The Conygar Investment Company PLC

Report And Accounts
30 September 2017

YEAR ENDED 30 SEPTEMBER 2017

SUMMARY

- **Net asset value per share 203.0p** at 30 September 2017 increased by 3.1% from 196.9p at 30 September 2016.
- **Disposed** of the majority of our investment properties for **£129.8 million**.
- The disposal **crystallised** capital **gains** of **£48.2 million** realised between 2009 and March 2017 on assets acquired for £113.4 million. **Net income** before tax of **£47.0 million** was also received over the same period from these assets.
- **Acquired** a **37 acre development site** in **Nottingham** city centre for **£13.5 million.**
- Total **cash** available for acquisitions and development funding of **£37 million** and **no debt**.
- **Bought back 10.3 million shares** (13.4% of ordinary share capital) at an **average price of 165 pence per share**.

Summary Group Net Assets as at 30 September 2017

	£'m	*Per Share p*
Properties and Projects	70.9	106.0
Investment in Regional REIT Limited	27.6	41.3
Cash and other net assets	37.3	55.7
Net Assets	135.8	203.0

Registered in England No. 04907617

CONTENTS

DIRECTORS AND ADVISERS

The Board of Directors
N J Hamway (Non-Executive Chairman)
R T E Ware (Chief Executive)
R H McCaskill (Finance Director)
P M C Rabl (Director)
M D Wigley (Non-Executive Director)

Company Secretary
R H McCaskill

Registered Office
Fourth Floor
110 Wigmore Street
London W1U 3RW

Auditors
Rees Pollock
35 New Bridge Street
London EC4V 6BW

Solicitors
Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

Nominated Adviser & Stockbroker
Liberum Capital Limited
Ropemaker Place, Level 12
25 Ropemaker Street
London EC2Y 9LY

Registrars
Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey GU9 7DR

Registered Number
04907617

Website
www.conygar.com

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results

We present the Group's results for the year ended 30 September 2017.

Net asset value per share increased by 3.1% to 203.0p (2016: 196.9p). The key components driving that growth were the profit on disposal of the investment property portfolio of £1.5 million, net rental and dividend income of £4.3 million and the impact of the share buy back programme. During the year, the Group bought back 10.34 million shares, or 13.4% of the share capital in issue as at 30 September 2016, at an average price of 165 pence per share. These purchases enhanced net asset value per share by 4.9 pence.

The profit before taxation for the year was £1.2 million (2016: loss of £4.7 million). The Group had cash balances of £37.2 million (2016: £63.7 million) at the year end and no bank debt (2016: £56.4 million). Conygar ZDP PLC was sold to Regional REIT Limited as part of the disposal of the investment property portfolio and so the zero dividend preference share liability, which amounted to £34.4 million at 30 September 2016, is no longer owed by the Group.

The balance sheet is strong and now consists of our investment properties under construction and development projects totalling £70.9 million, our investment in Regional REIT Limited which was worth £27.6 million at the year end and our cash deposits of £37.2 million.

This places us in a good position to deliver the inherent value of our development pipeline and also to take advantage of opportunities should they arise.

Progress

In March 2017, the Group disposed of the investment property portfolio to Regional REIT Limited, which attributed a value of £129.8 million to the portfolio. The bank facilities were transferred with the properties together with Conygar ZDP PLC and the net consideration amounted to £28 million, which was satisfied by the issue of 26.3 million Regional REIT shares at a price of 106.3p.

This transaction crystallised the substantial capital gains which had been made across the portfolio since the acquisition of the assets during the period following the global financial crisis of 2008. The assets were acquired for a total cost of £113.4 million and the total capital gains realised over the period from 2009 to March 2017 were £48.2 million, subject to the disposal of the Regional REIT shares. In addition, net income of £47.0 million was generated over the same period, excluding tax.

The development pipeline has progressed well during the year. A detailed review of the development pipeline can be found within the Strategic Report, which follows this Statement, but we should mention a few of the projects here which are either new or have progressed significantly during the year.

In December 2016, the Group acquired 37 acres in Nottingham city centre for £13.5 million. We expect to submit a planning application in the New Year. The site provides a unique opportunity to create a new vibrant district in the centre of a major UK city and we are working closely with Nottingham City Council to deliver this exciting project. We expect the application to consist of a mixed-use scheme of over two million square feet which will include apartments, student housing, offices, leisure uses and associated community retail offering along with open public spaces.

Construction of our site at Cross Hands, south west Wales, began in December 2016 and the works for the initial 65,000 square foot phase of the retail park completed on time and on budget in October 2017. We have now let 80% of this 106,000 square foot retail development and the tenants include B&M Retail Ltd, Iceland Foods Ltd, Pets at Home Ltd, Costa Coffee Ltd, Dominos PLC and David Jenkins Ltd. We are in discussions with other retailers to take the remaining space at the park and we aim to have let the site fully during the course of next year.

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

We have also completed the construction of the M&S Food Hall investment at our site in Ashby-de-la-Zouch and subsequently sold the unit in November 2017 for £4.35 million. Although we intended to hold this asset to provide us with long-term income, the unsolicited offer we received was compelling and enabled us to take advantage of the strong market we are seeing for good quality regional assets. After the year end, on 1 December 2017, we also agreed a lease with B&M Retail Ltd to construct a 20,000 square foot store with an additional 7,500 square foot garden centre on the remaining two acres of this site. The lease and construction of the store are conditional on planning approval and the planning application for this development will be submitted in the New Year.

Lastly, in July 2017, we exchanged a lease agreement with Premier Inn Hotels Limited to construct an 80-bed hotel, with a restaurant and bar, at our gateway site at Parc Cybi, on the outskirts of Holyhead, Anglesey. Ynys Mon County Council (the Isle of Anglesey County Council) granted detailed planning permission at the end of October 2017. Construction will commence early in the New Year and is expected to take approximately ten months.

Dividend

The Board recommends that no dividend is declared in respect of the year ended 30 September 2017 but it will continue to review the dividend payments annually. More information on the Group's dividend policy can be found within the Strategic Report on page 12.

Share Buy Back

During the year, the Group acquired 10,340,000 ordinary shares representing 13.4% of its ordinary share capital, at an average a price of 165.4p per share. This cost £17.1m and, as a result of the buy backs, net asset value per share has been enhanced by 4.9 pence per share. Following the year end, the Group has acquired a further 1,070,000 ordinary shares representing 1.4% of its ordinary share capital at an average price of 158.8p per share. This cost £1.7 million and has enhanced net asset value per share by 1.1 pence per share. The Group will seek to renew the buy back authority at the forthcoming AGM because we consider it to be a useful capital management tool.

Outlook

The disposal of the investment property portfolio enables us to concentrate on our goal of maximising the value of the development pipeline. This area of the business will be the main driver of shareholder growth in the medium term.

Our strong balance sheet, with cash reserves and no debt, places us in a good position to take advantage of opportunities as they arise and we will make further acquisitions if it makes sense to do so.

In the meantime, we will work hard to deliver the projects and investments we currently hold.

N J Hamway
Chairman

R T E Ware
Chief Executive

11 December 2017

STRATEGIC REPORT

The Group's Strategic Report provides a review of the business for the financial year; discusses the Group's financial position at the year end and explains the principal risks and uncertainties facing the business and how we manage those risks. We also outline the Group's business model and strategy.

Strategy and Business Model

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.

The business operates three major strands being, property investment, property development and investment in companies which trade or invest in property or hold substantial property assets. The property portfolio and the investment in Regional REIT Limited generate cash flows sufficient to maintain the Group's administrative costs while at the same time we are creating a pipeline of investment properties and development projects that are well positioned to deliver good returns in the medium term. We continue to focus upon positive cash flow and are prepared to use modest levels of gearing to enhance returns. Assets are recycled to release capital as opportunities present themselves and we will continue to buy back shares where appropriate. The Group is content to hold cash and adopt a patient strategy unless there is a compelling reason to invest.

Position of the Company at the year end

The make-up of the Company has changed during the year with the sale of the investment property portfolio. The portfolio of investment properties under construction and the development pipeline are progressing and construction is about to start at several more locations this year. The construction of these assets will provide income as will the shareholding in Regional REIT Limited. The balance sheet remains strong with cash of £37.2 million and there is no debt in the Group. The Group has adequate resources to maintain and develop its business and the balance sheet remains both liquid and robust.

Events since the balance sheet date

There have been no significant events since the balance sheet date apart from the granting of detailed planning permission for an 80-bedroom hotel at Parc Cybi, Holyhead, by Ynys Mon County Council and the sale of the M&S Food Hall in Ashby-de-la-Zouch for £4.35m.

Summary of Group Net Assets

The Group net assets as at 30 September 2017 may be summarised as follows:

		Per Share
	£'m	*p*
Properties and Projects	70.9	106.0
Investment in Regional REIT Limited	27.6	41.3
Cash and other net assets	37.3	55.7
Net Assets	135.8	203.0

STRATEGIC REPORT (continued)

Investment properties and Investment in Regional REIT Limited

The Group completed the disposal of various Group undertakings on 24 March 2017 which, with the exception of the investment properties under construction, comprised the Group's entire investment property portfolio. The net consideration was satisfied by the issue of 26,326,644 ordinary shares in Regional REIT Limited at a price of 106.3 pence per share. The shares were valued at 105 pence per share at 30 September 2017 and this gave rise to a paper loss of £355,000 for the year. We will continue to monitor the performance of Regional REIT and its share price but at present, we are pleased with the progress of the company. We have received dividend income to date of £948,000 which is equivalent to a yield of more than 7% per annum. Annualised, this income covers the majority of our overheads.

Investment Properties Under Construction and Development Projects

Good progress has been made on most of our development projects and investment properties under construction since we last reported.

Nottingham

In December 2016, the Group acquired 37 acres in Nottingham city centre for £13.5 million. The mainly cleared site was formerly Boots, the Chemists' headquarters and laboratories and has been vacant for twenty years. A masterplan is currently being prepared and will include offices, residential, student accommodation and leisure facilities comprising some two million square feet. We believe this is a very exciting opportunity to help shape a major UK city and will look to submit an outline application in early 2018.

Fishguard Harbour

At Fishguard Harbour, we received Reserved Matters planning permission for the marine-based infrastructure and development platform in February 2017. We are currently in the process of preparing our Harbour Revision Order application and intend to submit this to the Marine Management Organisation shortly. Once the Order has been formalised and we acquire some outstanding land, we will be in a position to start the development of the marine platform and marina. Simultaneously, we continue to prepare the detailed Reserved Matters application in respect of the 253 homes.

Haverfordwest

With disappointment and frustration, we withdrew our two planning applications for 100,000 square feet of retail units, a hotel, a 5-screen cinema and 602 car parking spaces in June 2017. We are working on fresh planning applications which we intend to submit in the coming year.

We have been working with a national housebuilder on a masterplan for the entire residential scheme and, jointly with them, we intend to submit a Reserved Matters application next year for the first phase of the development.

Cross Hands

We completed the construction of the initial 65,000 square foot phase of the retail park at Cross Hands, South West Wales in October 2017. The construction was delivered on time and on budget. We have let 80% of the 106,000 square foot development to a number of national retailers including B&M Retail Ltd, Iceland Foods Limited, Pets at Home Ltd, Costa Coffee Ltd, Dominos PLC and David Jenkins Ltd. We are in discussions with potential tenants on the remaining units and aim to have the scheme fully let during 2018.

STRATEGIC REPORT (continued)

Holyhead Waterfront

At Holyhead Waterfront, the Town and Village Green application, submitted by the Waterfront Action Group to prevent the development from progressing, was rejected by the appointed Inspector and, subsequently, acting on his recommendation, Ynys Mon County Council resolved to formally refuse the application in March 2017. The Judicial Review period ended in June 2017 and the decision is now completely free from challenge. We will now progress the detailed design and Reserved Matters application for the development over the coming year.

Ashby-de-la-Zouch

At Ashby-de-la-Zouch, we completed the construction of an 11,000 square foot Marks and Spencer Food Hall, that was pre-let for a fixed term of 15 years. Having received an unsolicited offer of £4.35m, we disposed of the property in November 2017 for a net initial yield to the purchaser of 4.75%. On the further 2 acres of the site, we have exchanged an agreement for lease with B&M Retail Ltd for fifteen years. Subject to securing planning permission, we intend to construct a 20,000 square foot store with a 7,500 square foot garden centre and 79 car parking spaces. The planning application will be submitted in the New Year with the aim of starting construction on site in early spring.

Parc Cybi Business Park, Holyhead and Rhosgoch

At Parc Cybi, Anglesey, we have exchanged an agreement for lease with Premier Inn Hotels Ltd to construct an 80-bedroom hotel with a restaurant and bar. We submitted a detailed application and received planning permission from Ynys Mon County Council in November 2017. The pre-let to Premier Inn is on a 25 year lease, with a first break clause at year 20. We are currently out to tender on the building contract and will look to start on site in the New Year.

The option agreement we signed with Horizon Nuclear Power (HNP) in December 2016, enabling them to instruct us to build a logistics centre on our 6.9 acre site at Parc Cybi is still in place. Similarly, the second option agreement that covers the 203 acre site at Rhosgoch for use during the construction of Wylfa B stands until December 2022. Rhosgoch is one of several sites that HNP are considering as a location for housing the temporary construction workers. The Development Consent Order for the entire Wylfa scheme and associated infrastructure is due to be submitted by Horizon Nuclear in the New Year.

In September 2017, we disposed of our 50% interest in the Roadking Holyhead Limited truck stop to our joint venture partners for £3.13 million. The cash generated will be used to fund the other projects at this location.

Llandudno Junction

In May 2016, Conwy County Borough Council approved our outline planning application for 90,000 square feet of retail floor space. We continue to work in partnership with Conwy County Council as its preferred development partner to bring forward this 90,000 square foot retail park. We are in discussions with a number of national retailers and we will provide further updates in the New Year.

King's Lynn, Norfolk

This is a six acre residential development site with planning permission for 94 dwellings near to King's Lynn, Norfolk. We are continuing to market this site and are in discussions with a number of interested parties.

STRATEGIC REPORT (continued)

Summary of Investment Properties Under Construction

	2017	*2016*
	£'m	*£'m*
Nottingham	14.01	–
Cross Hands	8.14	2.68
Ashby-de-la-Zouch	3.55	–
Haverfordwest (Retail)	3.52	3.40
Rhosgoch	3.46	3.40
Parc Cybi, Holyhead(1)	1.61	–
Total investment to date	34.29	9.48

Summary of Development Projects

It remains our intention, once the individual projects are significantly advanced, to introduce third party valuations as soon as it is practical to do so. We remain confident that there is significant upside in these projects which will become evident over the medium term.

	2017	*2016*
	£'m	*£'m*
Haverfordwest(2)	22.03	22.18
Holyhead Waterfront	10.86	10.31
Fishguard Waterfront	1.57	1.52
Fishguard Lorry Stop	0.54	0.54
King's Lynn	0.87	0.87
Llandudno Junction	0.71	0.61
Holyhead Truckstop(3)	–	3.18
Parc Cybi, Holyhead(1)	–	1.61
Total investment to date	36.58	40.82

(1) Parc Cybi Business Park, Holyhead has been reclassified in the year to an investment property under construction.

(2) The reduction in the Haverfordwest investment from 30 September 2016 arises due to the reimbursement of retention funds from Pembrokeshire County Council following completion of the infrastructure works at Haverfordwest.

(3) On 29 September 2017, the Company disposed of its 50% interest in the Holyhead truckstop joint venture and assigned to the purchaser the £3.2m loan previously advanced to the operating company, Roadking Holyhead Limited.

STRATEGIC REPORT (continued)

Financial review

Net Asset Value

The net asset value at the year end was £135.8 million (2016: £152.0 million). The primary movements in the year were £3.4 million net rental income plus a £1.5 million profit on the sale of Group undertakings to Regional REIT Limited and £0.9m of dividend income from the Regional REIT investment, offset by £4.5 million of finance and administrative costs, a £0.4 million write down of our investment in Regional REIT Limited, and £17.1 million spent on purchasing Conygar shares. Excluding the amounts incurred purchasing Conygar shares, net asset value increased by 0.6% in the year.

	2017	*2016*
	£'m	*£'m*
Net asset value	135.8	152.0
Share options	–	4.1
Diluted net asset value	135.8	156.1
Basic NAV per share	203.0p	196.9p
Diluted NAV per share	203.0p	196.9p

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. Our investment properties under construction are carried at fair value and the 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.

Cash flow

The Group used £0.2 million cash in operating activities (2016: generated £2.5 million).

The primary cash outflows in the year were £13.5 million incurred on purchasing the Nottingham Island site, £8.3 million to repay Barclays debt and £16.7 million to buy back shares. These were partly offset by cash inflows of £20.8 million (net of costs) from the HSBC debt, resulting in a cash outflow during the year of £26.5 million (2016: cash inflow of £6.3 million).

Net Income From Investment Property Activities

	2017	*2016*
	£'m	*£'m*
Rental income	5.0	9.4
Direct property costs	(1.6)	(2.9)
Rental surplus	3.4	6.5
Profit on sale of group undertakings*	1.5	–
Sale of investment properties	–	7.0
Cost of investment properties sold	–	(7.3)
Total net income arising from investment property activities	4.9	6.2

* Profit arising from the sale of the investment property portfolio to Regional REIT Limited.

STRATEGIC REPORT (continued)

Administrative Expenses

The administrative expenses for the year ended 30 September 2017 were £2.7 million compared with £2.4 million the previous year. The major items were salary costs of £1.7 million (2016: £1.4 million) and various costs arising as a result of the Group being listed on AIM.

Financing

At 30 September 2017, the Group had cash of £37.2 million (2016: £63.7 million). The decrease has resulted mainly from the cash used in buying back shares, administrative costs and investing in the investment properties under construction and development projects.

As at 30 September 2017, the Group no longer maintains any bank loan facilities.

Taxation

The tax charge for the year is £0.4 million on the pre-tax profit of £1.2 million and comprises £0.3 million of current tax and £0.1 million of deferred tax. Current tax is payable, at a rate of 19.5% for UK registered companies and 20% for those registered in Guernsey and Jersey, on net rental income after deduction of finance costs and administrative expenses. A deferred tax liability of £0.2 million has been recognised in respect of the surplus of the carrying value of the Regional REIT limited shares over their indexed base cost and Group capital losses. This charge has been partly offset by a £0.1 million deferred tax credit arising from movements in the carrying value of investment properties, held by UK registered subsidiaries, over their indexed base costs up to their sale on 24 March 2017.

Capital management

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 property. The Group seeks to ensure that secured borrowing stays within agreed covenants with external lenders.

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. Derivative instruments may be used to change the economic characteristics of financial instruments in accordance with the Group's treasury policies.

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 overall aim 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.

STRATEGIC REPORT (continued)

Dividend policy

The Board recommends that no dividend is paid in respect of the year ended 30 September 2017.

Our dividend policy is consistent with the overall strategy of the business: namely to invest in property assets and companies where we can add significant value using our property management, development and transaction structuring skills.

Over the past eight years we have used the surplus cash flow from the investment property portfolio to enhance these properties by refurbishment, re-letting and extending tenancies, fund the operation of the business, create a medium term pipeline of development opportunities, pay a modest dividend and buy back shares where appropriate.

Given that the Group has made only a modest profit for the year ended 30 September 2017, the Board recommends that no dividend should be declared for this period. The Board will continue to review our dividend policy each year. Our focus is, and will continue to be, primarily growth in net asset value per share.

Share buy backs

During the year, the Group acquired 10,340,000 ordinary shares at an average price of 165.4p which represents 13.4% of its ordinary share capital. This cost £17.1 million and net asset value per share has been enhanced by approximately 4.9 pence per share. The Group will seek to renew the buy back authority at the forthcoming Annual General Meeting.

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 to 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.

We are content that the Group has the right approach toward strategy and our financial performance and strong balance sheet 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.

STRATEGIC REPORT (continued)

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.

Where necessary, management takes appropriate action to mitigate any adverse impact arising from identified risks and market risks continue to be monitored closely.

Estimation and judgement risks

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.

Investment Properties under Construction

The fair value of investment properties under construction rests in planned developments, and is difficult to estimate pending confirmation of designs and planning permission, and hence has been estimated by the Directors at cost as an approximation to fair value.

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.

All of the undertakings that were party to the Group's bank loans were sold on 24 March 2017. As at 30 September 2017, the Group no longer maintains any bank loan facilities or derivative financial instruments.

STRATEGIC REPORT (continued)

Financial Assets

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

	30 Sep 17	*30 Sep 16*
	£'000	*£'000*
Floating rate	37,170	63,662

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 2017 (2016: none).

The Group policy has been to invest funds 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 global financial crisis 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 introduced considerable uncertainty into the process. As at 30 September 2017, the Group had a single balance of £59,000 (2016: £67,000) 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.

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 properties. However, the Group maintains a prudent approach to financing and cash flow such that the adverse impact of this can be mitigated.

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

This report was approved by the Board on 11 December 2017 and signed on its behalf by:

R T E Ware
Chief Executive

11 December 2017

CORPORATE GOVERNANCE REPORT

The Workings of the Board and its Committees

The Board

The board currently comprises the chief executive, the finance 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 pages 21 and 22.

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 19.

Audit Committee

The audit committee is chaired by N J Hamway and its other member is M D Wigley, and it meets not less than twice 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 6 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 25 January 2018 can be found in the notice of the meeting on page 59.

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 with the potential for significant performance related bonuses aligned to growth in shareholder value, as represented by net assets per share. 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. At present, the directors receive no benefits.

Profit sharing plan: The Remuneration Committee has decided to introduce a new profit sharing plan, recognising the significant changes in the Group's activity following the sale of the bulk of the investment properties. The Remuneration Committee expects to put this plan in place during the first half of 2018.

Share options: The share options were awarded by the remuneration committee and have now lapsed. 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.

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 2016. The remuneration of the non-executive directors takes the form solely of fees, which are set by the board, having taken advice on appropriate levels. The non-executive directors are not involved in any discussions or decision about their own remuneration.

DIRECTORS' REMUNERATION REPORT (continued)

Service contracts

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

	Date of Contract	*Unexpired Term (Months)*	*Notice Period (Months)*
Executive Directors			
R T E Ware	25 October 2007	N/A	12
P M C Rabl	29 October 2009	N/A	12
R H McCaskill	1 October 2015	N/A	12
Non-Executive Directors			
N J Hamway	25 October 2007	23	6
M D Wigley	25 October 2007	23	6

Mr R T E Ware and Mr N J Hamway retire by rotation and, being eligible, offer themselves for re-election.

Audited Information

Directors' emoluments

	2017				*2016*		
	Basic Salary £'000	*Bonus £'000*	*Fees £'000*	*Total £'000*	*Basic Salary £'000*	*Fees £'000*	*Total £'000*
Executive Directors							
R T E Ware	352	–	–	352	352	–	352
P M C Rabl	202	–	–	202	202	–	202
R H McCaskill	279	75	–	354	175	–	175
Non-Executive Directors							
N J Hamway	–	–	63	63	–	63	63
M D Wigley	–	–	42	42	–	42	42
	833	75	105	1,013	729	105	834

No non-cash benefits were paid to Directors.

DIRECTORS' REMUNERATION REPORT (continued)

Interests in Options

The Company had a share option scheme by which executive directors and other senior executives were 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 2016 No.*	*Awarded during the year No.*	*Exercised during the year No.*	*Cancelled unexercised during the year No.*	*At 30 September 2017 No.*
R T E Ware	£2.00	2,025,000	–	–	2,025,000	–

The options were exercisable between 19 February 2009 and 19 February 2017 and have lapsed.

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 11 December 2017 and signed on its behalf by:

R H McCaskill
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 2017.

Principal Activities and Review of the Business

The principal activity of the Group and the Company during the year was property trading, property investment, 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 16 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 Strategic Report.

Significant Events Since the Balance Sheet Date

There have been no significant events since the balance sheet date apart from the granting, by Ynys Mon County Council in November 2017, of detailed planning permission for an 80-bedroom hotel at Parc Cybi, Holyhead and the disposal of the M&S store at Ashby-de-la-Zouch for £4.35 million.

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 year are shown in the attached financial statements.

The directors do not recommend a dividend in respect of the year ended 30 September 2017 (2016: nil).

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 2017	*At 30 September 2016*
N J Hamway	1,089,700	1,089,700
R T E Ware	4,500,000	4,500,000
P M C Rabl	1,425,480	1,525,480
M D Wigley	330,000	330,000
R H McCaskill	2,000	2,000

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 remain in force at the date of this report.

DIRECTORS' REPORT (continued)

Major Interests in Shares

At 11 December 2017, the directors had been notified of the following interests in excess of 3% of the Company's issued share capital:

Name	*No of Shares*	*%*
Miton Group Limited	8,916,884	13.55
Majedie Asset Management Limited	6,216,727	9.44
R T E Ware	4,500,000	6.84
B Sandhu	4,015,000	6.10
Cove Investment Partners LLP	3,146,369	4.78

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 2017, the Company had an average of 7 days (2016: 7 days) purchases outstanding in trade creditors. The Group had an average of 7 days (2016: 14 days) outstanding in trade creditors.

Charitable Donations and Political Contributions

The Group made no political donations during the year. The Group made charitable donations of £43,472 (2016: £41,093) during the year.

Financial Instruments

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

Going Concern

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

Directors' Responsibilities

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

International Accounting Standard 1 requires that the financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. 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)

- make judgements and accounting estimates that are reasonable and prudent;
- 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 the Group 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.

The directors have chosen, in accordance with S414c (11) of the Companies Act 2006, to include Principal Risks and Uncertainties within the Strategic Report.

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 25 January 2018 at 4.30pm at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London, SE1 2AU.

The notice of meeting and the resolutions to be proposed at that meeting are attached on page 59.

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

R H McCaskill
Company Secretary

11 December 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CONYGAR INVESTMENT COMPANY PLC

Opinion

We have audited the financial statements of The Conygar Investment Company PLC for the year ended 30 September 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of changes in equity, the consolidated and company balance sheets, the consolidated and company cash flow statements, and the related notes, including a summary of significant accounting policies. The financial reporting 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.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CONYGAR INVESTMENT COMPANY PLC (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	*Description of risk*	*How the scope of our audit addressed the risk*
Impairment of development and trading properties	The group has significant development and trading properties. The group's assessment of the carrying value requires significant judgement.	We have reviewed management's calculations for the development projects. Management's assumptions as to costs and expected revenue have, on a sample basis, been agreed to supporting documentation where possible. Computational accuracy has also been checked and reviewed. We have performed sensitivity analysis to determine the headroom for overall profitability. Based on our procedures we concluded no impairment to the carrying value of development and trading properties is necessary.
Valuation of investment properties under construction	The group has significant investment properties under construction. The group's assessment of the valuation requires significant judgement.	Most of the investment properties under construction are at a very early stage and management have estimated cost be an approximation of the fair value. For investment properties under construction which are nearly completed the fair value is also being approximated at cost. We have reviewed management's current plan for these investment properties and the current status of the planning permission process. Based on our procedures we concluded that the valuation of investment properties under construction is appropriate. We consider that the approach taken by management not to uplift those investment properties under construction which are nearly completed is a fair reflection of their value taking into account the risks associated with partly completed sites.

This is not a complete list of all risks identified by our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CONYGAR INVESTMENT COMPANY PLC (continued)

Our application of materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the group's financial statements as a whole to be £700,000 (2016: £1,400,000). In determining this, we considered a range of benchmarks with specific focus on the total assets as at the balance sheet date. This materiality level represents 0.5% (2016: 0.6%) of total assets.

Based on our professional judgement, we determined the materiality for the parent's financial statements as a whole to be £700,000 (2016: £1,400,000). In determining this, we considered a range of benchmarks with specific focus on the total assets as at the balance sheet date. This materiality level represents 0.5% (2016: 0.9%) of total assets.

We report to the Audit Committee all identified unadjusted errors in excess of £70,000. Errors below that threshold would also be reported if, in our opinion as auditor, disclosure was required on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the group and its environment, including controls, and assessing the risks of material misstatement.

We carried out a full scope audit of all the components of the group, except for the components disposed of during the year. These components were subject to specific audit procedures where the extent of our audit work was based on our assessment of the risks of material misstatement. All audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CONYGAR INVESTMENT COMPANY PLC (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 21 to 22, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Jonathan Munday (Senior Statutory Auditor)
For and on behalf of Rees Pollock
Statutory Auditor

11 December 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2017

	Note	*Year Ended 30 Sep 17 £'000*	*Year Ended 30 Sep 16 £'000*
Rental income		4,641	9,222
Other property income		367	213
Revenue		5,008	9,435
Direct costs of:			
Rental income		1,608	2,909
Development costs written off		77	1,581
Direct Costs		1,685	4,490
Gross Profit		3,323	4,945
Profit on sale of group undertakings		1,496	–
Movement on revaluation of investment in Regional REIT	12	(355)	–
Share of results of joint ventures	15	29	(3)
Profit on sale/assignment of interest in joint venture		3	–
Loss on sale of investment properties	13	–	(308)
Revaluation of investment properties	13	–	992
Loss on impairment of goodwill		–	(3,173)
Dividends received from Regional REIT		948	–
Other gains and losses	6	92	(880)
Administrative expenses		(2,710)	(2,440)
Operating Profit/(Loss)	3	2,826	(867)
Finance costs	7	(1,785)	(4,135)
Finance income	7	174	259
Profit/(Loss) Before Taxation		1,215	(4,743)
Taxation	8	(360)	(706)
Profit/(Loss) And Total Comprehensive Income/(Charge) for the Year		855	(5,449)

All amounts are attributable to equity shareholders

Basic earnings/(loss) per share	10	1.21p	(6.90)p
Diluted earnings/(loss) per share	10	1.21p	(6.90)p

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

The notes on pages 34 to 57 form part of these accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2017

	Attributable to the equity holders of the Company							
	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*
Group								
Changes in equity for the year ended 30 September 2016								
At 1 October 2015	4,985	125,371	1,568	(23,321)	59,173	167,776	20	167,796
Loss for the year	–	–	–	–	(5,449)	(5,449)	–	(5,449)
Total comprehensive charge for the year	–	–	–	–	(5,449)	(5,449)	–	(5,449)
Cancellation of share premium account	–	(125,371)	–	–	125,371	–	–	–
Dividend paid	–	–	–	–	(1,415)	(1,415)	–	(1,415)
Purchase of own shares	–	–	–	(8,873)	–	(8,873)	–	(8,873)
Purchase of non-controlling interest	–	–	–	–	–	–	(20)	(20)
At 30 September 2016	4,985	–	1,568	(32,194)	177,680	152,039	–	152,039
Changes in equity for the year ended 30 September 2017								
At 1 October 2016	4,985	–	1,568	(32,194)	177,680	152,039	–	152,039
Profit for the year	–	–	–	–	855	855	–	855
Total comprehensive income for the year	–	–	–	–	855	855	–	855
Purchase of own shares	–	–	–	(17,104)	–	(17,104)	–	(17,104)
Cancellation of treasury shares	(1,629)	–	1,629	48,909	(48,909)	–	–	–
At 30 September 2017	3,356	–	3,197	(389)	129,626	135,790	–	135,790

The notes on pages 34 to 57 form part of these accounts.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2017

	Share Capital *£'000*	*Share Premium* *£'000*	*Capital Redemption Reserve* *£'000*	*Treasury shares* *£'000*	*Retained Earnings* *£'000*	*Total Equity* *£'000*
Company						
Changes in equity for the year ended 30 September 2016						
At 1 October 2015	4,985	125,371	1,568	(23,321)	24,115	132,718
Loss for the year	–	–	–	–	(8,121)	(8,121)
Total comprehensive charge for the year	–	–	–	–	(8,121)	(8,121)
Cancellation of share premium account	–	(125,371)	–	–	125,371	–
Dividend paid	–	–	–	–	(1,415)	(1,415)
Purchase of own shares	–	–	–	(8,873)	–	(8,873)
At 30 September 2016	4,985	–	1,568	(32,194)	139,950	114,309
Changes in equity for the year ended 30 September 2017						
At 1 October 2016	4,985	–	1,568	(32,194)	139,950	114,309
Profit for the year	–	–	–	–	25,318	25,318
Total comprehensive income for the year	–	–	–	–	25,318	25,318
Purchase of own shares	–	–	–	(17,104)	–	(17,104)
Cancellation of treasury shares	(1,629)	–	1,629	48,909	(48,909)	–
At 30 September 2017	3,356	–	3,197	(389)	116,359	122,523

The notes on pages 34 to 57 form part of these accounts.

CONSOLIDATED BALANCE SHEET

at 30 September 2017

Company Number: 04907617

	Note	*30 Sep 2017* *£'000*	*30 Sep 2016* *£'000*
Non-Current Assets			
Property, plant and equipment	11	24	21
Investment in Regional REIT	12	27,643	–
Investment properties	13	–	130,680
Investment properties under construction	14	34,293	9,476
Investment in joint ventures	15	7,267	10,110
		69,227	150,287
Current Assets			
Development and trading properties	17	29,311	30,739
Trade and other receivables	18	1,166	3,675
Derivatives	28	–	44
Cash and cash equivalents		37,170	63,662
		67,647	98,120
Total Assets		136,874	248,407
Current Liabilities			
Trade and other payables	19	879	4,263
Bank loans	20	–	8,335
Tax liabilities		–	243
		879	12,841
Non-Current Liabilities			
Bank loans	20	–	47,210
Zero dividend preference shares	21	–	34,415
Deferred tax	24	205	1,902
		205	83,527
Total Liabilities		1,084	96,368
Net Assets		135,790	152,039
Equity			
Called up share capital	22	3,356	4,985
Capital redemption reserve		3,197	1,568
Treasury shares	23	(389)	(32,194)
Retained earnings		129,626	177,680
Total Equity Attributable to Equity Holders		135,790	152,039

The accounts on pages 27 to 57 were approved by the Board and authorised for issue on 11 December 2017 and are signed on its behalf by:

R T E WARE

R H MCCASKILL

The notes on pages 34 to 57 form part of these accounts.

COMPANY BALANCE SHEET

at 30 September 2017

Company number: 04907617

	Note	*30 Sep 2017* *£'000*	*30 Sep 2016* *£'000*
Non-Current Assets			
Investment in Regional REIT	12	27,643	–
Investment in subsidiary undertakings	16	16	68
Investment properties under construction	14	5,064	3,397
Property, plant and equipment	11	24	21
		32,747	3,486
Current Assets			
Development and trading properties	17	7,282	8,558
Trade and other receivables	18	57,143	99,784
Cash and cash equivalents		36,208	37,902
		100,633	146,244
Total Assets		133,380	149,730
Current Liabilities			
Trade and other payables	19	10,652	35,421
Non-Current Liabilities			
Deferred tax	24	205	–
Total Liabilities		10,857	35,421
Net Assets		122,523	114,309
Equity			
Called up share capital	22	3,356	4,985
Capital redemption reserve		3,197	1,568
Treasury shares	23	(389)	(32,194)
Retained earnings		116,359	139,950
Total Equity		122,523	114,309

The accounts on pages 27 to 57 were approved by the Board and authorised for issue on 11 December 2017 and are signed on its behalf by:

R T E WARE

R H MCCASKILL

The notes on pages 34 to 57 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September 2017

	Year Ended 30 Sep 17 £'000	*Year Ended 30 Sep 16 £'000*
Cash Flows From Operating Activities		
Operating profit/(loss)	2,826	(867)
Depreciation and amortisation of reverse lease premium	66	125
Profit on sale of group undertakings	(1,496)	–
Loss on revaluation of listed investment	355	–
Share of results of joint ventures	(29)	3
Profit on sale of interest in joint venture	(3)	–
Development costs written off	77	1,581
Other gains and losses	25	17
Loss on sale of investment properties	–	308
Surplus on revaluation of investment properties	–	(992)
Loss on impairment of goodwill	–	3,173
Cash Flows From Operations Before Changes In Working Capital	1,821	3,348
Change in trade and other receivables	(659)	1,294
Change in land, development and trading properties	(127)	267
Change in trade and other payables	(436)	(320)
Cash Flows From Operations	599	4,589
Finance costs	(693)	(1,450)
Finance income	74	167
Tax paid	(181)	(815)
Cash Flows (Used In)/Generated From Operating Activities	(201)	2,491
Cash Flows From Investing Activities		
Acquisition of and additions to investment properties	(22,149)	(9,759)
Proceeds from sale of investment properties	–	6,842
Cash transferred on sale of group undertakings	(1,881)	–
Costs paid on sale of group undertakings	(792)	–
Investment in joint ventures	(282)	(215)
Proceeds from sale/assignment of interest in joint venture	3,125	–
Loans repaid by joint venture	–	175
Purchase of plant and equipment	(12)	(14)
Cash Flows Used In Investing Activities	(21,991)	(2,971)
Cash Flows From Financing Activities		
Bank loans drawn down	21,298	48,100
Bank loans repaid	(8,335)	(29,816)
Costs paid on new bank loan	(548)	(971)
Purchase of interest rate cap	–	(269)
Dividend paid	–	(1,415)
Purchase of own shares	(16,715)	(8,873)
Cash Flows (Used In)/Generated From Financing Activities	(4,300)	6,756
Net (decrease)/increase in cash and cash equivalents	(26,492)	6,276
Cash and cash equivalents at 1 October	63,662	57,386
Cash and Cash Equivalents at 30 September	37,170	63,662

The notes on pages 34 to 57 form part of these accounts.

COMPANY CASH FLOW STATEMENT
for the year ended 30 September 2017

	Year Ended 30 Sep 17 £'000	*Year Ended 30 Sep 16 £'000*
Cash Flows From Operating Activities		
Operating loss	(1,273)	(8,065)
Surplus on revaluation of listed investment	(131)	–
Write down value of investment in subsidiary undertakings	1	3,201
Provision against loan to group undertaking	102	1,643
Depreciation and amortisation	9	21
Cash Flows From Operations Before Changes in Working Capital	(1,292)	(3,200)
Change in trade and other receivables	(385)	293
Change in land, developments and trading properties	(194)	(1,382)
Change in trade and other payables	193	817
Cash Flows From Operations	(1,678)	(3,472)
Finance income	68	124
Cash Flows Used In Operating Activities	(1,610)	(3,348)
Cash Flows From Investing Activities		
Acquisition of and additions to investment properties	(197)	(3,397)
Proceeds from sale/assignment of interest in joint venture	3,125	–
Costs paid on sale of group undertakings	(792)	–
Purchase of plant and equipment	(12)	(14)
Cash Flows Used In Investing Activities	2,124	(3,411)
Cash Flows From Financing Activities		
Loans from subsidiary undertakings	14,762	30,872
Loans to joint venture	(255)	(153)
Dividend paid	–	(1,415)
Purchase of own shares	(16,715)	(8,873)
Cash Flows (Used In)/Generated From Financing Activities	(2,208)	20,431
Net (decrease)/increase in cash and cash equivalents	(1,694)	13,672
Cash and cash equivalents at 1 October	37,902	24,230
Cash and Cash Equivalents at 30 September	36,208	37,902

The notes on pages 34 to 57 form part of these accounts.

NOTES TO THE ACCOUNTS

for the year ended 30 September 2017

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 16. 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 2016, 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 2016.

The following standards and interpretations have been adopted:

- Annual improvements 2014 (effective for accounting periods beginning on or after 1 January 2016);
- Amendments to IAS 16 'Property plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation (effective annual periods beginning on or after 1 January 2016);
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative (effective annual periods beginning on or after 1 January 2016).

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 2017 or later periods but which the Group has not adopted early are as follows:

- Amendment to IAS 7, 'Statement of cash flows' on disclosure initiative (effective for accounting periods beginning on or after 1 January 2017);

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

– Amendments to IAS 12, ‘Income taxes’ on Recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017);

– IFRS 9 ‘Financial Instruments’ (effective for accounting periods beginning on or after 1 January 2018);

– IFRS 15 ‘Revenue from contracts with customers’ (effective for accounting periods beginning on or after 1 January 2018);

– IFRS 16 ‘Leases’ (effective for accounting periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, ‘Revenue from Contracts with Customers’, is also applied.);

– Amendments to IAS 40, ‘Investment property’ relating to transfers of investment property (effective for accounting periods beginning on or after 1 January 2018);

– Annual improvements 2014-2016 (effective for accounting periods beginning on or after 1 January 2017).

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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 Statement of Comprehensive Income with the exception of share issue expenses, which are charged to the share premium account.

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 per share of the Company. The Remuneration Committee is currently reviewing this plan.

Share Based Payments The Group provided 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 substantively 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 Statement of Comprehensive Income except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

Fixed Asset Investments Fixed asset investments are recognised at cost and are subsequently remeasured at fair value. The resulting gain or loss is recognised in the Statement of Comprehensive Income.

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

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

After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the Statement of Comprehensive Income. 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 Statement of Comprehensive Income.

Where the Group transacts with a joint venture any 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.

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 costs. Where multiple properties are acquired as part of a single transaction the purchase price and directly attributable costs are allocated to the individual units based on independent valuations. Net realisable value represents the estimated selling price less all estimated costs of completion.

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

Trade Receivables Trade receivables are measured on 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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

Zero Dividend Preference Shares Zero dividend preference shares are recognised as liabilities in the Statement of Financial Position in accordance with IAS 32 Financial Instruments: Presentation. After initial recognition, these liabilities are measured at amortised cost, which represents the initial proceeds of the issuance plus the accrued entitlement to the date of these financial statements.

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 Statement of Comprehensive Income 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 evidence 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.

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

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

Leasing 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 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 independent valuer. The valuations are based upon assumptions including future rental income, anticipated void cost, the appropriate discount rate or yield. The independent valuers also take into consideration market evidence for comparable properties in respect of both transaction prices and rental agreements.

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.

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.

NOTES TO THE ACCOUNTS (continued)

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 in the shares of Regional REIT;
- Investment properties, including investment properties under construction, which are owned or leased by the Group for long-term income and for capital appreciation; and,
- Development properties, which include sites, developments in the course of construction and sites available for sale.

The only items of revenue or profit/loss relating to the investment in Regional REIT Limited are the dividends received from that investment and the fair value movement from acquisition until the balance sheet date. The only item of revenue or profit/loss relating to the development properties is the write off of development costs and therefore only the segmented balance sheet is reported.

Balance Sheet

	30 Sep 2017					30 Sep 2016			
	Investment	*Investment Properties*	*Development Properties*	*Other*	*Group Total*	*Investment Properties*	*Development Properties*	*Other*	*Group Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Investment in Regional REIT	27,643	–	–	–	27,643	–	–	–	–
Investment properties	–	34,293	–	–	34,293	140,156	–	–	140,156
Investment in joint ventures	–	–	7,267	–	7,267	–	10,110	–	10,110
Development & trading properties	–	–	29,311	–	29,311	–	30,739	–	30,739
	27,643	34,293	36,578	–	98,514	140,156	40,849	–	181,005
Other assets	–	883	21	37,456	38,360	27,947	–	39,455	67,402
Total assets	27,643	35,176	36,599	37,456	136,874	168,103	40,849	39,455	248,407
Liabilities	–	(125)	(4)	(955)	(1,084)	(60,077)	–	(36,291)	(96,368)
Net assets	27,643	35,051	36,595	36,501	135,790	108,026	40,849	3,164	152,039

NOTES TO THE ACCOUNTS (continued)

3. Operating Profit

Operating profit is stated after charging:

	Year ended 30 Sep 17 £'000	*Year ended 30 Sep 16 £'000*
Audit services – fees payable to the parent company auditor for the audit of the Company and the consolidated financial statements	20	25
Other services – fees payable to the Company auditor for the audit of the Company's subsidiaries pursuant to legislation	25	60
Other services – fees payable to the Company auditor for tax services	20	20
Depreciation of owned assets	9	3
Lease amortisation	–	18
Operating lease rentals – land and buildings	223	184
Movement on provision for doubtful debts	40	107

4. Particulars of Employees

The aggregate payroll costs were:

	Year ended 30 Sep 17 £'000	*Year ended 30 Sep 16 £'000*
Wages and salaries	1,516	1,264
Social security costs	196	165
	1,712	1,429

The average monthly number of persons, including executive directors, employed by the Company during the year was seven (2016: seven).

5. Directors' Emoluments

	Year ended 30 Sep 17 £'000	*Year ended 30 Sep 16 £'000*
Emoluments	1,013	834
Emoluments of highest paid director	354	352

The board of directors comprise the only persons having authority and responsibility for planning, directing and controlling the activities of the Group.

NOTES TO THE ACCOUNTS (continued)

6. Other Gains and Losses

	Year ended 30 Sep 17 £'000	*Year ended 30 Sep 16 £'000*
Movement in fair value of interest rate swaps	59	(262)
Transaction costs	–	(650)
Other	33	32
	92	(880)

7. Finance Income/Costs

	Year ended 30 Sep 17 £'000	*Year ended 30 Sep 16 £'000*
Finance Income		
Bank interest and interest receivable	174	259
Finance Costs		
Bank loans	(757)	(1,584)
Amortisation of arrangement fees	(127)	(741)
ZDP interest payable	(901)	(1,810)
	(1,785)	(4,135)

8. Taxation on Ordinary Activities

(a) Analysis of tax charge in the year

	Year ended 30 Sep 17 £'000	*Year ended 30 Sep 16 £'000*
UK Corporation tax based on the results for the year	313	577
Over provision in prior years	(11)	(1,773)
Current tax	302	(1,196)
Deferred tax	58	1,902
	360	706

NOTES TO THE ACCOUNTS (continued)

(b) Factors affecting tax charge

The tax assessed on the profit/(loss) for the year differs from the standard rate of corporation tax in the UK of 19.5% (2016: 20.0%).

	Year ended 30 Sep 17 £'000	*Year ended 30 Sep 16 £'000*
Profit/(loss) before taxation	1,215	(4,743)
Profit/(loss) multiplied by rate of tax	237	(949)
Effects of:		
Tax impact of unrealised revaluation movements	69	(198)
Utilisation of tax losses	(98)	(129)
Movement in tax losses carried forward	304	607
Non-taxable items	(189)	1,314
Joint venture losses not taxable	–	10
Capital allowances	(76)	(78)
Impact of differing tax rates for offshore entities	66	–
Over provision in prior years	(11)	(1,773)
Current tax charge/(credit) for the year	302	(1,196)

9. Dividends

No dividend was paid in respect of the year ended 30 September 2017 (2016: nil).

10. Earnings Per Share

The calculation of earnings per ordinary share is based on the profit after tax of £855,000 (2016: loss of £5,449,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 70,684,860 (2016: 78,920,377). There are no diluting amounts in either the current or prior years.

NOTES TO THE ACCOUNTS (continued)

11. Property, Plant and Equipment

Group & Company	*Premises Lease £'000*	*Office Equipment £'000*	*Furniture & Fittings £'000*	*Total £'000*
Cost				
At 1 October 2015	157	75	95	327
Additions	–	14	–	14
At 30 September 2016 and 1 October 2016	157	89	95	341
Additions	–	12	–	12
At 30 September 2017	157	101	95	353
Depreciation/Amortisation				
At 1 October 2015	139	65	95	299
Provided during the year	18	3	–	21
At 30 September 2016 and 1 October 2016	157	68	95	320
Provided during the year	–	9	–	9
At 30 September 2017	157	77	95	329
Net book value at 30 September 2017	–	24	–	24
Net book value at 30 September 2016	–	21	–	21

12. Investment in Regional REIT

As set out in the Chairman's and Chief Executive's Statement, the Group completed the disposal of various Group undertakings on 24 March 2017. The net consideration was satisfied by the receipt of 26,326,644 ordinary shares in Regional REIT, at a price of 106.347 pence per share, which represented 8.76% of the issued share capital of Regional REIT at the balance sheet date.

Regional REIT is a United Kingdom based real estate investment trust whose shares were admitted to the premium segment of the Official List and to trading on the main market of the London Stock Exchange on 6 November 2015. Regional REIT is managed by London & Scottish Investments Limited, as asset manager, and Toscafund Asset Management LLP, as investment manager.

The consideration was subject to adjustment by reference to completion accounts, which were agreed in July 2017, with a balancing cash settlement of £3,407 paid by the Group to Regional REIT.

The movement in the market value of the shares during the period was as follows:

	£'000
Consideration shares at issue price	27,998
Movement in market value	(355)
Valuation at 30 September 2017	27,643

Under the terms of the sale agreement, the Company has agreed a lock-in arrangement in respect of the consideration shares. Specifically, the Company is not permitted to dispose (directly or indirectly) of the legal or beneficial ownership of one-third of the consideration shares until 24 March 2018 and a further one-third of the consideration shares until 24 September 2018.

NOTES TO THE ACCOUNTS (continued)

13. Investment Properties

With the exception of the investment properties under construction, set out in note 14, the Group's investment property portfolio was disposed of on 24 March 2017 as part of the corporate sale to Regional REIT. The movement in fair value of the investment properties up to the date of disposal was as follows:

Group

	Freehold	*Long Leasehold*	*Reverse Lease Premiums*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Valuation at 1 October 2015	112,552	20,146	492	133,190
Additions	1,446	2,226	–	3,672
Disposals	(7,150)	–	–	(7,150)
Lease incentive granted	80	–	–	80
Reverse lease premium amortisation	–	–	(104)	(104)
Movement on revaluation	(538)	1,530	–	992
Valuation at 30 September 2016	106,390	23,902	388	130,680
Additions	11	64	–	75
Reclassification to investment Properties under construction	(1,170)	–	–	(1,170)
Reverse lease premium amortisation	–	–	(57)	(57)
Disposal of group undertakings	(105,231)	(23,966)	(331)	(129,528)
At 30 September 2017	–	–	–	–

The historical cost of properties held at 30 September 2016 was £161,164,000.

The properties were valued by Jones Lang LaSalle, independent valuers not connected with the Group, at 30 September 2016 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 valuations were arrived at by reference to market evidence of transaction prices and completed lettings for similar properties. The properties were valued individually and not as part of a portfolio and no allowance was made for expenses of realisation or for any tax which might have arisen. They assumed a willing buyer and a willing seller in an arm's length transaction. The valuations reflect usual deductions in respect of purchaser's costs and SDLT as applicable at the valuation date. The independent valuer made various assumptions including future rental income, anticipated void cost and the appropriate discount rate or yield.

As at 30 September 2017, the Group has pledged £nil (2016: £89,955,000) of investment property to secure Lloyds Bank, Jersey debt facilities and £nil (2016: £33,260,000) to secure Barclays Bank PLC debt facilities. Further details of these facilities are provided in note 28.

The property rental income earned from investment properties, leased out under operating leases, amounted to £5,008,000 (2016: £9,435,000). Apart from the corporate sale, there were no other investment property disposals in the current year. Details of the loss from the sale of investment properties in the prior year are set out below:

	30 Sep 16
	£'000
Gross sale proceeds	6,955
Sale fees	(113)
Net sale proceeds	6,842
Book value of properties sold	(7,150)
Loss on sale of investment properties	(308)

NOTES TO THE ACCOUNTS (continued)

14. Investment Properties Under Construction

Investment properties under construction are freehold land and buildings representing investment properties under development or construction and they amount to £34,293,000 (2016: £9,476,000) as at 30 September 2017. These properties comprise landholdings for current or future development as investment properties. This methodology has been adopted because the value of these properties is dependent on a detailed knowledge of the planning status, the competitive position of the assets and a range of complex development appraisals. The fair value of these properties rests in the planned developments, and is difficult to estimate pending confirmation of designs and planning permission, and hence has been estimated by the directors at cost as an approximation to fair value. Additions in the year include the acquisition of the Nottingham Island site for £13.5m including costs.

Investment Properties under Construction

	Group		*Company*	
	30 Sep 17	*30 Sep 16*	*30 Sep 17*	*30 Sep 16*
	£'000	*£'000*	*£'000*	*£'000*
At 1 October	9,476	3,156	3,397	–
Additions	22,038	6,320	–	3,397
Reclassification from investment properties	1,170	–	–	–
Reclassification from development projects	1,609	–	1,609	–
At 30 September	34,293	9,476	5,064	3,397

15. Investment in Joint Ventures

	30 Sep 17	*30 Sep 16*
	£'000	*£'000*
At 1 October	10,110	6,660
Share of results of joint ventures	29	(3)
Investment in joint venture	253	218
Proceeds on sale/assignment of interest in joint venture	(3,125)	–
Reclassify loan to joint venture	–	3,235
At 30 September	7,267	10,110

On 29 September 2017, the Group disposed of its 50% interest in the share capital of Roadking Holyhead Limited and assigned its loan to Roadking Holyhead Limited for a gross consideration of £3,125,500. Details of the profit from the sale are set out below:

	30 Sep 17
	£'000
Gross proceeds from sale/assignment	3,125
Sale fees	(10)
Net sale proceeds	3,115
Book value of interest sold	(3,112)
Profit on sale/assignment of interest in joint venture	3

As at the balance sheet date, the Group retained a 50% interest in Conygar Stena Line Limited, a property development company and CM Sheffield Limited a dormant company.

NOTES TO THE ACCOUNTS (continued)

15. Investment in Joint Ventures (continued)

Loans to Joint Ventures

In accordance with IAS 39, loans to joint venture companies have not been disclosed separately on the balance sheet as the investments in those entities are net liabilities when the loans are excluded.

	30 Sep 17 *£'000*	*30 Sep 16* *£'000*
Conygar Stena Line Limited	8,098	7,733
C M Sheffield Limited	2	2
Roadking Holyhead Limited	–	3,235
	8,100	10,970

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

	As at 30 Sep 17 *£'000*	*As at 30 Sep 16* *£'000*
Assets		
Current assets	7,282	10,203
Liabilities		
Current liabilities	(15)	(93)
Net Assets	7,267	10,110

	Year ended 30 Sep 17 *£'000*	*Year ended 30 Sep 16* *£'000*
Operating profit/(loss)	29	(3)
Finance income	–	–
Profit/(loss) before tax	29	(3)
Tax	–	–
Profit/(loss) after tax	29	(3)

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

16. Investment in Subsidiary Undertakings

Company	*30 Sep 17* *£'000*	*30 Sep 16* *£'000*
At 1 October 2016	68	3,269
Write down investments in the year	(1)	(3,201)
Disposals in the year	(51)	–
At 30 September 2017	16	68

NOTES TO THE ACCOUNTS (continued)

16. Investment in Subsidiary Undertakings (continued)

During the year, the directors commenced a programme to strike off the Group's dormant companies that are no longer required. The subsidiaries set out below, which as at the balance sheet date, are wholly owned and controlled by the Group, have been classified between those to be retained and those planned for striking off in the next financial year.

Company name	*Principal activity*	*Country of registration*	*% of equity held*
Conygar Holdings Ltd	Holding Company	England	100%
Conygar Wales PLC	Holding Company	England	100%*
Conygar Developments Ltd	Property trading and development	England	100%*
Conygar Haverfordwest Ltd	Property trading and development	England	100%*
Conygar Nottingham Ltd	Property trading and development	England	100%*
Conygar Ynys Mon Ltd	Property trading and development	England	100%*
Martello Quays Ltd	Property trading and development	England	100%
The Nottingham Island Site Management Company Ltd	Dormant	England	100%*
Lamont Property Holdings Ltd	Property investment	Jersey	100%*
Conygar Ashby Ltd	Property investment	Jersey	100%*
Conygar Cross Hands Ltd	Property investment	Jersey	100%*
Subsidiaries in the process of being struck off			
Coleridge (Fleet GP) Ltd	Dormant	England	100%*
Conygar Bedford Square Ltd	Dormant	England	100%*
Conygar Properties Ltd	Dormant	England	100%*
Conygar Sunley Ltd	Dormant	England	100%*
Loch (Warrington GP) Ltd	Dormant	England	100%*
The Advantage Property Income Trust Ltd	Dormant	Guernsey	100%*
TOPP Holdings Ltd	Dormant	Guernsey	100%*
TAPP Maidenhead Ltd	Dormant	Guernsey	100%*
Conygar Haverfordwest Retail Ltd	Dormant	Jersey	100%*
Lamont Property Acquisition (Jersey) V Ltd	Dormant	Jersey	100%*
Lamont Property Acquisition (Jersey) VII Ltd	Dormant	Jersey	100%*

* Indirectly owned

17. Property Inventories

	Group		*Company*	
	30 Sep 17	*30 Sep 16*	*30 Sep 17*	*30 Sep 16*
	£'000	*£'000*	*£'000*	*£'000*
Properties held for resale or development	29,311	30,739	7,282	8,558

NOTES TO THE ACCOUNTS (continued)

18. Trade and Other Receivables

	Group		*Company*	
	30 Sep 17	*30 Sep 16*	*30 Sep 17*	*30 Sep 16*
	£'000	*£'000*	*£'000*	*£'000*
Trade receivables	26	834	20	–
Provision for doubtful debts	–	(48)	–	–
	26	786	20	–
Amounts owed by group undertakings	–	–	56,402	99,428
Other receivables	535	845	116	151
Prepayments and accrued income	605	2,044	605	205
	1,166	3,675	57,143	99,784

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.

19. Trade and Other Payables

	Group		*Company*	
	30 Sep 17	*30 Sep 16*	*30 Sep 17*	*30 Sep 16*
	£'000	*£'000*	*£'000*	*£'000*
Amounts owed to group undertakings	–	–	9,956	34,515
Social security and payroll taxes	66	–	66	115
Trade payables	545	976	430	73
Accruals and deferred income	268	3,287	200	718
	879	4,263	10,652	35,421

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 17	*30 Sep 16*	*30 Sep 17*	*30 Sep 16*
	£'000	*£'000*	*£'000*	*£'000*
Bank loans	–	56,435	–	–
Debt issue costs	–	(890)	–	–
	–	55,545	–	–

All of the undertakings that were party to the Group's bank loans were sold on 24 March 2017 therefore, as at the balance sheet date, the Group no longer maintains any bank loan facilities. Further details of the Group's financial liabilities are given in note 28.

NOTES TO THE ACCOUNTS (continued)

21. Zero Dividend Preference Shares

Part of the consideration for the sale of its investment property portfolio was the transfer to Regional REIT Limited of the Group's interest in and obligations under the 30,000,000 zero dividend preference shares ("ZDP Shares").

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. During the period ended 24 March 2017, the Group accrued for £901,000 of additional capital (2016: £1,810,000).

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

	Year ended 30 Sep 17 £'000	*Year ended 30 Sep 16 £'000*
Balance at start of year	34,415	32,471
Amortisation of share issue costs	64	134
Accrued capital	901	1,810
Transfer of obligation on sale of group undertakings	(35,380)	–
Balance at end of year	–	34,415

22. Share Capital

Authorised share capital:

	30 Sep 17 £	*30 Sep 16 £*
140,000,000 (2016: 140,000,000) Ordinary shares of £0.05 each	7,000,000	7,000,000

Allotted and called up:
Amounts recorded as equity:

Ordinary shares of £0.05 each

	No	*£'000*
As at 30 September 2016	99,714,123	4,985
Cancellation of treasury shares	(32,587,688)	(1,629)
As at 30 September 2017	67,126,435	3,356

23. Treasury Shares

In December 2010, the Group began a share buyback programme and during the year ended 30 September 2017 purchased 10,340,000 (2016: 5,299,819) shares on the open market at a cost of £17,103,676 (2016: £8,872,556). As seen in note 22 above, on 19 September 2017, 32,587,688 ordinary shares of 5 pence each were transferred out of treasury and cancelled. The remaining 235,000 shares bought back were held in treasury at 30 September 2017.

NOTES TO THE ACCOUNTS (continued)

24. Deferred Tax Liability

The deferred tax liabilities comprise amounts arising from unrealised revaluation movements as follows:

	Group		*Company*	
	30 Sep 17	*30 Sep 16*	*30 Sep 17*	*30 Sep 16*
	£'000	*£'000*	*£'000*	*£'000*
At the start of the year	1,902	–	–	–
Charge to the statement of comprehensive income	58	1,902	205	–
Transfer of obligation on sale of group undertakings	(1,755)	–	–	–
At the end of the year	205	1,902	205	–

Deferred tax liabilities have been measured at a rate of 19% (2016: 20%), being the rate substantively enacted at the balance sheet date. They are calculated on the basis of the chargeable gain that would crystallise on the sale of the Group's investment properties and other fixed asset investments at each balance sheet date. The calculation takes account of any available indexation.

25. Lease Commitments

Group and Company as lessee:

At 30 September 2017, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	30 Sep 17	*30 Sep 16*
	£'000	*£'000*
Within one year	180	180
In the second to fifth years inclusive	131	311
	311	491

Group and Company as lessor:

Prior to the sale on 24 March 2017, the Group held retail, office, industrial and leisure buildings as investment properties which were let to third parties. These were non-cancellable leases and the income profile based upon the unexpired lease length was as follows:

	30 Sep 17	*30 Sep 16*
	£'000	*£'000*
Less than one year	–	10,553
Between one and five years	–	21,723
Over five years	–	10,926
	–	43,202

NOTES TO THE ACCOUNTS (continued)

25. Lease Commitments (continued)

The Group and Company receive income under non-cancellable leases from existing property located at several of the Group's development sites. The income profile based upon the unexpired lease length was as follows:

	30 Sep 17 *£'000*	*30 Sep 16* *£'000*
Less than one year	186	129
Between one and five years	508	404
Over five years	296	338
	990	871

26. Related Party Transactions

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

	30 Sep 17 *£'000*	*30 Sep 16* *£'000*
Subsidiaries		
Conygar Holdings Limited	(9,906)	63,217
Conygar Haverfordwest Limited	22,104	22,167
Conygar Nottingham Limited	14,058	–
Conygar Cross Hands Limited	8,415	110
Conygar Ashby Limited	3,725	–
Conygar Wales PLC	(50)	(50)
Conygar Strand Limited *(sold in the year)*	–	2,939
Conygar Advantage Limited *(struck off in the year)*	–	25
Conygar ZDP PLC *(sold in the year)*	–	(34,465)
	38,346	53,943

	30 Sep 17 *£'000*	*30 Sep 16* *£'000*
Joint Ventures		
Conygar Stena Line Limited	8,098	7,733
C M Sheffield Limited	2	2
Roadking Holyhead Limited *(loan assigned in the year)*	–	3,235
	8,100	10,970

NOTES TO THE ACCOUNTS (continued)

26. Related Party Transactions (continued)

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

	30 Sep 17	*30 Sep 16*
	£'000	*£'000*
Secured interest bearing loan	5,078	4,713
Unsecured non-interest bearing shareholder loan	3,020	3,020
	8,098	7,733

During the year, the Company received a management fee from Conygar Stena Line Limited of £50,000 (2016: £50,000) in respect of management services and intercompany interest of £199,000 (2016: £184,000) due on the secured interest bearing loan.

During the year, the Company received intercompany interest of £nil (2016: £355,000) from Conygar Holdings Limited.

27. Profit of Parent Company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The parent company's profit for the year amounts to £25,318,000 (2016: loss of £8,121,000).

28. Financial Instruments

Treasury Policies

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

The Group finances its activities with a combination of bank loans, cash and short term deposits. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operations. The Group may also enter into derivative transactions to manage the interest rate risk arising from the Group's operations and its sources of finance. The 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. As at the balance sheet date, no group undertakings were party to any derivative transactions following the transfer on 24 March 2017 of both interest rate caps to Regional REIT. As at 30 September 2016, interest rate caps amounted to an economic hedge of between £36.1 million and £37.0 million of the total loans drawn of £56.4 million for cash flows to 27 April 2021, but no hedge accounting was 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)

28. Financial Instruments (continued)

Market Risk

The Group is exposed to market risk which up until 24 March 2017 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.

All of the undertakings that were party to the Group's bank loans were sold on 24 March 2017 therefore, as at the balance sheet date, the Group no longer maintains any bank loan facilities. As at 30 September 2016 after taking into account interest rate caps, 66% of the Group's bank borrowings were at a fixed rate of interest.

The interest rate profile of the Group bank borrowings at 30 September 2016 was as follows:

	Interest Rate	*Maturity*	*30 Sep 16*
			£'000
Lloyds Bank, Jersey	BOE base + 1.9%	2-5 years	48,100
Barclays	LIBOR + 3.5%	Less than 1 year	8,335
			56,435

In addition to the bank debt, as at 30 September 2016, the Group had a financial liability of £34.4 million relating to 30,000,000 zero dividend preference shares ("ZDP Shares"). As set out in note 21, the Group's interest in and obligations under the ZDP shares were transferred to Regional REIT Limited on 24 March 2017.

Financial Assets

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

	30 Sep 17	*30 Sep 16*
	£'000	*£'000*
Floating rate	37,170	63,662

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

	30 Sep 17	*30 Sep 16*
	£'000	*£'000*
Floating rate	36,208	37,902

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

NOTES TO THE ACCOUNTS (continued)

28. Financial Instruments (continued)

Credit Risk

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

Tenant rent payments are monitored regularly and appropriate action is taken to recover monies owed or if necessary to terminate the lease. Deferred consideration terms are only agreed with counterparties approved by the Board or where some additional security is available, and there were none as at 30 September 2017 (2016: £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. As at 30 September 2017, the Group had a single balance of £59,000 (2016: £67,000) 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.

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 cash flow such that the adverse impact of this can be mitigated.

Loans

All of the undertakings that were party to the Group's bank loans were sold on 24 March 2017 therefore, as at the balance sheet date, the Group no longer maintains any bank loan facilities.

As at 30 September 2016 and up to the date of disposal of the Group undertakings, TAPP Property Limited, TOPP Property Limited, TOPP Bletchley Limited, Lamont Property Acquisition (Jersey) I Limited, Lamont Property Acquisition (Jersey) II Limited and Lamont Property Acquisition (Jersey) IV Limited ("the borrowers") jointly maintained a facility with Lloyds Bank, Jersey of £48,100,000 under which £48,100,000 had been drawn down. This facility was repayable on or before 27 April 2021 and was secured by fixed and floating charges over the assets of the borrowers. The facility was subject to a maximum loan to value covenant of 65%, a historical interest cover ratio covenant of 200% and a historical debt service cover ratio of 110%.

On 26 October 2016, Conygar Dundee Limited, Conygar Hanover Street Limited, Conygar Stafford Limited and Conygar St Helens Limited repaid the outstanding balances of their facilities with Barclays Bank PLC of £8,335,000 (30 September 2016: £8,335,000).

From 2 December 2016 and up to the date of disposal of the Group undertakings, Conygar Dundee Limited, Conygar Hanover Street Limited, Conygar Strand Limited and Conygar St Helens Limited jointly maintained a facility with HSBC Bank PLC of £21,397,500 under which £21,397,500 had been drawn down. This facility was repayable on or before 2 December 2021 and was secured by fixed and floating charges over the assets of Conygar Dundee Limited, Conygar Hanover Street Limited, Conygar Strand Limited and Conygar St Helens Limited. The facility was subject to a maximum loan to value covenant of 65%, a historical and projected interest cover ratio covenant of 200% and a historical and projected debt service cover ratio of 120%.

NOTES TO THE ACCOUNTS (continued)

28. Financial Instruments (continued)

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 property. The Group seeks to ensure that secured borrowing does not exceed 70% of the current market value of such property.

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

	Book Value 30 Sep 2017 £'000	*Book Value 30 Sep 2016 £'000*	*Fair Value 30 Sep 2017 £'000*	*Fair Value 30 Sep 2016 £'000*
Financial Assets				
Cash	37,170	63,662	37,170	63,662
Loans to joint ventures	8,100	10,970	8,100	10,970
Interest rate derivatives	–	44	–	44
Financial Liabilities				
Floating rate borrowings	–	56,435	–	56,435
Fixed rate borrowings	–	34,719	–	34,719

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

	Book Value 30 Sep 2017 £'000	*Book Value 30 Sep 2016 £'000*	*Fair Value 30 Sep 2017 £'000*	*Fair Value 30 Sep 2016 £'000*
Financial Assets				
Cash	36,208	37,902	36,208	37,902
Loans to joint ventures	8,100	10,970	8,100	10,970

NOTES TO THE ACCOUNTS (continued)

28. Financial Instruments (continued)

Derivative Financial Instruments

All of the undertakings that were party to the Group's derivative financial instruments were sold on 24 March 2017 therefore, as at the balance sheet date, the Group no longer maintains any derivative financial instruments. The market value of the derivative financial instruments as at 30 September 2016 are set out below:

	Protected Rate %	*Expiry*	*Market value at 30 Sep 2016 £'000*
£37 million cap	2.00	Feb-18	44
£36.1 million cap	2.50	Apr-21	–
			44

The valuation of the swaps was provided by JC Rathbone Associates Limited, was a tier 2 valuation and represented the change in fair value since execution. The fair value was 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.

GLOSSARY OF TERMS

AIM	The AIM market of the London Stock Exchange PLC
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
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 Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU on 25 January 2018 at 4.30pm to consider and, if thought fit, pass the following resolutions:

Resolutions 1 to 7 are proposed as ordinary resolutions and resolutions 8 to 9 are proposed as special resolutions.

ORDINARY BUSINESS

Ordinary Resolutions

1 To receive and adopt the Company's annual accounts for the financial year ended 30 September 2017 together with the directors' report and the auditors' report on those accounts.

2 To approve the directors' remuneration report for the financial year ended 30th September 2017.

3 To re-appoint Rees Pollock as auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next meeting at which accounts are laid before the Company.

4 To authorise the directors of the Company (the "**Directors**") to agree the remuneration of the auditors.

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

Robert Thomas Ernest Ware

6 To re-appoint the following Director who retires by rotation:

Nigel Jonathon Hamway

SPECIAL BUSINESS

7 (a) That the Directors be and are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for, or convert any security into shares in the Company provided that this authority shall be limited to the allotment of up to an aggregate nominal amount of £400,000.00 (comprising 8,000,000 Ordinary Shares) and provided that this authority (unless renewed, varied or revoked by the Company in a general meeting) is for a period expiring on the earlier of (i) the conclusion of the next Annual General Meeting of the Company or (ii) the expiry of 15 months from the passing of this resolution; and

(b) the Company may, before such expiry of this authority, make an offer or agreement which would or might require the shares to be allotted or rights to subscribe for, or convert any security into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or convert any security into shares 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 allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company to the extent unused.

Special Resolutions

8 That subject to the passing of resolution 7 above, the Directors be and are hereby generally and unconditionally empowered pursuant to sections 570 (1) and 573 of 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 resolution 7 and / or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

NOTICE OF ANNUAL GENERAL MEETING (continued)

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

(b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £400,000.00 (comprising 8,000,000 Ordinary Shares);

and this power (unless renewed, varied or revoked by the Company in a general meeting) shall expire on the earlier of (i) the conclusion of the next Annual General Meeting of the Company after the passing of this resolution and (ii) the date falling 15 months after the date of 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, or treasury shares to be sold after such expiry and the Directors may allot equity securities, or sell treasury shares, in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. The authority granted by this resolution shall replace all existing authorities previously granted to the Directors to allot equity securities for cash or by way of a sale of treasury shares as if section 561 (1) of the Act did not apply.

9 That the Company be and is generally and unconditionally authorised for the purposes of section 701(1) of 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 (each an "Ordinary Share") the Company provided that:

(a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 9,873,215 (representing approximately 15% of the Company's issued ordinary share capital);

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

(c) the maximum price (excluding expenses) which may be paid for an Ordinary Share shall not be more than an amount equal to 105% of 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	By Order of the Board
Fourth Floor	R H McCaskill
110 Wigmore Street	Company Secretary
London	
W1U 3RW	11 December 2017

NOTICE OF ANNUAL GENERAL MEETING (continued)

Notes

Entitlement to attend and vote

1. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the Company's register of members at:
   - 4.30pm on 23 January 2018; or
   - if this meeting is adjourned, at 4.30pm on the day two days prior to the adjourned meeting (excluding non-working days),

   shall be entitled to attend and vote at the Meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
2. Only the holders of Ordinary Shares registered in the Company shall be entitled to attend and vote at the Meeting.

Appointment of proxies

3. 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.
4. 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.
5. 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.
6. 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. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution.

Appointment of proxy using hard copy proxy form

7. 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, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR** or;
   - scanned and emailed to proxies@shareregistrars.uk.com or;
   - received by the Company no later than 4.30pm on 23 January 2018.

   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.
8. If a member appoints a proxy or proxies and then decides to attend the Meeting in person and vote using his poll card, then the vote in person will override the proxy vote(s). If the vote in person is in respect of the member's holding, then all proxy votes will be disregarded. If, however, the member votes at the meeting in respect of less than the member's entire holding, then if the member indicates on his polling card that all proxies are to be disregarded, that shall be the case, but if the member does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the member's entire holding. If you do not have a proxy form and/or believe that you should have one or if you require additional forms, please contact Share Registrars Ltd.

Appointment of proxy by joint members

9. 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

10. 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 Ltd. 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.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Termination of proxy appointments

11. 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), The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR**. 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 Share Registrars Ltd no later than 4.30pm on 23 January 2018.

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

12. Except as provided above, members who have general queries about the Meeting should email the Company Secretary on rossmccaskill@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.

Appointment of proxies through CREST

13. 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 (available from https://www.euroclear.com/site/public/EUI).

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

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

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

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

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

If a corporation is a member of the Company, it may by resolution of its directors or other governing body authorise one or more persons to act as its representative or representatives at the Meeting and any such representative or representatives shall be entitled to exercise on behalf of the corporation all the powers that the corporation could exercise if it were an individual member of the Company. Corporate representatives should bring with them either an original or certified copy of the appropriate board resolution or an original letter confirming the appointment, provided it is on the corporation's letterhead and is signed by an authorised signatory and accompanied by evidence of the signatory's authority.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Issued shares and total voting rights

14. As at 11 December 2017 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 65,821,435 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 11 December 2017 are 65,821,435.

Documents on display

15. Copies of the Executive Directors' service contracts with the Company and any of its subsidiary undertakings and letters of appointment of the Non-Executive Directors are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the Annual General Meeting.

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 3) 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 Gowling WLG (UK) LLP, 4 More London Riverside SE1 2AU on 25 January 2018 at 4.30pm and at any adjournment thereof. I/we request such proxy to vote on the following resolutions as indicated below. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting:

Resolution Number	Resolution	For	Against	Vote Withheld
Ordinary Resolutions				
1	To receive and adopt the Company's annual accounts for the financial year ended 30 September 2017 together with the directors' report and the auditors' report on those accounts.			
2	To approve the directors' remuneration report for the financial year ended 30 September 2017.			
3	To re-appoint Rees Pollock as auditors of the Company.			
4	To authorise the directors to agree the remuneration of the auditors.			
5	To re-appoint the following director who retires by rotation: Robert Thomas Ernest Ware.			
6	To re-appoint the following director who retires by rotation: Nigel Jonathon Hamway.			
7	To give directors' authority to allot shares in the Company or grant rights to subscribe for, or convert any security into shares in the Company up to an aggregate nominal amount of £400,000.00.			
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 9,873,215.			

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

Date ....

Signed ....

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 a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.

2 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.
   A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution.

3 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 but must attend the meeting to represent you. Where you appoint as your proxy someone other than the Chairman of the Meeting, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.

4 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.

5 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.

6 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.

7 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 Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, by 4.30pm on 23 January 2018.

8 Any alterations to this form of proxy should be initialled. 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. For details on how to change your proxy instructions or revoke your proxy appointment please see the notes to the notice of meeting.

9 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.

10 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 Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. In each case, the proxy appointment must be received not less than 4.30pm on 23 January 2018 together with any authority (or a notarially certified copy of such authority) under which it is signed.

Perivan Financial Print 247934