



CORUM PROPERTY INVESTMENTS LIMITED

REGISTERED NUMBER: 47257

**INTERIM REPORT AND UNAUDITED CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 31 March 2014

CORUM PROPERTY INVESTMENTS LIMITED

Interim Report and Unaudited Condensed Consolidated Financial Statements
For the six months ended 31 March 2014

Contents	Page
Company Summary	3 - 4
Investment Adviser's Report	5 - 6
Condensed Consolidated Statement of Comprehensive Income (Unaudited)	7
Condensed Consolidated Statement of Financial Position (Unaudited)	8
Condensed Consolidated Statement of Changes in Equity (Unaudited)	9
Condensed Consolidated Statement of Cash Flows (Unaudited)	10
Notes to the Condensed Consolidated Financial Statements	11 - 19
Key Parties	20

CORUM PROPERTY INVESTMENTS LIMITED

Company Summary

For the six months ended 31 March 2014

Corporate Statement

Corum Property Investments Limited (the "Company" or "Corum") is a Guernsey authorised closed-ended property investment and development company.

The Company invests in commercial real estate 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.

Disposal Programme

During the period under review, the primary focus has been upon positioning the assets within the portfolio to maximise their sales value under an orderly sales programme. Progress has been made with further lettings at Basingstoke and Norton Fitzwarren and re-gearing of leases in progress at Cardiff and Dunfermline. Negotiations are advanced for the deferred sale of Welwyn Garden City, subject to achieving planning consent for a care home and residential development. At Maidenhead, prior approval was granted on 28 May 2014 to convert the office block into residential apartments.

Commencing in late January 2014, two parties expressed interest in acquiring the whole portfolio (excluding Welwyn Garden City and Maidenhead). It was decided to progress with these parties as it would have resulted in an accelerated time-table for disposals. Sites were visited and preliminary due diligence undertaken with acceptable offers being received from both parties. As a result we suspended our discussions with agents to market the portfolio more widely, pending the outcome of these negotiations.

At the end of March 2014, one of the prospective buyers advised that their fundraising had been postponed and was unlikely to happen before June 2014. Unfortunately, at the end of April 2014, the second bidder advised us that their majority stakeholder had changed its strategy and that they were not in a position to progress their bid in line with our time-table.

Accordingly, we have now instructed agents to market the individual properties. The considered view of all agents we have consulted is that we would do better to market the portfolio as separate properties, grouping them where appropriate. The market has also firmed since the beginning of 2014 and we are hopeful of achieving a better result than from the above-mentioned whole portfolio sale, albeit it will take a while longer. The two schools are currently being actively marketed as a package, but with the possibility of selling them individually. The retail centre at Norton Fitzwarren is being marketed by a specialist retail agent with an excellent track record in this sector. A national agent is marketing the four office properties as one package and the two retail motor properties individually. Again this agent has an excellent track record and a specialist division for motor retail showrooms.

It remains the intention to distribute the proceeds from these sales to our shareholders prior to the financial year end in September.

Financial Report

During the six months under review, Corum's rental income increased by 7% on the previous period due to additional lettings and rental increases. Net operating profit, before capital items but after finance costs, increased by 84% to £531,176 (6 months to 30 September 2013: £289,296). This increase of £241,880 was made up of increased rental £93,385; lower operating costs £79,669; and lower finance costs £68,826.

CORUM PROPERTY INVESTMENTS LIMITED

Company Summary

For the six months ended 31 March 2014

Financial Report, continued

Net movements in the capital value of properties was a decrease of £423,478 made up of sales costs on Aldridge of £13,478, a specific write-down on Maidenhead of £310,000 (equivalent to the rent received in the period) and a general adjustment in line with our expectations from the sales process.

Operating cash flows, before working capital movements, was £965,881 (30 September 2013: £787,881) and the Aldridge property was sold in March for £945,000.

Bank borrowings, net of secured deposits, amount to £13,870,133 of which £10.7m is due for repayment by September 2014. The intention is to repay this debt with the proceeds of the sale of the schools and our other cash resources. The debt associated with Dunfermline and Norton Fitzwarren will be repaid out of the proceeds of those sales.

Net earnings per share for the period were £5.63 and net asset value per share ended at £1,293.90.

Property Portfolio

Name	Use/Type	GLA* Sq Ft	% Owned
Investment properties – complete:			
Copenhagen Court, New Street, Basingstoke	Office and Retail	22,350	100
Trott Street, Battersea, London, SW11	School	10,500	100
Fitzalan House, Fitzalan Court, Cardiff, Wales	Office	23,000	100
Hazlebury Road, Fulham, London, SW6	School	4,100	100
The Malt House, Chadwick Street, Leeds	Office	24,500	100
Cedar House, Capability Green, Luton	Office	23,500	100
Bath Road, Maidenhead	Office	22,200	100
Highways House, Broadwater Road, Welwyn Garden City	Office	32,400	100
Fife Motor Village, Dunfermline, Scotland	Motor Retail	53,700	100
Alma, Place, Durham	Motor Retail	10,095	100
Norton Mills District Centre, Norton Fitzwarren, Somerset	Retail, Medical & Residential	16,650	100

*GLA = Gross Lettable Area

CORUM PROPERTY INVESTMENTS LIMITED

Investment Adviser's Report

For the six months ended 31 March 2014

Economic Background

The first quarter of 2014 saw the economic recovery, which was evident at the end of 2013, become much more established. Rising levels of business and consumer confidence are supported by relatively low inflation with RPI currently at 2.5% for the 12 months to April, and average earnings growth rising. Unemployment continues to fall and GDP for 2014 is expected to grow by 2.9%.

With interest rates remaining at an historic low of 0.5% it is not surprising that there remains much speculation with regard to the timing of a rise in rates at some point in the not too distant future. The continued strength of the housing market, especially in London and the South-East, has led to growing calls for a rise in rates to "cool the market". Whilst a rise in interest rates is becoming more likely during the course of 2014, it will undoubtedly be modest, and the Bank of England will be wary of moving rates up too sharply and putting the recovery at risk.

Continued improvements in the economic environment continue to feed through into the property market and whilst London remains extremely active, particularly for overseas investors, there is growing interest in the UK regions, as investors seek better value and exposure to rental growth beyond London and the South-East.

The last quarter has seen a firming in yields for provincial offices, with risk aversion amongst investors continuing to diminish. The spread between prime and secondary yields has fallen from its peak last year, although remains some way above the long run average. As ever, there are always disparities between different local markets, however, most strong regional centres are seeing a continued growth in demand, and where there is a shortage of stock, this translates through to modest levels of rental growth.

Portfolio Update

In line with the agreed strategy, we continue to ensure that we manage properties to maximise the value achievable on sale, further details of the process of disposing of the portfolio are set out in the Company Summary. In the last quarter, there were no acquisitions and the sale of the Aldridge asset was concluded at the fair value held in the Statement of Financial Position at September 2013.

A summary of other changes to the portfolio is set out below:

Office Portfolio

We continue to make progress with leasing vacant space in the Basingstoke office block, refurbished in 2013. While further lettings have been concluded, progress remains slow, albeit that the last month has seen a rise in enquiries.

Negotiations have been concluded to re-gear one of the leases at Cardiff, which substantially improves the length of the unexpired lease terms at this property. Discussions are also in hand with regard to a further lease re-gearing, together with the letting of the vacant ground floor to one of the existing occupiers.

Schools Portfolio

The two school properties in central London continued to perform well. The increased rent, agreed at the time of the extension to the Battersea property last year, has now become receivable.

Retail Portfolio

The one remaining vacant retail unit at the district retail centre development in Taunton is currently under offer and the centre continues to trade well.

CORUM PROPERTY INVESTMENTS LIMITED

Investment Adviser's Report

For the six months ended 31 March 2014

Portfolio Update, continued

Car Showroom Portfolio

In the last quarter, terms have been agreed on a further lease re-gearing to extend the unexpired term and improve the income profile.

CORUM PROPERTY INVESTMENTS LIMITED

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 31 March 2014

	Notes	For the six months ended 31 March 2014 £	For the six months ended 30 September 2013 £	For the six months ended 31 March 2013 £
Rental income		1,488,069	1,394,684	1,366,330
Property operating expenses	4	(396,665)	(426,723)	(398,918)
Net rental income		1,091,404	967,961	967,412
Net (deficit)/surplus on revaluation of investment property		(591,271)	1,468,160	(1,253,776)
Profit/(loss) on disposal of investment property		167,793	(1,474,486)	-
Reversal of impairment of loans		-	-	100,000
Administrative expenses	5	(129,090)	(180,405)	(167,410)
Exchange (losses)/gains		(2,805)	(1,101)	215
Operating profit/(loss)		536,031	780,129	(353,559)
Net finance costs	6	(428,333)	(497,159)	(465,588)
Profit/(loss) before tax		107,698	282,970	(819,147)
Taxation		(1,768)	(9,456)	12,043
Profit/(loss) for the period		105,930	273,514	(807,104)
Total comprehensive income/(loss) for the period		105,930	273,514	(807,104)
Earnings/(loss) per ordinary share - basic and diluted	7	5.63	14.55	(42.92)

All items in the above statement are derived from continuing operations.
The notes on pages 11 to 19 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Condensed Consolidated Statement of Financial Position (Unaudited)

As at 31 March 2014

	Notes	31 March 2014 Unaudited £	30 September 2013 Audited £
Assets			
Non-current assets			
Investment property	9	35,770,000	37,125,000
Trade and other receivables	10	48,266	63,598
		<u>35,818,266</u>	<u>37,188,598</u>
Current assets			
Trade and other receivables	10	131,182	325,404
Restricted deposits	12	252,838	252,658
Cash and cash equivalents	11	3,878,545	3,561,984
		<u>4,262,565</u>	<u>4,140,046</u>
Total assets		<u>40,080,831</u>	<u>41,328,644</u>
Liabilities			
Current liabilities			
Trade and other payables	13	1,513,558	2,495,380
Bank borrowings	14	11,200,653	11,492,989
		<u>12,714,211</u>	<u>13,988,369</u>
Non-current liabilities			
Bank borrowings	14	2,922,318	3,005,041
Long-term loan	15	109,304	106,166
		<u>3,031,622</u>	<u>3,111,207</u>
Total liabilities		<u>15,745,833</u>	<u>17,099,576</u>
Net assets		<u>24,334,998</u>	<u>24,229,068</u>
Equity			
Share capital	16	2,481	2,481
Share premium	17	18,805,119	18,805,119
Retained earnings		5,527,398	5,421,468
Total equity		<u>24,334,998</u>	<u>24,229,068</u>
Net asset value per share	18	<u>1,293.90</u>	<u>1,288.27</u>

These financial statements were approved by the Board on 11 July 2014 and signed on its behalf by:

B Allen
Director

The notes on pages 11 to 19 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Condensed Consolidated Statement Of Changes In Equity (Unaudited)

For the six months ended 31 March 2014

	Share Capital	Share Premium	Retained earnings	Total
	£	£	£	£
As at 1 October 2013	2,481	18,805,119	5,421,468	24,229,068
Net profit and total comprehensive income for the period	-	-	105,930	105,930
As at 31 March 2014	2,481	18,805,119	5,527,398	24,334,998

For the six months ended 31 March 2013

	Share Capital	Share Premium	Retained earnings	Total
	£	£	£	£
As at 1 October 2012	2,481	18,805,119	5,955,058	24,762,658
Net loss and total comprehensive loss for the period	-	-	(807,104)	(807,104)
As at 31 March 2013	2,481	18,805,119	5,147,954	23,955,554

The notes on pages 11 to 19 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 31 March 2014

	Notes	For the six months ended 31 March 2014 £	For the six months ended 30 September 2013 £	For the six months ended 31 March 2013 £
Cash flows from operating activities				
Profit/(loss) before tax		107,698	282,970	(819,147)
Adjustments for:				
Amortised tenant incentives period		8,140	12,756	19,884
Bank interest income		(647)	(723)	(850)
Finance costs		382,194	430,498	416,384
Amortisation of financing costs		46,786	67,385	50,053
(Profit)/loss on disposal of investment property		(167,793)	1,474,486	-
Reversal of impairment of loans		-	-	(100,000)
Net deficit/(surplus) on revaluation of investment property		591,271	(1,468,160)	1,253,776
Tax paid		(1,768)	(11,331)	(47)
		<u>965,881</u>	<u>787,881</u>	<u>820,053</u>
Decrease/(increase) in trade and other receivables		154,628	(92,015)	141,801
(Decrease)/increase in trade and other payables		(987,864)	1,211,308	(65,614)
Net cash inflow from operating activities		<u>132,645</u>	<u>1,907,174</u>	<u>896,240</u>
Cash flows from investing activities				
Disposal of investment property		931,522	3,501,791	-
Investment property acquisitions & improvement costs		-	(326,579)	(152,817)
Investment property under construction, acquisition and improvement	8	-	14,709	(1,714,900)
Loan repayments received		-	-	100,000
Net cash inflow/(outflow) from investing activities		<u>931,522</u>	<u>3,189,921</u>	<u>(1,767,717)</u>
Cash flows from financing activities				
Bank interest received	6	647	723	850
Proceeds from bank borrowings		14,621	38,739	1,396,858
Increase in restricted deposits		(180)	(174)	(181)
Repayment of bank borrowings		(389,680)	(3,201,801)	(367,831)
Loan interest paid		(373,014)	(433,516)	(413,084)
Net cash (outflow)/inflow from financing activities		<u>(747,606)</u>	<u>(3,596,029)</u>	<u>616,612</u>
Net increase/(decrease) in cash and cash equivalents		<u>316,561</u>	<u>1,501,066</u>	<u>(254,865)</u>
Cash and cash equivalents at beginning of the period		<u>3,561,984</u>	<u>2,060,918</u>	<u>2,315,783</u>
Cash and cash equivalents at end of the period		<u><u>3,878,545</u></u>	<u><u>3,561,984</u></u>	<u><u>2,060,918</u></u>

The notes on pages 11 to 19 are an integral part of these financial statements.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2014

1. General information

Corum Property Investments Limited ("the Company"), its subsidiaries and special purpose entities (together "the Group") are 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 unaudited condensed consolidated financial statements ("the financial statements") were approved for issue by the Board of Directors on July 2014.

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.

Basis of preparation

The financial statements included in the half year report for the six months ended 31 March 2014 have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements. The half year report should be read in conjunction with the Group's Annual Report and Audited Consolidated Financial Statements for the year ended 30 September 2013, which were prepared in accordance with International Financial Reporting Standards (IFRS). The Board has provided comparative information in the Condensed Consolidated Statement of Comprehensive Income for the 6 months to 30 September 2013 and 6 months to 31 March 2013. The inclusion of this comparative information is to give Shareholders a better understanding of the Company's commercial real estate business.

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.

The accounting policies applied by the Group in these financial statements are the same as those applied by the Group in its annual audited consolidated financial statements as at, and for the year ended, 30 September 2013.

The preparation of the financial statements requires Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on the Directors' best judgement at the date of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

In preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the audited consolidated financial statements as at, and for the year ended, 30 September 2013.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2014

3. Gross rental income

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

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

	31 March 2014	30 September 2013	31 March 2013
	£	£	£
No later than 1 year	2,705,917	2,877,576	2,868,952
Later than 1 year and no later than 5 years	6,260,234	6,840,696	7,061,033
Later than 5 years	10,659,421	11,638,572	11,759,981
	<u>19,625,572</u>	<u>21,356,844</u>	<u>21,689,966</u>

4. Property operating expenses

	31 March 2014	30 September 2013	31 March 2013
	£	£	£
Asset management and investment advisory fees	188,830	186,430	197,680
Irrecoverable VAT on direct expenses	848	634	800
Letting agents and legal fees	16,184	24,930	10,384
Marketing and promotion	1,545	(502)	6,192
Property maintenance and repairs	30,676	38,918	16,950
Property management fees	6,548	9,884	15,000
Professional fees	27,478	11,197	17,675
Rates, insurance and service charges	124,556	155,232	134,237
	<u>396,665</u>	<u>426,723</u>	<u>398,918</u>

5. Administrative expenses

	31 March 2014	30 September 2013	31 March 2013
	£	£	£
Administration fees	40,871	40,071	44,050
Advisory and structural fees	-	28,210	28,211
Auditor's remuneration	10,000	9,750	10,640
Directors' remuneration	6,750	6,750	6,750
D&O Insurance	1,812	2,125	2,125
Legal and professional fees - general	110	24,173	12,279
Investment Adviser's fees	60,391	61,174	56,877
Statutory fees	6,951	5,119	3,996
Sundry expenses	2,205	3,033	2,482
	<u>129,090</u>	<u>180,405</u>	<u>167,410</u>

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

	31 March 2014	30 September 2013	31 March 2013
	£	£	£
Finance income	647	723	850
Finance costs	<u>(428,980)</u>	<u>(497,882)</u>	<u>(466,438)</u>
Total interest income and expense	<u>(428,333)</u>	<u>(497,159)</u>	<u>(465,588)</u>
Recovery of loans and receivables	-	-	100,000
	<u>(428,333)</u>	<u>(497,159)</u>	<u>(365,588)</u>

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2014

7. Earnings/(loss) per ordinary share - basic and diluted	31 March 2014	30 September 2013	31 March 2013
The calculation of the earnings/(loss) per ordinary share is based on the following data:	£	£	£
Net profit/(loss) attributable to the owners of the Company	<u>105,930</u>	<u>273,514</u>	<u>(807,104)</u>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per ordinary share	<u>18,807</u>	<u>18,807</u>	<u>18,807</u>
Earnings/(loss) per ordinary share	<u>5.63</u>	<u>14.55</u>	<u>(42.92)</u>
8. Investment property under construction	31 March 2014	30 September 2013	
	Unaudited	Audited	
	£	£	
Cost at the beginning of the period/year	-	1,513,919	
Transfer to investment property	-	(3,214,110)	
Build and professional costs in the period/year	-	1,700,191	
Cost at the end of the period/year	<u>-</u>	<u>-</u>	
The Group's investment property under construction is measured at actual cost less impairment.			
9. Investment property	31 March 2014	30 September 2013	
	Unaudited	Audited	
	£	£	
Fair value at the beginning of the period/year	37,125,000	38,193,387	
Property acquisitions and improvements at cost	-	479,396	
Transfer from investment property under construction	-	3,214,110	
Disposals during the period/year	(945,000)	(3,501,791)	
Realised losses on disposals in the period/year	-	(1,474,486)	
Revaluations	(410,000)	214,384	
Fair value at the end of the period/year	<u>35,770,000</u>	<u>37,125,000</u>	

The fair value of the Group's investment property at 31 March 2014 is shown at Directors' valuation. This valuation is based on the fair valuation by Savills, BNP Paribas Real Estate and CBRE at 30 September 2013 as adjusted by the Directors. 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 14).

Direct operating expenses recognised in profit and loss include recovery of £4,000 (Costs 2013: £34,067) relating to investment property which was unlet.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2014

10. Trade and other receivables	31 March 2014	30 September 2013
	Unaudited	Audited
	£	£
Trade receivables	38,636	212,134
Prepayments	54,500	30,027
VAT receivable	10,214	9,705
Prepaid finance expenses	56,396	103,182
Amortised rent-free incentive	19,029	27,169
Other receivables	673	6,785
	<u>179,448</u>	<u>389,002</u>
Disclosed as:		
Non-current assets	<u>48,266</u>	<u>63,598</u>
Current assets	<u>131,182</u>	<u>325,404</u>

11. Cash and cash equivalents	31 March 2014	30 September 2013
	Unaudited	Audited
	£	£
Cash at bank	<u>3,878,545</u>	<u>3,561,984</u>

12. Restricted deposits	31 March 2014	30 September 2013
	Unaudited	Audited
	£	£
Restricted deposits	<u>252,838</u>	<u>252,658</u>

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

13. Trade and other payables	31 March 2014	30 September 2013
	Unaudited	Audited
	£	£
Trade payables	154,745	359,178
Retentions	34,202	34,081
Deferred rental income	619,600	653,689
VAT payable	261,666	774,323
Interest on long-term liabilities	173,222	167,180
Tax payable	94	94
Accruals	270,029	506,835
	<u>1,513,558</u>	<u>2,495,380</u>

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.

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2014

14. Bank borrowings	31 March 2014 Unaudited £	30 September 2013 Audited £
Aviva plc	10,946,111	11,242,989
Svenska Handelsbanken AB	1,405,239	1,498,042
Clydesdale Bank	1,771,621	1,756,999
	<u>14,122,971</u>	<u>14,498,030</u>
Disclosed as:		
Current liabilities	<u>11,200,653</u>	<u>11,492,989</u>
Non-current liabilities	<u>2,922,318</u>	<u>3,005,041</u>

The Aviva plc loan payable is secured by certain investment properties with a fair market value of £26,640,000 (30 September 2013: £26,950,000) at the reporting date.

The Aviva plc loan is divided into an interest only loan of £10,505,000 and an amount of £441,111 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 loans payable are secured by investment properties with a fair value of £4,300,000 (30 September 2013: £4,300,000) at the reporting date.

The loan, payable by Corum II Limited, for £1,405,239 (30 September 2013: £1,498,042) 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 facility from Clydesdale Bank PLC for the development of the project in Norton Fitzwarren, which was completed during the prior 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 £1,771,621 (30 September 2013: £1,756,999) is secured by investment property with a value of £3,400,000 and carries an interest rate of LIBOR plus a margin of 3.25%.

15. Long-term loan	31 March 2014 Unaudited £	30 September 2013 Audited £
Lightstone Properties plc - Halbeath	60,853	58,549
Lightstone Properties plc - Durham	27,844	27,010
Fitzwarren Developments Ltd	20,607	20,607
	<u>109,304</u>	<u>106,166</u>

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

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2014

15. Long-term loan, continued

Halbeath Loan

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 accrued interest at 7.82% per annum in the period. In addition, Lightstone will be entitled to a profit share of 1/46 of the residual profit on the Halbeath investment, after all the loans from the Company and its own loan have earned a hurdle rate of 12.5%.

Durham Loan

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 interest at 6.15% per annum in the period. In addition, Lightstone will be entitled to a profit share of 25/632 of the residual profit on the Durham investment, after all the loans from the Company and its own loan have earned a hurdle rate of 12.5%.

Fitzwarren Developments Ltd are the Development Managers of the Norton Fitzwarren district centre. Their expenditure prior to the Group's acquisition of the land has been capitalised as a long term loan to Corum (IV) Properties Limited repayable upon either sale of the property or at an agreed date no later than two years after practical completion and subordinated to Corum earning a minimum rate of 10% p.a. on its investment in the property. To the degree that there is a surplus after Corum has earned 10% p.a. on its investment, the loan from Fitzwarren Developments will be entitled to 40% of that surplus. At the date of these interim accounts the loan will not be entitled to any surplus.

16. Share capital

	31 March 2014	30 September 2013
	Unaudited	Audited
	£	£
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	<u>11,100</u>	<u>11,100</u>
Issued and fully paid share capital:		
	31 March 2014	30 September 2013
	Unaudited	Audited
	£	£
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 period/year	<u>2,481</u>	<u>2,481</u>

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

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2014

16. Share capital, continued

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.

17. Share premium

	31 March 2014 Unaudited £	30 September 2013 Audited £
Premium arising on issue of Ordinary shares	<u>18,805,119</u>	<u>18,805,119</u>

18. Net asset value per ordinary share

	31 March 2014 Unaudited £	30 September 2013 Audited £
The calculation of the net asset value per Ordinary share is based on the following data:		
Net asset value attributable to Ordinary shareholders	<u>24,334,398</u>	<u>24,228,468</u>
Number of Ordinary shares	<u>18,807</u>	<u>18,807</u>
Net asset value per Ordinary share	<u>1,293.90</u>	<u>1,288.27</u>

19. 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	BVI	100%	1,000
Corum II Limited	BVI	100%	50
Corum (Aldridge) Limited	BVI	100%	100
Corum UK Holdings 1 Limited	BVI	100%	125,000
Indirect			
Stratton II S.à.r.l.	Luxembourg	100%	273,600
Stratton III S.à.r.l.	Luxembourg	100%	169,640

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2014

20. Investment in joint ventures

The Group has not invested in any new joint venture entities during the six months ended 31 March 2014. 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 31 March 2014 and 30 September 2013 and for the relevant periods is included in the financial statements, and is as follows:

	31 March 2014 Unaudited £	30 September 2013 Audited £
Current assets	-	740,747
Non-current assets	-	-
	<u>-</u>	<u>740,747</u>
Current liabilities	(510)	(738,010)
Non-current liabilities	-	-
	<u>(510)</u>	<u>(738,010)</u>
Net asset value	<u>(510)</u>	<u>2,737</u>

	31 March 2014 £	30 September 2013 £	31 March 2013 £
Finance income	-	244	48
Loss on disposal of investment property	-	(1,482,027)	-
Revaluation of property	-	1,501,277	(758,500)
Property operating expenses	4,000	(17,316)	(16,751)
Administrative expenses	(121)	(15,809)	(1,615)
Profit/(loss) for the period from operations	<u>3,879</u>	<u>(13,631)</u>	<u>(776,818)</u>
Net finance costs	-	(27,246)	(33,192)
Profit/(loss) for the period	<u>3,879</u>	<u>(40,877)</u>	<u>(810,010)</u>

Trifolkes Stona LLP ("the LLP"), a limited liability partnership, held an investment property, which has been sold. Corum II Limited, a wholly owned subsidiary of the Company, is a 50% member of the LLP. The other 50% member is Folkes Holdings Limited.

As at 31 March 2014, Corum II Limited had invested £nil (30 September 2013: £1,955,000) in Trifolkes Stona LLP. The value of Corum II Limited's investment has been written down to £nil. The joint venture was wound up and an application was made to strike it off the register in May 2014.

21. Capital risk management

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

CORUM PROPERTY INVESTMENTS LIMITED

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2014

21. Capital risk management, continued

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 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. Group gearing, calculated as net debt (bank borrowing less bank balances) divided by total assets (excluding bank balances), was 27.79% as at 31 March 2014 (30 September 2013: 28.48%). The debt to equity ratio, calculated as net debt divided by total equity plus subordinated minority shareholder loan, was 40.89% (30 September 2013: 43.90%). 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.

22. 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 period, the Group paid CIAL and its nominees acquisition fees of £nil (year to 30 September 2013: £61,940) and Investment Adviser's fees of £242,291 (year to 30 September 2013: £488,301). At the period end there was an amount outstanding to CIAL of £28,003 (year to 30 September 2013: £30,503).

David Gil, Brett Allen and Angus Mackay, Directors of the Company, are also directors of CIAL. David Gil received £3,750 (6 months to 30 September 2013: £3,750) and Brett Allen received £3,000 (6 months to 30 September 2013: £3,000) for their services as Directors of the Company. Angus Mackay waived his remuneration for the period. Gerald Rubenstein, Angus Mackay and Robert Cohen, Directors of the Company, have an indirect beneficial interest in CIAL.

23. Events after the reporting date

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

CORUM PROPERTY INVESTMENTS LIMITED

Key Parties

Registered Office

Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 4NA

Administrator, Secretary and Registrar

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

Investment Adviser

Corum Investment Advisers Limited
Palm Grove House
P.O. Box 438
Road Town, Tortola
British Virgin Islands

Structural Adviser

Investec Capital Markets
100 Grayston Drive
Sandton
South Africa
2196

Listing Sponsor

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

Auditor

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

Annual Sponsor

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

Principal Bankers

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

Legal Advisor to the Company (as to Guernsey Law)

Mourant Ozannes
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

Directors

Gerald Rubenstein
Angus Mackay
Robert Cohen
David Gil
Brett Allen