COLLINS INTERNATIONAL LIMITED

(Registration Number: 48177)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 29 February 2012

Contents

Company Information

Investment Manager:	International Property Management Services Limited 1st Floor, Exchange House 54-58 Athol Street Douglas Isle of Man, IM1 1JD
Directors of the Company:	Mr K R Collins Mr L E Hackney Mr R James Mr M P Tolcher (resigned 1 November 2011) Mr S Platt-Ransom Mr B O'Mahoney (appointed 1 November 2011)
Administrator, Secretary and Registrar:	Legis Fund Services Limited P.O. Box 91 11 New Street St Peter Port Guernsey, GY1 3EG
Listing Sponsor:	Appleby Securities (Bermuda) Ltd Argyle House 41a Cedar Avenue Hamilton HM12 Bermuda
Annual Listing Sponsor:	Capital G BSX Services Limited 25 Reid Street 4th Floor Hamilton HM11 Bermuda
Auditor:	Saffery Champness La Tonnelle House Les Banques St Sampson Guernsey, GY1 3HS
Legal Advisers in Guernsey:	Mourant Ozannes 1 Le Marchant Street St Peter Port Guernsey, GY1 4HP
Legal Advisers in Bermuda:	Appleby Cannon's Court 22 Victoria Street Hamilton, HM12 Bermuda

<u>Investment Manager's Report to the Shareholders of Collins International Limited for the year ended 29 February 2012</u>

APEX PROPERTIES LIMITED

- Apex Properties Ltd ("APL") is a company registered in the Isle of Man and is a 100% held subsidiary of Collins International Limited ("CIL"). APL was incorporated specifically to hold property investments for CIL.

<u>Global Park</u>

- APL owns a property portfolio, Global Park, in the town centre of Colchester, in the county of Essex.
- Global Park comprises 19 properties, which are a combination of warehouses, shops, offices, car parkings and entertainment venues.
- At February 2011, the portfolio was valued at £5m and rentals for the year amounted to £390,979 with a yield of 7.82%. At February 2012, the portfolio was valued at £4.5m and rentals for the year amounted to £395,974 with a yield of 8.8%.
- Unit L, occupied by Floramedia, comprises c.10% of the gross lettable property at Global Park. During the previous financial year, the tenant handed in a one year break notice, but their break was frustrated due to the fact that they were in arrears at the time of the break. This has resulted in them being in occupation until February 2013. The unit has been marketed for re-letting during the current financial year and will continue to be marketed.
- The unit occupied by Rollerworld comprises about 30% of the gross lettable property and an amendment to this lease has been negotiated with the tenant. The amendment removes the break clause in 2013.
- The refinancing with Leeds Building Society is due for renewal at the end of 2012. The loan balance as at February 2012 was £3,148,697 at a Loan to Value ("LTV") of 70%, based on the current valuation. The covenant per the loan agreement allows for a maximum cost to value ("CTV") of 65%.

<u>Apex House</u>

- APL owns Apex House, an office block in London Road, Northfleet, Kent.
- At February 2011, the property was valued at £1.2m and rentals for the year amounted to £71,927 with a yield of 6%. At February 2012, the property was valued at £1m and rentals for the year amounted to £89,803 with a yield of 9%.
- During the prior year, there were vacancies on both the first and third floor. Both floors were renovated and the third floor was tenanted by SRCL Ltd and Allied Health Care Ltd shortly before the prior year end. The additional rental from those tenants amounts to £34,187.
- As at 28th February 2011, only the first floor remained vacant. Pinnacle People tenanted the first floor during the current financial year at an annual rent of £32,500, as at January 2012.
- SRCL Ltd handed in their break notice to vacate the area they tenant on both the second and third floors as at July 2012. However they breached their break conditions and their lease now remains until 2017.
- The refinancing with Leeds Building Society is due for renewal at the end of 2012. The loan balance as at February 2012 was £900,000 at a LTV of 90%, based on the current valuation. The covenant per the loan agreement allows for a maximum CTV of 60%.

Investment Manager's Report to the Shareholders of Collins International Limited for the year ended 29 February 2012 (continued)

DIVERSIFIED PROPERTY INVESTMENTS 100 LIMITED

- Revival Holdings Ltd ("RHL") is a company registered in the UK and is a 100% owned subsidiary of CIL. It owns the two properties described below.
- RHL owns the freehold title to two properties in West Yorkshire: a property at Queensway, Guiseley, Leeds; and a property at Monkbridge Road, Meanwood, Leeds. Both properties are Care Units for the Elderly on long-term leases with the NHS Trust.
- At February 2012, the two properties were valued at a combined value of £7.8m.

DU PREEZ LIMITED

- Du Preez Limited ("DPL") is a company registered in the Isle of Man and is a 100% held subsidiary of CIL. DPL was incorporated specifically to hold CIL's investments into the Delancey DV4 Fund and Zabre Investments Ltd.

Delancey DV4 Fund

- DV4 is a real estate investment venture from Delancey Estates Plc. The fund invests in real estate in the British Isles and Mainland Europe.
- As at February 2012, DPL had contributed £3,003,331 to the fund. This equates to 60% of its total commitment. A further drawdown of £234,148 was paid subsequent to year-end, bringing the total paid amount to 65% of commitment.
- Acquisitions and disposals made by the fund during the 2012 financial year:

  o April – acquired Sun Park in Farnborough for £15m from Oracle. The property is a 38 acre site with 3 office buildings occupied by Sun Microsystems. The buildings comprise 280,000 sq. ft. of high specification office space.

  o August – secured Olympic village transaction.

  o August – acquired Minerva plc through DV4's subsidiary, Jupiter.

  o October – acquired a 50% interest in Southside shopping centre in Wandsworth. The centre comprises 530,000 square ft. of retail and leisure accommodation.

Zabre Investments Ltd

- Zabre Investments Ltd ("ZIL") is a company registered in Mauritius and is a 10% held investment of DPL.
- During the 2011 financial year, ZIL increased its shareholding in Desroches Island Lodge Ltd ("DIL") in the Seychelles from 76% to 81%. ZIL shall acquire a further 18% in DIL during the next two financial years.
- DIL continues to own the leasehold rights to Desroches Island in the Seychelles. It owns the Desroches Island Lodge Hotel as well as the development rights for 22 luxury villas on the island. During the 2012 financial year, construction on a further 4 villas was commenced. The sale of 4 villas was concluded and a share in a syndicated villa.
- US$3m of the US$5.8m loan from the Mauritius Commercial Bank ("MCB"), for construction on Desroches Island, was repaid during the current financial year. Two further loans of US$1.5m each were negotiated with MCB during the current financial year for the construction of two further villas.

Investment Manager's Report to the Shareholders of Collins International Limited for the year ended 29 February 2012 (continued)

DU PREEZ LIMITED (continued)

Kaupthing Singer & Friedlander ("KS&F")

- KS&F went into liquidation in 2008.
- As at that date DPL held a balance of £2m with KS&F.
- Liquidation payouts by the KS&F Liquidator have been received with DPL receiving £1,638,346 up to 29 February 2012.
- A further payout of £160,376 was received during June 2012. Total anticipated payout from KS&F Liquidator is 95% (87% received to date).

SAXONCHART LIMITED

- Saxonchart Ltd ("SXL") is a company registered in the UK which was a 50% held subsidiary of CIL.
- SXL owns 59-60 Grosvenor Street, London, which consists of 24,712 sq. ft. of commercial area previously let to Barclays Wealth and four apartments comprising 3,893 sq. ft. of residential area.
- Barclays Wealth had exercised their break option in 2010 and had vacated the property in September 2010.
- During the current year CIL concluded a transaction with Residential Land Holdings Ltd ("RLHL") whereby its 50% interest and loan accounts to SXL were sold to RLHL.
- CIL considered it prudent to conclude the transaction with RLHL due to the fact that the commercial portion (86% of building area) of the building had remained untenanted after extended period of marketing and no suitable offers had been received for sale of the property.
- Furthermore, the Santander facility was due for refinancing as at March 2012 and further equity contribution from the shareholders was likely.
- The pertinent terms of the transaction were as follows:
  - o RLHL purchased CIL's shareholder loan for £3.87m and its share for £1. The purchase price being paid in 3 instalments:
    - £1.5m on signing of agreement (December 2011);
    - £1.37m after 12 month period; and
    - £1m after 24 month period;
  - o CIL shall forgo interest accrued on shareholder loan to date; and
  - o CIL shall earn interest on final 2 instalments at equal rate to Santander loan.

PETROCOM ENERGY LTD

- CIL invested US$260,000 into Petrocom Energy Ltd ("PEL") through Investec Bank's private equity division.
- PEL is a Cayman Island registered company with operations in China. It allows a limited number of invited co-investors to invest alongside Investec into a Chinese Coal Blending Facilities business.

Investment Manager's Report to the Shareholders of Collins International Limited for the year ended 29 February 2012 (continued)

PETROCOM ENERGY LTD (continued)

- PEL has ongoing legal disputes with the following parties:
  o Main building contractor. This dispute has curtailed Petrocom's blending operations as the company cannot commit to large-scale operations;
  o Financial advisor; and
  o Shipping company.
- Due to the ongoing legal disputes, PEL has not been able to blend coal and the auditors have not signed off the 2009 and 2010 Annual Financial Statements, as they are unable to provide an indication of the ability of PEL to operate as a going concern.
- Investec have written the value of the investment down to zero in their accounts.
- In February 2012, CIL received a partial redemption of its shares amounting to US$14,312. This partial redemption was as a result of Investec selling a portion of the shares held by it on behalf of co-investors.
- The redemption amounts to 4.93% of the shares held by CIL in PEL.
- PEL was able to raise new capital of US$4.9m in May 2011 and management is more optimistic with regards to restarting operations in 2012.

International Property Management Services Limited
August 2012

Report of the Directors for the year ended 29 February 2012

The Directors present their Annual Report and Consolidated Financial Statements for the year ended 29 February 2012.

Activities
Collins International Limited is a closed-ended investment fund established under the laws of Guernsey with limited liability on 7 December 2007.

Results
The results for the group for the year are shown in the Consolidated Statement of Comprehensive Income on page 10.

Dividends
The Directors do not recommend the payment of a dividend (2011: nil).

Directors
The Directors of the Company during the year and to the date of this report were as listed on page 2.

Directors' responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report, which complies with the requirements of The Companies (Guernsey) Law, 2008.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with The Companies (Guernsey) Law, 2008. The directors have chosen to prepare financial statements for the group in accordance with International Accounting Standards (IFRSs).

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Auditor:
A resolution for the re-appointment of Saffery Champness as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Report of the Directors for the year ended 29 February 2012 (continued)

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the auditor is unaware;
- 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 Company's auditor is aware of that information; and
- the Consolidated Financial Statements give a true and fair view, have been prepared in accordance with International Accounting Standards and comply with The Companies (Guernsey) Law, 2008.

Mr R James	Mr S Platt-Ransom
Director	Director

Date: 31 August 2012

Independent Auditor's Report to the Shareholders of Collins International Limited

We have audited the consolidated financial statements of Collins International Limited for the year ended 29 February 2012, on pages 10 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards.

This report is made solely to the company's members, as a body in accordance with section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the 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 financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the United Kingdom Auditing Practices Board'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 consolidated 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 company'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 material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:
● give a true and fair view;
● are in accordance with International Accounting Standards; and
● comply with 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;
● 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.

SAFFERY CHAMPNESS **DATE 31 August 2012**
CHARTERED ACCOUNTANTS
GUERNSEY

Consolidated Statement of Comprehensive Income
for the year ended 29 February 2012

		2012	2011
Revenue	**Notes**	€	€
Revenue		2,198,503	2,160,653
Unrealised losses on investments		(58,218)	(571,452)
Movement on impairment of assets		(511,220)	-
Realised gains on investments		1,269,434	-
Other income	4	184,670	179,244
Expenses	5	(1,574,055)	(1,389,258)
Finance costs		(701,209)	(888,243)
Other (losses)/gains	14	(6,526)	182,947
Gain/ (loss) from operations		801,379	(326,109)
Share of loss of associate	11	-	(76,259)
Gain/ (loss) before tax		801,379	(402,368)
Taxation charge	6	(116,843)	(143,715)
Profit/ (loss) for the year		684,536	(546,083)
Cumulative translation adjustment reserve		105,801	65,722
Total comprehensive gain/ (loss) for the year		790,337	(480,361)

In arriving at the results for the financial year, all amounts above relate to continuing operations.
There are no recognised gains or losses for the year other than those disclosed above.

Consolidated Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares
for the year ended 29 February 2012

	2012	2011
	€	€
Net assets at the start of the year	21,651,357	22,131,718
Increase /(decrease) in net assets attributable to holders of Ordinary shares	790,337	(480,361)
Net assets at the end of the year	22,441,694	21,651,357

The notes on pages 13 to 26 form an integral part of these financial statements.

Consolidated Statement of Financial Position
as at 29 February 2012

		2012	2011
Assets	**Notes**	€	€
Non-current assets			
Investment properties	7	6,564,233	7,304,192
Property, plant and equipment	8	8,254,893	8,434,965
Goodwill	9	562,027	554,775
Other financial assets - Investments	10	5,699,963	5,462,485
Other financial assets - Loans and Receivables	10	11,450,258	10,649,767
Investment in associate	11	-	3,362,858
		32,531,374	35,769,042
Current assets			
Trade and other receivables	12	2,067,381	921,124
Cash and bank balances		2,298,891	670,840
		4,366,272	1,591,964
Current liabilities			
Loans and other payables	13	(9,044,598)	(1,734,648)
Net current liabilities		(4,678,326)	(142,684)
Non-current liabilities			
Deferred tax liability		(14,978)	(25,455)
Loans and other payables	13	(5,396,376)	(13,949,546)
		(5,411,354)	(13,975,001)
Net assets attributable to holders of Ordinary shares		22,441,694	21,651,357
Ordinary shares in issue	18	26,274	26,274
Reported net asset value per share		854.1407	824.0602

Mr R James
Director

Mr S Platt-Ransom
Director

Date: 31 August 2012

The notes on pages 13 to 26 form an integral part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 29 February 2012

	2012	2011
	€	€
Cash flows from Operating Activities		
Gain/ (loss) from operations	801,379	(326,109)
Adjustments		
Depreciation, amortisation and impairment	180,072	180,072
Fair value adjustments on assets and investment	569,438	571,452
Currency loss/(gain)	6,526	(182,947)
Investment income	(184,670)	(179,244)
Realised gains on investments	(1,269,434)	-
Interest expense	701,209	888,243
Decrease/(increase) in trade receivables	292,329	(115,739)
Decrease in trade payables	51,051	(120,699)
	346,521	1,041,138
Taxation paid	(160,409)	(144,726)
Cash inflow from operations	987,491	570,303
Investing activities		
Investment income	158,313	179,244
Returns from impaired assets	542,322	596,319
Returns on sale of investments	1,798,948	-
Interest expense	(701,209)	(888,243)
Movement on loan to Zabre Limited	874,777	500,482
Movements on investments in other financial assets	(342,546)	(49,293)
Movement on oustanding debt to DV4 Limited	(1,313,434)	(530,993)
Cash inflow/(outflow) from investing activities	1,017,171	(192,484)
Financing activities		
Repayments of long-term bank borrowings	(325,540)	(301,576)
(Repayment of)/Proceeds from short-term bank borrowings	(117,181)	8,523
Proceeds from other borrowings	71,463	259,151
Cash outflow from financing activities	(371,258)	(33,902)
Net cash inflow	1,633,404	343,917
Effect of foreign exchange rate changes	(5,353)	(420,124)
Net increase/(decrease) in cash and cash equivalents	**1,628,051**	**(76,207)**
Cash and cash equivalents at the beginning of the year	670,840	747,047
Cash and cash equivalents at the end of the year	**2,298,891**	**670,840**

The notes on pages 13 to 26 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 29 February 2012.

1. General Information

Collins International Limited is a closed-ended investment fund established under the laws of Guernsey with limited liability on 7 December 2007. The Company has an anticipated life of 8 years to 28 February 2016.

The Company will consider any property investment provided it achieves an acceptable return balanced with the risk. In the initial investment stage, the Company will look to investments that have the potential to add value through future rent review or alternate use application. The Company's preferred investment type is commercial property. However, where sound investment opportunities arise in the retail and industrial sectors, these will be considered. The Company will not limit or constrain investments into any particular geographical area (with the exclusion of South Africa and Guernsey).

The Company's Ordinary shares are listed on the Bermuda Stock Exchange.

2. Accounting Policies

(a) Basis of preparation

These financial statements are prepared under the historical cost convention except that investment properties are carried at fair value and in accordance with International Accounting Standards and applicable Guernsey Law. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently during the year unless otherwise stated.

(b) Adoption of new and revised Standards

In the current year, the group has adopted the following revised standards:-

IAS 21: The Effects of Changes in Foreign Exchange Rates - consequential amendments from changes to IAS 27 (clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign

IAS 24: Related Party Disclosures - amendment to simplify related party disclosures (applicable for accounting periods beginning on or after 1 January 2011)

IFRS 3: Business Combinations - transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS; measurement of non-controlling interests; un-replaced and voluntarily repalces share-based payments (applicable for accounting periods beginning on or after 1 July 2010)

IFRIC 14: Interpretation of IAS 19: Employee Benefits (applicable for accounting periods beginning on or after 1 January 2011)

IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for accounting periods beginning on or after 1 July 2010) The transaction will be shown at fair value.

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: -

IAS 18: Revenue - amended to refer to IFRS 9 as well as IAS 39 in excluding proceeds on disposal of financial instruments from the scope of the standard, and in relation to interest revenue (applicable for accounting periods beginning on or after 1 January 2013)

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

2. Accounting Policies (continued)

(c) Standards and Interpretations in issue and not yet effective (continued)

IAS 1: Presentation of Financial Statements - clarification of statement of changes in equity (effective for accounting periods beginning on or after 1 July 2012)

IAS 12: Income Taxes - rebuttable presumption introduced that an investment property will be recovered in its entirety through sale (applicable for accounting periods beginning on or after 1 January 2012)

IAS 27: Consolidated and Separate Financial Statements - transition for amendments arising as a result of this IAS (applicable for accounting periods beginning on or after 1 January 2013)

IAS 28: Investments in Associates - consequential amendments from changes to IAS 27 (clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation) (applicable for accounting periods beginning on or after 1 January 2013)

IAS 32: Financial Instruments: Presentation -offsetting of financial assets and liabilities (applicable for accounting periods beginning on or after 1 January 2014)

IAS 38: Intangible Assets – clarify that the fair value of an intangible asset acquired in a business combination will reflect market participants' expectations at the acquisition date about the probability that the expected future economic benefits embodied in the asset will flow to the entity (applicable for accounting periods beginning on or after 1 January 2013)

IFRS 7 (amended): "Financial Instruments: Disclosures" - Amendments resulting from May 2010 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 July 2011

IFRS 9: Financial Instruments, Classification and Measurement. In November 2009, the Board issued the first part of IFRS 9 relating to the classification and measurement of financial assets. IFRS 9 will ultimately replace IAS 39. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortised cost or fair value. The Fund is currently assessing the impact of IFRS 9 (applicable for accounting periods beginning on or after 1 January 2013)

IFRS 10: Consolidated Financial Statements - to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The Fund is currently assessing the impact of IFRS 10 (applicable for accounting periods on or after 1 January 2013)

IFRS 11: Joint Arrangements - where a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. The Fund is currently assessing the impact of IFRS 11(applicable for accounting periods on or after 1 January 2013)

IFRS 12: Disclosure of Interests in other Entities - requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. The Fund is currently assessing the impact of IFRS 12 (applicable for accounting periods on or after 1 January 2013)

IFRS 13: Fair Value Measurement - applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2; leasing transactions within the scope of IAS 17; measurements that have some similarities to fair value, but are not fair value, such as net realisable value or value in use (applicable for accounting periods on or after 1 January 2013)

The Directors anticipate that, with the exception of IFRS 9, 10 ,11 and 12 as detailed above, the adoption of these Standards and Interpretations in future periods will not have a material impact on the financial statements of the Company.

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

2. Accounting Policies (continued)

(d) Foreign exchange

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 translated into Euros (€), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities for consolidation, all items in the Consolidated Statement of Financial Position are retranslated at the rates prevailing at the reporting date. Amounts shown in the Consolidated Statement of Comprehensive Income have been retranslated using average exchange rates calculated for each entity. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(e) Investment property

Investment property, which is property held for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in the Consolidated Statement of Comprehensive Income in the period in which they arise.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

(f) Investments

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(g) Associates

Associates are entities in which the Company has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. The Company recognises its share of the associates' earnings for the year. The result of associate entities acquired and disposed of during the year are included from the effective dates of acquisition to the effective dates of disposal. The Company's interest in associates is carried in the Consolidated Statement of Financial Position at an amount that reflects its share of the net assets of the associate.

(h) Deposit interest

Deposit interest is accrued on a daily basis and recognised using the effective interest method.

(i) Revenue

Revenue represents income due from the normal activities of the business, being investment in properties, to the extent that the company obtains a right to consideration in exchange for its performance of those activities.

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

2. Accounting Policies (continued)

(j) Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over the expected useful lives on the following bases:

Long term leasehold property	2% straight line

(k) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.
All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(l) Cash and cash equivalents

Cash at bank and call deposits are carried at cost. For the purposes of the Consolidated Statement of Cash Flows cash and cash equivalents consist of cash and deposits at bank.

(m) Financial and other assets

Loans, and other receivables that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(n) Financial and other liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(o) Fair value measurement hierarchy

Financial instruments held at fair value follow the fair value measurement hierarchy:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into one of the three levels.

(p) Going concern

These consolidated financial statements have been prepared on a going concern basis as the Directors are satisfied that there are sufficient funds available to enable the company to meet its liabilities as they fall due.

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

3. Fees

The Management fee is equal to 2% per annum of the Company's Funds payable quarterly in advance. The Manager is also entitled to an acquisition fee of 0.5% of the gross acquisition cost of each relevant property or property rights acquired, to be paid by the Company on the successful completion of any property investment. The fees for the current year are disclosed in Note 5.

The Administrator is entitled to a fixed annual fee of £30,000 together with a transaction fee of £100 per subscription, and an additional £2,500 per board meeting.

The Directors have waived their fees, with the exception of Mr Platt-Ransom and Mr O'Mahoney (2011: Mr Tolcher), who are paid £5,000 per annum each.

4. Other income

	2012	2011
	€	€
Bank interest receivable	1,643	6,232
Loan interest income	33,913	-
Other income	149,114	173,012
	184,670	179,244

5. Expenses

	2012	2011
	€	€
Administration fees	83,346	69,524
Audit fees	32,362	52,918
Bank charges	3,103	7,322
Depreciation	180,072	180,072
Directors' fees	12,124	12,931
Legal & professional expenses	8,749	24,332
Licence fees/ Sponsor fees	4,787	10,044
Management fees	78,822	78,822
Operating expenses	1,155,537	937,901
Sundry expenses	15,153	15,392
	1,574,055	1,389,258

6. Taxation

	2012	2011
	€	€
Taxation charge for the year	116,843	143,715

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.

Although no domestic taxation had arisen for the Company itself, tax has arisen in the underlying entities due to higher taxation rates applicable in the United Kingdom.

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

6. Taxation (continued)

	2012	2011
	€	€
Accounting gain/(loss) before tax	801,379	(402,368)
Tax at domestic rate of 0%	-	-
Effect of higher tax rates in UK	116,843	143,715
Tax expense	116,843	143,715

7. Investment Properties

	2012	2011
	€	€
Details of property		
Apex House		
-Fair value at 1 March (£1.2m; 2011 - £1.2m)	1,413,715	1,343,898
-Movement in fair value (£(0.2); 2011 - £nil)	(220,218)	69,817
Fair value at 29/28 February (£1.0m; 2011 - £1.2m)	1,193,497	1,413,715
Global Park		
-Fair value at 1 March (£5m; 2011 - £5m)	5,890,477	5,599,573
-Movement in fair value (£(0.5); 2011 - £nil)	(519,741)	290,904
Fair value at 29/28 February (£4.5m; 2011 - £5m)	5,370,736	5,890,477
Total fair value of properties	6,564,233	7,304,192

Formal "Red Book" valuations were carried out in May 2009. For the purpose of these financial statements "desk top" valuations were carried out by Alastair West MSc, MCIOB, MRICS. The fair value of the properties has been established with regard to, and is supported by, market evidence for similar properties.

Pledged as security

Carrying value of assets pledged as security:

Apex House	1,193,497	1,413,715
Global Park	5,370,736	5,890,477

8. Property, plant and equipment

	2012	2011
	€	€
	Land and buildings	Land and buildings
Cost	9,003,624	9,003,624
Depreciation		
At 1 March	(568,659)	(388,586)
Charge for the year	(180,072)	(180,073)
At 29/28 February	(748,731)	(568,659)
Net book value		
At 29/28 February	8,254,893	8,434,965

The two properties held by Revival Holdings Limited in the North of England are given as security against the Royal Bank of Scotland loan to Revival Holdings Limited (note 13).

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

9. Goodwill

The goodwill relates to the Company's 100% holding in Revival Holdings Limited.

	2012	2011
	€	€
Carrying amount at 1 March	554,775	527,377
Adjustment to goodwill for year end exchange differences	7,252	27,398
Carrying amount at 29/28 February	562,027	554,775

An impairment review of the cash-generating unit, Revival Holdings Limited, was carried out at 28 February 2011 and is considered that goodwill remains not impaired.

10. Other financial assets

	2012	2011
	€	€
Investments		
Unlisted shares - Zabre Investments Limited	1	1
Unlisted shares - DV4 Limited (1)	5,699,962	5,462,484
Connaught Place PCC Limited - Beta Cell (Petrocom Energy Limited) (2)	-	-
	5,699,963	5,462,485

(1) The Company is committed to a total investment of £5,000,000. The remaining amount payable has been fair valued using a discount rate of LIBOR plus 4%.
(2) The Directors have taken the decision to fair value the investment at nil (2011: nil).

	2012	2011
Loans and receivables		
Loan to Zabre Investments Limited (a)	9,770,101	10,507,512
Debtor for sale of investment in associate (Saxonchart Limited) (b)	1,193,497	-
Other loans (c)	486,660	142,255
	11,450,258	10,649,767

(a) The loan to Zabre Investments Limited is unsecured, bears no interest and has no fixed terms of repayment.
(b) Long-term portion - see note 12 for short-term portion.
(c) The other loans are unsecured, bear interest at 5% per annum and have no fixed terms of repayment.

11. Investment in associate

	2012	2011
	€	€
Saxonchart Limited:		
Investment at cost	-	4,579,953
Share of retained loss	-	(680,885)
Share of loss for the current year	-	(76,259)
Exchange difference	-	(459,951)
	-	3,362,858

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

11. Investment in associate (continued)

	2012	2011
	€	€
Financial information:		
Assets	-	31,204,931
Liabilities	-	(32,725,884)
Revenue	-	810,641
Loss for the year	-	(152,518)

12. Trade and other receivables

	2012	2011
	€	€
Kaupthing Singer & Friedlander (a)	299,380	527,571
Debtor for sale of investment in associate (Saxonchart Limited) (b)	1,635,091	-
Interest receivable on amount outstanding from sale of Saxonchart Limited	26,357	-
Trade and other receivables	88,523	364,047
Prepayments	18,030	29,506
	2,067,381	921,124

(a) During the 2009 financial period, Kaupthing Singer & Friedlander was placed in liquidation. The fair value has been established with reference to the recent report issued by the liquidators, Pricewaterhouse Coopers, Isle of Man. During the year, there have been receipts of 22.1% (2011: 24.6%) of the initial debt due of £2,056,101. The Directors, have, on the strength of the approximate recoveries detailed in the latest liquidators report, reduced the impairment to 4.6%, having impaired the initial investment by 17% in the 2010 financial statements and kept this unchanged for the 2011 financial statements.

(b) Short-term portion - see note 10 for long-term portion.

13. Loans and other payables

	2012	2011
Current loans and other payables	€	€
Audit fee	25,063	23,562
Directors' fees	1,989	1,964
Tax liability	44,993	84,287
Trade & other creditors	211,853	160,338
Owed to Arnewood Limited	281,912	265,023
Owed to International Property Management Limited	771,031	714,112
Owed to Cheshire Properties Limited	219,557	206,404
Other financial liabilities (a)	1,074,271	-
Other financial liabilities (b)	3,757,967	-
DV4 Limited (c)	2,275,174	-
Other financial liabilities (d) -short-term portion	380,788	278,958
	9,044,598	1,734,648
Non-current loans		
Other financial liabilities (a)	-	1,060,274
Other financial liabilities (b)	-	3,829,150
DV4 Limited (c)	-	3,319,003
Other financial liabilities (d)	5,396,376	5,741,119
	5,396,376	13,949,546

(a) Leeds Building Society - Apex House

The loan is secured over the investment property detailed in Note 7, bears interest at 1.3% per annum above LIBOR for a minimum period of five years and is repayable in full on the fifth anniversary date of drawdown of the initial advance. It was due in more than one year in the prior year.

(b) Leeds Building Society - Global Park

The loan is secured over the investment property detailed in Note 7, bears interest at 1.3% per annum above LIBOR for a minimum period of five years and is repayable in full on the fifth anniversary date of drawdown of the initial advance. It was due in more than one year in the prior year.

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

13. Loans and other payables (continued)

(c) The above amount is payable over the remaining drawdown period of the subscription agreement, which expires on 7 March 2013. The above debt has been fair valued using a discount rate of LIBOR plus 4%. It was due in more than one year in the prior year.

(d) Royal Bank of Scotland - secured by the two properties held by Revival Holdings
The loan is secured by the properties detailed in Note 8. The loan is being repaid in monthly instalments over the period until May 2015. An interest swap hedge was taken out to manage the risk on increasing interest rates to cover the loan.

14. Other (losses)/ gains

	2012	2011
	€	€
Currency (losses)/ gains	(6,526)	182,947

15. Financial instruments

The Company's main financial instruments are comprised of:

(i) Cash and cash equivalents that arise directly from the Company's operations;

(ii) Investments

(iii) Loans and other receivables; and

(iv) Loans and other payables.

16. Fair value analysis

The following table shows an analysis of the fair values of financial instruments recognised in the Statement of Financial Position by level of their fair value hierarchy (see Note 2 (o), fair value measurement hierarchy).

	Level 1	Level 2	Level 3	Total
	€	€	€	€
2012				
Financial assets at fair value through Consolidated Statement of Comprehensive Income	-	-	5,699,963	5,699,963
Financial liabilities at fair value through Consolidated Statement of Comprehensive Income	-	-	-	-
2011				
Financial assets at fair value through Consolidated Statement of Comprehensive Income	-	-	5,462,485	5,462,485
Financial liabilities at fair value through Consolidated Statement of Comprehensive Income	-	-	-	-

The Directors have taken the decision that the Cost of the Level 3 Investments equates to their Fair Value, except for the Investment in Connaught Place PCC Limited which the Directors have taken the decision to value at nil. Zabre Limited is valued at cost and DV4 Limited at net asset value.

In 2012 there were no movements in or out of Level 3 other than those due to revaluations (see note 10, Other Financial Assets - Investments).

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

17. Financial risk management objectives

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk, currency risk and market price risk. The Board has agreed policies for managing these risks and meet regularly to review them. They are summarised below.

The Manager produces a cash flow forecast which is completed on a monthly basis. This cash flow is prepared in order to manage financial and liquidity risks.

(a) Interest rate risk

The Company faces interest rate risk from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowing at fixed rates exposes the Company to fair value interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift.

The Company is exposed to interest rate risk associated with the effects of fluctuations in the prevailing levels of market interest rates on cash balances. All of these cash balances receive interest at a floating rate. This interest rate risk is not considered to be significant.

The table below shows the Company's sensitivity to a 5% increase or decrease in interest rates.

	2012	**2011**
	€	**€**
A 50 bps increase in interest rates would produce an increase in net assets of	(30,365)	(44,101)
A 50 bps decrease in interest rates would produce a decrease in net assets of	30,365	44,101

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in realising assets or raising funds to meet its financial commitments. The Company's main financial commitments are its ongoing annual operating expenses and the bank loans within the structure.

	Less than 1 month	**1-3 months**	**3 months to 1 year**	**1 to 5 years**	**Total**
	€	**€**	**€**	**€**	**€**
2012					
Audit fee	-	-	25,063	-	25,063
Directors' fees	1,989	-	-	-	1,989
Tax liability	44,993	-	-	14,978	59,971
Short term loans	29,916	60,276	8,670,508	-	8,760,700
Other payables	-	211,853	-	-	211,853
Non-current loans	-	-	-	5,396,376	5,396,376
	76,898	272,129	8,695,571	5,411,354	14,455,952

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

17. Financial risk management objectives (continued)

(b) Liquidity risk (continued)

	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 years	Total
	€	€	€	€	€
2011					
Audit fee	-	-	23,562	-	23,562
Directors' fees	1,964	-	-	-	1,964
Tax liability	84,287	-	-	25,455	109,742
Short term loan	27,001	54,310	1,383,186	-	1,464,497
Other payables	-	160,338	-	-	160,338
Non-current loans	-	-	-	13,949,546	13,949,546
	113,252	214,648	1,406,748	13,975,001	15,709,649

The Investment Manager manages liquidity on a regular basis. The Company's overall exposure to liquidity risk is monitored by the board of Directors on a quarterly basis.

(c) Foreign currency risk

Foreign currency risk is the risk that the value of the financial instruments will fluctuate because of changes in foreign currency rates. Some of the Fund's investments and dividend receipts from its affiliates, may be in currencies other than Euro and exchange rate movements between those currencies and the Euro will affect the NAV of the Company. Should the Company enter into a currency hedging contract to mitigate this risk and subsequently sell the property or the investment in an affiliate prior to maturity of the hedging contract, the Company could suffer a loss on closing out the hedging contract.

The table below shows the Company's sensitivity to a 5% increase or decrease in Euro's (reporting currency) against Sterling (base currency of majority of assets).

	2012	2011
	€	€
A 5% increase in foreign currency rates would produce an increase in net assets of	1,097,103	890,220
A 5% decrease in foreign currency rates would produce a decrease in net assets of	(1,097,103)	(890,220)

(d) Market price risk

Market price risk results mainly from the uncertainty about future prices of investment properties held. It represents the potential loss the Fund may suffer through its holding market positions in the face of price movements and changes in exchange rates. All investment properties present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of investment properties and other financial instruments. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. At the year-end, a 5% movement in fair value of the assets would result in a sensitivity of €613,210 (2011: €806,477).

(e) Capital management

The investment objective of the Company is to achieve long-term capital growth and spread risk through investment in a range of commercial properties primarily in the European Union.

The capital structure of the Company consists of borrowings, which includes the loans disclosed in note 13, cash and cash equivalents and proceeds from the issue of Ordinary shares.

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

17. Financial risk management objectives (continued)

(e) Capital management (continued)

The Company's gearing policy as stated in the prospectus, is that its gearing will be totally dependent on the structure of the property transaction in question and consideration will be given to cash flow requirements of the individual property transaction as well as the cash flow requirements of the Company. The maximum level of gearing will be 85% of the Gross Market value of the assets of the Company.

	2012	2011
	€	€
Total borrowings	14,157,076	15,414,043
Less cash and equivalents	(2,298,891)	(670,840)
Net Debt	11,858,185	14,743,203
Total equity	22,441,694	21,651,357
Gearing ratio	52.8%	68.1%

18. Analysis of Shares

	2012 & 2011	
	No. of shares	€
Authorised		
Management shares of €1 each	10	10
Ordinary shares of €0.01 each	50,000	500
	50,010	510

Issued

	No. of shares	Share capital	Share premium
		€	€
2012			
Management shares of €1 each			
Balance at 1 March	2	2	-
Issued	-	-	-
Redeemed	-	-	-
Balance at 29 February	2	2	-
Ordinary shares of €0.01 each			
Balance at 1 March	26,274	263	26,273,737
Issued	-	-	-
Redeemed	-	-	-
Balance at 29 February	26,274	263	26,273,737

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

18. Analysis of Shares (continued)

	No. of shares	Share capital	Share premium
		€	€
2011			
Management shares of €1 each			
Balance at 1 March	2	2	-
Issued	-	-	-
Redeemed	-	-	-
Balance at 28 February	2	2	-
Ordinary shares of €0.01 each			
Balance at 1 March	26,274	263	26,273,737
Issued	-	-	-
Redeemed	-	-	-
Balance at 28 February	26,274	263	26,273,737

Management shares are not redeemable, do not carry any right to dividends and in a winding up rank only for a return of the amount of paid up capital after return of capital on Ordinary shares.

The Company is closed-ended and therefore shareholders have no right to redeem the shares or request that the Company repurchase them prior to the redemption date. If the Company is wound up, after the payment of all creditors, the shareholders will be entitled to the fair market value of the Ordinary shares.

Dividends may be paid on the shares at a level recommended by the Directors and provided that they are covered by funds that may be lawfully distributed as dividends.

19. Acquisition of subsidiaries

There were no further acquisitions of subsidiaries during the year or the prior year.

20. Financial instruments by category

	2012	2011
	€	€
Financial assets		
Non-current		
Investments designated at fair value through profit and loss	12,264,196	16,129,535
Receivables designated at amortised cost	11,450,258	10,649,767
Current		
Loans & receivables (including cash & cash equivalents) designated at amortised cost	4,366,272	1,591,964
Financial liabilities		
Current		
Accruals & payables designated at amortised cost (including loans & payables)	(9,044,598)	(1,734,648)
Non-current		
Accruals & payables designated at amortised cost (including loans & payables)	(5,411,354)	(13,975,001)
	13,624,774	12,661,617

Property plant and equipment and goodwill have been omitted from this as these are not considered to be financial instruments.

Notes to the Financial Statements for the year ended 29 February 2012 (continued)

21. Interest in shares

The Company is currently wholly owned by Investec Securities Limited.

22. Related party transactions

The related party transactions with the Investment Manager and the Administrator are detailed in Notes 3 and 5.

Stuart Platt-Ransom, Martin Tolcher (to 1 November 2011) and Brian O'Mahoney (from 1 November 2011) each received a Director's fee of £5,000 during the year (2011: £5,000), prorated as necessary (see note 5 for amounts received during the year and note 13 for amounts due at the year-end).

23. Operating Segments

The group operates in one main segment: that of property investment. Whilst some of this is achieved through loans, it is considered to be operating in one market segment, which can be split geographically as below:

	Seychelles		United Kingdom and mainland Europe	
	2012	2011	2012	2011
	€	€	€	€
Apex House	-	-	1,193,497	1,413,715
Global Park	-	-	5,370,736	5,890,477
DV4 Limited	-	-	5,699,962	5,462,484
Revival Holdings Limited (property, plant and equipment)	-	-	8,254,893	8,434,965
Saxonchart Limited	-	-	-	3,362,858
Zabre Limited	9,770,102	10,507,513	-	-
	9,770,102	10,507,513	20,519,088	24,564,499

It has one other subsidiary segment: that of investment in coal-blending facilities:

	China	
	2012	2011
	€	€
Connaught Place PCC Limited - Petrocom Energy Limited (see note 10)	-	-