



CHANNEL ISLANDS
PROPERTY FUND

INTERIM REPORT & UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 October 2021 to 31 March 2022







CHANNEL ISLANDS PROPERTY FUND

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BUSINESS AND FINANCIAL HIGHLIGHTS

For the period from 1 October 2021 to 31 March 2022



Fair value¹ of properties

£272.6m

latest valuation date 30 September 2021

Loan to value
remains 44%

(44% LTV Sept 2021)



Average
lease length
11.93 years

The total portfolio
floor area

518,499 sq.ft.



100%
office rent
collection

Total contracted office²
rent per annum **£15.6m**



Interim period dividend
per share **4.4p**



BUSINESS AND FINANCIAL HIGHLIGHTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

12 properties
across three
jurisdictions

GSY **5** JSY **4** IOM **3**



28

tenants

GSY **15** JSY **10** IOM **3**

Percentage portfolio
value by island

GSY **63%**

JSY **25%**

IOM **12%**



The next AGM
will take place during
February 2023



¹ The fair value of properties is based on the assumption of disposals of properties by share transfer rather than conveyance, such that document duty or stamp duty as applicable is not payable.

² Office rent only, not inclusive of vacant, archive storage or car parking rentalisation



GENERAL INFORMATION

For the period from 1 October 2021 to 31 March 2022

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
EC3A 8BE

MARKET MAKER

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



COMPANY SUMMARY

For the period from 1 October 2021 to 31 March 2022

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 and Guidance, 2021. A total of 159,892,798 (2021: 159,892,798) ordinary shares were admitted to the Official List of The International Stock Exchange (“TISE”) as at 31 March 2022.

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

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

INVESTMENT OBJECTIVE & POLICY

The Company has been established with the objective of providing an investment opportunity that aims to provide shareholders with a total return from a combination of 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.

CHANGE OF YEAR-END

With effect from 30 September 2021, the financial year end of the Company was changed from 31 October to 30 September to align its financial year and the calculation of its quarterly net asset value with the timing of rental quarters. As a result, the comparative figures stated in the Unaudited Consolidated Statement of Comprehensive Income, Unaudited Consolidated Statement of Cash Flows, Unaudited Consolidated Statement of Changes in Equity, and the related notes are not directly comparable.



CHAIRMAN'S STATEMENT

For the period from 1 October 2021 to 31 March 2022



Shelagh Mason

Chairman

I am pleased to present the Interim Report for the Company for the six month period ending on 31st March 2022. As stated at the AGM in February, we are in a period of concentration on asset management and I am pleased to say that our investment manager and property managers have made good progress. Our AGM coincided with the invasion of Ukraine at a time when we were already suffering from the aftermath of COVID, both of which are still providing challenges for supply chains and differing attitudes to office working. However, with careful scheduling of planned works and the high quality of our portfolio we are still very much on track with our plans and, as you will see from the Investment Managers Report, new leases with longer term commitments continue to be negotiated. We are also continuing at pace with our ESG initiatives and our occupiers are fully engaged in the process.

We are looking forward to a productive second half to the year and thank shareholders for their continued support.

Shelagh Mason

Chairman

28 June 2022



INVESTMENT MANAGER'S ("IM") REPORT

For the period from 1 October 2021 to 31 March 2022

Whilst there has been no material change to the Company's portfolio composition in the half-year period, the IM, together with the board and D2 Real Estate (Jersey) Limited ("D2RE"), the property managers, have been actively managing the assets with a view to securing longer term commitments from existing occupiers and new leases on the vacant space at Regency Court and Royal Bank Place.

The concentration for the period has been on asset management and we have made good solid progress, in particular in the first quarter 2022 a lease restructure was completed at Windward House in St Helier, which saw the headlease being replaced with direct leases with each of the occupiers, and BDO taking an additional floor in the building whilst extending its lease from 2.5 years term certain to 12 years.

At Regency Court, at the time of writing, it is anticipated that the former Barclays space on the 1st floor will be let, reducing the vacant space across the portfolio from 25,426 sq.ft. to 17,909 sq.ft, which equates to 3.45% of the total floorspace.

One of the Jersey occupiers has exercised a break option effective October 2023, seeking to reduce its occupational footprint primarily as a result of corporate activity. Encouragingly, heads of terms have been signed with two high quality tenants for over two-thirds of the space to be vacated, on long lease commitments. This may or may not lead to completion of leases over the next few months.

In contrast, another occupier is seeking to increase its space within one of the Guernsey properties and negotiations are underway to secure a longer term commitment.

Following the agreement of an extension to the Company's lending facilities in September 2021, the board entered into a swap and cap on £90 million of its £120 million total debt to protect against rising interest rates. This has proved to be effective in the increasing interest rate environment.

In the period between 31 December 2021 and 31 March 2022, the NAV per share rose from 96.6p to 98.5p, and, at the time of writing the mid-market share price is 103.5p.

In general, tenant demand in St Peter Port and St Helier is reasonably buoyant at present and supply of quality offices is low. We expect to see this dynamic alter on the supply side over the next 24 months as developments in both St Helier at the International Finance Centre and along the Esplanade come on stream, and in St Peter Port, Comprop has recently recommenced its 66,000 sq.ft. phase 2 Admiral Park development on the back of rumoured pre-lets to 3 occupiers all on long term leases, which is encouraging for the marketplace as a whole.

In Douglas, outwith the CIPF portfolio, a major lease re-gear completed at the end of April for a 66,597 sq.ft. property, where the occupational tenant extended the lease for a further

10 years from its current expiry in December 2026, which is an encouraging sign in a relatively restricted market compared with Guernsey and Jersey.

On the investment market side, there have been relatively few transactions although notable are the £55 million sale of Trafalgar Court to Global Net Lease, a US publicly traded real estate investment trust, and the completion of the sale of No. 1, The Plaza at Admiral Park for an undisclosed price.

There are undoubted headwinds in the global economy, as a result of the pandemic and latterly as a consequence of the Russian invasion of Ukraine. Inflation in the UK is running into double digits, the highest reported level in over 40 years. In the Islands, the latest reported figures are lower but there is little to suggest that further increases are not likely.

From a Company perspective this will mean that refurbishment costs for floors which may become vacant will be higher than at present and there are also supply chain issues causing significant delays to the availability of materials and parts. Careful forward planning of projects is being undertaken and risks evaluated to ensure deliverability.

We have also noted the strain on contractor capacity and the availability of labour across all sectors of the building trades, putting further emphasis on the timing of projects. Much of the planned maintenance is undertaken over a long period and this flexibility and the ability to schedule over a period will assist in dealing with contractor capacity.

An ever increasing focus has fallen upon Environmental, Social and Governance issues ("ESG"), which have risen in importance for both occupiers and investors alike. As noted in the 2021 year end report the Company has developed its own ESG objectives: (i) to have a positive effect on the communities in which it operates, (ii) to be the landlord of choice based on its responsible, sustainable, ethical and transparent approach, (iii) to mitigate climate change, and (iv) to maintain ethics and integrity in its governance and dealings.

The Company is working on its first Sustainability Report to inform the ESG process and to be able to report to investors where we are on our journey and where we want to be in achieving our objectives and preserving and enhancing shareholder value.

D2RE has been working closely with occupiers to obtain information to assist with the production of data relevant to the portfolio to assist with benchmarking against various indices. This is a work in progress but an area where the IM, board and property managers are increasingly focussed.

We would like to extend our thanks to shareholders for their support in the last 6 months.

Ravenscroft Specialist Fund Management Limited

28 June 2022





DIRECTORS' REPORT

For the period from 1 October 2021 to 31 March 2022

The Directors submit their Interim Report and Unaudited Condensed Consolidated Financial Statements (the "Consolidated Financial Statements") of Channel Islands Property Fund Limited and its subsidiaries (together the "Group") for the period from 1 October 2021 to 31 March 2022, which have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). The Consolidated Financial Statements should be read in conjunction with the annual financial statements for the eleven month period ended 30 September 2021 (the "Annual Financial Statements"). These Consolidated Financial Statements have been prepared in accordance with relevant enactments 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").

CORPORATE GOVERNANCE

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

ACTIVITY

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

DIVIDENDS

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

Dividend period	Date paid	Dividend per share	Total dividend
30 September 2021	30 November 2021	£0.0110	£1,758,821
31 December 2021	28 February 2022	£0.0165	£2,638,231
31 March 2022	31 May 2022	£0.0165	£2,638,231



DIRECTORS' REPORT (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

DIRECTORS

The Directors during the period and to the date of this report are as stated within General Information. During the period the Directors received remuneration in the form of fees as stated in note 18.

DIRECTORS' INTERESTS

At the period end, the Directors held the following number of shares in the Company:

	31 March 2022	30 September 2021
Shelagh Mason	100,000	100,000
Steve Le Page	100,000	100,000
Paul Le Marquand	-	-
Paul Turner	20,000	20,000

At no point during the period, or any prior period, did any of the Directors hold an interest in any contract or contract for provision of services to which the Company, or any subsidiary undertaking, is a party.

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 continue to take into account the possible impact of the COVID-19 pandemic on rent collections and expenses and the possible impact of the conflict in Ukraine on supply chains, are reviewed on a regular basis and the risk of the covenants being breached is considered to be low.

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

Approved by the Board of Directors on 28 June 2022 and signed on its behalf by:

Steve Le Page

Audit Committee Chairman





Unaudited Condensed Consolidated Financial Statements

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 October 2021 to 31 March 2022

	Note	1 October 2021 to 31 March 2022 £	1 November 2020 to 30 April 2021 £
INCOME			
Rental income		8,470,556	8,211,141
Service charge income	8	2,397,796	2,549,277
Other income		-	25,160
Total Operating Income		10,868,352	10,785,578
GAINS AND LOSSES ON INVESTMENTS			
Unrealised movement on revaluation of investment properties	6	146,279	(35,078)
Unrealised movement on revaluation of investment properties classified as held for sale	6	-	(24,500)
Realised loss on disposal of investment properties	6	-	(9,815)
Total Gains and Losses on Investments		146,279	(69,393)
EXPENSES			
Service charge expenses	8	(2,624,249)	(2,758,757)
Management expenses	17	(817,085)	(842,598)
Other operating expenses	12	(921,490)	(561,959)
Total Operating Expenses		(4,362,824)	(4,163,314)
PROFIT BEFORE FINANCE COSTS AND TAX		6,651,807	6,552,871
FINANCING COSTS			
Interest income		2,512	1,734
Commitment fee expense		(25,068)	-
Interest expense	4	(1,229,083)	(1,421,905)
Loan setup expense	14	(341,824)	(67,613)
Loss on derivative financial instruments		-	(42,060)
Total Finance Costs (net)		(1,593,463)	(1,529,844)
PROFIT BEFORE TAX		5,058,344	5,023,027
Current tax	5	(430,766)	(450,833)
PROFIT FOR THE PERIOD		4,627,578	4,572,194
OTHER COMPREHENSIVE INCOME			
Effective portion of changes in fair value of derivative financial instruments	15	3,133,643	91,322
TOTAL COMPREHENSIVE INCOME		7,761,221	4,663,516
Total comprehensive income attributable to equity holders		7,769,727	4,663,516
Total comprehensive income attributable to non-controlling interests	19	(8,506)	-
		7,761,221	4,663,516
Basic and Diluted Earnings Per Share	9	0.03	0.03

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Note	31 March 2022 £	30 September 2021 £
NON-CURRENT ASSETS			
Investment properties	6	251,254,860	251,108,581
Receivable on rental incentives	6	7,344,734	7,503,114
Derivative financial instruments	15	3,133,643	-
Total Non-current Assets		261,733,237	258,611,695
CURRENT ASSETS			
Trade and other receivables	10	-	165,445
Receivable on rental incentives	6	635,407	623,306
Cash and cash equivalents	13	8,246,526	7,940,843
Total Current Assets		8,881,933	8,729,594
TOTAL ASSETS		270,615,170	267,341,289
EQUITY			
Share capital	16	154,064,292	154,064,292
Hedging reserve	16	3,133,643	-
Accumulated deficit		(12,994,835)	(13,225,360)
TOTAL EQUITY		144,203,100	140,838,932
NON-CURRENT LIABILITIES			
Loans and borrowings	14	119,569,109	119,699,084
Total Non-current Liabilities		119,569,109	119,699,084
CURRENT LIABILITIES			
Rent received in advance		3,956,356	3,820,132
Other payables	11	2,886,605	2,983,141
Total Current Liabilities		6,842,961	6,803,273
TOTAL LIABILITIES		126,412,070	126,502,357
TOTAL EQUITY AND LIABILITIES		270,615,170	267,341,289
Capital and reserves attributable to equity holders		144,085,894	140,713,220
Capital and reserves attributable to non-controlling interests	19	117,206	125,712
		144,203,100	140,838,932
Net Asset Value per share		0.902	0.881

The Consolidated Financial Statements were approved by the Board of Directors on 28 June 2022 and are signed on its behalf by:

Steve Le Page (Director)

Paul Le Marquand (Director)

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



Unaudited Condensed Consolidated Financial Statements

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 October 2021 to 31 March 2022

	Note	1 October 2021 to 31 March 2022 £	1 November 2020 to 30 April 2021 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		5,058,344	5,023,027
Adjusted for:			
Interest income		(2,512)	(1,734)
Interest expense	4	1,229,083	1,421,905
Commitment fee expense		25,068	-
Unrealised (gain)/loss on investment properties	6	(146,279)	35,078
Unrealised loss on investment property classified as held for sale	6	-	24,500
Amortisation of set up costs	14	(129,975)	39,785
Movement in trade and other receivables	10	165,445	(159,125)
Movement in rental incentives	6	146,279	(35,078)
Movement in rent received in advance		136,224	(54,156)
Movement in other payables	11	(96,536)	(300,501)
Taxation paid	5	(430,766)	(450,833)
NET CASH INFLOW FROM OPERATING ACTIVITIES		5,954,375	5,542,868
INVESTING ACTIVITIES			
Property disposals	6	-	1,333,500
Capitalised expenses	6	-	(267,531)
NET CASH INFLOW FROM INVESTING ACTIVITIES		-	1,065,969
FINANCING ACTIVITIES			
Interest income		2,512	1,734
Commitment fee expense		(25,068)	-
Interest expense	4	(1,229,083)	(1,421,905)
Dividends paid		(4,397,053)	(5,276,462)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(5,648,692)	(6,696,633)
NET CASH INFLOW/(OUTFLOW) FOR THE PERIOD		305,683	(87,796)
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	13	7,940,843	6,029,329
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13	8,246,526	5,941,533

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 October 2021 to 31 March 2022

	Share Capital £	Hedging Reserve £	Accumulated Deficit £	Total £
Balance at 1 November 2020	154,064,292	(91,322)	(12,249,399)	141,723,571
Profit for the period	-	-	4,572,194	4,572,194
Total other comprehensive income	-	91,322	-	91,322
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	91,322	4,572,194	4,663,516
Dividend paid	-	-	(5,276,462)	(5,276,462)
BALANCE AT 30 APRIL 2021	154,064,292	-	(12,953,667)	141,110,625
Reclassification of sinking fund reserve	-	-	282,245	282,245
Profit for the period	-	-	4,722,524	4,722,524
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	5,004,769	5,004,769
Dividend paid	-	-	(5,276,462)	(5,276,462)
BALANCE AT 30 SEPTEMBER 2021	154,064,292	-	(13,225,360)	140,838,932
Profit for the period	-	-	4,627,578	4,627,578
Total other comprehensive income	-	3,133,643	-	3,133,643
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	3,133,643	4,627,578	7,761,221
Dividend paid	-	-	(4,397,053)	(4,397,053)
BALANCE AT 31 MARCH 2022	154,064,292	3,133,643	(12,994,835)	144,203,100

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



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 October 2021 to 31 March 2022

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 and Guidance, 2021. The Group's financial statements as at and for the period ended 31 March 2022, (the "Consolidated Financial Statements,") comprise the Company and its subsidiaries as listed in note 19. The Group's principal activity is that of investment in commercial properties in Guernsey, Jersey and the Isle of Man.

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.

Basis of preparation

The Group's Consolidated Financial Statements for the six months to 31 March 2022 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"), and on a going concern basis. The Consolidated Financial Statements should be read in conjunction with the annual financial statements for the eleven month period ended 30 September 2021 (the "Annual Financial Statements") which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and comply with the Companies (Guernsey) Law, 2008.

Accounting policies

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Group's accounting policies. The accounting policies applied are consistent with those of the Annual Financial Statements.

Financial Risk Management

The Group's activities expose it to a variety of financial risks. The main risks arising from the Group's financial instruments are market price risk, liquidity risk, credit risk and interest rate risk, which have not changed since 30 September 2021. These Consolidated Financial Statements do not include all financial risk management information and disclosures required in the Annual Financial Statements and, accordingly, should be read in conjunction with the Annual Financial Statements.

3. SEGMENTAL INFORMATION

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.

4. INTEREST EXPENSE

	1 October 2021 to 31 March 2022 £	1 November 2020 to 30 April 2021 £
Interest paid	1,229,083	1,421,905

The payments to Royal Bank of Scotland International ("RBSI") are in relation to the interest charged on the Facility Agreement and Derivative Agreements for the period (see notes 14 and 15).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

5. TAXATION

The Company is exempt from Income Tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989, as amended. The Company pays an annual fee to the States of Guernsey Income Tax Office, presently set at £1,200.

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.

An amount of £430,766 (30 April 2021: £450,833) has been charged to the Unaudited Condensed Consolidated Statement of Comprehensive Income for the period to 31 March 2022. The actual amount of income tax payable for the year will be assessed at 30 September 2022. As at 31 March 2022, tax payable amounted to £868,753 (30 September 2021: £886,845) of which £456,079 relates to outstanding tax due as at 30 September 2021.

With effect from September 2016, dividends paid by the Company carry an associated tax credit equivalent to the actual rate of tax suffered by the Company, including the subsidiaries in respect of their Guernsey and Jersey rental income. Shareholders should therefore note that the effective rate of tax may be less than 20% and they should report the net dividends received accordingly. Interim dividends paid by the Company will carry estimated tax credits and the actual effective rate will be adjusted on the final dividend annually.

There were no amounts recognised as deferred taxation in the Consolidated Financial Statements at 31 March 2022 (30 September 2021: £nil).

6. INVESTMENT PROPERTIES

Level 3 reconciliation

	31 March 2022 £	30 September 2021 £
Fair value at beginning of period	251,108,581	253,008,618
Disposals at previously held at fair value	-	(1,743,685)
Capitalised costs	-	285,260
Unrealised gain/(loss) on revaluation of investment properties	146,279	(431,797)
Realised loss on disposal of investment property	-	(9,815)
Fair value at end of the period	251,254,860	251,108,581

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

Appraised values	259,235,001	259,235,001
Lease incentives held as debtors	(7,980,141)	(8,126,420)
Carrying value at the end of the period	251,254,860	251,108,581

The investment portfolio, in line with the investment summary detailed within the Investment Manager's Report, consists of commercial property located in Guernsey, Jersey and the Isle of Man.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

6. INVESTMENT PROPERTIES (continued)

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

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

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

All investment properties are valued as at 30 September 2021 by Montagu Evans LLP, London, who is a member of the Royal Institution of Chartered Surveyors. Fees for the valuer are fixed and agreed on an annual basis. Valuations are reviewed and approved by the Directors. There have been no formal valuations for the properties for the period ended 31 March 2022.

Valuations are reviewed and approved by the Directors. 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 period (30 September 2021: none).

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 19 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 19, are also subject to individual bonds in favour of RBSI in respect of the properties held. Further details of the loan are provided in note 14.

Please refer to the Company's Report and Annual Financial Statements for the eleven month period ended 30 September 2021, notes 3 and 7, for the full accounting disclosures regarding investment properties.

7. 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:

	31 March 2022 £	30 September 2021 £
Within 1 Year	17,302,697	17,561,043
1 to 5 Years	65,391,667	66,246,814
After 5 Years	117,756,950	131,446,889
Total	200,451,314	215,254,746



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

7. OPERATING LEASES (continued)

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

	31 March 2022 £	30 September 2021 £
Within 1 Year	17,302,697	17,561,043
1 to 5 Years	61,550,444	64,555,766
After 5 Years	62,675,206	66,354,961
	141,528,347	148,471,770

Agreements

There have been no material changes to the terms of any agreements during the period to 31 March 2022. For further details of the agreements in place, please refer to the Annual Financial Statements.

All tenants undergo rent reviews every three years. Increases are agreed in line with market rates at the time of the review. As at the period end, a number of reviews remained in progress.

During the period, no one tenant contributed greater than 15% of the rental income of the Group.

8. SERVICE CHARGE INCOME AND EXPENSES

The leases for the multi-tenant properties listed in note 7 above 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 Asset Manager, so are not received by the Company, and are being used to settle electricity, water, rates, maintenance, etc in respect of the relevant property.

During the period, service charge income of £2,397,796 (30 April 2021: £2,549,777) was received from occupiers and an amount of £2,624,249 (30 April 2021: £2,758,757) 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 period, non-recoverable expenses of £226,453 (for the period ended 30 April 2021: £208,980) were incurred by the Group as a result of vacant spaces, primarily in Royal Bank Place. This difference is therefore the net liability of the Group.

9. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share for the Group is based on the profit for the period of £4,627,578 (April 2021: £4,572,194) and the weighted average number of Ordinary Shares in issue during the period of 159,892,798 (30 September 2021: 159,892,798).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

10. TRADE AND OTHER RECEIVABLES

Trade and other receivables are made up as follows:

	31 March 2022 £	30 September 2021 £
Amounts due from tenants	-	162,750
Sundry debtors	-	2,695
	-	165,445

11. OTHER PAYABLES

Other payables are made up as follows:

	31 March 2022 £	30 September 2021 £
Taxation	868,753	886,845
Investment Manager fees	839,945	722,555
Loan interest - RBSI	543,675	597,022
Other creditors	217,883	581,140
Loan arrangement fees - RBSI	200,000	-
GST / VAT	156,228	100,794
Audit fees	43,500	87,000
Commitment fee - RBSI	10,411	-
Dividend	6,210	6,210
Directors' fees	-	1,575
	2,886,605	2,983,141



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

12. OTHER OPERATING EXPENSES

Other operating expenses are made up as follows:

	1 October 2021 to 31 March 2022 £	1 November 2020 to 30 April 2021 £
Legal and professional fees	189,108	120,324
Administration fees	183,204	213,744
Repairs & maintenance costs	169,876	5,448
Regulatory fees	131,284	25,857
Directors' fees and expenses	86,459	87,250
Audit fees	43,500	42,502
Sundry expenses	19,899	8,325
Registration fees	33,182	16,592
Marketing costs	26,144	-
Insurance costs	38,834	41,917
	921,490	561,959

13. CASH AND CASH EQUIVALENTS

Included in the cash and cash equivalents of £8,246,526 (30 September 2021: £7,940,843) is £1,018,782 (30 September 2021: £1,016,272) of cash held under the security terms of the loan facility with RBSI. Further details of the loan facility are disclosed in note 14.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

14. LOANS AND BORROWINGS

	31 March 2022 £	30 September 2021 £
<i>Due after 1 year:</i>		
RBSI:		
Net loan liability at beginning of period	119,699,084	119,625,669
Loan principal drawdown	120,000,000	-
Loan principal repayment	(120,000,000)	-
Loan set up costs	(471,800)	-
Amortisation of loan set up costs	341,825	73,415
TOTAL NET LOAN LIABILITY DUE AFTER 1 YEAR	119,569,109	119,699,084
Unamortised RBSI loan set up costs	(430,891)	(300,916)
RBSI Loan principal liability	120,000,000	120,000,000
	119,569,109	119,699,084

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. The result of the Agreement was to amend the total commitment to £125,000,000, of which £120,000,000 has been drawn.

On 30 September 2021, capitalised costs of £300,916 were written off on termination of the terminated facility. Following this, costs of £471,800 were capitalised in relation to the Agreement, of which £40,909 had been unwound during the period ended 31 March 2022.

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

The interest charged on the loan of £120,000,000 is the aggregate of the margin and base rate. As at 31 March 2022, the effective rate of interest charged was 2.91% (30 September 2021: 2.39%) on the outstanding loan.

The loan facility was drawn to assist with financing the purchase of the properties. In accordance with the loan facility agreement the Group has various non-financial and financial covenants that are required to be met. These are reviewed and confirmed to RBSI on a quarterly basis.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

14. LOANS AND BORROWINGS (continued)

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

Covenants	Requirement	31 March 2022	30 September 2021
Loan to Market Value Ratio (including lease incentives)	Must not exceed 55%	46.29%	46.29%
Loan to Market Value Ratio (excluding lease incentives)	Must not exceed 55%	47.76%	47.89%
Projected Interest Cover Ratio	Must be in excess of 225%	540.90%	712.42%
Historic Interest Cover Ratio	Must be in excess of 225%	656.51%	541.70%
Projected Debt to Rent Cover	Must not exceed 900%	657.06%	652.22%

15. DERIVATIVE FINANCIAL INSTRUMENTS

On 11 November 2021, the Company entered into derivative arrangements 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 was 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/(Liabilities) £	Notional Amount £
RBSI:		
Net derivative financial liabilities at beginning of year	(91,322)	40,000,000
Movement during the year	91,322	(40,000,000)
As at 30 September 2021	-	-
Net derivative financial assets at beginning of period	-	-
Movement during the period of interest rate cap receivable	2,818,785	45,000,000
Movement during the period of interest rate swap receivable	314,858	45,000,000
As at 31 March 2022	3,133,643	90,000,000
TOTAL DERIVATIVES POSITION AT 31 MARCH 2022	3,133,643	90,000,000
TOTAL DERIVATIVES POSITION AT 31 SEPTEMBER 2021	-	-



Unaudited Condensed Consolidated Financial Statements

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

16. 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		
Balance as at 1 November 2020	159,892,798	154,064,292
Issued during the year	-	-
Issue costs	-	-
Balance as at 30 September 2021	159,892,798	154,064,292
Issued during the period	-	-
Issue costs	-	-
Balance as at 31 March 2022	159,892,798	154,064,292

The movement in the hedging reserves was as follows:

	1 October 2021 to 31 March 2022 £	1 November 2020 to 30 April 2021 £
Balance at start of period	-	(91,322)
Movement during the period	3,133,643	91,322
Balance at end of period	3,133,643	-

Movements relating to the derivative arrangements accounted for as cash flow hedge are recognised in this reserve.

The rights attaching to the Ordinary Shares are as follows:

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



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

17. 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 period were £183,204 (30 April 2021: £213,744), of which £nil remained payable as at 31 March 2022 (30 September 2021: £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 Asset Manager

The Property Asset Manager is entitled to receive a fee for each property it manages. Where this property is multi-let, the full amount of the fee is recoverable via the service charge. Should any tenant from a multi-let property vacate their lease, the Group would be responsible for their share of the management fee. Total property management fees during the period ended 31 March 2022 were £36,011 (30 April 2021: £34,776), of which £nil remained payable at 31 March 2022 (30 September 2021: £nil).

In addition, the Company paid £14,334 (30 April 2021: £nil) to the Property Asset Manager, in relation to the letting advice services provided during the period.

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 period were £817,085 (30 April 2021: £822,745), of which £839,945 remains unpaid as at 31 March 2022 (30 September 2021: £722,555).

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. No acquisition fees were incurred for the period ended 31 March 2022 (30 April 2021: £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 period ended 31 March 2022 (30 April 2021: £19,853).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

17. MATERIAL AGREEMENTS (continued)

Fees payable to the Investment Manager (continued)

Other fees

During the period, the Company paid fees of £5,000 (30 April 2021: £5,000) to Ravenscroft (CI) Limited, in relation to market making (management of the Huntress (CI) Nominees Limited account). These have been included within "Legal and professional fees" in note 12.

In addition, Ravenscroft (CI) Limited paid marketing costs of £26,144 (30 April 2021: £nil) on behalf of the Company, which were subsequently recharged. These have been included within "Marketing costs" in note 12.

Fees payable to the Project Manager

During the period, the Company paid fees of £nil (30 April 2021: £2,500) to Ravenscroft Project Management Limited. These fees relate to one-off projects such as upgrades and refurbishment as instructed by the Board.

18. 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 period, the Directors were entitled to the following fees per annum:

	Annual Fee
Shelagh Mason	£57,000
Steve Le Page	£42,000
Paul Le Marquand	£35,760
Paul Turner	£35,760

At 31 March 2022, no amount remained outstanding between the Directors and the Company (30 September 2021: £nil). During the period, the Directors received £85,598 (30 April 2021: £82,250). In addition, Shelagh Mason earned £337.50 (30 April 2021: £nil) as part of her variable fees rendered during the period of which £nil (30 September 2021: £1,575) remained outstanding at the period end.

The following shares were held by related parties:

	As at 31 March 2022	As at 30 September 2021
Directors		
Shelagh Mason	100,000	100,000
Steve Le Page	100,000	100,000
Paul Le Marquand	-	-
Paul Turner	20,000	20,000
Employees and related parties of the Investment Manager		
Jon Ravenscroft	500,000	500,000
Brian O'Mahoney	100,000	100,000



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

19. INVESTMENTS IN SUBSIDIARIES AND NON-CONTROLLING INTERESTS

Subsidiary	Date of incorporation/ acquisition	Tax Domicile
CIPF Holdings (Guernsey) Limited	19 March 2015	Guernsey
- Regency Court Property Limited	30 November 2010	Guernsey
- Gategny Holdings Limited	8 August 2014	Guernsey
- Guernsey Property No4 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
CIPF Holdings Jersey Limited	7 January 2016	Jersey
- St Helier Investments Limited	19 July 2013	Jersey
- Liberty Wharf 4 Limited	16 September 2016	Jersey
- Specular Limited	4 September 2020	Jersey
CIPF Holdings (IOM) Limited	17 May 2017	Isle of Man
- Vicarage House Limited	15 December 2015	Isle of Man
- Fort Anne Holdings Limited	1 July 2016	Isle of Man
- FN House Limited	18 May 2017	Isle of Man

All companies listed above are 100% owned and were originally set up to acquire properties, with the exception of Jubilee Management Limited. Guernsey Property No4 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% 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 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 October 2021 to 31 March 2022

20. NET ASSET VALUE PER SHARE

The below table reconciles the difference between the published net asset value as at 31 March 2022 and the net asset value calculated as part of these condensed consolidated interim financial statements. The variances detailed have resulted from disparities between the valuation assumptions used for the purposes of the published net asset value and those required under IFRS. The Directors do not believe that they will incur Document Duty on the disposal of the SPVs which hold the individual properties.

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

Variances could also arise due to classification of line items for net asset value purposes and for financial reporting purposes.

	31 March 2022 £	30 September 2021 £
Net asset value attributable to Ordinary Shares per consolidated financial statements	144,203,100	140,838,932
<i>Adjustments:</i>		
Adjustments to fair value of investment property	13,339,998	13,339,998
Adjustments to tax payable	-	161,962
Reclassification of sinking fund reserve	-	(282,245)
Adjustments to other current assets and liabilities	-	1,575
Published net asset value per RNS	157,543,098	154,060,222
Shares in issue	159,892,798	159,892,798
Published Net Asset Value per Share	0.985	0.964
IFRS Net Asset Value per share	0.902	0.881

21. EVENTS AFTER REPORTING DATE

On 4 May 2022, an interim dividend of £2,638,231 (£0.0165 per share) was declared and was paid on 31 May 2022.





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