
CORUM PROPERTY INVESTMENTS LIMITED

REGISTERED NUMBER: 47257

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS**

For the year ended 30 September 2011

CORUM PROPERTY INVESTMENTS LIMITED

Annual Report and Consolidated Financial Statements
For the year ended 30 September 2011

Contents	Page
Company Summary	3
Investment Adviser's Report	4-7
Directors' Report	8-11
Independent Auditor's Report	12
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16
Notes to the Financial Statements	17-36
Key Parties	37

CORUM PROPERTY INVESTMENTS LIMITED

Company Summary

For the year ended 30 September 2011

Corporate Statement

Corum Property Investments Limited is a Guernsey registered closed-ended property investment and development company.

It invests in commercial real estate, primarily in the United Kingdom, with a focus on commercial and retail assets where active asset management can enhance value.

Salient Features

- Total comprehensive income attributable to shareholders before revaluations and impairments at £2.25m for the year was a three-fold increase on the comparable figure of £0.75m in 2010.
- Operating profit before revaluations, disposals and finance of £2.2 million (2010: £1.9 million)
- Comprehensive earnings per ordinary share £59.75 (2010: £82.61)
- NAV per share £1,332.05 (2010: £1,272.30)

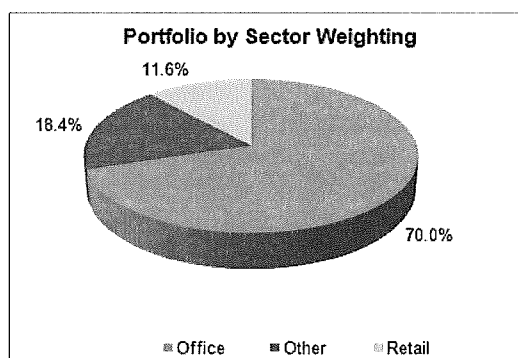
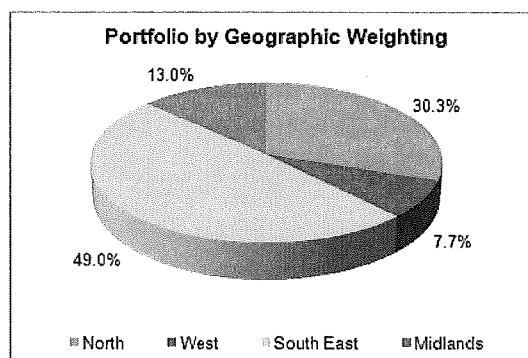
Property Portfolio

Name	Use/Type	GLA* Sq Ft	% Owned
Investment properties – complete:			
Copenhagen Court, New Street, Basingstoke	Office and retail	22,350	100
Trott Street, Battersea, London, SW11	School	10,500	100
Fitzalan House, Fitzalan Court, Cardiff, Wales	Office	23,000	100
Hazlebury Road, Fulham, London SW6	School	4,100	100
The Malt House, Chadwick Street, Leeds	Office	24,500	100
Cedar House, Capability Green, Luton	Office	23,500	100
Bath Road, Maidenhead	Office	22,200	100
Highways House, Broadwater Road, Welwyn Garden	Office	32,400	100
Langley Point, Bath Row, Birmingham	Office	44,500	50
Fife Motor Village, Dunfermline, Scotland	Motor Retail	53,700	100

Investment properties - in development:

Development Site, Aldridge, West Midlands	Retail	n/a	100
---	--------	-----	-----

*GLA = Gross Lettable Area



CORUM PROPERTY INVESTMENTS LIMITED

Investment Adviser's Report

For the year ended 30 September 2011

Introduction

Corum Property Investments Limited ("Corum") has continued to deliver positive returns to investors through a combination of selective new acquisitions and a relentless focus upon asset and cashflow management. This has been achieved despite a flatlining economy and weak occupier demand. The new reality for property investors is that market returns are now driven primarily, if not wholly, by income.

Whilst we continue to be able to identify a range of potential transactions, we retain our cautious approach to the market and apply rigorous selection criteria in assessing those opportunities we believe will add value to the existing portfolio. The current market is one which favours investors with cash resources, but in our view, one must proceed wisely and not overpay.

The economic environment has undoubtedly deteriorated in the last 12 months and our investment strategy must be cognisant of this fact and be aware of the downside risks, as well as the opportunities. We therefore continue to seek to acquire properties with good levels of running yields (with a cushion for portfolio vacancies and refurbishment costs), and with potential for value enhancement through intensive asset and tenant management. When the economy does eventually resume reasonable growth, such a portfolio will be better placed than most to benefit from macro-conditions.

Economic Background

Ongoing uncertainty over the resolution of the Eurozone debt crises continued to unsettle the markets, and whilst not part of the Eurozone, the UK is affected to the extent that future growth prospects will be impacted by any slowdown in activity across Europe. GDP growth in the final quarter of 2010 turned negative at -0.5%, although 2011 saw a modest return to positive growth, with GDP in the third quarter of +0.5%. Forecasts for the UK continue to be revised downwards, with total growth for 2011 now expected to be no better than +1.3% overall.

At the same time, the government continued to pursue a policy of debt reduction, which is impacting upon household consumption with the volume of retail sales remaining virtually static over the last 12 months. On the flip side, the UK Government continues to benefit from being able to borrow at historically low interest rates, and the relative weakness of sterling makes exports competitive.

In the light of the worsening economic outlook, the Bank of England has recently embarked upon another round of quantitative easing in an effort to boost demand. Interest rates continue to be held at 0.5% and will probably remain so for some time, despite inflation continuing to remain above 4%.

UK Property Market

In an environment where cash returns are negative after inflation and where equity markets are so volatile, many investors consider property as being both a safe haven and an income generator. At one end of the scale, cash rich international investors continued to chase central London prime investments at yields of around 4%, whilst at the other end of the spectrum, wealthy private investors continued to be active (particularly for lot sizes less than £1m), with yields ranging from 4% - 10% dependent upon the perceived security of the income stream.

Central London retained its status as a safe haven, particularly for investors seeking opportunities outside of the Eurozone. Overseas investment in the UK market over the last 12 months represented about 38% of the total market, which is broadly in line with the long term average.

Capital value growth across all sectors is now at a standstill and property returns are therefore being driven by income. Total property returns for the 12 months to the end of September 2011 were 9.2%. For the same period, equities produced a total return of -4.4% and gilts 5.6% (source: CBRE).

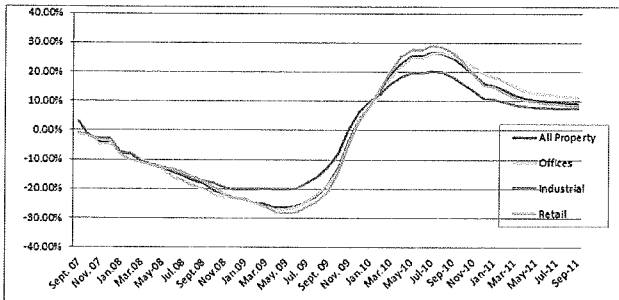
CORUM PROPERTY INVESTMENTS LIMITED

Investment Adviser's Report

For the year ended 30 September 2011

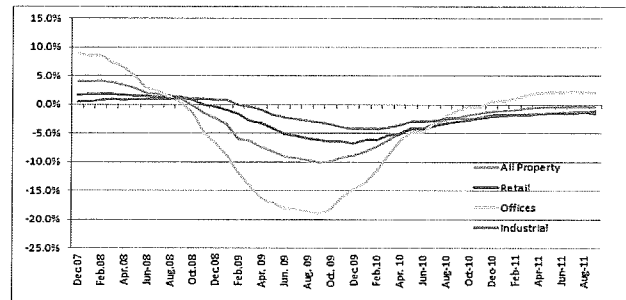
UK Property Market (continued)

Total Returns (CBRE Monthly Index)



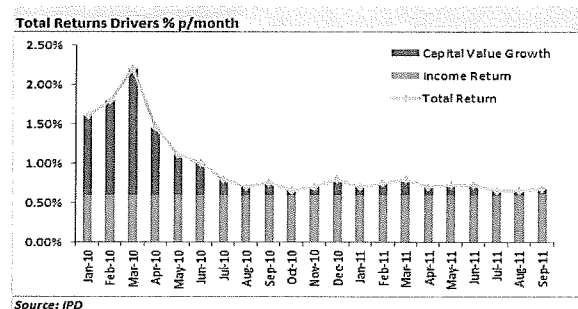
12 month rolling return on gross ungeared property investments

Rental Growth (CBRE Monthly Index)



12 month rolling rate

A more detailed analysis of total returns over the last 18 months clearly shows the extent to which yield compression has been the principal driver. Over the period, income returns have remained fairly stable. Looking ahead, we anticipate continued weak capital value growth, with performance driven primarily by income.



Source: IPD

Despite the recovery of the past two years, the market rebound has taken UK commercial property values back only to their October 2003 level; as at the end of June 2011 II Property values remain 31.6% below their previous peak in mid-2007. As a consequence, Corum believes that the opportunities for sourcing quality properties and delivering returns are much enhanced.

UK and Irish banks still have to face the reality of their property exposure and reduce the asset side of their balance sheets. To date they have largely concentrated on prime assets because of the appetite of international investors, but there is mounting evidence that the next tier is becoming available.

This will create opportunities for entrepreneurial, equity backed buyers to acquire well located, good quality assets at yields above 8% and in some cases heading for double digits (based on current market rents rather than any historic over-renting).

Corum Strategy

Given current market conditions, we continue to proceed cautiously and to focus on management of the portfolio to maintain and enhance cashflow. We foresee the current market conditions persisting, to a greater or lesser degree, for some time, and therefore retaining and securing cash for investment is a significant opportunity. As outlined above, we believe that current market conditions will create further opportunities for investment to enhance the portfolio.

In such a market, an experienced local team with the knowledge not just to do deals, but to be able to identify quality assets with potential, and then the ability to extract that potential is the key to delivering shareholder returns.

CORUM PROPERTY INVESTMENTS LIMITED

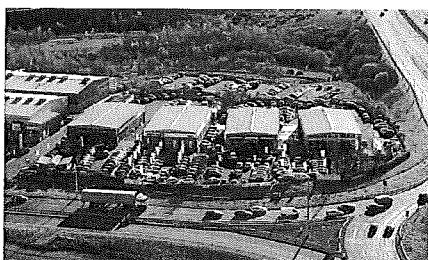
Investment Adviser's Report

For the year ended 30 September 2011

Portfolio Update

Acquisitions

Fife Motor Village, Dunfermline, Scotland, UK



In December 2010, contracts were concluded for the acquisition of this freehold car showroom park in a highly visible location close to Edinburgh. The property, which is the only site of its type in the area, is let to a number of major dealership groups trading major marques, including VW, Toyota, Renault and Peugeot. The total acquisition cost of £4.3m was funded with £1.975m of five year debt and the balance with shareholders' funds.

The property provides a greater diversity of income within the portfolio, combined with an attractive initial acquisition yield which will provide a return on equity at day one of 10.5% pa pre-tax.

In addition, there are a number of asset management opportunities to exploit, including the settlement of outstanding rent reviews and the enlargement of the lettable area.

Minority interest in Stratton Portfolio

Following discussions with our original joint venture partner and co-investor in this portfolio, Corum entered into negotiations to acquire the minority interest (amounting to 10% of the original equity), together with final settlement of the profit sharing arrangements. Terms were agreed and the transaction concluded in March 2011 at a price below book value.

Detailed consideration was given to a disposal of the whole portfolio, but having sought independent advice on the realisable price, and taking account of the costs that would be incurred, together with the lack of any immediately available alternative investments, it was concluded that a complete disposal would not be in the best interests of shareholders.

The cost of this acquisition was approximately £3.3m, which was funded from existing cash resources. The transaction has resulted in an enhancement to Corum's earnings and has the added benefit of giving Corum total flexibility and control over the portfolio.

Post year end transactions

In October 2011, agreements were concluded for the purchase of a new income producing investment property, for a total consideration of £1.5m, including costs.

The property, a modern car showroom in a prominent location in the City of Durham, is let to an established regional motor trader on a long term lease. The investment provides an attractive ungeared initial yield of 8.33% and has been acquired using existing cash resources.

Disposals

In the year to date, there have been no disposals from the portfolio.

CORUM PROPERTY INVESTMENTS LIMITED

Investment Adviser's Report

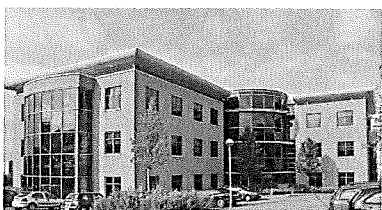
For the year ended 30 September 2011

Existing Portfolio

Stratton Portfolio, UK

Following the acquisition of the minority interest, we have continued to focus on managing the income stream and maintaining and enhancing the assets in this portfolio, which was acquired in July 2009. Non-income producing floorspace remains below 3% of the total portfolio and on a like for like basis overall net income has increased by 5.7% over the period.

A number of new initiatives are currently being progressed both to deal with upcoming lease events and to enhance the quality of the buildings, where we believe that this will assist in retaining and attracting occupiers.



Luton



Welwyn



Fulham

Langley Point, Birmingham, UK

Whilst we continue to pursue discussions with potential tenants; our strategy remains to minimise holding costs. A deal has recently been concluded with an office fit-out contractor, who has installed a marketing suite on the top floor of the building at minimal cost. We believe that this will assist in the marketing of the property.

Anchor Road, Aldridge, UK

In the past 12 months, considerable effort has been expended in identifying potential occupiers for the building and assessing the most viable form of development. Agreements have now been exchanged for a letting of the property to JD Wetherspoon Plc., one of the UK's largest Pub & Restaurant groups. The lease will be for a term of 30 years with fixed rental uplifts and on a full repairing and insuring basis.

The lease is conditional upon planning consent, the tenant obtaining an alcohol licence and completion of an agreed scheme of refurbishment by Corum.

A planning application has now been submitted and a decision is anticipated in the final quarter of 2011, following which the refurbishment works will be undertaken.

Conclusion

The last 12 months have seen the market move to one where returns are generated primarily by income, as opposed to capital value growth, and where an increasingly volatile economic environment has made many investors nervous. We believe that this situation will continue to persist in the short term and that our strategy of being an active, long term investor which develops and manages its portfolio to enhance the quality and value of assets and to improve rental values, is the correct one. Whilst we remain conservative, we are also opportunistic; seeking to find the opportunities which can provide above average returns with risks mitigated by our rigorous and hands-on approach.

In the current market conditions there are, and will continue to be, many opportunities to acquire good quality assets at attractive prices. As such, we retain our view that this is a longer term opportunity to build a high quality property portfolio with significant upside potential.

CORUM PROPERTY INVESTMENTS LIMITED

Directors' Report

For the year ended 30 September 2011

The Directors present their annual report and audited consolidated financial statements of Corum Property Investments Limited (the 'Company') and entities under its control (together the 'Group') for the year ended 30 September 2011.

Incorporation and principal activities

The Company was incorporated as an authorised 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.

Financial Report

In the four years since listing Corum has delivered a compound annual growth of 7.43% in NAV per share. At year end the NAV per share was £1,332.05 compared to the issue price of £1,000.00 at 1 October 2007. This is no mean achievement during a period in which the UK property market experienced one of its biggest declines in value, against a backdrop of unprecedented turmoil in global markets. Throughout this period, Corum has adopted a strategy of investing for the long term in well located, good quality assets with the potential to add value and with a focus on cash-flow, tenant strength, local demand and capital value.

In the current year, the growth has been achieved by tight asset and cost management with a focus on recurring income. Gross rental income increased by 5.8% to £3.2m in the year, due to new lettings, rent reviews, and acquisitions less disposals.

Total costs (direct and administrative) decreased by 14% from £1.13m to £0.97m in 2011 leaving the net operating profit (before revaluations and net finance costs) up 17% at £2.24m (2011:£1.91m).

Net finance costs of just below £1.0m were 18% lower than in the prior year due to debt repayments and a lower average interest cost.

Trading income after interest was £1.25m, up 76% on the prior year as the balance of income has moved from capital revaluations to rental income.

A net gain of £1.0m booked on the purchase of the minority interest in the Stratton portfolio, was offset by a negative revaluation and impairment charge of £1.12m resulting in a non-trading loss of £122,000 compared to a gain of £843,000 in the prior year. The negative portfolio revaluations were the result of the independent valuers taking a more wary view of short leases on those properties where we are currently engaged in asset management and re-letting. Overall, the value of the portfolio remains substantially above the original acquisition cost.

Total comprehensive income attributable to shareholders ended the year at £1.124m representing £59.75 per share (2010: £82.61 per share).

CORUM PROPERTY INVESTMENTS LIMITED

Directors' Report

For the year ended 30 September 2011

The group continues to be conservatively geared with net bank borrowings at 44% of investments (2010:44%)

Net assets attributable to shareholders at 30 September are summarised as follows:

	30/09/2011	30/09/2010
	£'000	£'000
Cash and accrued interest	4,213	8,893
Investment portfolio	38,016	30,050
Development portfolio	548	5,117
Loans	-	262
Net trade liabilities	(675)	(522)
Bank borrowings	(17,050)	(15,653)
Minority interests	-	(4,218)
Net asset value attributable to shareholders of the Company	<u>25,052</u>	<u>23,929</u>

Results and dividends

The results of the Group are stated on page 13. The Directors do not propose a dividend for the year (2010: Nil).

Directors

The Directors of the Company who served during the year and to the date of approving this report were as follows:

<i>Name</i>	<i>Appointed</i>
Gerald Rubenstein	2 July 2007
Angus Mackay	2 July 2007
Robert Cohen	2 July 2007
David Abargil	2 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 2011:

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

David Abargil, Brett Allen and Angus Mackay are Directors of Corum Investment Advisers Limited which acts as the Investment Adviser to the Company. Gerald Rubenstein, Angus Mackay and Robert Cohen have indirect beneficial interests in the equity of Corum Investment Advisers Limited.

CORUM PROPERTY INVESTMENTS LIMITED

Directors' Report

For the year ended 30 September 2011

Directors' remuneration

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

<i>Name</i>	<i>2011</i> £	<i>2010</i> £
David Abargil	7,500	7,500
Brett Allen	6,000	6,000
	<hr/>	<hr/>
	13,500	13,500
	<hr/> <hr/>	<hr/> <hr/>

Substantial shareholdings

Investors with holdings of more than 3 per cent of the issued shares of the Company as at 1 November 2011 were as follows:

<i>Name of investors</i>	<i>Number of</i> <i>ordinary shares</i>	<i>% held</i>
Vestacor Limited	6,647	35.34
Isaac Stone Limited	3,000	15.95
SBS Nominees Limited	3,000	15.95
MWI Nominees Limited	1,052	5.59

Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ('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.

CORUM PROPERTY INVESTMENTS LIMITED

Directors' Report

For the year ended 30 September 2011

Auditor

The auditor of the Company, BDO Limited, was appointed during the year and has expressed its willingness to continue in office.

By order of the Board

A handwritten signature in black ink, appearing to be 'W. Adams', is written below the 'By order of the Board' heading.

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

We have audited the consolidated financial statements of Corum Property Investments Property Limited for the year ended 30 September 2011 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 the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 is undertaken so that we might state to the group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 30 September 2011 and of group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

BDO Limited

CHARTERED ACCOUNTANTS

Place du Pré

Rue du Pré

St Peter Port

Guernsey

Date:

02 December 2011

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2011

	Notes	For the year ended 30 September 2011 £	For the year ended 30 September 2010 £
Gross rental income	4	3,214,599	3,037,012
Property operating expenses	5	(595,662)	(717,238)
Net rental income		2,618,937	2,319,774
Revaluations and impairments	6	(1,122,346)	807,219
Finance income	7	66,979	57,632
		(1,055,367)	864,851
Administrative expenses	8	(377,690)	(411,002)
Operating profit		1,185,880	2,773,623
Exchange losses		(524)	-
Finance costs		(1,053,241)	(1,255,922)
		(1,053,765)	(1,255,922)
Profit before tax		132,115	1,517,701
Taxation	2.9	(8,568)	(136)
Profit for the year		123,547	1,517,565
Other comprehensive income			
Gain on purchase of non-controlling interest	23	728,475	-
Translation of foreign entities		-	372
Total comprehensive income for the year		852,022	1,517,937
Profit/(loss) attributable to:			
Owners of the parent Company		395,165	1,553,329
Non-controlling interest		(271,618)	(35,764)
		123,547	1,517,565
Total comprehensive income attributable to:			
Owners of the parent Company		1,123,640	1,553,701
Non-controlling interest		(271,618)	(35,764)
		852,022	1,517,937
Earnings per ordinary share - basic and diluted	9	21.01	82.59
Total comprehensive income per ordinary share - basic and diluted	9	59.75	82.61

All items in the above statement are derived from continuing operations.
The notes on pages 17 to 36 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement of Financial Position

As at 30 September 2011

		30 September 2011	30 September 2010
	Notes	£	£
Assets			
Non-current assets			
Investment property	10	38,015,574	30,050,000
Investment property under construction	11	548,400	5,117,460
Loans receivable	12	-	262,477
Trade and other receivables	13	290,256	269,543
Restricted deposits	15	251,432	250,657
		<u>39,105,662</u>	<u>35,950,137</u>
Current assets			
Trade and other receivables	13	419,447	540,671
Cash and cash equivalents	14	4,212,947	8,892,580
		<u>4,632,394</u>	<u>9,433,251</u>
Total assets		43,738,056	45,383,388
Liabilities			
Current liabilities			
Trade and other payables	16	1,384,363	1,332,421
Bank borrowings	17	705,048	504,114
		<u>2,089,411</u>	<u>1,836,535</u>
Non-current liabilities			
Bank borrowings	17	16,543,295	15,399,418
Long-term loan from non-controlling interest	18	-	1,433,190
Long-term loan	19	52,892	-
		<u>16,596,187</u>	<u>16,832,608</u>
Total liabilities		18,685,598	18,669,143
Net assets		<u>25,052,458</u>	<u>26,714,245</u>
Equity			
Share capital	20	2,481	2,481
Share premium	21	18,805,119	18,805,119
Retained earnings		6,244,858	5,121,218
Total equity attributable to shareholders of the Company		<u>25,052,458</u>	<u>23,928,818</u>
Non-controlling interest		-	2,785,427
Total equity		<u>25,052,458</u>	<u>26,714,245</u>
Net asset value attributable to ordinary shareholders	22	<u>1,332.05</u>	<u>1,272.30</u>

These financial statements were approved and authorised for issue by the board on 2 December 2011 and signed on its behalf by:



Robert Cohen

The notes on pages 17 to 36 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement Of Changes In Equity

For the year ended 30 September 2011

Attributable to owners of the parent Company

For the year ended 30 September 2011

	Share Capital £	Share Premium £	Retained earnings £	Translation reserve £	Total £
At 1 October 2010	2,481	18,805,119	5,121,218	-	23,928,818
Total comprehensive income for the year					
Net profit for the year	-	-	395,165	-	395,165
Gain on purchase of non- controlling interest	-	-	728,475	-	728,475
At 30 September 2011	2,481	18,805,119	6,244,858	-	25,052,458

For the year ended 30 September 2010

	Share Capital £	Share Premium £	Retained deficit/ earnings £	Translation reserve £	Total £
At 1 October 2009	2,481	18,805,119	3,567,889	(372)	22,375,117
Total comprehensive income for the year					
Net profit for the year	-	-	1,553,329	-	1,553,329
Translation of foreign entities	-	-	-	372	372
At 30 September 2010	2,481	18,805,119	5,121,218	-	23,928,818

The notes on pages 17 to 36 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement of Cash Flows

For the year ended 30 September 2011

	Notes	30 September 2011 £	30 September 2010 £
Cash flows from operating activities			
Profit before tax		132,115	1,517,701
Adjustments for:			
Amortised tenant incentive		(35,446)	(73,916)
Bank interest income	7	(66,979)	(57,632)
Finance costs		961,207	1,177,004
		92,035	78,919
Revaluations and impairments	6	1,122,346	(807,219)
Tax paid		(194)	(136)
		<u>2,205,084</u>	<u>1,834,721</u>
Decrease/(increase) in receivables		120,855	(151,764)
Increase/(decrease) in payables		45,164	(649,104)
Net cash inflow from operating activities		<u>2,371,103</u>	<u>1,033,853</u>
Cash flows from investing activities			
Bank interest received	7	66,979	61,059
Disposal of investment property		-	6,740,000
Cost of disposal of investment property		-	(66,042)
Purchase of investment property including improvements, extensions & acquisition costs	10	(4,248,538)	(412,519)
Disposal of financial assets at fair value through profit and loss		-	296,595
Investment property under construction acquisition and improvement		(7,844)	(557,051)
Acquisition of non-controlling interest shares		(406,059)	-
Loans repayments received		-	752,565
Net cash (outflow)/inflow from investing activities		<u>(4,595,462)</u>	<u>6,814,607</u>
Cash flows from financing activities			
Proceeds from bank borrowings		1,975,000	84,646
Payments into restricted Deposit account		(775)	(561)
Loan repaid to non-controlling interest and purchase of non-controlling interest		(2,812,465)	-
Proceeds from long term loan		50,000	-
Loan arrangement fees		(76,932)	1,671
Minority interest paid		(81,476)	-
Repayment of bank borrowings		(630,189)	(4,474,968)
Bank interest paid		(878,437)	(1,080,410)
Net cash outflow from financing activities		<u>(2,455,274)</u>	<u>(5,469,622)</u>
Foreign exchange movements		-	372
Net (decrease)/increase in cash and cash equivalents		<u>(4,679,633)</u>	<u>2,379,210</u>
Cash and cash equivalents at beginning of the year		<u>8,892,580</u>	<u>6,513,370</u>
Cash and cash equivalents at end of the year		<u>4,212,947</u>	<u>8,892,580</u>

The notes on pages 17 to 36 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

1. **General information**

Corum Property Investments Limited ("the Company"), its subsidiaries and special purpose entities (together "the Group") form 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.

The Company is an authorised closed ended investment fund incorporated in Guernsey as a company limited by shares on 28 June 2007. The Termination date is 30 September 2013, which may be extended by two periods of one year each if recommended by the Directors and approved by a majority of Shareholders

These consolidated financial statements were approved for issue by the Board of Directors on 2 December 2011.

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**

Statement of Compliance

The financial statements of the Group show a true and fair view, have been prepared in accordance with International Financial Reporting Standards ('IFRS'), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB') and comply with the Companies (Guernsey) Law, 2008.

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 **New accounting policies effective and adopted**

Presentation of financial statements

There are no new standards or Interpretations effective for the current period which are relevant to the Groups operations.

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective. Management are of the opinion that these statements will not have a significant impact on the financial statements:

- IAS 24 (amended), "Related Party Disclosures" (effective for periods commencing on or after 1 January 2011);
- IAS 12 (amended), "Income Taxes" (effective for periods commencing on or after 1 January 2012);
- IFRS 7 (amended), "Financial Instruments: Disclosures" (effective for periods commencing on or after 1 July 2011);
- IFRS 9, "Financial Instruments - Classification and Measurement" (effective for periods commencing on or after 1 January 2013);
- IFRS 10, "Consolidated Financial Statements" (effective for periods commencing on or after 1 January 2013);
- IFRS 11, "Joint arrangements" (effective for periods commencing on or after 1 January 2013);
- IFRS 12, "Disclosure of Interest in Other Entities" (effective for periods commencing on or after 1 January 2013);
- IFRS 13, "Fair Value Measurement" (effective for periods commencing on or after 1 January 2013);
- IAS 1 (amended), "Presentation of Financial Statements" (effective for periods commencing on or after 1 July 2012)
- IAS 27 (amended), "Consolidated and Separate Financial Statements" (effective for periods commencing on or after 1 January 2013)
- IAS 28 (amended), "Investments in Associates" (effective for periods commencing on or after 1 January 2013)

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

2.2 *New accounting policies effective and adopted (continued)*

In addition the IASB completed its annual improvements project in May 2010. This project amended a number of existing standards and interpretations effective for accounting periods commencing between 1 July 2010 and 1 January 2011.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

2.3 *Consolidation*

The consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiaries, including special purpose vehicles ("SPVs") controlled by the Company, and its proportionate interest in joint ventures made up to 30 September 2011. 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) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

b) Joint ventures

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 statement of financial position 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 statement of total comprehensive income of the venture includes its share of the income and expenses of the jointly controlled entity.

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 statement of comprehensive income.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

2.4 *Foreign currency translation (continued)*

(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 period end date presented are translated at the closing rate at the date of the period end;
- Income and expenses for each statement of total comprehensive income 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 in other comprehensive income.

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 consists of rental income from properties. Rental income from operating leases is recognised in revenue on a straight-line basis over the lease term.

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.

2.9 *Taxation*

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinances 1989 (as amended), 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 and the BVI hold UK properties, are registered under the Non-Resident 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 2011 are £4,152,502 (5 April 2010: £4,567,086).

2.10 *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 statement of comprehensive income in the period in which they are incurred.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

2.11 *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.

2.12 *Investment property and investment property under construction*

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 and investment property under construction are 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 statement of comprehensive income.

2.13 *Rental income*

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Premiums received to terminate leases are recognised in the income statement when they arise.

2.14 *Determination and presentation of operating segments*

The Board has considered the requirements of IFRS 8. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board in the capacity of 'chief operating decision maker', is to assess the Company's performance and to allocate resources based on the total return of each individual investment within the Company's portfolio, as opposed to geographic regions or nature of property. As a result, the Board is of the view that the Company is engaged in a single segment of business, being investment in property and property related investments. There were no changes in the reportable segments during the year.

2.15 *Financial instruments*

Financial assets and financial liabilities are recognised in the Group's statement of financial position 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.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

2.15 *Financial instruments (continued)*

Financial assets (continued)

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 year end 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. These are initially and subsequently recorded at fair value.

b) 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 statement of total comprehensive income as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the consolidated statement of total comprehensive income.

c) 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.

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 statement of total comprehensive income 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.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

2.15 *Financial instruments (continued)*

Financial liabilities (continued)

d) Share capital

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

2.16 *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 statement of total comprehensive income.

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 statement of total comprehensive income.

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.

2.17 *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 and investment property under construction

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 year end date and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

3 Significant accounting judgements and key sources of estimation uncertainty (continued)

An external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and type 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.

4 Gross rental income

Rental income was received for renting out investment property in the year.

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	30/09/2011	30/09/2010
	£	£
No later than 1 year	3,155,912	2,918,098
Later than 1 year and no later than 5 years	7,039,121	7,844,435
Later than 5 years	8,498,951	9,005,022
	<u>18,693,984</u>	<u>19,767,555</u>

5 Property operating expenses

	30/09/2011	30/09/2010
	£	£
Asset management fees	135,133	163,950
Investment advisory fees	227,033	215,925
Irrecoverable VAT on direct expenses	1,730	2,291
Letting fees: agent and legal	18,514	97,020
Marketing and promotion	16,006	22,244
Professional fees	59,327	7,635
Property maintenance and repairs	(27,897)	28,598
Property management fees	30,500	45,300
Rates, insurance and service charges	135,316	134,275
	<u>595,662</u>	<u>717,238</u>

6 Revaluations and impairments

	30/09/2011	30/09/2010
	£	£
(Loss)/gain on revaluation of investment properties (see note 10)	(818,538)	887,481
Gain on disposal of financial assets designated at fair value through profit and loss	-	35,372
Fees on acquisition/disposal of investment properties	-	(66,042)
Impairments of loans and receivables (see note 12)	(262,477)	-
Loss on revaluation of investment property under construction (see note 11)	(41,331)	(39,592)
Loss on disposal of investment property	-	(10,000)
	<u>(1,122,346)</u>	<u>807,219</u>

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

7	Finance income	30/09/2011	30/09/2010
		£	£
	Bank interest income	66,979	57,632
8	Administrative expenses	30/09/2011	30/09/2010
		£	£
	Administration fees	81,861	88,773
	Advisory and structural fees	56,421	56,421
	Acquisition fees	66,000	1,446
	Auditor's remuneration	19,588	37,525
	Directors' remuneration	13,500	13,500
	D&O Insurance	7,159	7,173
	Investment Adviser's fees	86,207	160,215
	Irrecoverable VAT	-	2,295
	Legal and professional fees - general	31,900	20,443
	Professional fees - aborted acquisitions	-	10,197
	Statutory fees	9,470	9,497
	Sundry expenses	3,834	1,490
	Travel	1,750	2,027
		377,690	411,002
9	Earnings per ordinary share - basic and diluted	30/09/2011	30/09/2010
	The calculation of the earnings per share is based on the following data:	£	£
	Net profit attributable to the owners of the parent Company	395,165	1,553,329
	Total comprehensive income attributable to the owners of the parent Company	1,123,640	1,553,701
	Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	18,807	18,807
	Earnings per ordinary share	21.01	82.59
	Total comprehensive income per ordinary share	59.75	82.61
10	Investment property	30/09/2011	30/09/2010
		£	£
	Fair value at the beginning of the year	30,050,000	35,500,000
	Property acquisitions and improvements at cost	4,248,538	412,519
	Transfer from investment property under construction	4,566,137	-
	Costs capitalised adjustment	(30,563)	-
	Disposals at opening valuation	-	(6,750,000)
	Revaluations (see note 6)	(818,538)	887,481
	Fair value at the end of the year	38,015,574	30,050,000

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

10 Investment property (continued)

The fair value of the Group's investment property at 30 September 2011 is shown at Directors' valuation. This valuation is based on the fair value valuation by Savills and CBRE at 30 September 2011. Savills and CBRE are independent valuers and their valuation basis has been market value as defined by the Royal Institution of Chartered Surveyors ('RICS') Approval and Valuations Standards. The exception is the Birmingham property which was valued based on the fair value valuation by Andrew Parker (FRICS) who is an employee of Folkes Holdings Limited.

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 17).

11	<i>Investment property under construction</i>	30/09/2011	30/09/2010
		£	£
	Fair value at the beginning of the year	5,117,460	-
	Transfer from development property due to revised IAS 40	-	4,600,000
	Transfer to investment property	(4,566,137)	-
	Acquisition costs of land and buildings	-	509,530
	Build and professional costs in the year	38,408	45,129
	Borrowing costs capitalised	-	2,393
	Revaluation	(41,331)	(39,592)
	Fair value at the end of the year	<u>548,400</u>	<u>5,117,460</u>

The fair value of the Group's investment property under construction at 30 September 2011 is shown at Directors' valuation.

The Group's subsidiaries have pledged their investment properties to secure banking facilities granted to the relevant subsidiary (see note 17).

Direct operating expenses recognised in profit and loss include £30,660 (2010: £46,136) relating to investment property which was under construction and so was unlet.

12	<i>Loans receivable</i>	30/09/2011	30/09/2010
		£	£
	Loans to City and Docklands London Limited	<u>-</u>	<u>262,477</u>
	Disclosed as:		
	Non-Current assets	<u>-</u>	<u>262,477</u>

The Directors have reviewed the loans to City and Docklands London Limited and City and Docklands Perry Street and made provision for impairment of the total amount of the loans.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

13 <i>Trade and other receivables</i>	30/09/2011	30/09/2010
	£	£
Trade receivables	174,810	211,882
Prepayments	14,947	87,392
VAT recoverable	16,217	39,093
Prepaid finance expenses	275,480	290,582
Amortised rent-free incentive	109,362	73,916
Other debtors	118,887	107,349
	<u>709,703</u>	<u>810,214</u>
Disclosed as:		
Non-current assets	<u>290,256</u>	<u>269,543</u>
Current assets	<u>419,447</u>	<u>540,671</u>

14 <i>Cash and cash equivalents</i>	30/09/2011	30/09/2010
	£	£
Cash at bank	<u>4,212,947</u>	<u>8,892,580</u>

15 <i>Restricted deposits</i>	30/09/2011	30/09/2010
	£	£
Restricted deposits	<u>251,432</u>	<u>250,657</u>

This relates to an amount held by Aviva Plc that is blocked and held as security for an amount due to the lender.

16 <i>Trade and other payables</i>	30/09/2011	30/09/2010
	£	£
Trade payables	40,887	151,735
Retentions	89,513	178,680
Deferred rental income	731,610	655,594
VAT payable	128,618	64,955
Interest on long-term liability	178,303	179,900
Tax payable	10,342	1,967
Accruals	205,090	99,590
	<u>1,384,363</u>	<u>1,332,421</u>

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

17 <i>Bank borrowings</i>	30/09/2011	30/09/2010
	£	£
Aviva Plc	12,345,917	12,850,032
Svenska Handelsbanken AB	<u>4,902,426</u>	<u>3,053,500</u>
	<u>17,248,343</u>	<u>15,903,532</u>
Disclosed as:		
Current liabilities	<u>705,048</u>	<u>504,114</u>
Non-current liabilities	<u>16,543,295</u>	<u>15,399,418</u>

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

17 *Bank borrowings*

The Aviva Plc loan payable is secured by certain investment properties with a fair market value of £29,330,000 (2010: £30,050,000) at the reporting date.

The Aviva Plc loan is divided into an interest only loan of £10,505,000 and an amount of £1,840,917 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 loans payable are secured by investment properties with a fair value of £8,681,559 (2010: £4,600,000) at the reporting date.

There are two Svenska Handelsbanken AB loans; the first, payable by Trifolkes Stona LLP for £3,053,500 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. The second loan, payable by Corum II Limited for £1,848,926, carries an interest rate of LIBOR plus a margin of 2.65% throughout the period of the loan. Interest payments are due on a quarterly basis. The quarterly capital repayments are due based on a 10 year repayment profile with the balance of the loan repayable in full at the maturity date, 30 November 2015.

18 *Long-term loan from non-controlling interest*

	30/09/2011	30/09/2010
	£	£
Gemshorn Limited	-	1,433,190

At the previous year end Gemshorn Limited owned 10% of the shares and voting interest in Corum UK Holdings 1 Limited ("CUKH1") and had subscribed £1,237,500 to an Unsecured Redeemable B Loan Note in that company. The B Loan Note accrued interest at 12.5% per annum and had a final repayment date of 24 December 2019.

During the year CUKH1 repaid the loan in full and the Company purchased the 10% shareholding Gemshorn held in Corum UK Holdings 1 Limited.

19 *Long-term loan*

	30/09/2011	30/09/2010
	£	£
Lightstone Properties plc	52,892	-

Lightstone Properties plc ('Lightstone') is the asset manager of the Halbeath Investment. During the year Lightstone subscribed £50,000 to an Unsecured Redeemable Variable Rate Mezzanine B Loan Note in Corum II Limited. The Loan Note bears interest at the average rate at which the Company earns interest on such loans to Corum II Limited as are utilised for the Halbeath acquisition. The Loan Note is repayable on 14 December 2015

The loan has earned a interest rate of 7.1% per annum in the year. In addition Lightstone will be entitled to a profit share of 1/46 of the residual profit on the Halbeath investment, after all the loans from the Company and its own loan have earned a hurdle rate of 12.5%.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

20 <i>Share capital</i>	30/09/2011	30/09/2010
	£	£
<i>Authorised share capital:</i>		
100,000 ordinary shares of 10p each	10,000	10,000
100 management shares of 100p each	100	100
1,000 performance shares of 100p each	1,000	1,000
Total	<u>11,100</u>	<u>11,100</u>
<i>Issued and fully paid share capital:</i>		
	30/09/2011	30/09/2010
	£	£
18,807 ordinary shares of 10p each	1,881	1,881
100 management shares of 100p each	100	100
500 performance shares of 100p each	500	500
Balance at the end of the year	<u>2,481</u>	<u>2,481</u>
<p>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.</p> <p>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.</p> <p>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.</p>		
21 <i>Share premium</i>	30/09/2011	30/09/2010
	£	£
Premium arising on issue of ordinary shares	<u>18,805,119</u>	<u>18,805,119</u>
22 <i>Net asset value per ordinary share</i>	30/09/2011	30/09/2010
	£	£
<p>The calculation of the net asset value per ordinary share is based on the following data:</p>		
Net asset value attributable to ordinary shareholders	<u>25,051,858</u>	<u>23,928,218</u>
Number of ordinary shares	<u>18,807</u>	<u>18,807</u>
Net asset value per ordinary share	<u>1,332.05</u>	<u>1,272.30</u>

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

23 Purchase of non-controlling interest

On 15 March 2011 the Group purchased the 10% non-controlling interest in Corum UK Holdings 1 Limited which, as a consequence is now a wholly owned subsidiary.

During the trading period up to the date of purchase, the non-controlling interest liability reduced by £271,618 as the profit share due, based on an IRR calculation, peaked at March 2010 and has since been reducing with the effluxion of time.

The purchase gave rise to a gain of £728,476 as the price agreed was less than the liability carried in the accounts of the Group.

The movements on the non-controlling interest liability are analysed as follows:

	30/09/2011 £	30/09/2010 £
Opening balance at the beginning of the year	(2,785,427)	(2,821,191)
Loss attributable to the non-controlling interest for the year	271,618	35,764
Balance at the date of purchase	<u>(2,513,809)</u>	<u>(2,785,427)</u>
Purchase price of non-controlling interest	1,785,334	-
Gain on purchase of non-controlling interest	728,475	-
Balance at the end of the year	<u><u>-</u></u>	<u><u>(2,785,427)</u></u>

24 Investment in subsidiaries

The financial statements of the Group consolidate the results, assets and liabilities of the subsidiary companies listed below:

Name	Country of Incorporation	Beneficial interest	Share
Direct			
Corum (IV) Properties Limited (formerly Corum (A30) Limited)	British Virgin Islands	100%	1,000
Corum II Limited	British Virgin Islands	100%	50
Corum (Aldridge) Limited	British Virgin Islands	100%	100
Corum UK Holdings 1 Limited	British Virgin Islands	100%	125,000
Indirect			
Stratton II S.à.r.l.	Luxembourg	100%	545,340
Stratton III S.à.r.l.	Luxembourg	100%	532,300

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

25 *Investment in joint ventures*

The Group has not invested in any new joint venture entities during the year to 30 September 2011. The Group has an investment 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 2011 and 30 September 2010 and for the years then ended is included in the consolidated financial statements, and is as follows:

	30/09/2011	30/09/2010
	£	£
Current assets	120,373	112,972
Non-current assets	4,542,254	4,613,214
	<u>4,662,627</u>	<u>4,726,186</u>
Current liabilities	(90,377)	(187,776)
Non-current liabilities	(3,053,500)	(3,053,500)
	<u>(3,143,877)</u>	<u>(3,241,276)</u>
Net asset value	<u>1,518,750</u>	<u>1,484,910</u>
	30/09/2011	30/09/2010
	£	£
Finance income	315	429
Revaluation of property	(41,331)	-
Property operating expenses	(23,524)	-
Administrative expenses	(1,586)	(39,677)
Loss for the period from operations	<u>(66,126)</u>	<u>(39,248)</u>
Finance costs	(75,033)	(45,023)
Loss for the period	<u>(141,159)</u>	<u>(84,271)</u>

Trifolkes Stona LLP, a limited liability partnership, holds an investment property. Corum II 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).

As at 30 September 2011 Corum II Limited had invested £2,125,000 in Trifolkes Stona LLP. In the year the investment property in Trifolkes Stona LLP has been completed but a further small element of build, while contracted for, has been deferred.

26 *Capital risk management*

The capital structure of the Company consists of debt which includes interest bearing borrowings, cash and cash equivalents, equity attributable to shareholders of the Company which comprise of share capital, share premium and retained earnings.

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

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

26 *Capital risk management (continued)*

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 its capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell net assets to reduce debt.

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 32.55% as at 30 September 2011 (2010: 18.65%). The debt to equity ratio, calculated as net debt divided by total equity plus subordinated minority shareholder loan, was 50.92% (2010: 26.66%). The Articles place no limit on 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 Company is not subject to externally imposed capital requirements.

27 *Contingencies*

Corum II Limited, a 100% owned subsidiary of the Company, has a contingent commitment towards Trifolkes Stona LLP for any cost over-runs and interest expenses post-completion in excess of the bank facility.

28 *Events after the reporting date*

After the year end Corum (Aldridge) Limited, a wholly owned subsidiary of the Company, agreed to sell part of the vacant land adjoining the building on its investment property under construction to WM Morrison Supermarkets PLC for £295,000 to be used as a car park.

After the year end Corum II Limited, a wholly owned subsidiary of the company, completed on the acquisition of motor retail premises situated in Durham for a total consideration of £1.5m including costs.

Other than the above the Group had no significant events after the reporting date.

29 *Related party transactions*

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

Corum Investment Advisers Limited ('CIAL') is the Investment Adviser 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 and its nominees acquisition fees of £144,000 (2010: £9,500) and Investment Adviser's fees of £376,140 (2010: £376,140). At the year end there was an amount outstanding to CIAL of £nil (2010: £46,860).

David Abargil, Brett Allen and Angus Mackay, Directors of the Company, are directors of CIAL. David Abargil received £7,500 (2010: £7,500) and Brett Allen received £6,000 (2010: £6,000) for their services as Directors of the Company. Angus Mackay waived his remuneration. Gerald Rubenstein, Angus Mackay and Robert Cohen, Directors of the Company, have an indirect beneficial interest in CIAL.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

30 *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. The Board of Directors is of the opinion that the carrying amounts of all financial assets and financial liabilities approximate their fair values.

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

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank borrowings
- Long term loan

Categories of financial assets and financial liabilities

	30/09/2011	30/09/2010
	£	£
Non-current financial assets:		
<i>Loans and receivables</i>		
Loans receivable	-	262,477
Trade and other receivables	290,256	269,543
Restricted deposits	251,432	250,657
Current financial assets:		
<i>Loans and receivables</i>		
Trade and other receivables	419,447	540,671
Cash and cash equivalents	4,212,947	8,892,580
Non-current financial liabilities:		
<i>Financial liabilities measured at amortised cost</i>		
Bank borrowings	16,543,295	15,399,418
Long-term loan from minority shareholder	-	1,433,190
Long-term loan	52,892	-
Current financial liabilities:		
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables	1,384,363	1,332,421
Bank borrowings	705,048	504,114

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

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

30 *Financial Instruments risk exposure and management (continued)*

Credit risk

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.

Credit risk is the risk that the counterparty to a financial instrument will fail to meet obligations, causing a loss to the Group. Credit risk arises on cash, trade and other receivables and loans.

Cash and cash equivalents and loans represent the majority of the Group's financial assets. The majority of the cash and cash equivalents at year end date is held with Investec Bank plc, Investec Bank (Channel Islands) Limited, Royal Bank of Scotland International Limited and Barclays Bank plc. The credit risk associated with the holding of cash and cash equivalents and receivables is managed by the Administrator and is reviewed by the Investment Adviser and the Board of Directors on a regular basis.

The loans are monitored on a monthly basis by the Investment Adviser 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 year end date:

30 September 2011

Counterparty

	Credit rating symbols	Rating	Carrying Amount £
Investec Bank plc	Fitch	F3	2,797,213
Investec Bank (Channel Islands) Limited	Fitch	F3	16,301
Royal Bank of Scotland International Limited	Fitch	F1	418,677
Royal Bank of Scotland Limited	Fitch	F1	6,485
Lloyds TSB Bank plc	Fitch	F1	144,966
HSBC Bank plc	Fitch	F1+	8,059
Barclays Bank plc	Fitch	F1+	681,940
Svenska Handelsbanken AB	Fitch	F1+	135,118
Société Générale Bank & Trust	S&P	A+	4,188
Aviva plc	S&P	A	251,432

30 September 2010

Counterparty

	Credit rating symbols	Rating	Carrying Amount £
Investec Bank plc	Fitch	F3	3,138,279
Investec Bank (Channel Islands) Limited	Fitch	F3	2,676,757
Royal Bank of Scotland International Limited	Fitch	F1+	2,914,399
Lloyds TSB Bank plc	Fitch	F1+	53,177
Barclays Bank plc	Fitch	F1+	599
Svenska Handelsbanken AB	Fitch	F1+	105,333
Société Générale Bank & Trust	S&P	A+	4,036
Aviva plc	S&P	A	250,657
City and Docklands	not quoted	not quoted	262,477

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

30 Financial Instruments risk exposure and management (continued)

Credit risk (continued)

The table below analyses the Group's financial assets 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 2011

Maturities of these financial assets:	< 1 month £	1 month to 1 year £	1 - 5 years £	Total £
Cash and cash equivalents	1,415,734	2,797,213	-	4,212,947
Restricted deposits	-	-	251,432	251,432
Trade receivables	-	404,500	290,256	694,756
	<u>1,415,734</u>	<u>3,201,713</u>	<u>541,688</u>	<u>5,159,135</u>

30 September 2010

Maturities of these financial assets:	< 1 month £	1 month to 1 year £	1 - 5 years £	Total £
Cash and cash equivalents	5,754,301	3,138,279	-	8,892,580
Restricted deposits	-	-	250,657	250,657
Loans and receivables	-	-	262,477	262,477
Trade receivables	-	453,279	269,543	722,822
	<u>5,754,301</u>	<u>3,591,558</u>	<u>782,677</u>	<u>10,128,536</u>

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 Adviser in accordance with policies and procedures established by the Board.

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 2011

Contract maturities of financial liabilities:	< 1 month £	1 month to 1 year £	1 - 5 years £	Total £
Trade and other payables	-	1,384,363	-	1,384,363
Bank borrowings	-	705,048	16,543,295	17,248,343
Other long-term loans	-	-	52,892	52,892
Total	<u>-</u>	<u>2,089,411</u>	<u>16,596,187</u>	<u>18,685,598</u>

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

30 *Financial Instruments risk exposure and management (continued)*

Liquidity risk (continued)

30 September 2010

Contract maturities of financial liabilities:	< 1 month £	1 month to 1 year £	1 - 5 years £	Total £
Trade and other payables	-	1,332,421	-	1,332,421
Bank borrowings	-	504,114	15,399,418	15,903,532
Long-term loan from minority interest	-	-	1,433,190	1,433,190
Total	-	1,836,535	16,832,608	18,669,143

No defaults and breaches on financial obligations due were incurred during the course of the year.

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.

The Group has no major exposure to market risk.

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 2011		As at 30 September 2010	
	%	£	%	£
<i>Weighted average interest rate</i>				
Loans receivable				
Non-interest bearing	-	-	-	262,477
Trade and other receivables				
Non-interest bearing	-	694,756	-	810,214
Cash and cash equivalents				
Fixed	2.00%	2,797,213	-	-
Fixed	0.05%	681,940	-	-
Variable	0.22%	985,226	0.90%	9,143,237
Financial liabilities at amortised cost - trade and payables				
Non-interest bearing	-	1,384,363	-	1,322,421
Bank borrowings				
Variable	3.55%	1,848,926	-	-
Variable	2.29%	3,053,500	1.97%	3,053,500
Fixed	6.00%	12,345,917	6.00%	12,850,032

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended 30 September 2011

30 *Financial Instruments risk exposure and management (continued)*

Market risk (continued)

For the Group, an increase of 50 basis points in interest rates would result in a decrease in pre-tax profits of £17,393 (2010: £30,449) a decrease of 50 basis points in interest yields would result in an increase in pre-tax profits of £22,319 (2010: £30,449).

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 undertook 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.

CORUM PROPERTY INVESTMENTS LIMITED

Key Parties

Registered Office

Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 4NA

Administrator, Secretary and Registrar

Praxis Funds Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 4NA

Investment Adviser

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

Structural Adviser

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

BDO Limited
Place Du Pre
Rue du Pre
St Peter Port
Guernsey GY1 3LL

Annual Sponsor

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

Principal Bankers

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

Legal Advisor to the Company (as to Guernsey Law)

Mourant 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 HM12