Jersey Development Company

2023 Annual Report

and Consolidated Financial Statements

Our Business

We invest in the island's sustainable future by carrying out major regeneration

Coordinating, planning and delivering major property developments and regeneration.

Balancing the financial, social and environmental elements.

FUTURE

We construct new homes

Delivering much needed new homes, with focus on energy efficient sustainable living.

Addressing Jersey's housing shortage through supply of new homes targeting first-time buyers and right-sizers.

HOMES

We create and maintain many public squares and gardens

Protecting and valuing our environment. We maintain the Weighbridge, Marina Gardens, Les Jardins de la Mer and Trenton Square.

Supporting Jersey's infrastructure and community well-being, mental and physical health.

OUTDOOR

We construct 'Super Prime Grade A' Quality Office Space

Supporting Jersey's premier industry with high quality infrastructure to support retention and growth in the island's international finance industry.

OFFICES

Our Vision, Mission & Values

Our Vision

"To build a better Jersey."

Our Mission

"To be the GoJ's partner for regeneration and strategic property development in order to deliver a sustainable financial, social and environmental contribution to Jersey and its people."

Our Company Values

Community

Engaging with others to create inclusive places

Integrity

Accountable, respectful and professional

Sustainability

Creating a better environment for the benefit of future generations

Quality

Building for the future and setting the standard

Transformation

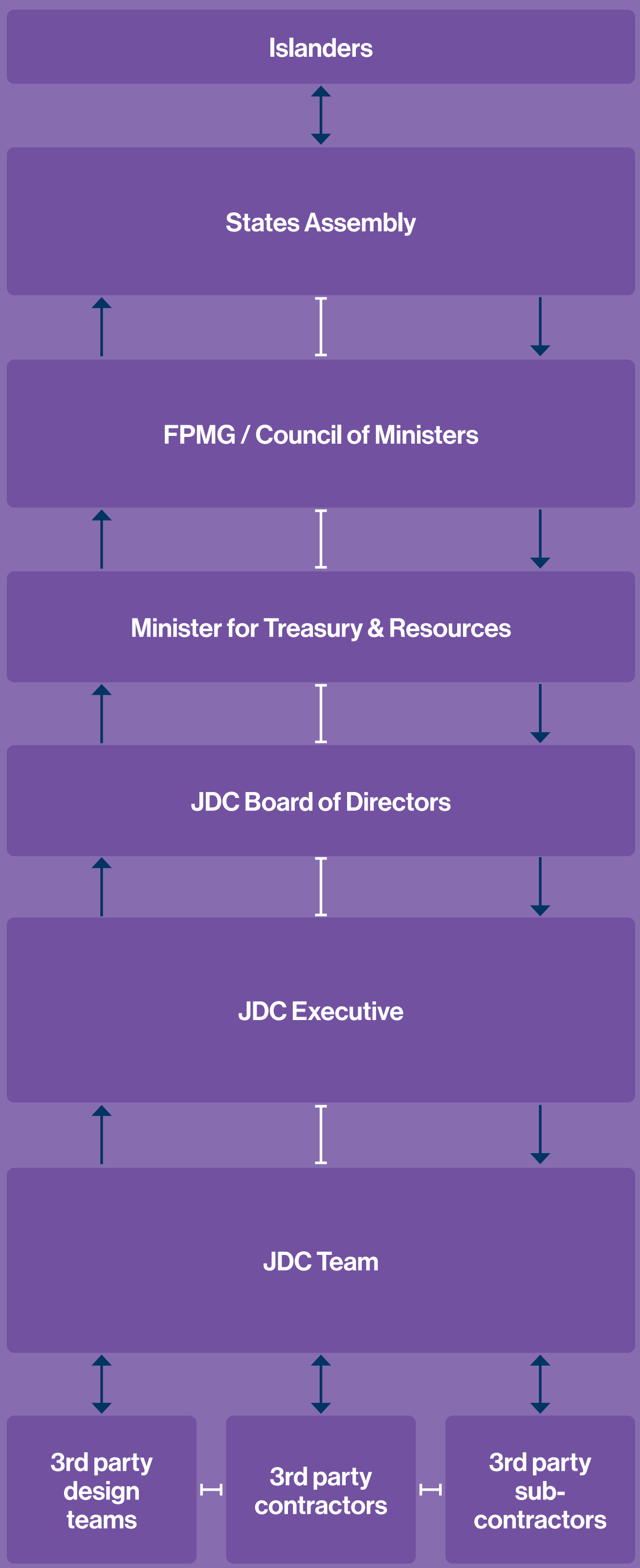
Delivering visionary and creative regeneration

Passionate

Motivated and ambitious to achieve excellence

We are passionate about being a transformative but inclusive company that considers the broader impact of its decision making and business activities in Jersey. Our aim is to collate and consider the views and insights of key stakeholders to understand their requirements, improve our decision making and maximise our contribution.

Summary of Ownership, Lines of Reporting and How we add Value



We are 100% owned by the Government of Jersey, therefore by you, the public.

Every initiative JDC undertakes is Government led, the building and property investments are on land that has been entrusted to JDC by the Government of Jersey.

We have no policy-making functions or remit to develop masterplans and are solely charged to deliver policies agreed by the Government of Jersey in an effective and efficient manner.

We work closely with the States Treasury & Exchequer department to ensure all our major decisions are in line with our remit and Government expectations.

We are run by an independent, experienced, highly respected Board and are accountable to our Shareholder, the Minister for Treasury & Resources.

Our investments are creating jobs, housing and infrastructure to support Jersey's economy. Our projects are also community focused and include high quality open green spaces and landscaped areas for the public to enjoy.

By investing in direct development, we ensure that returns to the Government are improved, as well as retaining control over design and quality. Our in-house team of professionals work with expert external professionals to visualise and create quality development schemes.

We team up with high quality contractors to deliver those plans, creating a far greater return to the Government than by simply selling the land to a third party developer.

Our Stakeholders and what we do for them

1,600+
Home owners

467 new homes delivered, 139 granted planning permission and more than 1,000 to be created in the next decade

£56.4m
Government of Jersey

£56.4m profits (before TAX) generated since 2012

173
First Time Buyers

173 first time buyers assisted since 2012

£11.5m
Government of Jersey

£11.5m of dividends paid to the Government of Jersey since 2012

30,000m²
Island Community

An area equivalent to 4 x football pitches of public realm, maintained by JDC for the benefit of the Community

£4.8m
Island Community

£4.8m invested in public infrastructure and public realm since 2012

Fair
Our Contractors & Staff

We are a Living Wage partner and operate within our Modern Anti-Slavery Policy

£3.2m
Island Community

£3.2m of support for social and community projects since 2012

An overview of our current developments

IFC 2

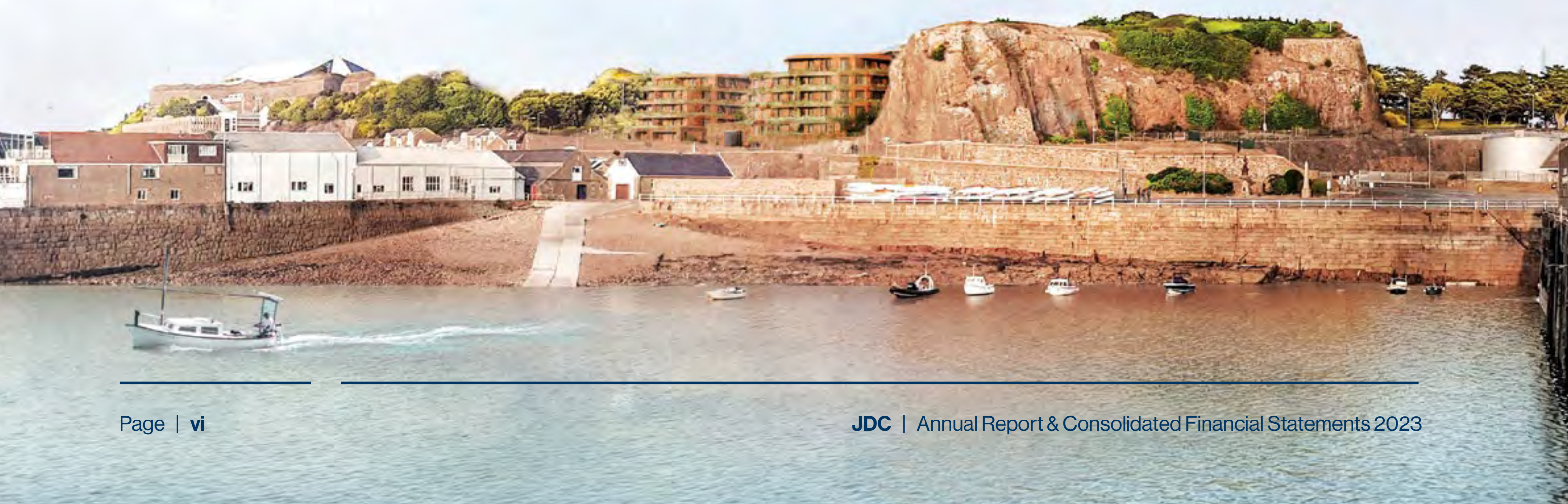
IFC 2 is the next office building in the International Finance Centre Jersey development which has already secured Planning consent. To be 'oven ready' for future tenants, JDC will advance the designs of IFC 2 through Building Control and up to RIBA Stage 4B.

IFC 2 will be the first BREEAM 'Outstanding' office building in Jersey and JDC will be assessing whether further improvements can be achieved to reduce the embodied carbon and the carbon-in-use of the completed building, whilst maintaining the financial viability of the project.

South Hill (Westward)

Following a second planning refusal on South Hill in 2023, JDC took the difficult decision to appeal the refusal. In February 2024 the appeal was upheld and planning consent was received.

JDC will advance the building control designs and application and commence the demolition of the existing non-listed building allowing for an archaeological survey to be undertaken on the site.



Southwest St Helier Waterfront

Despite substantial engagement with the public, following the Public Planning Inquiry in May 2023, JDC was disappointed to receive a planning refusal to its outline application for the Southwest St Helier Waterfront in September 2023. Several of the reasons for the planning refusal were outside of JDC's control and JDC will work with the Infrastructure and Environment Department to assess the options for the strategic infrastructure components (La Route de la Liberation, connectivity and solid waste). These solutions will be presented to the FPMG for consideration and agreement. This will provide JDC with the clarity that it requires to commission the redesign of the Waterfront application.

Contents

Directors, Officers and Professional Advisers

Non-Executive Directors
Jennifer Carnegie (Chair) (appointed 17 April 2024)
Nicholas Winsor MBE (Interim Chair 20 December 2023 to 17 April 2024)
Richard Barnes
Carolyn Dwyer
Belinda Crosby
Nick Williams (appointed 17 April 2024)
Paul Masterton (Chair) (retired 20 December 2023)
Tom Quigley (retired 30 June 2023)

Executive Directors
Lee Henry (Chief Executive Officer)
Simon Neal (Deputy Chief Executive Officer and Commercial Director)

Company Secretary
Judy Greenwood

Registered Office
First Floor
Dialogue House
2-6 Anley Street
St Helier
JE2 3QE

Place of Incorporation
The States of Jersey Development Company Limited (the Company or JDC) and all of its subsidiaries (together the Group) are incorporated in Jersey.

Independent Auditors
BDO Limited
Windward House
La Route de la Liberation
St Helier
Jersey
Channel Islands
JE1 1BG

Strategy & Performance

Summary of Benefits from the Company

Since 2012, JDC has provided a net positive financial benefit to the Government of Jersey (GoJ) of £64.4 million. This represents a 152% return on Shareholder equity and 12.6% annual return from the transition point of the Company. As a company wholly owned by the GoJ, JDC supports the delivery of the GoJ's strategic objectives by delivering development projects identified by the GoJ. Financial Return is not JDC's sole focus. We always seek to balance social and environmental returns as part of our deliveries. By investing in direct development, we retain control over the design and quality and ensure returns are maximised holistically, social, environmental and financial. Benefits have included the delivery of much needed residential accommodation – both open market and affordable (subsidised) homes and the creation of a flagship office district for Jersey's leading financial services industry.

The retention of returns from the direct development model, as opposed to sale to a third-party developer, has allowed the payment of a total of £11.5 million of dividends since 2012. £8.0 million as cash dividends and £3.5 million as dividend returned via the transfer of assets to the GoJ. JDC has provided £4.8 million of investments in Jersey infrastructure and public realm improvements as well as well as supporting social and community projects to a value of £3.2 million.

Initial GoJ Shareholder Equity at 31 December 2011 £42.5m

£56.4m
Profits generated

£4.8m
Invested in public infrastructure & public realm

£3.2m
Supported Social and Community projects

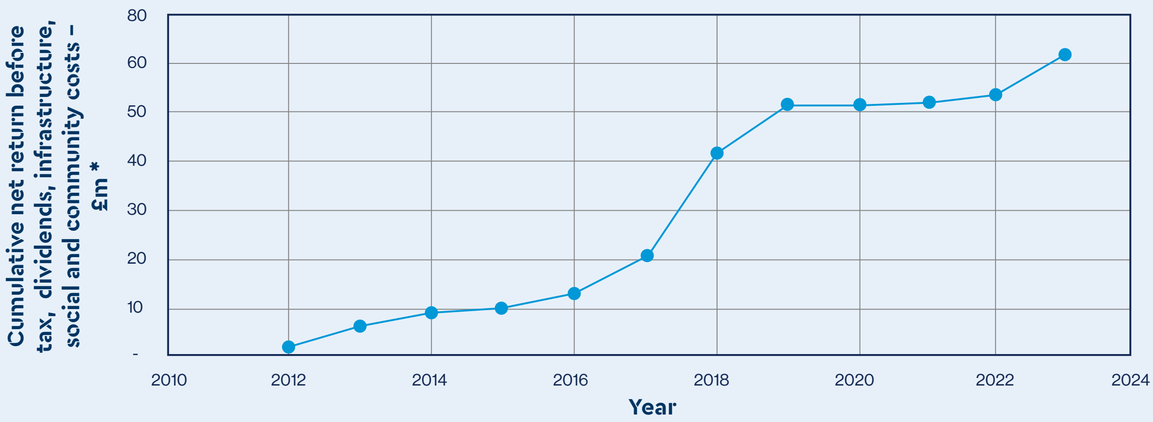
250+
events supported on the Waterfront

£11.5m
Dividends paid

£200m
Invested in local construction industry

Net Assets at 31 December 2023 £85.0m

JCD Cumulative Net Return



** Due to the nature of JDC's operations, profits are volatile and fluctuate between years.*

JDC is committed to assisting the GoJ in the delivery of its Strategic priorities in the following ways:

GoJ Strategic Priority	JDC support
Housing and Cost of Living	The supply of residential accommodation is essential to maintain stability in house prices and JDC is targeting to deliver 1,600+ new homes over the next 10+ years. The States Assembly has requested that JDC focus on Owner Occupiers as part of its delivery and to include a minimum of 15% of these homes as Shared Equity.
Economy and Skills	The continuation of the IFC development will ensure that the Island has the appropriate level of Grade A office accommodation for its financial services and digital industries. Placemaking is at the heart of JDC and the mix of uses particularly at ground level will provide for leisure, cultural and hospitality uses with a number of new jobs being created. Construction is the fourth largest industry in Jersey that employs over 6,000 local residents. JDC actively participates with Skills Jersey and the Jersey Construction Council to promote careers within the construction industry.
Children and Families	Enhancing open spaces that already exist and providing inclusive amenities. Ensure that activities for children feature highly, whether that be a new play park on the Waterfront and/or accommodation for a new children's nursery. Significant opportunity exists to create an indoor family centre at Fort Regent. Continue to sponsor the Child of the Year at the Pride of Jersey Awards.
Ageing Population	JDC's developments will provide alternative living accommodation for 'empty nesters' with access to extensive amenities. 20% of homes in JDC developments will be promoted to right-sizing that in turn will free up family homes.
Health and Wellbeing	Incorporate sport and leisure activities in the Waterfront and Fort Regent proposals. Delivering art and cultural activities to promote wellbeing. Open space and trees are also essential components of the Waterfront that will deliver environmental and wellbeing improvements.
Environment	JDC's developments are focused on urban brown-field regeneration sites. This is most sustainable form of development. Optimising the development yield on these sites will limit the demands for green-field development. Delivering new homes and public amenities in St. Helier significantly reduces additional pressure on the road network and utility services. Committed to lead the local development industry in terms of sustainability and low carbon buildings.
Community	JDC's developments and public realm will be inclusive and the open spaces and public areas that are created will be available to all. Creating a mix of uses that are publicly accessible at ground floor will deliver a vibrant Waterfront. Fort Regent offers a once in a generation opportunity to deliver a significant all weather public amenity for the Island's community. JDC supports many community and sporting events that take place on the public realm that it owns or administers at the Waterfront. JDC has re-started the Island's winter ice rink and will continue to fund and organise this event if the community demand exists.

Chair's Statement 2023

On behalf of the Board, I am pleased to report on a successful year for the Jersey Development Company (JDC). We completed the Horizon development, the largest project that JDC has ever undertaken, and we continued to implement our vision for the International Financial Centre (IFC) with the completion of a third office building on Trenton Square (IFC6). This strong operating performance translated into an excellent profit for JDC. It was particularly satisfying that all of this was achieved against a challenging economic and geopolitical backdrop.

From a market perspective, 2023 was another difficult year. Property developers were faced with a combination of high inflation and levels of interest rates that have not been seen since the Global Financial Crisis in 2008. This has both increased the cost to build and reduced the demand for completed projects. Unfortunately, these twin challenges have already put some well respected companies out of business. JDC receives no Government funding: finance is raised from banks on commercial terms; so it has been more important than ever that we manage our resources prudently.

JDC seeks to create value in a controlled way and the risk mitigation measures put in place in previous years have served us very well in 2023, ensuring that exposure to costs has been carefully managed and profitability maintained. The significant number of pre-sold residential units at Horizon has enabled JDC to achieve profits in line with forecast, and has provided the necessary cashflow to advance our next development.

The pre-let of IFC 6 in combination with interest rate hedging has ensured that JDC is able to service its loan commitments. These measures together with entering into fixed price JCT Design and Build contracts, significantly protected JDC against the negative economic environment and is a strategy that we will continue to employ as we look forward to the commencement of our next developments.

JDC operates as an independent company, supporting the Government in the delivery of its strategic objectives through property development.

In this critical role, JDC holds itself accountable to multiple stakeholders and ultimately to the public of Jersey. In developing our plans, we actively seek input from all stakeholders and this is an essential factor in our decision making. JDC's strategic planning process follows a 10-year cycle, reflecting the long-term nature of property development. The strategic plan, which is agreed with our Shareholder, establishes long term goals, key interim milestones, and an annual operating plan with targets and key performance indicators. Our performance against these objectives is detailed in this Annual Report.

The Future Places Ministerial Group provides a guiding framework for the activities of JDC, determining how surplus Government owned land and property assets should be used. JDC's vision is "to build a better Jersey", and to deliver on this, JDC actively considers how it can assist the Government and islanders more broadly. For example, we are acutely conscious of housing pressures in the island and have introduced innovative schemes to

help first time buyers and right-sizers, enabling deposit build-up through the construction phase, shared equity ownership and tax incentives. Having said all that, achieving planning consent for new developments is the key to unlocking these benefits and, from a planning point of view, the past 12 months have been very challenging.

JDC holds a substantial property portfolio, most notably the Southwest St Helier Waterfront, and it was disappointing that the Outline Planning Application that we had submitted was not approved by the determining panel in September. This was despite a positive review by the independent Inspector, who had recommended some minor changes to the original proposal and a re-application thereafter. The plan itself was informed by a lengthy consultation with multiple stakeholders, including the public. It had been developed with a landscape focus, included significant public realm, facilities for sports and social activities, sea defence investment and 984 new homes, key to addressing the Island's housing needs. Prior to this decision, our application to build 139 new homes at South Hill, the number having been reduced from the original application of 153 homes, was refused for the second time in March.

Looking ahead, with a new Government in place and a modified approach to developing the Southwest St Helier Waterfront, we are confident that we will make progress on these important projects in 2024.

For example, we are working with the relevant Government departments to address infrastructure requirements which are outside of our control, prior to any new Planning applications being made.

Furthermore, in February 2024, we were delighted to receive planning approval for South Hill following our appeal. These projects, and the ongoing development of the International Financial Centre, provide a strong pipeline of work for JDC covering the next few years.

JDC is aware of its accountability to the wider community and takes this responsibility very seriously indeed. Regeneration and property development require a careful balance between meeting end user expectations and respect and care for the environment and for the quality of island life. We seek to reduce the embodied carbon and carbon in use from our developments, and to minimise energy and water consumption of the completed buildings once occupied. The information gained from the IFC 6 project has established a baseline that we will seek to improve on in future. This has informed designs for the next International Finance Centre building, IFC 2, as well as the residential development at South Hill. South Hill is designed to be the most environmentally sustainable development on the island.

The success of any company is driven by its people and JDC is no exception. The organisation is lean, which has the advantage of managing our cost base, but the real benefit comes from the close collaboration that a small team engenders. During the year, through an organic process involving everyone at JDC, we agreed a set of six values that will guide JDC going forward: Community, Integrity, Sustainability, Quality, Transformative and Passionate. The team has worked hard to embed these values in all aspects of the organisation and to actively live them.

During the year there have been a number of changes at the board table. Paul Masterton was timed out at the end of 2023 after nearly 12 years with JDC, the last 3 years as Chair, and Tom Quigley retired from the Board earlier in June. On behalf of everyone connected with JDC, I would like to thank Paul and Tom for their significant contributions to our success. While we will undoubtedly miss them both, I am delighted to welcome Jennifer Carnegie as our new Chair and Nick Williams as an Independent Non-Executive Director, who are already adding value in their respective roles.

In 2023, JDC has shown itself to be agile and capable of delivering high quality developments while managing the associated risks. On behalf of the Board, I would like to express my thanks to the Executive and to our dedicated team for their performance in what has been another challenging but ultimately successful year. I would also like to thank the Board for their hard work and commitment and our Shareholder, The Government of Jersey for its continued support. Despite the challenges, there are opportunities available to JDC and I look forward to the future with cautious optimism.

Nicholas Winsor
Interim Chair

29 April 2024

CEO's Review 2023

6 highlights:

Horizon development successfully completed, providing 280 new waterfront homes, 84 of which were purchased by first time buyers.

IFC 6, a 'Super-prime' Grade A office building successfully completed and the 65,000 sq. ft. office space fully let.

South Hill freehold land title acquired, paving the way for the development of more homes for islanders.

Carbon intensity assessment for embodied carbon and carbon in use completed and verified on IFC 6, to be used as our base line for carbon reduction on all future developments.

Negotiations and a restructured deal with Cineworld successfully concluded to ensure that the Island retained its only cinema.

'Jersey on Ice' at the Weighbridge organised by JDC from mid-November, offered inclusive ice skating for the whole community.

2 lowlights:

Southwest St Helier Waterfront outline planning application refused.

South Hill revised planning application refused, although this decision was overturned by appeal post year end.

CEO's Review 2023 (continued)

The construction industry, both national and locally, has truly suffered in the past year. The loss of some key longstanding local contractors is a real blow to the island but given the cost of living crisis and the soaring costs seen in this inflationary period, it was not unexpected. With this bleak picture as a backdrop, it was particularly pleasing and significant that we successfully completed both our development projects during the year as anticipated, and within appraisal budget, with IFC6 office space fully let and 94% of Horizon apartments sold by year end.

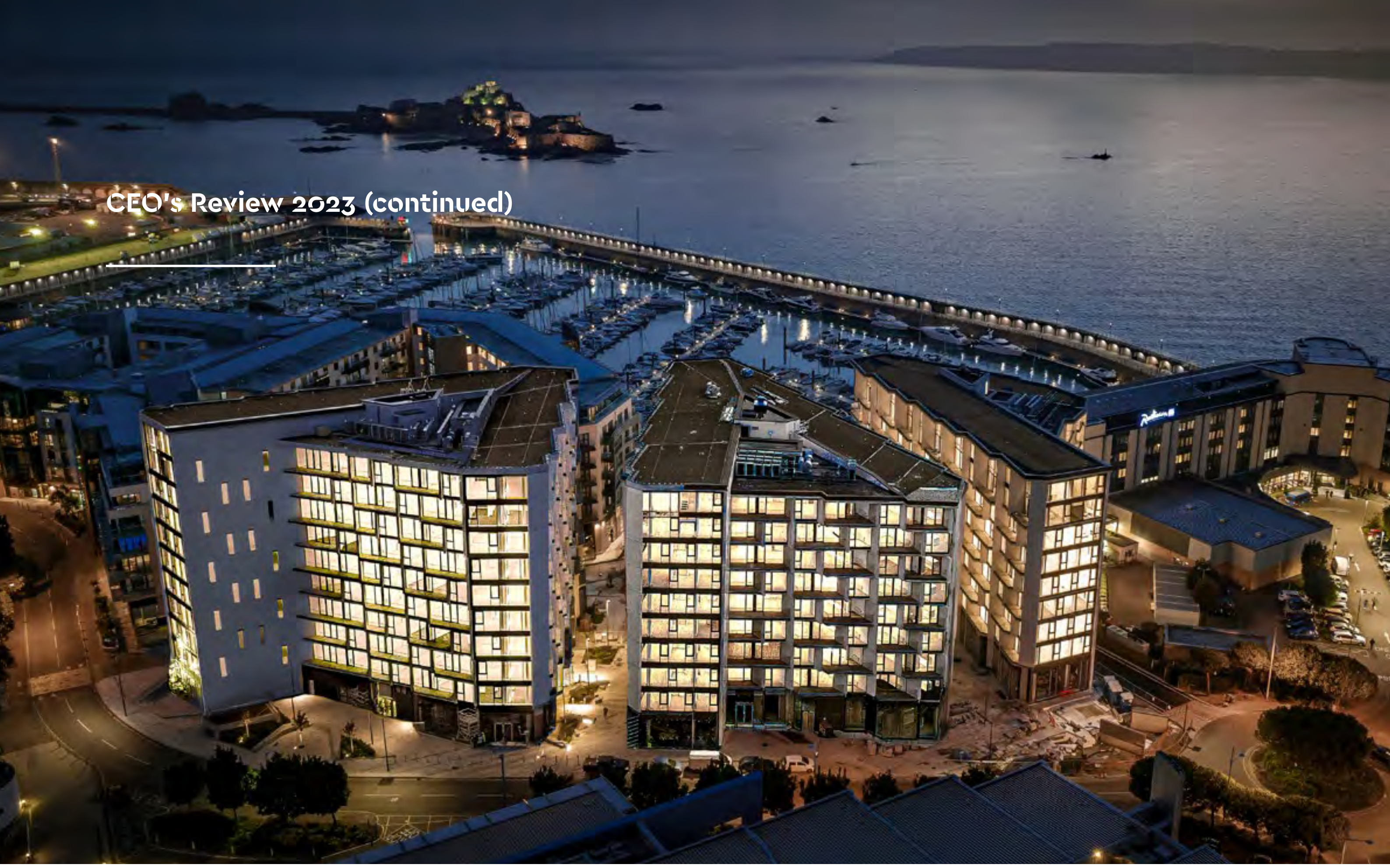
At the heart of these achievements is a dedicated and experienced team and a supportive Board who pre-empt issues, put in place action plans, closely monitor those plans and ensure success. Success in these economic times is not a given, it requires constant attention and I would like to take this opportunity to thank the Board and Team, our Horizon Joint Venture Partner, Groupe Legendre and our IFC 6 main contractor ROK-Regal Construction Limited, as well as our professional design teams, who have all contributed to achieve success for both these important developments for the island.

A focus on social value, community benefit and placemaking was maintained throughout the year:

We made a commitment to ensure a public cinema provision to the island. The retention of Cineworld at the Waterfront Leisure Centre, involved working with the US based parent company as well as renegotiating more favourable lease terms for the provider.

We hosted two mortgage events to address the risk and consequences caused by the base rate hike, helping home buyers to navigate the tricky situations they faced and bringing together mortgage providers to the event to facilitate conversations and resolutions.

We arranged 'Jersey on Ice' at very short notice on our land at Weighbridge Place, a somewhat windswept location which nevertheless offered an inclusive and hugely successful event.



Horizon Joint Venture project

St Helier's Waterfront 'Horizon' development completed in three phases during 2023. The development comprises 280 apartments and 12 commercial units. Horizon has also created new areas of public realm, including two new pedestrian streets that help enhance vibrancy and connectivity to the Waterfront promenades, Elizabeth Marina and new alfresco dining areas which form part of new landscaped areas.

84 apartments were purchased by first-time buyers. Of those, 72 were able to secure their first home using JDC's First-Time Buyer monthly deposit payment plan. The payment plan offered first-time buyers the opportunity to secure an apartment with only an initial £2,000 reservation fee, and the balance of the 10% deposit paid in monthly instalments over the build programme enabling locally qualified purchasers the ability to secure their home, while renting or still living with parents. To date, the scheme has helped 117 buyers purchase their first home.

"I love living at Horizon, it is a joy to come home and feel safe and my neighbours feel the same.

The great glazing gives me amazing views over the waterfront gardens and loads of natural light, making me feel like I am on holiday every day. It is really lovely to be able to walk to work and be close to town, but having the space of the waterfront basically at my front door."

The 280 new homes, retail and hospitality space, plus new areas of generous public realm will provide further footfall and vibrancy to the Waterfront area. We've received some fantastic testimonials from home owners, in particular first-time buyers who are delighted to have secured their first home and pleased with the exceptional quality of the development, the natural light and the finishes and fixtures.

The ground-level commercial spaces within Horizon are now ready for occupation. We are focused on placemaking and the commercial space offers 12 food, beverage and retail establishments with five units having the benefit of alfresco dining areas. Six of these units have either been secured or are under negotiations with potential tenants.

This reflects a strong belief in the Waterfront area's potential as a dynamic and vibrant community, making it poised to become Jersey's newest and exciting lifestyle hub.

"Thanks to JDC's deposit payment scheme, we were able to comfortably afford day to day life and simultaneously secure our first home. We are now homeowners and couldn't have done it without them!"

Commercial Projects

IFC 6, the third office building at the International Finance Centre was successfully completed in the year, on budget and only a week behind schedule, following Storm Ciarán, no mean achievement in a period of huge inflationary pressure and scarcity of labour.

The 69,500 sq.ft. five storey Super-Prime, Grade A office building has office space fully occupied by two leading local financial services businesses. The completed building includes a 46% expansion of Trenton Square which provides additional public areas for both office occupants and visitors to enjoy.

IFC 6 has been built to a high-quality specification by locally based, main contractor ROK Regal Construction. To meet the specifications of other world-leading financial centres, JDC retained the award-winning design team from IFC 1 and IFC 5.

Working with both JDC and ROK, we were able to bring our ambitions of stylish and sustainable base for Butterfield in Jersey to life, as we relocated to our new location at IFC6 at the end of 2023.

Our new office offers both clients and colleagues a modern and accessible environment in which to conduct business.

The space is light and inviting and enables us to have both informal communal areas as well as dedicated spaces to hold client meetings. We'd like to thank JDC and ROK for their assistance in getting us to this point.

Richard Saunders
Butterfield's Managing Director of the Channel Islands and UK

The International Finance Centre buildings are providing Jersey with 'Super-Prime' Grade A office accommodation in a flagship business district that provides high quality, flexible and sustainable accommodation. IFC 6 is rated as 'Excellent' in the BREEAM rating scheme, the world's leading third-party certification of a building's environmental performance. Key advantages to the International Finance Centre buildings include the benefit of natural light on all four elevations, column free floorplates providing complete flexibility on fit-out and high-performing unitised facades that are factory tested and assembled ensuring high-quality.

IFC 6 has achieved WiredScore Gold status, the first office building in Jersey to achieve this certificate. The WiredScore scheme assesses, certifies and improves digital connectivity in offices on a global scale. The building also provides 4,300 sq.ft of ground floor space along with al fresco areas for a restaurant operator. This food and beverage use will further activate Trenton Square and provide an amenity for both the office occupiers of the International Finance Centre and the wider community.

We have used IFC 6 as a benchmark baseline for carbon reduction on all future developments. We calculated our as designed Carbon intensity assessment for embodied carbon and carbon in use and had it verified, learning much in the process which we have directly employed in moving plans forward for the fourth building in the International Finance Centre, IFC 2.

As the Government's regeneration arm, we support the Government and the Island, targeting the previous Government's strategic priority of 'Economy and Skills' by delivering critical infrastructure that will serve the local community for many decades to come. It is essential that the Island's leading industry is able to operate effectively and efficiently and having the right quality office accommodation from a design and specification perspective is of critical importance.

Aztec has come a long way since we first started out in Jersey in 2001. Today, we're proud to be one of the largest employers in Jersey, with almost 600 employees serving some of the leading names in the fund and corporate services sector.

Our recent move to IFC 6 reflects our deep local heritage and established reputation, demonstrating our commitment to the Island as we expand our award-winning global services. Our new space is a Super-Prime Grade A building that sets new standards of high-quality, light, bright, adaptable and sustainable workspaces designed with our people in mind to support their wellbeing, collaboration and creativity.

We are looking forward to a great future at IFC 6.

Simon King
Aztec Group Head of Jersey

Other Residential projects

South Hill (Westward)

The first strategic priority of the previous Government, which we targeted in our 2023 Strategic Business Plan, was Housing and the Cost of living, addressing the supply of residential accommodation to maintain stability in house prices, whilst ensuring a focus on owner occupiers and a minimum of 15% Shared Equity Units.

We took the unusual step of appealing the refusal decision of the Planning Committee on our South Hill application. The application was recommended for approval by the Planning Case Officer and we felt strongly that the design proposed and the mix of units was in line with Planning Policy, accorded with the Government's strategic objectives and met the needs of the type of homes required by providing a good mix of accommodation types.

South Hill is designed as the most sustainable residential apartment development in Jersey, having been designed to Passivhaus low energy principles and BREEAM 'Outstanding' rating. Structured as Flying Freehold as opposed to Shared Transfer, thereby ensuring that only locally qualified individuals could purchase, sales will be focused on Owner Occupiers only; and we had agreed an increase to the minimum of 15% of the units to be made available as Shared Equity to eligible First Time Buyers, raising this to 25%, the maximum possible if the scheme is to remain financially viable.

The design encompassed the regeneration of the Parish of St. Helier children's playpark and significant environmental features including: triple glazing, air source heat pumps, whole house ventilation systems, grey water harvesting, PV panels and an electric car club to promote reduced private car ownership, supporting our ESG Strategy.

We were delighted to learn that the appeal we lodged was upheld by both the Planning Inspector and the Assistant Minister for the Environment post year end granted approval and we are now focused on the next stage of the design process. The Planning refusal has delayed the delivery of these new homes by 12 months and the earliest date that this development can now be delivered is the end of 2027. We are already receiving applications to register interest from future home owners.

Southwest St. Helier Waterfront

The Southwest St. Helier Waterfront outline planning application proposals aligned with public feedback for a landscape led, mixed-use, vibrant and 'destination' Waterfront, with a focus on residential accommodation. The self-funded proposals provided for nearly 1,000 residential units, a new sport and leisure complex, a new art and cultural hub, a new lido swimming pool as well as ground floor activation with food and beverage and community uses.

They also included significant new public realm and public infrastructure, evidencing our commitment to balancing community and commercial aims in each of our developments, with a focus on purpose over profit, and considering ESG in all our decision making. The overall scheme would have supported and contributed to every one of the seven Strategic Priorities of the last Government.

Following refusal of the outline planning application, we have taken time to assess why we were not successful, to learn from the process and ensure success on delivery of an exemplary waterfront is realised within the next decade. Ultimately, three of the five reasons for refusal were outside of the Company's remit and we will be seeking and securing agreement on these items prior to commencing any re-design in order to reduce the Planning risk as far as possible.

The impact of planning refusal is both time delay in delivery of developments and cost increases, which we must endeavour to avoid.

Community focused activities

JDC owns or maintains a large amount of land around the St Helier Waterfront for the benefit of the community, including:

- **Les Jardins de la Mer**
- **Waterfront Promenades**
- **Marina Gardens**
- **Weighbridge Place**
- **Trenton Square**

JDC has always promoted and supported the use of these areas for public events. This year we continued to host the Park Run Juniors weekly meet, the Standard Chartered Jersey Marathon, the Marathon Mile and the Jersey Triathlon, as well as pétanque at Weighbridge, Jersey Sings Across the Bay at Les Jardins de la Mer, numerous walks and food festivals, markets and community events. Despite the damage caused by Storm Ciarán we still succeeded in providing festive cheer with Christmas lights and trees on Weighbridge Square, Trenton Square and at the Waterfront Leisure Centre.

"Your commitment to fostering community engagement and creating memorable experiences did not go unnoticed. The joy and laughter that echoed through the ice rink were a testament to the positive impact of your support."

CEO's Review 2023 (continued)

Our support to island life continued through the sponsorship of Variety, the Children's Charity of Jersey, the 'Child of the Year' award, as part of the Pride of Jersey Awards and the 'Health and Safety' award at the Jersey Construction Council Awards. JDC's Estate Manager also supported Government and the Parish of St Helier by assisting with the organisation of various festivals and events, including Pride, the Motoring Festival and Liberation Day celebrations.

Truly something for everyone.

"WOW, what a wonderful time we had. It was lovely to spend time with all of my girls together. My children are different ages and all into different things so it can be hard to find an activity that they all like to do. We laughed and had fun together.

We would not have been able to go ice skating this year because of the cost so please say a big thank you to the organiser from my family."

The high point of our community focussed activities was to offer an ice skating opportunity to islanders at Weighbridge Place, after an absence of 4 years. This was a late decision by JDC, once we learned that Fort Regent was not available. The team pulled out all the stops and rose to the challenge within a six-week timeframe to successfully orchestrate the procurement, installation, and operation of 'Jersey on Ice'. We timed our opening night, on which we offered free skating to a number of local charities, with our support of the Parish of St Helier 'Christmas light switch on'.

The team implemented various activities at the rink and JDC offered a free skating session for primary school children, half price tickets distributed to secondary schools and numerous facilitated sessions for a wide variety of charity and community groups, including wheelchair spins around the ice.

Our inclusivity aims were clearly met and we are pleased to note the age range of participants from 3 yrs to 98 years! With over 40,000 visits, we were delighted that the attraction brought so much enjoyment to the broader community. We have already committed to bringing the event back in 2024.

What next

As developers, we are always focused on a pipeline of projects for delivery over successive years. 2024 will see us advancing detailed designs on South Hill ready for pre-sales and tendering for construction in 2025. We hope to be preparing detailed designs for the first phase of development of the Southwest St. Helier Waterfront, subject to political support for certain key infrastructure moves. We are committed to carrying out extensive further engagement with the community as part of the detailed design process to ensure that the development aligns with the needs of Islanders. We are committed to working alongside our colleagues in Government and supporting the Council of Ministers in the strategic planning and delivery of new public amenities for Islanders.

JDC strives to be the local exemplar on environmental sustainability in our development projects. Our ESG Strategy provides a clear plan to achieve carbon neutrality in advance of 2030 and net zero before 2050 and provides for us to monitor our performance and progress. We will ensure that our developments contribute towards the Government's carbon neutral strategy, both in terms of optimising the design and specification to reduce the in-built carbon, minimise the carbon in-use by minimising the energy and water usage of the occupied buildings when completed.

We have committed to apply smart technology in our new developments that support 'green' living and sustainable buildings. Our developments will also focus on sustainable transport initiatives and ensure that they have the necessary infrastructure to support and encourage sustainable modes of transport.

Finally, and focusing on our Company Values adopted during the year, we are passionate about being a transformative but inclusive company that considers the broader impact of its decision making and business activities in Jersey. Our aim is to collate and consider the views and insights of key stakeholders to understand their requirements, improve our decision making and maximise our contribution. We are excited for our future plans and to continue to deliver for Jersey's community and future prosperity.

L. Henry

Lee Henry
CEO

29 April 2024

Finance Director's Report 2023

4 highlights:

£7.4m	Profit for the year - **£7.4m (2022: £1.5m loss)**	on budget	Recurring income **on budget**
£133m	Total assets - **£133m (2022: £109m)**	on budget	Operating costs **on budget**

Overview

A property development company, by its very nature, will have peaks and troughs in its annual profitability, depending on the point in the cycle of its developments. For 2023 we reached two high points:

- **completing the construction of IFC 6 and handing the building over to the new tenants, starting a new guaranteed annual income stream; and**
- **completing Horizon and realising JDC's share of the profits of the development from the Joint Venture partnership with Groupe Legendre.**

As a company that receives no funding from Government and relies on private bank funding, as well as internally generated cash profits to finance our developments, the success of every project is the vital step required to secure the equity finance we need to start the next development.

Through the careful and cautious approach to risk and the mitigation factors JDC puts in place for every development project, we have been protected from the worst of the cost of living impacts and both projects were successfully completed within budget for IFC 6 and within our budgeted appraisal profitability for Horizon.

The £s

Profit for the year before dividend was £7.4m
A significant swing from the prior year in which we had no developments completing and returned a loss of £1.5m.

Shareholder's Funds increased by £6.2m
Due to retained earnings, after total dividend distributions to the Government of Jersey and interest rate swap movements.

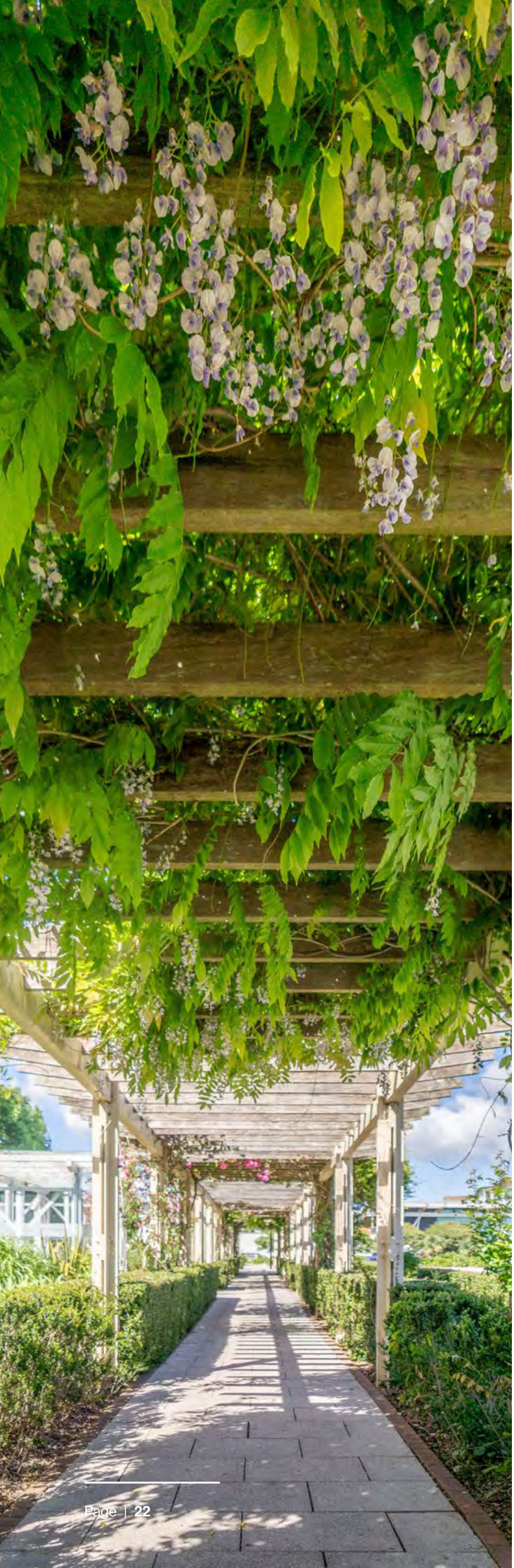
Total assets increased by £24.4m
Mainly as a result of further investment in inventories, predominantly IFC 6.

JDC is in a strong position to finance recurring operational activities over the coming year, as well as to progress with our future development projects, namely at South Hill, to be known as Westward, and the re-design of Southwest St Helier Waterfront.

Income and Expenditure review

Total comprehensive income for the year, stated after interest rate swap movements but before dividends was £6.9m, reflecting an increase of £5.3m on comparative 2022 results of £1.6m.

Profit for the year after dividends paid was £6.2m, just above the budgeted position.



Income

The key revenue generator for 2023 was JDC's £9.4m share of profits from its joint venture, responsible for the delivery of the 280 apartments and commercial units known as Horizon.

Revenue is stated after £2.4m of tax on this income, a significant boost to the Government of Jersey's fiscal coffers.

The completed IFC 6 has no comparative income jump in 2023, as JDC has a short to medium term hold and lease strategy on this building. This is held at the lower of cost or Net Realisable Value in accordance with accounting standards. Profits will be reflected in a future year when the building is sold.

The lease commencement date of 1 December 2023 following completion of the office building ensured one month of a new guaranteed 18 year income stream for the majority of the building was recognised within rental income this year.

Compared to 2022, car park income increased by £92k, reflected in income from investment property. Income from inventory increased marginally also, despite renegotiation of the Cineworld lease downwards during the year to ensure the continuity of this public cinema provision for the benefit of islanders.

Revenue from contracts with customers increased, despite a fall in property management charge income and a further fall in service charge income, in direct and equal proportion to the fall in service charge expenditure as anticipated, due to revenue from the 'Jersey on Ice' skating event up to the year end.

Expenditure

Turning to costs, total salary costs were significantly lower than budget, partly due to some expenses capitalised to development projects in inventories and partly due to delayed recruitment of new staff members. Compared to the prior year the actual expense shown represents a 5% increase.

The other main variance in expenses related to costs incurred in management of the Estate, which were £515k higher than 2022, and £600k lower than budget. The increased expenditure compared to the prior year reflects planned maintenance and upgrade projects, particularly in the Waterfront Car Park, where lighting was replaced with an energy efficient solution, reducing our consumption, costs and carbon emissions.

The variance to budget is as a result of a change in accounting treatment of net expenditure on the provision and maintenance of public realm agreed with the Shareholder and Board during the year.

The representation of these costs within the dividend returned to the Shareholder better reflects JDC's own expenditure and the true value of the Company to the Island.

There is an expense of £1.55m this year for impairment of inventory. This amount reflects the full cost of expanding Trenton Square, the public area in and around the centre of the International Finance Centre office buildings, which comes alive in the sunnier months with workers catching up with friends and colleagues and enjoying lunch. In 2022, the comparative cost was an impairment on IFC6, which we hope will reverse when yields improve.

The increase in finance costs and the reduction in finance income both relate to financing decisions for IFC 6 made as a result of the raised interest rates. We used more of JDC's cash balances to settle contractor's costs, instead of taking the interest income, rather than drawing on the bank facility available for the development, which became more costly due to the base rate rises. Whilst interest costs on the loan were capitalised during construction, post construction these costs have become a JDC expense impacting the P&L account.

For subsequent years, and in line with our cautious approach to risk, the need to protect finances from interest rate exposure was identified early and an interest rate swap entered into with a low interest rate. The swap or 'cashflow hedge' becomes effective in March 2024.

Unrealised gain/loss

The high valuation of the swap, reflected as an unrealised gain in the Consolidated Statement of Comprehensive income last year has reduced this year, a movement of £503k reflected in the Other Comprehensive Income for the year. Far from being bad news, this downward valuation reflects the market's optimism that interest rates are unlikely to increase and expected to reduce in the short term, meaning that our unhedged financing costs will reduce to more acceptable levels, improving the viability of JDC's future developments.

On all developments the Board carefully assesses the risks to the development and JDC. Prior to IFC 6 construction commencing, the Board agreed to put in place this interest rate swap to protect the JDC against interest rate increases.

Consolidated Statement of Financial Position Review

The main movement in non current assets is the new Trade and other receivables balance, representing the unamortised lease incentive provided to the IFC 6 tenants, which will be slowly released to the Consolidated Statement of Comprehensive Income over the agreed lease term of the tenants.

The Investment in JV balance has increased, reflecting the strong balance sheet and the cash balances since completion of apartment presales held within the JV company, to be distributed to both parties in due course.

The total carrying value of inventories, land holdings for future developments, as well as the completed IFC 6 asset, which are stated at lower of cost and net realisable value, increased by £23.2m in 2023. The increase mostly reflects expenditure incurred during the year on the IFC 6 building, as well as further pre-development expenditure capitalised on other inventories. In addition, pre-development expenditure on South Hill previously capitalised and classified as Other current assets was transferred to Inventories during the year, following the transfer of legal title to the land to JDC on 5 May 2023.

An impairment review of the carrying value of investment property and inventories supports the costs carried.

Note 8 on pages 96-97 provides further details.

Cash balances ended higher than last year, including short term deposit balances also, due to funds received from the JV following the completion of the Horizon blocks. Overall balances were lower than the £28m budgeted position, due to the financing decision made during the year to use JDC liquidity to fund IFC 6 construction costs whilst interest rates were high, in advance of the interest rate swap start date and not to draw on the agreed loan finance. The facility was fully drawn down post year end, returning the cash balance to predicted levels.

Total liabilities increased by £18.2m at year end compared to the prior year, representing the construction debt financing for IFC 6 which was drawn down.

The increase in total assets of £24.4m is predominantly caused by the increase in inventory. The prior year current loan asset due from the JV reflected within the Trade and other receivables balance in 2022 was repaid in full during the year.

Capital commitments are disclosed in Note 17 on page 103.

Dividends paid

We have been able to declare a dividend once again this year. The amount paid to the Government of Jersey (GoJ) was £697k, made up of two parts.

The first represents £98k paid on behalf of GoJ in relation to initial works at Fort Regent, as agreed by the Future Places Ministerial Group.

The second, an amount of £599k, reflects net expenditure on public realm provision and maintenance. Our three year future budget predicts a further £3.1m dividend total for our Shareholder, the full amount reflective of social benefits to be provided to the Island by JDC.

Judy Greenwood
Finance Director

29 April 2024

Performance against 2023 Objectives

Our performance analysis shows quantified performance achievements against the priorities set out in our 2023 Strategic Business Plan. Successful performance and achieving our objectives can be dependent on factors beyond the Company's control, particularly political decision making. Overall, the Board assessed JDC's performance target achievement for the year at 75.5% and this has been communicated to the Shareholder.

Project Development

Business Objective	Performance Progress	Rated
1. Horizon		
Manage the successful delivery of this project to completion and handover to purchasers.	Project delivered with original profit forecast intact. 94% of residential units transacted with purchasers by year end (264 units). JV relations were maintained and final account agreement reached with main contractor. Only 17% of commercial units were sold by year end, unsurprising in the current economic period.	
2. IFC 6		
Manage the successful delivery of this project to completion and handover to tenants.	Project delivered on budget despite higher than budgeted finance costs and building formally handed over to tenants before year end. 100% office space let out. (65,000 sq.ft.) Pre-let on the food and beverage unit (4,300 sq.ft) unfortunately not secured.	
3. South Hill		
Acquire the Freehold of the Site from Government of Jersey, secure detailed planning consent and tender the first stage construction.	Site acquired but planning permission not granted until post year end.	
4. SWSH Waterfront		
Secure Outline Planning Consent, commence design of the First Phase.	Despite Planning Inspector recommendation to negotiate required adjustments and resubmit the application to a 'mini planning enquiry, application refused by the Environment Minister's panel.	

Financial and Risk

Business Objective	Performance Progress	Rated
Risk management		
Manage all business risk in line with the risk mitigation measures contained within the Company's governance and oversight documents.	Successfully achieved.	
Financial management		
Maintain costs and revenues within budget, ensure cashflow is actively managed and ensure policies and internal controls are appropriate.	Costs within budget, and cashflow managed well. Development projects completed within budget.	

Stakeholder Management

Business Objective	Performance Progress	Rated
Provide timely quarterly updates to the Shareholder and the FPMG and regular updates to States Members. Communicate the Company's performance and activities to the public. Support Government of Jersey in its Strategic Objectives to protect and value our environment, put children first, and to improve physical and mental health and offer support as a sounding board for ideas and policy.	Delivered on updates and communication objectives. Media communication maintained and new Company website and branding launched during the year. We have offered support through hosting events on our land and offering Government feedback. Delivery of some objectives have been delayed by refusal of planning applications.	

ESG

Business Objective	Performance Progress	Rated
Ensure best practice is followed from the UK Code of Corporate Governance. Ensure compliance with the Company's ESG strategy and complete an embodied and process carbon footprint on IFC 6 to set a baseline carbon intensity level.	No exceptions to report. IFC 6 base line assessment completed and specific ESG objectives being worked on to enable Science Based Targets to be agreed.	

Principal and Emerging Risks

Inflation, geopolitical events and western politics have created major uncertainty in all economies throughout the world. The macro-economic climate and how that can impact Jersey and JDC's developments was considered in detail at our annual Strategy Day. The changing risk profile JDC faces, including local economic and political issues is regularly reviewed and discussed by the Board, both to ensure identified risks are mitigated as far as possible, recognising risk often cannot be eliminated and to ensure the Company's strategic plan remains valid. The Board recognises that it is essential for JDC to manage risk effectively, to achieve its objectives.

The following pages identify the principal risks and uncertainties included within JDC's risk register in 2023, managed in line with the risk appetite set by the Board. JDC faces a wide variety of business-related risks, including the viability challenges of new projects, given substantial increases in build costs and significantly higher financing costs and given lengthy lead in times, its operations are subject to many risks and uncertainties that could, either individually or in combination, affect JDC's operations, performance and future prospects.

Risk	Impact	Rating	Key Risk Management Measures
Political			
Delays to decision making and U-turns on development briefs.	Projects are delayed, housing shortages are not addressed, additional costs are incurred.		Regular engagement and communication with the Shareholder and FPMG/RSG.
Change in direction or interpretation of policy and Planning Law.	Significant implications on major and long term development projects causing delay, redesign and increased costs.		Increased engagement with other States Members following our Relationship Charter to explain future benefits to islanders from the JDC's pipeline of projects.
New regulations and new space guidelines.	Increased building costs creating unaffordable housing and unviable projects.		
No solution to contaminated waste disposal issue.	Proposed buildings below ground space requires redesign, resulting in reduced habitable space and additional costs of redesign.		Active participation in discussions with department leads and politicians to help find a solution.
Planning processes becoming less flexible and more onerous and expensive.	Adds costs and causes delays to construction resulting in a reduction of supply of housing and unviable projects.		

Principal and Emerging Risks (continued)

Risk	Impact	Rating	Key Risk Management Measures
Market			
Inflation/Build costs	Development projects become unviable.	● (red)	Use of fixed price contracts to mitigate against increases during construction, and only proceed with a development once it has secured an appropriate level of pre-let / pre-sale. Regular review of development appraisals, sensitivity analysis and reverse stress testing prior to committing to any construction contract.
Economic decline, labour shortages and contraction of the construction industry	Value of properties decrease, trade and other services impacted, leading to overpriced tenders and inability to achieve project deadlines.		Maintain strong relations and open communications with contractors. Covenant strength of the main contractor is an essential and ongoing part of project due diligence. Consider alternative procurement routes and modern methods of construction to the optimum design and most appropriate build solution.
Land values fall	Project viability threatened / funding security is eroded.		Constantly monitor impairments and financial ratios on funding agreements.
Geo-political risk	Various geo-political events have upset supply chains and caused significant increases to the cost of construction materials.		Regular overview of global events and market information maintained and market developments monitored.
Mortgage finance too expensive or unavailable	Residential sales reduce significantly		Rent empty units or delay sales. New projects designed to provide a range of accommodation for all price brackets.

Principal and Emerging Risks (continued)

Risk	Impact	Rating	Key Risk Management Measures
Operational - Health and Safety			
Failure by the Company to prevent injuries and accidents to those that work on our construction sites, employees and the public.	Would result in legal, financial and/or reputational issues for JDC.		A proactive health and safety culture throughout JDC including a robust Health and Safety Policy for employees and projects with regular training and updates. Employing competent main contactors and commission regular independent health and safety reviews of on-site performance. JDC supports the Jersey Safety Council Behavioural Safety Management Scheme.
Operational - Climate Change and the Environment			
Failure by JDC to take appropriate measures regarding climate change and the environment or meet satisfactory carbon targets.	Could result in future regulatory, financial and reputational issues for JDC.		ESG strategy, monitoring best practice, political and legislative developments. Focussed on constructing sustainable buildings and sustainable communities and ensuring our developments continue to reduce carbon requirements.
ESG increasing costs	Could cause a challenge to project viability.		Climate Related Risk and Opportunity register introduced and Risk Assessment Framework ensures a balanced approach followed.
Operational - Liquidity & Funding			
Liquidity or funding problems relating to construction projects or cash flow forecasts not adhering to plan.	Could lead to non-compliance with bank loan covenants, events of default or the risk that lack of equity will limit future activities.		Sensitivity analysis and reverse stress testing for development appraisals. Banking covenants reviewed every month. Appropriate cash reserves maintained.

Environmental Social Governance

ESG Overview

Following the Board's approval of JDC's first ESG Strategy in 2022, a two pillar approach around People and Planet, we have continued to make good progress in expanding our knowledge and understanding of ESG, focusing on carbon reduction, placemaking and good governance surrounding both, including an awareness of the new reporting standards which, while not mandatory for JDC to adhere to, we will seek to follow as closely as we are able, in line with the best practice ethos of our Corporate Governance Code.

Our Strategy considers and addresses the construction industry's significant impact on both the environment and society and aligns with the Government of Jersey's roadmap to achieve Net Zero by 2050.

It also considers the Jersey Performance Framework, which draws on the 17 UN Sustainable Development Goals, and it reflects how JDC contributes to the 'outcome measures' of the Framework, particularly with reference to Environmental and Community considerations, to validate our contribution.

As a public company, we recognise that our operations affect many people and more of the planet than the 45 square miles that our island covers.

Our ESG Strategy identifies that we have three spheres of influence; **the Company, the Supply Chain and the Community.**

We have most influence over Company decisions with respect to ESG, significant influence over Supply Chain, but lesser authority over the Community.

ESG Overview (continued)

During the process of setting our ESG Strategy we conducted a double materiality assessment, which considers JDC's impact on the planet, as well as the planet's changing impact on JDC. This helped identify which of the goals are most relevant to JDC and we mapped our strategy across those. At the core of our strategy is a commitment to working towards:

Goal 11
To make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12
Ensure sustainable consumption and production patterns

Goal 9
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

Goal 15
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

9 Pillars of our ESG Strategy

Drawing the above aspects together, we have mapped the Jersey Performance Framework with the SDGs and an ESG approach and specified in which pillar of influence the outcome falls:

Environmental Report

Progress Report

JDC's thought process in decision making and consideration of ESG related matters has clearly shifted during the last year and it would seem that we are meeting the aim of ESG as being 'business as usual' rather than an 'add on' consideration in our decision making. Previously, profitability was the initial consideration and environmental and social impact a secondary discussion point. While project financial viability remains a de-minimus requirement, the focus on placemaking, carbon emissions and the reinvestment of profits into social and environmental improvements is now given much greater significance.

A good example of how we are embracing our ESG strategy was clear in the Audit & Risk Committee (ARC) discussions during the year whilst developing a Risk Assessment Framework for use by our Deal Advisory Panel. A significant part of the discussion was around environmental and social impacts of our developments and it was concluded that the draft framework did not have ESG appropriately weighted within the decision matrix, agreeing that ESG considerations should be the first discussion point, posing the initial question 'Should we be doing this development?' within the wider question 'does the proposed development 'Build a Better Jersey'?' (our Mission) under the umbrella of 'does it align with the Company's ESG policy, including broader benefits to Jersey?'.

The Board also challenged the ARC to consider how JDC can best account for 'cost of carbon' in development appraisals. Neither the UK or Jersey have yet introduced a carbon tax, but within our review of climate related risks, we felt it was appropriate to have visibility of the impact of such a tax and therefore we looked to a well governed carbon offset tariff to apply to calculate a potential fiscal charge or the offset cost of a development's carbon assessment on an equivalent carbon tonnage basis.

Our development appraisals now show a cost to offset the development's carbon impact, incorporating embodied carbon, carbon in use, and a small amount of carbon incurred in the future demolition of the building, incorporating a 'cradle to grave' carbon assessment.

2023 is the third year we have measured our Scope 1 and Scope 2 Carbon emissions, as well as limited Scope 3 emissions, with the assistance of a local sustainability consultant. It was agreed that the initial assessment would set our benchmark. We included within the calculation all areas of our Estate over which we have direct financial control, as well as our main and satellite offices.

This year we have begun the task of slowly incorporating more of Scope 3 upstream and downstream components into our footprint calculations, recognising that as a property development company, we need to focus on these emissions if we are to have a meaningful impact and to achieve the Net Zero goals of both the Government and JDC. Full Scope 3 calculations are also a requirement of Science Based Targets which we have committed to in our ESG Strategy.

Reporting

While JDC will not be in scope for the IFRS Climate Related Reporting Standards S1 and S2 due to our size, we consider it good practice to evolve our reporting to include some of the best practice covered by the emerging Standards.

A key part of this is disclosure around JDC's consideration of Climate Related Risks and Opportunities (CRRO). To date we have considered such risks in developing our ESG Strategy, but during 2023 we broadened our risk governance around Climate impact and established a register for climate related risks and opportunities, separate from but referenced to our corporate risk register, considering how these emerging risks compare and impact on the already identified key company risks.

The register was developed by the Environmental Working Group, from members of the Executive and was reviewed and approved by the Board. It considers both the relative significance of the impact each risk could have on JDC, as well as the likelihood and timescale of the impact, recognising that these will flex over time.

The key residual risk assessed as high risk following the application of available mitigants is the lack of available substitute materials to reduce our developments' embodied carbon.

A biannual review and approval of the register is incorporated within our Board governance timetable, as the Board retains overall responsibility for all risks, although the responsibility for a focused review of risk is delegated to the ARC. Whilst the full staff team are tasked with addressing at least one of our ESG objectives as part of their annual appraisal objectives, the Company's CEO and Deputy CEO are ultimately responsible for assessing and managing risk, including climate related risk.

The establishment of the CRRO register has helped to increase our focus and awareness of both the threats and the upside potentials posed by our changing climate. In due course we would expect to merge the two registers into one, but separate registers currently ensure a specific focus is maintained on climate risks.

Reducing Carbon in use

Drilling down into our baseline operational carbon assessment has helped identify areas where we can effect change and make reductions in our impact and these were targeted during the year, with the lighting in our Waterfront Car Park being replaced by more efficient low voltage LED lamps and movement sensors installed to allow for lighting to be maintained at a safe minimum level only, with higher level illumination triggered by movement when required, rather than constantly.

A significant proportion of our energy usage on our Estate is for lighting of public areas for community benefit, which we would not seek to restrict, although we will consider the energy efficiency of the public street lighting that we provide throughout the Estate and how we can reduce energy usage in this area.

Built Environment

The Bridging Island Plan (BIP) seeks to reduce emissions by introducing policies covering 'design to deconstruction' in the construction industry. The Company addressed this in its designs for IFC 6, South Hill and Southwest St Helier Waterfront, with focus on durability and flexibility throughout the planning and design phase of these projects, to ensure that even though a building's use and outward appearance may change over time, the structure will have longevity.

Within our developments, JDC is focused on ensuring that its developments contribute towards the Government of Jersey's carbon reduction strategy by optimising the design and specification to minimise the energy and water usage of the buildings when completed (carbon in-use). We have adopted a fabric first approach to our future residential buildings, to ensure we maximise the performance of the building through design, specification, materials and workmanship.

As a local industry leader in environmentally considered design, our commercial constructions to date on the International Finance Centre are all 'BREEAM Excellent' rated, the world's longest established sustainability certification method, for which certification reflects the buildings' environmental, social and economic sustainability performance. We are targeting 'BREEAM Outstanding' for the next IFC building.

We are aware the Government intends to bring in legislation regarding EPC ratings of all buildings, which is already a UK requirement. IFC 6's EPC rating exceeds the local standard 'E' rating. The UK equivalent is 'C' for the same EPC standard. The detailed work done on calculating our carbon footprint shows that we can bring the next International Finance Centre building to an even more improved rating if viable to do so.

Reducing Embodied Carbon

Early in the year, our Whole Life Carbon (WLC) assessment of IFC 6 as designed, completed by one of our Project Managers, was externally reviewed and verified. This provided the baseline calculation that our ESG Strategy required and we can now prescribe that the Company will not recommend commercial developments whose embodied carbon exceeds the KgCO2 / m2 of the IFC 6 base line.

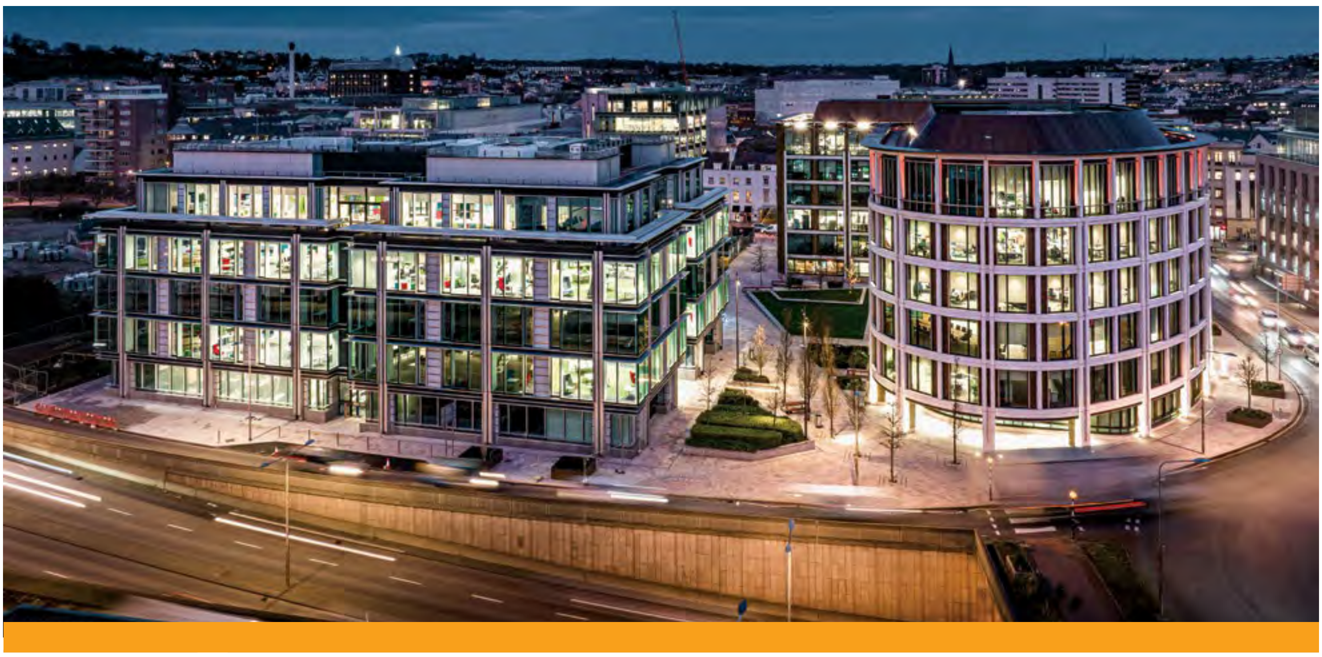
Homing in on the data requirements to accurately calculate our developments' carbon assessments and understanding how to balance the immediate impact of embodied carbon with the long term saving in carbon in use has been a useful exercise. The longevity afforded by more carbon intense inputs that endure and provide flexibility for changes of use, therefore avoiding shorter lifespan buildings and carbon intense rebuilding rather than regeneration, is a tradeoff we always need to consider.

As well as this being one of the targets within our strategy, the wider knowledge gathering during and as a result of the process has been very beneficial.

We now understand the key concentrations of carbon impact in our commercial developments, which we can also extrapolate to our residential developments. We can see which components we can positively influence, within the constraints of current available technologies and we are aware of where we need to look to for new advances.

The knowledge gained on IFC 6 has enabled the Executive to challenge the design for future buildings, to build lower carbon buildings, substituting carbon intensive components, specifically steel, aluminium, and concrete where possible and reconsidering mechanical and electrical service options for operational carbon. This will always be within the constraints of available technology and locally accessible supply. As a developer, we do not act alone and we can influence and collaborate to build sustainable communities. We commit to engaging with likeminded partners right from the start.

The next step in implementing our strategy will be setting Science-Based Targets for carbon reduction, which will progress during 2024.



Urban Greening & Bio-Diversity

We are also mindful that JDC's future strategy in relation to sustainability will not simply encompass reducing emissions, but will cover other considerations, such as waste management and waste reduction policies, bio-diversity and wellbeing considerations and decisions around how much money to invest upfront in our buildings, both to protect against loss of future asset value and to respect our natural world.

Natural Environment

We already provide many areas of well maintained green open spaces at the Waterfront for the enjoyment of all and this will continue within our plans for the development of the Southwest St Helier Waterfront, in which a significant proportion of the proposed area will be open space, with an aim to reduce the urban heat island effect and build ecological resistance.

During the year we sowed a pollinator patch on our land and we will look for other areas to replicate this. We also continued our support of the natural environment in the following ways:

- **Becoming members of Eco Active, targeting 10% net bio-diversity gain on future projects;**
- **Supporting the National Trust for Jersey & Jersey Trees for Life with our Corporate Sponsorship;**
- **Supporting Durrell's Rewild Carbon impactful project;**
- **Hosting the Government of Jersey's Climate Wall to raise awareness and reinforce the Climate Emergency.**

Social Report

Our primary core commitment in our ESG Strategy, Goal 11 of the UN Sustainable Development Goals 'Sustainable Cities and Communities' targets both the environmental and social aspects of the Goal.

The 'people' part of our ESG strategy focuses our objectives and goals across our three spheres of influence:

The Company | **The Supply Chain** | **The Community**

and focuses on our three pillars of:

- **Vibrant and Inclusive Communities.**
- **Equitable Employment Practices**
- **Health and Wellbeing**

The Community – Vibrant and Inclusive Communities

JDC continues to maintain extensive public areas around the Waterfront, which include Les Jardins de la Mer, Marina Gardens, Weighbridge Place and the newly extended Trenton Square.

We try to ensure that activities feature highly on St Helier's Waterfront, transforming open spaces to bring the community together and promoting health and wellbeing. This year we were delighted once again to sponsor and help facilitate CI Pride in September and the Jersey International Motoring Festival. We also hosted many events at Les Jardins de la Mer and the Weighbridge, including Liberation Day & the King's Coronation Celebrations, the finish line for the TMF Group Island Walk, Race for Life and the Portuguese Spring Festival.

New this year, in collaboration with Public Voice: Common Ground, we created a temporary pop-up green space on part of the Pétanque pitch at Weighbridge Place. The Earthworks community event was a free drop in clay based workshop, which proved very successful. The initiative complimented the existing green spaces we've established at Marina Gardens, Les Jardins de la Mer and Trenton Square.

Providing valuable public realm and green spaces enhances the community's overall enjoyment and well-being. It is vital we continue to prioritise amenities in all our development projects, as they play a crucial role in fostering a thriving and vibrant community.

We were equally delighted to have part-funded the new Les Quennevais Skate Park, which opened in February 2023. As the Government of Jersey's regeneration arm, we support placemaking and the delivery of community facilities.

In the summer we were proud to sponsor and to host our Durrell Tortoise 'Aasimah', jointly sponsored with Coopers & Co, as part of this important local charity's 'Tortoise Takeover' fundraising event. This also led to arranging for our tortoise artist, Mr A Singh, to conduct creative and interactive workshops for year 1 children at both Springfield and Rouge Bouillon Primary Schools, which the children loved.

To date JDC has supported more than 250 events on public land within its ownership or administration, including regular events such as The Waterfront Junior Park Run, the Standard Chartered Jersey Marathon, for which we sponsor the Marathon Mile, The Triathlon, the Christmas lights as well as this year, Jersey on Ice, the island community's long awaited return of an ice rink.

Jersey on Ice

Following a suggestion from the former Assistant Minister for Economic Development to re-introduce a Christmas ice-rink and on learning that Fort Regent could not accommodate an Ice Rink, due to the Covid vaccination centre, in just six weeks we sourced and installed a rink on our land at Weighbridge Place, a commitment we made to benefit the community over the winter months due to the limited all weather activities for Islanders.

With over 45,000 visits, we were delighted the ice rink proved so popular and we were also pleased to be able to offer free admission to all primary schools and half-price tickets to Secondary schools.

We aimed to make the rink as inclusive as possible for all Islanders. We offered quieter sessions on a Sunday morning with no flashing lighting for neurodiverse members of our island community and we welcomed both able and wheel chair bound participants, with ages 3 to 98 years old enjoying the ice.

The pricing for ice skating sessions was set as affordably as possible to encourage widespread community participation and JDC donated fifty pence from every ticket sale. Despite adverse weather conditions that led to temporary closures for safety reasons, we were delighted that the attraction brought so much enjoyment to the broader community.

The Supply Chain – Equitable Employment Practices

Health and Safety is a recurrent theme in all project meetings at JDC and a standing agenda item at all Board meetings. We consider the health and safety of our staff, our contractors and the public to be of the highest importance.

We were delighted that our main contractor on IFC 6, ROK Regal Construction was awarded a score of 100% under the Considerate Contractors Scheme.

To further enhance our commitment to Health and Safety and to encourage all contactors to follow the highest standards, JDC awarded mid year Safety at Work Awards to individuals from both of our active project sites who showed safety leadership whilst undertaking their duties.

Jersey Construction Council Awards 2023

JDC was delighted to support the Jersey Construction Council (JeCC) awards once again, as the sponsor of the Health & Safety Award.

We were very pleased to congratulate Groupe Legendre as winner of this award, which recognises the huge importance of health & safety on all construction sites. It was very pleasing to be part of a body which referenced health and safety as well as sustainability in every award.

Modern Anti-Slavery

In September 2021 JDC was accredited as one of Jersey's Living Wage employers being the first in the property development industry. The Living Wage considers the cost of living, taxes and the value of benefits available to working people on low incomes. Its aim is 'to make sure that, on average, a worker receiving the Living Wage rate, topped up by in-work benefits, earns enough to be able to live with dignity and to thrive, not just survive within our Jersey community'.

"JDC prides itself on being a responsible employer and this demonstrates our commitment to paying the 'Living Wage' to staff that are employed directly by JDC, and to local staff employed indirectly through our sub-contractor partners."

We believe that all employees should be fairly compensated and this accreditation helps demonstrate JDC's commitment. We hope this encourages other employers in Jersey to follow suit and become part of the growing movement towards fair wages for all.

During the year we also clarified our commitment to the principles of ethical business conduct more widely, through the formalisation of our existing development project practices into a Modern Anti-Slavery Policy. The policy promotes equality, fairness and respect for all in our supply chain, whether directly or indirectly because we believe that it is the right thing to do for our business, our board, our staff, our suppliers, our customers and the people of Jersey.

The Company – Health and wellbeing

JDC is committed to the principles of equality, diversity and inclusion (EDI). Our EDI Policy promotes a working environment where all colleagues are treated fairly and able to thrive.

Project Trident – Skills Jersey

During 2023, JDC accepted a student placement on the Project Trident Work Experience scheme as a Project Manager's Assistant. We regularly welcome students, who are introduced to all aspects of JDC, including Construction, Estate Management, Sales & Marketing, Accounts and Office administration.

This year's student enjoyed his experience so much he noted *'I might even take the job if I was offered!'*

Pride of Jersey Awards

We were delighted to support the Pride of Jersey Awards, once again. The Awards, now in its seventh year, celebrates the remarkable achievements of some truly special people. With 14 categories this year, we were proud to sponsor 'Child of the Year'.

Of our three fantastic finalists, Saskia Ruddy was celebrated as our award winner, with Mara Frunza and Nixon Hansford as runners up.

The award recognises young people under 17 years who rarely receive the recognition they deserve.

Secondary School and student collaboration

Our commitment to supporting children and the construction industry is combined in our liaison with schools and colleges offering the Design, Engineer, Construct! (DEC!) qualification or any school wishing to have a hands on tour of a live building site or presentation from one of our professional team.

In September, we hosted a visit from Hautlieu school students to IFC 6. During their visit, we provided them with valuable insights into the lifecycle of development projects. Earlier, in March, it was a pleasure to be invited to address year 9 students at Victoria College. Our project Director, Warren Roberts, shared his valuable expertise on the sustainability aspect of construction, which he gained during his time working in Dubai.

We were also delighted to be involved with Next Steps Careers Fair at Hautlieu School in April, discussing various career options within the design and build industry.

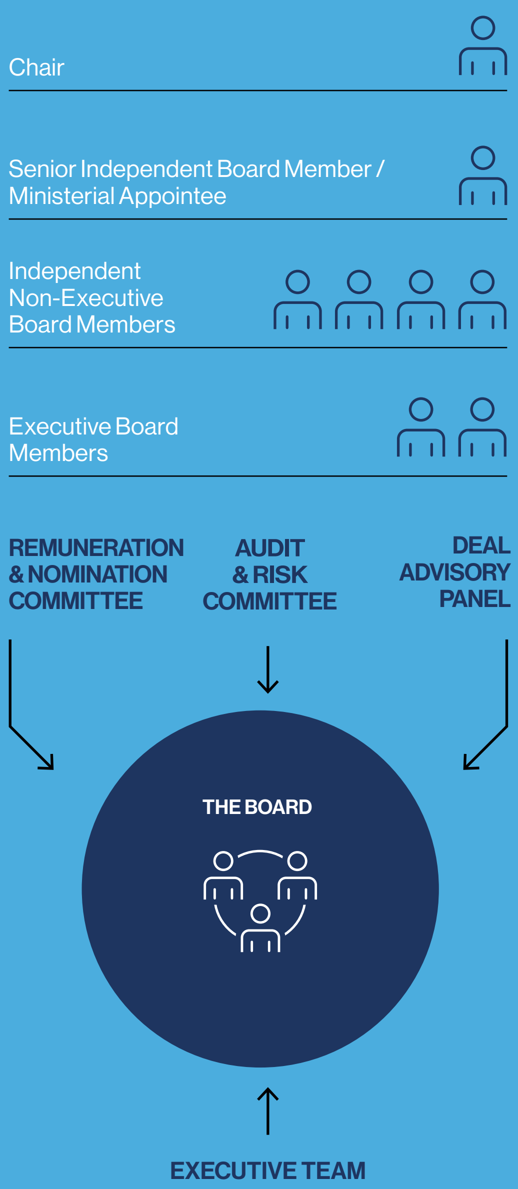
JDC was also pleased to support a Jersey Chamber of Commerce Breakfast briefing in March with an inspiring talk by Simon Allford, President of the RIBA, who spoke on constructing a low carbon future. He also spoke through how this consideration informs his company's particular focus on the Extraordinary and the Everyday and has inspired us to consider how we can offer seamless transitions of ground floor commercial spaces with outdoor public spaces.

We are all constantly learning.

Corporate Governance Report

The Board

Setting the overall strategy, approving the Strategic Business Plan and continually monitoring performance



Corporate Governance Report

JDC is committed to maintaining a high standard of Corporate Governance and follows its own Corporate Governance Handbook, which draws on the best practice principles of the UK Corporate Governance Code 2018, issued by the Financial Reporting Council (the Code).

JDC entered into a Memorandum of Understanding (MoU) with its Shareholder, a revised version of which was approved by the Shareholder in May 2022. The MoU emphasises transparency and accountability and specifies those strategic and other issues for which there is an obligation to inform, to consult, or to seek approval of the Shareholder's representative.

The revised MoU states that JDC and its Board shall adhere to the 'Principles of Good Governance' in the Code.

The shareholder function is exercised by the Minister for Treasury and Resources, whose duty is to act on behalf of the Government of Jersey.

The Board is of the opinion that JDC has complied with the provisions of its Corporate Governance Handbook and adhered to the Principles of Good Governance of the Code throughout the year under review.

The Board is collectively responsible for the governance of JDC. This is achieved by setting the overall strategy, approving detailed business plans and overseeing delivery of objectives by continually monitoring performance against those plans.

The Board

The Board of Directors' responsibility for the governance of JDC specifically extends to:

- **promoting the long-term sustainable success of JDC, generating value for the Shareholder and contributing to Jersey's wider society;**
- **establishing the purpose, values, strategy and behaviours of JDC and ensuring its culture is aligned with these;**
- **setting JDC's strategic aims;**
- **providing the leadership necessary to deliver these aims and associated objectives;**
- **ensuring all directors act with integrity, lead by example and promote the desired culture;**
- **establishing a framework of prudent and effective controls enabling risk to be assessed and managed;**
- **supervising the management of the business;**
- **ensuring that the necessary resources are in place for JDC to meet its objectives and measuring performance against them;**
- **ensuring JDC complies with relevant laws and regulations;**
- **ensuring effective engagement with and participation from the Shareholder and stakeholders; and**
- **reporting to the Shareholder on its stewardship, in accordance with the requirements of the MoU.**

Overall, the Board is aware that while it is responsible for the operation of a commercial development company, JDC operates in a multi-stakeholder environment and the public of Jersey is its ultimate stakeholder.

We are passionate about being a transformative but inclusive company that considers the broader impact of its decisions and business activities in Jersey.

Wherever possible, we consider the views of key stakeholders to understand their requirements, improve decision-making and maximise our contribution. In accordance with our Relationship Charter, agreed by the board during the year, we aim to:

- **Manage our corporate reputation**
- **Contribute to an efficient policy and government environment to operate in**
- **Ensure our business strategy remains relevant**
- **Explore partnership opportunities**

The Chair is responsible for leadership of the Board and should demonstrate objective judgement, while promoting a culture of openness and debate where all contributions are encouraged and valued. A good Chair ensures that the Board is effective in all aspects of its role achieving the right balance of responsibility, challenge and scrutiny; with support for the Executive Team.

The Non-Executive Directors constructively challenge and help develop proposals on strategy. They bring strong, independent judgement, knowledge, and experience to the Board's deliberations.

The day to day operation of JDC remains the responsibility of management and the Executive Team, led by the CEO. The Board oversees the performance of the Executive Team against agreed performance objectives and holds them to account. In fulfilling this function and in accordance with good corporate governance, the Board is supported by the Audit & Risk Committee and the Remuneration & Nomination Committee and, in view of our principal activities, the Deal Advisory Panel.

Board Structure

The Board comprises the Chair, the CEO, the Deputy CEO, a Non-Executive Director appointed by the Minister for Treasury & Resources and up to 5 Non-Executive Directors appointed by the States Assembly.

One of the Non-Executive Directors is appointed by the Board to undertake the role of Senior Independent Director (SID).

The principal role of the SID is:

- **to support the Chair in their role;**
- **to act as an intermediary for other Non-Executive Directors when necessary;**
- **to lead the Non-Executive Directors in the oversight of the Chair; and**
- **to ensure a clear division of responsibility between the Chair and the CEO.**

Appointments to the Board are subject to a formal, rigorous and transparent procedure, and an effective succession plan is maintained for the Board, following recommendations from the Remuneration & Nomination Committee.

Succession planning and appointments are based on merit and objective criteria. It is the Board's continuing objective to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths recognising the benefits this brings. While the gender balance of the Board has improved, further diversity improvements are required.

Board Independence

At the balance sheet date all Non-Executive Directors were considered independent. Prior to the appointment of a Director, the proposed appointee is required to disclose any other business interests that may result in a conflict of interest. In addition, the Board carries out a review of all current Directors' business interests annually to assess the continued independence of Non-Executive Directors.

The following appointments are held by the Executive Directors:

Simon Neal
Trustee of the St Matthieu's Trust and Director of Lola Investments Limited.

These are not considered to present a conflict of interest.

Membership of the Audit & Risk Committee and the Remuneration & Nomination Committee is comprised solely of Non-Executive Directors, to ensure independence from the Executive Team, who attend by invitation only.

Committee members are authorised to obtain, at the Company's expense, professional advice on any matter within their terms of reference and to have access to sufficient resource to carry out their duties.

A report from the Chair of the Audit & Risk Committee is provided on pages 55-57 and a report from the Chair of the Remuneration & Nomination Committee is provided on page 58-63.

Meetings

The Board and its Committees meet regularly and are responsible for setting and monitoring strategy, reviewing performance and risk management, examining business plans, capital and revenue budgets, formulating policy on key issues, taking decisions on major development proposals, sales and acquisitions, reporting to the Shareholder and securing Shareholder approval where necessary prior to entering into legally binding commitments. Board papers are circulated prior to each meeting to ensure informed discussion on the matters at hand.

The Board met six times during 2023.

	Board	Audit & Risk Committee	Remuneration & Nomination Committee
Number of meeting in 2023	**6**	**3**	**4**
Board attendance (as a % of meeting eligible to attend)			
Paul Masterton (Chair)*	100%	N/A	N/A
Nicholas Winsor (SID)	100%	0%	100%
Tom Quigley**	100%	N/A	N/A
Richard Barnes	83%	100%	100%
Carolyn Dwyer	100%	100%	100%
Belinda Crosby	100%	100%	N/A
Lee Henry	100%	N/A	N/A
Simon Neal	100%	N/A	N/A
In attendance			
Andrea Bowring***	100%	50%	100%

*retired as Chair on 20 December 2023

** retired as Non-Executive Director on 30 June 2023

***The Board approved Andrea Bowring's 12 month appointment as a "Board Apprentice" on 17 May 2023. Andrea was invited to attend all Board, Audit & Risk Committee and Remuneration & Nomination Committee meetings as an observer during her appointment.

Jennifer Carnegie was appointed as Chair on 17 April 2024, but attended the December 2023 Board Meeting as an observer. Nick Williams was appointed Non-Executive Director by the States Assembly on 17 April 2024 but attended Board meetings as a Board Advisor from July 2023, following his selection by the Board as Non-Executive Director Elect, pending States Assembly approval.

In addition to formal Board meetings, the Deal Advisory Panel meets when required, twice during 2023, and regular communication is maintained between the Board members and the Executive Team. The Chair and Board members attend quarterly meetings with the Shareholder, and in July 2023 the annual Strategy Day was held.

Board Effectiveness

In accordance with the Board's Terms of Reference, an annual performance assessment of the Board, Committees and of the Chair is made, together with recommendations for areas of improvement.

This annual performance assessment considers Board composition, diversity and how effectively members work together to achieve objectives. It also considers whether each director continues to contribute effectively. The Board's policy is to carry out an externally facilitated evaluation every three years and an internal evaluation on an annual basis.

In 2022 an External Review was conducted by Altair. While the overall findings of the review were positive, actions were identified for the Board to consider as it consistently strives to demonstrate the highest standards of corporate governance. These actions fell into four broad areas: Board Transition, Board Purpose, ESG and Relationships and specific targets were agreed for the year.

During 2023 the Board successfully implemented all the recommendations that were considered appropriate to, namely:

- **To ensure a smooth transition as long-established members, including the Chair, retire from the Board;**
- **To review the purpose of the Board and its terms of reference;**
- **Building on our Strategy, to continue to develop JDC's approach to ESG, including determining how to embed ESG considerations in JDC decisions;**
- **To review and enhance JDC's relationship management approach.**

The 2023 Board Effectiveness Review was internal. The Review involved each member of the Board, and other regular Board meeting attendees, completing a detailed questionnaire for all Board and Committee meetings each attended. Outcomes were collated, anonymised and summarised by JDC's Company Secretarial Consultant and a formal report of observations and recommendations was presented by the Company Secretary to the Board and both Committees, following which appropriate actions for the coming year were discussed and determined by the Board and Committees.

The findings of the assessment were that the Board continues to be high performing, with NEDs of excellent calibre and a wide range of skills. The Board is a generally positive environment characterised by transparency, collaboration and professionalism. It is regarded as strong, independent and appropriate. Recommendations generated by the 2023 internal evaluations will be addressed throughout the year, with mid-year monitoring and reporting of progress.

The actions agreed were:

- **To address emerging trends requiring training and new skills and continuously improve skillsets.**
- **To assist the integration of the new Chair to maintain a well functioning Board.**
- **To continue to build good communication channels with all stakeholders.**
- **To enhance ESG commitments and agree on clear goals.**

Risks and Mitigations

The Board has overall responsibility for the maintenance of JDC's system of internal control, including its effective operation and for reviewing its appropriateness, following any change to business operation(s). The role of management is to implement Board policies on risk and control. The system of internal control is designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Audit & Risk Committee establishes procedures to manage risk, oversee the effectiveness of JDC's risk management systems, internal financial controls and internal control framework, to identify, assess, manage and monitor key financial and business risks. The Committee determines the nature and extent of the principal risks JDC is willing to take, to achieve its long-term strategic objectives, and makes appropriate recommendations to the Board.

The key procedures which the Board has established to manage risk and to provide effective controls cover:

- **Strategy & Management**
- **Financial Reporting and Control**
- **Staff performance and development**
- **Major contract approval**
- **Joint venture oversight**
- **Communication**
- **Stakeholder relations**
- **ESG**

Annual Reporting

The Board has considered the recommendations of the Comptroller and Auditor General presented at the Annual Reporting Workshop on 21 November 2023, following her review of the annual reports of the States of Jersey, States Owned Entities and Arm's Length Organisations for each of the last four years. The Board has improved the performance reporting, to ensure it is balanced fair and understandable, with a greater focus on infographics for wider understandability and the accountability reporting, providing transparency on gender pay reporting and further information on staffing.

A detailed explanation of the risks faced during the year and how they have changed has been presented, as well as a prediction of how risks are likely to change in the future, given the economic uncertainty and the further steps JDC takes to mitigate those risks.

The sustainability report introduced a few years ago continues to evolve, evidencing the focus JDC is giving to meeting its Carbon Neutral and Net Zero targets as well as increasing its social value impact.

Relations with Shareholder

JDC is wholly owned by the Government of Jersey with the Minister for Treasury and Resources representing the Company's Shareholder. JDC seeks to comply in full with its governing statutes as the basis for the conduct of its relationship with its Shareholder, with whom it is in regular contact throughout the year.

Ministerial Decisions were made during the year and before approval of the Annual Report in relation to the approvals of the appointments of two Non-Executive Directors, and the Assistant Minister for the Environment's decision to allow the planning appeal and grant planning permission at the South Hill Former Planning Office Site.

By order of the Board

Nicholas Winsor
Senior Independent Director
29 April 2024

Audit & Risk Committee Report

The Audit & Risk Committee operates under a Charter agreed by the Board.

The Audit & Risk Committee is responsible for:

- **overseeing the financial reporting process to ensure the balance, transparency and integrity of published financial information;**
- **providing effective governance over the appropriateness of JDC's financial reporting, including the adequacy of related disclosures;**
- **reviewing the independent audit process, including recommending the appointment of and assessing the performance of the auditor;**
- **overseeing the effectiveness of JDC's internal control framework and risk management systems;**
- **overseeing the management of risk by approving the risk management policy and governing its implementation and compliance;**
- **reviewing the effectiveness of the system for monitoring compliance with laws and regulations and identification of fraudulent acts or bribery, if any or non-compliance, if any;**
- **reviewing JDC's risk register that includes the highest assessed risks for JDC and its development projects; and**
- **monitoring JDC's risk profile and providing assurance that there are robust structures, processes and accountabilities for risk management within the organisation.**

The Audit & Risk Committee members are currently Non-Executive Directors Belinda Crosby (Chair), Richard Barnes, Carolyn Dwyer and Nicholas Winsor.

The delegation of responsibilities matrix between the Board and all the Committees and the membership of all the Committees was reconsidered during the year to ensure the Committees benefit as far as possible not only from the required relevant skills but also diversity of thought to provoke wider discussion and consideration.

To rebalance the Audit & Risk Committee to four members, Nicholas Winsor was appointed during 2023. The meetings provide a forum for discussions and challenge and are also attended, by invitation, by the Chair, CEO, Deputy CEO, Finance Director, external and internal auditors. The terms of reference of the Audit & Risk Committee require it to meet at least three times a year with additional meetings called where necessary. The Committee met three times during 2023.

The separate Deal Advisory Panel meets, as required, to provide a detailed review of the viability of development projects by Board members with appropriate skills. The Deal Advisory Panel has no decision making remit but advises and makes recommendations to both the Audit & Risk Committee and the Board. As part of the wider Committee review, terms of reference for the Deal Advisory Panel were agreed during 2023. The Deal Advisory Panel met two times during 2023.

The Audit & Risk Committee is responsible for reviewing the annual financial statements and accompanying reports before their recommendation to the Board for approval. It is responsible for monitoring JDC's internal controls, including financial, operational and compliance controls and risk management procedures, to ensure the integrity of the financial information reported to the Shareholder. It considers reports from the internal and external auditors and from management and it reports and makes recommendations to the Board.

JDC has a corporate Risk Register and a register for each project which details and assesses the relevant significant risks. Management is responsible for identifying the principal and emerging risks to achieving JDC's business objectives and ensuring that there are adequate controls to manage these risks in line with the risk appetite set by the Board. The Executive Team are invited to attend the Audit & Risk Committee meetings to provide presentations on the principal and emerging risks and their management.

The Audit & Risk Committee considers IT, cyber security and data protection risk and ensures that Management have adequately assessed and put controls in place to mitigate the increasing risks. No cyber security or data breaches were reported during the year.

The Audit & Risk Committee considers all significant issues relating to the financial statements. A key estimate and judgement is the valuation of inventory and property assets and the risk that any impairment set against the valuation could be under or over stated in the current economic environment. Available market data as well as external professional advice was considered by the Committee when considering the valuations in the financial statements, with robust discussion and challenge given to the Executive to conclude upon the appropriateness of the valuation adopted. As part of the 2023 review the Committee also considered, and recommended to its Shareholder, that net expenditure on public realm maintenance previously reported as an operational cost of JDC, be more accurately shown as a dividend paid, reflecting the true benefit JDC gives to the Island and clarifying its net returns.

The Audit & Risk Committee advises the Board on the appointment of the external auditor and on their remuneration, including monitoring any issues that could impact auditor independence. During the year the Committee recommended, and the Board approved, the reappointment of BDO Limited as external auditor for the year ended 31 December 2023.

The Audit & Risk Committee also advises the Board on the appointment of the internal auditor and on their remuneration. In June 2023 Bracken Rothwell, as appointed internal auditor resigned for internal structuring reasons. A tender for a new internal auditor was undertaken and proposals requested from three firms. Based on the proposals received and a final interview process, the Audit & Risk Committee recommended, and the Board approved, the appointment of Grant Thornton for a three year term with immediate effect. Grant Thornton presented their year one review results in November 2023 with all areas reviewed concluded as satisfactory.

The Audit & Risk Committee regularly reviews the scope and results of the work undertaken by both internal and external auditors.

Committee Effectiveness

As described in the Governance Report, the Committee fully participates in the annual evaluation processes. The evaluation includes an assessment as to how the Committee has delivered its roles and responsibilities as set out in its Charter.

The Committee agreed that during 2023 it would maintain a dynamic approach to risk, required within the current economic climate and continue to focus and learn about the impact of ESG on risks and on valuations.

During the year significant focus was given to the impact of local political risks, the rising cost of living, and the contraction of the Construction industry. Both the Board and Committee discussed and where practical introduced additional mitigants or progressed actions to reduce future negative consequences where ultimately risk mitigation remained outside the control of the Company. A separate deep dive review was completed on the highest rated risks identified with action plans agreed where possible. A lessons learned review was also instigated where successful planning outcomes were not achieved.

To assist with the dynamic approach to risk assessment, during the year the Committee recommended, and the Board approved the introduction of a Deal Advisory Panel Risk Assessment Framework. This provides a clearer method of assessing risk for future projects, giving structure and trackable metrics. As also recommended by Committee, the Board agreed the initial risk parameter and targets to be used in the Risk Assessment Framework. These parameters to be subject to annual review.

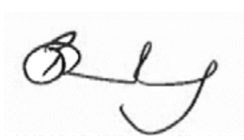
The impact of ESG on risk and on valuations was considered throughout the year. The introduction of a 'carbon tax' metric in new appraisals has focussed attention on potential fiscal legislation.

The inclusion of ESG considerations at the start of the new Deal Advisory Panel Risk Assessment Framework is in accord with their importance when making development decisions.

Following the release of the ISSB's first sustainability standards, while not within scope, as a follower of best practice JDC has considered in scope requirements for future disclosure of all sustainability related risks and opportunities that could be reasonably be expected to affect JDC over the short, medium or long term. JDC has introduced a new Climate Related Risks and Opportunities (CRRO) Register to assist with the consideration of and monitoring of such risks and the Board have added a biannual review of the CRRO Register to the Committee's delegated responsibilities.

There remains work to be done as the economic environment risks remain elevated into 2024 and the impact of ESG on risk and on valuations continues to develop. These are the areas the Committee will continue to concentrate on in 2024, with the specific focuses of:

- **Ongoing focus and learning on the impact of ESG on risk and on valuations.**
- **Continuing to maintain a dynamic approach to risk.**
- **Seeking training for the Committee members in specific relevant areas.**



Belinda Crosby
Chair of the Audit & Risk Committee
29 April 2024

Remuneration & Nomination Committee Report

The Remuneration & Nomination Committee operates under a Charter agreed by the Board. The Remuneration & Nomination Committee is responsible for:

- **Reviewing the structure, size, composition and diversity of the Board;**
- **Considering and making recommendations to the Board on all new appointments of Directors having regard to the overall balance, composition and diversity of the Board;**
- **Making recommendations to the Board concerning the reappointment of any Non-Executive Director following conclusion of his or her specified term of office;**
- **Overseeing succession planning in respect of the Directors;**
- **Assessing the performance of Non-Executive and Executive Directors; and**
- **Recommending the remuneration for the Non-Executive Directors and Executive Directors.**

The terms of reference of the Remuneration & Nomination Committee require it to meet at least twice a year. During 2023 it met four times.

The Remuneration & Nomination Committee members are currently Non-Executive Directors Nicholas Winsor (Chair), and Carolyn Dwyer. Richard Barnes, stepped down from the Committee in July 2023, when Nick Williams was selected by the Board as Non-Executive Director Elect. Nick Williams attended meetings in his capacity as Board Advisor from July 2023.

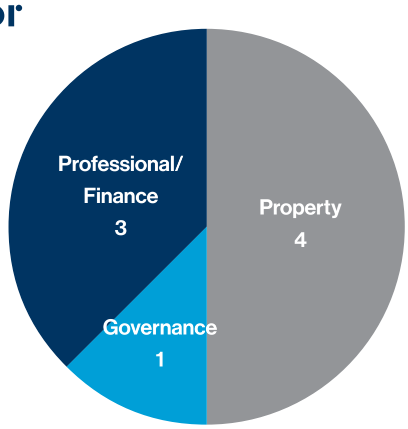
The Remuneration & Nomination Committee makes recommendations to the Board regarding the remuneration of Executive Directors and staff and considers the ongoing appropriateness and relevance of the remuneration policy.

The Committee is also primarily responsible for overseeing the selection and appointment of JDC's Executive and Non-Executive Directors and making recommendations to the Board.

Before any appointment for new members or succession planning is made by the Board, the Committee evaluates the balance of diversity, skills, knowledge and experience on the Board, and based on the results of the evaluation, prepares a description of the role and capabilities required for a particular appointment.

The current Board sector profile, including both Directors Elect, is presented below:

Sector



In identifying suitable candidates, the Committee:.

- **uses open advertising or the services of external advisers to facilitate the search;**
- **considers candidates from a wide range of backgrounds;**
- **considers candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender; and**
- **complies with the Jersey Appointments Commission Guidelines.**

Appointments

In accordance with JDC's succession plan, and due to the retirement of Tom Quigley during the year, the Board reviewed proposals from a number of independent search firms before appointing Saxton Bampfylde to lead the search for a new Non-Executive Director. Whilst local firms were invited to tender, given the specific property and development focus as well as independence required for the role, a UK search firm was deemed to have the widest reach.

- **33 candidates expressed an interest in the role**
- **4 were female, 6 chose not to disclose**
- **a shortlist of 6 were invited to interview by panel**
- **one of the 6 shortlisted was female.**

After interviews, Nick Williams was selected and recommended in July 2023 by the Board to the Shareholder for appointment. Following a protracted period, approval from the States Assembly was granted and Nick was formally appointed to the Board on 17 April 2024.

Additionally, due to the retirement of the Chair at the end of the year, the Board reviewed proposals from a number of independent search firms before appointing Thomas and Dessain to lead the search for a new Chair. Both local and UK firms were invited to tender but given the on-island focus of the search, this local search firm was selected, with a strong Jersey network.

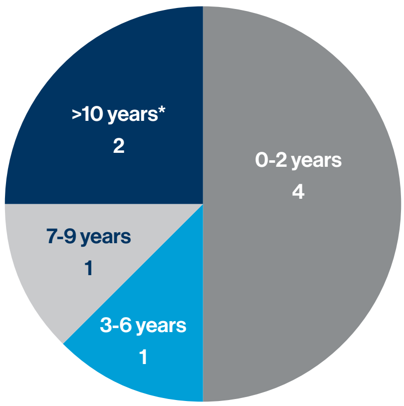
- **38 candidates were considered for the role**
- **all were locally based**
- **6 were female**
- **7 formal applications were received and reviewed by the Selection Panel**
- **a final shortlist of 3 were invited to interview by a panel**
- **two of those shortlisted were male**

Jennifer Carnegie, being selected by the Interview Panel and recommended by the Board for appointment by the States Assembly, was formally appointed to the Board on 17 April 2024.

The Interview Panel was chaired by the Chair of the Jersey Appointments Commission and included members of the JDC Board and a representative of the Minister for Treasury and Resources.

The current tenure of Board members, including both Directors elect as at year end is as follows:

Tenure (years)



* relates to both Executive Directors.

The Remuneration and Nominations Committee will continue with the Board's refreshment plans during 2024, to appoint a new Non-Executive Director, due to the planned retirement of longest standing Non-Executive Director, in accordance with the Board's succession plan, which the Board and the Committee has been focused on during 2023.

Committee Effectiveness

The Committee works with the Chair of the Board and Senior Independent Director to lead the annual Committee evaluation process. During the year, an internal evaluation was undertaken. The outcomes and actions agreed from the 2023 evaluation assessment were as follows:

- **To develop succession plans for senior positions in the organisation**
- **To develop the Balanced Scorecard assessment tool**
- **To gain further understanding of relevant remuneration structures**

As a result of last year's review, given the Board refreshment requirements, the focus of the Committee through the year was on Succession Planning to ensure a smooth transition to a new Board with the appropriate breadth of skills, behaviours and diversity. Assistance from an external HR provider was sought as planned, to advise the Committee on any gaps in staff related policies.

Workforce engagement

Belinda Crosby acted as the Workforce Liaison during the year, with support from Nicholas Winsor. This supporting position is rotated among Board members, in order for staff to get to know Board members, particularly given the recent changes.

Staff Wellbeing

Executive Director Remuneration

JDC targets paying market median levels of remuneration throughout the Company, as set out in JDC's Pay Policy. Remuneration structures are simple with no equity participation (share ownership) by the Directors. Salaries are established by reference to those prevailing in the open market generally for directors of similar experience, responsibility and skills in comparable industries. The Committee uses external remuneration surveys prepared by independent consultants to assist in establishing market levels. Determination of the Executive Directors remuneration is a Board decision taken by the Non-Executive Directors. Changes to the structure or quantum of remuneration paid to Executive Directors, including those related to bonus payments, are to be approved by the Shareholder in advance of their taking effect. The Shareholder also approves the Remuneration Report at the Annual General Meeting.

A benchmarking review of executive remuneration in 2021 was undertaken by Mercers and the results showed fixed pay to be slightly below market median and the variable pay incentive scheme significantly below this benchmark. Since then we have relied on local salary surveys (Polymetrix), which has shown that Executive pay increases have fallen below RPI in each year since.

Incentive scheme for Executive Board Directors

A non-pensionable short-term discretionary incentive scheme was in place throughout the year. Awards under the scheme are discretionary and are assessed by the Committee and approved by the Board against specific performance criteria, directly linked to the objectives set out in the Strategic Business Plan.

Board Directors' Remuneration

	Salary/Fees	Benefits	Bonus	Pension[1]	2023 Total	2022 Total
	£	£	£	£	£	£
Executive Directors						
Lee Henry	203,308	2,822	61,399	30,496	298,025	279,228
Simon Neal	163,876	-	49,491	24,581	237,948	225,552
Non-Executive Directors						
Paul Masterton*	43,655	-	-	-	43,655	40,000
Ann Santry**	-	-	-	-	-	21,342
Richard Barnes	25,000	-	-	-	25,000	22,000
Tom Quigley***	12,500	-	-	-	12,500	24,332
Nicholas Winsor	27,500	-	-	-	27,500	22,000
Carolyn Dwyer	25,000	-	-	-	25,000	22,000
Belinda Crosby****	30,000	-	-	-	30,000	6,706
Total equity and liabilities	**530,839**	**2,822**	**110,890**	**55,077**	**699,628**	**661,160**

*retired 20 December 2023
**retired 20 December 2022
***retired 30 June 2023
****appointed 22 September 2022

[1] Since 2015 JDC has had no employees in the Government of Jersey's Public Employees Contributory Retirement Scheme (PECRS). JDC is no longer an Admitted Body of the PECRS and there is no ongoing future liability. Furthermore, the Executive and Employees of JDC do not benefit from any other defined benefit pension scheme and as a result there are no future pension liabilities for JDC.

Company staff pay

- **Employee salaries were benchmarked locally**
- **Pay rises were approved with reference to median levels**

Changes to salaries and remuneration payments are effective from 1 January each year.

- **The 2023 average increase of all salary recommendations was 6.9%. (JRPI = 10.4% at 30 September 2022)**
- **The 2024 average increase of all salary recommendations was 8.7%. (JRPI = 10.1% at 30 September 2023)**

The Committee has noted the continued inflationary pressures in the local market and this was reflected in the 2024 pay review.

Company staff policies

During the year, further strengthening JDC's commitment to staff with transparent policies, the Committee reviewed and recommended updates and approval of:

- **The Employee Handbook**
- **A Redundancy Policy**
- **A Modern Anti-Slavery Policy**

Company Staff transparent disclosures

JDC is relatively small, with only 17 employees, of whom 5 worked reduced or part time hours during the year to meet their childcare and other work life balance needs. Staff have a high work ethic and absence through sickness is low and monitored throughout the year. All staff are employed on permanent contracts, staff turnover is very low and JDC currently has no vacancies.

We choose to contract out work on both the Estate and for certain professional services in relation to developments to maintain a lean team.

This year we are publishing further information on gender pay and income ratios:

	2023	2022
Pay ratio between the highest paid employee and the lowest paid employee	4.7:1	5.53:1
Pay ratio between the highest paid employee and the 25th percentile pay of all employees	4.1:1	4.2:1
Pay ratio between the highest paid employee and the median pay of all employees	2.3:1	2.2:1
Pay ratio between the highest paid employee and the 75 percentile pay of all employees	1.7:1	1.7:1
Gender pay gap (median monthly pay)	11%	12%
Gender pay gap (mean monthly pay)	30%	33%

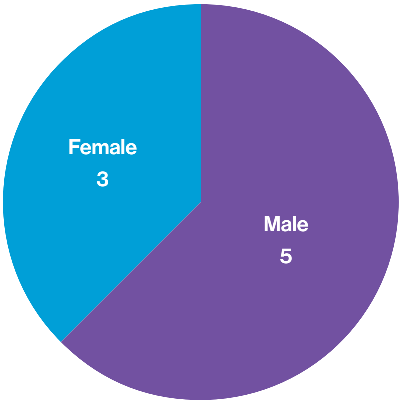
All staff remuneration is calculated with reference to genderless external remuneration survey data prepared by independent consultants to assist in establishing market levels. Staff are rewarded for their role and experience regardless of their gender.

Board Diversity

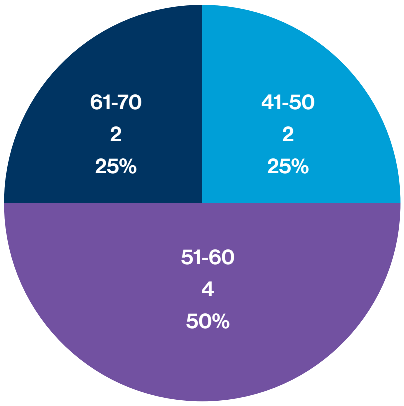
The Committee recognises that JDC benefits from diversity both at Board level and in the Company as a whole, particularly in respect of gender-balance.

The profile of the Board as at year end, with the inclusion of the Board Directors Elect is as follows:

Gender



Age



The Board is mindful that diversity in all senses must be sought and this has been a stated focus with the Succession Plan and search firm briefings whilst refreshing the Board over the past year. The Board's gender imbalance is improving, with a move from 25% to 38% female to male and the appointment of a female Chair both are clear evidence of acting on our objectives.

Company Diversity

The composition of our employees by gender is presented below.

	2023		2022	
	Male	**Female**	**Male**	**Female**
Company	47%	53%	50%	50%
Executive Team	75%	25%	75%	25%
Senior management team (excluding directors)	40%	60%	40%	60%
Board (NED only, including Directors Elect)	62%	38%	67%	33%

By order of the Remuneration & Nomination Committee

Nicholas Winsor
Chair of the Remuneration & Nomination Committee
29 April 2024

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2023.

Incorporation

The States of Jersey Development Company Limited (JDC or the Company) was incorporated in Jersey, Channel Islands on 21 February 1996, under its original name of Waterfront Enterprise Board Limited.

On 20 June 2011, the Company's name was changed to The States of Jersey Development Company Limited and thereafter a new Board of Directors was appointed and the Memorandum and Articles of Association were revised.

The Company's registered business name is Jersey Development Company.

Principal Activities

The principal activity of JDC and its subsidiaries (the Group) is to engage in property investment, property development, car park operations and estate management services. Every initiative undertaken by JDC is Government-led and the building and property investments are raised on land that has, in most cases, been transferred to JDC by the Government of Jersey.

JDC's mission is 'to be the Government of Jersey's partner for regeneration and strategic property development in order to deliver a sustainable financial, social and environmental contribution to Jersey and its people'. JDC creates new homes for residents and new Grade A office space for the Island's premier financial services industry. By investing in direct development, rather than selling land to developers, JDC ensures that returns to taxpayers are improved as well as retaining control over design and quality.

JDC's projects are also community focused and include high quality open green spaces and landscaped areas for the public to enjoy. The principal place of business is Jersey, Channel Islands.

Results and Dividends

The results for the year are set out in the consolidated statement of comprehensive income on page 70. A dividend of £697,270 was declared and paid during the year (2022: £1,230,252) as detailed in note 19.

Directors

The Directors who held office during the year and subsequently were:

Executive Directors
Lee Henry (CEO)
Simon Neal (Deputy CEO)

Non-Executive Directors
Jennifer Carnegie (Chair)(appointed 17 April 2024)
Nicholas Winsor MBE (Interim Chair 20 December 2023 to 17 April 2024)
Richard Barnes
Carolyn Dwyer
Belinda Crosby
Nick Williams (appointed 17 April 2024)
Paul Masterton (Chair) (retired 20 December 2023)
Tom Quigley (retired 30 June 2023)

Company Secretary

The Company Secretary for the whole of the year and subsequently was Judy Greenwood.

Directors' and officers' insurance

During the year the Company maintained liability insurance for its directors and officers.

Independent Auditor

A resolution to re-appoint BDO Limited as the auditor will be proposed at the next Annual General Meeting.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group, as at the end of the financial year and of the profit or loss of the Group for that year. In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the 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 Company and the Group and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have assessed the Group's financial stability and liquidity for the period up to 30 June 2025, being not less than 12 months from the date of the financial statements, which consider the Group's current obligations and commitments. The Group's financial statements are therefore prepared on a going concern basis. Further details of the Group's going concern review are provided in note 2.1 of the financial statements. The Directors confirm that they have complied with the above requirements in preparing the financial statements.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all steps that they ought to have taken, as a director to make themself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.
The Directors are of the opinion the Annual Report as a whole provides a true and fair view.

The financial statements are published on www.jerseydevelopment.je which is a website maintained by JDC. The work undertaken by the Independent Auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the Independent Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in Jersey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

By order of the Board

For and on behalf of
The States of Jersey
Development Company Limited
29 April 2024

Independent Auditor's Report to the members of The States of Jersey Development Company Limited

Tel: +44 1534 510 100
www.bdo.je

BDO Limited
First Floor,
Windward House,
La Route de la
Liberation,
St Helier, JE1 1BG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE STATES OF JERSEY DEVELOPMENT COMPANY LIMITED

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of the Group's total comprehensive income and for the year then ended;
- have been properly prepared in accordance with international Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB");
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the consolidated financial statements (the "financial statements") of The States of Jersey Development Company Limited (the "Company") and its subsidiaries (together "the Group") for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes 1 to 24 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Group, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures in place to prevent and detect non-compliance with laws and regulations.

We considered the significant laws and regulations to be the Companies (Jersey) Law 1991.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Enquiry with management and those charged with governance regarding any known or suspected instances of non-compliance with laws and regulations; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Agreement of financial statement disclosures to underlying supporting documentation.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, valuation of investment properties, valuation of inventories (for impairment) and impairment assessment of South Hill, KOS 2 & 3.
Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the period, which met a defined risk criteria, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Child
For and on behalf of BDO Limited
Chartered Accountants
Jersey, Channel Islands
29 April 2024

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Assets			
Rental Income	4.1	2,754	2,616
Revenue from contracts with customers	4.2	1,591	1,245
Share of profit on joint venture net of tax	16	9,398	-
Other income		105	90
Income		**13,848**	**3,951**
Service charge expense		(230)	(318)
Pre-development expenses	4.7	-	(114)
Share of loss on joint venture	16	-	(311)
Employee benefits and other remuneration expenses	4.3	(1,682)	(1,605)
Premises and establishment expenses		(269)	(196)
Estate management expenses	4.4	(1,226)	(710)
Depreciation of property, plant and equipment	6	(44)	(31)
Depreciation of right-of-use assets	7	(87)	(95)
Credit losses of trade and other receivables	10	(66)	-
Impairment of inventory	8	(1,553)	(1,405)
Other expenses	4.5	(1,084)	(678)
Total expense before finance costs		**(6,241)**	**(5,463)**
Finance income		259	350
Finance costs	4.6	(506)	(357)
Finance costs – net		**(247)**	**(7)**
Operating profit / (loss)		**7,360**	**(1,519)**
Profit / (loss) for the year		**7,360**	**(1,519)**
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Cash flow hedge movement		**(503)**	**3,153**
Other comprehensive income for the year		**(503)**	**3,153**
Total comprehensive income		**6,857**	**1,634**

All results in the year have been derived from continuing operations.

The notes on pages 74 to 105 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Assets			
Non-current assets			
Investment property	5	16,050	16,050
Property, plant and equipment	6	997	205
Right-of-use Asset	7	267	354
Trade and other receivables	10	6,525	-
Derivative financial assets	11	2,650	3,153
Investment in a Joint Venture	16	7,034	5,886
		33,523	**25,648**
Current Assets			
Inventories	8	81,674	58,464
Other current assets	9	-	2,558
Trade and other receivables	10	1,849	8,708
Retention money receivable		200	-
Short-term deposits		-	6,500
Cash and cash equivalents		16,178	7,186
Total Current Assets		**99,901**	**83,416**
Total assets		**133,424**	**109,064**
Equity			
Equity attributable to equity			
Share capital	12	20,000	20,000
Capital contribution		20,196	20,196
Cash Flow Hedge Reserve		2,650	3,153
Retained earnings		42,172	35,509
Total Equity		**85,018**	**78,858**
Liabilities			
Non-current liabilities			
Borrowings	13	8,197	25,265
Lease Liabilities	7	155	235
Retention money payable	14	-	450
Trade and other payables	15	46	66
Total non-current liabilities		**8,398**	**26,016**
Current liabilities			
Borrowings	13	35,513	737
Lease Liabilities	7	82	82
Retention money payable	14	1,088	445
Trade and other payables	15	3,325	2,926
Total current liabilities		40,008	4,190
Total liabilities		**48,406**	**30,206**
Total equity and liabilities		**133,424**	**109,064**

The consolidated financial statements were approved by the Board of Directors on 29 April 2024 and signed on their behalf by

Director

The notes on pages 74 to 105 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Share Capital £'000	Capital Contribution £'000	Cash Flow Hedge Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 1 January 2023		20,000	20,196	3,153	35,509	78,858
Comprehensive Income:						
(Loss) / Profit for the year		-	-	(503)	7,630	6,857
Dividends	19	-	-	-	(697)	(697)
At 31 December 2023		**20,000**	**20,196**	**2,650**	**42,172**	**85,018**

	Notes	Share Capital £'000	Capital Contribution £'000	Cash Flow Hedge Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 1 January 2022		20,000	20,196	-	38,258	78,454
Comprehensive Income:						
(Loss) / Profit for the year		-	-	3,153	(1,519)	1,634
Dividends	19	-	-	-	(1,230)	(1,230)
At 31 December 2023		**20,000**	**20,196**	**3,153**	**35,509**	**78,858**

The notes on pages 74 to 105 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Assets			
Cash flows from operating activities			
Profit / (Loss) for the year		7,360	(1,519)
Adjustment for			
Share of (profit) / loss on joint venture	16	(9,398)	311
Depreciation of property, plant and equipment	6	44	31
Depreciation of right-of-use assets	7	87	95
Impairment of inventory	8	1,553	1,405
Finance expense (net)		247	7
Pre-development expenses	4.7	-	114
Changes in working capital:			
(Increase) in other current assets	9	(222)	(535)
(Increase) / Decrease in trade and other receivables		(7,247)	192
Increase / (Decrease) in trade and other payables		914	(1,817)
(Increase) in retention receivable		(200)	-
Increase in retention payable	14	193	812
(Increase) in inventories		(22,372)	(16,769)
		(29,041)	**(17,673)**
Interest received		166	128
Interest paid		(455)	(358)
Net cash used in operating activities		**(29,330)**	**(17,903)**
Cash flows from investing activities			
Acquisition of Property, plant & equipment	6	(837)	(175)
Repayment received of loan from joint venture	10	7,675	-
Return received from investment in joint venture	10	8,250	-
Short-term deposits matured		6,500	3,293
Net cash used in investing activities		**21,588**	**3,118**
Cash flows from financing activities			
Repayment of borrowings	14	(737)	(712)
Additional borrowings	14	18,250	1,000
Repayment of lease liabilities	7	(82)	(98)
Dividends paid		(697)	(1,230)
Net cash used in financing activities		**16,734**	**(1,040)**
Net increase / (decrease) in cash and cash equivalents		**8,992**	**(15,825)**
Cash and cash equivalents at the beginning of the year		7,186	23,011
Cash and Cash Equivalents at the end of the year		**16,178**	**7,186**

The notes on pages 74 to 105 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

The principal activities of The States of Jersey Development Company Limited (the "Company") and its subsidiaries (together, the "Group") are property investment, property development, car park operation and estate management in Jersey. The Company is a limited liability company incorporated and domiciled in Jersey, Channel Islands. The Company trades as Jersey Development Company, the registered business name of The States of Jersey Development Company Limited.

Equity

In 1996 The Government of Jersey subscribed £20m of share capital in the Company to finance the infrastructure of the Waterfront. The Company was originally formed to manage the development of the St Helier Waterfront area on behalf of the Government of Jersey. In 2004, The Government of Jersey transferred land holdings to the Company at market value as a capital contribution totalling £20.2m. In 2010 the Government adopted P73/2010 which set a new remit for the Company, changed the name of the Company and the Memorandum and Articles of Association. The changes to the Company were enacted on 24 June 2011 following the appointment of a new Board of Non-Executive Directors by the States Assembly. The Company carries out developments that are financed from third parties and capital receipts from the proceeds on the sale of inventory.

2. Summary of material accounting policies

2.1 Basis of preparation

The principal material accounting policies that have been applied in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all years presented unless otherwise stated.

The consolidated financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the measurement of investment property and derivative financial asset.

Going concern

Management has assessed the Group's financial stability and liquidity for the period up to 30 June 2025, being not less than 12 months from the date of the financial statements, which consider the Group's current obligations and commitments.

Management determines that the Group has significant cash reserves and adequate liquidity to continue to trade for the foreseeable future.

Therefore, the Directors have not identified any material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern and continue to adopt the going concern basis in preparing the consolidated financial statements.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee (IFRIC) and Companies (Jersey) Law 1991.

Standards, amendments and interpretations to existing standards that are effective and are relevant have been adopted by the Group

The Directors have considered all relevant amendments and interpretations that apply for the first time in 2023 and believe that they do not have a material impact on the consolidated financial statements of the Group.

2.1 Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are relevant and are not yet effective and have not been early adopted by the Group

The Directors have considered all relevant accounting standards that are in issue, which are not yet effective for accounting periods beginning on 1 January 2023 and believe that early adopting these standards would not have a material impact on the financial statements of the Group.

In February 2021, the IASB issued amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 “Making Materiality Judgements”. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose ‘significant accounting policies’ with ‘material accounting policy information’. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure. These amendments have no effect on the measurement or presentation of any items in the Consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

The amendments to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors”, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. These amendments had no effect on the consolidated financial statements of the Group.

2.2 Basis of Consolidation

Income and cash flow statement

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its return.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Subsidiaries are fully consolidated from the date from which control is transferred to the Group. They are deconsolidated from the date control ceases.

2.3 Investment property

Property held for long-term rental yields and/or for capital appreciation and that is not occupied by companies in the consolidated Group is classified as investment property.

Land is classified as investment property when the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs and (where applicable) borrowing costs. Subsequent expenditure is capitalised to the asset’s carrying value only when it is probable that future economic benefits associated with the expenditure will flow to the Group, and the cost of the item can be measured reliably. All other maintenance and repair costs are expensed as incurred.

After initial recognition, investment property is carried at fair value in accordance with IAS 40 ‘Investment Property’ with movements in value recognised as gains or losses in the consolidated statement of comprehensive income.

2.3 Investment property (continued)

In determining the fair value of the investment property, the Group uses market valuations. Fair value is determined each year using recognised valuation techniques by the management. Fair value reflects, among other things, rental income from current leases, car park receipts and assumptions about rental income from future leases in light of current market conditions. Fair value is also determined independently by professional individuals, holding recognised and relevant professional qualifications, at the discretion of the Board, but at least once every five years for investments with a value over £500,000.

The valuations form the basis of the carrying amounts of investment property in the consolidated financial statements.

Transfers are made to (or from) investment property only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property, and there is evidence of a change in use. For a transfer from investment property to inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use.

When the Group disposes of a property at fair value in an arms-length transaction, the carrying value immediately before the sale is adjusted to the transaction price, with the adjustment recorded in the income statement as net gain on sale of investment property.

2.4 Leases

The Group assesses at contract inception whether a contract is or contains a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  1. the Group has the right to operate the asset; or
  2. the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on the reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

2.4 Leases (continued)

Group as a lessor (continued)

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2.5 Inventories

The Group's inventories comprise land and other property that is to be sold to developers or developed with a view to sell. Inventories are valued at the lower of cost and net realisable value. Cost represents the purchase price plus any directly attributable cost, including professional fees and expenses incurred directly associated with the land's development since acquisition. Directly attributable costs also include certain salaries and production-related expenses. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

In determining the net realisable value of inventory property, the Group uses market valuations to determine the fair value. Fair value is determined each year, using recognised valuation techniques and the latest valuation assumptions included in the reports produced for third party funders on similar investments. Fair value reflects assumptions about rental income from future leases in light of current market conditions as comparable evidence from other land or property sold in the marketplace. Fair value is also determined independently by professional individuals holding recognised and relevant professional qualifications at the discretion of the Board.

Reductions in the carrying value of inventory to its NRV are recognised as impairments of inventory costs in the consolidated statement of comprehensive income. Impairments are reviewed for possible reversal of the impairment at the end of each reporting period.

2.6 Other Current Assets

All costs, including certain pre-acquisition costs, related to land and property that are incurred before the Group acquires the land or property shall be capitalised as Other Current Assets if all of the following conditions are met and otherwise shall be charged to expense as incurred:

- The costs are directly identifiable with the specific land or property.
- The costs would be capitalised if the land or property were already acquired.
- Acquisition of the land or property is probable. This condition requires that the Group is constantly engaged with the landowner to actively seek control of the land or property and that there is no indication that the land or property is not available for sale or transfer. Additionally, land has been specifically identified by the Government of Jersey as a development site.

Other Current Assets are valued at cost less impairment.

At the end of each reporting period, Other Current Assets are assessed for objective evidence of impairment, including consideration if the land or property acquisition remains probable. The impairment loss is recognised in the Statement of Comprehensive Income if the asset is impaired.

Other Current Assets are transferred upon acquiring the specific land or property and capitalised as part of the cost of the asset transferred, depending on its classification.

2.7 Investment in a Joint Venture

The Group has a 50% (2022: 50%) interest in joint venture (along with 50% voting rights), Waterfront Development (6C) Limited, a separate structured vehicle incorporated and operating in Jersey. The primary activity of Waterfront Development (6C) Limited is to engage in residential property development in Jersey, which is in line with the Group's strategy.

2.7 Investment in a Joint Venture (continued)

The contractual arrangement of the joint venture provides the group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with Waterfront Development (6C) Limited. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. An investment in a joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss after this date.

The consolidated statement of comprehensive income recognises the Group's share of the results of operations of the joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group.

After the application of equity method, the Group determines whether it is necessary to recognise an impairment loss on an investment in a joint venture. At each reporting date, the Group determines whether there is objective evidence that an investment in a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit or loss of a joint venture' in the consolidated statement of comprehensive income.

Upon loss of control over the joint control of the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.8 Financial instruments

Financial instruments –
initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the simplified approach, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

2.8 Financial instruments (continued)

Financial assets (continued)

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables and short-term deposits.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation; or
- to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a. the Group has transferred substantially all the risks and rewards of the asset, or
  b. the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract, and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECLs).

2.8 Financial instruments (continued)

Financial assets (continued)

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

For trade receivables and contract assets, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past the due date. However, in certain cases, the Group may also consider a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full, before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans, borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated upon initial recognition as at fair value through profit or loss.
- Financial liabilities are classified as held for trading if they are incurred to repurchase in the near term.
- Gains or losses on liabilities held for trading are recognised in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised and through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 13.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Other payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the consolidated statement of financial position.

2.8 Financial instruments (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

Derivative and hedge activities

Initial recognition and subsequent measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges),
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items.

The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 11. Movements in the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within consolidated statement of changes in equity. The changes in the time value of the options that relate to the hedged item (aligned time value) are recognised within consolidated statement of comprehensive income in the costs of hedging reserve within equity.

Amounts accumulated in consolidated statement of changes in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (e.g. through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in consolidated statement of changes in equity at that time remains in consolidated statement of changes in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

2.8 Financial instruments (continued)

***Derivative and hedge activities* (continued)**

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in consolidated statement of comprehensive income and are included in other gains/ (losses).

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks, with maturity dates of less than 90 days.

2.10 Deposits

Deposits include cash held with deposits takers with maturity dates of more than 90 days.

- **2.11 Equity**
  Share Capital
  Shares are classified as equity when there is no obligation to transfer cash or other assets.
- **Capital Contribution**
  Capital contribution is a distributable reserve and represents assets, such as land, transferred to the Group by its ultimate shareholder at market value.
- **Retained Earnings**
  Retained Earnings represent distributable reserves.

2.12 Borrowings costs

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred (on an accruals basis). Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.13 Revenue Recognition

a. Revenue from contracts with customers

- The Group recognises revenue from contracts with customers from the following major sources:
- Construction and sale of residential and commercial properties;
- Service charges and expenses recoverable from tenants; and
- Property management services.

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from the sale of residential or commercial property

Revenue from the sale of residential or commercial property is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the completed property for use. The Group considers whether other promises in the contract are separate performance obligations to which a portion of the transaction price should be allocated. In determining the transaction price for the sale of property, the Group considers the effects of variable consideration, if any. Revenue is recognised over time when one or more of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions is not met, revenue is recognised at the point at which the performance obligation is satisfied.

2.13 Revenue Recognition (continued)

Revenue from contracts with customers (continued)

Service charges and expenses recoverable from tenants

Income arising from cost recharged to tenants is recognised in the accounting period in which the services are rendered. If the services rendered by the Group exceed the payment, refund is issued to the tenants and if the payments exceed the services rendered, additional invoices are raised to the tenant. Service charges are included gross of the related costs in revenue as the Group acts as principal in this respect. Consideration charged to tenants for these services include fees charged based on costs incurred and the reimbursement of certain expenses. These services are specified in the lease agreements and are separately invoiced.

The Group has determined that these services constitute distinct non-lease components and represent services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided.

Property management charges

Income arising from the provision of property management services is recognised in the period in which the performance obligations are contractually provided. These services are specified in the agreement and separately charged. The Group recognises revenue from the management services over time when the customer simultaneously receives and consumes the benefits.

a. Trade receivables

A receivable represents the Group's right to an amount of unconditional consideration (i.e. only the passage of time is required before payment of the consideration is due)

b. Car park income

Car park income is recognised on an accruals basis in the period the customer consumes the benefit of its use.

c. Other income

Other income is recognised on an accruals basis.

2.14 Employee benefits

- Pensions Contributions
  Contributions made towards private pension plans and schemes are recognised as employee benefit expenses when they are due.
- Short-term employee benefits and compensation absences
  Wages, salaries, paid annual leave and sick leave and non-monetary benefits (such as health services) are recognised as an employee benefit expense and accrued when the employees of the Group render the associated services.

2.15 Dividend distribution

Dividend distributions to the Company's shareholder are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved, as per the Group's articles of association and only if the Group meet the solvency test requirements as per the Companies (Jersey) Law 1991. Dividends in-specie are recognised at fair value at the distribution date.

2.16 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of reported amounts in future periods.

2.16 Significant accounting judgements, estimates and assumptions (continued)

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a. Other Current Assets

The Group's Other Current Assets include preacquisition costs comprising professional fees and directly attributable costs incurred on land development projects that are specifically identified, however that the Group does not yet own, where such costs would be capitalised if the land or other property relating to them had already been acquired and the acquisition is probable.

Judgement is applied in determining whether the land or other property transfer relating to the Other Current Assets is probable.

As at 31 December 2022, Other Current Assets included preacquisition costs directly identifiable with the South Hill land development site and would be capitalised if the Group had already acquired the land. The land acquisition was judged to be probable on the basis that procedures to transfer the land had already been initiated.

On 5 May 2023, the legal title of the land at South Hill was transferred to the Group. As a result of the title transfer, the preacquisition costs were transferred to inventory.

Significant accounting estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following significant estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a. Valuation of inventory

The Group's inventories comprise land and other property that is to be sold to developers or developed with a view to sale.

In determining the net realisable value of inventory property, the Group uses market valuations to determine the fair value and includes the construction cost to complete the ongoing projects. Fair value is determined at each reporting date using recognised valuation techniques using assumptions such as the expected rental income from future leases, macroeconomic data and comparable market transactions.

Fair value may also be assessed with reference to any pre-sale agreements and/or sales of similar properties by the Group.

The use of an independent external valuer in assisting the Group in assessing fair values is at the discretion of the Board.

Further information on the estimation of NRV is disclosed in Note 8.

2.16 Significant accounting judgements, estimates and assumptions (continued)
Significant accounting estimates and assumptions (continued)

b. Valuation of investment property

Fair value is determined at each reporting date, using recognised valuation techniques, by the Deputy CEO. Fair value may also be determined independently by professional individuals holding recognised and relevant professional qualifications at the discretion of the Board, but at least once every five years for those investment properties that have a value in value over £500,000.

A combination of valuation techniques is used in deriving fair value depending on the best available data. This may include the income capitalisation method, the residual method and/or comparable market transactions.

The income capitalisation method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and the application of investor yield or return requirements. One approach to value the property on this basis is to capitalise net rental income on the basis of an initial yield, generally referred to as the 'All Risks Yield' approach or 'Net Initial Yield' approach, adjusting for any factors not included in net rental income, such as vacancy, lease incentives, refurbishment, etc.

The Residual Method (or Hypothetical Development Approach) to estimating fair value is a combination of the capitalisation (income) and a cost approach (Summation). The Residual Method is defined according to "Approved European Property Valuation Standards" of TEGoVA (The European Group of Valuers' Associations), as: "A method of determining the value of a property which has potential for development, redevelopment or refurbishment.

The estimated total cost of the work, including fees and other associated expenditures, plus an allowance for interest, developer's risk and profit, is deducted from the gross value of the completed project. The resultant figure is then adjusted back to the date of valuation to give the residual value."

Comparable analysis compares data from recent real estate transactions with similar characteristics and location to those of the Group assets when deriving fair values.

Fair value reflects, among other factors, rental income from current leases, car park receipts and assumptions about rental income from future leases in light of current market conditions.

The valuation of investment property is inherently difficult due to the individual nature and circumstances of each investment property. As a result, valuations may not reflect the actual sales price even if the sale was to occur shortly after the valuation date.

Further information on the valuation of investment property is disclosed in Note 5.

3. Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks. Financial risks arise from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises liquidity, capital, credit and market risk (including currency, interest rate and other price risk). The primary objectives of the financial risk management function are to establish risk limits and then ensure that exposure to risks stays within these limits.

Risk management is carried out by the Executive Directors under policies approved by the Board. The Executive Directors identify and evaluate financial risk by taking into account the Group's expected activities and future commitments.

The Board considers both financial and other risks within the Group bi-annually.

Prudent liquidity risk management implies maintaining sufficient cash and funding availability through an adequate amount of committed credit facilities which are available on demand.

The Group's liquidity position is monitored monthly by the management and is reviewed at least quarterly by the Board of Directors. A summary table with the maturity of liabilities presented below is used by key management personnel to manage liquidity risk and is derived from managerial reports at the Company level. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position as the impact of discounting is not significant.

a. Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities based on undiscounted contractual payments (including interest payments):

31 December 2023	Less than 1 year £'000	Between 1– 2 years £'000	Between 2–5 years £'000	Over 5 years £'000	Total £'000
Liabilities					
Trade and other payables:					
Trade and other payables (excluding accruals)	1,397	-	46	-	**1,443**
- Accruals	1,929	-	-	-	**1,928**
Lease liabilities	82	81	86	-	**249**
Interest-bearing borrowings	48,055	1,065	5,589	2,928	**57,637**
Retention Payable	1,088	-	-	-	**1,088**

The obligations in respect of liabilities maturing in years 2 to 5 will be met from rental income and with borrowing arrangements to assist with financing development projects.

3. Financial Risk Management (continued)

a. Liquidity risk (continued)

31 December 2022	Less than 1 year £'000	Between 1– 2 years £'000	Between 2–5 years £'000	Over 5 years £'000	Total £'000
Liabilities					
Trade and other payables:					
Trade and other payables (excluding accruals)	608	-	66	-	**674**
- Accruals	2,318	-	-	-	**2,318**
Lease liabilities	82	81	168	-	**331**
Interest-bearing borrowings	3,088	19,579	5,589	3,991	**32,247**
Retention Payable	450	445	-	-	**895**

b. Capital Management

Capital comprises of share capital, capital contributions and retained earnings. When managing capital, the Group's objectives are to safeguard the Group's ability to continue as a going concern to provide returns to the shareholder. The Group aims to deliver these objectives by ensuring that:

- before commencing a commercial development, the Group has a sufficient level of legally binding pre-lets to create a value that exceeds the construction cost being committed to; and
- before commencing a residential development, the Group has legally binding pre-sale agreement whose total sales value exceeds the construction cost being committed to.

The general costs of the group are met through operating revenue.

c. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from cash and cash equivalents held at banks, trade receivables, including rental receivables and unamortised lease incentive from lessees and rental guarantees.

Credit risk is managed on a group basis. The Group structures the levels of the credit risk it accepts by limiting its exposure to a single counterparty or groups of counterparties. Such risks are subject to a quarterly or more frequent review.

The Group has policies in place to ensure that rental and sale contracts are entered into only with lessees and buyers with an appropriate credit history, but the Group does not monitor the credit quality of receivables on an ongoing basis. The Group reviews the receivables on a regular basis to measure significant expected credit losses (ECLs). Generally, trade receivables are referred to Petty Debts court, as appropriate.

Cash and short-term deposits are held only with financial institutions with a Moody's credit rating of A or better. The loan to the joint venture does not have an external credit rating.

3. Financial Risk Management (continued)

c. Credit risk (continued)

The Group's investment in the joint venture as 31 December 2023 included its loan to the joint venture and its equity interest. An impairment analysis is performed at each reporting date to measure ECLs arising from the loan to the joint venture. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Whilst the Group does not hold collateral as security over the loan, it assesses the level of equity interest in the joint venture and the quality of its real assets, such as the development land, as providing sufficient credit protection to conclude that the ECLs arising on the loan to joint venture is negligible.

For items subject to credit risk classified as trade / contract and / or lease receivables, the Group applies a simplified approach in calculating ECLs and concludes that generally, the respective ECLs arising on all the other assets are negligible as at 31 December 2023.

As at the 31 December 2023, the Group had the following credit risk exposures:

	2023 £'000	2022 £'000
Non-current assets		
Derivative Financial Assets	2,650	3,153
Unamortised lease incentive	6,525	-
	9,175	**3,153**
Current assets		
Loan to Joint Venture	-	7,582
Amount due from related parties	24	-
Trade receivables	1,108	901
Other receivables	385	80
Retention money receivable	200	-
GST Refund	271	94
Deposits	-	6,500
Cash and cash equivalents	16,178	7,186
	18,166	**22,343**
	27,341	**25,496**

As at 31 December 2023, the Group's maximum exposure to credit risk was £27,341,248 (2022: £25,496,292), and it had a concentration of credit risk of £16,178,300 (2022: £7,185,826) with its bankers/brokers and a concentration of credit risk of £nil (2022: £7,581,859) with its Joint Venture.

d. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in interest-bearing assets and liabilities to the extent that these are exposed to general and specific market movements. Management sets limits on the exposure to interest rate risk that may be accepted, which are monitored quarterly. However, this approach does not prevent losses outside of these limits in the event of more significant market movements.

3. Financial Risk Management (continued)

i) Cash flow and fair value interest rate risk

Any variable rate borrowings expose the Group to cash flow interest rate risk, and any fixed-rate borrowings expose it to fair value interest rate risk. The Group generally enters into long-term borrowings at floating rates. During the year, the Group entered into a swap agreement at fixed rate for future floating rate borrowing. The Group currently has both long-term variable-rate and fixed-rate borrowings (Note 13).

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's interest rates risk is monitored by the Group's management monthly. The Board approves the interest rate risk policy at the time each facility is put in place. Management analyses the Group's interest rate exposure together with adverse rate sensitivity analysis monthly based on the latest market information. These calculations are only run for liabilities that represent major interest-bearing positions and are included in the development appraisals reported to the Board at each Board meeting.

Trade receivables and payables under one year are interest-free and have settlement dates within one year.

To manage the future interest rate risk, the Group entered into an interest rate swap agreement (which is effective from 31 March 2024), in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. Refer Note 13 for the interest rate sensitivity.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

The group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swap. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the bank or the derivative counterparty. Hedge ineffectiveness for interest rate swaps is assessed using:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

Hedge ineffectiveness in relation to the interest rate swap was negligible for 2023 and 2022.

ii) Price risk

The Group has no significant exposure to price risk other than property price risk and includes property rentals risk.

e. Fair value estimation

The carrying values of all financial assets and liabilities are a reasonable approximation of their fair values.

4. Revenue and expenses

4.1 Rental Income

	2023 £'000	2022 £'000
Income from investment property	1,487	1,385
Income from inventories	1,267	1,231
	2,754	**2,616**

4.2 Revenue from contracts with customers

	2023 £'000	2022 £'000
Income from inventories	919	759
Service charge income	171	253
Property management charges	201	233
Income from events	300	-
	1,591	**1,245**

Income from inventories relates to income received for the use of inventory as a temporary car park.

Service charge income relates to the recharging of tenants for the maintenance of the Waterfront Leisure Centre and Trenton Square.

Property management charges relate to property services provided by the Group to Trenton Square and to Waterfront Development (6C) Limited, which relate to the construction project known as Horizon, as disclosed in Note 17.

4.3 Employee benefits and other remuneration expenses

	Note	2023 £'000	2022 £'000
Wages & salaries		1,425	1,384
Social security		50	52
Pension costs	23	126	129
Other staff-related expenses		81	40
		1,682	**1,605**

The average number of employees in 2023 was 16 (2022: 15).

4.4 Estate management expenses

	2023 £'000	2022 £'000
Waterfront car park	480	433
Other	746	277
	1,226	**710**

4. Revenue and expenses (continued)

4.5 Other expenses

	2023 £'000	2022 £'000
Legal, consultancy and professional	343	372
Audit services	67	61
PR and Marketing	80	123
Community Engagements	64	63
Event expenses	480	-
Other	50	59
	1,084	**678**

4.6 Finance Costs

	2023 £'000	2022 £'000
Interest on borrowings	498	350
Interest on lease liabilities	2	3
Total interest expense	500	353
Bank charges	6	4
	506	**357**

4.7 Pre-development expenses

Pre-development expenses include £nil (2022: £113,665) relating to ground investigations and professional fees incurred on the future development at Key Opportunity Site 3 (KOS) at Southwest St Helier prior to reclassification from investment property to inventory.

5. Investment property

	2023 Leasehold £'000	2022 Leasehold £'000
As at 1 January	16,050	33,950
Additions	-	-
Disposal	-	-
Transfer to inventories	-	(17,900)
Net gain on the fair value of investment property	-	-
As at 31 December	**16,050**	**16,050**

The Group's investment property is measured at fair value. The Group held two classes of investment property as at 31 December 2023, all located in Jersey, being a car park and a public square (31 December 2022: car park and a public square).

During the year 2022, formal preparations for the commencement of the redevelopment of the area including the Waterfront Leisure Centre were initiated. Waterfront Leisure Centre was therefore reclassified from investment property to inventories, having met the change of use definition and the criteria for derecognition as investment property and recognition as inventory.

5. Investment property (continued)

Segment	Waterfront Car Park £'000	Public Square £'000	2023 Total £'000
Fair Value Hierarchy	3	3	
As at 1 January 2023	**15,550**	**500**	**16,050**
Additions during the year	-	-	-
Disposal during the year	-	-	-
Net gain / (loss) from fair value adjustments	-	-	-
As at 31 December 2023	**15,550**	**500**	**16,050**

Segment	Waterfront Car Park £'000	Waterfront Leisure Centre £'000	Public Square £'000	2023 Total £'000
Fair Value Hierarchy	3	3	3	
As at 1 January 2022	**15,550**	**17,900**	**500**	**16,050**
Additions during the year	-	-	-	-
Disposal during the year	-	-	-	-
Transfer to inventories – at fair value	-	(17,900)	-	(17,900)
Net gain / (loss) from fair value adjustments	-	-	-	-
As at 31 December 2022	**15,550**	**-**	**500**	**16,050**

Valuation processes

The Company's management performs valuations on the investment properties based on the latest independent valuations and considering recent market evidence and trends, rental agreements, quality of covenant, yield comparisons and location of the asset. If available, information included in valuation reports prepared by independent valuation experts is taken into consideration. The Deputy CEO reports directly to the CEO and Finance Director, who report to the Audit & Risk Committee. Discussions of valuation processes and results are held between the Audit & Risk Committee, the CEO, Deputy CEO and Finance Director bi-annually and with independent valuers, at least once every five years for those investment properties that have a value over £500,000.

Independent professionally qualified valuers Jones Lang La Salle IP, Inc, who hold a recognised relevant professional qualification and have relevant experience in the locations and segments of the investment properties, valued the Waterfront Car Park as at 31 December 2021.

At each financial year end, the Executive Directors:

- Verify all major inputs to the valuation report;
- Assess property valuation movements when compared to the prior year valuation report;
- Hold discussions with the internal valuer / independent valuer if an independent valuer has been appointed.

Description of valuation techniques used and key inputs to the valuation of investment properties (Level 3):

5. Investment property (continued)

Valuation processes (continued)

Investment Property	Valuation technique	Significant unobservable inputs	Net income £ / Net Yield % 2023	2022
Waterfront Car Park	"All risk yield comparison" (refer below)	Annual net rental revenue	£1,163,641	£1,172,652
		Net Yield p.a	7.31%	7.07%
Public Square	"All risk yield comparison" (refer below)	Annual net rental revenue	£41,819	£45,224
		Net Yield p.a	8.18%	8.84%

The "All risk yield comparison" (ARY) is a conventional real estate metric that uses annual net rental revenue to determine the capital value of an investment. ARY comprises both gross and net yields. The net yield includes the deduction of certain expenses, such as surveyor's fees, stamp duty (where not held in a Special Purpose Vehicle), management fees, repairs and running costs, which are not deducted in the gross yield.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

All investment properties are assessed to be level 3 in the fair value hierarchy on the basis that unobservable market inputs are used to derive fair values. There have been no transfers between levels during the year.

Yield sensitivity analysis:

	31 December 2023			31 December 2022		
Investment Property	**-0.5%**	**0%**	**+0.5%**	**-0.5%**	**0%**	**+0.5%**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	£'000
Waterfront Car Park	16,694	15,550	14,553	16,733	15,550	14,523
Public Square	527	500	475	530	500	473

6. Property, plant and equipment

Cost	Computer Equipment £'000	Office Equipment £'000	Estate Capital improvements £'000	Office Alterations £'000	Fixed Assets WIP £'000	Office Building £'000	Total £'000
At 1 January 2023	34	6	190	90	31	-	351
Additions	23	-	3	27	43	740	836
Disposals / Write-offs	(29)	-	-	-	-	-	(29)
At 31 December 2023	**28**	**6**	**193**	**117**	**74**	**740**	**1,158**
Depreciation							
At 1 January 2023	26	4	46	70	-	-	146
Charge for year	12	1	24	7	-	-	44
Disposals / Write-offs	(29)	-	-	-	-	-	(29)
At 31 December 2023	**9**	**5**	**70**	**77**	**-**	**-**	**161**
Net Book Value							
At 31 December 2023	**19**	**1**	**123**	**40**	**74**	**740**	**997**
At 31 December 2022	8	2	144	20	31	-	205

Refer to note 21 for related party transactions.

7. Leases

Group as a lessee

The Group's lease entered into a lease contract for an office building that commenced on 23 January 2022.

The Group has no leased assets with lease terms of 12 months or less or any leases of office equipment with low value.

Right-of-use assets

The Group entered into a lease contract on 23 January 2022.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Building lease	2023 £'000	2022 £'000
As at 1 January	354	12
Additions	-	437
Charge for year	(87)	(95)
As at 31 December	**267**	**354**

7. Leases (continued)

Lease liabilities

The movement in the lease liabilities during the year is as follows:

	2023 £'000	2022 £'000
As at 1 January	317	22
Additions	-	390
Lease payments	(82)	(98)
Finance costs	2	3
As at 31 December	**237**	**317**

The maturity analysis of lease liabilities is disclosed in Note 3.

	2023 £'000	2022 £'000
Non-current		
Lease Liabilities	155	155
Current		
Lease Liabilities	82	82
	237	**317**

The following are the amounts recognised in profit or loss:

	2023 £'000	2022 £'000
Depreciation expense of right-of-use assets	87	95
Interest on lease liabilities	2	3

Amounts recognised in the statement of cash flows:

	2023 £'000	2022 £'000
Total cash outflow for leases	(82)	(98)

7. Leases (continued)

Operating lease

Group as a lessor:

Lease income from lease contracts in which the Group acts as a lessor is disclosed in Note 4.1.

The Group leases its investment property and inventory property. The Group has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 5 sets out information about the operating leases of investment property. These leases have terms of between 8 to 15 years. All leases include a clause to enable upward revision of the rental charge on a triennial basis according to prevailing market conditions.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2023 £'000	2022 £'000
Less than 1 year	881	1,261
One to two years	881	1,261
Two to three years	881	1,261
Three to four years	825	1,161
Four to five years	-	1,046
More than five years	-	-
Total undiscounted lease payments	**3,468**	**5,990**

8. Inventories

	2023 £'000	2022 £'000
Freehold land	1,823	1,823
Leasehold land	36,865	34,578
Leasehold building	39,994	-
Property under construction	-	22,063
Pre-construction costs	2,992	-
	81,674	**58,464**

'Freehold land' is land owned by the Group in perpetuity.

'Leasehold land' is land held on a 150-year lease with the Public of Jersey. 'Leasehold building' includes Waterfront Leisure Complex which was transferred from Investment Property during the prior year. Refer Note 5 for further details.

'Freehold land' and 'Leasehold land' includes the professional fees and other expenses incurred to obtain planning and building consents on various commercial and residential buildings.

'Leasehold building' for 2023 relates solely to IFC 6 located in St. Helier which was completed during the year.

'Property under construction' for 2022 relates to the construction costs, professional fees and directly attributable costs for construction of IFC 6.

'Pre-construction costs' relates to ground investigations and professional fees incurred on the future development at Key Opportunity Site 3 (KOS) at Southwest St Helier.

8. Inventories (continued)

	Note	2023 £'000	2022 £'000
As at 1 January		58,464	23,942
Additions		21,983	18,027
Transfer from investment property	5	-	17,900
Transfer from Other current assets	9	2,780	-
Impairment for the year		(1,553)	(1,405)
As at 31 December		**81,674**	**58,464**

Assessment of Net Realisable Value (NRV)

Inventories are carried at the lower of cost and NRV. The NRV is the estimated selling price in the ordinary course of business less costs to complete the development and selling expenses. The valuation techniques used to determine the NRV are set out in Notes 2.7 and 3.

The Company's professional cost consultants provide cost information, and this information, together with other costs and the sales evidence, is appraised by the Deputy CEO and Finance Director, who report to the Audit & Risk Committee. Discussions of valuation processes and results are held between the Audit & Risk Committee and the Directors bi-annually.

Impairment of Inventory Costs

During the year ended 31 December 2023, the Group incurred infrastructure costs relating to the extension of Trenton Square, St. Helier amounting to £1,553,376 (2022: £nil). In conducting an impairment assessment of the costs incurred relating to the infrastructure costs, the directors conclude that these should be fully impaired on the basis that Trenton Square is not expected to generate positive cash flows and that the market value of the property is negligible.

The Board concludes that the NRV of all other inventory is greater than its carrying value as at 31 December 2023. In 2022, inventory impairment amounted to £1,405,122 relating to IFC 6 due to a slippage of / increase in yield and rising finance costs during the build period.

Following the calculation of the NRV, the Directors undertake a sensitivity analysis to determine the associated risks to changes in market conditions. This process analyses changes to sales value for unsold residential units / unlet office space.

The Board concluded that the NRV of all inventory was greater than its carrying value as at 31 December 2022, and a sensitivity analysis is not presented as its carrying value is unaffected by reasonable changes in inputs and assumptions.

9. Other current assets

	2023 £'000	2022 £'000
Preacquisition costs	-	2,558
	-	**2,558**

Preacquisition costs relate to the professional fees and directly attributable costs for pre-development costs incurred on South Hill.

	Note	2023 £'000	2022 £'000
As at 1 January	2.8	2,558	2,022
Additions		222	536
Transfer to inventory	8	(2,780)	-
As at 31 December		**-**	**2,558**

10. Trade and other receivables

Trade and other receivables under one year	Note	2023 £'000	2022 £'000
Amount due from related parties	21	24	38
Trade receivables		1,108	1,280
Other receivables		1	80
Unamortised lease incentive		384	-
GST Refund		271	94
Prepayments		61	51
Loan to Joint Venture		-	7,582
Allowance for expected credit losses		-	(417)
		1,849	**8,708**

Trade and other receivables over one year	2023 £'000	2022 £'000
Unamortised lease incentive	6,525	-
	6,525	**-**

Unamortised lease incentives represent rent free periods and other incentives provided to IFC 6 tenants.

Set out below is the movement in the allowance for credit losses of trade receivables:

	Note	2023 £'000	2022 £'000
As at 1 January		417	417
Adjusted against receivables i.e written off		(483)	-
Provision for credit losses	3c	66	-
As at 31 December		**-**	**417**

11. Derivative Financial Asset

The Group has the following derivative financial asset:

	2023 £'000	2022 £'000
Fair Value Hierarchy	**2**	**2**
Derivatives designated as hedging instruments		
Interest rate swap	2,650	3,153
	2,650	**3,153**

	2023 £'000	2022 £'000
Non-current		
Interest rate swap	2,650	3,153
Current		
Interest rate swap	-	-
	2,650	**3,153**

At 31 December 2023, the Group had an interest rate swap agreement in place with a notional amount of £22m (2022: £22m) whereby the Group receives a fixed rate of interest of 1.21% (2022:1.21%) and pays interest at a variable rate equal to Compounded SONIA on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of its floating rate secured loan.

Derivative Financial Asset is assessed to be level 2 in the fair value hierarchy on the basis of the counterparty's observable report. There have been no transfers between levels during the year.

12. Share capital

Equity share capital

	2023 £'000	2022 £'000
Authorised		
20,000,000 ordinary shares of £1 each	**20,000**	**20,000**
Issued and fully paid		
20,000,000 ordinary shares of £1 each	**20,000**	**20,000**

13. Borrowings

The Group's fixed rate borrowings of £8.96m (2022: £9.7m) are at a fixed rate until 2028. Interest costs will not increase or decrease as a result of interest rate fluctuations. The Group's variable rate borrowings of £34.75m (2022: £16.5m) are at floating rates of interest. Interest costs may increase or decrease as a result of interest rate fluctuations.

	2023 £'000	2022 £'000
As at 1 January	26,002	25,762
Drawn down	18,250	1,000
Amortisation of the arrangement fees	195	(48)
Repayments	(737)	(712)
As at 31 December	**43,710**	**26,002**

	2023 £'000	2022 £'000
Non-current		
Bank borrowings	8,197	25,265
Current		
Bank borrowings	35,513	737
	43,710	**26,002**

The bank borrowings are secured on inventory and investment property to the value of £56.4m (2022: £56.4m) and bear an average interest rate of 5.16% (2022: 3.33%). The maturity analysis of the borrowings is included in Note 3.

As of 31 December 2023, if interest rates had increased by 50 basis points with all other variables held constant, profit for the year would reduce by £173,750. If interest rates had been reduced by 50 basis points with all other variables held constant, profit for the year would increase by £173,750.

All other variables held constant, there would have been no impact on the profit for the year due if interest rates had increased or decreased by 25 basis points on 31 December 2022 due to the capitalisation of the borrowing costs.

The fair value of borrowings approximated their carrying value at the date of the Consolidated Statement of Financial Position.

The Group has the following undrawn floating rate borrowing facilities:

	2023 £'000	2022 £'000
Expiring within one year	9,250	-
Expiring beyond one year	-	27,500
	9,250	**27,500**

14. Retention money payable

The retention money payable refers to a percentage of the contract price due to contractors responsible for the Group's developments.

	2023 £'000	2022 £'000
Current		
Retentions payable within 12 months	1,088	445
Non-current		
Retentions payable after 12 months	-	450
	1,088	**895**

15. Trade and other payables

Trade and other payables under one year	Note	2023 £'000	2022 £'000
Amounts due to related parties	21	23	10
Trade payables		460	187
Other liabilities		135	71
Accruals		1,928	2,319
Deferred income		779	339
		3,325	**2,926**

Within accruals and deferred income is accrued interest amounting to £95,412 (2022: £84,365).

Trade and other payables over one year	2023 £'000	2022 £'000
Provision for dilapidation	46	46
Other liabilities	-	20
	46	**66**

Provision for dilapidation	2023 £'000	2022 £'000
As at 1 January	46	88
Additions	-	46
Utilised	-	(88)
As at 31 December	**46**	**46**

The provision for dilapidation as a result of the Group's obligation to restore Dialogue House to a specific state under the terms of its expired lease with the landlord of Dialogue House has been fully utilised.

	2023 £'000	2022 £'000
Non-current		
Provision for dilapidation	46	46
Current		
Provision for dilapidation	-	-
	46	**46**

16. Investment in a Joint Venture

The Group has a 50% interest in Waterfront Development (6C) Limited, a joint venture involved in constructing residential apartments and ground floor commercial units in Jersey. The Group's interest in Waterfront Development (6C) Limited is accounted for using the equity method in the Consolidated Statement of Financial Position.

Summarised financial information of the joint venture, prepared in accordance with IFRS, and a reconciliation with the carrying amount of the Group's investment in the joint venture as at 31 December 2023 are set out below:

Summarised Consolidated Statement of Financial Position of Waterfront Development (6C) Limited:

	2023 £'000	2022 £'000
Current assets, including cash and cash equivalents of £6,855,665 (2022: £1,292,985), investment at fair value of £9,814,900 (2022: £nil) and trade & other receivables of £63 (2022: £110,974)	19,500	103,051
Non-current assets	-	139
Current liabilities including sales deposits £582,251 (2022: £14,037,614), retention money payable of £2,216,788 (2022: £1,893,337), tax liability of £4,412,182 (2022: £nil) and shareholder loan & borrowings of £nil (2022: £74,418,714)	(8,287)	(92,380)
Non-current liabilities including sales deposits £nil (2022: £nil) and shareholder loan & borrowings of £nil (2022: £nil)	-	(1,894)
Equity	**11,213**	**8,916**
Group's share in equity - 50%	5,606	4,458
Consolidation adjustment for elimination of interest on loan	(872)	(872)
Fair value adjustment for gain upon initial recognition	2,300	2,300
Group's carrying amount	**7,034**	**5,886**

Summarised Consolidated Statement of Comprehensive Income of Waterfront Development (6C) Limited:

	2023 £'000	2022 £'000
Total Income	23,763	5
Administrative expenses	(417)	(202)
Audit fees	(16)	(14)
Finance (income) / cost (net)	(165)	(2)
Profit / (Loss) before tax	**23,495**	**(213)**
Income Tax expense	**(4,699)**	**-**
Deferred Tax	**-**	**33**
Profit / (Loss) for the year (continuing operations)	**18,796**	**(180)**
Total comprehensive profit / (loss) for the year (continuing operations)	**18,796**	**(180)**
Group's share of profit / (loss) for the year	9,398	(90)
Consolidation adjustment for elimination of interest on loan	-	(221)
Group's share of total profit / (loss) for the year	9,398	(311)

16. Investment in a Joint Venture (continued)

Summarised Consolidated Statement of Comprehensive Income of Waterfront Development (6C) Limited: (continued)

The Group's share of the profit for the year was £9,398,189 (2022: loss of £310,570) which is stated net of tax £2,349,469 (2022: £nil).

For the year ended 31 December 2023, all costs and expenses incurred by Waterfront Development (6C) Limited satisfied the criteria for capitalisation except for those recognised in administration expenses and finance costs, as presented. This included the capitalising the eligible property management expenses charged by the Group to Waterfront Development (6C) Limited.

The joint venture had commitments as at 31 December 2023 totalling £nil (2022: £16.65m). Waterfront Development (6C) Limited is prohibited from distributing its profits without the consent of its two shareholders.

17. Commitments and contingencies

The Group has no significant contingent liabilities.

The Group's undrawn commitment to the Joint Venture as at 31 December 2023 was £nil (2022: £325,000).

Other than those disclosed in Note 16 in relation to the joint venture, the Group has capital commitments of £1.55m (2022: £20.77m) in respect of developments under construction.

18. Taxation

Income Tax

The Group is exempt from paying Income Tax in Jersey. On 19 October 2007, the Minister for Treasury and Resources exempted the Company and its fully owned subsidiaries from income tax under Article 115 of the Income Tax (Jersey) Law 1961 as the profits of the Group are to be expended wholly and exclusively to improve and extend public infrastructure and works for the good of the public of the Island.

The joint venture is, however, liable for Income Tax on its profits at 20%.

Goods & Services Tax

The Group is registered for Goods & Services Tax (GST) and pays GST on all goods and services purchased in Jersey.

19. Dividend

During the year, a cash dividend of £98,300 (2022: £1,230,252) was declared and was fully paid during the year in respect of expenditure on Government owned property.

A further dividend of £598,970 was declared paid by way of provision of maintenance of the public realm for and on behalf of the shareholder. This is the first year that net expenditure on public realm for the benefit of islanders has been declared and paid in this way as a dividend.

20. Subsidiaries

The Company owns all the equity share capital of the following subsidiary companies, all of which are incorporated in Jersey:

	Principal activity	Holding
Waterfront (6D) Limited	Land holding	2 ordinary shares of £1 each
Waterfront (6E) Limited	Land holding	2 ordinary shares of £1 each
Waterfront (CP) Limited	Property holding	2 ordinary shares of £1 each
Waterfront (LC) Limited	Property holding	2 ordinary shares of £1 each
JIFC (1) Limited	Land holding	2 ordinary shares of £1 each
IFC 2 Limited	Land holding	2 ordinary shares of £1 each
IFC 3 Limited	Land holding	2 ordinary shares of £1 each
JIFC (6) Limited	Land holding	2 ordinary shares of £1 each
JIFC Management Limited	Land holding	2 ordinary shares of £1 each
EQ2 Limited	Land holding	1 ordinary shares of £1 each
College Properties Limited	Land holding	2 ordinary shares of £1 each
Westward Developments Limited	Land holding	2 ordinary shares of £1 each

21. Related party transactions

Name of the related party	2023 (Income) / Expenses for the year £'000	2023 Outstanding at year end £'000	2022 (Income) / Expenses for the year £'000	2022 Outstanding at year end £'000
Key Management Personnel				
Key Management Personnel	**815**	**291**	669	218
Transactions with a Joint Venture				
Management fees /Reimbursement of expenses	**(321)**	**-**	(283)	38
Government of Jersey				
Rental income and re-imbursement of various expenses	**(842)**	**(20)**	(840)	-
Planning fees	**103**	**-**	199	-
Reimbursement / (Refund) of expenses, stamp duty, subscriptions and sponsorship	**6**	**10**	(9)	10
Ports of Jersey				
Rental income and reimbursement of various expenses	**(7)**	**(5)**	(137)	-
Transactions with Government of Jersey related entities				
Utilities	**110**	**11**	97	-

The Company intermittently purchases services from various departments at the Government of Jersey on a commercial basis as explained above. The details regarding the dividend for the year are disclosed in Note 19.

As at 31 December 2023, the total of the loans advanced to Waterfront Development (6C) Limited was £nil (2022: £7.15m).

During the year, the Group purchased their new Sales office from Waterfront Development (6C) Limited for £725,000 (2022: £nil).

22. Immediate and ultimate controlling party

The Company is wholly owned by the Government of Jersey, which the Directors consider to be the immediate and ultimate controlling party.

23. Pension costs

The Group pays contributions towards privately administered pension plans based on terms agreed in staff contracts. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expenses when they are due. Salaries and emoluments include pension contributions of £125,723 (2022: £128,705).

24. Events after the reporting period

Planning consent was received for the development of South Hill on 23 February 2024.There are no further non-adjusting events after the reporting date.

Jersey Development Company

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