

8 December 2009

**The Conygar Investment Company PLC
Preliminary Results for the year ended 30 September 2009**

The Conygar Investment Company PLC, the property trading and development company announces its results for the year ended 30 September 2009.

HIGHLIGHTS

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

Summary Group Net Assets As At 30 September 2009

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

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

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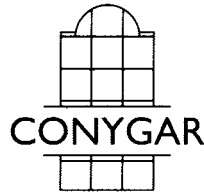
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CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results

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

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

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

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

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

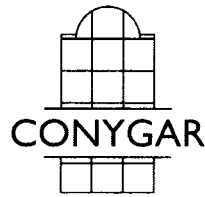
Acquisition of The Advantage Property Income Trust Limited ("TAP")

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

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

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

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



Acquisition After the Year-End

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

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

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

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

Trading Properties

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

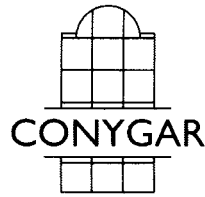
Marina Projects

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

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

Financing and Fundraising

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



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

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

Summary Group Net Assets As At 30 September 2009

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

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

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

Appointment of Director

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

Prospects

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

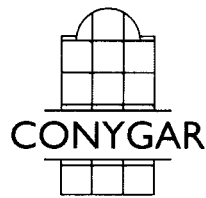
We remain cautious about apparent signs that the outlook for the economy is improving. Much of it appears to relate to a weight of money chasing a scarce supply of assets. We see little sign that rental levels are actually improving, that unemployment has stopped rising, that sensible finance is returning to the property sector, or that anyone in government or the opposition knows how to deal with our government's excessive borrowing. Therefore any recovery seems fragile and we anticipate further blips along the way. The banks still have huge amounts of exposure to property and whilst we are slowly starting to see bank related deals appear we believe there is still much more to come. The banking sector will in time have to find a suitable solution to its huge property exposure. We hope to be able to help them in this process.



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

N J Hamway
Chairman

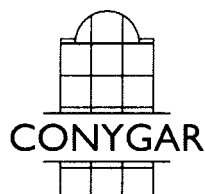
R T E Ware
Chief Executive



CONSOLIDATED INCOME STATEMENT
For the year ended 30 September 2009

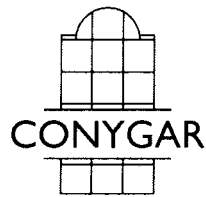
	Note	Year Ended 30 Sep 09 £'000	Year Ended 30 Sep 08 £'000
Sales of properties		13,924	8,150
Rental income		2,544	1,225
Revenue		16,468	9,375
Direct costs of:			
Sales of properties		16,338	4,963
Rental income		728	522
Write-down of property inventory		(647)	2,477
Direct Costs		16,419	7,962
Gross Profit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

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



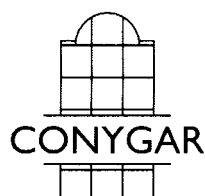
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2009

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



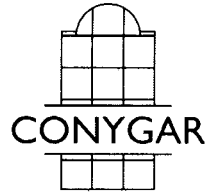
CONSOLIDATED BALANCE SHEET
At 30 September 2009

	Note	30 Sep 2009 £'000	30 Sep 2008 £'000
Non-Current Assets			
Property, plant and equipment		7	8
Investment properties	5	151,589	-
Investment in joint ventures	6	5,087	5,047
Goodwill	7	3,173	3,173
Deferred tax assets		92	304
		159,948	8,532
Current Assets			
Development and trading properties	8	7,088	22,895
Trade and other receivables		19,077	726
Tax receivable		941	134
Cash and cash equivalents		102,827	38,290
		129,933	62,045
Total Assets		289,881	70,577
Current Liabilities			
Trade and other payables		12,669	2,367
		12,669	2,367
Non-Current Liabilities			
Bank loans	9	98,124	-
Preference shares	10	12,612	-
Derivatives		4,431	-
		115,167	-
Total Liabilities		127,836	2,367
Net Assets		162,045	68,210
Equity			
Called up share capital	11	5,809	2,082
Share premium account		123,094	57,990
Merger reserve		7,640	-
Equity reserve		1,254	-
Retained earnings		23,126	8,133
		160,923	68,205
Equity Attributable to Equity Holders		160,923	68,205
Minority interests		1,122	5
Total Equity		162,045	68,210



CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 September 2009

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



Notes:

1. The financial information set out in this announcement is abridged and does not constitute statutory accounts for the year ended 30 September 2009 but is derived from those draft financial statements. The financial information is not audited. The statutory accounts for the year ended 30 September 2009 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting. The financial information has been prepared using the recognition and measurement principles of IFRS.
2. The comparative financial information for the year ended 30 September 2008 was derived from information extracted from the annual report and accounts for that period, which was prepared under IFRS and which has been filed with the UK Registrar of Companies. There have been no changes to the Group's accounting policies from those disclosed in the 2008 annual report. The auditors have reported on those accounts, their report was unqualified and did not contain statements under sections 237 (2) or (3) of the Companies Act 1985.
3. The calculation of earnings per ordinary share is based on the profit after tax attributable to equity shareholders of £14,004,000 (2008 loss - £365,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 43,398,022 (2008 – 40,899,961). The diluted earnings per share is based on adjusted profit for the year of £14,079,000 (2008 loss - £365,000) and on 44,687,082 (2008 – 40,899,961) ordinary shares, calculated as follows:

	2009	2008
	£'000	£'000
Basic weighted average number of shares	43,398,022	40,899,961
Diluting potential ordinary shares:		
Employee share options	292,926	-
Preference shares	996,134	-
Total diluted	<u>44,687,082</u>	<u>40,899,961</u>

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

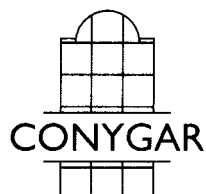
4. The directors are not proposing that a dividend payment be made.

5. Investment Properties

	Freehold	Long Leasehold	Total
	£'000	£'000	£'000
Fair value acquired with subsidiary	143,784	7,805	151,589
Addition	81	-	81
Disposals	(41)	-	(41)
Reverse lease premium	(40)	-	(40)
Valuation at 30 September 2009	<u>143,784</u>	<u>7,805</u>	<u>151,589</u>

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

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



6. Investment in Joint Ventures

	30 Sep 09 £'000	30 Sep 08 £'000
At 1 October 2008	5,047	91
Share of (loss) / profit retained by joint ventures	(39)	3
Investment in joint venture	89	5,043
Dividends received	(10)	(90)
At 30 September 2009	5,087	5,047

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

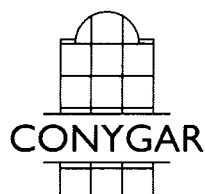
The following amounts represent the Group's 50% share of the assets and liabilities, and results of the joint ventures. They are included in the balance sheet and income statement:

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

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

7. Goodwill

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



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

8. Property Inventories

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

9. Bank Loans

	Group		Company	
	30 Sep 09 £'000	30 Sep 08 £'000	30 Sep 09 £'000	30 Sep 08 £'000
Bank loans	99,609	-	-	-
Debt issue costs	(1,485)	-	-	-
	<u>98,124</u>	<u>-</u>	<u>-</u>	<u>-</u>

10. Preference Shares

	Group		Company	
	30 Sep 09 £'000	30 Sep 08 £'000	30 Sep 09 £'000	30 Sep 08 £'000
Preference shares	12,612	-	12,612	-
	<u>12,612</u>	<u>-</u>	<u>12,612</u>	<u>-</u>

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

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

11. Share Capital

Authorised share capital:

	30 Sep 09 £	30 Sep 08 £
140,000,000 (2008 – 100,000,000) Ordinary shares of £0.05 each	<u>7,000,000</u>	<u>5,000,000</u>
150,000,000 (2008 – nil) Preference shares of £0.01 each	<u>1,500,000</u>	<u>-</u>

