CONYGAR

The Conygar Investment Company PLC

Report And Accounts
30 September 2016

YEAR ENDED 30 SEPTEMBER 2016

SUMMARY

- **Net asset value per share 196.9p** at 30 September 2016 decreased by 3.2% from 203.3p at 30 September 2015 due to the write off of our investment at Pembroke Dock. EPRA NAV per share decreased by 3.1% to 196.9p from 203.2p.
- **Acquired a 9.96 acre site from Sainsbury's at Cross Hands**, west of Swansea, **for £2.25 million**, and the **203 acre freehold** of the former gas storage facility near **Rhosgoch**, Anglesey, for **£3 million**.
- The **development pipeline** is advancing. **At Haverfordwest, infrastructure works have completed, and at Cross Hands detailed planning consent has been granted and construction started.** We continue to progress the approvals for the other projects.
- In April 2016, **completed the refinancing** of three portfolios with a new **£48.1 million facility with Lloyds Bank, releasing £21 million** after repayment of the two existing loans.
- In December 2016, **completed the refinancing** of the Edinmore portfolio and Mochdre Commerce Park with a new **£21.4 million facility with HSBC Bank, releasing £13 million** after repayment of the existing loan.
- Total **cash** available for acquisitions and development funding of **£64 million**. **Net debt** of **£27.2 million** as at 30 September 2016, representing gearing of 17.9% against net asset value and 20.8% on loan to value basis. Post the HSBC refinancing, net debt of £27.8 million, representing gearing of 18.3% against net asset value and 21.3% on loan to value basis.
- **Investment property portfolio valuation of £130.7 million** at 30 September 2016, an increase of **£1.0 million** on a like for like basis. Our **average unexpired lease length** has **risen from 4.8 years** at 30 September 2015 **to 5.8 years** at the year end and this reflects a number of new leases and renewals which have been agreed over the past year.
- **Disposed of four investment properties** in the year for a total consideration of **£7.0 million**, a deficit of £0.3 million to the September 2015 valuation after costs.
- **Bought back 5.3 million shares** (6.4% of ordinary share capital) at an **average price of 167 pence per share**.

Summary Group Net Assets As At 30 September 2016

	£'m	*Per Share p*
Investment Properties	130.7	169.2
Investment Properties Under Construction	9.5	12.3
Development Projects	40.7	52.8
Cash	63.7	82.5
Other Net Liabilities	(2.7)	(3.5)
	241.9	313.3
Bank Loans	(55.5)	(71.9)
ZDP Liability	(34.4)	(44.5)
	152.0	196.9

Registered in England No. 04907617

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P M C Rabl (Director)
M D Wigley (Non-Executive Director)

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CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results

We present the Group's results for the year ended 30 September 2016.

Net asset value per share decreased by 3.2% to 196.9p from 203.3p last year and to 196.9p (2015: 203.2p) on an EPRA basis. The reason for this fall was the write off of our investment at Pembroke Dock which amounts to £4.8 million or 6.2p per share. This was a difficult decision but we felt that it was necessary given the problems we have faced at this site over the past year and these issues are discussed in detail within the developments section of the Strategic Report. All other parts of the business have performed as expected and the loss for the year before taxation was £4.7 million (2015: £7.8 million profit).

Net asset value as at 30 September 2016 was £152.0 million compared with £167.8 million at 30 September 2015. During the year, the Group spent £8.9 million on share buy backs and paid a dividend of £1.4 million and excluding these, the net asset value decreased by 3.3%, which is attributable to the loss for the year.

The Group's investment properties as at 30 September 2016 were independently valued at £130.7 million (2015: £133.2 million), an increase in the valuation of £1m for the year on a like for like basis. This modest uplift does not truly reflect the performance of the portfolio in the year as it includes a £3 million fall in the value of our building in Aberdeen. As has been well publicised, the Aberdeen market has been hit hard by the crisis in the oil industry and this is reflected in the valuation. If we exclude Aberdeen, the investment property portfolio rose in value by 3.5% in the year on a like for like basis and this is a result of very positive letting activity across the portfolio during the period.

The Group had cash balances of £63.7 million (2015: £57.4 million) at the year end and bank debt of £56.4 million (2015: £38.2 million). Including the zero dividend preference share liability of £34.4 million (2015: £32.5 million), our net gearing is 17.9% or 20.8% on a loan to value basis.

Although the fall in net asset value per share is disappointing, the Group is well placed to deliver the other development projects and the balance sheet remains robust.

Progress

Development Projects

Two development sites were acquired during the year. The first is a 9.96 acre freehold serviced development site acquired from Sainsbury's at Cross Hands, west of Swansea, for £2.25 million plus an overage provision. In April 2016, a planning application was submitted to Carmarthenshire Council for a 106,000 square foot retail development, along with a 562 space car park, to include a family pub and restaurant, food stores, a drive-through restaurant and other retail stores. The detailed planning consent was granted in September 2016 and construction work has now begun.

The second site was acquired in October 2015, and is the freehold of the former gas storage facility site near Rhosgoch, Anglesey, at a cost of £3 million. This 203 acre brownfield site is situated 6.5 miles from the existing and proposed Wylfa Nuclear Power Station. We have agreed an option agreement with Horizon Nuclear Power over the entire site and we hope that this site will be used to house temporary workers who will be employed to construct the new power station.

In May 2016, the group submitted a planning application on its development site at Nottingham Road, Ashby-de-la-Zouch, for a Marks & Spencer "Food Hall", measuring approximately 11,000 square feet with associated parking services and landscaping. We expect to hear the outcome of the application shortly and we will commence construction almost immediately, should planning permission be granted. There are another two acres available for development at the site and discussions are ongoing with potential occupiers of the remaining land.

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

Investment Property Portfolio

There have been a number of significant lettings and lease renewals which have been agreed during the year.

At Mochdre Commerce Park, an industrial estate strategically located in Colwyn Bay, North Wales, adjoining the A55 expressway, midway between Holyhead and Chester, a lease was signed by Conwy County Council for 60,000 square feet of industrial space and 3.2 acres of open storage land on a 35 year lease, with a first break at year 15 and an initial rent of £240,000 per annum. This letting along with another 20 year lease to a biotech company for approximately 35,000 square feet has resulted in a significant increase in the value of this asset as at 30 September 2016.

A crucial reletting was also achieved after the period end at Kelvin Close, Warrington where Hewlett Packard has agreed to extend their lease by 5 years at an improved rent. This, along with the lettings at Mochdre, are good examples of how the letting market has remained strong in the period leading up to and following the EU referendum and this is the picture we have seen across the majority of the UK. In Scotland, a market which is struggling, we have let Watt Place, Hamilton, an industrial building of 33,000 square feet to Napier University at a very competitive rent. During the year we also let a unit at Kingscourt Leisure Centre in Dundee to Domino’s Pizza, which we believe is their largest unit in the UK. The Dundee market has been a particularly difficult one since the financial crash of 2008 and the unit in question had been vacant since construction, which was some time before our ownership. This letting, which might appear overdue, is another example of the team’s efforts and this is reflected in the increase in the portfolio valuation as at 30 September 2016.

As mentioned above, our asset in Aberdeen has been written down heavily in the year. There is a considerable amount of office space available in and around the city and with only one year’s income left on the current lease, we will continue to work hard to replace the tenant who has already vacated the building. Fortunately, our exposure to Aberdeen was greatly reduced during the year ended 30 September 2014 when we sold two buildings there for a consideration of £15.5 million, which was a significant surplus to our book cost and £1.24 million over the previous valuation in September 2013.

The refurbishment at Brennan House, Farnborough and the Links, Warrington, have now completed and the initial feedback from the marketing process is positive and we expect to announce lettings at both locations in our next update.

The contracted annual rent roll of the portfolio was £9.7 million as at 30 September 2016, which is only £0.1 million lower than at 30 September 2015, despite the disposals in the year. 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 4.8 years to 5.8 years at 30 September 2016 and this reflects a number of new leases and renewals which have been agreed over the past year. We made four disposals in the year for a gross consideration of £7.0 million, which was £0.3 million lower than the 2015 valuation after costs.

Financing

The Group’s loan facilities secured on the investment property portfolio have been fully refinanced since the start of 2016.

In April 2016, the Group completed a new five year £48.1 million loan with Lloyds Bank PLC, Jersey Branch, which replaced the two facilities we held with the Royal Bank of Scotland PLC. The interest cost was reduced from 3% and 3.5% per annum margin plus 3 month LIBOR to 1.9% margin plus Bank of England Base Rate and this refinancing also released £21 million to pursue other projects after repayment of the RBS loans.

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

On 2 December 2016, following the financial year end, the Group also completed a £21.4 million, 5 year loan with HSBC Bank PLC. This loan replaced the previous loan facility held with Barclays Bank PLC and the interest cost has been reduced from 3.5% per annum margin plus 3 month LIBOR to 2.15% per annum margin plus 3 month LIBOR and has also released an additional £13 million after repayment of the Barclays loan.

The weighted average cost of debt is 2.26% per annum at the time of writing and we are set to benefit from a continuation of a low interest rate environment.

Dividend

The Board recommends that no final dividend is declared in respect of the year ended 30 September 2016 due to the loss which arose in the 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 14.

Share Buy Back

During the year, the Group acquired 5,299,819 ordinary shares representing 6.4% of its ordinary share capital, at an average a price of 167.4p per share. This cost £8.9m and, as a result of the buy backs, net asset value per share has been enhanced by 2.5 pence per share. Following the year end, and the cancellation of the share premium account on 31 August 2016, the Group has acquired a further 5,070,000 ordinary shares representing 6.1% of its ordinary share capital at an average price of 155.4p per share. This cost £7.9 million and has enhanced net asset value per share by 2.9 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.

Outlook

Despite the current political and economic uncertainties, our investment property portfolio has performed well and we expect this to continue in the short to medium term. At the same time, we are pushing the development projects forward and we anticipate that construction work will begin at a number of the sites this year in addition to the ongoing works at Cross Hands. We see the development pipeline as the main driver of shareholder growth in the medium term and this will be a major focus for the Group in the coming years.

The refinancings, which have completed during the calendar year, mean that we are well funded for the medium term and the significant cash balances we hold will enable us to move quickly should worthwhile opportunities arise.

N J Hamway
Chairman

R T E Ware
Chief Executive

15 December 2016

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 development projects that are well positioned to deliver good returns in the medium term. We continue to focus upon positive cash flow and to use modest levels of gearing to enhance returns. Assets are recycled to release capital as opportunities present themselves and we will continue to buy back shares where appropriate. The Group is content to hold cash and adopt a patient strategy unless there is a compelling reason to invest.

Position of the Company at the year end

Despite the write down of the investment at Pembroke Dock in the year, the Group is in a strong position at the year end with significant underlying earnings, positive cash flow and investment property values that have increased by 3.5% during the year, excluding our asset in Aberdeen. The development pipeline is progressing and construction is about to start at several more locations this year. The balance sheet remains strong with cash of £63.7 million and total debt of £90.9 million, giving net gearing of 17.9%. 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 refinancing with HSBC and the share buy backs, both of which are referred to in the Chairman's and Chief Executive's Statement, and the option agreements completed with Horizon Nuclear Power at Rhosgoch and Parc Cybi.

Summary of Group Net Assets

The Group net assets as at 30 September 2016 may be summarised as follows:

	£'m	*Per Share p*
Investment Properties	130.7	169.2
Investment Properties Under Construction	9.5	12.3
Development Projects	40.7	52.8
Cash	63.7	82.5
Other Net Liabilities	(2.7)	(3.5)
	241.9	313.3
Bank Loans	(55.5)	(71.9)
ZDP Liability	(34.4)	(44.5)
	152.0	196.9

STRATEGIC REPORT (continued)

Investment Properties

Summary of Portfolio

	2016	*2015*
Valuation at 30 September	£130.7 million	£133.2 million
Number of properties	32	36
Contracted rent (pa)	£9.7 million	£9.8 million
Current ERV (pa)	£11.6 million	£11.9 million
Net initial yield	6.2%	7.16%
Equivalent yield	8.02%	8.02%
Reversionary yield	8.39%	8.35%
ERV of vacant units (pa)	£2.0 million	£1.7 million
Vacancy rate	17.1%	14.1%
Average unexpired lease lengths	5.8 years	4.8 years

Asset Management

At 30 September 2016, the contracted rent for the investment property portfolio was £9.7 million with an ERV of £11.6 million. The overall vacancy rate in the portfolio is currently 17.1% which is a rise from 14.1% last year. This increase is due to a number of refurbishments that have taken place during the year. If we exclude our assets at Farnborough and the Links, Warrington, both of which have recently been refurbished, and our asset at Mochdre, the vacancy rate falls to 6.9%. The average unexpired lease length is 5.8 years compared to 4.8 years at 30 September 2015. This is positive and a reflection of the new leases being signed across the portfolio.

In spite of the market slowdown and continuing uncertainty caused to the UK property market by the EU referendum, there has been good progress on a variety of asset management initiatives across the portfolio. Outside the central London office market and parts of Scotland, occupier confidence seems to have held firm and rental values are looking buoyant across the regional market.

During the summer of 2016, we completed the refurbishment of Brennan House in Farnborough where approximately £2.5 million was spent to create a very high quality product. We also refurbished two properties at the Links, Warrington for a cost of £1 million. These properties together make up a large proportion of the vacant space and so we hope to substantially reduce the vacancy rate over the coming year. We currently have serious interest at Farnborough reflecting a higher rental level than our original appraisals and hope to have some positive news soon.

At Mochdre Commercial Park, Colwyn Bay, we have signed a lease with the council for a 35 year term on 60,000 square feet in addition to 3.2 acres of open storage land. We have also signed a 20 year lease on another circa 35,000 square feet to a biotech company. The new rental income for these two leases is £395,000 per annum. We are in discussions with a number of parties about the remaining space which represents the other large portion of the vacancy rate.

We continue to maintain good contact with our tenants and work hard to minimise irrecoverable costs and voids. At Ashby de la Zouch, we have agreed a new ten year lease with GE at an improved rent and have agreed terms with Marks and Spencer for a "Food Hall" of circa 11,000 square feet. The planning application for this development has been submitted and we hope to be on site early next year.

We have agreed a number of other lease extensions this year, including one at Warrington with Hewlett Packard, where we have agreed a new five-year lease at a higher rent. There have also been renewals at a number of other locations such as Dundee, Stratford-upon-Avon and Bletchley. A large portion of our vacancy rate is explained by newly refurbished space and we will be working hard both to reduce that figure and boost the contracted rent over the coming year.

STRATEGIC REPORT (continued)

Disposals

The Group disposed of four properties during the year, at Horsham, Hinckley, Runcorn and Brighouse for a total consideration of £7.0 million. We will continue to dispose of assets where we feel we can add no further value or if there is a compelling reason to do so.

Valuation

The investment property portfolio has been independently valued by Jones Lang LaSalle at £130.7 million as at 30 September 2016. There was a substantial fall in value at Aberdeen, which has suffered badly from a decrease in oil prices. We had previously disposed of the other two units at a surplus of £1.24 million to the 2013 valuation and will continue to mitigate the risks to the asset as best as we can.

Despite the decline at Aberdeen the investment property portfolio increased in value reflecting asset management initiatives which have both protected and increased rental income. Assets such as ours continue to require active management to protect value and it is pleasing to see this work rewarded through valuation increases despite the wider market uncertainty.

Capital Expenditure

We incurred £3.7 million of capital expenditure during the year, which was fully financed from our existing cash resources. There will always be a level of refurbishment work required throughout a portfolio of this nature, though as at 30 September 2016, the Group had no contractual related capital expenditure commitments in excess of £1,000,000.

Development Projects and Investment Properties Under Construction

Progress has been made on most of our development projects since we last reported.

Haverfordwest

The substantial infrastructure works to service the 729 residential units and the 9.6 acre retail site were completed on budget at a cost of £3.7m. Two planning applications were submitted simultaneously in June 2016 for 100,000 square feet of retail units, a hotel, a 5 screen cinema and 602 car parking spaces. The applications are currently with Pembrokeshire County Council and we look towards an early determination of the plans in the New Year. We are also in advanced negotiations with a housebuilder for the first phase of the residential development, which we are looking to bring forward next year.

Cross Hands

In April 2016, we submitted a detailed planning application for a 106,000 square foot retail development in Cross Hands, South West Wales. Planning permission was achieved in September and we have appointed a contractor to deliver the first phase of the scheme, who has commenced works. Running in parallel, we are progressing legal agreements with a number of national retailers and will have completed the first phase of the development by October 2017.

Fishguard Harbour

The detailed planning (First Reserved Matters) and marine licence applications, necessary to facilitate the development platform, marina basin and port expansion area, were submitted in January this year. In November 2016, the Phasing Plan for the marina and residential development was approved by Pembrokeshire County Council's planning committee and we envisage that the First Reserved Matters application will be considered early in the New Year. In terms of the marine licence, all the necessary information has been provided to Natural Resources Wales and we are awaiting release of the formal consent.

STRATEGIC REPORT (continued)

Working in association with Stena Line, we have prepared a draft Harbour Revision Order and this should be submitted to the Marine Management Organisation early in the New Year. Once this order has been processed and formalised, we will have successfully negotiated all of the statutory consenting processes necessary to commence construction of the project. Once the enabling infrastructure works are underway, we will be turning our attention to the detailed design and subsequent Reserved Matters applications for all the residential development and buildings relating to the operation of the commercial marina.

Pembroke Dock

We have sadly decided to withdraw from this project and write off our total investment of £4.8 million. Having commissioned a detailed feasibility study, the results unfortunately concluded that the cost of constructing the marina would be considerably greater than our first investigation showed (mainly due to the seabed analysis and the resulting lock structure and outer wall that is now needed). Our initial estimates were for the marina to cost £8 million, and unfortunately that figure has now risen to over £17 million, which means that it is not viable.

The land based element at Pembroke Dock had been progressed in tandem and that is viable. We have attracted a number of substantial retailers to the site and the scheme would improve the environment and create considerable employment. However, our contract with the client group, which consists of Pembrokeshire County Council, Milford Haven Port Authority, the Crown Estate and the Welsh Assembly Government, is dependent on the marina being built by 2022. We have met the Council in an attempt to separate the land development from the marina and disappointingly, they have refused to agree to this. Hence our decision to write off our total investment.

Holyhead Waterfront

Earlier this year, Ynys Mon County Council (YMCC) decided to hold a public inquiry to consider the Town & Village Green Application received on behalf of the Waterfront Action Group. This was held in October 2016 and the Inspector was tasked with producing his report by the end of November 2016. YMCC will take the Inspector's report to its planning committee with a view to accepting or rejecting the recommendations contained therein. We are confident that the Inspector will recommend that the Registration Authority (YMCC) reject the application, which presently stands as an impediment to the implementation of the Waterfront project. Discussions are ongoing with various parties some of whom are involved in the Wylfa Newydd project, in respect of providing both residential accommodation and the use of our marine facilities at Soldiers Point.

Parc Cybi Business Park, Holyhead

We have agreed, subject to planning, with a national operator, to construct an 80 bedroom hotel on our 3 acre gateway plot. We hope to progress this new project over the coming year. The truckstop, a joint venture with Fred Done, the founder and owner of Betfred, has improved trading month on month and is now averaging over 140 trucks, 3 evenings per week.

We have signed an option agreement with Horizon Nuclear Power (HNP) whereby they can instruct us to construct a logistics centre on a 6.9 acre site for their use in facilitating the new Wylfa B Nuclear power station. The option runs until December 2022.

Rhosgoch

We have also signed an option agreement with HNP over our entire 203 acre site running until December 2022. Rhosgoch is one of several sites that HNP are considering as a location for housing the temporary construction workers.

STRATEGIC REPORT (continued)

Llandudno Junction

In May 2016, Conwy County Borough Council approved our outline planning application for 90,000 square feet of retail floor space. Working in partnership with the Council, we are now marketing the property with a view to optimising this excellent retail opportunity. Again, we are confident that this project will come forward over the coming year.

King's Lynn, Norfolk

This is a six acre residential development site with planning permission for 94 dwellings near to King's Lynn, Norfolk. We have exchanged contracts to sell the site, subject to planning, at book value.

Summary of Development Projects

The expenditure in the year on our development land bank amounted to £1.37 million which was offset by a £2.35 million reimbursement of retention funds from Pembrokeshire County Council following completion of the infrastructure works at Haverfordwest. Our total investment to date, after writing off the costs incurred on Pembroke Dock as explained in the Chairman's and Chief Executive's statement, is now £40.82 million (analysed below) or 52.8p per share. We will continue to progress these projects in a risk-averse manner and to avoid any speculative development. In spite of Pembroke Dock, we have had good successes in securing planning consents and several of the projects are beginning to advance.

It is our intention to deliver schemes comprising circa 1,300 homes (of which 579 are waterside), 846 marina berths and in excess of 400,000 square feet of commercial and retail development.

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

	2016	*2015*
	£'m	*£'m*
Haverfordwest	22.18	23.91
Holyhead Waterfront	10.31	10.19
Parc Cybi, Holyhead	4.79	4.59
Fishguard Waterfront	1.52	1.36
Fishguard Lorry Stop	0.54	0.54
King's Lynn	0.87	0.85
Llandudno Junction	0.61	0.43
Other	–	0.07
Pembroke Dock Waterfront	–	4.68
Total investment to date	40.82	46.62

STRATEGIC REPORT (continued)

Financial review

Net Asset Value

The net asset value at the year end was £152.0 million (2015: £167.8 million). The primary movements were £4.9 million net rental income plus a £1.0 million increase in the value of the investment properties offset by £6.6 million of finance and administrative costs, £4.8 million to write off Pembroke Dock development costs, and £8.9 million spent on purchasing our own shares. Excluding the amounts incurred purchasing Conygar shares and paying dividends, net asset value decreased by 3.3% in the year.

On an EPRA basis, the net asset value is:

	2016	*2015*	*2014*	*2013*	*2012*
	£'m	*£'m*	*£'m*	*£'m*	*£'m*
Net asset value	152.0	167.8	169.4	155.1	154.0
Share options	4.1	4.1	8.1	–	–
Diluted net asset value	156.1	171.9	177.5	155.1	154.0
Fair value of hedging instruments	–	–	(0.4)	0.2	0.9
EPRA net asset value	156.1	171.9	177.1	155.3	154.9
EPRA NAV per share	196.9p	203.2p	195.9p	174.9p	166.9p
Basic NAV per share	196.9p	203.3p	197.5p	174.6p	165.9p
Diluted NAV per share	196.9p	203.3p	196.3p	174.6p	165.9p

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

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

Revaluation

The Group's investment properties were independently valued by Jones Lang LaSalle as at 30 September 2016. In their opinion, the open market value of the investment property portfolio was £130.7 million. The total portfolio increased in value by £1.0 million over the year on a like for like basis.

Cash flow

The Group generated £2.5 million cash from operating activities (2015: used £12.9 million).

The primary cash inflows in the year were £6.8 million from the sale of investment properties and £47.1 million (net of costs) from the new Lloyds debt. These were partly offset by cash outflows of £9.8 million to acquire and refurbish investment properties, £29.8 million to repay RBS debt and £8.9 million to buy back shares, resulting in a net cash inflow of £6.3 million during the year.

STRATEGIC REPORT (continued)

Net Income From Property Activities

	2016	*2015*
	£'m	*£'m*
Rental income	9.4	11.4
Direct property costs	(2.9)	(2.9)
Rental surplus	6.5	8.5
Sale of investment properties	7.0	31.3
Cost of investment properties sold	(7.3)	(28.9)
(Loss)/gain on sale of investment properties	(0.3)	2.4
Total net income arising from property activities	6.2	10.9

Administrative Expenses

The administrative expenses for the year ended 30 September 2016 were £2.4 million compared with £1.5 million the previous year. The primary reason for this increase is the reversal in the prior year of 20% of the 2014 profit share which the remuneration committee decided would not be paid and therefore administrative expenses were credited with £1.75 million.

Financing

At 30 September 2016, the Group had cash of £63.7 million. The bank debt at 30 September 2016 was £56.4 million and the zero dividend preference shares liability is £34.4 million. The gearing is 17.9% and loan to value is 20.8% including cash.

The interest rate risk on the facility continues to be managed by way of interest rate caps and the fair value of these derivative financial instruments is provided for in full on the balance sheet. The weighted average cost of all debt including margin is 2.4% and as at 30 September 2016, 66% (2015: 100%) of the Group's bank borrowings were hedged.

The finance costs for the year amounted to £4.1 million (2015: £4.4 million), primarily consisting of £1.6 million bank loan interest (2015: £2.0 million) and interest payable on the zero dividend preference shares of £1.8 million (2015: £1.7 million). Finance income amounted to £0.3 million (2015: £0.2 million) reflecting the low returns on short term cash deposits. As a matter of policy, the Group retains instant access to all cash deposits so it is readily available for use in the business.

As at 30 September 2016, TAPP Property Limited, TOPP Property Limited, TOPP Bletchley Limited, Lamont Property Acquisition (Jersey) I Limited, Lamont Property Acquisition (Jersey) II Limited and Lamont Property Acquisition (Jersey) IV Limited ("the borrowers") jointly maintained a facility with Lloyds Bank, Jersey of £48,100,000 (2015: £nil) under which £48,100,000 (2015: £nil) had been drawn down. This facility is repayable on or before 27 April 2021 and is secured by fixed and floating charges over the assets of the borrowers. The facility is subject to a maximum loan to value covenant of 65%, a historical interest cover ratio covenant of 200% and a historical debt service cover ratio of 110%.

On 28 April 2016, TAPP Property and TOPP Property repaid the outstanding balances of their facilities with the Royal Bank of Scotland PLC of £25,931,000 (2015: £29,816,000).

As at 30 September 2016, 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 (2015: £8,335,000) of which £8,335,000 (2015: £8,335,000) had been drawn down. This facility was repayable on or before 21 November 2016 and was secured by fixed and floating charges over

STRATEGIC REPORT (continued)

the assets of Conygar Dundee Limited, Conygar Hanover Street Limited, Conygar Stafford Limited and Conygar St Helens Limited. The facility was subject to a maximum loan to value covenant of 52% (2015: 52%) and an interest cover ratio covenant of 225%. As set out in the Chairman's and Chief Executive's statement, the loan was repaid in full on 26 October 2016.

Taxation

The tax charge for the year is £0.7 million on the pre-tax loss of £4.7 million. Tax is payable at the full UK corporation tax rate of 20.0% on net rental income after deduction of finance costs and administrative expenses. Deferred taxation has been recognised in the year in respect of the increase in value of the investment properties held by subsidiaries registered in the United Kingdom and this amounts to £1.9 million.

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 (£56.4 million), cash and short term deposits (£63.7 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 caps amount to an economic hedge of between £36.1 million and £37.0 million (2015: £55.6 million) of the total loan drawdowns of £56.4 million (2015: £38.2 million) for cash flows to 27 April 2021, 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.

Dividend Policy

The Board recommends that no dividend is paid in respect of the year ended 30 September 2016.

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.

STRATEGIC REPORT (continued)

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

Given that the Group has not made a profit for the year ended 30 September 2016, the Board recommends that no dividend should be declared for this period. The Board will continue to review our dividend policy each year. Our focus is, and will continue to be, primarily growth in net asset value per share.

Share Buy Backs

During the year, the Group acquired 5,299,819 ordinary shares at an average price of 167.4p which represents 6.4% of its ordinary share capital. This cost £8.9 million and net asset value per share has been enhanced by approximately 2.5 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.

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 resources to continually monitoring and discussing the environment in which we operate and the potential impacts upon the Group. We are confident we have sufficiently high calibre directors and managers to manage strategic risks.

We are content that the Group has the right approach toward strategy and our financial performance, 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 takes appropriate action to mitigate any adverse impact arising from identified risks and market risks continue to be monitored closely.

STRATEGIC REPORT (continued)

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.

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 2016, after taking into account interest rate swaps, 66% (2015: 100%) of the Group's bank borrowings were at a fixed rate of interest.

STRATEGIC REPORT (continued)

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

	Interest Rate	*Maturity*	*30 Sep 16 £'000*	*30 Sep 15 £'000*
Lloyds Bank, Jersey(1)	BOE base +1.9%	2-5 years	48,100	–
Barclays(2)	LIBOR +3.5%	Less than 1 year	8,335	8,335
Royal Bank of Scotland (TAPP)(3)	LIBOR +3%	n/a	–	20,174
Royal Bank of Scotland (TOPP)(3)	LIBOR +3.5%	n/a	–	9,642
			56,435	38,151

(1) Senior bank facility repayable 27 April 2021.

(2) Senior bank facility repaid 26 October 2016.

(3) Senior bank facilities repaid 28 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 16 £'000	*30 Sep 15 £'000*
Fixed rate	–	–
Floating rate	63,662	57,386
	63,662	57,386

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 2016 (2015: none).

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 2016, the Group had a single balance of £67,000 (2015: £74,000) 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.

STRATEGIC REPORT (continued)

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans secured on the Group's properties. The Group is exposed to liquidity risk should it encounter difficulties in realising assets mainly through the sale of investment properties. However, the Group maintains a prudent approach to financing and cash flow such that the adverse impact of this can be mitigated.

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 15 December 2016 and signed on its behalf by:

R T E Ware
Chief Executive

15 December 2016

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 7 February 2017 can be found in the notice of the meeting on page 66.

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:

	2016	*2017*	*2018*
Target	237.5p	261.3p	287.4p
Actual	196.9p	–	–

The actual diluted net asset value per share for the year ended 30 September 2016 was 196.9p which is below the target of 237.5p, 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 2016. The remuneration of the non-executive directors takes the form solely of fees, which are set by the board, having taken advice on appropriate levels. The non-executive directors are not involved in any discussions or decision about their own remuneration.

Service contracts

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

	Date of Contract	*Unexpired Term (Months)*	*Notice Period (Months)*
Executive Directors			
R T E Ware	25 October 2007	N/A	12
P M C Rabl	29 October 2009	N/A	12
R H McCaskill	1 October 2015	N/A	12
Non-Executive Directors			
N J Hamway	25 October 2007	35	6
M D Wigley	25 October 2007	35	6

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

DIRECTORS' REMUNERATION REPORT (continued)

Audited Information

Directors' emoluments

	2016			2015				
	Basic Salary £'000	*Fees £'000*	*Total £'000*	*Basic Salary £'000*	*Payment in lieu of notice £'000*	*Profit Share Reversal £'000*	*Fees £'000*	*Total £'000*
Executive Directors								
R T E Ware	352	–	352	352	–	(677)	–	(325)
P M C Rabl	202	–	202	202	–	(236)	–	(34)
R H McCaskill	175	–	175	–	–	–	–	–
P A Batchelor	–	–	–	294	225	(392)	–	127
S M Vaughan	–	–	–	138	308	(236)	–	210
Non-Executive Directors								
N J Hamway	–	63	63	–	–	–	120	120
M D Wigley	–	42	42	–	–	–	42	42
	729	105	834	986	533	(1,541)	162	140

No non-cash benefits were paid to directors.

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 2015 No.*	*Awarded during the year No.*	*Exercised during the year No.*	*Cancelled unexercised during the year No.*	*At 30 September 2016 No.*
R T E Ware	£2.00	2,025,000	–	–	–	2,025,000

The options are exercisable between 19 February 2009 and 19 February 2017.

Options awarded 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.

DIRECTORS' REMUNERATION REPORT (continued)

The market price of the company's shares on 30 September 2016 was 158p per share. The highest and lowest market prices during the year for each share option that is unexpired at the end of the year were as follows:

	Highest	*Lowest*
Options in issue during the year	175.5p	127.5p

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 15 December 2016 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 2016.

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 refinancing with HSBC and the share buy backs, both of which are referred to in the Chairman's and Chief Executive's Statement, and the option agreements completed with Horizon Nuclear Power at Rhosgoch and Parc Cybi.

Results and Dividends

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

The directors do not recommend a final dividend in respect of the year ended 30 September 2016 (2015: 1.75 pence per ordinary share).

The Directors and Their Interests in the Shares of the Company

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

	Ordinary Shares of £0.05 each	
	At 30 September 2016	*At 30 September 2015*
N J Hamway	1,089,700	984,500
R T E Ware	4,500,000	4,400,000
P M C Rabl	1,525,480	1,485,480
M D Wigley	330,000	330,000
R H McCaskill	2,000	2,000

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

Directors' Indemnities

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

DIRECTORS' REPORT (continued)

Major Interests in Shares

At 15 December 2016, the directors had been notified of the following interests in excess of 3% of the company's issued share capital:

Name	*No of Shares*	*%*
Miton Group Limited	7,999,156	11.09
Majedie Asset Management Limited	4,932,657	6.84
R T E Ware	4,500,000	6.24
Bimaljit Singh Sandhu	3,950,000	5.47
Cove Investment Partners LLP	3,146,369	4.36

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 2016, the company had an average of 7 days (2015: 9 days) purchases outstanding in trade creditors. The group had an average of 14 days (2015: 16 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 £41,093 (2015: £38,750) 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:

- properly select and apply accounting policies;

DIRECTORS' REPORT (continued)

- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and performance.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Electronic Publication

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

Provision of Information to Auditors

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

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

Auditors

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

Annual General Meeting

The Annual General Meeting of the company will be held on Tuesday 7 February 2017 at 4.00pm at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London, SE1 2AU.

The notice of meeting and the resolutions to be proposed at that meeting are attached on page 66.

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

15 December 2016

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

REESPOLLOCK
Chartered Accountants

We have audited the financial statements of The Conygar Investment Company PLC for the year ended 30 September 2016 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 2016 and of the group's loss 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

15 December 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2016

	Note	*Year Ended 30 Sep 16 £'000*	*Year Ended 30 Sep 15 £'000*
Rental income		9,222	10,957
Other property income		213	484
Sale of trading investments		–	300
Revenue		9,435	11,741
Direct costs of:			
Rental income		2,909	2,932
Development costs written off		1,581	–
Sale of trading investments		–	211
Direct Costs		4,490	3,143
Gross Profit		4,945	8,598
Share of results of joint ventures	14	(3)	(19)
(Loss)/profit on sale of investment properties	12	(308)	2,436
Surplus on revaluation of investment properties	12	992	2,742
Loss on impairment of goodwill	16	(3,173)	–
Other gains and losses	6	(880)	(309)
Administrative expenses		(2,440)	(1,541)
Operating (Loss)/Profit	3	(867)	11,907
Finance costs	7	(4,135)	(4,379)
Finance income	7	259	226
(Loss)/Profit Before Taxation		(4,743)	7,754
Taxation	8	(706)	(1,316)
(Loss)/Profit And Total Comprehensive (Charge)/Income for the Year		(5,449)	6,438
Attributable to:			
– equity shareholders		(5,449)	6,438
– minority shareholders		–	–
		(5,449)	6,438
Basic (loss)/earnings per share	10	(6.90)p	7.72p
Diluted (loss)/earnings per share	10	(6.90)p	7.72p

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

The notes on pages 37 to 62 form part of these accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2016

	Attributable to the equity holders of the Company							
	Share Capital £'000	*Share Premium £'000*	*Capital Redemption Reserve £'000*	*Treasury Shares £'000*	*Retained Earnings £'000*	*Total £'000*	*Non-Controlling Interests £'000*	*Total Equity £'000*
Group								
Changes in equity for the year ended 30 September 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
Changes in equity for the year ended 30 September 2016								
At 1 October 2015	4,985	125,371	1,568	(23,321)	59,173	167,776	20	167,796
Loss for the year	–	–	–	–	(5,449)	(5,449)	–	(5,449)
Total comprehensive (charge)/income for the year	–	–	–	–	(5,449)	(5,449)	–	(5,449)
Cancellation of share premium account	–	(125,371)	–	–	125,371	–	–	–
Dividend paid	–	–	–	–	(1,415)	(1,415)	–	(1,415)
Purchase of own shares	–	–	–	(8,873)	–	(8,873)	–	(8,873)
Purchase of non-controlling interest	–	–	–	–	–	–	(20)	(20)
At 30 September 2016	4,985	–	1,568	(32,194)	177,680	152,039	–	152,039

The notes on pages 37 to 62 form part of these accounts.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2016

	Share Capital £'000	*Share Premium £'000*	*Capital Redemption Reserve £'000*	*Treasury Shares £'000*	*Retained Earnings £'000*	*Total Equity £'000*
Company						
Changes in equity for the year ended 30 September 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	4,985	125,371	1,568	(23,321)	24,115	132,718
Changes in equity for the year ended 30 September 2016						
At 1 October 2015	4,985	125,371	1,568	(23,321)	24,115	132,718
Loss for the year	–	–	–	–	(8,121)	(8,121)
Total comprehensive income and expenditure for the year	–	–	–	–	(8,121)	(8,121)
Cancellation of share premium account	–	(125,371)	–	–	125,371	–
Dividend paid	–	–	–	–	(1,415)	(1,415)
Purchase of own shares	–	–	–	(8,873)	–	(8,873)
At 30 September 2016	4,985	–	1,568	(32,194)	139,950	114,309

The notes on pages 37 to 62 form part of these accounts.

CONSOLIDATED BALANCE SHEET

at 30 September 2016

Company number: 04907617

	Note	*30 Sep 2016* *£'000*	*30 Sep 2015* *£'000*
Non-Current Assets			
Property, plant and equipment	11	21	28
Investment properties	12	130,680	133,190
Investment properties under construction	13	9,476	3,156
Investment in joint ventures	14	10,110	6,660
Loan to joint venture	14	–	3,410
Goodwill	16	–	3,173
		150,287	149,617
Current Assets			
Development and trading properties	17	30,739	33,373
Trade and other receivables	18	3,675	4,969
Derivatives	29	44	37
Cash and cash equivalents		63,662	57,386
		98,120	95,765
Total Assets		248,407	245,382
Current Liabilities			
Trade and other payables	19	4,263	5,370
Bank loans	20	8,335	17,768
Tax liabilities		243	2,254
		12,841	25,392
Non-Current Liabilities			
Bank loans	20	47,210	19,723
Zero dividend preference shares	21	34,415	32,471
Deferred tax		1,902	–
		83,527	52,194
Total Liabilities		96,368	77,586
Net Assets		152,039	167,796
Equity			
Called up share capital	22	4,985	4,985
Share premium account		–	125,371
Capital redemption reserve		1,568	1,568
Treasury shares	23	(32,194)	(23,321)
Retained earnings		177,680	59,173
Equity Attributable to Equity Holders		152,039	167,776
Non-controlling interests		–	20
Total Equity		152,039	167,796

The accounts on pages 30 to 62 were approved by the Board and authorised for issue on 15 December 2016 and are signed on its behalf by:

R T E WARE
R H MCCASKILL

The notes on pages 37 to 62 form part of these accounts.

COMPANY BALANCE SHEET
at 30 September 2016

Company number: 04907617

	Note	*30 Sep 2016* *£'000*	*30 Sep 2015* *£'000*
Non-Current Assets			
Investment in subsidiary undertakings	15	68	3,269
Investment properties under construction	13	3,397	–
Property, plant and equipment	11	21	28
		3,486	3,297
Current Assets			
Development and trading properties	17	8,558	7,962
Trade and other receivables	18	99,784	132,347
Cash and cash equivalents		37,902	24,230
		146,244	164,539
Total Assets		149,730	167,836
Current Liabilities			
Trade and other payables	19	35,421	33,872
Tax liabilities		–	1,246
		35,421	35,118
Total Liabilities		35,421	35,118
Net Assets		114,309	132,718
Equity			
Called up share capital	22	4,985	4,985
Share premium account		–	125,371
Capital redemption reserve		1,568	1,568
Treasury shares	23	(32,194)	(23,321)
Retained earnings		139,950	24,115
Total Equity		114,309	132,718

The accounts on pages 30 to 62 were approved by the Board and authorised for issue on 15 December 2016 and are signed on its behalf by:

R T E WARE
R H MCCASKILL

The notes on pages 37 to 62 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September 2016

	Year Ended 30 Sep 16 £'000	*Year Ended 30 Sep 15 £'000*
Cash Flows From Operating Activities		
Operating (loss)/profit	(867)	11,907
Depreciation and amortisation	21	34
Amortisation of reverse lease premium	104	180
Share of results of joint ventures	3	19
Other gains and losses	17	340
Loss/(gain) on sale of investment properties	308	(2,436)
Revaluation of investment properties	(992)	(2,742)
Loss on impairment of goodwill	3,173	–
Development costs written off	1,581	–
Cash Flows From Operations Before Changes In Working Capital	3,348	7,302
Change in trade and other receivables	1,294	(1,191)
Change in land, development and trading properties	267	(7,102)
Change in trade and other payables	(320)	(9,248)
Cash Flows From Operations	4,589	(10,239)
Finance costs	(1,450)	(2,020)
Finance income	167	207
Tax paid	(815)	(859)
Cash Flows Generated From/(Used In) Operating Activities	2,491	(12,911)
Cash Flows From Investing Activities		
Acquisition of and additions to investment properties	(9,759)	(3,979)
Sale proceeds of investment properties	6,842	30,971
Investment in joint ventures	(215)	(573)
Loans repaid by/(advanced to) joint venture	175	(1,206)
Purchase of plant and equipment	(14)	–
Cash Flows (Used In)/Generated From Investing Activities	(2,971)	25,213
Cash Flows From Financing Activities		
Bank loans drawn down	48,100	–
Bank loans repaid	(29,816)	(17,578)
Costs paid on new bank loan	(971)	–
Purchase of interest rate cap	(269)	–
Dividend paid	(1,415)	(1,450)
Purchase of own shares	(8,873)	(7,937)
Issue of shares	–	1,296
Cash Flows Generated From/(Used In) Financing Activities	6,756	(25,669)
Net increase/(decrease) in cash and cash equivalents	6,276	(13,367)
Cash and cash equivalents at 1 October	57,386	70,753
Cash and Cash Equivalents at 30 September	63,662	57,386

The notes on pages 37 to 62 form part of these accounts.

COMPANY CASH FLOW STATEMENT

for the year ended 30 September 2016

	Year Ended 30 Sep 16 £'000	*Year Ended 30 Sep 15 £'000*
Cash Flows From Operating Activities		
Operating loss	(8,065)	(1,188)
Write down value of investment in subsidiary undertaking	3,201	–
Provision against loan to group undertaking	1,643	–
Depreciation and amortisation	21	40
Cash Flows From Operations Before Changes in Working Capital	(3,200)	(1,148)
Change in trade and other receivables	293	(429)
Change in land, developments and trading properties	(1,382)	(245)
Change in trade and other payables	817	(9,584)
Cash Flows From Operations	(3,472)	(11,406)
Finance income	124	209
Finance costs	–	–
Tax paid	–	–
Cash Flows Used In Operating Activities	(3,348)	(11,197)
Cash Flows From Investing Activities		
Acquisition of and additions to investment properties	(3,397)	–
Purchase of plant and equipment	(14)	–
Cash Flows Used In Investing Activities	(3,411)	–
Cash Flows From Financing Activities		
Dividend paid	(1,415)	(1,450)
Loans to joint venture	(153)	(1,206)
Loans from/(to) subsidiaries	30,872	(970)
Purchase of own shares	(8,873)	(7,937)
Issue of shares	–	1,296
Cash Flows From/(Used In) Financing Activities	20,431	(10,267)
Net increase/(decrease) in cash and cash equivalents	13,672	(21,464)
Cash and cash equivalents at 1 October	24,230	45,694
Cash and Cash Equivalents at 30 September	37,902	24,230

The notes on pages 37 to 62 form part of these accounts.

NOTES TO THE ACCOUNTS
for the year ended 30 September 2016

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 2015, 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 2015.

The following standards and interpretations have been adopted:

- Annual improvements 2012 (effective for accounting periods beginning on or after 1 July 2014 although endorsed for annual periods on or after 1 February 2015);
- Annual improvements 2013 (endorsed for annual periods on or after 1 January 2015).

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 2016 or later periods but which the Group has not adopted early are as follows:

- 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);

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

- Amendments 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);
- 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);
- IAS Amendments to IAS 7, ‘Statement of cash flows’ on disclosure initiative (effective for accounting periods beginning on or after 1 January 2017);
- Amendments to IAS 12, ‘Income taxes’ on Recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017);
- IFRS 9 ‘Financial Instruments’ (effective for accounting periods beginning on or after 1 January 2018);
- IFRS 15 ‘Revenue from contracts with customers’ (effective for accounting periods beginning on or after 1 January 2018);
- Amendment to IFRS 15 ‘Revenue from contracts with customers’ (effective for accounting periods beginning on or after 1 January 2018);
- IFRS 16 ‘Leases’ (effective for accounting periods beginning on or after 1 January 2019).

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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.

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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.

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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

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

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

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

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

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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.

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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.

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 was the part disposal in the prior year and therefore only the segmented balance sheet is reported.

NOTES TO THE ACCOUNTS (continued)

2. Segmental Information (continued)

Balance Sheet

	30 September 2016				30 September 2015			
	Investment Properties £'000	*Development Properties £'000*	*Other £'000*	*Group Total £'000*	*Investment Properties £'000*	*Development Properties £'000*	*Other £'000*	*Group Total £'000*
Investment properties	140,156	–	–	140,156	136,346	–	–	136,346
Investment in joint ventures	–	10,110	–	10,110	–	10,070	–	10,070
Goodwill	–	–	–	–	–	3,173	–	3,173
Development & trading properties	–	30,739	–	30,739	–	33,373	–	33,373
	140,156	40,849	–	181,005	136,346	46,616	–	182,962
Other assets	27,947	–	39,455	67,402	35,995	–	26,425	62,420
Total assets	168,103	40,849	39,455	248,407	172,341	46,616	26,425	245,382
Liabilities	(60,077)	–	(36,291)	(96,368)	(41,683)	–	(35,903)	(77,586)
Net assets	108,026	40,849	3,164	152,039	130,658	46,616	(9,478)	167,796

3. Operating Profit

Operating profit is stated after charging:

	Year ended 30 Sep 16 £'000	*Year ended 30 Sep 15 £'000*
Audit services – fees payable to the parent company auditor for the audit of the Company and the consolidated financial statements	25	25
Other services – fees payable to the Company auditor for the audit of the Company's subsidiaries pursuant to legislation	60	60
Other services – fees payable to the Company auditor for tax services	20	20
Depreciation of owned assets	3	7
Lease amortisation	18	27
Operating lease rentals – land and buildings	184	171
Movement on provision for doubtful debts	107	172

NOTES TO THE ACCOUNTS (continued)

4. Particulars of Employees

The aggregate payroll costs of the above were:

	Year ended 30 Sep 16 £'000	*Year ended 30 Sep 15 £'000*
Wages and salaries	1,264	443
Social security costs	165	71
	1,429	514

The average monthly number of persons, including executive directors, employed by the Company during the year was seven (2015: nine).

5. Directors' Emoluments

	Year ended 30 Sep 16 £'000	*Year ended 30 Sep 15 £'000*
Emoluments	834	140
Emoluments of highest paid director	352	210

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

6. Other Gains and Losses

	Year ended 30 Sep 16 £'000	*Year ended 30 Sep 15 £'000*
Movement in fair value of interest rate swaps	(262)	(340)
Transaction costs	(650)	–
Other	32	31
	(880)	(309)

NOTES TO THE ACCOUNTS (continued)

7. Finance Income/Costs

	Year ended 30 Sep 16 £'000	*Year ended 30 Sep 15 £'000*
Finance Income		
Bank interest and interest receivable	259	226
Finance Costs		
Bank loans	(1,584)	(2,021)
Amortisation of arrangement fees	(741)	(642)
ZDP interest payable	(1,810)	(1,716)
	(4,135)	(4,379)

8. Taxation on Ordinary Activities

(a) Analysis of tax charge in the year

	Year ended 30 Sep 16 £'000	*Year ended 30 Sep 15 £'000*
UK Corporation tax based on the results for the year	577	1,302
(Over)/under provision in prior years	(1,773)	14
Current tax	(1,196)	1,316
Deferred tax	1,902	–
	706	1,316

(b) Factors affecting tax charge

The tax assessed on the (loss)/profit for the year differs from the standard rate of corporation tax in the UK of 20.0% (2015: 20.5%).

	Year ended 30 Sep 16 £'000	*Year ended 30 Sep 15 £'000*
(Loss)/profit before taxation	(4,743)	7,754
(Loss)/profit multiplied by rate of tax	(949)	1,590
Effects of:		
Expenses not deductible for tax purposes	1,314	395
Joint venture losses not taxable	10	4
Gains not subject to UK taxation	–	(125)
Revaluation gains not taxable	(198)	(562)
Capital allowances	(78)	–
Losses utilised	(129)	–
Movement in tax losses carried forward	607	–
(Over)/under provision in prior years	(1,773)	14
Current tax (credit)/charge for the year	(1,196)	1,316

NOTES TO THE ACCOUNTS (continued)

9. Dividends

The directors do not recommend a final dividend in respect of the year ended 30 September 2016 (2015: 1.75 pence per share which amounted to £1,415,000).

10. Earnings Per Share

The calculation of earnings per ordinary share is based on the loss after tax attributable to equity shareholders of £5,449,000 (2015: profit of £6,438,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 78,920,377 (2015: 83,429,315). There are no diluting amounts in either the current or prior years.

11. Property, Plant and Equipment

Group & Company	*Premises Lease £'000*	*Office Equipment £'000*	*Furniture & Fittings £'000*	*Total £'000*
Cost				
At 1 October 2014	157	75	95	327
Additions	–	–	–	–
At 30 September 2015 and 1 October 2015	157	75	95	327
Additions	–	14	–	14
At 30 September 2016	157	89	95	341
Depreciation/Amortisation				
At 1 October 2014	112	63	90	265
Provided during the year	27	2	5	34
At 30 September 2015 and 1 October 2015	139	65	95	299
Provided during the year	18	3	–	21
At 30 September 2016	157	68	95	320
Net book value at 30 September 2016	–	21	–	21
Net book value at 30 September 2015	18	10	–	28

NOTES TO THE ACCOUNTS (continued)

12. Investment Properties

Group

	Freehold *£'000*	*Long Leasehold* *£'000*	*Reverse Lease Premiums* *£'000*	*Total* *£'000*
Valuation at 1 October 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	2,637	105	–	2,742
Valuation at 30 September 2015	112,552	20,146	492	133,190
Additions	1,446	2,226	–	3,672
Disposals	(7,150)	–	–	(7,150)
Lease incentive granted	80	–	–	80
Reverse lease premium amortisation	–	–	(104)	(104)
Movement on revaluation	(538)	1,530	–	992
Valuation at 30 September 2016	106,390	23,902	388	130,680

The historical cost of properties held at 30 September 2016 is £161,164,000 (2015: £164,890,000).

The properties were valued by Jones Lang LaSalle, independent valuers not connected with the Group, at 30 September 2016 at market value in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors which conform to international valuation standards. The valuations 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.

As at 30 September 2016, the Group has pledged £nil (2015: £95,530,000) of investment property to secure Royal Bank of Scotland debt facilities, £89,955,000 (2015: £nil) of investment property to secure Lloyds Bank, Jersey debt facilities and £33,260,000 (2015: £32,870,000) 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 £9,435,000 (2015: £11,441,000).

(Loss)/profit on sale of investment properties

	30 Sep 16 *£'000*	*30 Sep 15* *£'000*
Gross proceeds on sales of investment properties	6,955	31,335
Costs of sales	(113)	(364)
Net proceeds on sales of investment properties	6,842	30,971
Book value	(7,150)	(28,535)
(Loss)/profit on sale	(308)	2,436

Sensitivity Analysis:

Movement in equivalent yield

If the equivalent yield compresses by 0.5% to 7.52% then the portfolio valuation increases by approximately 7.3%. It reduces by approximately 6.4% 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 4.4% whilst falling by approximately 4.4% 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 1.7%. If void periods increase by 6 months then the portfolio valuation would decrease by approximately 1.7%.

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 £9,476,000 (2015: £3,156,000) as at 30 September 2016. 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

Investment in Joint Ventures

	30 Sep 16 *£'000*	*30 Sep 15* *£'000*
At 1 October 2015	6,660	6,087
Share of results of joint ventures	(3)	(19)
Investment in joint venture	218	592
Reclassify loan to joint venture	3,235	–
At 30 September 2016	10,110	6,660

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

Loans to Joint Ventures

	30 Sep 16 *£'000*	*30 Sep 15* *£'000*
Roadking Holyhead Limited	–	3,410
	–	3,410

In accordance with IAS 39, the loans to Roadking Holyhead Limited, Conygar Stena Line Limited and C M Sheffield Limited have not been disclosed separately on the balance sheet as the investments in joint ventures at 30 September 2016 are net liabilities when the loans are excluded.

	30 Sep 16 *£'000*	*30 Sep 15* *£'000*
Conygar Stena Line Limited	7,733	7,406
Roadking Holyhead Limited	3,235	–
C M Sheffield Limited	2	2
	10,970	7,408

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:

	Year ended 30 Sep 16 £'000	*Year ended 30 Sep 15 £'000*
Assets		
Current assets	10,203	10,158
	10,203	10,158
Liabilities		
Current liabilities	(93)	(88)
	(93)	(88)
Net Assets	10,110	10,070
Operating loss	(3)	(19)
Finance income	–	–
Loss before tax	(3)	(19)
Tax	–	–
Loss after tax	(3)	(19)

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

	Group 30 Sep 16 £'000	Group 30 Sep 15 £'000	Company 30 Sep 16 £'000	Company 30 Sep 15 £'000
At 1 October 2015	–	–	3,269	3,269
Write down investment in subsidiary undertaking**	–	–	(3,201)	–
At 30 September 2016	–	–	68	3,269

Company name	*Principal activity*	*Country of registration*	*% of Equity held*
Conygar Holdings Ltd	Holding Company	England	100%
Martello Quays Limited	Property trading and development	England	100%
Conygar Wales PLC	Holding Company	England	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%*
Roadking Holyhead Limited	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 Holdings Ltd	Property investment	Jersey	100%*
Lamont Property Acquisition (Jersey) I Ltd	Holding company	Jersey	100%*
Lamont Property Acquisition (Jersey) II Ltd	Property investment	Jersey	100%*
Conygar Cross Hands 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%*
Conygar Haverfordwest Retail Ltd	Dormant	Jersey	100%*
Conygar Ashby Ltd	Dormant	Jersey	100%*

* Indirectly owned

** The Company's investment in Martello Quay's Limited which holds the group's interest in the development site at Pembroke Dock was fully written down as at 30 September 2016.

NOTES TO THE ACCOUNTS (continued)

16. Goodwill

	Group	
	30 Sep 16	*30 Sep 15*
	£'000	*£'000*
At 1 October	3,173	3,173
Impairment in the year	(3,173)	–
At 30 September	–	3,173

The goodwill arose upon the acquisition of the non-controlling interests in Martello Quays Limited and represented the excess of the consideration over the fair value of the identifiable net assets acquired. The goodwill was wholly allocated to the development project within Martello Quays Limited, which was considered to represent a single income and cash generating unit. As set out in the Chairman's and Chief Executive's report, management analysis indicates that the net present value of the project is below the carrying value at 30 September 2016 such that the goodwill has been fully impaired in the current year.

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)

17. Property Inventories

	Group		Company	
	30 Sep 16	*30 Sep 15*	*30 Sep 16*	*30 Sep 15*
	£'000	*£'000*	*£'000*	*£'000*
Properties held for resale or development	30,739	33,373	8,558	7,962

18. Trade and Other Receivables

	Group		Company	
	30 Sep 16	*30 Sep 15*	*30 Sep 16*	*30 Sep 15*
	£'000	*£'000*	*£'000*	*£'000*
Trade receivables	834	1,434	–	–
Provision for doubtful debts	(48)	(217)	–	–
	786	1,217	–	
Amounts owed by group undertakings	–	–	99,428	131,700
Other receivables	845	1,194	151	589
Prepayments and accrued income	2,044	2,558	205	58
	3,675	4,969	99,784	132,347

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

19. Trade and Other Payables

	Group		Company	
	30 Sep 16	*30 Sep 15*	*30 Sep 16*	*30 Sep 15*
	£'000	*£'000*	*£'000*	*£'000*
Amounts owed to group undertakings	–	–	34,515	32,997
Social security and payroll taxes	–	–	115	–
Trade payables	976	2,805	73	820
Accruals and deferred income	3,287	2,565	718	55
	4,263	5,370	35,421	33,872

The directors consider that the carrying amounts of the trade and other payables approximate to their fair value due to the short period of repayment.

20. Bank Loans

	Group		Company	
	30 Sep 16	*30 Sep 15*	*30 Sep 16*	*30 Sep 15*
	£'000	*£'000*	*£'000*	*£'000*
Bank loans	56,435	38,151	–	–
Debt issue costs	(890)	(660)	–	–
	55,545	37,491	–	–

Details of the financial liabilities are given in note 29.

NOTES TO THE ACCOUNTS (continued)

21. Zero Dividend Preference Shares

	Year ended 30 Sep 16 £'000	*Year ended 30 Sep 15 £'000*
Balance at start of year	32,471	30,621
Share issue costs amortised	134	134
Accrued capital	1,810	1,716
Balance at end of year	**34,415**	**32,471**

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 £1,810,000 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 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.

22. Share Capital

Authorised share capital:

	30 Sep 16 £	*30 Sep 15 £*
140,000,000 (2015: 140,000,000) Ordinary shares of £0.05 each	7,000,000	7,000,000

Allotted and called up:

Amounts recorded as equity:

	30 Sep 16		*30 Sep 15*	
	No	*£'000*	*No*	*£'000*
Ordinary shares of £0.05 each	99,714,123	4,985	99,714,123	4,985

23. Treasury Shares

In December 2010, the Group began a share buyback programme and during the year ended 30 September 2016 purchased 5,299,819 (2015: 4,372,350) shares on the open market at a cost of £8,872,556 (2015: £7,937,062). The 22,482,688 (2015: 17,182,869) shares were held in treasury as at 30 September 2016.

NOTES TO THE ACCOUNTS (continued)

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 (2015: £nil) in relation to equity settled share-based payment transactions.

25. Deferred Tax

Deferred tax liabilities are recognised in the accounts as follows:

Group	*30 Sep 16* *£'000*	*30 Sep 15* *£'000*
Revaluation surplus	1,902	–

Deferred tax on the revaluation surplus is calculated on the basis of the chargeable gains that would crystallise on the sale of the property portfolio at each balance sheet date. The calculation takes account of any available indexation on the historic cost of the properties.

26. Commitments

Group as lessee:

At 30 September 2016, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	30 Sep 16 *£'000*	*30 Sep 15* *£'000*
Within one year	180	90
In the second to fifth years inclusive	311	–
	491	90

Group as lessor:

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

	30 Sep 16 *£'000*	*30 Sep 15* *£'000*
Less than one year	10,553	9,504
Between one and five years	21,723	24,088
Over five years	10,926	14,475
	43,202	48,067

NOTES TO THE ACCOUNTS (continued)

27. Related Party Transactions

The Company has made advances to, and received advances from, the following subsidiaries in order to provide both long term and additional working capital funding. All amounts are repayable upon demand, are non-interest bearing, with the exception of loans to Conygar Holdings Limited, and will be repaid from the trading activities of those subsidiaries. A loan provided to Martello Quays Limited of £1,643,000 was fully provided for in the year, no other provisions have been made against the outstanding amounts.

	30 Sep 16	*30 Sep 15*
	£'000	*£'000*
Subsidiaries		
Conygar Holdings Limited	63,217	92,118
Conygar Haverfordwest Limited	22,167	24,264
Conygar Strand Limited	2,939	2,908
Martello Quays Limited	–	1,573
Conygar Cross Hands Limited	110	–
Conygar Advantage Limited	25	20
Conygar Wales PLC	(50)	(30)
Conygar Bedford Square	–	(447)
Conygar ZDP PLC	(34,465)	(32,521)
	53,943	87,885

	30 Sep 16	*30 Sep 15*
	£'000	*£'000*
Joint Ventures		
Conygar Stena Line Limited	7,733	7,406
C M Sheffield Limited	2	2
Roadking Holyhead Limited	3,235	3,410
	10,970	10,818

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

	30 Sep 16	*30 Sep 15*
	£'000	*£'000*
Secured interest bearing loan	4,713	4,386
Unsecured non-interest bearing shareholder loan	3,020	3,020
	7,733	7,406

During the year, the Company received a management fee from Conygar Stena Line Limited of £50,000 (2015: £50,000) in respect of management services and intercompany interest of £184,000 (2015: £160,000) due on the secured interest bearing loan.

During the year, the Company received intercompany interest of £355,000 (2015: £674,000) from Conygar Holdings Limited.

NOTES TO THE ACCOUNTS (continued)

28. Profit of Parent Company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The parent company's loss for the year amounts to £8,121,000 (2015: loss of £844,000).

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 caps amount to an economic hedge of between £36.1 million and £37.0 million (2015: £55.6 million) of the total loan drawdowns of £56.4 million (2015: £38.2 million) for cash flows to 27 April 2021, 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.

NOTES TO THE ACCOUNTS (continued)

29. Financial Instruments (continued)

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 2016, after taking into account interest rate swaps and caps, 66% (2015: 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 2016 was as follows:

	Interest Rate	*Maturity*	*30 Sep 16 £'000*	*30 Sep 15 £'000*
Lloyds Bank, Jersey (1)	BOE base +1.9%	2-5 years	48,100	–
Barclays (2)	LIBOR +3.5%	Less than 1 year	8,335	8,335
Royal Bank of Scotland (TAPP)(3)	LIBOR +3%	n/a	–	20,174
Royal Bank of Scotland (TOPP)(3)	LIBOR +3.5%	n/a	–	9,642
			56,435	38,151

(1) Senior bank facility repayable 27 April 2021.

(2) Senior bank facility repaid 26 October 2016.

(3) Senior bank facilities repaid 28 April 2016.

In addition to the bank debt, the Group has a financial liability of £34.4 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 £1,810,000 of additional capital. The total amount repayable at maturity is £39,210,000.

NOTES TO THE ACCOUNTS (continued)

29. Financial Instruments (continued)

Financial Assets

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

	30 Sep 16 *£'000*	*30 Sep 15* *£'000*
Fixed rate	–	–
Floating rate	63,662	57,386
	63,662	57,386

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

	30 Sep 16 *£'000*	*30 Sep 15* *£'000*
Fixed rate	–	–
Floating rate	37,902	24,230
	37,902	24,230

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 2016 (2015: £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 in recent years had a significant impact upon the ability to rely upon either credit ratings or the ability of financial institutions to honour their commitments and the widespread nature of the financial crisis introduced considerable uncertainty into the process. As at 30 September 2016, the Group had a single balance of £67,000 (2015: £74,000) where the counter-party had failed to honour a notice deposit and a full impairment provision has been recorded against the balance.

There are no other receivables which are past due but not impaired.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans secured on the Group's properties. The Group is exposed to liquidity risk should it encounter difficulties in realising assets mainly through the sale of investment properties. However, the Group maintains a prudent approach to financing and cash flow such that the adverse impact of this can be mitigated.

NOTES TO THE ACCOUNTS (continued)

29. Financial Instruments (continued)

Loans

As at 30 September 2016, TAPP Property Limited, TOPP Property Limited, TOPP Bletchley Limited, Lamont Property Acquisition (Jersey) I Limited, Lamont Property Acquisition (Jersey) II Limited and Lamont Property Acquisition (Jersey) IV Limited ("the borrowers") jointly maintained a facility with Lloyds Bank, Jersey of £48,100,000 (2015: £nil) under which £48,100,000 (2015: £nil) had been drawn down. This facility is repayable on or before 27 April 2021 and is secured by fixed and floating charges over the assets of the borrowers. The facility is subject to a maximum loan to value covenant of 65%, a historical interest cover ratio covenant of 200% and a historical debt service cover ratio of 110%.

On 28 April 2016, TAPP Property and TOPP Property repaid the outstanding balances of their facilities with the Royal Bank of Scotland PLC of £25,931,000 (2015: £29,816,000).

As at 30 September 2016, 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 (2015: £8,335,000) of which £8,335,000 (2015: £8,335,000) had been drawn down. This facility was repayable on or before 21 November 2016 and was 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 was subject to a maximum loan to value covenant of 52% (2015: 52%) and an interest cover ratio covenant of 225%. As set out in the Chairman's and Chief Executive's statement, the loan was repaid in full on 26 October 2016.

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.

NOTES TO THE ACCOUNTS (continued)

29. Financial Instruments (continued)

Fair Values of Financial Assets and Financial Liabilities

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

	Book Value 30 Sep 2016 £'000	*Book Value 30 Sep 2015 £'000*	*Fair Value 30 Sep 2016 £'000*	*Fair Value 30 Sep 2015 £'000*
Financial Assets				
Cash	63,662	57,386	63,662	57,386
Loans to joint ventures	10,970	10,818	10,970	10,818
Interest rate derivatives	44	37	44	37
Financial Liabilities				
Floating rate borrowings	56,435	38,151	56,435	38,151
Fixed rate borrowings	34,719	32,909	34,719	32,909

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

	Book Value 30 Sep 2016 £'000	*Book Value 30 Sep 2015 £'000*	*Fair Value 30 Sep 2016 £'000*	*Fair Value 30 Sep 2015 £'000*
Financial Assets				
Cash	37,902	24,230	37,902	24,230
Loans to joint ventures	10,970	10,818	10,970	10,818

Derivative Financial Instruments

	Protected rate %	*Expiry*	*Market Value at 30 Sep 2016 £'000*	*Market Value at 30 Sep 2015 £'000*
£37 million (2015: £37 million) cap	2.00 (2015: 2.00)	Feb 2018	–	52
£36.1 million (2015: n/a) cap*	2.50 (2015: n/a)	Apr 2021	44	–
£nil (2015: £4.3 million) swap	n/a (2015: 1.055)	n/a	–	(16)
£nil (2015: £10.3 million) cap	n/a (2015: 0.75)	n/a	–	1
			44	37

* Effective date 5 February 2018

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 2016

Property Address	*Total Area (sq ft)*
Industrial	
Blantyre	
Unit B Watt Place, Hamilton International Technology Park, Blantyre	34,338
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
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
Lincoln	
Witham Park House, Lincoln	62,356
Livingston	
1 Garbett Road, Kirkton Campus	5,032

INVESTMENT PROPERTY PORTFOLIO (continued)
for the year ended 30 September 2016

	Total Area (sq ft)
Offices (continued)	
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
Rugeley	
Shrewsbury Arms Shopping Mall, High Street	9,633
St Helens	
1 Cotham Street, St Helens	41,619
Wolverhampton	
Network House, Wolverhampton	20,171
Retail Warehouse	
Birmingham	
Trident Retail Park	29,485
Coventry	
Halfords, 36 Foleshill Road	14,888
Total Area	**1,336,175**

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 Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU on 7 February 2017 at 4.00pm to consider and, if thought fit, pass the following resolutions:

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

ORDINARY BUSINESS

Ordinary Resolutions

1 To receive and adopt the Company's annual accounts for the financial year ended 30 September 2016 together with the directors' report, and the auditors' report on those accounts.

2 To approve the directors' remuneration report for the financial year ended 30th September 2016.

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 elect the following Director:

Ross Hillier McCaskill

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

Michael Derek Wigley

SPECIAL BUSINESS

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

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

This authority is in substitution for all subsisting authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company to the extent unused.

Special Resolutions

8 That subject to the passing of resolution 7 above, the Directors be and are hereby generally and unconditionally empowered pursuant to sections 570(1) and 573 of the Act to allot equity securities (within the meaning of section 560(1) of the Act) wholly for cash pursuant to the authority conferred by resolution 7 and/or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

NOTICE OF ANNUAL GENERAL MEETING (continued)

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

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

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

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

(a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 10,824,215 (representing approximately 15% of the Company's issued ordinary share capital);

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

(c) the maximum price (excluding expenses) which may be paid for an Ordinary Share shall not be more than an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased;

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

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

Registered Office	By Order of the Board
Fourth Floor	R H McCaskill
110 Wigmore Street	Company Secretary
London	
W1U 3RW	15 December 2016

NOTICE OF ANNUAL GENERAL MEETING (continued)

Notes

Entitlement to attend and vote

1. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the Company's register of members at:
   - 4.00pm on 3 February 2017; or
   - if this meeting is adjourned, at 4.00pm 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, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR** 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 3 February 2017.

   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), The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR**. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Share Registrars Ltd no later than 4.00pm on 3 February 2017.

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

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

Communication

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

You may not use any electronic address provided either:

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

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

Appointment of proxies through CREST

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

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

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

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

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

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

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 15 December 2016 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 72,161,435 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at 15 December 2016 are 72,161,435.

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.

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

Annual General Meeting

FORM OF PROXY

I/We ....

of ....

....

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

of ....

or failing him the Chairman of the Meeting (see note 3) as my/our proxy to vote for me/us on my behalf as directed below at the Annual General Meeting of the Company to be held at the offices of Gowling WLG (UK) LLP, 4 More London Riverside SE1 2AU on 7 February 2017 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 2016 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 2016.			
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: Ross Hillier McCaskill.			
6	To re-appoint the following director who retires by rotation: Michael Derek Wigley.			
7	To give directors' authority to allot shares in the Company or grant rights to subscribe for, or convert any security into shares in the Company up to an aggregate nominal amount of £400,000.00.			
Special Resolutions				
8	To give a directors' authority to disapply pre-emption rights and allot equity securities.			
9	To give a share buyback authority of up to a maximum aggregate number of ordinary shares of 10,824,215.			

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

Date ....

Signed ....

Notes:

1 As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.

2 Please indicate with an "X" in the appropriate boxes how you wish the proxy to vote. The proxy will exercise his discretion as to how he votes or whether he abstains from voting:
(a) on any resolution referred to above if no instruction is given in respect of that resolution; and
(b) on any business or resolution considered at the meeting other than the resolutions referred to above.
A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution.

3 If you wish to appoint someone other than the Chairman of the Meeting as your proxy please insert their name. If you insert no name then you will have appointed the Chairman of the Meeting as your proxy. A proxy need not be a member of the Company but must attend the meeting to represent you. Where you appoint as your proxy someone other than the Chairman of the Meeting, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.

4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.

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

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

7 To be effective, this Form of Proxy, duly executed together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified or office copy thereof) must be lodged at the Company's Registrars, Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, by 4.00pm on 3 February 2017.

8 Any alterations to this form of proxy should be initialled. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. For details on how to change your proxy instructions or revoke your proxy appointment please see the notes to the notice of meeting.

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

10 This Form of Proxy has been sent to you by post. It may be returned in hard copy form by post or by hand to the Company's Registrars, Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. In each case, the proxy appointment must be received not less than 4.00pm on 3 February 2017 together with any authority (or a notarially certified copy of such authority) under which it is signed.

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