CORUM PROPERTY INVESTMENTS LIMITED

REGISTERED NUMBER: 47257

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2012

Contents

CORUM PROPERTY INVESTMENTS LIMITED

Company Summary

For the year ended 30 September 2012

Corporate Statement

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

It invests in commercial real estate, primarily in the United Kingdom, with a focus on income producing commercial assets where active asset management can enhance value; and on development opportunities in the same sectors.

Key features of the year under review

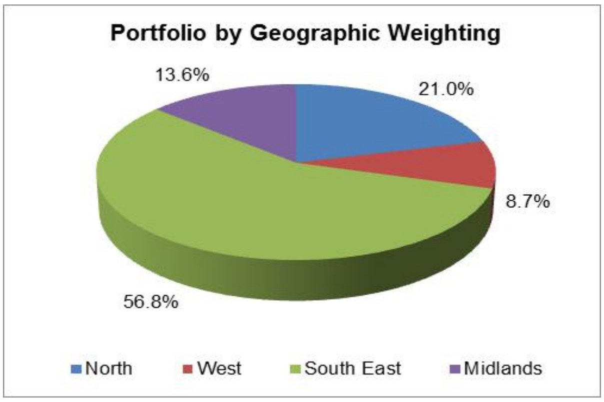
- The investment and development programme continued with the acquisition of the motor retail site at Durham; redevelopment of Aldridge; and the acquisition of land and commencement of the development of a district retail centre at Norton Fitzwarren in Somerset.
- Commencement of the refurbishment of the Basingstoke office building when vacated by the tenant at the end of June 2012.
- Rents received increased by 4.3% due to a combination of new investments and rent increases offset to a degree by tenant incentives and the end of the Basingstoke lease.
- Operating income after finance costs excluding other income was up 9.9% to £1,378,450 (2011: £1,254,460)
- Continued weakening in market values led to a revaluation write-down of £2,262,795 (2011: £859,869). This write-down was largely related to a general weakening in the market and to the fact that our unexpired leases have reduced due to the passing of time.
- The good trading situation was negated by the capital write-down resulting in a loss per share of £15.41 (2011: Profit £21.01) and NAV per share ended the year at £1,316.64; a decline of 1.2% in the year.
- Future contractual rentals receivable have increased by £3.85m to £22.5m. The passing of a year reduced the balance at September 2011 by £3.16m; new and extended leases on existing investments, together with upward rent reviews, increased the value by £2.36m; whilst leases on new investments and developments added a further £4.65m.

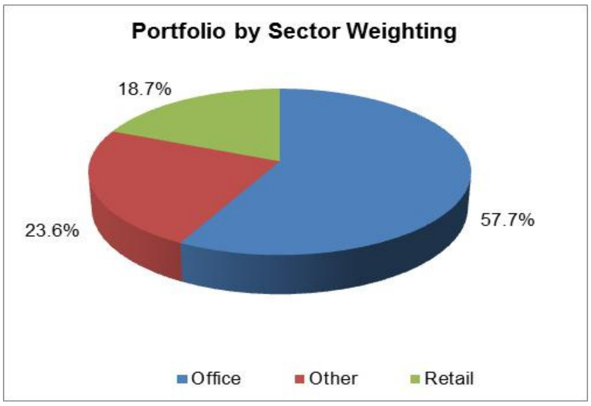
CORUM PROPERTY INVESTMENTS LIMITED

Company Summary
For the year ended 30 September 2012

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, Lomdon, 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 City	Office	32,400	100%
Langley Point, Bath Row, Birmingham	Office	44,500	50%
Fife Motor Village	Retail - Motor	53,672	100%
Alma Place, Durham	Retail - Motor	10,095	100%
Avion Building, Aldridge, West Midlands	Retail - Leisure	6,500	100%
Investment properties in development:			
Norton Fitzwarren District Retail Centre, Taunton, Somerset	Retail & Healthcare	n/a	100%





Introduction

The last 12 months have seen a property market beset with uncertainties and a consequent lack of transactions. Buyers have either been chasing after a limited supply of prime (mostly central London) stock, or looking for bargains in the secondary market. In the latter market, the balance of power lies very much with the buyer and as a consequence, we have seen a fall in values across the board for non-prime property assets.

It is within this context that property asset managers must find ways to generate a positive return from their assets. As will be seen in the detail of our report, the letting market is not without activity and there continues to be opportunities to acquire assets at attractive prices. The previous 12 months have therefore required us to continue to invest in the portfolio to maintain value and to attract new tenants, whilst at the same time, carefully managing costs and cashflow.

The overall decline in the market, which has coincided with a number of our assets being under development or refurbishment, has resulted in the independently assessed values of the properties declining by £2.4m (6.4% of the value of the investment portfolio at September 2011); however, this has been offset to a degree by a growing income stream and a gain of £0.2m upon completion of the Aldridge development.

Given the uncertain global economic conditions, it would be foolhardy to predicate an investment strategy on the early resumption of strong growth in tenant demand, rentals and capital values. Rather we seek good levels of running yields (with a cushion for portfolio vacancies and refurbishment costs) and see value enhancement being achieved through intensive asset and tenant management. As economic conditions slowly improve, such a portfolio will be better placed than most to benefit from macro-conditions.

Looking ahead, we foresee a market with opportunities to acquire good quality assets at attractive prices, and to use our asset management skills to deliver strong returns to investors.

In the medium term, the value of the existing portfolio is likely to grow through continued investment and development.

Economic Background

An overview of the previous 12 months, suggests an economy with alternating periods of positive sentiment in one quarter, negated by more bearish prospects in the following period. This supports our contention that in the short term, the market will continue to be slow and erratic with no clear direction.

On a more positive note, short term indicators suggest an improving economic picture, with GDP in the third quarter bouncing back more strongly than expected into positive territory. At the same time, levels of employment have continued to grow.

There are obviously longer term issues, not least the on-going impact of deficit reduction, continuing Euro uncertainty, and the fact that inflation continues to exceed income growth. All of these will act as a brake on significant growth and any immediate improvement in sentiment. As with the property market, the outlook remains positive, but only marginally so, and is likely to continue to be characterised by alternating periods of growth and retrenchment.

UK Property Market

There is now a widening gap between the “Ultra-Prime” central London property market, which has been driven by international investors (primarily Sovereign Wealth Funds, US Institutions and ultra-high net worth individuals) and the rest of the UK market. The lack of available debt for property acquisitions has exacerbated this trend.

The secondary market remains the preserve of private individuals and property companies, together with some of the more creative institutions. In all cases, deals in this sector are equity focused and the yields therefore reflect purchaser’s requirements to see equity style returns.

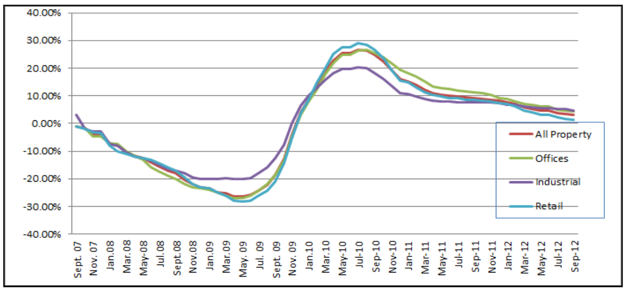
UK Property Market (continued)

With capital values static or falling, overall returns are driven by income, with rental growth very much dependent on local market conditions. The current market provides an ideal opportunity for companies looking to rationalise and / or acquire accommodation, so there is occupational demand to varying degrees in most markets, albeit that this tends to be focused on the smaller scale of requirements (generally less than 10,000 sqft outside of Central London).

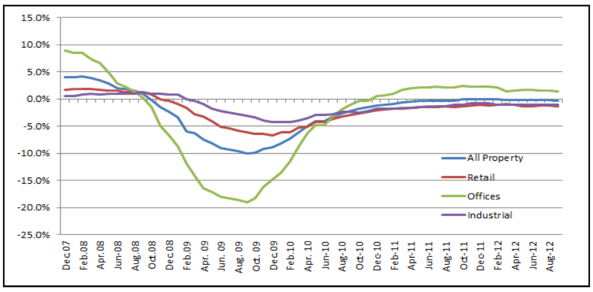
Total property returns for the 12 months to the end of September 2012 have been in the order of 2.5%, but with declining capital values, this positive return has been derived solely from income yield. Overall returns are distorted by the impact of prime central London Offices, which were the only sector to show positive capital growth over the last 12 month period. The secondary market has seen the greatest fall in capital values.

Three years on from the bottom of the current market cycle (somewhere towards the middle of 2009), the banks and other financial institutions still retain a substantial quantum of problem loans and over-leveraged assets. These continue to drip-feed into the market and will provide a fruitful source of opportunities for creative and well financed investors over the short to medium term.

Total Returns (CBRE Monthly Index)



Rental Growth (CBRE Monthly Index



12 month rolling rate

Corum Strategy

Our short term strategy remains focused upon the completion of on-going projects, leasing of vacant space, and the enhancement of both income and capital value. In the longer term, we look to position Corum to take advantage of current and prospective buying opportunities and to evolve the structure to meet the changing requirements of investors.

At the present time, buyers tend to believe that vendors are in a distressed position, so realising cash through the disposal of assets is unlikely in most cases to result in proceeds which would meet our expectations. However, as the market slowly improves and investors focus on the more attractive returns available in the secondary market, we foresee greater opportunities to recycle equity. The existing portfolio still includes a number of latent opportunities and Corum Property Investments Limited will therefore continue to be an opportunistic investor, focusing across all sectors of the property market, and delivering returns through active asset management and selective development.

Portfolio Update

Acquisitions

Long let car showroom investment, Durham

A modern car showroom investment in Durham, a major university city in the north east of England, completed at the end of October 2011. The property, which operates as a Peugeot mainline dealer, is let to an established franchise holder on a long lease expiring in 2030 and with a break clause in 2025. The site is in a prominent roadside location near to other car dealerships and a large retail park on the outskirts of the city.

Portfolio Update (continued)
Acquisitions (continued)
Long let car showroom investment, Durham (continued)
The agreed purchase price of £1.4m delivers an initial yield of 8.23% on the equity invested after accounting for the costs of acquisition. The lease provides for the tenant to be responsible for the insurance and repairs to the property, and there are rent reviews to open market value every five years. As well as adding to the existing portfolio of assets in this sector, the investment provides greater diversity and security of income across the overall portfolio.

District Centre Retail Development, Norton Fitzwarren

Following extensive negotiation, agreements were exchanged to acquire a 0.84 acre site, with planning permission, at the beginning of 2012. Sitting at the heart of a substantial new residential community, the site provides a new district retail centre of 16,650 sqft in an area with few existing shopping facilities.

Pre-lettings are now in place for in excess of 70% of the anticipated rental income, including a new retail convenience store and a doctor’s surgery.

Construction work commenced in March 2012, with completion currently projected for January 2013. Total development costs of approximately £3m are being funded from a mixture of equity and bank debt, and Corum has an option to convert the development loan to a longer term investment loan upon completion of the project.

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

Existing Portfolio
Office Portfolio
Our focus continues to be on managing the income stream and maintaining and enhancing the assets. The last 12 months have seen a number of initiatives to deal with actual or upcoming voids and where required, investment in properties to attract new tenants.

In **Basingstoke**, the expiry of the previous lease in June has afforded the opportunity to undertake a comprehensive refurbishment including a new reception area and toilets. At the same time, we are undertaking repair works to the outside of the property as part of the dilapidations claim against the previous tenant. The various works will be complete by the end of 2012, and a lease has recently been concluded with a new tenant for part of the top floor, with good interest in the remaining space.

The tenant at **Welwyn** exercised their break and vacated the property at the end of September. We were successful in concluding a settlement of the dilapidations claim, at a level close to a full year’s rent. The property is being marketed, and we currently have interest on both a short term basis and for a potential acquisition of the freehold, from an owner occupier.

Consideration is also being given to the future refurbishment of the property in **Maidenhead**, although the existing lease has over two years unexpired. The market for grade A accommodation in the area is currently quite strong, and we believe that there may be the opportunity to secure a pre-letting ahead of the lease expiry. At the same time, we are exploring options for a change of use to residential and have received a number of unsolicited offers for the property on this basis.

Existing Portfolio

Office Portfolio (continued)

We have been disappointed not to make further progress in securing an occupier for the **Langley Point** property in Birmingham over the course of the last 12 months, as the occupational market in Birmingham itself remains weak. A recent review of the asset has resulted in a change of strategy, with a new leasing team and a fresh marketing campaign targeting a different sector of the market.

Whilst it is a little early to fully assess the impact of this, we have been encouraged by the increased level of interest and enquiries over the last quarter.

Other properties within the Office Portfolio remain income producing as reported previously, with no outstanding arrears of rent.


Basingstoke


Maidenhead


Leeds

Schools

The two schools in central London continue to perform well and rentals increased by 17.8% in line with the 5 year change in RPI at the end of November 2011

Anchor Road, Aldridge

Refurbishment of the property was completed during the financial year, and we also sold part of the site to the adjoining supermarket operator, for the extension of their existing car park.

The lease agreement with JD Wetherspoon Plc was completed on 30 November 2012, on the basis of a new lease for a term of 30 years with fixed rental uplifts and on a full repairing and insuring basis. The independent valuation of the property at the year-end produced a £208,000 uplift on the costs of the project (including a realised gain of £25,000 on the sale of the surplus land). In the short term, the property will be held as an investment, producing a yield on costs of approximately 8.5%, but with potential for a disposal or re-financing at the appropriate time.

Fife Motor Village, Dunfermline, Scotland

Acquired in December 2010, the property is let to a number of major dealership groups trading major marques, including VW, Toyota, Renault and Peugeot.

Our strategy has been to raise the income stream through active management and development of the site, and to deal with outstanding rent reviews and voids. The site continues to trade well and is currently 100% let and income producing.

Over the year, we have renewed leases, settled some of the outstanding rent reviews, let the vacant unit and increased income through the construction of additional parking spaces. Total income has risen by approximately 7% since acquisition, and we anticipate further increases following the settlement of the remaining rent reviews and commencement of rent payments on the previously vacant unit.

We continue to invest in the property and explore opportunities to enhance value.

Conclusion

The last 12 months have seen an overall decline in capital values outside of prime Central London. At the same time, market conditions are very localised, and our success in securing occupiers for vacant accommodation shows that there is selective demand for good quality product provided it is correctly priced.

In the short to medium term, we do not anticipate any substantial increase in either capital values or rental levels. Overall market conditions are likely to remain subdued, but will vary substantially from one location to another. Despite this, there will continue to be opportunities to earn good returns, as overall values remain at an historically low level, and the ongoing process of de-leveraging by banks and other financial institutions will continue to create opportunities for experienced and well-funded purchasers.

We believe that investors' interests will best be served by continuing to take a longer term view of the market and through continuing to be an opportunistic investor, focusing across all sectors of the property market and delivering returns through active asset management and selective development.

Directors' Report

For the year ended 30 September 2012

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 2012.

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

The focus for the current year has been on maintaining and improving current rents, building out developments to completion, refurbishing newly vacant properties and controlling costs.

Rental income rose by 4.3% to £3.4m up £138,000 on the prior year. This increase was made up of rents on new investments of £171,000 and rent increases of £90,000 on existing investments, offset by reductions due to lease expiries of £93,000 and tenant incentives on renewals of £30,000.

Total costs increased by £53,000 (5.4%) due largely to increased void costs of £30,000 and a comparative one-off income recovery for repairs in the prior year of £30,000. While fees paid to the investment adviser increased in line with NAV this was offset by a reduction in asset management fees paid to 3rd parties. Overall other costs declined.

Net finance costs declined by £39,000 due to amortisation of debt and a favourable change of mix in rates paid on outstanding debt.

Net operating income before capital items was thus up 9.9% at £1,378,459 (2011: £1,254,460)

Turning to the capital items, the portfolio was written down by a net £2.26m on the basis of an independent external valuation (2011: £0.86m write down). We recovered £100,000 of interest previously written down as irrecoverable; realised a capital gain of £25,000 on sale of surplus land and received net capital payments of £473,950 from vacating tenants.

Unfortunately the decline in capital values negated an otherwise good trading performance and resulted in a net loss of £289,800 (£15.41 per share) for the year. NAV per share declined 1.2% to £1,316.64 (2011: £1,332.05)

Bank borrowings net of secured deposits declined by £0.6m to £16.4m (2011: £17.0m) and represent 41.3% (2011: 44.1%) of the property portfolio value

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

	30/09/2012 £'000	30/09/2011 £'000
Cash and accrued interest	2,316	4,213
Investment portfolio	38,193	38,016
Development portfolio	1,514	548
Net trade liabilities	(776)	(675)
Borrowings (net of secured deposits)	(16,484)	(17,050)
Net asset value attributable to shareholders of the Company	**24,763**	**25,052**

Year ahead

The year to September 2013 will provide significant challenges to the Company. Due to the terminations of leases at Basingstoke and Welwyn Garden City we have lost gross rentals of £842,000 per annum. While good progress is being made on refurbishing and re-letting Basingstoke, as mentioned elsewhere in this report, we do not project it being fully income producing until the latter half of 2014. Achievable rents will be below that earned in the last year. We believe that the prospects of finding a commercial office tenant for Welwyn Garden City in the foreseeable future are remote and we are therefore seeking alternative uses with a view to then disposing of the asset. Marketing has already commenced and we are encouraged by some of the interest we have received.

In addition to the loss of rental from investment properties, we have to fund vacancy costs which include business rates and unrecovered service charges. We will act aggressively to minimise these costs and this can be achieved to a greater degree on an empty site such as Welwyn compared to a building such as Basingstoke which is partially occupied; and where we have to cover all the attendant costs of the vacant areas.

Whilst investments under development are either fully let (as in the case of Aldridge) or over 70% pre-let (at Norton Fitzwarren), the cash flow from these properties will only start to make a meaningful contribution towards income in the latter half of 2013.

We forecast a drop in operating profit to £600,000 in the year ending September 2013 from £1.4m in the current year and then recovering back to £1.1m in the following year. The cashflow impact of this drop has been ameliorated to a degree by the capital settlement of £473,950 received from outgoing tenants in the current year. The Company has the cash resources available to fund itself through this period.

It would be unwise to predict what will happen to capital values over this period. The critical game-changers for this picture will be our success in letting Langley Point and Basingstoke while finding an exit from Welwyn. In addition, on-going asset management and cultivating tenant relationships will maintain and enhance the value of the other assets in the portfolio. Once we have completed the development and asset management opportunities on some of the properties, we would seek to sell these investments and re-invest in other opportunities where we can add value and hence enhance returns.

Extension to Life of Company

The Company was originally incorporated with a fixed term of 6 years to September 2013 subject to the ability to extend the life for a further two one year periods. In the light of current market conditions and the need to complete on-going asset management and development projects, the Directors are of the opinion that it would be in the best interests of the shareholders to extend the life of the Company by the two years. This proposal will be put forward at the forthcoming AGM for consideration by the shareholders.

Results and dividends

The results of the Group are stated on page 15. The Directors do not propose a dividend for the year (2011: Nil).

Directors

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

Name	*Appointed*
Gerald Rubenstein	02 July 2007
Angus Mackay	02 July 2007
Robert Cohen	02 July 2007
David Gil	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 2012:

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

David Gil, 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.

Directors' remuneration

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

Name	*2012* £	*2011* £
David Gil	7,500	7,500
Brett Allen	6,000	6,000
	13,500	13,500

Substantial shareholdings

Investors with holdings of more than 3 per cent of the issued shares of the Company as at 1 November 2012 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
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') as adopted by the European Union, 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.

Directors' responsibilities (continued)

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.

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.

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

Robert Cohen

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

We have audited the consolidated financial statements of Corum Property Investments Limited for the year ended 30 September 2012 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 29. 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 2012 and of group's loss 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: 6 December 2012

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2012

	Notes	For the year ended 30 September 2012 £	For the year ended 30 September 2011 £
Gross rental income	4	3,352,227	3,214,599
Other income	4	473,950	-
Property operating expenses	5	(687,333)	(595,662)
Net rental income		**3,138,844**	2,618,937
Revaluations and disposals	6	(2,138,180)	(1,122,346)
Administrative expenses	8	(338,711)	(377,690)
Operating profit		**661,953**	1,118,901
Exchange losses		(1,232)	(524)
Net finance costs	7	(946,501)	(986,262)
		(947,733)	(986,786)
(Loss)/profit before tax		**(285,780)**	132,115
Taxation	2.7	(4,020)	(8,568)
(Loss)/profit for the year		**(289,800)**	123,547
Other comprehensive income			
Gain on purchase of non-controlling interest	21	-	728,475
Total comprehensive income for the year		**(289,800)**	852,022
(Loss)/profit attributable to:			
Owners of the parent Company		(289,800)	395,165
Non-controlling interest		-	(271,618)
		(289,800)	123,547
Total comprehensive income attributable to:			
Owners of the parent Company		(289,800)	1,123,640
Non-controlling interest		-	(271,618)
		(289,800)	852,022
Earnings per ordinary share - basic and diluted	9	**(15.41)**	21.01

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

The notes on pages 19 to 36 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement of Financial Position
As at 30 September 2012

	Notes	30 September 2012 £	30 September 2011 £
Assets			
Non-current assets			
Investment property	10	38,193,387	38,015,574
Investment property under construction	11	1,513,919	548,400
Trade and other receivables	12	254,198	290,256
Restricted deposits	14	252,303	251,432
		40,213,807	39,105,662
Current assets			
Trade and other receivables	12	334,668	419,447
Cash and cash equivalents	13	2,315,783	4,212,947
		2,650,451	4,632,394
Total assets		**42,864,258**	**43,738,056**
Liabilities			
Current liabilities			
Trade and other payables	15	1,365,670	1,384,363
Bank borrowings	16	778,480	705,048
		2,144,150	2,089,411
Non-current liabilities			
Bank borrowings	16	15,853,585	16,543,295
Long-term loans	17	103,865	52,892
		15,957,450	16,596,187
Total liabilities		18,101,600	18,685,598
Net assets		24,762,658	25,052,458
Equity			
Share capital	18	2,481	2,481
Share premium	19	18,805,119	18,805,119
Retained earnings		5,955,058	6,244,858
Total equity attributable to shareholders of the Company		24,762,658	25,052,458
Net asset value per share	20	1,316.64	1,332.05

These financial statements were approved and authorised for issue by the board on 6 December 2012 and signed on its behalf by:

Robert Cohen

The notes on pages 19 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 2012

Attributable to owners of the parent Company
For the year ended 30 September 2012

	Share Capital £	Share Premium £	Retained earnings £	Total £
At 1 October 2011	2,481	18,805,119	6,244,858	25,052,458
Net loss for the year	-	-	(289,800)	(289,800)
Total comprehensive income for the year	-	-	(289,800)	(289,800)
At 30 September 2012	2,481	18,805,119	5,955,058	24,762,658

For the year ended 30 September 2011

	Share Capital £	Share Premium £	Retained earnings £	Total £
At 1 October 2010	2,481	18,805,119	5,121,218	23,928,818
Net profit for the year	-	-	395,165	395,165
Gain on purchase of non-controlling interest	-	-	728,475	728,475
Total comprehensive income for the year	-	-	1,123,640	1,123,640
At 30 September 2011	2,481	18,805,119	6,244,858	25,052,458

The notes on pages 19 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 2012

	Notes	30 September 2012 £	30 September 2011 £
Cash flows from operating activities			
(Loss)/profit before tax		(285,780)	132,115
Adjustments for:			
Amortised tenant incentive		(49,553)	(35,446)
Bank interest income	7	(15,004)	(66,979)
Finance costs		861,859	961,207
Amortisation of financing costs		99,646	92,035
Profit on disposal of development property		(24,615)	-
Recovery/impairment of loans and receivables	7	(100,000)	262,477
Revaluations and disposals	6	2,262,795	859,869
Tax paid		(304)	(194)
		2,749,044	2,205,084
Decrease in trade and other receivables		179,920	120,855
(Decrease)/increase in trade and other payables		(13,305)	45,164
Net cash inflow from operating activities		2,915,659	2,371,103
Cash flows from investing activities			
Disposal of investment property		288,100	-
Purchase of investment property including improvements, extensions & acquisition costs	10	(1,678,735)	(4,248,538)
Investment property under construction acquisition and improvement		(1,990,878)	(7,844)
Acquisition of non-controlling interest shares		-	(406,059)
Loans repayments received		100,000	-
Net cash outflow from investing activities		(3,281,513)	(4,662,441)
Cash flows from financing activities			
Bank interest received	7	15,004	66,979
Proceeds from bank borrowings		321,402	1,975,000
Payments into restricted Deposit account		(871)	(775)
Loan repaid to non-controlling interest on purchase of non-controlling interest		-	(2,812,465)
Proceeds from long term loan		45,607	50,000
Loan arrangement fees		(109,176)	(76,932)
Minority interest paid		-	(81,476)
Repayment of bank borrowings		(937,680)	(630,189)
Bank interest paid		(865,596)	(878,437)
Net cash outflow from financing activities		(1,531,310)	(2,388,295)
Net decrease in cash and cash equivalents		(1,897,164)	(4,679,633)
Cash and cash equivalents at beginning of the year		4,212,947	8,892,580
Cash and cash equivalents at end of the year		2,315,783	4,212,947

The notes on pages 19 to 36 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") 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. The Directors are of the opinion that it would be in the best interests of the Shareholders to extend the life of the Company by two years. This proposal will be put forward at the forthcoming AGM for consideration by the Shareholders.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 6 December 2012.

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') as adopted by the European Union, 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 1 (amended), "Presentation of Items of Other Comprehensive Income" (effective for accounting periods commencing on or after 1 July 2012);
• IAS 19 (amended), "Employee Benefits" (effective for accounting periods commencing on or after 1 January 2013);
• IAS 28 (amended), "Investments in Associates and Joint Ventures" (effective for accounting periods commencing on or after 1 January 2013);
• IAS 27 (amended), "Separate Financial Statements" (effective for accounting periods commencing on or after 1 January 2013);
• IAS 12 (amended), "Deferred Tax: Recovery of Underlying Assets" (effective for accounting periods commencing on or after 1 January 2012);
• IAS 32 (amended), "Offsetting Financial Assets and Financial Liabilities" (effective for periods commencing on or after 1 January 2014);

2.2 *New accounting policies effective and adopted (continued)*
Presentation of financial statements (continued)

• IFRS 11, "Joint arrangements" (effective for accounting periods commencing on or after 1 January 2013);
• IFRS 12, "Disclosures of Interests in Other Entities" - (effective for accounting periods commencing on or after 1 January 2013);
• IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint arrangements and Disclosure of Interests in Other Entities Transition Guidelines" - (effective for accounting periods commencing on or after 1 January 2013);
• IFRS 13, "Fair Value Measurement" (effective for accounting periods commencing on or after 1 January 2013);
• IFRS 10, "Consolidated Financial Statements" (effective for accounting periods commencing on or after 1 January 2013);
• IFRS 7, "Disclosures – Offsetting Financial Assets and Financial Liabilities" (effective for accounting periods commencing on or after 1 January 2013);
• IFRS 1, "Government Loans" (effective for accounting periods commencing on or after 1 January 2013);
• IFRS 9, "Financial Instruments - Classification and Measurement" (effective for periods commencing on or after 1 January 2015;
• Annual Improvements to IFRSs (2009 – 2011 cycle) - (effective for periods commencing on or after 1 January 2013;

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 2012. 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.

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.

2.4 *Foreign currency translation (continued)*

(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.

2.5 *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.

2.6 *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.

2.7 *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 2012 are £3,961,456 (5 April 2011: £4,152,502).

2.8 *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.

2.9 *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 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 statement of comprehensive income.

The investment property under construction is shown at actual cost less impairment. The directors consider that whilst in construction the fair value cannot be reliably determined until completion when fair value can be measured reliably.

2.10 *Rental income*

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease.

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.

2.11 *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.

The company had 3 tenants who each exceeded 10% of the total rent roll value. Aggregate rent received from these 3 tenants amounted to £1,722,790 (2011: £1,641,000).

2.12 *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 consist of only loans and receivables. The group have no financial assets at fair value through the profit and loss.

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

The loans and receivables consist of:

a) Trade and other receivables
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. They are included in current assets, except for maturities greater than 12 months after the year end. These are classified as non-current assets.

b) Cash and cash equivalents
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.

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.

2.12 *Financial instruments (continued)*

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 consolidated statement of total comprehensive income over the period of the borrowings on an effective interest

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.

2.13 *Impairment*

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.

2.14 *Going concern*

The Group financial statements have been prepared on a going concern basis. The Directors have resolved to extend the life of the Company for a further two years beyond 30 September 2013 subject to the approval of shareholders at the next AGM. Discussions have been held with a number of shareholders and a majority of shareholders have indicated their willingness to support such a motion. While certain loans are due for repayment within the next 18 months, the Directors are confident that the Company will be able to re-finance these facilities or pay them down if it so choses.

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.

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

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.

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 company leases out its investment property solely under operating leases. Leases are typically for terms between 5 and 15 years, but range up to 30 years.

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

	30/09/2012	30/09/2011
	£	£
No later than 1 year	2,755,869	3,155,912
Later than 1 year and no later than 5 years	7,735,292	7,039,121
Later than 5 years	12,054,884	8,498,951
	22,546,045	18,693,984

Other income relates to funds received from a tenant in connection with exercising a break in their lease on 30 September 2012.

5 *Property operating expenses*

	30/09/2012	30/09/2011
	£	£
Asset management and advisory fees	391,278	362,166
Irrecoverable VAT on direct expenses	1,600	1,730
Letting fees: agent and legal	20,859	18,514
Marketing and promotion	14,814	16,006
Professional fees	53,638	59,327
Property maintenance and repairs	9,256	(27,897)
Property management fees	30,000	30,500
Rates, insurance and service charges	165,888	135,316
	687,333	595,662

6 Revaluations, impairments and disposals

	30/09/2012	30/09/2011
	£	£
(Loss)/gain on revaluation of investment properties (see note 10)	(2,262,795)	(818,538)
Recovery/(impairments) of loans and receivables	100,000	(262,477)
Loss on revaluation of investment property under construction (see note 11)	-	(41,331)
Profit on disposal of development property	24,615	-
	(2,138,180)	(1,122,346)

7 Net gain and losses on financial assets and financial liabilities not at fair value through profit and loss

	30/09/2012	30/09/2011
	£	£
Finance income	15,004	66,979
Finance costs	(961,505)	(1,053,241)
Total interest income and expense	(946,501)	(986,262)
Recovery/(impairments) of loans and receivables	100,000	(262,477)
	(846,501)	(1,248,739)

8 Administrative expenses

	30/09/2012	30/09/2011
	£	£
Administration fees	80,747	81,861
Advisory and structural fees	56,421	56,421
Acquisition fees	-	66,000
Auditor's remuneration	18,250	19,588
Directors' remuneration	13,500	13,500
D&O Insurance	5,500	7,159
Investment Adviser's fees	125,424	86,207
Legal and professional fees - general	24,854	31,900
Statutory fees	9,722	9,470
Sundry expenses	4,293	3,834
Travel	-	1,750
	338,711	377,690

The group have no employees. The directors are the only key management personnel of the group.

9 Earnings per ordinary share - basic and diluted

	30/09/2012	30/09/2011
	£	£
The calculation of the earnings per share is based on the following data:		
Net (loss)/profit attributable to the owners of the parent Company	(289,800)	395,165
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	18,807	18,807
Earnings per ordinary share	(15.41)	21.01

The Company has issued Performance Shares in terms of the Prospectus which are entitled to 20% of any returns to the holders of Ordinary Shares in excess of an IRR of 10% per annum. As at year end, the IRR per annum achieved since 1st October 2007 is 5.66% and hence no dilution has taken place. In the event that future profits are such that the cumulative IRR exceeds 10% there would be dilution of future earnings attributable to the Ordinary Shares.

10 *Investment property*

	30/09/2012	30/09/2011
	£	£
Fair value at the beginning of the year	38,015,574	30,050,000
Property acquisitions and improvements at cost	1,678,735	4,217,975
Transfer from investment property under construction	761,873	4,566,137
Revaluations (see note 6)	(2,262,795)	(818,538)
Fair value at the end of the year	38,193,387	38,015,574

The fair value of the Group's investment property at 30 September 2012 is shown at Directors' valuation. This valuation is based on the fair value valuation by Savills, GBR Phoenix Beard and CBRE at 30 September 2012. Savills, GBR Phoenix Beard 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 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 some of their investment properties to secure banking facilities granted to the relevant subsidiary (see note 16).

Direct operating expenses recognised in profit and loss include £38,541 (2011: £23,524) relating to investment property which was unlet.

11 *Investment property under construction*

	30/09/2012	30/09/2011
	£	£
Cost at the beginning of the year	548,400	5,117,460
Transfer to investment property	(761,873)	(4,566,137)
Build and professional costs in the year	1,990,877	38,408
Net sale proceeds of surplus land at cost	(263,485)	-
Revaluation	-	(41,331)
Cost at the end of the year	1,513,919	548,400

The Group's investment property under construction at 30 September 2012 is shown at actual cost less impairment. At the end of the year the Directors valuation of investment property under construction equates to its cost.

The Group's subsidiaries have pledged their investment properties under construction to secure banking facilities granted to the relevant subsidiary (see note 16).

Direct operating expenses recognised in profit and loss include £12,228 (2011: £30,660) relating to investment property which was under construction and so was unlet.

12 *Trade and other receivables*

	30/09/2012	30/09/2011
	£	£
Trade receivables	151,408	174,810
Prepayments	24,172	14,947
VAT recoverable	42,839	16,217
Prepaid finance expenses	285,010	275,480
Amortised rent-free incentive	59,809	109,362
Other debtors	25,628	118,887
	588,866	709,703

12	*Trade and other receivables (continued)*	30/09/2012	30/09/2011
		£	£
	Disclosed as:		
	Non-current assets	254,198	290,256
	Current assets	334,668	419,447

13	*Cash and cash equivalents*	30/09/2012	30/09/2011
		£	£
	Cash at bank	2,315,783	4,212,947

14	*Restricted deposits*	30/09/2012	30/09/2011
		£	£
	Restricted deposits	252,303	251,432

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

15	*Trade and other payables*	30/09/2012	30/09/2011
		£	£
	Trade payables	323,231	40,887
	Retentions	45,678	89,513
	Deferred rental income	660,852	731,610
	VAT payable	68,243	128,618
	Interest on long-term liability	169,200	178,303
	Tax payable	14,057	10,342
	Accruals	84,409	205,090
		1,365,670	1,384,363

Trade creditors and accruals include amounts outstanding for trade purchases. The group has financial risk management policies in place to ensure that all payables are paid within credit time frame.

16	*Bank borrowings*	30/09/2012	30/09/2011
		£	£
	Aviva Plc	11,810,869	12,345,917
	Svenska Handelsbanken AB	4,499,794	4,902,426
	Clydesdale Bank	321,402	-
		16,632,065	17,248,343
	Disclosed as:		
	Current liabilities	778,480	705,048
	Non-current liabilities	15,853,585	16,543,295

The Aviva Plc loan payable is secured by certain investment properties with a fair market value of £27,300,000 (2011: £29,330,000) at the reporting date.

The Aviva Plc loan is divided into an interest only loan of £10,505,000 and an amount of £1,305,869 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 £8,383,500 (2011: £8,681,559) at the reporting date.

16 *Bank borrowings (continued)*

There are two Svenska Handelsbanken AB loans; the first, payable by Trifolkes Stona LLP for £2,822,500 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 £1,677,294, 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.

Corum (IV) Properties Limited has agreed a £1.9 million loan facility from Clydesdale Bank PLC for the development of the project in Norton Fitzwarren. The Company has provided a parent company guarantee (limited to £200,000 plus costs) for Corum (IV) Properties Limited's liability to the bank. The loan of £321,402 is secured by investment property under construction with a cost of £1,513,919.

17 *Long-term loan*	**30/09/2012**	**30/09/2011**
	£	**£**
Lightstone Properties plc - Halbeath	56,929	52,892
Lightstone Properties plc - Durham	26,329	-
Fitzwarren Developments Ltd	20,607	-
	103,865	52,892

Lightstone Properties plc ('Lightstone') is the asset manager of the Halbeath and Durham Investments. 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 provided the Borrower has sold the Property.

The loan has earned an average interest rate of 7.4% 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%.

Durham Loan
During the year Lightstone subscribed £25,000 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 Durham acquisition. The Loan Note is repayable on 8 December 2016 provided the Borrower has sold the Property.

The loan has accrued average interest at 5.7% per annum in the period. In addition Lightstone will be entitled to a profit share of 25/657 of the residual profit on the Durham investment, after all the loans from the Company and its own loan have earned a hurdle rate of 12.5%.

Fitzwarren Developments Limited are the Development Managers of the Norton Fitzwarren district centre. Their expenditure prior to the Group's acquisition of the land has been capitalised as a long term loan to Corum (IV) Properties Limited. This loan bears no interest and only becomes repayable upon the ultimate sale of the property. At the repayment date they will also be entitled to a profit share on any returns in excess of a 10% IRR earned on the project.

18 *Share capital*

Authorised share capital:	30/09/2012 £	30/09/2011 £
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	11,100	11,100

Issued and fully paid share capital:	30/09/2012 £	30/09/2011 £
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
Total	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.

19 *Share premium*

	30/09/2012 £	30/09/2011 £
Premium arising on issue of ordinary shares	18,805,119	18,805,119

20 *Net asset value per ordinary share*

	30/09/2012 £	30/09/2011 £
The calculation of the net asset value per ordinary share is based on the following data:		
Net asset value attributable to ordinary shareholders	24,762,058	25,051,858
Number of ordinary shares	18,807	18,807
Net asset value per ordinary share	1,316.64	1,332.05

21 *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.

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

	30/09/2012	30/09/2011
	£	£
Opening balance at the beginning of the year	-	(2,785,427)
Loss attributable to the non-controlling interest for the year	-	271,618
Balance at the date of purchase	-	(2,513,809)
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	-	-

22 *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 capital
Direct			
Corum (IV) Properties 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%	273,600
Stratton III S.à.r.l.	Luxembourg	100%	169,640

23 *Investment in joint ventures*

The Group has not invested in any new joint venture entities during the year to 30 September 2012. 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 2012 and 30 September 2011 and for the years then ended is included in the consolidated financial statements, and is as follows:

23 ***Investment in joint ventures (continued)***

	30/09/2012	30/09/2011
	£	£
Current assets	55,291	120,373
Non-current assets	4,233,646	4,542,254
	4,288,937	4,662,627
Current liabilities	(7,813)	(90,377)
Non-current liabilities	(2,822,500)	(3,053,500)
	(2,830,313)	(3,143,877)
Net asset value	1,458,624	1,518,750

	30/09/2012	30/09/2011
	£	£
Finance income	158	315
Revaluation of property	(327,282)	(41,331)
Property operating expenses	(38,541)	(23,524)
Administrative expenses	(2,932)	(1,586)
Loss for the period from operations	(368,597)	(66,126)
Finance costs	(76,530)	(75,033)
Loss for the period	(445,127)	(141,159)

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 2012 Corum II Limited had invested £2,560,000 in Trifolkes Stona LLP. The investment property in Trifolkes Stona LLP has been completed but a further small element of build, while contracted for, has been deferred.

24 ***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 compromise 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.

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.

24 *Capital risk management (continued)*

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 34.90% as at 30 September 2012 (2011: 32.55%). The debt to equity ratio, calculated as net debt divided by total equity plus subordinated minority shareholder loan, was 56.56% (2011: 50.92%). 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.

25 *Contingencies*

Corum II Limited, a 100% owned subsidiary of the Company, has a contingent commitment towards Trifolkes Stona LLP to fund the operating costs of the vacant property which is currently running at costs of £120,000 per year (including interest).

26 *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 £37,600 (2011: £144,000) and Investment Adviser's fees of £501,049 (2011: £376,140). At the year end there was an amount outstanding to CIAL of £nil (2011: £nil).

David Gil, Brett Allen and Angus Mackay, Directors of the Company, are directors of CIAL. David Gil received £7,500 (2011: £7,500) and Brett Allen received £6,000 (2011: £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.

27 *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 loans

Categories of financial assets and financial liabilities

	30/09/2012	30/09/2011
Non-current financial assets:	**£**	**£**
Prepaid finance expenses and tenant incentives	254,198	290,256
Restricted deposits	252,303	251,432

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

	30/09/2012	30/09/2011
Current financial assets:	**£**	**£**
Prepaid expenses and incentives	114,793	109,533
Trade and other receivables	219,875	309,914
Cash and cash equivalents	2,315,783	4,212,947
Non-current financial liabilities:		
Financial liabilities measured at amortised cost		
Bank borrowings	15,853,585	16,543,295
Long-term loans	103,865	52,892
Current financial liabilities:		
Financial liabilities measured at amortised cost		
Trade and other payables	1,365,670	1,384,363
Bank borrowings	778,480	705,048

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.

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 Lloyds TSB Bank plc, Royal Bank of Scotland International Limited and Aviva 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 2012

Counterparty	Credit rating symbols	Rating	Carrying Amount £
Investec Bank (Channel Islands) Limited	Fitch	F3	133,293
Royal Bank of Scotland International Limited	Fitch	F1	640,734
Royal Bank of Scotland Limited	Fitch	F1	44,598
Lloyds TSB Bank plc	Fitch	F1	1,338,203
HSBC Bank plc	Fitch	F1+	1,343
Barclays Bank plc	Fitch	F1+	19,616
Clydesdale Bank	Fitch	F1+	38,989
Svenska Handelsbanken AB	Fitch	F1+	96,461
Société Générale Bank & Trust	S&P	A+	2,546
Aviva plc	S&P	A	252,303

27 ***Financial Instruments risk exposure and management (continued)***
Credit risk (continued)
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
Barclays Bank plc	Fitch	F1+	144,966
HSBC Bank plc	Fitch	F1+	8,059
Lloyds TSB 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

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.

The maximum exposure to credit risk in respect of the financial assets equates to their carring value as shown above.

30 September 2012

Maturities of these financial assets:	< 1 month £	1 month to 1 year £	1 - 5 years £	Total £
Cash and cash equivalents	2,315,783	-	-	2,315,783
Restricted deposits	-	-	252,303	252,303
Trade receivables	-	219,875	-	219,875
	2,315,783	219,875	252,303	2,787,960

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	-	309,914	-	309,914
	1,415,734	3,107,127	251,432	4,774,293

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.

27 ***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 2012

Contract maturities of financial liabilities:	**< 1 month**	**1 month to 1 year**	**1 - 5 years**	**Total**
	£	**£**	**£**	**£**
Trade and other payables	-	1,365,670	-	1,365,670
Bank borrowings	-	778,480	15,853,585	16,632,065
Other long-term loans	-	-	103,865	103,865
Total	-	2,144,150	15,957,450	18,101,600

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
Long-term loan from minority interest	-	-	52,892	52,892
Total	-	2,089,411	16,596,187	18,685,598

In September 2012 Svenska Handelsbanken AB called for an independent valuation of the property owned by Trifolkes Stona LLP and as a result the loan to value covenant was declared to be in default. The breach was repaired within 7 days by paying down £462,000 of which Corum provided its 50% share. No other defaults and breaches on financial obligations were incurred during the course of the year.

The loan from Svenska Handelsbanken AB to Trifolkes Stona LLP secured by the vacant property at Langley Point is due to mature on 9 October 2013. The bank has indicated that assuming no material deterioration in the risk profile that they would favourably consider extending the loan. In the event that does not happen the Company will be in a position to repay the £2,822,500 due on the loan through a combination of cash and raising debt on unencumbered assets should this prove necessary.

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.

27 ***Financial Instruments risk exposure and management (continued)***
Cash flow and fair value interest rate risk (continued)

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

Interest Rate Profile	**As at 30 September 2012**		**As at 30 September 2011**	
	%	**£**	**%**	**£**
Weighted average interest rate				
Trade and other receivables				
Non-interest bearing	-	219,875	-	309,914
Cash and cash equivalents				
Fixed	-	-	2.00%	2,797,213
Fixed	0.05%	19,616	0.05%	681,940
Variable	0.20%	2,548,470	0.22%	985,226
Financial liabilities at amortised cost - trade and other payables				
Non-interest bearing trade and other payables	-	704,818	-	652,753
Deferred rental income	-	660,852	-	731,610
Bank borrowings				
Variable	4.74%	321,402	-	-
Variable	3.68%	1,677,294	3.55%	1,848,926
Variable	2.29%	2,822,500	2.29%	3,053,500
Fixed	6.00%	11,810,869	6.00%	12,345,917

For the Group, an increase of 50 basis points in interest rates would result in a decrease in pre-tax profits of £24,106 (2011: £17,393) a decrease of 50 basis points in interest yields would result in an increase in pre-tax profits of £24,106 (2011: £22,319).

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.

28 ***Capital Commitments***

The Company is committed to completion costs on the Norton Fitzwarren development of £1,463,740 and the Basingstoke refurbishment of £118,520 as at the year end.

29 ***Events after the reporting date***

The Group had no significant post period end events that require disclosure in these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Key Parties

Registered Office
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

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

Annual Sponsor
Capital G BSX Services Limited
25 Reid Street
4th Floor
Hamilton HM11
Bermuda

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

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

Structural Adviser
Investec Capital Markets
100 Grayston Drive
Sandton
South Africa

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

Principal Bankers
Investec Bank (Channel Islands) Limited
Svenska Handelsbanken AB
Royal Bank of Scotland International Limited
Lloyds TSB plc
Clydesdale Bank plc