

The Channel Islands Property Fund Limited (“the Company”)

Risk Statement – February 2025

Purpose

The Company is an internally managed Non-EU alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive and as such retains overall responsibility for risk management of the Company and its subsidiaries (collectively “the Group”).

The purpose of the Risk Statement is to set out at a high level the Company’s risk appetite, that is the risks that it is prepared to accept to generate the target returns for investors. By documenting this the Board of the Company can ensure that its strategic and business plans remain consistent with its proposition to investors for risk and reward.

The Risk Statement will sit alongside the Company’s investment policy, the Internal Control Risk Matrix, the Company’s strategy and investor expectations. It will evolve naturally over time to ensure that it remains relevant and instructive.

Risk Statement

The Risk Statement is prudent and uses Risk Scoring and Evaluation (see below). The principle is to ensure that all material risks are identified, assessed and their likelihood and impact effectively mitigated within acceptable levels. Following these principles the principal risks identified are:-

- Asset risk
- Tenant default and voids
- Funding availability and terms
- Failure of bank
- Regulatory breach
- Political and economic changes

The Risk Statement is aligned with the Company’s investment policy, which is to provide an investment opportunity that aims to provide a total return from a combination of capital growth and an appropriate dividend policy through the acquisition and active management of commercial property predominantly in the Channel Islands.

Ownership and Governance

The Risk Statement is determined by and owned by the Board and applies to the Group.

The Board reviews the Risk Statement at least annually. Responsibility for delivering business performance in line with the Risk Statement is delegated by the Board to the Investment Manager, currently Ravenscroft Corporate Finance Limited (“Ravenscroft”).

Conflict management procedures are in place where interests of the Company may conflict with those of Ravenscroft.

Risk Management Model

Management of risk at operational level is undertaken by Ravenscroft, and at each property by D2 Real Estate, both of whom are required to have effective controls in place. The Company must be satisfied that they each have an appropriate risk management framework in place to ensure the operational, risk and investment management framework is effectively controlled and that performance of the portfolio of investments is overseen.

The Board challenges and monitors management information ensuring that policies are up to date, delegated authorities are complied with and that such policies respond to new strategic priorities and emerging or changing risks. A compliance report is provided at the request of the Board annually as part of their evaluation.

Third party assurance can be sought to provide challenge to the framework and controls and provide guidance on best practice.

Risk Scoring and Evaluation

All material risks across the Group are scored on a pre-control basis and the strengths of any mitigating controls evaluated. The Internal Risk Matrix then scores these risks on a post-control basis.

RISK STATEMENT

STATEMENT	DELIVERY
1.The Board is committed to pursuing investment strategies which maintain investor, media and regulatory confidence in the Company’s sustainability.	The Strategy and business plan set out the strategies to be adopted and are reviewed at least annually ¹ .
2.There is a very low appetite for failure to meet stated targets and calls for mitigation of risks faced by the business.	The Company’s performance is considered at every board meeting ¹ .
3.The Board requires the Company to have sufficient revenue cash to cover the targeted dividends and seeks to protect and grow the net asset value per share recognising that fluctuations in valuation will impact upon net asset value per share.	The Board reviews and updates risk scenarios through the Internal Risk Matrix and information provided by its investment and property managers. The Board also reviews cash flow forecasts which are updated quarterly to ensure that revenue and capital cash flows are sustainable ¹ .
4. The Board has a very low risk appetite at asset level which could affect valuation or reputation.	Performance at property level is monitored at every board meeting in conjunction with both the investment manager and property manager. Exceptional events are reported as they happen ¹ .

¹ In delivering the Risk Statement, the Board ensures remedial action is taken as and when is appropriate