CONYGAR

The Conygar Investment Company PLC

Report And Accounts
30 September 2009

YEAR ENDED 30 SEPTEMBER 2009
HIGHLIGHTS

- Group transformed in 2009 with acquisitions of £196 million of property assets, raising £69 million of new equity and the sale of £18 million of properties
- Acquisition of The Advantage Property Income Trust Limited ("TAP") for £28.1 million. TAP had £151.6 million of property assets and £13.4 million of annual rental income as at 30 September 2009
- Property trading continued with the sale of £13.9 million of properties
- Successful share placing in September 2009 raised £69 million after expenses to provide funds for further opportunities
- Acquired a portfolio of seven office and industrial properties in November 2009 for £44.6 million
- Cash available for further opportunities of £65 million and more once recent acquisition is refinanced

Summary Group Net Assets As At 30 September 2009

	£'m
Property Assets	154.8
Marina Projects	12.1
Cash	102.8
Other net assets	3.0
	272.7
Bank loans (net of issue costs)	(98.1)
Preference shares	(12.6)
Net assets	162.0
NAV per share	140p

Since the year end we have sold £4 million of properties and purchased properties for £44.6 million.

Further information can be found at www.conygar.com

If you would like to be included on our investor mailing list, please email your details to admin@conygar.com

Registered in England No. 4907617

CONTENTS

	Page
Directors and Advisers	3
Chairman's & Chief Executive's Statement	4
Corporate Governance Report	8
Directors' Remuneration Report	10
Directors' Report	13
Independent Auditors' Report	16
Consolidated Income Statement	18
Consolidated Statement of Changes in Equity	19
Company Statement of Changes in Equity	20
Consolidated Balance Sheet	21
Company Balance Sheet	22
Consolidated Cash Flow Statement	23
Company Cash Flow Statement	24
Notes to the Accounts	25
Investment Property Summary	49
Notice of Annual General Meeting	53
Form of Proxy	57

DIRECTORS AND ADVISERS

The Board of Directors
N J Hamway (Non-Executive Chairman)
R T E Ware (Chief Executive)
P A Batchelor (Finance Director)
S M Vaughan (Property Director)
P M C Rabl (Corporate Director)
M D Wigley (Non-Executive Director)

Company Secretary
P A Batchelor

Registered Office
Fourth Floor
Bond House
19-20 Woodstock Street
London W1C 2AN

Auditors
Rees Pollock
35 New Bridge Street
London EC4V 6BW

Solicitors
Wragge & Co LLP
55 Colmore Row
Birmingham B3 2AS

Nominated Adviser & Stockbroker
Oriel Securities Limited
125 Wood Street
London EC2V 7AN

Registrars
Share Registrars Limited
Suite E
First Floor
9 Lion and Lamb Yard
Farnham
Surrey GU9 7LL

Registered Number
4907617

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results

The year ended 30 September 2009 has proved to be a significant challenge both in the property and financial markets but one where the Group has taken opportunities to buy and sell selectively and to position itself strongly for the future. Since August we have acquired £196 million of property assets, raised £69 million of new equity and sold some £18 million of properties. Before refinancing some of the recent acquisitions and any additional sales, we still have £65 million of cash available.

The profit before taxation for the year was £13.7 million (2008: £0.1 million loss) which includes £21.8 million profit arising from the unrealised gain from the acquisition of The Advantage Property Income Trust Limited ("TAP"). The Group paid £28.1 million for TAP's net assets of £49.9 million taking advantage of the weak TAP share price. Since the year end, the Group has acquired a further £44.6 million of assets and further opportunities are being pursued.

In September, we raised £69 million net from a share placing which when added to the £34 million cash we already held allows us to pursue further under-valued opportunities and which also significantly broadened our investor base.

Our net asset value per share of 140p compares to 164p per share at 30 September 2008 and reflects both market conditions and our increased number of shares in issue. Given the changes to the Group since last year, it is difficult to compare 2009 with 2008 and draw any meaningful conclusions. In our view, a far better guide is to look at how the Group is placed for the future. As at 30 September 2009, the annual rent roll was £13.4 million which increases to £17.6 million taking into account acquisitions and disposals since the year end.

As before we remain cautious about the property market and whilst we are seeing buying opportunities, we are content to wait for the right transaction. In the meantime, the Group is working at extracting maximum value from TAP and moving ahead with its various development projects so that we shall be well positioned when markets recover.

Acquisition of The Advantage Property Income Trust Limited ("TAP")

In January 2009, we acquired a 28.9% stake in TAP for £5.8 million and subsequently made a successful offer for the whole company. As at the date of this report we had acquired 99.4% and will compulsorily acquire the remaining shares so we shall own 100% by the end of February 2010. TAP has been de-listed and has been integrated into Conygar.

In summary, we acquired £151.6 million of property assets at 30 September 2009 valuation and net assets of £49.9 million. We paid £28.1 million including costs thereby producing a profit upon acquisition of £21.8 million. With £13.4 million of annual rental income, opportunities such as this are few and far between. As we stated in our offer document, TAP needed to dispose of assets in order to address its over-geared position and costs needed to be reduced and we have made good progress in these areas.

Going forward, we will take a far more active approach to the assets, disposing of those where the offers are too good to turn down or where the asset has few, if any, growth opportunities, though we shall also invest where necessary to enhance value. The relatively small lot size of the TAP properties makes them very liquid, whilst the exposure to tenant defaults or other risks are reduced by the spread of over sixty assets.

The Group expects to use TAP as a vehicle for further acquisitions and having dealt so promptly with the level of gearing, we are discussing refinancing options with our existing lenders.

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT (continued)

Acquisition After the Year-End

On 18 November 2009, we announced the acquisition of seven freehold and long leasehold buildings for a total cash consideration of £44.6 million. The portfolio consists of:

- Brennan House, Farnborough Aerospace Centre, Hampshire
- Three units at Aker Village, Kirkhill, Aberdeen
- Cambridge Road, Whetstone Business Park, Leicester
- Kelvin II, Kelvin Close, Birchwood Park, Warrington
- Crystal Drive, Sandwell Business Park, Oldbury, West Midlands

The annual rent roll is approximately £4.41 million representing a net initial yield of 9.9%. The buildings comprise 562,000 square feet of lettable space and occupy some 47 acres so there are development opportunities should demand justify it. All the buildings are fully let and key tenants include Cadbury UK Limited, Aker Solutions ASA, Hewlett Packard Limited and Johnson Controls Limited. The average lease length to the first break is 6 years and the properties offer significant active management and development potential.

A key aspect of our securing this bank sourced portfolio was that we were able to complete the transaction within 10 working days using our cash. However, it is our intention to refinance the portfolio in due course which will release funds for further opportunities.

Trading Properties

In October 2009, we completed on the sale of three of the four remaining properties in Buckingham Street, London WC2 for a combined consideration of £13.9 million. Both disposals were above the March 2009 valuations and are included in the results for the year. However, one building was vacant whilst the other two had a number of impending tenant breaks and the decision was taken that the capital could be better applied towards other opportunities. Following these disposals we are now left with one trading property that has been valued by Knight Frank LLP at £3.2 million. It continues to produce income of £0.2 million, however it is our intention that it will be sold in due course.

Marina Projects

Good progress continues on our three waterfront projects at Pembroke Dock, Holyhead and Fishguard. The planning process for regeneration schemes of this type and scale is understandably complex and the pace of progress can be frustrating. However we certainly are confident that all three projects will be profitable for Conygar, though it is clear that given the current state of the economy we will be cautious before starting any significant development. To date, our investment in the marina projects totals £12.1 million and with limited further expenditure on professional fees the Group should obtain planning consents for projects with a potential for in excess of 1,000 marina berths, 1,200 waterside homes together with associated mixed use supporting development.

It should also be noted that we are also looking at a number of associated opportunities that have arisen out of these projects that may be of interest to the Group and so we remain very positive about this business area.

Financing and Fundraising

As at 30 September 2009, the Group had cash of £102.8 million and had acquired £99.6 million of bank debt with TAP. The bank debt in TAP is non-recourse to the rest of the Group so any exposure is ring-fenced. Our cash is therefore available for other opportunities.

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT (continued)

Having acquired a portfolio of assets in November for £44.6 million, the cash is currently £65 million and further funds for investment can be generated through refinancing both the recent acquisition and TAP, so we have considerable firepower.

The share placing in September 2009 was a great success in that we raised £69 million net of expenses. We were particularly pleased at the level of take up amongst both existing and new shareholders. The pricing was at a discount to net assets by virtue of our share price (not a decision we took lightly but it was important for the future growth of the Group), but as we have already seen from the recent portfolio acquisition, the ability to secure excellent opportunities using cash should make up for this over time. It has also introduced us to a new group of institutional and other investors many of whom have indicated to us that further funds may be available should we identify suitable opportunities. Obtaining bank finance is no longer easy, quick or cheap unless you have considerable equity so cash remains king in our view.

Summary Group Net Assets As At 30 September 2009

Given the complexities and illogicalities of current accounting standards we set out below our summary of the Group net assets as at 30 September 2009 showing the various aspects of Conygar:

	£'m
Property Assets	154.8
Marina Projects	12.1
Cash	102.8
Other net assets	3.0
	272.7
Bank loans (net of issue costs)	(98.1)
Preference shares	(12.6)
Net assets	162.0
NAV per share	140p

Since the year end we have sold £4 million of properties and purchased properties for £44.6 million.

Appointment of Director

We are pleased to have appointed Preston Rabl as a director of the Company. Preston was formerly Chairman of Laxey Partners Limited, was previously a partner in stockbrokers Henderson Crosthwaite and a joint founder of WPP plc. He has a wealth of corporate experience and will provide general corporate and financial advice as required.

Prospects

The Board continues to remain confident about the future prospects of the Group. We have transformed the Group in 2009 having made two excellent acquisitions and raised around £69 million through the placing to pursue yet further opportunities.

We remain cautious about apparent signs that the outlook for the economy is improving. Much of it appears to relate to a weight of money chasing a scarce supply of assets. We see little sign that rental levels are actually improving, that unemployment has stopped rising, that sensible finance is returning to the property sector, or that anyone in government or the opposition knows how to deal with our government's excessive borrowing. Therefore any recovery seems fragile and we anticipate further blips along the way.

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT (continued)

The banks still have huge amounts of exposure to property and whilst we are slowly starting to see bank related deals appear we believe there is still much more to come. The banking sector will in time have to find a suitable solution to its huge property exposure. We hope to be able to help them in this process.

With cash available to invest of over £65 million and more if we include amounts released from refinancing, the Group remains well positioned to make further significant acquisitions.

N J Hamway
Chairman

R T E Ware
Chief Executive

8 December 2009

CORPORATE GOVERNANCE REPORT

The company is committed to high standards of corporate governance. The board is accountable to the company's shareholders for good corporate governance. This statement describes how the principles of corporate governance are applied to the company and the company's compliance with the Code provisions set out in the Combined Code on Corporate Governance.

Statement by the Directors on Compliance with the Provisions of the Combined Code

The company complies with the provisions set out in Section 1 of the Combined Code to the extent appropriate for a company of its size and nature of business.

The Workings of the Board and its Committees

The Board

The board currently comprises the chief executive, the finance director, the property director, the corporate director and two independent non-executive directors of whom one is chairman. These demonstrate a range of experience and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct which are vital to the success of the company. The board is responsible to shareholders for the proper management of the company. A statement of the directors' responsibilities in respect of the financial statements and a statement on going concern is given on pages 14 and 15.

The board has a formal schedule of matters specifically reserved to it. All directors have access to the advice and services of the company secretary who is responsible to the board for ensuring that board procedures are followed and that applicable rules and regulations are complied with. In addition, the company secretary ensures that the directors receive appropriate training as necessary. The appointment and removal of the company secretary is a matter for the board as a whole.

The board meets approximately ten times a year, reviewing trading performance, ensuring adequate funding, setting and monitoring strategy, examining major acquisition possibilities and reporting to shareholders. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. The chairman ensures that the directors may take independent professional advice as required.

The following committees deal with specific aspects of the group's affairs.

Remuneration Committee

The company's remuneration committee is chaired by N J Hamway and its other member is M D Wigley. It is responsible for making recommendations to the board, within agreed terms of reference, on the company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the executive directors, including performance related bonus schemes, pension rights and compensation payments. The board itself determines the remuneration of the non-executive directors. The non-executive directors are not involved in any discussions or decisions about their own remuneration.

Further details of the company's policies on remuneration, service contracts and compensation payments are included in the Directors' Remuneration Report on pages 10 to 12.

Audit Committee

The audit committee is chaired by N J Hamway and its other member is M D Wigley, and meets not less than two times annually. The committee also provides a forum for reporting by the company's external auditors. Meetings are also attended, by invitation, by the chief executive and the finance director.

CORPORATE GOVERNANCE REPORT (continued)

The audit committee is responsible for reviewing a wide range of matters including the half-year and annual financial statements before their submission to the board and monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The audit committee advises the board on the appointment of external auditors and on their remuneration both for audit and non-audit work, and discusses the nature, scope and results of the audit with external auditors. The audit committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors.

Relations with Shareholders

Communications with shareholders are given high priority. The Chairman's and Chief Executive's Statement on pages 4 to 7 includes a detailed review of the business and future developments. There is regular dialogue with shareholders. The company's website is found at www.conygar.com.

The board uses the Annual General Meeting and results meetings to communicate with private and institutional investors and welcomes their participation. Details of resolutions to be proposed at the Annual General Meeting on 12 January 2010 can be found in the notice of the meeting on page 53.

Internal Control

The directors acknowledge that they are responsible for the company's systems of internal control and for reviewing its effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve the company's strategic objectives, and can only provide reasonable not absolute assurance against material misstatement or loss.

The company's key risk management processes and system of internal control procedures include the following:

- Management structure: Authority to operate is delegated to executive directors within limits set by the board. The appointment of executives to the most senior positions within the group requires the approval of the board.
- Identification and evaluation of business risks: The major financial, commercial, legal, regulatory and operating risks within the group are identified through annual reporting procedures.
- Information and financial reporting systems: The group's planning and financial reporting procedures include detailed operational budgets for the year ahead. The board reviews and approves them.
- Investment appraisal: A budgetary process and authorisation levels regulate capital expenditure. For expenditure beyond specified levels, detailed written proposals have to be submitted to the board. Commercial, legal and financial due diligence work is, where possible, carried out if a business is to be acquired.
- Audit Committee: The audit committee monitors the controls which are in place and any perceived weakness in the control environment. The audit committee also considers and determines relevant action in respect of any control issues raised by external auditors.

DIRECTORS' REMUNERATION REPORT

Information Not Subject to Audit

Remuneration Committee

The company's remuneration committee is chaired by N J Hamway and its other member is M D Wigley. The committee makes recommendations to the board, within agreed terms of reference, on an overall remuneration package for executive directors and any other senior executives.

Remuneration Policy and Review

The company's policy on directors' remuneration remains that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the group's objectives and thereby enhancing shareholder value. The package consists of a basic salary which is set below market rates with the potential for significant performance related bonuses (including share options) aligned to growth in shareholder value.

The details of individual components of the executive remuneration package and service contracts are summarised below.

Basic salary and benefits: The salary and benefits are reviewed annually at the complete discretion of the remuneration committee. No increase in basic salary was awarded during this or last year. At present the directors receive no benefits.

Profit sharing plan: The profit sharing plan is an annual plan in which executive directors will be entitled to an allocation of a profit sharing pool based upon an increase in the net asset value of the company adjusted for property revaluation, attributable taxation and fair value of debt ("adjusted net asset value"). In basic terms, the profit sharing pool is 20% of any increase in the adjusted net asset value but reduced by the percentage value of any unexercised share options held by the executive directors in order to ensure that the amounts earned by executive directors can never exceed 20% of the increase in net asset value. Payments under the plan are payable in cash. The remuneration committee has absolute discretion over participation, pool allocation and determination of performance conditions save in a limited number of circumstances covering change in control and breach of terms of employment on the part of the company.

Share options: The share options are awarded annually by the remuneration committee. The maximum number of options that can be awarded is currently limited to 15% of the company's issued share capital. The exercise price of options awarded is the higher of the nominal value of the shares and the market price on the date of award. No share options were awarded during the year.

Performance conditions in respect of grants of options are at the discretion of the remuneration committee and may be retested on an annual basis if not achieved on the second anniversary. The performance conditions are aimed to align directors' performance to shareholder value and are detailed below.

Pensions: The company does not make contributions to directors' pension plans.

Service contracts: The company's policy is for all executive directors to have contracts of employment with provision for termination on no more than 12 months' notice.

Non-executive directors

None of the non-executive directors have service contracts. Letters of Appointment provide for a period of three years. The remuneration of the non-executive directors takes the form solely of fees, which are set by the board having taken advice on appropriate levels. The non-executive directors are not involved in any discussions or decision about their own remuneration.

DIRECTORS' REMUNERATION REPORT (continued)

Service contracts

The service contracts and letters of appointment of the directors include the following terms:

	Date of Contract	*Unexpired Term (Months)*	*Notice Period (Months)*
Executive Directors			
R T E Ware	25 October 2007	–	12
P A Batchelor	25 October 2007	–	12
P M C Rabl	29 October 2009	–	12
S M Vaughan	25 October 2007	–	12
Non-Executive Directors			
N J Hamway	25 October 2007	13	6
M D Wigley	25 October 2007	13	6

S M Vaughan retires by rotation and, being eligible, offer himself for re-election. P M C Rabl having been appointed during the year retires in accordance with the Articles of Association and, being eligible, offers himself for re-election.

Audited Information

Interests in Options

The company has a share option scheme by which executive directors and other senior executives are able to subscribe for ordinary shares in the company and acquire shares in the company. The interests of the directors were as follows:

		Exercise price	*At 1 October 2008 No.*	*Awarded during the year No.*	*Exercised during the year No.*	*Expired unexercised during the year No.*	*At 30 September 2009 No.*
R T E Ware	(a)	£0.50	625,000	–	625,000	–	–
	(d)	£1.185	650,000	–	–	–	650,000
	(e)	£2.00	2,025,000	–	–	–	2,025,000
P A Batchelor	(a)	£0.50	312,500	–	–	–	312,500
	(c)	£0.69	62,500	–	–	–	62,500
	(d)	£1.185	425,000	–	–	–	425,000
	(e)	£2.00	550,000	–	–	–	550,000
S M Vaughan	(b)	£0.90	130,000	–	–	–	130,000
	(c)	£0.69	250,000	–	–	–	250,000
	(d)	£1.185	325,000	–	–	–	325,000
	(e)	£2.00	645,000	–	–	–	645,000

DIRECTORS' REMUNERATION REPORT (continued)

The options are exercisable between the following dates:

(a) 23 October 2005 and 23 October 2013

(b) 10 March 2006 and 10 March 2014

(c) 17 December 2006 and 17 December 2014

(d) 15 March 2009 and 15 March 2016

(e) 19 February 2009 and 19 February 2017

Share options are awarded annually by the remuneration committee based upon individual performance and dependent upon achieving demanding targets.

The directors may only exercise the options awarded to them in respect of (a), (b) and (c) if the company's share price has grown by 20% per annum compounded over the two year period measured from the date upon which the options are granted. These performance conditions have been achieved and accordingly the share options awarded in respect of (a), (b) and (c) have vested.

Options awarded under (d) and (e) may only be exercised if the annual percentage growth in the company's share price exceeds that of the FTSE Small Cap Index over the two year period measured from the date upon which the options are granted. This performance condition may be retested on an annual basis if it is not achieved on the second anniversary. These performance conditions have been achieved in respect of the share options awarded under (d) and accordingly they have vested.

The market price of the company's shares on 30 September 2009 was 116.5p per share. The highest and lowest market prices during the year for each share option that is unexpired at the end of the year are as follows:

	Highest	Lowest
Options in issue during the year	127.5p	88.5p

The interests of the directors to subscribe for or acquire ordinary shares have not changed since the year-end.

This report was approved by the Board on 8 December 2009 and signed on its behalf by:

P A Batchelor
Company Secretary

DIRECTORS' REPORT

Directors' Report

The directors present their report and the accounts of the group and the company for the year ended 30 September 2009.

Principal Activities and Review of the Business

The principal activity of the group and the company during the year was property trading, acquiring property assets with development and investment potential, and investing in companies with significant property assets. The company's principal subsidiaries are listed in note 11 to the accounts.

A review of the company's activities and likely future developments during this year is dealt with in the Chairman's and Chief Executive's Statement.

Significant Events Since the Balance Sheet Date

Details of significant events since the balance sheet date are contained in note 26 to the accounts.

Results and Dividends

The group's trading results for the year and the group's and company's financial position at the end of the period are shown in the attached accounts.

The directors have not recommended a dividend.

The Directors and Their Interests in the Shares of the Company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.05 each	
	At 30 September 2009	*At 1 October 2008 (or appointment)*
N J Hamway	497,000	247,000
R T E Ware	4,000,000	2,975,000
P A Batchelor	185,001	150,001
P M C Rabl (appointed 15 September 2009)	581,190	125,000
S M Vaughan	125,000	125,000
M D Wigley	300,000	210,000

Details of the directors' options to subscribe for shares in the company are disclosed in the Directors' Remuneration Report.

Directors' Indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

DIRECTORS' REPORT (continued)

Major Interests in Shares

At 4 December 2009, the directors had been notified of the following interests in excess of 3% of the company's issued share capital:

Name	*No of Shares*	*%*
Black Rock Inc	10,886,945	9.37
Aviva Investors Global Services Limited	7,619,047	6.56
Legal & General Assurance Society Limited	7,142,857	6.15
FIL Limited	6,980,685	6.01
Gartmore Investment Limited	4,661,407	4.01
R T E Ware	4,000,000	3.44

Creditor Payment Policy and Practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 30 September 2009, the company had an average of 60 days (2008 – 79 days) purchases outstanding in trade creditors.

Charitable Donations and Political Contributions

The company made no political donations during the year. The company made charitable donations of £3,500 (2008 – £4,187) during the year.

Financial Instruments

Details of the group's financial instruments are given in note 25.

Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. The directors are required to prepare financial statements for the group in accordance with the International Financial Reporting Standards as adopted by the European Union ('IFRS') and have elected to prepare financial statements for the company in accordance with IFRS. Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 2006 and Article 4 of the IAS Regulation. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the company's affairs and of its profit or loss for that period.

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

DIRECTORS' REPORT (continued)

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Electronic Publication

The directors are also responsible for the maintenance and integrity of the investor information contained on the website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of Information to Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware;
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Rees Pollock have expressed their willingness to continue in office and a resolution to re-appoint them as auditors for the ensuing year will be proposed at the forthcoming annual general meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held on Tuesday, 12 January 2010 at 10.00 am at the offices of Wragge & Co LLP, 3 Waterhouse Square, 142 Holborn, London EC1N 2SW.

The notice of meeting and the resolutions to be proposed at that meeting are attached on page 53.

In addition to ordinary business, there are resolutions to remove authorised share capital from the Company's memorandum and articles of association, to give a director's authority to disapply pre-exemption rights and allot equity securities together with a resolution to give a share buyback authority.

By Order of the Board

P A Batchelor
Company Secretary

8 December 2009

INDEPENDENT AUDITORS' REPORT

REESPOLLOCK
Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
Fax 020 7329 6408

Independent Auditors' Report to the Members of The Conygar Investment Company PLC

We have audited the group and parent company financial statements (the 'financial statements') of The Conygar Investment Company PLC for the year ended 30 September 2009 which comprise the consolidated income statement, the consolidated and parent company statements of changes in equity, the consolidated and parent company balance sheets, the consolidated and parent company cash flow statements, and the related notes. The financial framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the Companies Act 2006. We have also audited the information in the directors' remuneration report that is described as being audited.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters which 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 this report, or the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 14 to 15, the directors are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements and the part of the directors' remuneration report to be audited in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice 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 and the part of the directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent's 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 and the part of the directors' remuneration report to be audited.

INDEPENDENT AUDITORS' REPORT (continued)

Opinion on Financial Statements

In our opinion:

- the group financial statements give a true and fair view of the group's and of the parent company's affairs as at 30 September 2009 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report that has been audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Catherine Kimberlin (Senior statutory auditor)
For and on behalf of Rees Pollock, Statutory Auditor

8 December 2009

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September 2009

	Note	*Year ended 30 Sep 09* £'000	*Year ended 30 Sep 08* £'000
Sales of properties		13,924	8,150
Rental income		2,544	1,225
Revenue		16,468	9,375
Direct costs of:			
Sales of properties		16,338	4,963
Rental income		728	522
Write-down of property inventory		(647)	2,477
Direct Costs		16,419	7,962
Gross Profit		49	1,413
Gain in respect of acquisition	21	21,798	–
Income from trading investments		335	–
Share of results of joint ventures		(39)	3
Gain on sale of investment properties		427	–
Movement on revaluations of investment properties		(468)	–
Other gains and losses	25	(414)	(137)
Administrative expenses		(7,950)	(3,615)
Operating Profit/(Loss)	2	13,738	(2,336)
Finance costs	5	(702)	–
Finance income	5	652	2,233
Profit/(Loss) Before Taxation		13,688	(103)
Taxation	6	348	(262)
Profit/(Loss) For The Period		14,036	(365)
Attributable to:			
– equity shareholders		14,004	(365)
– minority shareholders		32	–
		14,036	(365)
Basic earnings/(loss) per share	7	32.27p	(0.89p)
Diluted earnings/(loss) per share	7	31.51p	(0.89p)

All of the activities of the Group are classed as continuing.

The notes on pages 25 to 48 form part of these accounts

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2009

	Attributable to the equity holders of the Company							
	Share Capital £'000	*Share Premium* £'000	*Merger Reserve* £'000	*Equity Reserve* £'000	*Retained Earnings* £'000	*Total* £'000	*Minority Interests* £'000	*Total Equity* £'000
At 1 October 2007	2,007	55,492	–	–	7,464	64,963	5	64,968
Changes in equity for the year ended 30 September 2008								
Credit to equity for equity settled share based payment	–	–	–	–	1,069	1,069	–	1,069
Net income recognised directly in equity	–	–	–	–	1,069	1,069	–	1,069
Loss for the year	–	–	–	–	(365)	(365)	–	(365)
Total recognised income and expense for the year	–	–	–	–	704	704	–	704
Issue of share capital	75	2,498	–	–	–	2,573	–	2,573
Expenses of issue of equity shares	–	–	–	–	(35)	(35)	–	(35)
At 30 September 2008	2,082	57,990	–	–	8,133	68,205	5	68,210
Changes in equity for year ended 30 September 2009								
Credit to equity for equity settled share based payment	–	–	–	–	1,000	1,000	–	1,000
Net income recognised directly in equity	–	–	–	–	1,000	1,000	–	1,000
Profit for the year	–	–	–	–	14,004	14,004	32	14,036
Total recognised income and expense for the year	–	–	–	–	15,004	15,004	32	15,036
Issue of share capital	3,725	67,250	7,595	–	–	78,570	–	78,570
Expenses of issue of equity shares	–	(2,146)	–	–	–	(2,146)	–	(2,146)
Issue of preference shares	–	–	–	1,258	–	1,258	–	1,258
Preference share conversion	2	–	45	(4)	–	43	–	43
Acquisition of subsidiary	–	–	–	–	–	–	1,085	1,085
Other movement	–	–	–	–	(11)	(11)	–	(11)
At 30 September 2009	5,809	123,094	7,640	1,254	23,126	160,923	1,122	162,045

The notes on pages 25 to 48 form part of these accounts

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2009

	Share Capital £'000	*Share Premium* £'000	*Merger Reserve* £'000	*Equity Reserve* £'000	*Retained Earnings* £'000	*Total Equity* £'000
At 1 October 2007	2,007	55,492	–	–	1,275	58,774
Changes in equity for the year ended 30 September 2008						
Credit to equity for equity settled share based payment	–	–	–	–	1,069	1,069
Net income recognised directly in equity	–	–	–	–	1,069	1,069
Loss for the year	–	–	–	–	(367)	(367)
Total recognised income and expense for the year	–	–	–	–	702	702
Issue of share capital	75	2,498	–	–	–	2,573
At 30 September 2008	2,082	57,990	–	–	1,977	62,049
Changes in equity for year ended 30 September 2009						
Credit to equity for equity settled share based payment	–	–	–	–	1,000	1,000
Net income recognised directly in equity	–	–	–	–	1,000	1,000
Loss for the year	–	–	–	–	(6,334)	(6,334)
Total recognised income and expense for the year	–	–	–	–	(5,334)	(5,334)
Issue of share capital	3,725	67,250	7,595	–	–	78,570
Expenses of issue of equity shares	–	(2,146)	–	–	–	(2,146)
Issue of preference shares	–	–	–	1,258	–	1,258
Preference share conversion	2	–	45	(4)	–	43
At 30 September 2009	5,809	123,094	7,640	1,254	(3,357)	134,440

The notes on pages 25 to 48 form part of these accounts

CONSOLIDATED BALANCE SHEET
at 30 September 2008

	Note	*30 Sep 09* £'000	*30 Sep 08* £'000
Non-Current Assets			
Property, plant and equipment	8	7	8
Investment properties	9	151,589	–
Investment in joint ventures	10	5,087	5,047
Goodwill	12	3,173	3,173
Deferred tax assets	20	92	304
		159,948	8,532
Current Assets			
Development and trading properties	13	7,088	22,895
Trade and other receivables	14	19,077	726
Tax receivable		941	134
Cash and cash equivalents		102,827	38,290
		129,933	62,045
Total Assets		289,881	70,577
Current Liabilities			
Trade and other payables	15	12,669	2,367
		12,669	2,367
Non-Current Liabilities			
Bank loans	16	98,124	–
Preference shares	17	12,612	–
Derivatives	25	4,431	–
		115,167	–
Total Liabilities		127,836	2,367
Net Assets		162,045	68,210
Equity			
Called up share capital	18	5,809	2,082
Share premium account		123,094	57,990
Merger reserve		7,640	–
Equity reserve		1,254	–
Retained earnings		23,126	8,133
Equity Attributable to Equity Holders		160,923	68,205
Minority interests		1,122	5
Total Equity		162,045	68,210

The accounts on pages 18 to 48 were approved by the Board and authorised for issue on 8 December 2009 and are signed on its behalf by:

R T E WARE

P A BATCHELOR

The notes on pages 25 to 48 form part of these accounts

COMPANY BALANCE SHEET
at 30 September 2009

	Note	*30 Sep 09* £'000	*30 Sep 08* £'000
Non-Current Assets			
Investment in subsidiary undertakings	11	31,333	3,217
Property, plant and equipment	8	7	8
Deferred tax assets	20	92	304
		31,432	3,529
Current Assets			
Development and trading properties	13	3,213	3,046
Trade and other receivables	14	26,656	29,038
Cash and cash equivalents		96,997	26,652
		126,866	58,736
Total Assets		158,298	62,265
Current Liabilities			
Trade and other payables	15	11,097	173
Tax liabilities		149	43
		11,246	216
Non-Current Liabilities			
Preference shares	17	12,612	–
		12,612	–
Total Liabilities		23,858	216
Net Assets		134,440	62,049
Equity			
Called up share capital	18	5,809	2,082
Share premium account		123,094	57,990
Merger reserve		7,640	–
Equity reserve		1,254	–
Retained earnings		(3,357)	1,977
Total Equity		134,440	62,049

The accounts on pages 18 to 48 were approved by the Board and authorised for issue on 8 December 2009 and are signed on its behalf of:

R T E WARE

P A BATCHELOR

The notes on pages 25 to 48 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2009

	Year ended 30 Sep 09 £'000	*Year ended 30 Sep 08* £'000
Cash Flows From Operating Activities		
Operating profit/(loss)	13,738	(2,336)
Depreciation	2	5
Share of results of joint ventures	39	(3)
Other gains and losses	414	137
Gain in respect of acquisition	(21,798)	–
Share based payment charge	1,000	1,069
Cash Flows From Operations Before Changes In Working Capital	(6,605)	(1,128)
Change in trade and other receivables	(12,994)	2,150
Change in land, development and trading properties	15,807	7,953
Change in trade and other payables	3,341	(3,168)
Cash (Used In)/Generated From Operations	(451)	5,807
Finance costs	(627)	–
Finance income	652	2,207
Dividends from joint ventures	10	90
Tax paid	(303)	(2,257)
Cash Flows (Used In)/Generated From Operating Activities	(719)	5,847
Cash Flows From Investing Activities		
Acquisition of subsidiary	(2,826)	–
Investment in joint venture	(89)	(5,043)
Acquisition of minority interest	–	(600)
Purchase of plant and equipment	(1)	(2)
Cash Flows Used In Investing Activities	(2,916)	(5,645)
Cash Flows From Financing Activities		
Issue of shares	70,318	–
Issue cost of shares	(2,146)	(35)
Cash Flows Generated From/(Used In) Financing Activities	68,172	(35)
Net increase in cash and cash equivalents	64,537	167
Cash and cash equivalents at 1 October	38,290	38,123
Cash and Cash Equivalents at 30 September	102,827	38,290

The notes on pages 25 to 48 form part of these accounts

COMPANY CASH FLOW STATEMENT

for the year ended 30 September 2009

	Year ended 30 Sep 09 £'000	*Year ended 30 Sep 08* £'000
Cash Flows From Operating Activities		
Operating loss	(6,569)	(3,564)
Depreciation	2	5
Share based payment charge	1,000	1,069
Cash Flows From Operations Before Changes In Working Capital	(5,567)	(2,490)
Change in trade and other receivables	(391)	1,840
Change in land, developments and trading properties	(167)	(3,046)
Change in trade and other payables	5,943	(35)
Cash Generated Used In Operations	(182)	(3,731)
Finance income	515	3,021
Dividends from joint ventures	10	90
Tax paid	–	(366)
Cash Flows Generated From/(Used In) Operating Activities	343	(986)
Cash Flows From Investing Activities		
Purchase of fixed asset investment	(6,338)	(644)
Purchase of plant and equipment	(1)	(2)
Cash Flows Used In Investing Activities	(6,339)	(646)
Cash Flows From Financing Activities		
Issue of shares	70,318	–
Issue costs of shares	(2,146)	–
Loans to joint venture	(90)	(624)
Loans to subsidiaries	8,259	4,339
Cash Flows Generated From Financing Activities	76,341	3,715
Net increase in cash and cash equivalents	70,345	2,083
Cash and cash equivalents at 1 October	26,652	24,569
Cash and Cash Equivalents at 30 September	96,997	26,652

The notes on pages 25 to 48 form part of these accounts

NOTES TO THE ACCOUNTS
for the year ended 30 September 2009

1. Accounting policies and general information

1a General Information
The Conygar Investment Company PLC ("the Company") is a company incorporated and domiciled in England and Wales and registered at Companies House under registration number 4907617.

The Company's subsidiaries are shown in note 11. The Company and its subsidiaries are collectively referred to below as "the Group".

The Company's principal activity is property trading, property investment, acquiring property assets with development and investment potential, and investing in companies with significant property assets.

1b Basis of Preparation
The Company has prepared the accounts on the basis of all applicable IFRS, including all International Accounting Standards (IAS), Standing Interpretations Committee (SIC) interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) with effective dates for accounting periods beginning on or after 1 October 2008, together with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial information has been prepared on the historical cost basis except for derivatives and investment properties which are accounted for at fair value.

1c Summary of Significant Accounting Policies
The principal accounting policies of the Group are set out below. These policies have been consistently applied to all of the periods presented, unless otherwise stated.

Interpretations and Amendments to Published Standards Effective In The Accounts
For the purposes of the preparation of the accounts, the Group has applied all standards and interpretations that will be effective for the accounting periods commencing on or after 1 October 2008.

The following standards and interpretations have been adopted:

- IFRIC 12 "Service concession arrangements" (effective for accounting periods beginning on or after 1 January 2008).
- IFRIC 13 "Customer loyalty programmes" (effective for accounting periods beginning on or after 1 July 2008).
- IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective for accounting periods beginning on or after 1 January 2008).
- IFRIC 16 "Hedges of a net investment in a foreign operation" (effective for accounting periods beginning on or after 1 October 2008).
- Amendments to IAS 39 "Financial instrument: recognition and measurement" and IFRIC 9 "Reassessment of embedded derivatives" (effective for accounting periods ending on or after 30 June 2009).

Management has assessed the impact of these standards and interpretation on the Group and concluded they are not applicable to the Group's circumstances and do not require amendment of the Group's accounting policies.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Standards, Interpretations and Amendments to Published Standards That Are Not Yet Effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 October 2009 or later periods but which the Group has not adopted early as follows:

- IFRS 8 "Operating segments" (effective for accounting periods beginning on or after 1 January 2009);
- IFRS 9 "Financial instruments" (effective for accounting periods beginning on or after 1 January 2013)*;
- Revised IFRS 3 "Business combinations" (effective for acquisitions occurring on or after 1 October 2009);
- Revised IFRS 1 "First-time Adoption of International Financial Reporting Standards" (effective for accounting periods beginning on or after 1 July 2009) and amendments to IFRS 1 – additional exemptions for first time adopters (effective for accounting periods beginning on or after 1 January 2010)*;
- Revised IAS 24 "Related party disclosures" (effective for accounting periods beginning on or after 1 January 2011)*;
- Amendment to IAS 23 "Borrowing costs" (effective for accounting periods beginning on or after 1 January 2009);
- Amendment to IAS 1 "Presentation of financial statements" (effective for accounting periods beginning on or after 1 January 2009);
- Amendment to IAS 27 "Consolidated and separate financial statements" (effective for accounting periods beginning on or after 1 July 2009);
- Amendment to IFRS 2 "Share based payments" – vesting conditions and cancellations (effective for accounting periods beginning on or after 1 January 2009) and group cash-settled share-based payment transactions (effective for accounting periods beginning on or after 1 January 2010)*;
- Amendments to IAS 32 "Financial instruments: presentation" – puttable financial instruments and obligations arising on liquidation (effective for accounting periods beginning on or after 1 January 2009) and classification of rights issues (effective for accounting periods beginning on or after 1 February 2010)*;
- Amendments to IFRS 1 and IAS 27 – Cost of an investment in a subsidiary, jointly controlled entity or associate (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to IAS 39 – eligible hedged items (effective for accounting periods beginning on or after 1 July 2009);
- Amendments to IFRS 7 – improving disclosures about financial instruments (effective for accounting periods starting on or after 1 January 2009);
- Amendments to IFRIC 14 "Prepayments of a minimum funding requirement" (effective for accounting periods beginning on or after 1 January 2011)*;
- IFRIC 15 "Agreements for the construction of real estate" (effective for accounting periods beginning on or after 1 January 2009);

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

- IFRIC 17 "Distributions of non-cash assets to owners" (effective for accounting periods beginning on or after 1 July 2009);
- IFRIC 18 "Transfers of assets from customers" (effective prospectively to such transfer after 1 July 2009);
- IFRIC 19 "Extinguishing financial liabilities with equity instruments" (effective for annual periods beginning on or after 1 July 2010)*;

* Yet to be endorsed by the EU

The Group's primary segment is property trading and investment. We are considering the impact of IFRS 8 following the acquisition of TAP.

The amendment to IAS 23 will remove the option to expense interest costs that are directly attributable to construction of fixed assets. No retrospective application is required.

The amendment to IAS 1 will lead to some changes in the presentation of the Group's financial statements for the year ended 30 September 2010. These will include a statement of comprehensive income.

As the revised version of IFRS 3 "Business Combinations" is not applied retrospectively, the accounting for the combination in the current year will not have to be revised.

Management do not believe that the other amendments and interpretations listed above will have a material effect on the Group's financial reporting.

Basis of Consolidation The Group accounts consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 September each year. Subsidiary undertakings are those entities over which the Group has the ability to govern the financial and operating policies through the exercise of voting rights. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of these interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

All intra group balances, transactions, income and expenses and profit and losses on transactions between the Company and its subsidiaries and between subsidiaries are eliminated.

Revenue Recognition Property revenue consists of gross rental income on an accruals basis, together with sales of trading, development and investment properties. Rental income receivable in the period from lease commencement to the earlier of lease expiry and any tenant's option to break is spread evenly over that period. Any incentive for lessees to enter into a lease agreement and any costs associated with entering into the lease are spread over the same period.

A property is regarded as sold when the significant risks and returns have been transferred to the buyer. For conditional exchanges, sales are recognised when the conditions are satisfied.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Revenue in respect of investment and other income represents investment income, fees and commissions earned on an accruals basis and profits or losses recognised on investments held for the short term. Dividends are recognised when the shareholders' right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

Operating Profit Operating profit is stated after charging income from trading investments and after the share of results of joint ventures but before finance costs and finance income.

Expenses All expenses are accounted for on an accruals basis. All expenses are charged through the income statement with the exception of share issue expenses, which are charged to the share premium account.

Pension Costs Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Share Based Payments The Group provides equity-settled share-based payments in the form of share options.

IFRS 2 "Share-based payment" is applied to all share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 October 2005. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the date of grant is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares which will eventually vest and adjusted for the effect of non market-based vesting conditions. The Group uses an appropriate valuation model utilising a Monte Carlo simulation in order to arrive at a fair value at the date share options are granted.

Property, Plant and Equipment Property, plant and equipment is stated at cost less accumulated depreciation.

Depreciation Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight line method, on the following basis:

Plant and equipment – 25% per annum

Taxation The taxation charge represents the sum of tax currently payable and deferred tax. The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or subsequently by the balance sheet date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. It is recognised in the Income Statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Investment Properties In accordance with IAS 40 (Revised) both long leasehold and freehold properties which are held to earn rentals and/or for capital appreciation have been accounted for as investment properties.

Investment properties are initially recognised at cost, being the fair value of the consideration given, including acquisition costs associated with the investment property. Subsequent costs, including reverse lease premiums, are capitalised to the extent that such costs have an ongoing benefit to the property.

After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the Income Statement. Fair value is based on the market value, at the balance sheet date, of the properties as provided by Cushman & Wakefield, a firm of independent chartered surveyors, in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. Gains or losses arising from changes in the fair value of investment property are included in the profit or loss for the period in which they arise.

Investments In Joint Ventures A joint venture is an entity in which the Group has an interest. The joint venture operates in the same way as other entities, except that a contractual arrangement between the venturers establishes joint control over the economic activity of that entity.

The Group's interests in jointly controlled entities are incorporated in the financial information using the equity method of accounting. Investments in joint ventures are carried in the balance sheet at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the individual investments. The Group's share of the net profit or loss of the joint venture is shown as a single line item in the consolidated income statement.

Where the Group transacts with a joint venture and profit or loss arising is eliminated to the extent of the Group's interest in the relevant joint venture.

Investment In Subsidiaries Investments in subsidiaries are held in the Company balance sheet at cost and reviewed annually for impairment. In the Company balance sheet for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the fair value of the share-based consideration and the excess of fair value over nominal value is recorded in equity as a merger reserve.

Goodwill Goodwill, representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the group's cash generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit us of less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset of the unit. The recoverable amount us the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific go to the cash generating unit. An impairment loss is recognised immediately in profit and loss and is not subsequently reversed.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Development and Trading Properties Development and trading properties held for sale are inventory and are included in the Balance Sheet at the lower of cost and net realisable value. Cost comprises the original purchase price of the property together with directly attributable acquisition costs. Where multiple properties are acquired as part of a single transaction the purchase price and directly attributable costs are allocated to the individual units based on independent valuations. Net realisable value represents the estimated selling price less all estimated costs of completion.

Cash and Cash Equivalents Cash and cash equivalents are carried in the Balance Sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks and other short term liquid investments with original maturities of three months or less, net of bank overdrafts.

Trade Receivables Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Borrowing and Borrowing Costs Interest bearing bank loans and overdrafts are initially recorded at fair value, net of direct finance and other costs yet to be amortised. Finance and other costs incurred in respect of the obtaining and maintenance of borrowings are accounted for on an accruals basis using the effective interest rate method and written off to the Income Statement over the length of the associated borrowings.

Trade Payables Trade payables are recognised initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Derivative Financial Instruments Derivative financial assets and financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Derivatives are initially recorded at fair value and are subsequently remeasured to fair value based on market prices, estimated future cash flows and forward rates as appropriate.

Financial liabilities and equity Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Preference shares Preference shares are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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

Group as lessor. The group has not entered into finance leases as lessor. Rental income from operating leases is recognised on straight-line basis over the term of the relevant lease. Initial direct costs in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight line basis over the lease term.

Group as lessee. The group does not hold any assets under finance leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Use of Estimates and Judgements. To be able to prepare accounts according to generally accepted accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the accounts. These estimates are based on historical experience and various other assumptions that management and the board of directors believe are reasonable under the circumstances. The results of these considerations form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the following:

Investment in Joint Ventures

The net realisable value of properties held for development within the joint ventures requires an assessment of fair value of the underlying assets using property appraisal techniques and other valuation methods. Such estimates are inherently subjective and in particular during the early stages of the development process.

Deferred Tax Asset

The calculation and assessment of recoverability of the deferred tax asset involves various assumptions regarding the tax deductibility of the vested share options and the recoverability of that deduction. Details may be found in note 20.

Properties Held for Resale

The net realisable value of properties held for resale is calculated using a third party valuation provided by an external valuer. However, such estimates are inherently subjective and actual values can only be determined in a sales transaction.

Share Based Payments

The estimation of share based payment costs, which require the use of an appropriate valuation model, including estimations for inputs into the valuation model covering vesting period, expected life, the number of awards that will ultimately vest and judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees. Further details on share based payments are given in note 19.

Properties held for Development

The net realisable value of properties held for development requires an assessment of fair value of the underlying assets using property appraisal techniques and other valuation methods. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Segmental Reporting

The Group's primary source of income is property trading income. In addition the Group has rental income which is ancillary to the property trading income. None of the secondary business segments meet the criteria under IAS 14 for separate disclosure. The aggregate of these secondary segments is also not reportable. As such the "unallocated" element of any segmental disclosure will not be material and the Group does not, therefore, present numerical segmental data.

Properties Held for Investment

The fair value of properties held for investment is based upon open market value and is calculated using a third party valuation provided by an external valuer.

Preference share valuation

The Group's preference shares are not listed on a recognised stock exchange. Consequently, calculation of the equity element of the fair value of the composite instrument at the date of issue required the use of an appropriate valuation model. This included estimations of inputs into the model covering the expected life of the embedded conversion option together with observable input data based on that expected life such as share volatility and risk free interest rates. Details of the group's preference shares are given in note 17. As the fair value of the preference shares formed part of the consideration for the group's acquisition of The Advantage Property Income Trust Limited (see note 21) and increase or decrease in the aggregate fair value of the instrument would directly impact the unrealised gain recognised on that acquisition.

2. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	Year ended 30 Sep 09 £'000	*Year ended 30 Sep 08* £'000
Audit services – fees payable to the parent company auditors for the audit of the company and the consolidated financial statements	27	13
Non-audit services – fees payable to the company auditor for the audit of the company's subsidiaries pursuant to legislation.	16	14
Non-audit services – fees payable to the company auditor for tax services	6	12
Depreciation of owned assets	2	5
Operating lease rentals – land and buildings	76	76
Share based payments charge	1,000	1,069
Cost of inventories recognised as an expense	16,338	4,963
Write downs of inventories recognised as an expense	(647)	2,477

Additionally, the company's auditors were paid £51,000 (2008: £nil) in connection with the group's acquisition of The Advantage Property Income Trust Limited. These fees were incurred in connection with the enlarged group's re-admission to the Alternative Investment Market and are included as issue costs charged to share premium in respect of shares issued in accordance with that acquisition.

NOTES TO THE ACCOUNTS (continued)

3. Particulars of employees

The aggregate payroll costs of the above were:

	Year ended 30 Sep 09 £'000	*Year ended 30 Sep 08* £'000
Wages and salaries	5,525	1,286
Social security costs	787	160
Pension costs	–	530
	6,312	1,976

The average monthly number of persons, including executive directors, employed by the Company during the year was five (2008: five).

4. Directors' emoluments

	Year ended 30 Sep 09 £'000	*Year ended 30 Sep 08* £'000
Emoluments (excluding pension contributions)	5,459	1,218
Pension contributions	–	530
Emoluments of highest paid director	2,871	408
Pension contributions of highest paid director	–	25

Emoluments includes a £4.674 million payment under the Conygar profit sharing plan (2008: £1.038 million).

The board of directors comprise the only persons having authority and responsibility for planning, directing and controlling the activities of the Group. In addition to the emoluments disclosed above, the Group incurred share based payment charges of £1,000,000 (2008: £1,069,000). The aggregate compensation of key management personnel as defined by IAS 24 "Related Party Disclosures" was therefore £6,459,000 (2008: £2,817,000).

5. Finance income/costs

	Year ended 30 Sep 09 £'000	*Year ended 30 Sep 08* £'000
Finance Income		
Bank interest	652	2,048
Other interest	–	185
	652	2,233
Finance Costs		
Bank loans	(627)	–
Notional interest on preference shares	(75)	–
	(702)	–

NOTES TO THE ACCOUNTS (continued)

6. Taxation on ordinary activities

(a) Analysis of (credit)/charge in the year

	Year ended 30 Sep 09 £'000	*Year ended 30 Sep 08* £'000
UK Corporation tax based on the results for the period	–	323
Over provision in prior periods	(560)	–
Deferred tax	212	(61)
	(348)	262

(b) Factors affecting tax charge

The tax assessed on the profit for the year differs from the standard rate of corporation tax in the UK of 28% (2008: 28%)

	Year ended 30 Sep 09 £'000	*Year ended 30 Sep 08* £'000
Profit/(Loss) before taxation	13,688	(103)
Profit/(Loss) multiplied by rate of tax	3,833	(29)
Effects of:		
Expense not deductible for tax purposes	71	72
UK dividend income	(94)	–
Gain on acquisition not taxable	(6,103)	–
Losses carried forward	2,013	–
Over provision in prior periods	(560)	–
Share based payment not deductible for tax purposes	492	219
Tax (credit)/charge for the year	(348)	262

7. Earnings/(Loss) per share

The calculation of earnings per ordinary share is based on the profit after tax attributable to equity shareholders of £14,004,000 (2008 loss: £365,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 43,398,022 (2008: 40,899,961). The diluted earnings per share is based on adjusted profit for the year of £14,079,000 (2008 loss: £365,000) and on 44,687,082 (2008: 40,899,961) ordinary shares, calculated as follows:

	2009 £'000	*2008* £'000
Basic weighted average number of shares	43,398,022	40,899,961
Dilutive potential ordinary shares:		
Employee share options	292,926	–
Preference shares	996,134	–
Total diluted	44,687,082	40,899,961

No adjustment is made for anti-dilutive potential ordinary shares.

NOTES TO THE ACCOUNTS (continued)

8. Property, plant and equipment

Group & Company

	Office Equipment £'000
Cost	
At 1 October 2007	18
Additions	2
At 30 September 2008 and 1 October 2008	20
Additions	1
At 30 September 2009	21
Depreciation	
At 1 October 2007	7
Provided during the year	5
At 30 September 2008 and 1 October 2008	12
Provided during the year	2
At 30 September 2009	14
Net book value at 30 September 2009	7
Net book value at 30 September 2008	8

9. Investment properties

Group

	Freehold £'000	*Long Leasehold* £'000	*Reverse Lease Premiums* £'000	*Total* £'000
Fair value acquired with subsidiary	141,357	7,805	2,427	151,589
Addition	–	–	81	81
Disposals	–	–	(41)	(41)
Reverse lease premium	–	–	(40)	(40)
Valuation at 30 September 2009	141,357	7,805	2,427	151,589

The historical cost of the properties acquired is £226,842,000.

The properties were valued by Cushman & Wakefield, independent valuers not connected with the Group, at 30 September 2009 at market value in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors which conform to international valuation standards.

The Group has pledged £107,935,000 (2008: £nil) of investment property to secure HBoS debt facilities and £43,654,000 (£2008: £nil) to secure Capmark debt facilities. Further details of these facilities are provided in note 25.

The property rental income earned from investment property, all of which is leased out under operating leases amounted to £1,235,552 (2008: £nil).

NOTES TO THE ACCOUNTS (continued)

10. Investments

Joint Ventures

	Share of net assets £'000	*Loans £'000*	*Total £'000*
At 1 October 2007	91	–	91
Investment in joint venture	2,962	–	2,962
Share of profit for the year	3	–	3
Dividends received	(90)	–	(90)
Movement on loan balance with joint venture	–	2,081	2,081
At 30 September 2008	2,966	2,081	5,047
Share of loss for the year	(39)	–	(39)
Dividends received	(10)	–	(10)
Movement on loan balance with joint venture	–	89	89
At 30 September 2009	2,917	2,170	5,087

The Group has a 50% interest in a joint venture, Conygar Stena Line Limited, which is a property development company. It also has a 50% interest in a joint venture, CM Sheffield Limited, which is a property trading company.

The following amounts represent the Group's 50% share of the assets and liabilities, and results of the joint ventures. They are included in the balance sheet and income statement:

	Year ended 30 Sep 09 £'000	*Year ended 30 Sep 08* £'000
Assets		
Current assets	5,093	5,061
	5,093	5,061
Liabilities		
Current liabilities	(6)	(14)
	(6)	(14)
Net Assets	5,087	5,047
Operating loss	(39)	(1)
Finance income	–	5
(Loss)/Profit before tax	(39)	4
Tax	–	(1)
(Loss)/Profit after tax	(39)	3

There are no contingent liabilities relating to the Group's interest in joint ventures, and no contingent liabilities of the ventures themselves.

NOTES TO THE ACCOUNTS (continued)

11. Fixed asset investments

Subsidiaries

	Group		*Company*	
	30 Sep 09	*30 Sep 08*	*30 Sep 09*	*30 Sep 08*
	£'000	£'000	£'000	£'000
At 1 October 2008	–	–	3,217	–
Addition	–	–	28,116	3,217
At 30 September 2009	–	–	31,333	3,217

The addition in the year arises from the acquisition of The Advantage Property Income Trust Limited ("TAP"). As at 30 September 2009, the Company owned 97.85% of the total issued share capital. The Company has stated its intention to compulsorily acquire the remaining minority interests as permitted under Guernsey company law. TAP has a 31 December reporting date and has been consolidated on the basis of management accounts to 30 September 2009 which have been audited for consolidation purposes by the Group's auditors. TAP's reporting date will be aligned with the Group's with effect from 30 September 2010.

The principal companies in which the Company's interest is more than 10% are as follows:

Company name	*Principal activity*	*Country of registration*	*% of Equity held*
Conygar Holdings Ltd	Holding Company	England	100%
Martello Quays Limited	Property trading and development	England	100%
Conygar Wales PLC	Holding Company	England	60%*
Conygar Bedford Square Ltd	Property trading and development	England	100%*
Conygar Properties Ltd	Property trading and development	England	100%*
Conygar Developments Ltd	Property trading and development	England	100%*
Conygar Strand Ltd	Property trading and development	England	100%*
Conygar Hanover Street Ltd	Property trading and development	England	100%*
The Advantage Property Income Trust Limited	Property investment	Guernsey	97.85%
TAPP Property Limited	Property investment	Guernsey	97.85%*
TOPP Holdings Limited	Property investment	Guernsey	97.85%*
TAPP Maidenhead Limited	Property investment	Guernsey	97.85%*
TOPP Bletchley Limited	Property investment	Guernsey	97.85%*
TOPP Property Limited	Property investment	Guernsey	97.85%*
Conygar Stena Line Ltd	Property trading and development	England	50%*
CM Sheffield Ltd	Property trading and development	England	50%*

* Indirectly owned

NOTES TO THE ACCOUNTS (continued)

12. Goodwill

	Group 30 Sep 09 £'000	*Group* 30 Sep 08 £'000
At 1 October 2008	3,173	–
Addition	–	3,173
At 30 September 2009	3,173	3,173

The goodwill arose upon the acquisition of the minority interests in Martello Quays Limited and represents the excess of the consideration over the fair value of the identifiable net assets acquired. The goodwill has been wholly allocated to the development project within Martello Quays Limited, which is considered to represent a single income generating unit. The development project is still at an early stage, but management have prepared forecasts indicating that the net present value of the project exceeds its carrying value when discounted at the Group's weighted average cost of capital.

13. Property inventories

	Group		*Company*	
	30 Sep 09 £'000	*30 Sep 08* £'000	*30 Sep 09* £'000	*30 Sep 08* £'000
Properties held for resale or development	8,918	25,372	3,213	3,046
Write-down of property inventory	(1,830)	(2,477)	–	–
	7,088	22,895	3,213	3,046

The value of stock arising from marina developments was £3,810,000 (2008: £3,733,000).

14. Trade and other receivables

	Group		*Company*	
	30 Sep 09 £'000	*30 Sep 08* £'000	*30 Sep 09* £'000	*30 Sep 08* £'000
Trade receivables	4,244	250	–	–
Provision for doubtful debts	(428)	–	–	–
	3,816	250	–	–
Amounts owed by group undertakings	–	–	20,999	23,862
Amounts owed by joint ventures			5,191	5,101
Other receivables	14,276	347	423	–
Prepayments and accrued income	985	129	43	75
	19,077	726	26,656	29,038

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

NOTES TO THE ACCOUNTS (continued)

15. Trade payables and other payables

	Group		Company	
	30 Sep 09	*30 Sep 08*	*30 Sep 09*	*30 Sep 08*
	£'000	*£'000*	*£'000*	*£'000*
Amounts owed to group undertakings	–	–	5,395	–
Social security and payroll taxes	1,171	32	713	32
Trade payables	421	112	–	–
Other payables	5,311	1,821	154	86
Accruals and deferred income	5,766	402	4,835	55
	12,669	2,367	11,097	173

The directors consider that the carrying amounts of the trade and other payables approximate to their fair value due to the short period of repayment.

16. Bank loans

	Group		Company	
	30 Sep 09	*30 Sep 08*	*30 Sep 09*	*30 Sep 08*
	£'000	*£'000*	*£'000*	*£'000*
Bank loans	99,609	–	–	–
Debt issue costs	(1,485)	–	–	–
	98,124	–	–	–

Details of the financial liabilities are given in note 25.

17. Preference shares

	Group		Company	
	30 Sep 09	*30 Sep 08*	*30 Sep 09*	*30 Sep 08*
	£'000	*£'000*	*£'000*	*£'000*
Preference shares	12,612	–	12,612	–

As part of the offer for The Advantage Property Income Trust Limited the Company issued 62,902,335 convertible preference shares of £0.01 each of which 62,687,730 were outstanding at the year end. The preference shares are convertible at any point into ordinary shares at the option of the preference shareholder. The conversion rate is one ordinary share for five preference shares. Any preference shares not converted are redeemable for £0.25 each on 31 December 2011.

Although equity share capital at law, the preference shares are classified as hybrid instruments under IFRS consisting of a discounted debt element of £0.20 per share and an equity element of £0.02 per share which has been credited to an equity reserve. A notional interest element is charged to the income statement over the period to redemption.

NOTES TO THE ACCOUNTS (continued)

17. Preference shares (continued)

The movement on the preference shares during the year was as follows:

	30 Sep 09
	£'000
Fair value of preference shares at date of issue (note 21)	13,839
Equity component	(1,258)
Liability component at date of issue	12,581
Conversions to ordinary shares in the year at carrying value	(44)
Notional interest charge	75
At 30 September 2009	12,612

18. Share capital

Authorised share capital:

	30 Sep 08	*30 Sep 07*
	£	*£*
140,000,000 (2008: 100,000,000) Ordinary shares of £0.05 each	7,000,000	5,000,000
150,000,000 (2008: nil) Preference shares of £0.01 each	1,500,000	–

Allotted and called up:

	30 Sep 09		*30 Sep 08*	
	No	£'000	No	£'000
Ordinary shares of £0.05 each	116,172,721	5,809	41,647,906	2,082

Amounts recorded as liability:

	30 Sep 09		*30 Sep 08*	
	No	£'000	No	£'000
Preference shares of £0.01 each (Note 17)	62,687,730	627	–	–

The Preference shares were issued in connection with the offer for The Advantage Property Income Trust Limited. They are convertible at any stage into Ordinary shares. The conversion rate is one Ordinary share for five Preference shares. Any Preference shares not converted are redeemable for £0.25 each on 31 December 2011.

On 17 August 2009 the Company issued 625,000 ordinary shares of £0.05 each in respect of an exercise of options under the Conygar Share Option Plan. The aggregate consideration was £313,000.

As at 30 September 2009 the Company had issued 6,887,831 ordinary shares of £0.05 each in connection with the offer for The Advantage Property Income Trust Limited. The fair value attributable to these shares was £7,939,000 and attributable costs were £699,000. A further 396,576 ordinary shares of £0.05 each were issued in connection with the offer as at the date of these accounts.

NOTES TO THE ACCOUNTS (continued)

18. Share capital (continued)

On 18 September 2009 the Company issued 66,969,063 ordinary shares at £0.05 each in respect of a placing at £1.05 per share which raised £68,871,000 after expenses of £1,447,000.

On 18 September 2009 the Company issued 42,921 ordinary shares of £0.05 each in respect of a conversion of 214,605 preference shares. The carrying value of the liability which was treated as consideration for this issue was £44,000 and £4,000 was transferred from equity reserve to reflect the equity element of the preference shares.

The resulting movement on the group's share capital during the year was as follows:

Allotted and called-up

	Price £	*No*	*£'000*
At 1 October 2007		40,147,906	2,007
Share issue – 31 March 2008	1.715	1,500,000	75
At 30 September 2008		41,647,906	2,082
Share issue – 17 August 2009	0.500	625,000	31
Share issue – 2-30 September 2009	1.153 (average)	6,887,831	345
Share issue – 18 September 2009	1.050	66,969,063	3,349
Share issue – 18 September 2009	1.100	42,921	2
At 30 September 2009		116,172,721	5,809

19. Share based payments

Details of options granted over the Company's share capital are given in the Directors' Remuneration Report on page 11.

The input into the valuation model of the options were as follows

Date of Grant	*24 Oct 2003*	*11 Mar 2004*	*18 Dec 2005*	*16 Mar 2006*	*20 Feb 2007*
Share price at grant	50p	90p	69p	118.5p	230p
Exercise price	50p	90p	69p	118.5p	200p
Expected volatility	15.14%	15.38%	15.11%	24.22%	26.99%
Expected life	5 years	5 years	5 years	5 years	5 years
Risk free rate	4.98%	4.59%	4.52%	4.42%	5.21%
Fair value	4.15p	7.20p	5.18p	32.54p	88.06p

Fair values are spread over the vesting period of the awards. The expected vesting period is calculated using a Monte Carlo simulation where the performance conditions are met.

The Group and Company recognised total expenses of £1,000,000 (2008: £1,069,000) in relation to equity settled share-based payment transactions.

NOTES TO THE ACCOUNTS (continued)

20. Deferred tax asset

Deferred tax assets are recognised in the accounts as follows:

Group and Company	*30 Sep 09*		*30 Sep 08*	
	Provided	*Not Provided*	*Provided*	*Not Provided*
	£'000	£'000	£'000	£'000
Share based payments	92	–	304	–
Losses	–	2,103	–	–
	92	2,103	304	–

The deferred tax asset in respect of the trading losses carried forward has not been recognised on the basis that it is uncertain when taxable profits will be available for offset.

Movements on the recognised assets are as follows:

	Share Based Payments	*Other Timing*	*Total*
	£'000	£'000	£'000
At 1 October 2007	213	30	243
Credit to profit and loss account	91	(30)	61
At 30 September 2008	304	–	304
At 1 October 2008	304	–	304
Credit/(debit) to profit and loss account	(212)	–	(212)
At 30 September 2009	92	–	92

NOTES TO THE ACCOUNTS (continued)

21. Acquisition of subsidiary

On 26 August 2009 the Group acquired 33.37% of the issued share capital of The Advantage Property Income Trust Limited ("TAP") in addition to the 28.9% it already owned. Subsequent acquisitions resulted in the Group owning 97.85% of TAP as at 30 September 2009. The remaining 2.15% will be compulsorily acquired under Guernsey law to the extent minority interests do not accept the offer.

There was no material difference between fair value on initial and subsequent acquisitions and therefore it has all been treated as a single transaction.

TAP is a Guernsey incorporated commercial property investment company owning properties in the UK and the Channel Islands.

The transaction has been accounted for by the purchase method of accounting.

Net assets acquired	*Book Value*	*Fair Value*
	£'000	£'000
Investment properties	151,589	151,589
Trade and other receivables	5,357	5,357
Cash at bank	3,512	3,512
Trade and other payables	(6,950)	(6,950)
Financial liabilities	(98,093)	(98,093)
Fair value of swap contracts	(4,431)	(4,431)
	50,984	50,984
Minority interests		(1,070)
Gain in respect of acquisition		(21,798)
Total consideration		28,116
Satisfied by:		
Ordinary shares at fair value		7,939
Preference shares at fair value		13,839
Cash		5,950
Directly attributable costs		388
		28,116

The fair value of the ordinary shares was arrived at using the closing share price on the date of issue.

The fair value of the preference shares was arrived at using appropriate valuation methodologies.

Net cash outflow arising on acquisition

Cash consideration	5,950
Directly attributable costs	388
Cash and cash equivalents acquired	(3,512)
Cash outflow on acquisition	2,826

TAP contributed £1,235,552 rental income and £249,142 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date.

If the acquisition of TAP had been completed on the first day of the financial year, Group rental income for the period would have been £16,622,000 and Group loss attributable to equity holders of the parent would have been £41,324,000 after charging £52,092,000 unrealised loss on revaluation of investment properties. All of the £52,092,000 unrealised loss on revaluation of investment properties occurred prior to the acquisition by Conygar.

NOTES TO THE ACCOUNTS (continued)

22. Commitments

Group as lessee:

At 30 September 2009 the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	30 Sep 09 £'000	*30 Sep 08* £'000
Within one year	77	77
In the second to fifth years inclusive	61	138
	138	215

Group as lessor:

In addition, the Group holds retail, office, industrial and leisure buildings as investment properties which are let to third parties. These are non-cancellable leases and the income profile based upon the unexpired lease length was as follows:

	30 Sep 09 £'000	*30 Sep 08* £'000
Less than one year	12,427	–
Between one and five years	35,623	–
Over five years	17,645	–
	65,695	–

23. Related party transactions

The Company has made advances to the following subsidiaries in order to provide both long term and additional working capital funding. All amounts are repayable upon demand and will be repaid from the trading activities of those subsidiaries. No provisions have been made against the outstanding amounts.

	30 Sep 09 £'000	*30 Sep 08* £'000
Subsidiaries		
Conygar Bedford Square Limited	(5,365)	999
Conygar Strand Limited	20,240	22,363
Martello Quays Limited	728	500
	15,603	23,862

	30 Sep 09 £'000	*30 Sep 08* £'000
Joint Ventures		
Conygar Stena Line Limited	5,191	5,101

NOTES TO THE ACCOUNTS (continued)

23. Related party transactions (continued)

The loans to Conygar Stena Line Limited may be analysed as:

	30 Sep 09 £'000	*30 Sep 08* £'000
Secured interest bearing loan	2,171	2,081
Unsecured non-interest bearing shareholder loan	3,020	3,020
	5,191	5,101

During the year, the Company received £1,336,414 (2008: £1,530,232) interest in respect of loans advanced to Conygar Strand Limited.

During the year, the Company received a management fee from Conygar Stena Line Limited of £50,000 (2008: £50,000) in respect of management services.

24. Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The parent company's loss for the year amounts to £6,334,000 (2008 loss: £367,000).

25. Financial instruments

Treasury Policies

The objective of the Group's treasury policies is to manage the Group's financial risk, secure cost effective funding for the Group's operations and to minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on the cash flows of the Group.

The Group finances its activities with a combination of bank loans, cash and short term deposits. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operations. The Group's may also enter into derivative transactions to manage the interest rate risk arising from the Group's operations and its sources of finance. The Group does not trade in financial instruments. The main risks associated with the Group's financial assets and liabilities are set out below, together with the policies currently applied by the board for their management. Derivative instruments may be used to change the economic characteristics of financial instruments in accordance with the Group's treasury policies. Following the acquisition of TAP the Group has inherited a number of interest rate swaps which were used to reduce TAP's exposure to changes in interest rates. The interest rate swaps amount to an economic hedge of £43.8 million of the total loan facilities of £99.6 million for cashflows to 17 February 2015.

The management of cash and similar instruments is monitored weekly with summary cash statements produced on a fortnightly basis and discussed regularly in management and Board meetings. The approach is to provide sufficient liquidity to meet the requirements of the business in terms of funding developments and potential acquisitions. Surplus funds are invested with a broad range of institutions with a range of maturities up to 180 days. At any point in time, at least half of the Group's cash is held on instant access or short term deposit of less than 30 days.

NOTES TO THE ACCOUNTS (continued)

25. Financial instruments (continued)

Interest Rate Risk

Financial Liabilities

The Group's policy is to manage the cost of borrowing using variable rate debt. Whilst floating rate borrowings are not exposed to changes in fair value, the Group is exposed to cash flow risk as costs increase if market rates rise. The Group's policy is to use derivative financial instruments to mitigate at least 50% of this risk in order to achieve a sensible and appropriate level of interest rate protection whilst maintaining flexibility to match the commercial trading strategy.

As part of the TAP acquisition, the Group inherited a number of interest rate swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon notional principal. At 30 September 2009, after taking into account interest rate swaps, approximately 76% of the Groups bank borrowings were at a fixed rate of interest.

The interest rate profile of the Group bank borrowings at 30 September 2009 was as follows:

	Interest Rate	*Maturity*	*30 Sep 2009*
			£'000
Bank of Scotland (1)	LIBOR +3%	> 5 years	24,135
Bank of Scotland swap (2)	8.275%	> 5 years	22,000
Bank of Scotland swap (2)	8.26%	> 5 years	21,800
Capmark Bank Europe plc (3)	5.24%	2 – 5 years	30,051
Capmark Bank Europe plc (3)	5.425%	2 – 5 years	1,623
			99,609

(1) Senior bank facility repayable 27 January 2015. Margin is on sliding scale from 2% to 3.5% subject to loan to value covenants.

(2) Two swaps purchased to fix interest until 17 February 2015.

(3) Interest rate fixed until 18 January 2013.

The Group also issued 62,902,335 preference shares during the year which are redeemable at 25p each on 31 December 2011 to the extent they are not converted into ordinary shares by the preference shareholder.

As at 30 September 2009 there were 62,687,730 preference shares in issue and therefore £15,672,000 is potentially repayable on 31 December 2011. The fair value of the preference share liability has been estimated at £12,612,000 using the prevailing market interest rate for similar debt instruments.

Financial Assets

The interest rate profile of the Group's cash and derivatives at the balance sheet date was as follows:

	30 Sep 09	*30 Sep 08*
	£'000	£'000
Fixed rate	34,005	12,346
Floating rate	68,822	25,422
Non-interest bearing	–	522
	102,827	38,290

Floating rate financial assets comprise cash and short term deposits at call and money market rates for up to thirty days and institutional cash funds.

NOTES TO THE ACCOUNTS (continued)

25. Financial instruments (continued)

Credit Risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in connection with property leases, the investment of surplus cash and transactions where the Group sells properties with an element of deferred consideration.

Tenant rent payments are monitored regularly and appropriate action is taken to recover monies owed or if necessary to terminate the lease. Deferred consideration terms are only agreed with counterparties approved by the board or where some additional security is available.

The Group policy has been to invest funds and enter into derivative transactions with a broad range of institutions having investment grade low risk credit ratings and a strong or superior ability to repay short term debt obligations. The unprecedented credit and banking market disruption of the last eighteen months has had a significant impact upon the ability to rely upon either credit ratings or the ability of financial institutions to honour their commitments and the widespread nature of the financial crisis has introduced considerable uncertainty into the process. As at 30 September 2009, the Group had a single balance of £414,000 (2008: £522,000) where the counter-party had failed during the year to honour a notice deposit and a full impairment provision has been recorded against the outstanding balance.

There are no other receivables which are past due but not impaired.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans secured on the Group's properties. The Group is exposed to liquidity risk should it encounter difficulties in realising assets mainly through the sale of investment properties. However, the Group maintains a prudent approach to financing and cashflow such that the adverse impact of this can be mitigated.

Loans

As at 30 September 2009, TAPP Property Limited maintained a facility with the Bank of Scotland of up to £78,000,000 under which £67,935,012 had been drawn down. This facility is repayable on or before 27 January 2015 and is secured by fixed and floating charges over the assets of the TAPP Property Limited group. The facility is subject to a maximum loan to value covenant of 70% and an interest cover ratio covenant of 150%.

As at 30 September 2009, TOPP Property Limited maintained a facility with Capmark Bank Europe plc of £35,266,623 of which £31,674,373 had been drawn down. This facility is repayable on or before 18 January 2013 and is secured by fixed and floating charges over the assets of the TOPP Property Limited group. The facility is subject to a maximum loan to value covenant of 70% and an interest cover ratio covenant of 135%.

Price Risk

The Group's exposure to changing market prices on the value of financial instruments may have an impact on the carrying value of financial instruments and would arise principally as a result of entering into swaps or similar transactions to fix interest rates on the Group's borrowings. The Group's policies for managing this risk are to control the levels of fixed rate debt as set out under interest rate risk above.

NOTES TO THE ACCOUNTS (continued)

25. Financial instruments (continued)

Market Risk

The Group is exposed to market risk primarily related to interest rates. These exposures are actively monitored. The Group is also exposed to changing market prices in the investment property portfolio. Whilst there is a limited amount that can be done to reduce such exposure, the Group maintains a prudent approach to financing and cashflow that enables it to deal with most eventualities.

As the Group's assets and liabilities are all denominated in Pounds Sterling there is currently no exposure to currency risk.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

While the Group does not have a formally approved gearing ratio, the objective above is actively managed through the direct linkage of borrowings to specific trading property. The Group seeks to ensure that secured borrowing does not exceed 70% of the current market value of such property.

Fair Values of Financial Assets and Financial Liabilities

The fair values of all the Group's financial assets and liabilities are set out below:

	Book Value 30 Sep 2009 £'000	*Book Value 30 Sep 2008* £'000	*Fair Value 30 Sep 2009* £'000	*Fair Value 30 Sep 2008* £'000
Financial Assets				
Cash	102,827	38,290	102,827	38,290
Financial Liabilities				
Floating rate borrowings	67,935	–	67,935	–
Fixed rate borrowings	31,674	–	31,690	–
Interest rate swap	4,431	–	4,431	–
Preference share liability	12,612	–	12,612	–

At 30 September 2009, the fair value of the swaps was valued at a deficit of £4.4 million. The valuation of the swaps was provided by HBoS plc and represents the change in fair value since execution.

The fair value of the Group's trade debtors and other receivables and trade creditors and other payables is not considered to vary from historic cost due to the short term nature of these financial assets and liabilities. As such, they are excluded from the disclosure above.

26. Events since the balance sheet date

On 18 November 2009, the Group acquired a portfolio of seven freehold and long leasehold buildings for a total cash consideration of £44.6 million. The consideration was satisfied out of the group's cash resources.

Additional details of this transaction are provided in the Chairman's and Chief Executive's Statement on pages 4 to 7.

INVESTMENT PROPERTY SUMMARY
at 30 September 2009

Portfolio Analysis as at 30 September 2009

Valuation	£151,588,600
Contracted rent (pa)	£13,861,605
Current ERV (pa)	£15,201,855
Net initial yield	8.46%
Net equivalent yield	9.01%
Net reversionary yield	9.48%
Number of properties	64
ERV of vacant units (pa)	£2,336,300
Investment void	15.37%
Average unexpired lease term	6.24 years

Property Address

Industrial	**£30,200,600**

Birmingham

Europa House, Tilton Road

Bourne End

Units 1, 2 & 3 Wessex Road Industrial Estate, Wessex Road

Brighouse

Armytage Road

Clevedon

Units 5a, 5b, 5c, 6a and 6b Tweed Road Industrial Estate

Hemel Hempstead

3 Cherry Trees Lane

Kettering

Travis Perkins/Kettering Tiles, Linnell Way

Livingston

3/3a Baird Road, Kirkton Campus

Livingston

1 Simpson Parkway, Kirkton campus

Livingston

Development Site, Kirkton Campus

Manchester

1 St Modwen Road, Trafford Park

Manchester

Europa, Second Avenue, Trafford Park

Milton Keynes

Advantage One, Third Avenue, Bletchley

Newbury

Parceline Distribution Depot, Hambridge Lane

INVESTMENT PROPERTY SUMMARY (continued)
at 30 September 2009

Northampton
51 Caswell Road, Brackmills

Portsmouth
Units A and B, Fisher Grove, Farlington

Runcorn
Units 1001/1004 Lime Court, Manor Park

Sheffield
Unit C, Thorncliffe Park Estate, Brookdale Road

Stratford Upon Avon
Swan Development, Avenue Farm Industrial Estate

Telford
Unit C, Hortonwood

Uddingston
Unit 6, Bedlay View, Tannochside Park

Witham
3, 16 and 18 Freebournes Road

Worcester
Unit 15b Blackpole Trading estate

Leisure	**£7,400,000**

Dundee
Kingscourt Leisure Complex, Douglas Road

Offices	**£60,070,000**

Fleet
Integration House, Ancells Business Park, Rye Close

Fleet
Waterfront Business Park, Fleet Road

Guernsey
National Westminster House, Le Truchot, St Peter Port

Heathrow
Princess House, Nobel Drive

Leeds
Brunswick Point

Livingston
1 Garbett Road, Kirkton Campus

Livingston
6 Flemming Road, Kirkton Campus

Maidenhead
Geoffrey House

INVESTMENT PROPERTY SUMMARY (continued)
at 30 September 2009

Newcastle Upon Tyne
Hadrian House, Balliol Business Park

Reading
AdVantage Reading, Castle Street

Stirling
Laurel House, Laurel Hill Business park

Swindon
Pagoda Park, Westmead Drive

Warrington
The Links, Kelvin Close

Welwyn Garden City
Units 1-6 Silver Court, Watchmead

Whetstone
Brook Point, 1412 – 1420 High Road

Retail	**£27,958,000**

Aberdeen
127 Union Street & 68 – 70 The Green

Ayr
156 and 158 – 160 High Street

Ayr
52/56 Newmarket Street

Bakewell
Units 1 – 4, Rutland Square

Bletchley
The Brunel Centre

Brighton
5 – 8 London Road

Felixstowe
York House, 96 – 102a Hamilton Road

Hinkley
70 – 76 Castle Street

Horsham
7 West Street

Huyton
32 – 36 Derby Road

Maidstone
27 Week Street

INVESTMENT PROPERTY SUMMARY (continued)
at 30 September 2009

Palmers Green
290 – 296 Green Lanes

Rugeley
Shrewsbury Arms Shopping Mall, High Street

Southampton
82 Above Bar Street

Sutton
Units 1 and 2, 153 High Street

Torquay
46 Union Street

Retail Warehouse	**£25,960,000**

Birmingham
Trident Retail Park

Coventry
Halfords, 36 Foleshill Road

Derby
Southgate Retail Park, Normanton Road

Mitcham
Halfords, 23 Streatham Road

Norwich
Halfords, Barker Street

Nuneaton
Halfords, Newtown Road

Slough
Halfords, 380 Bath Road

Sutton in Ashfield
Forest Retail Park, Forest Street

Winnersh
Halfords, Reading Road

Wrexham
Halfords, Mount Street

VALUATION	**£151,588,600**

The Conygar Investment Company PLC
(Company Number 4907617)
(the "Company")

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the offices of Wragge & Co LLP, 3 Waterhouse Square, 142 Holborn, London EC1N 2SW on 12 January 2010 at 10.00 a.m. for the following purposes:

Resolutions 1 to 7 are ordinary resolutions and resolutions 8, 9 and 10 are special resolutions.

ORDINARY BUSINESS

Ordinary Resolutions

1 To receive the Company's annual accounts for the financial year ended 30 September 2009 together with the last directors' report, the last directors' remuneration report and the auditors report on those accounts and the auditable part of the remuneration report.

2 To approve the directors' remuneration report for the financial year ended 30 September 2009.

3 To reappoint Rees Pollock as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company at a remuneration to be determined by the directors of the Company.

4 To re-appoint the following director who retires by rotation:

Steven Mark Vaughan

5 To re-appoint the following director who was appointed during the year and retires in accordance with Article 92.1 of the Company's Articles of Association and, who being eligible, offers himself for re-election as a director:

Preston Martin Charles Rabl

SPECIAL BUSINESS

6 That in accordance with paragraph 42(2) of schedule 2 to the Companies Act 2006 (Commencement No. 8, Transitional Provisions and Savings) Order 2008, the provisions of clause 6 of the Company's memorandum of association (which are deemed under section 28 Companies Act 2006 to be provisions of the Company's articles) are revoked and that clause is deleted in its entirety so that those provisions shall no longer apply to the Company.

7 That the directors be and are generally and unconditionally authorised for the purposes of section 551 Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £10,870,370.00 (comprising 200,000,000 Ordinary Shares and 87,037,000 Preference Shares (both terms as defined in the Company's Articles)) provided that this authority is for a period expiring at the next Annual General Meeting of the Company after the passing of this resolution but the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities to the extent unused. Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. This authority is in substitution for all subsisting authorities to the extent unused.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Special Resolutions

8 That subject to the passing of resolution 7 above, the directors of the Company be and are empowered pursuant to section 571 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560(1) of the Act) wholly for cash pursuant to the authority conferred by the previous resolution as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

(a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

(b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £10,870,370.00 (comprising 200,000,000 Ordinary Shares and 87,037,000 Preference Shares (both terms as defined in the Company's Articles));

and shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

9 That the Company be and is generally and unconditionally authorised for the purposes of section 701(1) of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) on the London Stock Exchange of ordinary shares of £0.05 each in the capital of the Company provided that:

(a) the maximum aggregate number of ordinary shares authorised to be purchased is 17,488,308 (representing fifteen per cent of the Company's issued ordinary share capital);

(b) the minimum price which may be paid for such shares is £0.05 per share;

(c) the maximum price which may be paid for an ordinary share shall not be more than 5 per cent above the average of the middle market quotations for an ordinary share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased;

(d) unless previously renewed, varied or revoked, the authority conferred shall expire at the conclusion of the Company's next Annual General Meeting or 12 months from the date of passing this resolution, if earlier; and

(e) the Company may make a contract or contracts to purchase ordinary shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

10 That the Articles of Association of the Company be amended by the deletion of existing Article 4.1 and the consequential renumbering of the remaining provisions of existing Article 4.

Registered Office
Fourth Floor
Bond House
19-20 Woodstock Street
London W1C 2AN

By order of the Board
P A Batchelor
Company Secretary

8 December 2009

NOTICE OF ANNUAL GENERAL MEETING (continued)

Notes

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   - completed and signed;
   - sent or delivered to the Company at **Share Registrars Ltd , Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL** or ;
   - scanned and emailed to proxies@shareregistrars.uk.com or;
   - faxed to 01252 719232 and;
   - received by the Company no later than 48 hours before the meeting.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact **Share Registrars Limited**.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company using one of the following method:

   - By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to **Share Registrars Limited (Proxies), Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL**. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   In either case, the revocation notice must be received by the Company no later than 48 hours before the meeting.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

   Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Communication

9. Except as provided above, members who have general queries about the Meeting should email at the Company Secretary on peterbatchelor@conygar.com (no other methods of communication will be accepted).

   You may not use any electronic address provided either:

   - in this notice of general meeting; or
   - any related documents (including the proxy form),

   to communicate with the Company for any purposes other than those expressly stated.

   - Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 10.00am on 10 January 2010 shall be entitled to attend and vote at the Meeting.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCO Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual.

The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent 7RA36 by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

The Conygar Investment Company PLC
(Company Number 4907617)
(the "Company")

Annual General Meeting

FORM OF PROXY

I/We ....

of ....

....

being (a) member(s) of the Company, hereby appoint ....

of ....

or failing him the Chairman of the Meeting (see note 2) as my/our proxy to vote for me/ on my behalf as directed below at the Annual General Meeting of the Company to be held at the offices of Wragge & Co LLP, 3 Waterhouse Square, 142 Holborn, London EC1N 2SW on 12 January 2010 at 10.00 a.m. and at any adjournment thereof. I/we request such proxy to vote on the following resolutions as indicated below:

Resolution Number	**Resolution**	**For**	**Against**	**Vote Withheld**
Ordinary Resolutions				
1	To receive the Company's annual accounts for the financial year ended 30 September 2009.			
2	To approve the directors' remuneration report for the financial year ended 30 September 2009.			
3	To reappoint Rees Pollock as auditors at a remuneration to be determined by the directors of the Company			
4	To re-appoint the following director who retires by rotation: Steven Mark Vaughan.			
5	To re-appoint the following director who was appointed during the year: Preston Martin Charles Rabl			
6	To remove the authorised share capital from the Company's Memorandum.			
7	To give a directors' authority to allot relevant securities up to an aggregate nominal amount of £10,870,370.00.			
Special Resolutions				
8	To give a director's authority to disapply pre-emption rights and allot equity securities.			
9	To give a share buyback authority of up to a maximum aggregate number of ordinary shares of 17,488,308			
10	To amend the Company's articles of association by removal of references to authorised share capital.			

Names of jointholders (if any) ....

Date ....

Signed ....

Notes:

1. 1 Please indicate with an "X" in the appropriate boxes how you wish the proxy to vote. The proxy will exercise his discretion as to how he votes or whether he abstains from voting:
   (a) on any resolution referred to above if no instruction is given in respect of that resolution; and
   (b) on any business or resolution considered at the meeting other than the resolutions referred to above.
2. If you wish to appoint someone other than the chairman of the meeting as your proxy please insert their name. If you insert no name then you will have appointed the chairman of the meeting as your proxy. A proxy need not be a member of the Company.
3. In the case of a corporation, this form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. In the case of joint holders, the votes of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register.
5. To be effective, this Form of Proxy, duly executed together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified or office copy thereof) must be lodged at the Company's Registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL, not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof.
6. Any alterations to this form of proxy should be initialled.
7. Completion of this form will not prevent you from subsequently attending and voting at the meeting in person, in which case any votes cast by proxy will be excluded.
8. This Form of Proxy has been sent to you by post. It may be returned in hard copy form by post or by hand to the Company's Registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL. In each case, the proxy appointment must be received not less than 48 hours before the time for the holding of the meeting or adjourned meeting together with any authority (or a notarially certified copy of such authority) under which it is signed.

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