The Conygar Investment Company PLC

Report and accounts
30 September 2020

YEAR ENDED 30 SEPTEMBER 2020

SUMMARY

- Net asset value per share 165.8p.
- Total cash deposits of £32.1 million (60.0p per share).
- No debt and no borrowings.
- Outline planning consent granted, with the signing of the section 106 agreement, for our 40 acre mixed-use scheme at the Island Quarter in Nottingham city centre.
- Resolution to grant detailed planning permission passed for the first phase of the Island Quarter development, incorporating a 20,000 square foot waterfront pavilion.
- Construction completed of both the Lidl store and Burger King restaurant and drive through at Cross Hands, Carmarthenshire.
- £1.7 million reduction in the value of Cross Hands, Carmarthenshire as a result of COVID-19.
- Write down of land at Holyhead, Anglesey by £5.0 million, following the withdrawal of Hitachi from the proposed nuclear development at Wylfa.
- Bought back 2.93 million shares (5.2% of ordinary share capital) at an average price of 135.3p per share.

Group net assets summary as at 30 September 2020

	£'m	*Per share p*
Properties	56.2	104.9
Cash	32.1	60.0
Other	0.5	0.9
Net assets	88.8	165.8

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)
F N G Jones (Property Director)
C J D Ware (Property Director)
B S Sandhu (Non-Executive Director)

Company Secretary
D Baldwin

Registered office
1 Duchess Street
London W1W 6AN

Auditor
Saffery Champness LLP
71 Queen Victoria Street
London EC4V 4BE

Solicitors
Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

Nominated adviser & stockbroker
Liberum Capital Limited
Ropemaker Place, Level 12
25 Ropemaker Street
London EC2Y 9LY

Registrars
Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey GU9 7DR

Registered number
04907617

Website
www.conygar.com

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Results summary

We present the Group's results for the year ended 30 September 2020.

The impact of COVID-19 and social distancing restrictions have been far reaching and have brought about unprecedented challenges to both the UK and global economies. Whilst progress on a number of our projects has been impacted, we have continued to move forward with our ongoing and planned development programme.

Our approach to COVID-19 has been to support our staff, tenants and the communities in which we operate, wherever it is possible and reasonable to do so. Such steps have included offering revised rental payment terms to those tenants impacted by the pandemic, supporting the community of Nottingham by setting up a COVID-19 testing centre on part of our site, and ensuring the wellbeing of our staff by enabling them to work remotely.

Net asset value per share was 165.8p (2019: 178.2p) and the loss before tax for the year was £8.2 million (2019: loss of £13.9 million). The main reasons for the loss were the re-evaluation of our projects in Anglesey at Holyhead Waterfront and our industrial land at Rhosgoch, in addition to a reduction in the valuation of our retail park at Cross Hands, Carmarthenshire.

The impact of Hitachi announcing their withdrawal from the proposed nuclear development at Wylfa, a lack of alternative investors, the impact of COVID-19 on Wales and the response of the Wales Assembly Government plus the undoubted pending recession has meant that we have reassessed the carrying values of Holyhead Waterfront and Rhosgoch, leading to write downs of £5.0 million and £0.5 million respectively. We believe that Wylfa will not happen without significant UK government support, both financial and political, for a credible nuclear operator. In addition, the valuation of our retail park at Cross Hands, Carmarthenshire has fallen in the year from £18.3 million to £16.5 million.

The retail market has been under severe pressure during the year not only as a result of COVID-19 but also from structural shifts in shopping behaviour, political and economic uncertainty, and business rates. Whilst a number of the Cross Hands tenants were able to continue to trade throughout the initial lockdown period and all non-essential shops were allowed to re-open in June, footfall continues to be low. However, in contrast to retail high streets, out of town retail parks have shown signs of resilience throughout the pandemic, particularly in the non-fashion sectors.

At Cross Hands we have collected 81% of the rents due for the current quarter which increases to 86% for the Group as a whole. Of the remainder, 5% have moved to monthly payments, which are expected to be received in full by the end of the year, and 9% have been provided for in these financial statements where, as a result of COVID-19, Peacocks Stores Limited have not paid their rent since March 2020.

Despite the economic and political volatility during the year, the Group has made good progress on the rest of the portfolio and we shall briefly outline the highlights here.

At the Island Quarter, Nottingham, the outline planning permission was granted in the year with the signing of the section 106 agreement. This was followed in September 2020 with the passing of a resolution to grant permission for the first phase of the 40 acre mixed-use development to include a 20,000 square foot waterfront pavilion featuring restaurants, events space and a rooftop terrace. The plans also feature provision for a bandstand and an area of new public realm. Given the current COVID-19 situation there is material uncertainty as to the value which would be created by undertaking this phase of the development. However, it will help to enable the development of the remainder of the site. We have also made good progress with the design of subsequent phases of the development and hope to submit further applications over the coming year.

At Haverfordwest in Pembrokeshire, discussions are ongoing for our plan to build the first phase of 115 houses for which reserved matters consent was granted in September 2019. We have also completed the section 38 and section 104 agreements that will enable us to start on site in due course with the construction of the spine road planned to commence in December 2020.

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

In April 2019, we exchanged a conditional contract to sell our industrial property in Selly Oak, Birmingham, on a subject to planning permission basis, to a specialist provider of student accommodation who subsequently submitted an application in January 2020. Additional information and an amended planning application have been submitted and we expect a determination of the application in the next few months.

During the year we completed the 23,000 square foot Lidl food store at Cross Hands, Carmarthenshire which opened for trading in January 2020. We also completed construction of a 2,750 square foot Burger King restaurant and drive through in October 2020, let 1,300 square feet to Card Factory and are under offer for a further 3,400 square feet to a gym operator. This is a very pleasing result given the current volatility in the retail sector and reflects the quality of the park where 90,000 square feet out of a total of 100,000 square feet are now let or under offer, producing a rent roll of £1.15 million.

At the Holyhead Waterfront scheme in Anglesey, we continue to work on the detailed design and reserved matters application in tandem with the marine consenting process. We expect to submit both applications in addition to a harbour revision order in early 2021.

Dividend

The Board recommends that no dividend is declared in respect of the year ended 30 September 2020. More information on the Group's dividend policy can be found within the strategic report on page 11.

Share buy back

During the year, the Group acquired 2,930,845 ordinary shares, representing 5.2% of its ordinary share capital, at a cost of £3.96 million which equates to an average price of 135.3p per share. As a result of the buy backs, net asset value per share has been enhanced by 2.3p per share. The Group will seek to renew the buy back authority of 14.99% of the issued share capital of the Company at the forthcoming AGM. We consider the buy back authority to be a useful capital management tool and will continue to use it when we believe the stock market value differs too widely from our view of the intrinsic value of the Company.

Board changes

Michael Wigley and Ross McCaskill both stepped down from the Board during the year and we thank them for their considerable contributions to the success of the Group. We were also delighted to announce the appointment of Bim Sandhu as Non-Executive Director in March 2020.

Outlook

The outlook is highly uncertain. We expect the impact of COVID-19 to significantly affect the progression of and carrying values for our investment and development properties over the coming year. While there remains considerable uncertainty as to how the pandemic will play out, compounded by the impact of a fast approaching Brexit, and pressures on market rents from business closures and rising unemployment, it is extremely difficult confidently to predict the future.

However, since the summer there have been some encouraging signs of activity and the nature of the property market is such that, irrespective of the number of lockdowns the country is subject to, it will not remain quiet for long. Our strong balance sheet, with cash deposits in excess of £32 million and no debt, should allow us to pursue opportunities when they arise whilst also further advancing our investment and development portfolios. We will, though, need to raise substantial amounts either as debt, or through joint ventures or asset sales in order to develop the Island Quarter site in Nottingham. This is a major development and is central to the Company's future.

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

On behalf of the Board, we would like to thank the entire Conygar family of shareholders, advisers and team for their resilience, focus and commitment during such testing times.

N J Hamway
Chairman

R T E Ware
Chief Executive

23 November 2020

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 strategy and business model.

Strategy and business model

The Conygar Investment Company PLC ("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 Group at the year end

The Group net assets as at 30 September 2020 may be summarised as follows:

	£'m	*Per share p*
Properties	56.2	104.9
Cash	32.1	60.0
Other	0.5	0.9
Net assets	88.8	165.8

In spite of the impact from COVID-19, good progress has been made on our investment properties and development projects since we last reported, the details of which are set out below. The Group's balance sheet remains both liquid and robust with cash deposits at 30 September 2020 of £32.1 million and no borrowings. However, the size of the Island Quarter development in Nottingham will require us to seek either debt funding, joint venture partners or to sell assets to take best advantage of the opportunities presented by this development.

Key performance indicators

The key measures considered when monitoring progress towards the Board's objective of providing attractive shareholder returns include the headway made during the year on its development and investment property portfolio, the movements in net asset value per share and levels of uncommitted cash, each of which are considered below.

Investment properties and development projects

Nottingham, Nottinghamshire

The Group acquired the 40 acre Island Quarter site in Nottingham city centre in December 2016 for £13.5 million. The Island Quarter is an exciting mixed-use development comprising new homes, grade A office space, creative market, a lifestyle hotel, retail units, student accommodation and a linear park. The signing of the section 106 agreement and subsequent resolution by Nottingham City Council to grant permission for Phase 1 (Canal Turn) enables us cautiously to commence the development, with work

STRATEGIC REPORT (continued)

scheduled to start on site in November 2020. Phase 1 will include a 20,000 square foot pavilion, for restaurant and events space, as well as a new and substantial public realm to open up the canal basin area and form a focal point for the project. It is important to start this development now, even in the current environment, because it is an essential 'pump primer' for the rest of the site; necessary to achieve the longer term benefits for the project.

Cross Hands, Carmarthenshire

The retail park at Cross Hands is one of few speculative retail developments to be undertaken in South Wales in the last few years, successfully attracting leading brands including Lidl, B&M Retail, Costa Coffee, Iceland Foods, Dominos Pizza and Pets At Home. The completion in the year of the developments for and lettings to Lidl, Burger King and Card Factory demonstrate the strength of the location with 90,000 square feet of the park now let or under offer and one final unit now available.

Holyhead Waterfront, Anglesey

We continue to work on the detailed design and reserved matters application and hope to submit the reserved matters and marine consent applications in early 2021. However, as reported in the chairman's and chief executive's report, the Directors have reassessed this project and have written down the carrying value of the property at 30 September 2020 by £5.0 million.

Parc Cybi business park and Rhosgoch, Anglesey

Following the decision by Horizon Nuclear Power to terminate their option for our 203 acre site in Rhosgoch, and the subsequent announcement by Hitachi in September 2020 of its withdrawal from the Wylfa nuclear power project, we are now considering alternative uses for the site. It is possible that the potential use will be in the renewables sector and we are in early stage discussions with various operators in this regard. As a result of this change in use, we have written down the carrying value at 30 September 2020 by £0.5 million.

Selly Oak, Birmingham

Selly Oak comprises two industrial units let to University Hospitals Birmingham NHS Foundation Trust and Revolution Gymnastics Limited, currently generating income of £0.2 million per annum.

Following the exchange of a conditional contract in 2019 to sell the property, on a subject to planning basis, to a specialist provider of student accommodation, the purchaser submitted a planning application at the start of the year. Alterations and an amended planning application were requested by the local authority and accordingly we hope the application will be determined favourably in the coming months.

Haverfordwest, Pembrokeshire

At Haverfordwest, where we have outline consent for 729 residential units and reserved matters consent for the first phase comprising 115 residential units, we completed the section 38 and section 104 agreements in September 2020 which should enable us to start on site later in the year. Construction of the spine road is planned to commence in December 2020.

Ashby-de-la-Zouch, Leicestershire

As previously reported, in October 2019 we completed the forward sale of the 27,500 square foot food store and garden centre let to B&M Retail Limited realising a further £0.2 million profit in the year.

STRATEGIC REPORT (continued)

King's Lynn, Norfolk

This is a six acre residential development site near to King's Lynn. The Group has been in discussions at various times to sell this land but regrettably none of the purchasers were able to complete; some even after exchange of contract. This demonstrates the difficult nature of the current environment. Given the planning permission has now lapsed, the Board has taken the decision to write down the carrying value of the site to £0.53 million at 30 September 2020.

Summary of investment properties

	2020 *£'m*	*2019* *£'m*
Nottingham – at cost (1)	19.80	–
Cross Hands – at valuation	16.50	18.30
Ashby-de-la-Zouch (2)	–	3.13
Total	36.30	21.43

(1) The Group's investment in Nottingham was transferred to investment properties under construction during the year.

(2) The sale of Ashby-de-la-Zouch completed in October 2019.

Summary of development projects

We remain confident that there is significant upside in these projects but this will only become evident over the medium term.

	2020 *£'m*	*2019* *£'m*
Nottingham (1)	–	15.52
Haverfordwest	7.78	7.33
Holyhead Waterfront (2)	5.00	9.23
Selly Oak	3.57	3.57
Rhosgoch (2)	2.50	3.00
King's Lynn (3)	0.53	0.78
Parc Cybi	0.50	0.50
Fishguard Lorry Stop	0.07	0.07
Total	19.95	40.00

(1) As set out above, the Group's investment in Nottingham has been transferred to investment properties under construction.

(2) As set out in the chairman's and chief executive's report, the carrying values of Holyhead Waterfront and Rhosgoch have been written down in the year by £5.0 million and £0.5 million respectively.

(3) As set out in the strategic report, the carrying value for King's Lynn has been written down in the year by £0.2m.

STRATEGIC REPORT (continued)

Financial review

Net asset value

The net asset value at 30 September 2020 was £88.8 million (2019: £100.7 million). The primary movements in the year were £1.7 million of net rental income plus £0.2 million from completion of the sale of our investment property at Ashby-de-la Zouch offset by £5.6 million of development costs written off, a £1.7 million reduction in the valuation of Cross Hands, £2.6 million of administrative costs and £4.0 million spent purchasing our own shares.

Cash flow and financing

At 30 September 2020, the Group had cash of £32.1 million and no debt (2019: cash of £39.9 million and no debt).

During the year, the Group used £6.3 million cash in operating activities (2019: used £2.0 million).

The primary cash outflows in the year were £4.0 million to buy back shares and capital costs of £6.3 million, including development costs for the Burger King restaurant and drive through at Cross Hands, planning and professional fees to progress the early phase developments at Nottingham, costs to complete the B&M store in Ashby-de-la-Zouch and professional and statutory fees to advance the proposed developments at Haverfordwest and Holyhead Waterfront.

The cash outflows were partly offset by cash proceeds of £3.7 million from the completion of the forward sale of the B&M store at Ashby-de-la-Zouch, resulting in a net cash outflow in the year of £7.8 million (2019: cash outflow of £9.4 million).

Net income from property activities

	2020	*2019*
	£'m	*£'m*
Rental and other income	1.7	1.8
Direct property costs	(0.2)	(0.2)
	1.5	1.6
Sale of investment property	3.7	5.5
Cost of investment property sold	(3.5)	(5.5)
Total net income arising from property activities	1.7	1.6

Administrative expenses

The administrative expenses for the year ended 30 September 2020 were £2.6 million (2019: £2.6 million), The major items were salary costs of £1.9 million (2019: £1.6 million), including an ex gratia payment of £0.3 million to R H McCaskill who stepped down in the year, and various costs arising as a result of the Group being listed on AIM.

Taxation

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 tax credit for the year of £0.2 million arose from an overprovision in the prior year.

STRATEGIC REPORT (continued)

Capital management

Capital risk management

The Board's primary objective when managing capital is to preserve the Group's ability to continue as a going concern, in order to safeguard its equity and provide returns for shareholders and benefits for other stakeholders whilst maintaining an optimal capital structure to reduce the cost of capital.

The Group does not currently have any borrowings, but may utilise borrowing in the future to fund development projects. When doing so the Group will seek to ensure that it can stay within agreed covenants with its lenders.

Treasury policies

The objective of the Group's treasury policies are 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, reported profitability and cash flows.

The Group finances its activities with a combination of 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 finance its activities with bank loans and enter into derivative transactions to manage the interest rate risk arising from its operations and sources of finance. Throughout the year, and 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. At any point in time, at least half of the Group's cash is held on instant access or short term deposits of less than 30 days.

Dividend policy

The Board recommends that no dividend is paid in respect of the year ended 30 September 2020 (2019: £nil).

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.

In previous 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 operations 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 the dividend policy each year. Our focus is, and will primarily continue to be, growth in net asset value per share.

Share buy backs

During the year, the Group acquired 2,930,845 ordinary shares at an average price of 135.3p, costing £4.0 million, which represented 5.2% of its ordinary share capital. As a result of the share buy backs, the net asset value per share has been enhanced by approximately 2.3p per share. The Group will seek to renew the buy back authority of 14.99% of the issued share capital of the Company at the forthcoming AGM. We consider it to be a vital capital management tool and believe it is prudent to have maximum flexibility given the level of uncertainty we see in the wider economy.

STRATEGIC REPORT (continued)

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, strategic risks 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 strong balance sheet is 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. Our Executive Directors are very closely involved in the day-to-day running of the business to ensure sound management judgement is applied.

Market risks

Market risks primarily arise from the possibility that the Group is exposed to fluctuations in the values of, or income from, its cash deposits, investment properties and development projects. 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.

The full repercussions of the unprecedented disruption from the COVID-19 pandemic remain uncertain. It is undeniable that social distancing restrictions and multiple lockdowns continue to impact on the extent of business closures and tenant defaults which in turn have a negative impact on the Group's cash flows, property values and ability to progress its development programme. Continuing low interest rates make our liquidity position a drag on income. However, the Group has income derived from a range of assets and investments providing a diversity of income, is not party to any debt facilities and the management team have adapted to the ongoing restrictions to advance the development portfolio.

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 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:

STRATEGIC REPORT (continued)

Investment properties

The fair values of investment properties are based upon open market value and calculated, where applicable, using a third party valuation provided by an external valuer. Note 11 of these financial statements includes a statement from the external valuer setting out how COVID-19 has impacted on their valuation assumptions at 30 September 2020. Where it is not possible to reliably measure fair value, cost is used instead.

Development properties

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. Where it is not possible to reliably measure fair value, cost is used instead.

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, particularly in the current highly uncertain environment, and hence has been stated at cost.

Financial assets

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

	30 Sep 20	*30 Sep 19*
	£'000	*£'000*
Fixed rate term deposit*	10,009	–
Floating rate	22,117	39,911
	32,126	39,911

* Term deposit expiring on 30 December 2020.

Fixed and floating rate financial assets comprise cash and short term deposits held with banks whose credit ratings are acceptable to the Board.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations. The Group's principal financial assets include its financial interest in property assets, cash deposits and trade and other receivables. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

In the event of default by an occupational tenant, the Group will suffer a rental shortfall and incur additional costs. The Directors continually monitor tenant arrears in order to anticipate, and minimise the impact of, defaults by occupational tenants and if necessary will apply rigorous credit control procedures to facilitate the recovery of trade receivables.

Under IFRS 9, the Group is required to provide for any expected credit losses arising from trade receivables. For all assured shorthold tenancies, credit checks are performed prior to acceptance of the tenant. Regulated tenants are incentivised through the benefit of their tenancy agreement to avoid default on their rent and a rent deposit is held in respect of one lease. Taking these factors into account, the risk to the Group of individual tenant default and the credit risk of trade receivables are considered low, albeit the risk has increased as a result of the impact of COVID-19, as is borne out by the level of trade receivables written off in this year and in prior years.

STRATEGIC REPORT (continued)

As a result of the impact of COVID-19, the Directors have provided for rental and other arrears due from Peacocks Stores Limited amounting to £49,000 at 30 September 2020 and which remain outstanding at the date of signing these financial statements. A further £49,000 of accrued rent, in connection with a rent spreading adjustment for the income receivable from Peacocks Stores Limited, has also been written back at the balance sheet date. The impaired receivables are based on a review of expected credit losses. Impaired receivables and receivables not considered to be impaired are not material to the financial statements and, therefore, no further analysis is provided.

The credit risk on cash deposits is managed through the Company's policies of monitoring counterparty exposure and the use of counterparties of good financial standing. At 30 September 2020, the credit exposure from cash held with banks was £32.1 million which represents 36.2% of the Group's net assets. As at 30 September 2020, the Group had a single balance of £53,000 (2019: £54,000) where the counterparty had failed to honour a notice deposit and a full impairment provision has been recorded against the balance. All cash deposits are placed with banks whose credit ratings are acceptable to the Board with £10 million held on a fixed rate term deposit which expires on 30 December 2020 and £22.1 million on instant access accounts. Should the credit quality or the financial position of the banks currently utilised significantly deteriorate, cash deposits would be moved to another bank.

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 seeks to manage its liquidity risk by ensuring that sufficient cash is available to meet its foreseeable needs. The Group has cash deposits at the balance sheet date of over £32 million. However, we will need to raise substantial amounts either as debt, or through joint ventures or asset sales in order to develop the Island Quarter site in Nottingham.

Section 172 statement

Directors' duty to promote the success of the Company under Section 172 Companies Act 2006

This is a new reporting requirement for public companies for accounting periods commencing after 1 January 2019. After that date, a strategic report is required to include a statement that describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duty under section 172. Some of the matters identified in Section 172(1) are already covered by similar provisions in the QCA Code and have thus been previously reported by the Company in the corporate governance statement, the corporate governance report and the QCA statement of compliance on our website. In order to avoid unnecessary duplication, the relevant parts of those documents are identified below and are to be treated as expressly incorporated by reference into this strategic report. Under section 172(1) of the Companies Act 2006, each individual Director must act in the way he considers, in good faith, would be the most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to six matters detailed in the section. In discharging their duties, the Directors seek to promote the success of Conygar for the benefit of members as a whole and have regard to all the matters set out in Section 172(1), where applicable and relevant to the business, taking account of its size and structure and the nature and scale of its activities in the commercial property market. The following paragraphs address each of the six matters in Section 172(1) (a) to (f).

(a) The likely consequences of any decision in the long term: The commercial property market is cyclical by nature. Investing in commercial property is a long term business. The decisions taken must have regard to long term consequences in terms of success or failure and managing risks and uncertainties. The Directors cannot expect that every decision they take will prove, with the benefit of hindsight, to be the best one – external factors may affect the market and thus change conditions in the future, after a decision has been taken. However, the Directors consider that their record of decisions on acquisitions, disposals and active management of the portfolio is very strong. This is reflected in the long term performance of Conygar over the years in terms of increases in rental

STRATEGIC REPORT (continued)

income and net asset value. In recent years, decisions by the Directors to dispose of higher-risk assets and to invest in property assets where the Group can add significant value, were taken with a view to improving the overall quality and long term performance of the portfolio and thus the success of Conygar for the benefit of its shareholders.

(b) The interests of the Company's employees: The Company has five full time employees, including the Chief Executive and two Property Directors. They sit on the Board with the Non-Executive Directors.

(c) The need to foster the Company's business relationships with suppliers, customers and others: The Directors have regularly reported in the Company's annual reports on the constructive relationships that Conygar seeks to build with its tenants and the mutual benefits that this brings to both parties; and this reporting has been extended over the past two years following Principle 3 of the QCA Code to include suppliers and others. This is therefore addressed under Principle 3 in the QCA compliance statement. In the past year, it has been vital to foster our business relationships with tenants given external factors affecting business and the economy, such as political uncertainty, the general election and latterly the COVID-19 pandemic.

(d) The impact of the Company's operations on the community and the environment: This is also addressed under Principle 3 of the QCA Code in the QCA compliance statement. Due to its size and structure and the nature and scale of its activities, the Board considers that the impact of Conygar's operations as a landlord on the community and the environment is low. Conygar's assets are used by its tenants for their own operations rather than by Conygar itself. In the past year, the Company has not been made aware of any tenant operations that have had a significant impact on the community or the environment. In relation to planned developments, Conygar seeks to ensure that designs and construction comply with all relevant environmental standards and with local planning requirements and building regulations so as not to adversely affect the community or the environment.

(e) The desirability of the Company maintaining a reputation for high standards of business conduct: This is addressed under Principle 8 of the QCA Code in the corporate governance statement and in the QCA compliance statement. The Board considers that maintaining Conygar's reputation for high standards of business conduct is not just desirable – it is a valuable asset in the competitive commercial property market.

(f) The need to act fairly as between members of the Company: The Company has only one class of shares, thus all shareholders have equal rights and, regardless of the size of their holding, every shareholder is, and always has been, treated equally and fairly. Relations with shareholders are further addressed under Principles 2, 3 and 10 of the QCA Code in the corporate governance report and the QCA compliance statement. We have been reviewing how we communicate with shareholders and are in the process of encouraging shareholders to adopt electronic communications and proxy voting in place of paper documents where this suits them, as well as to raise questions in writing if they are unable to attend AGMs.

This report was approved by the Board on 23 November 2020 and signed on its behalf by:

R T E Ware
Chief Executive

23 November 2020

CORPORATE GOVERNANCE REPORT

Corporate governance code

The Directors consider it important that appropriately high standards of corporate governance are maintained. In compliance with the AIM rules, the Company has therefore chosen to comply with the QCA Code.

The workings of the Board and its committees

The Board

The Board currently comprises the Chief Executive, two Property Directors and two independent Non-Executive Directors, one of whom is Chairman, N J Hamway and the other is B S Sandhu. The Board is responsible to shareholders for the proper management of the Company. A statement of going concern and a statement of the Directors' responsibilities in respect of the financial statements is given on pages 25 and 26.

Biographies

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 until June 2003. He is also Chairman of Marwyn Value Investors Limited which is quoted on the London Stock Exchange.

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.

Property Director – Christopher Ware

Christopher Ware graduated from the University of Exeter before completing a Masters degree in Real Estate at Reading. He started his career at Colliers International, working in the Central London investment team and becoming a Chartered Surveyor during that time before joining Conygar in 2012. Christopher is also a CFA charterholder.

CORPORATE GOVERNANCE REPORT (continued)

Non-Executive Director – Bim Sandhu

Bim Sandhu is a graduate of the LSE and was Secretary of the KPMG UK Property & Construction Group after qualification as a Chartered Accountant. He left to become Finance Director and then Managing Director of the UK operations of a client, Hudson Conway, an Australian listed developer. Bim was co-founder and CEO of UK developer Raven Mount plc and co-founder of Raven Russia Limited, a developer of logistics warehouses, and co-founder and Chairman of Raven Audley Court plc, a developer and operator of assisted living facilities. He is currently CEO of The Santon Group and Non-Executive Director of AEW UK REIT plc and Africa Logistics Properties Holdings Limited.

Workings of the Board

The Board has a formal schedule of matters to consider. 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 met formally seven times in the 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 B S Sandhu. It is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the Executive Directors, including performance related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the Non-Executive Directors. The Non-Executive Directors are not involved in any discussions or decisions about their own remuneration.

Further details of the Company's policies on remuneration, service contracts and compensation payments are included in the Directors' remuneration report on pages 21 to 23.

Audit committee

The audit committee is chaired by N J Hamway and its other member is B S Sandhu, and it meets not less than twice annually. The committee also provides a forum for reporting by the Company's external auditor. Meetings are also attended, by invitation, by the Chief Executive and the Financial Controller.

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 the external auditor and on their remuneration both for audit and non-audit work, and discusses the nature, scope and results of the audit with its external auditor. The audit committee keeps under review the cost effectiveness and the independence and objectivity of the external auditor. Saffery Champness LLP were appointed as the Group's external auditor in the current year following a formal competitive tender process.

CORPORATE GOVERNANCE REPORT (continued)

Key activities of the audit committee for the year under review

1. Reviewing the annual report and financial statements for the year ended 30 September 2020 and the unaudited interim results for the six months to 31 March 2020 to ensure they are fair, balanced and understandable for shareholders and other users of the accounts.
2. Holding committee meetings with the Group's auditor to discuss the findings of the audit to include:
   - An assessment of the effectiveness of the audit process;
   - A review of the key accounting judgements, including the impact of COVID-19, on the financial statements;
   - Discussing any material issues that arose during the audit; and
   - Assessing the overall control environment.
3. Assessing the remuneration, independence, objectivity and effectiveness of the external auditor.
4. Reviewing the system of internal controls and risk management.

Meetings and attendance

The Directors attended the following meetings during the year:

	Board	*Audit committee*	*Remuneration committee*
N J Hamway	6/7	3/3	1/1
R T E Ware	7/7	–	–
F N G Jones	7/7	–	–
C J D Ware	6/7	–	–
B S Sandhu*	4/4	1/1	–
R H McCaskill**	2/3	1/1	–
M D Wigley***	7/7	2/2	1/1

* B S Sandhu was appointed as a Non-Executive Director on 3 March 2020.

** R H McCaskill was invited to attend Audit Committee meetings and stepped down from the Board on 6 April 2020.

*** M D Wigley stepped down from the Board on 30 September 2020.

Independent Non-Executive Directors

Bim Sandhu became a Director of the Company in March 2020, he has been a shareholder in the Company since inception and currently holds a 7.6% interest in the shares of the Company. Bim has extensive relevant experience as a public company Director both as an Executive and as a Non-Executive Director, particularly in finance and property and has substantial stakes in a number of listed and unlisted companies. Nigel has been a Director since inception and he and his family own 2.0% of the Company's shares. Nigel is an experienced investor and Company Director across many sectors. These Non-Executive Directors 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. Furthermore, the shareholdings of both Nigel and Bim align their interest in the Company with those of shareholders and their board directorships elsewhere gives them extensive experience of ensuring that the interests of all stakeholders are considered.

Bim and Nigel are not employed by the Company and neither receives any remuneration above the fees set out in the Directors' remuneration report.

CORPORATE GOVERNANCE REPORT (continued)

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 Board is committed to ensuring that the Company operates according to the highest ethical standards for which it 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 7 to 15 of these financial statements include a detailed review of the business and future developments. There is regular dialogue with shareholders. The Company's website is found at www.conygar.com.

The Board uses the AGM and results meetings to communicate with private and institutional investors and welcomes their participation. Details of resolutions to be proposed at the AGM on 18 December 2020 can be found in the notice of the meeting on pages 59 to 64.

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.

CORPORATE GOVERNANCE REPORT (continued)

- Information and financial reporting systems: The Group's planning and financial reporting procedures include detailed operational budgets for the year ahead which are reviewed and approved by the Board.
- 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

Remuneration committee

The Company's remuneration committee is chaired by N J Hamway and its other member is B S Sandhu. 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 ("The plan") is an annual plan in which Executive Directors and Senior Executives will be entitled to an allocation of a profit sharing pool. The plan requires 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 plan 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 196.3p. 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.

A schedule showing the 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 as required through 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

Neither 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. B S Sandhu was appointed on 3 March 2020 and N J Hamway's letter of appointment was extended on 22 October 2019. 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
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	23	6
B S Sandhu	3 March 2020	29	6

B S Sandhu stands for election and C J D Ware and F N G Jones retire by rotation at the AGM and, being eligible, offer themselves for re-election.

Directors' emoluments

	2020				*2019*		
	Basic salary £'000	*Payment in lieu of notice £'000*	*Fees £'000*	*Total £'000*	*Basic salary £'000*	*Fees £'000*	*Total £'000*
Executive Directors							
R T E Ware	400	–	–	400	400	–	400
F N G Jones	155	–	–	155	155	–	155
C J D Ware	155	–	–	155	155	–	155
R H McCaskill*	150	305	–	455	300	–	300
Non-Executive Directors							
N J Hamway	–	–	90	90	–	90	90
M D Wigley**	–	–	45	45	–	45	45
B S Sandhu***	–	–	29	29	–	–	–
	860	305	164	1,329	1,010	135	1,145

* R H McCaskill stepped down on 6 April 2020.

** M D Wigley stepped down on 30 September 2020.

*** Fees paid to B S Sandhu from his date of appointment on 3 March 2020.

DIRECTORS' REMUNERATION REPORT (continued)

No non-cash benefits were paid to Directors.

This report was approved by the Board on 23 November 2020 and signed on its behalf by:

R T E Ware
Director

DIRECTORS' REPORT

Directors' report

The Directors present their report, of which the corporate governance report forms a part, and the accounts of the Group and the Company for the year ended 30 September 2020.

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 13 to the accounts. Details of the share buy backs during the year are included in the strategic report.

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 are no significant events since the balance sheet date that require disclosure in the financial statements.

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 reported in the attached financial statements.

The Directors do not recommend a dividend in respect of the year ended 30 September 2020 (2019: £nil).

Directors' interest in shares

The Directors' interests in the shares of the Company, together with their beneficial and family interests, were as follows:

	Ordinary shares	
	30 September 2020	*30 September 2019*
N J Hamway	1,089,700	1,089,700
R T E Ware	4,602,500	4,500,000
F N G Jones	164,200	164,200
C J D Ware	1,079,335	1,079,335
B S Sandhu	4,062,500	n/a
R H McCaskill*	n/a	2,000
M D Wigley*	n/a	330,000

* R H McCaskill and M D Wigley stepped down from the Board in the year.

There have been no changes in the Directors' shareholdings since the year end.

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 23 November 2020, the Directors have been notified that the following shareholders have an interest of 3% or more in the Company's issued share capital:

Name	*No of shares*	*%*
Premier Miton Group PLC	9,896,218	18.47
R T E Ware	4,602,500	8.58
B S Sandhu	4,062,500	7.58

Political contributions

The Group made no political donations during the year (2019: £nil).

Financial instruments

Details of the Group's financial instruments are given in note 22.

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.

Statement of 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 Group and Company 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 IFRS. Directors are also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

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

DIRECTORS' REPORT (continued)

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.

Disclosure of information to auditor

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

Auditor

Blick Rothenberg LLP, trading as Rees Pollock, resigned as the Group's auditor on 25 March 2020. On the same day the Company appointed Saffery Champness LLP as the Group's new external auditor.

Saffery Champness LLP have expressed their willingness to continue in office and a resolution to appoint them as auditor for the ensuing year will be proposed at the forthcoming AGM.

Annual General Meeting

The AGM of the Company will be held on Friday 18 December 2020 at 11.30am. The formal notice of the meeting and the resolutions to be proposed at that meeting are attached on pages 59 to 64.

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 a resolution to give share buy back authorities.

As a result of the current restrictions in connection with COVID-19, in particular on public gatherings, the Board has taken the decision to hold the AGM as a closed meeting pursuant to the provisions of the Corporate Insolvency and Governance Act 2020. As they cannot attend in person, shareholders are encouraged to vote on the resolutions to be considered at the meeting by appointing the chairman of the meeting as their proxy instead. Further information and instructions on voting by proxy are set out on pages 61 to 63 as well as in the notes and the proxy form.

All resolutions will be decided on a poll.

The situation relating to COVID-19 is constantly evolving and the UK Government may change current restrictions in connection with COVID-19 and/or implement further measures which affect the holding of shareholder meetings. Any changes to the AGM will be communicated to shareholders through the Company's website and, where appropriate, by announcement through a regulatory information service.

By order of the Board

R T E Ware
Director

23 November 2020

INDEPENDENT AUDITOR'S 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 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of changes in equity, the consolidated and company balance sheets, the consolidated and company cash flow statements and notes to the financial statements, 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.

In our opinion, the financial statements:

- give a true and fair view of the state of affairs of the Group and of the parent company as at 30 September 2020 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 the 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 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 AUDITOR'S REPORT TO THE MEMBERS OF THE CONYGAR INVESTMENT COMPANY PLC (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 matter	*How our audit addressed the key audit matter*
Revenue recognition Revenue for the year was £1.7m, consisting predominantly of rental income derived from the Group's retail park at Cross Hands in Carmarthenshire. There is a risk this may not be recognised in accordance with IFRS 15 or may be incomplete. The Group adopted IFRS 16 *Leases* for the first time and the Directors concluded that the impact of adoption from a lessor's perspective did not affect their existing revenue recognition policy. Due to the significance of revenue to the consolidated financial statements, revenue recognition is a key audit matter.	Our audit procedures included the following: ● Reconciling managing agent statements through to the revenue recorded and received in the bank; ● Selecting a sample of leases and agreeing the rent per the lease through to the managing agent statements; ● Recalculating lease incentives based on the underlying lease agreements to ensure its accounting treatment is in accordance with IFRS15; and ● Forming an expectation of rental income and comparing to actual rent received, investigating any significant variances. Based on our procedures, we noted no material exceptions and considered that revenue has been recognised appropriately and is in accordance with the Group's revenue recognition policy and IFRS 16.
Valuation of investment property The Group's investment property at Cross Hands represents a significant asset and in accordance with IAS 40 is measured at fair value in line with IFRS 13 on the Statement of Financial Position. The value of investment property held within the Group financial statements at the year end is £16.5m. The valuation is exposed to significant uncertainty caused by the impact of the Coronavirus pandemic on retail. The Directors obtained a third-party valuation to assist their assessment of the fair value of the investment property. A further investment property, located in Ashby-de-la-Zouch, was disposed of in the year and at the time of disposal was held at a carrying value of £3.5m. A gain of £168k was recorded in the statement of comprehensive income as a result of the sale. Due to the significance of investment property to the financial statements, the valuation of investment property is a key audit matter.	Our audit procedures included the following: ● Agreeing the investment property valuation to the external valuation report; ● Challenging the assumptions used in the preparation of the valuation report, including benchmarking the key assumptions to external market data and comparable property transactions, in particular the yield; ● Assessing the competence, independence and integrity of the external valuer; ● Obtaining and reviewing documents supporting the disposal of the Group's investment property at Ashby-de-la-Zouch and recalculating the recorded gain; and ● Checking that the treatment of fair value movement is in accordance with IFRS 13 and IAS 40. Based on our procedures, we noted no material exceptions and considered the accounting and disclosure of investment property to be appropriate.

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

Key audit matter	*How our audit addressed the key audit matter*
Impairment of development and trading properties Included in the Group financial statements are development and trading properties held at £20.1m. During the year an impairment loss of £5.6m was charged to the consolidated statement of comprehensive income At each reporting date the Directors assess whether there is any indication that the development and trading properties held are impaired. These impairment assessments incorporate a range of assumptions and judgements, such as land value and rental yield. During the year, development and trading property of £19.8m, relating to the Group's assets in central Nottingham, was transferred from development and trading property to investment properties under construction. Due to the potential significance of these judgements to the Group and Company financial statements, impairment of development and trading properties is a key audit matter.	Our audit procedures included the following: ● Reviewing management's consideration of impairment, verifying and challenging any assumptions or contentions, such as the use of market yield, to supporting external evidence; ● Reviewing the treatment of development and trading property in the financial statements against the requirements of IAS 40 as an investment property under construction, carried at cost; and ● Reviewing whether the transfer to investment properties under construction constituted a 'change in use' as required by IAS 40. Based on our procedures, we noted no material exceptions and considered the accounting and disclosure of development and trading properties to be appropriate. We concluded that the carrying values of the development and trading properties are not materially misstated.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our audit opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements.

We determined a materiality of £1,900,000 for the Group financial statements and £1,680,000 for the Company financial statements. This is based on 2% of gross assets per draft financial information at the planning stage. We did not consider there to be any reason to revise materiality during the audit.

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 significant components of the Group. 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.

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

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.

Opinions on other matters prescribed by 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 the parent company and their 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 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 25 and 26, 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 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.

Auditor's 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.

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

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.

Use of our 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 we are required to state to them in an auditor's 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 our audit work, for this report, or for the opinions we have formed.

Michael Di Leto (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors
71 Queen Victoria Street
London
EC4V 4BE

23 November 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2020

	Note	*Year ended 30 Sep 20 £'000*	*Year ended 30 Sep 19 £'000*
Rental income		1,675	1,661
Other property income		–	116
Revenue		1,675	1,777
Direct costs of:			
Rental income		233	179
Development costs written off	14	5,611	19,084
Direct costs		5,844	19,263
Gross loss		(4,169)	(17,486)
(Deficit)/surplus on revaluation of investment properties	11	(1,722)	5,996
Profit on sale of investment property		167	–
Other gains		–	1
Administrative expenses		(2,623)	(2,616)
Operating loss	3	(8,347)	(14,105)
Finance costs	6	(5)	–
Finance income	6	187	252
Loss before taxation		(8,165)	(13,853)
Taxation	8	210	(119)
Loss and total comprehensive charge for the year		(7,955)	(13,972)
Basic and diluted loss per share	10	(14.73)p	(24.57)p

All amounts are attributable to equity shareholders

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

The notes on pages 39 to 57 form part of these accounts

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2020

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 2019					
At 1 October 2018	2,988	3,565	–	113,731	120,284
Loss for the year	–	–	–	(13,972)	(13,972)
Total comprehensive charge for the year	–	–	–	(13,972)	(13,972)
Purchase of own shares	–	–	(5,582)	–	(5,582)
Cancellation of treasury shares	(162)	162	5,582	(5,582)	–
At 30 September 2019	2,826	3,727	–	94,177	100,730
Changes in equity for the year ended 30 September 2020					
At 1 October 2019	2,826	3,727	–	94,177	100,730
Adjustment on implementation of IFRS 16 (note 7)	–	–	–	23	23
	2,826	3,727	–	94,200	100,753
Loss for the year	–	–	–	(7,955)	(7,955)
Total comprehensive charge for the year	–	–	–	(7,955)	(7,955)
Purchase of own shares	–	–	(3,965)	–	(3,965)
Cancellation of treasury shares	(146)	146	3,965	(3,965)	–
At 30 September 2020	2,680	3,873	–	82,280	88,833

The notes on pages 39 to 57 form part of these accounts

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2020

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 2019					
At 1 October 2018	2,988	3,565	–	95,306	101,859
Loss for the year	–	–	–	(16,257)	(16,257)
Total comprehensive charge for the year	–	–	–	(16,257)	(16,257)
Purchase of own shares	–	–	(5,582)	–	(5,582)
Cancellation of treasury shares	(162)	162	5,582	(5,582)	–
At 30 September 2019	2,826	3,727	–	73,467	80,020
Changes in equity for the year ended 30 September 2020					
At 1 October 2019	2,826	3,727	–	73,467	80,020
Adjustment on implementation of IFRS 16 (note 7)	–	–	–	23	23
	2,826	3,727	–	73,490	80,043
Loss for the year	–	–	–	(2,268)	(2,268)
Total comprehensive charge for the year	–	–	–	(2,268)	(2,268)
Purchase of own shares	–	–	(3,965)	–	(3,965)
Cancellation of treasury shares	(146)	146	3,965	(3,965)	–
At 30 September 2020	2,680	3,873	–	67,257	73,810

The notes on pages 39 to 57 form part of these accounts

CONSOLIDATED BALANCE SHEET
at 30 September 2020

Company Number: 04907617

	Note	*30 Sep 2020* *£'000*	*30 Sep 2019* *£'000*
Non-current assets			
Investment properties	11	16,500	21,429
Investment properties under construction	12	19,761	–
Right of use asset	7	146	–
		36,407	21,429
Current assets			
Development and trading properties	14	19,952	39,999
Trade and other receivables	15	1,655	1,470
Tax asset		31	–
Cash and cash equivalents		32,126	39,911
		53,764	81,380
Total assets		90,171	102,809
Current liabilities			
Trade and other payables	16	1,215	788
Lease liability for right of use asset	7	89	–
Tax liabilities		–	141
		1,304	929
Non-current liabilities			
Provision for liabilities and charges	17	–	1,150
Lease liability for right of use asset	7	34	–
Total liabilities		1,338	2,079
Net assets		88,833	100,730
Equity			
Called up share capital	18	2,680	2,826
Capital redemption reserve		3,873	3,727
Retained earnings		82,280	94,177
Total equity		88,833	100,730

The accounts on pages 32 to 57 were approved by the Board and authorised for issue on 23 November 2020 and are signed on its behalf by:

R T E WARE

F N G JONES

The notes on pages 39 to 57 form part of these accounts

COMPANY BALANCE SHEET

at 30 September 2020

Company number: 04907617

	Note	*30 Sep 2020* *£'000*	*30 Sep 2019* *£'000*
Non-current assets			
Investment in subsidiary undertakings	13	16	16
Right of use asset	7	146	–
		162	16
Current assets			
Development and trading properties	14	7,165	7,915
Trade and other receivables	15	44,204	39,859
Cash and cash equivalents		31,185	39,439
		82,554	87,213
Total assets		82,716	87,229
Current liabilities			
Trade and other payables	16	8,783	7,209
Lease liability for right of use asset	7	89	–
		8,872	7,209
Non-current liabilities			
Lease liability for right of use asset	7	34	–
Total liabilities		8,906	7,209
Net assets		73,810	80,020
Equity			
Called up share capital	18	2,680	2,826
Capital redemption reserve		3,873	3,727
Retained earnings		67,257	73,467
Total equity		73,810	80,020

The Company has taken advantage of the exemption within section 408 of the Companies Act 2006 not to present its own profit and loss account. The loss for the year dealt with in the financial statements of the Company was £2,268,000 (2019: loss of £16,257,000). As at 30 September 2020, the entire balance of £67,257,000 in retained earnings represents distributable reserves.

The accounts on pages 32 to 57 were approved by the Board and authorised for issue on 23 November 2020 and are signed on its behalf by:

R T E WARE

F N G JONES

The notes on pages 39 to 57 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September 2020

	Year ended 30 Sep 20 £'000	*Year ended 30 Sep 19 £'000*
Cash flows from operating activities		
Operating loss	(8,347)	(14,105)
Development costs written off	5,611	19,084
Deficit/(surplus) on revaluation of investment properties	1,722	(5,996)
Profit on sale of investment property	(167)	–
Depreciation of right of use assets	93	–
Cash flows from operations before changes in working capital	(1,088)	(1,017)
Increase in trade and other receivables	(107)	(45)
Additions to development and trading properties	(4,901)	(932)
(Decrease)/increase in trade and other payables	(253)	93
Cash flows used in operations	(6,349)	(1,901)
Tax received/(paid)	38	(88)
Cash flows used in operating activities	(6,311)	(1,989)
Cash flows from investing activities		
Acquisition of and additions to investment properties	(1,369)	(7,531)
Proceeds from sale of investment property	3,673	5,499
Finance income	187	252
Cash flows generated from/(used in) investing activities	2,491	(1,780)
Cash flows from financing activities		
Purchase of own shares	(3,965)	(5,582)
Cash flows used in financing activities	(3,965)	(5,582)
Net decrease in cash and cash equivalents	(7,785)	(9,351)
Cash and cash equivalents at 1 October	39,911	49,262
Cash and cash equivalents at 30 September	32,126	39,911

As the Group is currently funded wholly through equity instruments, no reconciliation of changes in liabilities arising from financing activities is presented.

The notes on pages 39 to 57 form part of these accounts

COMPANY CASH FLOW STATEMENT

for the year ended 30 September 2020

	Year ended 30 Sep 20 £'000	*Year ended 30 Sep 19 £'000*
Cash flows from operating activities		
Operating loss	(2,449)	(16,510)
Provision against loan to subsidiary undertaking	–	15,117
Development costs written off	668	516
Depreciation of right of use assets	93	–
Cash flows from operations before changes in working capital	(1,688)	(877)
Decrease in trade and other receivables	3	405
Additions to development and trading properties	83	(141)
(Decrease)/increase in trade and other payables	(282)	37
Cash flows used in operating activities	(1,884)	(576)
Cash flows from investing activities		
Movement in balances with group entities	(2,591)	(3,948)
Acquisition of and additions to investment properties	–	(2,982)
Proceeds from the sale of investment property	–	5,499
Finance income	186	253
Cash flows used in investing activities	(2,405)	(1,178)
Cash flows from financing activities		
Purchase of own shares	(3,965)	(5,582)
Cash flows used in financing activities	(3,965)	(5,582)
Net decrease in cash and cash equivalents	(8,254)	(7,336)
Cash and cash equivalents at 1 October	39,439	46,775
Cash and cash equivalents at 30 September	31,185	39,439

As the Company is currently funded wholly through equity instruments, no reconciliation of changes in liabilities arising from financing activities is presented.

The notes on pages 39 to 57 form part of these accounts

NOTES TO THE ACCOUNTS
for the year ended 30 September 2020

1. General information and accounting policies

1a 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 Company's subsidiaries are shown in note 13. The Company and its subsidiaries are collectively referred to below as "the Group".

The nature and scope of the Group's operations and principal activities are described in the strategic report on pages 7 to 15. Further information about the Group can be found on its website, www.conygar.com.

1b Accounting policies

The principal accounting policies of the Group are set out below. These policies have been consistently applied in the preparation of these financial statements.

Basis of preparation

The financial statements are presented in sterling as this is the Group's functional currency. Amounts are rounded to the nearest thousand pounds, unless otherwise stated.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (except as otherwise stated).

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements have been prepared on the historical cost basis except where stated otherwise in the accounting policies below.

Adoption of new and revised standards

IFRS 16 Leases (as issued by the IASB in January 2016) is effective for all accounting periods beginning on or after 1 January 2019, and in accordance with the transition requirements, comparative information for the year ended 30 September 2019 has not been restated and transitional adjustments have been accounted for through retained earnings at 1 October 2019, the date of initial application.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lease accounting by removing the distinction between operating and finance leases, and requires the recognition of a right-of-use asset and a lease liability at commencement for all leases, except short-term leases and leases of low value.

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. The Company now recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments.

Depreciation on right-of-use assets and interest on lease liabilities is recognised within the income statement.

For short term leases and leases of low value assets, the Company has opted to continue to recognise the lease expense within administrative expenses, on a straight line basis as permitted by IFRS 16.

NOTES TO THE ACCOUNTS (continued)

1. General information and accounting policies (continued)

The impact on the income statement for the year ended 30 September 2020 is as follows:

	£
Increase in finance costs	5,029
Increase in depreciation expense	93,152
Decrease in administrative expenses	(90,842)
Increase in loss for the year	7,339

The impact on assets, liabilities and equity at 1 October 2019 is as follows:

	£
Right of use asset	239,499
Lease liabilities	(216,630)
Increase in retained earnings	22,869

An incremental borrowing rate of 2.7% was applied to all lease liabilities recognised in the statement of financial position at the time of initial application.

The Group has also adopted all new amendments to standards and interpretations, which came into effect for the current financial year, but these have not had a material impact on the disclosures or amounts reported in the financial statements.

Standards and interpretations in issue not yet adopted

The following IFRSs have been issued but are not effective as at the balance sheet date and so have not been applied in the preparation of these financial statements:

Amendments to IFRS 3, IFRS 4, IFRS 7, IFRS 9, IFRS 16, IFRS 17, IAS 1, IAS 8, IAS 16, IAS 37 and IAS 39.

The future adoption of these standards and interpretations is not expected to have a material effect on the financial statements of the Group.

Basis of consolidation The consolidated financial statements incorporate the financial statements of the Company and all its entities, all of which are controlled by the Company. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra Group transactions, balances, income and expenses are eliminated in full on consolidation.

NOTES TO THE ACCOUNTS (continued)

1. General information and accounting policies (continued)

Revenue Property revenue comprises rental and other income exclusive of VAT, which is recognised in the statement of comprehensive income on an accruals basis and a straight line 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 are spread over the same period.

Turnover is attributable to the principal activity of the Company and arises wholly within the United Kingdom. Revenue includes amounts of £280,000 and £261,000 from individual customers and are derived from investment property.

Disposals of properties are recognised when the buyer obtains control of the property by way of obtaining the legal title or possession of the property or when the significant risks and returns have been transferred to the buyer. For conditional exchanges, sales are recognised when the conditions are satisfied.

Finance income comprises bank interest recognised on an effective interest rate basis.

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.

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 non-assessable or disallowed items. 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 future taxable profits will be available against which the asset can be utilised.

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.

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

Investment properties Investment properties comprise properties owned by the Group which are held for capital appreciation, rental income or both. They are initially recorded at cost and subsequently valued at each balance sheet date at fair value as determined by professionally qualified external valuers.

Acquisitions of investment properties are recognised on unconditional exchange of contracts where it is reasonable to assume at the balance sheet date that completion of the acquisition will occur. After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the statement of comprehensive income. Valuations are calculated by applying capitalisation rates to future rental cash flows with reference to data from comparable market transactions, together with an assessment of the security of the income.

NOTES TO THE ACCOUNTS (continued)

1. **General information and accounting policies (continued)**

Investment properties under construction Investment properties under construction are reported in the balance sheet at cost less impairment. This methodology has been adopted because the value of these properties is dependent upon 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, planning permissions and uncertain market conditions, and hence, in accordance with IAS 40, have been measured at cost until either the fair value becomes readily determinable or construction is complete.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of comprehensive income.

Development and trading properties Development and trading properties are reported 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. Net realisable value represents the estimated selling price less all estimated costs of completion.

Cash and cash equivalents Cash and cash equivalents comprise cash in hand and deposits with maturities of three months or less held with banks and financial institutions.

Trade and other receivables 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.

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

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.

Provisions Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be readily estimated.

Equity instruments Equity instruments issued by the Company are recorded at the proceeds received, net of directly attributable 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 and subsequently paid.

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.

Capital redemption reserve Upon cancellation of treasury shares the nominal value of each cancelled share is transferred to the capital redemption reserve with any premium paid for those shares, over their nominal value, treated as a deduction from retained earnings.

NOTES TO THE ACCOUNTS (continued)

1. General information and accounting policies (continued)

Leasing The Group has entered into commercial property leases as lessor of its investment and development and trading property portfolios. 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. In accordance with IFRS 16, the Group recognises a right of use asset and corresponding lease liability for its office lease, which are depreciated and amortised respectively over the lease term. However, where leases are low value or of less than 12 months, the expense is recognised on a straight line basis over the lease term.

1c Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that may affect the reported amounts of asset and liabilities at each balance sheet date and the reported amounts of revenue and expenses during the year. These estimates are based on historical experience and various other assumptions that management believe are reasonable under the circumstances.

The principal areas 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:

- investment property valuations, where the opinion of external valuers has been obtained at each reporting date using recognised valuation techniques and the principles of IFRS 13 "Fair Value Measurement". The significant methods and assumptions used by the valuers in estimating the fair value of investment properties and the impact of COVID-19 are set out in note 11.
- the net realisable value of properties held for development which requires an assessment of fair value for 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.

The principal areas of judgement are as follows:

- Following on from the progress made towards commencing the development at Nottingham, in addition to the anticipated benefit of retaining this asset for the long term for both rental income and capital appreciation, the Directors have concluded that the property should be transferred in the year from a trading property to an investment property under construction.
- The Directors have assessed the carrying values of the Group's trading and development properties and investment properties under construction at the balance sheet date. Consideration has been given to such factors as market conditions, cash flow projections and comparable transaction evidence. Where a property's carrying value is considered to be impaired an adjustment has been made to write down the asset to the Director's assessment of its net realisable value. As set out in the chairman's and chief executive's report and strategic report the carrying values of Holyhead Waterfront, Rhosgoch and King's Lynn have been written down in the year by £5.0 million, £0.5 million and £0.2 million respectively.
- The Company has exchanged a conditional contract, on a subject to planning basis, to sell the industrial units at Selly Oak. Due to the conditionality contained in the contract, which remained outstanding at the balance sheet date, no revenue or uplift in value has been recognised in these financial statements.

NOTES TO THE ACCOUNTS (continued)

1. General information and accounting policies (continued)

- Under IFRS 16 the Directors have had to make the following judgements and accounting policy decisions for the Group's office premises lease, to determine the value of the right of use asset and lease liability:

The lease contains a break clause which the Directors have assumed will not be triggered during the lease term.

In calculating the incremental borrowing rate for discounting the lease payments, the Directors have discussed with third party lenders, the rate it would expect to pay to borrow over a similar term and with a similar security and the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

The transition choices available to lessees, on implementation of IFRS 16, are the full retrospective approach or the modified retrospective approach. The Directors have applied the modified retrospective approach such that the cumulative impact of applying IFRS 16 is accounted for as an adjustment to equity at the start of the current financial year.

2. 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; and,
- Development properties, which includes sites and developments under construction held for sale in the ordinary course of business.

Revenue	*Year ended 30 Sep 20 £'000*	*Year ended 30 Sep 19 £'000*
Investment properties	936	646
Development and trading properties	739	1,131
	1,675	1,777

Balance Sheet

	30 Sep 2020				*30 Sep 2019*			
	Investment properties £'000	*Development properties £'000*	*Other £'000*	*Group total £'000*	*Investment properties £'000*	*Development properties £'000*	*Other £'000*	*Group total £'000*
Investment properties	36,261	–	–	36,261	21,429	–	–	21,429
Development and trading properties	–	19,952	–	19,952	–	39,999	–	39,999
	36,261	19,952	–	56,213	21,429	39,999	–	61,428
Other assets	1,279	45	32,634	33,958	1,040	86	40,255	41,381
Total assets	37,540	19,997	32,634	90,171	22,469	40,085	40,255	102,809
Liabilities	(884)	(215)	(239)	(1,338)	(1,649)	(146)	(284)	(2,079)
Net assets	36,656	19,782	32,395	88,833	20,820	39,939	39,971	100,730

NOTES TO THE ACCOUNTS (continued)

3. Operating loss

Operating loss is stated after charging:

	Year ended 30 Sep 20 £'000	*Year ended 30 Sep 19 £'000*
Audit of the Company's consolidated and individual financial statements	39	33
Audit of subsidiaries, pursuant to legislation	15	16
Fees payable to the Company's auditor for tax services	13	11
Amortisation of right of use asset	93	–
Operating lease rentals – land and buildings	–	196

4. Particulars of employees

The aggregate payroll costs were:

	Year ended 30 Sep 20 £'000	*Year ended 30 Sep 19 £'000*
Wages and salaries	1,673	1,435
Social security costs	215	189
	1,888	1,624

The average monthly number of persons, including Executive Directors, employed by the Company during the year was seven (2019: seven).

5. Directors' emoluments

	Year ended 30 Sep 20 £'000	*Year ended 30 Sep 19 £'000*
Basic salary and total emoluments*	1,329	1,145
Emoluments of the highest paid Director*	455	400

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

* includes an ex gratia payment of £0.3m to R H McCaskill who stepped down in the year.

6. Finance income and cost

	Year ended 30 Sep 20 £'000	*Year ended 30 Sep 19 £'000*
Bank interest receivable	187	252
Interest cost under IFRS 16	5	–

NOTES TO THE ACCOUNTS (continued)

7. Leases

Group and Company as lessor:

The Group and Company receive income from investment properties and existing tenants located at several development sites. At 30 September 2020, the minimum lease payments receivable under non-cancellable operating leases were as follows:

	Group		*Company*	
	30 Sep 20	*30 Sep 19*	*30 Sep 20*	*30 Sep 19*
	£'000	*£'000*	*£'000*	*£'000*
Less than one year	1,223	1,237	227	190
Between one and five years	5,254	4,601	801	880
Over five years	6,668	6,016	307	456
	13,145	11,854	1,335	1,526

The amounts above represent total rental income up to the next tenant only break date for each lease.

Group and Company as lessee:

The Group and Company are party to a lease which terminates on 28 April 2022. The lease includes a break clause which the Directors have assumed will not be triggered.

IFRS 16, which was effective for the Group from 1 October 2019, requires lessees to record all leases on the balance sheet as liabilities along with an asset reflecting the right of use of the asset over the lease term.

At the start of the year, the lease liability was calculated as the present value of the remaining lease payments, discounted at an incremental borrowing rate of 2.7%. The right of use asset was measured at the amount equal to the lease liability adjusted for rent prepaid on the date of implementation. Depreciation of the right of use asset is on a straight line basis over the lease term.

The modified retrospective approach has been adopted for transition purposes such that comparatives are not restated and the difference between the right of use asset and lease liability at the start of the year is recognised within the Group's opening retained earnings.

Right of use asset	*£'000*
At 1 October 2019	239
Depreciation	(93)
At 30 September 2020	146

Lease liability	*£'000*
At 1 October 2019	217
Lease payments	(99)
Interest on lease liability	5
At 30 September 2020	123

NOTES TO THE ACCOUNTS (continued)

7. Leases (continued)

Lease liability maturity analysis

Gross lease payments due:	*£'000*
Within one year	91
Within two to five years	34
Total gross lease payments	125
Less future financing charges	(2)
At 30 September 2020	123
Current	89
Non-current	34

Movement in lease liability	*£'000*
Operating lease commitments at 30 September 2019 as disclosed under IAS 17 in the Group's consolidated financial statements	156
Increase in lease commitments as a result of break clause not being actioned	68
Adjusted operating lease commitments under IAS 17	224
Discount at 1 October 2019 using the incremental borrowing rate	(7)
Lease liability recognised at 1 October 2019	217

NOTES TO THE ACCOUNTS (continued)

8. Tax

	Year ended 30 Sep 20 £'000	*Year ended 30 Sep 19 £'000*
Current tax (credit)/charge	(210)	119

The tax assessed on the loss for the year differs from the standard rate of tax in the UK of 19% (2019: 19%). The differences are explained below:

	Year ended 30 Sep 20 £'000	*Year ended 30 Sep 19 £'000*
Loss before tax	(8,165)	(13,853)
Loss before tax multiplied by the standard rate of UK tax	(1,551)	(2,632)
Effects of:		
Investment property revaluation not taxable	327	(1,198)
Movement in tax losses carried forward	1,244	3,883
Expenses not deductible for tax purposes	31	11
Capital allowances utilised	(65)	(1)
Impact of differing tax rates for offshore entities	14	56
Overprovision of prior year tax	(210)	–
Current tax (credit) / charge for the year	(210)	119

As at 30 September 2020, the Group has unused tax losses of £41.0 million (2019: £34.5 million) for which no deferred tax asset has been recognised in the consolidated balance sheet.

9. Dividends

No dividend will be paid in respect of the year ended 30 September 2020 (2019: £nil).

10. Loss per share

Loss per share is calculated as the loss attributable to ordinary shareholders of the Company for the year of £7,955,000 (2019: loss of £13,972,000) divided by the weighted average number of shares in issue throughout the year of 54,007,994 (2019: 56,860,879). There are no diluting amounts in either the current or prior years.

NOTES TO THE ACCOUNTS (continued)

11. Investment properties

Freehold investment properties

	Group		*Company*	
	30 Sep 20	*30 Sep 19*	*30 Sep 20*	*30 Sep 19*
	£'000	*£'000*	*£'000*	*£'000*
At the start of the year	21,429	3,570	–	3,570
Additions	305	4,767	–	–
Disposals	(3,512)	–	–	–
Revaluation (deficit) / surplus	(1,722)	5,996	–	–
Transfer from investment properties under construction	–	10,666	–	–
Transfer to trading properties	–	(3,570)	–	(3,570)
At the end of the year	16,500	21,429	–	–

As at 30 September 2020, Cross Hands was valued by Knight Frank LLP in their capacity as external valuers. The valuation was prepared on a fixed fee basis, independent of the property value and undertaken in accordance with the RICS Valuation – Global Standards 2018 on the basis of fair value, supported by reference to market evidence of transaction prices for similar properties. It assumes a willing buyer and a willing seller in an arm's length transaction and 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 costs and the appropriate discount rate or yield.

The valuers have confirmed that the valuation as at 30 September 2020 includes the following statement on market conditions and the impact of COVID-19:

"The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and "lockdowns" applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks or a "second wave" is possible.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to "material valuation uncertainty" as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

The fair value of Cross Hands 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 has been classified in all periods as Level 3 in the fair value hierarchy as defined in IFRS 13. For Cross Hands, the key unobservable inputs are the net initial yields and expiry void periods. Net initial yields have been estimated for the individual units at between 5.25% and 10.00% and expiry void periods are projected at 6 months. The principal sensitivity of measurement to variations in the significant unobservable outputs is that decreases in net initial yields and void periods will increase the fair value.

NOTES TO THE ACCOUNTS (continued)

11. Investment properties (continued)

The historical cost of the Group's investment properties as at 30 September 2020 was £13,451,000 (2019: £14,283,000).

The Group's revenue for the year includes £1,635,000 derived from properties leased out under operating leases (2019: £1,315,000).

12. Investment properties under construction

Freehold land and buildings

	Group		*Company*	
	30 Sep 20 *£'000*	*30 Sep 19* *£'000*	*30 Sep 20* *£'000*	*30 Sep 19* *£'000*
At the start of the year	–	34,663	–	6,296
Additions	–	4,151	–	2,982
Disposals	–	(5,499)	–	(5,499)
Transfer to investment properties	–	(10,666)	–	–
Transfer from / (to) trading properties	19,761	(22,649)	–	(3,779)
At the end of the year	19,761	–	–	–

Investment properties under construction comprise freehold land and buildings held for current or future development as investment properties which are reported in the balance sheet at cost.

Following on from the progress made towards commencing the first phase of the development at Nottingham, in addition to the anticipated benefit of retaining this asset for the long term for both rental income and capital appreciation, the Directors have concluded that the property should be transferred in the year from a trading property to an investment property under construction.

The fair value of this property rests in the planned developments, and is difficult to estimate pending confirmation of designs and planning permissions, and hence, in accordance with IAS 40, has been measured at cost until either the fair value becomes readily determinable or construction is complete.

13. Investment in subsidiary undertakings

Company	*30 Sep 20* *£'000*	*30 Sep 19* *£'000*
At 30 September	16	16

NOTES TO THE ACCOUNTS (continued)

13. Investment in subsidiary undertakings (continued)

The companies listed below are the subsidiary undertakings of the Group at 30 September 2020, all of which are wholly owned.

Company name	*Principal activity*	*Country of registration*	*% of equity held*
Conygar Holdings Ltd**	Holding Company	England	100%
Conygar Haverfordwest Ltd**	Property trading and development	England	100%*
Conygar Holyhead Ltd**	Property trading and development	England	100%*
Conygar Nottingham Ltd**	Property trading and development	England	100%*
Parc Cybi Management Company Limited**	Management Company	England	100%
Conygar Developments Ltd**	Dormant	England	100%*
Conygar Wales PLC**	Dormant	England	100%*
The Nottingham Island Site Management Company Ltd**	Dormant	England	100%*
Nohu Limited**	Dormant	England	100%*
Lamont Property Holdings Ltd***	Holding Company	Jersey	100%*
Conygar Ashby Ltd***	Property investment	Jersey	100%*
Conygar Cross Hands Ltd***	Property investment	Jersey	100%*

* Indirectly owned.

** Subsidiaries with the same registered office as the Company.

*** Subsidiaries incorporated in Jersey with a registered office at One Waverley Place, Union Street, St Helier, Jersey JE1 1AX.

14. Development and trading properties

	Group		*Company*	
	30 Sep 20 £'000	*30 Sep 19* £'000	*30 Sep 20* £'000	*30 Sep 19* £'000
At the start of the year	39,999	31,931	7,915	941
Additions	5,325	933	(82)	141
Transfer from investment properties	–	3,570	–	3,570
Transfer (to)/from investment properties under construction	(19,761)	22,649	–	3,779
Development costs written off	(5,611)	(19,084)	(668)	(516)
At the end of the year	19,952	39,999	7,165	7,915

As set out in note 12, the Directors have transferred the Island Quarter site in Nottingham from a development and trading property to an investment property under construction during the year. As at 30 September 2020, the Group's remaining development and trading properties comprise Haverfordwest, Holyhead Waterfront, Selly Oak, King's Lynn, Parc Cybi Business Park and Rhosgoch.

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.

NOTES TO THE ACCOUNTS (continued)

14. Development and trading properties (continued)

The impact of Hitachi announcing their withdrawal from the proposed nuclear development at Wylfa, a lack of alternative investors, the impact of COVID-19 on Wales and the response of the Wales Assembly Government plus the undoubted pending recession has meant that we have reassessed the carrying values of Holyhead Waterfront and Rhosgoch, leading to write downs of £5.0 million and £0.5 million respectively. Further details on progress for each of the development and trading properties is set out in both the chairman's and chief executive's statement and the strategic report.

15. Trade and other receivables

	Group		*Company*	
	30 Sep 20 £'000	*30 Sep 19* £'000	*30 Sep 20* £'000	*30 Sep 19* £'000
Trade receivables	107	74	39	38
Amounts owed by group undertakings	–	–	43,786	39,515
Other receivables	613	494	172	104
Prepayments and accrued income	935	902	207	202
	1,655	1,470	44,204	39,859

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.

16. Trade and other payables

	Group		*Company*	
	30 Sep 20 £'000	*30 Sep 19* £'000	*30 Sep 20* £'000	*30 Sep 19* £'000
Amounts owed to group undertakings	–	–	8,605	6,927
Social security and payroll taxes	56	65	56	65
Trade payables	611	164	26	20
Accruals and deferred income	548	559	96	197
	1,215	788	8,783	7,209

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

17. Provision for liabilities and charges

	30 Sep 20 *£'000*	*30 Sep 19* *£,000*
Amount payable from development profit	–	1,150

NOTES TO THE ACCOUNTS (continued)

17. Provision for liabilities and charges (continued)

The Group is party to a profit share agreement which would become payable on the earlier of the disposal of its retail park at Cross Hands or the date upon which the open market value of Cross Hands is agreed between the parties following completion of the development. The profit share provision has been calculated by reference to the open market value of the property at each balance sheet date after deducting applicable costs. As a result of the reduction in the value of Cross Hands during the year no profit share is payable as at 30 September 2020.

There are no provisions within the Company in the current or previous years.

18. Share capital

Authorised share capital:

	30 Sep 20	*30 Sep 19*
	£	*£*
140,000,000 (2019: 140,000,000) ordinary shares of 5p each	7,000,000	7,000,000

Allotted and called up:

	No	*£'000*
As at 30 September 2018	59,761,435	2,988
Cancellation of treasury shares	(3,239,000)	(162)
As at 30 September 2019	56,522,435	2,826
Cancellation of treasury shares	(2,930,845)	(146)
As at 30 September 2020	53,591,590	2,680

In December 2010, the Group began a share buyback programme and during the year ended 30 September 2020 purchased 2,930,845 (2019: 3,239,000) shares on the open market at a cost of £3,965,000 (2019: £5,582,000). On 10 September 2020, 2,930,845 ordinary shares of 5p each were transferred out of treasury and cancelled (2019: 3,239,000 ordinary shares of 5p each).

19. Capital commitments

As at 30 September 2020, the Group had contracted capital commitments of £326,000 (2019: £965,000) on its existing properties.

As at 30 September 2020, the Company had contracted capital commitments of £nil (2019: £102,000) on its existing properties.

These costs were committed but not provided for in the financial statements.

NOTES TO THE ACCOUNTS (continued)

20. 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. The amount owed to the Company by Conygar Haverfordwest Limited is net of a £15,117,000 (2019: £15,117,000) provision following the write down in the carrying value of Haverfordwest in the previous year.

Subsidiaries	*30 Sep 20* *£'000*	*30 Sep 19* *£'000*
Conygar Nottingham Limited	19,157	15,225
Conygar Cross Hands Limited	13,452	12,806
Conygar Haverfordwest Limited	8,161	7,344
Conygar Holyhead Limited	3,011	2,354
Parc Cybi Management Company Limited	5	2
Conygar Holdings Limited	(6,871)	(6,877)
Conygar Ashby Limited	(1,684)	1,784
Conygar Wales PLC	(50)	(50)
	35,181	32,588

During the year, the Company received a management fee of £50,000 (2019: £50,000) from Conygar Holyhead Limited in respect of management services.

During the year, the Company charged a management fee of £250,000 (2019: £1,000,000) to Conygar Cross Hands Limited, for management services in connection with the retail park development, of which £62,500 is included within trade and other receivables on the Company balance sheet as at 30 September 2020.

21. Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The parent company's loss for the year amounts to £2,268,000 (2019: loss of £16,257,000).

22. Financial instruments

The policies and risk management arrangements, as set out in this note 22, apply to both the Group and Company.

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 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 finance its activities with bank loans and enter into derivative transactions to manage the interest rate risk arising from the Group's operations and its sources of finance. Throughout the year, and as at the balance sheet date, no group undertakings were party to any bank loans or derivative instruments.

NOTES TO THE ACCOUNTS (continued)

22. Financial instruments (continued)

The management of cash is monitored regularly with summary cash statements produced on a monthly basis and discussed 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. At any point in time, at least half of the Group's cash is held on instant access or short term deposits of less than 30 days.

Financial risk management

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.

Market risk

Market risk in financial assets and liabilities 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.

Market risk – interest rate risk

The Group's interest bearing assets comprise cash and cash equivalents, all of which are held on either instant access accounts with floating interest rates or three-month deposit accounts at fixed interest rates. Changes in market interest rates therefore affect the Group's finance income.

Market risk – currency risk

All the Group's assets and liabilities are denominated in sterling therefore the Group has no exposure to currency risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations. The Groups' principal financial assets include its financial interest in property assets, cash deposits and trade and other receivables. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account the value of any collateral obtained.

In the event of default by an occupational tenant, the Group will suffer a rental shortfall and incur additional costs. The Directors continually monitor tenant arrears in order to anticipate, and minimise the impact of, defaults by occupational tenants and if necessary will apply rigorous credit control procedures to facilitate the recovery of trade receivables.

Under IFRS 9, the Group is required to provide for any expected credit losses arising from trade receivables. For all assured shorthold tenancies, credit checks are performed prior to acceptance of the tenant. Regulated tenants are incentivised through the benefit of their tenancy agreement to avoid default on their rent and a rent deposit is held in respect of one lease. Taking these factors into account, the risk to the Group of individual tenant default and the credit risk of trade receivables are considered low, albeit the risk has increased as a result of the impact of COVID-19, as is borne out by the level of trade receivables written off in this year and in prior years.

NOTES TO THE ACCOUNTS (continued)

22. Financial instruments (continued)

As a result of the impact of COVID-19, the Directors have provided for rental and other arrears due from Peacocks Stores Limited amounting to £49,000 at 30 September 2020 and which remain outstanding at the date of signing these financial statements. A further £49,000 of accrued rent, in connection with a rent spreading adjustment for the income receivable from Peacocks Stores Limited, has also been written back at the balance sheet date. The impaired receivables are based on a review of expected credit losses. Impaired receivables and receivables not considered to be impaired are not material to the financial statements and, therefore, no further analysis is provided.

The credit risk on cash deposits is managed through the Company's policies of monitoring counterparty exposure and the use of counterparties of good financial standing. At 30 September 2020, the credit exposure from cash held with banks was £32.1 million which represents 36.2% of the Group's net assets. As at 30 September 2020, the Group had a single balance of £53,000 (2019: £54,000) where the counter-party had failed to honour a notice deposit and a full impairment provision has been recorded against the balance. All cash deposits are placed with banks whose credit ratings are acceptable to the Board with £10 million held on a fixed rate term deposit which expires on 30 December 2020 and £22.1 million on instant access accounts. Should the credit quality or the financial position of the banks currently utilised significantly deteriorate, cash deposits would be moved to another bank.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due. The Group seeks to manage its liquidity risk by ensuring that sufficient cash is available to meet its obligations for a period of at least 12 months.

The following tables set out the Group's and Company's financial assets and liabilities all of which are due within one year. The tables have been drawn up based on the undiscounted cash flows of financial liabilities, based on the earliest date on which the Group and Company can be required to pay.

Financial assets:

	Group		*Company*	
	30 Sep 20	*30 Sep 19*	*30 Sep 20*	*30 Sep 19*
	£'000	*£'000*	*£'000*	*£'000*
Cash and cash equivalents	32,126	39,911	31,185	39,439
Trade and other receivables	339	264	208	122
	32,465	40,175	31,393	39,561

Financial liabilities:

	Group		*Company*	
	30 Sep 20	*30 Sep 19*	*30 Sep 20*	*30 Sep 19*
	£'000	*£'000*	*£'000*	*£'000*
Trade payables and other accrued expenses	993	486	136	232

NOTES TO THE ACCOUNTS (continued)

22. Financial instruments (continued)

Capital risk management

The Board's primary objective when managing capital is to preserve the Group's ability to continue as a going concern, in order to safeguard its equity and provide returns for shareholders and benefits for other stakeholders, whilst maintaining an optimal capital structure to reduce the cost of capital and sustain the future development of the business.

The Group does not currently have any borrowing, but may utilise borrowing in the future to fund development projects. When doing so the Group will seek to ensure that it can stay within agreed covenants with its lenders.

At both 30 September 2020 and 30 September 2019, 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 and capital redemption reserves).

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.

At each balance sheet date, all financial assets and liabilities were measured at amortised cost. The fair value of the Group's financial assets and liabilities is not considered to vary from historic cost due to the short term nature of these financial assets and liabilities.

23. Events after the balance sheet date

There are no significant events since the balance sheet date that require disclosure in the financial statements.

GLOSSARY OF TERMS

AGM	Annual General Meeting
AIM	The AIM market of the London Stock Exchange PLC
Conygar	The Conygar Investment Company PLC
EPS	Earnings per share, calculated as the earnings for the year after tax attributable to members of the parent Company divided by the weighted average number of shares in issue in the year
IFRS	International Financial Reporting Standards adopted for use in the European Union
Loan to value	The amount of borrowing divided by the value of investment property expressed as a percentage
NAV	Net asset value
Net initial yield	Annual net rents expressed as a percentage of the investment property valuation
Passing rent	The annual gross rental income excluding the effects of lease incentives
PBT	Profit before taxation
QCA Code	The UK's quoted companies alliance corporate governance guidelines for small and mid-size quoted companies.
Tenant break	An option in a lease for a tenant to terminate that lease early
UK	United Kingdom

The Conygar Investment Company PLC
(Company Number 04907617)
(the "**Company**")

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 Annual General Meeting of the Company will be held at 11:30am on Friday, 18 December 2020 to consider and, if thought fit, pass the resolutions below. The meeting will be held as a closed meeting via telephone pursuant to the provisions of the Corporate Insolvency and Governance Act 2020:

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

ORDINARY BUSINESS

Ordinary Resolutions

1 To receive and adopt the Company's annual accounts for the financial year ended 30 September 2020 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 2020.

3 To appoint Saffery Champness LLP as auditor 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 to agree the remuneration of the auditors.

5 To elect Bimaljit Singh Sandhu as a Non-Executive Director of the Company.

6 To re-appoint Christopher James David Ware, who retires by rotation, as a Director of the Company

7 To re-appoint Frederick Nicholas Gruffudd Jones, who retires by rotation, as a Director of the Company.

SPECIAL BUSINESS

8 (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 £250,000 (comprising 5,000,000 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

9 That subject to the passing of resolution 8 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 8 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 £250,000 (comprising 5,000,000 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.

10 That the Company be and is generally and unconditionally authorised for the purposes of section 701(1) of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) on the London Stock Exchange of ordinary shares of £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 14.99% of the Ordinary Shares in issue immediately following the Annual General Meeting at which this authority to purchase is granted;

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

(c) the maximum price (excluding expenses) which may be paid for an Ordinary Share shall not be more than an amount equal to 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.

Registered Office	By Order of the Board
1 Duchess Street	R T E Ware
London	Director
W1W 6AN	23 November 2020

COVID-19

In accordance with current government instructions and guidance regarding COVID-19 and the restrictions on social contact, public gathering and non-essential travel, regrettably, the Board has taken the decision to hold the Annual General Meeting as a closed meeting pursuant to the provisions of the Corporate Insolvency and Governance Act 2020. As such, shareholders will not be able to attend the AGM in person. We will make arrangements to ensure that the legal requirements to hold the meeting can be satisfied and the format of the meeting will be purely functional. The meeting will comprise only the formal votes without any business update. Shareholders are therefore strongly encouraged to vote on all of the resolutions online or by appointing the chairman of the AGM as a proxy in advance of the meeting (appointing the chairman of the AGM as your proxy, rather than another named person, ensures your vote will be counted in the meeting).

The COVID-19 situation is constantly evolving and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Accordingly, unless there is any material change in circumstances which causes the Company to notify changed arrangements (which it will do so via a regulatory information service), any shareholder (other than those required to form a quorum) who attempts to physically attend the AGM in person will be refused admission. The Company's attendance at the AGM in person will be limited to satisfy the requirements for a quorum.

We strongly urge you to follow government instructions in respect of the evolving situation regarding COVID-19 and the restrictions on social contact, public gatherings and non-essential travel.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Notes

These notes should be read in conjunction with the notes on the form of proxy.

1. At law, save as amended by the Corporate Insolvency and Governance Act 2020, a shareholder entitled to attend and vote at this Annual General Meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the Annual General Meeting, although the appointment of a proxy will not prevent a shareholder from attending the annual general meeting and voting in person if he/she so wishes. A proxy need not be a shareholder of the Company. If multiple proxies are appointed they must not be appointed in respect of the same Shares. However, as a result of the current restrictions on attendance in connection with COVID-19, in particular on public gatherings, the Board has taken the decision to hold the Annual General Meeting as a closed meeting pursuant to the provisions of the Corporate Insolvency and Governance Act 2020. As they cannot attend in person, shareholders are encouraged to vote on the resolutions to be considered at the Annual General Meeting by proxy instead. In order for their vote to count, shareholders should appoint the chairman of the meeting as their proxy. This is because of the closed nature of the Annual General Meeting described above, meaning that any other person appointed will not be able to attend the meeting and will therefore be unable to vote. Further information and instructions on voting by proxy are set out in this section and printed on the accompanying proxy form. To be effective, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar at the address printed on the form of proxy no later than 11:30am on Wednesday, 16 December 2020 or, if the meeting is adjourned, 48 hours before the time of the adjourned meeting (excluding United Kingdom non-working days). Shareholders may instead submit their proxy form electronically by scanning and emailing to voting@shareregistrars.uk.com. For an electronic proxy to be valid, the appointment must be received by the Company's Registrar, Share Registrars Limited, by no later than 11:30 am on Wednesday, 16 December 2020 or, if the meeting is adjourned, 48 hours before the time of the adjourned meeting (excluding UK non-working days). A shareholder may not use any electronic address provided to communicate with the Company for any purpose other than that stated. A shareholder present in person or by proxy shall have one vote on a show of hands and, on a poll, every shareholder present in person or by proxy shall have one vote for every Share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by the Company's Registrar by the deadline for receipt of proxies.
2. To appoint more than one proxy, shareholders will need to complete a separate proxy form in relation to each appointment, stating clearly on each proxy form the number of Shares in relation to which the proxy is appointed. A failure to specify the number of Shares to which each proxy appointment relates or specifying an aggregate number of Shares in excess of those held by the shareholder will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope if possible. However, shareholders are reminded that as a result of the current restrictions in connection with COVID-19, in particular on public gatherings, the Board has taken the decision to hold the Annual General Meeting as a closed meeting. Accordingly, in order for their vote to count, shareholders should appoint the chairman of the meeting as their proxy.
3. In the case of joint shareholders, in voting on any question, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names of the joint shareholders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior). Therefore, where more than one of the joint shareholders completes a form of proxy, only the appointment submitted by the most senior shareholder will be accepted.
4. Only those shareholders registered in the register of shareholders of the Company as at close of business on 16 December 2020 (the "**specified time**") shall be entitled to attend or vote at the aforesaid Annual General Meeting in respect of the number of Shares registered in their name at that time. Changes to entries on the relevant register of securities after the specified time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting. If the Annual General Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Annual General Meeting, that time will also apply for the purpose of determining the entitlement of shareholders to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Annual General Meeting. If, however, the Annual General Meeting is adjourned for a longer period then, to be so entitled, shareholders must be entered on the Company's register of shareholders at the time which is 48 hours (excluding UK non-working days) before the time fixed for the adjourned Annual General Meeting, or if the Company gives notice of the adjourned Annual General Meeting, at the time specified in that notice. However, shareholders are reminded that as a result of the current restrictions in connection with COVID-19, in particular on public gatherings, the Board has taken the decision to hold the Annual General Meeting as a closed meeting. As they cannot attend in person, shareholders are encouraged to vote on the resolutions to be considered at the Annual General Meeting by proxy instead appointing the chairman of the meeting.
5. Shareholders who hold their Shares electronically may submit their votes through CREST. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST.
6. CREST shareholders who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this Annual General Meeting and any adjournment thereof by following the procedures described in the CREST manual (available via www.euroclear.com/CREST). CREST personal shareholders or other CREST sponsored shareholders, and those CREST shareholders 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

NOTICE OF ANNUAL GENERAL MEETING (continued)

appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("**Euroclear**") specifications and must contain the information required for such instructions, as described in the CREST manual. The message, in order to be valid, must be transmitted so as to be received by the Company's agent (ID 7RA36) by the latest time for receipt of proxy appointments specified in note 1 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 Company'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 shareholders and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear 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 shareholder concerned to take (or, if the CREST shareholder is a CREST personal shareholder or sponsored shareholder or has appointed a voting service provider(s), to procure that his 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 the CREST system by any particular time. In this connection, CREST shareholders 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.

7. 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.

8. A person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of shareholders in relation to the appointment of proxies in note 1 above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered shareholders of the Company.

9. Shareholders (and any proxies or representatives they appoint) agree, by attending the Annual General Meeting, that they are expressly requesting and that they are willing to receive any communications (including communications relating to the Company's securities) made at the Annual General Meeting. However, shareholders are reminded that as a result of the current restrictions in connection with COVID-19, in particular on public gatherings, the Board has taken the decision to hold the Annual General Meeting as a closed meeting.

10. Any corporation which is a shareholder may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same Shares. To be able to attend and vote at the Annual General Meeting, corporate representatives will be required to produce prior to their entry to the Annual General Meeting evidence satisfactory to the Company of their appointment. Corporate shareholders may also appoint one or more proxies in accordance with note 1. However, shareholders are reminded that as a result of the current restrictions in connection with COVID-19, in particular on public gatherings, the Board has taken the decision to hold the Annual General Meeting as a closed meeting.. As they cannot attend in person, shareholders are encouraged to vote on the resolutions to be considered at the Annual General Meeting by proxy instead. In order for their vote to count, shareholders should appoint the chairman of the meeting as their proxy.

11. Information regarding the meeting, including the information required by section 311A of the Act, is available on the Company's website: www.conygar.com.

12. As at 20 November 2020 (the latest practicable date prior to the date of this notice), the Company's issued share capital amounted to 53,591,590 Shares carrying one vote each and the Company held no Shares in treasury. Therefore, the total voting rights of the Company as at 20 November 2020 (the latest practicable date prior to the date of this notice) were 53,591,590.

13. At law, save as amended by the Corporate Insolvency and Governance Act 2020, any shareholder (or his/her proxy) attending the Annual General Meeting has the right to ask questions. The Company must answer any question a shareholder (or his/her proxy) asks relating to the business being dealt with at the Annual General Meeting unless:

    - answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
    - the answer has already been given on a website in the form of an answer to a question; or
    - it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

NOTICE OF ANNUAL GENERAL MEETING (continued)

14. Under sections 338 and 338A of the Act, members may (i) require the Company to give to members entitled to receive notice of the Annual General Meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and (ii) request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may be properly included in the business, provided that it is not defamatory, frivolous or vexatious or, in the case of a resolution only, it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise). The Company will include such matter if sufficient requests have been received by members who have at least 5 per cent. of the total voting rights or by at least 100 members who hold Shares on which there has been an average sum, per member, of at least £100 paid up and submitted in the manner detailed in sections 338 and 338A of the Act.

15. Under section 527 of the Act, a shareholder or shareholders that meet(s) the criteria and who submit(s) a request as set out in that section, may require the Company to publish on a website a statement setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the next accounts meeting, or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous accounts meeting, that such shareholders propose to raise at the meeting. Where the Company is required to publish such a statement on its website:

    - it may not require the shareholders requesting website publication to pay its expenses in complying with section 527 or section 528 of the Act;
    - it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website; and
    - the statement may be dealt with as part of the business of the accounts meeting.

The Conygar Investment Company PLC

(Company Number 04907617)

(the "Company")

Annual General Meeting

FORM OF PROXY

I/We ....

of ....

....

being (a) member(s) of the Company, hereby appoint the Chairman of the meeting OR the following person ....

....

of ....

as my/our proxy to attend, speak and vote in respect of my/our full voting entitlement on my/our behalf at the Annual General Meeting of the Company to be held at 11.30am on 18 December 2020 and at any adjourned meeting. 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 2020 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 2020.			
3	To appoint Saffery Champness LLP as auditor of the Company.			
4	To authorise the Directors to agree the remuneration of the auditors.			
5	To elect Bimaljit Singh Sandhu as Non-Executive Director of the Company.			
6	To re-appoint Christopher James David Ware, who retires by rotation, as a Director of the Company.			
7	To re-appoint Frederick Nicholas Gruffudd Jones, who retires by rotation, as a Director of the Company.			
8	To give Directors' authority to allot shares in the Company or grant rights to subscribe for, or convert any security into shares in the Company up to an aggregate nominal amount of £250,000.			
Special Resolutions				
9	To give Directors' authority to disapply pre-emption rights and allot equity securities.			
10	To give a share buyback authority of up to a maximum aggregate number of ordinary shares of 14.99% of the Ordinary Shares in issue immediately following the Annual General Meeting.			

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

Date ....

Signed ....

Notes:

1 Under normal circumstances, every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder, as their proxy to exercise all or any of their rights, to attend, speak and vote on their behalf at the meeting. Due to the current restrictions in connection with COVID-19, the Company's annual general meeting ("**AGM**" or "**Annual General Meeting**") is being held as a closed meeting in accordance with the provisions of the Corporate Insolvency and Governance Act 2020. As shareholders cannot attend in person, you are encouraged to vote by proxy. In order for your vote to count, you should appoint the chairman of the meeting as your proxy, as any other person appointed will not be able to attend the meeting. To appoint the chairman of the meeting, please only reference the 'Chairman of the AGM' as your proxy (and do not specifically name any other individual). If returned without an indication as to how the Chairman shall vote on any particular matter, the Chairman will exercise their discretion as to whether, and if so how, they vote, (or if this proxy form has been issued in respect of a designated account for a shareholder, the Chairman, as the shareholder's proxy will exercise their discretion as to whether, and if so how, they vote).

2 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. To appoint more than one proxy, you may photocopy this form. Please indicate next to the proxy holders name the number of shares in relation to which they are authorised to act as your proxy. All forms must be signed and should be returned together in the same envelope. However, you are reminded that due to the current restrictions in connection with COVID-19, the AGM is being held as a closed meeting pursuant to the provisions of the Corporate Insolvency and Governance Act 2020. In order for your vote to count, you should appoint the chairman of the meeting as your proxy.

3 The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' and 'Against' a resolution.

4 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company (the "**Register of Members**") at close of business on the day which is two days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting. Shareholders are reminded that the AGM is being held as a closed meeting pursuant to the provision of the Corporate Insolvency and Governance Act 2020 and, as a result, shareholders or their proxy cannot attend the AGM in person.

5 To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 7RA36) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time or receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. You are reminded that due to the current restrictions in connection with COVID-19, the AGM is being held as a closed meeting pursuant to the provision of the Corporate Insolvency and Governance Act 2020. In order for you vote to count, you should appoint the chairman of the meeting as your proxy, as any other person appointed will not be able to attend the meeting.

6 Any alterations made to this form should be initialled. If you submit more than one valid proxy appointment, the appointment received last before the latest time for 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.

7 Under normal circumstances, the completion and return of this form would not preclude a member from attending the meeting and voting in person. However, shareholders are reminded that the AGM is being held as a closed meeting pursuant to the provision of the Corporate Insolvency and Governance Act 2020 and, as a result, shareholders cannot attend the AGM in person.

8 This Form of Proxy has been sent to you by post. It may be returned in hard copy form by post or by hand to the Company's Registrars, Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. In each case, the proxy appointment must be received no later than 11.30am on 16 December 2020 together with any authority (or a notarially certified copy of such authority) under which it is signed.

Perivan 260026