b>	<b>159,892,798</b>	<b>154,064,292</b>

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.

#### Hedging Reserve

	Year to 30 September 2023 £	Year to 30 September 2022 £
Balance at start of year	14,179,789	-
Movement during the year	(3,100,745)	14,179,789
<b>Balance at end of year</b>	<b>11,079,044</b>	<b>14,179,789</b>

Movements relating to the derivative financial instruments arrangement are recognised in this reserve.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 19. MATERIAL AGREEMENTS

#### **Fees Payable to the Administrator**

The Administrator of the Company is Aztec Financial Services (Guernsey) Limited ("Aztec"). Aztec, Atla Fiduciaries Limited and Parish Group Limited provide administration services to the Company's subsidiaries. These companies are collectively known as the "Administrators". Total fees charged by the Administrators during the year were £348,702 (30 September 2022: £357,148), of which £nil amount remained payable as at 30 September 2023 (30 September 2022: £nil).

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 Manager**

The Property 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.

Total property management fees during the year ended 30 September 2023 were £89,607 (30 September 2022: £120,349), of which £nil remained payable as at 30 September 2023 (30 September 2022: £nil).

#### **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 £1,675,555 (30 September 2022: £1,686,925), of which £414,077 remains unpaid at 30 September 2023 (30 September 2022: £858,859).

##### *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, no acquisition fees were incurred for the year ended 30 September 2023 (30 September 2022: £nil).

##### *Disposal fees*

Pursuant to the Investment Management Agreement the Company pays the Investment Manager a disposal fee of 1.5% of the sale price of the property sold. No disposal fees were incurred for the year ended 30 September 2023 (30 September 2022: £nil).

##### *Other fees*

During the year, the Company paid fees of £10,000 (30 September 2022: £10,000) to Ravenscroft (CI) Limited, in relation to market making. These have been included within "Legal and professional fees" in Note 12.

In addition, Ravenscroft (CI) Limited paid marketing costs of £6,763 (30 September 2022: £28,790) on behalf of the Company, which were subsequently recharged. These have been included within "Marketing costs" in Note 12.

During the year, the Company paid £10,000 (30 September 2022: £7,500) on behalf of the Investment Manager in relation to professional fees, which was subsequently reimbursed prior to the year end.

#### **Fees Payable to the Project Manager**

The Company paid fees of £11,458 (30 September 2022: £18,857) to Ravenscroft Project Management Limited. These fees relate to one-off projects such as upgrades and refurbishment as instructed by the Board.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 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:

	30 September 2023 £	30 September 2022 £
<b>Directors</b>		
Shelagh Mason	59,850	57,000
Steve Le Page	44,100	42,000
Paul Le Marquand	37,550	35,760
Paul Turner	37,550	35,760

At 30 September 2023, there were no outstanding fees between the Directors and the Company (30 September 2022: £nil). During the year, the Directors received £176,591 (30 September 2022: £170,858). The Directors received £1,656 (30 September 2022: £2,094) as reimbursement for expenses during the year.

The following shares were held by related parties:

	As at 30 September 2023	As at 30 September 2022
<b>Directors</b>		
Shelagh Mason	100,000	100,000
Steve Le Page	100,000	100,000
Paul Le Marquand	-	-
Paul Turner	20,000	20,000
<b>Employees of the Investment Manager</b>		
Jon Ravenscroft	500,000	500,000
Brian O'Mahoney *	100,000	100,000

\* In addition, 50,000 shares are held indirectly through Retirement Annuity Trust Scheme

### 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 £108,320 (30 September 2022: £93,000), of which £108,320 remained payable at 30 September (30 September 2022: £93,000).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 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 the 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.

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 occupiers of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or insolvency of occupiers 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.

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

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

	30 September 2023 £	30 September 2022 £
Increase in estimated rental value of 5% (2022: 5%)	9,796,064	10,356,739
Decrease in estimated rental value of 5% (2022: 5%)	(9,372,630)	(10,684,076)
Increase in equivalent yield of 0.50% (2022: 0.25%)	(16,199,644)	(9,641,712)
Decrease in equivalent yield of 0.50% (2022: 0.25%)	19,674,775	10,388,246



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 22. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (continued)

#### 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 through Swaps, 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.

	Carrying Amount	CONTRACTUAL CASHFLOWS			
		Total	Less than 1 year	Between 1 and 5 years	Over 5 years
<b>30 September 2023</b>					
Other payables (excluding rent received in advance)	(3,905,616)	<b>(3,905,616)</b>	(3,905,616)	-	-
Borrowings*	(119,692,285)	<b>(146,744,188)</b>	(4,549,161)	(142,195,027)	-
	<b>(123,597,901)</b>	<b>(150,649,804)</b>	<b>(8,454,777)</b>	<b>(142,195,027)</b>	-
<b>30 September 2022</b>					
Other payables (excluding rent received in advance)	(3,684,577)	<b>(3,684,577)</b>	(3,684,577)	-	-
Borrowings	(119,610,243)	<b>(144,617,844)</b>	(4,600,451)	(20,017,393)	(120,000,000)
	<b>(123,294,820)</b>	<b>(148,302,421)</b>	<b>(8,285,028)</b>	<b>(20,017,393)</b>	<b>(120,000,000)</b>

\*Contractual cash flows for borrowings in less than 1 year and between years 1 to 5 relate to loan interest and non-utilisation fees only. The full repayment of the loan is expected to be made in 4 years upon expiry.

#### 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 an occupier, the Group would 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 single occupier generated 13.50% (30 September 2022: 8.18%) of the Group's rental income with the next largest generating 8.17% (30 September 2022: 7.96%).

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 22. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (continued)

#### Credit risk (continued)

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:

	30 September 2023 £	30 September 2022 £
Derivative financial instruments	11,079,044	14,179,789
Cash and cash equivalents - RBSI	5,337,535	7,485,026
Trade and other receivables (excluding prepayments)	-	7,749
	<b>16,416,579</b>	<b>21,672,564</b>

#### 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.

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 £	Fixed rate financial liabilities £	Variable rate financial liabilities £
As at 30 September 2023	5,337,535	(90,000,000)	(29,692,285)
As at 30 September 2022	7,485,026	(90,000,000)	(29,610,243)

At 30 September 2023, if interest rates had moved by 0.5% with other variables remaining constant, the change in equity and profit or loss for the year would amount to approximately + / - £121,774 (30 September 2022: + / - £110,626).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 22. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (continued)

#### 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.

	30 September 2023 £	30 September 2022 £
<b>Financial assets not measured at fair value, for which fair value is disclosed</b>		
Receivable on rental incentives	7,573,543	7,909,784
Cash and cash equivalents	5,337,535	7,485,026
Trade and other receivables (excluding prepayments)	780	7,749
	<b>12,911,858</b>	<b>15,402,559</b>
<b>Financial liabilities not measured at fair value, for which fair value is disclosed</b>		
Loan and borrowings	119,692,285	119,610,243
Other payables	3,905,616	3,684,577
	<b>123,597,901</b>	<b>123,294,820</b>

#### Derivative financial instruments

The fair value for the derivative financial instruments is provided by NatWest, 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 (30 September 2022: 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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 22. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (continued)

#### 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 15 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	Tax Domicile
<b>CIPF Holdings (Guernsey) Limited</b>	<b>19 March 2015</b>	<b>Guernsey</b>
- Regency Court Property Limited	30 November 2010	Guernsey
- Gategny Holdings Limited	8 August 2014	Guernsey
- Guernsey Property No.4 Limited	1 July 2016	Guernsey
- Jubilee Management Limited	2 January 2019	Guernsey
- Esplanade Properties (Guernsey) Limited	12 October 2017	Guernsey
- Jubilee Management Limited	2 January 2019	Guernsey
- 2G Limited	30 July 2020	Guernsey
<b>CIPF Holdings Jersey Limited</b>	<b>7 January 2016</b>	<b>Guernsey</b>
- St Helier Investments Limited	19 July 2013	Jersey
- Liberty Wharf 4 Limited	16 September 2016	Jersey
- Specular Limited	4 September 2020	Jersey
<b>CIPF Holdings (IOM) Limited</b>	<b>17 May 2017</b>	<b>Isle of Man</b>
- 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 those two subsidiaries, a total of 55.46% 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

### 24. NET ASSET VALUE PER SHARE

The below table reconciles the difference between the published net asset value as at 30 September 2023 and the IFRS net asset value calculated as part of these Consolidated Financial Statements. The variances detailed have resulted from disparities between the special 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 in Guernsey and Isle of Man.

There are also sometimes variances in the accruals recorded between the publication of the unaudited net asset value 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. Special assumptions on investment properties located in Guernsey and Isle of Man during the valuation process in relation to document duty have been made. The adjustments to fair value of investment property detailed in the below table reflect this special assumption of purchaser's costs at 1.5%.

	30 September 2023 £	30 September 2022 £
<b>Net asset value attributable to Ordinary Shares per consolidated financial statements</b>	<b>137,145,559</b>	<b>145,675,337</b>
<i>Adjustments:</i>		
Adjustments to fair value of investment property	9,190,000	12,660,000
Adjustments to tax payable	(109,006)	273,619
Adjustments to other current assets and liabilities	422,032	22,057
<b>Published net asset value per the Regulatory News Service</b>	<b>146,648,585</b>	<b>158,631,013</b>
Shares in issue	159,892,798	159,892,798
Published Net Asset Value per Share	0.917	0.992
IFRS Net Asset Value per share	0.858	0.911



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2023

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### 25. DIVIDENDS

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During the year, dividends totalling 6.6 pence per share (£10,552,924) (30 September 2022: 6.6 pence per share (£9,673,514)) have been declared and £6,210 (30 September 2022: £6,210) remains outstanding at 30 September 2023, to ordinary shareholders.

### 26. CONTROLLING PARTY

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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

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On 2 November 2023, the Company approved an interim dividend of £0.0165 per ordinary share, which was paid on 30 November 2023.

On 20 November 2023, the Company drawdown £1,000,000 from the facility with RBSI to fund Group's capital expenditure.







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