CORUM PROPERTY INVESTMENTS LIMITED

REGISTERED NUMBER: 47257

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2010

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CORUM PROPERTY INVESTMENTS LIMITED

Company Summary

For the year ended 30 September 2010

Corporate Statement

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

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

Property Portfolio

Name	Use/Type	GLA* Sq Ft	% Owned
Investment Properties – Complete:			
Copenhagen Court, New Street, Basingstoke	Office and retail	22,350	90
Trott Street, Battersea, London, SW11	School	10,500	90
Fitzalan House, Fitzalan Court, Cardiff, Wales	Office	23,000	90
Hazlebury Road, Fulham, London SW6	School	4,100	90
The Malt House, Chadwick Street, Leeds	Office	24,500	90
Cedar House, Capability Green, Luton	Office	23,500	90
Bath Road, Maidenhead	Office	22,200	90
Highways House, Broadwater Road, Welwyn Garden City	Office	32,400	90
Investment properties in development:			
Langley Point, Bath Row, Birmingham	Office	44,500	50
Development Site, Aldridge, West Midlands	Retail	n/a	100

**GLA = Gross Lettable Area*

Salient Features

- Operating profit before revaluations, disposals and finance of £1.91 million (2009: £0.10 million)
- Earnings per ordinary share £82.59 (2009: £192.23)
- NAV per share £1,272.30 (2009: £1,189.69)
- Acquisition of retail development site in Aldridge
- Disposal of share in Sainsbury's warehouse
- Disposal of Office building in Brentwood realised a profit of £1.58 million above historic cost
- Purchase of Motor Retail Park for £4.0 million post year-end

Investment Adviser's Report

For the year ended 30 September 2010

Introduction

The last 12 months has seen Corum Property Investments Limited (“Corum”) continue to deliver positive returns to investors through active asset management of the existing portfolio and a prudent approach to new investment. The period has been one in which there has been a lack of profitable opportunities and in our view, the level of pricing has not always fully reflected the risks. As a consequence, acquisition activity has been limited and the focus has been on identifying and extracting value from the existing portfolio, which continues to generate a substantial positive cashflow.

Growth in capital value was witnessed across all sectors during the first half of the financial year; principally driven by exceptional growth within the central London office sector, as overseas buyers chased a limited supply of available properties. Since the summer of this year, investor sentiment has shifted and overall capital value growth has slowed considerably.

The last few months have seen a much greater supply and whilst retaining our prudent approach to investment, we have been able to identify and recommend a number of new opportunities which we believe will deliver positive returns going forward.

Both the overall economic environment and the UK property market have continued to improve since the low point around the middle of 2009 and whilst we view the next period with a fair degree of caution, we believe that the current situation represents a longer term opportunity to build a high quality property portfolio with significant upside potential.

Economic Background

The last 12 months have seen the UK economy ease its way out of recession and the first half of 2010 saw GDP growth of just over 1%. The latest projections for the remainder of the year put overall growth for 2010 at below 2%. Across various sectors the picture remains mixed, with continued growth in manufacturing output and industrial production and relatively strong results from the major UK supermarket groups, offset by falls in other parts of the economy.

The economic uncertainty created by the general election earlier this year has passed and the coalition government’s commitment to reducing debt has been viewed positively, particularly when compared to other European countries, most notably Ireland and Spain. The situation in the UK is fundamentally different to both these countries. However, there remains a general nervousness about the impact of the government’s proposed spending cuts and other measures which will be introduced to tackle the deficit. Whilst inflation remains at around 3%, the Bank of England continues to retain interest rates at 0.5%, so as not to jeopardise the prospects for economic recovery.

In the light of this, we therefore maintain our cautious approach to the future, with the government’s clear intention to reduce public spending tempering the growth stimulus provided by low interest rates and a competitive exchange rate.

UK Property Market Issues

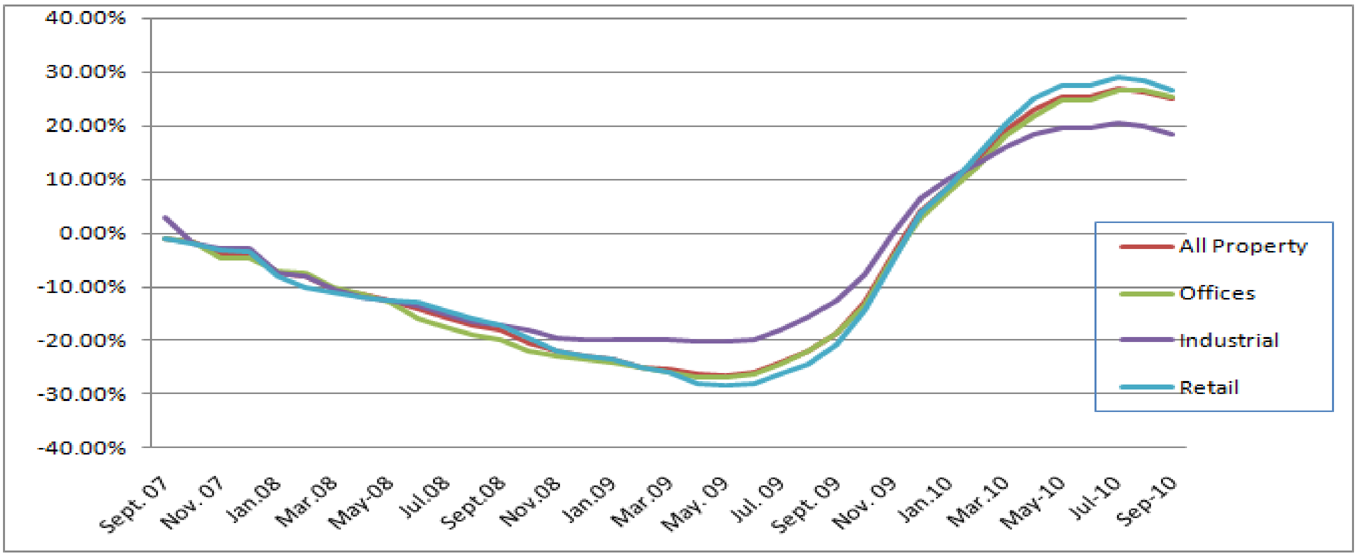
The recovery in values which was apparent this time last year continued to gather pace throughout 2010, driven to a large extent by investor appetite for prime stock which continued to be in short supply. No more was this evident than in the central London market, where large UK and overseas investors drove capital values up over 25%. Across the various sectors, returns have been mixed and there has been a clear distinction between prime assets (in this case properties let on long secure leases to grade A covenants) and “everything else”.

UK Property Market Issues (continued)

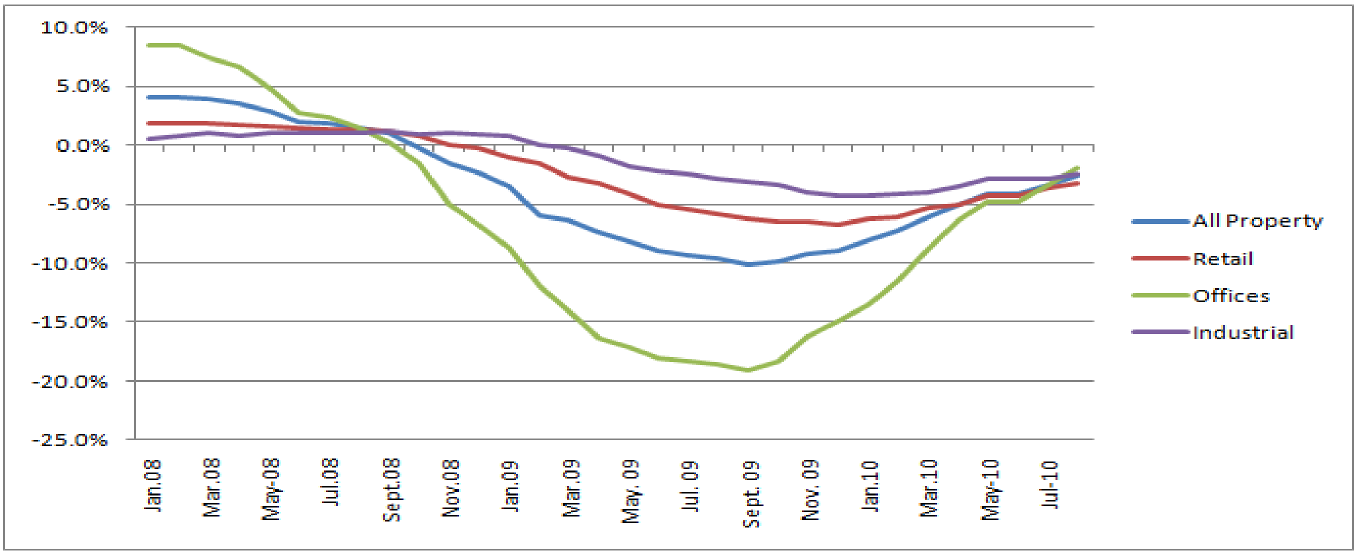
By way of context, UK commercial property values have grown by nearly 8% during 2010 and by close to 20% since June 2009. Values however remain over 33% below their 2007 peak.

The slowdown in capital value growth which became apparent during the first quarter of 2010 is now clearly evident in the most recent set of statistics. Whilst all property total returns remained in positive territory in September (albeit only marginally at + 0.8%), investor sentiment has clearly shifted as a consequence of renewed fears and uncertainties over the economy and occupier markets. Investors are increasingly unwilling to bid yields down further just to secure product in a market which remains undersupplied with good stock.

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



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



UK Property Market Issues (continued)

Debt finance for property continues to be scarce and lenders are very selective in respect of both assets and borrowers. We do not foresee this situation changing quickly, (indeed, the predominant pressure is on banks to reduce their property exposure) and therefore investors with equity will have an advantage in securing deals at attractive prices.

The last three months have seen the banks taking a harder line with borrowers who are in default; with a number of assets being taken back by lenders. There has also been an increase in the number of assets being disposed of, particularly those, such as shopping centres, which require intensive and ongoing asset management and expenditure. Given the low level of interest rates, those investors with significant equity who are able to secure debt and buy at attractive yields will deliver strong returns.

There remains a substantial amount of property assets in effective default, as well as a significant quantum of property debt which will need to be re-financed over the next 2 – 3 years. We continue to believe that this will provide some exciting opportunities in the short to medium term.

Corum Strategy

Throughout the last year, we have continued to focus on property “fundamentals”, particularly when assessing potential acquisitions. That is to say, we look for quality assets in strong and growing locations, with secure income streams and which can be acquired at attractive yields, but with genuine potential to add value. The emphasis is therefore on acquiring and creating strong cashflow and exploiting opportunities to enhance capital value.

The quantum of available property stock remains limited and we see little point in competing against institutional buyers at sub 5% yields for long term secure income streams such as supermarket investments. At the same time, we are continuing to investigate opportunities across a wide range of property sectors such as healthcare and neighbourhood retail where we believe there may be opportunities to deliver superior returns. In many cases, the opportunity for Corum is to partner with experienced players in these sectors and to take advantage of the need for equity.

Likewise, the shortage of debt finance affords opportunities to engage in development as a route to securing good quality investments at a more attractive yield than buying the completed asset in the open market. We will, however, restrict this approach to projects with a clear timescale and a substantial degree of pre-letting.

In the meantime, we continue to identify and exploit opportunities to add value to the existing portfolio and regularly review existing assets and consider selective disposals where we believe this to be in the best interests of investors and where this might enable us to secure more interesting opportunities in the future.

Portfolio Update

Acquisitions

Food Store Development Site, Aldridge, West Midlands, UK

Corum completed the unconditional acquisition of a 1 acre site, which sits in a prominent position with frontage to the principal retail thoroughfare in Aldridge, a relatively affluent suburb approximately 10 miles to the north of central Birmingham.

Acquisitions (continued)

Food Store Development Site, Aldridge, West Midlands, UK

The initial site cost, including fees was £507,030.

The site was acquired with 100% equity and the holding and other costs remain relatively minor at this stage. The intention is to look to secure debt finance at a later stage in the development process.

A number of meetings have been held with potential occupiers and the Local Authority.

Computer illustration of one development option.

Negotiations with the adjoining supermarket operator for a partial disposal of the site have been abandoned as these were unlikely to be concluded within a reasonable timescale. We are currently in discussions with a range of potential occupiers. Tenders for the demolition of the property have been received, with a view to submitting an application for a new building in conjunction with a pre-let.

Current Pipeline

During September 2010, terms were agreed in respect of a new income producing investment to be acquired for £4m. Bank facilities for 50% have been agreed and the transaction should complete by the end of November. It is anticipated that further new acquisitions will be announced shortly.

Disposals

Sainsbury's Warehouse, Coventry, UK

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

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

Disposals (continued)

The profit of £254,223 from this sale was accounted for in the fair value accounts as at 30 September 2009 and since that date all the proceeds have been received or accounted for giving rise to a further profit of £35,372 in the current year.

Kingsgate, Brentwood, UK

Following the acquisition of this property as part of the Stratton Portfolio, we received two unsolicited offers to acquire the asset. Following negotiations with the interested parties, an enhanced offer of £6.7m was received, which was significantly in excess of the value we had in our business plan. We therefore decided to accept this offer and the sale completed on 24th December 2009. The exit yield of 9% is a considerable uplift on our acquisition yield of 13%. Corum accounted for a profit of approximately £1.6m on this sale in its fair value accounts as at 30 September 2009, more than doubling the equity invested within 6 months. Cash proceeds of £6,740,000 were received on 24 December 2009 and £4.0m of bank debt was repaid.

Existing Portfolio

Stratton Portfolio, UK

Active management of this portfolio, which was acquired 15 months ago, continues to add value. A number of new initiatives are currently being progressed both to deal with upcoming lease events and to enhance both the quality and quantum of the income.

Further to our last report, the building in Luton is now fully let and the rental from the Battersea property has increased following our agreement with the tenant to make a contribution towards a small extension. The M&E works have been completed on budget in Cardiff and refurbishment of the common parts in Leeds have enhanced the appearance of this property, where we are now actively marketing the vacant ground floor. The overall vacancy rate remains low at just over 5%.

Luton

Leeds

Cardiff

Existing Portfolio (continued)

Langley Point, Birmingham, UK

There has been a recent increase in activity in the Birmingham office market, with a consequent reduction in competing accommodation. Langley Point is therefore the only self-contained building of its size and specification currently available. Whilst we continue therefore to seek a single occupier for the whole, we are considering alternative scenarios to secure tenants.

In the meantime, the banking facility for the project remains secure and the costs of maintaining the vacant space remain at a manageable level.

Conclusion

We continue with our strategy of focusing on property fundamentals and analysing potential acquisitions carefully to ensure that income will remain robust and that there are genuine opportunities to add value. The last three months have seen an increase in available opportunities and we foresee this continuing for the remainder of this year and next.

Our view is that the market recovery of the last 12 months has run its course and looking forward, we would anticipate a period during which yields remain relatively stable. A return to general value growth is unlikely until such time as the economic fundamentals support rental growth and there is an easing in the availability of debt finance. The road ahead is unlikely to be smooth however, with peaks and troughs reflecting changing sentiment in the market.

The emphasis is therefore on acquiring and creating strong cashflow and exploiting opportunities to enhance capital value. We view the current market as a longer term opportunity to build a high quality property portfolio with significant upside potential as originally envisaged when Corum was established three years ago.

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 2010.

Incorporation and principal activities

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

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

Financial Report

Gross rental income for the year exceeded £3.0 million, up from £786,124 as the Group had the benefit of a full year's ownership of the Stratton portfolio. Interest income correspondingly declined from £470,684 to £57,632 reflecting the investment of cash previously held on deposit and the very low interest rates available in the market on short term deposits.

As can be seen from the table below, the Group remains conservatively geared with net bank borrowings at 44% of investments (2009: 48%) and available cash resources of £8.9 million (2009: £6.5 million).

Net assets at 30 September 2010 are summarised as follows:

	30/09/2010	**30/09/2009**
	£'000	**£'000**
Cash and accrued interest	8,893	6,513
Langley Point – JV Office development	4,600	4,600
Stratton Portfolio	30,050	35,500
Alderidge development site	517	-
Sainsbury warehouse	-	914
C&D Loans	262	363
Net Trade liabilities	(522)	(1,402)
Bank Borrowings	(15,653)	(20,018)
Minority interests	(4,218)	(4,095)
Net asset value attributable to shareholders of the Company	**23,929**	**22,375**

Results and dividends

The results of the Group are stated on page 14. The Directors do not propose a dividend for the year (2009: 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	2 July 2007
Angus Mackay	2 July 2007
Robert Cohen	2 July 2007
David Abargil	2 July 2007
Brett Allen	12 October 2009

Directors' interests

The following Directors held indirect beneficial and non-beneficial interests in the ordinary shares of the Company at 30 September 2010:

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

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

Directors' remuneration

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

Name	*2010* £	*2009* £
David Abargil	7,500	5,000
Brett Allen	6,000	-
Robert Banfield	-	1,000
	13,500	6,000

Substantial shareholdings

Investors with holdings of more than 3 per cent of the issued shares of the Company as at 30 September 2010 were as follows:

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

Directors' responsibilities

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

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

The Directors further confirm that:

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

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

Auditor

The auditor of the Company, Saffery Champness, has expressed its willingness to continue in office.

By order of the Board

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

We have audited the Group’s financial statements for the year ended 30 September 2010 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes on pages 18 to 37. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditor

As described in the statement of directors’ responsibilities on page 12, the Company's Directors are responsible for the preparation of the financial statements in accordance with The Companies (Guernsey) Law, 2008 and International Financial Reporting Standards ("IFRS").

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

• the financial statements give a true and fair view, in accordance with IFRS, of the state of affairs of the Company and the Group as at 30 September 2010 and of its profit for the year then ended; and

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

SAFFERY CHAMPNESS
CHARTERED ACCOUNTANTS
Date:

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement of Comprehensive Income
For the year ended 30 September 2010

	Notes	For the year ended 30 September 2010 £	For the year ended 30 September 2009 £
Gross rental income	4	3,037,012	786,124
Property operating expenses	5	(717,238)	(190,842)
Net rental income		**2,319,774**	595,282
Revaluations and disposals	6	807,219	6,156,040
Finance income	7	57,632	470,684
		864,851	6,626,724
Administrative expenses	8	(411,002)	(499,138)
Operating profit		**2,773,623**	6,722,868
Foreign exchange profit		-	149
Finance costs	9	(1,255,922)	(299,106)
		(1,255,922)	(298,957)
Profit before tax		**1,517,701**	6,423,911
Taxation	2.9	(136)	(24)
Profit for the year		**1,517,565**	6,423,887
Other comprehensive income/expense			
Translation of foreign entities		372	(791)
Total comprehensive income for the year		**1,517,937**	6,423,096
Profit attributable to:			
Owners of the Parent		**1,553,329**	3,615,196
Non-controlling interest		**(35,764)**	2,808,691
		1,517,565	6,423,887
Total comprehensive income attributable to:			
Owners of the Parent		**1,553,701**	3,615,196
Non-controlling interest		**(35,764)**	2,808,691
		1,517,937	6,423,887
Earnings per Ordinary share - Basic and diluted	10	**82.59**	192.23

All items in the above statement are derived from continuing operations.
The notes on pages 18 to 37 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement of Financial Position
As at 30 September 2010

	Notes	30 September 2010 £	30 September 2009 £
Assets			
Non-current assets			
Investment property	11	30,050,000	35,500,000
Investment property under construction	12	5,117,460	-
Development property	13	-	4,600,000
Financial assets at fair value through profit and loss	14	-	261,223
Loans receivable	15	262,477	262,477
Trade and other receivables	16	269,543	266,254
Restricted deposits	18	250,657	250,096
		35,950,137	41,140,051
Current assets			
Loans receivable	15	-	752,565
Trade and other receivables	16	540,671	376,300
Cash and cash equivalents	17	8,892,580	6,513,370
		9,433,251	7,642,235
Total assets		45,383,388	48,782,285
Liabilities			
Current liabilities			
Trade and other payables	19	1,332,421	2,044,175
Bank borrowings	20	504,114	598,196
		1,836,535	2,642,371
Non-current liabilities			
Bank borrowings	20	15,399,418	19,669,659
Long-term loan from non-controlling interest	21	1,433,190	1,273,947
		16,832,608	20,943,606
Total liabilities		18,669,143	23,585,977
Net assets		26,714,245	25,196,308
Equity			
Share capital	22	2,481	2,481
Share premium	23	18,805,119	18,805,119
Retained earnings		5,121,218	3,567,889
Translation reserve		-	(372)
Total equity attributable to shareholders of the Company		23,928,818	22,375,117
Non-controlling interest		2,785,427	2,821,191
Total equity		26,714,245	25,196,308
Net asset value attributable to Ordinary shareholders	24	1,272.30	1,189.69

These financial statements were approved and authorised for issue by the board on 7 December 2010 and signed on its behalf by:

Robert Cohen

The notes on pages 18 to 37 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement Of Changes In Equity
For the year ended 30 September 2010

Attributable to owners of the Parent
For the year ended 30 September 2010

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

For the year ended 30 September 2009

	Share Capital £	Share Premium £	Retained deficit/ earnings £	Translation reserve £	Total £
At 1 October 2008	2,481	18,805,119	(47,307)	419	18,760,712
Total comprehensive income for the year					
Net profit for the year	-	-	3,615,196	-	3,615,196
Other comprehensive expense					
Translation of foreign entities	-	-	-	(791)	(791)
At 30 September 2009	2,481	18,805,119	3,567,889	(372)	22,375,117

The notes on pages 18 to 37 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement of Cash Flows
For the year ended 30 September 2010

	Notes	30 September 2010 £	30 September 2009 £
Cash flows from operating activities			
Profit before tax		1,517,701	6,423,911
Adjustments for:			
Amortised tenant incentive		(73,916)	-
Bank interest income	7	(57,632)	(363,588)
Loan interest income	7	-	(107,096)
Finance costs		1,177,004	278,997
Amortisation of financing costs		78,919	18,160
Revaluations and disposals	6	(807,219)	(6,156,040)
Tax paid		(136)	(24)
		1,834,721	94,320
Increase in receivables		(151,764)	(245,741)
(Decrease)/increase in payables		(649,104)	1,272,966
Net cash inflow from operating activities		1,033,853	1,121,545
Cash flows from investing activities			
Bank interest received		61,059	432,991
Disposal of investment property		6,740,000	-
Cost of disposal of investment property	6	(66,042)	-
Purchase of investment property including improvements, extensions & acquisition costs	6,11	(412,519)	(28,887,520)
Purchase of financial assets (including acquisition costs) at fair value through profit and loss		-	(34,398)
Disposal of financial assets at fair value through profit and loss		296,595	-
Investment property under construction acquisition and improvement		(557,051)	(2,807,144)
Loans issued		-	(693,000)
Loan arrangement fees		1,671	(363,332)
Loans repayments received		752,565	966,560
Minority interest received		-	1,250,000
Net cash inflow/(outflow) from investing activities		6,816,278	(30,135,843)
Cash flows from financing activities			
Proceeds from bank borrowings		84,646	20,267,855
Payments into restricted Deposit account		(561)	(250,096)
Repayment of bank borrowings		(4,474,968)	-
Bank interest paid		(1,080,410)	-
Net cash (outflow)/inflow from financing activities		(5,471,293)	20,017,759
Foreign exchange movements		372	(791)
Net increase/(decrease) in cash and cash equivalents		2,379,210	(8,997,330)
Cash and cash equivalents at beginning of the period		6,513,370	15,510,700
Cash and cash equivalents at end of the period		8,892,580	6,513,370

The notes on pages 18 to 37 are an integral part of these financial statements.

1. *General information*

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

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

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

These consolidated financial statements were approved for issue by the Board of Directors on 7 December 2010.

2. *Summary of significant accounting policies*

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

2.1 *Basis of preparation*

Statement of Compliance

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

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

2.2 *New accounting policies effective and adopted*

Presentation of financial statements

The Group applies revised IAS 1 Presentation of Financial Statements (2008), which became effective for periods commencing on or after 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Investment property under construction

A revision to IAS 40 'Investment Property', which became effective for periods commencing on or after 1 January 2009, requires investment property under construction to be measured at fair value, unless the fair value is not reliably measurable. Therefore investment property under construction is measured at fair value as at 30 September 2010 (see note 12).

Consolidated financial statements

A revision to IAS 27 'Consolidated and Separate Financial Statements', which became effective for annual periods commencing on or after 1 July 2009 was adopted in the year. There was no material effect on the financial statements.

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

Additional disclosures requirements on financials instruments

The Group has adopted IFRS 7 (amendment) 'Financial instruments: Disclosures' as of 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the Group's financial position or performance.

Determination and presentation of operating segments

The Company adopted IFRS 8 as of 1 January 2009, which requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

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.

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 24 (amended), *'Related Party Disclosures' (effective for periods commencing on or after 1 January 2011);*
- IAS 32 (amended), *'Financial Instruments: Presentation' (effective for periods commencing on or after 1 February 2010);*
- IFRS 2 (amended), *'Share-based Payment' (effective for periods commencing on or after 1 January 2010);*
- IFRS 7 (amended), *'Financial Instruments: Disclosures' (effective for periods commencing on or after 1 July 2011);*
- IFRS 9, *'Financial Instruments - Classification and Measurement' (effective for periods commencing on or after 1 January 2013);*
- IFRIC 19, *'Extinguishing Financial Liabilities with Equity Instruments' (effective for periods commencing on or after 1 July 2010).*

In addition the IASB completed its second and third annual improvements projects in April 2009 and May 2010 respectively. These projects amended a number of existing standards and interpretations effective for accounting periods commencing between 1 July 2009 and 1 January 2011.

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

2.3 *Consolidation*

The financial statements incorporate the financial statements of the Company, its subsidiary undertakings and its proportionate interest in joint ventures, through which the Company's interest in development properties have been acquired, made up to 30 September 2010. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

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

2.3 *Consolidation (continued)*

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

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

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

2.4 *Foreign currency translation*

(a) Functional and presentation currencies

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

(b) *Foreign currency transactions*

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

(c) *Group companies*

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

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

2.5 *Revenue recognition*

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

2.6 *Interest income*

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

2.7 *Operating profit*

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

2.8 *Expenses*

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

2.9 *Taxation*

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinances 1989 (as amended), and is charged an annual exemption fee of £600.

The interest received from bank deposits in the United Kingdom is subject to 20% withholding tax. The Company's subsidiaries in Luxembourg 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 2010 are £4,567,086 (5 April 2009: £3,989,049)

2.10 *Borrowing costs*

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

2.11 *Investment in subsidiaries*

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

2.12 *Investment property and investment property under construction*

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

After initial recognition, investment property and investment property under construction 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 total comprehensive income.

2.13 *Leases*

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

2.14 *Financial instruments*

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

Financial assets

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

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

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

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

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

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

c) De-recognition of financial assets
A financial asset (in whole or in part) is de-recognised either:
• when the Group has transferred substantially all the risks and rewards of ownership and when it no longer has control over the asset or a portion of the asset; or
• when the contractual right to receive cash flow from the asset has expired.

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

Borrowings are recognised initially at fair value. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of total comprehensive income over the period of the borrowings on an effective interest basis.

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

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

2.14 ***Financial instruments (continued)***
Financial liabilities
d) Share capital
Share capital is classified as equity where there is no obligation to transfer cash or other assets.

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

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

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

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

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

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

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

Investment property and investment property under construction
The fair values of investment properties are determined annually by the Board acting on advice from qualified valuers.

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

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

Investment property and investment property under construction

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

Income and deferred taxes

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

4 ***Gross rental income***

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

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

	30/09/2010	30/09/2009
	£	£
No later than 1 year	2,918,098	3,290,140
Later than 1 year and no later than 5 years	7,844,435	10,904,996
Later than 5 years	9,005,022	10,081,234
	19,767,555	24,276,370

5 ***Property operating expenses***

	30/09/2010	30/09/2009
	£	£
Asset management fees	163,950	76,160
Investment advisory fees	215,925	56,250
Irrecoverable VAT on direct expenses	2,291	-
Letting fees: agent and legal	97,020	-
Marketing and promotion	22,244	-
Professional fees	7,635	13,500
Property maintenance and repairs	28,598	-
Property management fees	45,300	15,000
Rates, insurance and service charges	134,275	29,932
	717,238	190,842

6 *Revaluations and disposals*

	30/09/2010	30/09/2009
	£	£
Gain on revaluation of investment properties (see note 11)	887,481	8,000,000
Gain on disposal of financial assets designated at fair value through profit and loss	35,372	254,223
Fees on acquisition/disposal of investment properties	(66,042)	(1,387,520)
Acquisition transaction costs	-	(27,398)
Loss on revaluation of investment property under construction	(39,592)	-
Loss on disposal of investment property	(10,000)	-
Impairment of loans and receivables (see note 15)	-	(250,000)
Impairment of development property	-	(433,265)
	807,219	6,156,040

A property acquired for £5,090,090 was sold for £6,740,000 in December 2009. This gave rise to a realised gain on cost, after disposal costs, of £1,583,868. As the amount of £1,659,910 had been taken to profit as a revaluation at 30 September 2009, the net effect in the current period statement of comprehensive income was a loss of £76,042 split between disposal fees of £66,042 and loss on disposal of £10,000.

7 *Finance income*

	30/09/2010	30/09/2009
	£	£
Bank interest income	57,632	363,588
Loan interest income	-	107,096
	57,632	470,684

8 *Administrative expenses*

	30/09/2010	30/09/2009
	£	£
Administration fees	88,773	82,663
Advisory and structural fees	56,421	56,421
Acquisition fees	1,446	-
Auditor's remuneration	37,525	14,000
Directors' remuneration	13,500	6,000
D&O Insurance	7,173	15,700
Investment Adviser's fees	160,215	319,890
Irrecoverable VAT	2,295	-
Legal and professional fees - general	20,443	-
Professional fees - aborted acquisitions	10,197	(7,162)
Statutory fees	9,497	7,914
Sundry expenses	1,490	3,712
Travel	2,027	-
	411,002	499,138

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

	30/09/2010	30/09/2009
	£	£
Finance costs	(1,255,922)	(299,106)

10 *Earnings per ordinary share - basic and diluted*

The calculation of the earnings per share is based on the following data:

	30/09/2010	30/09/2009
	£	£
Total Comprehensive Income attributable to the owners of the parent	1,553,329	3,615,196
Weighted average number of Ordinary shares for the purpose of basic and diluted earnings per share	18,807	18,807
Earnings per ordinary share	82.59	192.23

11 *Completed investment property*

	30/09/2010	30/09/2009
	£	£
Opening balance at the beginning of the year	35,500,000	-
Property acquisitions and improvements at cost	412,519	27,500,000
Disposals at opening valuation	(6,750,000)	-
Revaluations (see note 6)	887,481	8,000,000
Fair value at the end of the year	30,050,000	35,500,000

The fair value of the Group’s investment properties at 30 September 2010 is shown at fair value valuation as determined by Savills. Savills are independent valuers and their valuation basis is in accordance with Royal Institution of Chartered Surveyors ('RICS') Valuations Standards.

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

The Group's subsidiaries have pledged their investment properties to secure banking facilities granted to the relevant subsidiary (see note 20).

12 *Investment property under construction*

Investment property under construction is carried at fair value. The carrying value of the property transferred from development property was the same as it's fair value.

	30/09/2010	30/09/2009
	£	£
Transfer from Development Property due to revised IAS 40	4,600,000	-
Acquisition costs of land and buildings	509,530	-
Build and professional costs in the year	45,129	-
Borrowing costs capitalised	2,393	-
Revaluation	(39,592)	-
Fair value at the end of the year	5,117,460	-

The Group has pledged investment property under construction, valued at £4,600,000 (2009: £4,600,000) as security for the Svenska Handelsbanken AB borrowings (see note 20).

The fair value of the Group's investment properties under construction at 30 September 2010 is shown at Directors' valuation.

12 *Investment property under construction (continued)*

The Group adopted the 2008 amendments to IAS 40 'Investment property' (and consequential amendments to IAS 16, 'Property, plant and equipment') with prospective application from 1 October 2009.

The Group determined the fair value of all its investment properties under construction at 30 September 2010 were reliably determinable on a continuing basis. Property being constructed or developed for future use as investment property was reclassified from development property at 1 October 2009 at its carrying amount.

Direct operating expenses recognised in profit and loss include £46,136 (2009: £38,660) relating to investment property under construction and so was unlet.

As at 30 September 2010, the carrying value of investment properties under construction amounted to £5,117,460, and fair value losses of £39,592 were recognised during 2010 in respect of these properties. This loss all relates to the current year and the carrying value at the start of the year was considered to be equal to the fair value. This loss would have previously have been recognised as impairment.

13 *Development property*

Development property is carried at cost less impairment.

	30/09/2010 £	30/09/2009 £
Opening balance at the beginning of the year	4,600,000	2,169,979
Transfer to Investment Property Under Construction due to revised IAS 40	(4,600,000)	-
Build and professional costs in the year	-	2,430,021
Borrowing costs capitalised	-	-
Carrying value at the end of the year	-	4,600,000

14 *Financial assets at fair value through profit and loss*

	30/09/2010 £	30/09/2009 £
Investment in Yoda Capital Management Limited	-	261,223

The investment in Yoda Capital Management Limited was sold on 16 December 2009 and realised a gain of £35,372 above the September 2009 fair value.

15 *Loans receivable*

	30/09/2010 £	30/09/2009 £
Yoda Capital Management Limited	-	652,565
Loans to City and Docklands London Limited	262,477	362,477
	262,477	1,015,042
Disclosed as:		
Non-Current assets	262,477	262,477
Current assets	-	752,565

Yoda Capital Management Limited repaid its loan in full on 16 December 2009.

The Directors have reviewed the loans to City and Docklands London Limited and made provision for impairment in the previous year. They have reviewed these again at the current year end and no further impairment is required. An amount of £100,000 was repaid on 11 December 2009. No further interest is being accrued on these loans.

16 *Trade and other receivables*

	30/09/2010	30/09/2009
	£	£
Trade receivables	211,882	255,533
Bank interest receivable	-	3,427
Prepayments	87,392	1,425
VAT recoverable	39,093	32,496
Prepaid finance expenses	290,582	345,173
Amortised rent-free incentive	73,916	-
Other debtors	107,349	4,500
	810,214	642,554
Disclosed as:		
Non-current assets	269,543	266,254
Current assets	540,671	376,300

17 *Cash and cash equivalents*

	30/09/2010	30/09/2009
	£	£
Cash at bank	8,892,580	6,513,370

18 *Restricted deposits*

	30/09/2010	30/09/2009
	£	£
Restricted deposits	250,657	250,096

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

19 *Trade and other payables*

	30/09/2010	30/09/2009
	£	£
Trade payables	151,735	598,396
Retentions on investment property under construction	178,680	178,680
Deferred rental income	655,594	817,114
Vendor liability	-	166,805
VAT payable	64,955	38,663
Interest on long-term liability - Aviva Plc	179,900	242,550
Tax payable	1,967	1,967
Accruals	99,590	-
	1,332,421	2,044,175

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

20 *Bank borrowings*

	30/09/2010	30/09/2009
	£	£
Aviva Plc	12,850,032	17,325,000
Svenska Handelsbanken AB	3,053,500	2,942,855
	15,903,532	20,267,855
Disclosed as:		
Current liabilities	504,114	598,196
Non-current liabilities	15,399,418	19,669,659

The Aviva Plc loan payable is secured by certain investment properties with a fair market value of £30,050,000 (2009: £35,500,000) at the reporting date.

The Aviva Plc loan is divided into an interest only loan of £10,505,000 and an amount of £2,345,032 that will be amortised over the period of the loan. The interest rate is fixed at 6% throughout the 5 year period of the loan. The loan has a termination date of 25 September 2014.

The Svenska Handelsbanken AB loan payable is secured by a development property under construction with a fair value of £4,600,000 (2009: £4,600,000) at the reporting date.

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

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

	30/09/2010	30/09/2009
	£	£
Gemshorn Limited	1,433,190	1,273,947

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

22 *Share capital*

	30/09/2010	30/09/2009
	£	£
Authorised share capital:		
100,000 Ordinary Shares of 10p each issued	10,000	10,000
100 Management Shares of 100p each issued	100	100
1,000 Performance Shares of 100p each issued	1,000	1,000
Total	11,100	11,100

Issued and fully paid share capital:	30/09/2010	30/09/2009
	£	£
18,807 Ordinary Shares of 10p each issued	1,881	1,881
100 Management Shares of 100p each issued	100	100
500 Performance Shares of 100p each issued	500	500
Balance at the end of the year	2,481	2,481

22 *Share capital (continued)*

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.

23 *Share premium*

	30/09/2010 £	30/09/2009 £
Premium arising on issue of ordinary shares	18,805,119	18,805,119

24 *Net asset value per ordinary share*

	30/09/2010 £	30/09/2009 £
The calculation of the net asset value per ordinary share is based on the following data:		
Net asset value attributable to ordinary shareholders	23,928,218	22,374,517
Number of ordinary shares	18,807	18,807
Net asset value per ordinary share	1,272.30	1,189.69

25 *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
Corum (A30) Limited	British Virgin Islands	100%	1,000
Corum II Limited (formerly Verstona Limited)	British Virgin Islands	100%	50
Corum (Aldridge) Limited	British Virgin Islands	100%	100
Corum UK Holdings 1 Limited	British Virgin Islands	90%	125,000

26 *Investment in joint ventures*

The Group has not invested in any new joint venture entities during the year to 30 September 2010. 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 2010 and 30 September 2009 and for the years then ended is included in the consolidated financial statements, and is as follows:

	30/09/2010 £	30/09/2009 £
Current assets	112,972	67,095
Non-current assets	4,613,214	4,600,000
	4,726,186	4,667,095
Current liabilities	(187,776)	(215,468)
Non-current liabilities	(3,053,500)	(2,942,855)
	(3,241,276)	(3,158,323)
Net asset value	1,484,910	1,508,772

	30/09/2010 £	30/03/2009 £
Finance income	429	582
Administrative expenses	(39,677)	(16,699)
Loss for the period from operations	(39,248)	(16,117)
Finance costs	(45,023)	-
Loss for the period	(84,271)	(16,117)

Trifolkes Stona LLP, a limited liability partnership, holds an investment property under construction (see note 12). 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 2010 Corum II Limited had invested £2,000,000 in Trifolkes Stona LLP. In addition Corum II Limited has a commitment for its share of costs to completion and interest expenses post-completion in excess of the bank facility.

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

27 *Capital risk management*

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

The Group manages its capital structure and will make adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell net assets to reduce debt.

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

The Group monitors capital on the basis of the gearing ratio. Fund gearing, calculated as net debt (bank borrowing less bank balances) divided by total assets (excluding bank balances), was 18.65% as at 30 September 2010 (2009: 32.14%). The debt to equity ratio, calculated as net debt divided by total equity plus subordinated minority shareholder loan, was 24.01% (2009: 51.02%). 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 Fund is not subject to externally imposed capital requirements.

28 *Contingencies*

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

29 *Events after the reporting date*

After the end of the financial year, the Group acquired land and buildings known as Halbeath Motor Retail Park, Dunfermline, Scotland at a purchase price of £3,950,000 plus associated acquisition costs. The property consists of 5 motor retail outlets let to national or regional franchised distributors for Volkswagen, Toyota, Renault, Peugeot and Skoda. A further large industrial unit is leased to Man International Truck and Bus as a heavy vehicle service centre and a small unit is let as an over-the-counter trade centre.

30 *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 £9,500 (2009: £578,541) and Investment Adviser's fees of £376,140 (2009: £376,140). At the year end there was an amount outstanding to CIAL of £46,860 (2009: £Nil).

David Abargil, Brett Allen and Angus Mackay, Directors of the Company, are directors of CIAL. David Abargil received £7,500 (2009: £5,000) and Brett Allen received £6,000 (2009: Nil) 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.

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

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

Categories of financial assets and financial liabilities

	30/09/2010	30/09/2009
Non-current financial assets:	**£**	**£**
Financial assets through profit or loss	-	261,223
Loans and receivables		
Loans receivable	262,477	262,477
Trade and other receivables	269,543	266,254
Restricted deposits	250,657	250,096
Current financial assets:		
Loans and receivables		
Loans receivable	-	752,565
Trade and other receivables	540,671	376,300
Cash and cash equivalents	8,892,580	6,513,370
Non-current financial liabilities:		
Financial liabilities measured at amortised cost		
Bank borrowings	15,399,418	19,669,659
Long-term loan from minority shareholder	1,433,190	1,273,947
Current financial liabilities:		
Financial liabilities measured at amortised cost		
Trade and other payables	1,332,421	2,044,175
Bank borrowings	504,114	598,196

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.

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

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

Cash and cash equivalents and loans represent the majority of the Group's financial assets. The majority of the cash and cash equivalents at year end date is held with Investec Bank plc, Investec Bank (Channel Islands) Limited and Royal Bank of Scotland International Limited. The credit risk associated with the holding of cash and cash equivalents and receivables is managed by the 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 2010
Counterparty

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

30 September 2009
Counterparty

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

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

Liquidity risk

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

The table below analyses the Group's financial assets and 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 2010

Contract maturities of financial liabilities:	**< 1 month**	**1 month to 1 year**	**1 - 5 years**	**Total**
	£	**£**	**£**	**£**
Trade and other payables	-	1,332,421	-	1,332,421
Bank borrowings	-	504,114	15,399,418	15,903,532
Total	-	1,836,535	15,399,418	17,235,953

Maturities of these financial assets:	**< 1 month**	**1 month to 1 year**	**Undefined**	**Total**
	£	**£**	**£**	**£**
Group				
Cash and cash equivalents	5,754,301	3,138,279	-	8,892,580
Restricted deposits	-	-	250,657	250,657
Loans and receivables	-	-	262,477	262,477
Trade receivables	-	540,671	269,543	810,214
	5,754,301	3,678,950	782,677	10,215,928

30 September 2009

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

Maturities of these financial assets:	**< 1 month**	**1 month to 1 year**	**Undefined**	**Total**
	£	**£**	**£**	**£**
Group				
Cash and cash equivalents	6,513,370	-	-	6,513,370
Restricted deposits	-	-	250,096	250,096
Loans and receivables	-	752,565	262,477	1,015,042
Trade receivables	-	376,300	266,254	642,554
Financial assets at fair value through profit and loss	-	261,223	-	261,223
	6,513,370	1,390,088	778,827	8,682,285

31 ***Financial Instruments risk exposure and management (continued)***
Market risk
Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk, and other price risks.

The Group has no major exposure to market risk.

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

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

Interest Rate Profile	**As at 30 September 2010**		**As at 30 September 2009**	
	Group	**Group**	**Group**	**Group**
	%	**£**	**%**	**£**
Weighted average interest rate				
Loans receivable				
Non-interest bearing	-	262,477	-	1,015,042
Trade and other receivables				
Non-interest bearing	-	810,214	-	642,554
Cash and cash equivalents				
Variable	0.90%	9,143,237	0.65%	6,763,466
Financial liabilities at amortised cost - trade and payables				
Non-interest bearing	-	1,322,421	-	2,044,175
Bank borrowings				
Variable	1.97%	3,053,500	2.17%	2,942,855
Fixed	6.00%	12,850,032	6.00%	17,325,000

For the Group, an increase/decrease in 50 basis points in interest yields would result in an increase/decrease in pre-tax profits of £30,449 (2009: £19,103).

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.

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

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As at 30 September 2010

	Level 1	Level 2	Level 3
	£	£	£
Financial assets at fair value through profit and loss	-	-	-

As at 30 September 2009

	Level 1	Level 2	Level 3
	£	£	£
Financial assets at fair value through profit and loss	-	261,223	-

CORUM PROPERTY INVESTMENTS LIMITED

Key Parties

Registered Office
Sarnia House
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Guernsey GY1 4NA

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

Investment Adviser
Corum Investment Advisers Limited
Sarnia House
Le Truchot
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Guernsey GY1 4NA

Structural Adviser
Investec Capital Markets
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Listing Sponsor
Reid Listing Services Limited
Argyle House
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Bermuda

Auditor
Saffery Champness
La Tonnelle House
Les Banques
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Annual Sponsor
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Bermuda

Principal Bankers
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Investec Bank plc
Royal Bank of Scotland International Limited
Lloyds TSB Plc

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