CONYGAR

The Conygar Investment Company PLC

Report And Accounts
30 September 2011

YEAR ENDED 30 SEPTEMBER 2011

The Conygar Investment Company PLC, the property investment and development company announces its results for the year ended 30 September 2011.

HIGHLIGHTS

- 2011 was another successful year for Conygar.
- NAV per share of 155.2p was up 3.1% (2010: 150.5p). EPRA NAV per share increased by 2.5% to 153.9p (2010: 150.1p).
- Final dividend proposed for the year of 1.1p per ordinary share.
- Progress made on the development land bank with expenditure in the year of £14.8 million. Purchased 93 acres of residential development land at Haverfordwest, Pembrokeshire. Conditional disposal of 9 acres to Sainsbury's to build a 60,000 square foot food store.
- Strong cash flow and debt capacity for future acquisitions, with total cash and undrawn committed facilities exceeding £85 million.
- Sold £13.5 million of investment properties.
- Share buy back: the Group acquired 17.2% of its ordinary share capital at a weighted average price of 116.1p per share.

Summary Group Net Assets As At 30 September 2011

	£'m	Per Share p
Investment Properties	139.2	136.3
Development Projects	29.4	28.8
Cash	35.7	35.0
Other Net Liabilities	(4.7)	(4.7)
	199.6	
Bank Loans	(33.7)	(33.0)
Preference Shares	(7.4)	(7.2)
	158.5	155.2

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. 04907617

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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)

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P A Batchelor

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Registered Number
04907617

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CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results

The year ended 30 September 2011 has been another successful and effective year for Conygar. In these difficult economic times, we have continued to grow net asset value per share and have a strong balance sheet. We are pleased to be able to report a net asset value per share of 155.2p, which is an increase of 3.1% from last year. The major components of that growth are the profit after tax of £1.1 million and the impact of the share buy back. Net asset value was £158.5 million compared with £176.6 million at 30 September 2010, however, the Group spent £24.6 million on share buybacks during 2011 and paid a dividend of £1.2 million. Excluding these, net assets increased by 4.3%. On an EPRA basis net asset value per share increased by 2.5% to 153.9p.

The profit before taxation for the year was £1.8 million (2010: £14.9 million). However, the previous year included a £5.5 million profit from sale of properties and a revaluation gain of £7.2 million. Net property income was £10.0 million (2010: £12.4 million) before financing and overheads. The uncertain timing of our acquisition, sales and development expenditure mean that our profits cannot be expected to be a smooth progression. We are not an earnings or income yield business: our focus is on net asset value growth.

However, the Group has generated profits after tax of £29.4 million in the last three years, with a return on equity averaging 7.1% pa. This is despite a deliberate policy of holding cash for investment opportunities which depresses returns. If adjusted for cash, the net return rises to 16.4% pa which, given the economic turmoil since October 2008, is a creditable performance.

The Group's investment properties as at 30 September 2011 were independently valued at £139.2 million and have an annual contracted rent roll of £12.1 million. On a like for like basis with last year, the portfolio remained broadly flat, showing a small overall gain of £401,000. In view of the secondary and regional nature of the portfolio, we are pleased that value was maintained, reflecting the active asset management work protecting value.

The development land bank continues to be held at cost of £29.4 million, after additions of a further £14.8 million during 2011. We will revalue it once the various planning issues are sufficiently advanced so that a sensible appraisal can be produced. These projects represent a considerable amount of potential upside and we continue to invest time, money and effort into bringing them to fruition. We are particularly encouraged by our conditional disposal of 9 acres at Haverfordwest to Sainsbury's, for a food store, with whom we hope to develop other opportunities. The waterfront projects move ahead, albeit in a difficult market and we are pleased to have been able to access certain infrastructure grant funds. All of these matters are covered in more detail under Business Review on page 8.

Acquisitions and disposals

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. In June 2011, we acquired a further 7 acres adjoining the site for £0.3 million.

The Group disposed of four investment properties during the year at Whetstone Business Park, Leicester; Southgate Retail Park, Derby; Fishers Grove, Portsmouth and Caswell Road, Northampton for total net proceeds of £13.5 million, generating a small surplus of £167,000 over valuation. We will continue to dispose of assets as opportunities arise and where no further value can be added by the Group.

Dividend

The Board is pleased to recommend a final dividend of 1.1p per ordinary share in respect of the year ended 30 September 2011 to be paid on 10 January 2012 to shareholders on the register on 9 December 2011. This is an increase of 10% over last year which reflects the continued progress of the business. The Board has decided against the payment of interim dividends.

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

Share Buy Back

Having announced the share buy back programme last year, the Group acquired 21,237,981 ordinary shares representing 17.2% of its ordinary share capital, at a weighted average price of 116.1p per share. This used cash of £24.65 million and, as a result of the buy backs, net asset value has been enhanced by approximately 7.6 pence per share or 5.05%.

We continue to be disappointed by the discount of the share price to the net asset value per share and will utilise the share buy back authority where it makes sense to do so.

Financing

At 30 September 2011, the Group had cash of £35.7 million available to pursue investment opportunities which, when combined with funds available from the committed bank facility, increases to £85 million. This excludes any further finance available in respect of new acquisitions. Bank debt was £34.8 million compared with £35.6 million last year. The Group continues to have net cash and bank debt was at 25% loan to value overall.

During November 2011, the Group re-couponed its existing interest rate swaps from 2.38% to 1.33%, having already reduced them during the year from 5.2%. Aside from reducing the on-going interest rate charge in the income statement, we retain the hedging protection on 85% of our external bank debt and the weighted average cost of all debt including margin has fallen to 4.44%.

Also during November 2011, the Group drew down £33 million from its facility with Lloyds Banking Group for potential use on acquisitions. This increases bank debt to £64.4 million or 46% loan to value, ignoring cash. The Group takes the view that the ability to deploy cash quickly remains a major competitive advantage when competing for acquisition opportunities.

Summary of Group Net Assets

The Group net assets as at 30 September 2011 may be summarised as follows:

	£'m	*Per Share p*
Investment Properties	139.2	136.3
Development Projects	29.4	28.8
Cash	35.7	35.0
Other Net Liabilities	(4.7)	(4.7)
	199.6	
Bank Loans	(33.7)	(33.0)
Preference Shares	(7.4)	(7.2)
	158.5	155.2

Outlook

It is extremely difficult to determine the outlook in a world that veers from one crisis to another. Our policy remains that of sticking to what we know best and rigorously searching for undervalued assets and development opportunities. We will continue to realise assets where we believe we can add no further value.

Generally, the banks still have not de-geared their property books and those that have, now require more capital to cover other exposures, with the European crisis adding further uncertainties and capital requirements. Many borrowers still have to re-finance expiring loans, but recent experience shows that

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

banks are reluctant to face the challenge of non-performing loans and asset value shortfalls. The full effects of the austerity measures have yet to bite, and the coming years will be difficult. We have been consistent in our message throughout: this situation requires careful management, patience and, most of all, nerve.

For Conygar, the outlook remains positive and we are starting to see the benefits of our strategy coming through. The balance sheet remains strong and, most important of all, liquid. Our development projects are starting to bear fruit and we continue to invest in these projects which will produce good returns in the medium term. Our investment property portfolio continues to hold up very well in a difficult environment owing to the massive amount of work by our team on asset management and we continue to evaluate opportunities in a highly selective and disciplined way. We would like to announce another deal but we will not overpay just to be able to do that.

We believe that Conygar is stronger today than it was in 2008, when the world went awry. We have shown growth in net assets, have been consistently profitable and have guarded our liquidity for the opportunities which will surely come, including where appropriate, share buy backs.

We remain very positive about the future for your business.

N J Hamway
Chairman

R T E Ware
Chief Executive

29 November 2011

BUSINESS REVIEW

Investment Properties

Summary of portfolio

	2011	*2010*
Valuation at 30 September	£139,150,000	£151,145,000
Number of properties	41	45
Contracted rent (pa)	£12,070,501	£13,350,440
Current ERV (pa)	£13,665,893	£14,704,211
Net initial yield	7.86%	8.25%
Equivalent yield	8.92%	8.84%
Reversionary yield	9.35%	9.18%
ERV of vacant units (pa)	£1,611,451	£2,063,236
Vacancy rate	11.19%	14.03%
Average unexpired lease lengths	5.21 years	5.92 years

Asset management

At 30 September 2011, the contracted rent for the investment property portfolio was £12.1 million with an ERV of £13.7 million. The ERV of vacant space is £1.6 million of which Advantage, Reading and Brunswick Point, Leeds account for 50% by rental value. This has reduced from 71% in 2010 owing to the successful letting of part of Advantage, Reading (see below). The overall vacancy rate in the portfolio is 11.19% down from 14.03% in 2010 and whilst there remains much to do this is a pleasing trend. We continue to seek out occupiers and can afford to be highly competitive, however, the challenge remains a significant one, particularly outside London.

In terms of lettings:

- We agreed 12 new lettings contributing £616,141 pa of new income at an aggregate premium of 1.03% to ERV.
- We agreed 8 lease renewals retaining £681,691 pa of income at an aggregate discount of 1.75% to ERV.
- We agreed 3 rent reviews at £70,500 pa of income at an aggregate discount of 6.37% to ERV.

The highlights include:

Advantage, Reading

In March 2011, we let 8,448 square feet at Advantage, Reading to Atex Group Limited on a twelve year lease, with a tenant only break at year seven. The rent is £185,856 pa, subject to fixed uplifts for which the tenant is receiving a two year rent free period. We have agreed to finance the tenant fit-out of £350,000 which will be repaid in eight quarterly instalments. The tenant has also taken the right of first refusal over another floor. This is an important letting as this is the largest void in the portfolio and Reading is a competitive occupier market. Having attracted one occupier, we are already seeing interest from other potential occupiers.

Unit 11/13 Brunel Centre, Bletchley

We have let a 2,975 square foot, previously vacant, unit to Brighthouse on the basis of 10 years from March 2011, with a tenant break after five years. The rent will be £17,500 pa rising to £37,000 in year two and £40,000 thereafter. We have made a capital contribution of £60,000 towards their fit-out costs. This both reduces the void and enhances the value of this property.

BUSINESS REVIEW (continued)

Kingscourt Leisure Complex, Dundee

A 5,666 square foot unit has been let to Laser Quest for a period of 10 years from April 2011 at £26,895 pa, with a mutual break after five years. This unit has been vacant since the property was constructed, so is a significant breakthrough and has generated interest in two further vacant units which are currently under negotiation.

Armytage Road, Brighouse

A new lease was completed to the existing tenant, Owens Corning, on the basis of 10 years from September 2011, with a tenant only break in 2016. The passing rent of £155,000 pa has been maintained with a six month rent free period.

Sandwell Business Park, Oldbury

The tenant, Cadbury UK Limited, has now undertaken a £2 million refurbishment of this property and has re-occupied it as one of the four core Cadbury distribution hubs in the UK. This re-affirms the commitment of Cadbury to this 128,305 square foot warehouse/distribution unit which is let to them until September 2020 at £725,000 pa.

We have also begun a number of refurbishment initiatives, incurring some £1,079,000 of capital expenditure during 2011 and this level of capital expenditure will likely continue in 2012. In particular, we are upgrading Waterfront Business Park, Fleet; York House, Felixstowe and Silver Court, Welwyn Garden City. However, we have chosen to defer our proposed £2 million refurbishment of Brunswick Point, Leeds. The extremely weak occupier market in Leeds means little likelihood of realising adequate value for that level of expenditure and the funds can be better employed elsewhere.

By their nature, most of our transactions remain relatively small but the team is highly focussed on actively managing the portfolio to protect the income and cash flow. As ever, we try to ensure close contact with tenants and to chase debts promptly. Clearly we cannot buck the market and, in particular, retail tenants are under enormous pressure. We try to work with them to manage the situation, often with success, but occasionally we must bow to the inevitable. We typically collect 93-98% of rent within ten days and arrears are less than 1% of the rent roll.

Disposals

The Group disposed of four investment properties during the year at Whetstone Business Park, Leicester; Southgate Retail Park, Derby; Fishers Grove, Portsmouth and Caswell Road, Northampton for total net proceeds of £13.5 million, generating a small surplus of £167,000 over valuation.

The largest asset disposed of was Whetstone Business Park, Leicester which accounted for £6.97 million of the total net sale proceeds, having been acquired as part of the Lamont portfolio in 2009 for £6.58 million. It was over rented with a tenant not in occupation and wishing to exit the lease in 2014. Whilst the income was good in the short term, we could only see downward pressure on the valuation, so we opted to sell and achieved a good price in this market.

The other significant asset was Southgate Retail Park, Derby which was sold for £4.74 million or 3.5% ahead of valuation. This property had a number of vacant retail units, with little occupational demand in a competitive over-supplied market.

We will continue to dispose of assets as opportunities arise and where no further value can be added by the Group.

BUSINESS REVIEW (continued)

Valuation

The investment property portfolio has been independently valued by Jones Lang LaSalle (who acquired King Sturge LLP in 2011) at £139.2 million as at 30 September 2011, comprising £97.4 million for the TAP portfolio and £41.8 million for the Lamont portfolio. The total portfolio increased in value by £401,000, so broadly flat compared with 2010.

There continues to be considerable downward pressure on values of property outside London owing to a flat investor market, scarce finance and tenants' businesses operating in a tough economic climate. Active asset management is required to protect value and our investment in capital expenditure is all financed out of surplus cash flow from the portfolio.

Development Projects

Haverfordwest

In November 2010, we purchased 86 acres of land at Haverfordwest, Pembrokeshire, close to the town centre for £14 million. This has planning consent for 900 residential units. We subsequently acquired a further 7 acres adjoining our site for £0.3 million taking our total site to 93 acres.

We have now exchanged contracts with Sainsbury's for the sale of 9 acres for a supermarket, subject to the obtaining of a suitable planning consent. We intend to submit a planning application early next year for a retail food store comprising 60,000 square feet of sales floor space, a restaurant, a 500 space car park and filling station. Our application will also include proposals for circa 800 residential plots on our remaining site. We have held a joint public exhibition of the proposals with Sainsbury's and we can now finalise our application.

The acquisition of this site in this challenging economic climate was, we believe, opportune at a cost of less than £15,000 per plot. The addition of Sainsbury's will significantly change the economics of the project and, if successful, will enable us to bring forward the residential development, having more than covered all our infrastructure and services costs through the net proceeds from Sainsbury's. It is too early to ascertain the exact figures until the planning application is submitted and consultation underway.

Holyhead Waterfront

The planning application has been submitted for a mixed use development. The application includes plans for 385 apartments and townhouses, a 500 berth marina, 50,000 square feet of retail, leisure, restaurants, hotel and office space, with a very flexible design layout and in prime location overlooking the marina. We are also making a provision for various local amenities and visitor attractions. The site covers in excess of half a mile of water frontage and is being developed jointly with Stena Line Ports Limited. Conygar has spent £8.61 million to date and additional funding and development partners will be introduced as the scheme progresses.

The Council has now received all statutory and non-statutory consultation responses and we have held various meetings with local planning officers to establish what further work is required in order that the Council can take the application forward to a determination at committee. As anticipated, we have had a wide range of responses some of which require further work. We are confident that all issues can be adequately addressed by our design team and we are seeking a determination during the first quarter of 2012.

Parc Cybi Business Park, Holyhead

We continue to market our development site at Parc Cybi, and discussions are ongoing with several transport operators, as well as the logistics industry supporting the nearby £15 billion nuclear power project at Wylfa. We were pleased to have received the go-ahead from the Welsh Government Business

BUSINESS REVIEW (continued)

Minister for the purchase of a further 9 acres in order to develop a transport hub and lorry park for approximately 140 heavy goods vehicles. We hope to submit a planning application in respect of this much needed facility within the next three months. This has taken a considerable amount of lobbying by our development team but we are delighted that the project has now received the political support it requires. In addition, the employment creation associated with the scheme has enabled us to secure the offer of substantial funding from the Wales European Funding Office. Finally, the Welsh Government has recently announced that Anglesey will be designated as an Enterprise Zone and whilst the exact benefits are still being determined, it is highly likely that enhanced capital allowances and business rate reliefs will form part of any incentives, giving developments such as Parc Cybi a major boost.

Fishguard Waterfront

In October 2011, we submitted, in conjunction with Stena Line Ports Limited, a planning application for a mixed use marina development at Fishguard in West Wales. The main elements of the scheme include a 450 berth marina with workshops, stores and ancillary facilities; 253 new residential apartments incorporating extensive landscaped gardens and a 19 acre platform for the potential expansion of the existing Stena Line port. The end value of the development is expected to be in excess of £100 million.

We are particularly pleased to be working with our partners at Holyhead, Stena Line, and to have received the support of Pembrokeshire County Council and The Crown Estate, who own much of the surrounding harbour area. The proposal will transform the area, create much needed employment opportunities and further enhance and ensure the future of the commercial port.

Clearly, the planning process for such a comprehensive proposal will attract considerable scrutiny but we believe the economic drivers for the plans are strong and the backing received thus far is extremely encouraging. We expect to be able to report further progress in May 2012, by which time we are hopeful of receiving planning consent.

Fishguard Lorry Stop and Distribution Facility

We have recently completed the acquisition of this 11 acre site in Fishguard for £330,000 which is sited near the Stena Line owned port. In May 2011, we obtained outline planning consent for a lorry stop and distribution park. The proposal includes a secure 24 hour truck stop together with approximately 190 spaces for tractor and trailers, vehicle refuelling and wash facilities, plus an amenity building. There will also be around 30,000 square feet of industrial and warehousing units to support the lorry stop.

As this project will also offer significant employment and infrastructure benefits to the community, we believe we will secure an offer of grant funding from the South West Wales Property Development Fund and discussions are currently taking place with both hauliers and the port operator, Stena Line. It is our intention to start development once we have secured sufficient pre-lets.

Pembroke Dock Waterfront

Work on the various design and engineering solutions continues at this £100 million development of the Pembroke Dock Waterfront in West Wales. We were pleased to report that the client group, comprising Pembrokeshire County Council, the Welsh Government, the Crown Estate and the Milford Haven Port Authority, recognising the current state of the market, has consented to our adopting a phased approach, which is a massive boost to the project, as it permits the first phase of the project to begin sooner than would otherwise have been the case. We are in discussions with several potential tenants with a view to moving ahead with the first phase, which in turn will kick-start the entire development.

King's Lynn, Norfolk

In August 2011, we acquired a 6 acre residential development opportunity, which was under the control of the Irish NAMA vehicle, with planning permission for 94 dwellings near to King's Lynn, Norfolk for

BUSINESS REVIEW (continued)

£799,000. In addition to the residential development, the site offers some potential for mixed or commercial uses, subject to planning. We are currently looking at options to improve the scheme which offers good potential upside, subject to current market conditions.

Aberystwyth

In November 2011, in conjunction with Sainsbury's, we have taken an option to purchase a site at Aberystwyth Park Lodge, Aberystwyth. We are looking to develop a food retail supermarket together with a petrol filling station and car park. This is at a very early stage but work has commenced on a planning application which will be submitted as soon as possible. We hope to be able to report further on this in due course.

Summary of Development Projects

The expenditure in the year on our development land bank amounted to £14.8 million, reflecting the progress made on all development projects. Our total investment to date is now £29.4 million at cost (analysed below) or 29p per share. We consider that, as the projects continue to progress, they will deliver potentially significant upside.

Our three waterfront developments are expected to develop in excess of 1,200 waterside homes and 1,400 marina berths, together with mixed use supporting development. Our other development sites, such as Haverfordwest, add the potential for a further 890 homes and the possible development of a new 60,000 square foot Sainsbury's retail food store. The two development projects at Parc Cybi, Holyhead and Fishguard Lorry Stop complement the waterfront developments through the development of much needed lorry stop and storage facilities. There are several other projects at an early stage or in negotiation.

It is extremely difficult to provide shareholders with a meaningful guide as to valuation of the various projects. The mysteries of the planning process and the early stage of the projects make accurate costing and predictions unreliable, in our opinion. It is our intention to introduce third party valuations as soon as it is meaningful to do so. Suffice to say, we are comfortable that carrying the projects at cost is the prudent thing to do. However, we believe that there is significant upside in these projects which will become evident over the medium term.

	2011	*2010*
	£'m	*£'m*
Haverfordwest	14.69	1.41
Holyhead Waterfront	8.61	8.47
Pembroke Dock Waterfront	4.41	4.40
King's Lynn	0.80	-
Fishguard Waterfront	0.58	0.35
Parc Cybi, Holyhead	0.18	-
Fishguard Lorry Stop	0.15	-
Total investment to date	29.42	14.63

FINANCIAL REVIEW

Net Asset Value

The net asset value at the year end was £158.5 million (2010: £176.6 million) representing a 10.2% decrease in the period. The primary movement was the £24.6 million spent on purchasing own shares.

On an EPRA basis, the net asset value is:

	2011	*2010*	*2009*
	£'m	*£'m*	*£'m*
Net asset value	158.5	176.6	160.9
Preference share liability	7.4	13.3	12.6
Diluted net asset value	165.9	189.9	173.5
Fair value of hedging instruments	1.4	5.0	4.4
EPRA net asset value	167.3	194.9	177.9
EPRA NAV per share	153.9p	150.1p	138.2p
Basic NAV per share	155.2p	150.5p	138.5p
Diluted NAV per share	152.7p	146.3p	134.8p

The EPRA net asset value is calculated on a fully diluted basis and 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 and NNNAV.

Revaluation

The Group's investment properties were independently valued by Jones Lang LaSalle as at 30 September 2011. In their opinion, the open market value of the investment property portfolio was £139.2 million. The total portfolio increased in value by £401,000 over the year.

Cashflow

The Group used £11.9 million cash in operating activities (2010: £15.5 million generated), of which £14.7 million was incurred as expenditure on development and trading properties.

The Group generated a further £13.5 million cash from the sale of investment properties and spent £24.6 million on the purchase of own shares resulting in an overall cash outflow of £31.6 million during the year.

FINANCIAL REVIEW (continued)

Net Income From Property Activities

	2011	*2010*
	£'m	*£'m*
Rental income	13.0	15.4
Direct property costs	(3.0)	(3.0)
Rental surplus	10.0	12.4
Sale of trading properties	–	3.1
Direct costs of trading properties sold	–	(3.2)
Trading (deficit)	–	(0.1)
Sale of investment properties	13.5	58.8
Cost of investment properties sold	(13.3)	(53.3)
Gain on sale of investment properties	0.2	5.5
Total net income arising from property activities	10.2	17.8

Administrative Expenses

The administrative expenses for the year ended 30 September 2011 were £5.2 million, an increase of 73% from the previous year. The primary reasons for this are the profit share payment of £2.6 million to the executive directors and a reduction of £0.9 million in fees incurred in respect of abortive transactions. The majority of other costs arise as a result of the Group being quoted on AIM with no significant changes in 2011.

Taxation

The tax charge for the year of £0.7 million on the pre-tax profit of £1.8 million represents an effective tax charge of 39% (2010: 4.0%). Tax is payable at the full UK corporation tax rate of 27% on net rent income after deduction of finance costs and administrative expenses. The current year tax charge is higher owing to the preference share interest being non-deductible. There is no tax payable in respect of investment property capital gains or any reduction uplift, which is the main reason for the low effective tax rate in the prior year.

Financing

At 30 September 2011, the Group had cash of £35.7 million increasing to £62.6 million in November 2011 following a drawdown of £33 million from the Lloyds Banking Group facility. Following this drawdown, the Group has unutilised facilities of £22 million.

The bank debt at 30 September 2011 was £33.7 million increasing to £64.4 million in November 2011. This remains the only debt within the Group and is non-recourse to the parent company. The loan to value is 46% so there is capacity to raise further funding should it be required. This excludes any further finance that might be released from re-financing any cash funded acquisitions.

The interest rate risk on the facility continues to be managed by way of interest rate swaps. During November 2011, the Group re-couponed its existing interest rate swaps from 2.38% to 1.33%, having already reduced it during the year from 5.2%. This significantly reduces the ongoing interest rate charge in the income statement whilst retaining the hedging protection. 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 30.

The finance costs for the year amounted to £3.9 million (2010: £7.6 million), primarily consisting of £2.8 million bank loan interest (2010: £4.3 million). Loan repayment costs fell from £2.2 million to £48,000. Finance income amounted to £0.2 million (2010: £0.3 million) reflecting the low returns on short term cash deposits.

CORPORATE GOVERNANCE REPORT

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.

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.

CORPORATE GOVERNANCE REPORT (continued)

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 2012 can be found in the notice of the meeting on page 66.

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 2011 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 was at 30 September 2009.

In addition, the increase in adjusted net asset value per share must exceed a hurdle of 6% compounded annually since the last high watermark (134.8p at 30 September 2009).

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.

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	23	6
M D Wigley	25 October 2007	23	6

Mr Ware and Mr Wigley 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	*2011* £'000	*2010* £'000
Executive Directors						
R T E Ware	300	1,192	–	–	1,492	300
P A Batchelor	250	662	–	–	912	250
P M C Rabl	75	398	–	–	473	94
S M Vaughan	175	398	–	–	573	175
Non-Executive Directors						
N J Hamway	–	–	–	60	60	60
M D Wigley	–	–	–	40	40	40
	800	2,650	–	100	3,550	919

No non-cash benefits were paid to Directors.

Fees of £38,250 (2010: £51,000) were also paid to Amberhook Properties Limited, a company controlled by Mr P M C Rabl.

DIRECTORS' REMUNERATION REPORT (continued)

Profit Sharing Plan

The Group profit sharing plan has triggered a payment of £2.65 million to the executive directors, having exceeded the net asset growth hurdle of a compounded 6% per annum over the two years since the plan last paid out. In that period, the Group has earned £19.7 million in profits before taxation and profit share. The profit sharing plan requires that the executive directors reinvest at least 50% of their after-tax bonus in shares which must be held for a minimum of two years. However, the executive directors are reinvesting 75% of their after-tax bonus in shares. The non-executive directors consider it essential to continue to reward good performance. This further investment in shares will align the Board's interests even more closely with those of the other shareholders and the Board will own over 8.7% of the shares after these purchases.

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 2010 No.*	*Awarded during the year No.*	*Exercised during the year No.*	*Expired unexercised during the year No.*	*At 30 September 2011 No.*
R T E Ware	(b)	£1.185	650,000	–	–	–	650,000
	(c)	£2.00	2,025,000	–	–	–	2,025,000
P A Batchelor	(b)	£1.185	425,000	–	–	–	425,000
	(c)	£2.00	550,000	–	–	–	550,000
S M Vaughan	(a)	£0.90	130,000	–	–	–	130,000
	(b)	£1.185	325,000	–	–	–	325,000
	(c)	£2.00	645,000	–	–	–	645,000

The options are exercisable between the following dates:

(a) 10 March 2006 and 10 March 2014

(b) 15 March 2009 and 15 March 2016

(c) 19 February 2009 and 19 February 2017

The directors may only exercise the options awarded to them in respect of (a) 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) have vested.

Options awarded under (b) and (c) 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 (b) and accordingly they have vested.

DIRECTORS' REMUNERATION REPORT (continued)

The market price of the company's shares on 30 September 2011 was 96.5 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	120.0p	92.5p

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

This report was approved by the Board on 29 November 2011 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 2011.

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 30 on pages 56 to 60.

Significant Events Since the Balance Sheet Date

Details of significant events since the balance sheet date are contained in note 31 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 1.1 pence per ordinary share in respect of the year ended 30 September 2011 (2010 – 1 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 2011	*At 1 October 2010*
N J Hamway	897,000	807,000
R T E Ware	5,000,000	5,000,000
P A Batchelor	590,001	590,001
P M C Rabl	711,190	711,190
S M Vaughan	375,000	375,000
M D Wigley	330,000	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 29 November 2011, 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	9,360,934	9.17
Legal & General Group plc	8,733,333	8.55
Aviva Investors Global Services Limited	8,342,695	8.17
R T E Ware	5,000,000	4.89

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 2011, the company had an average of nil days (2010 – nil days) purchases outstanding in trade creditors. The group had an average of 19 days (2010 – 38 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 £17,750 (2010 - £650) during the year.

Financial Instruments

Details of the group's financial instruments are given in note 30.

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'. 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;

DIRECTORS' REPORT (continued)

- 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 Thursday, 5 January 2012 at 3.00pm 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 66.

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

29 November 2011

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 2011 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 and express opinion on 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 (including that part of the directors' remuneration report cross referenced from the financial statements and marked as audited information) 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 financial statements (including that part of the directors' remuneration report cross referenced from the financial statements and marked as audited information) give a true and fair view of the group's and of the parent company's affairs as at 30 September 2011 and of the group's profit for the year then ended;
- the 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.

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

29 November 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2011

	Note	*Year Ended 30 Sep 11* £'000	*Year Ended 30 Sep 10* £'000
Sales of properties		–	3,100
Rental income		13,010	15,415
Revenue		13,010	18,515
Direct costs of:			
Sales of properties		–	5,052
Rental income		2,965	2,955
Write-down of property inventory		–	(1,830)
Direct Costs		2,965	6,177
Gross Profit		10,045	12,338
Gain in respect of acquisition	24	–	608
Income from trading investments		81	–
Share of results of joint ventures	13	(11)	(10)
Gain on sale of trading investments		49	–
Gain on sale of investment properties	12	167	5,529
Movement on revaluation of investment properties	12	401	7,205
Other gains and losses	6	(17)	(475)
Administrative expenses		(5,207)	(3,011)
Operating Profit	3	5,508	22,184
Finance costs	7	(3,925)	(7,586)
Finance income	7	178	280
Profit Before Taxation		1,761	14,878
Taxation	8	(683)	(637)
Profit And Total Comprehensive Income For The Year		1,078	14,241
Attributable to:			
– equity shareholders		1,078	14,219
– minority shareholders		–	22
		1,078	14,241
Basic earnings per share	10	0.98p	12.13p
Diluted earnings per share	10	0.98p	11.57p

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

The notes on pages 34 to 60 form part of these accounts

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2011

	Attributable to the equity holders of the Company								
	Share Capital £'000	*Share Premium* £'000	*Merger Reserve* £'000	*Equity Reserve* £'000	*Treasury Shares* £'000	*Retained Earnings* £'000	*Total* £'000	*Non-Controlling Interests* £'000	*Total Equity* £'000
Group									
At 1 October 2009	5,809	123,094	7,640	1,254	–	23,126	160,923	1,122	162,045
Changes in equity for the year ended 30 September 2010									
Profit for the year	–	–	–	–	–	14,219	14,219	22	14,241
Total comprehensive income 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
Changes in equity for year ended 30 September 2011									
At 1 October 2010	5,870	124,089	7,640	1,247	–	37,779	176,625	20	176,645
Profit for the year	–	–	–	–	–	1,078	1,078	–	1,078
Total comprehensive income for the year	–	–	–	–	–	1,078	1,078	–	1,078
Dividend paid	–	–	–	–	–	(1,175)	(1,175)	–	(1,175)
Preference share conversion	299	6,884	–	(597)	–	–	6,586	–	6,586
Purchase of own shares	–	–	–	–	(24,649)	–	(24,649)	–	(24,649)
At 30 September 2011	6,169	130,973	7,640	650	(24,649)	37,682	158,465	20	158,485

The notes on pages 34 to 60 form part of these accounts

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2011

	Share Capital £'000	*Share Premium* £'000	*Merger Reserve* £'000	*Equity Reserve* £'000	*Treasury shares* £'000	*Retained Earnings* £'000	*Total Equity* £'000
Company							
At 1 October 2009	5,809	123,094	7,640	1,254	–	(3,357)	134,440
Changes in equity for the year ended 30 September 2010							
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 comprehensive income 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
Changes in equity for year ended 30 September 2011							
At 1 October 2010	5,870	124,089	7,640	1,247	–	31,744	170,590
Profit for the year	–	–	–	–	–	(2,961)	(2,961)
Total comprehensive income for the year	–	–	–	–	–	(2,961)	(2,961)
Dividend paid	–	–	–	–	–	(1,175)	(1,175)
Preference share conversion	299	6,884	–	(597)	–	–	6,586
Purchase of own shares	–	–	–	–	(24,649)	–	(24,649)
At 30 September 2011	6,169	130,973	7,640	650	(24,649)	27,608	148,391

The notes on pages 34 to 60 form part of these accounts

CONSOLIDATED BALANCE SHEET

at 30 September 2011

Company number 04907617

	Note	*30 Sep 2011* £'000	*30 Sep 2010* £'000
Non-Current Assets			
Property, plant and equipment	11	208	219
Investment properties	12	139,150	151,145
Investment in joint ventures	13	5,466	5,344
Goodwill	15	3,173	3,173
		147,997	159,881
Current Assets			
Trading Investments	16	1,802	–
Development and trading properties	17	20,779	6,111
Trade and other receivables	18	2,614	2,230
Cash and cash equivalents		35,674	67,322
		60,869	75,663
Total Assets		208,866	235,544
Current Liabilities			
Trade and other payables	19	7,441	5,766
Preference shares	21	7,376	–
Tax liabilities		532	677
		15,349	6,443
Non-Current Liabilities			
Bank loans	20	33,664	34,090
Preference shares	21	–	13,324
Derivatives	30	1,368	5,042
		35,032	52,456
Total Liabilities		50,381	58,899
Net Assets		158,485	176,645
Equity			
Called up share capital	22	6,169	5,870
Share premium account		130,973	124,089
Merger reserve		7,640	7,640
Equity reserve		650	1,247
Treasury shares	23	(24,649)	–
Retained earnings		37,682	37,779
Equity Attributable to Equity Holders		158,465	176,625
Non-controlling interests		20	20
Total Equity		158,485	176,645

The accounts on pages 27 to 60 were approved by the Board and authorised for issue on 29 November 2011 and are signed on its behalf by:

R T E WARE
P A BATCHELOR

The notes on pages 34 to 60 form part of these accounts

COMPANY BALANCE SHEET
at 30 September 2011

Company number 04907617

	Note	*30 Sep 2011* £'000	*30 Sep 2010* £'000
Non-Current Assets			
Investment in subsidiary undertakings	14	3,218	3,218
Property, plant and equipment	11	208	219
		3,426	3,437
Current Assets			
Trading investments	16	1,802	–
Development and trading properties	17	4,851	3,481
Trade and other receivables	18	121,792	119,785
Cash and cash equivalents		28,464	59,040
		156,909	182,306
Total Assets		160,335	185,743
Current Liabilities			
Trade and other payables	19	3,807	1,152
Preference shares	21	7,376	–
Tax liabilities		761	677
		11,944	1,829
Non-Current Liabilities			
Preference shares	21	–	13,324
		–	13,324
Total Liabilities		11,944	15,153
Net Assets		148,391	170,590
Equity			
Called up share capital	22	6,169	5,870
Share premium account		130,973	124,089
Merger reserve		7,640	7,640
Equity reserve		650	1,247
Treasury shares	23	(24,649)	–
Retained earnings		27,608	31,744
Total Equity		148,391	170,590

The accounts on pages 27 to 60 were approved by the Board and authorised for issue on 29 November 2011 and are signed on its behalf by:

R T E WARE

P A BATCHELOR

The notes on pages 34 to 60 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2011

	Year Ended 30 Sep 11 £'000	*Year Ended 30 Sep 10* £'000
Cash Flows From Operating Activities		
Operating profit	5,508	22,184
Depreciation and amortisation	165	35
Share of results of joint ventures	(11)	(10)
Other gains and losses	39	(136)
Gain on sale of investment properties	(167)	(5,529)
Movement on revaluation of investment properties	(401)	(7,205)
Dividend income	(81)	–
Gain in respect of acquisition	–	(608)
Share based payment charge	–	434
Cash Flows From Operations Before Changes In Working Capital	5,052	9,165
Change in trade and other receivables	(384)	16,845
Change in land, development and trading properties	(14,668)	977
Change in trade and other payables	1,675	(6,326)
Cash (Used In)/Generated From Operations	(8,325)	20,661
Finance costs	(2,878)	(6,457)
Finance income	178	280
Tax (paid)/received	(828)	1,054
Cash Flows (Used In)/Generated From Operating Activities	(11,853)	15,538
Cash Flows From Investing Activities		
Acquisition of investment properties	(1,080)	(44,763)
Acquisition of trading investments	(2,277)	–
Disposal of trading investments	455	–
Sale proceeds of investment properties	13,531	57,937
Investment in joint ventures	(111)	(243)
Acquisition of non-controlling interests	–	(76)
Purchase of plant and equipment	(36)	(99)
Leasehold improvements	(8)	(148)
Dividend income	81	–
Cash Flows Generated From Investing Activities	10,555	12,608
Cash Flows From Financing Activities		
Bank loans repaid	(834)	(64,023)
Dividend paid	(1,175)	-
Issue of shares	–	372
Purchase of own shares	(24,649)	–
Re-couponing of interest rate swaps	(3,692)	–
Cash Flows Used In Financing Activities	(30,350)	(63,651)
Net decrease in cash and cash equivalents	(31,648)	(35,505)
Cash and cash equivalents at 1 October	67,322	102,827
Cash and Cash Equivalents at 30 September	35,674	67,322

The notes on pages 34 to 60 form part of these accounts

COMPANY CASH FLOW STATEMENT
for the year ended 30 September 2011

	Year Ended 30 Sep 11 £'000	*Year Ended 30 Sep 10* £'000
Cash Flows From Operating Activities		
Operating (loss)/profit	(2,410)	35,456
Depreciation and amortisation	55	35
Other gains and losses	20	136
Dividend income	(2,625)	–
Share based payment charge	–	434
Write down of inter-company balance	–	2,649
Gain on transfer of subsidiary	–	(31,204)
Cash Flows From Operations Before Changes In Working Capital	(4,960)	7,506
Change in trade and other receivables	(132)	130
Change in land, developments and trading properties	(1,370)	(268)
Change in trade and other payables	2,225	(5,061)
Cash Generated From Operations	(4,237)	2,307
Finance income	171	265
Tax paid	–	(154)
Cash Flows From Operating Activities	(4,066)	2,418
Cash Flows From Investing Activities		
Acquisition of trading investments	(2,277)	–
Disposal of trading investments	455	–
Purchase of plant and equipment	(36)	(99)
Leasehold improvements	(8)	(148)
Cash Flows Used In Investing Activities	(1,866)	(247)
Cash Flows From Financing Activities		
Issue of shares	–	372
Dividend paid	(1,175)	–
Loans to joint venture	(132)	(274)
Loans to subsidiaries	(1,313)	(40,226)
Dividend income	2,625	–
Purchase of own shares	(24,649)	–
Cash Flows Used In Financing Activities	(24,644)	(40,128)
Net decrease in cash and cash equivalents	(30,576)	(37,957)
Cash and cash equivalents at 1 October	59,040	96,997
Cash and Cash Equivalents at 30 September	28,464	59,040

The notes on pages 34 to 60 form part of these accounts

NOTES TO THE ACCOUNTS

for the year ended 30 September 2011

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, is AIM listed 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 2010, 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, derivatives and listed investments 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 2010.

The following standards and interpretations have been adopted:

- Amendment to IFRS 1 "First time adoption" – financial instrument disclosures (effective for accounting periods beginning on or after 1 July 2010);
- 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 IAS 32 "Financial instruments: presentation" – classification of rights issues (effective for accounting periods beginning on or after 1 February 2010);
- IFRIC 15 "Agreements for the construction of real estate" (EU-endorsed for accounting periods beginning on or after 1 January 2010);
- IFRIC 18 "Transfers of assets from customers" (EU-endorsed for accounting periods beginning on or after 31 October 2009);
- IFRIC 19 "Extinguishing financial liabilities with equity" (effective for accounting periods beginning on or after 1 July 2010);

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Management has assessed the impact of the 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 2011 or later periods but which the Group has not adopted early are as follows:

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

– IFRS 10 "Consolidated financial arrangements" (effective for accounting periods beginning on or after 1 January 2013)*;

– IFRS 11 "Joint arrangements" (effective for accounting periods beginning on or after 1 January 2013)*;

– IFRS 12 "Disclosures of interests in other entities" (effective for accounting periods beginning on or after 1 January 2013)*;

– IFRS 13 "Fair value measurement" (effective for accounting periods beginning on or after 1 January 2013)*;

– IFRIC 20 "Stripping costs in the production phase of a surface mine" (effective from accounting periods beginning on or after 1 January 2013)*;

– Revised IAS 27 "Separate financial statements" (effective for accounting periods beginning on or after 1 January 2013)*;

– Revised IAS 28 "Associates and joint ventures" (effective for accounting periods beginning on or after 1 January 2013)*;

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

– Amendment to IFRS 1 "First time adoption" – fixed dates and hyperinflation (effective from accounting periods beginning on or after 1 July 2011);

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

– Amendment to IAS 12 "Income taxes on deferred tax" (effective for accounting periods beginning on or after 1 January 2012)*;

– Amendment to IAS 19 "Employee benefits" (effective for accounting periods beginning on or after 1 January 2013)*;

– Amendment to IAS 1 "Financial statement presentation" (effective for accounting periods beginning on or after 1 January 2012)*;

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

* Yet to be endorsed by the EU

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Management continues to monitor the IASB's on-going work on improvements to financial reporting but does not currently believe that the amendments and interpretations listed above will have a material effect on the Group's reported income or net assets.

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

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

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. They 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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Profit sharing plan The Group has a profit sharing plan which 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").

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

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

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

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

Plant and equipment	- 25% per annum
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 substantively enacted 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 have been enacted or substantially enacted by the balance sheet date and 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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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 Jones Lang LaSalle, 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.

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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.

Trading Investments Trading investments are measured at fair value. Gains and losses on the re-measurement of trading investments are recognised directly in the statement of comprehensive income. Fair values of these investments are based on quoted market prices where available.

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.

Treasury shares Shares which have been repurchased are classified as Treasury Shares and shown as a separate item within equity. They are recognised at the trade date for the amount of consideration paid, together with directly attributable costs. This is presented as a deduction from total equity.

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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.

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 25.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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 26.

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.

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

Balance Sheet

	30 September 2011				*30 September 2010*			
	Investment Properties £'000	*Development Properties £'000*	*Other £'000*	*Group Total £'000*	*Investment Properties £'000*	*Development Properties £'000*	*Other £'000*	*Group Total £'000*
Investment properties	139,150	–	–	139,150	151,145	–	–	151,145
Investment in joint ventures	–	5,466	–	5,466	–	5,344	–	5,344
Goodwill	–	3,173	–	3,173	–	3,173	–	3,173
Development & trading properties	–	20,779	–	20,779	–	6,111	–	6,111
	139,150	29,418	–	168,568	151,145	14,628	–	165,773
Other assets	9,849	–	30,449	40,298	8,863	–	60,908	69,771
Total assets	148,999	29,418	30,449	208,866	160,008	14,628	60,908	235,544
Liabilities	(41,578)	–	(8,803)	(50,381)	(44,304)	–	(14,595)	(58,899)
Net assets	107,421	29,418	21,646	158,485	115,704	14,628	46,313	176,645

NOTES TO THE ACCOUNTS (continued)

3. Operating profit

Operating profit is stated after charging:

	Year ended 30 Sep 11 £'000	*Year ended 30 Sep 10 £'000*
Audit services – fees payable to the parent company auditors for the audit of the company and the consolidated financial statements	24	23
Other services – fees payable to the company auditor for the audit of the company's subsidiaries pursuant to legislation.	43	35
Other services – fees payable to the company auditor for tax services	15	11
Depreciation of owned assets	28	31
Lease amortisation	27	16
Operating lease rentals – land and buildings	219	148
Share based payments charge	–	434
Cost of inventories recognised as an expense	–	5,052
Write downs of inventories recognised as an expense	–	(1,830)
Movement on provision for doubtful debts	66	(183)

4. Particulars of employees

The aggregate payroll costs of the above were:

	Year ended 30 Sep 11 £'000	*Year ended 30 Sep 10 £'000*
Wages and salaries	3,802	1,054
Social security costs	507	125
Pension costs	–	20
	4,309	1,199

The average monthly number of persons, including executive directors, employed by the Company during the year was seven (2010 – seven).

NOTES TO THE ACCOUNTS (continued)

5. Directors' emoluments

	Year ended 30 Sep 11 £'000	*Year ended 30 Sep 10 £'000*
Emoluments (excluding pension contributions)	3,550	899
Pension contributions	–	20
Emoluments of highest paid director	1,492	280
Pension contributions of highest paid director	–	20

Emoluments includes a £2.65 million payment under the Conygar profit sharing plan (2010 – £nil). No (2010: one) director received a contribution to a defined contribution pension scheme in the year as part of a salary sacrifice arrangement.

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 £nil (2010: £434,000). The aggregate compensation of key management personnel as defined by IAS 24 "Related Party Disclosures" was therefore £3,550,000 (2010: £1,333,000).

6. Other gains and losses

	Year ended 30 Sep 11 £'000	*Year ended 30 Sep 10 £'000*
Movement in fair value of interest rate swaps	(18)	(611)
Movement in fair value of trading investments	(70)	–
Other provision	71	136
	(17)	(475)

7. Finance income/costs

	Year ended 30 Sep 11 £'000	*Year ended 30 Sep 10* £'000
Finance income		
Bank interest	178	280
Finance Costs		
Bank loans	(2,816)	(4,266)
Loan repayment costs	(48)	(2,191)
Amortisation of arrangement fees	(423)	(339)
Notional interest on preference shares	(638)	(790)
	(3,925)	(7,586)

NOTES TO THE ACCOUNTS (continued)

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	Year ended 30 Sep 11 £'000	*Year ended 30 Sep 10* £'000
UK Corporation tax based on the results for the period	519	589
Over provision in prior periods	164	(44)
Current tax	683	545
Deferred tax	–	92
	683	637

(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 27% (2010 – 28%)

	Year ended 30 Sep 11 £'000	*Year ended 30 Sep 10* £'000
Profit before taxation	1,761	14,878
Profit multiplied by rate of tax	476	4,166
Effects of:		
Expenses not deductible for tax purposes	220	123
UK dividend income	(24)	–
Gain on acquisition not taxable	–	(170)
Under / (over) provision in prior periods	164	(44)
Share based payment not deductible for tax purposes	–	121
Schedule 23 deduction in respect of share options	–	(86)
Deferred tax no longer required	–	92
Gains not subject to UK taxation	(45)	(1,548)
Revaluation gains not taxable	(108)	(2,017)
Tax charge for the year	683	637

9. Dividends

The directors have recommended a final dividend of 1.1 pence per ordinary share in respect of the year ended 30 September 2011 (2010 – 1 pence). This final dividend will amount to £1,124,000 (2010: £1,175,000), if approved at the AGM. In accordance with IFRS, it has not been included as a liability in the financial statements.

NOTES TO THE ACCOUNTS (continued)

10. Earnings per share

The calculation of earnings per ordinary share is based on the profit after tax attributable to equity shareholders of £1,078,000 (2010 – £14,219,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 109,602,651 (2010 – 117,203,241). The diluted earnings per share calculation is based on profit for the year of £1,717,000 (2010 – £15,009,000) and on 119,171,352 (2010 – 129,720,010) ordinary shares and is non-dilutive. The diluted ordinary shares are calculated as follows:

	2011 *No.*	*2010* *No.*
Basic weighted average number of shares	109,602,651	117,203,241
Diluting potential ordinary shares:		
Employee share options	22,446	27,057
Preference shares	9,546,255	12,489,712
Total diluted	119,171,352	129,720,010

11. Property, plant and equipment

Group & Company	*Premises Lease £'000*	*Office Equipment £'000*	*Furniture & Fittings £'000*	*Total £'000*
Cost				
At 1 October 2009	–	21	–	21
Additions	148	23	76	247
At 30 September 2010 and 1 October 2010	148	44	76	268
Additions	8	17	19	44
At 30 September 2011	156	61	95	312
Depreciation/Amortisation				
At 1 October 2009	–	14	–	14
Provided during the year	4	15	16	35
At 30 September 2010 and 1 October 2010	4	29	16	49
Provided during the year	27	10	18	55
At 30 September 2011	31	39	34	104
Net book value at 30 September 2011	125	22	61	208
Net book value at 30 September 2010	144	15	60	219

NOTES TO THE ACCOUNTS (continued)

12. Investment properties

Group

	Freehold £'000	*Long Leasehold* £'000	*Reverse Lease Premiums* £'000	*Total* £'000
Valuation at 1 October 2009	141,357	7,805	2,427	151,589
Fair value 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
Additions	961	(2)	120	1,079
Disposals	(13,365)	–	–	(13,365)
Reverse lease premium amortisation	–	–	(110)	(110)
Movement on revaluation	593	(192)	–	401
Valuation at 30 September 2011	96,886	41,809	455	139,150

The historical cost of properties held at 30 September 2011 is £211,359,000 (2010: £233,328,000).

The properties were valued by Jones Lang LaSalle, independent valuers not connected with the Group, at 30 September 2011 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 £105,085,000 (2010 – £112,310,000) of investment property to secure Lloyds Banking Group debt facilities and £34,065,000 (2010 – £35,235,000) to secure Capita debt facilities. Further details of these facilities are provided in note 30.

The property rental income earned from investment property, which is leased out under operating leases amounted to £13,010,000 (2010 – £15,099,000).

Gain on sale of investment properties

	30 Sep 11 *£'000*	*30 Sep 10* *£'000*
Gross proceeds on sales of investment properties	13,645	58,755
Costs of sales	(113)	(818)
Net proceeds on sales of investment properties	13,532	57,937
Book value	(13,365)	(52,408)
Gain on sale	167	5,529

NOTES TO THE ACCOUNTS (continued)

13. Investments

Joint Ventures

	30 Sep 11 *£'000*	*30 Sep 10* *£'000*
At 1 October 2010	5,344	5,087
Share of loss retained by joint ventures	(11)	(10)
Investment in joint venture	133	267
At 30 September 2011	5,466	5,344

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 11 £'000	*Year ended 30 Sep 10 £'000*
Assets		
Current assets	5,485	5,348
	5,485	5,348
Liabilities		
Current liabilities	(19)	(4)
	(19)	(4)
Net Assets	5,466	5,344
Operating loss	(11)	(10)
Finance income	–	–
Loss before tax	(11)	(10)
Tax	–	–
Loss after tax	(11)	(10)

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 30 Sep 11 £'000	*Group* 30 Sep 10 £'000	*Company* 30 Sep 11 £'000	*Company* 30 Sep 10 £'000
At 1 October 2010	–	–	3,218	31,333
Additions	–	–	–	680
Disposals	–	–	–	(28,795)
At 30 September 2011	–	–	3,218	3,218

The addition last year arose 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%*
Conygar Advantage Limited	Holding company	Guernsey	100%
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 11	*30 Sep 10*
	£'000	£'000
At 1 October 2010 and 30 September 2011	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. Trading investments

	£'000
At 1 October 2010	–
Additions	2,277
Disposals	(405)
Loss on fair value revaluation	(70)
At 30 September 2011	1,802

17. Property inventories

	Group		Company	
	30 Sep 11	*30 Sep 10*	*30 Sep 11*	*30 Sep 10*
	£'000	£'000	£'000	£'000
Properties held for resale or development	20,779	6,111	4,851	3,481

18. Trade and other receivables

	Group		Company	
	30 Sep 11	*30 Sep 10*	*30 Sep 11*	*30 Sep 10*
	£'000	£'000	£'000	£'000
Trade receivables	878	2,286	–	–
Provision for doubtful debts	(138)	(245)	–	–
	740	2,041	–	–
Amounts owed by group undertakings	–	–	121,324	119,449
Other receivables	74	132	296	192
Prepayments and accrued income	1,800	57	172	144
	2,614	2,230	121,792	119,785

The directors consider that the carrying amount of trade and other receivables approximates to their fair value due to the short term nature of these financial assets.

NOTES TO THE ACCOUNTS (continued)

19. Trade and other payables

	Group		Company	
	30 Sep 11	*30 Sep 10*	*30 Sep 11*	*30 Sep 10*
	£'000	£'000	£'000	£'000
Amounts owed to group undertakings	–	–	528	97
Social security and payroll taxes	413	45	413	45
Trade payables	687	1,300	145	543
Other payables	–	69	–	277
Accruals and deferred income	6,341	4,352	2,721	190
	7,441	5,766	3,807	1,152

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.

20. Bank loans

	Group		Company	
	30 Sep 11	*30 Sep 10*	*30 Sep 11*	*30 Sep 10*
	£'000	£'000	£'000	£'000
Bank loans	34,752	35,586	–	–
Debt issue costs	(1,088)	(1,496)	–	–
	33,664	34,090	–	–

Details of the financial liabilities are given in note 30.

21. Preference shares

	Group		Company	
	30 Sep 11	*30 Sep 10*	*30 Sep 11*	*30 Sep 10*
	£'000	£'000	£'000	£'000
Preference shares	7,376	13,324	7,376	13,324

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 32,457,595 (2010: 62,313,045) 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)

21. Preference shares (continued)

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

	30 Sep 11 £'000	*30 Sep 10* £'000
At 30 September 2010	13,324	12,612
Fair value of preference shares at date of issue	–	18
Equity components	–	(2)
Liability component at date of issue	13,324	12,628
Conversions to ordinary shares in the period at carrying value	(6,586)	(95)
Notional interest charge	638	791
At 30 September 2011	7,376	13,324

22. Share capital

Authorised share capital:

	30 Sep 11 £	*30 Sep 10* £
140,000,000 (2010– 140,000,000) Ordinary shares of £0.05 each	7,000,000	7,000,000
150,000,000 (2010– 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 11		*30 Sep 10*	
	No	£'000	No	£'000
Ordinary shares of £0.05 each	123,362,223	6,169	117,391,133	5,870

Amounts recorded as liability:

	30 Sep 11		*30 Sep 10*	
	No	£'000	No	£'000
Preference shares of £0.01 each (Note 21)	32,457,595	325	62,313,045	623

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.

NOTES TO THE ACCOUNTS (continued)

22. Share capital (continued)

During the year, the Company issued 5,971,090 (2010: 90,240) ordinary shares of £0.05 each in respect of conversions of 29,855,450 (2010: 451,200) preference shares. The carrying value of the liability which was treated as consideration for these issues was £6,885,000 (2010: £93,000) and £597,000 (2010: £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 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
Share issue – 28 October 2010	1.100	93,300	5
Share issue – 9 February 2011	1.100	3,000,000	150
Share issue – 15 April 2011	1.100	18,802	1
Share issue – 31 May 2011	1.100	4,400	–
Share issue – 6 June 2011	1.100	2,843,148	142
Share issue – 15 August 2011	1.100	11,440	1
		123,362,223	6,169

23. Treasury shares

In December 2010, the Group began a share buyback programme and during the year ended 30 September 2011 purchased 21,237,981 shares on the open market at a cost of £24,649,000. All of these shares were held in treasury as at 30 September 2011.

NOTES TO THE ACCOUNTS (continued)

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. 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 consisted of:

- Brennan House, Farnborough Aerospace Centre, Hampshire
- Three units at Aker Village, Kirkhill, Aberdeen
- Cambridge Road, Whetstone Business Park, Leicester (sold during the year ended 30 September 2011)
- Kelvin II, Kelvin Close, Birchwood Park, Warrington
- Crystal Drive, Sandwell Business park, Oldbury, West Midlands

The annual rent roll was, at the time of acquisition, approximately £4.41 million representing a net initial yield of 9.8%. The buildings comprised 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.

The transaction was accounted for by the purchase method of accounting:

	30 Sep 11 £'000	*30 Sep 10* £'000
Share of net assets acquired	–	1,281
Gain in respect of acquisition	–	(608)
Total consideration	–	673
Satisfied by:		
Ordinary shares at fair value	–	580
Preference shares at fair value	–	17
Cash	–	76
	–	673

25. 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 £nil (2010 – £434,000) in relation to equity settled share-based payment transactions.

NOTES TO THE ACCOUNTS (continued)

26. Deferred tax asset

Deferred tax assets are recognised in the accounts as follows:

Group and Company	*30 Sep 11*		*30 Sep 10*	
	Provided	*Not Provided*	*Provided*	*Not Provided*
	£'000	£'000	£'000	£'000
Share based payments	–	2	–	2
Losses	–	1,464	–	1,464
	–	1,466	–	1,466

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 2009	92
Debit to profit and loss account	(92)
At 30 September 2010	–
At 1 October 2010 and 30 September 2011	–

27. Commitments

Group as lessee:

At 30 September 2011, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	30 Sep 11	*30 Sep 10*
	£'000	£'000
Within one year	126	187
In the second to fifth years inclusive	503	503
	629	690

NOTES TO THE ACCOUNTS (continued)

27. Commitments (continued)

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 11 £'000	*30 Sep 10* £'000
Less than one year	11,397	13,950
Between one and five years	36,112	36,791
Over five years	21,560	27,269
	69,069	78,010

At 30 September 2011, the Group was 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. The acquisition was completed in November 2011.

28. 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, are non-interest bearing and will be repaid from the trading activities of those subsidiaries. No provisions have been made against the outstanding amounts.

	30 Sep 11 £'000	*30 Sep 10* £'000
Subsidiaries		
Conygar Bedford Square Limited	(447)	(68)
Conygar Strand Limited	(52)	1,289
Martello Quays Limited	1,308	1,276
Conygar Holdings Limited	97,561	104,511
Conygar Haverfordwest Limited	14,700	–
Conygar Wales PLC	(29)	–
Conygar Advantage Limited	5	–
	113,046	107,008

	30 Sep 11 £'000	*30 Sep 10* £'000
Joint Ventures		
Conygar Stena Line Limited	5,595	5,465
C M Sheffield Limited	2	-
	5,597	5,465

NOTES TO THE ACCOUNTS (continued)

28. Related party transactions (continued)

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

	30 Sep 11	*30 Sep 10*
	£'000	£'000
Secured interest bearing loan	2,575	2,445
Unsecured non-interest bearing shareholder loan	3,020	3,020
	5,595	5,465

During the year, the Company received a management fee from Conygar Stena Line Limited of £50,000 (2010 – £50,000) in respect of management services.

The Company issued a non interest bearing loan of £5,500,000 to The Advantage Property Income Trust Limited last year and £3,347,000 was repaid in the year, leaving a balance of £2,153,000 outstanding as at 30 September 2011.

During the year, the Company received £2,544,000 (2010: £10,588,000) of dividend income from Conygar Holdings Limited.

29. Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The parent company's loss for the year amounts to £2,961,000 (2010 – profit of £34,667,000).

30. 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 (2010: £34.5 million) of the total loan facilities of £34.8 million (2010: £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.

NOTES TO THE ACCOUNTS (continued)

30. Financial instruments (continued)

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 2011, after taking into account interest rate swaps, 100% (2010: 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.

The interest rate profile of the Group bank borrowings at 30 September 2011was as follows:

	Interest Rate	*Maturity*	*30 Sep 2011* £'000	*30 Sep 2010* £'000
Lloyds Banking Group (1)	LIBOR +2%	2 – 5 years	20,150	20,150
Capita (2)	5.24%	2 – 5 years	14,602	15,435
			34,752	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 year ended 30 September 2009 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 2011 there were 32,457,595 (2010: 62,313,045) preference shares in issue and therefore £8,114,000 (2010: £15,578,000) is potentially repayable on 31 December 2011.

NOTES TO THE ACCOUNTS (continued)

30. Financial instruments (continued)

Financial Assets

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

	30 Sep 11	*30 Sep 10*
	£'000	£'000
Fixed rate	–	–
Floating rate	35,674	67,322
	35,674	67,322

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

	30 Sep 11	*30 Sep 10*
	£'000	£'000
Fixed rate	–	–
Floating rate	28,464	59,040
	28,464	59,040

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 2011 (2010 – £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 three 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 2011, the Group had a single balance of £207,000 (2010 – £278,000) where the counter-party had failed to honour a notice deposit and a full impairment provision has been recorded against the balance.

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

NOTES TO THE ACCOUNTS (continued)

30. Financial instruments (continued)

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 2011, TAPP Property Limited maintained a facility with the Lloyds Banking Group of up to £78,000,000 (2010: £78,000,000) under which £20,150,000 (2010 – £20,150,000) 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 2011, TOPP Property Limited maintained a facility with Capita of £35,267,000 (2010: £35,267,000) of which £14,601,000 (2010 – £15,435,000) 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 2011 £'000	*Book Value 30 Sep 2010* £'000	*Fair Value 30 Sep 2011* £'000	*Fair Value 30 Sep 2010* £'000
Financial Assets				
Cash	35,674	67,322	35,674	67,322
Financial Liabilities				
Floating rate borrowings	20,150	20,150	20,150	20,150
Fixed rate borrowings	14,601	15,435	14,235	15,250
Interest rate swaps	1,368	5,042	1,368	5,042
Preference share liability	7,376	13,324	7,376	13,324

NOTES TO THE ACCOUNTS (continued)

30. Financial instruments (continued)

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

	Book Value 30 Sep 2011 £'000	*Book Value 30 Sep 2010 £'000*	*Fair Value 30 Sep 2011 £'000*	*Fair Value 30 Sep 2010 £'000*
Financial Assets				
Cash	28,464	59,040	28,464	59,040
Financial Liabilities				
Preference share liability	7,376	13,324	7,376	13,324

Derivative Financial Instruments

	Protected rate %	*Expiry*	*Market Value at 30 Sep 11 £'000*	*Market Value at 30 Sep 10 £'000*
£21.8 million (2010: £21.8 million) swap	2.38 (2010: 5.135)	Feb 2015	(865)	(3,182)
£12.7 million (2010: £12.7m) swap	2.38 (2010: 5.15)	Feb 2015	(503)	(1,860)
			(1,368)	(5,042)

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 is derived from the present value of the future cash flows discounted at rates obtained by means of the current yield curve appropriate for those instruments.

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.

31. Events since the balance sheet date

Since 30 September 2011, we completed the acquisition of Fishguard Lorry Stop (otherwise referred to as land at Clun Bach, Fishguard) for £330,000.

In November 2011, we have taken an option to purchase a site at Aberystwyth Park Lodge, Aberystwyth, which, in conjunction with a local developer and Sainsbury's, we hope to develop into a food retail supermarket together with petrol filling station and car park.

On 11 November 2011, we drew down £33 million of our Lloyds Banking Group facility taking the outstanding loan amount on that facility to £49.79 million.

INVESTMENT PROPERTY PORTFOLIO
for the year ended 30 September 2011

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
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
Oldbury	
Crystal Drive, Sandwell Business Park	127,845
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
Witham	
3, 16 and 18 Freebournes Road	145,902
Worcester	
Unit 15b Blackpole Trading Estate	100,135

INVESTMENT PROPERTY PORTFOLIO (continued)

for the year ended 30 September 2011

	Total Area (sq ft)
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
Retail	
Ayr	
156 and 158 – 160 High Street	8,601
Ayr	
52/56 Newmarket Street	7,717

INVESTMENT PROPERTY PORTFOLIO (continued)
for the year ended 30 September 2011

	Total Area (sq ft)
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
Total Area	1,685,240

Regional Distribution	*Valuation (%)*
South East	37.48%
Eastern	1.31%
East Midlands	1.20%
South West	3.93%
Yorkshire & Humberside	5.58%
Scotland	26.03%
North West	10.50%
West Midlands	13.97%
Total	**100.00%**

INVESTMENT PROPERTY PORTFOLIO (continued)
for the year ended 30 September 2011

Sector Distribution	*Valuation (%)*
High Street Retail (South East)	1.04%
High Street Retail (Rest of UK)	4.57%
Shopping Centres	6.54%
Retail warehousing	3.09%
Offices (South East)	24.66%
Offices (Rest of UK)	16.84%
Industrial (South East)	5.22%
Industrial (Rest of UK)	32.39%
Leisure	5.65%
Total	**100.00%**

GLOSSARY OF TERMS

AIM	The AIM Market of the London Stock Exchange PLC
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 2012 at 3.00 p.m. for the following purposes:

Resolutions 1 to 7 are ordinary resolutions and resolutions 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 2011 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 2011.

3 To re-appoint 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:

Robert Thomas Ernest Ware

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

Michael Derek Wigley

6 To declare a final dividend of 1.1 pence per Ordinary Share in respect of the year ended 30 September 2011. This dividend will be paid on 10 January 2012 to the holders of Ordinary Shares at close of business on 9 December 2011.

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 section 560 (1) of the Act) up to an aggregate nominal amount of £2,500,000.00 (comprising 50,000,000 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 equity securities to be allotted after such expiry and the directors may allot equity 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 £2,500,000.00 (comprising 50,000,000 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 15,318,636 (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

29 November 2011

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 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.

   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 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 2012 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.

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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 2012 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 2011.			
2	To approve the directors' remuneration report for the financial year ended 30 September 2011.			
3	To re-appoint 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: Robert Thomas Ernest Ware.			
5	To re-appoint the following director who retires by rotation: Michael Derek Wigley			
6	To declare a final dividend of 1.1 pence per Ordinary Share.			
7	To give a directors' authority to allot relevant securities up to an aggregate nominal amount of £2,500,000.00.			
Special Resolutions				
8	To give a directors' 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 15,318,636			

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.

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