THE CONYGAR INVESTMENT COMPANY PLC

INTERIM REPORT
Six Months ended 31 March 2014

The Conygar Investment Company PLC

Interim Results

for the six months ended 31 March 2014

Highlights

- **Net asset value per share increased by 3.6% to 180.8p** from 174.6p at 30 September 2013. EPRA NAV per share increased 2.5% to 179.2p from 174.9p.
- **Pre-tax profit** for the period **£7.46 million** compared with a loss of £199,000 in the six months ended 31 March 2013.
- **Investment property portfolio valuation up 3.3%** in the period on a like-for-like basis, reflecting the strengthening of the regional property market.
- Total **cash** available for acquisitions in excess of **£70 million**. **Net debt** of **£32.6 million** representing gearing of 20% against net asset value and 20% on loan to value basis.
- **Zero dividend preference share issue** in period raising **£29.3 million** after costs. Five year term with a coupon of 5.5% pa.
- In May 2014, completed **sale of 9.6 acres of land at Haverfordwest to Sainsbury's Supermarkets Limited** for a gross consideration of **£13.75 million**.
- Disposed of two investment properties in the period for a total of £9.5 million, a surplus of £0.6 million over book value. Following the period end, disposed of three further investment properties taking the total **sales** in the **year to date to £25.7 million**, a **surplus of £1.9 million** over book value.
- **£5 million joint venture** created with Mr Fred Done, co-founder of Betfred, to develop and operate a 9 acre, 200 space **truck stop at Parc Cybi**, Anglesey.
- Section 106 planning agreement at **Holyhead Waterfront** completed. Planning consent now granted.

Summary Group Net Assets as at 31 March 2014

	£'m	*Per Share p*
Investment Properties	161.2	181.2
Development Projects	32.9	37.0
Cash	63.9	71.8
Other net (liabilities)	(2.8)	(3.1)
	255.2	286.9
Zero dividend preference shares	(29.7)	(33.4)
Bank loans (net of fees)	(64.7)	(72.7)
Net assets	160.8	180.8

The Conygar Investment Company PLC

Interim Results

for the six months ended 31 March 2014

Chairman's and Chief Executive's Statement

Progress and Results Summary

We are pleased to present the Group's results for the six months ended 31 March 2014. The net asset value per share increased to 180.8p from 174.6p at 30 September 2013 (166.1p at 31 March 2013). On an EPRA basis, net asset value per share increased to 179.2p from 174.9p at 30 September 2013 (167.1p at 31 March 2013).

The profit before taxation of £7.5 million compares with a loss of £199,000 in the six months ended 31 March 2013. The main reason for the increase in profit is the gain in respect of the investment property valuation and profits arising from the sale of investment properties. Net property income for the period was £5.7 million, before financing and overheads, compared with £6.6 million for the same period last year, reflecting asset sales. Recurring cash flow is around £5.5 million pa.

In May 2014, we completed the sale of 9.6 acres of land at our development site at Haverfordwest to Sainsbury's Supermarkets Limited for a gross consideration of £13.75 million. This is a terrific result for the Group and provides more than enough funding to complete the highways and services infrastructure works for the entire 93 acre site. It represents a major landmark in the Haverfordwest development and we will now press ahead with developing and marketing the rest of the site.

In December 2013, we announced the creation of a £5 million joint venture with Mr Fred Done, the co-founder of Betfred, the bookmaker, to develop and operate a 9 acre, 200 space truck stop facility at our site at Parc Cybi, Anglesey. Since that time, we have been able to satisfy the various planning conditions and we are now on site with a target of opening by the end of the calendar year. Aside from being an exciting venture in itself, we believe this will act as a catalyst for other parts of the site we own and the levels of interest we have received are certainly encouraging for the future.

In addition, we have completed the Section 106 planning agreement at Holyhead Waterfront enabling the planning consent to be granted and we are close to agreeing the Section 106 agreement at Fishguard Waterfront. It is good to see momentum across the development projects.

In the period, the Group disposed of two investment properties for a total of £9.5 million and a surplus of £0.6 million over book value. Both properties at Brunswick Point, Leeds and Blackpole Trading Estate, Worcester had significant voids and therefore we have reduced our annual empty property costs by approximately £600,000. Subsequent to the balance sheet date, we have disposed of two further properties at Aker Village, Aberdeen and Advantage 64, Fleet for a total of £16.2 million and a surplus of £1.3 million over valuation. We are pleased to have again obtained offers in excess of valuation.

On the financing side, the Group has made significant progress through its £30 million zero dividend preference share issue and the refinancing of Group debt with a £37.2 million four year facility from The Royal Bank of Scotland. The balance sheet is stronger following these projects and we have £64 million cash available for further investment and development funding, rising to around £70 million after the land sale to Sainsbury's. We are able to target further acquisitions in excess of £100 million whilst comfortably funding our development pipeline.

Property Portfolio

As at 31 March 2014, the Group's investment properties were independently valued at £161.2 million compared to £164.8 million at 30 September 2013. The portfolio held at 31 March 2014 increased in value by a net £4.8 million or 3.3% on a like for like basis. The commercial property market outside London continues to recover and levels of underlying activity such as enquires from prospective tenants have increased considerably.

The contracted annual rent roll is £13.3 million as at 31 March 2014, which is £1.1 million lower than at 30 September 2013, mainly owing to the disposals already discussed. We continue to work hard at letting vacant space, retaining tenants and pushing down irrecoverable property costs and so the cash yield on the portfolio remains strong. The portfolio vacancy rate remains at 17.8%. We made no acquisitions in the period. As previously mentioned, the Group disposed of two properties in the period for a total of £9.5 million generating a surplus of £0.6 million over book value. The properties at Brunswick Point, Leeds and Blackpole Trading Estate, Worcester, had significant voids and therefore the disposals will reduce annual empty property costs going forwards. Since the period end, we have disposed of Sites 1 and 2, Aker Village, Aberdeen and Advantage 64, Fleet for a total of £16.2 million generating a surplus of £1.3 million above valuation.

We are also looking at various refurbishment and redevelopment opportunities at several of our investment properties. In particular, we have submitted a planning application for a proposed redevelopment of the Ashby Gateway site at Ashby Park, Ashby de la Zouch, which would potentially incorporate a food store operator. We are also evaluating a more ambitious redevelopment of our office building, Geoffrey House, Maidenhead, which would seek to take advantage of an improving Thames Valley office market and the beneficial impact of Crossrail. At Network House, Wolverhampton, outline planning permission has been obtained for a redevelopment of the existing building to provide a three-storey retail and leisure development. Any development would ideally be accompanied by a pre-let or forward sale rather than be undertaken speculatively.

Development Projects

We continue to make good progress on our development projects which should deliver more than 2,000 residential units, 1,200 marina berths and in excess of 400,000 square feet of commercial and retail development.

In May 2014, having obtained planning consent at Haverfordwest and satisfied the various conditions, we completed the sale of 9.6 acres of land to Sainsbury's for a gross consideration of £13.75 million. We have committed to complete the highways and services infrastructure works to enable the food store opening and to service the residential development on the remaining 83 acres. The total costs of all works, both store and non-store related, are estimated at around £7.8 million. We also made a disposal of an existing property on the site for £0.6 million. Once the infrastructure works are underway, we can commence marketing the site. We are also progressing the planning for our multi-use scheme at Ebenezer Row, which will link our development to the town centre.

In December 2013, we announced the creation of a £5 million joint venture with Mr Fred Done, the co-founder of Betfred, the bookmaker, to develop and operate a 9 acre, 200 space truck stop facility at our site at Parc Cybi, Anglesey. Since that time, we have been able to satisfy the various planning conditions and we are now on site with a target of opening by the end of the calendar year. We are also evaluating our truck stop project at Fishguard which may follow along similar lines to Holyhead. Elsewhere, at Parc Cybi, Holyhead we have exercised options to acquire the land required for our proposed 110,000 square foot distribution warehousing and 30,000 square foot office development and discussions continue with potential occupiers.

We have completed the Section 106 planning agreement at Holyhead Waterfront, enabling the planning consent to be granted and we are close to finalising the Section 106 agreement at Fishguard Waterfront and so both these projects continue to make good progress. As ever, matters related to such projects move frustratingly slowly but we remain confident that they will be successful and we are sufficiently funded to optimise our chances of achieving our goals.

Discussions and negotiations continue with potential tenants for the first phase at Pembroke Dock, Waterfront in West Wales and we completed the sale of 0.7 acres to Marston's for a family pub and restaurant for a gross consideration of £0.6 million.

Our total expenditure to date on development projects amounts to £32.9 million, having spent a further £0.7 million since 30 September 2013. We continue to carry the development projects in our books at cost and they will be revalued as appropriate, once the projects are at a sufficiently advanced stage to produce a meaningful valuation. We continue to seek suitable pre-lets or forward sales prior to commencing any significant development.

Financing and Cash Management

At 31 March 2014, the Group had cash of £64 million available to pursue investment opportunities. The Group has bank debt of £66.1 million increasing to £96.5 million, including the zero dividend preference liability of £30.4 million. Total gearing is 20% against net asset value and 20% on a loan to value basis. This is a comfortable level of gearing and combined with our cash, the Group is able to pursue additional investment opportunities in excess of £100 million. Following the completion of the land disposal to Sainsbury's, the cash balance has increased to in excess of £70 million.

All of the Group debt is hedged or fixed and the weighted average cost of all debt, including margin is 4.8% with an average debt maturity of 3.75 years.

In January 2014, the Group issued 30 million zero dividend preference shares (ZDP Shares) raising £29.3 million after costs. Accounted for as a debt instrument, the ZDP Shares have a gross redemption yield of 5.5% pa payable on the fifth anniversary and are listed on the main market of the London Stock Exchange. The net proceeds may be applied towards further acquisitions as well as the development projects providing a useful and flexible source of funding.

In February 2014, the Group entered into a new four year £37.2 million loan with The Royal Bank of Scotland PLC, secured on twenty properties. This loan replaced our previous loan with Lloyds Banking Group due to expire in January 2015. It is pleasing that we have been able to readily re-finance our portfolio on excellent terms over the last two years.

Summary Group Net Assets

The Group net assets as at 31 March 2014 may be summarised as follows:

	£'m	*Per Share p*
Investment Properties	161.2	181.2
Development Projects	32.9	37.0
Cash	63.9	71.8
Other net (liabilities)	(2.8)	(3.1)
	255.2	286.9
Zero dividend preference shares	(29.7)	(33.4)
Bank loans (net of fees)	(64.7)	(72.7)
Net assets	160.8	180.8

Outlook

The economic outlook continues to improve and this is reflected in both the investment portfolio valuation and the increased rate of progress on the development projects. If the current improvement in the economy continues, Conygar is well positioned to deliver on the potential which exists within both our investment property portfolio and the development opportunities.

We continue to grow net asset value per share and we believe that our carefully managed development projects have the potential to deliver further significant growth over the next few years. However, we remain disciplined in our approach to risk management, an approach that has served us well over the period of the downturn and is a cornerstone of our strategy.

N J Hamway
Chairman

R T E Ware
Chief Executive

20 May 2014

Financial review

Net Asset Value

The net asset value at the period end was £160.8 million (31 March 2013: £149.0 million; 30 September 2013: £155.1 million). The primary movements in the period were £5.7 million net rental income, £4.8 million property revaluation surplus, £2.5 million spent on finance costs and £1.3 million of dividends paid. Excluding the amounts incurred paying dividends, net asset value increased by 4.5% in the period.

On an EPRA basis, the net asset value is:

	31 Mar 2014 £'m	*30 Sept 2013 £'m*	*31 Mar 2013 £'m*
Net asset value	160.8	155.1	149.0
Exercisable share options	1.7	–	–
Diluted net asset value	162.5	155.1	149.0
Fair value of hedging instruments	(0.6)	0.2	0.9
EPRA net asset value	161.9	155.3	149.9
EPRA NAV per share	179.2p	174.9p	167.1p
Basic NAV per share	180.8p	174.6p	166.1p
Diluted NAV per share	179.8p	174.6p	166.1p

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 still 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 at 31 March 2014. In their opinion, the open market value of the investment property portfolio was £161.2 million. The total portfolio decreased in value by £3.6 million during the period due to two disposals, but the underlying portfolio increased in value on a like for like basis by 3.3%.

Cash Flow

The Group generated £0.6 million cash from operating activities (31 March 2013: £1.2 million; 30 September 2013: £3.3 million), of which £0.6 million was incurred as expenditure on development and trading properties.

The Group used £41.6 million repaying the Lloyds Banking Group debt and £0.5 million on capital expenditure on the investment property portfolio. The Group generated cash inflows of £9.3 million from the sales of investment properties, £37.2 million from the loan with the Royal Bank of Scotland and £29.3 million from the ZDP issue. These movements result in an overall cash inflow of £32.3 million (31 March 2013: £14.1 million outflow; 30 September 2013: £0.1 million inflow).

Net Income From Property Activities

	31 Mar 2014 £'m	*30 Sept 2013 £'m*	*31 Mar 2013 £'m*
Rental income	7.4	16.0	8.1
Direct property costs	(1.6)	(3.1)	(1.5)
Rental surplus	5.8	12.9	6.6
Sale of investment properties	9.5	12.9	–
Cost of investment properties sold	(8.9)	(13.2)	–
Gain/(loss) on sale of investment properties	0.6	(0.3)	–
Total net income arising from property activities	6.4	12.6	6.6

Administrative Expenses

The administrative expenses for the period ended 31 March 2014 were £1.34 million and were largely unchanged from the same period last year. The major items were salary costs (£0.8 million) and various costs arising as a result of the Group being quoted on AIM.

Financing

At 31 March 2014, the Group had cash of £63.9 million (31 March 2013: £17.4 million; 30 September 2013: £31.6 million) and the increase has resulted mainly from the cash raised from the issue of the ZDP shares.

The bank debt at 31 March 2014 was £66.1 million. Taking into account the ZDP liability, total debt increases to £96.5 million. The total debt is currently 20% by loan to value and 20% against net asset value.

The interest rate risk on the facility continues to be managed by way of interest rate swaps and caps, with 100% of debt protected by hedging. The weighted average cost of all debt, including margin, is 4.8%. The fair value of these derivative financial instruments is provided for in full on the balance sheet.

Property Information

Summary of Investment property portfolio

	31 March 2014	*30 September 2013*	*31 March 2013*
Valuation	£161,170,000	£164,765,000	£173,325,000
Number of properties	43	45	48
Contracted rent (pa)	£13,319,000	£14,356,000	£16,078,000
Current ERV (pa)	£15,578,000	£16,859,000	£17,434,000
Net initial yield	7.11%	7.48%	8.56%
Equivalent yield	8.66%	8.99%	9.18%
Reversionary yield	9.07%	9.54%	9.57%
Vacancy rate	17.8%	16.7%	11.4%
Average unexpired lease lengths	4.1 years	4.8 years	4.6 years

Summary of Development Projects

	31 March 2014 *£m*	*30 September 2013* *£m*	*31 March 2013* *£m*
Haverfordwest	15.42	15.32	15.24
Holyhead Waterfront	9.65	9.34	8.87
Pembroke Dock Waterfront	4.44	4.87	4.55
Fishguard Waterfront	0.94	0.86	0.82
King’s Lynn	0.83	0.83	0.83
Fishguard Lorry Stop	0.52	0.58	0.52
Parc Cybi, Holyhead	0.79	0.44	0.32
Other	0.34	–	–
Total investment to date	32.93	32.24	31.15

The Conygar Investment Company PLC
Consolidated Statement of Comprehensive Income
For the six months ended 31 March 2014

	Note	*Six months ended* *31 March 2014* *£'000*	*31 March 2013* *£'000*	*Year ended* *30 Sept 2013* *£'000*
Rental income		7,275	7,991	15,904
Other property income		20	107	90
Profit on sale of trading investments		56	–	–
Revenue		7,351	8,098	15,994
Direct costs of:				
Rental income		1,618	1,518	3,102
Direct Costs		1,618	1,518	3,102
Gross Profit		5,733	6,580	12,892
Income from trading investments		–	41	41
Share of results of joint ventures		(6)	11	38
Loss on sale of trading investments		–	(370)	–
Gain/(loss) on sale of investment properties		568	–	(307)
Movement on revaluation of investment properties	6	4,783	(3,495)	662
Other gains and losses		151	102	283
Administrative expenses		(1,341)	(1,277)	(2,722)
Operating Profit		9,888	1,592	10,887
Finance costs	3	(2,521)	(1,830)	(3,689)
Finance income	3	88	39	538
Profit Before Taxation		7,455	(199)	7,736
Taxation		(571)	(797)	(1,525)
Profit and Total Comprehensive Income for the Period		6,884	(996)	6,211
Attributable to:				
– equity shareholders		6,884	(996)	6,211
– minority interests		–	–	–
		6,884	(996)	6,211
Basic earnings per share	5	7.75p	(1.09)p	6.88p
Diluted earnings per share	5	7.72p	(1.09)p	6.88p

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

The Conygar Investment Company PLC
Consolidated Statement of Changes in Equity
For the six months ended 31 March 2014

	Share Capital £'000	*Share Premium £'000*	*Capital Redemption Reserve £'000*	*Treasury Shares £'000*	*Retained Earnings £'000*	*Total £'000*	*Non-controlling Interests £'000*	*Total Equity £'000*
At 1 October 2012	5,675	124,017	818	(21,837)	45,264	153,937	20	153,957
Loss for the period	–	–	–	–	(996)	(996)	–	(996)
Total recognised income and expense for the period	–	–	–	–	(996)	(996)	–	(996)
Dividend paid	–	–	–	–	(1,160)	(1,160)	–	(1,160)
Purchase of own shares	–	–	–	(2,785)	–	(2,785)	–	(2,785)
Cancellation of treasury shares	(750)	–	750	15,547	(15,547)	–	–	–
At 31 March 2013	4,925	124,017	1,568	(9,075)	27,561	148,996	20	149,016
At 1 October 2012	5,675	124,017	818	(21,837)	45,264	153,937	20	153,957
Profit for the year	–	–	–	–	6,211	6,211	–	6,211
Total comprehensive income for the year	–	–	–	-	6,211	6,211	–	6,211
Dividend paid	–	–	–	–	(1,160)	(1,160)	–	(1,160)
Purchase of own shares	–	–	–	(3,883)	–	(3,883)	–	(3,883)
Cancellation of treasury shares	(750)	–	750	15,547	(15,547)	–	–	–
At 30 September 2013	4,925	124,017	1,568	(10,173)	34,768	155,105	20	155,125
Changes in equity for six months ended 31 March 2014								
At 1 October 2013	4,925	124,017	1,568	(10,173)	34,768	155,105	20	155,125
Profit for the period	–	–	–	–	6,884	6,884	–	6,884
Total recognised income and expense for the period	–	–	–	–	6,884	6,884	–	6,884
Issue of share capital	7	111	–	–	–	118	–	118
Dividend paid	–	–	–	–	(1,332)	(1,332)	–	(1,332)
At 31 March 2014	4,932	124,128	1,568	(10,173)	40,320	160,775	20	160,795

The Conygar Investment Company PLC
Consolidated Balance Sheet
As at 31 March 2014

	Note	*31 March 2014 £'000*	*31 March 2013 £'000*	*30 Sept 2013 £'000*
Non-Current Assets				
Property, plant and equipment		73	126	97
Investment properties	6	161,170	173,325	164,765
Investment in joint ventures	7	6,312	5,510	5,987
Goodwill		3,173	3,173	3,173
		170,728	182,134	174,022
Current Assets				
Development and trading properties	8	23,449	22,469	23,080
Trade and other receivables		4,223	4,239	4,332
Derivatives		559	–	–
Cash and cash equivalents		63,896	17,444	31,629
		92,127	44,152	59,041
Total Assets		262,855	226,286	233,063
Current Liabilities				
Trade and other payables		4,884	6,054	5,511
Bank loans	9	742	772	1,057
Tax liabilities		2,779	2,360	2,841
		8,405	9,186	9,409
Non-Current Liabilities				
Bank loans	9	63,928	67,219	68,299
Zero dividend preference shares	10	29,727	–	–
Derivatives	9	–	865	230
		93,655	68,084	68,529
Total Liabilities		102,060	77,270	77,938
Net Assets	11	160,795	149,016	155,125
Equity				
Called up share capital		4,932	4,925	4,925
Share premium account		124,128	124,017	124,017
Capital redemption reserve		1,568	1,568	1,568
Treasury shares		(10,173)	(9,075)	(10,173)
Retained earnings		40,320	27,561	34,768
Equity Attributable to Equity Holders		160,775	148,996	155,105
Minority interests		20	20	20
Total Equity		160,795	149,016	155,125
Net Assets Per Share		180.8p	166.1p	174.6p

The Conygar Investment Company PLC
Consolidated Cash Flow Statement
For the six months ended 31 March 2014

	Six months ended 31 March 2014 £'000	*Six months ended 31 March 2013 £'000*	*Year ended 30 Sept 2013 £'000*
Cash Flows From Operating Activities			
Operating profit	9,888	1,592	10,887
Depreciation and amortisation	24	28	86
Share of results of joint ventures	6	(11)	(38)
Other gains and losses	(14)	(86)	(621)
(Gain)/loss on sale of investment properties	(568)	–	307
Movement on revaluation of investment properties	(4,783)	3,495	(662)
Dividend income	–	(41)	(41)
Cash Flows From Operations Before Changes In Working Capital	4,553	4,977	9,918
Change in trade and other receivables	(124)	(476)	(569)
Change in land, developments and trading properties	(607)	(363)	(974)
Change in trade and other payables	(553)	(794)	(842)
Cash Generated From Operations	3,269	3,344	7,533
Finance costs	(2,169)	(1,640)	(3,155)
Finance income	88	39	85
Tax paid	(633)	(582)	(1,118)
Cash Flows Generated From Operating Activities	555	1,161	3,345
Cash Flows From Investing Activities			
Acquisition of investment properties	–	–	(1,327)
Capital expenditure on investment properties	(491)	(670)	–
Disposal of trading investments	–	879	879
Sale proceeds of investment properties	9,343	–	12,748
Investment in joint ventures	(92)	2	27
Purchase of plant and equipment	(1)	(1)	(2)
Dividend income	–	41	41
Cash Flows Generated From Investing Activities	8,759	251	12,366
Cash Flows From Financing Activities			
Bank loan drawdown	37,195	–	11,000
Bank loans repaid	(41,590)	(11,538)	(21,413)
Dividend paid	(1,332)	(1,160)	(1,160)
ZDP share issue	29,332	–	–
Purchase of own shares	–	(2,785)	(3,882)
Re-couponing of interest rate swaps	–	–	(88)
Purchase of interest rate cap	(652)	–	(54)
Cash Flows Generated From/(Used In) Financing Activities	22,953	(15,483)	(15,597)
Net increase/(decrease) in cash and cash equivalents	32,267	(14,071)	114
Cash and cash equivalents at 1 October	31,629	31,515	31,515
Cash and Cash Equivalents at 31 March	63,896	17,444	31,629

The Conygar Investment Company PLC
Notes to the Interim Results
For the six months ended 31 March 2014

1. Basis of Preparation

The accounting policies used in preparing the condensed financial information are consistent with those of the annual financial statements for the year ended 30 September 2013 other than the mandatory adoption of new standards, revisions and interpretations that are applicable to accounting periods commencing on or after 1 October 2013, as detailed in the annual financial statements.

The condensed financial information for the six month period ended 31 March 2014 and the six month period ended 31 March 2013 has been reviewed but not audited and does not constitute full financial statements within the meaning of section 435 of the Companies Act 2006.

The financial information for the year ended 30 September 2013 does not constitute the Group's statutory accounts for that period but it is derived from those accounts. Statutory accounts for the year ended 30 September 2013 have been delivered to the Registrar of Companies. The auditors have reported on these accounts; their report was unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The board of directors approved the above results on 20 May 2014.

Copies of the interim report may be obtained from the Company Secretary, The Conygar Investment Company PLC, Fourth Floor, 110 Wigmore Street, London W1U 3RW.

2. Segmental Information

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 impact of the balance sheet can be reported.

Balance Sheet

	31 March 2014				*31 March 2013*			
	Invest-ment Properties £'000	*Develop-ment Properties £'000*	*Other £'000*	*Group Total £'000*	*Invest-ment Properties £'000*	*Develop-ment Properties £'000*	*Other £'000*	*Group Total £'000*
Investment properties	161,170	–	–	161,170	173,325	–	–	173,325
Investment in joint ventures	–	6,312	–	6,312	–	5,510	–	5,510
Goodwill	–	3,173	–	3,173	–	3,173	–	3,173
Development & trading properties	–	23,449	–	23,449	–	22,469	–	22,469
	161,170	32,934	–	194,104	173,325	31,152	–	204,477
Other assets	32,527	–	36,224	68,751	16,329	–	5,480	21,809
Total assets	193,697	32,934	36,224	262,855	189,654	31,152	5,480	226,286
Liabilities	(68,687)	–	(33,373)	(102,060)	(74,519)	–	(2,751)	(77,270)
Net assets	125,010	32,934	2,851	160,795	115,135	31,152	2,729	149,016

3. Finance Income/Costs

	Six months ended		*Year ended*
	31 March 2014 £'000	*31 March 2013 £'000*	*30 Sept 2013 £'000*
Finance income			
Bank interest	88	39	538
Finance costs			
Bank loans	(1,609)	(1,559)	(3,129)
Loan repayment costs	(12)	(20)	(26)
Amortisation of arrangement fees	(504)	(251)	(534)
ZDP interest	(366)	–	–
Amortisation of ZDP costs	(30)	–	–
	(2,521)	(1,830)	(3,689)

4. Dividend

The final dividend of 1.5 pence per ordinary share in respect of the year ended 30 September 2013 (2012: 1.25 pence) was approved at the AGM and paid in February 2014. This final dividend amounted to £1,332,000 (2012: £1,160,000).

5. Earnings per Share

The calculation of earnings per ordinary share is based on the profit after tax of £6,884,000 (March 2013 loss: £996,000; September 2013 profit: £6,211,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 88,844,875 (net of 9,667,819 shares purchased by the Company and held as treasury shares) (March 2013: 91,195,305; September 2013: 90,223,107). The weighted average number of shares on a fully diluted basis was 89,187,326 (March 2013: 91,203,097; September 2013: 90,245,450) and profit after tax of £6,884,000 (March 2013 loss: £996,000; September 2013 profit: £6,211,000). No adjustment has been made for anti-dilutive potential ordinary shares. The total number of ordinary shares in issue (net of 9,667,819 shares purchased by the Company and held as treasury shares) at the date of this report was 88,951,304.

6. Investment Properties

	Freehold	*Long-Leasehold*	*Reverse Lease Premiums*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Valuation at 30 September 2013	130,453	33,566	746	164,765
Additions	45	326	120	491
Reverse lease premium amortisation	–	–	(94)	(94)
Disposals	(8,775)	–	–	(8,775)
Revaluation movement	3,423	1,360	–	4,783
Valuation at 31 March 2014	125,146	35,252	772	161,170

The historical cost of properties held at 31 March 2014 is £208,593,000 (March 2013: £245,754,000; September 2013: £225,878,000).

The properties were valued by Jones Lang LaSalle, independent valuers not connected with the Group, at 31 March 2014 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 £117,665,000 (March 2013: £100,900,000; September 2013: £91,305,000) of investment property to secure Royal Bank of Scotland debt facilities and £43,505,000 (March 2013: £41,600,000; September 2013: £42,875,000) to secure Barclays debt facilities. Further details of these facilities are provided in note 9.

The property rental income earned from investment property, all of which is leased out under operating leases, amounted to £7,295,000 (March 2013: £8,098,000; September 2013: £15,994,000).

7. Investment in Joint Ventures

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, and another 50% interest in a joint venture, Roadking Holyhead Limited, which is a property development company and truck-stop operator.

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:

	31 March 2014 £'000	*31 March 2013 £'000*	*30 Sept 2013 £'000*
Assets			
Current assets	6,327	5,522	6,019
	6,327	5,522	6,019
Liabilities			
Current liabilities	(15)	(12)	(32)
	(15)	(12)	(32)
Net assets	6,312	5,510	5,987

	Six months ended		*Year ended*
	31 March 2014 £'000	*31 March 2013 £'000*	*30 Sept 2013 £'000*
Operating (loss)/profit	(6)	11	38
Finance income	–	–	–
(Loss)/profit before tax	(6)	11	38
Tax	–	–	–
(Loss)/profit after tax	(6)	11	38

8. Property Inventories

	31 March 2014 £'000	*31 March 2013 £'000*	*30 Sept 2013 £'000*
Properties held for resale or development	23,449	22,469	23,080

The above amounts relate to development properties, which include sites, developments in the course of construction and sites available for sale.

9. Bank Loans

	31 March 2014 £'000	*31 March 2013 £'000*	*30 Sept 2013 £'000*
Bank loans	66,117	68,989	70,512
Debt issue costs	(1,447)	(998)	(1,156)
	64,670	67,991	69,356

The interest rate profile of the Group bank borrowings at 31 March 2014 was as follows:

	Interest Rate	*Maturity*	*31 March 2014 £'000*	*31 March 2013 £'000*	*30 Sept 2013 £'000*
Royal Bank of Scotland (TAPP) (1)	LIBOR +3%	2-5 years	37,195	–	–
Barclays (2)	LIBOR + 3.5%	1-4 years	18,830	19,602	19,212
Royal Bank of Scotland (TOPP) (3)	LIBOR + 3.5%	1-4 years	10,092	–	10,242
Lloyds Banking Group (4)	LIBOR + 2%	1-4 years	–	49,387	41,058
			66,117	68,989	70,512

(1) As at 31 March 2014, TAPP Property Limited maintained a facility with the Royal Bank of Scotland PLC of up to £37,195,000 (March and September 2013: £nil) under which £37,195,000 (March and September 2013: £nil) had been drawn down. This facility is repayable on or before 5 February 2018 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 55%, an interest cover ratio covenant of 225% maximum and a debt to rent cover ratio of 7:1.

9. Bank Loans (continued)

(2) As at 31 March 2014, Conygar Dundee Limited, Conygar Hanover Street Limited, Conygar Stafford Limited and Conygar St Helens Limited jointly maintained a facility with Barclays Bank PLC of up to £20,000,000 (March 2013: £20,000,000; September 2013: £20,000,000) of which £18,830,000 (March 2013: £19,602,000; September 2013: £19,212,000) had been drawn down. This facility is repayable on or before 20 August 2016 and is secured by fixed and floating charges over the assets of Conygar Dundee Limited, Conygar Hanover Street Limited, Conygar Stafford Limited and Conygar St Helens Limited. The facility is subject to a maximum loan to value covenant of 58% and an interest cover ratio covenant of 225%.

(3) As at 31 March 2014, TOPP Property Limited and TOPP Bletchley Limited maintained a facility with the Royal Bank of Scotland PLC of up to £10,092,000 (March 2013: £nil; September 2013: £10,242,000) of which £10,092,000 (March 2013: £nil; September 2013: £10,242,000) had been drawn down. This facility is repayable on or before 3 April 2016 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 55%, interest cover ratio covenant of 225% and a debt to rent cover ratio covenant of 7:1. The facility is subject to quarterly repayments of £75,000.

(4) The facility with Lloyds Banking Group maintained by TAPP Property Limited was repaid in full on 5 February 2014.

Three swaps were in place relating to the TAPP Property Limited facility with the Royal Bank of Scotland PLC with notional amounts of £12,693,000 (March and September 2013: £12,693,000), £9,009,622 (March 2013: £21,800,000; September 2013: £13,300,000) and £15,297,344 (March and September 2013: £15,297,344), the former two both with fixed rates of 1.329% (March and September 2013: 1.329%) and the latter swap 0.9925% (March and September 2013: 0.9925%). All three swaps expire on 17 February 2015. An interest rate cap has been purchased to hedge the loan from the date of the expiry of the three swaps and has a notional amount of £37,000,000 (March and September 2013: £nil), a strike rate of 2% and a termination date of 5 February 2018.

An amortising cap was in place relating to the TOPP Property Limited and TOPP Bletchley Limited facility with the Royal Bank of Scotland PLC. As at 31 March 2014, the cap had a notional amount of £10,775,000 (31 March 2013: £nil; 30 September 2013: £10,925,000) with a strike rate of 0.75% (31 March 2013: n/a; 30 September 2013: 0.75%) which expires on 3 April 2016.

9. Bank Loans (continued)

A swap and cap were in place relating to the Barclays Bank PLC facility. The swap has a notional amount of £14,830,000 (March 2013: £15,602,000; September 2013: £15,200,000) with a fixed rate of 1.055% (March and September 2013: 1.055%). The cap has a notional amount of £4,000,000 (March and September 2013: £4,000,000) with a strike rate of 1%. Both the swap and the cap expire on 20 August 2016.

At 31 March 2014, the fair value of the hedging instruments was valued at £559,000 (March 2013: £865,000 deficit; September 2013: £230,000 deficit). The valuation of the swaps was provided by JC Rathbone Associates and represents the change in fair value since execution.

10. Zero Dividend Preference Shares

The Group issued 30,000,000 zero dividend preference shares ('ZDP Shares') at 100 pence per share. The ZDP shares have an entitlement to receive a fixed cash amount on 9 January 2019, being the maturity date, but do not receive any dividends or income distributions. Additional capital accrues to the ZDP shares on a daily basis at a rate equivalent to 5.5% per annum, resulting in a final capital entitlement of 130.7 pence per share. The ZDP shares were listed on the London Stock Exchange on 10 January 2014.

During the period, the Group has accrued for £366,000 of additional capital. The total amount repayable at maturity is £39,210,000.

The movement on the zero dividend preference share liability during the period was as follows:

	31 March 2014 £'000
Balance at 1 October 2013	–
Share issue	30,000
Unamortised share issue costs	(639)
Accrued capital	366
Balance at 31 March 2014	29,727

11. Net Asset Value per share

Net asset value per share is calculated as the net assets of the Group divided by the number of shares in issue.

The European Public Real Estate Association ("EPRA") guidelines provide for a measure of net asset value excluding the effects of fluctuations in derivative financial instruments, deferred tax and taking into account the fair value of development properties. EPRA net asset value per share is calculated as the EPRA net asset value divided by the number of shares in issue on a fully diluted basis.

	31 March 2014 £'000	*31 March 2013 £'000*	*30 Sept 2013 £'000*
Diluted net asset value	162,454	149,016	155,125
Adjustments:			
Fair value of hedging instruments	(559)	865	230
EPRA net asset value	161,895	149,881	155,355
	No.	No.	No.
Shares in issue	90,351,304	89,721,304	88,821,304
EPRA net asset value per share	179.2p	167.1p	174.9p

The above calculations exclude the fair value of the Group's development properties. 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.

12. Related Party Transactions

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

	31 March 2014 £'000	*31 March 2013 £'000*	*30 Sept 2013 £'000*
Joint Ventures			
Conygar Stena Line Limited	6,532	5,629	6,557
Roadking Holyhead Limited	355	–	–
	6,887	5,629	6,557

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

	31 March 2014 £'000	*31 March 2013 £'000*	*30 Sept 2013 £'000*
Secured interest bearing loan	3,512	2,609	3,537
Unsecured non-interest bearing shareholder loan	3,020	3,020	3,020
	6,532	5,629	6,557

Key Management Compensation

Key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Group and are considered to be the directors of the Company. Amounts paid in respect of key management compensation were as follows:

	Six months ended		*Year ended*
	31 March 2014 £'000	*31 March 2013 £'000*	*30 Sept 2013 £'000*
Short term employee benefits	525	481	994
	525	481	994

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Independent Review Report to The Conygar Investment Company PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2014 which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the AIM Rules for Companies issued by the London Stock Exchange. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies issued by the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2014 is not prepared, in all material aspects, in accordance with International Accounting Standard 34 as adopted by the European Union and AIM Rules for Companies issued by the London Stock Exchange.

Rees Pollock
Chartered Accountants and Registered Auditors
London
20 May 2014

Notes:

(a) The maintenance and integrity of The Conygar Investment Company PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the presentation and dissemination of financial information may differ from legislation in other jurisdictions.

Directors and Advisers

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)*
Secretary	P A Batchelor
Registered Office	Fourth Floor 110 Wigmore Street London W1U 3RW
Registrar	Share Registrars Limited Suite E First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Nominated Adviser & Stockbroker	Liberum Capital Limited Ropemaker Place, Level 12 25 Ropemaker Street London EC2Y 9LY
Solicitors to the Company	Wragge Lawrence Graham & Co 3 Waterhouse Square 142 Holborn London EC1N 2SW
Auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW

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