

Taliesin Property Fund Limited (“Taliesin” or “the Company” or “the Group”)

Preliminary results for the year ended 31 December 2007

Taliesin, the AIM listed German property fund, is pleased to announce its preliminary results for the year ended 31 December 2007.

Key financial and operational highlights

- Profit before tax of €6.1 million (2006: loss of €1.7 million)
- Property assets almost doubled to €64.2 million
- At year-end 44 properties owned or notarised for purchase, with 850 residential and commercial units
- Yield of 6.8% on purchase price
- Average cost per square metre under €1,000
- Net Assets increased to €42.4 million
- Year-end loan: property ratio of 55.3% with continuing availability of new finance
- Improved local infrastructure to take advantage of positive market conditions and outlook
- Year-end adjusted net asset value per share €121.70

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Taliesin Property Fund Limited

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CHAIRMAN’S STATEMENT

Introduction

I am pleased to be able to present our first full-year results since the Company was admitted to the AIM market in August 2007.

Based on a full valuation of the Company's property portfolio by property consultants Jones Lang Lasalle, the adjusted net asset value ("Adjusted NAV", as defined in the AIM admission document) of the Company rose from €17.10 per share as at 31 December 2006 to €21.70 per share as at 31 December 2007.

At the end of 2006, the total Adjusted NAV incorporated a portfolio valuation premium over the aggregate of individual valuations undertaken in accordance with International Accounting Standard 40. In view of international market conditions following the "credit crunch" in the second half of 2007, no such premium is included in the calculation of our Adjusted NAV as at 31 December 2007. Additionally all acquisition costs are written off in the year of acquisition via the adjustment of the year end book value of properties to the Jones Lang LaSalle valuation. As at 31 December 2007, the only acquisition costs remaining in the balance sheet are those relating to property acquisitions yet to complete. We are therefore of the opinion that our Adjusted NAV as at 31 December 2007 represents a conservative valuation of the Company.

Throughout 2007, we stayed true to our stated strategy of building up a portfolio of primarily residential property in Berlin and nearby cities at prices comfortably below replacement cost. The average acquisition price across the Company's portfolio (including the land on which the buildings stand) is now €63 per square metre before acquisition costs. This compares with an estimated replacement cost for the buildings alone of €1,500 per square metre. Although rents remain low in Berlin, they are high relative to purchase price, so rental yields currently exceed all-in interest costs.

In pursuing the Company's strategy, we have been mindful of three things. Firstly, although most property in Berlin is considered to be inexpensive by international standards, it pays to be selective about quality, value and area. The uplift on our portfolio suggests that the highly selective approach of our Berlin based acquisitions team has been appropriate. Secondly, regardless of acquisition cost, property has to be managed as an asset. In 2007, we established a new relationship with a local property manager enabling us to commence our refurbishment and rental increase programme, targeting the buildings with the greatest potential for increased rents. Finally, in order to maximise long term value, a solid local infrastructure is a necessity. During the year our Investment Adviser, Taliesin Management Ltd ("TML"), established and strengthened its Berlin based subsidiary, Taliesin Deutschland GmbH ("TDL").

Our target of building a portfolio of Euro 300 million still stands, however because of prevailing market conditions the pace of acquisitions has been somewhat slower than originally forecast. As a result we do not expect to reach this portfolio target in the current financial year.

2007 Operating Results

Operating revenues in 2007 of €4.2 million were 311% higher than those of the previous year, reflecting the substantially larger portfolio and the first full year of trading. Operating expenses of €4.6 million (excluding the Investment Adviser's performance fee) were 208% higher than the previous year.

The main component of the Company's profit in 2007 was a net revaluation gain of €9.4 million, compared with a net revaluation deficit of €1.2 million in 2006. The Company wrote off the majority of the goodwill of €1.7 million that arose the previous year as a result of the consolidation of a new subsidiary. The remaining goodwill is deducted in the calculation of the Adjusted NAV, the conclusion being that the Company recorded a profit before tax (after deducting the Investment Adviser's performance fee) of €6.1 million. This compares with a before tax loss of €1.7 million the previous year.

2007 year-end total assets of €33.6 million were double those at the previous year-end (€14.4 million). During 2007, the Company raised €15 million (gross) of new equity which, together with the profit for the year and other capital account movements, increased total equity to €22.4 million, compared with €11.8 million at end of 2006. Year-end 2007 total financial liabilities of €35.5 million represented 55.3% of the book value of property assets.

Market conditions and outlook

2007 was a tale of two halves in the Berlin property market. In the first half of the year, demand for residential property, especially by international investors, was very robust however, whilst this demand was driven by the fundamental perception that Berlin property prices were low and recovering, it was fuelled by relatively abundant credit. In the summer of 2007, global credit conditions tightened and in September, Düsseldorf-based IKB Deutsche Industriebank AG became the first European casualty of the US sub-prime crisis requiring a rescue package to avoid collapse. Not surprisingly, the availability of bank credit diminished, curbing the activities of some of the more highly leveraged participants in the Berlin property market leading to a distinct slow down in price rises for multi-family dwellings, as well as an upturn in supply.

Notwithstanding the shockwaves from the credit crunch, the residential property market in Berlin remained generally stable in 2007. According to survey data, prices stabilised in the second half of the year and there was no overall decline. The Company's ability to finance properties purchased towards the end of 2007 and into 2008 on attractive terms, suggests the credit markets remain open for purchases of good quality Berlin property. We believe that for banks, lending against Berlin property may be perceived to be good business for several reasons including the following:

- (i) Rents continue to rise as Berlin's economy grows and unemployment falls (unemployment in Berlin fell from 19 per cent in 2005 to 14 per cent in October 2007) thus improving interest service coverage.
- (ii) The demographics of Berlin are conducive to further uplift in property prices, with the population and the number of households rising faster than the property stock. The BBU (Federation of Housing Companies in Berlin and Brandenburg) expects the number of households to grow by between 20,000 and 90,000 by 2012 (from 1.73 million at present), which is well in excess of the number of apartments being built.
- (iii) It is reasonable to expect that, as the Berlin economy continues to recover from the traumatic declines of the 1995-2005 period, home ownership in Berlin could rise from the current estimated level of 13 percent to nearer 43 percent, being the average level of home ownership across the whole of Germany. A process of "privatisation" of condominiums would reduce the availability of rental property, supporting both rental levels and capital prices.

Portfolio

At the end of 2007 the portfolio consisted of 44 properties purchased between April 2006 and December 2007 (including properties purchased for completion in 2008) at an aggregate price of €64.2 million before fees and other purchase costs.

The table below shows the geographic distribution of the properties and includes details of the split between residential and commercial together with the average purchase price. Although the Company is authorised to purchase wholly commercial properties, presently all of the commercial units are ground floor retail or commercial spaces in otherwise residential apartment blocks.

Location	Number of Properties	Number of Units		Area (sqm)	Purchase Price (€000)	Price per sqm (€)
		res	com			
Berlin	30	609	58	54,233	50,634	933
Potsdam	7	62	23	6,045	8,698	1,439
Dresden	4	45	6	3,412	2,627	770
Leipzig	3	39	8	2,977	2,220	746
Total	44	755	95	66,667	64,179	963

During 2007, we bought less property than originally anticipated primarily because the market was extremely buoyant in the first half of the year and we were reluctant to join other market participants in driving prices up. In total, we either notarised (exchanged) or completed the purchase of properties totalling €18.8 million (excluding purchase costs) of which €2.4 million was in Berlin's neighbouring city of Potsdam and a large proportion of which is commercial. Potsdam has developed into a real property hot-spot, with commercial

rents running at several times those which could be obtained in much of Berlin. Of the €16.4 million of properties we acquired in Berlin itself, the majority were in the Prenzlauerberg and Mitte districts where we see opportunities from investing in solid early twentieth century town blocks, where a small amount of refurbishment can unlock significant rental yield enhancement.

As is detailed in our AIM admission document, the Company's target rental yield is 7.5% on purchase price. The Company's current average rental yield is 6.8% which is due largely to a purchase of a package of property in the Berlin district of Friedrichshain. This area, traditionally dominated by student accommodation, is witnessing an influx of young professionals willing to pay higher rents for modernised flats. To this end, we accepted a somewhat higher vacancy rate than we would have ordinarily, to permit early modernisation of individual apartments and accelerate yield enhancement.

During 2007 the Company responded (in consultation with its tax advisers) to proposed changes in German tax law by re-organising the structure of property holding companies. While we cannot predict with any certainty how these tax changes will be implemented and interpreted, we believe that we have taken reasonable steps to minimise any German tax liabilities.

Finance

At year end 2007, the Company had drawn down bank loans totalling €5.5 million of which the Company's primary lender, Eurohypo, accounted for €26.0 million. The loan to value ratio achieved ranged between 75 and 80% before acquisition costs. A significant portion of the Company's financing is hedged via the 5 year swap market. All-in interest and swap costs across the loans averaged 5%.

More recent financing offers have seen lower loan to value ratios, reflecting the uncertainty in the credit markets referred to previously. Financing does however remain readily available to the Company from existing and new lenders and on terms that the Board considers to be attractive.

Pipeline and Current Trading

At the time of writing this report, we have a high quality pipeline of property investment opportunities.

We acquired a small portfolio worth €2.4 million in January 2008 in the Pankow district of Berlin where sales price growth is accelerating and which is seeing the fastest population growth in Berlin.

We have notarised a €6.6 million portfolio of four primarily residential buildings in Berlin, located in Friedrichshain, Kreuzberg, Wannsee and Spandau. This portfolio has already been extensively refurbished and expected yield is 7.2% with a purchase price per square metre of €1,100.

A €3.2 million portfolio of seven primarily residential Berlin buildings has also been notarised. The purchase price per square metre is €1,150. The slightly lower initial yield of 6.2% reflects the quality of the locations, although with significant refurbishment investment over the past couple of years there is potential for rental increases.

A single residential property in the Berlin district of Lichterfelde West has also been notarised. Built in 1994, the property was purchased for €70,000 which represents an initial yield of 6.8% and a per square metre price of €1,200.

The Directors of Taliesin believe that the effect of the sub prime lending crisis on the Berlin residential market has been relatively limited so far. Bank finance remains available for residential purchases on terms similar to last summer for single property purchases or portfolios up to the value of €50 million. Above this amount, the banks are clearly having difficulties in either syndicating or securitizing mortgage debt. Hence, larger portfolios remain difficult to finance. Given the strong rental dynamics in Berlin, in particular, there has been little sign of an impact on capital values. Taliesin have benefited from its strong equity position, especially with the local mortgage banks. It is clear that a number of highly leveraged participants in the Berlin property investment market have stopped buying and we have seen an improved flow of property offers partly as a result. We continue to focus on those districts in Berlin with the strongest rental growth potential and on high quality properties.

Development of local infrastructure

TML, the Company's Investment Adviser, initially established a strategic alliance with a German property company to work with TML in the areas of property investment, financial reporting, letting, debt collection, financial consulting, and property and asset management. This arrangement was terminated in May 2007 and TML incorporated its Berlin based subsidiary TDL to take responsibility for the functions previously carried out by the German property company. To provide continuity, TDL was initially staffed by two executives hired from the property company. Further professional staff have been added subsequently. We believe that this local presence has helped improve and lengthen the Company's property pipeline, as well as sharpen the focus on asset management.

Day-to-day property management of the portfolio is out-sourced to a local company, Core Immobilien GmbH ("Core"). TML and TDL work very closely with Core and TDL has acquired a 20% stake in Core to ensure that strategic decisions are made that will contribute to the ongoing success of the Company's business. As an example of this close collaboration, Core has hired an employee to exclusively handle the Company's refurbishment programme.

We believe that the investment in local infrastructure that has taken place will help us fulfill our objective of creating a sizeable portfolio of high quality and well managed buildings.

Dividend

As stated in the AIM admission document, while we are still in the growth phase of the Company's business the Directors are of the opinion that it is not the Company's intention to declare a dividend.

Nigel Le Quesne

Non-Executive Chairman

CONSOLIDATED INCOME STATEMENT

	Year ended 31 December 2007	17 November 2005 to 31 December 2006
	€	€
Continuing operations		
Rental income	4,190,363	1,018,800
Other operating income	6,263	2,009
Total operating revenues	4,196,626	1,020,809
Movement in fair value adjustment on investment properties	9,416,829	(1,153,815)
Goodwill impairment	(1,056,158)	-
Losses on financial assets held at fair value through profit or loss	(9,159)	(17,756)
Loss on part disposal of discontinuing operations	(1,221)	-
Expenses		
Organisational costs	-	120,798
Property costs	1,901,857	417,612
Administrative costs	150,579	87,823
Investment advisory and performance fees	1,658,511	414,723
Bank charges	8,909	7,195
Directors fees	103,534	45,203
Legal and professional fees	583,762	280,608
AIM admission costs	251,809	-
Other operating expenses	541,949	56,863
Provision for bad debts	184,822	54,104
Exempt company fees	1,790	1,760
Audit fees	169,796	18,000
Foreign exchange differences	3,083	1,017
Total operating expenses	5,560,401	1,505,706
Profit/(loss) from operating activities	6,986,516	(1,656,468)
Finance income	748,631	176,700
Finance expense	(1,632,921)	(174,486)
Net (financing costs)/income from financing	(884,290)	2,214
Profit/(loss) before tax	6,102,226	(1,654,254)
Corporate income tax credit	(1,058,048)	369,414

Current ordinary profit/(loss) for the period	5,044,178	(1,284,840)
Attributable to:		
Equity holders of the parent	4,673,616	(1,285,548)
Minority interest	370,562	708
Net profit/(loss) for the period	5,044,178	(1,284,840)
Basic earnings per share based on the weighted average issued Ordinary Share Capital as at 31 December 2007	17.19	
Basic loss per share based on the weighted average issued Participating Share Capital as at 31 December 2006*		(6.65)
Diluted earnings per share based on the weighted average issued Ordinary Share Capital as at 31 December 2007	16.88	

* In accordance with IAS 33 and as the group reported a loss for the period ended 31 December 2006 the shares are not diluted.

CONSOLIDATED BALANCE SHEET

	31 December 2007 €	31 December 2006 €
ASSETS		
Non-current assets		
Investment properties	63,638,000	33,650,000
Property acquisitions yet to complete	517,984	737,154
Goodwill	636,253	1,692,411
Loans receivable	-	-
Investments in subsidiary companies	-	-
Deferred tax assets	818,556	630,999
Investments held at fair value through profit or loss	566,517	864,920
Derivative financial assets	411,147	-
Total non-current assets	66,588,457	37,575,484
Current assets		
Cash and cash equivalents	14,773,997	3,153,151
Investments held at fair value through profit or loss	247,177	-
Other receivables	1,983,448	704,403
Total current assets	17,004,622	3,857,554
Total assets	83,593,079	41,433,038
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity		
Stated capital account	37,876,942	-
Share capital	-	249
Share premium	-	22,876,221
Shares to be issued	556,257	-
Retained earnings	3,388,068	(1,285,548)
Equity attributable to equity holders of parent	41,821,267	21,590,922
Minority interests	605,952	233,282
Total equity	42,427,219	21,824,204
Non-current liabilities		
Financial liabilities	34,817,811	16,012,862
Deferred tax liabilities	2,578,579	1,333,580

Total non-current liabilities	37,396,390	17,346,442
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Current liabilities		
Financial liabilities	643,436	951,684
Other liabilities and payables	3,126,034	1,310,708
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Total current liabilities	3,769,470	2,262,392
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Total equity and liabilities	83,593,079	41,433,038
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Net asset value per Ordinary share (€)	118.21	
Net asset value per Participating share (€)		94.38

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December 2007	17 November 2005 to 31 December 2006
	€	€
Operating activities		
Net cash (outflow)/ inflow from operating activities	(224,308)	763,056
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Net cash (used in)/ generated from operating activities	(224,308)	763,056
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Investing activities		
Purchase of investment properties	(20,115,304)	(22,236,969)
Refurbishment of investment properties held	(236,697)	(209,000)
Acquisition of subsidiaries by Group companies	-	(4,791,760)
Interest received	290,836	176,700
Investment income received	42,067	16,769
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Net cash outflow from investing activities	(20,019,098)	(27,044,260)
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Financing activities		
Proceeds of issues of share capital	15,000,472	22,876,450
Organisational costs	-	(120,798)
Proceeds from borrowings	19,503,670	6,615,652
Loan repayments	(1,006,969)	(52,587)
Interest paid	(1,632,921)	(174,486)
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Net cash inflow from financing activities	31,864,252	29,144,231
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Net increase in cash and cash equivalents	11,620,846	2,863,027
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Cash and cash equivalents at start of period	3,153,151	-
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Cash and cash equivalents of acquired companies	-	290,124
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Cash and cash equivalents at end of period	14,773,997	3,153,151

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the accounting policies adopted in the Company's AIM Admission Document dated August 2007.

The financial information set out in this announcement does not constitute the Company's statutory financial statements for the period ended 31 December 2007, but is derived from those financial statements. The auditors have reported on the statutory financial statements for the period ended 31 December 2007; their report was unqualified.

The financial information for the period ended 31 December 2006 is derived from the financial statements for that year. The Company's previous auditors have reported on the 2006 financial statements; their report was unqualified.

The financial information set out in this announcement was approved by the Board on 12 June 2008.

The Directors do not recommend the payment of a dividend.

2 Investment properties

Book cost brought forward at 1 January 2007	34,803,815
Fair value adjustments brought forward	(1,153,815)
Valuation brought forward at 1 January 2007	33,650,000
Properties acquired during the year	19,597,320
Transferred from property acquisitions yet to complete	737,154
Capital expenditure on properties held	236,697
	54,221,171
Revaluation (fair value adjustments)	9,416,829
Valuation as at 31 December 2007	63,638,000

The fair values of the investment properties held at 31 December 2007 are based on valuations performed by an independent valuer, Jones Lang Lasalle, in accordance with s.153 art. 1 BauGB, the German Regulations on Determination of Value (WertV) and the German Valuation Guidelines (WertR06).

According to s.194 BauGB, the fair value is defined as the value which would have been agreed between a willing buyer and a willing vendor as at the date of the valuation in the normal course of legally-conducted business, having regard to the location and condition of the property concerned. Fair value was therefore determined as the net values calculated in

accordance with WertV sections 15 to 20, under the assumptions of remaining useful economic lives of between 40 and 60 years, and discount rates of between 4.0% and 5.75%.

Most of the investment properties have been financed by financial liabilities. In such cases, the property is pledged as security for the relevant financial liability.

3 Taxation

The Company has been granted exempt company status under Article 123A of the Income Tax (Jersey) Law 1961. This status is renewable annually. The Company plans to maintain this status for as long as it is available, pending the introduction of a general zero rate of corporation tax from 1 January 2009.

Tax on profits of the Group arising in Germany are computed using the tax rate of 15.83% (period 17 November 2005 to 31 December 2006: 26.40%), both for current and deferred tax.

The total tax (charge)/credit is detailed below:

	Year ended 31 December 2007	17 November 2005 to 31 December 2006
	€	€
Current tax on profits	(606)	-
Deferred tax	(1,057,442)	369,414
Tax (charge) / credit for the period	(1,058,048)	369,414
Profit / (loss) before tax	6,102,226	(1,654,254)
Tax (charge) / credit on profit / (loss) at tax rate of 15.83% (2006: 26.40%)	(965,982)	436,723
Effects of:		
Deferred tax change in rate	281,298	-
(Losses) / Profits under Jersey jurisdiction not (relievable) / taxable	(126,524)	17,650
Losses under Cyprus jurisdiction not relieved	(6,631)	(6,606)
Goodwill impairment not subject to tax relief	(167,190)	-
Loss on part disposal of subsidiary, not subject to tax relief	(193)	-
Deferred tax asset on German trading loss at an applicable rate of 30.10% instead of 15.83%	1,019	-
Cyprus income taxed at 11% instead of 15.83%	266	-
Net effect of inter-company loan interest	(74,111)	(78,553)
Tax (charge) / credit for the period	(1,058,048)	369,414

Deferred tax

Deferred tax assets and liabilities total €(1,706,023) (2006: € 702,581) and are made up of property value differences, losses carried forward and other timing differences.

4 Stated capital account

	Year ended 31 December 2007		Period 17 November 2005 to 31 December 2006	
Authorised (see note below)	Number	€	Number	€
Issued and unpaid				
Converted from €1 Management shares	10	10	-	-
Converted from €1 Voting shares	10	10	-	-
As at 31 December 2007	20	20	-	-
Issued and fully paid				
Converted from €0.001 Participating shares	228,765	229	-	-
Transfer from share premium	-	22,876,221	-	-
Proceeds of issue of share on 28 August 2007	125,000	15,000,472	-	-
As at 31 December 2007	353,765	37,876,922	-	-
Total in issue as at 31 December 2007	353,785	37,876,942	-	-

By a special resolution passed at an Extraordinary General Meeting of the Company held on 10 August 2007, all of the shares of the Company then extant were converted into Ordinary shares of no par value. At the same Meeting, new Articles of Association of the Company were adopted which give the Company the power to issue an unlimited number of Ordinary shares of no par value, as permitted by the Law. On 28 August 2007, the Company issued 125,000 new Ordinary shares of no par value at a value of € 120 each. The total proceeds raised were €15,000,472.

During 2008, the Company will issue a sufficient number of new ordinary shares which have a total market value of €566,000 (2007 - no shares issued, total market value of €nil) to Taliesin Deutschland Limited, the Investment Advisor to the Group, as partial consideration for their performance fee for the year ended 31 December 2007. The full amount of the performance fee was charged in the consolidated income statement for the year.

5 Share capital

	As at 31 December 2007	As at 31 December 2006
Authorised	€	€
10 Management shares of €1.00 each	-	10
10 Voting shares of €1.00 each	-	10
300,000 Participating shares of €0.001 each	-	300
	<hr/>	<hr/>
	-	320
Issued and not paid up		
10 Management shares of €1.00 each	10	10
10 Voting shares of €1.00 each	10	10
Converted into Ordinary shares of no par value	(20)	-
	<hr/>	<hr/>
	-	20
Issued and fully paid		
228,765 Participating shares of €0.001 each	229	229
Converted into Ordinary shares of no par value	(229)	-
	<hr/>	<hr/>
	-	229
Total issued	<hr/>	<hr/>
	-	249

By a special resolution passed at an Extraordinary General Meeting of the Company held on 10 August 2007, the 10 issued Management shares, 10 issued Voting shares and 228,765 issued Participating shares of the Company were re-designated as "Ordinary shares". Each Ordinary share carries equal voting rights. By a further special resolution at the same meeting, these Ordinary shares were converted into "no par value shares" in accordance with Article 40A of the Companies (Jersey) Law 1991.

The Management shares entitled the holder to receive notice of, attend and vote at general meetings of the Company where the sole purpose was the appointment and/or removal of directors. In the event of a winding up the holders would have been entitled to repayment of capital. The Management shares carried no rights to any dividends or distributions.

The Voting shares entitled the holder to receive notice of, attend and vote at all general meetings of the Company where the purpose was not the appointment and/or removal of directors. In a winding up the holders would have been entitled to repayment of capital, but conferred no other right to participate in the profits or the assets of the Company. In addition, the Voting shares carried no rights to any dividends and were not redeemable but could be repurchased by the Company at a price not exceeding the amount paid up on such shares.

The Participating shares did not entitle the holder to receive notice of, attend or vote at general meetings of the Company. In a winding up, the holders would have been entitled to repayment of capital. The Participating shares carried the right to any dividends and distributions which the Directors in their sole discretion resolved to make or declare.

6 Financial Liabilities

	As at 31 December 2007	Period 17 November 2005 to 31 December 2006
Due within one year	643,436	951,684
Due after more than one year	34,817,811	16,012,862
	35,461,247	16,964,546

Financial liabilities comprise loans from the following banks and other lenders, stated at their fair value amounts:

	As at 31 December 2007	Period 17 November 2005 to 31 December 2006
Deutsche Bank	34	-
Eurohypo	25,966,466	6,565,584
Eurohypo Zinsen	-	26,184
Investitionbank Berlin	1,422,524	1,468,301
Kreissparkasse Soltau	2,680,562	2,717,256
Kreissparkasse Walsrode	5,391,661	5,444,408
Former Shareholder of subsidiary company	-	742,813
	35,461,247	16,964,546

Each of the loans from the banks are for the purposes of purchasing property for the Group and are secured on the properties which they financed, apart from one loan which is partly secured by the relevant property and partly by the investments held at fair value.

7 Investments held at fair value

	As at 31 December 2007	Period 17 November 2005 to 31 December 2006
As at 1 January 2007	864,920	-
Acquired on acquisition of subsidiaries	-	899,445
Movement in fair value adjustment	(51,226)	(34,525)
As at 31 December 2007	813,694	864,920
Maturity of above investments:		
Within one year	247,177	-
After more than one year	566,517	864,920
	813,694	864,920

	Group	Group
	As at 31 December 2007	Period 17 November 2005 to 31 December 2006
Movement in fair value adjustment (as above)	(51,226)	(34,525)
Interest Income	42,067	16,769
	(9,159)	(17,756)

These investments consist of debt securities held to maturity and are pledged as part of the security for a financial liability used to finance a property owned by Taliesin II GmbH.

8 Consolidated net cash (outflow)/inflow from operating activities

	As at 31 December 2007	Period 17 November 2005 to 31 December 2006
	€	€
Profit/(Loss) from operating activities	6,986,516	(1,656,468)
Organisational costs	-	120,798
Adjustment for non-cash items:		
Fair value adjustments	(9,407,670)	1,171,571
Goodwill impairment	1,056,158	-
Performance fee to be settled by issuing new ordinary shares	556,257	-
Loss on part disposal of continuing operations	1,221	-
Changes in working capital:		
Increase in other payables	1,814,720	1,262,687
Increase in other receivables	(1,231,510)	(135,532)
Net cash (outflow)/inflow from operating activities	(224,308)	763,056

9 Earnings per Ordinary and Participating share and net asset value per Ordinary and Participating share

The calculation of basic earnings per Ordinary share for the year ended 31 December 2007 was based on the profit attributable to Ordinary shareholders of €4,673,616 and a weighted average number of Ordinary shares in issue of 271,924.

The calculation of basic earnings per Participating share for the period to 31 December 2006 was based on the loss attributable to Participating shareholders of €1,285,548 and a weighted average number of Participating shares in issue of 193,297.

The calculation of diluted earnings per Ordinary share for the year ended 31 December 2007 was based on the profit attributable to ordinary shareholders of €4,673,616 and a weighted average number of Ordinary shares in issue of 276,767. In accordance with IAS 33 and as the group reported a loss for the period ended 31 December 2006 the shares are not diluted.

The calculation of net asset value per Ordinary share as at 31 December 2007 was based on the net consolidated assets attributable to Ordinary shareholders of €41,821,267 and the 353,765 Ordinary shares in issue as at 31 December 2007.

The calculation of net asset value per Participating share as at 31 December 2006 was based on the net consolidated assets attributable to Participating shareholders of €21,590,902 and the 228,785 Participating shares in issue as at 31 December 2006.

10 Post Balance Sheet Events

Since 31 December 2007, Group subsidiaries have acquired eight more properties for total cash consideration of €14,220,000. This was partially financed by drawing down a further €3,549,127 of the €30,080,000 credit facilities granted by Eurohypo.