



The Conygar Investment Company PLC

**Report And Accounts
30 September 2015**

YEAR ENDED 30 SEPTEMBER 2015

HIGHLIGHTS

- **Net asset value per share increased by 2.9% to 203.3p** (2014: 197.5p). **EPRA NAV** per share increased by 3.7% **to 203.2p** (2014: 195.9p).
- **Pre-tax profit** for the year **£7.8 million** compared with £20.5 million last year.
- **Investment property portfolio valuation up 3%** on a like for like basis as the property market outside London continues to improve. The development portfolio is valued at cost.
- **Total cash of £57 million** available for acquisitions. **Net debt of £13.3 million** representing gearing of 7.9% against net asset value and 10.0% on loan to value basis.
- **Disposed of nine investment properties** in the year for a gross consideration of **£31.3 million**, a surplus of **£2.8 million** or 9.8% over book value.
- **Reacquired 9.6 acres of land at Haverfordwest** from Sainsbury's for **£3 million** plus an overage provision.
- After the financial year end, acquired a 9.96 acre site from Sainsbury's at **Cross Hands**, west of Swansea, for **£2.25 million** plus an overage provision, and the **203 acre freehold** of the former gas storage facility site near **Rhosgoch**, Anglesey, for **£3 million**.
- **Completed** the construction of our Road King joint venture, **200 space truck stop** facility at **Parc Cybi**, Anglesey.
- **Dividend** held at **1.75p per share** (2014: 1.75 pence).
- **Share buy back:** the Group **acquired 5.1%** of its ordinary share capital at an average **price of 181.5p** per share.

Summary Group Net Assets As At 30 September 2015

	<i>£'m</i>	<i>Per Share</i> <i>p</i>
Investment Properties	133.2	161.4
Investment Properties Under Construction	3.2	3.8
Development Projects	46.6	56.5
Cash	57.4	69.5
Other Net Liabilities	(2.6)	(3.2)
	<hr/>	<hr/>
	237.8	288.0
Bank Loans	(37.5)	(45.4)
ZDP Liability	(32.5)	(39.3)
	<hr/>	<hr/>
	<u>167.8</u>	<u>203.3</u>

The Conygar Investment Company PLC

Registered in England No. 04907617

CONTENTS

	Page
Directors and Advisers	3
Chairman's & Chief Executive's Statement	4
Strategic Report	7
Corporate Governance Report	19
Directors' Remuneration Report	21
Directors' Report	25
Independent Auditors' Report	28
Consolidated Statement of Comprehensive Income	30
Consolidated Statement of Changes in Equity	31
Company Statement of Changes in Equity	32
Consolidated Balance Sheet	33
Company Balance Sheet	34
Consolidated Cash Flow Statement	35
Company Cash Flow Statement	36
Notes to the Accounts	37
Investment Property Portfolio	65
Glossary of Terms	68
Notice of Annual General Meeting	69
Form of Proxy	75

DIRECTORS AND ADVISERS

The Board of Directors

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

Company Secretary

R H McCaskill

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Registered Number

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CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results

We are pleased to present the Group's results for the year ended 30 September 2015.

Net asset value per share increased by 2.9% to 203.3p from 197.5p last year and to 203.2p on an EPRA basis. The major components driving that growth were an increase in the investment property portfolio valuation of £2.7 million, the profit arising from sales of investment properties of £2.4 million and the net rental income of £8.5 million. The profit before taxation for the year was £7.8 million (2014: £20.5 million).

Net asset value as at 30 September 2015 was £167.8 million compared with £169.4 million at 30 September 2014. During the year, the Group spent £7.9 million on share buy backs and paid a dividend of £1.4 million and excluding these, the net asset value increased by 4.6%.

The Group's investment properties as at 30 September 2015 were independently valued at £133.2 million (2014: £158.3 million), an increase in the valuation of 3% for the year on a like for like basis. This uplift in valuation follows the significant recovery in the value of our investment properties seen last year, and highlights the strengthening of the market outside London and the positive impact of our asset management initiatives which will be covered in more detail within the Strategic Report. We have benefitted from a greatly improved market, with many more buyers of properties outside London than a few years ago and occupier demand has also improved. This has enabled us to sell properties for a total consideration of £57 million over the past two years.

The Group had cash balances of £57.4 million (2014: £70.8 million) at the year end and bank debt of £38.2 million (2014: £55.8 million). Including the zero dividend preference share liability of £32.5 million (2014: £30.6 million), our net gearing is 7.9% or 10.0% on a loan to value basis. The Group continues to generate around £3 million per annum of net cash from operations which funds both the development expenditure and any necessary capital expenditure on the investment property portfolio.

This is a solid set of results and follows a year of record profits for the company last year. We are pleased at the progress being made on both the development projects and the investment property portfolio.

Progress

The development pipeline is making good progress and we are pleased to have commenced the infrastructure and related works at several sites, which is an important step in attracting interest from both potential occupiers and purchasers and thereby realising value.

A detailed review of the development projects can be found within the Strategic Report. We should briefly mention three recent acquisitions, which are classified as investment properties under construction, two of which completed shortly after 30 September 2015.

Firstly, following Sainsbury's decision not to develop their 60,000 square foot store at Haverfordwest, West Wales, which we had sold to them for £13.75 million in 2014, we have acquired their interest for £3 million plus an overage provision. We will now develop the 9.6 acre site for a retail/ leisure commercial development and submit the amended planning application next year. The infrastructure and highways works to service both this site and the 729 residential units are almost complete. We should therefore be in a position to begin negotiating with various house builders during 2016.

Secondly, in October 2015, we acquired a 9.96 acre freehold serviced development site from Sainsbury's at Cross Hands, west of Swansea, for £2.25 million plus an overage provision. A detailed planning consent had already been granted to Sainsbury's for a 90,792 square foot food store with a six pump petrol filling station along with 495 car parking spaces, and the benefit of this was passed to us at acquisition. The site is located in a prominent location with frontage to the A48 (M), which is the continuation of the M4 motorway, approximately 16 miles west of Swansea. We have identified occupier demand for a mixed retail scheme at this site and agreements for lease are being negotiated with potential tenants. We expect to submit the amended planning application by Spring 2016. Our site forms part of a wider comprehensive re-development area of approximately 50 acres, which includes a residential development of 240 new homes.

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

Also during October 2015, the group acquired the freehold of the former gas storage facility site near Rhosgoch, Anglesey, for a consideration of £3 million. This 203 acre brownfield site is located approximately 3 miles from Amlwch Port and 6.5 miles from the site of the existing and proposed Wylfa Nuclear Power Station. We believe that this site is ideally located to provide a base for a range of support facilities which are likely to be required by the contractors engaged in the construction of the multi-billion pound nuclear power station project. In addition to this use, the site is well suited to a number of other uses such as a solar farm and gas fuel energy projects.

These acquisitions in October 2015, in addition to our total investment in the development portfolio of £46.6 million as at 30 September 2015, signal that we are deploying more funds into development projects as we feel that this is where there is substantial inherent future value. We remain on course to deliver schemes, comprising more than 1,700 residential units, 1,300 marina berths and in excess of 600,000 square feet of commercial and retail development.

The contracted annual rent roll of the portfolio was £9.8 million as at 30 September 2015, which is £2.4 million lower than at 30 September 2014, mainly owing to disposals in the year which realised £31.3 million. We continue to work hard at letting vacant space, retaining tenants and pushing down irrecoverable property costs. Our average unexpired lease length has risen from 4.4 years to 4.8 years at 30 September 2015 and this reflects a number of new leases and renewals which have been agreed over the past year. We made 9 disposals in the year for a gross consideration of £31.3 million and all sales were at valuation or above. Overall, this was a surplus of £2.8 million or 9.8% above the 30 September 2014 valuation.

The portfolio vacancy rate has fallen from 18.2% last year to 14.1%. The fall in this rate derives from the continued improvement in the occupational market generally and disposals of assets where there were significant voids, such as Norfolk House, Birmingham and Maidenhead. The majority of the vacant space at the year end is at Brennan House, Farnborough, which is currently undergoing a significant refurbishment and is therefore not currently lettable, and at Mochdre, Colwyn Bay, where we hope to let the majority of the vacant space shortly. Excluding these two assets, the vacancy rate is 6.2%. Nevertheless, we expect a certain level of voids due to the nature of our portfolio and our policy of disposing of properties once asset management initiatives are complete.

The investment property portfolio continues to generate significant surplus cash flow which services the debt and funds the majority of development expenditure.

At 30 September 2015, the Group had cash of £57.4 million available to pursue investment opportunities. The business remains well funded and the balance sheet strong.

Dividend

The Board is pleased to recommend a final dividend of 1.75p per ordinary share in respect of the year ended 30 September 2015 to be paid on 11 February 2016 to shareholders on the register at 8 January 2016, which is unchanged from last year. Your Board will continue to review the dividend payments annually. More information on the Group's dividend policy can be found within the Strategic Report on page 15.

Share Buy Back

During the year, the Group acquired 4,372,350 ordinary shares representing 5.1% of its ordinary share capital, at an average price of 181.5p per share. This cost approximately £7.9 million and, as a result of the buy backs, net asset value per share has been enhanced by 0.9 pence per share. The Group will seek to renew the buy back authority at the forthcoming AGM because we consider it to be a useful capital management tool.

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

Board Director Changes

Peter Batchelor, who was our Finance Director, has stepped down from the Board during the year to pursue other projects, although he will continue to work with the Board on a consultancy basis for the next three years. In addition, Steven Vaughan has also stepped down from the Board. As two of our founding directors and shareholders, we will miss them and we wish them every success for the future.

We are pleased to welcome Ross McCaskill to the Board. Ross was appointed Finance Director and Company Secretary on 1 October 2015, having been with the company for five and a half years as Financial Controller.

Outlook

We continue to grow net asset value per share and we believe that our medium term pipeline of development opportunities, along with our asset management initiatives and realisations of the investment properties will deliver further significant growth.

Our balance sheet remains strong and the cash we hold will enable us to take advantage of opportunities as they arise and to fund the development projects. While the market remains competitive for UK commercial property, we anticipate focusing our efforts on bringing the developments to fruition, while at the same time realising the value created in the investment property portfolio, by selling assets where we cannot add further value through our asset management skills.

N J Hamway
Chairman

R T E Ware
Chief Executive

7 December 2015

STRATEGIC REPORT

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

Strategy and Business Model

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

The business operates two major strands being the property investment side and the development project side. The investment property portfolio generates surplus cash flow while at the same time we are creating a pipeline of exciting development projects that are well positioned to deliver good returns in the medium term. We continue to focus upon positive cash flow and to utilise modest levels of gearing to enhance returns. Assets are recycled to release capital as opportunities present themselves and we will continue to buy back shares where appropriate. The group is content to hold cash and adopt a patient strategy unless there is a compelling reason to invest.

Position of company at the year end

Following a year of continued growth and profits, the Group improved its strong position at the year end with good underlying earnings, positive cash flow and investment property values that have increased by 3% during the year. The development pipeline is showing signs of progress and construction has commenced at several locations this year. The balance sheet remains strong with cash of £57.4 million and total debt of £70.7 million giving net gearing of 7.9%. The Group has adequate resources to maintain and develop its business and the balance sheet remains both liquid and robust.

Events since the balance sheet date

There were no significant events since the balance sheet date apart from the acquisition at Cross Hands and Rhosgoch which are referred to in the Chairman's and Chief Executive's Statement and under the "Development Projects and Investment Properties Under Construction" heading with this report.

Summary of Group Net Assets

The Group net assets as at 30 September 2015 may be summarised as follows:

	£'m	<i>Per Share</i> p
Investment Properties	133.2	161.4
Investment Properties Under Construction	3.2	3.8
Development Projects	46.6	56.5
Cash	57.4	69.5
Other Net Liabilities	(2.6)	(3.2)
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Bank Loans	(37.5)	(45.4)
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	<u>167.8</u>	<u>203.3</u>

STRATEGIC REPORT (continued)

Investment properties

Summary of portfolio

	2015	2014
Valuation at 30 September	£133.2 million	£158.3 million
Number of properties	36	43
Contracted rent (pa)	£9.8 million	£12.2 million
Current ERV (pa)	£11.9 million	£14.9 million
Net initial yield	7.16%	6.51%
Equivalent yield	8.02%	8.33%
Reversionary yield	8.35%	8.74%
ERV of vacant units (pa)	£1.7 million	£2.5 million
Vacancy rate	14.1%	18.2%
Average unexpired lease lengths	4.8 years	4.4 years

Asset management

At 30 September 2015, the contracted rent for the investment property portfolio was £9.8 million with an ERV of £11.9 million, the reduction from 2014 being mainly attributable to property disposals in the year. The ERV of vacant space is £1.7 million of which Brennan House, Farnborough and Mochdre, Colwyn Bay account for nearly 60%. The overall vacancy rate in the portfolio is 14.1% down from 18.2% in 2014. The average unexpired lease length increased to 4.8 years from 4.4 years at 30 September 2014.

There has been good progress on asset management initiatives across the portfolio, helped in part by the continuing growth of occupier confidence outside London. This increased optimism means that projects to refurbish and re-let now make economic sense. As a result, works on the refurbishment of Brennan House in Farnborough have begun and they will cost approximately £2.5 million and should be completed by the summer of 2016. This should enable us to take advantage of the buoyancy of the Thames Valley office market and achieve a letting soon after completion of the works.

At the Ashby Gateway site, at Ashby Park, Ashby de la Zouch, terms are being negotiated with a major food store operator, following planning permission being granted for the necessary access road. A portion of the site has also been sold subject to planning to a pub/restaurant operator.

At Mochdre Commerce Park, Colwyn Bay, North Wales, we have now rectified all the historic issues with the site that we inherited at purchase and we have sold two units during the year. Detailed negotiations continue with the Council to lease a number of units and an additional 3.2 acres of Brownfield land and we hope to give an update on this shortly.

We continue to maintain good contact with our tenants and work hard to minimise irrecoverable costs and voids. We have agreed a number of new leases in the past year at a variety of locations such as Swindon, Stratford-upon-Avon and Bletchley. As mentioned above, the vacancy rate is currently 14.1%. The majority of this vacant space is at Farnborough which is being refurbished, and Mochdre, which should be let shortly. Excluding these two assets, the vacancy rate is 6.2%.

Disposals

The Group disposed of nine investment properties during the year namely Maidenhead, two units at Mochdre, Birmingham, Hemel Hempstead, Uddingston, Clevedon, Stafford and Milton Keynes. Total gross sale proceeds were £31.3 million, generating a surplus on the 2014 valuation of £2.8 million. We will continue to dispose of assets as opportunities arise and where no further value can be added by the Group.

STRATEGIC REPORT (continued)

Valuation

The investment property portfolio has been independently valued by Jones Lang LaSalle at £133.2 million as at 30 September 2015. The investment property portfolio increased in value by 3% on a like for like basis reflecting both the improved property market and asset management initiatives which have protected rental income. Assets such as ours continue to require active management to protect income and value and it is pleasing to see this work rewarded through valuation increases.

Capital Expenditure

We incurred £0.8 million of capital expenditure during 2015, which was fully financed from our existing cash flow. We are carrying out small refurbishments of space in the portfolio to optimise the chances of letting. There will always be a level of refurbishment work required throughout a portfolio of this nature, though as at 30 September 2015, the Group had no contractual related capital expenditure commitments in excess of £1,000,000.

Development Projects and Investment Properties Under Construction

Haverfordwest

Following the sale of 9.6 acres of land at Haverfordwest, West Wales, to Sainsbury's for a gross consideration of £13.75 million in May 2014, the store group decided that it no longer wished to develop its 60,000 square foot store as planned. We therefore reacquired this land for £3 million plus an overage provision and we will now create a retail/ leisure commercial development on the site. The infrastructure and highways works to service this site and the 729 residential units have progressed well during the year and these works should be completed by the end of December 2015, which is two months ahead of our original timetable.

In early 2016, marketing of the serviced residential site will commence and a planning application is being prepared for the retail/ leisure development which we intend to submit by March 2016.

Holyhead Waterfront

This mixed use development comprises plans for 326 apartments and townhouses, a 500 berth marina and 50,000 square feet of retail, leisure and commercial space. We are still waiting for a decision to be made regarding the Village Green application which was submitted nearly two years ago and relates to part of our site. As previously reported, we have registered our objection to the application and have engaged the necessary legal representation to challenge, in the strongest terms, the application, should it be taken to a Public Inquiry. We should stress, however, that the majority of the site is not affected by the application and we plan to develop this area first, regardless of the outcome of the Village Green application and we are in preliminary discussions with interested parties.

Parc Cybi Business Park, Holyhead

In April 2015, we completed the construction of a 9 acre, 200 space, 24 hour, truck stop facility at Parc Cybi, Anglesey, as part of our £6 million joint venture, Road King, Holyhead, with Mr Fred Done, the founder and owner of Betfred. The facility opened for business on 7 May 2015 and revenues have improved steadily throughout the first months of trading.

We are in discussions with various occupiers who are interested in leasing the remaining space at this site which is not related to the truck stop and we hope to be able to provide further news in the coming months.

STRATEGIC REPORT (continued)

Rhosgoch

We acquired this site just after the financial year end and we anticipate that it will be suitable to provide a range of support facilities required for the construction of the proposed new nuclear power station at Wylfa. We are currently in discussions with potential occupiers both related to the construction of Wylfa and with energy providers. We are well placed to take advantage of the many commercial opportunities which will arise from the £14 billion construction of the proposed new power station.

Fishguard Waterfront

This scheme comprises a 450 berth marina with ancillary facilities, 253 residential units and tourist related commercial space, for which outline planning consent has been granted and the section 106 planning agreement has also been executed. Good progress has been made with our partners, Stena Line, on the detailed planning and marine consent licences to enable the construction of a 15 acre platform for the residential and marine related commercial development, the marina basin and new port facilities for the berthing of ferries to Ireland and the detailed and substantial applications will be submitted later this month.

Fishguard Lorry Stop and Distribution Facility

In February 2015, we obtained detailed planning permission for the construction of a 6 acre, 24 hour, lorry stop on part of the land we own in Fishguard, West Wales. Discussions continue with both hauliers and the port operator and we are proceeding to install the infrastructure to bring it forward for development.

Pembroke Dock Waterfront

The outlook for this mixed-use development comprising 267 apartments, a 314 berth marina and around 60,000 square feet of retail, leisure and commercial development is increasingly encouraging with a number of retail occupiers showing interest in the site. The application in respect of the Harbour Revision Order is progressing along with those for the various marine licences which are necessary to commence construction, following the re-engineering of the original design to reduce costs and facilitate a faster construction process.

Llandudno Junction

In 2013, we were appointed as preferred developer by Conwy Council, North Wales, to promote a development of approximately 90,000 square feet of retail space on their tenanted land at Llandudno Junction. We continue to work closely with the Council through our overriding lease of the subject land and we expect a decision on the planning application very early in the New Year.

Cross Hands

We have finalised the layout of a revised retail scheme of approximately 95,000 square feet at this site which we acquired from Sainsbury's in October 2015. We are in negotiations with potential tenants and intend to submit the revised planning application, for consideration by Carmarthenshire County Council, by March 2016.

King's Lynn, Norfolk

This is a six acre residential development site with planning permission for 94 dwellings near to King's Lynn, Norfolk. We are currently in discussions with various local developers and potential occupiers in order to take this project forward.

STRATEGIC REPORT (continued)

Summary of Development Projects

The expenditure in the year on our development land bank amounted to £9.67 million. Our total investment to date is now £46.62 million at cost (analysed below) or 56.5p per share. We will continue to progress these projects in a risk-averse manner and to avoid any speculative development. To date, we have had good success in securing planning consents and several of the projects are beginning to advance.

We remain on target to deliver schemes comprising circa 1,700 homes (of which 846 are waterside), 1,300 marina berths and in excess of 600,000 square feet of commercial and retail development.

As previously stated, it is our intention to introduce third party valuations as soon as it is practical to do so. We remain confident that there is significant upside in these projects which will become evident over the medium term.

	2015 £'m	2014 £'m
Haverfordwest	23.91	17.21
Holyhead Waterfront	10.19	9.47
Pembroke Dock Waterfront	4.68	4.51
Parc Cybi, Holyhead	4.59	3.00
King's Lynn	0.85	0.83
Fishguard Waterfront	1.36	1.02
Fishguard Lorry Stop	0.54	0.52
Llandudno Junction	0.43	0.11
Other	0.07	0.28
Total investment to date	<u>46.62</u>	<u>36.95</u>

Financial review

Net Asset Value

The net asset value at the year end was £167.8 million (2014: £169.4 million). The primary movements were £2.7 million increase in the value of the investment properties, £8.5 million net rental income, £2.4 million profit on the disposal of investment properties and £7.9 million spent on purchasing our own shares. Excluding the amounts incurred purchasing Conygar shares and paying dividends, net asset value increased by 4.6% in the year.

STRATEGIC REPORT (continued)

On an EPRA basis, the net asset value is:

	2015	2014	2013	2012	2011
	£'m	£'m	£'m	£'m	£'m
Net asset value	167.8	169.4	155.1	154.0	158.5
Preference share liability	–	–	–	–	7.4
Share options	4.1	8.1	–	–	–
Diluted net asset value	171.9	177.5	155.1	154.0	165.9
Fair value of hedging instruments	–	(0.4)	0.2	0.9	1.4
EPRA net asset value	171.9	177.1	155.3	154.9	167.3
EPRA NAV per share	203.2p	195.9p	174.9p	166.9p	153.9p
Basic NAV per share	203.3p	197.5p	174.6p	165.9p	155.2p
Diluted NAV per share	203.3p	196.3p	174.6p	165.9p	152.7p

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 NNNNAV 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 NNNNAV.

Revaluation

The Group’s investment properties were independently valued by Jones Lang LaSalle as at 30 September 2015. In their opinion, the open market value of the investment property portfolio was £133.2 million. The total portfolio increased in value by £2.7 million over the year on a like for like basis.

Cash flow

The Group used £13 million cash in operating activities (2014: £12.0 million generated), of which £7.1 million was incurred as expenditure on development and trading properties.

The Group generated a further £31.0 million cash from the sale of investment properties, spent £4.0 million on the acquisition of investment properties, repaid £17.6 million in bank loans and spent £7.9 million on the purchase of own shares resulting in an overall cash outflow of £13.4 million during the year.

STRATEGIC REPORT (continued)

Net Income From Property Activities

	2015	2014
	£'m	£'m
Rental income	11.4	13.1
Direct property costs	(2.9)	(2.9)
Rental surplus	<u>8.5</u>	<u>10.2</u>
Sale of investment properties	31.3	25.7
Cost of investment properties sold	(28.9)	(24.1)
Gain on sale of investment properties	<u>2.4</u>	<u>1.6</u>
Total net income arising from property activities	<u><u>10.9</u></u>	<u><u>11.8</u></u>

Administrative Expenses

The administrative expenses for the year ended 30 September 2015 were £1.5 million compared with £12.3 million the previous year. The primary reason for this change is the profit share of £8.4 million which had been recognised in 2014. 20% of the 2014 profit share was deferred at the discretion of the remuneration committee and after due consideration, the remuneration committee decided that the deferred amount would not be paid and therefore administrative expenses for the current year have been credited with £1.75 million. The majority of the other costs arise as a result of the Group being quoted on AIM.

Financing

At 30 September 2015, the Group had cash of £57.4 million. The bank debt at 30 September 2015 was £38.2 million and the zero dividend preference shares liability is £32.5 million. The gearing is 7.9% and loan to value is 10.0% including cash.

The interest rate risk on the facility continues to be managed by way of interest rate swaps and interest rate caps. Aside from reducing the on-going interest rate charge in the income statement, all of our external bank debt is fully hedged and the weighted average cost of all debt including margin is 4.6%. The fair value of these derivative financial instruments is provided for in full on the balance sheet. As at 30 September 2015, 100% (2014: 100%) of the Group's bank borrowings were hedged.

The finance costs for the year amounted to £4.4 million (2014: £4.8 million), primarily consisting of £2.0 million bank loan interest (2014: £2.7 million) and interest payable on the zero dividend preference shares of £1.7 million (2014: £1.2 million). Finance income amounted to £0.2 million (2014: £0.3 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.

As at 30 September 2015, TAPP Property Limited maintained a facility with the Royal Bank of Scotland PLC of up to £23,346,000 (2014: £37,195,000) under which £20,174,000 (2014: £27,366,000) had been drawn down. This facility is repayable on or before 5 February 2018 and is secured by fixed and floating charges over the assets of the TAPP Property Limited group and the Lamont companies. The facility is subject to a maximum loan to value covenant of 60% and an interest cover ratio covenant of 225% and a debt to rent cover ratio of 8:1.

As at 30 September 2015, Conygar Dundee Limited, Conygar Hanover Street Limited, Conygar Stafford Limited and Conygar St Helens Limited ("the borrowers") jointly maintained a facility with Barclays Bank PLC of up to £8,335,000 (2014: £18,455,000) of which £8,335,000 (2014: £18,455,000) had been drawn down. This facility is repayable on or before 20 August 2016 and is secured by fixed and floating charges

STRATEGIC REPORT (continued)

over the assets of the borrowers. The facility is subject to a maximum loan to value covenant of 52% (2014: 54%) and an interest cover ratio covenant of 225%.

TOPP Property Limited maintains an £11 million loan with The Royal Bank of Scotland, of which £9,642,000 had been drawn down at 30 September 2015. This facility is repayable on or before 3 April 2016 and is secured by fixed and floating charges over the assets of the TOPP Property Limited group. The facility is subject to a maximum loan to value covenant of 55%, interest cover ratio covenant of 225% and a debt to rent cover ratio covenant of 7:1.

Taxation

The tax charge for the year of £1.3 million on the pre-tax profit of £7.8 million represents an effective tax charge of 17% (2014: 0%). Tax is payable at the full UK corporation tax rate of 20.5% on net rental income after deduction of finance costs and administrative expenses. 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.

Capital management

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

While the Group does not have a formally approved gearing ratio, the objective above is actively managed through the direct linkage of borrowings to specific property. The Group seeks to ensure that secured borrowing stays within agreed covenants with external lenders.

Treasury Policies

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

The Group finances its activities with a combination of bank loans (£38.2 million), cash and short term deposits (£57.4 million). Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operations. The Group may also enter into derivative transactions to manage the interest rate risk arising from the Group's operations and its sources of finance. Derivative instruments may be used to change the economic characteristics of financial instruments in accordance with the Group's treasury policies. Interest rate swaps and interest rate caps amount to an economic hedge of £55.6 million (2014: £66.1 million) of the total loan drawdowns of £38.2 million (2014: £55.8 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 overall aim is to provide sufficient liquidity to meet the requirements of the business in terms of funding developments and potential acquisitions. Surplus funds are invested with a broad range of institutions with a range of maturities up to a maximum of 180 days. At any point in time, at least half of the Group's cash is held on instant access or short term deposit of less than 30 days.

STRATEGIC REPORT (continued)

Dividend policy

The Board recommends a final dividend of 1.75p in respect of the year ended 30 September 2015 to be paid on 11 February 2016 to shareholders on the register at 8 January 2016. This is the same level as last year.

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

Over the past 6 years we have used the surplus cash flow from the investment property portfolio to enhance these properties by refurbishment, re-letting and extending tenancies, fund the operation of the business, create a medium term pipeline of development opportunities, pay a modest dividend and buy back shares where appropriate.

During this year, we completed the sale of nine properties raising approximately £31 million and an additional £3.4 since the year end. Our policy of selling down our investment portfolio will continue, where appropriate, and we anticipate that over the next year or two that it will become considerably smaller, but remain sufficient to fund the operations of the business.

The funds created by investment property sales will be, in the main, redeployed within the development portfolio, where we believe there is substantial inherent future value. This further investment will be of significant benefit to our ultimate return.

The effect of this is that the rental income which we receive will decrease. The present dividend costs approximately £1.44 million per annum. The Board will continue to review our dividend policy each year. Our focus is, and will continue to be, primarily growth in net asset value per share.

Share buy backs

During the year, the Group acquired 4,372,350 ordinary shares at an average price of 181.5p which represents 5.1% of its ordinary share capital. This cost £7.9 million and net asset value per share has been enhanced by approximately 0.9 pence per share. 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.

The Group has made extensive use of its share buy back authorities over the last five years utilising surplus cash not required elsewhere in the business by acquiring 42,082,869 shares equivalent to 36% of ordinary share capital, at a discount to net asset value, which has increased net asset value per share by 18p, or 12%.

Principal risks and uncertainties

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

Strategic risks

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

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

STRATEGIC REPORT (continued)

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.

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

Estimation and judgement risks

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

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

Properties held for Development

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

Investment in Joint Ventures

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

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.

Interest Rate Risk

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

STRATEGIC REPORT (continued)

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.

In January 2014, the Group issued 30 million zero dividend preference shares (ZDP Shares) raising £29.3 million after costs. Accounted for as a debt instrument, the ZDP Shares have a gross annual redemption yield of 5.5% payable on the fifth anniversary and are listed on the main market of the London Stock Exchange.

At 30 September 2015, after taking into account interest rate swaps, 100% (2014: 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 2015 was as follows:

	Interest Rate	Maturity	30 Sep 15 £'000	30 Sep 14 £'000
Royal Bank of Scotland (TAPP)(1)	LIBOR + 3%	2-5 years	20,174	27,366
Barclays (2)	LIBOR +3.5%	Less than 1 year	8,335	18,455
Royal Bank of Scotland (TOPP)(3)	LIBOR +3.5%	Less than 1 year	9,642	9,942
			<u>38,151</u>	<u>55,763</u>

(1) Senior bank facility repayable 5 February 2018.

(2) Senior bank facility repayable 20 August 2016.

(3) Senior bank facility repayable 3 April 2016.

Financial Assets

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

	30 Sep 15 £'000	30 Sep 14 £'000
Fixed rate	–	–
Floating rate	57,386	70,753
	<u>57,386</u>	<u>70,753</u>

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

Credit Risk

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

Tenant rent payments are monitored regularly and appropriate action is taken to recover monies owed or if necessary, to terminate the lease. Deferred consideration terms are only agreed with counterparties approved by the Board or where some additional security is available, and there were none as at 30 September 2015 (2014: £nil).

STRATEGIC REPORT (continued)

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 few 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 2015, the Group had a single balance of £74,000 (2014: £79,000) 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.

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

This report was approved by the Board on 7 December 2015 and signed on its behalf by:

RT E Ware

Chief Executive

7 December 2015

CORPORATE GOVERNANCE REPORT

The Workings of the Board and its Committees

The Board

The board currently comprises the chief executive, the finance director, a corporate director and two independent non-executive directors, of whom one is chairman. These demonstrate a range of experience and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct which are vital to the success of the company. The board is responsible to shareholders for the proper management of the company. A statement of the directors' responsibilities in respect of the financial statements and a statement on going concern is given on pages 26 and 27.

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 21 to 24.

Audit Committee

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

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

CORPORATE GOVERNANCE REPORT (continued)

Relations with Shareholders

Communications with shareholders are given high priority. Pages 7 to 18 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 3 February 2015 can be found in the notice of the meeting on page 69.

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.

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 audited diluted 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 2014.

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 (196.3p at 30 September 2014). This results in a target net asset value per share of:

	2015	2016	2017
Target	215.9p	237.5p	261.3p
Actual	203.3p	–	–

The actual diluted net asset value per share for the year ended 30 September 2015 was 203.3p which is below the target of 215.9p, and accordingly a profit sharing pool has not been created this year.

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

- the share price discount to fully diluted net asset value per share must not exceed 35%
- in the interests of full transparency, a schedule showing the full calculation will be published in the financial statements should any profit share accrue

DIRECTORS' REMUNERATION REPORT (continued)

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 2013. 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:

	<i>Date of Contract</i>	<i>Unexpired Term (Months)</i>	<i>Notice Period (Months)</i>
<i>Executive Directors</i>			
R T E Ware	25 October 2007	N/A	12
P M C Rabl	29 October 2009	N/A	12
R H McCaskill	1 October 2015	N/A	12
<i>Non-Executive Directors</i>			
N J Hamway	25 October 2007	11	6
M D Wigley	25 October 2007	11	6

Mr Ware and Mr Wigley retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' REMUNERATION REPORT (continued)

Audited Information

Directors' emoluments

	2015					2014			
	Basic Salary £'000	Payment in lieu of notice £'000	Profit Share Reversal £'000	Fees £'000	Total £'000	Basic Salary £'000	Profit Share £'000	Fees £'000	Total £'000
<i>Executive Directors</i>									
R T E Ware	352	–	(677)	–	(325)	352	3,385	–	3,737
P A Batchelor	294	225	(392)	–	127	294	1,960	–	2,254
P M C Rabl	202	–	(236)	–	(34)	128	1,180	–	1,308
S M Vaughan	138	308	(236)	–	210	208	1,180	–	1,388
<i>Non-Executive Directors</i>									
N J Hamway	–	–	–	120	120	–	–	63	63
M D Wigley	–	–	–	42	42	–	–	42	42
	<u>986</u>	<u>533</u>	<u>(1,541)</u>	<u>162</u>	<u>140</u>	<u>982</u>	<u>7,705</u>	<u>105</u>	<u>8,792</u>

No non-cash benefits were paid to Directors.

No fees (2014: £89,250) were 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 2014 No.	Awarded during the year No.	Exercised during the year No.	Cancelled unexercised during the year No.	At 30 September 2015 No.
R T E Ware	(a)	£1.185	650,000	–	650,000	–	–
	(b)	£2.00	2,025,000	–	–	–	2,025,000
P A Batchelor	(a)	£1.185	425,000	–	278,000	147,000	–
	(b)	£2.00	550,000	–	–	550,000	–
S M Vaughan	(a)	£1.185	325,000	–	167,000	158,000	–
	(b)	£2.00	645,000	–	–	645,000	–

The (b) options are exercisable between 19 February 2009 and 19 February 2017.

The (a) options were exercised on 3 December 2014 when the price of Conygar shares was £1.7925. The gain on exercise of these options was £665,000.

DIRECTORS' REMUNERATION REPORT (continued)

Options awarded under (a) and (b) 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 2015 was 166.5p 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:

	<i>Highest</i>	<i>Lowest</i>
Options in issue during the year	195p	161.5p

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

This report was approved by the Board on 7 December 2015 and signed on its behalf by:

R H McCaskill
Company Secretary

DIRECTORS' REPORT

Directors' Report

The directors present their report and the accounts of the group and the company for the year ended 30 September 2015.

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 15 to the accounts.

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

Significant Events Since the Balance Sheet Date

There were no significant events since the balance sheet date apart from the acquisition at Cross Hands and Rhosgoch which are referred to in the Chairman's and Chief Executive's Statement and the Strategic Report.

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 1.75 pence per ordinary share in respect of the year ended 30 September 2015 (2014: 1.75 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:

	<i>Ordinary Shares of £0.05 each</i>	
	<i>At</i>	<i>At</i>
	<i>30 September 2015</i>	<i>30 September 2014</i>
N J Hamway	984,500	984,500
R T E Ware	4,400,000	3,750,000
P A Batchelor	808,001	830,001
P M C Rabl	1,485,480	1,345,480
S M Vaughan	N/A	495,000
M D Wigley	330,000	330,000
R H McCaskill	2,000	N/A

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

Directors' Indemnities

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

DIRECTORS' REPORT (continued)

Major Interests in Shares

At 7 December 2015, the directors had been notified of the following interests in excess of 3% of the company's issued share capital:

<i>Name</i>	<i>No of Shares</i>	<i>%</i>
Miton Group Limited	9,620,577	11.66
Fidelity Worldwide Investments (FIL Ltd)	7,299,209	8.84
Majedie Asset Management Limited	4,932,657	5.98
R T E Ware	4,400,000	5.33
Bimaljit Singh Sandhu	3,314,195	4.02

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 2015, the company had an average of 9 days (2014: 5 days) purchases outstanding in trade creditors. The group had an average of 16 days (2014: 14 days) outstanding in trade creditors.

Charitable Donations and Political Contributions

The group made no political donations during the year. The group made charitable donations of £38,750 (2014: £67,700) during the year.

Financial Instruments

Details of the group's financial instruments are given in note 29.

Going Concern

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

Directors' Responsibilities

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

International Accounting Standard 1 requires that the financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all the applicable International Financial Reporting Standards. Directors are also required to:

DIRECTORS' REPORT (continued)

- 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.

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

Electronic Publication

The directors are also responsible for the maintenance and integrity of the investor information contained on the website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of Information to Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware;
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Rees Pollock have expressed their willingness to continue in office and a resolution to re-appoint them as auditors for the ensuing year will be proposed at the forthcoming annual general meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held on Wednesday, 3 February 2016 at 4.00pm at the offices of Wragge Lawrence Graham LLP, 4 More London Riverside, London, SE1 2AU.

The notice of meeting and the resolutions to be proposed at that meeting are attached on page 69.

In addition to ordinary business, there are resolutions to give a director's authority to disapply pre-exemption rights and allot equity securities together with resolutions to give share buy back authorities.

By Order of the Board

R H McCaskill
Company Secretary

7 December 2015

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



REES POLLOCK

Chartered Accountants

We have audited the financial statements of The Conygar Investment Company PLC for the year ended 30 September 2015 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 26 to 27, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implication for our report.

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 2015 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.

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

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 Strategic Report and 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.

Jonathan Munday (Senior statutory auditor)

For and on behalf of Rees Pollock, Statutory Auditor
London

7 December 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2015

	Note	Year Ended 30 Sep 15 £'000	Year Ended 30 Sep 14 £'000
Rental income		10,957	12,838
Other property income		484	214
Sale of trading investments		300	14,374
Revenue		11,741	27,426
Direct costs of:			
Rental income		2,932	2,921
Sale of trading investments		211	2,812
Direct Costs		3,143	5,733
Gross Profit		8,598	21,693
Share of results of joint ventures	14	(19)	45
Gain on sale of investment properties	12	2,436	1,624
Movement on revaluation of investment properties	12	2,742	14,044
Other gains and losses	6	(309)	(32)
Administrative expenses		(1,541)	(12,328)
Operating Profit	3	11,907	25,046
Finance costs	7	(4,379)	(4,793)
Finance income	7	226	257
Profit Before Taxation		7,754	20,510
Taxation	8	(1,316)	239
Profit And Total Comprehensive Income For The Year		6,438	20,749
Attributable to:			
– equity shareholders		6,438	20,749
– minority shareholders		–	–
		6,438	20,749
Basic earnings per share	10	7.72p	23.53p
Diluted earnings per share	10	7.72p	23.43p

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2015

Group	Attributable to the equity holders of the Company					Total £'000	Non- Controlling Interests £'000	Total Equity £'000
	Share Capital £'000	Share Premium £'000	Redemption Reserve £'000	Treasury Shares £'000	Retained Earnings £'000			
Changes in equity for the year ended 30 September 2014								
At 1 October 2013	4,925	124,017	1,568	(10,173)	34,768	155,105	20	155,125
Profit for the year	–	–	–	–	20,749	20,749	–	20,749
Total comprehensive income for the year	–	–	–	–	20,749	20,749	–	20,749
Issue of share capital	7	111	–	–	–	118	–	118
Dividend paid	–	–	–	–	(1,332)	(1,332)	–	(1,332)
Purchase of own shares	–	–	–	(5,211)	–	(5,211)	–	(5,211)
At 30 September 2014	4,932	124,128	1,568	(15,384)	54,185	169,429	20	169,449
Changes in equity for the year ended 30 September 2015								
At 1 October 2014	4,932	124,128	1,568	(15,384)	54,185	169,429	20	169,449
Profit for the year	–	–	–	–	6,438	6,438	–	6,438
Total comprehensive income for the year	–	–	–	–	6,438	6,438	–	6,438
Issue of share capital	53	1,243	–	–	–	1,296	–	1,296
Dividend paid	–	–	–	–	(1,450)	(1,450)	–	(1,450)
Purchase of own shares	–	–	–	(7,937)	–	(7,937)	–	(7,937)
At 30 September 2015	4,985	125,371	1,568	(23,321)	59,173	167,776	20	167,796

The notes on pages 37 to 64 form part of these accounts.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2015

	<i>Share Capital</i> £'000	<i>Share Premium</i> £'000	<i>Capital Redemption Reserve</i> £'000	<i>Treasury Shares</i> £'000	<i>Retained Earnings</i> £'000	<i>Total Equity</i> £'000
Company						
Changes in equity for the year ended 30 September 2014						
At 1 October 2013	4,925	124,017	1,568	(10,173)	21,941	142,278
Profit for the year	—	—	—	—	5,800	5,800
Total comprehensive income and expenditure for the year	—	—	—	—	5,800	5,800
Issue of share capital	7	111	—	—	—	118
Dividend paid	—	—	—	—	(1,332)	(1,332)
Purchase of own shares	—	—	—	(5,211)	—	(5,211)
At 30 September 2014	<u>4,932</u>	<u>124,128</u>	<u>1,568</u>	<u>(15,384)</u>	<u>26,409</u>	<u>141,653</u>
Changes in equity for the year ended 30 September 2015						
At 1 October 2014	4,932	124,128	1,568	(15,384)	26,409	141,653
Loss for the year	—	—	—	—	(844)	(844)
Total comprehensive income and expenditure for the year	—	—	—	—	(844)	(844)
Issue of share capital	53	1,243	—	—	—	1,296
Dividend paid	—	—	—	—	(1,450)	(1,450)
Purchase of own shares	—	—	—	(7,937)	—	(7,937)
At 30 September 2015	<u><u>4,985</u></u>	<u><u>125,371</u></u>	<u><u>1,568</u></u>	<u><u>(23,321)</u></u>	<u><u>24,115</u></u>	<u><u>132,718</u></u>

The notes on pages 37 to 64 form part of these accounts.

CONSOLIDATED BALANCE SHEET

at 30 September 2015

Company number: 04907617

	Note	30 Sep 2015 £'000	30 Sep 2014 £'000
Non-Current Assets			
Property, plant and equipment	11	28	62
Investment properties	12	133,190	158,340
Investment properties under construction	13	3,156	–
Investment in joint ventures	14	6,660	6,087
Loan to joint venture	14	3,410	2,204
Goodwill	16	3,173	3,173
		<u>149,617</u>	<u>169,866</u>
Current Assets			
Development and trading properties	17	33,373	25,485
Trade and other receivables	18	4,969	3,778
Derivatives	29	37	377
Cash and cash equivalents		<u>57,386</u>	<u>70,753</u>
		<u>95,765</u>	<u>100,393</u>
Total Assets		<u>245,382</u>	<u>270,259</u>
Current Liabilities			
Trade and other payables	19	5,370	13,832
Bank loans	20	17,768	1,035
Tax liabilities		<u>2,254</u>	<u>1,797</u>
		<u>25,392</u>	<u>16,664</u>
Non-Current Liabilities			
Bank loans	20	19,723	53,525
Zero dividend preference shares	21	<u>32,471</u>	<u>30,621</u>
		<u>52,194</u>	<u>84,146</u>
Total Liabilities		<u>77,586</u>	<u>100,810</u>
Net Assets		<u>167,796</u>	<u>169,449</u>
Equity			
Called up share capital	22	4,985	4,932
Share premium account		125,371	124,128
Capital redemption reserve		1,568	1,568
Treasury shares	23	(23,321)	(15,384)
Retained earnings		<u>59,173</u>	<u>54,185</u>
Equity Attributable to Equity Holders		<u>167,776</u>	<u>169,429</u>
Non-controlling interests		<u>20</u>	<u>20</u>
Total Equity		<u>167,796</u>	<u>169,449</u>

The accounts on pages 30 to 64 were approved by the Board and authorised for issue on 7 December 2015 and are signed on its behalf by:

R T E W A R E }
R H M C C A S K I L L }

The notes on pages 37 to 64 form part of these accounts.

COMPANY BALANCE SHEET

at 30 September 2015

Company number: 04907617

	Note	30 Sep 2015 £'000	30 Sep 2014 £'000
Non-Current Assets			
Investment in subsidiary undertakings	15	3,269	3,269
Property, plant and equipment	11	28	62
		<u>3,297</u>	<u>3,331</u>
Current Assets			
Development and trading properties	17	7,962	6,931
Trade and other receivables	18	132,347	128,999
Cash and cash equivalents		24,230	45,694
		<u>164,539</u>	<u>181,624</u>
Total Assets		<u>167,836</u>	<u>184,955</u>
Current Liabilities			
Trade and other payables	19	33,872	40,820
Tax liabilities		1,246	2,482
		<u>35,118</u>	<u>43,302</u>
Total Liabilities		<u>35,118</u>	<u>43,302</u>
Net Assets		<u>132,718</u>	<u>141,653</u>
Equity			
Called up share capital	22	4,985	4,932
Share premium account		125,371	124,128
Capital redemption reserve		1,568	1,568
Treasury shares	23	(23,321)	(15,384)
Retained earnings		24,115	26,409
Total Equity		<u>132,718</u>	<u>141,653</u>

The accounts on pages 30 to 64 were approved by the Board and authorised for issue on 7 December 2015 and are signed on its behalf by:

R T E W A R E }
R H M C C A S K I L L }

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September 2015

	<i>Year Ended 30 Sep 15 £'000</i>	<i>Year Ended 30 Sep 14 £'000</i>
Cash Flows From Operating Activities		
Operating profit	11,907	25,046
Depreciation and amortisation	34	47
Amortisation of reverse lease premium	180	188
Share of results of joint ventures	19	(45)
Other gains and losses	340	45
Gain on sale of investment properties	(2,436)	(1,624)
Movement on revaluation of investment properties	(2,742)	(14,044)
Cash Flows From Operations Before Changes In Working Capital	<u>7,302</u>	<u>9,613</u>
Change in trade and other receivables	(1,191)	554
Change in land, development and trading properties	(7,102)	(2,405)
Change in trade and other payables	(9,248)	8,242
Cash (Used In)/Generated From Operations	<u>(10,239)</u>	<u>16,004</u>
Finance costs	(2,020)	(3,445)
Finance income	207	186
Tax paid	(859)	(774)
Cash Flows (Used In)/Generated From Operating Activities	<u>(12,911)</u>	<u>11,971</u>
Cash Flows From Investing Activities		
Acquisition of and additions to investment properties	(3,979)	(3,524)
Sale proceeds of investment properties	30,971	25,429
Investment in joint ventures	(573)	(1)
Loans to joint venture	(1,206)	(2,204)
Purchase of plant and equipment	–	(12)
Cash Flows Generated From Investing Activities	<u>25,213</u>	<u>19,688</u>
Cash Flows From Financing Activities		
Bank loans drawn down	–	37,195
Bank loans repaid	(17,578)	(51,944)
Issue of zero dividend preference shares	–	29,332
Dividend paid	(1,450)	(1,332)
Purchase of own shares	(7,937)	(5,211)
Issue of shares	1,296	118
Re-coupons of interest rate swaps	–	(41)
Purchase of interest rate cap	–	(652)
Cash Flows (Used In)/Generated From Financing Activities	<u>(25,669)</u>	<u>7,465</u>
Net (decrease)/increase in cash and cash equivalents	(13,367)	39,124
Cash and cash equivalents at 1 October	<u>70,753</u>	<u>31,629</u>
Cash and Cash Equivalents at 30 September	<u><u>57,386</u></u>	<u><u>70,753</u></u>

The notes on pages 37 to 64 form part of these accounts.

COMPANY CASH FLOW STATEMENT
for the year ended 30 September 2015

	<i>Year Ended 30 Sep 15 £'000</i>	<i>Year Ended 30 Sep 14 £'000</i>
Cash Flows From Operating Activities		
Operating loss	(1,188)	(11,894)
Depreciation and amortisation	40	71
Cash Flows From Operations Before Changes In Working Capital	(1,148)	(11,823)
Change in trade and other receivables	(429)	(9,299)
Change in land, developments and trading properties	(245)	(871)
Change in trade and other payables	(9,584)	10,540
Cash Used In Operations	(11,406)	(11,453)
Finance income	209	162
Finance costs	–	(1,290)
Tax paid	–	–
Cash Flows Used In Operating Activities	(11,197)	(12,581)
Cash Flows From Investing Activities		
Purchase of plant and equipment	–	(12)
Investment in subsidiaries	–	(50)
Investment in joint venture	–	(1)
Dividend income	–	20,000
Cash Flows From Investing Activities	–	19,937
Cash Flows From Financing Activities		
Dividend paid	(1,450)	(1,332)
Loans to joint venture	(1,206)	(2,204)
Loans (to)/from subsidiaries	(970)	32,803
Purchase of own shares	(7,937)	(5,211)
Issue of shares	1,296	118
Cash Flows (Used In)/From Financing Activities	(10,267)	24,174
Net (decrease)/increase in cash and cash equivalents	(21,464)	31,530
Cash and cash equivalents at 1 October	45,694	14,164
Cash and Cash Equivalents at 30 September	<u>24,230</u>	<u>45,694</u>

The notes on pages 37 to 64 form part of these accounts.

NOTES TO THE ACCOUNTS
for the year ended 30 September 2015

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 15. 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 2014, 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 2014.

The following standards and interpretations have been adopted:

- IFRS 10, ‘Consolidated financial statements’ (endorsed as effective for accounting periods beginning on or after 1 January 2014);
- IFRS 11, ‘Joint arrangements’ (endorsed as effective for accounting periods beginning on or after 1 January 2014);
- IFRS 12, ‘Disclosures of interests in other entities’ (endorsed as effective for accounting periods beginning on or after 1 January 2014);
- Amendments to IFRS 10, 11 and 12 on transition guidance (endorsed as effective for accounting periods beginning on or after 1 January 2014);
- IAS 27 (revised 2011) ‘Separate financial statements’ (endorsed as effective for accounting periods beginning on or after 1 January 2014);
- IAS 28 (revised 2011) ‘Associates and joint ventures’ (endorsed as effective for accounting periods beginning on or after 1 January 2014);
- Amendments to IFRS 10,12 and IAS 27 on consolidation for investment entities (effective for accounting periods beginning on or after 1 January 2014);

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

- Amendments to IAS 32 on Financial instruments assets and liability offsetting (effective for accounting periods beginning on or after 1 January 2014);
- Amendment to IAS 36, ‘Impairment of assets’ on recoverable amount disclosure (effective for accounting periods beginning on or after 1 January 2014);
- Amendment to IAS 39 ‘Financial instruments: Recognition and measurement’, on novation of derivatives and hedge accounting (effective accounting periods beginning on or after 1 January 2014);

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 2015 or later periods but which the Group has not adopted early are as follows:

- Annual improvements 2012 (effective for accounting periods beginning on or after 1 July 2014 although endorsed for accounting periods on or after 1 February 2015);
- Annual improvements 2013 (effective for accounting periods beginning on or after 1 July 2014 although endorsed for accounting periods on or after 1 January 2015);
- Amendment to IFRS 11, ‘Joint arrangements’ on acquisition of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016);
- Amendment to IAS 16, ‘Property, plant and equipment’ and IAS 38, ‘Intangible assets’, on depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016);
- Amendments to IAS 27, ‘Separate financial statements’ on the equity method (effective for accounting periods beginning on or after 1 January 2016);
- Amendments to IFRS 10, ‘Consolidated financial statements’ and IAS 28, ‘Investments in associates and joint ventures’ (effective for accounting periods beginning on or after 1 January 2016);
- Annual improvements 2014 (effective for accounting periods beginning on or after 1 January 2016);
- Amendment to IAS 1, ‘Presentation of financial statements’ on the disclosure initiative (effective for accounting periods beginning on or after 1 January 2016);
- Amendment to IFRS 10, and IAS 28 on investment entities applying the consolidation exception (effective for accounting periods beginning on or after 1 January 2016);
- IFRS 15 ‘Revenue from contracts with customers’ (effective for accounting periods beginning on or after 1 January 2018);
- IFRS 9 ‘Financial instruments’ (effective for accounting periods beginning on or after 1 January 2018);

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 any profit or loss arising is eliminated to the extent of the Group's interest in the relevant joint venture.

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

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.

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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

Borrowing and Borrowing Costs Interest bearing bank loans and overdrafts are initially recorded at fair value, net of direct finance and other costs yet to be amortised and are subsequently measured at amortised cost using the effective interest rate method. Finance and other costs incurred in respect of the obtaining and maintenance of borrowings are accounted for on an accruals basis using the effective interest rate method and written off to the 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 evidence a residual interest in the assets of the Group after deducting all of its liabilities.

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

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

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

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

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

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies and general information (continued)

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

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

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

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

Properties Held for Investment

The fair value of properties held for investment is based upon open market value and is calculated using a third party valuation provided by an external independent valuer. The valuations are based upon assumptions including future rental income, anticipated void cost, the appropriate discount rate or yield. The independent valuers also take into consideration market evidence for comparable properties in respect of both transaction prices and rental agreements.

Properties Held for Development

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

Investment in Joint Ventures

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

Share Based Payments

The estimation of share based payment costs, which require the use of an appropriate valuation model, including estimations for inputs into the valuation model covering vesting period, expected life, the number of awards that will ultimately vest and judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees. Further details on share based payments are given in note 24.

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 25.

NOTES TO THE ACCOUNTS (continued)

2. Segmental information

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

- Investment 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.

The only item of revenue or profit/loss relating to the development properties is the part disposal in the year and therefore only the segmented balance sheet is reported.

Balance Sheet

	30 September 2015				30 September 2014			
	<i>Investment Properties</i> £'000	<i>Development Properties</i> £'000	<i>Other</i> £'000	<i>Group Total</i> £'000	<i>Investment Properties</i> £'000	<i>Development Properties</i> £'000	<i>Other</i> £'000	<i>Group Total</i> £'000
Investment properties	136,346	–	–	136,346	158,340	–	–	158,340
Investment in joint ventures	–	10,070	–	10,070	–	8,291	–	8,291
Goodwill	–	3,173	–	3,173	–	3,173	–	3,173
Development & trading properties	–	33,373	–	33,373	–	25,485	–	25,485
	<u>136,346</u>	<u>46,616</u>	<u>–</u>	<u>182,962</u>	<u>158,340</u>	<u>36,949</u>	<u>–</u>	<u>195,289</u>
Other assets	35,995	–	26,425	62,420	29,717	–	45,253	74,970
Total assets	172,341	46,616	26,425	245,382	188,057	36,949	45,253	270,259
Liabilities	(41,683)	–	(35,903)	(77,586)	(58,780)	–	(42,030)	(100,810)
Net assets	<u>130,658</u>	<u>46,616</u>	<u>(9,478)</u>	<u>167,796</u>	<u>129,277</u>	<u>36,949</u>	<u>3,223</u>	<u>169,449</u>

NOTES TO THE ACCOUNTS (continued)

3. Operating profit

Operating profit is stated after charging:

	<i>Year ended 30 Sep 15 £'000</i>	<i>Year ended 30 Sep 14 £'000</i>
Audit services – fees payable to the parent company auditor for the audit of the company and the consolidated financial statements	<u>25</u>	<u>24</u>
Other services – fees payable to the company auditor for the audit of the company’s subsidiaries pursuant to legislation.	<u>60</u>	<u>58</u>
Other services – fees payable to the company auditor for tax services	<u>20</u>	<u>20</u>
Depreciation of owned assets	<u>7</u>	<u>20</u>
Lease amortisation	<u>27</u>	<u>27</u>
Operating lease rentals – land and buildings	<u>171</u>	<u>158</u>
Movement on provision for doubtful debts	<u>172</u>	<u>80</u>

4. Particulars of employees

The aggregate payroll costs of the above were:

	<i>Year ended 30 Sep 15 £'000</i>	<i>Year ended 30 Sep 14 £'000</i>
Wages and salaries	443	9,749
Social security costs	<u>71</u>	<u>1,346</u>
	<u>514</u>	<u>11,095</u>

The average monthly number of persons, including executive directors, employed by the Company during the year was nine (2014: nine).

5. Directors’ emoluments

	<i>Year ended 30 Sep 15 £'000</i>	<i>Year ended 30 Sep 14 £'000</i>
Emoluments (excluding pension contributions)	<u>140</u>	<u>9,486</u>
Emoluments of highest paid director	<u>210</u>	<u>3,737</u>

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

NOTES TO THE ACCOUNTS (continued)

6. Other gains and losses

	<i>Year ended 30 Sep 15 £'000</i>	<i>Year ended 30 Sep 14 £'000</i>
Movement in fair value of interest rate swaps	(340)	(45)
Other	31	13
	<u>(309)</u>	<u>(32)</u>

7. Finance income/costs

	<i>Year ended 30 Sep 15 £'000</i>	<i>Year ended 30 Sep 14 £'000</i>
Finance Income		
Bank interest and interest receivable	<u>226</u>	<u>257</u>
Finance Costs		
Bank loans	(2,021)	(2,687)
Loan repayment costs	–	(54)
Amortisation of arrangement fees	(642)	(859)
ZDP interest payable	<u>(1,716)</u>	<u>(1,193)</u>
	<u>(4,379)</u>	<u>(4,793)</u>

8. Taxation on ordinary activities

(a) Analysis of tax charge/(credit) in the year

	<i>Year ended 30 Sep 15 £'000</i>	<i>Year ended 30 Sep 14 £'000</i>
UK Corporation tax based on the results for the year	1,302	–
Under/(over) provision in prior years	<u>14</u>	<u>(239)</u>
Current tax	1,316	(239)
Deferred tax	–	–
	<u>1,316</u>	<u>(239)</u>

NOTES TO THE ACCOUNTS (continued)

8. Taxation on ordinary activities (continued)

(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 20.5% (2014: 22%)

	<i>Year ended 30 Sep 15 £'000</i>	<i>Year ended 30 Sep 14 £'000</i>
Profit before taxation	7,754	20,510
Profit multiplied by rate of tax	1,590	4,512
Effects of:		
Expenses not deductible for tax purposes	395	305
Under/(over) provision in prior periods	14	(239)
Joint venture losses/(profits) not taxable	4	(10)
Gains not subject to UK taxation	(125)	(357)
Revaluation gains not taxable	(562)	(3,090)
Losses utilised	–	(1,360)
Tax charge/(credit) for the year	<u>1,316</u>	<u>(239)</u>

9. Dividends

The directors have recommended a final dividend of 1.75 pence per ordinary share in respect of the year ended 30 September 2015 (2014: 1.75 pence). This final dividend will amount to £1,444,000 (2014: £1,502,000), if approved at the AGM. In accordance with IFRS, it has not been included as a liability in the financial statements.

10. Earnings per share

The calculation of earnings per ordinary share is based on the profit after tax attributable to equity shareholders of £6,438,000 (2014: £20,749,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 83,429,315 (2014: 88,174,984). The diluted earnings per share calculation is based on profit for the year of £6,438,000 (2014: £20,749,000) and on 83,429,315 (2014: 88,563,656) ordinary shares. The diluted ordinary shares are calculated as follows:

	<i>2015 No.</i>	<i>2014 No.</i>
Basic weighted average number of shares	83,429,315	88,174,984
Diluting potential ordinary shares:		
Employee share options	–	388,672
Total diluted	<u>83,429,315</u>	<u>88,563,656</u>

NOTES TO THE ACCOUNTS (continued)

11. Property, plant and equipment

<i>Group & Company</i>	<i>Premises Lease £'000</i>	<i>Office Equipment £'000</i>	<i>Furniture & Fittings £'000</i>	<i>Total £'000</i>
Cost				
At 1 October 2013	157	63	95	315
Additions	—	12	—	12
At 30 September 2014 and 1 October 2014	157	75	95	327
Additions	—	—	—	—
At 30 September 2015	157	75	95	327
Depreciation/Amortisation				
At 1 October 2013	85	62	71	218
Provided during the year	27	1	19	47
At 30 September 2014 and 1 October 2014	112	63	90	265
Provided during the year	27	2	5	34
At 30 September 2015	139	65	95	299
Net book value at 30 September 2015	<u>18</u>	<u>10</u>	<u>—</u>	<u>28</u>
Net book value at 30 September 2014	<u>45</u>	<u>12</u>	<u>5</u>	<u>62</u>

NOTES TO THE ACCOUNTS (continued)

12. Investment properties

Group

	<i>Freehold</i>	<i>Long Leasehold</i>	<i>Reverse Lease Premiums</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Valuation at 1 October 2013	130,453	33,566	746	164,765
Additions	3,212	198	114	3,524
Disposals	(9,595)	(14,210)	–	(23,805)
Reverse lease premium amortisation	–	–	(188)	(188)
Movement on revaluation	<u>12,602</u>	<u>1,442</u>	<u>–</u>	<u>14,044</u>
Valuation at 30 September 2014	136,672	20,996	672	158,340
Additions	728	95	–	823
Disposals	(27,485)	(1,050)	–	(28,535)
Reverse lease premium amortisation	–	–	(180)	(180)
Movement on revaluation	<u>2,637</u>	<u>105</u>	<u>–</u>	<u>2,742</u>
Valuation at 30 September 2015	<u><u>112,552</u></u>	<u><u>20,146</u></u>	<u><u>492</u></u>	<u><u>133,190</u></u>

The historical cost of properties held at 30 September 2015 is £164,890,000 (2014: £192,162,000).

The properties were valued by Jones Lang LaSalle, independent valuers not connected with the Group, at 30 September 2015 at market value in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors which conform to international valuation standards. The valuations are arrived at by reference to market evidence of transaction prices and completed lettings for similar properties. The properties have been valued individually and not as part of a portfolio and no allowance has been made for expenses of realisation or for any tax which might arise. They assume a willing buyer and a willing seller in an arm's length transaction. The valuations reflect usual deductions in respect of purchaser's costs and SDLT as applicable at the valuation date. The independent valuer makes various assumptions including future rental income, anticipated void cost, the appropriate discount rate or yield.

The Group has pledged £95,530,000 (2014: £106,500,000) of investment property to secure Royal Bank of Scotland debt facilities and £32,870,000 (2014: £47,090,000) to secure Barclays Bank PLC debt facilities. Further details of these facilities are provided in note 29.

NOTES TO THE ACCOUNTS (continued)

12. Investment properties (continued)

The property rental income earned from investment property, which is leased out under operating leases amounted to £11,441,000 (2014: £13,052,000).

Gain on sale of investment properties

	<i>30 Sep 15</i>	<i>30 Sep 14</i>
	<i>£'000</i>	<i>£'000</i>
Gross proceeds on sales of investment properties	31,335	25,670
Costs of sales	<u>(364)</u>	<u>(241)</u>
Net proceeds on sales of investment properties	30,971	25,429
Book value	<u>(28,535)</u>	<u>(23,805)</u>
Gain on sale	<u><u>2,436</u></u>	<u><u>1,624</u></u>

Sensitivity Analysis:

Movement in equivalent yield

If the equivalent yield compresses by 0.5% to 7.52% then the portfolio valuation increases by approximately 7.0%. It reduces by approximately 6.5% if the equivalent yield increases by 0.5% to 8.52%.

Movement in ERV

If ERV's increase by 5% then the portfolio valuation increases by approximately 3.9% whilst falling by approximately 3.8% if ERV's decrease by 5%.

Voids

If the void periods assumed in the valuation are decreased by 6 months then the portfolio valuation would increase by approximately 1.5%. If void periods increase by 6 months then the portfolio valuation would decrease by approximately 1.5%.

13. Investment properties under construction

Investment properties under construction are freehold land and buildings representing investment properties under development or construction and they amount to £3,156,000 (2014: £nil) as at 30 September 2015. These properties comprise landholdings for current or future development as investment properties. This methodology has been adopted because the value of these properties is dependent on a detailed knowledge of the planning status, the competitive position of the assets and a range of complex development appraisals. The fair value of these properties rests in the planned developments, and is difficult to estimate pending confirmation of designs and planning permission, and hence has been estimated by the directors at cost as an approximation to fair value.

NOTES TO THE ACCOUNTS (continued)

14. Investments

Joint Ventures

<i>Investment in Joint Ventures</i>	<i>30 Sep 15</i> <i>£'000</i>	<i>30 Sep 14</i> <i>£'000</i>
At 1 October 2014	6,087	5,987
Share of results of joint ventures	(19)	45
Investment in joint venture	<u>592</u>	<u>55</u>
At 30 September 2015	<u><u>6,660</u></u>	<u><u>6,087</u></u>

The Group has a 50% interest in a joint venture, Conygar Stena Line Limited, which is a property development company. It has a 50% interest in a joint venture, CM Sheffield Limited, which is a property trading company. It also has a 50% interest in a joint venture, Roadking Holyhead Limited, a truck stop developer and operator.

Loans to Joint Ventures

	<i>30 Sep 15</i> <i>£'000</i>	<i>30 Sep 14</i> <i>£'000</i>
Roadking Holyhead Limited	<u>3,410</u>	<u>2,204</u>
	<u><u>3,410</u></u>	<u><u>2,204</u></u>

In accordance with IAS 39, the loans to Conygar Stena Line Limited and C M Sheffield Limited have not been disclosed separately on the balance sheet as the investments in joint ventures are net liabilities when the loans are excluded.

	<i>30 Sep 15</i> <i>£'000</i>	<i>30 Sep 14</i> <i>£'000</i>
Conygar Stena Line Limited	7,406	6,709
C M Sheffield Limited	<u>2</u>	<u>2</u>
	<u><u>7,408</u></u>	<u><u>6,711</u></u>

NOTES TO THE ACCOUNTS (continued)

14. Investments (continued)

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:

	<i>Year ended 30 Sep 15 £'000</i>	<i>Year ended 30 Sep 14 £'000</i>
Assets		
Current assets	10,158	8,322
	<u>10,158</u>	<u>8,322</u>
Liabilities		
Current liabilities	(88)	(31)
	<u>(88)</u>	<u>(31)</u>
Net Assets	<u>10,070</u>	<u>8,291</u>
Operating (loss)/profit	(19)	45
Finance income	—	—
	<u>(19)</u>	<u>45</u>
(Loss)/profit before tax	(19)	45
Tax	—	—
(Loss)/profit after tax	<u>(19)</u>	<u>45</u>

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)

15. Fixed asset investments

Subsidiaries

	<i>Group</i>		<i>Company</i>	
	<i>30 Sep 15</i>	<i>30 Sep 14</i>	<i>30 Sep 15</i>	<i>30 Sep 14</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 October 2014 and 30 September 2015	–	–	3,269	3,269

<i>Company name</i>	<i>Principal activity</i>	<i>Country of registration</i>	<i>% of Equity held</i>
Conygar Holdings Ltd	Holding Company	England	100%
Martello Quays Limited	Property trading and development	England	100%
Conygar Wales PLC	Holding Company	England	100%*
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	100%*
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%*
Conygar Sunley 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%*
Conygar Ynys Mon Ltd	Property trading and development	England	100%*

* Indirectly owned

NOTES TO THE ACCOUNTS (continued)

16. Goodwill

	<i>30 Sep 15</i>	<i>Group</i> <i>30 Sep 14</i>
	<i>£'000</i>	<i>£'000</i>
At 1 October 2014 and 30 September 2015	<u>3,173</u>	<u>3,173</u>

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)

16. 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.

17. Property inventories

	<i>Group</i>		<i>Company</i>	
	<i>30 Sep 15</i>	<i>30 Sep 14</i>	<i>30 Sep 15</i>	<i>30 Sep 14</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Properties held for resale or development	<u>33,373</u>	<u>25,485</u>	<u>7,962</u>	<u>6,931</u>

18. Trade and other receivables

	<i>Group</i>		<i>Company</i>	
	<i>30 Sep 15</i>	<i>30 Sep 14</i>	<i>30 Sep 15</i>	<i>30 Sep 14</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade receivables	1,434	682	–	–
Provision for doubtful debts	(217)	(45)	–	–
	<u>1,217</u>	<u>637</u>		
Amounts owed by group undertakings	–	–	131,700	128,780
Other receivables	1,194	74	589	126
Prepayments and accrued income	<u>2,558</u>	<u>3,067</u>	<u>58</u>	<u>93</u>
	<u>4,969</u>	<u>3,778</u>	<u>132,347</u>	<u>128,999</u>

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

19. Trade and other payables

	<i>Group</i>		<i>Company</i>	
	<i>30 Sep 15</i>	<i>30 Sep 14</i>	<i>30 Sep 15</i>	<i>30 Sep 14</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Amounts owed to group undertakings	–	–	32,997	31,148
Social security and payroll taxes	–	1,222	–	1,222
Trade payables	2,805	803	820	5
Accruals and deferred income	<u>2,565</u>	<u>11,807</u>	<u>55</u>	<u>8,445</u>
	<u>5,370</u>	<u>13,832</u>	<u>33,872</u>	<u>40,820</u>

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.

NOTES TO THE ACCOUNTS (continued)

20. Bank loans

	<i>Group</i>		<i>Company</i>	
	<i>30 Sep 15</i>	<i>30 Sep 14</i>	<i>30 Sep 15</i>	<i>30 Sep 14</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank loans	38,151	55,764	–	–
Debt issue costs	(660)	(1,204)	–	–
	<u>37,491</u>	<u>54,560</u>	<u>–</u>	<u>–</u>

Details of the financial liabilities are given in note 29.

21. Zero dividend preference shares

	<i>Year ended</i>	<i>Year ended</i>
	<i>30 Sep 15</i>	<i>30 Sep 14</i>
	<i>£'000</i>	<i>£'000</i>
Balance at start of year	30,621	–
Share issue	–	30,000
Share issue costs	–	(669)
Share issue costs amortised	134	97
Accrued capital	<u>1,716</u>	<u>1,193</u>
Balance at end of year	<u>32,471</u>	<u>30,621</u>

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

During the year the Group has accrued for £1,716,000 of additional capital. The total amount repayable at maturity is £39,210,000.

The ZDP shares do not carry the right to vote at general meetings of the Group, although they carry the right to vote as a class on certain proposals which would be likely to materially affect their position. In the event of a winding-up of the Conygar ZDP PLC, the capital entitlement of the ZDP shares (except for any undistributed revenue profits) will rank ahead of ordinary shares but behind other creditors of Conygar ZDP PLC.

NOTES TO THE ACCOUNTS (continued)

22. Share capital

Authorised share capital:

	<i>30 Sep 15</i>	<i>30 Sep 14</i>
	£	£
140,000,000 (2014: 140,000,000) Ordinary shares of £0.05 each	<u>7,000,000</u>	<u>7,000,000</u>

Allotted and called up:

Amounts recorded as equity:

	<i>30 Sep 15</i>		<i>30 Sep 14</i>	
	<i>No</i>	<i>£'000</i>	<i>No</i>	<i>£'000</i>
Ordinary shares of £0.05 each	<u>99,714,123</u>	<u>4,985</u>	<u>98,619,123</u>	<u>4,932</u>

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

Allotted and Called Up

	<i>Price</i>		<i>£'000</i>
	£	<i>No.</i>	
At 30 September 2013		98,489,123	4,925
Exercise of options	0.05	<u>130,000</u>	<u>7</u>
At 30 September 2014		98,619,123	4,932
Exercise of options	0.05	<u>1,095,000</u>	<u>53</u>
		<u>99,714,123</u>	<u>4,985</u>

23. Treasury shares

In December 2010, the Group began a share buyback programme and during the year ended 30 September 2015 purchased 4,372,350 (2014: 3,142,700) shares on the open market at a cost of £7,937,062 (2014: £5,211,572). The 17,182,869 (2014: 12,810,519) shares were held in treasury as at 30 September 2015.

24. Share based payments

Details of options granted over the Company's share capital are given in the Directors' Remuneration Report on page 23. No options were granted in either the current or prior year.

The Group and Company recognised total expenses of £nil (2014: £nil) in relation to equity settled share-based payment transactions.

NOTES TO THE ACCOUNTS (continued)

25. Deferred tax asset

Deferred tax assets are recognised in the accounts as follows:

Group and Company	<i>30 Sep 15</i>		<i>30 Sep 14</i>	
	<i>Provided</i>	<i>Not Provided</i>	<i>Provided</i>	<i>Not Provided</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Share based payments	–	2	–	2
Losses	–	–	–	–
	<u>–</u>	<u>2</u>	<u>–</u>	<u>2</u>
	<u>–</u>	<u>2</u>	<u>–</u>	<u>2</u>

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.

26. Commitments

The Group is not committed to provide any further funding (2014: £796,000 commitment) to the Roadking Holyhead Limited joint venture for further capital expenditure.

Group as lessee:

At 30 September 2015, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<i>30 Sep 15</i>	<i>30 Sep 14</i>
	<i>£'000</i>	<i>£'000</i>
Within one year	90	126
In the second to fifth years inclusive	–	90
	<u>90</u>	<u>216</u>
	<u>90</u>	<u>216</u>

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:

	<i>30 Sep 15</i>	<i>30 Sep 14</i>
	<i>£'000</i>	<i>£'000</i>
Less than one year	9,504	11,163
Between one and five years	24,088	24,260
Over five years	14,475	14,808
	<u>48,067</u>	<u>50,231</u>
	<u>48,067</u>	<u>50,231</u>

NOTES TO THE ACCOUNTS (continued)

27. 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, with the exception of loans to Conygar Holdings Limited and Conygar Haverfordwest Limited, and will be repaid from the trading activities of those subsidiaries. No provisions have been made against the outstanding amounts.

	<i>30 Sep 15</i> <i>£'000</i>	<i>30 Sep 14</i> <i>£'000</i>
Subsidiaries		
Conygar Bedford Square Limited	(447)	(447)
Conygar Strand Limited	2,908	2,637
Martello Quays Limited	1,573	1,476
Conygar Holdings Limited	92,118	101,951
Conygar Haverfordwest Limited	24,264	13,785
Conygar Wales PLC	(30)	(30)
Conygar Advantage Limited	20	16
Conygar ZDP PLC	(32,521)	(30,672)
	<u>87,885</u>	<u>88,716</u>

	<i>30 Sep 15</i> <i>£'000</i>	<i>30 Sep 14</i> <i>£'000</i>
Joint Ventures		
Conygar Stena Line Limited	7,406	6,709
C M Sheffield Limited	2	2
Roadking Holyhead Limited	3,410	2,204
	<u>10,818</u>	<u>8,915</u>

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

	<i>30 Sep 15</i> <i>£'000</i>	<i>30 Sep 14</i> <i>£'000</i>
Secured interest bearing loan	4,386	3,689
Unsecured non-interest bearing shareholder loan	3,020	3,020
	<u>7,406</u>	<u>6,709</u>

During the year, the Company received a management fee from Conygar Stena Line Limited of £50,000 (2014: £50,000) in respect of management services and intercompany interest of £160,000 (2014: £144,000) due on the secured interest bearing loan.

The outstanding loan balance from The Advantage Property Income Trust Limited to the Company was £nil at 30 September 2015 (2014: £786,160).

During the year, the Company received £nil (2014: £20,000,000) of dividend income from Conygar Holdings Limited and intercompany interest of £674,000 (2014: £641,000).

NOTES TO THE ACCOUNTS (continued)

28. 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 £844,000 (2014 profit of: £5,800,000).

29. 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. Interest rate swaps and interest rate caps amount to an economic hedge of £55.6 million (2014: £66.1 million) of the total loan drawdowns of £38.2 million (2014: £55.8 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.

At 30 September 2015, after taking into account interest rate swaps and caps, 100% (2014: 100%) of the Group's bank borrowings were at a fixed rate of interest.

NOTES TO THE ACCOUNTS (continued)

29. Financial instruments (continued)

The interest rate profile of the Group bank borrowings at 30 September 2015 was as follows:

	<i>Interest Rate</i>	<i>Maturity</i>	<i>30 Sep 15 £'000</i>	<i>30 Sep 14 £'000</i>
Royal Bank of Scotland (TAPP)(1)	LIBOR + 3%	2-5 years	20,174	27,366
Barclays (2)	LIBOR +3.5%	Less than 1 year	8,335	18,455
Royal Bank of Scotland (TOPP)(3)	LIBOR +3.5%	Less than 1 year	9,642	9,942
			<u>38,151</u>	<u>55,763</u>

(1) Senior bank facility repayable 5 February 2018.

(2) Senior bank facility repayable 20 August 2016.

(3) Senior bank facility repayable 3 April 2016.

In addition to the bank debt, the Group has a financial liability of £32.5 million relating to 30,000,000 zero dividend preference shares ("ZDP Shares") which were issued at 100 pence per share.

The ZDP shares have an entitlement to receive a fixed cash amount on 9 January 2019, being the maturity date, but do not receive any dividends or income distributions. Additional capital accrues to the ZDP shares on a daily basis at a rate equivalent to 5.5% per annum, resulting in a final capital entitlement of 130.7 pence per share.

During the year the Group has accrued for £1,716,000 of additional capital. The total amount repayable at maturity is £39,210,000.

Financial Assets

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

	<i>30 Sep 15 £'000</i>	<i>30 Sep 14 £'000</i>
Fixed rate	—	—
Floating rate	57,386	70,753
	<u>57,386</u>	<u>70,753</u>

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

	<i>30 Sep 15 £'000</i>	<i>30 Sep 14 £'000</i>
Fixed rate	—	—
Floating rate	24,230	45,833
	<u>24,230</u>	<u>45,833</u>

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)

29. 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 2015 (2014: £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 four 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 2015, the Group had a single balance of £74,000 (2014: £79,000) 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 2015, TAPP Property Limited maintained a facility with the Royal Bank of Scotland PLC of up to £23,346,000 (2014: £37,195,000) under which £20,174,000 (2014: £27,366,000) had been drawn down. This facility is repayable on or before 5 February 2018 and is secured by fixed and floating charges over the assets of the TAPP Property Limited group and the Lamont companies. The facility is subject to a maximum loan to value covenant of 60% and an interest cover ratio covenant of 225% and a debt to rent cover ratio of 8:1.

As at 30 September 2015, TOPP Property Limited and TOPP Bletchley Limited maintained a facility with the Royal Bank of Scotland PLC of up to £9,642,000 (2014: £9,942,000) of which £9,642,000 (2014: £9,942,000) had been drawn down. This facility is repayable on or before 3 April 2016 and is secured by fixed and floating charges over the assets of the TOPP Property Limited group. The facility is subject to a maximum loan to value covenant of 55%, interest cover ratio covenant of 225% and a debt to rent cover ratio covenant of 7:1. The facility is subject to quarterly repayments of £75,000.

NOTES TO THE ACCOUNTS (continued)

29. Financial instruments (continued)

As at 30 September 2015, 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 £8,335,000 (2014: £18,455,000) of which £8,335,000 (2014: £18,445,000) had been drawn down. This facility is repayable on or before 20 August 2016 and is secured by fixed and floating charges over the assets of Conygar Dundee Limited, Conygar Hanover Street Limited, Conygar Stafford Limited and Conygar St Helens Limited. The facility is subject to a maximum loan to value covenant of 52% (2014: 54%) and an interest cover ratio covenant of 225%. The loan is amortised by 1% of the outstanding loan amount per quarter, if the loan to value is greater than 40%.

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:

	<i>Book Value</i> <i>30 Sep 2015</i> <i>£'000</i>	<i>Book Value</i> <i>30 Sep 2014</i> <i>£'000</i>	<i>Fair Value</i> <i>30 Sep 2015</i> <i>£'000</i>	<i>Fair Value</i> <i>30 Sep 2014</i> <i>£'000</i>
Financial Assets				
Cash	57,386	70,753	57,386	70,753
Loans to joint ventures	10,818	8,915	10,818	8,915
Interest rate derivatives	37	377	37	377
Financial Liabilities				
Floating rate borrowings	38,151	55,764	38,151	55,764
Fixed rate borrowings	32,909	31,193	32,909	31,193

NOTES TO THE ACCOUNTS (continued)

29. Financial instruments (continued)

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

	<i>Book Value</i> 30 Sep 2015 £'000	<i>Book Value</i> 30 Sep 2014 £'000	<i>Fair Value</i> 30 Sep 2015 £'000	<i>Fair Value</i> 30 Sep 2014 £'000
Financial Assets				
Cash	24,230	45,833	24,230	45,833
Loans to joint ventures	10,818	8,915	10,818	8,915

Derivative Financial Instruments

	<i>Protected</i> <i>rate %</i>	<i>Expiry</i>	<i>Market</i> <i>Value at</i> 30 Sep 2015 £'000	<i>Market</i> <i>Value at</i> 30 Sep 2014 £'000
£37 million (2014: £37 million) cap	2.00 (2014: 2.00)	Feb 2018	52	375
£4.3 million (2014: £14.5 million) swap	1.055 (2014: 1.055)	Aug 2016	(16)	15
£4 million (2014: £4 million) cap	1.00 (2014: 1.00)	Aug 2016	–	23
£10.3 million (2014: £10.6 million) cap	0.75 (2014: 0.75)	April 2016	1	47
£nil (2014: £9.0 million) swap	n/a (2014: 1.33)	n/a	–	(25)
£nil (2014: £12.7 million) swap	n/a (2014: 1.33)	n/a	–	(35)
£nil (2014: £15.3 million) swap	n/a (2014: 0.99)	n/a	–	(23)
			<u>37</u>	<u>377</u>

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 2015

Property Address	<i>Total Area (sq ft)</i>
Industrial	
Blantyre	
Unit B Watt Place, Hamilton International Technology Park, Blantyre	34,338
Brighouse	
Armytage Road	50,390
Kettering	
Travis Perkins/Kettering Tiles, Linnell Way	18,329
Livingston	
3/3a Baird Road, Kirkton Campus	13,752
Livingston	
Development Site, Kirkton Campus	–
Mochdre	
Mochdre Commerce Park, Parc Masnach	173,450
Runcorn	
Units 1001/1004 Lime Court, Manor Park	56,153
Stratford Upon Avon	
Swan Development, Avenue Farm Industrial Estate	33,965
Witham	
3, 16 and 18 Freebournes Road	145,902
Leisure	
Dundee	
Kingscourt Leisure Complex, Douglas Road	87,360
Offices	
Aberdeen	
Aker Village, Kirkhill Industrial Estate	58,826
Ashby de la Zouch	
Ashby Park, Ashby de la Zouch	138,342
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	30,342

INVESTMENT PROPERTY PORTFOLIO (continued)
for the year ended 30 September 2015

	<i>Total Area (sq ft)</i>
Offices (continued)	
Lincoln	
Witham Park House, Lincoln	62,356
Livingston	
1 Garbett Road, Kirkton Campus	5,032
Livingston	
6 Fleming Road, Kirkton Campus	10,108
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	26,194
Welwyn Garden City	
Units 3-6 Silver Court, Watchmead	29,756
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

INVESTMENT PROPERTY PORTFOLIO (continued)
for the year ended 30 September 2015

	<i>Total Area (sq ft)</i>
Retail Warehouse	
Birmingham	
Trident Retail Park	29,485
Coventry	
Halfords, 36 Foleshill Road	14,888
Total Area	<hr/> 1,466,036 <hr/>

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 Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU on 3 February 2016 at 4.00pm to consider and, if thought fit, pass the following resolutions:

Resolutions 1 to 8 are proposed as ordinary resolutions and resolutions 9 to 10 are proposed as special resolutions.

ORDINARY BUSINESS

Ordinary Resolutions

- 1 To receive and adopt the Company’s annual accounts for the financial year ended 30 September 2015 together with the directors’ report, the 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 2015.
- 3 To re-appoint Rees Pollock as auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next meeting at which accounts are laid before the Company.
- 4 To authorise the directors of the Company (the “**Directors**”) to agree the remuneration of the auditors.
- 5 To re-appoint the following Director who retires by rotation:
Nigel Jonathan Hamway
- 6 To re-appoint the following Director who retires by rotation:
Preston Martin Charles Rabl
- 7 To declare a final dividend of 1.75 pence per ordinary share of £0.05 each (“**Ordinary Share**”) in respect of the year ended 30 September 2015. This dividend will be paid on 10 February 2016 to the holders of Ordinary Shares at the close of business on 8 January 2016.

SPECIAL BUSINESS

- 8 (a) 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 shares in the Company or grant rights to subscribe for, or convert any security into shares in the Company provided that this authority shall be limited to the allotment of up to an aggregate nominal amount of £400,000.00 (comprising 8,000,000 Ordinary Shares) and provided that this authority (unless renewed, varied or revoked by the Company in a general meeting) is for a period expiring on the earlier of (i) the conclusion of the next Annual General Meeting of the Company or (ii) the expiry of 15 months from the passing of this resolution; and
- (b) the Company may, before such expiry of this authority, make an offer or agreement which would or might require the shares to be allotted or rights to be granted after such expiry and the Directors may allot shares or grant rights 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.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Special Resolutions

9 That subject to the passing of resolution 8 above, the Directors be and are hereby generally and unconditionally empowered pursuant to section 571 of the Act to allot equity securities (within the meaning of section 560(1) of the Act) wholly for cash pursuant to the authority conferred by resolution 8 or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- (a) in connection with an offer of such securities by way of rights to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;
- (b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £400,000.00 (comprising 8,000,000 Ordinary Shares);

and this power (unless renewed, varied or revoked by the Company in a general meeting) shall expire on the earlier of (i) the conclusion of the next Annual General Meeting of the Company after the passing of this resolution and (ii) the date falling 15 months after the date of the passing of this resolution, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted 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.

10 That the Company be and is generally and unconditionally authorised for the purposes of section 701(1) of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) on the London Stock Exchange of Ordinary Shares of the Company provided that:

- (a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 12,379,688 (representing approximately 15% of the Company's issued ordinary share capital);
- (b) the minimum price (excluding expenses) which may be paid for such shares is £0.05 per share;
- (c) the maximum price (excluding expenses) which may be paid for an Ordinary Share shall not be more than 5% above the average of the middle market quotations for an Ordinary Share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased;
- (d) unless previously renewed, varied or revoked, the authority conferred shall expire at the conclusion of the Company's next Annual General Meeting or 12 months from the date of passing this resolution, if earlier; and
- (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

Registered Office
Fourth Floor
110 Wigmore Street
London
W1U 3RW

By Order of the Board
R H McCaskill
Company Secretary

7 December 2015

NOTICE OF ANNUAL GENERAL MEETING (continued)

Notes

Entitlement to attend and vote

1. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the Company's register of members at:
 - 6.00pm on 1 February 2016; or
 - if this meeting is adjourned, at 6.00pm on the day two days prior to the adjourned meeting,shall be entitled to attend and vote at the Meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
2. Only the holders of Ordinary Shares registered in the Company shall be entitled to attend and vote at the Meeting. Holders of ZDP shares have the right to receive notice of this meeting pursuant to the Company's Articles of Association but do not have any right to attend, speak and vote at any general meeting of the Company unless the business of the meeting includes any resolutions to vary, modify or abrogate any of the special rights attached to ZDP shares.

Appointment of proxies

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

Appointment of proxy using hard copy proxy form

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

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

 - completed and signed;
 - sent or delivered to the Company at **Share Registrars Ltd , 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 1 February 2016.

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

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

Appointment of proxy by joint members

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

NOTICE OF ANNUAL GENERAL MEETING (continued)

Changing proxy instructions

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

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Company using the following method:
- by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to **Share Registrars Limited (Proxies), 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 Share Registrars Ltd no later than 4.00pm on 1 February 2016.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Communication

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

Appointment of proxies through CREST

13. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>).

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING (continued)

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

Issued shares and total voting rights

14. As at 7 December 2015 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 82,531,254 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at 7 December 2015 are 82,531,254.

Documents on display

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

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

Annual General Meeting

FORM OF PROXY

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

or failing him the Chairman of the Meeting (see note 3) as my/our proxy to vote for me/us on my behalf as directed below at the Annual General Meeting of the Company to be held at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside SE1 2AU on 3 February 2016 at 4.00pm and at any adjournment thereof. I/we request such proxy to vote on the following resolutions as indicated below. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting:

Resolution Number	Resolution	For	Against	Vote Withheld
Ordinary Resolutions				
1	To receive and adopt the Company's annual accounts for the financial year ended 30 September 2015 together with the directors' report, the directors' remuneration report and the auditor's 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 2015.			
3	To re-appoint Rees Pollock as auditors of the Company.			
4	To authorise the directors to agree the remuneration of the auditors.			
5	To re-appoint the following director who retires by rotation: Nigel Jonathan Hamway.			
6	To re-appoint the following director who retires by rotation: Preston Martin Charles Rabl.			
7	To declare a final dividend of 1.75 pence per Ordinary Share.			
8	To give directors' authority to allot shares in the Company or grant rights to subscribe for, or convert any security into shares in the Company up to an aggregate nominal amount of £400,000.00.			
Special Resolutions				
9	To give a directors' authority to disapply pre-emption rights and allot equity securities.			
10	To give a share buyback authority of up to a maximum aggregate number of ordinary shares of 12,379,688.			

Names of joint holders (if any)

Date

Signed

Notes:

- 1 As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
- 2 Please indicate with an "X" in the appropriate boxes how you wish the proxy to vote. The proxy will exercise his discretion as to how he votes or whether he abstains from voting:
 - (a) on any resolution referred to above if no instruction is given in respect of that resolution; and
 - (b) on any business or resolution considered at the meeting other than the resolutions referred to above.
 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution.
- 3 If you wish to appoint someone other than the Chairman of the Meeting as your proxy please insert their name. If you insert no name then you will have appointed the Chairman of the Meeting as your proxy. A proxy need not be a member of the Company but must attend the meeting to represent you. Where you appoint as your proxy someone other than the Chairman of the Meeting, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.
- 4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
- 5 In the case of a corporation, this form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- 6 In the case of joint holders, the votes of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register.
- 7 To be effective, this Form of Proxy, duly executed together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified or office copy thereof) must be lodged at the Company's Registrars, Share Registrars Ltd, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL, by 4.00pm on •.
- 8 Any alterations to this form of proxy should be initialled. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. For details on how to change your proxy instructions or revoke your proxy appointment please see the notes to the notice of meeting.
- 9 Completion of this form will not prevent you from subsequently attending and voting at the Meeting in person, in which case any votes cast by proxy will be excluded.
- 10 This Form of Proxy has been sent to you by post. It may be returned in hard copy form by post or by hand to the Company's Registrars, Share Registrars Ltd, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL. In each case, the proxy appointment must be received not less than 4.00pm on • together with any authority (or a notarially certified copy of such authority) under which it is signed.



