CORUM PROPERTY INVESTMENTS LIMITED

REGISTERED NUMBER: 47257

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2009

CORUM PROPERTY INVESTMENTS LIMITED

Annual Report and Consolidated Financial Statements
For the year ended 30 September 2009

Contents

CORUM PROPERTY INVESTMENTS LIMITED

Investment Advisor's Report

Introduction

In the year since September 2008, Corum Property Investments Limited ('Corum') has made substantial progress in achieving its strategy of building a high quality portfolio of property assets and delivering superior returns to investors. Acquisition of the Stratton portfolio was completed in July 2009, subsequent to which we have secured a number of lettings and lease renewals at levels ahead of our original business plan expectations.

We have also seen a substantial improvement in capital values in the 6 month period from March 2009, driven principally by a large volume of institutional money chasing a very limited supply of product. As a consequence, profits have been realised by selling two investments, where we believed this presented a compelling case compared to the likely returns from continuing to hold for a longer period. The occupational market remains weak and debt funding is still limited, so careful stock selection and an understanding of location and local market conditions is fundamental to generating investor returns.

Looking forward, we believe it is prudent to remain cautious despite the recent improvement in property values. We continue to see attractive opportunities emerging and experience has taught us that the best returns are secured by those investors able to move swiftly to secure deals. With this in mind, we have recommended that Corum seeks to raise additional equity in the first half of 2010.

Property Market Review

The substantial decline in capital values that has taken place since the middle of 2007, finally started to ease around the middle of 2009. In September 2009, the UK commercial market recorded its largest monthly capital growth for three years; however values remain over 40% below their peak (in mid 2007) and the occupational market remains weak with continued falls in rental values across all sectors. In January 2010, the UK economy technically emerged from recession (albeit only just) and the Bank of England is continuing with its policy of maintaining low interest rates (UK Base Rate 0.5%). Looking forward, unemployment and increasing taxation is likely to be a restraining factor on economic growth in the short to medium term.

All of the above should not detract from the continued growth of successful and well managed companies across many sectors of the economy. Whilst we have, for example, seen many failures in the retail sector, the prime areas of the best towns continue to see retailer activity and experience few vacancies. The principal impact has been upon rental values and in particular, secondary locations and assets.

The UK property market continues to be attractive to overseas buyers, with substantial offshore investment, particularly in prime West End and City assets. The UK institutions are now experiencing substantial cash in-flows and have been very active since the middle of 2009. In addition, there has been a substantial round of fundraising from long established investors returning to the market.

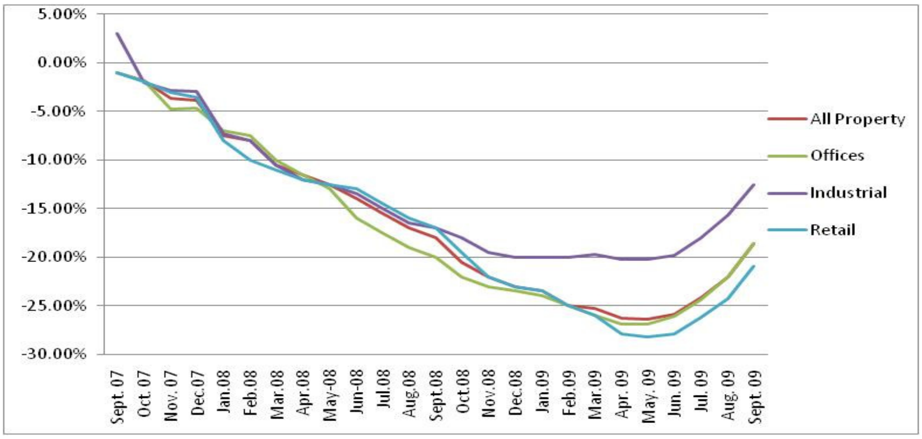
The supply of bank debt for property acquisitions remains restricted, although the number of institutions prepared to lend is increasing. There is little competition between banks, such that loan to value ratios are generally in the 50% to 70% range, with lending margins in the order of 200 – 250 bps. With a few exceptions, lenders continue to seek to manage their problem loans, rather than institute a forced sale. As a consequence, there has been remarkably little distressed selling in the market. However, there is an increasing volume of loans which will need to be re-financed in the next 12 – 24 months and further opportunities are therefore likely to emerge over this timescale.

Property Market Review (continued)

Despite our earlier comments regarding improvements in investment yields, there is very much a two tier market. For prime assets offering the promise of long and secure income, sellers can expect to see frenzied bidding for the very limited amount of stock which is available. The remaining and vast majority of the market remains characterized by limited activity and little improvement in prices. The danger with price increases driven by substantial volumes of mainly institutional money chasing a very limited supply of prime assets, is that the prices being paid do not properly reflect the underlying risks, including the reality of over-renting. A number of investors are becoming concerned about this fact and we therefore anticipate that there will be increasing investor interest in second tier assets as a means of achieving a better yield profile.

At the smaller lot size end of the market, traditionally driven by private investors in the auction market, the lack of returns from alternative investments has continued to drive both activity and prices. Overall, it is clear that the rise in values is driven solely by downward pressure on yields, as the following charts illustrate and the importance of understanding the true level of rental value and occupier demand is key to driving performance over the medium to long term.

***Total Returns (CBRE Monthly Index)[** *12 months rolling return on gross ungeared direct property investments]*

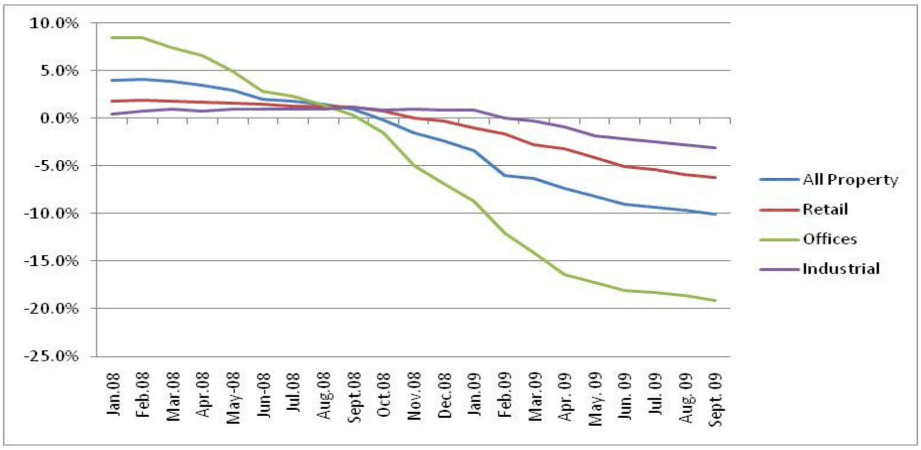


CORUM PROPERTY INVESTMENTS LIMITED

Investment Advisor's Report

Property Market Review (continued)

Rental Growth (CBRE Monthly Index)[12 months rolling return]



Investment Strategy

Whilst the returns now available from certain prime assets with long term secure income streams are generally unattractive, there remains a substantial majority of the market which is not on most buyers' shopping lists and where we believe there will continue to be opportunities to generate the level of returns we are seeking. We continue to be able to source attractive opportunities, in many cases off-market, and having the funds available to conclude these quickly is key to continued success.

We also envisage that more development led opportunities will become apparent, particularly those with a degree of pre-letting to underpin anticipated values. In addition, the secondary sector of the market continues to offer opportunities to acquire good quality properties at attractive initial yields and with substantial opportunities to enhance value through active asset management.

To the extent that Corum has benefited from the overall improvement in the market we believe it is appropriate to consider selective disposals where we can realise a substantial profit for investors, provided that the return exceeds that which might be obtained by holding the property over the longer term or investing in alternative opportunities. Notwithstanding that, our prime strategy is to build a quality portfolio of assets which generate growing operational cash flows.

CORUM PROPERTY INVESTMENTS LIMITED

Investment Advisor's Report

Portfolio Review

Acquisitions

Stratton Portfolio, UK

Completion of this acquisition took place in July 2009 for a total consideration of £29.3m. At the same time, we concluded arrangements for the financing of the portfolio with a 5.25 year fixed rate loan facility totalling £17.3m.

The portfolio comprised 7 modern, good quality office buildings in major regional centres throughout the UK; and 2 school properties located in affluent suburbs of central London; in total 196,625 sq ft. (The office property in Brentwood has subsequently been sold as outlined below).

The assets provide investors with an attractive running return and the opportunity to enhance value through pro-active asset management. Since the acquisition we have made progress on a number of our original objectives, including the following:-

(i) Fitzalan House, Cardiff – renewal of leases which expired in December 2009, on terms in line with, or in excess of, our original business plan.
(ii) Cedar House, Luton – letting of 50% of the vacant space to a major financial institution, with heads of terms issued in respect of the remaining vacant office suite.
(iii) Malthouse, Leeds – tenant interest for letting the vacant ground floor.

We continue to identify further opportunities to add value and enhance income across the portfolio.

Portfolio Review (continued)

Acquisitions (continued)

Development Site, Aldridge, West Midlands, UK

A site of 1 acre in a prominent position, with frontage to the principal retail thoroughfare in Aldridge; a relatively affluent suburb approximately 10 miles to the north of central Birmingham. The site was acquired unconditionally at a total cost, including fees of approximately £500,000.

We were able to conclude this transaction within 5 weeks and the ability to move quickly and offer an unconditional acquisition enabled Corum to secure the site at a substantial discount to the vendor's asking terms.

We have confirmed interest from a number of major foodstore operators for a convenience unit of between 5 – 15,000 sqft. Meetings with the local planning authority have also confirmed their willingness to support the development of the site for this use.

Our intention is to secure a pre-leasing agreement with an operator and subsequently to secure the appropriate consents to facilitate development of the site. Once a pre-let and planning are in place, we anticipate sourcing bank debt to finance the construction costs, subsequent to which the asset will be re-financed and held as a long term investment.

Disposals

Sainsburys Warehouse, Coventry, UK

In December 2008, Corum invested £700,000 in Yoda Capital Management Limited (representing 13.53% of the equity required) to acquire a warehouse in Coventry let to Sainsbury's Plc at a total cost of £14.8m of which £9.45m was funded with bank debt. The acquisition was undertaken in partnership with another fund and syndicated investors.

The property was sold on 27 November 2009 for £16.5m in the form of a sale of shares of the property holding company. The acquisition was made at an equivalent net initial yield of 8.3% and the sale was at 6.75%, which in our view was in line with the current market level at that time.

CORUM PROPERTY INVESTMENTS LIMITED

Investment Advisor's Report

Disposals (continued)

Sainsburys Warehouse, Coventry, UK (continued)

As a consequence of the sale, Corum accounted for a gain of £227,000 after expenses and costs, representing an uplift of 32% in one year on its investment of £700,000.

Whilst the property produced an attractive running return on equity, the offer for the property represented the opportunity to capitalise on the strong demand for assets of this nature and our investment partners wished to exit and crystallise a gain.

Kingsgate, Brentwood, UK

Following the acquisition of this property as part of the Stratton Portfolio, we received two unsolicited offers to acquire the asset. Following negotiations with the interested parties, an enhanced offer of £6.74m was accepted, which was significantly in excess of the value in the business plan. Completion took place on 24th December 2009. The exit yield of 9.3% represented a considerable uplift on the acquisition yield of 12.3%. The net gain on equity was approximately 50% within 6 months.

Development Update

Langley Point, Birmingham, UK

Construction of this investment, which has been undertaken in a 50% joint venture with Folkes Holdings Limited, has now almost completed and the property is being actively marketed. Whilst the level of demand has reduced as a consequence of current economic conditions, we have the advantage of being able to offer the building at competitive rental levels and with a scarcity of similar sized and specified buildings being readily available.

The current strategy is to attempt to secure a single occupier for the entire property, although we will review this approach if this has not proved successful within the next few months.

We have re-negotiated the terms of our debt finance, to provide an extended facility in order to allow a longer time period to secure a tenant.

Conclusion

There has been a significant improvement in the capital value of UK property at the prime end of the market, driven by increasing investor interest and a limited supply of product. As a consequence of this and asset management initiatives undertaken over the period, the value of many of The Fund's assets has risen. However, the increase in value remains principally focused on a limited segment of the market and rental values and occupational demand remain under pressure.

We therefore retain a cautious approach to investment acquisitions, but continue to seek opportunities to acquire assets at attractive prices with opportunities to add value. Where appropriate, we will seek to capitalise on the current strength of the market to lock in profit for investors, although our overall strategy is to hold assets for the longer term and generate strong cash running yields.

Looking forward, the economic outlook remains uncertain. However, we believe that the key to delivering returns is to both retain the ability to move quickly and to remain focused on the fundamentals of property opportunities, specifically location, specification and tenant demand. The existing portfolio provides a strong platform for the future while generating a continuing cash surplus.

The Directors present their annual report and the audited financial statements of Corum Property Investments Limited (the 'Company') and entities under its control (together the 'Group') for the year ended 30 September 2009; comparatives are stated for the period from 28 June 2007 to 30 September 2008.

Highlights

- The year under review was characterised by continuing decline and uncertainty in the first half of the year, in the economy in general and the property market in particular, followed by a fairly sharp rebound as demand increased after March for prime UK properties with long-leases to good covenants.
- The continuing gloom in the first half created buying opportunities and the group committed £12m of equity to acquire a share in properties with a gross value of £41m.
- Net profit before tax of £6,423,911 (2008: £275,686 before tax and establishment costs) was generated in the year.
- Revaluations net of write-downs and acquisition costs contributed £6,156,040
- NAV per share at September 2009 of £1,189.69 was up 19.3% for the year. (2008: £997.54)
- The improving market in the second half saw increased demand for certain assets. Corum took advantage of this to agree to the sale of two investments, which subsequently completed after the year-end.
- The Company was able to exploit market opportunities in 2009 as it had the cash available to move quickly due to its previous decision to adopt a cautious approach in 2008 and remain substantially in cash.

Financial Report

Interest income declined to £470,684 from £1,102,269. Most of the interest was earned in the first half when the Company benefited from having made term deposits before the interest rates declined. During the second half, interest rates available on deposit were lower, a higher interest bearing mezzanine loan was repaid and £12m was invested into properties.

Rental income of £786,124 was earned in the last quarter of the year. In future, rent will be the major regular source of income as the group becomes more fully invested.

Net assets at 30 September 2009 are summarised as follows:

	30/09/2009	30/09/2008
	£'000	£'000
Cash and accrued Interest	6,763	15,584
Langley Point – JV Office development	4,600	2,170
Stratton Portfolio	35,500	-
Sainsbury warehouse	914	-
C&D Loans	363	1,431
Net Trade liabilities	(1,402)	(424)
Bank Borrowings	(20,268)	-
Long-term loan from minority shareholder	(1,274)	-
Net Assets	**25,196**	**18,761**

Directors' Report
For the year ended 30 September 2009

Incorporation and principal activities

The Company was incorporated as a closed-ended Guernsey registered investment company with limited liability on 28 June 2007. The ordinary shares are listed on the Bermuda Stock Exchange ('BSX').

The Group is a property investment and development group. The Group operates internationally, with primary focus on the United Kingdom. The Company was established to acquire properties in its target markets with development and active management potential; and to hold them as long term investments.

There have recently been a number of changes to the regulatory regime for Guernsey funds. A number of provisions which were contained in the Control of Borrowing (Bailiwick of Guernsey) Ordinance, 1959 to 2003 ('COBO') (which governed closed-ended funds) have been consolidated into the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended (the 'POI Law') (which governed open-ended funds and licencees) so that the POI Law now governs both open-ended and closed-ended funds (as well as licensees).

Closed-ended funds are now Category 1 controlled investments under the POI Law. The changes have also codified in the POI Law a number of standard conditions and ongoing notification requirements imposed on the licensees of funds which were listed on the fund's COBO consent, but were not explicitly set out in COBO. It is intended that the changes will simplify Guernsey's investment fund regime by categorising all funds (whether open-ended or closed-ended) as either registered schemes or authorised schemes. The Directors elected for the Company to be categorised an Authorised Investment Scheme.

Results and dividends

The results of the Group are stated on page 15. The Directors do not propose a dividend for the year (2008: Nil).

Directors

The Directors of the Company who served during the year and to the date of approving the report:

Name	*Appointed*	*Resigned*
Gerald Rubenstein	02 July 2007	
Angus Mackay	02 July 2007	
Robert Cohen	02 July 2007	
Robert Banfield	02 July 2007	31 January 2009
David Abargil	02 July 2007	
Brett Allen	12 October 2009	

Directors' interests

The following Directors held indirect beneficial and non-beneficial interests in the ordinary shares of the Company at 30 September 2009:

	Number of ordinary shares	*% held*
Gerald Rubenstein	4,672	24.84
Angus Mackay	1,773	9.43
Robert Cohen	682	3.63

David Abargil and Angus Mackay are Directors of Corum Investment Advisors Limited who act as the Investment Advisor to the Company. Gerald Rubenstein, Angus Mackay and Robert Cohen have indirect beneficial interests in the equity of Corum Investment Advisors Limited. Robert Banfield was a director of Praxis Property Fund Services Limited, previously known as Investec Administration Services Limited, which acts as the administrator to the Company. He resigned as a Director of the Company and the administrator on 31 January 2009.

Directors' remuneration

During the year the Directors received the following remuneration in the form of fees from the Company:

Name	*2009* £	*2008* £
David Abargil	5,000	10,000
Robert Banfield	1,000	3,750
	6,000	13,750

Substantial shareholdings

Investors with holdings of more than 3 per cent of the issued shares of the Company as at 22 January 2010 were as follows:

Name of investors	*Number of ordinary shares*	*% held*
Vestacor Limited	6,647	35.34
Isaac Stone Limited	3,000	15.95
SBS Nominees Limited	3,000	15.95
FirstRand Nominees Limited	1,052	5.59

Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and IFRS. Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

• select suitable accounting policies and then apply them consistently;
• make judgements and estimates that are reasonable and prudent;
• state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financials statements; and
• prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors further confirm that:

• so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
• each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for the system of internal control and for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor of the Company, Saffery Champness, has expressed its willingness to continue in office and a resolution giving authority to reappoint will be proposed at the forthcoming Annual General Meeting.

By order of the Board

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CORUM PROPERTY INVESTMENTS LIMITED

We have audited the Group's financial statements for the year ended 30 September 2009 which comprise the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes on pages 19 to 39. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body in accordance with section 262 of The Companies (Guernsey) Law, 2008. 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 auditor's 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's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As described in the statement of directors' responsibilities on page 13, the Company's Directors are responsible for the preparation of the financial statements in accordance with The Companies (Guernsey) Law, 2008 and International Financial Reporting Standards ("IFRS").

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with applicable law. We also report to you if, in our opinion, the Director's Report and Investment Advisor's Report is not consistent with the financial statements, if the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and the Investment Advisor's Report and consider the implications for our report if we become aware of any apparent misstatements within them.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS, of the state of affairs of the Company and the Group as at 30 September 2009 and of its profit for the year then ended; and

- the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008.

SAFFERY CHAMPNESS
CHARTERED ACCOUNTANTS
Date: 22 March 2010

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Income Statement
For the year ended 30 September 2009

	Notes	30 September 2009 £	For the period 28 June 2007 to 30 September 2008 £
Gross rental income	4	786,124	1,921
Property operating expenses	5	(190,842)	-
Net rental income		**595,282**	1,921
Revaluations and impairments	6	6,156,040	-
Other income	7	470,684	1,102,269
		6,626,724	1,102,269
Administrative expenses	8	(499,138)	(827,080)
Operating profit		**6,722,868**	277,110
Foreign exchange profit/(loss)		149	(1,424)
Establishment costs	2.9	-	(322,993)
Finance costs		(299,106)	-
		(298,957)	(324,417)
Profit/(loss) before tax		**6,423,911**	(47,307)
Taxation		(24)	-
Profit/(loss) for the year/period		**6,423,887**	(47,307)
Attributable to:			
Equity holders of the Company		**3,615,196**	(47,307)
Minority interest		**2,808,691**	-
Earnings/(loss) per Ordinary share - Basic and diluted	11	**192.23**	(2.52)

All items in the above statement are derived from continuing operations.

The notes on pages 19 to 39 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Balance Sheet
As at 30 September 2009

	Notes	30 September 2009 £	30 September 2008 £
Assets			
Non-current assets			
Development property	12	4,600,000	2,169,979
Investment property	13	35,500,000	-
Financial assets at fair value through profit and loss	14	261,223	-
		40,361,223	2,169,979
Current assets			
Loans receivable	15	1,015,042	1,431,506
Trade and other receivables	16	642,554	121,043
Cash and cash equivalents	17	6,763,466	15,510,700
		8,421,062	17,063,249
Total assets		48,782,285	19,233,228
Liabilities			
Current liabilities			
Trade and other payables	18	2,044,175	472,516
Bank borrowings	19	598,196	-
		2,642,371	472,516
Non-current liabilities			
Bank borrowings	19	19,669,659	-
Long-term loan from minority shareholder	20	1,273,947	-
		20,943,606	-
Total liabilities		23,585,977	472,516
Net assets		25,196,308	18,760,712
Equity			
Share capital	21	2,481	2,481
Share premium	22	18,805,119	18,805,119
Retained earnings/(deficit)		3,567,889	(47,307)
Translation reserve	26	(372)	419
Total equity attributable to shareholders of the Company		22,375,117	18,760,712
Minority interest		2,821,191	-
Total equity		25,196,308	18,760,712
Net asset value attributable to Ordinary shareholders	23	1,189.69	997.54

The financial statements on pages 15 to 39 were approved by the board on 19 March 2010 and signed on its behalf by:

Robert Cohen

The notes on pages 19 to 39 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement Of Changes In Equity
For the year ended 30 September 2009

For the year ended 30 September 2009

	Notes	Ordinary Share Capital £	Management Share Capital £	Performance Share Capital £	Share Premium £	Retained earnings £	Translation reserve £	Minority interest £	Total £
At 1 October 2008		1,881	100	500	18,805,119	(47,307)	419	-	18,760,712
Net profit for the year		-	-	-	-	3,615,196	-	2,808,691	6,423,887
Minority interest		-	-	-	-	-	-	12,500	12,500
Translation of foreign entities		-	-	-	-	-	(791)	-	(791)
At 30 September 2009		1,881	100	500	18,805,119	3,567,889	(372)	2,821,191	25,196,308

For the period from incorporation on 28 June 2007 to 30 September 2008

	Notes	Ordinary Share Capital £	Management Share Capital £	Performance Share Capital £	Share Premium £	Retained earnings £	Translation reserve £	Minority interest £	Total £
Issue of ordinary share capital	21,22	1,881	100	500	18,805,119	-	-		18,807,600
Net loss for the period		-	-	-	-	(47,307)	-		(47,307)
Translation of foreign entities		-	-	-	-	-	419		419
At 30 September 2008		1,881	100	500	18,805,119	(47,307)	419		18,760,712

The notes on pages 19 to 39 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Cash Flow Statement
For the year ended 30 September 2009

	Notes	30 September 2009 £	30 September 2008 £
Cash flows from operating activities			
Profit/(loss) before tax		6,423,911	(47,307)
Adjustments for:			
Bank interest income	7	(363,588)	(938,701)
Loan interest income	7	(107,096)	(163,568)
Finance costs		278,997	-
Amortisation of financing costs		18,160	-
Revaluations and impairments	6	(6,156,040)	
Tax paid		(24)	-
		94,320	(1,149,576)
Increase in receivables		(245,741)	(48,213)
Increase in payables		1,272,966	472,516
Net cash inflow/(outflow) from operating activities		1,121,545	(725,273)
Cash flows from investing activities			
Bank interest received		432,991	865,871
Purchase of investment property including acquisition costs	27	(28,887,520)	-
Acquisition of financial assets at fair value through profit and loss		(7,000)	-
Acquisition costs of financial assets at fair value through profit and loss		(27,398)	
Capital expenditure on development property		(2,807,144)	(2,169,979)
Loans issued		(693,000)	(1,310,736)
Loans payments received		966,560	-
Loan arrangement fees		(363,332)	42,798
Minority interest received		1,250,000	-
Net cash outflow from investing activities		(30,135,843)	(2,572,046)
Cash flows from financing activities			
Proceeds from issue of share capital	21,22	-	18,807,600
Proceeds from bank borrowings	19	20,267,855	-
Net cash inflow from financing activities		20,267,855	18,807,600
Foreign exchange movements		(791)	419
Net (decrease)/increase in cash and cash equivalents		(8,747,234)	15,510,700
Cash and cash equivalents at beginning of the year/period		15,510,700	-
Cash and cash equivalents at end of the year/period		6,763,466	15,510,700

The notes on pages 19 to 39 are an integral part of these financial statements.

1. General information

Corum Property Investments Limited ("the Company"), its subsidiaries and special purpose entities (together "the Group") is a property investment and development group. The Group is active internationally but with a primary focus on the United Kingdom. The Company was established to acquire properties in its target markets with development and active management potential and to hold them as long term investments.

The Company is incorporated and domiciled in Guernsey. The Company has its primary listing on the Bermuda Stock Exchange.

These consolidated financial statements were approved for issue by the Board of Directors on 19 March 2010.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently from incorporation.

2.1 *Basis of preparation*

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS'), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB').

The financial statements have been prepared in Sterling, which is the presentational currency of the Group, and under the historical cost convention, except for the revaluation of investment properties and certain financial instruments.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial period. The adoption of new standards and interpretations has not led to any changes in the Fund's accounting policies.

Two interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These were IFRIC 11: IFRS 2: Group and Treasury Share Transactions; and IFRIC 14: IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Neither had any impact on the financial statements.

At the date of authorisation of the financial statements, the following standards and interpretations, which have not been applied, were in issue but not yet effective:

New Standards

IFRS 8: Operating segments - for accounting periods commencing on or after 1 January 2009;

Revised and amended Standards

IFRS 2: Share-based Payment – Amendment relating to vesting conditions and cancellations – for accounting periods commencing on or after 1 January 2009

IFRS 3: Business Combinations – Comprehensive revision on applying the acquisition method – for accounting periods commencing on or after 1 July 2009

IFRS 5: Non-current Assets Held for sale and Discontinued Operations – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 July 2009

IAS 1: Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income – for accounting periods commencing on or after 1 January 2009

2.2 *Changes in accounting policies (continued)*

Revised and amended Standards (continued)

IAS 1: Presentation of Financial Statements – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation – for accounting periods commencing on or after 1 January 2009

IAS 1: Presentation of Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 16: Property, Plant and Equipment Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 23: Borrowing Costs – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 27: Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS 3 – for accounting periods commencing on or after 1 July 2009

IAS 27: Consolidated and Separate Financial Statements – Amendments relating to cost of an investment on first time adoption – for accounting periods commencing on or after 1 January 2009

IAS 27: Consolidated and Separate Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 28: Investments in Associates – Consequential amendments arising from amendments to IFRS 3 – for accounting periods commencing on or after 1 July 2009

IAS 28: Investments in Associates – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 31: Interests in Joint Ventures – Consequential amendments arising from amendments to IFRS 3 – for accounting periods commencing on or after 1 July 2009

IAS 31: Interests in Joint Ventures – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 32: Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation – for accounting periods commencing on or after 1 January 2009

IAS 36: Impairment of assets – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 39: Financial Instruments: Recognition and Measurement – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 39: Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items – for accounting periods commencing on or after 1 July 2009

IAS 40: Investment Property – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

Interpretations

IFRIC 15: Agreements for the Construction of Real Estate – for accounting periods commencing on or after 1 January 2009

IFRIC 17: Distributions of Non-cash Assets to Owners – for accounting periods commencing on or after 1 July 2009

IFRIC 18: Transfers of Assets from Customers – for accounting periods commencing on or after 1 July 2009

The Directors anticipate that all the above standards and interpretations will be adopted in the consolidated financial statements for the periods commencing 1 October 2009 and 1 October 2010 as appropriate.

The Directors anticipate that with the exception of IAS 1, IAS 40, IFRS 7 and IFRS 8 as discussed below, the adoption of these standards and interpretations in future periods will not have material impact on the financial statements of the Group.

2.2 *Changes in accounting policies (continued)*

IAS 1 (revised), 'Presentation of Financial Statements' (for accounting periods commencing on or after 1 January 2009) - The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group will apply IAS 1 (revised) from 1 January 2009. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.

IAS 40 (Revised) will require investment property under construction to be measured at fair value, unless the fair value is not reliably measurable. This is likely to mean that development property will need to be measured at fair value at an earlier point than currently.

IFRS 7 (amendment) 'Financial instruments: Disclosures' (for accounting periods commencing on or after 1 January 2009) - The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment will result in additional disclosures but does not have an impact on the Fund's financial position or performance.

IFRS 8 - Operating segments - (effective for accounting periods beginning on or after 1 January 2009). This standard requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet. The standard also requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognised in the income statement and balance sheet. The amendments are not relevant to the Group.

The Group adopted an accounting policy in regards to borrowing costs (see note 2.11).

2.3 *Consolidation*

The financial statements incorporate the financial statements of the Company, its subsidiary undertakings and its proportionate interest in joint ventures, through which the Company's interest in development properties have been acquired, made up to 30 September 2009. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Jointly controlled operations involve the use of assets and other resources of the ventures rather than the establishment of a separate entity. Each venture uses its own assets, incurs its own expenses and liabilities, and raises its own finance.

The Company consolidates proportionately for joint ventures. Under proportionate consolidation, the balance sheet of the venture includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The income statement of the venture includes its share of the income and expenses of the jointly controlled entity.

2.3 *Consolidation (continued)*

When necessary, adjustments are made to the financial statements of subsidiaries, SPVs and joint ventures to bring the accounting policies used in line with those used by the Group.

All intra-group transactions and balances are eliminated on consolidation.

2.4 *Foreign currency translation*

(a) Functional and presentation currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Sterling, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

(b) *Foreign currency transactions*

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation, at period end exchange rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses for each income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

2.5 *Revenue recognition*

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. Revenue is accounted for on an accruals basis. Revenue includes rental income, service charges and management charges from properties. Rental income from operating leases is recognised in revenue on a straight-line basis over the lease term. Service and management charges are recognised in the accounting period in which the services are rendered.

2.6 *Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

2.7 *Operating profit*

Operating profit includes net gains and losses on revaluation of investment property, as reduced by administrative expenses and operating costs and includes finance income but excludes finance costs.

2.8 *Expenses*

All expenses are accounted for on an accruals basis and are included within operating profit, except for expenses that are incidental to the disposal of an investment, which are deducted from the disposal proceeds, and certain establishment expenses (see note 2.9).

2.9 *Establishment costs*

The preliminary and structural expenses of the Company directly attributable to the establishment of the Company and Initial Public Offering are separately disclosed in the income statement in order to provide a clearer understanding of the Group's financial performance for the period.

2.10 *Taxation*

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinances 2008 and is charged an annual exemption fee of £600.

The interest received from bank deposits in the United Kingdom is subject to 20% withholding tax. The Company's subsidiaries in Luxembourg hold UK properties, are registered under the Offshore Landlord Scheme and therefore do not pay withholding tax on rental income. The subsidiaries are liable for paying UK income tax on the net trading income of the UK properties. Aggregate tax losses carried forward as at 5 April 2009 are £3,989,049.

2.11 *Borrowing costs*

Borrowing costs directly attributable to the acquisition or construction of property are added to the costs of those assets until such time as the assets are substantially ready for their intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowing acquired for a targeted property, or, with regard to an acquisition financed out of general borrowings, to the average rate. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

2.12 *Investment in subsidiaries*

Investments in subsidiaries are initially recognised and subsequently carried at cost in the Company's financial statements less, where appropriate, provisions for impairment.

2.13 *Development property*

Property that is being constructed or developed for future use as investment property is classified as development property and stated at cost or, if lower, net realisable value until construction is complete. At that time it is reclassified and subsequently accounted for as investment property. Cost includes all directly attributable third party expenditure incurred and borrowing costs to completion are capitalised (see note 2.11).

2.14 *Investment property*

Property that is held for long-term rental yields, for long-term capital appreciation, or both, is classified as investment property. Investment property is measured initially at cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. The fair values, whether determined by an independent valuer or an internal valuer, are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Changes in fair values are recorded in the income statement.

2.15 *Leases*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.16 *Financial instruments*

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group offsets financial assets and financial liabilities if the Group has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

Financial assets

The Group's financial assets fall into the categories below, with the allocation depending to an extent on the purpose for which the asset was acquired.

Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise through deposits on new acquisitions and also incorporate other types of contractual monetary assets. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. The effect of discounting on these financial instruments is not considered to be material.

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

c) Financial assets through profit and loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in the income statement as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the consolidated income statement.

d) De-recognition of financial assets

A financial asset (in whole or in part) is de-recognised either:

• when the Group has transferred substantially all the risks and rewards of ownership and when it no longer has control over the asset or a portion of the asset; or

• when the contractual right to receive cash flow from the asset has expired.

Financial liabilities

a) Financial liabilities at amortised cost

Trade payables and other short term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. The effect of discounting on these financial instruments is not considered to be material.

2.16 *Financial instruments (continued)*
Financial liabilities
a) Financial liabilities at amortised cost
Borrowings are recognised initially at fair value. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

b) De-recognition of financial liabilities
A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

c) Effective interest method
The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income and expense over relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability or where appropriate, a shorter period.

d) Share capital
Share capital is classified as equity where there is no obligation to transfer cash or other assets.

2.17 *Impairment*
a) Financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such impairments directly reduce the carrying amount of the impaired asset and are recognised against the relevant income category in the income statement.

The Group considers evidence of impairment for receivables at a specific asset level. All individually significant receivables are assessed for specific impairment.

b) Non-financial assets
The carrying amounts of the Group's non-financial assets, other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognised in the consolidated income statement.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.18 *Going concern*

The Group financial statements have been prepared on a going concern basis.

3 Significant accounting judgements and key sources of estimation uncertainty

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Investment property

The fair values of investment properties are determined annually by the Board acting on advice from qualified valuers.

In determining the fair values, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

An external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio once a year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

Income and deferred taxes

The Group is subject to income and capital gains taxes in its active jurisdictions. Significant judgement is required in determining the total provision for income and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment are uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the income and deferred tax provisions in the period in which the determination is made.

Impairment on development property

The Group is required to judge when there is sufficient objective evidence to require impairment on development property. It does this by reference to the development property's net realisable value.

4 Gross rental income

Rental income was received for renting out investment property in the current year. In 2008 it was received for renting out the development property as a parking space before construction commenced.

5 Property operating expenses

	30/09/2009	30/09/2008
	£	£
Property management fees	15,000	-
Rates, insurance & service charges	29,932	-
Asset management fees	132,410	-
Professional fees	13,500	-
	190,842	-

6 Revaluations and impairments

	30/09/2009	30/09/2008
	£	£
Gain on revaluation of investment properties	8,000,000	-
Gain on revaluation of financial assets designated at fair value through profit and loss	254,223	-
Fees on acquisition of investment properties	(1,387,520)	-
Acquisition transaction costs	(27,398)	-
Impairment of development property	(433,265)	-
Impairment of loans and receivables (see note 15)	(250,000)	-
	6,156,040	-

7 Other income

	30/09/2009	30/09/2008
	£	£
Bank interest income	363,588	938,701
Loan interest income	107,096	163,568
	470,684	1,102,269

8 Administrative expenses

	30/09/2009	30/09/2008
	£	£
Administration fees	82,663	83,834
Advisory and structural fees	56,421	56,421
Acquisition fees	-	11,480
Auditor's remuneration	14,000	10,000
Directors' remuneration	6,000	13,750
Insurance	15,700	16,260
Legal and professional fees - general	-	17,277
Professional fees - aborted acquisitions	(7,162)	235,874
Investment Advisor fees	319,890	376,140
Statutory fees	7,914	4,655
Sundry expenses	3,712	995
Travel and entertaining	-	394
	499,138	827,080

9 Net gains and losses on financial assets and liabilities at fair value through profit and loss

	30/09/2009	30/09/2008
	£	£
Gain on revaluation of financial assets designated at fair value through profit and loss	254,223	-

10 Total interest income and total interest expense on financial assets and financial liabilities not at fair value through profit and loss

	30/09/2009	30/09/2008
	£	£
Bank interest income	363,588	938,701
Loan interest income	107,096	163,568
Finance costs	(299,106)	-
	171,578	1,102,269

11 Earnings per ordinary share - basic and diluted

	30/09/2009	30/09/2008
The calculation of the earnings per share is based on the following data:	£	£
Profit/(loss) attributable to the equity holders of the parent Company	3,615,196	(47,307)
Weighted average number of Ordinary shares for the purpose of basic and diluted earnings per share	18,807	18,807

12 Development Property

As at 30 September 2009, development property is carried at cost less impairment. The property is held by Trifolkes Stona LLP, a limited liability partnership. Verstona Limited, a wholly owned subsidiary of Corum Property Investments Limited, is a 50% member of the LLP. The other 50% member is Folkes Holdings Limited. The property is subject to a registered charge dated 8 October 2008 from Svenska Handelsbanken AB (incorporated in Sweden). The following table shows the Company's 50% share of this joint venture.

	30/09/2009	30/09/2008
	£	£
Acquisition costs of land	974,310	974,310
Build and professional costs to date	4,058,955	1,195,669
Impairment of development property	(433,265)	
Carrying amount at the end or the year/period	4,600,000	2,169,979

As at 30 September 2009 Corum Property Investments Limited had invested £1,900,000 in Trifolkes Stona LLP. In addition the Company has a commitment for its share of costs to completion and interest expenses post completion in excess of the bank facility.

The joint venture has estimated that 100% of the cost to completion will be £11,170,000 including capitalised interest. The Joint Venture will be funding £6,237,000 from a loan facility with Svenska Handelsbanken AB, with the balance of £4,933,000 being provided by the members of the LLP. The Company's 50% share of the members' funding amounts to £2,466,500. As the Company has already invested £1,900,000, it is thus committed to investing a further £566,500 to complete the project.

13 Investment Property

	30/09/2009	30/09/2008
	£	£
Property acquisitions at cost	27,500,000	-
Revaluations and impairments	8,000,000	-
Fair value at the end of the year/period	35,500,000	-

The fair value of the Group’s investment properties at 30 September 2009 has been arrived at on the basis of valuations carried out at that date by Savills, independent valuers. The valuation basis has been market value as defined by the Royal Institution of Chartered Surveyors ('RICS') Approval and Valuations Standards .

The approved RICS definition of market value is the “estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

The Group's subsidiaries have pledged their investment properties to secure banking facilities granted to the relevant subsidiary (see note 18).

14 Financial assets at fair value through profit and loss

	30/09/2009	30/09/2008
	£	£
Investment in Yoda Capital Management Limited	261,223	-

15 Loans receivable

	30/09/2009	30/09/2008
	£	£
Yoda Capital Management Limited	652,565	-
Mezzanine loan to City and Docklands London Limited	-	1,147,945
Interest receivable on the mezzanine loan	227,866	120,770
Loan to City and Docklands Perry Street	134,611	162,791
	1,015,042	1,431,506
Disclosed as:		
Current assets	1,015,042	1,431,506

The loan to Yoda Capital Management Limited is interest free and has a final repayment date of 31 December 2023. Yoda Capital Management Limited repaid the loan in full on 16 December 2009.

The mezzanine loan to City and Docklands London Limited was secured against a £1 million cash retention account held by solicitors, with a repayment date linked to the completion of a residential development, which took place in March 2009. A total of £1 million has been repaid, but the interest has not been paid and is in arrears. The loan was subject to an interest rate of 15%. While the residential development project is complete, not all the units have been sold and are currently rented on ASTs. Cash flow from rentals is being used to service the senior lender and repayment of the balance to the Company is dependent on further sales. The Directors have reviewed the value of this loan and made provisions for impairment.

The loan to City and Docklands Perry Street is unsecured, carries interest at base plus 2% and is overdue for repayment. The amount is now due to the Company from the guarantor, City and Docklands London Limited. The Directors reviewed the value of this loan and made provisions for impairment.

16 Trade and other receivables

	30/09/2009	30/09/2008
	£	£
Trade receivables	255,533	-
Bank interest receivable	3,427	72,830
Prepayments	346,598	1,372
VAT receivable	32,496	46,841
Other debtors	4,500	-
	642,554	121,043

17 Cash and cash equivalents

	30/09/2009	30/09/2008
	£	£
Cash at bank	6,763,466	15,510,700

Included in cash and cash equivalents is an amount of £250,096 held by Aviva Plc that is blocked and held as security for an amount due to the lender.

18 Trade and other payables

	30/09/2009 £	30/09/2008 £
Trade payables	598,396	472,516
Retentions on development property	178,680	-
Deferred rental income	817,114	-
Vendor liability	166,805	-
VAT payable	38,663	-
Interest on long-term liability - Aviva Plc	242,550	-
Tax payable	1,967	-
	2,044,175	472,516

Trade and other payables are interest free and have settlement dates within one year.

19 Bank borrowings

	30/09/2009 £	30/09/2008 £
Aviva Plc	17,325,000	-
Svenska Handelsbanken AB	2,942,855	-
	20,267,855	-
Disclosed as:		
Current liabilities	598,196	-
Non-current liabilities	19,669,659	-

The Aviva Plc loan payable is secured by certain investment properties with a fair market value of £35,500,000 at the balance sheet date.

The Aviva Plc loan is divided into an interest only loan of £14,505,000 and an amount of £2,820,000 that will be amortised over the period of the loan. The interest rate is fixed at 6% throughout the 5 year period of the loan. The loan has a termination date of 25 September 2014.

The Svenska Handelsbanken AB loan payable is secured by development property with a carrying value of £4,600,000 at the balance sheet date. Borrowing costs of £101,020 have been capitalised to development property during the year.

The Svenska Handelsbanken AB loan carries an interest rate of LIBOR plus a margin of 1.6% throughout the period of the loan. Interest payments are due on a quarterly basis. The loan is repayable in full at the maturity date, 9 October 2013.

20 Long-term loan from minority shareholder

	30/09/2009 £	30/09/2008 £
Gemshorn Limited	1,273,947	-

Gemshorn Limited owns 10% of the shares and voting interest in Corum UK Holdings 1 Limited ("CUKH1") (see note 27 for further details) and has subscribed £1,237,500 to an Unsecured Redeemable B Loan Note in that company. The B Loan Note accrues interest at 12.5% per annum and has a final repayment date of 24 December 2019.

The B Loan Note is subordinated to the A Loan Note of £11,137,500 subscribed to by the Company and payments of capital and interest on the B Loan Note are only permitted once the capital and interest on the A Loan Note have been paid in full.

21 Share capital

	30/09/2009	30/09/2008
	£	£
Authorised share capital:		
100,000 Ordinary Shares of 10p each issued	10,000	10,000
100 Management Shares of 100p each issued	100	100
1,000 Performance Shares of 100p each issued	1,000	1,000
Total	11,100	11,100

Issued and fully paid share capital:	30/09/2009	30/09/2008
	£	£
18,807 Ordinary Shares of 10p each issued	1,881	1,881
100 Management Shares of 100p each issued	100	100
500 Performance Shares of 100p each issued	500	500
Balance at the end of the year/period	2,481	2,481

Ordinary shares carry no right to fixed income but are entitled to dividends as declared from time to time. Each share is entitled to one vote at meetings of the Company.

The holders of Management shares have no rights to receive nor participate in any dividend or other distributions out of the profits of the Company. The holders have the right to receive notice of and attend and vote at the general meeting of the Company only if there are no Ordinary shares in issue.

The holders of Performance shares are entitled to receive, and participate in, any dividends or other distributions out of the profits of the Company available for dividend and resolved to be distributed by the Directors subject to certain performance criteria being met. The holders have no right to receive notice of nor attend nor vote at any general meeting of the Company.

22 Share premium

	30/09/2009	30/09/2008
	£	£
Premium arising on issue of ordinary shares	18,805,119	18,805,119

23 Net asset value per ordinary share

	30/09/2009	30/09/2008
	£	£
The calculation of the net asset value per ordinary share is based on the following data:		
Net asset value attributable to ordinary shareholders	22,374,517	18,760,712
Number of Ordinary shares	18,807	18,807

24 Investment in subsidiaries

The Group consists of the following entities:

Name	Country of incorporation	Beneficial Interest	Issued Share Capital £
Verstona Limited	British Virgin Islands	100%	50
Corum UK Holdings Limited	British Virgin Islands	90%	125,000

Corum (Duisburg) Limited, a Guernsey entity, owned 100% by the Group was liquidated during the year.

25 Investment in joint ventures

The Group has invested in the following joint venture entity:

Name	Country of incorporation	Beneficial Interest
Trifolkes Stona LLP	United Kingdom	50%

The Group's share of the assets, liabilities, income and expenses of the jointly controlled entity at 30 September 2009 and 30 September 2008 and for the years then ended is included in the consolidated financial statements, and is as follows:

	30/09/2009 £	30/09/2008 £
Current assets	67,095	50,934
Non-current assets	4,600,000	2,127,430
	4,667,095	2,178,364
Current liabilities	(215,468)	(397,051)
Non-current liabilities	(2,942,855)	-
	(3,158,323)	(397,051)
Net asset value	1,508,772	2,575,415
Other income	694	4,144
Impairment of development property	(433,265)	-
Administrative expenses	(38,660)	(22,832)
Loss for the year from operations	(471,232)	(18,688)

26 Reserves

Translation reserve

The translation reserve contains exchange differences arising on consolidation of the Group’s foreign operations.

27 Acquisition of subsidiaries

On 7 July 2009 Corum UK Holdings 1 Limited, in which the Group owns 90% of shares and voting interests, obtained control of Stratton II S.á.r.l. and Stratton III S.á.r.l., companies that invest in properties in the United Kingdom, by acquiring 100% percent of the shares and voting interests in the company. As a result, the Group acquired investment property in the amount of £27,500,000 excluding acquisition costs.

In the three months to 30 September 2009 the new acquisitions Stratton II S.á.r.l. and Stratton III S.á.r.l. contributed revenue of £786,124 and profit of £6,689,964.

Consideration transferred	**Stratton II**	**Stratton III**
	£	**£**
Cash	599,874	589,556

Fair value identifiable assets acquired and liabilities assumed	**Stratton II**	**Stratton III**
	£	**£**
Investment property	13,333,333	13,789,626
Fixtures and fittings	-	377,041
Receivables	25,921	97,509
Cash and cash equivalents	892,237	378,015
Deferred income	(337,002)	(383,436)
Trade and other payables	(118,126)	(136)
Borrowings	(13,196,489)	(13,669,063)
Net assets	**599,874**	**589,556**

There were no contingent liabilities in Stratton II S.á.r.l. and Stratton III S.á.r.l. on 7 July 2009.

Goodwill

The consideration transferred was equal to the fair value net assets of the entities acquired and no goodwill was recognised.

Transactions separate from the acquisition

The Group incurred acquisition-related costs of £1,387,520 relating to external legal fees, professional fees and due diligence costs. The legal fees, professional fees and due diligence costs have been included in revaluations and impairments (note 6) in the Group’s consolidated income statement.

28 Financial Instruments risk exposure and management

In common with other businesses, the Group is exposed to risks that arise from use of financial instruments. The notes below describe the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

28 Financial Instruments risk exposure and management (continued)

Principal financial instruments

The principal financial instruments used by the Group and Company, from which financial instrument risk arises, are as follows:

- Financials assets at fair value through profit and loss
- Trade and receivables
- Cash and cash equivalents
- Trade and other payables

Categories of financial assets and financial liabilities

	30/09/2009	30/09/2008
Non-current financial assets:	**£**	**£**
Financial assets through profit or loss	261,223	-
Current financial assets:		
Loans and receivables		
Loans receivable	1,015,042	1,431,506
Trade and other receivables	642,554	121,043
Cash and cash equivalents	6,763,466	15,510,700
Non-current financial liabilities:		
Financial liabilities measured at amortised cost		
Bank borrowings	19,669,659	-
Long-term loan from minority shareholder	1,273,947	-
Current financial liabilities:		
Financial liabilities measured at amortised cost		
Trade and other payables	2,044,175	472,516
Bank borrowings	598,196	-

The Board of Directors and Investment Advisor are responsible for overseeing the measurement and control of all aspects of risk management and hold regular meetings in order to do so.

Various risk management models are in place which help to identify and monitor key risks both at individual investment level and at a Group level. The risk management policies apply equally to the Group and the Company. Further details regarding these policies are set out below.

28 Financial Instruments risk exposure and management (continued)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to meet obligations, causing a loss to the Group.

Cash and cash equivalents and loans represent the majority of the Group's financial assets. The majority of the cash at balance sheet date is held with Lloyds TSB, Investec Bank (Channel Islands) Limited and Royal Bank of Scotland International Limited. The credit risk associated with the holding of cash and cash equivalents and receivables is managed by the Manager and is reviewed by the Investment Advisor and the Board of Directors on a regular basis.

The loans are monitored on a monthly basis by the Investment Advisor and by the board of directors on a regular basis. Appropriate actions are instigated to recover arrears and the value has been written down to a level which the directors believe to be a fair value.

The table below shows the exposure to risk with the major counterparties at the balance sheet date:

30 September 2009

Counterparty	Credit rating symbols	Rating	Carrying Amount £
Investec Bank (Channel Islands) Limited	Fitch	F2	2,033,352
Royal Bank of Scotland International Limited	Fitch	F1+	2,301,664
Lloyds TSB Plc	Fitch	F1+	2,070,743
Aviva Plc	S&P	AA-	250,096
Yoda Capital Management Limited	not quoted	not quoted	652,565
Yoda Capital Management Limited - capital	not quoted	not quoted	261,223
City and Docklands	not quoted	not quoted	362,477

30 September 2008

Counterparty	Credit rating symbols	Rating	Carrying Amount £
Investec Bank (Channel Islands) Limited	Fitch	F2	15,510,700
Svenska Handelsbanken AB	S&P	A-1+	3,840
City and Docklands	not quoted	not quoted	1,431,506

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet financial liability obligations as they fall due. The Group's liquidity risk is managed by the Investment Advisor in accordance with policies and procedures established by the Board.

28 Financial Instruments risk exposure and management (continued)

Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

30 September 2009

Contract maturities of financial liabilities:	< 1 month	1 month to 1 year	1 - 5 years	Total
	£	£	£	£
Trade and other payables	-	2,044,175	-	2,044,175
Bank borrowings	-	598,196	19,669,659	20,267,855
Total	-	2,642,371	19,669,659	22,312,030

Maturities of these financial assets:	< 1 month	1 month to 1 year	Undefined	Total
	£	£	£	£
Group				
Cash and cash equivalents	6,763,466	-	-	6,763,466
Loans and receivables	-	1,015,042	-	1,015,042
Trade receivables	-	642,554	-	642,554
Financial assets at fair value through profit and loss	-	261,223	-	261,223
	6,763,466	1,918,819	-	8,682,285

30 September 2008

Contract maturities of financial liabilities:	< 1 month	1 - 3 months	1 - 5 years	Total
	£	£	£	£
Trade and other payables	-	472,516	-	472,516

Maturities of these financial assets:	< 1 month	1 - 3 months	Undefined	Total
	£	£	£	£
Group				
Cash and cash equivalents	5,279,383	10,231,316	-	15,510,699
Loans and receivables	-	1,268,715	162,791	1,431,506
Trade receivables	72,830	48,213	-	121,043
	5,352,213	11,548,244	162,791	17,063,248

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk, and other price risks.

28 Financial Instruments risk exposure and management (continued)

Market risk (continued)
The Group is exposed to market risk in regards to its financial assets at fair value through profit and loss. The fair value of these assets was £261,223 as at 30 September 2009. The fair value is based on a valuation from the directors of Yoda Capital Management Limited.

For the Group, an increase of 20% in the fair value of the investment In Yoda Investments Limited would result in a pre-tax profit of £52,245. A decrease of 20% in the fair value would result in a pre-tax loss for the period of £52,245.

Cash flow and fair value interest rate risk
The majority of the Group's financial assets are interest bearing in the form of cash. Interest rate risk arises in the Group predominantly from the holding of cash and cash equivalents. Cash is predominantly held on short term deposit and the Board reviews interest rates on a quarterly basis.

The Group's interest rate profile is shown in the table below:

Interest Rate Profile	**As at 30 September 2009**		**As at 30 September 2008**	
	Group	**Group**	**Group**	**Group**
	%	**£**	**%**	**£**
Weighted average interest rate				
Loans receivable				
Non-interest bearing	-	1,015,042	-	162,791
Fixed	-	-	15%	1,268,715
Trade and other receivables				
Non-interest bearing	-	642,554	-	121,043
Cash and cash equivalents				
Variable	0.00%	6,763,466	5.56%	15,510,700
Financial liabilities at amortised cost - trade and payables				
Non-interest bearing	-	2,044,175	-	472,516
Bank borrowings				
Variable	2.17%	2,942,855	-	-
Fixed	6%	17,325,000	-	-

For the Group, an increase in 100 basis points in interest yields would result in a pre-tax profit of £3,621 (2008: £155,107). A decrease in 100 basis points in interest yields would not be possible as the interest rate has reduced to zero during the year (2008 would result in a pre-tax loss £155,107).

28 Financial Instruments risk exposure and management (continued)

Market risk (continued)

Foreign exchange risk

The Group currently has insignificant exposure to currency risk through investing in assets held in currencies other than the functional currency. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations. As a result, the Group may become exposed to the risk that the exchange rate of its currency relative to other foreign currencies may fluctuate and have an effect on the Group performance. The Group had some transactions in Euros and was therefore exposed to changes in the Euro to Sterling exchange rate. The Group does not have any other significant transactions in foreign currencies and does not have significant foreign exchange risk.

Due to the insignificant risk exposure to foreign exchange no sensitivity analysis has been performed.

29 Capital risk management

The Group's objectives when managing capital are to safeguard the Fund's ability to provide returns for shareholders and to maintain an optimal capital structure to minimise the cost of capital.

The Group manages its capital structure and will make adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to

In order to ensure that the Group will be able to continue as a going concern, management continuously monitors forecast and actual cash flows and the matching of the maturity profiles of assets and liabilities.

The Group monitors capital on the basis of the gearing ratio. Fund gearing calculated as net debt (bank borrowing less bank balances) divided by total assets (excluding bank balances) was 32.14% as at 30 September 2009 (0% at 30 September 2008). The debt to equity ratio calculated as net debt divided by total equity plus subordinated minority shareholder loan was 51.02% (no gearing as at 30 September 2008). The Articles place no limit to the amount of borrowings the Group may incur but restricts the Group to borrowing up to a maximum of 80% of the gross market value of total assets of the Group. The Fund is not subject to externally imposed capital requirements.

30 Contingencies

The Company has a contingent commitment towards Trifolkes Stona Joint Venture for any cost over-runs and interest expenses post completion in excess of the bank facility.

31 Post balance sheet events

The Company registered a new subsidiary Corum (Aldridge) Limited on 8 October 2009 and acquired a property for £500,000.

An agreement to sell property situated at Brentwood was completed on 24 December 2009 and gross proceeds of £6,740,000 were received.

Yoda Capital Management Limited has sold its subsidiary and is in liquidation. The loan of £652,565 was repaid on 16 December 2009 and the liquidation proceeds of the capital is expected in the next 6 months.

32 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Company has no ultimate or immediate controlling party.

Corum Investment Advisors Limited ('CIAL') is the Investment Advisor to the Company under the terms of the Investment Advisor Agreement and is thus considered a related party of the Company. During the year the Group paid CIAL acquisition fees of £578,541 (2008: £54,028) and Investment Advisor fees of £319,890 (2008: £376,140). At the year end there was no amount outstanding (2008: £27,549).

Robert Cohen, a director of the Company, is a director of and shareholder in Corum Advisers Limited ('CAL'), which is the Property Adviser to the Company and CIAL. During the year the Group paid CAL asset management fees of £56,250 (2008: Nil). An equal amount was rebated to the Company by CIAL in terms of the Investment Advisor Agreement, such that the aggregate Investment Advisor fees and asset management fees paid by the Group to CIAL and CAL during the year was £376,140 (2008: £376,140).

David Abargil and Angus Mackay, Directors of the Company, are Directors of CIAL. David Abargil received £5,000 (2008: £10,000) for his services as Director of the Company and Angus Mackay waived his remuneration. Gerald Rubenstein, Angus Mackay and Robert Cohen, Directors of the Company, have an indirect beneficial interest in CIAL.

Robert Banfield, a director of the Company, was a director of the Company's administrator. He resigned on 31 January 2009 from the Company and the administrator. Administration fees paid by the Group to Praxis Property Fund Services Limited for the year were £58,536 (2008: £59,563). The amount payable by the Company at the year end was £12,500 (2008: £12,500).

CORUM PROPERTY INVESTMENTS LIMITED

Key Parties

Registered Office
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 4NA

Administrator, Secretary and Registrar
Praxis Property Funds Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 4NA

Investment Advisor
Corum Investment Advisers Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 4NA

Structural Advisor
Investec Capital Markets
100 Grayston Drive
Sandton
South Africa
2196

Listing Sponsor
Reid Listing Services Limited
Argyle House
41a Cedar Avenue
Hamilton HM12
Bermuda

Auditor
Saffery Champness
La Tonnelle House
Les Banques
St Sampson
Guernsey
GY1 3HS

Annual Sponsor
First Bermuda Group Limited
Maxwell R Roberts Building
1 Church Street
Hamilton HM11
Bermuda

Principal Bankers
Investec Bank (Channel Islands) Limited
Lloyds TSB Plc
Royal Bank of Scotland International Limited

Legal Advisor to the Company
(as to Guernsey Law)
Ozannes
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

Legal Advisor to the Company
(as to Bermuda Law)
Appleby
Canon's Court
22 Victoria Street
Hamilton
Bermuda HM 12