CONYGAR

The Conygar Investment Company PLC

Report And Accounts
30 September 2012

YEAR ENDED 30 SEPTEMBER 2012

The Conygar Investment Company PLC, announces its results for the year ended 30 September 2012.

HIGHLIGHTS

- **Net asset value per share increased by 7% to 165.9p** (2011: 155.2p). **EPRA NAV** per share increased by **8% to 166.9p** (2011: 153.9p).
- **Pre-tax profit** for the year **£7.46 million** compared with £1.76 million last year.
- **Acquired** a portfolio of nine freehold and long leasehold properties (the "**Edinmore portfolio**") for **£39.8 million** with a **net initial yield of 10.6%.** Valued at £42.4 million as at 30 September 2012.
- **Obtained planning consents** for our £100 million waterfront development at **Fishguard**, West Wales and our mixed-use marina development at **Holyhead**, Anglesey, Wales.
- **Net debt** of **£48.2 million** representing gearing of 31.3% against net asset value and 27.4% on loan to value basis.
- Strong cash flow and debt **capacity for future acquisitions**, with total cash and undrawn committed facilities exceeding **£50 million**.
- **Share buy back**: the Group **acquired 9.1%** of its ordinary share capital at a weighted **average price of 90.8p** per share.
- Post period end, **submitted planning application** in respect of the 60,000 square foot **Sainsbury's** retail food store and 835 residential plots in **Haverfordwest**.

Summary Group Net Assets As At 30 September 2012

	£'m	*Per Share p*
Investment Properties	176.0	189.6
Development Projects	30.8	33.2
Cash	31.5	33.9
Other Net Liabilities	(4.6)	(5.0)
	233.7	251.7
Bank Loans	(79.7)	(85.8)
	154.0	165.9

WHO WE ARE

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

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

Registered in England No. 04907617

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DIRECTORS AND ADVISERS

The Board of Directors
N J Hamway (Non-Executive Chairman)
R T E Ware (Chief Executive)
P A Batchelor (Finance Director)
S M Vaughan (Property Director)
P M C Rabl (Director)
M D Wigley (Non-Executive Director)

Company Secretary
P A Batchelor

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CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results

We are pleased to report a net asset value per share of 165.9p, which is an increase of 7% from last year. The major components of that growth are the profit after tax of £5.6 million and the positive impact of the share buy back programme. Net asset value as at 30 September 2012 was £154.0 million compared with £158.5 million at 30 September 2011. However, the Group spent £8.5 million on share buybacks during 2012 and paid a dividend of £1.1 million. Excluding these, net assets increased by 3%. On an EPRA basis, net asset value per share increased by 8% to 166.9p.

The profit before taxation for the year was £7.5 million (2011: £1.8 million). Net property income was £13.4 million (2011: £10.0 million) before financing and overheads. Whilst our primary focus is on growing net asset value per share, it is also good to see the improved profitability of the business.

The Group's investment properties as at 30 September 2012 were independently valued at £176.0 million (2011: £139.2 million) and have an annual contracted rent roll of £15.8 million (2011: £12.1 million). The Edinmore portfolio acquired in the year increased in value by 6% whilst the existing properties fell by 1.6%, on a like for like basis. We continue to concentrate on asset management and the result is pleasing given the difficulties being experienced in the property market outside central London.

The development land bank is held at cost of £30.8 million (2011: £29.4 million), after additions of a further £1.4 million during 2012. During the year, we were pleased to announce the granting of outline planning permission for our two mixed use marina developments at Holyhead Waterfront, Anglesey and Fishguard, West Wales. We have also now submitted the planning application in respect of the 60,000 square foot Sainsbury's retail food store and 835 residential plots at Haverfordwest. The development team continues to deliver good progress on all of our projects and, whilst the planning process is frustratingly slow, we remain on target to deliver projects comprising more than 2,000 homes, 1,400 marina berths and in excess of 400,000 square feet of commercial and retail development. All of these matters are covered in more detail under the Business Review on page 8.

The Group continues to deliver on its strategy, having established an investment property portfolio generating surplus cash flow whilst at the same time creating a pipeline of exciting development projects that are well positioned to deliver good returns in the medium term. The business is well funded and the balance sheet remains strong. We will recycle assets to release capital as opportunities present themselves and will continue to buy back shares to enhance net asset value per share. This is a business model that has delivered growth throughout the nine year life of the Group.

Acquisitions and disposals

In December 2011, we acquired a portfolio of properties from a consortium including a subsidiary of Caledonia Investments plc and Buccleuch Property in an off-market transaction for a total cash consideration, including all costs, of £39.8 million (the "Edinmore portfolio"). The annual rent roll is approximately £4.2 million representing a net initial yield of 10.6%. This high yielding portfolio has a good spread of risk and offers considerable upside from both lease re-gears and development opportunities. It fits well with our strategy of acquiring assets with strong existing cash flow to which we can add further value.

The Group disposed of four investment properties during the year for total net proceeds of £4.05 million, generating a surplus of £431,000 over valuation. We will continue to dispose of assets as opportunities arise and where no further value can be added by the Group.

Dividend

The Board is pleased to recommend a final dividend of 1.25p per ordinary share in respect of the year ended 30 September 2012 to be paid on 22 January 2013 to shareholders on the register on 7 December 2012. This is an increase of 14% over last year. Our dividend policy is unchanged in that we will aim to

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

provide some income return to shareholders but for the most part retain profits for reinvestment in the business.

Share Buy Back

During the year, the Group acquired 9,320,000 ordinary shares representing 9.1% of its ordinary share capital, at a weighted average price of 90.8p per share. This cost £8.5 million and, as a result of the buy backs, net asset value per share has been enhanced by approximately 6.5 pence per share or 4%. The Group will seek to renew the buy back authority at the forthcoming AGM and will continue to utilise it as and when it makes sense to do so and certainly whilst our shares continue to trade at such a significant discount to our underlying value.

Financing

At 30 September 2012, the Group had bank debt of £81 million and cash of £32 million available to pursue investment opportunities and to fund progress on our developments. When combined with funds available from the committed bank facility, this amount increases to £50 million. This excludes any further finance available in respect of new acquisitions. The Group bank debt stands at 46% loan to value or 27% net of cash.

During November 2011, the Group re-couponed its existing interest rate swaps from 2.38% to 1.33%, having already reduced them during the previous financial year from 5.2%. In June 2012, we entered into a new interest rate swap agreement for the remaining £15.3 million unhedged balance of our external bank debt with a fixed rate of 0.99%. Aside from reducing the on-going interest rate charge in the income statement, our external bank debt is now fully hedged and the weighted average cost of all debt including margin has fallen to 4.44%.

Also during November 2011, the Group drew down £33 million from its facility with Lloyds Banking Group, which was used to acquire the Edinmore portfolio. The ability to deploy cash quickly was a major competitive advantage when acquiring this portfolio.

In August 2012, we announced the £20 million refinancing of the Edinmore portfolio with Barclays Bank PLC. This four year facility is secured on the nine properties of the Edinmore portfolio and is fully fixed for the term at an all in cost of 4.5%.

We are presently in discussions with several banks with a view to refinancing the £11.5 million debt facility which matures in January 2013. The assets secured on this facility are valued at £31 million so we are confident that refinancing is a viable proposition. In any event, we have the cash available to repay the facility whilst negotiations continue.

Review of Remuneration Policy

At the last Annual General Meeting, the Chairman committed to consult with a wide range of shareholders with respect to the Group's remuneration arrangements for Executive Directors. We have also monitored and reviewed the topical debates in this area. It is essential that remuneration remains sufficiently competitive to attract, retain and motivate high quality management to achieve challenging targets. The Group has been well run and has continued to grow through one of the worst downturns in living memory. However, we acknowledge that bonus payments, in whatever form, should only arise for true out-performance and to that end, we have increased the post-tax hurdle rate on the Profit Sharing Plan to 10% per annum on a cumulative basis. In addition, we have introduced a share price condition. The remuneration committee does not intend to pay out a bonus unless the market share price is at least 65% of audited net asset value per share. We have also made a number of lesser amendments to clarify and simplify the Plan, but in the main, our shareholder consultees were satisfied that the basic structure is appropriate for our business model. The remuneration report is on page 18.

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

Summary of Group Net Assets

The Group net assets as at 30 September 2012 may be summarised as follows:

		Per Share
	£'m	*p*
Investment Properties	176.0	189.6
Development Projects	30.8	33.2
Cash	31.5	33.9
Other Net Liabilities	(4.6)	(5.0)
	233.7	251.7
Bank Loans	(79.7)	(85.8)
	154.0	165.9

Outlook

There can be no doubt the going remains exceedingly tough. With a fragile economy, struggling to climb out of recession combined with continued scarce financing, the property market remains weak, particularly outside London. Signs of recovery are few. Businesses and households remain cautious, and rightly so, given the considerable challenges still to be met, whether domestically or further afield.

Notwithstanding the backdrop of general economic struggles, the outlook for Conygar remains promising and our cautious business model ensures we manage the downside whilst positioning the Group to take full advantage of the upside. The balance sheet is strong and we are well funded. We continue to make good progress on both development projects and the investment property portfolio, whilst managing the associated risks.

We remain positive about the future for your business and look forward to continuing our progress particularly in the development portfolio during the forthcoming year.

N J Hamway
Chairman

R T E Ware
Chief Executive

28 November 2012

BUSINESS REVIEW

Investment Properties

Summary of portfolio

	2012	*2011*
Valuation at 30 September	£175,995,000	£139,150,000
Number of properties	48	41
Contracted rent (pa)	£15,766,763	£12,070,501
Current ERV (pa)	£17,549,979	£13,665,893
Net initial yield	8.22%	7.86%
Equivalent yield	9.15%	8.92%
Reversionary yield	9.48%	9.35%
ERV of vacant units (pa)	£2,136,042	£1,611,451
Vacancy rate	10.40%	11.19%
Average unexpired lease lengths	4.50 years	5.21 years

Asset management

At 30 September 2012, the contracted rent for the investment property portfolio was £15.8 million with an ERV of £17.5 million. The ERV of vacant space is £2.1 million of which Advantage, Reading and Brunswick Point, Leeds account for 40% by rental value. The overall vacancy rate in the portfolio is 10.40%, down from 11.19% in 2011 and the average unexpired lease length fell to 4.50 years from 5.21 years at 30 September 2011, mostly due to the impact of acquiring the Edinmore portfolio.

Clearly tenants and their businesses remain under pressure and therefore we seek to maintain close communication and early discussions with tenants where leases are shortening or breaks impending. We are fortunate that our arrears are less than 1% of the rent roll and that 95% - 98% of rent is collected within ten days of a quarter.

In terms of lettings:

- We agreed 4 new lettings contributing £156,212 pa of new income at or around ERV.
- We agreed 16 lease renewals retaining £1,775,581 pa of income at an aggregate premium of 7.55% to ERV.

The highlights include:

Norfolk House, Birmingham

The 4th and part 5th floors of Norfolk House, Birmingham were let to the Secretary of State, occupying a total of 19,279 sq ft on two leases expiring on 25 March 2015. The total annual rent payable is just over £250,000. Each of the leases had a break clause on 24 March 2013. Following discussions with the tenant's managing agent, terms were agreed for the break clauses to be removed from the leases in return for a rent free period of 6 weeks. The passing rents of just over £250,000 per annum will therefore run until lease expiry in 2015. It is particularly good news to obtain another 2 years' income secured at existing levels of rent in return for only 6 weeks' rent free and is a good example of the importance of maintaining close and frequent dialogue with occupiers.

BUSINESS REVIEW (continued)

31 Foleshill Road, Coventry

31 Foleshill Road comprises 14,888 sq ft and is let to Halfords Limited on a lease which was due to expire on the 23 June 2016. A re-gear of the lease to Halfords has subsequently completed on the following terms:

- Term – 10 years from 29 June 2012.
- Tenant Breaks – none.
- Rent – as existing, £209,281 per annum.
- Incentives – 18 months' rent free from 29 September 2012.

As a consequence of the re-gearing of the lease, the valuation of this asset increased by £115,000 and, more importantly, the investment is now a more attractive proposition, which provides Conygar with further flexibility with regard to its strategy for this asset going forward.

7 West Street, Horsham

7 West Street, Horsham was let in the latter part of 2010 to British Bookshops and Stationers Limited on a 10 year lease at £95,000 per annum. However, British Bookshops and Stationers Limited became a casualty of the difficult retail market in 2011 and went into Administration with the lease being disclaimed by the Administrator on 19 March 2011.

The property was subsequently marketed and a letting to C & H Fabrics Limited has been completed. The lease is for a term of 10 years from 20 December 2011, at an improved rent of £105,000 per annum, which is in line with ERV. The tenant was granted a three month rent free period during its fit out, followed by six months' rent free, which has been provided by discounting the annual rent by 50% for the first year of the term.

The tenant, C & H Fabrics Limited, was founded in 1933 and has seven retail outlets in the South East, with the new branch at Horsham adding to that portfolio. The tenant carried out a substantial refit of the property and created a new staircase to link the ground floor and first floor in order to trade on the first floor, which was poor quality storage previously. The letting of 7 West Street, Horsham on a 10 year lease at a rent of £105,000 per annum to a long established retailer represents an excellent outcome for Conygar, in what is a challenging environment in the retail sector, at present.

15b Blackpole Trading Estate, Worcester

The property consists of a 100,000 sq ft industrial unit on an established trading estate in Worcester and is let in its entirety to Exel Europe, who use the property for the servicing of a distribution contract with Network Rail. They have always been reluctant to enter into long term leasing commitments, which do not mirror the terms of their distribution contract. During the financial year, two separate transactions have been concluded with Exel Europe:

- In December 2011, a lease for a further year to 31 December 2012 was completed, at an increased rent of £390,000 per annum (ERV £360,000 per annum) to reflect a short term extension to their Network Rail contract. This reflects an 8.3% uplift on the passing rent and on ERV.
- In advance of the lease expiry in December 2012, a reversionary lease has been completed, which will retain Exel at the new passing rent until 30 September 2013.

Discussions are ongoing with respect to the tenant's continued occupation of the property but, for now, the income has been retained in a very difficult local market.

BUSINESS REVIEW (continued)

Disposals

The Group disposed of four investment properties during the year at Carnoustie House, Warrington; Hortonwood, Telford; and Units 1 and 2 Silver Court, Welwyn. Total net sale proceeds were £4.05 million, generating a surplus over valuation of £431,000. We will continue to dispose of assets as opportunities arise and where no further value can be added by the Group.

Valuations

The investment property portfolio has been independently valued by Jones Lang LaSalle at £176.0 million as at 30 September 2012. The investment property portfolio marginally increased in value by 0.2%, however the Edinmore portfolio acquired in the year increased in value by 6%, whilst the existing properties fell in value by 1.6%, on a like for like basis. The investment property market outside central London continues to be difficult and challenging. Assets require active management to protect income and value.

Capital Expenditure

We incurred £429,000 of capital expenditure during 2012, which was fully financed from our existing cash flow. We are undertaking refurbishment of some of the space within the Edinmore portfolio, in particular at Norfolk House, Birmingham where the vacant 2nd floor will be brought up to standard. It is likely that this level of capital expenditure will continue into 2013.

Summary of Edinmore Portfolio – Acquired December 2011

Ashby Park, Ashby de la Zouch

Three freehold office buildings totalling 95,000 square feet let to three tenants, Alstom Power, Findel Education and Hill Rom Limited, with a total rental income of £1,059,000 pa. There is also a 3 acre development site.

Norfolk House, Birmingham

A 115,000 square foot freehold building consisting of 89,000 square feet of office space with the balance being retail space and is located next to the Bull Ring in Birmingham City centre. It should benefit from the nearby redevelopment of New Street Station, The Pallisades Shopping Centre, and a new 250,000 square foot store for John Lewis. The current rental income is £1,039,000 pa.

Watt Place, Hamilton International Technology Park, Blantyre

A 34,300 square foot freehold industrial unit let to motor vehicle component manufacturer, CTS Corporation UK Limited on a lease expiring in February 2016. The current rental income is £189,000 pa.

Compass House, Dundee

A 30,500 square foot heritable office building in Dundee's prime waterfront location that is let to The Scottish Ministers until March 2019. Total rental income is £380,000 pa.

Witham Park House, Lincoln

A former factory divided into three separate freehold blocks and converted into 101,000 square feet of offices. The majority of the building is let to Lincolnshire County Council with lease expiry dates ranging from 2012 to 2018. Current rental income is £461,000 pa.

BUSINESS REVIEW (continued)

Charles House, Northampton

A 28,600 square foot freehold building built over 5 floors let on a number of short leases. Current rental income is £185,000 pa.

Tollgate Business Park, Stafford

A 55,000 square foot freehold industrial/office building let to Elster Metering until April 2015 at £291,000 pa.

1 Cotham Street, St Helens

A 41,600 square foot freehold building let to Wilkinsons at £466,000 pa and purpose built for them with a lease expiry in October 2015.

Network House, Wolverhampton

A 33,300 square foot freehold building consisting of 14,000 square feet of offices and 19,300 square feet of retail space. The existing office accommodation is currently vacant, however, the property offers a redevelopment opportunity. Current rental income is £80,000 pa.

DEVELOPMENT PROJECTS

Haverfordwest

This 93 acre site at Haverfordwest, Pembrokeshire, close to the town centre already has planning consent for 900 residential units.

However, we have a conditional contract with Sainsbury's for the sale of 9 acres for a supermarket, subject to the obtaining of a suitable planning consent. The planning application was submitted in November 2012 for a retail food store comprising 60,000 square feet of sales floor space, a restaurant, a 500 space car park and filling station. Our application also includes proposals for 835 residential plots on our remaining site.

As stated previously, the addition of Sainsbury's to this development will significantly change the economics of the project and, if successful, enable us to bring forward the residential development, having more than covered all our infrastructure and services costs through the net proceeds from Sainsbury's. We shall make a further announcement in due course.

Holyhead Waterfront

We are pleased to have received planning permission for our mixed use development. The consent includes plans for 326 apartments and townhouses, a 500 berth marina, 50,000 square feet of retail, leisure, restaurants, hotel and office space, with a very flexible design layout and in a prime location overlooking the marina. We are also making a provision for various local amenities and visitor attractions. The site covers in excess of half a mile of water frontage and is being developed jointly with Stena Line Ports Limited.

The obtaining of this consent was a massive effort by the team and followed a considerable amount of work in dealing with the myriad of issues associated with a complex regeneration scheme of this nature. We are currently in the process of finalising the section 106 planning agreement and planning conditions. Simultaneously, we are in discussions with various parties with respect to both the residential and commercial elements of the scheme. The undoubted boost to the local economy provided by the recent commitment of Hitachi to develop the multi-billion pound Wylfa B nuclear power station will certainly help our scheme.

BUSINESS REVIEW (continued)

Parc Cybi Business Park, Holyhead

We continue to market our logistics development site at Parc Cybi, and discussions are continuing with several potential occupiers. Having been designated an Enterprise zone, we are confident that the site will benefit from occupier incentives such as business rate exemption. We were also pleased to have obtained the offer of £2.2 million of EU funding which will be used to drive forward the first phase development consisting of 130,000 square feet of office and distribution warehousing.

The logistics development will be complemented by our plans to create a transport hub and lorry park facility to support the port of Holyhead on an adjacent 9 acre site. The planning application for this development has been submitted.

Fishguard Waterfront

We were extremely pleased to be granted outline planning consent for our mixed use marina development at Fishguard in West Wales. The main elements of the scheme include a 450 berth marina with workshops, stores and ancillary facilities; 253 new residential apartments incorporating extensive landscaped gardens and a 19 acre platform for the potential expansion of the existing Stena Line port. The end value of the development is expected to be in excess of £100 million.

We have recently successfully completed an archaeological survey in the area and are negotiating a section 106 planning agreement with the local authority. We are also working with local organisations and businesses who are helping us shape the detail of the proposed development. We also commenced negotiations with the various landowners; Stena Line, Pembrokeshire County Council and The Crown Estate, who own the relevant surrounding harbour area. The proposal will transform the area, create much needed employment opportunities and further enhance and ensure the future of the commercial port and we believe that certain EU backed Welsh Government infrastructure funds might be available for funding support which would be a valuable benefit given the difficulty accessing sensible private sector development funding in the UK at present.

Fishguard Lorry Stop and Distribution Facility

This lorry stop and distribution park project consists of a secure 24 hour truck stop together with approximately 190 spaces for tractor and trailers, vehicle refuelling and wash facilities, plus an amenity building. There will also be around 30,000 square feet of industrial and warehousing units to support the lorry stop. Planning consent has been obtained and the necessary site acquired.

As this project offers significant employment and infrastructure benefits to the community, we have secured an offer of £1.1 million grant funding from the South West Wales Property Development Fund and discussions are currently taking place with both hauliers and the port operator, Stena Line. It remains our intention to commence development once we have secured sufficient pre-lets.

Pembroke Dock Waterfront

Work on the various design and engineering solutions continues at this £100 million development of the Pembroke Dock Waterfront in West Wales and we are in the process for applying for the consents and licences necessary to progress work in the harbour. At the same time, we are in discussions with several potential tenants and occupiers with a view to moving ahead with the first phase of the development. We have also submitted an application to an EU backed Welsh Government infrastructure fund for funding support which would help fund the significant infrastructure works at this development.

BUSINESS REVIEW (continued)

King's Lynn, Norfolk

This 6 acre residential development opportunity has planning permission for 94 dwellings near to King's Lynn, Norfolk. In addition to the residential development, the site offers some potential for mixed or commercial uses, subject to planning. We have since renewed the planning permission, subject to completion of the Section 106 agreement, and the site is being actively marketed.

Summary of Development Projects

The expenditure in the year on our development land bank amounted to £1.4 million. Our total investment to date is now £30.8 million at cost (analysed below) or 33p per share. We will continue to progress these projects in a risk-averse manner and to avoid any speculative development. The planning process for complex schemes can be frustrating and the slow economic recovery acts to defer development projects such as ours. However, our strong balance sheet enables us to continue to invest in the projects so we are positioned to generate significant returns as and when the market recovers.

The development team continues to deliver good progress on all seven of our projects and we remain on target to deliver projects comprising more than 2,000 homes (of which 1,200 are waterside), 1,400 marina berths and in excess of 400,000 square feet of commercial and retail development. We are also accessing government and EU funding support through grants (in the case of Parc Cybi and Fishguard Lorrystop) or infrastructure funding for projects such as Pembroke Dock and Fishguard Waterfront. This support can make significant differences to the viability and deliverability of such developments and we are spending considerable time ensuring we optimise our entitlement.

It remains difficult to provide shareholders with a meaningful guide as to the valuation of the various projects. It is our intention to introduce third party valuations as soon as it is practical to do so. We believe that there is significant upside in these projects which will become evident over the medium term.

	2012 *£'m*	*2011* *£'m*
Haverfordwest	15.26	14.69
Holyhead Waterfront	8.74	8.61
Pembroke Dock Waterfront	4.47	4.41
King's Lynn	0.83	0.80
Fishguard Waterfront	0.76	0.58
Fishguard Lorry Stop	0.52	0.15
Parc Cybi, Holyhead	0.22	0.18
Total investment to date	30.80	29.42

FINANCIAL REVIEW

Net Asset Value

The net asset value at the year end was £154.0 million (2011: £158.5 million) representing a 2.9% decrease in the period. The primary movements were £13.4 million net rental income and £8.5 million spent on purchasing own shares. Excluding the amounts incurred purchasing own shares and paying dividends, net asset value increased 3.2% in the year.

On an EPRA basis, the net asset value is:

	2012	*2011*	*2010*
	£'m	*£'m*	*£'m*
Net asset value	154.0	158.5	176.6
Preference share liability	–	7.4	13.3
Diluted net asset value	154.0	165.9	189.9
Fair value of hedging instruments	0.9	1.4	5.0
EPRA net asset value	154.9	167.3	194.9
EPRA NAV per share	166.9p	153.9p	150.1p
Basic NAV per share	165.9p	155.2p	150.5p
Diluted NAV per share	165.9p	152.7p	146.3p

The EPRA net asset value is calculated on a fully diluted basis and excludes the impact of hedging instruments, as these are held for long term benefit and not expected to crystallise at the balance sheet date.

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

Revaluation

The Group's investment properties were independently valued by Jones Lang LaSalle as at 30 September 2012. In their opinion, the open market value of the investment property portfolio was £176.0 million. The total portfolio increased in value by £354,000 over the year.

Cashflow

The Group generated £4.1 million cash in operating activities (2011: £11.9 million used), of which £1.3 million was incurred as expenditure on development and trading properties.

The Group generated a further £4.0 million cash from the sale of investment properties, spent £40.2 million on the acquisition of investment properties, spent £8.1 million on redeeming preference shares, drew down £53.0 million and repaid £6.8 million in bank loans and spent £8.5 million on the purchase of own shares, resulting in an overall cash outflow of £4.2 million during the year.

FINANCIAL REVIEW (continued)

Net Income From Property Activities

	2012	*2011*
	£'m	*£'m*
Rental income	16.2	13.0
Direct property costs	(2.8)	(3.0)
Rental surplus	13.4	10.0
Sale of investment properties	4.1	13.5
Cost of investment properties sold	(3.7)	(13.3)
Gain on sale of investment properties	0.4	0.2
Total net income arising from property activities	13.8	10.2

Administrative Expenses

The administrative expenses for the year ended 30 September 2012 were £2.5 million, a decrease of 53% from the previous year. The primary reason for this is the profit share payment of £2.6 million paid in 2011 to the executive directors. The majority of other costs arise as a result of the Group being quoted on AIM with no significant changes in 2012.

Taxation

The tax charge for the year of £1.8 million on the pre-tax profit of £7.5 million represents an effective tax charge of 24% (2011: 39%). Tax is payable at the full UK corporation tax rate of 25% on net rent income after deduction of finance costs and administrative expenses. The prior year tax charge was higher owing to the preference share interest being non-deductible. There is no tax payable in respect of investment property capital gains or any valuation uplift, which is the main reason for the low effective tax rate in the current year.

Financing

At 30 September 2012, the Group had cash of £31.5 million. The Group also has unutilised facilities of £22 million with Lloyds Banking Group.

The bank debt at 30 September 2012 was £80.9 million. The loan to value is 46% excluding cash so there is capacity to raise further funding should it be required. This excludes any further finance that might be released from re-financing any cash funded acquisitions.

The interest rate risk on the facility continues to be managed by way of interest rate swaps. During November 2011, the Group re-couponed its existing interest rate swaps from 2.38% to 1.33%, having already reduced them during the previous financial year from 5.2%. In June 2012, we entered into a new interest rate swap agreement for the remaining £15.3 million unhedged balance of our external bank debt with a fixed rate of 0.99%. Aside from reducing the on-going interest rate charge in the income statement, all of our external bank debt is hedged and the weighted average cost of all debt including margin has fallen to 4.44%. The fair value of these derivative financial instruments is provided for in full on the balance sheet. The Group's financing and treasury strategy is covered in more detail in note 30.

In August 2012, we announced the £20 million refinancing of the Edinmore portfolio with Barclays Bank PLC. This four year facility is secured on the nine properties of the Edinmore portfolio and is fully fixed for the term at an all in cost of 4.5%.

The finance costs for the year amounted to £3.3 million (2011: £3.9 million), primarily consisting of £2.7 million bank loan interest (2011: £2.8 million). Finance income amounted to £0.1 million (2011: £0.2 million) reflecting the low returns on short term cash deposits. As a matter of policy, the Group retains instant access to all cash deposits so it is readily available for use in the business.

CORPORATE GOVERNANCE REPORT

Statement by the Directors on Compliance with the Provisions of the Combined Code

The company complies with the provisions set out in Section 1 of the Combined Code to the extent appropriate for a company of its size and nature of business.

The Workings of the Board and its Committees

The Board

The board currently comprises the chief executive, the finance director, the property director, a corporate director and two independent non-executive directors, of whom one is chairman. These demonstrate a range of experience and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct which are vital to the success of the company. The board is responsible to shareholders for the proper management of the company. A statement of the directors' responsibilities in respect of the financial statements and a statement on going concern is given on page 24.

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 18 to 21.

Audit Committee

The audit committee is chaired by N J Hamway and its other member is M D Wigley, and meets not less than two times annually. The committee also provides a forum for reporting by the company's external auditors. Meetings are also attended, by invitation, by the chief executive and the finance director.

The audit committee is responsible for reviewing a wide range of matters including the half-year and annual financial statements before their submission to the board and monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The audit committee advises the board on the appointment of external auditors and on their remuneration both for audit and non-audit work, and discusses the nature, scope and results of the audit with external auditors. The audit committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors.

CORPORATE GOVERNANCE REPORT (continued)

Relations with Shareholders

Communications with shareholders are given high priority. Pages 5 to 15 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 15 January 2013 can be found in the notice of the meeting on page 67.

Internal Control

The directors acknowledge that they are responsible for the company's systems of internal control and for reviewing its effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve the company's strategic objectives, and can only provide reasonable, not absolute, assurance against material misstatement or loss.

The company's key risk management processes and system of internal control procedures include the following:

- Management structure: Authority to operate is delegated to executive directors within limits set by the board. The appointment of executives to the most senior positions within the group requires the approval of the board.
- Identification and evaluation of business risks: The major financial, commercial, legal, regulatory and operating risks within the group are identified through annual reporting procedures.
- Information and financial reporting systems: The group's planning and financial reporting procedures include detailed operational budgets for the year ahead. The board reviews and approves them.
- Investment appraisal: A budgetary process and authorisation levels regulate capital expenditure. For expenditure beyond specified levels, detailed written proposals have to be submitted to the board. Commercial, legal and financial due diligence work is, where possible, carried out if a business is to be acquired.
- Audit Committee: The audit committee monitors the controls which are in place and any perceived weakness in the control environment. The audit committee also considers and determines relevant action in respect of any control issues raised by external auditors.

DIRECTORS' REMUNERATION REPORT

Information Not Subject to Audit

Remuneration Committee

The company's remuneration committee is chaired by N J Hamway and its other member is M D Wigley. The committee makes recommendations to the board, within agreed terms of reference, on an overall remuneration package for executive directors and any other senior executives.

Remuneration Policy and Review

The company's policy on directors' remuneration remains that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the group's objectives and thereby enhancing shareholder value. The package consists of a basic salary which is set at the lower end of market rates 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. Basic salaries remain comparable with the lower quartile of comparable companies, but sufficient to retain directors.

Profit sharing plan: The profit sharing plan is an annual plan in which executive directors and senior executives will be entitled to an allocation of a profit sharing pool. Following a review and consultation process by the remuneration committee during the year which included discussions with holders of some 60% of the shares in the company, the plan rules have been amended as follows:

- the major change is the increase in the post-tax hurdle rate from 6% to 10% based upon the increase in fully diluted net asset value per share as per the audited accounts
- the discount of share price to fully diluted net asset value per share must not exceed 35%
- the remuneration committee have discretionary powers to vary the rules to exclude any anomalies or unjustified gains
- employee termination provisions have been simplified to ensure no excessive payments accrue to leavers
- in the interests of full transparency, a schedule showing the full calculation will be published in the financial statements should any profit share accrue

The scheme is based upon the increase in the audited fully diluted net asset value per share of the company. The profit sharing pool is 20% of any increase in the net asset value per share at 30 September over the previous highest net asset value per share ("high watermark"). This ensures that executive directors cannot accrue any profit share twice in respect of the same net asset value growth. The previous high watermark was at 30 September 2011.

Before any payment accrues, the increase in fully diluted net asset value per share must now exceed a hurdle of 10% compounded annually since the last high watermark (152.7p at 30 September 2011). This results in a target net asset value per share of:

	2012	*2013*	*2014*
Target	168.0p	184.8p	203.2p
Actual	165.9p	–	–

DIRECTORS' REMUNERATION REPORT (continued)

The actual diluted net asset value per share for the year ended 30 September 2012 was 165.9p and is below the target of 168.0p.

Executive directors are required to invest a minimum of 50% of any profit share payment in shares of the company which must be held for a minimum of two years subject to certain good leaver provisions.

The remuneration committee has absolute discretion over participation, pool allocation and determination of performance conditions save in a limited number of circumstances covering change in control and certain good leaver provisions.

Share options: The share options were awarded by the remuneration committee. 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. Recent legislative changes in respect of compulsory pension provision and auto-enrolment may eventually force changes upon the company.

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 2010. The remuneration of the non-executive directors takes the form solely of fees, which are set by the board having taken advice on appropriate levels. The non-executive directors are not involved in any discussions or decision about their own remuneration.

Service contracts

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

	Date of Contract	*Unexpired Term (Months)*	*Notice Period (Months)*
Executive Directors			
R T E Ware	25 October 2007	N/A	12
P A Batchelor	25 October 2007	N/A	12
P M C Rabl	29 October 2009	N/A	12
S M Vaughan	25 October 2007	N/A	12
Non-Executive Directors			
N J Hamway	25 October 2007	11	6
M D Wigley	25 October 2007	11	6

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

DIRECTORS' REMUNERATION REPORT (continued)

Audited Information

Directors' emoluments

	2012			*2011*			
	Basic Salary £'000	*Fees* £'000	*Total* £'000	*Basic Salary* £'000	*Profit share* £'000	*Fees* £'000	*Total* £'000
Executive Directors							
R T E Ware	300	–	300	300	1,192	–	1,492
P A Batchelor	275	–	275	250	662	–	912
P M C Rabl	83	–	83	75	398	–	473
S M Vaughan	192	–	192	175	398	–	573
Non-Executive Directors							
N J Hamway	–	60	60	–	–	60	60
M D Wigley	–	40	40	–	–	40	40
	850	100	950	800	2,650	100	3,550

No non-cash benefits were paid to Directors.

Fees of £34,500 (2011: £38,250) were also paid to Amberhook Properties Limited, a company controlled by Mr P M C Rabl.

Interests in Options

The company has a share option scheme by which executive directors and other senior executives are able to subscribe for ordinary shares in the company and acquire shares in the company. The interests of the directors were as follows:

		Exercise Price	*At 1 October 2011* No.	*Awarded during the year* No.	*Exercised during the year* No.	*Expired unexercised during the year* No.	*At 30 September 2012* No.
R T E Ware	(b)	£1.185	650,000	–	–	–	650,000
	(c)	£2.00	2,025,000	–	–	–	2,025,000
P A Batchelor	(b)	£1.185	425,000	–	–	–	425,000
	(c)	£2.00	550,000	–	–	–	550,000
S M Vaughan	(a)	£0.90	130,000	–	–	–	130,000
	(b)	£1.185	325,000	–	–	–	325,000
	(c)	£2.00	645,000	–	–	–	645,000

The options are exercisable between the following dates:

(a) 10 March 2006 and 10 March 2014

(b) 15 March 2009 and 15 March 2016

(c) 19 February 2009 and 19 February 2017

DIRECTORS' REMUNERATION REPORT (continued)

The directors may only exercise the options awarded to them in respect of (a) if the company's share price has grown by 20% per annum compounded over the two year period measured from the date upon which the options are granted. These performance conditions have been achieved and accordingly the share options awarded in respect of (a) have vested.

Options awarded under (b) and (c) may only be exercised if the annual percentage growth in the company's share price exceeds that of the FTSE Small Cap Index over the two year period measured from the date upon which the options are granted. This performance condition may be retested on an annual basis if it is not achieved on the second anniversary. These performance conditions have been achieved in respect of the share options awarded under (b) and accordingly they have vested.

The market price of the company's shares on 30 September 2012 was 90.75p per share. The highest and lowest market prices during the year for each share option that is unexpired at the end of the year are as follows:

	Highest	Lowest
Options in issue during the year	100.75p	82p

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 28 November 2012 and signed on its behalf by:

P A Batchelor
Company Secretary

DIRECTORS' REPORT

Directors' Report

The directors present their report and the accounts of the group and the company for the year ended 30 September 2012.

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 14 to the accounts.

A review of the company's activities and likely future developments during this year is dealt with in the Chairman's and Chief Executive's Statement and the Business and Financial Review.

Principal Risks and Uncertainties

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

Strategic risks

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

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

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

Operational risks

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

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

Market risks

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

DIRECTORS' REPORT (continued)

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

Liquidity and credit risks

Liquidity, credit and other financial risks are discussed in note 30 on pages 57 to 61.

Significant Events Since the Balance Sheet Date

There were no significant events since the balance sheet date.

Results and Dividends

The group's trading results for the year and the group's and company's financial position at the end of the period are shown in the attached accounts.

The directors have recommended a final dividend of 1.25 pence per ordinary share in respect of the year ended 30 September 2012 (2011 – 1.1 pence).

The Directors and Their Interests in the Shares of the Company

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

	Ordinary Shares of £0.05 each	
	At 30 September 2012	*At 1 October 2011*
N J Hamway	967,000	897,000
R T E Ware	5,500,000	5,000,000
P A Batchelor	830,001	590,001
P M C Rabl	851,190	711,190
S M Vaughan	495,000	375,000
M D Wigley	330,000	330,000

Details of the directors' options to subscribe for shares in the company are disclosed in the Directors' Remuneration Report.

Directors' Indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

DIRECTORS' REPORT (continued)

Major Interests in Shares

At 28 November 2012, the directors had been notified of the following interests in excess of 3% of the company's issued share capital:

Name	*No of Shares*	*%*
Black Rock Inc	9,360,934	10.08
R T E Ware	5,500,000	5.92
Legal & General Group plc	5,233,333	5.64
Bimaljit Singh Sandhu	3,063,789	3.30
Laxey Partners Limited	2,943,847	3.17
Ennismore Fund Management Limited	2,925,250	3.15
Berkeley Square Common Investment Fund Limited	2,900,000	3.12

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 2012, the company had an average of 8 days (2011 – nil days) purchases outstanding in trade creditors. The group had an average of 20 days (2011 – 19 days) outstanding in trade creditors.

Charitable Donations and Political Contributions

The company made no political donations during the year. The company made charitable donations of £20,190 (2011 – £17,750) during the year.

Financial Instruments

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

Going Concern

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

Directors' Responsibilities

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

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

DIRECTORS' REPORT (continued)

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;
- 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.

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 Tuesday, 15 January 2013 at 4.00pm at the offices of Wragge & Co LLP, 3 Waterhouse Square, 142 Holborn, London EC1N 2SW.

The notice of meeting and the resolutions to be proposed at that meeting are attached on page 67.

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 and to amend the articles of association for the redemption of the preference shares.

By Order of the Board

P A Batchelor
Company Secretary

28 November 2012

INDEPENDENT AUDITORS' REPORT

REES POLLOCK
Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
Fax 020 7329 6408

Independent Auditors' Report to the Members of The Conygar Investment Company PLC

We have audited the financial statements of The Conygar Investment Company PLC for the year ended 30 September 2012 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. The financial framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for this report, or the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 24 to 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implication for our report.

INDEPENDENT AUDITORS' REPORT (continued)

Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 30 September 2012 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Catherine Kimberlin (Senior statutory auditor)
For and on behalf of Rees Pollock, Statutory Auditor
London

28 November 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2012

	Note	*Year Ended 30 Sep 12* £'000	*Year Ended 30 Sep 11* £'000
Rental income		15,807	13,010
Other property income		380	–
Revenue		16,187	13,010
Direct costs of:			
Rental income		2,745	2,965
Direct Costs		2,745	2,965
Gross Profit		13,442	10,045
Income from trading investments		117	81
Share of results of joint ventures	13	24	(11)
Gain on sale of trading investments		–	49
Gain on sale of investment properties	12	431	167
Movement on revaluations of investment properties	12	354	401
Other gains and losses	6	(1,259)	(17)
Administrative expenses		(2,456)	(5,207)
Operating Profit	3	10,653	5,508
Finance costs	7	(3,306)	(3,925)
Finance income	7	110	178
Profit Before Taxation		7,457	1,761
Taxation	8	(1,810)	(683)
Profit And Total Comprehensive Income For The Year		5,647	1,078
Attributable to:			
– equity shareholders		5,647	1,078
– minority shareholders		–	–
		5,647	1,078
Basic earnings per share	10	5.60p	0.98p
Diluted earnings per share	10	5.60p	0.98p

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

The notes on pages 35 to 61 form part of these accounts

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2012

	Attributable to the equity holders of the Company									
	Share Capital £'000	*Share Premium £'000*	*Capital redemption reserve £'000*	*Merger Reserve £'000*	*Equity Reserve £'000*	*Treasury Shares £'000*	*Retained Earnings £'000*	*Total £'000*	*Non-Controlling Interests £'000*	*Total Equity £'000*
Group										
At 1 October 2010	5,870	124,089	–	7,640	1,247	–	37,779	176,625	20	176,645
Changes in equity for the year ended 30 September 2011										
Profit for the year	–	–	–	–	–	–	1,078	1,078	–	1,078
Total comprehensive income for the year	–	–	–	–	–	–	1,078	1,078	–	1,078
Dividend paid	–	–	–	–	–	–	(1,175)	(1,175)	–	(1,175)
Preference share conversion	299	6,884	–	–	(597)	–	–	6,586	–	6,586
Purchase of own shares	–	–	–	–	–	(24,649)	–	(24,649)	–	(24,649)
At 30 September 2011	6,169	130,973	–	7,640	650	(24,649)	37,682	158,465	20	158,485
Changes in equity for the year ended 30 September 2012										
At 1 October 2011	6,169	130,973	–	7,640	650	(24,649)	37,682	158,465	20	158,485
Profit for the year	–	–	–	–	–	–	5,647	5,647	–	5,647
Total comprehensive income for the year	–	–	–	–	–	–	5,647	5,647	–	5,647
Dividend paid	–	–	–	–	–	–	(1,123)	(1,123)	–	(1,123)
Preference share conversion	1	37	–	(3)	–	–	–	35	–	35
Preference share redemption	–	(6,993)	323	(7,637)	(650)	–	14,333	(624)	–	(624)
Purchase of own shares	–	–	–	–	–	(8,463)	–	(8,463)	–	(8,463)
Cancellation of treasury shares	(495)	–	495	–	–	11,275	(11,275)	–	–	–
At 30 September 2012	5,675	124,017	818	–	–	(21,837)	45,264	153,937	20	153,957

The notes on pages 35 to 61 form part of these accounts

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2012

	Share Capital £'000	*Share Premium* £'000	*Capital Redemption Reserve* £'000	*Merger Reserve* £'000	*Equity Reserve* £'000	*Treasury Shares* £'000	*Retained Earnings* £'000	*Total Equity* £'000
Company								
At 1 October 2010	5,870	124,089	–	7,640	1,247	–	31,744	170,590
Changes in equity for the year ended 30 September 2011								
Loss for the year	–	–	–	–	–	–	(2,961)	(2,961)
Total comprehensive income and expenditure for the year	–	–	–	–	–	–	(2,961)	(2,961)
Dividend paid	–	–	–	–	–	–	(1,175)	(1,175)
Preference share conversion	299	6,884	–	–	(597)	–	–	6,586
Purchase of own shares	–	–	–	–	–	(24,649)	–	(24,649)
At 30 September 2011	6,169	130,973	–	7,640	650	(24,649)	27,608	148,391
Changes in equity for the year ended 30 September 2012								
At 1 October 2011	6,169	130,973	–	7,640	650	(24,649)	27,608	148,391
Loss for the year	–	–	–	–	–	–	(2,464)	(2,464)
Total comprehensive income and expenditure for the year	–	–	–	–	–	–	(2,464)	(2,464)
Dividend paid	–	–	–	–	–	–	(1,123)	(1,123)
Preference share conversion	1	37	–	(3)	–	–	–	35
Preference share redemption	–	(6,993)	323	(7,637)	(650)	–	14,333	(624)
Purchase of own shares	–	–	–	–	–	(8,463)	–	(8,463)
Cancellation of treasury shares	(495)	–	495	–	–	11,275	(11,275)	–
At 30 September 2012	5,675	124,017	818	–	–	(21,837)	27,079	135,752

The notes on pages 35 to 61 form part of these accounts

CONSOLIDATED BALANCE SHEET

at 30 September 2012

Company number 04907617

	Note	*30 Sep 2012* £'000	*30 Sep 2011* £'000
Non-Current Assets			
Property, plant and equipment	11	153	208
Investment properties	12	175,995	139,150
Investment in joint ventures	13	5,523	5,466
Goodwill	15	3,173	3,173
		184,844	147,997
Current Assets			
Trading Investments	16	1,257	1,802
Development and trading properties	17	22,106	20,779
Trade and other receivables	18	3,763	2,614
Cash and cash equivalents		31,515	35,674
		58,641	60,869
Total Assets		243,485	208,866
Current Liabilities			
Trade and other payables	19	6,412	7,441
Bank loans	20	12,286	–
Preference shares	21	–	7,376
Tax liabilities		2,435	532
		21,133	15,349
Non-Current Liabilities			
Bank loans	20	67,456	33,664
Derivatives	30	939	1,368
		68,395	35,032
Total Liabilities		89,528	50,381
Net Assets		153,957	158,485
Equity			
Called up share capital	22	5,675	6,169
Share premium account		124,017	130,973
Capital Redemption Reserve		818	–
Merger reserve		–	7,640
Equity reserve		–	650
Treasury shares	23	(21,837)	(24,649)
Retained earnings		45,264	37,682
Equity Attributable to Equity Holders		153,937	158,465
Non-controlling interests		20	20
Total Equity		153,957	158,485

The accounts on pages 28 to 61 were approved by the Board and authorised for issue on 28 November 2012 and are signed on its behalf by:

R T E WARE
P A BATCHELOR

The notes on pages 35 to 61 form part of these accounts

COMPANY BALANCE SHEET
at 30 September 2012

Company number 04907617

	Note	*30 Sep 2012* £'000	*30 Sep 2011* £'000
Non-Current Assets			
Investment in subsidiary undertakings	14	3,218	3,218
Property, plant and equipment	11	153	208
		3,371	3,426
Current Assets			
Trading investments	16	1,257	1,802
Development and trading properties	17	5,649	4,851
Trade and other receivables	18	106,256	121,792
Cash and cash equivalents		21,403	28,464
		134,565	156,909
Total Assets		137,936	160,335
Current Liabilities			
Trade and other payables	19	1,423	3,807
Preference shares	21	–	7,376
Tax liabilities		761	761
		2,184	11,944
Total Liabilities		2,184	11,944
Net Assets		135,752	148,391
Equity			
Called up share capital	22	5,675	6,169
Share premium account		124,017	130,973
Capital redemption reserve		818	–
Merger reserve		–	7,640
Equity reserve		–	650
Treasury shares	23	(21,837)	(24,649)
Retained earnings		27,079	27,608
Total Equity		135,752	148,391

The accounts on pages 28 to 61 were approved by the Board and authorised for issue on 28 November 2012 and are signed on its behalf of:

R T E WARE

P A BATCHELOR

The notes on pages 35 to 61 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September 2012

	Year Ended 30 Sep 12 £'000	*Year Ended 30 Sep 11* £'000
Cash Flows From Operating Activities		
Operating profit	10,653	5,508
Depreciation and amortisation	196	165
Share of results of joint ventures	(24)	(11)
Other gains and losses	1,341	39
Gain on sale of investment properties	(431)	(167)
Movement on revaluation of investment properties	(354)	(401)
Dividend income	(117)	(81)
Cash Flows From Operations Before Changes In Working Capital	11,264	5,052
Change in trade and other receivables	(1,149)	(384)
Change in land, development and trading properties	(1,327)	(14,668)
Change in trade and other payables	(1,703)	1,675
Cash Generated From/(Used In) Operations	7,085	(8,325)
Finance costs	(2,621)	(2,878)
Finance income	110	178
Tax paid	(434)	(828)
Cash Flows Generated From/(Used In) Operating Activities	4,140	(11,853)
Cash Flows From Investing Activities		
Acquisition of investment properties	(40,247)	(1,080)
Acquisition of trading investments	–	(2,277)
Disposal of trading investments	–	455
Sale proceeds of investment properties	4,047	13,531
Investment in joint ventures	(33)	(111)
Purchase of plant and equipment	–	(36)
Leasehold improvements	(1)	(8)
Dividend income	117	81
Cash Flows (Used In)/Generated From Investing Activities	(36,117)	10,555
Cash Flows From Financing Activities		
Bank loans drawn down	53,000	–
Bank loans repaid	(6,827)	(834)
Dividend paid	(1,123)	(1,175)
Preference share redemption	(8,081)	–
Purchase of own shares	(7,924)	(24,649)
Re-couponing of interest rate swaps	(1,177)	(3,692)
Purchase of interest rate cap	(50)	–
Cash Flows Generated From/(Used In) Financing Activities	27,818	(30,350)
Net decrease in cash and cash equivalents	(4,159)	(31,648)
Cash and cash equivalents at 1 October	35,674	67,322
Cash and Cash Equivalents at 30 September	31,515	35,674

The notes on pages 35 to 61 form part of these accounts

COMPANY CASH FLOW STATEMENT

for the year ended 30 September 2012

	Year Ended 30 Sep 12 £'000	*Year Ended 30 Sep 11* £'000
Cash Flows From Operating Activities		
Operating loss	(2,454)	(2,410)
Depreciation and amortisation	56	55
Other gains and losses	545	20
Dividend income	(117)	(2,625)
Cash Flows From Operations Before Changes In Working Capital	(1,970)	(4,960)
Change in trade and other receivables	1	(132)
Change in land, developments and trading properties	(798)	(1,370)
Change in trade and other payables	(2,384)	2,225
Cash Used In Operations	(5,151)	(4,237)
Finance income	105	171
Cash Flows Used In Operating Activities	(5,046)	(4,066)
Cash Flows Used In Investing Activities		
Acquisition of trading investments	–	(2,277)
Disposal of trading investments	–	455
Purchase of plant and equipment	–	(36)
Leasehold improvements	(1)	(8)
Dividend income	117	2,625
Cash Flows Used In Investing Activities	116	759
Cash Flows From Financing Activities		
Dividend paid	(1,123)	(1,175)
Preference share redemption	(8,081)	–
Loans to joint venture	(58)	(132)
Loans from/(to) subsidiaries	15,595	(1,313)
Purchase of own shares	(8,464)	(24,649)
Cash Flows Used In Financing Activities	(2,131)	(27,269)
Net decrease in cash and cash equivalents	(7,061)	(30,576)
Cash and cash equivalents at 1 October	28,464	59,040
Cash and Cash Equivalents at 30 September	21,403	28,464

The notes on pages 35 to 61 form part of these accounts

NOTES TO THE ACCOUNTS

for the year ended 30 September 2012

1. Accounting policies and general information

1a General Information

The Conygar Investment Company PLC ("the Company") is a company incorporated and domiciled in England and Wales, is AIM listed and registered at Companies House under registration number 4907617.

The Company's subsidiaries are shown in note 14. The Company and its subsidiaries are collectively referred to below as "the Group".

The Company's principal activity is property trading, property investment, acquiring property assets with development and investment potential, and investing in companies with significant property assets.

1b Basis of Preparation

The Company has prepared the accounts on the basis of all applicable IFRS, including all International Accounting Standards (IAS), Standing Interpretations Committee (SIC) interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) with effective dates for accounting periods beginning on or after 1 October 2011, 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 2011.

The following standards and interpretations have been adopted:

- IAS 24 (revised) "Related party disclosures" (effective for accounting periods beginning on or after 1 January 2011);
- Amendment to IFRS 7 "Financial Instruments: Disclosures" – transfers of assets (effective for accounting periods beginning on or after 1 July 2011);
- Amendment to IFRS 1 "First time adoption" – fixed dates and hyperinflation (effective for accounting periods beginning on or after 1 July 2011);
- IFRIC 14 "Prepayments of a minimum funding requirement" (effective for accounting periods beginning on or after 1 January 2011);

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Management has assessed the impact of the standards and interpretations on the Group and concluded they are not applicable to the Group's circumstances and do not require amendment of the Group's accounting policies.

Standards, Interpretations and Amendments to Published Standards That Are Not Yet Effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 October 2011 or later periods but which the Group has not adopted early are as follows:

– IFRS 9 "Financial instruments" (effective for accounting periods beginning on or after 1 January 2015)*;

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

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

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

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

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

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

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

– Amendment IFRS 7 "Financial Instruments: Disclosures" – offsetting financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2013)*;

– Amendment to IAS 32 "Financial Instruments Presentation" – offsetting financial assets and financial liabilities (effective from accounting periods beginning on or after 1 January 2014)*;

– Amendment to IFRS 1 "First time adoption" – government loans (effective for accounting periods beginning on or after 1 January 2013)*;

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

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

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

*Yet to be endorsed by the EU

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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

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

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of these interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

All intra group balances, transactions, income and expenses and profit and losses on transactions between the Company and its subsidiaries and between subsidiaries are eliminated.

Revenue Recognition Property revenue consists of gross rental income on an accruals basis, together with sales of trading, development and investment properties. Rental income receivable in the period from lease commencement to the earlier of lease expiry and any tenant's option to break is spread evenly over that period. Any incentive for lessees to enter into a lease agreement and any costs associated with entering into the lease are spread over the same period.

A property is regarded as sold when the significant risks and returns have been transferred to the buyer. For conditional exchanges, sales are recognised when the conditions are satisfied.

Revenue in respect of investment and other income represents investment income, fees and commissions earned on an accruals basis and profits or losses recognised on investments held for the short term. Dividends are recognised when the shareholders' right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

Operating Profit Operating profit is stated after charging income from trading investments and after the share of results of joint ventures but before finance costs and finance income.

Expenses All expenses are accounted for on an accruals basis. They are charged through the income statement with the exception of share issue expenses, which are charged to the share premium account.

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

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Profit sharing plan The Group has a profit sharing plan which is an annual plan in which executive directors and senior executives will be entitled to an allocation of a profit sharing pool based upon the increase in the net asset value per share of the company.

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

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

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

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

Plant and equipment	– 25% per annum
Furniture and fittings	– 20% per annum

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

Taxation The taxation charge represents the sum of tax currently payable and deferred tax. The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply in the period when the liability is settled or the asset is realised. It is recognised in the Income Statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

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

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the Income Statement. Fair value is based on the market value, at the balance sheet date, of the properties as provided by Jones Lang LaSalle, a firm of independent chartered surveyors, in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors.

Investments In Joint Ventures A joint venture is an entity in which the Group has an interest. The joint venture operates in the same way as other entities, except that a contractual arrangement between the venturers establishes joint control over the economic activity of that entity.

The Group's interests in jointly controlled entities are incorporated in the financial information using the equity method of accounting. Investments in joint ventures are carried in the balance sheet at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the individual investments. The Group's share of the net profit or loss of the joint venture is shown as a single line item in the consolidated income statement.

Where the Group transacts with a joint venture and profit or loss arising is eliminated to the extent of the Group's interest in the relevant joint venture.

Investment In Subsidiaries Investments in subsidiaries are held in the Company balance sheet at cost and reviewed annually for impairment.

Goodwill and Impairment reviews Goodwill, representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the group's cash generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset of the unit. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific go to the cash generating unit. An impairment loss is recognised immediately in profit and loss and is not subsequently reversed.

Development and Trading Properties Development and trading properties held for sale are inventory and are included in the Balance Sheet at the lower of cost and net realisable value. Cost comprises the original purchase price of the property together with directly attributable acquisition costs. Where multiple properties are acquired as part of a single transaction the purchase price and directly attributable costs are allocated to the individual units based on independent valuations. Net realisable value represents the estimated selling price less all estimated costs of completion.

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

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Trade Receivables Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Borrowing and Borrowing Costs Interest bearing bank loans and overdrafts are initially recorded at fair value, net of direct finance and other costs yet to be amortised and are subsequently measured at amortised cost using the effective interest rate method. Finance and other costs incurred in respect of the obtaining and maintenance of borrowings are accounted for on an accruals basis using the effective interest rate method and written off to the Income Statement over the length of the associated borrowings. Borrowing costs that are directly attributable to the acquisition, construction or production of assets which necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset.

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

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

Derivative Financial Instruments Derivative financial assets and financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Derivatives are initially recorded at fair value and are subsequently remeasured to fair value based on mid-market prices, estimated future cash flows and forward rates as appropriate.

Financial liabilities and equity Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividend distributions to the company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividend is approved by the Company's shareholders.

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

Preference shares Preference shares are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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

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

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

Use of Estimates and Judgements To be able to prepare accounts according to generally accepted accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the accounts. These estimates are based on historical experience and various other assumptions that management and the board of directors believe are reasonable under the circumstances. The results of these considerations form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the following:

Properties held for Development

The net realisable value of properties held for development requires an assessment of fair value of the underlying assets using property appraisal techniques and other valuation methods. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

Investment in Joint Ventures

The net realisable value of properties held for development within the joint ventures requires an assessment of fair value of the underlying assets using property appraisal techniques and other valuation methods. Such estimates are inherently subjective and in particular during the early stages of the development process.

Properties Held for Investment

The fair value of properties held for investment is based upon open market value and is calculated using a third party valuation provided by an external valuer.

Share Based Payments

The estimation of share based payment costs, which require the use of an appropriate valuation model, including estimations for inputs into the valuation model covering vesting period, expected life, the number of awards that will ultimately vest and judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees. Further details on share based payments are given in note 25.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

Deferred Tax Asset

The calculation and assessment of recoverability of the deferred tax asset involves various assumptions regarding the tax deductibility of the vested share options and the recoverability of that deduction. Details may be found in note 26.

2. Segmental information

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

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

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

Balance Sheet

	30 September 2012				*30 September 2011*			
	Investment Properties £'000	*Development Properties £'000*	*Other £'000*	*Group Total £'000*	*Investment Properties £'000*	*Development Properties £'000*	*Other £'000*	*Group Total £'000*
Investment properties	175,995	–	–	175,995	139,150	–	–	139,150
Investment in joint ventures	–	5,523	–	5,523	–	5,466	–	5,466
Goodwill	–	3,173	–	3,173	–	3,173	–	3,173
Development & trading properties	–	22,106	–	22,106	–	20,779	–	20,779
	175,995	30,802	–	206,797	139,150	29,418	–	168,568
Other assets	13,651	–	23,037	36,688	9,849	–	30,449	40,298
Total assets	189,646	30,802	23,037	243,485	148,999	29,418	30,449	208,866
Liabilities	(86,551)	–	(2,977)	(89,528)	(41,578)	–	(8,803)	(50,381)
Net assets	103,095	30,802	20,060	153,957	107,421	29,418	21,646	158,485

NOTES TO THE ACCOUNTS (continued)

3. Operating profit

Operating profit is stated after charging:

	Year ended 30 Sep 12 £'000	*Year ended 30 Sep 11 £'000*
Audit services – fees payable to the parent company auditors for the audit of the company and the consolidated financial statements	24	24
Other services – fees payable to the company auditor for the audit of the company's subsidiaries pursuant to legislation	53	43
Other services – fees payable to the company auditor for tax services	20	15
Depreciation of owned assets	29	28
Lease amortisation	27	27
Operating lease rentals – land and buildings	166	219
Movement on provision for doubtful debts	(94)	66

4. Particulars of employees

The aggregate payroll costs of the above were:

	Year ended 30 Sep 12 £'000	*Year ended 30 Sep 11 £'000*
Wages and salaries	1,204	3,802
Social security costs	157	507
	1,361	4,309

The average monthly number of persons, including executive directors, employed by the Company during the year was seven (2011 – seven).

NOTES TO THE ACCOUNTS (continued)

5. Directors' emoluments

	Year ended 30 Sep 12 £'000	*Year ended 30 Sep 11 £'000*
Emoluments (excluding pension contributions)	950	3,550
Emoluments of highest paid director	300	1,492

Last year, emoluments included a £2.65 million payment under the Conygar profit sharing plan.

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

6. Other gains and losses

	Year ended 30 Sep 12 £'000	*Year ended 30 Sep 11 £'000*
Movement in fair value of interest rate swaps	(796)	(18)
Movement in fair value of trading investments	(545)	(70)
Other provision	82	71
	(1,259)	(17)

7. Finance income/costs

	Year ended 30 Sep 12 £'000	*Year ended 30 Sep 11 £'000*
Finance income		
Bank interest	110	178
Finance costs		
Bank loans	(2,656)	(2,816)
Loan repayment costs	(99)	(48)
Amortisation of arrangement fees	(438)	(423)
Notional interest on preference shares	(113)	(638)
	(3,306)	(3,925)

NOTES TO THE ACCOUNTS (continued)

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	Year ended 30 Sep 12 £'000	*Year ended 30 Sep 11 £'000*
UK Corporation tax based on the results for the period	1,698	519
Under provision in prior periods	112	164
Current tax	1,810	683
Deferred tax	–	–
	1,810	683

(b) Factors affecting tax charge

The tax assessed on the profit for the year differs from the standard rate of corporation tax in the UK of 25% (2011 – 27%).

	Year ended 30 Sep 12 £'000	*Year ended 30 Sep 11 £'000*
Profit before taxation	7,457	1,761
Profit multiplied by rate of tax	1,864	476
Effects of:		
Expenses not deductible for tax purposes	66	220
UK dividend income	(29)	(24)
Under provision in prior periods	112	164
Joint venture profits not taxable	(6)	–
Gains not subject to UK taxation	(108)	(45)
Revaluation gains not taxable	(89)	(108)
Tax charge for the year	1,810	683

9. Dividends

The directors have recommended a final dividend of 1.25 pence per ordinary share in respect of the year ended 30 September 2012 (2011 – 1.1 pence). This final dividend will amount to £1,160,000 (2011: £1,124,000), if approved at the AGM. In accordance with IFRS, it has not been included as a liability in the financial statements.

NOTES TO THE ACCOUNTS (continued)

10. Earnings per share

The calculation of earnings per ordinary share is based on the profit after tax attributable to equity shareholders of £5,647,000 (2011 – £1,078,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 100,847,230 (2011 – 109,602,651). The diluted earnings per share calculation is based on profit for the year of £5,647,000 (2011 – £1,717,000) and on 100,848,260 (2011 – 119,171,352) ordinary shares. The diluted ordinary shares are calculated as follows:

	2012 *No.*	*2011* *No.*
Basic weighted average number of shares	100,847,230	109,602,651
Diluting potential ordinary shares:		
Employee share options	1,030	22,446
Preference shares	–	9,546,255
Total diluted	100,848,260	119,171,352

11. Property, plant and equipment

Group & Company	*Premises Lease £'000*	*Office Equipment £'000*	*Furniture & Fittings £'000*	*Total £'000*
Cost				
At 1 October 2010	148	44	76	268
Additions	8	17	19	44
At 30 September 2011 and 1 October 2011	156	61	95	312
Additions	1	–	–	1
At 30 September 2012	157	61	95	313
Depreciation/Amortisation				
At 1 October 2010	4	29	16	49
Provided during the year	27	10	18	55
At 30 September 2011 and 1 October 2011	31	39	34	104
Provided during the year	27	11	18	56
At 30 September 2012	58	50	52	160
Net book value at 30 September 2012	99	11	43	153
Net book value at 30 September 2011	125	22	61	208

NOTES TO THE ACCOUNTS (continued)

12. Investment properties

Group

	Freehold £'000	*Long Leasehold* £'000	*Reverse Lease Premiums* £'000	*Total* £'000
Valuation at 1 October 2010	108,697	42,003	445	151,145
Additions	961	(2)	120	1,079
Disposals	(13,365)	–	–	(13,365)
Reverse lease premium amortisation	–	–	(110)	(110)
Movement on revaluation	593	(192)	–	401
Valuation at 30 September 2011	96,886	41,809	455	139,150
Additions	39,937	20	290	40,247
Disposals	(3,616)	–	–	(3,616)
Reverse lease premium amortisation	–	–	(140)	(140)
Movement on revaluation	949	(595)	–	354
Valuation at 30 September 2012	134,156	41,234	605	175,995

The historical cost of properties held at 30 September 2012 is £244,847,000 (2011: £211,359,000).

The properties were valued by Jones Lang LaSalle, independent valuers not connected with the Group, at 30 September 2012 at market value in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors which conform to international valuation standards.

The Group has pledged £102,550,000 (2011 – £105,085,000) of investment property to secure Lloyds Banking Group debt facilities, £31,805,000 (2011 – £34,065,000) to secure Capita debt facilities and £42,360,000 (2011 – £nil) to secure Barclays Bank PLC debt facilities. Further details of these facilities are provided in note 30.

The property rental income earned from investment property, which is leased out under operating leases amounted to £16,187,000 (2011 – £13,010,000).

Gain on sale of investment properties

	30 Sep 12 *£'000*	*30 Sep 11* *£'000*
Gross proceeds on sales of investment properties	4,126	13,645
Costs of sales	(79)	(113)
Net proceeds on sales of investment properties	4,047	13,532
Book value	(3,616)	(13,365)
Gain on sale	431	167

NOTES TO THE ACCOUNTS (continued)

13. Investments

Joint Ventures

	30 Sep 12 *£'000*	*30 Sep 11* *£'000*
At 1 October 2011	5,466	5,344
Share of profit/(loss) retained by joint ventures	24	(11)
Investment in joint ventures	33	133
At 30 September 2012	5,523	5,466

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 12 £'000	*Year ended 30 Sep 11 £'000*
Assets		
Current assets	5,538	5,485
	5,538	5,485
Liabilities		
Current liabilities	(15)	(19)
	(15)	(19)
Net Assets	5,523	5,466
Operating profit/(loss)	24	(11)
Finance income	–	–
Profit/(loss) before tax	24	(11)
Tax	–	–
Profit/(loss) after tax	24	(11)

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

NOTES TO THE ACCOUNTS (continued)

14. Fixed asset investments

Subsidiaries

	Group		Company	
	30 Sep 12	*30 Sep 11*	*30 Sep 12*	*30 Sep 11*
	£'000	£'000	£'000	£'000
At 1 October 2011 and 30 September 2012	–	–	3,218	3,218

The principal companies in which the Company's interest is more than 10% are as follows:

Company name	*Principal activity*	*Country of registration*	*% of Equity held*
Conygar Holdings Ltd	Holding Company	England	100%
Martello Quays Limited	Property trading and development	England	100%
Conygar Wales PLC	Holding Company	England	60%*
Conygar Bedford Square Ltd	Property trading and development	England	100%*
Conygar Properties Ltd	Property trading and development	England	100%*
Conygar Developments Ltd	Property trading and development	England	100%*
Conygar Strand Ltd	Property trading and development	England	100%*
Conygar Hanover Street Ltd	Property investment	England	100%*
The Advantage Property Income Trust Ltd	Property investment	Guernsey	100%*
TAPP Property Ltd	Property investment	Guernsey	100%*
TOPP Holdings Ltd	Property investment	Guernsey	100%*
TAPP Maidenhead Ltd	Property investment	Guernsey	100%*
TOPP Bletchley Ltd	Property investment	Guernsey	100%*
TOPP Property Ltd	Property investment	Guernsey	100%*
Conygar Stena Line Ltd	Property trading and development	England	50%*
CM Sheffield Ltd	Property trading and development	England	50%*
Conygar Haverfordwest Ltd	Property trading and development	England	60%*
Conygar Advantage Ltd	Holding company	Guernsey	100%*
Conygar Stafford Ltd	Property investment	England	100%*
Conygar Dundee Ltd	Property investment	England	100%*
Conygar St Helens Ltd	Property investment	England	100%*
Lamont Property Acquisition (Jersey) I Ltd	Property investment	Jersey	100%*
Lamont Property Acquisition (Jersey) II Ltd	Property investment	Jersey	100%*
Lamont Property Acquisition (Jersey) III Ltd	Property investment	Jersey	100%*
Lamont Property Acquisition (Jersey) IV Ltd	Property investment	Jersey	100%*
Lamont Property Acquisition (Jersey) V Ltd	Property investment	Jersey	100%*
Lamont Property Acquisition (Jersey) VII Ltd	Property investment	Jersey	100%*

* Indirectly owned

NOTES TO THE ACCOUNTS (continued)

15. Goodwill

	Group	
	30 Sep 12	*30 Sep 11*
	£'000	£'000
At 1 October 2011 and 30 September 2012	3,173	3,173

The goodwill arose upon the acquisition of the non-controlling interests in Martello Quays Limited and represents the excess of the consideration over the fair value of the identifiable net assets acquired. The goodwill has been wholly allocated to the development project within Martello Quays Limited, which is considered to represent a single income and cash generating unit. Management analysis indicates that the net present value of the project exceeds its carrying value and therefore no impairment is appropriate.

IFRS requires management to undertake an annual test for impairment of indefinite lived assets, such as goodwill, and to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of the assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

– Timing and quantum of future capital expenditure;

– Timing and quantum of future revenue streams; and

– The selection of discount rates to reflect the risks involved.

The Group prepares and approves formal five year forecasts for Martello Quays Limited which are used in the value in use calculations. Five years is considered to be the optimum period for a meaningful forecast and takes into account available sources of both internal and external information. The Group's review includes the key assumptions related to sensitivity in the cash flow projections.

The impairment review is based upon value in use calculations. The period of review is five years and it is assumed that no growth occurs over the period. A range of pre-tax risk adjusted discount rates (5-15%) were used in order to reflect inherent uncertainties and to produce a sensitivity analysis.

Key assumptions used in value in use calculations

– Valuation of completed construction

  The valuation of the completed construction is based upon current knowledge of the local market utilising both internal and external sources of information and evidence.

– Budgeted capital expenditure

  The cash flow forecasts for capital expenditure are based upon on past experience and estimates provided from both internal and external sources.

– Pre-tax risk adjusted discount rate

  The discount rate applied to the cash flows is generally based upon the risk free rate for ten year government bonds adjusted for a risk premium to reflect the systematic risk of the project, likely cost of funding and underlying uncertainties.

NOTES TO THE ACCOUNTS (continued)

15. Goodwill (continued)

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the project to exceed its recoverable amount.

16. Trading investments

	30 Sep 12 £'000	30 Sep 11 £'000
At 1 October 2011	1,802	–
Additions	–	2,277
Disposals	–	(405)
Loss on fair value revaluation	(545)	(70)
At 30 September 2012	1,257	1,802

17. Property inventories

	Group		Company	
	30 Sep 12 £'000	30 Sep 11 £'000	30 Sep 12 £'000	30 Sep 11 £'000
Properties held for resale or development	22,106	20,779	5,649	4,851

18. Trade and other receivables

	Group		Company	
	30 Sep 12 £'000	30 Sep 11 £'000	30 Sep 12 £'000	30 Sep 11 £'000
Trade receivables	1,155	878	–	–
Provision for doubtful debts	(127)	(138)	–	–
	1,028	740	–	–
Amounts owed by group undertakings	–	–	105,789	121,324
Other receivables	74	74	318	296
Prepayments and accrued income	2,661	1,800	149	172
	3,763	2,614	106,256	121,792

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

NOTES TO THE ACCOUNTS (continued)

19. Trade and other payables

	Group		Company	
	30 Sep 12	*30 Sep 11*	*30 Sep 12*	*30 Sep 11*
	£'000	£'000	£'000	£'000
Amounts owed to group undertakings	–	–	528	528
Social security and payroll taxes	46	413	46	413
Trade payables	1,559	687	620	145
Accruals and deferred income	4,807	6,341	229	2,721
	6,412	7,441	1,423	3,807

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 12	*30 Sep 11*	*30 Sep 12*	*30 Sep 11*
	£'000	£'000	£'000	£'000
Bank loans	80,925	34,752	–	–
Debt issue costs	(1,183)	(1,088)	–	–
	79,742	33,664	–	–

Details of the financial liabilities are given in note 30.

21. Preference shares

	Group		Company	
	30 Sep 12	*30 Sep 11*	*30 Sep 12*	*30 Sep 11*
	£'000	£'000	£'000	£'000
Preference shares	–	7,376	–	7,376

As part of the offer for The Advantage Property Income Trust Limited, the Company issued 62,979,750 convertible preference shares of £0.01 each, of which none (2011: 32,457,595) were outstanding at the year end. The preference shares were convertible at any point into ordinary shares at the option of the preference shareholder. The conversion rate was one ordinary share for five preference shares. Any preference shares not converted were redeemed for £0.25 each on 31 December 2011.

Although equity share capital at law, the preference shares were 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 was credited to an equity reserve. A notional interest element was charged to the income statement over the period to redemption.

NOTES TO THE ACCOUNTS (continued)

21. Preference shares (continued)

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

	30 Sep 12 *£'000*	*30 Sep 11* *£'000*
At 30 September 2011	7,376	13,324
Conversions to ordinary shares in the period at carrying value	(31)	(6,586)
Notional interest charge	114	638
Redemption	(7,459)	–
At 30 September 2012	–	7,376

22. Share capital

Authorised share capital:

	30 Sep 12 *£*	*30 Sep 11* *£*
140,000,000 (2011– 140,000,000) Ordinary shares of £0.05 each	7,000,000	7,000,000
150,000,000 (2011– 150,000,000) Preference shares of £0.01 each	1,500,000	1,500,000

Allotted and called up:

Amounts recorded as equity:

	30 Sep 12 No	*30 Sep 12* £'000	*30 Sep 11* No	*30 Sep 11* £'000
Ordinary shares of £0.05 each	113,489,123	5,675	123,362,223	6,169

Amounts recorded as liability:

	30 Sep 12 No	*30 Sep 12* £'000	*30 Sep 11* No	*30 Sep 11* £'000
Preference shares of £0.01 each (Note 21)	–	–	32,457,595	325

The Preference shares were issued in connection with the offer for The Advantage Property Income Trust Limited. They were convertible at any stage into Ordinary shares. The conversion rate was one Ordinary share for five Preference shares. Any Preference shares not converted were redeemed for £0.25 each on 31 December 2011.

During the year, the Company issued 26,900 (2011: 5,971,000) ordinary shares of £0.05 each in respect of conversions of 134,500 (2011: 29,855,450) preference shares. The carrying value of the liability which was treated as consideration for these issues was £37,000 (2011: £6,885,000) and £3,000 (2011: £597,000) was transferred from the merger (2011 – equity) reserve to reflect the equity elements of the preference shares.

NOTES TO THE ACCOUNTS (continued)

22. Share capital (continued)

The resulting movement on the group's share capital during the year was as follows:

Allotted and Called Up

	Price *£*	*No.*	*£'000*
At 30 September 2010		117,391,133	5,870
Share issue – 28 October 2010	1.100	93,300	5
Share issue – 9 February 2011	1.100	3,000,000	150
Share issue – 15 April 2011	1.100	18,802	1
Share issue – 31 May 2011	1.100	4,400	–
Share issue – 6 June 2011	1.100	2,843,148	142
Share issue – 15 August 2011	1.100	11,440	1
At 30 September 2011		123,362,223	6,169
Share issue – 14 November 2011	1.100	12,000	1
Share issue – 30 November 2011	1.100	5,900	–
Share issue – 19 December 2011	1.100	7,000	–
Share issue – 30 December 2011	1.100	2,000	–
Cancellation of treasury shares – 12 January 2012	0.05	(9,900,000)	(495)
		113,489,123	5,675

23. Treasury shares

In December 2010, the Group began a share buyback programme and during the year ended 30 September 2012 purchased 9,320,000 (2011 – 21,237,981) shares on the open market at a cost of £8,464,000 (2011 – £24,649,000). As can be seen in note 22 above, on 12 January 2012, 9,900,000 ordinary shares of 5 pence each were transferred out of treasury and cancelled. The remaining 20,657,981 (2011 – 21,237,981) shares bought back were held in treasury as at 30 September 2012.

24. Acquisitions

On 16 December 2011, the Group acquired nine freehold and long leasehold buildings (the "Edinmore portfolio") from a consortium including the Edinmore group and Buccleuch Property, for a total cash consideration of £39.8 million. The annual rent roll was, at the time of acquisition, approximately £4.22 million representing a net initial yield of 10.56%. The portfolio consists of:

- Ashby Park, Ashby de la Zouch
- Norfolk House, Birmingham
- Watt Place, Hamilton International Technology Park, Blantyre
- Compass House, Dundee
- Witham Park, Lincoln
- Charles House, Northampton
- Tollgate Business Park, Stafford
- 1 Cotham Street, St Helens
- Network House, Wolverhampton

NOTES TO THE ACCOUNTS (continued)

25. Share based payments

Details of options granted over the Company's share capital are given in the Directors' Remuneration Report on page 20. No options were granted in either the current or prior year.

The Group and Company recognised total expenses of £nil (2011 – £nil) in relation to equity settled share-based payment transactions.

26. Deferred tax asset

Deferred tax assets are recognised in the accounts as follows:

Group and Company	*30 Sep 12*		*30 Sep 11*	
	Provided	*Not Provided*	*Provided*	*Not Provided*
	£'000	£'000	£'000	£'000
Share based payments	–	2	–	2
Losses	–	1,464	–	1,464
	–	1,466	–	1,466

The deferred tax asset in respect of the trading losses carried forward has not been recognised on the basis that it is uncertain when taxable profits will be available for offset.

27. Commitments

Group as lessee:

At 30 September 2012, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	30 Sep 12	*30 Sep 11*
	£'000	£'000
Within one year	126	126
In the second to fifth years inclusive	342	503
	468	629

Group as lessor:

In addition, the Group holds retail, office, industrial and leisure buildings as investment properties which are let to third parties. These are non-cancellable leases and the income profile based upon the unexpired lease length was as follows:

	30 Sep 12	*30 Sep 11*
	£'000	£'000
Less than one year	14,488	11,397
Between one and five years	40,513	36,112
Over five years	20,067	21,560
	75,068	69,069

NOTES TO THE ACCOUNTS (continued)

28. Related party transactions

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

	30 Sep 12 £'000	*30 Sep 11* £'000
Subsidiaries		
Conygar Bedford Square Limited	(447)	(447)
Conygar Strand Limited	(52)	(52)
Martello Quays Limited	1,381	1,308
Conygar Holdings Limited	88,806	97,561
Conygar Haverfordwest Limited	15,285	14,700
Conygar Wales PLC	(29)	(29)
Conygar Advantage Limited	10	5
	104,954	113,046

	30 Sep 12 £'000	*30 Sep 11* £'000
Joint Ventures		
Conygar Stena Line Limited	5,652	5,595
C M Sheffield Limited	2	2
	5,654	5,597

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

	30 Sep 12 £'000	*30 Sep 11* £'000
Secured interest bearing loan	2,632	2,575
Unsecured non-interest bearing shareholder loan	3,020	3,020
	5,652	5,595

During the year, the Company received a management fee from Conygar Stena Line Limited of £50,000 (2011 – £50,000) in respect of management services.

The outstanding balance of £2,153,000 of the non interest bearing loan of £5,500,000 the Company issued to The Advantage Property Income Trust Limited in 2010 was repaid in the year. The Advantage Property Income Trust Limited has loaned the company £5,347,000 in the year.

During the year, the Company received £nil (2011: £2,544,000) of dividend income from Conygar Holdings Limited.

NOTES TO THE ACCOUNTS (continued)

29. Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The parent company's loss for the year amounts to £2,464,000 (2011 – loss of £2,961,000).

30. Financial instruments

Treasury Policies

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

The Group finances its activities with a combination of bank loans, cash and short term deposits. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operations. The Group may also enter into derivative transactions to manage the interest rate risk arising from the Group's operations and its sources of finance. The main risks associated with the Group's financial assets and liabilities are set out below, together with the policies currently applied by the board for their management. Derivative instruments may be used to change the economic characteristics of financial instruments in accordance with the Group's treasury policies. Following the acquisition of TAP, the Group inherited a number of interest rate swaps which were used to reduce TAP's exposure to changes in interest rates. These have been added to in the current financial year and the interest rate swaps amount to an economic hedge of £65.8 million (2011: £34.5 million) of the total loan drawdowns of £80.9 million (2011: £34.8 million) for cashflows to 20 August 2016, but no hedge accounting is used.

The management of cash and similar instruments is monitored weekly with summary cash statements produced on a fortnightly basis and discussed regularly in management and Board meetings. The approach is to provide sufficient liquidity to meet the requirements of the business in terms of funding developments and potential acquisitions. Surplus funds are invested with a broad range of institutions with a range of maturities up to a maximum of 180 days. At any point in time, at least half of the Group's cash is held on instant access or short term deposit of less than 30 days.

Market Risk

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

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

Interest Rate Risk

Financial Liabilities

The Group's policy is to manage the cost of borrowing using variable rate debt. Whilst floating rate borrowings are not exposed to changes in fair value, the Group is exposed to cash flow risk as costs increase if market rates rise. The Group's policy is to use derivative financial instruments to mitigate at least 50% of this risk in order to achieve a sensible and appropriate level of interest rate protection whilst maintaining flexibility to match the commercial trading strategy.

NOTES TO THE ACCOUNTS (continued)

30. Financial instruments (continued)

As part of the TAP acquisition, the Group inherited a number of interest rate swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon notional principal. At 30 September 2012, after taking into account interest rate swaps, 100% (2011: 100%) 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 2012 was as follows:

	Interest Rate	*Maturity*	*30 Sep 12* £'000	*30 Sep 11* £'000
Lloyds Banking Group (1)	LIBOR +2%	2 – 5 years	49,387	20,150
Capita (2)	5.24%	Less than 1 year	11,538	14,602
Barclays (3)	LIBOR +3.5%	1 – 4 years	20,000	–
			80,925	34,752

(1) Senior bank facility repayable 27 January 2015. Margin is on a sliding scale from 2% to 3.5% subject to loan to value covenants.

(2) Interest rate fixed until 18 January 2013.

(3) Senior bank facility repayable 20 August 2016.

Financial Assets

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

	30 Sep 12 £'000	*30 Sep 11* £'000
Fixed rate	–	–
Floating rate	31,515	35,674
	31,515	35,674

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

	30 Sep 12 £'000	*30 Sep 11* £'000
Fixed rate	–	–
Floating rate	21,403	28,464
	21,403	28,464

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)

30. 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 2012 (2011 – £nil).

The Group policy has been to invest funds and enter into derivative transactions with a broad range of institutions having investment grade low risk credit ratings and a strong or superior ability to repay short term debt obligations. The unprecedented credit and banking market disruption of the last three years has had a significant impact upon the ability to rely upon either credit ratings or the ability of financial institutions to honour their commitments and the widespread nature of the financial crisis has introduced considerable uncertainty into the process. As at 30 September 2012, the Group had a single balance of £125,000 (2011 – £207,000) 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 cashflow such that the adverse impact of this can be mitigated.

Loans

As at 30 September 2012, TAPP Property Limited maintained a facility with the Lloyds Banking Group of up to £78,000,000 (2011: £78,000,000) under which £49,387,000 (2011: £20,150,000) had been drawn down. This facility is repayable on or before 27 January 2015 and is secured by fixed and floating charges over the assets of the TAPP Property Limited group and the Lamont companies. The facility is subject to a maximum loan to value covenant of 70% and an interest cover ratio covenant of 150%.

As at 30 September 2012, TOPP Property Limited maintained a facility with Capita of £35,267,000 (2011: £35,267,000) of which £11,538,000 (2011: £14,601,000) had been drawn down. This facility is repayable on or before 18 January 2013 and is secured by fixed and floating charges over the assets of the TOPP Property Limited group. The facility is subject to a maximum loan to value covenant of 70% and an interest cover ratio covenant of 135%.

As at 30 September 2012, Conygar Dundee Limited, Conygar Hanover Street Limited, Conygar Stafford Limited and Conygar St Helens Limited jointly maintained a facility with Barclays Bank PLC of up to £20,000,000 (2011: £nil) of which £20,000,000 (2011: £nil) had been drawn down. This facility is repayable on or before 20 August 2016 and is secured by fixed and floating charges over the assets of the Conygar Dundee Limited, Conygar Hanover Street Limited, Conygar Stafford Limited and Conygar St Helens Limited. The facility is subject to a maximum loan to value covenant of 58% and an interest cover ratio covenant of 225%.

NOTES TO THE ACCOUNTS (continued)

30. 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.

Fair Values of Financial Assets and Financial Liabilities

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

	Book Value 30 Sep 12	*Book Value 30 Sep 11*	*Fair Value 30 Sep 12*	*Fair Value 30 Sep 11*
	£'000	*£'000*	*£'000*	*£'000*
Financial Assets				
Cash	31,515	35,674	31,515	35,674
Trading investments	1,257	1,802	1,257	1,802
Financial Liabilities				
Floating rate borrowings	69,387	20,150	69,387	20,150
Fixed rate borrowings	11,538	14,601	11,424	14,235
Interest rate swaps	939	1,368	939	1,368
Preference share liability	–	7,376	–	7,376

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

	Book Value 30 Sep 12	*Book Value 30 Sep 11*	*Fair Value 30 Sep 12*	*Fair Value 30 Sep 11*
	£'000	*£'000*	*£'000*	*£'000*
Financial Assets				
Cash	21,403	28,464	21,403	28,464
Financial Liabilities				
Preference share liability	–	7,376	–	7,376

NOTES TO THE ACCOUNTS (continued)

30. Financial instruments (continued)

Derivative Financial Instruments

	Protected rate %	*Expiry*	*Market Value at 30 Sep 12 £'000*	*Market Value at 30 Sep 11 £'000*
£21.8 million (2011: £21.8 million) swap	1.33 (2011: 2.38)	Feb 2015	(393)	(865)
£12.7 million (2011: £12.7 million) swap	1.33 (2011: 2.38)	Feb 2015	(229)	(503)
£15.3 million (2011: £nil) swap	0.99 (2011: n/a)	Feb 2015	(153)	–
£16 million (2011: £nil) swap	1.055 (2011: n/a)	Aug 2016	(199)	–
£4 million cap (2011: £nil)	1.00 (2011: n/a)	Aug 2016	35	–
			(939)	(1,368)

The valuation of the swaps was provided by JC Rathbone Associates Limited, is a tier 2 valuation and represents the change in fair value since execution. The fair value is derived from the present value of the future cash flows discounted at rates obtained by means of the current yield curve appropriate for those instruments.

The fair value of the Group's trade debtors and other receivables and trade creditors and other payables is not considered to vary from historic cost due to the short term nature of these financial assets and liabilities. As such, they are excluded from the disclosure.

INVESTMENT PROPERTY PORTFOLIO
for the year ended 30 September 2012

Property Address	Total Area (sq ft)
Industrial	
Aberdeen	
Aker Village, Kirkhill Industrial Estate	192,218
Blantyre	
Unit B Watt Place, Hamilton International Technology Park, Blantyre	34,338
Brighouse	
Armytage Road	50,390
Clevedon	
Units 5a, 5b, 5c, 6a and 6b Tweed Road Industrial Estate	31,024
Hemel Hempstead	
3 Cherry Trees Lane	–
Kettering	
Travis Perkins/Kettering Tiles, Linnell Way	18,329
Livingston	
3/3a Baird Road, Kirkton Campus	13,752
Livingston	
1 Simpson Parkway, Kirkton Campus	32,821
Livingston	
Development Site, Kirkton Campus	–
Milton Keynes	
Advantage One, Third Avenue, Bletchley	28,348
Oldbury	
Crystal Drive, Sandwell Business Park	127,845
Runcorn	
Units 1001/1004 Lime Court, Manor Park	56,153
Stafford	
Elster Metering, Tollgate Business Park	55,181
Stratford Upon Avon	
Swan Development, Avenue Farm Industrial Estate	33,965
Uddingston	
Unit 6, Bedlay View, Tannochside Park	31,102
Witham	
3, 16 and 18 Freebournes Road	145,902
Worcester	
Unit 15b Blackpole Trading Estate	100,135

INVESTMENT PROPERTY PORTFOLIO (continued)
for the year ended 30 September 2012

	Total Area (sq ft)
Leisure	
Dundee	
Kingscourt Leisure Complex, Douglas Road	87,360
Offices	
Ashby de la Zouch	
Ashby Park, Ashby de la Zouch	138,342
Birmingham	
Norfolk House, Birmingham	114,841
Dundee	
Compass House, Dundee	30,342
Farnborough	
Brennan House, Farnborough Aerospace Centre	30,010
Fleet	
Integration House, Ancells Business Park, Rye Close	11,679
Fleet	
Waterfront Business Park, Fleet Road	36,739
Leeds	
Brunswick Point	62,873
Lincoln	
Witham Park House, Lincoln	105,345
Livingston	
1 Garbett Road, Kirkton Campus	5,032
Livingston	
6 Fleming Road, Kirkton Campus	10,108
Maidenhead	
Geoffrey House, Vanwall Business Park	29,460
Northampton	
Charles House, Northampton	28,213
Reading	
AdVantage Reading, Castle Street	24,915
Swindon	
Pagoda Park, Westmead Drive	41,112
Warrington	
Kelvin II, Kelvin Close, Birchwood Park	50,553
Warrington	
The Links, Kelvin Close	45,617

INVESTMENT PROPERTY PORTFOLIO (continued)
for the year ended 30 September 2012

	Total Area (sq ft)
Welwyn Garden City	
Units 3-6 Silver Court, Watchmead	29,756
Whetstone	
Brook Point, 1412 – 1420 High Road	13,192
Retail	
Ayr	
156 and 158 – 160 High Street	8,601
Ayr	
52 / 56 Newmarket Street	10,717
Bletchley	
The Brunel Centre	96,640
Felixstowe	
York House, 96 – 102a Hamilton Road	19,545
Hinckley	
70 – 76 Castle Street	5,367
Horsham	
7 West Street	4,929
Rugeley	
Shrewsbury Arms Shopping Mall, High Street	9,633
St Helens	
1 Cotham Street, St Helens	41,619
Wolverhampton	
Network House, Wolverhampton	33,127
Retail Warehouse	
Birmingham	
Trident Retail Park	29,485
Coventry	
Halfords, 36 Foleshill Road	14,888
Total Area	2,121,543

INVESTMENT PROPERTY PORTFOLIO (continued)
for the year ended 30 September 2012

Regional Distribution	*Valuation (%)*
South East	26.78%
Eastern	0.99%
East Midlands	10.55%
South West	3.66%
Yorkshire & Humberside	4.38%
Scotland	24.66%
North West	10.29%
West Midlands	18.69%
Total	**100.00%**

Sector Distribution	*Valuation (%)*
High Street Retail (South East)	0.89%
High Street Retail (Rest of UK)	6.92%
Shopping Centres	5.26%
Retail warehousing	2.36%
Offices (South East)	17.49%
Offices (Rest of UK)	30.87%
Industrial (South East)	4.15%
Industrial (Rest of UK)	27.18%
Leisure	4.88%
Total	**100.00%**

GLOSSARY OF TERMS

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

The Conygar Investment Company PLC
(Company Number 4907617)
(the "Company")

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the offices of Wragge & Co LLP, 3 Waterhouse Square, 142 Holborn, London EC1N 2SW on 15 January 2013 at 4.00 pm for the following purposes:

Resolutions 1 to 7 are ordinary resolutions and resolutions 8 to 10 are special resolutions.

ORDINARY BUSINESS

Ordinary Resolutions

1 To receive the Company's annual accounts for the financial year ended 30 September 2012 together with the last directors' report, the last directors' remuneration report and the auditors report on those accounts and the auditable part of the remuneration report.

2 To approve the directors' remuneration report for the financial year ended 30 September 2012.

3 To re-appoint Rees Pollock as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company at a remuneration to be determined by the directors of the Company.

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

Peter Andrew Batchelor

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

Preston Martin Charles Rabl

6 To declare a final dividend of 1.25 pence per Ordinary Share in respect of the year ended 30 September 2012. This dividend will be paid on 22 January 2013 to the holders of Ordinary Shares at close of business on 7 December 2012.

SPECIAL BUSINESS

7 That the directors be and are generally and unconditionally authorised for the purposes of section 551 Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 (1) of the Act) up to an aggregate nominal amount of £500,000.00 (comprising 10,000,000 Ordinary Shares (as defined in the Company's Articles)) provided that this authority is for a period expiring at the next Annual General Meeting of the Company after the passing of this resolution but the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities to the extent unused. Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. This authority is in substitution for all subsisting authorities to the extent unused.

Special Resolutions

8 That subject to the passing of resolution 7 above, the directors of the Company be and are empowered pursuant to section 571 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560(1) of the Act) wholly for cash pursuant to the authority conferred by the previous resolution as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

(a) in connection with an offer of such securities by way of rights to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem

NOTICE OF ANNUAL GENERAL MEETING (continued)

necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

(b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £500,000.00 (comprising 10,000,000 Ordinary Shares (as defined in the Company's Articles));

and shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

9 That the Company be and is generally and unconditionally authorised for the purposes of section 701(1) of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) on the London Stock Exchange of Ordinary Shares of £0.05 each in the capital of the Company provided that:

(a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 13,924,671 (representing fifteen per cent of the Company's issued ordinary share capital);

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

(c) the maximum price which may be paid for an Ordinary Share shall not be more than 5 per cent above the average of the middle market quotations for an Ordinary Share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased;

(d) unless previously renewed, varied or revoked, the authority conferred shall expire at the conclusion of the Company's next Annual General Meeting or 12 months from the date of passing this resolution, if earlier; and

(e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

10 That the Articles of Association of the Company be amended by the deletion of the existing:

(a) definition of Preference Shares;

(b) Article 4 and the consequential renumbering of the remaining provisions of the Articles of Association;

(c) reference to Preference Shares in Article 52.1: and

(d) Article 124.3 (k) and the consequential renumbering of the remaining provisions of Article 124.3

Registered Office	By Order of the Board
Fourth Floor	P A Batchelor
110 Wigmore Street	Company Secretary
London	
W1U 3RU	28 November 2012

NOTICE OF ANNUAL GENERAL MEETING (continued)

Notes

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   - completed and signed;
   - sent or delivered to the Company at **Share Registrars Ltd , Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL** or;
   - scanned and emailed to proxies@shareregistrars.uk.com or;
   - faxed to 01252 719232 and;
   - received by the Company no later than 4.00pm on 11 January 2013.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company using the following method:

   - By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to **Share Registrars Limited (Proxies), Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL**. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   The revocation notice must be received by the Company no later than 4.00pm on 11 January 2013.

   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.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Communication

9. Except as provided above, members who have general queries about the Meeting should email the Company Secretary on peterbatchelor@conygar.com (no other methods of communication will be accepted).

   You may not use any electronic address provided either:

   - in this notice of general meeting; or
   - any related documents (including the proxy form),

   to communicate with the Company for any purposes other than those expressly stated.

   - Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 4.00 pm on 11 January 2013 shall be entitled to attend and vote at the Meeting.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

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

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

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

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

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

The Conygar Investment Company PLC
(Company Number 4907617)
(the "Company")

Annual General Meeting

FORM OF PROXY

I/We ....

of ....

....

being (a) member(s) of the Company, hereby appoint ....

of ....

or failing him the Chairman of the Meeting (see note 2) as my/our proxy to vote for me/us on my behalf as directed below at the Annual General Meeting of the Company to be held at the offices of Wragge & Co LLP, 3 Waterhouse Square, 142 Holborn, London EC1N 2SW on 15 January 2013 at 4.00pm and at any adjournment thereof. I/we request such proxy to vote on the following resolutions as indicated below:

Resolution Number	**Resolution**	**For**	**Against**	**Vote Withheld**
Ordinary Resolutions				
1	To receive the Company's annual accounts for the financial year ended 30 September 2012.			
2	To approve the directors' remuneration report for the financial year ended 30 September 2012.			
3	To re-appoint Rees Pollock as auditors at a remuneration to be determined by the directors of the Company.			
4	To re-appoint the following director who retires by rotation: Peter Andrew Batchelor.			
5	To re-appoint the following director who retires by rotation: Preston Martin Charles Rabl.			
6	To declare a final dividend of 1.25 pence per Ordinary Share.			
7	To give a directors' authority to allot equity securities up to an aggregate nominal amount of £500,000.00.			
Special Resolutions				
8	To give a directors' authority to disapply pre-emption rights and allot equity securities.			
9	To give a share buyback authority of up to a maximum aggregate number of ordinary shares of 13,924,671.			
10	To amend the Company's articles of association by the removal of all references to Preference Shares.			

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

Date ....

Signed ....

Notes:

1 Please indicate with an "X" in the appropriate boxes how you wish the proxy to vote. The proxy will exercise his discretion as to how he votes or whether he abstains from voting:
   (a) on any resolution referred to above if no instruction is given in respect of that resolution; and
   (b) on any business or resolution considered at the meeting other than the resolutions referred to above.

2 If you wish to appoint someone other than the chairman of the meeting as your proxy please insert their name. If you insert no name then you will have appointed the chairman of the meeting as your proxy. A proxy need not be a member of the Company.

3 In the case of a corporation, this form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.

4 In the case of joint holders, the votes of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register.

5 To be effective, this Form of Proxy, duly executed together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified or office copy thereof) must be lodged at the Company's Registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, by 4.00pm on 11 January 2013.

6 Any alterations to this form of proxy should be initialled.

7 Completion of this form will not prevent you from subsequently attending and voting at the meeting in person, in which case any votes cast by proxy will be excluded.

8 This Form of Proxy has been sent to you by post. It may be returned in hard copy form by post or by hand to the Company's Registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. In each case, the proxy appointment must be received no later than 4.00pm on 11 January 2013 together with any authority (or a notarially certified copy of such authority) under which it is signed.

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