CORUM PROPERTY INVESTMENTS LIMITED

REGISTERED NUMBER: 47257

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2013

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CORUM PROPERTY INVESTMENTS LIMITED

Company Summary
For the year ended 30 September 2013

Corporate Statement

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

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

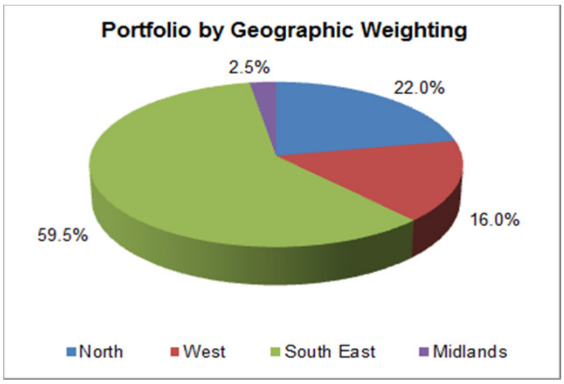
Key features of the year under review

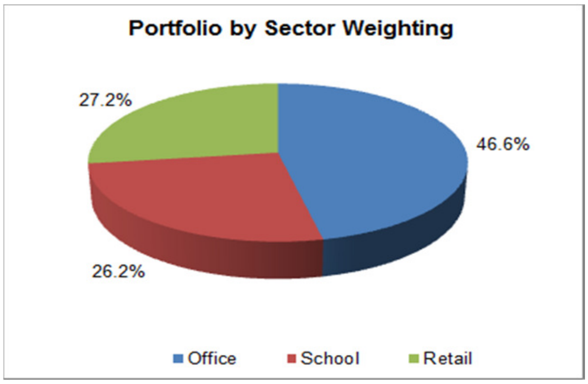
- Development of district retail centre at Norton Fitzwarren in Somerset completed and now 90% let with trading going well. Aldridge redevelopment completed, tenant fit-out complete and trading commenced above expectations.
- Basingstoke refurbishment completed and 35% let with £92,000 pa rentals agreed.
- Lease improvements and extensions at Luton and Dunfermline.
- The office development at Langley Point in Birmingham was sold for conversion into a school enabling the debt to be repaid and a return of some of our original investment.
- Active marketing of properties has commenced with the aim of returning funds to shareholders over the next financial year.
- Operating income before capital items of £623,925 was better than forecast at the last year end.
- Capital values of the portfolio were written down by a net £1,260,000, principally due to the office portfolio write-down, offset by gains on the schools, motor retail and Norton Fitzwarren retail.
- Net cash increased by £1,246,201, and after allowing for timing on one-off accruals, available cash was £2.5m.

Company Summary (continued)
For the year ended 30 September 2013

Property Portfolio

Name	Use/Type	GLA* Sq Ft	% Owned
Copenhagen Court, New Street, Basingstoke	Office and retail	22,350	100%
Trott Street, Battersea, London, SW11	School	11,396	100%
Fitzalan House, Fitzalan Court, Cardiff, Wales	Office	23,000	100%
Hazlebury Road, Fulham, London SW6	School	4,100	100%
The Malt House, Chadwick Street, Leeds	Office	25,290	100%
Cedar House, Capability Green, Luton	Office	23,500	100%
Bath Road, Maidenhead	Office	22,200	100%
Highways House, Broadwater Road, Welwyn Garden City	Office	32,400	100%
Fife Motor Village	Retail - Motor	53,672	100%
Alma Place, Durham	Retail - Motor	10,095	100%
Avion Building, Aldridge, West Midlands	Retail - Leisure	6,500	100%
Norton Fitzwarren District Retail Centre, Taunton, Somerset	Retail & Healthcare	16,906	100%





Introduction
The uncertainties and lack of activity which characterised the market in the last financial year have been replaced by a much more positive outlook during the last three months of 2013. Economic data over the last few months suggest that the UK economy has turned the corner, with both previous estimates and future projections of key indicators being revised upwards. This more positive sentiment is reflected in our own experience of the property market, where we are seeing increased levels of activity and improved occupier demand. Crucially for Corum, this improvement is beginning to extend to areas outside of the prime London market.

Whilst it would be wrong to translate the above into any semblance of a property “boom” (central London prime residential being the exception), it is clear that there is now a more active and growing market. As ever, a degree of caution is prudent, given that levels of activity vary across sectors and locations, and many unresolved issues remain from the overleveraged pre-crash market. At the same time, the downward pressure on yields has yet to make a meaningful difference to the secondary market, where investors remain cautious of voids and refurbishment costs.

Looking ahead to the next 12 month period, we have started the process of disposing of assets in a way which seeks to maximise value and be in a position to return funds to shareholders over the next financial year.

Economic Background
Economic news since the middle of 2013 has shown an increasingly optimistic view of the growth of the UK economy. Previous estimates of GDP growth have been revised upwards, underpinned by increasingly optimistic assessments of the strength of both manufacturing and services. Looking ahead, the most recent Bank of England forecast is for growth of 1.6% in 2013 and 2.8% the following year. Interest rates still remain held at 0.5% and whilst we don’t foresee any immediate indication of an increase, improving economic news suggests that a rise in rates is becoming a more imminent prospect.

Growth across the UK is by no means even, with London and the South East continuing to be the main driver. That being said, the recovery is now more broadly based and economic indicators provide cautious optimism for a sustained and gradual recovery.

There remain, as ever, many issues still to be resolved; not least the continuing decline in real earnings, as inflation outstrips wage growth, and the government’s continuing struggle to reduce the spending deficit. Notwithstanding, the overall mood across the country, not just in London and the South East, is now more positive than it has been for some time.

UK Property Market Issues
The positive economic headlines highlighted above are, to varying degrees, reflected in both our own experience of the current market and independent statistical analysis. Overall investment returns, whilst still at modest positive levels, are being driven by both income return and also capital value growth. Most importantly, the growth in capital values is no longer just a prime central London phenomenon. The combination of improved market sentiment and intense competition (particularly from overseas buyers) for prime London assets, has resulted in many investors turning their attention to locations outside of the central London market.

Investors still remain cautious, particularly in the secondary market, and properties with current or future vacancies and poor letting prospects continue to be heavily discounted. For most of the last 12 months, the value of secondary assets continued to decline, although this trend has started to reverse in the last quarter, with some evidence of a narrowing of the yield gap between primary and secondary assets. Recent changes to planning rules create opportunities to convert some secondary office properties to residential use in limited circumstances, and whilst not viable in all locations, there is undoubtedly a market opportunity to be exploited in this sector.

The retail sector continues to face a number of challenges, particularly in the more secondary markets where retailers are looking to reduce their costs through store disposals or rent reductions. That being said, there is a severely limited pipeline of new retail floorspace and there remain locations where there is active occupational demand.

UK Property Market Issues (continued)
Overall levels of property returns remain modestly positive, although statistics for the last 12 months are heavily distorted by the performance of central London; a market where many domestic investors are becoming increasingly cautious. A more active occupational market and growing investor appetite for good quality product, including good locations outside of central London, means that selected development opportunities become viable and will deliver better returns than straight investment in many cases.

Like the commercial market, statistics for house price growth are distorted by the continued rise of the central London market; where it would not be inaccurate to describe market conditions as “booming”. Many areas of the UK outside of London remain relatively flat in terms of price levels, although there continues to be a large disparity between demand and supply, particularly in the south and south east. Demand for rental property continues to grow and recent government initiatives to assist buyers with deposits for mortgage finance is likely to feed through to more buyers in the overall market.

Portfolio Update

Acquisitions
There were no property acquisitions during the year.

Disposals
The property in Birmingham was disposed of during the course of the year and the properties in Maidenhead and Welwyn were formally placed on the market and offers invited for the freehold interest in both. Further details of the progress of these disposals and the strategy for disposal of other assets is set out in the strategy section below.

Office Portfolio
With the exception of the properties in Welwyn and Maidenhead, which were placed on the open market at the end of the financial year, the focus has been on leasing vacant floorspace and, where possible, improving lease lengths in order to maximise value and improve the prospects for an early sale.

Good progress has been made in leasing the building in Basingstoke, the comprehensive refurbishment of which was completed at the start of 2013. During the course of the financial year approximately 35% of the property was let or placed under offer and the number of enquiries has risen in line with improved market conditions. New leases completed and in legals will yield £92,000 pa of rental income.

Negotiations were concluded to re-gear the leases at Luton, with one of the tenants taking over the whole of the ground floor on a 5 year lease, improving both the length of the unexpired lease term and the overall rent.

The vacant space in Cardiff was refurbished and discussions are on-going with existing and prospective new tenants in this building, and at Leeds.


Basingstoke


Maidenhead


Leeds

Portfolio Update (continued)

Schools portfolio
The two school properties in central London continued to perform well. A further investment was made in the Battersea property, to enhance and extend the facilities. This resulted in an increase in the rent receivable of over 5% pa, which will commence in the forthcoming financial year.

Retail portfolio
The tenant in Aldridge completed their fit-out and the tenant has reported very busy levels of trade since opening.

The district retail centre development in Taunton opened in January 2013 and further to the pre-lets reported last year, we have made excellent progress in letting the remaining units. A further £82,000 of annual rental income was secured during the course of the year and the property is now approximately 90% let, with only one remaining vacant unit.

Car Showroom portfolio
The two properties continued to trade well, supported by the growing strength of the UK car market, with new car sales in September 2013 up 12% on the same month in 2012.

We have continued to grow the rental income from the Fife property, with a further 7% increase during the year, combined with improvements to both covenant strength and lease lengths.

Strategy
In line with the decisions made at the last AGM, the life of the fund was extended by 12 months to September 2014.

As indicated at the time, this extension has enabled us to complete projects in hand and make further progress on improving the quality and quantum of the income stream. With the overall market now showing signs of improvement, we anticipate that this will assist in maximising proceeds from the disposal of assets over the course of the next year.

The office property in Birmingham was disposed of in August 2013 and agents were formally instructed to seek offers for the properties in Maidenhead and Welwyn. As at the financial year end, a number of offers had been received for both of these properties.

With regard to the remaining assets, the investment adviser has sought the professional view of a variety of agents to identify the means by which these properties should be offered to the market and the timescale in order to maximise sale proceeds.

As a consequence, we have concluded that the sale of these assets as a single portfolio will not maximise realisable value and therefore a strategy of individual or small portfolio sales is being pursued with the launch of an active campaign in January 2014.

In the light of improving market conditions and further opportunities to add value to specific assets, this strategy will be enacted over the course of the next financial year and investors provided with regular updates as to progress.

Directors' Report

For the year ended 30 September 2013

The Directors present their annual report and audited consolidated financial statements (the 'financial statements') of Corum Property Investments Limited (the 'Company') and entities under its control (together the 'Group') for the year ended 30 September 2013.

Incorporation and principal activities

The Company was incorporated as an authorised closed-ended Guernsey registered investment company with limited liability on 28 June 2007 and is subject to the Authorised Closed-Ended Investment Scheme Rules 2008. 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

September 2013 marks the end of the initial period for the company and your directors are now focussed on returning cash to investors by the end of the one year extension granted to September 2014.

During the year we have made good progress on completing developments and refurbishments as well as letting up empty space and re-gearing existing leases in order to optimise the sales value of the portfolio within the agreed time frame.

Net operating income before capital items at £623,925 was slightly better than forecast in last year’s annual report, albeit 54.7% down on last year’s £1,378,449.

Rent for the year at £2.76m was down £591,000 on the prior year due to a full year vacancy at Welwyn Garden City (£500,000), Basingstoke was down £225,000 due to the refurbishment program and Cardiff was down £31,000. Against this increases of £165,000 were achieved, largely at Taunton and Dunfermline.

Total costs increased by £147,000, essentially made up of increased costs associated with vacant properties (business rates, insurance and unrecovered service charges) as well as maintenance on vacant properties. Fees to letting agents and professional were also up reflecting new lettings and work on the refurbishments. New lettings currently in the pipeline will have the dual benefit of increasing rental income and reducing vacant property costs.

Net finance costs increased by £16,000 due to a decline in interest received and Taunton coming on stream offset by lower interest costs on declining debt.

The portfolio was written down by £1,260,000 in value. Major reductions in value were seen across the office portfolio with the sale of Langley Point (£739,250 write down) and Basingstoke, Cardiff and Maidenhead. Against this we saw increases in the valuation of the schools, motor retail and Norton Fitzwarren.

Bank borrowings net of secured deposits reduced by £2.1m to £14.3m (2012: £16.4m) due to regular amortisation of £747,000 and repayment of £2.8m on the Langley Point sale, while borrowings for Taunton increased by £1.4m. Bank borrowings net of secured deposits represent 38.4% (2012: 41.3%) of the property portfolio value.

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

	30/09/2013	30/09/2012
	£'000	£'000
Cash and accrued interest	3,562	2,316
Investment portfolio	37,125	38,193
Development portfolio	-	1,514
Net trade liabilities	(2,106)	(776)
Borrowings (net of secured deposits)	(14,352)	(16,484)
Net asset value attributable to shareholders of the Company	**24,229**	**24,763**

Year ahead

The focus for the year ahead will be on selling assets at maximum prices in order to meet the mandate of returning funds to shareholders by the end of September 2014. Having taken advice and assessed the market, we do not believe that trying to dispose of the portfolio in a single sale will maximise value. Accordingly individual assets will be grouped where appropriate and put on the market. Agents have been briefed and concerted marketing will commence in the New Year. Many of the assets are ready to sell with no further asset management. Some will benefit from re-gearing leases before putting them on the market and that process is under way.

If the portfolio were to be held for the full year with no further significant lettings or lease improvements, the operating income before capital items would increase by 57% to £982,000 from this year's £624,000 illustrating how 2013 has indeed been the nadir of operating performance.

Extension to Life of Company

The Company was incorporated with an initial termination date of 28 September 2013, extendable by two periods of one year each. At the Company's AGM on 19 April 2013 shareholders voted to extend the life of the Company by one year. The Directors aim to liquidate the company by the end of September 2014 and do not intend to propose to Shareholders any further extension of the life of the Company.

Going concern

The Directors are of the view that the orderly sale of the portfolio will be achieved over the course of the next year and that debt - in particular the loan payable to Aviva plc, which falls due within one year of the reporting date - and other liabilities will be paid off and capital returned to shareholders. Accordingly, the Group financial statements have been prepared on the basis that the Group is not a going concern.

Results and dividends

The results of the Group are stated on page 14. The Directors do not propose a dividend for the year (2012: Nil).

Directors

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

Name	*Appointed*
Gerald Rubenstein	02 July 2007
Angus Mackay	02 July 2007
Robert Cohen	02 July 2007
David Gil	02 July 2007
Brett Allen	12 October 2009

Directors' interests
The following Directors held indirect beneficial and non-beneficial interests in the ordinary shares of the Company at 30 September 2013:

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

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

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

	30/09/2013	**30/09/2012**
	£	£
David Gil	7,500	7,500
Brett Allen	6,000	6,000
	13,500	13,500

Substantial shareholdings
Investors with holdings of more than 3 per cent of the issued shares of the Company as at 30 November 2013 were as follows:

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

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

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

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

The Directors further confirm that:

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

Auditor
The auditor of the Company, BDO Limited, has expressed its willingness to continue in office.

By order of the Board

Brett Allen
24 December 2013

Independent Auditor's report to the Members of Corum Property Investments Limited

We have audited the consolidated financial statements of Corum Property Investments Limited for the year ended 30 September 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes of Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is undertaken so that we might state to the 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 the Directors and auditor

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 September 2013 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Emphasis of matter - going concern

Without qualifying our opinion, we draw attention to Note 2 b) in the financial statements, which explains that the financial statements have not been prepared on a going concern basis. We further draw your attention to Note 15, which explains that the Group's bank facility with Aviva plc expires in September 2014. Should the asset disposal programme not be completed by that time, then the Group may require continued bank facilities to continue its orderly disposal programme beyond that date. The financial statements do not contain any adjustments that would be required if the Group was unable to obtain continued bank facilities or refinancing.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

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

BDO Limited
CHARTERED ACCOUNTANTS
Place du Pré
Rue du Pré
St Peter Port
Guernsey
Date: 24 December 2013

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement of Comprehensive Income
For the year ended 30 September 2013

	Notes	For the year ended 30 September 2013 £	For the year ended 30 September 2012 £
Rental income	4	2,761,014	3,352,227
Other income	4	-	473,950
Property operating expenses	5	(825,641)	(687,333)
Net rental income		**1,935,373**	3,138,844
Net surplus/(deficit) on revaluation of investment property	9	214,384	(2,262,795)
Loss on disposal of investment property	9	(1,474,486)	-
Profit on disposal of investment property under construction	10	-	24,615
Reversal of impairment of loans	7	100,000	100,000
Administrative expenses	6	(347,815)	(338,711)
Exchange losses		(886)	(1,232)
Operating profit		**426,570**	660,721
Net finance costs	7	(962,747)	(946,501)
Loss before tax		**(536,177)**	(285,780)
Taxation		2,587	(4,020)
Loss for the year		**(533,590)**	(289,800)
Total comprehensive loss for the year		**(533,590)**	(289,800)
Loss per ordinary share - basic and diluted	8	**(28.37)**	(15.41)

All items in the above statement are derived from continuing operations.
The notes on pages 18 to 35 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement of Financial Position

As at 30 September 2013

	Notes	30 September 2013 £	30 September 2012 £
Assets			
Non-current assets			
Investment property	9	37,125,000	38,193,387
Investment property under construction	10	-	1,513,919
Trade and other receivables	11	63,598	254,198
Restricted deposits		-	252,303
		37,188,598	40,213,807
Current assets			
Trade and other receivables	11	325,404	334,668
Restricted deposits	12	252,658	-
Cash and cash equivalents	13	3,561,984	2,315,783
		4,140,046	2,650,451
Total assets		**41,328,644**	42,864,258
Liabilities			
Current liabilities			
Trade and other payables	14	2,495,380	1,365,670
Bank borrowings	15	11,492,989	778,480
		13,988,369	2,144,150
Non-current liabilities			
Bank borrowings	15	3,005,041	15,853,585
Long-term loans	16	106,166	103,865
		3,111,207	15,957,450
Total liabilities		**17,099,576**	18,101,600
Net assets		**24,229,068**	24,762,658
Equity			
Share capital	17	2,481	2,481
Share premium	18	18,805,119	18,805,119
Retained earnings		5,421,468	5,955,058
Total equity		**24,229,068**	24,762,658
Net asset value per share	19	**1,288.27**	1,316.64

These financial statements were approved and authorised for issue by the board on 24 December 2013 and signed on its behalf by:

Brett Allen

The notes on pages 18 to 35 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 30 September 2013

For the year ended 30 September 2013	**Share Capital**	**Share Premium**	**Retained earnings**	**Total**
	£	**£**	**£**	**£**
At 1 October 2012	2,481	18,805,119	5,955,058	24,762,658
Net loss and total comprehensive loss for the year	-	-	(533,590)	(533,590)
At 30 September 2013	**2,481**	**18,805,119**	**5,421,468**	**24,229,068**

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

CORUM PROPERTY INVESTMENTS LIMITED

Consolidated Statement of Cash Flows

For the year ended 30 September 2013

	Notes	For the year ended 30 September 2013 £	For the year ended 30 September 2012 £
Cash flows from operating activities			
Loss before tax		(536,177)	(285,780)
Adjustments for:			
Amortised tenant incentives		32,640	(49,553)
Bank interest income	7	(1,573)	(15,004)
Finance costs		846,882	861,859
Amortisation of financing costs		117,438	99,646
Loss on disposal of investment property	9	1,474,486	-
Profit on disposal of investment property under construction	10	-	(24,615)
Reversal of impairment of loans	7	(100,000)	(100,000)
Net (surplus)/deficit on revaluation of investment property	9	(214,384)	2,262,795
Tax paid		(11,378)	(305)
		1,607,934	2,749,043
Decrease in trade and other receivables		49,786	179,920
Increase/(decrease) in trade and other payables		1,145,694	(13,305)
Net cash inflow from operating activities		**2,803,414**	2,915,658
Cash flows from investing activities			
Disposal of investment property	9	3,501,791	-
Disposal of investment property under construction	10	-	288,100
Investment property acquisition & improvement costs	9	(479,396)	(1,678,735)
Investment property under construction acquisition and improvement costs	10	(1,700,191)	(1,990,877)
Loan repayments received	7	100,000	100,000
Net cash inflow/(outflow) from investing activities		**1,422,204**	(3,281,512)
Cash flows from financing activities			
Bank interest received	7	1,573	15,004
Proceeds from bank borrowings		1,435,597	321,402
Increase in restricted deposits		(355)	(871)
Proceeds from long term loan		-	45,607
Loan arrangement fees		-	(109,176)
Repayment of bank borrowings		(3,569,632)	(937,680)
Loan interest paid		(846,600)	(865,596)
Net cash outflow from financing activities		**(2,979,417)**	(1,531,310)
Net increase/(decrease) in cash and cash equivalents		**1,246,201**	(1,897,164)
Cash and cash equivalents at beginning of the year		**2,315,783**	4,212,947
Cash and cash equivalents at end of the year	13	**3,561,984**	2,315,783

The notes on pages 18 to 35 are an integral part of these financial statements.

1. ***General information***

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

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

The Company is an authorised closed ended investment fund incorporated in Guernsey as a company limited by shares on 28 June 2007, with an initial termination date of 30 September 2013, extendable by two periods of one year each. At the Company's AGM on 19 April 2013 Shareholders voted to extend the life of the Company by one year to 30 September 2014. The Directors do not intend to propose to Shareholders any further extension of the life of the Company.

These consolidated financial statements (the 'financial statements') were approved and authorised for issue by the Board of Directors on 23 December 2013.

2. ***Summary of significant accounting policies***

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

a) ***Basis of preparation***

Statement of Compliance

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

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

b) ***Going concern***

The Directors are of the view that the orderly sale of the portfolio will be achieved over the course of the next year and that debt - in particular the loan payable to Aviva plc, which falls due within one year of the reporting date - and other liabilities will be paid off and capital returned to shareholders. Accordingly, the Group financial statements have been prepared on the basis that the Group is not a going concern.

c) ***New accounting policies effective and adopted***

Presentation of financial statements

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

- IAS 19 (amended), "Employee Benefits" (effective for accounting periods commencing on or after 1 January 2013);
- IAS 27 (amended), "Separate Financial Statements" (effective for accounting periods commencing on or after 1 January 2013);
- IAS 28 (amended), "Investments in Associates and Joint Ventures" (effective for accounting periods commencing on or after 1 January 2013);
- IAS 32 (amended), "Financial Instruments: Presentation" (effective for periods commencing on or after 1 January 2014);
- IAS 36 (amended), "Impairment of Assets" (effective for periods commencing on or after 1 January 2014);

2. *Summary of significant accounting policies (continued)*

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

- IAS 39 (amended), "Financial Instruments: Recognition and Measurement" (effective for periods commencing on or after 1 January 2014);
- IFRS 1, "Government Loans" (effective for accounting periods commencing on or after 1 January 2013);
- IFRS 7 (amended), "Financial Instruments: Disclosures" (effective for accounting periods commencing on or after 1 January 2013);
- IFRS 9, "Financial Instruments - Classification and Measurement" (effective for periods commencing on or after 1 January 2015;
- IFRS 10, "Consolidated Financial Statements" (effective for accounting periods commencing on or after 1 January 2013, amendments for investment entities effective for accounting periods commencing on or after 1 January 2014);
- IFRS 11, "Joint arrangements" (effective for accounting periods commencing on or after 1 January 2013);
- IFRS 12, "Disclosures of Interests in Other Entities" - (effective for accounting periods commencing on or after 1 January 2013, amendments for investment entities effective for accounting periods commencing on or after 1 January 2014);
- IFRS 13, "Fair Value Measurement" (effective for accounting periods commencing on or after 1 January 2013);
- Annual Improvements to IFRSs (2009 – 2011 cycle) - (effective for periods commencing on or after 1 January 2013.

The Directors are currently considering the impact that the adoption of these Standards and Interpretations in future periods will haveon the financial statements of the Group.

d) ***Consolidation***

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, including special purpose vehicles ("SPVs") controlled by the Company, and its proportionate interest in joint ventures made up to 30 September 2013. 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.

(i) Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Joint ventures
A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

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. *Summary of significant accounting policies (continued)*

e) ***Foreign currency translation***

(i) 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 Group's financial statements.

(ii) Foreign currency transactions

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

f) ***Operating profit***

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

g) ***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.

h) ***Taxation***

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

The interest received from bank deposits in the United Kingdom is subject to 20% withholding tax. The Company's subsidiaries in Luxembourg and the BVI hold UK properties, are registered under the Non-Resident Landlord Scheme and therefore do not pay withholding tax on rental income. The subsidiaries are liable for paying UK income tax on the net trading income of the UK properties. Aggregate tax losses carried forward as at 5 April 2013 are £5,188,820 (5 April 2012: £3,961,456).

i) ***Borrowing costs***

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

j) ***Investment property and investment property under construction***

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

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

Investment property under construction is shown at actual cost less impairment. The Directors consider that where investment property is under construction its fair value can only be reliably determined upon completion.

2. ***Summary of significant accounting policies (continued)***

k) ***Rental income***

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

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

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

l) ***Determination and presentation of operating segments***

The Board has considered the requirements of IFRS 8. The Board, as a whole, has been determined as constituting the chief operating decision maker ('CODM') of the Company. The key measure of performance used by the CODM is the Company's performance and it allocates 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.

During the year the Company had 4 tenants who each exceeded 10% of the total rent roll value. Aggregate rent received from these 4 tenants amounted to £1,623,634 (2012: £1,722,790).

All of the Group's investment properties are located in the United Kingdom.

m) ***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.

The carrying value of financial assets and financial liabilities measured at amortised cost is determined using the effective interest rate method. 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.

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

Financial assets

The Group's financial assets comprise only trade and other receivables and cash and cash equivalents. The Group has no financial assets at fair value through profit and loss.

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. The effect of discounting on these financial instruments is not considered to be material. They are included in current assets, except for maturities greater than 12 months after the year end, which are classified as non-current assets.

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

De-recognition of financial assets

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

- when the Group has transferred substantially all the risks and rewards of ownership and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow from the asset has expired.

2. *Summary of significant accounting policies (continued)*

m) ***Financial instruments (continued)***

Financial liabilities

The Group's financial liabilities comprise only trade and other payables and borrowings. The Group has no financial liabilities at fair value through profit and loss.

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

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

De-recognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

n) ***Impairment***

Financial assets

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

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

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

o) ***Share capital***

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

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 property 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 (continued)

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

Income and deferred taxes

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

4. *Gross rental income*

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

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

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

	30/09/2013	30/09/2012
	£	£
No later than 1 year	2,877,576	2,755,869
Later than 1 year and no later than 5 years	6,840,696	7,735,292
Later than 5 years	11,638,572	12,054,884
	21,356,844	22,546,045

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

5. *Property operating expenses*

	30/09/2013	30/09/2012
	£	£
Asset management and advisory fees	384,110	391,278
Irrecoverable VAT on direct expenses	1,434	1,600
Letting fees: agent and legal	35,314	20,859
Marketing and promotion	5,690	14,814
Professional fees	28,872	53,638
Property maintenance and repairs	55,868	9,256
Property management fees	24,884	30,000
Rates, insurance and service charges	289,469	165,888
	825,641	687,333

6. *Administrative expenses*

	30/09/2013	30/09/2012
	£	£
Administration fees	84,121	80,747
Advisory and structural fees	56,421	56,421
Auditor's remuneration	20,390	18,250
Directors' remuneration	13,500	13,500
D&O Insurance	4,250	5,500
Investment Adviser's fees	118,051	125,424
Legal and professional fees - general	36,452	24,854
Statutory fees	9,115	9,722
Sundry expenses	5,515	4,293
	347,815	338,711

The Group has no employees. The Directors are the only key management personnel of the group.

7. *Net gains and losses on financial assets and financial liabilities not at fair value through profit and loss*

	30/09/2013	30/09/2012
	£	£
Finance income	1,573	15,004
Finance costs	(964,320)	(961,505)
Total interest income and expense	(962,747)	(946,501)
Recovery of loans and receivables	100,000	100,000
	(862,747)	(846,501)

8. *Loss per ordinary share - basic and diluted*

	30/09/2013	30/09/2012
	£	£
The calculation of the loss per share is based on the following data:		
Net loss attributable to the owners of the parent Company	(533,590)	(289,800)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	18,807	18,807
Loss per ordinary share	(28.37)	(15.41)

The Company has issued Performance Shares which, under the terms of the Prospectus, are entitled to 20% of any returns to the holders of Ordinary Shares in excess of an IRR of 10% per annum. As at year end, the IRR per annum achieved since 1 October 2007 is 4.31% (2012: 5.66%) and hence no dilution has taken place. In the event that future profits are such that the cumulative IRR exceeds 10% there would be dilution of future earnings attributable to the Ordinary Shares.

9. *Investment property*

	30/09/2013	30/09/2012
	£	£
Fair value at the beginning of the year	38,193,387	38,015,574
Property acquisitions and improvements at cost	479,396	1,678,735
Transfer from investment property under construction	3,214,110	761,873
Disposals during the year	(3,501,791)	-
Realised losses on disposals in the year	(1,474,486)	-
Revaluation in the year	214,384	(2,262,795)
Fair value at the end of the year	37,125,000	38,193,387

The fair value of the Group’s investment property at 30 September 2013 is shown at Directors' valuation. This valuation is based on the fair value valuation by Savills, BNP Paribas Real Estate and CBRE. Savills, BNP Paribas Real Estate and CBRE are independent valuers and their valuation basis has been market value as defined by the Royal Institution of Chartered Surveyors ('RICS') Approval and Valuations Standards.

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

The Group's subsidiaries have pledged some of their investment property to secure banking facilities granted to the relevant subsidiary (see note 16).

Direct operating expenses recognised in profit and loss include £34,067 (2012: £38,541) relating to investment property which was unlet.

10. *Investment property under construction*

	30/09/2013	30/09/2012
	£	£
Cost at the beginning of the year	1,513,919	548,400
Build and professional costs in the year	1,700,191	1,990,877
Sale proceeds of surplus land	-	(288,100)
Realised gain on disposal in the year	-	24,615
Transfer to investment property	(3,214,110)	(761,873)
Cost at the end of the year	-	1,513,919

The Group’s investment property under construction is measured at actual cost less impairment.

There were no direct operating expenses recognised in profit and loss relating to investment property which was under construction and so unlet (2012: £12,228).

11. *Trade and other receivables*

	30/09/2013	30/09/2012
	£	£
Trade receivables	212,134	151,408
Prepayments	30,027	24,172
VAT recoverable	9,705	42,839
Prepaid finance expenses	103,182	285,010
Amortised rent-free incentive	27,169	59,809
Other receivables	6,785	25,628
	389,002	588,866
Disclosed as:		
Non-current assets	63,598	254,198
Current assets	325,404	334,668

12. *Restricted deposits*

	30/09/2013	30/09/2012
	£	£
Restricted deposits	252,658	252,303

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

13. *Cash and cash equivalents*

	30/09/2013	30/09/2012
	£	£
Cash at bank	3,561,984	2,315,783

14. *Trade and other payables*

	30/09/2013	30/09/2012
	£	£
Trade payables	359,178	323,231
Retentions	34,081	45,678
Deferred rental income	653,689	660,852
VAT payable	774,323	68,243
Interest on long-term liability	167,180	169,200
Tax payable	94	14,057
Accruals	506,835	84,409
	2,495,380	1,365,670

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

15. *Bank borrowings*

	30/09/2013	30/09/2012
	£	£
Aviva Plc	11,242,989	11,810,869
Svenska Handelsbanken AB	1,498,042	4,499,794
Clydesdale Bank	1,756,999	321,402
	14,498,030	16,632,065
Disclosed as:		
Current liabilities	11,492,989	778,480
Non-current liabilities	3,005,041	15,853,585

The Aviva Plc loan payable is secured by certain investment properties with a fair market value of £26,950,000 (2012: £27,300,000) at the reporting date.

The Aviva Plc loan is divided into an interest only loan of £10,505,000 and an amount of £737,989 that will be amortised over the period of the loan. The interest rate is fixed at 6% throughout the term of the loan. It has a termination date of 25 September 2014, within 12 months of the reporting date, and so has been classified as a current liability in these financial statements. However, the Directors are confident that the Group will be able to refinance this facility or pay it down if it so chooses.

The Svenska Handelsbanken AB loan payable is secured by investment property with a fair value of £4,300,000 (2012: £8,383,500) at the reporting date.

At the prior year end there were two Svenska Handelsbanken AB loans; the first, payable by Trifolkes Stona LLP in the sum of £2,822,500, was repaid in full during the year. The second, payable by Corum II Limited in the sum of £1,498,042 (2012: £1,677,294), carries an interest rate of LIBOR plus a margin of 2.65% throughout the period of the loan. Interest payments are due on a quarterly basis. The quarterly capital repayments are due based on a 10 year repayment profile with the balance of the loan repayable in full at the maturity date, 30 November 2015.

Corum (IV) Properties Limited has agreed a £1.9 million loan facility from Clydesdale Bank PLC for the development of the project in Norton Fitzwarren, which was completed during the year. This facility has a final maturity date of 18 December 2016. The Company has provided a parent company guarantee (limited to £200,000 plus costs) for Corum (IV) Properties Limited's liability to the bank. The loan of £1,756,999 is secured by investment property with a value of £3,500,000 and carries an interest rate of LIBOR plus a margin of 3.25%.

16. *Long-term loans*

	30/09/2013	30/09/2012
	£	£
Lightstone Properties plc - Halbeath	58,549	56,929
Lightstone Properties plc - Durham	27,010	26,329
Fitzwarren Developments Ltd	20,607	20,607
	106,166	103,865

Lightstone Properties plc ('Lightstone') is the asset manager of the Halbeath and Durham investments.

Halbeath loan

Lightstone subscribed £50,000 to an Unsecured Redeemable Variable Rate Mezzanine B Loan Note in Corum II Limited. The Loan Note bears interest at the average rate at which the Company earns interest on such loans to Corum II Limited as are utilised for the Halbeath acquisition. The Loan Note is repayable on 14 December 2015 provided the Borrower has sold the Property.

The loan has earned an average interest rate of 7.7% per annum in the year. In addition Lightstone will be entitled to a profit share of 1/46 of the residual profit on the Halbeath investment, after all the loans from the Company and its own loan have earned a hurdle rate of 12.5%.

16. *Long-term loans (continued)*

Durham Loan
Lightstone subscribed £25,000 to an Unsecured Redeemable Variable Rate Mezzanine B Loan Note in Corum II Limited. The Loan Note bears interest at the average rate at which the Company earns interest on such loans to Corum II Limited as are utilised for the Durham acquisition. The Loan Note is repayable on 8 December 2016 provided the Borrower has sold the Property.

The loan has accrued average interest at 6.0% per annum in the period. In addition Lightstone will be entitled to a profit share of 25/657 of the residual profit on the Durham investment, after all the loans from the Company and its own loan have earned a hurdle rate of 12.5%.

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

17. *Share capital*

	30/09/2013	30/09/2012
Authorised share capital:	**£**	**£**
100,000 ordinary shares of 10p each	10,000	10,000
100 management shares of £1 each	100	100
1,000 performance shares of £1 each	1,000	1,000
Total	11,100	11,100

	30/09/2013	30/09/2012
Issued and fully paid share capital:	**£**	**£**
18,807 ordinary shares of 10p each	1,881	1,881
100 management shares of £1 each	100	100
500 performance shares of £1 each	500	500
Total	2,481	2,481

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

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

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

18. *Share premium*

	30/09/2013	30/09/2012
	£	**£**
Premium arising on issue of ordinary shares	18,805,119	18,805,119

19. *Net asset value per ordinary share*

The calculation of the net asset value per ordinary share is based on the following data:

	30/09/2013	30/09/2012
	£	£
Net asset value attributable to ordinary shareholders	24,228,468	24,762,058
Number of ordinary shares	18,807	18,807
Net asset value per ordinary share	1,288.27	1,316.64

20. *Investment in subsidiaries*

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

Name	Country of Incorporation	Beneficial interest	Share capital
Direct			
Corum (IV) Properties Limited	British Virgin Islands	100%	1,000
Corum II Limited	British Virgin Islands	100%	50
Corum (Aldridge) Limited	British Virgin Islands	100%	100
Corum UK Holdings 1 Limited	British Virgin Islands	100%	125,000
Indirect			
Stratton II S.à.r.l.	Luxembourg	100%	273,600
Stratton III S.à.r.l.	Luxembourg	100%	169,640

21. *Investment in joint ventures*

The Group has not invested in any new joint venture entities during the year to 30 September 2013. 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 2013 and 30 September 2012 and for the years then ended is included in the financial statements, and is as follows:

	30/09/2013	30/09/2012
	£	£
Current assets	740,747	55,291
Non-current assets	-	4,233,646
	740,747	4,288,937
Current liabilities	(738,010)	(7,813)
Non-current liabilities	-	(2,822,500)
	(738,010)	(2,830,313)
Net asset value	2,737	1,458,624

21. *Investment in joint ventures (continued)*

	30/09/2013	30/09/2012
	£	£
Finance income	292	158
Loss on disposal of investment property	(1,482,027)	-
Net surplus/(deficit) on revaluation of investment property	742,777	(327,282)
Property operating expenses	(34,067)	(38,541)
Administrative expenses	(17,424)	(2,932)
Loss for the period from operations	(790,449)	(368,597)
Finance costs	(60,438)	(76,530)
Loss for the year	(850,887)	(445,127)

Trifolkes Stona LLP, a limited liability partnership, held an investment property, which was disposed of during the year. 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.

As at 30 September 2013 Corum II Limited had invested a net amount of £1,955,000 (2012: £2,560,000) in Trifolkes Stona LLP. During the year, after disposal of the investment property, Corum II Limited received a net repayment of £605,000 from Trifolkes Stona LLP. The value of Corum II's investment has been written down to £2,737 being the net asset value of its partnership interest.

22. *Capital risk management*

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

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

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

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

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 28.51% as at 30 September 2013 (2012: 34.90%). The debt to equity ratio, calculated as net debt divided by total equity plus subordinated minority shareholder loan, was 43.90% (2012: 56.56%). The Articles place no limit on the amount of borrowings the Group may incur, but restricts the Group to borrowing up to a maximum of 80% of the gross market value of total assets of the Group. The Company is not subject to externally imposed capital requirements.

The Group continues to monitor capital and debt requirements in the context of the termination date of the Company and disposal of the portfolio.

23. *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.

23. *Related party transactions (continued)*

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 transaction fees of £61,940 (2012: £37,600) and Investment Adviser's fees of £488,301 (2012: £501,049). At the year end there was an outstanding balance due to CIAL of £30,503 (2012: £nil).

David Gil, Brett Allen and Angus Mackay, Directors of the Company, are directors of CIAL. David Gil received £7,500 (2012: £7,500) and Brett Allen received £6,000 (2012: £6,000) for their services as Directors of the Company. Angus Mackay waived his remuneration. Gerald Rubenstein, Angus Mackay and Robert Cohen, Directors of the Company, have an indirect beneficial interest in CIAL.

24. *Financial Instruments risk exposure and management*

In common with other businesses, the Group is exposed to risks that arise from use of financial instruments. The notes below describe the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. The Board of Directors is of the opinion that the carrying amounts of all financial assets and financial liabilities approximate their fair values.

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

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

Categories of financial assets and financial liabilities

	30/09/2013	30/09/2012
Non-current financial assets:	**£**	**£**
Loans and receivables:		
Trade and other receivables	20,000	-
Restricted deposits	-	252,303
Current financial assets:		
Loans and receivables:		
Trade and other receivables	208,624	219,875
Restricted deposits	252,658	-
Cash and cash equivalents	3,561,984	2,315,783
Non-current financial liabilities:		
Financial liabilities measured at amortised cost		
Bank borrowings	3,005,041	15,853,585
Long-term loans	106,166	103,865
Current financial liabilities:		
Financial liabilities measured at amortised cost		
Trade and other payables	2,495,380	1,365,670
Bank borrowings	11,492,989	778,480

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.

24. *Financial Instruments risk exposure and management (continued)*

Credit risk

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

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

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

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

The table below shows the exposure to risk with the major counterparties at the year end date:

30 September 2013	**Credit rating symbols**	**Rating**	**Carrying Amount**
Counterparty			**£**
Investec Bank (Channel Islands) Limited	Fitch	F3	185,969
Royal Bank of Scotland International Limited	Fitch	F1	993,247
Royal Bank of Scotland plc	Fitch	F1	33,095
Lloyds Bank plc (formerly Lloyds TSB Bank plc)	Fitch	F1	1,431,248
HSBC Bank plc	Fitch	F1+	6,682
Barclays Bank plc	Fitch	F1	2,070
Clydesdale Bank	Fitch	F1	104,496
Svenska Handelsbanken AB	Fitch	F1+	756,697
Société Générale Bank & Trust	S&P	A	48,480
Aviva plc	S&P	A-	252,658

30 September 2012	**Credit rating symbols**	**Rating**	**Carrying Amount**
Counterparty			**£**
Investec Bank (Channel Islands) Limited	Fitch	F3	133,293
Royal Bank of Scotland International Limited	Fitch	F1	640,734
Royal Bank of Scotland plc	Fitch	F1	44,598
Lloyds TSB Bank plc	Fitch	F1	1,338,203
HSBC Bank plc	Fitch	F1+	1,343
Barclays Bank plc	Fitch	F1+	19,616
Clydesdale Bank	Fitch	F1+	38,989
Svenska Handelsbanken AB	Fitch	F1+	96,461
Société Générale Bank & Trust	S&P	A+	2,546
Aviva plc	S&P	A	252,303

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

24. *Financial Instruments risk exposure and management (continued)*

Credit risk (continued)

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

30 September 2013 **Maturities of these financial assets:**	**< 1 month**	**1 month to 1 year**	**1 to 5 years**	**Total**
	£	**£**	**£**	**£**
Cash and cash equivalents	3,561,984	-	-	3,561,984
Restricted deposits	-	252,658	-	252,658
Trade receivables	-	208,624	20,000	228,624
	3,561,984	461,282	20,000	4,043,266

30 September 2012 **Maturities of these financial assets:**	**< 1 month**	**1 month to 1 year**	**1 to 5 years**	**Total**
	£	**£**	**£**	**£**
Cash and cash equivalents	2,315,783	-	-	2,315,783
Restricted deposits	-	-	252,303	252,303
Trade receivables	-	219,875	-	219,875
	2,315,783	219,875	252,303	2,787,961

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

30 September 2013 **Contract maturities of financial liabilities:**	**< 1 month**	**1 month to 1 year**	**1 - 5 years**	**Total**
	£	**£**	**£**	**£**
Trade and other payables	-	2,495,380	-	2,495,380
Bank borrowings	-	11,492,989	3,005,041	14,498,030
Long term loans	-	-	106,166	106,166
Total	-	13,988,369	3,111,207	17,099,576

30 September 2012 **Contract maturities of financial liabilities:**	**< 1 month**	**1 month to 1 year**	**1 - 5 years**	**Total**
	£	**£**	**£**	**£**
Trade and other payables	-	1,365,670	-	1,365,670
Bank borrowings	-	778,480	15,853,585	16,632,065
Long term loans	-	-	103,865	103,865
Total	-	2,144,150	15,957,450	18,101,600

24. *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 2013**		**As at 30 September 2012**	
Weighted average interest rate	**%**	**£**	**%**	**£**
Trade and other receivables				
Non-interest bearing	-	228,624	-	219,875
Cash and cash equivalents				
Fixed	-	-	0.05%	19,616
Variable	0.06%	3,814,642	0.20%	2,548,470
Financial liabilities at amortised cost - trade and other payables				
Non-interest bearing trade and other payables	-	1,841,691	-	704,818
Deferred rental income	-	653,689	-	660,852
Bank borrowings				
Variable	3.76%	1,756,999	4.74%	321,402
Variable	3.17%	1,498,042	3.68%	1,677,294
Variable	-	-	2.29%	2,822,500
Fixed	6.00%	11,242,989	6.00%	11,810,869

For the Group, an increase of 50 basis points in interest rates would result in an increase in pre-tax profits of £2,798 (2012: decrease of £11,364) and a decrease of 50 basis points in interest yields would result in a decrease in pre-tax profits of £2,798 (2012: increase of £11,364).

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.

25. *Capital Commitments*
The Company has no capital commitments as at the year end.

26. ***Events after the reporting date***

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

CORUM PROPERTY INVESTMENTS LIMITED

Key Parties

Registered Office
Sarnia House
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Guernsey GY1 4NA

Administrator, Secretary and Registrar
Praxis Funds Services Limited
Sarnia House
Le Truchot
St Peter Port
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Investment Adviser
Corum Investment Advisers Limited
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Structural Adviser
Investec Capital Markets
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South Africa

Listing Sponsor
Reid Listing Services Limited
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Auditor
BDO Limited
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Annual Sponsor
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Bermuda

Principal Bankers
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Svenska Handelsbanken AB
Royal Bank of Scotland International Limited
Lloyds TSB plc
Clydesdale Bank plc

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