CONYGAR

The Conygar Investment Company PLC

Report And Accounts
30 September 2010

YEAR ENDED 30 SEPTEMBER 2010
HIGHLIGHTS

- 2010 was another good year for Conygar
- NAV per share of 150p was up 7.1% (2009: 140p)
- PBT was up 8.8% at £14.9 million (2009: £13.7 million)
- Sold £58.8 million and acquired £44.8 million of investment properties
- Progress made on the development land bank, including two new projects at Parc Cybi, Holyhead and Haverfordwest, Pembrokeshire
- Strong cash flow and debt capacity for future acquisitions, with total cash and undrawn committed facilities exceeding £110 million
- Board strongly aligned with shareholders, shareholding increased by 2.1 million shares to 6.6%

Summary Group Net Assets As At 30 September 2010

		Per Share
	£'m	*p*
Investment Properties	151.1	128.7
Development Projects	14.6	12.4
Cash	67.3	57.3
Other Net Liabilities	(9.0)	(7.6)
	224.0	
Bank Loans (net of issue costs)	(34.1)	(29.0)
Preference Shares	(13.3)	(11.3)
	176.6	150.5

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

WHO WE ARE

Conygar is an AIM quoted property investment and development group dealing primarily in UK property. Our aim is to invest in property assets and companies where we can add significant value using our property management, development and transaction structuring skills.

Conygar has an experienced Board chaired by Nigel Hamway with Robert Ware as chief executive. The management team has an excellent track record and has demonstrated cash management expertise both before and during the current economic downturn.

Registered in England No. 4907617

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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 (Director)
M D Wigley (Non-Executive Director)

Company Secretary
P A Batchelor

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Surrey GU9 7LL

Registered Number
4907617

Website
www.conygar.com

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results

The year ended 30 September 2010 has been another good year for Conygar and whilst we have not found another large acquisition that meets our investment criteria, the Group has taken the opportunity to sell £58.8 million of the properties acquired in 2009 and to acquire £44.8 million of investment properties from a distressed client of a bank. We have also made progress on our development land bank and added two new projects at Parc Cybi, Holyhead and Haverfordwest, Pembrokeshire. We continue to search for opportunities to acquire under-valued assets, and our funds available for investment including cash and undrawn committed facilities now exceed £110 million. Our bank debt of £98.1 million assumed in 2009 as part of the acquisition of The Advantage Property Income Trust Limited ("TAP") has been reduced to £34.1 million in under a year, which has in turn freed up cash flow and debt capacity for other acquisitions.

The profit before taxation for the year was £14.9 million (2009: £13.7 million), which includes a £5.5 million profit from the sale of properties and a revaluation gain of £7.2 million. The Group also acquired the remaining minority interests in TAP, realising a further profit of £0.6 million. The net property income was £12.4 million before financing costs and overheads.

The net asset value per share of 150p compares to 140p per share at 30 September 2009, representing a 7.1% increase. The net assets are now £176.6 million (2009: £162.0 million), a 9.0% increase over the year reflecting profits made on property disposals and value added to the investment property portfolio. The Group's investment properties as at 30 September 2010 were independently valued at £151.1 million with an annual contracted rent roll of £13.3 million. We continue to hold our development land bank at cost of £14.6 million and will revalue it once the various planning issues are resolved. We consider that there is potential for considerable upside with cost presently representing only 12p per share out of a total net asset value per share of 150p. This is covered in more detail on page 10.

Events since the Balance Sheet Date

In November 2010, we purchased 86 acres of land at Haverfordwest, Pembrokeshire, close to the town centre for £14 million which has outline planning consent for 900 residential units and a comprehensive plan is being prepared for its development. The purchase was financed out of existing cash resources; and at a cost to the Group of less than £15,000 per unit, there is an opportunity for good returns from this project over the medium term.

Dividend

The Board is pleased to recommend a final dividend of 1p per ordinary share in respect of the year ended 30 September 2010 to be paid on 10 January 2011 to shareholders on the register on 10 December 2010. The Board has decided against the payment of interim dividends at present.

Share Buy Back

The Board is disappointed by the discount of the share price to the net asset value per share. Having listened to feedback from many of our shareholders, the Board has decided that it will consider using the authority granted to it by shareholders at the last Annual General Meeting and buy back ordinary shares where they become available. Whilst there are various opinions as to the benefits that arise from a company acquiring its own shares, your Board takes the view that the key consideration should be that the buy back enhances net asset value per share for those remaining shareholders.

Acquisition

In November 2009, we acquired a portfolio of seven freehold and leasehold buildings for a total cash consideration of £44.8 million (the "Lamont portfolio"). These business park, office and industrial assets have an annual rent roll of approximately £4.41 million, representing a net initial yield on acquisition

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

of 9.8%. We have undertaken a lease re-gear at the largest asset in Aberdeen, which has extended the lease length by 5 years and resulted in an increase in the value of that asset of 13.1%. We hope to undertake similar asset management initiatives at several of the other properties to create more value. We have also agreed a re-financing of these assets with Lloyds Banking Group which is covered in further detail below.

Financing

At 30 September 2010, the Group had cash of £67.3 million or 57p per share, however, following the acquisition of land at Haverfordwest in November 2010, we currently have cash of £53 million or 45p per share.

In addition, we have agreed an amendment to the facility acquired with TAP, whereby Lloyds Banking Group has agreed to include the Lamont portfolio in the security pool. By drawing down on this facility, we are able to access a further £58 million resulting in the Group having available capital of approximately £110 million to invest in new opportunities. This excludes further finance that might be released from re-financing any new acquisitions.

The bank debt acquired with TAP in September 2009 was £98.1 million and this has been reduced to £34.1 million as at 30 September 2010. This remains the only debt within the Group. The loan to value of the debt is below 23% taking into account the entire investment property portfolio.

The present low returns on cash act as a drag on our income. However, we remain of the opinion that it is the correct approach to hold cash whilst we continue to look for suitable investment opportunities. Obtaining bank debt finance is still extremely difficult so to be able to deploy cash quickly has considerable value and we cannot see this changing for the foreseeable future. We shall reassess our gearing once we are fully invested.

Summary of Group Net Assets

The Group net assets as at 30 September 2010 may be summarised as follows:

	£'m	*Per Share p*
Investment Properties	151.1	128.7
Development Projects	14.6	12.4
Cash	67.3	57.3
Other Net Liabilities	(9.0)	(7.6)
	224.0	
Bank Loans (net of issue costs)	(34.1)	(29.0)
Preference Shares	(13.3)	(11.3)
	176.6	150.5

Outlook

Whilst the outlook for the London property market continues to be fairly positive, the picture for commercial and residential property is less optimistic for the rest of the country. The market continues to be slow, with few transactions in a difficult and uncertain economic environment. The banks still have huge and uncomfortable exposures to property. There are also a considerable number of impending re-financings and de-gearings in the pipeline so we continue to position ourselves, maintain dialogues and remain patient. It is clear that the country is in for a period of some austerity as public spending is brought under control and taxes rise. There are few signs that point towards growth in property values and therefore many challenges remain before the economy can recover.

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

For Conygar, the outlook remains positive and we are confident about the future prospects of the Group. Our balance sheet is strong, our development land bank offers considerable upside for relatively low cost and we have in excess of £110 million available for further acquisitions. We are continually evaluating a pipeline of opportunities and whilst we have been close on several, we continue to walk away if on further examination the fundamentals are not right. We are frustrated not to have done another significant deal in 2010 but we continue to believe that our strong investment discipline in rejecting overpriced transactions will benefit the prospects for our company.

N J Hamway
Chairman

R T E Ware
Chief Executive

30 November 2010

BUSINESS REVIEW

Investment Properties

Summary of portfolio

Valuation at 30 September 2010 – £151,145,000
Number of properties – 45
Contracted rent (pa) – £13,350,440
Current ERV (pa) – £14,704,211
Net initial yield – 8.25%
Equivalent yield – 8.84%
Reversionary yield – 9.18%
ERV of vacant units (pa) – £2,063,236
Vacancy rate – 14.03%
Average unexpired lease lengths – 5.92 years

Introduction

This has been a busy period for the Company, with a number of asset management initiatives, asset sales, acquisitions and progress on the various development projects. Further details are set out below.

Asset management

As at 30 September 2010, the contracted rent for the investment property portfolio was £13.3 million with an ERV of £14.7 million. The ERV of vacant space is £2.06 million of which two properties, AdVantage, Reading and Brunswick Point, Leeds, account for 71% by rental value. We are proposing an extensive £2 million refurbishment of Brunswick Point, Leeds, to bring the property up to the contemporary specification that occupiers require, whilst an extensive marketing campaign is underway for AdVantage, Reading. Occupier demand outside London remains weak so the challenge should not be under-estimated but we can be competitive and are certainly focused on the task.

We have made excellent progress on new lettings, having agreed 14 new lettings generating £694,103 per annum of new income at an aggregate premium to ERV of 2.53%. The highlights were Hemel Hempstead where a ten year lease was entered into at £250,000 per annum in return for a six month rent free period and a tenant break after six years. This created a 36% increase in the value of that asset from the 30 September 2009 valuation. In addition, we have let Advantage One, Milton Keynes, for a term of ten years at £142,420 per annum in return for a twelve month rent free period and a tenant break after five years, which created a 24% increase in the value of that asset from the 30 September 2009 valuation.

Furthermore, we have agreed a number of lease renewals to retain some £2,718,830 of income per annum at 6.69% above ERV albeit at a 1.12% discount to passing rent. The highlight was a lease re-gear at Aker Village, Kirkhill Industrial Estate, Aberdeen, whereby the tenant, Aker Solutions SA, agreed to remove a lease break effectively extending the lease length by five years in exchange for a twelve month rent free period spread over two years. This resulted in an increase in the value of that asset of 13.1% from the valuation on acquisition.

Other highlights were Units 3, 16 and 18 Freebournes Road, Witham, where new leases were completed to June 2011 at a total rent of £505,000 per annum reducing to £473,000 per annum to June 2012 and thereafter the tenant will take a new five year lease at a guaranteed minimum rent of £420,000 per annum until the revised lease expiry in June 2017. As an incentive, a capital payment of £75,000 was paid in consideration for entering into the longer lease term commitment which was commuted into an equivalent rent free period. This is an excellent result for Conygar as it secures an income stream at an otherwise challenging asset.

BUSINESS REVIEW (continued)

We also agreed a lease re-gear at Waterfront Business Park, Fleet, whereby the existing tenant agreed to extend their two leases from expiry in 2014 to 2021 at the current passing rent of £464,000 per annum in exchange for some fit-out works and a rent free period costing a total of £607,500.

Finally, we settled 7 rent reviews securing a 5.77% uplift on passing rent and at an aggregate 6.78% premium to ERV.

Whilst most of the transactions are relatively small, it is vital that the portfolio is pro-actively managed and protection of income and cash flow is essential. The portfolio continues to perform well and rent collection is generally prompt, albeit our occupiers are themselves under considerable pressure. We have a diverse portfolio mostly consisting of small lot sizes, so we ensure close contact with tenants is maintained and debts are chased promptly. We have five tenants where arrears exceed £40,000, totalling £378,405, with the largest write-off being £112,000 arising from the administration of Land of Leather. These arrears are provided for in full albeit we may make some recoveries.

In terms of costs, we have recently renegotiated the property management contract for the TAP portfolio with Valad who managed the portfolio prior to the takeover by Conygar. Having refocused Valad to concentrate on our priorities and approach, we were pleased to renew the contract. That said, we have reduced the basic management fee, whilst at the same time introducing some performance related incentives to encourage new lettings and for identifying new opportunities. On a like for like basis, the fee should halve from previous years.

Acquisitions and disposals

In November 2009, we acquired a portfolio of seven freehold and leasehold buildings for £44.8 million (the "Lamont portfolio"). These business park, office and industrial assets have an annual rent roll of £4.41 million, representing a net initial yield on acquisition of 9.8%. The portfolio has been valued at £48.4 million at 30 September 2010, representing a net initial yield of 8.62% with an unexpired lease length of approximately 6.25 years. The buildings comprise 562,000 square feet of lettable space and occupy some 47 acres so there is some scope for development opportunities. The properties offer significant active management and development potential and the first major value creating initiative has been completed and is detailed on page 8.

During the year, the Group disposed of 26 TAP properties for a gross consideration of £58.8 million generating a 10.4% surplus of £5.53 million net of costs over the 30 September 2009 valuation of £53.3 million. All net proceeds have been applied towards repayment of associated bank debt. The Group will continue to dispose of assets where the offer is at an acceptable premium to valuation or where no further value can be added by the Group.

The Advantage Property Income Trust Limited ("TAP")

TAP was acquired by the Group in September 2009 following a hostile reverse takeover. Having acquired a strategic 28.9% stake in January 2009, we made a successful offer for the whole company and took control. Our cash position and our in-house experience with corporate transactions meant we could move rapidly and decisively. We had no banks to satisfy and undertook our own due diligence.

We acquired £151.6 million of property assets and net assets of £49.9 million for a total consideration of £28.8 million. However, the bank debt acquired was relatively high at £99.6 million with both loan to value and interest cover covenants under pressure. The priority was to realise cash, repay debt and cut outgoings – all quite straightforward but speed was of the essence.

Since the acquisition of TAP in September 2009, we have now disposed of assets for a total of £59.3 million, realising a total profit of £5.9 million over and above the property valuation at 30 September 2009, applying all of the funds realised towards repayment of bank debt. The present bank

BUSINESS REVIEW (continued)

debt of £34.1 million stands at 33% loan to value whereas it was over 66% upon acquisition and interest cover was close to its covenant limits.

We have also cut TAP's administrative costs by over 60% which combined with the debt reduction, results in TAP now having a positive cash flow.

The net assets of the TAP Group at 30 September 2010 were £61.7 million compared with a total acquisition cost of £28.8 million, representing a 114% return in just over a year. The remaining TAP portfolio is valued at £102.7 million with an annual rent roll of £8.9 million and it remains our intention to make disposals where no further value can be added by the Group.

Valuation

The investment property portfolio has been independently valued by King Sturge LLP at £151.1 million as at 30 September 2010, comprising £102.7 million for the TAP portfolio and £48.4 million for the Lamont portfolio.

The total portfolio increased in value by £7.2 million or 5.01% over the year. The Lamont portfolio increased by 8.04% primarily reflecting the value created through the re-gear of the Aberdeen property, whilst the TAP portfolio increased by 3.64%. It is clear that active asset management is required to add or protect value in the absence of any notable yield shift and with continued downward pressure on rental values.

Development Projects

Significant progress continues to be made on our waterfront development land bank at Pembroke Dock, Holyhead and Fishguard. Furthermore, we have taken the opportunity to make a number of acquisitions which will complement and enhance this existing land bank.

Holyhead

At Holyhead, our joint venture with Stena Line, the planning application is now complete and following a month of public consultations will be submitted to the local authority. The ambitious proposal consists of 380 apartments and town houses, a 500 berth marina, 43,470 square feet of office, commercial and retail/leisure facilities in addition to a hotel. We have also included a number of amenities such as a maritime museum, a visitor centre and a youth sailing club and with marine workshop and apprenticeship training facilities, the development should generate much needed real employment opportunities in the area. The team has undertaken a vast amount of work to get to this position and so far we have been pleased at the level of support and encouragement from local, central government and others.

In May 2010, we were pleased to announce that we had submitted and obtained a planning consent for two developments totalling 110,000 square feet at the 120 acre strategic employment and regeneration site, Parc Cybi, on the outskirts of Holyhead in Anglesey. The development will consist of distribution and warehousing space for the transport operators who use Holyhead port and provide facilities not currently available to commercial users of the port. We have secured a three year option on the site from the Welsh Assembly Government and are now undertaking marketing of the site to potential tenants with a particular focus on the logistics industry. The development is expected to create 450 jobs and discussions are taking place with the Welsh Assembly Government and the Wales European Funding Office to determine what funding options might be available to the Group. In addition, the new Government has reaffirmed the commitment to build the proposed nuclear reactor at Wylfa, Anglesey, which will bring enormous benefit to the port and many opportunities for our Parc Cybi project. Holyhead is the second largest trailer port in the UK with over 350,000 crossings per annum and currently it has no warehousing or support for the logistics industry, so the opportunity to benefit from this is, in our view, quite clear.

BUSINESS REVIEW (continued)

Fishguard

Following meetings with the First and Deputy Ministers at the Welsh Assembly Government, a planning application is being prepared for a mixed use marina development at Fishguard which will now incorporate the reconfiguration of Stena Line's existing port facilities. This will supersede our existing planning consent and provide for a development of greater scale and opportunity. Further details will be provided once the planning application has been submitted.

We have also exchanged contracts to acquire an eleven acre site for a lorry stop and distribution park on the perimeter of the Stena Line owned port at Fishguard. A planning application for this much needed facility will be submitted very shortly in partnership with Stena Line. Completion is subject to receipt of suitable planning consents.

Pembroke Dock

At Pembroke Dock, we have acquired a 1.1 acre waterfront freehold site formerly occupied by Jewsons. This completes the land assembly process for our Martello Quays development, and whilst compulsory purchase procedures could have been implemented, we are pleased that the remaining land has been acquired through negotiation. Discussions are now underway with potential tenants for the leisure element of the scheme to act as the catalyst for this exciting mixed use waterfront scheme. The whole site comprises approximately 41.5 acres and has a planning consent to create a 260 berth marina with 21,500 square feet of marina and boat servicing facilities; 146 houses; 304 apartments; a new public promenade; 32,300 square feet of retail; 19,400 square feet of restaurant and pub facilities; and a 120 bed hotel. We continue to progress and optimise the design and engineering solutions and through this commitment, we are now able to consider a phased approach to the development. Given current market conditions, in our view this is the only sensible way to proceed.

Haverfordwest

Finally, we have recently purchased for £14 million, 86 acres of land at Haverfordwest, Pembrokeshire, close to the town centre, which has outline planning consent for 900 residential units. A comprehensive plan is now being prepared for its development. We believe that the acquisition of such a large percentage of the allocation of residential consents in the administrative centre of Pembrokeshire gives us an opportunity to make good returns. With a proactive and supportive County Council, which encourages inward investment and development, we are convinced Pembrokeshire is an attractive place in which to do business.

Summary

Our expenditure in the year on our development land bank amounted to £2.48 million and our total investment to date is £14.63 million at cost (analysed below). Representing a commitment of less than 13p per share, we take the view that our approach provides potentially significant upside. Our three waterfront developments are expected to develop in excess of 1,200 waterside homes and 1,000 marina berths, together with mixed use supporting development. Our Haverfordwest acquisition adds the potential for another 900 homes plus associated development and our Parc Cybi site puts us in a fine position to develop a much needed 120 acre business park.

	2010	*2009*
	£'m	*£'m*
Pembroke Dock	4.40	3.86
Holyhead	8.47	8.04
Fishguard	0.35	0.25
Haverfordwest	1.41	–
Total investment to date	14.63	12.15

FINANCIAL REVIEW

Net Asset Value

The net asset value for the year was £176.6 million (2009: £162.0 million) representing a £14.6 million (9.0%) increase over the year. The primary movements were total net income arising from property activities of £17.9 million, a revaluation uplift of £7.2 million less finance costs and administrative expenses of £7.6 million and £3.6 million respectively. As this is the first full year of ownership of TAP, it is not, in our view, possible to draw meaningful comparisons in respect of these movements with the year ended 30 September 2009, when the Group was considerably different prior to such a significant acquisition.

On an EPRA basis, the net asset value is:

	2010	*2009*
	£'m	*£'m*
Net asset value	176.6	160.9
Fair value of hedging instruments	5.0	4.4
EPRA net asset value	181.6	165.3
EPRA NAV per share	155p	142p

The EPRA net asset value excludes the impact of hedging instruments as these are held for long term benefit and not expected to crystallise at the balance sheet date.

The NNNAV or "triple net asset value" is the net asset value taking into account asset revaluations, the mark to market costs of debt and hedging instruments and any associated tax effect. Our investment properties are carried on our balance sheet at independent valuation and there is no associated tax liability. Our development and trading assets are carried at the lower of cost and net realisable value. We have not sought to value these assets as, in our opinion, they are at too early a stage in their development to provide a meaningful figure, so cost is equated to fair value for these purposes. On this basis, there is no material difference between our stated net asset value of £176.6 million and NNNAV.

Revaluation

The Group's investment properties were independently valued by King Sturge LLP as at 30 September 2010. In their opinion, the open market value of the investment property portfolio was £151.1 million. The total portfolio increased in value by £7.2 million or 5.01% over the year.

Cashflow

The Group generated £15.5 million cash from operating activities (2009: £(0.7) million), of which £20.7 million was generated by the Group's property operations before financing costs and taxation. In addition, a total of £57.9 million cash was generated from the sale of investment properties.

The Group invested £44.8 million in acquiring further investment properties and repaid bank debt of £64 million resulting in an overall cash outflow of £35.5 million during the year.

FINANCIAL REVIEW (continued)

Net Income From Property Activities

	2010	*2009*
	£'m	*£'m*
Rental income	15.4	2.6
Direct property costs	(3.0)	(0.7)
Rental surplus	12.4	1.9
Sale of trading properties	3.1	13.9
Direct cost of trading property sold	(3.2)	(15.7)
Trading (deficit)/surplus	(0.1)	(1.8)
Sale of investment properties	58.8	0.5
Cost of investment properties sold	(53.3)	(0.1)
Gain on sale of investment properties	5.5	0.4
Total net income arising from property activities	17.8	0.5

Administrative Expenses

The administrative expenses for the year ended 30 September 2010 were £3.0 million, down 62% from the previous year. Directors' remuneration fell from £5.5 million to £0.9 million as no bonus was paid under the profit sharing plan for 2010, having not achieved the hurdle rate. Excluding directors' remuneration, the major components were £1.0 million (2009: £0.1 million) of fees incurred in respect of transactions that did not progress and £0.4 million (2009: £1.0 million) share based payments charge. The majority of other costs are incurred as a result of the Group being quoted on AIM.

Taxation

The tax charge for the year of £0.6 million on the pre-tax profit of £14.9 million represents an effective tax rate of 4.0% (2009: -2.5%). Tax is payable at the full UK corporation tax rate of 28% on net rent income after deduction of finance costs and administrative expenses. There is no tax payable in respect of investment property capital gains or any revaluation uplift, which is the main reason for the low effective tax rate.

Financing

At 30 September 2010, the Group had cash of £67.3 million and following the acquisition of land at Haverfordwest in November 2010, the cash is currently £53 million or 45p per share.

In addition, we have agreed an amendment to the £78 million facility acquired with TAP whereby Lloyds Banking Group has agreed to include the Lamont portfolio in the security pool. By drawing down on this committed facility, we are able to access a further £58 million resulting in the Group having around £110 million to invest in new opportunities. This excludes any further finance that might be released from re-financing those new acquisitions.

The bank debt acquired with TAP in September 2009 was £99.6 million and this has been reduced to £34.1 million as at 30 September 2010. This remains the only debt within the Group and is non-recourse to the parent company. The loan to value of the debt is 23% taking into account the entire investment portfolio so there is capacity to raise further funding should it be required.

FINANCIAL REVIEW (continued)

The interest rate risk on the facility is managed by way of interest rate swaps. The fair value of these derivative financial instruments is provided for in full on the balance sheet. The Group's financing and treasury strategy is covered in more detail in note 28.

The finance costs for the year amounted to £7.6 million (2009: £0.7 million) primarily consisting of £4.3 million bank loan interest (2009: £0.6 million) equating to an average interest rate over the period of 6.3% together with non-recurring costs arising from early loan repayment of £2.2 million (2009: £nil). Finance income amounted to £0.3 million (2009: £0.7 million) reflecting the low returns on short term cash deposits.

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 albeit not a mandatory requirement.

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, a 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 page 23.

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 at the company's expense.

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 17 to 20.

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. Pages 5 to 14 of these financial statements include 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 5 January 2011 can be found in the notice of the meeting on page 65.

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. All group employees are employed by the company.

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 year. At present, the directors receive no benefits. Basic salaries are comparable with the lower quartile of comparable companies, but sufficient to retain directors.

Profit sharing plan: The profit sharing plan is an annual plan in which executive directors and senior executives will be entitled to an allocation of a profit sharing pool based upon the increase in the net asset value of the company adjusted for property revaluation, attributable taxation, fair value of debt and adjusted to neutralise the effect of any capital raising ("adjusted net asset value"). The profit sharing pool is 20% of any increase in the adjusted net asset value at 30 September 2010 over the previous highest adjusted net asset value ("high watermark"). This ensures that executive directors cannot accrue any profit share twice in respect of the same net asset value growth. The previous high watermark of £166.7 million was at 30 September 2009.

In addition, the increase in adjusted net asset value must exceed a hurdle of 6% compounded annually since the last high watermark or £176.7 million as at 30 September 2010. As this was not achieved no profit sharing pool is created for this year.

Executive directors are required to invest a minimum of 50% of any profit share payment in shares of the company which must be held for a minimum of two years except subject to certain good leaver provisions. An employee benefit trust has been created to hold the shares until such time as they vest.

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 certain good leaver provisions.

Share options: The share options are awarded 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 and it is not intended that any further options be granted by the company.

Pensions: The company does not make contributions to directors' pension plans other than through salary sacrifice arrangements.

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.

DIRECTORS' REMUNERATION REPORT (continued)

Non-executive directors

None of the non-executive directors have service contracts. Letters of Appointment provide for a period of three years which may be extended by mutual agreement for a further three years. The letters of appointment were extended on 25 October 2010. 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.

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	N/A	12
P A Batchelor	25 October 2007	N/A	12
P M C Rabl	29 October 2009	N/A	12
S M Vaughan	25 October 2007	N/A	12
Non-Executive Directors			
N J Hamway	25 October 2007	35	6
M D Wigley	25 October 2007	35	6

Mr Batchelor and Mr Hamway retire by rotation and, being eligible, offer themselves for re-election.

Audited Information

Directors' emoluments

	Basic Salary £'000	*Profit Share* £'000	*Pension Contribution* £'000	*Fees* £'000	*2010* £'000	*2009* £'000
Executive Directors						
R T E Ware	280	–	20	–	300	2,870
P A Batchelor	250	–	–	–	250	1,327
P M C Rabl	94	–	–	–	94	–
S M Vaughan	175	–	–	–	175	1,202
Non-Executive Directors						
N J Hamway	–	–	–	60	60	35
M D Wigley	–	–	–	40	40	25
	799	–	20	100	919	5,459

No non-cash benefits were paid to Directors.

Fees of £51,000 were also paid to Amberhook Properties Limited, a company controlled by Mr P M C Rabl.

DIRECTORS' REMUNERATION REPORT (continued)

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 2009 No.*	*Awarded during the year No.*	*Exercised during the year No.*	*Expired unexercised during the year No.*	*At 30 September 2010 No.*
R T E Ware	(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

Messrs Batchelor and Vaughan exercised their share options on 10 December 2009 at a mid-market price of 108.5p per share. Mr Batchelor made a gain of £207,500 and Mr Vaughan a gain of £98,750.

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

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.

DIRECTORS' REMUNERATION REPORT (continued)

The market price of the company's shares on 30 September 2010 was 104.75 p 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	126.5p	102.0p

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 30 November 2010 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 2010.

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 14 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 and the Business and Financial Review.

Principal Risks and Uncertainties

Managing risk is an integral element of the Group's management activities and a considerable amount of time is spent assessing and managing risks to the business. Responsibility for risk management rests with the Board, with external advisers used where necessary.

Strategic risks

Strategic risks are risks arising from an inappropriate strategy or through flawed execution of a strategy. By definition, strategies tend to be longer term than most other risks and, as has been amply demonstrated in the last few years, the economic and wider environment can alter quickly and significantly. Strategic risks identified include global or national events, regulatory and legal changes, market or sector changes and key staff retention.

The Board devotes a considerable amount of time and resource continually monitoring and discussing the environment in which we operate and the potential impacts upon the Group. We are confident we have sufficiently high calibre directors and managers to manage strategic risks and the Remuneration report details the policy towards retaining high quality personnel.

We are content that the Group has the right approach toward strategy and our financial performance, strong balance sheet and the expansion of the business during a difficult economic period are good evidence of that.

Operational risks

Operational risks are essentially those risks that might arise from inadequate internal systems, processes, resources or incorrect decision making. Clearly it is not possible to eliminate operational risk, however a considerable amount of time and resource is applied towards ensuring we have the right calibre of staff and external support to minimise such risks, as most operational risks arise from people-related issues. We have also invested in improved IT systems to support the business and protect data. Our executive directors are very closely involved in the day-to-day running of the business to ensure sound management judgement is applied.

The Group has not suffered any material loss from operational risks during the year.

Market risks

Market risks primarily arise from the possibility that the Group is exposed to fluctuations in the values of, or income from, its investment property portfolio and development land bank. This is a key risk to the principal activities of the Group and the exposures are continuously monitored through timely financial and management reporting and analysis of available market intelligence.

DIRECTORS' REPORT (continued)

Where necessary management take appropriate action to mitigate any adverse impact arising from identified risks. The performance of the business is detailed in the Business Review on page 8 and market risks continue to be monitored closely.

Liquidity and credit risks

Liquidity, credit and other financial risks are discussed in note 28 on pages 56 to 59.

Significant Events Since the Balance Sheet Date

Details of significant events since the balance sheet date are contained in note 29 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 recommended a final dividend of 1 pence per ordinary share in respect of the year ended 30 September 2010 (2009 – nil pence).

The Directors and Their Interests in the Shares of the Company

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

	Ordinary Shares of £0.05 each	
	At 30 September 2010	*At 1 October 2009*
N J Hamway	807,000	497,000
R T E Ware	5,000,000	4,000,000
P A Batchelor	590,001	185,001
P M C Rabl	711,190	581,190
S M Vaughan	375,000	125,000
M D Wigley	300,000	300,000

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 30 November 2010, 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	9.27
Aviva Investors Global Services Limited	9,859,751	8.40
Legal & General Group plc	6,485,714	5.52
FIL Limited (Fidelity)	5,704,686	4.86
R T E Ware	5,000,000	4.26
Gartmore Investment Limited	4,661,407	3.97

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 2010, the company had an average of nil days (2009 – nil days) purchases outstanding in trade creditors. The group had an average of 38 days (2009 – 60 days) outstanding in trade creditors.

Charitable Donations and Political Contributions

The company made no political donations during the year. The company made charitable donations of £650 (2009 – £3,500) during the year.

Financial Instruments

Details of the group's financial instruments are given in note 28.

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 affairs of the company and the group and of the profit or loss of the group 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'.

DIRECTORS' REPORT (continued)

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:

- 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 Wednesday, 5 January 2011 at 3.00 p.m. 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 65.

In addition to ordinary business, there are resolutions to give a director's authority to disapply pre-exemption rights and allot equity securities together with resolutions to give share buy back authorities.

By Order of the Board

P A Batchelor
Company Secretary

30 November 2010

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 2010 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statement 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.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters which we are required to state to them in an auditors' 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 page 23, 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 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 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.

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 2010 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;

INDEPENDENT AUDITORS' REPORT (continued)

- 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
London

30 November 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2010

	Note	*Year Ended 30 Sep 10* £'000	*Year Ended 30 Sep 09* £'000
Sales of properties		3,100	13,924
Rental income		15,415	2,544
Revenue		18,515	16,468
Direct costs of:			
Sales of properties		5,052	16,338
Rental income		2,955	728
Write-down of property inventory		(1,830)	(647)
Direct Costs		6,177	16,419
Gross Profit		12,338	49
Gain in respect of acquisition	24	608	21,798
Income from trading investments		–	335
Share of results of joint ventures	13	(10)	(39)
Gain on sale of investment properties	12	5,529	427
Movement on revaluations of investment properties	12	7,205	(468)
Other gains and losses	6	(475)	(414)
Administrative expenses		(3,011)	(7,950)
Operating Profit	3	22,184	13,738
Finance costs	7	(7,586)	(702)
Finance income	7	280	652
Profit Before Taxation		14,878	13,688
Taxation	8	(637)	348
Profit And Total Comprehensive Income For The Year		14,241	14,036
Attributable to:			
– equity shareholders		14,219	14,004
– minority shareholders		22	32
		14,241	14,036
Basic earnings per share	10	12.13p	32.27p
Diluted earnings per share	10	11.57p	31.51p

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

The notes on pages 34 to 59 form part of these accounts

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2010

	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	*Non-Controlling Interests* £'000	*Total Equity* £'000
Group								
At 1 October 2008	2,082	57,990	–	–	8,133	68,205	5	68,210
Changes in equity for the year ended 30 September 2009								
Profit for the year	–	–	–	–	14,004	14,004	32	14,036
Total recognised income and expense for the year	–	–	–	–	14,004	14,004	32	14,036
Credit to equity for equity settled share based payment	–	–	–	–	1,000	1,000	–	1,000
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
Changes in equity for year ended 30 September 2010								
At 1 October 2009	5,809	123,094	7,640	1,254	23,126	160,923	1,122	162,045
Profit for the year	–	–	–	–	14,219	14,219	22	14,241
Total recognised income and expense for the year	–	–	–	–	14,219	14,219	22	14,241
Credit to equity for equity settled share based payment	–	–	–	–	434	434	–	434
Issue of share capital	56	896	–	–	–	952	–	952
Issue of preference shares	–	–	–	2	–	2	–	2
Preference share conversion	5	99	–	(9)	–	95	–	95
Purchase of non-controlling interests	–	–	–	–	–	–	(1,124)	(1,124)
At 30 September 2010	5,870	124,089	7,640	1,247	37,779	176,625	20	176,645

The notes on pages 34 to 59 form part of these accounts

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2010

	Share Capital £'000	*Share Premium* £'000	*Merger Reserve* £'000	*Equity Reserve* £'000	*Retained Earnings* £'000	*Total Equity* £'000
Company						
At 1 October 2008	2,082	57,990	–	–	1,977	62,049
Changes in equity for the 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
Changes in equity for year ended 30 September 2010						
At 1 October 2009	5,809	123,094	7,640	1,254	(3,357)	134,440
Credit to equity for equity settled share based payment	–	–	–	–	434	434
Net income recognised directly in equity	–	–	–	–	434	434
Profit for the year	–	–	–	–	34,667	34,667
Total recognised income and expense for the year	–	–	–	–	35,101	35,101
Issue of share capital	56	896	–	–	–	952
Issue of preference shares	–	–	–	2	–	2
Preference share conversion	5	99	–	(9)	–	95
At 30 September 2010	5,870	124,089	7,640	1,247	31,744	170,590

The notes on pages 34 to 59 form part of these accounts

CONSOLIDATED BALANCE SHEET
at 30 September 2010

Company number 4907617

	Note	*30 Sep 2010* £'000	*30 Sep 2009* £'000
Non-Current Assets			
Property, plant and equipment	11	219	7
Investment properties	12	151,145	151,589
Investment in joint ventures	13	5,344	5,087
Goodwill	15	3,173	3,173
Deferred tax asset	23	–	92
		159,881	159,948
Current Assets			
Development and trading properties	16	6,111	7,088
Trade and other receivables	17	2,230	19,077
Tax receivable		–	941
Cash and cash equivalents		67,322	102,827
		75,663	129,933
Total Assets		235,544	289,881
Current Liabilities			
Trade and other payables	18	5,766	12,669
Tax liabilities		677	–
		6,443	12,669
Non-Current Liabilities			
Bank loans	19	34,090	98,124
Preference shares	20	13,324	12,612
Derivatives	28	5,042	4,431
		52,456	115,167
Total Liabilities		58,899	127,836
Net Assets		176,645	162,045
Equity			
Called up share capital	21	5,870	5,809
Share premium account		124,089	123,094
Merger reserve		7,640	7,640
Equity reserve		1,247	1,254
Retained earnings		37,779	23,126
Equity Attributable to Equity Holders		176,625	160,923
Non-controlling interests		20	1,122
Total Equity		176,645	162,045

The accounts on pages 27 to 59 were approved by the Board and authorised for issue on 30 November 2010 and are signed on its behalf by:

R T E WARE

P A BATCHELOR

The notes on pages 34 to 59 form part of these accounts

COMPANY BALANCE SHEET

at 30 September 2010

Company number 4907617

	Note	*30 Sep 2010* £'000	*30 Sep 2009* £'000
Non-Current Assets			
Investment in subsidiary undertakings	14	3,218	31,333
Property, plant and equipment	11	219	7
Deferred tax asset	23	–	92
		3,437	31,432
Current Assets			
Development and trading properties	16	3,481	3,213
Trade and other receivables	17	119,785	26,656
Cash and cash equivalents		59,040	96,997
		182,306	126,866
Total Assets		185,743	158,298
Current Liabilities			
Trade and other payables	18	1,152	11,097
Tax liabilities		677	149
		1,829	11,246
Non-Current Liabilities			
Preference shares	20	13,324	12,612
		13,324	12,612
Total Liabilities		15,153	23,858
Net Assets		170,590	134,440
Equity			
Called up share capital	21	5,870	5,809
Share premium account		124,089	123,094
Merger reserve		7,640	7,640
Equity reserve		1,247	1,254
Retained earnings		31,744	(3,357)
Total Equity		170,590	134,440

The accounts on pages 27 to 59 were approved by the Board and authorised for issue on 30 November 2010 and are signed on its behalf of:

R T E WARE
P A BATCHELOR

The notes on pages 34 to 59 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2010

	Year Ended 30 Sep 10 £'000	Year Ended 30 Sep 09 £'000
Cash Flows From Operating Activities		
Operating profit	22,184	13,738
Depreciation and amortisation	35	2
Share of results of joint ventures	(10)	39
Other gains and losses	(136)	414
Gain on sale of investment properties	(5,529)	–
Movement on revaluation of investment properties	(7,205)	–
Gain in respect of acquisition	(608)	(21,798)
Share based payment charge	434	1,000
Cash Flows From Operations Before Changes In Working Capital	9,165	(6,605)
Change in trade and other receivables	16,845	(12,994)
Change in land, development and trading properties	977	15,807
Change in trade and other payables	(6,326)	3,341
Cash Generated From/(Used In) Operations	20,661	(451)
Finance costs	(6,457)	(627)
Finance income	280	652
Dividends from joint ventures	–	10
Tax received/(paid)	1,054	(303)
Cash Flows Generated From/(Used In) Operating Activities	15,538	(719)
Cash Flows From Investing Activities		
Acquisition of investment properties	(44,763)	–
Acquisition of subsidiary	–	(2,826)
Sale proceeds of investment properties	57,937	–
Investment in joint ventures	(243)	(89)
Acquisition of non-controlling interests	(76)	–
Purchase of plant and equipment	(99)	(1)
Leasehold improvements	(148)	–
Cash Flows Generated From/(Used In) Investing Activities	12,608	(2,916)
Cash Flows From Financing Activities		
Bank loans repaid	(64,023)	–
Issue of shares	372	70,318
Issue cost of shares	–	(2,146)
Cash Flows (Used In)/Generated From Financing Activities	(63,651)	68,172
Net (decrease)/increase in cash and cash equivalents	(35,505)	64,537
Cash and cash equivalents at 1 October	102,827	38,290
Cash and Cash Equivalents at 30 September	67,322	102,827

The notes on pages 34 to 59 form part of these accounts

COMPANY CASH FLOW STATEMENT
for the year ended 30 September 2010

	Year Ended 30 Sep 10 £'000	*Year Ended 30 Sep 09* £'000
Cash Flows From Operating Activities		
Operating profit/(loss)	35,456	(6,569)
Depreciation and amortisation	35	2
Other gains and losses	136	–
Share based payment charge	434	1,000
Write down of inter-company balance	2,649	–
Gain on transfer of subsidiary	(31,204)	–
Cash Flows From Operations Before Changes In Working Capital	7,506	(5,567)
Change in trade and other receivables	130	(391)
Change in land, developments and trading properties	(268)	(167)
Change in trade and other payables	(5,061)	5,943
Cash Generated From/(Used In) Operations	2,307	(182)
Finance income	265	515
Dividends from joint ventures	–	10
Tax paid	(154)	–
Cash Flows From Operating Activities	2,418	343
Cash Flows From Investing Activities		
Purchase of fixed asset investment	–	(6,338)
Purchase of plant and equipment	(99)	(1)
Leasehold improvements	(148)	–
Cash Flows Used In Investing Activities	(247)	(6,339)
Cash Flows From Financing Activities		
Issue of shares	372	70,318
Issue costs of shares	–	(2,146)
Loans to joint venture	(274)	(90)
Loans to subsidiaries	(40,226)	8,259
Cash Flows (Used In)/Generated By Financing Activities	(40,128)	76,341
Net (decrease)/increase in cash and cash equivalents	(37,957)	70,345
Cash and cash equivalents at 1 October	96,997	26,652
Cash and Cash Equivalents at 30 September	59,040	96,997

The notes on pages 34 to 59 form part of these accounts

NOTES TO THE ACCOUNTS
for the year ended 30 September 2010

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 14. 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 2009, 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 investment properties and derivatives 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 2009.

The following standards and interpretations have been adopted:

– IFRS 8 "Operating segments" (effective for accounting periods beginning on or after 1 January 2009);

– 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);

– 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);

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

- 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);
- 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);
- IFRIC 15 "Agreements for the construction of real estate" (effective for accounting periods beginning on or after 1 January 2009);
- 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);

The adoption of IFRS 8 has led to a change in the group's segmental reporting such that this is now reported on the basis of internal reporting to the chief operating decision maker, which in the company's case is the board of directors. Under the revised requirements of the new standard management has determined that developments should be disclosed separately from investment property management as, while in management's opinion they form part of a single business segment, the organisational structure of the group means that development activity is disclosed separately internally. As IFRS 8 is purely a disclosure standard, it has had no impact on reported results or financial position.

Additionally, the adoption of the revised version of IAS 1 and the improvements to IFRS 7 have led to some small presentational changes to the group's financial statements. As with IFRS 8, these changes have not impacted results or financial position in any period.

The revised versions of IFRS 3 and IAS 27 have significant impact on acquisition accounting and the treatment of non-controlling interests (formerly minority interests) but only apply prospectively to acquisitions arising after 1 October 2009. The acquisition of the non-controlling interests which technically arose on the acquisition of The Advantage Property Income Trust Limited has been accounted for under the old versions of the standards as it is part of a linked transaction with the original acquisition, having arisen under mandatory compulsory acquisition rights triggered in the financial year ended 30 September 2009.

Furthermore, the amendments to IFRS 1 and IAS 27 mean that it is no longer necessary to automatically deduct dividend income derived from pre-acquisition reserves from the cost of investment in the parent company balance sheet. Instead, the dividend is recognised in the income statement and the investment is assessed for impairment.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

The amendment to IAS 23 will lead to the compulsory capitalisation of interest associated with the acquisition, construction or production of assets that require a substantial period of time to get ready for intended use or sale. This amendment only applies prospectively, although management is of the opinion that retrospective application would not have had an impact on reported financial position or results. The effect of this change in accounting policy will, however, be recognised when development activity on the Group's marina developments increases.

Management has assessed the impact of the other standards and interpretations 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.

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 2010 or later periods but which the Group has not adopted early as follows:

– IFRS 9 "Financial instruments" (effective for accounting periods beginning on or after 1 January 2013)*;

– Revised IAS 24 "Related party transactions" (effective for accounting periods beginning on or after 1 January 2011);

– Amendment to IAS 32 "Financial instruments: presentation" – classification of rights issues (effective for accounting periods beginning on or after 1 February 2010);

– Amendment to IFRS 7 "Financial instruments : disclosures" – transfers of financial assets (effective for accounting periods beginning on or after 1 July 2011)*;

– Amendment to IFRS 2 "Share-based payment" – group cash-settled share-based payment transactions (effective for accounting periods beginning on or after 1 January 2010);

– Amendment to IFRIC 14 "Prepayments of a minimum funding requirement" (effective for accounting periods beginning on or after 1 January 2011);

– IFRIC 19 "Extinguishing financial liabilities with equity" (effective for accounting periods beginning on or after 1 July 2010);

* Yet to be endorsed by the EU

Management continues to monitor the IASB's on-going work on improvements to financial reporting of instruments but does not currently believe that the 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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling 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.

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 The group makes voluntary contributions to the defined contribution plans of certain employees, including directors. A defined contribution plan is a pension plan under which the group pays fixed contributions to a separate entity. The group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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
Furniture and fittings	– 20% per annum

Amortisation The lease of the Company's premises is amortised over the length of the lease.

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.

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 King Sturge, 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.

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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.

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 is 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 is 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.

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.

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 and are subsequently measured at amortised cost using the effective interest rate method. 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. Borrowing costs that are directly attributable to the acquisition, construction or production of assets which necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset.

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

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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 mid-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. Dividend distributions to the company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividend is approved by the Company's shareholders.

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.

Leasing The Group has entered into commercial property leases as lessor of its investment property portfolio. As the terms of these leases do not transfer substantially all the risks and rewards of ownership to the lessee they are classified as operating leases. Rentals receivable under operating leases are credited to income on a straight line basis over the term of the relevant lease. Benefits granted as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

The group leases its office premises. As the terms of the lease do not transfer substantially all the risks and rewards of ownership to the Company, the lease is classified as an operating lease. Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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:

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.

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.

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.

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 22.

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 23.

2. Segmental information

The Group has adopted IFRS 8 Operating Segments with effect from 1 October 2009. IFRS 8 requires the identification of the Group's operating segments which are defined as being discrete components of the Group's operations whose results are regularly reviewed by the board of directors. The Group divides its business into the following segments:

- Investment properties, which are owned or leased by the Group for long-term income and for capital appreciation, and trading properties which are owned or leased with the intention to sell; and,
- Development properties, which include sites, developments in the course of construction and sites available for sale.

NOTES TO THE ACCOUNTS (continued)

2. Segmental information (continued)

There was no revenue or profit/loss relating to the development properties and therefore only the segmented impact of the balance sheet can be reported.

Balance Sheet

	30 September 2010				*30 September 2009*			
	Investment Properties £'000	*Development Properties £'000*	*Other £'000*	*Group Total £'000*	*Investment Properties £'000*	*Development Properties £'000*	*Other £'000*	*Group Total £'000*
Investment properties	151,145	–	–	151,145	151,589	–	–	151,589
Investment in joint ventures	–	5,344	–	5,344	–	5,087	–	5,087
Goodwill	–	3,173	–	3,173	–	3,173	–	3,173
Development & trading properties	–	6,111	–	6,111	3,199	3,889	–	7,088
	151,145	14,628	–	165,773	154,788	12,149	–	166,937
Other assets	8,863	–	60,908	69,771	8,668	–	114,276	122,944
Total assets	160,008	14,628	60,908	235,544	163,456	12,149	114,276	289,881
Liabilities	(44,304)	–	(14,595)	(58,899)	(108,992)	–	(18,844)	(127,836)
Net assets	115,704	14,628	46,313	176,645	54,464	12,149	95,432	162,045

3. Operating profit

Operating profit is stated after charging:

	Year ended 30 Sep 10 £'000	*Year ended 30 Sep 09 £'000*
Audit services – fees payable to the parent company auditors for the audit of the company and the consolidated financial statements	23	27
Non-audit services – fees payable to the company auditor for the audit of the company's subsidiaries pursuant to legislation	35	16
Non-audit services – fees payable to the company auditor for tax services	11	6
Depreciation of owned assets	31	2
Operating lease rentals – land and buildings	148	76
Share based payments charge	434	1,000
Cost of inventories recognised as an expense	5,052	16,338
Write downs of inventories recognised as an expense	(1,830)	(647)
Movement on provision for doubtful debts	(183)	428

Additionally, the company's auditors were paid £nil (2009 – £51,000) 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)

4. Particulars of employees

The aggregate payroll costs of the above were:

	Year ended 30 Sep 10 £'000	*Year ended 30 Sep 09 £'000*
Wages and salaries	1,054	5,525
Social security costs	125	787
Pension costs	20	–
	1,199	6,312

The average monthly number of persons, including executive directors, employed by the Company during the year was seven (2009 – five).

5. Directors' emoluments

	Year ended 30 Sep 10 £'000	*Year ended 30 Sep 09 £'000*
Emoluments (excluding pension contributions)	899	5,459
Pension contributions	20	–
Emoluments of highest paid director	280	2,871
Pension contributions of highest paid director	20	–

Emoluments includes a £nil payment under the Conygar profit sharing plan (2009 – £4.674 million). One (2009: no) director received a contribution to a defined contribution pension scheme in the year as part of a salary sacrifice arrangement. £306,000 of gains were made on the exercise of the share options, none of which were made by the highest paid director.

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 £434,000 (2009: £1,000,000). The aggregate compensation of key management personnel as defined by IAS 24 "Related Party Disclosures" was therefore £1,333,000 (2009: £6,459,000).

6. Other gains and losses

	30 Sep 10 £'000	*30 Sep 09 £'000*
Movement in fair value of interest rate swaps	(611)	–
Other provision	136	(414)
	(475)	(414)

NOTES TO THE ACCOUNTS (continued)

7. Finance income/costs

	Year ended 30 Sep 10 £'000	Year ended 30 Sep 09 £'000
Finance income		
Bank interest	280	652
Finance Costs		
Bank loans	(4,266)	(627)
Loan repayment costs	(2,191)	–
Amortisation of arrangement fees	(339)	–
Notional interest on preference shares	(790)	(75)
	(7,586)	(702)

8. Taxation on ordinary activities

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

	Year ended 30 Sep 10 £'000	Year ended 30 Sep 09 £'000
UK Corporation tax based on the results for the period	589	–
Over provision in prior periods	(44)	(560)
Current tax	545	(560)
Deferred tax	92	212
	637	(348)

(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% (2009 – 28%)

	Year ended 30 Sep 10 £'000	Year ended 30 Sep 09 £'000
Profit before taxation	14,878	13,688
Profit multiplied by rate of tax	4,166	3,833
Effects of:		
Expenses not deductible for tax purposes	123	71
UK dividend income	–	(94)
Gain on acquisition not taxable	(170)	(6,103)
Losses carried forward	–	2,013
Over provision in prior periods	(44)	(560)
Share based payment not deductible for tax purposes	121	492
Schedule 23 deduction in respect of share options	(86)	–
Deferred tax no longer required	92	–
Gains not subject to UK taxation	(1,548)	–
Revaluation gains not taxable	(2,017)	–
Tax charge/(credit) for the year	637	(348)

NOTES TO THE ACCOUNTS (continued)

9. Dividends

The directors have recommended a final dividend of 1 pence per ordinary share in respect of the year ended 30 September 2010 (2009 – nil pence). This final dividend will amount to £1,174,000, if approved at the AGM. In accordance with IFRS it has not been included as a liability in the financial statements.

10. Earnings per share

The calculation of earnings per ordinary share is based on the profit after tax attributable to equity shareholders of £14,219,000 (2009 - £14,004,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 117,203,241 (2009 – 43,398,022). The diluted earnings per share is based on profit for the year of £15,009,000 (2009 - £14,079,000) and on 129,720,010 (2009 – 44,687,082) ordinary shares, calculated as follows:

	2010 *No.*	*2009* *No.*
Basic weighted average number of shares	117,203,241	43,398,022
Diluting potential ordinary shares:		
Employee share options	27,057	292,926
Preference shares	12,489,712	996,134
Total diluted	129,720,010	44,687,082

11. Property, plant and equipment

Group & Company	*Premises Lease £'000*	*Office Equipment £'000*	*Furniture & Fittings £'000*	*Total £'000*
Cost				
At 1 October 2008	–	20	–	20
Additions	–	1	–	1
At 30 September 2009 and 1 October 2009	–	21	–	21
Additions	148	23	76	247
At 30 September 2010	148	44	76	268
Depreciation/Amortisation				
At 1 October 2008	–	12	–	12
Provided during the year	–	2	–	2
At 30 September 2009 and 1 October 2009	–	14	–	14
Provided during the year	4	15	16	35
At 30 September 2010	4	29	16	49
Net book value at 30 September 2010	144	15	60	219
Net book value at 30 September 2009	–	7	–	7

NOTES TO THE ACCOUNTS (continued)

12. Investment properties

Group

	Freehold £'000	*Long Leasehold* £'000	*Reverse Lease Premiums* £'000	*Total* £'000
Valuation at 30 October 2008	–	–	–	–
Fair value with subsidiary	141,357	7,805	2,427	151,589
Addition	–	–	81	81
Disposals	–	–	(41)	(41)
Reverse lease premium amortisation	–	–	(40)	(40)
Valuation at 30 September 2009	141,357	7,805	2,427	151,589
Fair value acquired with subsidiaries	12,593	32,170	–	44,763
Additions	75	(8)	–	67
Disposals	(49,447)	(1,050)	(1,760)	(52,257)
Reverse lease premium amortisation	–	–	(222)	(222)
Movement on revaluation	4,119	3,086	–	7,205
Valuation at 30 September 2010	108,697	42,003	445	151,145

The historical cost of the properties acquired in the year is £73,254,000 (2009 - £226,842,000). The historical cost of properties held at 30 September 2010 is £233,328,000 (2009: £226,842,000).

The properties were valued by King Sturge, independent valuers not connected with the Group, at 30 September 2010 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 £112,310,000 (2009 - £107,935,000) of investment property to secure Lloyds Banking Group debt facilities and £35,235,000 (£2009 - £43,654,000) to secure Capita debt facilities. Further details of these facilities are provided in note 28.

The property rental income earned from investment property, which is leased out under operating leases amounted to £15,098,935 (2009 – £1,235,552).

Gain on sale of investment properties

	30 Sep 10 *£'000*	*30 Sep 09* *£'000*
Gross proceeds on sales of investment properties	58,755	500
Costs of sales	(818)	–
Net proceeds on sales of investment properties	57,937	500
Book value	(52,408)	(73)
Gain on sale	5,529	427

NOTES TO THE ACCOUNTS (continued)

13. Investments

Joint Ventures

	30 Sep 10 *£'000*	*30 Sep 09* *£'000*
At 1 October 2009	5,087	5,047
Share of loss retained by joint ventures	(10)	(39)
Investment in joint venture	267	89
Dividends received	–	(10)
At 30 September 2010	5,344	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 10* *£'000*	*Year ended* *30 Sep 09* *£'000*
Assets		
Current assets	5,348	5,093
	5,348	5,093
Liabilities		
Current liabilities	(4)	(6)
	(4)	(6)
Net Assets	5,344	5,087
Operating loss	(10)	(39)
Finance income	–	–
Loss before tax	(10)	(39)
Tax	–	–
Loss after tax	(10)	(39)

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)

14. Fixed asset investments

Subsidiaries

	Group		*Company*	
	30 Sep 10	*30 Sep 09*	*30 Sep 10*	*30 Sep 09*
	£'000	£'000	£'000	£'000
At 1 October 2009	–	–	31,333	3,217
Additions	–	–	680	28,116
Disposals	–	–	(28,795)	–
At 30 September 2010	–	–	3,218	31,333

The addition in the year arises from the acquisition of the remaining 2.15% of the issued share capital of The Advantage Property Income Trust Limited ("TAP"). As at 8 January 2010, the Company owned 100% of the total issued share capital of TAP. On 30 September 2010, the Company transferred the beneficial interest in its holding in TAP to Conygar Holdings Limited for a total consideration of £60,000,000, being the estimated market value of the beneficial interest at that date.

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 Ltd	Property investment	Guernsey	100%*
TAPP Property Ltd	Property investment	Guernsey	100%*
TOPP Holdings Ltd	Property investment	Guernsey	100%*
TAPP Maidenhead Ltd	Property investment	Guernsey	100%*
TOPP Bletchley Ltd	Property investment	Guernsey	100%*
TOPP Property Ltd	Property investment	Guernsey	100%*
Conygar Stena Line Ltd	Property trading and development	England	50%*
CM Sheffield Ltd	Property trading and development	England	50%*
Conygar Haverfordwest Ltd	Property trading and development	England	60%*
Lamont Property Acquisition (Jersey) I Ltd	Property investment	Jersey	100%*
Lamont Property Acquisition (Jersey) II Ltd	Property investment	Jersey	100%*
Lamont Property Acquisition (Jersey) III Ltd	Property investment	Jersey	100%*
Lamont Property Acquisition (Jersey) IV Ltd	Property investment	Jersey	100%*
Lamont Property Acquisition (Jersey) V Ltd	Property investment	Jersey	100%*
Lamont Property Acquisition (Jersey) VII Ltd	Property investment	Jersey	100%*

* Indirectly owned

NOTES TO THE ACCOUNTS (continued)

15. Goodwill

	Group	
	30 Sep 10	*30 Sep 09*
	£'000	*£'000*
At 1 October 2009 and 30 September 2010	3,173	3,173

The goodwill arose upon the acquisition of the non-controlling 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.

16. Property inventories

	Group		*Company*	
	30 Sep 10	*30 Sep 09*	*30 Sep 10*	*30 Sep 09*
	£'000	*£'000*	*£'000*	*£'000*
Properties held for resale or development	6,111	8,918	3,481	3,213
Write-down of property inventory	–	(1,830)	–	–
	6,111	7,088	3,481	3,213

17. Trade and other receivables

	Group		*Company*	
	30 Sep 10	*30 Sep 09*	*30 Sep 10*	*30 Sep 09*
	£'000	*£'000*	*£'000*	*£'000*
Trade receivables	2,286	4,244	–	–
Provision for doubtful debts	(245)	(428)	–	–
	2,041	3,816	–	–
Amounts owed by group undertakings	–	–	119,449	26,190
Other receivables	132	14,276	192	423
Prepayments and accrued income	57	985	144	43
	2,230	19,077	119,785	26,656

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

NOTES TO THE ACCOUNTS (continued)

18. Trade and other payables

	Group		Company	
	30 Sep 10	30 Sep 09	30 Sep 10	30 Sep 09
	£'000	£'000	£'000	£'000
Amounts owed to group undertakings	–	–	97	5,395
Social security and payroll taxes	45	1,171	45	713
Trade payables	1,300	421	543	–
Other payables	69	5,311	277	154
Accruals and deferred income	4,352	5,766	190	4,835
	5,766	12,669	1,152	11,097

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.

19. Bank loans

	Group		Company	
	30 Sep 10	30 Sep 09	30 Sep 10	30 Sep 09
	£'000	£'000	£'000	£'000
Bank loans	35,586	99,609	–	–
Debt issue costs	(1,496)	(1,485)	–	–
	34,090	98,124	–	–

Details of the financial liabilities are given in note 28.

20. Preference shares

	Group		Company	
	30 Sep 10	30 Sep 09	30 Sep 10	30 Sep 09
	£'000	£'000	£'000	£'000
Preference shares	13,324	12,612	13,324	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 62,313,045 (2009: 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)

20. Preference shares (continued)

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

	30 Sep 10 £'000	*30 Sep 09* £'000
At 30 September 2009	12,612	–
Fair value of preference shares at date of issue	18	13,839
Equity components	(2)	(1,258)
Liability component at date of issue	12,628	12,581
Conversions to ordinary shares in the period at carrying value	(95)	(44)
Notional interest charge	791	75
At 30 September 2010	13,324	12,612

21. Share capital

Authorised share capital:

	30 Sep 10 £	*30 Sep 09* £
140,000,000 (2009 – 140,000,000) Ordinary shares of £0.05 each	7,000,000	7,000,000
150,000,000 (2009 – 150,000,000) Preference shares of £0.01 each	1,500,000	1,500,000

Allotted and called up:

Amounts recorded as equity:

	30 Sep 10 No	£'000	*30 Sep 09* No	£'000
Ordinary shares of £0.05 each	117,391,133	5,870	116,172,721	5,809

Amounts recorded as liability:

	30 Sep 10 No	£'000	*30 Sep 09* No	£'000
Preference shares of £0.01 each (Note 20)	62,313,045	623	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.

During the year, the Company issued 502,992 ordinary shares of £0.05 each in connection with the offer for The Advantage Property Income Trust Limited.

On 10 December 2009, the Company issued 625,000 ordinary shares of £0.05 each in respect of exercises of options under the Conygar Share Option Plan. The aggregate consideration was £372,000.

NOTES TO THE ACCOUNTS (continued)

21. Share capital (continued)

During the year, the Company issued 90,240 ordinary shares of £0.05 each in respect of conversions of 451,200 preference shares. The carrying value of the liability which was treated as consideration for these issues was £93,000 and £9,000 was transferred from equity reserve to reflect the equity elements 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 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
Share issue – 7 October 2009	1.140	350,880	18
Share issue – 20 October 2009	1.155	45,696	2
Share issue – 17 November 2009	1.100	18,049	1
Share issue – 26 November 2009	1.100	1,380	–
Share issue – 10 December 2009	0.595 (average)	625,000	31
Share issue – 14 December 2009	1.100	1,532	–
Share issue – 7 January 2010	1.200	106,416	6
Share issue – 7 January 2010	1.100	21,000	1
Share issue – 2 February 2010	1.100	1,316	–
Share issue – 10 February 2010	1.100	43,297	2
Share issue – 18 August 2010	1.100	3,846	–
At 30 September 2010		117,391,133	5,870

22. Share based payments

Details of options granted over the Company's share capital are given in the Directors' Remuneration Report on page 19. No options were granted in either the current or prior year.

The Group and Company recognised total expenses of £434,000 (2009 – £1,000,000) in relation to equity settled share-based payment transactions.

23. Deferred tax asset

Deferred tax assets are recognised in the accounts as follows:

Group and Company	*30 Sep 10*		*30 Sep 09*	
	Provided £'000	*Not Provided* £'000	*Provided* £'000	*Not Provided* £'000
Share based payments	–	2	92	–
Losses	–	1,464	–	2,103
	–	1,466	92	2,103

NOTES TO THE ACCOUNTS (continued)

23. Deferred tax asset (continued)

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 £'000
At 1 October 2008	304
Debit to profit and loss account	(212)
At 30 September 2009	92
At 1 October 2009	92
Debit to profit and loss account	(92)
At 30 September 2010	–

24. Acquisitions

On 24 November 2009, the Group acquired six Jersey-based companies (the "Lamont portfolio") which hold seven freehold and long leasehold buildings for a total cash consideration of £44,763,000 million. Although effected through the acquisition of separate legal entities, the Lamont portfolio does not in substance constitute a business combination as defined by IFRS 3 and has accordingly been treated as an asset purchase. 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 9.8%. The buildings comprise 562,000 sq ft of lettable space and occupy some 47 acres.

The Group also acquired the remaining 2.15% of the issued share capital of The Advantage Property Income Trust Limited ("TAP") and thereby owned 100% of the issued share capital of the company by 8 January 2010.

NOTES TO THE ACCOUNTS (continued)

24. Acquisitions (continued)

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

	30 Sep 10 £'000	*30 Sep 09* £'000
Share of net assets acquired	1,281	50,984
Non-controlling interests	–	(1,070)
Gain in respect of acquisition	(608)	(21,798)
Total consideration	673	28,116
Satisfied by:		
Ordinary shares at fair value	580	7,939
Preference shares at fair value	17	13,839
Cash	76	5,950
Directly attributable costs	–	388
	673	28,116

25. 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 10 £'000	*30 Sep 09* £'000
Within one year	187	77
In the second to fifth years inclusive	503	61
	690	138

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 10 £'000	*30 Sep 09* £'000
Less than one year	13,950	12,427
Between one and five years	36,791	35,623
Over five years	27,269	17,645
	78,010	65,695

At 30 September 2010, the Group was committed to complete two property transactions. One was the purchase of land at Haverfordwest and the commitment at the balance sheet date was £11,700,000 plus costs. The transaction completed on 4 November 2010.

NOTES TO THE ACCOUNTS (continued)

25. Commitments (continued)

The Group is still committed to complete a purchase of land at Clun Bach, Fishguard, provided a number of conditions precedent relating to the receipt of suitable planning consents are met. A deposit of £36,500 was paid on 4 August 2010 and the remaining commitment of £329,500 plus costs is outstanding at the time of the preparation of these accounts.

26. 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 10	*30 Sep 09*
	£'000	£'000
Subsidiaries		
Conygar Bedford Square Limited	(68)	(5,365)
Conygar Strand Limited	1,289	20,240
Martello Quays Limited	1,276	728
Conygar Holdings Limited	104,511	31
	107,008	15,634

	30 Sep 10	*30 Sep 09*
	£'000	£'000
Joint Ventures		
Conygar Stena Line Limited	5,465	5,191

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

	30 Sep 10	*30 Sep 09*
	£'000	£'000
Secured interest bearing loan	2,445	2,171
Unsecured non-interest bearing shareholder loan	3,020	3,020
	5,465	5,191

During the year, the Company received £nil (2009 – £1,336,000) 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 (2009 – £50,000) in respect of management services.

The Company issued a loan of £5,500,000 to The Advantage Property Income Trust Limited during the year.

During the year, the Company received £10,588,000 of dividend income from Conygar Holdings Limited.

On 30 September 2010, the Company sold the beneficial interest in 100% of the issued share capital of the Advantage Property Income Trust Limited for a total consideration of £60,000,000 to Conygar Holdings Limited.

NOTES TO THE ACCOUNTS (continued)

27. 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 profit for the year amounts to £34,667,000 (2009 loss – £6,334,000).

28. 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 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 £34.5 million of the total loan facilities of £35.6 million for cashflows to 17 February 2015, but no hedge accounting is used.

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 a maximum of 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.

Market Risk

The Group is exposed to market risk primarily related to interest rates. These exposures are actively monitored.

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

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 2010, after taking into account interest rate swaps, 100% of the Group's bank borrowings were at a fixed rate of interest, and the increase on this percentage on last year is due to the fact that the cost of breaking the swap instruments is prohibitively high with swap rates at historic lows. The hedging strategy is currently under review.

NOTES TO THE ACCOUNTS (continued)

28. Financial instruments (continued)

The interest rate profile of the Group bank borrowings at 30 September 2010 was as follows:

	Interest Rate	*Maturity*	*30 Sep 2010* £'000
Lloyds Banking Group (1)	LIBOR +2%	2 – 5 years	20,150
Capita (2)	5.24%	2 – 5 years	15,435
			35,585

(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) Interest rate fixed until 18 January 2013.

The Group also issued 62,902,335 preference shares during the previous 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 2010 there were 62,313,045 (2009: 62,687,730) preference shares in issue and therefore £15,578,000 (2009: £15,672,000) is potentially repayable on 31 December 2011.

Financial Assets

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

	30 Sep 10 £'000	*30 Sep 09* £'000
Fixed rate	–	34,005
Floating rate	67,322	68,822
	67,322	102,827

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.

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, and there were none as at 30 September 2010 (2009 – £nil).

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 two years 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 2010, the Group had a single balance of £278,000 (2009 – £414,000) where the counter-party had failed to honour a notice deposit and a full impairment provision has been recorded against the balance. 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.

NOTES TO THE ACCOUNTS (continued)

28. Financial instruments (continued)

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 2010, TAPP Property Limited maintained a facility with the Lloyds Banking Group of up to £78,000,000 (2009: £78,000,000) under which £20,150,000 (2009 – £67,935,000) 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 and the Lamont companies. 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 2010, TOPP Property Limited maintained a facility with Capita of £35,267,000 (2009: £35,267,000) of which £15,435,000 (2009 – £31,674,000) 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.

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 2010 £'000	*Book Value 30 Sep 2009* £'000	*Fair Value 30 Sep 2010* £'000	*Fair Value 30 Sep 2009* £'000
Financial Assets				
Cash	67,322	102,827	67,322	102,827
Financial Liabilities				
Floating rate borrowings	20,150	67,935	20,150	67,935
Fixed rate borrowings	15,435	31,674	15,250	31,690
Interest rate swaps	5,042	4,431	5,042	4,431
Preference share liability	13,324	12,612	13,324	12,612

NOTES TO THE ACCOUNTS (continued)

28. Financial instruments (continued)

Derivative Financial Instruments

	Protected rate %	*Expiry*	*Market Value at 30 Sep 10 £'000*	*Market Value at 30 Sep 09 £'000*
£21.8 million (2009: £21.8m) swap	5.135	February 2015	(3,182)	(2,234)
£12.7 million (2009: £22.0m) swap	5.15	February 2015	(1,860)	(2,197)
			(5,042)	(4,431)

The valuation of the swaps was provided by JC Rathbone Associates Limited, is a tier 2 valuation 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.

29. Events since the balance sheet date

On 4 November 2010, the Group acquired, for £14 million, 86 acres of land at Haverfordwest, Pembrokeshire, close to the town centre which has outline planning consent for 900 residential units. The consideration was satisfied out of the group's cash resources.

INVESTMENT PROPERTY PORTFOLIO
for the year ended 30 September 2010

Property Address	*Total Area (sq ft)*
Industrial	
Aberdeen	
Aker Village, Kirkhill Industrial Estate	192,219
Brighouse	
Armytage Road	50,390
Clevedon	
Units 5a, 5b, 5c, 6a and 6b Tweed Road Industrial Estate	31,024
Hemel Hempstead	
3 Cherry Trees Lane	91,525
Kettering	
Travis Perkins/Kettering Tiles, Linnell Way	18,329
Leicester	
Cambridge Road, Whetstone Business Park	161,577
Livingston	
3/3a Baird Road, Kirkton Campus	13,752
Livingston	
1 Simpson Parkway, Kirkton Campus	32,821
Livingston	
Development Site, Kirkton Campus	–
Milton Keynes	
Advantage One, Third Avenue, Bletchley	28,348
Northampton	
51 Caswell Road, Brackmills	–
Oldbury	
Crystal Drive, Sandwell Business Park	127,845
Portsmouth	
Units A and B, Fisher Grove, Farlington	20,598
Runcorn	
Units 1001 / 1004 Lime Court, Manor Park	56,153
Stratford Upon Avon	
Swan Development, Avenue Farm Industrial Estate	33,965
Telford	
Unit C, Hortonwood	31,950
Uddingston	
Unit 6, Bedlay View, Tannochside Park	31,102

INVESTMENT PROPERTY PORTFOLIO (continued)
for the year ended 30 September 2010

	Total Area (sq ft)
Witham	
3, 16 and 18 Freebournes Road	145,902
Worcester	
Unit 15b Blackpole Trading Estate	100,135
Leisure	
Dundee	
Kingscourt Leisure Complex, Douglas Road	87,360
Offices	
Farnborough	
Brennan House, Farnborough Aerospace Centre	30,010
Fleet	
Integration House, Ancells Business Park, Rye Close	11,679
Fleet	
Waterfront Business Park, Fleet Road	36,739
Leeds	
Brunswick Point	62,873
Livingston	
1 Garbett Road, Kirkton Campus	5,032
Livingston	
6 Fleming Road, Kirkton Campus	10,108
Maidenhead	
Geoffrey House, Vanwall Business Park	29,460
Reading	
AdVantage Reading, Castle Street	24,915
Swindon	
Pagoda Park, Westmead Drive	41,112
Warrington	
Kelvin II, Kelvin Close, Birchwood Park	50,553
Warrington	
The Links, Kelvin Close	53,185
Welwyn Garden City	
Units 1-6 Silver Court, Watchmead	46,751
Whetstone	
Brook Point, 1412 – 1420 High Road	13,194

INVESTMENT PROPERTY PORTFOLIO (continued)
for the year ended 30 September 2010

	Total Area (sq ft)
Retail	
Ayr	
156 and 158 – 160 High Street	8,601
Ayr	
52/56 Newmarket Street	7,717
Bletchley	
The Brunel Centre	96,644
Felixstowe	
York House, 96 – 102a Hamilton Road	19,545
Hinckley	
70 – 76 Castle Street	5,367
Horsham	
7 West Street	4,929
Rugeley	
Shrewsbury Arms Shopping Mall, High Street	9,633
Retail Warehouse	
Birmingham	
Trident Retail Park	29,485
Coventry	
Halfords, 36 Foleshill Road	14,888
Derby	
Southgate Retail Park, Normanton Road	52,376
Total Area	1,919,791

Regional Distribution	*Valuation (%)*
South East	43.34%
Eastern	3.34%
East Midlands	8.38%
Yorkshire & Humberside	2.68%
Scotland	25.70%
North West	9.03%
West Midlands	7.53%
Total	**100.00%**

INVESTMENT PROPERTY PORTFOLIO (continued)
for the year ended 30 September 2010

Sector Distribution	*Valuation (%)*
High Street Retail (South East)	0.95%
High Street Retail (Rest of UK)	4.15%
Shopping Centres	5.92%
Retail warehousing	5.84%
Offices (South East)	22.80%
Offices (Rest of UK)	15.67%
Industrial (South East)	5.44%
Industrial (Rest of UK)	34.47%
Leisure	4.76%
Total	**100.00%**

GLOSSARY OF TERMS

AIM	The Alternative Investment Market of the London Stock Exchange
EPRA	European Public Real Estate Association
EPRA EPS	A measure of earnings per share designed by EPRA to present underlying earnings from core operating activities
EPRA NAV	A measure of net asset value designed by EPRA presenting net asset value excluding the effects of fluctuations in value in instruments that are held for long term benefit, net of deferred tax
EPS	Earnings per share, calculated as the earnings for the period after tax attributable to members of the parent Company divided by the weighted average number of shares in issue in the period
Equivalent Yield	The constant capitalisation rate which, if applied to all cash flows from an investment property, equates to the market rent
Net Initial Yield	Annual net rents expressed as a percentage of the investment property valuation
NAV	Net asset value
Reversionary Yield	The anticipated yield which the Net Initial Yield will rise to once the rent reaches the ERV
Conygar	The Conygar Investment Company PLC
TAP	The Advantage Property Income Trust Limited
Loan to Value	The amount of borrowing divided by the value of investment property expressed as a percentage
PBT	Profit before taxation
UK	United Kingdom
ERV	Estimated Rental Value being the open market rent as estimated by the Company's valuers
NNNAV or Triple Asset Value	A measure of net asset value taking into account asset revaluations, the fair value of debt and any associated tax effects
Passing Rent	The annual gross rental income excluding the effects of lease incentives
Tenant Break	An option in a lease for a tenant to terminate that lease early
Lease Re-gear	A mutual re-negotiation of a lease between landlord and tenant prior to a lease expiry date
Average Unexpired Lease Length	The average unexpired lease term expressed in years weighted by rental income
Rent-Free Period	A lease incentive offering the tenant a period without paying rent
Vacancy Rate	The estimated rental value of vacant properties expressed as a percentage of the total estimated rental value of the portfolio

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 5 January 2011 at 3.00 p.m. for the following purposes:

Resolutions 1 to 6 are ordinary resolutions and resolutions 7, 8, and 9 are special resolutions.

ORDINARY BUSINESS

Ordinary Resolutions

1 To receive the Company's annual accounts for the financial year ended 30th September 2010 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 30th September 2010.

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:

Nigel Jonathan Hamway

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

Peter Andrew Batchelor

6 To declare a final dividend of one pence per Ordinary Share in respect of the year ended 30 September 2010. This dividend will be paid on 10 January 2011 to the holders of Ordinary Shares at close of business on 10 December 2010.

SPECIAL BUSINESS

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 £5,000,000.00 (comprising 100,000,000 Ordinary Shares (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.

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

NOTICE OF ANNUAL GENERAL MEETING (continued)

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 £5,000,000.00 (comprising 100,000,000 Ordinary Shares (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 17,608,669 (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% 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.

Registered Office
Fourth Floor
110 Wigmore Street
London
W1U 3RU

By Order of the Board
P A Batchelor
Company Secretary

30 November 2010

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.

NOTICE OF ANNUAL GENERAL MEETING (continued)

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 24 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 24 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.

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 3.00 p.m. on 3 January 2011 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.

NOTICE OF ANNUAL GENERAL MEETING (continued)

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/us 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 5 January 2011 at 3.00 p.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 2010.			
2	To approve the directors' remuneration report for the financial year ended 30 September 2010.			
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: Nigel Jonathan Hamway.			
5	To re-appoint the following director who retires by rotation: Peter Andrew Batchelor			
6	To declare a final dividend of 1 pence per Ordinary Share.			
7	To give a directors' authority to allot relevant securities up to an aggregate nominal amount of £5,000,000.00.			
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 17,608,669			

Names of joint holders (if any) ....

Date ....

Signed ....

Notes:

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 24 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 24 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.

Perivan Financial Print 219997