CONYGAR

The Conygar Investment Company PLC

Report And Accounts
30 September 2018

YEAR ENDED 30 SEPTEMBER 2018

SUMMARY

- Net asset value per share 201.3p.
- Outline planning submitted to Nottingham City Council for a mixed use scheme consisting of over 2 million square feet.
- Exchanged a lease agreement with Lidl UK to construct a 23,000 square foot store at Cross Hands, south west Wales.
- Disposed of M&S Food Hall at Ashby-de-la-Zouch for £4.4 million.
- Agreed a lease with B&M Retail and a forward sale at Ashby-de-la-Zouch.
- Planning permission granted and construction started for an 80 bed Premier Inn at Parc Cybi, Anglesey. Forward sold for £6.9 million.
- Purchase of industrial property in Selly Oak, Birmingham for £3.5 million in April 2018.
- Sold all 26.3 million Regional REIT shares for £25.5 million.
- Total cash available of £49.3 million with no debt or borrowings.
- Bought back 7.13 million shares (10.7% of ordinary share capital) at an average price of 165.9 pence per share.

Summary Group Net Assets as at 30 September 2018

	£'m	*Per Share p*
Properties and Projects	70.2	117.3
Cash and other net assets	50.1	84.0
Net Assets	120.3	201.3

Registered in England No. 04907617

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DIRECTORS AND ADVISERS

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

Company Secretary
R H McCaskill

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Surrey GU9 7DR

Registered Number
04907617

Website
www.conygar.com

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results

We present the Group's results for the year ended 30 September 2018.

Net asset value per share was 201.3p (2017: 203.0p).

Significant progress and change has occurred over the year. Following the sale of the investment property portfolio in 2017, the Group has sold all of its holding in Regional REIT Ltd. We have taken full control of the development project at Holyhead Waterfront, which was previously a 50%/50% joint venture with Stena Line. We have sold one asset and conditionally agreed to forward sell two assets taking advantage of the favourable market conditions we have seen for assets with long-term income, let to strong tenants.

As referred to in our interim results for the six months ended 31 March 2018, we have written down the values of two of our development projects, at Fishguard Waterfront and Llandudno Junction, and this has been the main cause of the loss before taxation for the year of £3.8 million (2017: profit of £1.2 million).

Despite this loss, the balance sheet remains strong and now consists of our investment properties under construction and development projects totalling £70.2 million and our cash deposits of £49.3 million.

This places us in a good position to deliver our development pipeline and also to capitalise on opportunities when they arise.

Progress

The Group disposed of its entire holding of 26.3 million shares in Regional REIT Limited, realising a total of £25.5 million. The total gain from the investment property portfolios sold to Regional REIT is £45.7 million over seven years, on an original investment cost of £113.4 million.

The development pipeline has progressed well during the year. In June, the Group submitted an outline planning application for a mixed used scheme of over two million square feet at its 37 acre site in Nottingham City Centre. We have continued to work closely with Nottingham City Council to deliver this exciting project, which will include offices, apartments, student housing, leisure uses and associated community retail offering, along with open public spaces. We expect a decision from the Council with regard to the planning application shortly and we are keen to begin the infrastructure works as soon as possible.

As mentioned above, the Group has decided to sell or forward sell a number of assets which it originally intended to hold to provide long-term income. The unsolicited offers received were compelling and highlight that, despite the current uncertainty in the UK economy, there is still a strong appetite for good quality regional assets. In November 2017, we sold our M&S Food Hall investment in Ashby-de-la-Zouch for £4.35 million, realising a profit of £446,000. At the same site, we exchanged a lease agreement with B&M Retail Ltd to construct a 20,000 square foot store with an additional 7,500 square foot garden centre and parking. Subsequently, an offer was received to forward purchase this asset and once constructed, which we expect will be by next autumn, the disposal will result in the Group receiving £4.3 million for the land and completed development.

On Parc Cybi, Anglesey, detailed planning permission was granted by Ynys Mon County Council (the Isle of Anglesey County Council) for an eighty bedroom hotel, which once built, is subject to a 25 year lease with Premier Inn Hotels Limited. Similarly to Ashby-de-la-Zouch, an offer was received for this asset which will result in the Group receiving net proceeds of £6.9 million for the completed development. These net proceeds equate to a net initial yield of 4.7% and again this disposal highlights the attraction of assets benefitting from long-term income let to high quality occupiers.

In September, we were pleased to announce that we had exchanged a lease agreement with Lidl UK Gmbh to construct a 23,000 square foot store on our retail park at Cross Hands, in south west Wales. Once Lidl is operating, approximately 75,000 square feet of the park will be income generating, leaving just 15,000 square feet of constructed space available to let and 0.75 acres available for future construction. We continue to aim to have this site fully operational by next autumn.

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

In May, the Company agreed with its partner, Stena Line Ports Limited, to take 100% control of its joint venture development project at Holyhead Waterfront. The transaction enables us to progress with the scheme as planned and we are working towards obtaining detailed planning permission in the coming months. As part of the transaction, Stena was granted 999 year leases of the platform at Soldier's Quay, which is not required for the waterfront development, and a warehouse, which is situated at Soldier's Point and is used by Stena. We retain a right to call for a sublease if this warehouse is required for the waterfront development in the future. As part of the transaction, Stena repaid £2.5 million to Conygar, which is Stena's 50% share of a loan the Group made to the joint venture company. As consideration for the sale of its shares in the joint venture company, Stena received £1 and will receive 20% of the profit after tax of the development once it has completed.

Lastly, in April, we acquired an industrial property in Selly Oak, Birmingham for £3.5 million which generates income of £215,000 per annum. The property is located in a predominantly residential area and it benefits from good medium term redevelopment prospects.

Dividend

The Board recommends that no dividend is declared in respect of the year ended 30 September 2018. More information on the Group's dividend policy can be found within the Strategic Report on page 12.

Share Buy Back

During the year, the Group acquired 7,130,000 ordinary shares representing 10.7% of its ordinary share capital, at an average price of 165.9p per share at a cost of £11.8m. As a result of the buy backs, net asset value per share has been enhanced by 4.4 pence per share. Following the year end, the Group has acquired a further 2,550,000 ordinary shares representing 3.8% of its ordinary share capital at an average price of 171.5p per share. This cost £4.4 million and has enhanced net asset value per share by 1.6 pence per share. The Group will seek to renew the buy back authority at the forthcoming AGM as we consider it to be a useful capital management tool.

Outlook

Our balance sheet is now stronger than a year ago, consisting only of our properties and cash reserves, with no debt. Accordingly, we are well positioned to deliver the development projects and also, to make further acquisitions should the right opportunities arise.

N J Hamway
Chairman

R T E Ware
Chief Executive

26 November 2018

STRATEGIC REPORT

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

Strategy and Business Model

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

The business operates three major strands being property investment, property development and investment in companies which trade or invest in property or hold substantial property assets. We continue to focus upon positive cash flow and are prepared to use modest levels of gearing to enhance returns. Assets are recycled to release capital as opportunities present themselves and we will continue to buy back shares where appropriate. The Group is content to hold cash and adopt a patient strategy unless there is a compelling reason to invest.

Position of the Company at the year end

The portfolio of investment properties under construction and the development pipeline are progressing and construction is expected to start at several more locations this year. The balance sheet remains strong with cash of £49.3 million and there is no debt in the Group. The Group has adequate resources to maintain and develop its business and the balance sheet remains both liquid and robust.

Events since the balance sheet date

There have been no significant events since the balance sheet date.

Summary of Group Net Assets

The Group net assets as at 30 September 2018 may be summarised as follows:

		Per Share
	£'m	*p*
Properties and Projects	70.2	117.3
Cash and other net assets	50.1	84.0
Net Assets	120.3	201.3

STRATEGIC REPORT (continued)

Investment properties and Investment in Regional REIT Limited

The Group completed the disposal of various Group undertakings on 24 March 2017 which, with the exception of the investment properties under construction, comprised the Group's entire investment property portfolio. The net consideration was satisfied by the issue of 26,326,644 ordinary shares in Regional REIT Limited at a price of 106.3 pence per share. The shares were sold in the year at an average price of 97 pence per share generating £25.5 million.

Investment Properties Under Construction and Development Projects

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

Nottingham

In December 2016, the Group acquired 37 acres in Nottingham city centre for £13.5 million. The mainly cleared site was formerly Boots, the Chemists' headquarters and laboratories and has been vacant for twenty years. An outline planning application was submitted in June 2018 and includes offices, residential, student accommodation and leisure facilities comprising some two million square feet. We believe this is a very exciting opportunity to help shape a major UK city and we look forward to commencing the infrastructure works as soon as possible.

Cross Hands

We completed the construction of the initial 67,000 square foot phase of the retail park at Cross Hands, south west Wales in October 2017. The construction was delivered on time and on budget. In September, we exchanged a lease agreement with Lidl UK Gmbh to construct a 23,000 square foot store and associated car parking and subject to the successful determination of a Section 73 application, which has been submitted, we intend to start on site in early 2019, with practical completion planned for the autumn. Once operating, approximately 75,000 square feet of the park will be income generating with other tenants including B&M Retail Ltd, Iceland Foods Limited, Pets at Home Ltd, Peacocks Stores Limited, Costa Coffee Ltd, Dominos PLC and David Jenkins Ltd. There will then be 15,000 square feet of constructed space available to let and 0.75 acres available for construction.

Holyhead Waterfront

At Holyhead Waterfront, we agreed with Stena Line Ports Limited to take 100% control of the joint venture development project. This transaction enables us to progress with the scheme as planned and we will now progress the detailed design and Reserved Matters application for the development over the coming year.

Parc Cybi Business Park and Rhosgoch

At Parc Cybi, Anglesey, we exchanged an agreement for lease with Premier Inn Hotels Ltd to construct an 80-bedroom hotel with a restaurant and bar. We received planning permission from Ynys Mon County Council in November 2017. The pre-let to Premier Inn is on a 25 year lease, with a first break clause at year 20. We started construction in March and expect to complete in early 2019. The asset has been forward sold and the net sale proceeds from the sale of land and the development agreement will be £6.9 million, representing a yield of 4.7%.

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

STRATEGIC REPORT (continued)

Selly Oak

In April, we acquired units 5-9 Selly Oak Industrial Estate in Birmingham for £3.5 million including costs. The units consist of 50,000 square feet and are fully let to University Hospitals Birmingham NHS Foundation Trust and Revolution Gymnastics Limited, generating income of £215,500 per annum. The property is located in a predominantly residential area and has strong short to medium term redevelopment prospects.

Haverfordwest

At Haverfordwest, we successfully discharged the three pre-commencement conditions of the residential permission relating to master planning, phasing and ecology. We plan to submit a reserved matters application for the first phase of approximately one hundred units imminently.

We continue to work on plans for the retail site where we withdrew our planning application in 2017.

Ashby-de-la-Zouch

At Ashby-de-la-Zouch, we completed the construction of an 11,000 square foot Marks and Spencer Food Hall that was pre-let for a fixed term of 15 years. Having received an unsolicited offer of £4.35m, we disposed of the property in November 2017 for a net initial yield to the purchaser of 4.75%. On the further 2 acres of the site, we exchanged an agreement for lease, subject to planning, with B&M Retail for a term of 15 years. In October, a resolution to grant planning was awarded. The construction of the 20,000 square foot store and 7,500 square foot garden centre will start in the New Year. We have agreed to forward sell this asset and it is expected that the net sale proceeds from the sale of land and the development agreement will equate to £4.3 million.

King's Lynn, Norfolk

This is a six acre residential development site with planning permission for 94 dwellings near to King's Lynn, Norfolk. We are in discussions to sell this site and will provide an update on the potential disposal when we next report.

Fishguard Harbour

At Fishguard Harbour, we announced in January that we can no longer progress our plans for this mixed-use marina development and we have therefore written off a total of £2.4 million.

Llandudno Junction

We have been working with Conwy County Council, as its preferred development partner, to bring forward 90,000 square feet of retail floor space at its Old Brickworks site. Due to the profound difficulties in the retail sector and our belief that we will not be able to deliver the park as planned, it was decided that this investment should be written off. We are continuing to work with the Council and potential occupiers to devise alternative schemes for the site.

STRATEGIC REPORT (continued)

Summary of Investment Properties

	2018	*2017*
	£'m	*£'m*
Nottingham	15.00	14.01
Cross Hands	9.64	8.14
Haverfordwest (Retail)	3.59	3.52
Selly Oak(1)	3.57	–
Rhosgoch	3.47	3.46
Parc Cybi, Holyhead	2.83	1.61
Ashby-de-la-Zouch(2)	0.13	3.55
Total investment to date	38.23	34.29

(1) On 30 April 2018, the Company acquired units 5-9 Selly Oak Industrial Estate.

(2) The Marks and Spencer Food Hall development was completed in the year and, having received an unsolicited offer of £4.35m, was disposed of in November 2017.

Summary of Development Projects

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

	2018	*2017*
	£'m	*£'m*
Haverfordwest	22.14	22.03
Holyhead Waterfront(1)	8.85	10.26
King's Lynn	0.87	0.87
Fishguard Lorry Stop(2)	0.07	0.54
Fishguard Waterfront(2)	–	2.17
Llandudno Junction	–	0.71
Total investment to date	31.93	36.58

(1) Includes £2.5m received from Stena Line Ports Limited.

(2) The Company is unable to progress its proposals for a mixed-use development.

STRATEGIC REPORT (continued)

Financial review

Net Asset Value

The net asset value at the year end was £120.3 million (2017: £135.8 million). The primary movements in the year were £1.8 million from investment property sales and net rental income plus £1.6 million of dividends from Regional REIT Limited offset by a £2.1 million loss on the sale of the Regional REIT shares, £3.2 million of development costs written off, £3.1 million of administrative costs and £11.8 million spent on purchasing our own shares. Following the cancellation of the share options in 2016, there are no diluting items to the basic NAV per share.

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

Cash flow

The Group used £1.0 million cash in operating activities (2017: used £0.2 million).

The primary cash outflows in the year were £3.5 million to purchase Selly Oak, £4.2 million incurred on investment properties under construction and £11.8 million to buy back shares. These were offset by £4.3 million from the sale of an investment property, £25.5 million from the sale of Regional REIT shares and £2.5 million received from Stena Line Ports following the release of their interest in the Stena Line joint venture, resulting in a cash inflow during the year of £12.1 million (2017: cash outflow of £26.5 million).

Net Income From Investment Property Activities

	2018 *£'m*	*2017* *£'m*
Rental income	1.5	5.0
Direct property costs	(0.2)	(1.6)
Rental surplus	1.3	3.4
Profit on sale of group undertakings*	–	1.5
Sale of investment property	4.3	–
Cost of investment property sold	(3.8)	–
Total net income arising from investment property activities	1.8	4.9

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

STRATEGIC REPORT (continued)

Administrative Expenses

The administrative expenses for the year ended 30 September 2018 were £3.1 million compared with £2.7 million the previous year. The major items were salary costs of £1.9 million (2017: £1.7 million) and various costs arising as a result of the Group being listed on AIM.

Financing

At 30 September 2018, the Group had cash of £49.3 million (2017: £37.2 million). The increase has resulted mainly from sale of both the Regional REIT shares and investment property partly offset by the cash used in buying back shares, administrative costs, the purchase of Selly Oak and investing in the investment properties under construction and development projects.

As at 30 September 2018, the Group does not maintain any bank loan facilities.

Taxation

The tax credit for the year is £0.1 million on the pre-tax loss of £3.8 million and comprises £0.1 million of current tax offset by a £0.2 million deferred tax credit. Current tax is payable, at a rate of 19% for UK registered companies and 20% for those registered in Jersey, on net rental income after deduction of finance costs and administrative expenses. The deferred tax liability of £0.2 million, recognised at 30 September 2017, has been reversed in the year following the sale of all the Regional REIT shares.

Capital management

Capital Risk Management

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

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

Treasury Policies

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

The Group finances its activities with a combination of bank loans, cash and short term deposits. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operations. The Group may also enter into derivative transactions to manage the interest rate risk arising from the Group's operations and its sources of finance. Derivative instruments may be used to change the economic characteristics of financial instruments in accordance with the Group's treasury policies.

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

STRATEGIC REPORT (continued)

Dividend policy

The Board recommends that no dividend is paid in respect of the year ended 30 September 2018.

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

Over the past nine 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.

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 7,130,000 ordinary shares at an average price of 165.9p which represents 10.7% of its ordinary share capital. This cost £11.8 million and net asset value per share has been enhanced by approximately 4.4 pence per share. The Group will seek to renew the buy back authority at the forthcoming Annual General Meeting.

Principal risks and uncertainties

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

Strategic risks

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

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

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

Operational risks

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

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

STRATEGIC REPORT (continued)

Market risks

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

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

Estimation and judgement risks

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

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

Property held for Investment

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

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 Properties under Construction

The fair value of investment properties under construction rests in planned developments, and is difficult to estimate before the completion of their construction, and hence has been estimated by the Directors at cost as an approximation to fair value.

Financial Liabilities

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

As at 30 September 2018, the Group does not maintain any bank loan facilities or derivative financial instruments.

STRATEGIC REPORT (continued)

Financial Assets

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

	30 Sep 18 *£'000*	*30 Sep 17* *£'000*
Floating rate	49,262	37,170

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 2018 (2017: none).

The Group policy has been to invest funds with a broad range of institutions having investment grade low risk credit ratings and a strong or superior ability to repay short term debt obligations. The unprecedented credit and banking market disruption of the global financial crisis had a significant impact upon the ability to rely upon either credit ratings or the ability of financial institutions to honour their commitments and the widespread nature of the financial crisis introduced considerable uncertainty into the process. As at 30 September 2018, the Group had a single balance of £57,000 (2017: £59,000) where the counter-party had failed to honour a notice deposit and a full impairment provision has been recorded against the balance. There are no other receivables which are past due but not impaired.

Liquidity Risk

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

Price Risk

The Group's exposure to changing market prices on the value of financial instruments may have an impact on the carrying value of financial instruments and would arise principally as a result of entering into swaps or similar transactions to fix interest rates on the Group's borrowings. The Group's policies for managing this risk are to control the levels of fixed rate debt. As the Group's assets and liabilities are all denominated in Pounds Sterling, there is currently no exposure to currency risk.

This report was approved by the Board on 26 November 2018 and signed on its behalf by:

R T E Ware
Chief Executive

26 November 2018

CORPORATE GOVERNANCE REPORT

The Workings of the Board and its Committees

The Board

The Board currently comprises the chief executive, the finance director, two property directors and two independent non-executive directors, one of whom is Chairman, N J Hamway and the other is M D Wigley. 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 23 and 24.

Biographies

Independent Non-Executive Chairman – Nigel Hamway

Nigel Hamway qualified as a member of the Institute of Chartered Accountants in England and Wales with Peat Marwick after obtaining a degree from Cambridge University. He joined Dubilier PLC as chief financial accountant, leaving to take up a position in international corporate finance at Charterhouse Bank in 1986, becoming a director in 1990.

From 1991 to 2016, he was a director of Charterhouse Development Capital. For several years he was responsible for Charterhouse's international investment business. He has had extensive board experience in many countries and businesses.

Chief Executive – Robert Ware

Robert Ware qualified as a member of the Institute of Chartered Accountants in England and Wales with Peat Marwick. He served as a director of Development Securities PLC between 1988 and 1994, filling the roles of joint managing director and finance director in the latter stage of his tenure. He joined MEPC PLC in June 1997, serving first as corporate development director and then as deputy chief executive between June 1997 and June 2003. He is Chairman of Marwyn Value Investors Limited, Chairman of Terra Catalyst Fund and he is also a non-executive director of Tarsus Group PLC, all of which are quoted on the London Stock Exchange.

Finance Director – Ross McCaskill

Ross McCaskill graduated with a Classics degree from Oxford University in 2003 and subsequently joined Dixon Wilson, a firm of Chartered Accountants specialising in the provision of services to high net worth private clients. Having received a broad training, Ross qualified as a member of the Institute of Chartered Accountants in England and Wales and was then seconded to the firm's Paris office. There, he was responsible for managing services provided to clients with complex offshore structures, most of which held sizeable property portfolios and landed estates.

In 2007, he joined Prestbury Investment Holdings Limited and managed the finances of a number of that group's investment property portfolios before joining Conygar in 2009 as Financial Controller. Ross was appointed Finance Director and Company Secretary in 2015.

Property Director – Freddie Jones

Freddie Jones graduated from St Andrews University before going on to Cass Business School where he completed an MSc in Real Estate Finance and graduated from there in 2007. He joined Conygar in 2008 and has since then managed multiple investment and development projects for the Group. Freddie was appointed Property Director this year.

CORPORATE GOVERNANCE REPORT (continued)

Property Director – Christopher Ware

Christopher Ware graduated from the University of Exeter before completing a Master's degree in Real Estate. He started his career at Colliers International, working in the Central London investment team and becoming a Chartered Surveyor during that time. He joined Conygar in 2012 after a time at ICG Longbow. Christopher is also a CFA charterholder and was appointed Property Director this year.

Independent Non-Executive Director – Michael Wigley

Michael Wigley was a stockbroker in the City of London from 1964 until his retirement in 1999. The majority of that time was spent with the firm of Anderson where he was senior partner at the time of the takeover by Matheson Investment Limited in 1987. He was a director of the latter company until 1997. He was Chairman and latterly a non-executive director of Development Securities PLC between 1990 and 2000.

Workings of the Board

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 19 to 21.

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)

Meetings and Attendance

The Directors' attendance at Board and Committee Meetings during the year is shown below:

	Board	*Audit Committee*	*Remuneration Committee*
N J Hamway	8/8	2/2	3/3
R T E Ware	8/8	–	–
R H McCaskill	8/8	2/2*	–
F N G Jones	6/6	–	–
C J D Ware	5/6	–	–
M D Wigley	8/8	2/2	3/3
P M C Rabl	3/3	–	–

* R H McCaskill was invited to attend the Audit Committee meetings by the Chairman, N J Hamway.

Evaluating Board Performance

Assessment of the Board's performance and that of its committees is undertaken by the Board as a whole, led by the Company's Chairman. Although the Company has no formal procedure for measuring the effectiveness of the Board, the Board carefully reviews its effectiveness by reference to financial performance, adherence to budgets, succession planning and the overall growth of the Company and taking account of the opinions and insights of its auditors, nominated adviser, broker, legal and other advisers. The method of assessing Board effectiveness and performance will be reviewed on a continuous basis.

Training and Development

An induction programme is arranged for newly appointed Directors which includes papers and meetings on the business, current strategy and shareholder expectations. Guidance is also given on the duties, responsibilities and liabilities of a Director of a listed company and key Board policies and procedures.

Directors have access to training as required and are encouraged to continue their own professional development through attendance at seminars and briefings.

Promoting Ethical Values and Behaviours

The Company is committed to ensuring that the Company operates according to the highest ethical standards for which the Board has primary responsibility. The Directors believe that the main determinant of whether a business behaves ethically and with integrity is the quality of its people. As the Board currently fulfils the responsibilities that might otherwise be assumed by a Nominations Committee, the Directors have responsibility for ensuring that individuals employed by the Company demonstrate the highest levels of integrity and undertake reviews of its employees regularly. In addition, the Company has a formal Bribery and Anti-Corruption Policy and a Share Dealing Code.

Relations with Shareholders

Communications with shareholders are given high priority. Pages 6 to 14 of these financial statements include a detailed review of the business and future developments. There is regular dialogue with shareholders. The Company's website is found at www.conygar.com.

The Board uses the Annual General Meeting and results meetings to communicate with private and institutional investors and welcomes their participation. Details of resolutions to be proposed at the Annual General Meeting on 21 December 2018 can be found in the notice of the meeting on page 59.

CORPORATE GOVERNANCE REPORT (continued)

Internal Control

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

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

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

DIRECTORS' REMUNERATION REPORT

Information Not Subject to Audit

Remuneration Committee

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

Remuneration Policy and Review

The Company's policy on directors' remuneration remains that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the Group's objectives and thereby enhancing shareholder value. The package consists of a basic salary with the potential for significant performance related bonuses aligned to growth in shareholder value, as represented by net assets per share. All Group employees are employed by the Company.

The details of individual components of the executive remuneration package and service contracts are summarised below.

Basic salary and benefits: The salary and benefits are reviewed annually at the complete discretion of the remuneration committee. At present, the directors receive no benefits.

Profit sharing plan: The 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. This has been reviewed and amended with effect from 1 October 2018. The requirement for an annual hurdle rate has been removed. In its place there is a requirement that the fully diluted net asset value per share must be at least 250p, and the mid market share price must average at least 230p in the three months prior to any payment. When the asset value hurdle is passed the Remuneration Committee can accrue a profit sharing pool, however this will not be allocated or paid out until the share price criterion is met, and the Committee is satisfied that the net asset value is based on realised profits.

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") which was 196.3 pence. 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.

The requirement for executive directors 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 has been removed.

A schedule showing the full calculation will be published in the financial statements should any profit share accrue.

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.

Pensions: The Company does not make contributions to directors' pension plans other than through salary sacrifice arrangements or the Company's workplace pension scheme.

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.

DIRECTORS' REMUNERATION REPORT (continued)

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
R H McCaskill	1 October 2015	N/A	12
F N G Jones	26 January 2018	N/A	12
C J D Ware	26 January 2018	N/A	12
Non-Executive Directors			
N J Hamway	25 October 2007	11	6
M D Wigley	25 October 2007	11	6

F N G Jones and C J D Ware stand for election and R H McCaskill and M D Wigley retire by rotation at the AGM and, being eligible, offers themselves for re-election.

Audited Information

Directors' emoluments

	2018					*2017*			
	Basic Salary £'000	*Payment in lieu of notice £'000*	*Bonus £'000*	*Fees £'000*	*Total £'000*	*Basic Salary £'000*	*Bonus £'000*	*Fees £'000*	*Total £'000*
Executive Directors									
R T E Ware	370	–	–	–	370	352	–	–	352
R H McCaskill	290	–	–	–	290	279	75	–	354
F N G Jones*	100	–	–	–	100	–	–	–	–
C J D Ware*	100	–	–	–	100	–	–	–	–
P M C Rabl **	67	202	–	–	269	202	–	–	202
Non-Executive Directors									
N J Hamway	–	–	–	70	70	–	–	63	63
M D Wigley	–	–	–	45	45	–	–	42	42
	927	202	–	115	1,244	833	75	105	1,013

* Basic salary from date of appointment as Directors.

** Mr P M C Rabl stepped down on 25 January 2018.

DIRECTORS' REMUNERATION REPORT (continued)

No non-cash benefits were paid to Directors.

This report was approved by the Board on 26 November 2018 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 2018.

Principal Activities and Review of the Business

The principal activity of the Group and the Company during the year was property trading, property investment, acquiring property assets with development and investment potential, and investing in companies with significant property assets. The Company's principal subsidiaries are listed in note 16 to the accounts.

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

Significant Events Since the Balance Sheet Date

There have been no significant events since the balance sheet date.

Results and Dividends

The Group's trading results for the year and the Group's and Company's financial position at the end of the year are shown in the attached financial statements.

The directors do not recommend a dividend in respect of the year ended 30 September 2018 (2017: nil).

The Directors and Their Interests in the Shares of the Company

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

	Ordinary Shares of £0.05 each	
	At 30 September 2018	*At 30 September 2017*
N J Hamway	1,089,700	1,089,700
R T E Ware	4,500,000	4,500,000
R H McCaskill	2,000	2,000
F N G Jones	164,200	n/a
C J D Ware	1,079,335	n/a
M D Wigley	330,000	330,000
P M C Rabl	n/a	1,425,480

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 26 November 2018, 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	9,612,666	16.80
Majedie Asset Management Limited	6,216,727	10.87
R T E Ware	4,500,000	7.87
B Sandhu	4,015,000	7.02

Creditor Payment Policy and Practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

At 30 September 2018, the Company had an average of 7 days (2017: 7 days) purchases outstanding in trade creditors. The Group had an average of 7 days (2017: 7 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 £30,390 (2017: £43,472) during the year.

Financial Instruments

Details of the Group's financial instruments are given in note 27.

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;
- make judgements and accounting estimates that are reasonable and prudent;

DIRECTORS' REPORT (continued)

- 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 Friday 21 December 2018 at 10.30am at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London, SE1 2AU.

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

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

By Order of the Board

R H McCaskill
Company Secretary

26 November 2018

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

Opinion

We have audited the financial statements of The Conygar Investment Company PLC ('the parent company') and its subsidiaries (the 'group') for the year ended 30 September 2018 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statement of changes in equity, the consolidated and parent company balance sheets, the consolidated and parent company cash flow statements, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2018 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Key audit matters

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

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

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

Business combinations	The group acquired Stena's interest in the joint venture entity, Conygar Holyhead Limited. The business combination accounting requires significant judgment.	We have reviewed management's accounting entries in relation to the business combination which resulted in a bargain purchase. Based on our review we concluded that the accounting entries and the profit recognised in respect of this transaction reflect the underlying substance of the transaction.

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

Our application of materiality

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

Based on our professional judgment, we determined overall materiality for the group's financial statements as a whole to be £700,000 (2017: £700,000). In determining this, we considered a range of benchmarks with specific focus on the total assets as at the balance sheet date. This materiality level represents 0.6% (2017: 0.5%) of total assets.

Based on our professional judgment, we determined the materiality for the parent's financial statements as a whole to be £700,000 (2017: £700,000). In determining this, we considered a range of benchmarks with specific focus on the total assets as at the balance sheet date. This materiality level represents 0.6% (2017: 0.5%) of total assets.

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

An overview of the scope of our audit

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

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

Other information

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

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

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

Opinions 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.

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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 and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 23 to 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Use of this report

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

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

26 November 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2018

	Note	*Year Ended 30 Sep 18 £'000*	*Year Ended 30 Sep 17 £'000*
Rental income		1,342	4,641
Other property income		196	367
Revenue		1,538	5,008
Direct costs of:			
Rental income		161	1,608
Development costs written off	17	3,232	77
Direct Costs		3,393	1,685
Gross (Loss)/Profit		(1,855)	3,323
Profit on sale of group undertakings		–	1,496
Profit on sale of investment property	13	446	–
Surplus on revaluation of investment property	13	34	–
Profit realised on purchase of Stena Line's interest in Conygar Holyhead Limited	23	1,083	–
Loss on sale of Regional REIT shares	12	(2,132)	–
Dividends received from Regional REIT		1,636	948
Loss on revaluation of investment in Regional REIT		–	(355)
Share of results of joint ventures	15	–	29
Other gains and losses	6	3	95
Administrative expenses		(3,075)	(2,710)
Operating (Loss)/Profit	3	(3,860)	2,826
Finance costs	7	–	(1,785)
Finance income	7	91	174
(Loss)/Profit Before Taxation		(3,769)	1,215
Taxation	8	95	(360)
(Loss)/Profit And Total Comprehensive (Charge)/Income for the Year		(3,674)	855
(Loss)/earnings per share	10	(5.72)p	1.21p

All amounts are attributable to equity shareholders

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

The notes on pages 37 to 57 form part of these accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2018

	Attributable to the equity holders of the Company				
Group	*Share Capital £'000*	*Capital Redemption Reserve £'000*	*Treasury Shares £'000*	*Retained Earnings £'000*	*Total Equity £'000*
Changes in equity for the year ended 30 September 2017					
At 1 October 2016	4,985	1,568	(32,194)	177,680	152,039
Profit for the year	–	–	–	855	855
Total comprehensive income for the year	–	–	–	855	855
Purchase of own shares	–	–	(17,104)	–	(17,104)
Cancellation of treasury shares	(1,629)	1,629	48,909	(48,909)	–
At 30 September 2017	3,356	3,197	(389)	129,626	135,790
Changes in equity for the year ended 30 September 2018					
At 1 October 2017	3,356	3,197	(389)	129,626	135,790
Loss for the year	–	–	–	(3,674)	(3,674)
Total comprehensive charge for the year	–	–	–	(3,674)	(3,674)
Purchase of own shares	–	–	(11,832)	–	(11,832)
Cancellation of treasury shares	(368)	368	12,221	(12,221)	–
At 30 September 2018	2,988	3,565	–	113,731	120,284

The notes on pages 37 to 57 form part of these accounts.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2018

Company	*Share Capital £'000*	*Capital Redemption Reserve £'000*	*Treasury Shares £'000*	*Retained Earnings £'000*	*Total Equity £'000*
Changes in equity for the year ended 30 September 2017					
At 1 October 2016	4,985	1,568	(32,194)	139,950	114,309
Profit for the year	–	–	–	25,318	25,318
Total comprehensive income for the year	–	–	–	25,318	25,318
Purchase of own shares	–	–	(17,104)	–	(17,104)
Cancellation of treasury shares	(1,629)	1,629	48,909	(48,909)	–
At 30 September 2017	3,356	3,197	(389)	116,359	122,523
Changes in equity for the year ended 30 September 2018					
At 1 October 2017	3,356	3,197	(389)	116,359	122,523
Loss for the year	–	–	–	(8,832)	(8,832)
Total comprehensive charge for the year	–	–	–	(8,832)	(8,832)
Purchase of own shares	–	–	(11,832)	–	(11,832)
Cancellation of treasury shares	(368)	368	12,221	(12,221)	–
At 30 September 2018	2,988	3,565	–	95,306	101,859

The notes on pages 37 to 57 form part of these accounts.

CONSOLIDATED BALANCE SHEET
at 30 September 2018

Company Number: 04907617

	Note	*30 Sep 2018* *£'000*	*30 Sep 2017* *£'000*
Non-Current Assets			
Property, plant and equipment	11	–	24
Investment in Regional REIT	12	–	27,643
Investment properties	13	3,570	–
Investment properties under construction	14	34,663	34,293
Investment in joint ventures	15	–	7,267
		38,233	69,227
Current Assets			
Development and trading properties	17	31,931	29,311
Trade and other receivables	18	1,425	1,166
Cash and cash equivalents		49,262	37,170
		82,618	67,647
Total Assets		120,851	136,874
Current Liabilities			
Trade and other payables	19	457	879
Tax liabilities		110	–
		567	879
Non-Current Liabilities			
Deferred tax	22	–	205
Total Liabilities		567	1,084
Net Assets		120,284	135,790
Equity			
Called up share capital	20	2,988	3,356
Capital redemption reserve		3,565	3,197
Treasury shares	21	–	(389)
Retained earnings		113,731	129,626
Total Equity		120,284	135,790

The accounts on pages 30 to 57 were approved by the Board and authorised for issue on 26 November 2018 and are signed on its behalf by:

R T E WARE
R H MCCASKILL

The notes on pages 37 to 57 form part of these accounts.

COMPANY BALANCE SHEET

at 30 September 2018

Company number: 04907617

	Note	*30 Sep 2018* *£'000*	*30 Sep 2017* *£'000*
Non-Current Assets			
Property, plant and equipment	11	–	24
Investment in Regional REIT	12	–	27,643
Investment in subsidiary undertakings	16	16	16
Investment properties	13	3,570	–
Investment properties under construction	14	6,296	5,064
		9,882	32,747
Current Assets			
Development and trading properties	17	941	7,282
Trade and other receivables	18	51,439	57,143
Cash and cash equivalents		46,775	36,208
		99,155	100,633
Total Assets		109,037	133,380
Current Liabilities			
Trade and other payables	19	7,178	10,652
Non-Current Liabilities			
Deferred tax	22	–	205
Total Liabilities		7,178	10,857
Net Assets		101,859	122,523
Equity			
Called up share capital	20	2,988	3,356
Capital redemption reserve		3,565	3,197
Treasury shares	21	–	(389)
Retained earnings		95,306	116,359
Total Equity		101,859	122,523

The accounts on pages 30 to 57 were approved by the Board and authorised for issue on 26 November 2018 and are signed on its behalf by:

R T E WARE

R H MCCASKILL

The notes on pages 37 to 57 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September 2018

	Year Ended 30 Sep 18 £'000	*Year Ended 30 Sep 17 £'000*
Cash Flows From Operating Activities		
Operating (loss)/profit	(3,860)	2,826
Development costs written off	3,232	77
Profit on sale of group undertakings	–	(1,496)
Profit on sale of investment property	(446)	–
Surplus on revaluation of investment property	(34)	–
Loss on sale of Regional REIT shares	2,132	–
Loss on revaluation of Regional REIT shares	–	355
Profit realised on purchase of Stena Line's interest in Conygar Holyhead Limited	(1,083)	–
Share of results of joint ventures	–	(29)
Depreciation and amortisation of reverse lease premium	24	66
Other gains and losses	–	22
Cash Flows From Operations Before Changes In Working Capital	(35)	1,821
Change in trade and other receivables	(249)	(659)
Change in land, developments and trading properties	(211)	(127)
Change in trade and other payables	(541)	(436)
Cash Flows From Operations	(1,036)	599
Finance costs	–	(693)
Finance income	91	74
Tax paid	(10)	(181)
Cash Flows Used In Operating Activities	(955)	(201)
Cash Flows From Investing Activities		
Acquisition of and additions to investment properties	(7,687)	(22,149)
Proceeds from sale of investment property	4,331	–
Proceeds from the sale of shares in Regional REIT	25,511	–
Repayment by Stena Line of its 50% share of a loan the Company made to Conygar Holyhead Limited	2,500	–
Cash transferred on sale of group undertakings	–	(1,881)
Costs paid on sale of group undertakings	–	(792)
Cash received from/(investment in) joint ventures	224	(282)
Proceeds from sale/assignment of interest in joint venture	–	3,125
Purchase of plant and equipment	–	(12)
Cash Flows Generated From/(Used In) Investing Activities	24,879	(21,991)
Cash Flows From Financing Activities		
Bank loans drawn down	–	21,298
Bank loans repaid	–	(8,335)
Costs paid on new bank loan	–	(548)
Purchase of own shares	(11,832)	(16,715)
Cash Flows Used In Financing Activities	(11,832)	(4,300)
Net increase/(decrease) in cash and cash equivalents	12,092	(26,492)
Cash and cash equivalents at 1 October	37,170	63,662
Cash and Cash Equivalents at 30 September	49,262	37,170

The notes on pages 37 to 57 form part of these accounts.

COMPANY CASH FLOW STATEMENT
for the year ended 30 September 2018

	Year Ended 30 Sep 18 £'000	*Year Ended 30 Sep 17 £'000*
Cash Flows From Operating Activities		
Operating loss	(9,168)	(1,273)
Development costs written off	3,232	–
Surplus on revaluation of investment property	(34)	–
Loss on sale of Regional REIT shares	2,132	–
Fair value of properties and land leased to Stena Line	3,604	–
Surplus on revaluation of listed investment	–	(131)
Write down value of investment in subsidiary undertakings	–	1
Provision against loan to group undertaking	–	102
Depreciation	24	9
Cash Flows From Operations Before Changes in Working Capital	(210)	(1,292)
Change in trade and other receivables	–	(385)
Change in land, developments and trading properties	(122)	(194)
Change in trade and other payables	(467)	193
Cash Flows From Operations	(799)	(1,678)
Finance income	87	68
Cash Flows Used In Operating Activities	(712)	(1,610)
Cash Flows From Investing Activities		
Acquisition of and additions to investment properties	(4,762)	(197)
Proceeds from the sale of shares in Regional REIT	25,511	–
Repayment by Stena Line of its 50% share of a loan the Company made to Conygar Holyhead Limited	2,500	–
Proceeds from sale/assignment of interest in joint venture	–	3,125
Costs paid on sale of group undertakings	–	(792)
Purchase of plant and equipment	–	(12)
Cash Flows Generated From Investing Activities	23,249	2,124
Cash Flows From Financing Activities		
Loans (to)/from subsidiary undertakings	(362)	14,762
Cash received from/(investment in) joint ventures	224	(255)
Purchase of own shares	(11,832)	(16,715)
Cash Flows Used In Financing Activities	(11,970)	(2,208)
Net increase/(decrease) in cash and cash equivalents	10,567	(1,694)
Cash and cash equivalents at 1 October	36,208	37,902
Cash and Cash Equivalents at 30 September	46,775	36,208

The notes on pages 37 to 57 form part of these accounts.

NOTES TO THE ACCOUNTS
for the year ended 30 September 2018

1. Accounting Policies and General Information

1a General Information

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

The Company's subsidiaries are shown in note 16. The Company and its subsidiaries are collectively referred to below as "the Group".

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

1b Basis of Preparation

The Company has prepared the accounts on the basis of all applicable IFRS, including all International Accounting Standards (IAS), Standing Interpretations Committee (SIC) interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) with effective dates for accounting periods beginning on or after 1 October 2017, 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 2017.

The following standards and interpretations have been adopted:

– 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).

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 2018 or later periods but which the Group has not adopted early are as follows:

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

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

- Amendments to IAS 40, 'Investment property' relating to transfers of investment property (effective for accounting periods beginning on or after 1 January 2018);
- Annual improvements 2014-2016 (effective for accounting periods beginning on or after 1 January 2018);
- Annual improvements 2015-2017 (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.

Certain standards which could be expected to have an impact on the consolidated financial statements are discussed in further detail below:

- IFRS 15 'Revenue from contracts with customers' (effective for accounting periods beginning on or after 1 January 2018). The new standard combines a number of previous standards, setting out a five step model for the recognition of revenue and establishing principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The new standard does not apply to gross rental income, but does apply to trading property disposals. The impact of the new standard on these items of revenue is not expected to have a material impact on the consolidated financial statements of the Group.
- IFRS 16 'Leases' (effective for accounting periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied.). For lessees, it will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases will be removed. The accounting for lessors will however not significantly change. As a result on adoption of the new standard, these changes are not expected to have a material impact on the consolidated financial statements of the Group.

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.

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

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

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

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

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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

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

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

Depreciation Unless there is a specific reason to write off the cost of assets at an accelerated rate, depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight line method, on the following basis:

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply in the period when the liability is settled or the asset is realised. It is recognised in the Statement of Comprehensive Income except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

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

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

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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 premia, are capitalised to the extent that such costs have an ongoing benefit to the property.

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

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

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

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

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

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

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

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

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.

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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

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

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

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

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

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

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

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

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

Properties Held for Investment

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

NOTES TO THE ACCOUNTS (continued)

1. Accounting Policies and General Information (continued)

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.

Cash and Cash Equivalents

Cash and cash equivalents includes £8.5m from the sale of Regional REIT shares where the trade occurred on 26 September 2018 with settlement after the balance sheet date. As at 30 September 2018, the Board had sufficient certainty that the trade would complete to disclose the proceeds within cash and cash equivalents and this was confirmed by the settlement of the trade on 3 October 2018.

2. Segmental Information

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

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

The only items of revenue or profit/loss relating to the investment in Regional REIT Limited are the dividends received from that investment, the loss on sale of shares in the current year and the fair value movement during the prior year. The only item of revenue or profit/loss relating to the development properties is the write off of development costs and therefore only the segmented balance sheet is reported.

Balance Sheet

	30 Sep 2018					30 Sep 2017				
	Investment £'000	*Investment Properties £'000*	*Development Properties £'000*	*Other £'000*	*Group Total £'000*	*Investment £'000*	*Investment Properties £'000*	*Development Properties £'000*	*Other £'000*	*Group Total £'000*
Investment in Regional REIT Limited	–	–	–	–	–	27,643	–	–	–	27,643
Investment properties	–	38,233	–	–	38,233	–	34,293	–	–	34,293
Investment in joint ventures	–	–	–	–	–	–	–	7,267	–	7,267
Development & trading properties	–	–	31,931	–	31,931	–	–	29,311	–	29,311
	–	38,233	31,931	–	70,164	27,643	34,293	36,578	–	98,514
Other assets	–	3,124	19	47,544	50,687	–	883	21	37,456	38,360
Total assets	–	41,357	31,950	47,544	120,851	27,643	35,176	36,599	37,456	136,874
Liabilities	–	(287)	(7)	(273)	(567)	–	(125)	(4)	(955)	(1,084)
Net assets	–	41,070	31,943	47,271	120,284	27,643	35,051	36,595	36,501	135,790

NOTES TO THE ACCOUNTS (continued)

3. Operating Profit

Operating profit is stated after charging:

	Year ended 30 Sep 18 £'000	*Year ended 30 Sep 17 £'000*
Audit services – fees payable to the parent company auditor for the audit of the Company and the consolidated financial statements	33	33
Other services – fees payable to the Company auditor for the audit of the Company's subsidiaries pursuant to legislation	16	15
Other services – fees payable to the Company auditor for tax services	18	18
Depreciation of owned assets	24	9
Operating lease rentals – land and buildings	231	223
Movement on provision for doubtful debts	–	40

4. Particulars of Employees

The aggregate payroll costs were:

	Year ended 30 Sep 18 £'000	*Year ended 30 Sep 17 £'000*
Wages and salaries	1,664	1,516
Social security costs	215	196
	1,879	1,712

The average monthly number of persons, including executive directors, employed by the Company during the year was seven (2017: seven).

5. Directors' Emoluments

	Year ended 30 Sep 18 £'000	*Year ended 30 Sep 17 £'000*
Basic salary	1,042	1,013
Payment in lieu of notice	202	–
Total emoluments	1,244	1,013
Emoluments of highest paid director	370	354

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

NOTES TO THE ACCOUNTS (continued)

6. Other Gains and Losses

	Year ended 30 Sep 18 £'000	*Year ended 30 Sep 17 £'000*
Movement in fair value of interest rate swaps	–	59
Other	3	36
	3	95

7. Finance Income/Costs

	Year ended 30 Sep 18 £'000	*Year ended 30 Sep 17 £'000*
Finance Income		
Bank interest and interest receivable	91	174
Finance Costs		
Bank loans	–	(757)
Amortisation of arrangement fees	–	(127)
ZDP interest payable	–	(901)
	–	(1,785)

8. Taxation on Ordinary Activities

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

	Year ended 30 Sep 18 £'000	*Year ended 30 Sep 17 £'000*
UK Corporation tax based on the results for the year	110	313
Over provision in prior years	–	(11)
Current tax charge	110	302
Deferred tax (credit)/charge	(205)	58
	(95)	360

NOTES TO THE ACCOUNTS (continued)

8. Taxation on Ordinary Activities (continued)

(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 19.0% (2017: 19.5%).

	Year ended 30 Sep 18 £'000	*Year ended 30 Sep 17 £'000*
(Loss)/profit before taxation	(3,769)	1,215
(Loss)/profit multiplied by rate of tax	(716)	237
Effects of:		
Gains not subject to UK taxation	(89)	–
Revaluation gains not taxable	(7)	–
Tax impact of unrealised revaluation movements	–	69
Utilisation of tax losses	(4)	(98)
Movement in tax losses carried forward	1,128	304
Non-taxable items	(195)	(189)
Capital allowances	(2)	(76)
Impact of differing tax rates for offshore entities	(5)	66
Over provision in prior years	–	(11)
Current tax charge for the year	110	302

9. Dividends

No dividend will be paid in respect of the year ended 30 September 2018 (2017: nil).

10. Earnings Per Share

The calculation of earnings per ordinary share is based on the loss after tax of £3,674,000 (2017: profit of £855,000) and on the number of shares in issue being the weighted average number of shares in issue during the period of 64,184,339 (2017: 70,684,860). There are no diluting amounts in either the current or prior years.

NOTES TO THE ACCOUNTS (continued)

11. Property, Plant and Equipment

Group & Company	*Office Equipment £'000*	*Furniture & Fittings £'000*	*Total £'000*
Cost			
At 1 October 2016	89	95	184
Additions	12	–	12
At 30 September 2017 and 1 October 2017	101	95	196
Additions	–	–	–
At 30 September 2018	101	95	196
Depreciation/Amortisation			
At 1 October 2016	68	95	163
Provided during the year	9	–	9
At 30 September 2017 and 1 October 2017	77	95	172
Provided during the year	24	–	24
At 30 September 2018	101	95	196
Net book value at 30 September 2018	–	–	–
Net book value at 30 September 2017	24	–	24

12. Investment in Regional REIT

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

The Company sold all of its 26,326,644 shares in Regional REIT during the year realising a loss on sale as set out below:

	30 Sep 18 £'000
Gross sale proceeds	25,545
Sale fees	(34)
Net sale proceeds	25,511
Book value of shares sold	(27,643)
Loss on sale of Regional REIT shares	(2,132)

NOTES TO THE ACCOUNTS (continued)

13. Investment Properties

Group

	Freehold *£'000*	*Long Leasehold* *£'000*	*Reverse Lease Premiums* *£'000*	*Total* *£'000*
Valuation at 1 October 2016	106,390	23,902	388	130,680
Additions	11	64	–	75
Reclassification to investment properties under construction	(1,170)	–	–	(1,170)
Reverse lease premium amortisation	–	–	(57)	(57)
Disposal of group undertakings	(105,231)	(23,966)	(331)	(129,528)
At 30 September 2017	–	–	–	–
Additions	3,536	–	–	3,536
Movement on revaluation	34	–	–	34
Valuation at 30 September 2018	3,570	–	–	3,570

The historical cost of property held at 30 September 2018 is £3,536,000.

The property was valued by Lambert Smith Hampton, independent valuers not connected with the Group, at 30 September 2018 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 valuation was arrived at by reference to market evidence of transaction prices and completed lettings for similar properties. No allowance has been made for expenses of realisation or for any tax which might arise. It assumes a willing buyer and a willing seller in an arm's length transaction. The valuation reflects usual deductions in respect of purchaser's costs and SDLT as applicable at the valuation date. The independent valuer makes various assumptions including future rental income, anticipated void cost, the appropriate discount rate or yield.

The property rental income earned from investment properties (including investment properties under construction), leased out under operating leases, amounted to £1,538,000 (2017: £5,008,000). Details of the profit on sale of the investment property in the year are set out below:

	30 Sep 18 *£'000*
Gross sale proceeds	4,331
Sale fees	(49)
Net sale proceeds	4,282
Book value of property sold	(3,836)
Profit on sale of investment property	446

NOTES TO THE ACCOUNTS (continued)

14. Investment Properties Under Construction

Investment properties under construction are freehold land and buildings representing investment properties under development or construction and they amount to £34,663,000 (2017: £34,293,000) as at 30 September 2018. 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.

The movement in the carrying value of investment properties under construction during the year was as follows:

	Group		*Company*	
	30 Sep 18	*30 Sep 17*	*30 Sep 18*	*30 Sep 17*
	£'000	*£'000*	*£'000*	*£'000*
At 1 October	34,293	9,476	5,064	3,397
Additions	4,206	22,038	1,232	58
Disposals	(3,836)	–	–	–
Reclassification from investment properties	–	1,170	–	–
Reclassification from development projects	–	1,609	–	1,609
At 30 September	34,663	34,293	6,296	5,064

15. Investment in Joint Ventures

	30 Sep 18	*30 Sep 17*
	£'000	*£'000*
At 1 October	7,267	10,110
Share of results of joint venture	–	29
Investment in joint venture	76	253
Contribution to planning costs by joint venture partner	(300)	–
Repayment by Stena Line of its 50% share of a loan the Company made to Conygar Holyhead Limited	(2,500)	–
Proceeds on sale/assignment of interest in joint venture	–	(3,125)
Reclassification to property inventories following purchase of interest in joint venture	(4,543)	–
At 30 September	–	7,267

As set out in the Chairman's and Chief Executive's statement, the Company acquired the 50% interest in Conygar Holyhead Limited (formerly Conygar Stena Line Limited) previously owed by its joint venture partner Stena Line Ports Limited on 23 May 2018.

As at 30 September 2018, the only joint venture company in which the Group retained a 50% interest was CM Sheffield Limited which was dormant at the balance sheet date and dissolved on 2 October 2018.

NOTES TO THE ACCOUNTS (continued)

15. Investment in Joint Ventures (continued)

The following amounts represent the Group's share of the assets and liabilities as at 30 September 2017 and the results of the joint ventures for the year ended 30 September 2017, which are included in the comparative consolidated balance sheet and consolidated statement of comprehensive income.

	As at 30 Sep 17 £'000
Assets	
Current assets	7,282
Liabilities	
Current liabilities	(15)
Net Assets	7,267

	Year ended 30 Sep 17 £'000
Operating profit and profit before tax	29
Tax	–
Profit after tax	29

As at 30 September 2017, the Company had provided loans to Conygar Holyhead Limited and C M Sheffield Limited of £8,098,000 and £2,000 respectively.

16. Investment in Subsidiary Undertakings

Company	*30 Sep 18 £'000*	*30 Sep 17 £'000*
At 1 October 2017	16	68
Write down investment in the year	–	(1)
Disposals in the year	–	(51)
At 30 September 2018	16	16

NOTES TO THE ACCOUNTS (continued)

16. Investment in Subsidiary Undertakings (continued)

The subsidiaries set out below are wholly owned and controlled by the Group as at the balance sheet date.

Company name	*Principal activity*	*Country of registration*	*% of equity held*
Conygar Holdings Ltd	Holding Company	England	100%
Conygar Wales PLC	Holding Company	England	100%*
Conygar Developments Ltd	Property trading and development	England	100%*
Conygar Haverfordwest Ltd	Property trading and development	England	100%*
Conygar Holyhead Ltd (formerly Conygar Stena Line Ltd)	Property trading and development	England	100%*
Conygar Nottingham Ltd	Property trading and development	England	100%*
Conygar Ynys Mon Ltd	Property trading and development	England	100%*
Martello Quays Ltd	Property trading and development	England	100%
The Nottingham Island Site Management Company Ltd	Dormant	England	100%*
Conygar Properties Ltd***	Dormant	England	100%*
Lamont Property Holdings Ltd	Property investment	Jersey	100%*
Conygar Ashby Ltd	Property investment	Jersey	100%*
Conygar Cross Hands Ltd	Property investment	Jersey	100%*
Subsidiaries struck off after the balance sheet date			
Conygar Bedford Square Ltd**	Dormant	England	100%*
Conygar Sunley Ltd**	Dormant	England	100%*

* Indirectly owned

** Conygar Bedford Square Ltd and Conygar Sunley Ltd were dissolved on 2 October 2018.

*** Conygar Properties Ltd was dissolved on 13 November 2018.

NOTES TO THE ACCOUNTS (continued)

17. Development and Trading Properties

	Group		*Company*	
	30 Sep 18 *£'000*	*30 Sep 17* *£'000*	*30 Sep 18* *£'000*	*30 Sep 17* *£'000*
Properties held for resale or development	31,931	29,311	941	7,282

Development and trading properties include sites, developments in the course of construction and sites available for sale. The movements in the carrying value of development and trading properties during the year were as follows:

	Group		*Company*	
	30 Sep 18 *£'000*	*30 Sep 17* *£'000*	*30 Sep 18* *£'000*	*30 Sep 17* *£'000*
At 1 October	29,311	30,739	7,282	8,558
Additions	4,913	258	495	333
Development costs written off	(3,232)	(77)	(3,232)	–
Reclassification from joint venture following purchase of partners interest	4,543	–	–	–
Fair value of properties and land leased to Stena (note 23)	(3,604)	–	(3,604)	–
Reclassification to investment properties under construction	–	(1,609)	–	(1,609)
At 30 September	31,931	29,311	941	7,282

As set out in the Chairman's and Chief Executive's Statement, the Company is unable to progress its proposals for a mixed-use development at Fishguard, west Wales. Accordingly, the Company has written off a total of £2.4 million.

The Company has also written off its £0.8 million investment in the Llandudno Junction project.

18. Trade and Other Receivables

	Group		*Company*	
	30 Sep 18 *£'000*	*30 Sep 17* *£'000*	*30 Sep 18* *£'000*	*30 Sep 17* *£'000*
Trade receivables	84	26	14	20
Provision for doubtful debts	–	–	–	–
	84	26	14	20
Amounts owed by group undertakings	–	–	50,690	56,402
Other receivables	377	535	359	116
Prepayments and accrued income	964	605	376	605
	1,425	1,166	51,439	57,143

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

NOTES TO THE ACCOUNTS (continued)

19. Trade and Other Payables

	Group		Company	
	30 Sep 18	*30 Sep 17*	*30 Sep 18*	*30 Sep 17*
	£'000	*£'000*	*£'000*	*£'000*
Amounts owed to group undertakings	–	–	6,931	9,956
Social security and payroll taxes	61	66	61	66
Trade payables	82	545	67	430
Accruals and deferred income	314	268	119	200
	457	879	7,178	10,652

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. Share Capital

Authorised share capital:

	30 Sep 18	*30 Sep 17*
	£	*£*
140,000,000 (2017: 140,000,000) Ordinary shares of £0.05 each	7,000,000	7,000,000

Allotted and called up:
Amounts recorded as equity:

Ordinary shares of £0.05 each

	No	*£'000*
As at 30 September 2017	67,126,435	3,356
Cancellation of treasury shares	(7,365,000)	(368)
As at 30 September 2018	59,761,435	2,988

21. Treasury Shares

In December 2010, the Group began a share buyback programme and during the year ended 30 September 2018 purchased 7,130,000 (2017: 10,340,000) shares on the open market at a cost of £11,832,023 (2017: £17,103,676). As seen in note 20 above, on 27 September 2018, 7,365,000 ordinary shares of 5 pence each were transferred out of treasury and cancelled.

NOTES TO THE ACCOUNTS (continued)

22. Deferred Tax Liability

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

Group	*30 Sep 18* *£'000*	*30 Sep 17* *£'000*
At the start of the year	205	1,902
(Credit)/charge to the statement of comprehensive income	(205)	58
Transfer of obligation on sale of group undertakings	–	(1,755)
At the end of the year	–	205

Deferred tax liabilities have been measured at a rate of 19% (2017: 19%), being the rate substantively enacted at the balance sheet date. They are calculated on the basis of the chargeable gain that would crystallise on the sale of the Group's investment properties and other fixed asset investments at each balance sheet date. The calculation takes account of any available indexation.

23. Acquisition of Subsidiary

On 24 May 2018, the Company agreed with its partner, Stena Line Ports Limited ("Stena Line"), to take 100% control of its joint venture development project at Holyhead Waterfront.

The transaction enables the Group to progress with the scheme as planned and the Company will work towards obtaining detailed planning permission in the coming months. As part of the transaction, Conygar Holyhead Limited (formerly Conygar Stena Line Limited) has granted 999 year leases to Stena Line of the platform at Soldier's Quay, which is not required for the waterfront development, and a warehouse which is situated at Soldier's Point and is currently used by Stena Line. The Company has the right to call for a sublease if this warehouse is required for the waterfront development in the future.

As part of the transaction, Stena Line has repaid £2.5 million to the Company, which is Stena Line's 50% share of a loan the Company made to the joint venture company. As consideration for the sale of its shares in the joint venture company, Stena Line has received £1 and will receive 20% of the profit after tax of the development once it has completed.

The transaction has been accounted for by the acquisition method of accounting.

Net assets acquired	*Book value* *£'000*	*Fair value* *£'000*
Development and trading properties	8,857	8,857
Fair value of properties and land leased to Stena Line	(3,604)	(3,604)
Trade and other receivables	18	18
Trade and other payables	(2,001)	(2,001)
	3,270	3,270
Total consideration including losses recognised up to 24 May 2018		(2,187)
Gain on acquisition recognised in the Statement of Comprehensive Income		1,083

NOTES TO THE ACCOUNTS (continued)

23. Acquisition of Subsidiary (continued)

As at 30 September 2018, the development at Holyhead Waterfront is not sufficiently advanced to enable a meaningful estimation of Stena's profit share to be reported.

24. Commitments

Group and Company as lessee:

At 30 September 2018, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	30 Sep 18 *£'000*	*30 Sep 17* *£'000*
Within one year	131	180
In the second to fifth years inclusive	–	131
	131	311

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

	30 Sep 18 *£'000*	*30 Sep 17* *£'000*
Less than one year	909	186
Between one and five years	3,348	508
Over five years	3,721	296
	7,978	990

Development of the Premier Inn hotel at Parc Cybi commenced in March 2018 and is expected to complete in early 2019. As at 30 September 2018, the Company had committed construction costs of £3.1m.

25. Related Party Transactions

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

Subsidiaries	*30 Sep 18* *£'000*	*30 Sep 17* *£'000*
Conygar Holdings Limited	(6,881)	(9,906)
Conygar Haverfordwest Limited	22,270	22,104
Conygar Nottingham Limited	15,024	14,058
Conygar Cross Hands Limited	9,431	8,415
Conygar Holyhead Limited (formerly Conygar Stena Line Limited)	1,994	8,098
Conygar Ashby Limited	1,970	3,725
Conygar Wales PLC	(50)	(50)
	43,758	46,444

NOTES TO THE ACCOUNTS (continued)

25. Related Party Transactions (continued)

Joint Ventures	*30 Sep 18* *£'000*	*30 Sep 17* *£'000*
C M Sheffield Limited	–	2

During the year, the Company received a management fee from Conygar Holyhead Limited of £50,000 (2017: £50,000) in respect of management services and intercompany interest of £44,000 (2017: £199,000) due on the secured interest bearing loan.

26. 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 £8,832,000 (2017: profit of £25,318,000).

27. Financial Instruments

Treasury Policies

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

The Group finances its activities with a combination of bank loans, cash and short term deposits. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operations. The Group may also enter into derivative transactions to manage the interest rate risk arising from the Group's operations and its sources of finance. The main risks associated with the Group's financial assets and liabilities are set out below, together with the policies currently applied by the Board for their management. Derivative instruments may be used to change the economic characteristics of financial instruments in accordance with the Group's treasury policies. As at the balance sheet date, no group undertakings were party to any bank loans or derivative instruments.

The management of cash is monitored weekly with summary cash statements produced on a monthly 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

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risk arises from open positions in interest bearing assets which comprise only cash and cash equivalents. Changes in interest rates therefore affect the Group's finance income but there is no impact on finance costs because the Group had no borrowings throughout the year.

NOTES TO THE ACCOUNTS (continued)

27. Financial Instruments (continued)

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

Interest Rate Risk

Financial Assets

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

	30 Sep 18 *£'000*	*30 Sep 17* *£'000*
Floating rate	49,262	37,170

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

	30 Sep 18 *£'000*	*30 Sep 17* *£'000*
Floating rate	46,775	36,208

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

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations. The principal counterparties are the Group's tenants (in respect of trade receivables arising under operating leases) and banks (as holders of the Group's cash deposits).

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 2018 (2017: £nil).

The Group policy has been to invest funds with a broad range of institutions having investment grade, low risk credit ratings and a strong or superior ability to repay short term debt obligations. As at 30 September 2018, the Group had a single balance of £57,000 (2017: £59,000) 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

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. 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 seeks to manage its liquidity risk by ensuring that sufficient cash is available to meet its foreseeable needs.

NOTES TO THE ACCOUNTS (continued)

27. Financial Instruments (continued)

Capital Risk Management

The Board's primary 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.

At both 30 September 2018 and 30 September 2017, the capital structure of the Group consisted of cash and cash equivalents, and equity attributable to the shareholders of the Company (comprising share capital, retained earnings, capital redemption reserve net of the treasury shares referred to in note 21).

In managing the Group's capital structure, the Board considers the Group's cost of capital. In order to maintain or adjust the capital structure, the Group keeps under review the amount of any dividends, share buy backs or other returns to shareholders.

Details of significant accounting policies adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenditure are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies in note 1.

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

	Book Value 30 Sep 2018 £'000	*Book Value 30 Sep 2017 £'000*	*Fair Value 30 Sep 2018 £'000*	*Fair Value 30 Sep 2017 £'000*
Financial Assets				
Cash	49,262	37,170	49,262	37,170
Loans to joint ventures	–	8,100	–	8,100

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

	Book Value 30 Sep 2018 £'000	*Book Value 30 Sep 2017 £'000*	*Fair Value 30 Sep 2018 £'000*	*Fair Value 30 Sep 2017 £'000*
Financial Assets				
Cash	46,775	36,208	46,775	36,208
Loans to joint ventures	–	8,100	–	8,100

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

GLOSSARY OF TERMS

AIM	The AIM market of the London Stock Exchange PLC
EPS	Earnings per share, calculated as the earnings for the period after tax attributable to members of the parent Company divided by the weighted average number of shares in issue in the period
Net Initial Yield	Annual net rents expressed as a percentage of the investment property valuation
NAV	Net asset value
Conygar	The Conygar Investment Company PLC
Loan to Value	The amount of borrowing divided by the value of investment property expressed as a percentage
PBT	Profit before taxation
UK	United Kingdom
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
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

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 21 December 2018 at 10.30am to consider and, if thought fit, pass the following resolutions:

Resolutions 1 to 9 are proposed as ordinary resolutions and resolutions 10 to 11 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 2018 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 2018.

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:

Frederick Nicholas Gruffudd Jones

6 To elect the following Director:

Christopher James David Ware

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

Ross Hillier McCaskill

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

Michael Derek Wigley

SPECIAL BUSINESS

9 (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.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Special Resolutions

10 That subject to the passing of resolution 9 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 9 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:

(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.

11 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") in the Company provided that:

(a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 8,392,000 (representing approximately 14.67% of the Company's issued ordinary share capital as at the date of the notice of Annual General Meeting of the Company at which this resolution is passed);

(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 the higher of (i) 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 and (ii) the higher of the price of the last independent trade of and the highest current independent bid for, an Ordinary Share on the London Stock Exchange, as stipulated by Regulatory Technical Standards adopted by the European Commission pursuant to Article 5(6) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as amended from time to time;

(d) unless previously renewed, varied or revoked, the authority conferred shall expire on the earlier of the conclusion of the Company's next Annual General Meeting or 15 months from the date of passing this resolution; and

NOTICE OF ANNUAL GENERAL MEETING (continued)

(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.

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London
W1U 3RW

By Order of the Board
R H McCaskill
Company Secretary

26 November 2018

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:
   - 10.30am on 19 December 2018; or
   - if this meeting is adjourned, at 10.30am on the day two days prior to the adjourned meeting (excluding non-working days),

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

Appointment of proxies

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

Appointment of proxy using hard copy proxy form

7. The notes to the proxy form explain how to direct your proxy 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 voting@shareregistrars.uk.com or;
   - received by the Company no later than 10.30am on 19 December 2018.

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

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

NOTICE OF ANNUAL GENERAL MEETING (continued)

Appointment of proxy by joint members

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

Changing proxy instructions

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

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 10.30am on 19 December 2018.

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

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

Communication

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

    You may not use any electronic address provided either:

    • in this notice of general meeting; or

    • any related documents (including the proxy form),

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

Appointment of proxies through CREST

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING (continued)

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

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

Issued shares and total voting rights

14. As at 26 November 2018 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 57,211,435 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 26 November 2018 are 57,211,435.

Documents on display

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

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

Annual General Meeting

FORM OF PROXY

I/We ....

of ....

....

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

of ....

or failing him the Chairman of the Meeting (see note 3) as my/our proxy to vote for me/us on my behalf as directed below at the Annual General Meeting of the Company to be held at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU on 21 December 2018 at 10.30am 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 2018 together with the directors' report and the auditors' report on those accounts.			
2	To approve the directors' remuneration report for the financial year ended 30 September 2018.			
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 elect the following director: Frederick Nicholas Gruffudd Jones.			
6	To elect the following director: Christopher James David Ware.			
7	To re-appoint the following Director who retires by rotation: Ross Hillier McCaskill			
8	To re-appoint the following Director who retires by rotation: Michael Derek Wigley			
9	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				
10	To give a directors' authority to disapply pre-emption rights and allot equity securities.			
11	To give a share buyback authority of up to a maximum aggregate number of ordinary shares of 8,392,000.			

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 10.30am on 19 December 2018.

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

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

10 This Form of Proxy has been sent to you by post. It may be returned in hard copy form by post or by hand to the Company's Registrars, Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. In each case, the proxy appointment must be received no later than 10.30am on 19 December 2018 together with any authority (or a notarially certified copy of such authority) under which it is signed.

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