THE CONYGAR INVESTMENT COMPANY PLC

INTERIM REPORT
Six months ended 31 March 2022

The Conygar Investment Company PLC

Interim results

for the six months ended 31 March 2022

Summary

- Net asset value ("NAV") increased by £12.44 million to £126.58 million (212.25p per share), including a £10.52 million uplift from the placing of 7,138,998 of the Company's own shares.
- NAV per share decreased by 5.16p per share to 212.25p as a result of 8.58p per share dilution from issuing shares at a discount, partly offset by a 3.42p per share increase from the £1.93 million profit realised in the period.
- Total cash deposits of £30.66 million (51.41p per share).
- No debt and no borrowings.
- Development progressed for the first phase of the mixed-use project at The Island Quarter, Nottingham, planned for opening in the summer of 2022.
- Disposal of the industrial units at Selly Oak, Birmingham, completed in December 2021, realising a net profit of £3.42 million.
- Disposal of the retail park at Cross Hands, Carmarthenshire, for £18.28 million realising a £0.53 million surplus over the 30 September 2021 valuation.
- A further planning application was submitted in October 2021 for the proposed mixed-use waterfront development in Holyhead, Anglesey, supplementing the outline consent granted in 2014.
- A non-binding exclusivity agreement was entered into with Wholesale Fruit Centre (Bristol) Limited in connection with the potential acquisition of a 14.7 acre development at the Bristol Fruitmarket site in the St Philip's Marsh area of Bristol.

Group net assets summary

	31 Mar 2022 £'m	*31 Mar 2021 £'m*	*30 Sep 2021 £'m*
Properties	99.34	62.24	108.44
Cash	30.66	23.93	13.66
Other	0.57	0.49	(0.66)
Provisions	(3.99)	–	(7.30)
Total	126.58	86.66	114.14
NAV per share	212.25p	163.97p	217.41p

The Conygar Investment Company PLC

Interim results

for the six months ended 31 March 2022

Chairman's and Chief Executive's statement

Results summary

The Group achieved a profit of £1.93 million in the period (year ended 30 September 2021: profit of £26.53 million). This arose from completion of the forward sale of our industrial units at Selly Oak, Birmingham, and the sale of our retail park at Cross Hands, Carmarthenshire, which gave rise to a combined net profit, before administrative and other operational costs, of £3.84 million. These sales, in addition to the placing of 7.14 million shares in December 2021, generated gross cash proceeds in the period of over £36 million.

Whilst this is a pleasing result, that has enabled the continued progression of our exciting mixed-use development at The Island Quarter site in Nottingham, it should be noted that the share placing at a discounted price of 150p, after adjusting for realised profits, has resulted in a net reduction of the Group's net asset value per share in the period of 5.16p (2.37%) to 212.25p per share as at 31 March 2022 (30 September 2021: 217.41p).

The Island Quarter, Nottingham

Just over 5 years since we first acquired The Island Quarter site, we are delighted to see the first phase of this substantial regeneration project nearing practical completion with the food, beverage and events venue at Canal Turn to be fitted out over the coming weeks in advance of a planned opening in the summer.

Canal Turn comprises an outside performance area, restaurants, bars, extensive events space for private hire and a rooftop terrace which will provide an exciting, new and unique destination for the city to be managed and operated by a local Nottingham team. The venue's two restaurants, "Binks Yard" and "Cleaver & Wake", will be led by the 2018 MasterChef: The Professionals winner and chef patron Laurence Henry. Binks Yard will provide an all-day dining, drinking and entertainment venue whilst the Cleaver & Wake restaurant will offer a modern dining experience using the best nationally sourced produce.

We anticipate that the detailed application for the plot adjacent to Canal Turn, which incorporates proposals for two hotels, to be managed by Intercontinental Hotels Group, co-working space, 247 build to rent apartments plus an extensive food and beverage offering, will be granted by the summer.

Furthermore, ground preparation works have been carried out for the now fully consented 700-bed student accommodation scheme to enable commencement of this development in the summer of 2022 and completion in good time for the September 2024 student intake.

We continue to progress the designs for subsequent phases and are in advanced discussions with potential lenders to finance both the student accommodation development as well as later phases of the project and expect to make announcements in that regard over the coming months.

For this Interim Report we have not sourced a third-party valuation for The Island Quarter site. The Conygar Board have, however, considered its fair value by reference to any changes in the assumptions set out in the reported 30 September 2021 valuation provided by Knight Frank LLP, progression of the project and the recoverability of costs incurred since that date. During the period, no planning permissions have been granted or buildings completed and whilst we recognise the impact that price inflation is currently having upon property construction costs, we are seeing these increases being offset by a corresponding uplift in market rents, particularly within the residential build to rent and student accommodation sectors. However, there have been significant cash outlays in the period to bring electricity to the site and progress the construction of Canal Turn. As such the fair value at 31 March 2022 has been increased by £11.91 million to £82.41 million to reflect the development costs incurred in the six months since 30 September 2021.

Other projects

At Cross Hands, Carmarthenshire, we were able to benefit from the pandemic bounce in retail warehousing values by accepting an offer to purchase our retail park for net proceeds of £18.28 million. The sale, which completed in February 2022, generated a profit in the period, after final development and sale costs, of £0.42 million. Further capital profits of £3.51 million were recognised, by way of revaluation surpluses, in prior periods which, in addition to £1.22 million of post development rental surpluses, has resulted in a total profit from the park of £5.15 million.

The granting, by Birmingham City Council, of their consent to a student home scheme at our site at Selly Oak enabled completion of the sale to a specialist provider of student accommodation for gross proceeds of £7.04 million. The sale realised a profit in the current period, after costs, of £3.42 million in addition to £0.66 million of prior period rental surpluses realised since our acquisition of these industrial units in April 2018.

At Holyhead Waterfront, Anglesey, the detailed application and marine licence applications, submitted in October 2021, for a proposed development to include a 250-berth marina, 259 townhouses and apartments, marine commercial and additional A1/A3 retail units, were validated in January 2022. We expect a determination by the Local Authority in the autumn of this year.

Whilst it is difficult to predict the impact that the ongoing war in Ukraine will have on the real estate sector, its occurrence, in conjunction with the global shift towards low carbon energy, has strongly influenced the Government's desire for more UK-sourced power. The release, in April 2022, of their Energy Security Strategy sets out proposals for the provision of greater energy independence and security, by way of supercharging the deployment of cleaner and more affordable energy. This includes the provision of a £120 million Future Nuclear Enabling Fund to progress a series of projects as soon as possible this decade, including the Wylfa site in Anglesey, where talks were already ongoing between the UK and Welsh Governments and US energy and engineering firms Westinghouse and Bechtel.

If the UK and Welsh Governments eventually decide to support nuclear and / or other energy forms on Anglesey, our site on the Holyhead Waterfront and over 200 acres of currently brownfield, but developable, land at Rhosgoch and Parc Cybi are well positioned to support the significant residential and logistical provisions which will be required.

In December 2021, we announced that the Company had entered into a non-binding exclusivity agreement with Wholesale Fruit Centre (Bristol) Limited regarding the potential acquisition of a 14.7 acre development at the Bristol Fruitmarket Site in the St Philip's Marsh area of Bristol, one mile to the east of Bristol Temple Meads. The initial agreement lasted for up to 5 months, which has now been extended to 24 May 2022. During the exclusivity period we will establish whether or not to proceed with the proposed acquisition. If the acquisition were to go ahead, it would be subject to us obtaining an agreeable planning permission for the site and, as such, the completion is unlikely to occur in the near term.

ESG Programme and electronic financial reporting

The impact that the real estate sector has on carbon emissions has been extensively reported and is increasingly affecting occupier and investor decisions. In order to guide our approach to sustainability for the development portfolio, the Board have established an ESG programme which forms a key part of each project and its constituent components – from project brief, through to design/specification, construction, operation and renovation. At all stages, the development, operations and asset management teams are required to assess their performance, innovate, evolve and perfect all practices against the ESG framework. Further details of the programme will be set out in the Group's 2022 Annual Report.

As part of these arrangements, to avoid where possible the distribution in paper format of the Company's Interim and Annual Report's each year, the shareholders passed a resolution at the Company's AGM in December 2021 to authorise the Company to serve notices or supply other documentation by electronic means. For those individual shareholders that specifically requested to continue to receive such documents in paper format, the arrangements will continue as before. For all others, these reports will be made available, as soon as practically possible after the Group's results are announced each period, via the Company's website.

Share placing

At the Company's Annual General Meeting, held on 20 December 2021, resolutions were passed to enable the Company to complete the placing of 7,138,998 Ordinary shares of 5p each at a placing price of 150p per share, to enable the further progression of The Island Quarter project. This includes the continued development and fitting out of the first phase of the scheme at Canal Turn, bringing a new electricity substation to the site and, later this year, to part fund the equity component of the student accommodation development.

The premium received from each placing share over their 5p nominal value, net of fees paid in connection with the placing, resulted in a £10.16 million credit to the Company's share premium account. At a General Meeting of the Company on 28 March 2022 a further resolution was passed to enable the cancellation of the share premium account, subject to approval of the Court, such that the amount cancelled can be credited to a distributable reserve. On 22 April 2022, an application was submitted to the Court to request the cancellation which is expected to be considered in late May 2022.

Outlook

The soon to be opening up and ongoing development programme at The Island Quarter site in Nottingham in conjunction with the resurgence of interest in a nuclear capability in Anglesey leaves the Group well placed to benefit from the post-pandemic economic bounce and strong demand for high quality, sustainable, UK real estate, particularly in the residential rental market.

Although the further advancement of our development portfolio will require a substantial investment by third-parties we are confident that there is significant interest which will become clearer over the year.

N J Hamway
Chairman

R T E Ware
Chief Executive

10 May 2022

Financial review

Net asset value

During the six months ended 31 March 2022, the net asset value increased by £12.44 million to £126.58 million (31 March 2021: £86.66 million; 30 September 2021: £114.14 million). The primary movements in the period were net proceeds of £10.52 million from the placing of 7,138,998 ordinary shares, a £3.42 million profit on completion of the forward sale agreement for Selly Oak and a further £0.42 million profit from the sale of Cross Hands retail park. This has been offset by £1.04 million of administrative costs, £0.20 million of development costs written off and £0.68 million of net operating costs.

Conversely, the net asset value per share has decreased in the period by 5.16p per share to 212.25p as at 31 March 2022. The placing of shares at a discount to NAV, to provide additional capital to further progress The Island Quarter project in Nottingham, resulted in a dilution of 8.58p per share. This was partly offset by the £1.93 million profit realised in the period which increased the net asset value per share by 3.42p.

Cash flow and financing

At 31 March 2022, the Group had cash deposits of £30.66 million and no debt (31 March 2021: cash of £23.93 million and no debt; 30 September 2021: cash of £13.66 million and no debt).

The primary cash inflows in the current period were gross proceeds of £18.54 million from the sale of Cross Hands, £7.04 million from the sale of Selly Oak and £10.52 million from the share placing. These were partly offset by £18.02 million incurred on development projects and investment properties, including £14.33 million to progress the development at The Island Quarter and £2.81 million to pay the Nottingham introductory fee provided for at 30 September 2021, resulting in a net cash inflow during the period of £17.00 million.

Net income from property activities

	Six months ended 31 Mar 2022 £'m	Six months ended 31 Mar 2021 £'m	Year ended 30 Sep 2021 £'m
Rental income	(0.51)	0.82	1.59
Direct property costs	(0.18)	(0.16)	(0.29)
	(0.69)	0.66	1.30
Sale of properties	25.58	1.05	1.05
Cost of properties sold	(21.74)	(0.62)	(0.62)
	3.84	0.43	0.43
Total net income arising from property activities	3.15	1.09	1.73

Administrative expenses

The administrative expenses for the period ended 31 March 2022 were £1.04 million (period ended 31 March 2021: £0.97 million; year ended 30 September 2021: £2.06 million). The major items were salary costs of £0.71 million (period ended 31 March 2021: £0.69 million; year ended 30 September 2021: £1.41 million) and various costs arising as a result of the Group being listed on AIM.

Taxation

No current tax is payable on the profit for the six months ended 31 March 2022 (period ended 31 March 2021: £nil; year ended 30 September 2021: £nil) as the Group has tax losses available to offset against any resulting taxable profit.

As set out in note 6 of the Interim Report, the Directors have assessed the potential deferred tax liability of the Group as at 31 March 2022 in respect of chargeable gains that would be payable if the investment properties were sold at their reported values at each period end. Based on the unrealised chargeable gain of £18.48 million arising in the year ended 30 September 2021, and remaining at 31 March 2022, a deferred tax liability of £4.62 million has been recognised.

The Directors have also recognised a deferred tax asset of £2.93 million at 31 March 2022 and 30 September 2021 for tax losses, held by various group undertakings, where the Directors believe it is probable that these assets will be recovered.

As at 31 March 2022, the Group has further unused tax losses of £19.10 million (31 March 2021: £42.00 million; 30 September 2021: £20.10 million) for which no deferred tax asset has been recognised in the consolidated balance sheet.

Summary of investment properties

	31 Mar 2022 £'m	*31 Mar 2021 £'m*	*30 Sep 2021 £'m*
Nottingham(1)	82.41	26.88	70.50
Cross Hands(2)	–	15.85	17.75
Total	82.41	42.73	88.25

(1) The Group's investment in Nottingham was valued by the Directors at 31 March 2022 and by Knight Frank LLP, in their capacity as external valuers at 30 September 2021. In accordance with IAS 40, as this project was not sufficiently advanced, such that a fair value could be readily determined at 31 March 2021, the investment in Nottingham was reported at cost on that date.

(2) Cross Hands was sold in February 2022. External valuations for the other reported periods were provided by Knight Frank LLP.

Summary of development and trading properties

	31 Mar 2022 £'m	*31 Mar 2021 £'m*	*30 Sep 2021 £'m*
Haverfordwest	8.93	7.93	8.62
Holyhead Waterfront	5.00	5.00	5.00
Selly Oak(2)	–	3.57	3.57
Rhosgoch	2.50	2.50	2.50
Parc Cybi	0.50	0.50	0.50
Total	16.93	19.50	20.19

(1) Development and trading properties are stated at the lower of cost and net realisable value.

(2) The sale of Selly Oak completed in December 2021.

The Conygar Investment Company PLC
Consolidated statement of comprehensive income
For the six months ended 31 March 2022

	Note	*Six months ended* *31 Mar 2022 £'000*	*31 Mar 2021 £'000*	*Year ended 30 Sept 2021 £'000*
Rental income	3	(506)	824	1,592
Proceeds on sale of development and trading properties		7,040	1,050	1,050
Revenue		6,534	1,874	2,642
Direct costs of rental income		(178)	(155)	(288)
Costs on sale of development and trading properties		(3,620)	(620)	(620)
Development costs written off	12	(202)	(367)	(675)
Direct costs		(4,000)	(1,142)	(1,583)
Gross profit		2,534	732	1,059
Profit on sale of investment property		423	–	–
(Deficit) / surplus on revaluation of investment property	9	–	(1,151)	459
Surplus on revaluation of investment properties under construction		-	-	28,718
Administrative expenses		(1,036)	(973)	(2,058)
Operating profit / (loss)		1,921	(1,392)	28,178
Finance costs	5	–	(1)	(2)
Finance income	5	5	25	34
Profit / (loss) before taxation		1,926	(1,368)	28,210
Taxation	6	–	–	(1,685)
Profit / (loss) and total comprehensive income / (loss) for the period		1,926	(1,368)	26,525
Basic and diluted profit / (loss) per share	8	3.42p	(2.55)p	49.99p

All amounts are attributable to equity shareholders of the Company.

All activities of the Group are classed as continuing.

The Conygar Investment Company PLC
Consolidated statement of changes in equity
For the six months ended 31 March 2022

	Share capital £'000	*Share premium account £'000*	*Capital redemption reserve £'000*	*Treasury shares £'000*	*Retained earnings £'000*	*Total equity £'000*
Changes in equity for the six months ended 31 March 2021						
At 1 October 2020	2,680	–	3,873	–	82,280	88,833
Loss for the period	–	–	–	–	(1,368)	(1,368)
Total comprehensive charge for the period	–	–	–	–	(1,368)	(1,368)
Purchase of own shares	–	–	–	(807)	–	(807)
At 31 March 2021	2,680	–	3,873	(807)	80,912	86,658
Changes in equity for the year ended 30 September 2021						
At 1 October 2020	2,680	–	3,873	–	82,280	88,833
Profit for the year	–	–	–	–	26,525	26,525
Total comprehensive income for the year	–	–	–	–	26,525	26,525
Purchase of own shares	–	–	–	(1,217)	–	(1,217)
Cancellation of treasury shares	(55)	–	55	1,217	(1,217)	–
At 30 September 2021	2,625	–	3,928	–	107,588	114,141
Changes in equity for the six months ended 31 March 2022						
At 1 October 2021	2,625	–	3,928	–	107,588	114,141
Profit for the period	–	–	–	–	1,926	1,926
Total comprehensive income for the period	–	–	–	–	1,926	1,926
Gross proceeds from placing of own shares	357	10,352	–	–	–	10,709
Fees paid on placing of own shares	–	(193)	–	–	–	(193)
At 31 March 2022	2,982	10,159	3,928	–	109,514	126,583

The Conygar Investment Company PLC
Consolidated balance sheet
As at 31 March 2022

	Note	*31 Mar 2022 £'000*	*31 Mar 2021 £'000*	*30 Sept 2021 £'000*
Non-current assets				
Investment properties	9	–	15,850	17,750
Investment properties under construction	10	82,411	26,882	70,500
Fixtures, fittings and equipment	11	182	–	–
Right of use asset		7	100	53
Deferred tax asset	6	2,935	–	2,935
		85,535	42,832	91,238
Current assets				
Development and trading properties	12	16,926	19,503	20,192
Trade and other receivables	13	1,258	1,453	2,661
Tax asset		28	31	28
Cash and cash equivalents		30,661	23,933	13,657
		48,873	44,920	36,538
Total assets		134,408	87,752	127,776
Current liabilities				
Trade and other payables	14	904	995	3,367
Provision for liabilities and charges	15	–	–	5,614
Lease liability for right of use asset		–	99	34
		904	1,094	9,015
Non-current liabilities				
Deferred tax liability	6	4,620	–	4,620
Provision for liabilities and charges	15	2,301	–	–
		6,921	–	4,620
Total liabilities		7,825	1,094	13,635
Net assets		126,583	86,658	114,141
Equity				
Called up share capital	16	2,982	2,680	2,625
Share premium account	16	10,159	–	–
Capital redemption reserve		3,928	3,873	3,928
Treasury shares		–	(807)	–
Retained earnings		109,514	80,912	107,588
Total equity		126,583	86,658	114,141
Net assets per share	17	212.25p	163.97p	217.41p

The Conygar Investment Company PLC
Consolidated cash flow statement
For the six months ended 31 March 2022

	Six months ended 31 Mar 2022 £'000	*Six months ended 31 Mar 2021 £'000*	*Year ended 30 Sept 2021 £'000*
Cash flows from operating activities			
Operating profit / (loss)	1,921	(1,392)	28,178
Development costs written off	202	367	675
Deficit / (surplus) on revaluation of investment properties	–	1,151	(29,177)
Profit on sale of investment property	(423)	–	–
Profit on sale of development and trading properties	(3,420)	(430)	(430)
Depreciation of right of use assets	46	46	93
Cash flows from operations before changes in working capital	(1,674)	(258)	(661)
Decrease / (increase) in trade and other receivables	1,403	202	(1,006)
Additions to development and trading properties	(712)	(686)	(1,438)
Net proceeds from sale of development and trading properties	6,990	1,033	1,025
(Decrease) / increase in trade and other payables	(577)	(296)	287
Cash flows generated from / (used in) operations	5,430	(5)	(1,793)
Tax received	–	–	3
Cash flows generated from / (used in) operating activities	5,430	(5)	(1,790)
Cash flows from investing activities			
Additions to investment properties	(14,501)	(7,737)	(15,496)
Proceeds from the sale of investment property	18,465	–	–
Payment of introductory fee (note 15)	(2,807)	–	–
Additions to fixtures, fittings and equipment	(104)	–	–
Finance income	5	25	34
Cash flows generated from / (used in) investing activities	1,058	(7,712)	(15,462)
Cash flows from financing activities			
Net proceeds from placing of own shares	10,516	–	–
Purchase of own shares	–	(476)	(1,217)
Cash flows generated from / (used in) financing activities	10,516	(476)	(1,217)
Net increase / (decrease) in cash and cash equivalents	17,004	(8,193)	(18,469)
Cash and cash equivalents at start of period	13,657	32,126	32,126
Cash and cash equivalents at end of period	30,661	23,933	13,657

The Conygar Investment Company PLC
Notes to the interim results
For the six months ended 31 March 2022

1. General information

The Conygar Investment Company PLC ("the Company") is incorporated in the United Kingdom and domiciled in England and Wales, is registered at Companies House under registration number 04907617, listed on the AIM market of the London Stock Exchange and limited by shares.

The financial information set out in this report covers the six months to 31 March 2022, with comparative amounts shown for the six months to 31 March 2021 and the year to 30 September 2021, and includes the results and net assets of the Company and its subsidiaries, together referred to as the Group.

Further information about the Group and Company can be found on its website www.conygar.com.

2. Basis of preparation

The accounting policies used in preparing the condensed financial information are consistent with those of the annual financial statements for the year ended 30 September 2021 other than the mandatory adoption of new standards, revisions and interpretations that are applicable to accounting periods commencing on or after 1 October 2021, as detailed in the annual financial statements.

The condensed financial information for the six-month period ended 31 March 2022 and the six-month period ended 31 March 2021 has been reviewed but not audited and does not constitute full financial statements within the meaning of section 435 of the Companies Act 2006.

The financial information for the year ended 30 September 2021 does not constitute the Group's statutory accounts for that period but it is derived from those accounts. Statutory accounts for the year ended 30 September 2021 have been delivered to the Registrar of Companies. Saffery Champness LLP reported on those accounts, their report was unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The board of directors approved the above results on 10 May 2022.

Copies of the Interim Report may be obtained from the Company Secretary, The Conygar Investment Company PLC, First Floor, Suite 3, 1 Duchess Street, London, W1W 6AN.

3. Rental income

	Six months ended		*Year ended*
	31 Mar 2022	*31 Mar 2021*	*30 Sept 2021*
	£'000	*£'000*	*£'000*
Income from operating leases	898	804	1,552
Reversal of rent spreading adjustment	(1,424)	–	–
Option fee income	20	20	40
	(506)	824	1,592

The Group's revenue for the period ended 31 March 2022 includes the reversal of a £1.4 million accrued rent debtor following the sales of Cross Hands and Selly Oak in the current period. This debtor arose from the even spreading of rental income, derived from operating leases, over each tenant's respective minimum lease term after allowing for rent free periods.

4. Segmental information

IFRS 8 "Operating Segments" 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. The Group divides its business into the following segments:

- Investment properties held for capital appreciation, rental income or both;
- Development and trading properties, which include sites and developments under construction held for sale in the ordinary course of business; and,
- Food, beverage and events operations, which are planned to commence in July 2022.

4. Segmental information (continued)

Balance sheet

	As at 31 Mar 2022					As at 31 Mar 2021			
	Investment properties £'000	*Development properties £'000*	*Food, beverage and events £'000*	*Other £'000*	*Group total £'000*	*Investment properties £'000*	*Development properties £'000*	*Other £'000*	*Group total £'000*
Investment properties	82,411	–	–	–	82,411	42,732	–	–	42,732
Development and trading properties	–	16,926	–	–	16,926	–	19,503	–	19,503
Fixtures, fittings and equipment	–	–	182	–	182	–	–	–	–
	82,411	16,926	182	–	99,519	42,732	19,503	–	62,235
Other assets	3,777	42	–	31,070	34,889	1,205	256	24,056	25,517
Total assets	86,188	16,968	182	31,070	134,408	43,937	19,759	24,056	87,752
Liabilities	(7,513)	(54)	–	(258)	(7,825)	(516)	(48)	(530)	(1,094)
Net assets	78,675	16,914	182	30,812	126,583	43,421	19,711	23,526	86,658

Statement of comprehensive income

	Six months ended 31 March 2022				Six months ended 31 March 2021			
	Investment properties £'000	*Development properties £'000*	*Other £'000*	*Group total £'000*	*Investment properties £'000*	*Development properties £'000*	*Other £'000*	*Group total £'000*
Revenue	(524)	7,058	–	6,534	640	1,234	–	1,874
Direct costs	(78)	(3,922)	–	(4,000)	(99)	(1,043)	–	(1,142)
Gross (loss) / profit	(602)	3,136	–	2,534	541	191	–	732
Revaluation of investment properties	–	–	–	–	(1,151)	–	–	(1,151)
Profit on sale of investment property	423	–	–	423	–	–	–	–
Administrative expenses	–	–	(1,036)	(1,036)	–	–	(973)	(973)
Operating (loss) / profit	(179)	3,136	(1,036)	1,921	(610)	191	(973)	(1,392)
Finance costs	–	–	–	–	–	–	(1)	(1)
Finance income	–	–	5	5	–	–	25	25
(Loss) / profit before taxation	(179)	3,136	(1,031)	1,926	(610)	191	(949)	(1,368)
Taxation	–	–	–	–	–	–	–	–
(Loss) / profit after taxation	(179)	3,136	(1,031)	1,926	(610)	191	(949)	(1,368)

The Conygar Investment Company PLC
Notes to the interim results (continued)
For the six months ended 31 March 2022

5. Finance income and cost

	Six months ended		*Year ended*
	31 Mar 2022 £'000	*31 Mar 2021 £'000*	*30 Sept 2021 £'000*
Bank interest receivable	5	25	34
Interest cost under IFRS 16	–	1	2

6. Taxation

	Six months ended		*Year ended*
	31 Mar 2022 £'000	*31 Mar 2021 £'000*	*30 Sept 2021 £'000*
Current tax	–	–	–
Deferred tax charge	–	–	1,685
Total tax charge	–	–	1,685

Deferred tax asset

	Six months ended		*Year ended*
	31 Mar 2022 £'000	*31 Mar 2021 £'000*	*30 Sept 2021 £'000*
At start of the period	2,935	–	–
Credit for the period	–	–	2,935
At end of the period	2,935	–	2,935

The Group has recognised a deferred tax asset for tax losses, held by various group undertakings, where the Directors believe it is probable that this asset will be recovered.

As at 31 March 2022, the Group has further unused losses of £19.1 million (31 March 2021: £42.0 million; 30 September 2021: £20.1 million) for which no deferred tax asset has been recognised in the consolidated balance sheet.

6. Taxation (continued)

Deferred tax liability – in respect of chargeable gains on investment properties

	Six months ended		*Year ended*
	31 Mar 2022	*31 Mar 2021*	*30 Sept 2021*
	£'000	*£'000*	*£'000*
At start of the period	4,620	–	–
Charge for the period	–	–	4,620
At end of the period	4,620	–	4,620

The Directors have assessed the potential deferred tax liability of the Group as at 31 March 2022 in respect of chargeable gains that would be payable if the investment properties were sold at their reported values at each period end. Based on the unrealised chargeable gain of £18,478,000 arising in the year ended 30 September 2021, and remaining at 31 March 2022, a deferred tax liability of £4,620,000 has been recognised.

The deferred tax asset and liability have been calculated at a corporation tax rate of 25% being the rate that has been enacted by the balance sheet date and which is expected to apply when the liability is settled and the asset realised.

7. Dividends

No dividends were paid in the six-month periods ended 31 March 2022 and 31 March 2021 or the year ended 30 September 2021.

8. Profit / (loss) per share

Profit / (loss) per share is calculated as the profit / (loss) attributable to ordinary shareholders of the Company for the period ended 31 March 2022 of £1,926,000 (period ended 31 March 2021: loss of £1,368,000; year ended 30 September 2021: profit of £26,525,000) divided by the weighted average number of shares in issue throughout the period of 56,382,891 (31 March 2021: 53,569,832; 30 September 2021: 53,064,275). There are no diluting amounts in either the current or prior periods.

9. Investment properties

	31 Mar 2022 £'000	*31 Mar 2021 £'000*	*30 Sept 2021 £'000*
At the start of the period	17,750	16,500	16,500
Additions	109	501	791
Disposals	(17,859)	–	–
Revaluation (deficit) / surplus	–	(1,151)	459
At the end of the period	–	15,850	17,750

The investment property at Cross Hands was sold on 10 February 2022 for net proceeds of £18.3 million. As at 31 March 2021 and 30 September 2021, Cross Hands was valued by Knight Frank LLP in their capacity as external valuers. The valuations were prepared on a fixed fee basis, independent of the property value and undertaken in accordance with the RICS Valuation – Global Standards on the basis of fair value, supported by reference to market evidence of transaction prices for similar properties. They assume a willing buyer and a willing seller in an arm's length transaction and reflect usual deductions in respect of purchaser's costs and SDLT as applicable at each valuation date. The independent valuer made various assumptions including future rental income, anticipated void costs and the appropriate discount rate or yield.

The fair values were determined using an income capitalisation technique whereby contracted rent and market rental values are capitalised with a market capitalisation rate. This technique is consistent with the principles in IFRS 13 and uses significant unobservable inputs, such that the fair value has been classified in all periods as Level 3 in the fair value hierarchy as defined in IFRS 13.

The historical cost of the Group's investment properties as at 31 March 2022 was £nil (31 March 2021: £13,952,000; 30 September 2021: £14,242,000).

The Group's revenue for the period ended 31 March 2022 includes £898,000 derived from properties leased out under operating leases (period ended 31 March 2021: £804,000; year ended 30 September 2021: £1,552,000). The Group's revenue for the period ended 31 March 2022 also includes the reversal of a £1.4 million accrued rent debtor as set out in note 3.

10. Investment properties under construction

	31 Mar 2022 £'000	*31 Mar 2021 £'000*	*30 Sept 2021 £'000*
At the start of the period	70,500	19,761	19,761
Additions	12,417	7,121	16,407
Revaluation surplus	–	–	28,718
Movement in introductory fee provision (note 15)	(506)	–	5,614
At the end of the period	82,411	26,882	70,500

Investment properties under construction comprise freehold land and buildings at The Island Quarter, Nottingham which are held for current or future development as investment properties and reported in the balance sheet at fair value as at 31 March 2022 and 30 September 2021 and cost as at 31 March 2021.

As set out in the Chairman's and Chief Executive's statement, the reported fair value of The Island Quarter site as at 31 March 2022 has been provided by the Conygar Board by reference to any changes in the assumptions set out in the reported 30 September 2021 valuation provided by Knight Frank LLP, progression of the project and the recoverability of costs incurred since that date. During the period, no planning permissions have been granted or buildings completed and whilst we recognise the impact that price inflation is currently having upon property construction costs, we are seeing these increases offset by a corresponding uplift in market rents, particularly within the residential build to rent and student accommodation sectors. However, there have been significant cash outlays in the period to bring electricity to the site and progress the construction of Canal Turn. As such the fair value at 31 March 2022 has been increased by £11.91 million to £82.41 million to reflect the development costs incurred in the six months since 30 September 2021.

In preparing their valuation at 30 September 2021, Knight Frank utilised market and site specific data, their own extensive knowledge of the real estate sector, professional judgement and other market observations, as well as information provided by the Company's Executive Directors. The resulting models and assumptions therein were also reviewed for overall reasonableness by the Conygar Board. Inevitably, with complex modelling like this, variations in assumptions can lead to widely differing values. The Board considered the valuation in the context of their experience and believed the value of approximately £2 million per acre was justifiable at 30 September 2021.

10. Investment properties under construction (continued)

The Knight Frank LLP valuation was prepared on a fixed fee basis, independent of the property value and undertaken in accordance with RICS Valuation – Global Standards on the basis of fair value, supported by reference to market evidence of transaction prices for similar properties. It assumed a willing buyer and a willing seller in an arm's length transaction and reflected usual deductions in respect of purchaser's costs and SDLT as applicable at the valuation date. The independent valuer made various assumptions including future rental income, anticipated void costs and the appropriate discount rate or yield.

The fair value of Nottingham has been determined using an income capitalisation technique whereby contracted rent and market rental values are capitalised with a market capitalisation rate. This technique is consistent with the principles in IFRS 13 and uses significant unobservable inputs, such that the fair value was classified as Level 3 in the fair value hierarchy as defined in IFRS 13. For Nottingham, the key unobservable inputs are the net initial yields, construction costs, rental income rates and expiry void periods. The principal sensitivity of measurement to variations in the significant unobservable outputs is that decreases in net initial yields, construction costs and void periods and higher rental income rates will increase the fair value whereas increases in net initial yields, construction costs and void periods and lower rental income rates would decrease the fair value.

The historical cost of the Group's investment properties under construction as at 31 March 2022 was £51,392,000 (31 March 2021: £26,882,000; 30 September 2021: £36,168,000).

11. Fixtures, fittings and equipment

	31 Mar 2022 £'000	*31 Mar 2021 £'000*	*30 Sept 2021 £'000*
At the start of the period	–	–	–
Additions	182	–	–
At the end of the period	182	–	–

During the six-month period to 31 March 2022 the Group acquired some of the furniture and equipment that will be required to operate the food, beverage and events businesses, planned for opening in the summer of 2022, at The Island Quarter site.

The cost of these assets will be depreciated over their useful economic lives from the date they become available for use.

12. Development and trading properties

	31 Mar 2022 £'000	*31 Mar 2021 £'000*	*30 Sept 2021 £'000*
At the start of the period	20,192	19,952	19,952
Additions	506	513	1,510
Disposals	(3,570)	(595)	(595)
Development costs written off	(202)	(367)	(675)
At the end of the period	16,926	19,503	20,192

Development and trading properties are reported in the balance sheet at the lower of cost and net realisable value. The net realisable value of properties held for development requires an assessment of the underlying assets using property appraisal techniques and other valuation methods. Such estimates are inherently subjective as they are made on assumptions which may not prove to be accurate and which can only be determined in a sales transaction.

The Group completed the sale of its property at Selly Oak in December 2021.

13. Trade and other receivables

	31 Mar 2022 £'000	*31 Mar 2021 £'000*	*30 Sept 2021 £'000*
Trade receivables	162	87	127
Other receivables	887	293	1,229
Prepayments and accrued income	209	1,073	1,305
	1,258	1,453	2,661

Trade and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment. Impairment is calculated using an expected credit loss model.

14. Trade and other payables

	31 Mar 2022 £'000	*31 Mar 2021 £'000*	*30 Sept 2021 £'000*
Social security and payroll taxes	54	56	55
Trade payables	692	685	2,300
Accruals and deferred income	158	254	1,012
	904	995	3,367

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

15. Provision for liabilities and charges

	31 Mar 2022 £'000	*31 Mar 2021 £'000*	*30 Sept 2021 £'000*
At the start of the period	5,614	–	–
Paid in the period	(2,807)	–	–
Movement in provision in the period	(506)	–	5,614
At the end of the period	2,301	–	5,614

As at 30 September 2021, the Group was party to a services agreement and introduction fee agreement in connection with its investment property at Nottingham. The fee payable, under the terms of each agreement, in connection with introductory and other services, was to be calculated on the earlier of the date of sale of the property or 22 December 2021 with settlement to follow, subject to agreement between each party, 31 business days after the fee calculation has been finalised. In January 2022, the introductory fee, calculated at £2.807 million, was paid and the longstop date for the services agreement calculation extended until 22 December 2023. The provisions at 31 March 2022 and 30 September 2021 have been calculated by reference to the value of the property at each balance sheet date after allowing for a priority return and applicable costs.

16. Share capital

Number of shares:

	Six months ended 31 Mar 2022 No.	Six months ended 31 Mar 2021 No.	Year ended 30 Sept 2021 No.
At the start of the period	52,499,590	53,591,590	53,591,590
Placing of own shares	7,138,998	–	–
Cancellation of treasury shares	–	–	(1,092,000)
At the end of the period	59,638,588	53,591,590	52,499,590

Nominal value of Ordinary shares of 5p each:

	Six months ended 31 Mar 2022 £'000	Six months ended 31 Mar 2021 £'000	Year ended 30 Sept 2021 £'000
At the start of the period	2,625	2,680	2,680
Placing of own shares	357	–	–
Cancellation of treasury shares	–	–	(55)
At the end of the period	2,982	2,680	2,625

At the Company's Annual General Meeting held on 20 December 2021, resolutions were passed to enable the Company to complete the placing of 7,138,998 Ordinary shares of 5p each at a placing price of 150p per share. The premium received from each placing share over their 5p nominal value, net of fees paid in connection with the placing, resulted in £10.16 million credit to the Company's share premium account.

At a General Meeting of the Company on 28 March 2022 a further resolution was passed to enable the cancellation of the share premium account, subject to approval of the Court, such that the amount cancelled can be credited to a distributable reserve. On 22 April 2022, an application was submitted to the Court to request the cancellation which is expected to be considered in late May 2022.

17. Net assets per share

Net assets per share is calculated as the net assets of the Group divided by the number of shares in issue. There are no diluting or adjusting amounts for the reported periods.

	31 Mar 2022	*31 Mar 2021*	*30 Sept 2021*
	£'000	*£'000*	*£'000*
Net assets	126,583	86,658	114,141
	No.	*No.*	*No.*
Shares in issue	59,638,588	53,591,590	52,499,590
Net assets per share	212.25p	163.97p	217.41p

18. Key management compensation

Key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Group and are considered to be the Directors of the Company. Amounts paid in respect of key management compensation were as follows:

	Six months ended		*Year ended*
	31 Mar 2022	*31 Mar 2021*	*30 Sept 2021*
	£'000	*£'000*	*£'000*
Short-term employee benefits	518	430	929

Independent Review Report to The Conygar Investment Company PLC

Introduction

We have been engaged by The Conygar Investment Company PLC ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six-month period ended 31 March 2022 which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the AIM Rules. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with UK-adopted International Accounting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK-adopted International Accounting Standard 34 "Interim Financial Reporting".

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six-month period ended 31 March 2022 is not prepared, in all material aspects, in accordance with UK-adopted International Accounting Standard 34 and the AIM Rules.

Saffery Champness LLP
Chartered Accountants and Registered Auditors
London
10 May 2022

Notes:

(a) The maintenance and integrity of The Conygar Investment Company PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the presentation and dissemination of financial information may differ from legislation in other jurisdictions.

Directors and advisers

Directors	N J Hamway (*Non-executive Chairman*) R T E Ware (*Chief Executive*) B S Sandhu (*Non-executive Director*) D Baldwin (*Finance Director*) F N G Jones (*Property Director*) C J D Ware (*Property Director*)
Secretary	D Baldwin
Registered office	First Floor, Suite 3 1 Duchess Street London W1W 6AN
Registrar	Share Registrars Limited 3 The Millennium Centre Crosby Way Farnham Surrey GU9 7XX
Nominated adviser & stockbroker	Liberum Capital Limited Ropemaker Place, Level 12 25 Ropemaker Street London EC2Y 9LY
Solicitors	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
Auditors	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE

Company Registration No 04907617

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