



The Conygar Investment Company PLC

**Report and accounts
30 September 2024**

YEAR ENDED 30 SEPTEMBER 2024

SUMMARY

- Net asset value (“NAV”) decreased in the year by £34.0 million to £61.1 million (103.0p per share; 2023: 159.4p per share). This was derived primarily from a £28.3 million write down in the carrying value of the Group’s properties. In addition, the Group incurred £4.3 million of net operational, administrative and debt financing costs and wrote down its £1.4 million investment in the proposed residential development at the Fruitmarket site in the St Philip’s Marsh area of Bristol (“Bristol”).
- Cash deposits amount to £4.7 million (7.8p per share) at 30 September 2024 boosted in the year from placing 5 million zero dividend preference shares of £1 each (the “ZDP shares”) and the drawdown of a £12 million loan facility from A.S.K. Partners Limited (“ASK”).
- Construction completed in June 2024, on time and on budget, of Winfield Court, the first phase 693-bed student accommodation development at The Island Quarter in Nottingham (“TIQ”).
- Winfield Court occupancy at 54% for the current academic year generating net operating income, before debt financing costs, of £1.5 million.
- Credit approval received from Barclays Bank PLC (“Barclays”), after the balance sheet date, to extend the development loan facility, secured against Winfield Court, until December 2025. This will enable the further letting and stabilization of the property over the coming year.
- Purchase completed of the long leasehold interest in the Virgin Active gym at TIQ for a gross consideration, before taxes and fees, of £5.9 million reflecting an initial yield of 10.25%.
- Detailed planning application submitted in February 2024 for the second phase of student accommodation at TIQ. This comprises a 383-bed scheme to adjoin, and complement, Winfield Court for which we are anticipating a positive determination in early 2025.
- Revenues and margins steadily increasing at our restaurant and events venue at 1 The Island Quarter (“1 TIQ”) as the reputation for this unique local offering becomes more established.

Group net asset summary

	2024		2023	
	£’m	Per share p	£’m	Per share p
Properties	117.9	197.7	113.2	189.8
Cash	4.7	7.8	2.7	4.5
Borrowings	(55.9)	(93.6)	(17.2)	(28.8)
ZDP shares	(4.9)	(8.3)	–	–
Other net liabilities	(0.4)	(0.6)	(3.6)	(6.1)
Net assets attributable to shareholders	61.4	103.0	95.1	159.4
Non-controlling interests	(0.3)	(0.5)	–	–
Net assets	61.1	102.5	95.1	159.4

The Conygar Investment Company PLC

Registered in England and Wales No. 04907617

CONTENTS

	Page
Directors and advisers	3
Chairman's & chief executive's statement	4
Strategic report	7
Corporate governance report	16
ESG report	21
Directors' remuneration report	25
Directors' report	27
Independent auditor's report	31
Consolidated statement of comprehensive income	38
Consolidated statement of changes in equity	39
Company statement of changes in equity	40
Consolidated balance sheet	41
Company balance sheet	42
Consolidated cash flow statement	43
Company cash flow statement	44
Notes to the accounts	45
Glossary of terms	72
Notice of annual general meeting	73

DIRECTORS AND ADVISERS

The Board of directors

N J Hamway (Non-executive chairman)
R T E Ware (Chief executive)
C J D Ware (Property director)
D Baldwin (Finance director)
F N G Jones (Property director)
B S Sandhu (Non-executive director)

Company secretary

D Baldwin

Registered office

1 Duchess Street
London W1W 6AN

Registered number

04907617

Website

www.conygar.com

Auditor

Saffery LLP
71 Queen Victoria Street
London EC4V 4BE

Solicitors

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

Nominated adviser & stockbroker

Panmure Liberum Limited
Ropemaker Place, Level 12
25 Ropemaker Street
London EC2Y 9LY

Registrars

Share Registrars Limited
Molex House
The Millennium Centre
Crosby Way
Farnham
Surrey GU9 7XX

Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Handelsbanken PLC
5 Wellbeck Street
London W1G 9YQ

The Royal Bank of Scotland PLC
36 St Andrew Square
Edinburgh EH2 2YB

National Westminster Bank PLC
250 Bishopsgate
London EC2M 4AA

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Against a perpetually challenging backdrop we have continued to make steady progress, in particular at our mixed-use development site at TIQ. However, the delayed reduction of interest rates, compounded by a subdued investment market, have materially impacted our further progression and results for the year.

Progression

In June 2024, a significant milestone was reached at TIQ where practical completion was achieved for Winfield Court, our first phase student accommodation development. Given the inflationary pressures, economic uncertainty and supply chain shortages experienced during the construction period we are delighted to have completed this development on time and on budget.

Winfield Court comprises 693-beds of high-quality student accommodation incorporating a gym, cinema room and sky lounge. In addition, the development has been awarded a WiredScore Platinum certificate for its digital connectivity and is expected to achieve a "very good" classification under the BREEAM green building sustainability rating system.

Following practical completion, the first 371 students have moved into the property representing 54% of the total rooms available. The current occupancy rate, and net operating income of approximately £1.5 million, are well below our fully stabilised targets for this property but have arisen in this first year from a combination of factors. These include much-publicised measures, introduced in January 2024, to tighten the issue of student visas which has materially impacted the number of overseas students attending UK universities in the current year. Furthermore, competing local student accommodation providers, also seeking to let their newly constructed developments for the first time, were offering unexpectedly competitive rental and incentives packages.

However, the underlying fundamentals for purpose-built student accommodation remain strong. Continuing healthy demand for higher education and expectations of rental growth support the anticipated uplift in investment activity for this sector over the coming years. As such, we would anticipate a material uplift in lettings and net operating income for the next academic year. Furthermore, on 11 December 2024 we received credit approval from Barclays to restructure and extend the development loan, secured against Winfield Court, to enable its further letting and stabilisation over the current academic year.

Elsewhere at TIQ

In February 2024, we submitted a detailed planning application for the adjoining second phase of student accommodation. This phase, which has been well supported by Nottingham City Council, comprises a 383-bed scheme, with a positive determination anticipated from the planning committee early in 2025.

In May 2024, we acquired the long-leasehold interest of the site occupied by Virgin Active gym, located at TIQ. The freehold of the site was already owned by the Group, at a carrying value of £1.2 million, and the leasehold purchased from Wood Pension fund for a gross consideration of £5.9 million. Subsequent to the purchase, the Group granted a 25-year lease to Virgin Active Health Clubs Limited at a passing rent of £600,000 per annum incorporating a three-month rent-free period followed by 18 months at half rent.

Against a backdrop of squeezed household budgets and rising costs, compounded by increases to the minimum wage, the Group's restaurant and event venue at 1 TIQ realised an EBITDAR in the year of £0.3 million. As a result of increasing the capacity, in particular for our outdoor events, the provision of a stretch tent cover, to enable the plaza's all-weather use, and a more expansive use of the venue from a very engaged local community, total revenues increased by over 25% in the year to £5.4 million. This expansion, supplemented by significant improvements in food, beverage and wage margins since the start of the year, should enable the further enhancement of returns in the coming year with gross revenues projected in excess of £6 million.

However, the recent changes announced in the UK Government's autumn statement introducing an additional 6.7% uplift in the minimum wage, significant increases to employer's national insurance contributions and reductions to business rates relief can only further challenge the already stretched hospitality sector.

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

Results summary

The Group incurred a loss in the year of £34.0 million substantially derived from a £28.3 million reduction in the property carrying values for TIQ. Net operational, administrative and debt financing costs amounted to £4.3 million (including depreciation charges of £0.6 million and first year only mobilisation costs at Winfield Court of £0.6 million) as we continue the transition of our consented development plots at TIQ to income-producing assets. We have also written down £1.4 million of costs incurred in connection with the proposed residential project in Bristol to reflect the transaction complexity and market conditions currently impacting the viability and better progression of this project.

The reduction in values for both the developed and undeveloped plots at TIQ arose primarily from lower rents having been achieved than were anticipated and higher operating costs being payable at Winfield Court. This has been further compounded by increased construction costs, following an extended period of high inflation, and the softening in the year of yields, in particular for the purpose-built student accommodation ("PBSA"), build to rent ("BTR") and life-science sectors. Whilst these write downs are unwelcome, such valuations tend to be volatile and highly sensitive to small changes in the underlying assumptions of key parameters, such as rental levels, net initial yields, construction costs, finance costs and void periods. As the economic situation improves and interest rates reduce, we would expect to see a rebound in values.

Furthermore, with the restaurant and events venue at 1 TIQ becoming more established and expanding its operations, in addition to Winfield Court now income-generating, we are anticipating a material uplift in revenues for the coming year to part offset the operational, administrative and debt financing costs. In addition, the Board continues to closely monitor the Group's overheads and have put into place arrangements for their further reduction in the coming year.

Cash deposits and debt financing

The cash deposits of the Group have increased in the year from £2.7 million at 30 September 2023 to £4.7 million at 30 September 2024 as a result of placing 5 million ZDP shares and drawing down the £12 million loan facility from ASK.

The ZDP shares, which were issued in October 2023 at a price of £1 per ZDP share, have a life of five years and a final capital entitlement of 153.86 pence per ZDP share, equivalent to a gross redemption yield of 9% per annum on the issue price. The Company also subscribed for a further 10 million ZDP shares which it will look to place, subject to investor sentiment, during their 5-year term to further boost the Group's cash reserves as required.

The loan facility from ASK is for an initial term of 2 years with interest paid at the Bank of England base rate plus a margin of 5.9%. £6.4 million of the net proceeds from the loan were utilised to enable the purchase of the long-leasehold interest in the Virgin Active gym. The remainder, in addition to the net proceeds from placing the ZDP shares, continue to be utilised in the progression of TIQ whilst we advance discussions with potential investors to enable the funding required to further progress this substantial mixed-use development.

The credit approval received from Barclays in December will enable the restatement and extension until December 2025, of the £47.5 million Barclays development loan, secured against Winfield Court, to enable the further stabilisation of this asset. The terms of the loan restatement allow for a reduction to the interest rate from the currently payable 3.25% plus SONIA to 2.0% plus SONIA. However, the benefit of this reduced margin will be offset by way of the inclusion of a £0.6m exit fee to be settled on repayment of the loan.

Furthermore, the development loan facility includes a continuing provision for net finance costs to be rolled up into the loan each quarter up to the £47.5 million facility limit with any surplus financing or other project costs thereafter, estimated at £0.6 million, funded by the Group.

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

Other property assets

The acquisition of the Wylfa site on Anglesey by the former Conservative government confirmed the potential and range of opportunities offered by our Welsh sites, all ideally located to support any such future nuclear or other renewables-derived developments. At the 203-acre brownfield site at Rhosgoch, classified as a special area in the Anglesey freeport, we continue to receive considerable interest from the renewables sector. However, while we await future announcements from the new Labour government as to their intentions for the Wylfa site, we do not anticipate making any firm commitments in this regard.

At Holyhead Waterfront in Anglesey, we continue to await determination of the much-delayed detailed application submitted in 2021, the cost of which was fully written down in the previous year. Furthermore, in exchange for the settlement of unpaid rent by a tenant at the waterfront site, we have acquired freehold land plus an operational boatyard adjoining our development site.

Dividend

The Board recommends that no dividend is declared in respect of the year ended 30 September 2024. More information on the Group's dividend policy can be found within the strategic report on page 11.

Share buy-back authority

The Board will seek to renew the buy-back authority of 14.99% of the issued share capital of the Company at the forthcoming AGM as we consider the buy-back authority to be a useful capital management tool and will continue to use it, as our cash flows allow, when we believe the stock market value differs too widely from our view of the intrinsic value of the Company.

Board change

We are pleased to announce, with effect from 1 January 2025, the appointment of Christopher Ware as managing director for the Group. Christopher joined the Company in 2012, was appointed property director in 2018, and has during that time managed our former investment property portfolio and more recently been instrumental in the progression of TIQ.

Outlook

Despite the recent change in the UK government impacting both consumer and investor confidence, the improving economic outlook, as a result of lower inflation and interest rates being on a downward trajectory, appears to be slowly improving both the sentiment for, and activity in, the UK real estate sector.

Whilst the market remains challenging and uncertain, and our cash flows remain restrictive, these green shoots of optimism will enable the Group to cautiously progress with a number of emerging opportunities as we seek to maximise, over the coming years, the returns from our property portfolio.

N J Hamway
Chairman

R T E Ware
Chief executive

16 December 2024

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 in UK property. Our aim is to invest in property assets and companies where we can add value using our property management, development and transaction structuring skills.

The business operates two major strands, being property investment and property development. Assets are recycled to release capital as opportunities present themselves and we will continue to buy-back shares where appropriate. However, in order to progress our pipeline of development projects, in particular at TIQ, we will need to raise substantial amounts either as debt, through asset sales, or from joint ventures and are continuing our discussions in that regard.

Position of the Group at the year end

The Group net assets as at 30 September 2024 may be summarised as follows:

	2024		2023	
	£'m	Per share p	£'m	Per share p
Properties	117.9	197.7	113.2	189.8
Cash	4.7	7.8	2.7	4.5
Borrowings	(55.9)	(93.6)	(17.2)	(28.8)
ZDP shares	(4.9)	(8.3)	–	–
Other net liabilities	(0.4)	(0.6)	(3.6)	(6.1)
Net assets attributable to shareholders	61.4	103.0	95.1	159.4
Non-controlling interests	(0.3)	(0.5)	–	–
Net assets	61.1	102.5	95.1	159.4

The Group's balance sheet comprises property assets and cash deposits totalling £122.6 million as at 30 September 2024, offset by borrowings and other liabilities of £61.5 million. Borrowings comprise a development loan from Barclays, secured against Winfield Court, which amounted to £44.24 million (net of prepaid finance costs) at the balance sheet date and £11.61 million (net of prepaid finance costs) from ASK secured against the remainder of TIQ.

The Barclays development loan facility has enabled the Group to complete the development of Winfield Court in the year, and its planned extension and restructuring after the balance sheet date, will allow for the further letting and stabilization of this asset over the coming academic year. Furthermore, the net proceeds from the ASK loan in addition to the placing of 5 million ZDP shares in the year have been incurred to date to enable, amongst other projects, the purchase of the Virgin Active gym and submission of a detailed application for the second phase of student accommodation at TIQ.

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 returns from and occupancy levels achieved at its operational properties, the movements in net asset value per share, levels of uncommitted cash and its monitoring of and performance against its ESG targets.

STRATEGIC REPORT (continued)

The chairman's and chief executive's statement on pages 4 to 6 provides a summary on the financial performance and progress made during the year on the Group's property assets, further details of which are set out in this strategic report. Matters considered by the audit committee and remuneration committee are set out in the corporate governance report on pages 16 to 20. The Board's approach and responsibilities in connection with environmental, social and governance matters are set out in the ESG report on pages 21 to 24. The other key performance measures are considered below.

Winfield Court, 1 TIQ and investment properties under construction

Winfield Court, 1 TIQ and the Group's investment properties under construction were valued by Knight Frank LLP, in their capacity as external valuers, as set out below:

	2024	<i>Per share</i>	2023	<i>Per share</i>
	<i>£'m</i>	<i>p</i>	<i>£'m</i>	<i>p</i>
Winfield Court	70.5	118.2	65.6	110.0
1 TIQ	11.1	18.7	14.0	23.5
Land and buildings for future development	25.6	42.8	29.5	49.5
Total	<u>107.2</u>	<u>179.7</u>	<u>109.1</u>	<u>183.0</u>

As set out in the chief executive's and chairman's statement, we have achieved, in the current year, practical completion of TIQ's first phase of student accommodation and submitted an application for the second phase.

As a result of an unexpectedly competitive local lettings market, incorporating offers of heavily discounted rents and abnormally high incentives packages, compounded by a significant and unexpected reduction in the number of international students attending UK universities possibly linked to changes in the UK visa regime, the occupancy and net operating income achieved for the current academic year is materially below that originally anticipated. This shortfall, in addition to increased operating costs and outward yield movements, led to a write down in the carrying value for Winfield Court of £19 million as at 30 September 2024. However, given the high-quality offering from this development, the completion of all construction activity and the continuing strong investor sentiment for student accommodation, we remain optimistic for its future prospects and are actively progressing early lettings for the next academic year.

1 TIQ, which has now been operational for just over two years, continues to be well received by the local community resulting in a £1.1 million increase in revenue for the year to £5.4 million. Whilst the hospitality sector currently faces many challenges, we have creatively continued to expand our operations and offerings from this venue and materially improve the margins being achieved such that the Group realised an EBITDAR for the year of £0.3 million. The reduction in value for 1 TIQ during the year reflects a lower than previously projected EBITDAR for this venue over the coming years, partly as a result of the wider TIQ site not having progressed as quickly as previously envisaged, but also as a result of the higher employment taxes resulting from the 2024 autumn statement.

Furthermore, higher construction costs and the softening of yields, in particular for the PBSA, BTR and life-sciences sectors, have also negatively impacted the residual values for the undeveloped land. This has resulted in a valuation deficit of £6.6 million in the year, after allowing for other incurred planning and site progression costs.

However, as a result of the slowly improving economic outlook, we are seeing a marked increase to the number of enquiries and offers for further plot development at TIQ and are in discussion with a number of operators in that regard.

STRATEGIC REPORT (continued)

Development and trading properties

	2024	Per share	2023	Per share
	£'m	p	£'m	p
Virgin Active gym, TIQ	7.50	12.6	–	–
Rhosgoch	2.50	4.2	2.50	4.2
Parc Cybi	0.38	0.6	0.38	0.6
Holyhead boatyard	0.33	0.6	–	–
Holyhead Waterfront	–	–	–	–
Total	<u>10.71</u>	<u>18.0</u>	<u>2.88</u>	<u>4.8</u>

In May 2024, the Group acquired the long-leasehold interest of the site occupied by Virgin Active gym, located at TIQ. The freehold, valued at £1.2 million, was already owned by the Group, with the leasehold purchased from Wood Pension fund. The leasehold purchase price of £5.9 million (£6.3 million including fees and taxes), was funded by way of the drawing down of the second tranche of the ASK debt facility. Subsequent to the purchase, the Group granted a 25-year lease to Virgin Active Health Clubs Limited at a passing rent of £600,000 per annum incorporating a three-month rent-free period followed by 18 months at half rent.

On 10 September 2024, the Group settled a claim for unpaid rent due from one of its tenants whereby the arrears outstanding of £0.33m were settled by way of a transfer to the Company of a boatyard and surrounding land adjoining our development site in Holyhead. The boatyard is operational, currently storing circa 120 boats, and generating gross annual rents, before operational costs, of approximately £200,000 per annum. As part of the settlement agreement, the Group has granted a 3-year lease of the boatyard, at a peppercorn rent, to the same tenant whereby the funds generated over the 3-year term will be utilised by the tenant in the removal and clean up of previously damaged pontoons. On expiry of the lease, the Company will take occupation of and receive the full benefit of the future income generated from the boatyard.

In March 2023, we announced the confirmation of the Anglesey Freeport as one of the two newly established freeports in Wales. Included within this location, as a special area, is our 203-acre brownfield site at Rhosgoch. Our further site at Parc Cybi is also part of the freeport. These freeports will form special zones with the benefit of simplified customs procedures, relief on customs duties, tax benefits and development flexibility designed to attract major domestic and international investment. The site at Rhosgoch continues to attract considerable interest from the renewables sector and we are in discussion with a number of parties in that regard.

As a result of the combined impact from planning delays, increased finance costs and construction cost price inflation, particularly associated with the marine infrastructure works, we fully wrote down our investment in Holyhead Waterfront at 30 September 2023.

Financial review

Net asset value

The net asset value decreased in the year by £34.0 million to £61.1 million at 30 September 2024 which equates to 103.0p per share (2023: 159.4p per share). The primary movements were a net £28.3 million write down in the carrying value of the Group's properties at TIQ, net operational and administrative costs of £3.3 million, including depreciation charges of £0.6 million, £1.0 million of debt financing costs and £1.4m from writing down the costs paid to date in connection with the proposed residential development in Bristol.

STRATEGIC REPORT (continued)

Cash flow and financing

At 30 September 2024, the Group held cash deposits of £4.7 million. Borrowings comprised £44.3 million drawn from Barclays out of the £47.5 million development loan facility and £12.0 million from ASK. In addition, the Group had in issue 5 million ZDP shares of £1 each (2023: cash of £2.7 million and borrowings of £18.0 million).

During the year, the Group incurred £10.0 million on its operating activities, including £6.3 million to acquire the long-leasehold interest in the Virgin Active gym at TIQ. The other primary cash outflows were £26.2 million incurred on the Group's development and investment properties, including £23.6 million of construction costs and professional fees to complete the Winfield Court development and £1.0 million of fees in connection with submission of the detailed planning application for the second phase of student accommodation at TIQ. Other costs include £3.8 million of debt financing fees and £0.3m to acquire plant and equipment for use at 1 TIQ and Winfield Court.

These cash outflows were offset by cash inflows from bank borrowings, after debt arrangement fees of £37.7 million, £4.3 million from the issue of ZDP shares and £0.3 million of interest on cash deposits resulting in net cash inflows for the year of £2.0 million.

Net income from operational property activities

This has been, and continues to be, a transitional period for the Group where, having sold, over a number of years, the vast majority of our rent-producing investment properties, to lock in, for the benefit of our shareholders, the significant returns generated from those assets, we have utilised those funds to progress the planning applications for, and construction of, both our owned and targeted development projects. As such, the rental income for the Group during the current and previous years has reduced from that historically achieved. However, with 1 TIQ now more established and fully operational, in addition to Winfield Court become rent-producing from September 2024, we would anticipate a material uplift in rental and other income in the coming year.

	2024	2023
	£'m	£'m
Rental income	0.5	0.1
Restaurant and events income	5.4	4.3
Direct costs of rental income	(0.3)	(0.5)
Property mobilisation costs	(0.6)	–
Direct costs of restaurant and events income	(4.0)	(3.9)
	<u>1.0</u>	<u>–</u>
Proceeds from property sale	–	9.6
Cost of property sale	–	(9.5)
	<u>1.0</u>	<u>0.1</u>
Net income arising from operational property activities	<u><u>1.0</u></u>	<u><u>0.1</u></u>

Administrative expenses

The administrative expenses for the year were £4.6 million (2023: £4.8 million). Managing the substantially increased development and operations teams, in particular at 1 TIQ, has required an increase in the Group's overheads. However, the Board continues to closely monitor these costs and have put into place arrangements for their further reduction in the coming year.

STRATEGIC REPORT (continued)

Taxation

There is no current tax in the year as the Group is loss-making. However, the results for the prior year include the reversal of a £1.7m deferred tax provision following the write down in the property carrying values for TIQ at 30 September 2023.

Deferred tax is calculated at a rate of 25%, being the rate that has been enacted or substantively enacted by the balance sheet date and which is expected to apply when tax liabilities, resulting from unrealised chargeable gains arising on revaluation of the Group's investment properties, are projected to be settled.

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.

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

Treasury policies

The objective of the Group's treasury policies is to manage the Group's financial risk, to secure as required the most cost-effective available funding for the Group's operations and to minimise, for those matters it can control, 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 bank loans, ZDP shares, cash and short-term deposits. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operations. The Group may also enter into derivative transactions to manage its interest rate exposure. 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.

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, and to fund potential developments and acquisitions, with any surplus funds invested appropriately. At any point in time, at least half of the Group's cash is held on instant access or short-term deposit of less than 30 days.

Dividend policy

The Board recommends that no dividend is paid in respect of the year ended 30 September 2024 (2023: £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 value using our property management, development and transaction structuring skills. In previous years, we used the surplus cash flow from the then much larger investment property portfolio to enhance those 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. However, our primary target is, and will continue to be where the real estate market allows, the growth in net asset value per share.

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 that could threaten the future performance, solvency or liquidity of the Group. 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. All of which could impact the progression of and returns from our property portfolio.

The Board continually monitors and discusses the potential impact that changes to the environment in which we operate can have upon the Group. We are confident we have sufficiently high-calibre directors and managers to manage strategic risks.

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, by ensuring we have the right calibre of staff and external support in place, we look 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 and other financial instruments along with its 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 Group is not currently party to any derivative transactions to fix the interest rate payable in connection with its loans from Barclays and ASK. This is due to the short-term nature of these loans in addition to the high entry fees which have been payable in connection with such products over recent years.

Furthermore, as a result of the improving economic outlook, the Bank of England base rate is projected to reduce during the next financial year which will help to mitigate interest rate risk in the short term.

As a result of the reduction in value of Winfield Court, the loan to value ("LTV") cover, as required by the Barclays development loan is in excess of the covenant set out in the facility agreement. However, as at the date of signing these financial statements, credit approval has been received from Barclays for terms to restructure the loan and subject to completion of that restructuring, rectify the LTV cover. As at the date of signing these financial statements, the Group remains compliant with all of its other debt covenants.

The measures, introduced in January 2024, to tighten the issue of student visas has materially impacted the number of overseas students attending UK universities in the current year such that lettings to date for Winfield Court are below those originally anticipated. However, the Board is working closely with its managing agent and other local and international agents to try and mitigate the impact from these measures.

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

STRATEGIC REPORT (continued)

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:

Investment properties and properties held under the revaluation model

The fair values of investment properties and owner-occupied properties held under the revaluation model are based upon open market value and calculated using a third-party valuation provided by an appropriately qualified external valuer.

Development properties

The net realisable value of properties held for development or sale requires an assessment of the 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.

Financial assets and liabilities

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

	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>
Unsecured deposits	3,750	2,321
Performance bonds and other secured deposits	915	355
	<u>4,665</u>	<u>2,676</u>

The Group's floating rate financial assets comprise cash, short-term performance bonds and other secured deposits held with banks whose credit ratings are acceptable to the Board. The interest rate profile of the Group's bank borrowings is set out in note 20.

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, where circumstances allow, 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 rent deposits are held where applicable.

The Directors have provided for rental and other arrears due from various tenants which amounts to £5,000 at 30 September 2024 (2023: £273,000) and which remain outstanding at the date of signing these financial statements. The movement in the bad debt provision during the year is set out on page 68. The impaired receivables are based on a review of expected credit losses. Impaired receivables and

STRATEGIC REPORT (continued)

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 2024, the credit exposure from cash held with banks was £4.7 million which represents 7.6% of the Group's net assets. All cash deposits at the balance sheet date are placed with banks, whose credit ratings are acceptable to the Board. Should the credit quality or the financial position of the banks currently utilised significantly deteriorate, unsecured cash deposits would be moved to alternative banks.

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. At the balance sheet date, the Group had cash deposits of £4.7 million and will look to raise additional funds as required by way of property leasing, asset sales, third party investment or other equity issues.

Section 172 statement

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

The 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 Group's investment decisions are undertaken by a Board with a wide range of experience, over many years, in both the property and finance sectors.
- (b) The interests of the Company's and Group's employees: The Company has five full-time employees, including the chief executive, two property directors and the finance director. These executive directors sit on the Board with the non-executive directors. The Group also has a growing workforce to support its operations at TIQ, all of which are employed by a wholly-owned group company. The commitment of the Board to its employees is set out in the ESG Report on page 23 of this annual report.
- (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;

STRATEGIC REPORT (continued)

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 recent years, it has been vital to foster our business relationships with tenants given external factors, such as political and economic uncertainty.

- (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. With the exception of 1 TIQ and Winfield Court, 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 1 TIQ and Winfield Court, as well as ongoing and future 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. As the Group's owner occupied and managed properties continue to expand, the Board will continue to monitor its potential increased impact on the community and the environment. Further details of this are set out in the ESG section of this annual report on pages 21 to 24.
- (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 Ordinary shares, thus those 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 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 16 December 2024 and signed on its behalf by:

R T E Ware
Director

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 is responsible for the overall leadership of the Company, the success of the Group and is accountable to shareholders for the performance of the business. The Board comprises the chief executive, two property directors, the finance director and two independent non-executive directors.

The principal role of the Board is to set the Group's strategy and to review regularly its performance against that agreed strategy. As set out in the biographies below, the Board members have a broad range of skills and experience which enable them to effectively carry out their corporate governance duties and responsibilities. Each member of the Board takes responsibility for maintaining his skill set, which includes roles on other boards and ongoing continued professional development.

The Board directs and monitors the Group's affairs within an evolving framework of controls which enable risk to be assessed and managed effectively. A statement of going concern and a statement of the directors' responsibilities in respect of the financial statements is given on pages 28 and 29.

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 – 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)

Property director – Freddie Jones

Freddie Jones graduated from St Andrews University before going on to Bayes 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.

Finance director – David Baldwin

David Baldwin qualified as a member of the Chartered Association of Certified Accountants in 1992. He joined Frogmore Estates PLC as a commercial and residential property accountant in 1995 before moving to Prestbury Investment Holdings Limited as financial controller until 2015. He then joined the Company, also as its financial controller, before being appointed company secretary in April 2020 and finance director in May 2021.

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 Property Group 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 was previously chairman of the audit committee of AEW UK REIT plc and Africa Logistics Properties Holdings Limited, and is currently CEO of The Santon Group.

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 acquisition and disposal opportunities 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. Outside of the formal meetings the directors are in regular contact to ensure they are fully briefed with the ongoing activities of the Group and to deal with any matters, in a timely manner, as and when they arise. The outside commitments of the non-executive directors are also regularly monitored to ensure they have sufficient capacity to properly consider, advise and monitor the Group's activities.

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 awards under the profit-sharing plan, special discretionary and any other bonus awards, 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 25 to 26.

CORPORATE GOVERNANCE REPORT (continued)

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, the finance director and any relevant senior management.

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

Key activities of the audit committee for the year under review

1. Reviewing and, where necessary, challenging the Group's annual report and financial statements for the year ended 30 September 2024 and the unaudited interim results for the six months to 31 March 2024 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 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, fraud detection and risk management.
5. Reviewing the adequacy and security of the Company's arrangements for whistleblowers to raise concerns about possible wrongdoing.

Meetings and attendance

The directors attended the following meetings during the year:

	<i>Board</i>	<i>Audit committee</i>	<i>Remuneration committee</i>
N J Hamway	7/7	2/2	2/2
R T E Ware	7/7	–	–
F N G Jones	7/7	–	–
C J D Ware	7/7	–	–
B S Sandhu	7/7	2/2	2/2
D Baldwin*	7/7	2/2	–

* D Baldwin was invited to attend the relevant part of the audit committee meetings.

CORPORATE GOVERNANCE REPORT (continued)

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 7.66% 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 Hamway has been a director since inception and he and his family own 2.14% 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 only receive, from the Company, the fees as set out in the directors' remuneration report.

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 auditor, 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 policies for whistleblowing, bribery and anti-corruption and a share dealing code.

Relations with shareholders

Communications with shareholders are given high priority. The Company issues its results to shareholders promptly and also publishes them on its website. Regular updates are also provided, as required, in relation to the Group and its property portfolio. Pages 7 to 15 of these financial statements include a detailed review of the business and future developments and 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 28 January 2025 can be found in the notice of the meeting on page 73.

CORPORATE GOVERNANCE REPORT (continued)

Internal control

The directors acknowledge that they are responsible for the Company's systems of internal control and for reviewing their 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 systems of internal control procedures include the following:

- **Management structure:** Authority to operate is delegated to executive directors within limits set by the Board. The appointment of executives to the most senior positions within the Group requires the approval of the Board.
- **Identification and evaluation of business risks:** The major financial, commercial, legal, regulatory and operating risks within the Group are identified through annual reporting procedures.
- **Information and financial reporting systems:** The Group's planning and financial reporting procedures include detailed operational budgets for the year ahead 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 the external auditor.

ESG REPORT

Our ESG vision

To be an innovative leader in the communities in which we invest, create and operate – and to ensure we have a robust ESG programme that underpins all that we do.

ESG policy

At Conygar we appreciate that our activities and services may have a direct impact on the natural, human and building environment. We aim to incorporate environmental, social and governance (“ESG”) principles in all our investment processes, our property developments and our operations, so that we can better safeguard the world in which we live, enhance our society and comply with applicable laws, regulations and other environmentally-oriented requirements.

The Board is mindful of its responsibilities to all of its stakeholders, including the wider community, when it makes decisions in setting and implementing the Company’s strategy. In considering environmental responsibility, the Board has regard to climate, nature and sustainability. We want to be able to demonstrate strong governance to meet the long-term interests of our investors and wider stakeholders. Alongside our fiduciary, regulatory and legal responsibilities, we are committed to ensuring that ESG is embedded across our operations and in our investment decision making process. Where appropriate, we look to align with internationally recognised standards.

We have an active approach to property development and asset management of built mixed-use environments in the UK. As such, we are able to take existing assets and improve their environmental efficiency at the same time as fulfilling our financial goals.

We believe our key priority ESG areas are:

- Governance and disclosure
- Responsible investment
- Working collaboratively
- Meeting our legal obligations

These priority areas incorporate environmental responsibility, social responsibility and corporate governance.

Our commitments

- We will ensure that our property development activities integrate ESG considerations, including the effects of climate change, into the design process.
- We will regularly engage on ESG with our communities, employees, tenants and business partners.
- We will manage our own impact from our operations including office, travel and procurement activities and in the shared areas within the properties of our portfolio.
- We will partner with key contractors to help deliver on our commitments.

Our ESG goals

- Develop a mechanism for estimating and understanding our greenhouse gas Scope 3 (“GHG”) emissions, as well as further documenting GHG emissions within our control, to identify potential reductions and support the development of our approach towards carbon neutrality.
- Regularly engage our stakeholders on ESG risks and opportunities, providing support and guidance where possible, in order to create sustainable outcomes for the benefit of our stakeholders, the communities in which we operate and the environment.

ESG REPORT (continued)

- Seek opportunities to reduce the environmental and social impact of our developments throughout construction and their operational life and embed opportunities to enhance the surrounding environment and communities.

How we apply this policy

- This policy is informed and supported by our approach to ESG, as set out below.
- The Board has responsibility for approving this policy.
- This policy is included alongside our employee handbook, tenant handbook (being developed) and procurement policy to inform our tenants, business partners and staff of our commitments.
- This policy is reviewed annually.

How we monitor and report against this policy

- We report against this policy through our Company's board papers and annual reports.
- Our ESG performance reporting is readily accessible to our tenants and business partners and is also available to the public on request.

We are committed to continual improvement and therefore, when weaknesses in our performance are identified, we will take action to strengthen our systems by allocating resources and responsibilities internally, or by appointing experts to provide assistance.

Our approach to ESG

Environment

We are committed to minimising the environmental impact of our developments and to improving the resilience of our properties to the long-term impacts of climate change. As part of this we will:

- where possible and within our control, ensure our developments match or exceed best practice environmental performance benchmarks;
- constantly work on improving indoor environmental quality, and minimising energy and water demand and embodied carbon, investigate onsite renewable energy and promote sourcing of sustainable materials in our property acquisition, development and management activities;
- ensure that design and management of our public realm and outdoor spaces promotes resilience to extreme weather events, helps to manage pollution such as emissions to air and provides diverse habitats for biodiversity;
- design and manage our spaces to minimise and manage waste, energy and water and to help our tenants to do the same;
- work with our contractors, consultants and suppliers to drive environmental performance through our procurement policy and other engagement activities; and
- ensure that we consider ESG implications in all asset acquisitions and physical works including transitional and physical climate implication and actively plan to reduce environmental impact and risk through development of key performance indicators at company and asset level.

ESG REPORT (continued)

Social responsibility

Conygar recognises that our activities create opportunities to enhance society, but also risks. We proactively manage both to ensure the best possible outcomes for our communities, employees, tenants and business partners.

The Board is committed to fairness and to encouraging diversity on the Board and in its operations, including prevention of any forms of discrimination including under the terms of the Equality Act 2010. The terms of reference on the remuneration committee include a requirement for it to regularly review the structure, size and composition of the Board including the skills, knowledge, experience and diversity of the directors. The committee's report includes commentary on its work in this respect. The corporate governance report includes details of the composition of the Board, including a description of the balance of skills, experience and gender on the Board.

Community

Inclusive design is critical to community development. As such, we:

- engage regularly with the communities in which we operate in order to understand their changing needs;
- encourage architects and designers to focus on enhancing the living environment for our communities, thus designing spaces that promote diversity and inclusion to create vibrant communities; and
- work to ensure the health and safety of the community which is a fundamental consideration of every decision we make.

Employees

We are a growing team and our staff are our most important asset. We are committed to creating a workplace that allows them to thrive. Our commitments to staff are detailed in our employee handbook and include:

- strong employee engagement through regular team meetings and informal discussions;
- fair employee remuneration practices which mean our staff receive competitive pay for the same or similar jobs, qualifications and experience within the market;
- implementation of robust health and safety procedures to manage our key risks in order to create a proactive safety culture; and
- commitment to being an equal opportunities employer and ensure the recruitment, selection, training, development and promotion of individuals is on the basis of their qualifications, experience and performance.

Tenants

Engaging with our tenants is essential for delivering true ESG value. We recognise that the way that our tenants use our buildings has significant influence on the ESG performance of our assets.

- We promote ESG criteria as part of our tenant handbook (being developed), which is a key document for engaging with tenants' ESG performance.
- We will undertake periodic reviews of tenant satisfaction, helping to drive and influence design, refurbishment and maintenance of our buildings in a way that supports the needs of our tenants.
- We look to provide spaces which promote safety, health and wellbeing of our tenants and their customers.

ESG REPORT (continued)

Business partners

We have an obligation to fulfil the financial goals of our business partners in our activities and our partners are increasingly requesting information relating to ESG. We undertake the following:

- proactive engagement on ESG risks and opportunities with our partners;
- data collection, aggregation and reporting to those partners to help provide context on our ESG performance; and
- to work with our partners to fulfil their goals and targets for ESG performance.

Consultants, contractors and suppliers

Engaging and partnering with our consultants, contractors and suppliers is crucial in delivering performance against this ESG policy and our ESG commitments. Accordingly, we:

- adhere to specific social and labour standards set out in our procurement policy;
- partner with key contractors and consultants to deliver the commitments set out in this policy;
- require our key suppliers to have their own ESG commitments or, where they are a small business, to adhere to the key principles of our ESG policy;
- partner with key suppliers to promote health, safety and wellbeing of our building users; and
- work with key contractors, consultants and suppliers to collect data on our ESG performance to help us manage and improve ESG metrics and targets over time.

Governance

Conygar believes that robust and effective governance is the foundation for operating in line with our fiduciary duty and the applicable regulations. It is also fundamental for meeting the commitments we make to ourselves, the environment and to all our stakeholders. We always perform to the highest standards of ethical conduct with all of our staff complying with the codes of their professional bodies and those detailed in their individual employment contracts and our employee handbook. In line with this, we:

- carry out our business fairly, honestly and openly by combating bribery, corruption and fraud;
- recognise and proactively manage the risks we face in relation to data protection, privacy and cybersecurity by implementing robust systems and regular staff training;
- respect our shareholders' rights by operating transparently and ensuring we communicate openly and in a timely manner; and
- ensure fair executive compensation which means our executives receive pay arrangements in line with market standards.

This report was approved by the Board on 16 December 2024 and signed on its behalf by:

D Baldwin
Director

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 head office employees are employed by the Company. All operational and management individuals employed in connection with 1 TIQ are employed by a wholly-owned group company, The Island Quarter Careers Limited. All operational and management individuals employed in connection with Winfield Court are employed directly by Fresh Property Group.

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

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

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.

Pension contributions are limited to contributions by way of the Company's workplace pension scheme.

Service contracts are arranged to ensure that all executive directors 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. N J Hamway's letter of appointment was last extended on 21 October 2024 and B S Sandhu's letter of appointment was extended on 3 March 2023. The remuneration of the non-executive directors takes the form solely of fees, which are set by the Board, having taken advice on appropriate levels. The non-executive directors are not involved in any discussions or decision about their own remuneration.

Service contracts

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

<i>Executive directors</i>	<i>Date of contract</i>	<i>Unexpired term (months)</i>	<i>Notice period (months)</i>
R T E Ware	11 May 2021	N/A	12
F N G Jones	11 May 2021	N/A	12
C J D Ware	26 January 2018	N/A	12
D Baldwin	1 September 2021	N/A	12
<i>Non-executive directors</i>			
N J Hamway	21 October 2024	36	6
B S Sandhu	3 March 2023	18	6

R T E Ware and N J Hamway will retire by rotation at the AGM and, being eligible, offer themselves for re-election.

Directors' emoluments

	2024			2023			
<i>Executive directors</i>	<i>Basic salary £'000</i>	<i>Fees £'000</i>	<i>Total £'000</i>	<i>Basic salary £'000</i>	<i>Bonus £'000</i>	<i>Fees £'000</i>	<i>Total £'000</i>
R T E Ware	400	–	400	400	–	–	400
F N G Jones	165	–	165	165	25	–	190
C J D Ware	165	–	165	165	25	–	190
D Baldwin	165	–	165	165	25	–	190
<i>Non-executive directors</i>							
N J Hamway	–	90	90	–	–	90	90
B S Sandhu	–	51	51	–	–	50	50
	<u>895</u>	<u>141</u>	<u>1,036</u>	<u>895</u>	<u>75</u>	<u>140</u>	<u>1,110</u>

No non-cash benefits were paid to directors.

This report was approved by the Board on 16 December 2024 and signed on its behalf by:

N J Hamway
Chairman

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 2024.

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.

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

Credit approval was received from Barclays on 11 December 2024 to restructure the terms of the development loan provided in connection with Winfield Court. Further details of the approved terms are set out in note 20.

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 2024 (2023: nil).

Directors' interest in ordinary shares

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

	<i>Ordinary shares</i>	
	<i>30 September 2024</i>	<i>30 September 2023</i>
R T E Ware	4,856,050	4,750,000
B S Sandhu	4,567,000	4,500,000
N J Hamway	1,276,700	1,189,700
C J D Ware	1,113,335	1,113,335
F N G Jones	179,200	179,200
D Baldwin	15,000	15,000

DIRECTORS' REPORT (continued)

Directors' interest in ZDP shares

On 3 October 2023, the directors subscribed for the following ZDP shares at the issue price of £1 per ZDP share:

	<i>ZDP shares</i>	
	<i>30 September 2024</i>	<i>3 October 2023</i>
R T E Ware	250,000	250,000
B S Sandhu	250,000	250,000
N J Hamway	250,000	250,000
C J D Ware	10,000	10,000
F N G Jones	15,000	15,000
D Baldwin	15,000	15,000

There have been no changes in the directors' shareholdings of ordinary shares or ZDP shares 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.

Major interests in shares

At 16 December 2024, the directors have been notified that the following shareholders have an interest of 3% or more in the Company's issued share capital:

<i>Name</i>	<i>No of shares</i>	<i>%</i>
Premier Miton Group PLC	8,892,089	14.91
R T E Ware	4,856,050	8.14
B S Sandhu	4,567,000	7.66
Armstrong Investments Limited	3,600,000	6.04

Political donations

The Group made no political donations during the year (2023: £nil).

Financial instruments

Details of the Group's financial instruments are given in note 26.

Going concern

The Group's liquidity and cash flow forecasts, looking ahead up to two years, are considered at each Board meeting along with a review of tenant covenants and rental collection performance. The Group has committed, and expects to further commit, substantial amounts of cash to progress its pipeline of development projects, in particular at TIQ. However, it will always ensure that such commitments are limited to the extent of its available resources. Furthermore, in order to continue with the long-term progression of these projects, the Group will need to raise substantial amounts either as debt, through asset sales or from joint ventures and are continuing discussions in that regard.

DIRECTORS' REPORT (continued)

However, as set out in the strategic report, the reduction in value of Winfield Court, in addition to the lower than anticipated net operating income currently being achieved at that property, have prevented the Group from flipping the Barclays development loan into the previously documented investment loan. Furthermore, the valuation deficit has resulted in the LTV cover, as required by the Barclays development loan to be in excess of the 60% covenant. As at the date of signing these financial statements, credit approval has been received from Barclays for terms to restructure this loan and subject to completion of that restructuring, rectify the LTV cover by way of the provision of additional property security.

Furthermore, as a result of the reduction in value of the properties at TIQ the 2 times cover, as defined in the ZDP shares listing document, has fallen to 1.92 times. Whilst this has not resulted in a breach under the terms of the listing document, if the Group intends, after the date of signing these financial statements, to drawdown further amounts from its bank loan facilities, and the cover was expected to have remained below 2 times, a special resolution would need to have been passed by the ZDP shareholders to enable those future drawdowns.

With the £12 million loan facility from ASK expiring in November 2025, and the credit approved terms for the Barclays development loan only currently allowing for its extension until December 2025, the directors will need, over the coming year, to either renegotiate the terms for these existing loans, arrange alternative debt or equity financing or sell property assets to enable their repayment.

Given the improving economic outlook and recent uplift in approaches from potential buyers and investors in connection with our property assets we remain confident of achieving a suitable outcome in this regard as well as obtaining further working capital for the Group. In addition, subject to the points noted above, as at the date of signing these financial statements, the Group remains compliant with all of its other debt covenants.

As such, the directors have a reasonable expectation that the Company has, at present, and will obtain, as required, adequate resources to continue in operational existence for at least twelve months and so 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.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company and Group financial statements in accordance with UK-adopted International Financial Reporting Standards (IFRSs) and applicable law. 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 affairs of the Company and Group and the profit or loss of the Company or Group for that period.

In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK-adopted IFRSs 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT (continued)

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

Saffery 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 Tuesday, 28 January 2025 at 11.00am at the offices of The Conygar Investment Company PLC, First Floor, Suite 3, 1 Duchess Street London, W1W 6AN.

The formal notice of the meeting and the resolutions to be proposed at that meeting are attached on page 73.

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.

By order of the Board

D Baldwin

Company secretary

16 December 2024

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 'Company') and its subsidiaries (the 'Group') for the year ended 30 September 2024 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Group and of the Company as at 30 September 2024 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 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 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.

Our approach to the audit

We tailored the scope of our audit to ensure that we obtained sufficient evidence to support our opinion on the financial statements as a whole, taking into account the structure of the Group, the nature of the Group's accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under "Key audit matters" within this report.

The Group consists of the Company, its fifteen active subsidiaries and its six dormant subsidiaries. Eighteen of the twenty-one subsidiaries are registered in the UK, with the remaining three incorporated in Jersey. All audit work for the active entities has been carried out by us. No work was undertaken by component auditors.

Our Group audit scope included an audit of the Group and Company financial statements. Based on our risk assessment, all non-dormant entities within the Group were subject to full scope audits and these audits were performed by the Group audit team. The extent of the audit work performed on the components was based on our assessment of the risk of material misstatement and of the materiality of that component. The components within the scope of our audit work therefore covered 100% of Group revenue, Group loss before tax and Group net assets.

At Group level we also tested the consolidation process and adjustments.

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

Key audit matter

Valuation of investment property and property held under the revaluation model

The Group's property held under the revaluation model and investment properties under construction at Nottingham represent significant assets to the Group and are carried at their revalued amount in accordance with IAS 16 and at fair value in accordance with IAS 40 respectively on the consolidated statement of financial position.

Properties relating to the Nottingham project are accounted for as property, plant and equipment at a revalued amount of £81.65m, and investment properties under construction at a fair value of £25.55m. The directors obtained a third-party valuation to assist in their assessment of the revalued amount or fair value of the property.

Due to the significance of the property to the financial statements and the judgements used in determining the revalued amount or fair value, the valuation of property is considered to be a key audit matter.

How our scope addressed this matter

Our audit procedures included the following:

- Agreeing the investment property valuations to the external valuation reports;
- Checking inputs into the valuations were correct by corroborating to underlying confirmations and source date and were consistent with our understanding of the entity;
- Challenging the assumptions used in the preparation of the valuation report, including benchmarking the key assumptions and inputs to external market data and comparable property transactions, in particular rental yields;
- Considering the impact of recent market conditions and changes in inflation rates and interest rates on the fair value calculation, and performing sensitivity analysis on key inputs;
- Assessing the competence, capabilities, independence and integrity of the external valuer;
- Confirming that revaluation adjustments and fair value movements have been recorded in accordance with IAS 16 and IAS 40; and
- Confirming that the disclosure and presentation of the property valuations have been prepared in accordance with IAS 16 and IAS 40.

Based on our audit procedures performed, we have not identified any material misstatement arising from the valuation of property.

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

Key audit matter

Impairment of development and trading properties

Included in the Group's financial statements are development and trading properties held at £10.71m. Development and trading properties are reported in the consolidated statement of financial position at the lower of cost and net realisable value. During the year an impairment loss of £53k 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. Where there is an indication of impairment, the directors carry out a full impairment assessment to determine an estimate for the recoverable amount of the asset.

These impairment assessments incorporate a range of assumptions, estimates and judgements, such as land value and rental yield.

Due to the significance of the development and trading properties to the financial statements and the judgements involved in the impairment review of development and trading properties, this is considered to be a key audit matter.

Going concern

The going concern assumption is a fundamental and pervasive principle in the preparation of financial statements.

The Group currently holds significant external debt, of which, at the reporting date, the carrying amount was £44.24m for a loan which is repayable in March 2025 and a further carrying amount of £11.61m which is repayable in November 2025. At the reporting date, the Group does not have sufficient liquidity to repay the debt in line with these repayment dates. To continue as a going concern, the Group must either renegotiate the debt terms with lenders or sell property to raise the necessary funds to enable repayment of the debt.

This position, together with the trading loss and the continued downward value in the Group's property portfolio, give rise to greater inherent risk and raise the concern as to whether the group has sufficient resources to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements.

How our scope addressed this matter

Our audit procedures included the following:

- Reviewing management's consideration of impairment from their comparison to market appraisals;
- Verifying and challenging any assumptions, estimates, judgements or contentions incorporated into management's impairment calculations, such as the use of market yield, to supporting external evidence;
- Considering the impact of recent market conditions and changes in inflation rates and interest rates on the carrying value of the development and trading properties, and performing sensitivity analysis on key inputs;
- Testing the arithmetical accuracy of the impairment calculations; and
- Reviewing disclosures made regarding the impairment recognised in the year to check they have been made in accordance with the IFRS standards and agreeing to the underlying model.

Based on our audit procedures performed, we have not identified any material misstatement arising from the impairment of development and trading properties.

Our audit procedures included the following:

- obtaining, critically appraising and assessing for arithmetical accuracy the Directors' formal going concern assessment;
- reviewing the projected cashflows, availability of external debt financing, and other available evidence to assess the ability of the Company to continue in operation for at least twelve months from the date of approval of the financial statements;
- reviewing the results of the Directors' modelling of scenarios for cash flows based on expected property development and property sales, including the timing of, and the level of expenditure on, property development and sales, and assessing whether the parameters selected are appropriate based on the likelihood of occurrence and financial impact;

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

Key audit matter

Due to the significant and pervasive nature of the going concern assumption, and the increased inherent risk that there is a material uncertainty related to going concern, this is considered to be a key audit matter.

How our scope addressed this matter

- reviewing the appropriateness of the disclosure around the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting;
- considering material events after the reporting date to assess their impact on the going concern assumption, including comparing post year end cash balances to forecast positions, discussing these events with the Directors;
- obtaining confirmation of the refinancing of the Barclays development loan;
- assessing whether the revised loan repayment schedule was appropriately modelled into the going concern assessment; and
- reviewing the disclosures relating to going concern included within these financial statements to ensure they are consistent with the requirements of UK-adopted international accounting standards, and that they present a true and fair view to readers of the financial statements.

Based on our procedures performed, we concluded that there is no material uncertainty relating to going concern and that the continued adoption of the going concern basis in these financial statements remains appropriate.

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 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.

In order to reduce to an appropriately low level the probability that any misstatements exceeds materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take into account the qualitative nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements.

Based on our professional judgement and taking into account the possible metrics used by investors and other readers of the accounts, we have determined an overall Group materiality of £1,901,000 (2023: £1,790,000) based on 1.5% of gross assets for the year ended 30 September 2024 (1.5% of gross assets for the year ended 30 September 2023). Materiality of £1,155,000 (2023: £1,138,000) was used for the Company based on 1.5% of gross assets (1.5% of gross assets for the year ended 30 September 2023), capped to an appropriate level for Group purposes.

Group performance materiality was set at £1,520,000 (2023: £1,432,000) representing 80% of overall materiality (2023: 80% of overall materiality). The Company performance materiality was set at £924,000 (2023: £910,000).

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

We agreed with the Audit Committee to report all individual audit differences in excess of £95,000 (2023: £90,000) in relation to the Group and £57,000 (2023: £57,000) for the Company, being the level below which misstatements are considered to be clearly trivial. We also agreed to report any other identified misstatements that warranted reporting on qualitative grounds.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Company's ability to continue to adopt the going concern basis of accounting is set out in the "Key audit matters" section above.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 29, 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 and the 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 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 Group and Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the Group and Company's financial statements to material misstatement and how fraud might occur, including through discussions with the Directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the Group and Company by discussions with Directors and by updating our understanding of the sectors in which the Group and Company operate.

Laws and regulations of direct significance in the context of the Group and Company include The Companies Act 2006, the AIM Rules for Companies and UK Tax legislation.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of Group and Company financial statement disclosures. We reviewed the Company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the Company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with

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

appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

As Group auditors, our assessment of matters relating to non-compliance with laws or regulations and fraud differed at Group and component level according to their particular circumstances.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 LLP

Statutory Auditors
71 Queen Victoria Street
London
EC4V 4BE

16 December 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2024

	Note	Year ended 30 Sep 24 £'000	Year ended 30 Sep 23 £'000
Rental income	12/15	549	141
Restaurant and events income		5,367	4,257
Other income		25	–
Proceeds on sale of development and trading properties		–	9,650
Revenue		<u>5,941</u>	<u>14,048</u>
Direct costs of rental income		318	513
Direct cost of restaurant and events income		3,956	3,928
Property mobilisation costs		623	–
Costs on sale of development and trading properties		–	9,524
Development costs written off	15	53	5,164
Other project costs written off	17	1,414	–
Direct costs		<u>6,364</u>	<u>19,129</u>
Gross loss		(423)	(5,081)
Fair value adjustment of property	11	(2,704)	(30)
Fair value adjustment of investment properties under construction	12	(25,597)	(21,546)
Administrative expenses		(4,565)	(4,775)
Operating loss	3	(33,289)	(31,432)
Finance costs	6	(994)	–
Finance income	6	331	186
Loss before taxation		(33,952)	(31,246)
Taxation	8	–	1,714
Loss and total comprehensive charge for the year		<u>(33,952)</u>	<u>(29,532)</u>
Attributable to non-controlling interests		(283)	–
Attributable to shareholders of the Company		(33,669)	(29,532)
Basic and diluted loss per share	10	(56.46)p	(49.52)p

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2024

Group	<i>Share capital</i> <i>£'000</i>	<i>Capital redemption reserve</i> <i>£'000</i>	<i>Retained earnings</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>	<i>Non-controlling interests</i> <i>£'000</i>	<i>Total equity</i> <i>£'000</i>
Changes in equity for the year ended 30 September 2023						
At 1 October 2022	2,982	3,928	117,694	124,604	–	124,604
Loss for the year	–	–	(29,532)	(29,532)	–	(29,532)
Total comprehensive charge for the year	–	–	(29,532)	(29,532)	–	(29,532)
At 30 September 2023	<u>2,982</u>	<u>3,928</u>	<u>88,162</u>	<u>95,072</u>	<u>–</u>	<u>95,072</u>
Changes in equity for the year ended 30 September 2024						
At 1 October 2023	2,982	3,928	88,162	95,072	–	95,072
Loss for the year	–	–	(33,669)	(33,669)	(283)	(33,952)
Total comprehensive charge for the year	–	–	(33,669)	(33,669)	(283)	(33,952)
At 30 September 2024	<u>2,982</u>	<u>3,928</u>	<u>54,493</u>	<u>61,403</u>	<u>(283)</u>	<u>61,120</u>

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2024

Company	<i>Share capital £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity £'000</i>
Changes in equity for the year ended 30 September 2023				
At 1 October 2022	2,982	3,928	76,569	83,479
Loss for the year	–	–	(21,583)	(21,583)
Total comprehensive charge for the year	–	–	(21,583)	(21,583)
At 30 September 2023	<u>2,982</u>	<u>3,928</u>	<u>54,986</u>	<u>61,896</u>
Changes in equity for the year ended 30 September 2024				
At 1 October 2023	2,982	3,928	54,986	61,896
Loss for the year	–	–	(14,470)	(14,470)
Total comprehensive charge for the year	–	–	(14,470)	(14,470)
At 30 September 2024	<u>2,982</u>	<u>3,928</u>	<u>40,516</u>	<u>47,426</u>

The Conygar Investment Company PLC

CONSOLIDATED BALANCE SHEET

at 30 September 2024

Company number: 04907617

	Note	30 Sep 2024 £'000	30 Sep 2023 £'000
Non-current assets			
Property, plant and equipment	11	82,599	15,116
Investment properties under construction	12	25,550	96,350
Deferred tax asset	8	–	–
		<u>108,149</u>	<u>111,466</u>
Current assets			
Development and trading properties	15	10,710	2,880
Inventories	16	95	110
Trade and other receivables	17	3,140	2,203
Tax asset		28	28
Cash and cash equivalents		4,665	2,676
		<u>18,638</u>	<u>7,897</u>
Total assets		<u>126,787</u>	<u>119,363</u>
Current liabilities			
Trade and other payables	18	4,876	7,091
Bank borrowings	20	44,236	–
		<u>49,112</u>	<u>7,091</u>
Non-current liabilities			
Deferred tax liability	8	–	–
Provision for liabilities and charge	19	–	–
Bank borrowings	20	11,614	17,200
ZDP shares	21	4,941	–
		<u>16,555</u>	<u>17,200</u>
Total liabilities		<u>65,667</u>	<u>24,291</u>
Net assets		<u>61,120</u>	<u>95,072</u>
Equity			
Called up share capital	22	2,982	2,982
Capital redemption reserve		3,928	3,928
Retained earnings		54,493	88,162
Equity attributable to shareholders of the Company		61,403	95,072
Non-controlling interests		(283)	–
Total equity		<u>61,120</u>	<u>95,072</u>

The accounts on pages 38 to 71 were approved by the Board and authorised for issue on 16 December 2024 and are signed on its behalf by:

RT E WARE }
D BALDWIN }

The notes on pages 45 to 71 form part of these accounts

COMPANY BALANCE SHEET

at 30 September 2024

Company number: 04907617

	Note	30 Sep 2024 £'000	30 Sep 2023 £'000
Non-current assets			
Investment in subsidiary undertakings	13	29	29
Investment in ZDP shares	14	10,893	–
		<u>10,922</u>	<u>29</u>
Current assets			
Development and trading properties	15	2,880	2,880
Trade and other receivables	17	59,661	70,911
Cash and cash equivalents		3,575	2,032
		<u>66,116</u>	<u>75,823</u>
Total assets		<u>77,038</u>	<u>75,852</u>
Current liabilities			
Trade and other payables	18	29,612	13,956
Total liabilities		<u>29,612</u>	<u>13,956</u>
Net assets		<u>47,426</u>	<u>61,896</u>
Equity			
Called up share capital	22	2,982	2,982
Capital redemption reserve		3,928	3,928
Retained earnings		40,516	54,986
Total equity		<u>47,426</u>	<u>61,896</u>

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 of the Company for the year was £14,470,000 (2023: loss of £21,583,000) which includes £12.6 million (2023: £19.6 million) of expected credit losses for loans to group undertakings, primarily as a result of the write down of investment properties in the year. As at 30 September 2024, the entire balance of £40,516,000 in retained earnings represents distributable reserves.

The Company is arranging for distributable reserves of certain wholly owned group undertakings to be distributed to the Company in January 2025 such that the distributable reserves of the Company are expected to increase by approximately £13 million on completion of those arrangements.

The accounts on pages 38 to 71 were approved by the Board and authorised for issue on 16 December 2024 and are signed on its behalf by:

RT E WARE }
D BALDWIN }

The notes on pages 45 to 71 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September 2024

	<i>Note</i>	<i>Year ended 30 Sep 24 £'000</i>	<i>Year ended 30 Sep 23 £'000</i>
Cash flows from operating activities			
Operating loss		(33,289)	(31,432)
Fair value adjustment of investment properties held for construction	12	25,597	21,546
Fair value adjustment of property	11	2,704	30
Development costs written off	15	53	5,164
Other project costs written off	17	1,414	–
Profit on sale of development and trading properties		–	(126)
Depreciation of property	11	262	262
Depreciation of plant and equipment	11	366	333
Cash flows from operations before changes in working capital		<u>(2,893)</u>	<u>(4,223)</u>
Decrease / (increase) in inventories		15	(78)
Increase in trade and other receivables		(2,659)	(1,125)
Additions to development and trading properties		(6,711)	(294)
Net proceeds from sale of development and trading properties		–	9,490
Increase in trade and other payables		2,243	1,207
Net cash flows (used in)/generated from operations		<u>(10,005)</u>	<u>4,977</u>
Cash flows from investing activities			
Additions to investment properties		(26,209)	(35,731)
Additions to plant, machinery and office equipment		(315)	(479)
Finance income	6	331	186
Cash flows used in investing activities		<u>(26,193)</u>	<u>(36,024)</u>
Cash flows from financing activities			
Bank loan drawn	20	38,287	18,033
Bank loan arrangement fees		(616)	(924)
Gross proceeds from issue of ZDP shares	21	5,000	–
ZDP arrangement fees		(660)	(113)
Interest paid		(3,824)	(634)
Cash flows generated from financing activities		<u>38,187</u>	<u>16,362</u>
Net increase / (decrease) in cash and cash equivalents		1,989	(14,685)
Cash and cash equivalents at 1 October		2,676	17,361
Cash and cash equivalents at 30 September		<u><u>4,665</u></u>	<u><u>2,676</u></u>

The notes on pages 45 to 71 form part of these accounts

COMPANY CASH FLOW STATEMENT
for the year ended 30 September 2024

	<i>Year ended</i> <i>30 Sep 24</i> <i>£'000</i>	<i>Year ended</i> <i>30 Sep 23</i> <i>£'000</i>
Cash flows from operating activities		
Operating loss	(1,429)	(2,129)
Cash flows from operations before changes in working capital	(1,429)	(2,129)
Decrease / (increase) in trade and other receivables	633	(489)
(Decrease) / increase in trade and other payables	(209)	196
Cash flows used in operating activities	(1,005)	(2,422)
Cash flows from investing activities		
Movement in balances with group entities	(1,920)	(12,461)
Finance income	274	182
Cash flows used in investing activities	(1,646)	(12,279)
Cash flows from financing activities		
Net loan received by way of a contribution agreement in connection with ZDP shares issued by a group undertaking	4,194	–
Cash flows generated from financing activities	4,194	–
Net increase / (decrease) in cash and cash equivalents	1,543	(14,701)
Cash and cash equivalents at 1 October	2,032	16,733
Cash and cash equivalents at 30 September	<u>3,575</u>	<u>2,032</u>

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

NOTES TO THE ACCOUNTS

for the year ended 30 September 2024

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 applicable law and UK-adopted international accounting standards.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least the next twelve months and therefore continue to adopt the going concern basis of accounting in preparing the financial statements. In particular, the Board has regard to the following characteristics of the Group in assessing going concern and viability:

The Group is party to bank loan facilities of up to £59.5 million and has issued 5 million ZDP shares secured by property assets amounting to £117.9 million. At the balance sheet date, both the loan from ASK and the ZDP shares are repayable in more than one year and the Barclays development loan credit approved for its extension until December 2025. Furthermore, subject to the completion of the Barclays development loan restructuring, the Group remains compliant with all covenants as set out in the bank loan facility agreements and ZDP shares listing document.

However, as a result of the reduction in value of TIQ at 30 September 2024 the 2 times cover, as defined in the ZDP shares listing document, has fallen to 1.92 times. As such, if the Group intends, after the date of signing these financial statements, to drawdown further amounts from its bank loan facilities, and the cover was expected to have remained below 2 times, a special resolution would need to have been passed by the ZDP shareholders to enable those future drawdowns.

The cash deposits of the Group amounted to £4.7 million at 30 September 2024. Furthermore, the Group is projected to retain surplus cash for a period of at least 12 months from the date of signing these financial statements by way of its existing cash deposits and anticipated asset sales. We will also look to further boost these deposits, by way of property leasing, third party investment or other equity and/or ZDP share issues as required.

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

Adoption of new and revised standards

The Group has 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.

NOTES TO THE ACCOUNTS (continued)

1. General information and accounting policies (continued)

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 7, IFRS 16, IFRS 18, IFRS 19, IAS 1, IAS 7 and IAS 21.

The directors are evaluating the impact that these standards will have 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, which are controlled by the Company. Control is achieved when the Company:

- has 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.

Revenue comprises rental, restaurant and events income, exclusive of VAT, which is recognised in the statement of comprehensive income on an accruals basis and straight-line basis, together with asset sales which constitute contracts with customers recognised at a point in time. Rental income receivable in the year from lease commencement to the earlier of lease expiry and any tenant's option to break is spread evenly over that period.

Turnover is attributable to the principal activity of the Company and arises wholly within the United Kingdom.

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 either waived or satisfied.

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

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.

Finance costs consist of interest payable, loan arrangement and other finance fees which are expensed using the effective interest rate method over the term of the loan. Where these costs are separately identifiable and directly attributable to the progression of property developments, that take a period of time to complete, they are capitalised as part of the cost of the asset.

Finance costs in connection with the ZDP shares are calculated as the difference between the proceeds received from issuing the ZDP shares and their final liability and are charged through the statement of comprehensive income over the life of the shares using the effective interest rate method.

Taxation 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.

NOTES TO THE ACCOUNTS (continued)

1. General information and accounting policies (continued)

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.

Property, plant and equipment comprises:

Land and buildings held and used in the Company's own activities for production and supply of goods and services – this class of asset is carried under the revaluation model;

Plant - this class of asset is carried under the cost model; and

Equipment – this class of asset is carried under the cost model.

Revaluation model

Land and buildings are stated at the revalued amounts less any depreciation or impairment losses subsequently accumulated.

Revaluations are carried out annually so that the carrying amounts approximate the fair value at the reporting date. An increase in value is credited to the revaluation reserve except to the extent that it reverses a previous revaluation decrease related to the same property that was recognised in profit or loss. Similarly, revaluation decreases are recognised in the revaluation reserves to the extent that they equal gains previously recognised in respect of the same asset. Thereafter any excess is recognised as an expense in profit or loss.

Land is not depreciated. Depreciation on revalued buildings is recognised using the straight-line basis and results in the carrying amount, less the residual value, being expensed in profit or loss over the estimated useful lives of 50 years.

No transfer is made from the revaluation reserve to retained earnings unless an asset is derecognised. When a revalued asset is sold or retired, any remaining attributable revaluation surplus is transferred to retained earnings within the statement of changes in equity.

Depreciation of plant and equipment is recognised so as to write off the cost of assets, over their estimated useful economic lives, using the straight-line method, on the following basis:

Plant and machinery - 25% per annum

Office equipment - 25% per annum

Impairment of property, plant and equipment is considered at each reporting date, with the recoverable amount being estimated where such indicators exist. When the carrying value exceeds the recoverable amount, the asset is impaired. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Investments in subsidiaries and other investments are held in the Company balance sheet at the lower of cost and recoverable amount. Any impairment is recognised immediately in the income statement.

NOTES TO THE ACCOUNTS (continued)

1. General information and accounting policies (continued)

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 a professionally qualified external valuer.

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.

Investment properties under construction are initially reported in the balance sheet at cost less impairment. This methodology is 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 are often difficult to estimate pending confirmation of designs, planning permissions and uncertain market conditions, and hence, in accordance with IAS 40, are measured at cost until either the fair value becomes readily determinable or construction is complete.

However, once the development of the property is sufficiently designed, appraised and advanced, and market comparables readily available, investment properties under construction are valued at each balance sheet date at fair value, as determined by a professionally qualified external valuer, 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.

Impairment losses are 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 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. These properties are accounted for as inventory under IAS 2.

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 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.

Inventories comprise raw materials and consumables valued at the lower of cost and net realisable value. Cost is based on latest contracted purchase cost.

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 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.

NOTES TO THE ACCOUNTS (continued)

1. General information and accounting policies (continued)

ZDP shares are classified as a financial liability and reported as a liability in the balance sheet. The ZDP shares are initially measured at fair value, being the proceeds of issue less transaction costs, and are subsequently measured at amortised cost under the effective interest method.

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensure that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Company balance sheet. Interest expense includes initial transaction costs as well as the interest and fees charged while the liability remains outstanding.

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 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 comprise ordinary shares which have been repurchased and stated 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.

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.

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

The Group also leases its office premises. Where the amounts in question are considered material, in accordance with IFRS 16, the Group recognises a right of use asset and corresponding lease liability for its office lease, which is 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 assets 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:

- Valuations of 1 TIQ, Winfield Court and investment properties under construction, where the opinion of external valuers has been obtained using recognised valuation techniques and the principles of IFRS 13 "Fair Value Measurement". The significant methods and assumptions used by the valuers to estimate the fair value of investment properties are set out in notes 11 and 12.

NOTES TO THE ACCOUNTS (continued)

1. General information and accounting policies (continued)

- 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:

- The directors have assessed the carrying values of the Group's trading and development properties 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 directors' assessment of its net realisable value. During the prior year, the Group's investment in Holyhead Waterfront was written down by £5.2 million as a result of the combined impact from planning delays, increased finance costs and construction cost price inflation particularly associated with the marine infrastructure works.
- Trade receivables and accrued rental income are subject to credit risk assessment. This accrued rental income arises due to the spreading of rent-free periods and contracted rental uplifts in accordance with IFRS 16 Leases. Impairment calculations have been carried out using the forward-looking, simplified approach to the expected credit loss model within IFRS 9.

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:

- Property 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.
- Food beverage and events operations
- Other, which includes items that do not fall into any one particular segment but are instead applicable to the Group as a whole, including cash balances and the ZDP shares.

Balance sheet

	As at 30 Sep 2024					As at 30 Sep 2023				
	Property £'000	Development properties £'000	Food, beverage and events £'000	Other £'000	Group Investment total properties £'000	Development properties £'000	Food, beverage and events £'000	Other £'000	Group total £'000	
Investment properties	25,550	–	–	–	25,550	96,350	–	–	–	96,350
Development and trading properties	–	10,710	–	–	10,710	–	2,880	–	–	2,880
Property, plant and equipment	70,500	–	12,099	–	82,599	–	–	15,116	–	15,116
	96,050	10,710	12,099	–	118,859	96,350	2,880	15,116	–	114,346
Other assets	3,483	466	109	3,870	7,928	449	78	404	4,086	5,017
Total assets	99,533	11,176	12,208	3,870	126,787	96,799	2,958	15,520	4,086	119,363
Liabilities	(53,342)	(6,398)	(706)	(5,221)	(65,667)	(22,419)	(120)	(898)	(854)	(24,291)
Net assets	46,191	4,778	11,502	(1,351)	61,120	74,380	2,838	14,622	3,232	95,072

NOTES TO THE ACCOUNTS (continued)

2. Segmental information (continued)

Income statement

	Year ended 30 Sep 2024					Year ended 30 Sep 2023				
	Property £'000	Development properties £'000	Food, beverage and events £'000	Other £'000	Group total £'000	Investment properties £'000	Development properties £'000	Food, beverage and events £'000	Other £'000	Group total £'000
Revenue	227	347	5,367	–	5,941	33	9,758	4,257	–	14,048
Direct costs	(899)	(95)	(3,956)	(1,414)	(6,364)	(156)	(15,045)	(3,928)	–	(19,129)
Gross loss	(672)	252	1,411	(1,414)	(423)	(123)	(5,287)	329	–	(5,081)
Revaluation of investment properties	(25,597)	–	–	–	(25,597)	(21,576)	–	–	–	(21,576)
Fair value adjustment	–	–	(2,704)	–	(2,704)	–	–	–	–	–
Administrative expenses	–	–	(1,159)	(3,406)	(4,565)	–	–	(1,490)	(3,285)	(4,775)
Operating loss	(26,269)	252	(2,452)	(4,820)	(33,289)	(21,699)	(5,287)	(1,161)	(3,285)	(31,432)
Finance costs	–	(279)	–	(715)	(994)	–	–	–	–	–
Finance income	–	–	–	331	331	–	–	–	186	186
Loss before taxation	(26,269)	(27)	(2,452)	(5,204)	(33,952)	(21,699)	(5,287)	(1,161)	(3,099)	(31,246)
Taxation	–	–	–	–	–	1,714	–	–	–	1,714
Loss after taxation	(26,269)	(27)	(2,452)	(5,204)	(33,952)	(19,985)	(5,287)	(1,161)	(3,099)	(29,532)

3. Operating loss

Operating loss is stated after charging:

	30 Sep 24 £'000	30 Sep 23 £'000
Audit of the Company's consolidated and individual financial statements	50	50
Audit of subsidiaries, pursuant to legislation	84	60
Corporate finance advisory fees from the auditor*	–	60
Depreciation of property, plant and equipment	628	595

* Cost in relation to the ZDP share issue included within trade and other receivables at 30 September 2023.

4. Particulars of employees

The aggregate payroll costs were:

	Group		Company	
	Year ended 30 Sep 24 £'000	Year ended 30 Sep 23 £'000	Year ended 30 Sep 24 £'000	Year ended 30 Sep 23 £'000
Wages and salaries	3,551	3,815	1,150	1,294
Social security costs	312	347	149	165
Other pension costs	34	36	–	–
	<u>3,897</u>	<u>4,198</u>	<u>1,299</u>	<u>1,459</u>

NOTES TO THE ACCOUNTS (continued)

4. Particulars of employees (continued)

The weighted average monthly number of persons, including executive directors, employed by the Group during the year was 119 (2023: 111) of which, 113 (2023: 104) are employed to operate and manage the restaurant and events venue at 1 TIQ. The weighted average number of persons, including executive directors, employed by the Company during the year was 6 (2023: 7).

5. Directors' emoluments

	<i>Year ended</i> 30 Sep 24	<i>Year ended</i> 30 Sep 23
	<i>£'000</i>	<i>£'000</i>
Basic salary and total emoluments	<u>1,036</u>	<u>1,110</u>
Emoluments of the highest paid director	<u>400</u>	<u>400</u>

The Board, being the key management personnel, comprises the only persons having authority and responsibility for planning, directing and controlling the activities of the Group. The directors' remuneration report on pages 25 to 26 form part of these financial statements.

6. Finance costs and finance income

Finance costs

	<i>Year ended</i> 30 Sep 24	<i>Year ended</i> 30 Sep 23
	<i>£'000</i>	<i>£'000</i>
Bank loan interest	3,803	347
Bank loan commitment fees	155	421
Bank loan management and monitoring fees	34	23
Accrued capital entitlement of ZDP shares	446	–
Amortisation of bank loan / ZDP shares arrangement fees	<u>1,282</u>	<u>56</u>
Total finance costs	5,720	847
Capitalisation of finance costs (note 12)	<u>(4,726)</u>	<u>(847)</u>
Net finance costs	<u>994</u>	<u>–</u>

Finance costs that are directly attributable to the construction of Winfield Court or advancement of future phases at TIQ, comprising bank loan interest, commitment fees, management fees, monitoring fees and amortised loan arrangement fees, are capitalised as incurred into investment properties under construction. Finance costs that are attributable to the operational activities of the Group and income generating assets, including the Virgin Active gym acquired in the year, are charged to the income statement.

Finance income

	<i>Year ended</i> 30 Sep 24	<i>Year ended</i> 30 Sep 23
	<i>£'000</i>	<i>£'000</i>
Bank interest receivable	<u>331</u>	<u>186</u>

NOTES TO THE ACCOUNTS (continued)

7. Leases

Group as lessor:

The Group receives income from investment properties and existing tenants located at several development sites. At 30 September 2024, the minimum lease payments receivable under non-cancellable operating leases were as follows:

	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>
Less than one year	3,312	144
Between one and five years	2,342	615
Over five years	12,029	1,169
	<u>17,683</u>	<u>1,928</u>

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

Group and Company as lessee:

IFRS 16 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, so long as they are not for a low value or less than 12 months whereby the lease could be recognised as an expense on a straight-line basis over the lease term.

The Group and Company are party to a three-year lease for office premises with rent payable at £99,100 per annum. The lease, which expires on 28 April 2026, incorporates a break option on 28 April each year. As such, it is considered to be of such a short term that the rent has been recognised as an expense in the statement of comprehensive income on a straight-line basis.

8. Tax

	<i>Year ended</i>	<i>Year ended</i>
	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>
Current tax charge	–	–
Deferred tax credit	–	(1,714)
Total tax credit	<u>–</u>	<u>(1,714)</u>

NOTES TO THE ACCOUNTS (continued)

8. Tax (continued)

The tax assessed on the loss for the year differs from the standard rate of tax in the UK of 25% (2023: 19%). The differences are explained below:

	<i>Year ended</i> <i>30 Sep 24</i> <i>£'000</i>	<i>Year ended</i> <i>30 Sep 23</i> <i>£'000</i>
Loss before tax	(33,952)	(31,246)
Loss before tax multiplied by the standard rate of UK tax	(8,488)	(5,937)
Effects of:		
Investment property revaluation not taxable	6,399	4,099
Property fair value adjustment not taxable	676	–
Other amounts not taxable	543	–
Utilisation of tax losses brought forward	(11)	(23)
Movement in tax losses carried forward	1,007	2,085
Expenses not deductible for tax purposes	24	27
Capital allowances utilised	(150)	(251)
Deferred tax credit	–	(1,714)
Total tax credit for the year	–	(1,714)

Deferred tax asset

	<i>Year ended</i> <i>30 Sep 24</i> <i>£'000</i>	<i>Year ended</i> <i>30 Sep 23</i> <i>£'000</i>
Deferred tax asset at the start of the year	–	2,986
Deferred tax charge for the year	–	(2,986)
Deferred tax asset at the end of the year	–	–

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

As at 30 September 2024, the Group has further unused losses of £51.8 million (2023: £48.1 million) for which no deferred tax asset has been recognised in the consolidated balance sheet.

	<i>Year ended</i> <i>30 Sep 24</i> <i>£'000</i>	<i>Year ended</i> <i>30 Sep 23</i> <i>£'000</i>
Deferred tax liability – in respect of chargeable gains on properties		
Deferred tax liability at the start of the year	–	4,700
Deferred tax credit for the year	–	(4,700)
Deferred tax liability at the end of the year	–	–

NOTES TO THE ACCOUNTS (continued)

8. Tax (continued)

The directors have assessed the potential deferred tax liability of the Group as at 30 September 2024 in respect of chargeable gains that would be payable if the properties were sold at their financial year end valuations. Based on the unrealised chargeable gains of £nil (2023: £nil) no deferred tax liabilities have been recognised in the current or prior years.

Prior year deferred tax assets and liabilities were calculated at a corporation tax rate of 25% being the rate that had been enacted or substantively enacted by that balance sheet date and which was projected to apply when the liability was settled and the asset realised.

9. Dividends

No dividend will be paid in respect of the year ended 30 September 2024 (2023: nil).

10. Loss per share

Loss per share is calculated as the loss attributable to ordinary shareholders of the Company for the year of £33,669,000 (2023: loss of £29,532,000) divided by the weighted average number of shares in issue throughout the year of 59,638,588 (2023: 59,638,588). There are no diluting amounts in either the current or prior years.

11. Property, plant and equipment

Property (Group)

	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>
At the start of the year	14,000	–
Additions	116	192
Depreciation	(262)	(262)
Fair value adjustment	(2,704)	(30)
Reclassification from investment properties under construction (note 12)	70,500	14,100
At the end of the year	<u>81,650</u>	<u>14,000</u>

As at 30 September 2024, the Group's then operational student accommodation at Winfield Court was reclassified, at fair value, from an investment property under construction to property, plant and equipment. The fair value on reclassification was derived from the 30 September 2024 valuation, as provided by Knight Frank LLP.

As at 1 October 2022, the Group's then operational restaurant, beverage and events venue at 1 TIQ was reclassified, at fair value, from an investment property under construction to property, plant and equipment. The fair value on reclassification was derived from the 30 September 2022 valuation, as provided by Knight Frank LLP.

Land and buildings, are stated at the revalued amounts less any depreciation or impairment losses subsequently accumulated. Land is not depreciated. Depreciation on revalued buildings is recognised using the straight-line basis and results in the carrying amount, less the residual value, being expensed in profit or loss over the estimated useful lives of 50 years.

NOTES TO THE ACCOUNTS (continued)

11. Property, plant and equipment (continued)

As at 30 September 2024, Winfield Court and 1 TIQ were valued by Knight Frank LLP in their capacity as external valuer. The valuations were prepared on a fixed fee basis, independent of the property value and undertaken in accordance with RICS Valuation – Global Standards on the basis of fair value, supported by reference to market evidence of transaction prices for similar properties. They assume a willing buyer and a willing seller in an arm’s length transaction and reflect usual deductions in respect of purchaser’s costs and SDLT as applicable at the valuation date. The independent valuer made various assumptions including future rental income, operational costs and the appropriate discount rate or yield. As such, the fair values have been classified in all periods as Level 3 in the fair value hierarchy. Further details of the valuation methodology are set out in note 12.

Plant and equipment (Group)

	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£’000</i>	<i>£’000</i>
At the start of the year	1,116	991
Additions	199	458
Depreciation	<u>(366)</u>	<u>(333)</u>
At the end of the year	<u>949</u>	<u>1,116</u>

During the year, the Group acquired plant, machinery and office equipment required to both operate the restaurant, beverage and events venue at 1 TIQ and provide gym equipment for Winfield Court.

Depreciation is recognised so as to write off the cost of these assets, over their estimated useful economic lives, using the straight-line method at 25% per annum. As Winfield Court was only operational from September 2024 no depreciation has been recognised in connection with the £66,000 incurred on gym equipment in the year to 30 September 2024.

12. Investment properties under construction

Freehold land and buildings (Group)

	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£’000</i>	<i>£’000</i>
At the start of the year	96,350	93,000
Additions	21,771	39,545
Capitalisation of finance costs (note 6)	4,726	847
Reclassification under finance lease (note 15)	(1,200)	–
Fair value adjustments	(25,597)	(21,546)
Reclassification to property, plant and equipment (note 11)	(70,500)	(14,100)
Movement in introductory fee provision	<u>–</u>	<u>(1,396)</u>
At the end of the year	<u>25,550</u>	<u>96,350</u>

NOTES TO THE ACCOUNTS (continued)

12. Investment properties under construction (continued)

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

Valuations of the Group's investment properties under construction are inherently subjective as they are based on assumptions which may not prove to be accurate and which, as a result, are subject to material uncertainty. This is particularly true for TIQ given its scale, lack of comparable evidence and the early-stage position of this substantial development. As such, relatively small changes to the underlying assumptions of key parameters, such as rental levels, net initial yields, construction costs, finance costs and void periods can have a significant impact both positively and negatively on the resulting valuation, as has been evidenced in the current and prior years.

In preparing their valuation, Knight Frank have utilised market and site-specific data, their own extensive knowledge of the real estate sector, professional judgement and other market observations as well as information provided by the Company's executive directors. The resulting models and assumptions therein have also been reviewed for overall reasonableness by the Conygar Board. Inevitably in a complex model like this, and as noted above, variations in assumptions can lead to widely differing values.

The valuation was prepared on a fixed fee basis, independent of the property value and undertaken in accordance with RICS Valuation – Global Standards on the basis of fair value, supported by reference to market evidence of transaction prices for similar properties. It 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 fair values for TIQ have 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 values have been classified in all periods as Level 3 in the fair value hierarchy as defined in IFRS 13. For TIQ, the key unobservable inputs are the net initial yields, construction costs, rental income rates, construction financing costs and expiry void periods. Net initial yields have been estimated for the individual units at between 4.4% and 7.0%. and debt financing rates, including arrangement fees, estimated to average 6.5% over the construction period. Principal sensitivities of measurement to variations in the significant unobservable outputs are that decreases in net initial yields, construction costs, financing costs and void periods will increase the fair value whereas reductions to rental income rates would decrease the fair value.

As at 1 October 2022, the Group's then operational restaurant, beverage and events venue at 1 TIQ was reclassified, at fair value, from an investment property under construction to property, plant and equipment. The fair value on reclassification was derived from the 30 September 2022 valuation, as provided by Knight Frank LLP.

As at 30 September 2024, the then operational, student accommodation at Winfield Court was reclassified, at fair value, from an investment property under construction to property, plant and equipment. The fair value on reclassification was derived from the 30 September 2024 valuation, as provided by Knight Frank LLP.

NOTES TO THE ACCOUNTS (continued)

12. Investment properties under construction (continued)

On 16 May 2024, a wholly owned subsidiary of the Company granted a 999-year lease of the site occupied by the Virgin Active gym at TIQ to another wholly-owned subsidiary at a premium of £1.2 million, being the market value at the time of transfer. As the lease covers the major part of the building's anticipated economic life, and the present value of the residual interest is insignificant, the lease has been treated as a finance lease. As such, the previously anticipated investment property has been reported as disposed of at its carrying value of £1.2 million and reclassified, in these financial statement, as a trading property being marketed for sale.

The historical cost of the Group's investment properties under construction as at 30 September 2024 was £43,227,000 (2023: £89,198,000). The Group's revenue for the year includes £228,000 derived from properties leased out under operating leases (2023: £33,000).

13. Investment in subsidiary undertakings (Company)

	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>
At the start of the year	29	16
Additions	–	13
Amounts payable to Conygar ZDP PLC		
by way of a contribution agreement	1,640	–
Impairment of capital contribution	(1,640)	–
	<u>29</u>	<u>29</u>
At the end of the year	<u>29</u>	<u>29</u>

The Company has undertaken, by way of a contribution agreement, to meet all of the costs and liabilities of its wholly owned subsidiary Conygar ZDP PLC to enable it to meet all of its obligations in respect of the ZDP shares. The total costs either paid or payable under this agreement amount to £1,640,000 at 30 September 2024. As these amounts have no underlying value to the Company they have been impaired at the balance sheet date.

Listed below are the subsidiary undertakings of the Group at 30 September 2024.

<i>Company name</i>	<i>Principal activity</i>	<i>Country of registration</i>	<i>% of equity held</i>
Conygar Holdings Ltd**	Holding company	England	100%
Conygar ZDP PLC**	Issuer of ZDP shares	England	100%
Conygar Bristol Ltd**	Property trading and development	England	80%***
Conygar Haverfordwest Ltd**	Property trading and development	England	100%*
Conygar Holyhead Ltd**	Property trading and development	England	100%*
Conygar Nottingham Ltd**	Property investment	England	100%*
Nohu Limited**	Property investment	England	100%*
Parc Cybi Management Company Limited**	Management company	England	100%
Conygar Developments Ltd**	Dormant	England	100%*
Conygar Wales PLC**	Dormant	England	100%*
The Island Quarter Student Property Company Ltd**	Property investment	England	100%*

NOTES TO THE ACCOUNTS (continued)

13. Investment in subsidiary undertakings (Company)(continued)

<i>Company name</i>	<i>Principal activity</i>	<i>Country of registration</i>	<i>% of equity held</i>
The Island Quarter Student Operating Company Ltd**	Property operations	England	100%*
The Island Quarter Canal Turn Operating Company Ltd**	Restaurant and events operations	England	100%*
The Island Quarter Management Company Ltd**	Dormant	England	100%*
The Island Quarter Careers Ltd**	Recruitment and human resources	England	100%*
The Island Quarter Propco 3 Ltd**	Dormant	England	100%*
The Island Quarter Propco 4 Ltd**	Dormant	England	100%*
The Island Quarter Propco 5 Ltd**	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 3rd Floor, 44 Esplanade, St Helier, Jersey JE4 9WG.

**** 20% of the issued share capital in Conygar Bristol Limited is owned by Urban & City Limited.

14. Investment in ZDP shares (Company)

	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>
At the start of the year	–	–
Subscription for 10 million ZDP shares	10,000	–
Accrued capital entitlement	893	–
At the end of the year	<u>10,893</u>	<u>–</u>

On 3 October 2023, the Company subscribed for 10 million ZDP shares issued by a wholly owned group undertaking Conygar ZDP PLC (each a “subscription share”). The issue price for the subscription shares is required to be paid by the Company on the earlier of written demand from Conygar ZDP PLC, five business days after the date of transfer of such shares to a third party or 4 October 2028, following which such funds, net of issue costs, are required to be lent to the Company by way of a contribution agreement.

As at 30 September 2024, the accrued capital entitlement of each ZDP share was 108.93p and the fair value, based on the quoted bid price at that date was £10,700,000. Further details on the ZDP shares are set out in note 21.

NOTES TO THE ACCOUNTS (continued)

15. Development and trading properties

	<i>Group</i>		<i>Company</i>	
	<i>30 Sep 24</i>	<i>30 Sep 23</i>	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At the start of the year	2,880	17,137	2,880	2,880
Reclassification under finance lease (note 12)	1,200	–	–	–
Additions ⁽¹⁾	6,683	276	–	–
Disposals ⁽²⁾	–	(9,369)	–	–
Development costs written off ⁽³⁾	(53)	(5,164)	–	–
At the end of the year	<u>10,710</u>	<u>2,880</u>	<u>2,880</u>	<u>2,880</u>

1. On 16 May 2024, a wholly-owned subsidiary of the Company acquired the long-leasehold interest of the site occupied by Virgin Active gym, located at TIQ. The freehold of the site was already owned by the Group, with the leasehold purchased from Wood Pension fund. The gross purchase price of £5.9 million (£6.3 million, including fees and taxes) was funded by way of the drawing down of the second tranche of the ASK debt facility.

On 10 September 2024, the Group settled a claim for unpaid rent due from one of its tenants whereby the arrears outstanding of £0.33m were settled by way of a transfer to the Company of a boatyard and surrounding land adjoining our development site in Holyhead. The boatyard is operational, currently storing circa 120 boats, and generating gross rents, before operational costs, of approximately £200,000 per annum. As part of the settlement agreement, the Group has granted a 3 year lease of the boatyard, at a peppercorn rent, to the same tenant whereby the funds generated over that 3 year period will be utilised by the tenant in the repair of previously damaged pontoons. On expiry of the 3 year lease, the Company will take occupation of and receive the full benefit of the income generated from the boatyard.

2. The Group's development site at Haverfordwest, Pembrokeshire was sold in March 2023.

3. The carrying value of Holyhead Waterfront was fully written down at 30 September 2023.

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

The Group's revenue for the year includes £321,000 derived from properties leased out under operating leases (2023: £104,000).

16. Inventories (Group)

	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>
Food and drink	<u>95</u>	<u>110</u>

Inventories recognised as an expense in the year total £1,463,000 (2023: £1,411,000).

NOTES TO THE ACCOUNTS (continued)

17. Trade and other receivables

	<i>Group</i>		<i>Company</i>	
	<i>30 Sep 24</i>	<i>30 Sep 23</i>	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade receivables	2,471	139	–	–
Amounts owed by group undertakings	–	–	59,449	70,065
Other receivables	122	1,432	–	353
Prepayments and accrued income	547	632	212	493
	<u>3,140</u>	<u>2,203</u>	<u>59,661</u>	<u>70,911</u>

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

Group trade receivables, as at 30 September 2024, includes £2.4m of rent charged annually in advance, to the tenants at Winfield Court, to be collected by 4 instalments over the current academic year. Group other receivables, as at 30 September 2023, included £1.2 million paid in connection with the proposed acquisition of the site in Bristol which, in addition to a further £0.2 million paid in the year have been fully written down at 30 September 2024.

18. Trade and other payables

	<i>Group</i>		<i>Company</i>	
	<i>30 Sep 24</i>	<i>30 Sep 23</i>	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Amounts owed to group undertakings	–	–	29,421	13,556
Social security and payroll taxes	139	156	50	51
Trade payables	518	5,996	21	250
Other payables	413	–	20	–
Accruals and deferred income	3,806	939	100	99
	<u>4,876</u>	<u>7,091</u>	<u>29,612</u>	<u>13,956</u>

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

Group deferred income, as at 30 September 2024, includes £3.1m of deferred rent, charged annually in advance to the tenants at Winfield Court, to be collected by 4 instalments over the current academic year. Group trade payables, as at 30 September 2023, primarily comprised costs payable at that date to the contractor and other professionals in connection with the Winfield Court student accommodation development.

19. Provision for liabilities and charges (Group)

	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>
At the start of the year	–	1,396
Movement in provision in the year	–	(1,396)
At the end of the year	<u>–</u>	<u>–</u>

NOTES TO THE ACCOUNTS (continued)

19. Provision for liabilities and charges (Group) (continued)

The Group is party to a services agreement in connection with TIQ. The date for calculation of any fee payable under this agreement has been extended until 30 June 2025. The provisions at 30 September 2024 and 30 September 2023 have been calculated by reference to the value of TIQ at each balance sheet date after allowing for a priority return and applicable costs. The reduction in value of the Group's residual land at 30 September 2023 resulted in the full reversal of this provision.

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

20. Borrowings (Group)

Current

	<i>Barclays</i>			<i>30 Sept 2023</i>		
	<i>Drawn</i>	<i>Undrawn</i>	<i>Total</i>	<i>Drawn</i>	<i>Undrawn</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At the start of the year	18,033	29,467	47,500	–	–	–
Drawdown in the year	26,287	(26,287)	–	–	–	–
At the end of the year	44,320	3,180	47,500	–	–	–
Less unamortised arrangement fees	(84)	–	(84)	–	–	–
	<u>44,236</u>	<u>3,180</u>	<u>47,416</u>	<u>–</u>	<u>–</u>	<u>–</u>

On 23 December 2022, the Company entered into a development loan facility with Barclays for up to £47.5 million to enable the development and subsequent letting of Winfield Court. Security for the loan is provided by way of the developed property in addition to guarantees from the Company as set out below.

As at the balance sheet date, the maximum term of the Barclays development loan was 27 months to expire on 23 March 2025. As such, the loan was repayable in less than one year as at 30 September 2024 and so has been reclassified from non-current to current.

As a result of the reduction in value of Winfield Court, the loan to value (“LTV”) cover, as required by the Barclays development loan, is in excess of the covenant set out in the facility agreement. However, as at the date of signing these financial statements, credit approval has been received from Barclays for terms to restructure the loan and subject to completion of that restructuring, rectify the LTV cover. As at the date of signing these financial statements, the Group remains compliant with all of its other debt covenants.

The terms of the loan restructuring enable the extension of the final repayment date from 23 March 2025 to 23 December 2025 but require the inclusion of other property assets owned by the Group as further security. In addition, the interest rate payable on the loan will be reduced from the currently payable 3.25% plus SONIA to 2.0% plus SONIA. However, the benefit of this reduced margin will be offset by way of the inclusion of a £0.6m exit fee to be settled on repayment of the loan.

Furthermore, the development loan facility includes a continuing provision for net finance costs to be rolled up into the loan each quarter up to the £47.5 million facility limit with any surplus financing or other project costs thereafter, estimated at £0.6 million, funded by the Group.

NOTES TO THE ACCOUNTS (continued)

20. Borrowings (Group) (continued)

The Company has provided cost overrun and interest shortfall guarantees of up to £5 million in connection with the development facility. A capital guarantee is also in place which could increase the guarantee by £2.5 million if certain covenants are not met or the development facility is not repaid when due.

Non-current

	ASK 30 Sept 2024			Barclays 30 Sept 2023		
	Drawn £'000	Undrawn £'000	Total £'000	Drawn £'000	Undrawn £'000	Total £'000
At the start of the year	–	–	–	–	–	–
New facility in the year	12,000	–	12,000	–	–	–
Drawdown in the year	–	–	–	18,033	29,467	47,500
At the end of the year	12,000	–	12,000	18,033	29,467	47,500
Less unamortised arrangement fees	(386)	–	(386)	(833)	–	(833)
	<u>11,614</u>	<u>–</u>	<u>11,614</u>	<u>17,200</u>	<u>29,467</u>	<u>46,667</u>

On 16 November 2023, the Group entered into a £12 million loan facility with ASK. The loan is for an initial term of two years with interest paid at the Bank of England base rate plus a margin of 5.9 per cent. The funds have and will continue to be utilised primarily to further progress TIQ, including the acquisition in the year of the long-leasehold interest in the Virgin Active gym.

Reconciliation of liabilities to cash flows from financing activities

	30 Sep 24 £'000	30 Sep 23 £'000
Bank borrowings at the start of the year	17,200	–
<i>Cash flows from financing activities:</i>		
Bank borrowings drawn	38,287	18,033
Loan arrangement fees paid	(616)	(889)
<i>Non-cash movements:</i>		
Amortisation of loan arrangement fees	1,013	56
Movement in loan arrangement fee liabilities	(34)	–
Total bank borrowings at the end of the year	<u>55,850</u>	<u>17,200</u>
Comprised of:		
Current bank borrowings – Barclays	44,236	–
Non-current bank borrowings – ASK / Barclays	<u>11,614</u>	<u>17,200</u>
Total bank borrowings at the end of the year	<u>55,850</u>	<u>17,200</u>

NOTES TO THE ACCOUNTS (continued)

21. ZDP shares (Group only)

	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>
At the start of the year	–	–
Net proceeds from the issue of 5 million ZDP shares	4,226	–
Amortisation of issue costs	269	–
Accrued capital	446	–
At the end of the year	<u>4,941</u>	<u>–</u>

On 3 October 2023, the Group placed 5 million ZDP shares, at a price of £1.00 per ZDP share (the “issue price”). The ZDP shares have a life of five years and a final capital entitlement of 153.86 pence per ZDP share payable on 4 October 2028 (the “ZDP repayment date”), equivalent to a gross redemption yield of 9.0 per cent. per annum on the issue price.

The accrued capital entitlement of each ZDP share was 108.93p as at 30 September 2024.

The ZDP shares were admitted to the Official List of The International Stock Exchange on 4 October 2023. The ISIN number of the ZDP Shares is GB00BMGBHD21 and the SEDOL code is BMH6RG9.

The fair value of the ZDP shares at 30 September 2024, based on the quoted bid price at that date, was £5,155,000.

The ZDP shares do not carry the right to vote at general meetings of the Company, although they carry the right to vote as a class on certain proposals which would be likely to materially affect their position.

As a result of the reduction in value of the Group’s properties the 2 times cover requirement, as defined in the ZDP shares listing document, has fallen to 1.92 times. As such, were the Group to propose a further drawdown of its bank loan facilities after the date of signing these financial statements, and the cover at that time expected to have remained below 2 times then a special resolution would need to be passed by the ZDP shareholders to enable those future drawdowns.

22. Share capital (Company)

	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£</i>	<i>£</i>
Authorised share capital:		
140,000,000 (2023: 140,000,000) Ordinary shares of 5p each	<u>7,000,000</u>	<u>7,000,000</u>
Allotted and called up:	<i>No</i>	<i>£'000</i>
As at 30 September 2024 and 30 September 2023	<u>59,638,588</u>	<u>2,982</u>

23. Capital commitments

As at 30 September 2024, the Group had contracted capital commitments, not provided for in the financial statements, of £1,877,000 (2023: £19,795,000) in connection with the construction, development or enhancement of the Group’s properties which are expected to be incurred in the next financial year. £1,766,000 relates to the remaining costs, including the section 106 contribution and contractor’s retention, payable in relation to Winfield Court which are to be funded by way of further drawdowns from the remaining Barclays development loan.

As at 30 September 2024, the Company had contracted capital commitments of £nil (2023: £nil).

NOTES TO THE ACCOUNTS (continued)

24. Related party transactions

On 27 September 2023, The Company entered into a subscription and shareholders' agreement, with Conygar Bristol Limited and Urban & City Limited, which sets out the commercial terms and profit-sharing arrangements in connection with the possible acquisition, redevelopment and sale of the land at St Philips Marsh. The agreement includes a requirement to pay an introductory fee of £400,000, settled in October 2023, to Lavignac Securities Limited for it having introduced this opportunity. Mr G S Miller-Cheevers, who is a director of Conygar Bristol Limited, owns the entire issued share capital and is the sole director of both Urban & City Limited and Lavignac Securities Limited.

During the year Lavignac Securities Limited also charged £168,333 of fees to the Group, in connection with services provided to progress TIQ and Bristol, of which £15,000 is included within accruals as at 30 September 2024 and was paid in November 2024.

During the year, the Company received management fees of £185,000 (2023: £nil) from Conygar Bristol Limited in respect of management services.

During the year, the Company received management fees of £135,000 (2023: £nil) from Conygar Nottingham Limited in respect of management services.

During the year, the Company received management fees of £135,000 (2023: £nil) from The Island Quarter Student Property Company Limited in respect of management services.

During the year, the Company received management fees of £50,000 (2023: £50,000) from Conygar Holyhead Limited in respect of management services.

During the year, the Company received management fees of £18,750 (2023: £nil) from The Island Quarter Student Operating Company Limited in respect of management services.

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, where applicable, from the trading activities of each group undertaking.

	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>
Subsidiaries		
Conygar Nottingham Limited	20,209	29,692
The Island Quarter Student Property Company Limited	25,683	26,325
Nohu Limited	11,184	12,588
Conygar Haverfordwest Limited	1,546	255
The Island Quarter Careers Limited	453	153
Conygar Holyhead Limited	352	–
Parc Cybi Management Company Limited	22	14
The Island Quarter Canal Turn Operating Company Limited	–	469
Conygar Bristol Limited	–	464
The Island Quarter Student Operating Company Limited	–	86
Conygar ZDP PLC	(15,852)	19
Conygar Holdings Limited	(6,858)	(6,861)
Conygar Cross Hands Limited	(4,958)	(4,939)
Conygar Ashby Limited	(1,703)	(1,706)
Conygar Wales PLC	(50)	(50)
	<u>30,028</u>	<u>56,509</u>

NOTES TO THE ACCOUNTS (continued)

24. Related party transactions (continued)

The amount due from Conygar Nottingham Limited is net of a £18,355,000 (2023: £11,452,000) expected credit loss as a result of writing down the value of the undeveloped land at TIQ in the current and prior years.

The amount due from The Island Quarter Student Property Company Limited is net of a £1,063,000 (2023: £nil) expected credit loss as a result of writing down the value of Winfield Court in the current year.

The amount due from Nohu Limited is net of a £884,000 (2023: £nil) expected credit loss as a result of writing down the value of 1 TIQ in the current year.

The amount due from Conygar Haverfordwest Limited is net of a £15,085,000 (2023: £15,017,000) expected credit loss as a result of writing down the carrying value of Haverfordwest in a prior year.

The amount due from Conygar Holyhead Limited is net of a £4,636,000 (2023: £4,532,000) expected credit loss as a result of writing down the value of the undeveloped land at Holyhead Waterfront in the prior year.

The amount due from The Island Quarter Canal Turn Operating Company Limited is net of a £5,004,000 (2023: £3,774,000) expected credit loss as a result of net start-up, fit out and operational costs incurred at 1 TIQ.

The amount due from Conygar Bristol Limited is net of a £1,567,000 (2023: £nil) expected credit loss as a result of fully writing down the costs, and group management fees, incurred to date on its proposed acquisition of the of the land at St Philips Marsh in the current year.

The amount due from The Island Quarter Student Operating Company Limited is net of a £750,000 (2023: £nil) expected credit loss as a result of mobilisation costs, and group management fees, for Winfield Court.

25. 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 £14,470,000 which includes £12.6 million of expected credit losses for loans to group undertakings, primarily as a result of the write down in the value of certain group properties in the year (2023: loss of £21,582,000).

NOTES TO THE ACCOUNTS (continued)

26. Financial instruments

The policies and risk management arrangements, as set out in this note, 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 bank loans, cash and short-term deposits. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operations. The Group may also enter into derivative transactions to manage the interest rate risk arising from the Group's operations and its sources of finance. The main risks associated with the Group's financial assets and liabilities are set out below, together with the policies currently applied by the Board for their management.

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 deposit 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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is not currently party to any derivative transactions to fix the interest rate payable in connection with its loans from Barclays and ASK. This is due to the short-term nature of these loans and high entry fees which have been payable in connection with such products over recent years.

NOTES TO THE ACCOUNTS (continued)

26. Financial instruments (continued)

Furthermore, as a result of the improving economic outlook, the Bank of England base rate is projected to reduce during the next financial year which will help to mitigate interest rate risk in the short term.

In addition, the credit approved extension, after the balance sheet date, of the Barclays development loan, which allows for the capitalisation into the loan of surplus finance costs, up to the facility limit, will ensure that the debt financing cash commitments of the Group in respect of that loan are minimised.

The Group's interest-bearing assets comprise cash and cash equivalents. As at 30 September 2024, £3.8 million (2023: £2.3 million) was held on instant access accounts with floating interest rates and £0.9m (2023: £0.4 million) was held in secured accounts. 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 Group's principal financial assets include its 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 and contract assets. 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. Taking these factors into account, the risk to the Group of individual tenant default and the credit risk of unprovided trade receivables are considered low.

The directors have provided for rental and other arrears due from various tenants which amount to £5,000 as at 30 September 2024 (£273,000 as at 30 September 2023) and which remain outstanding at the date of signing these financial statements. The table below sets out the movement in the bad debt provision during the year. 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.

<i>Provision for expected credit losses</i>	<i>30 Sep 24</i> <i>£'000</i>	<i>30 Sep 23</i> <i>£'000</i>
At the start of the year	273	200
Reversed in the year ⁽¹⁾	(183)	–
Provided in the year	5	73
Written off in the year	(90)	–
At the end of the year	<u>5</u>	<u>273</u>

- As set out in note 15, the Group settled a claim for unpaid rent due from one of its tenants whereby the arrears outstanding were settled by way of a transfer to the Company of a boatyard and surrounding land adjoining our proposed development site in Holyhead.

NOTES TO THE ACCOUNTS (continued)

26. Financial instruments (continued)

The financial statements of the Company do not include any expected credit losses in connection with rental and other arrears in either the current or prior year. However, as set out in note 24, they do include expected credit losses in connection with amounts due from group undertakings of £47.3 million (2023: £34.8 million).

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 2024, the credit exposure of the Group from cash held with banks was £4.7 million (Company £3.6 million) which represents 7.6% of the Group's net assets. All cash deposits at the balance sheet date are placed with banks, whose credit ratings are acceptable to the Board, on instant access or other secured accounts. Should the credit quality or the financial position of the banks currently utilised significantly deteriorate, the unsecured cash would be moved to alternative banks.

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 cash deposits of the Group amounted to £4.7 million at 30 September 2024. However, the Board will look to further boost those deposits, as required, by way of property leasing, asset sales, third party investment or other equity issues.

The following tables set out the Group's and Company's financial assets and liabilities. 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 – due within one year

	<i>Group</i>		<i>Company</i>	
	<i>30 Sep 24</i>	<i>30 Sep 23</i>	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash and cash equivalents	4,665	2,676	3,575	2,032
Trade receivables and accrued income	2,694	167	51	28
Other receivables (excluding VAT)	122	1,282	–	322
	<u>7,481</u>	<u>4,125</u>	<u>3,626</u>	<u>2,382</u>

Group trade receivables, as at 30 September 2024, includes £2.4m of rent charged annually in advance, to the tenants at Winfield Court, to be collected by 4 instalments over the current academic year.

NOTES TO THE ACCOUNTS (continued)

26. Financial instruments (continued)

Financial liabilities:

	<i>Group</i>		<i>Company</i>	
	<i>30 Sep 24</i>	<i>30 Sep 23</i>	<i>30 Sep 24</i>	<i>30 Sep 23</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Amounts payable within one year:</i>				
Floating rate borrowings – Barclays	44,236	17,200	–	–
Trade payables and other accrued expenses	1,989	7,053	171	400
	<u>46,225</u>	<u>24,253</u>	<u>171</u>	<u>400</u>
<i>Amounts payable between one and two years:</i>				
Floating rate borrowings – ASK	11,614	–	–	–
<i>Amounts payable between two and five years:</i>				
ZDP shares	4,941	–	–	–
	<u>62,780</u>	<u>24,253</u>	<u>171</u>	<u>400</u>

Group trade payables, as at 30 September 2023, primarily comprised costs payable at that date to the contractor and other professionals in connection with Winfield Court. These costs were incurred by 30 September 2023 but not paid until October 2023 and funded by way of the Barclays loan facility.

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.

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

At both 30 September 2024 and 30 September 2023, 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 amortised cost due to the short-term nature of these financial assets and liabilities.

NOTES TO THE ACCOUNTS (continued)

26. Financial instruments (continued)

The table below sets out the financial covenants of the Group in relation to its borrowings and ZDP shares.

<i>Covenant type</i>	<i>Test</i>	<i>As at 30 Sep 2024</i>	<i>Comment</i>
<i>Barclays development loan:</i>			
Loan to value in connection with Winfield Court	No more than 60%	67%	Barclays credit approval received to restructure the loan and rectify the LTV cover test by way of the provision of additional property security.
Minimum net asset value of the Company	No less than £30 million	£47.4 million	
<i>ASK loan:</i>			
Loan to value in connection with TIQ (excluding Winfield Court)	No more than 28%	27%	
Minimum net asset value of the Company	No less than £45 million	£47.4 million	The net asset value of the Company is to be increased in January 2025 by approximately £13 million by way of the distribution of reserves to the Company from wholly-owned subsidiaries.
<i>ZDP shares:</i>			
Cover test (as defined in the ZDP shares listing document)	No less than 2 times cover	1.92 times cover	No further loans to be drawn after the date of signing these financial statements if the cover remains below 2 times.

27. Events after the balance sheet date

Credit approval was received from Barclays on 11 December 2024 to restructure the terms of the development loan provided in connection with Winfield Court. Further details of the approved terms are set out in note 20.

GLOSSARY OF TERMS

AGM	Annual General Meeting
AIM	The AIM market of the London Stock Exchange PLC
ASK	A.S.K. Partners Limited
Barclays	Barclays Bank PLC
BREEAM	Building Research Establishment Environmental Assessment Method
Conygar	The Conygar Investment Company PLC
Default	The failure of a tenant to comply with a provision in their lease
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EBITDAR	Earnings before interest, taxes, depreciation, amortisation and rent
EPS	Earnings per share, calculated as the earnings for the year after tax attributable to members of the 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
LTV	Loan to value
NAV	Net asset value
Net initial yield	Annual net rents expressed as a percentage of the investment property valuation
Passing rent	Annual gross rental income excluding the effects of lease incentives
PBSA	Private build student accommodation
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
ZDP/ ZDP shares	Zero dividend preference shares

The Conygar Investment Company PLC
(Company Number 04907617)
(the “Company”)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 Annual General Meeting of the Company will be held at the offices of The Conygar Investment Company PLC, First Floor, Suite 3, 1 Duchess Street, London W1W 6AN on Tuesday, 28 January 2025 at 11:00am to consider and, if thought fit, pass the resolutions below:

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

ORDINARY BUSINESS

Ordinary resolutions

1. To receive and adopt the Company’s annual accounts for the financial year ended 30 September 2024 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 2024.
3. To re-appoint Saffery 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 re-appoint Robert Thomas Ernest Ware, who retires by rotation, as a Director of the Company.
6. To re-appoint Nigel Jonathon Hamway, who retires by rotation, as a Director of the Company.

SPECIAL BUSINESS

7. 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 £750,000 (comprising 15,000,000 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, save that the Company may, before such expiry of this authority, make an offer or agreement which would or might require the shares to be allotted or rights to subscribe for, or convert any security into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or convert any security into shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

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

Special resolutions

8. That subject to the passing of resolution 7 above, the Directors be and are hereby generally and unconditionally empowered pursuant to sections 570 (1) and 573 of the Act to allot equity securities (within the meaning of section 560(1) of the Act) wholly for cash pursuant to the authority conferred by resolution 7 and / or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to:
 - (a) the allotment of equity securities in connection with an offer of such securities to (i) holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of such shares; and (ii) holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares,

NOTICE OF ANNUAL GENERAL MEETING (continued)

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) the allotment of equity securities or sale of treasury shares otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £750,000 (comprising 15,000,000 Ordinary Shares);

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

- 9. That the Company be and is generally and unconditionally authorised for the purposes of section 701(1) of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) on the London Stock Exchange of ordinary shares of £0.05 each (each an “**Ordinary Share**”) in the Company provided that:
 - (a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 8,939,824 (being approximately 14.99% of the Ordinary Shares in issue at 16 December 2024);
 - (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;
 - (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 and 15 months from the date of passing this resolution; and
 - (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Notes

Entitlement to attend and vote

1. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the Company's register of members at:

- 11:00am on 24 January 2025; or
- if this meeting is adjourned, 48 hours prior to the adjourned meeting (excluding non-working days),

shall be entitled to attend and vote at the Meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

2. Only the holders of Ordinary Shares registered in the Company shall be entitled to attend and vote at the Meeting.

Appointment of proxies

3. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this Notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting, you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

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

6. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution.

7. You can register your vote(s) for the Annual General Meeting either:

- by visiting www.shareregistrars.uk.com, clicking on the "Proxy Vote" button and then following the on-screen instructions (you can locate your log-in details on the top of the proxy form);
- by post or by hand to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX using the proxy form accompanying this notice;
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in note 14 below.

In order for a proxy appointment to be valid the proxy must be received by Share Registrars Limited by 11:00am on 24 January 2025.

Appointment of proxy using hard copy proxy form

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

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

- completed and signed;
- sent or delivered to the Company's registrar at **Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX** and;
- received by the Company's registrar no later than 11:00am on 24 January 2025.

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

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

9. If a member appoints a proxy or proxies and then decides to attend the Meeting in person and vote using his poll card, then the vote in person will override the proxy vote(s). If you do not have a proxy form and/or believe that you should have one or if you require additional forms, please contact Share Registrars Limited on 01252 821390 or, if calling from outside the United Kingdom, +44 (0) 1252 821390, or via e-mail to Enquiries@shareregistrars.uk.com.

Appointment of proxy by joint members

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

NOTICE OF ANNUAL GENERAL MEETING (continued)

Changing proxy instructions

11. To change your proxy instructions simply submit a new proxy appointment using one of the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821390 or, if calling from outside the United Kingdom, +44(0) 1252 821390, or via e-mail to Enquiries@shareregistrars.uk.com. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

12. In order to revoke a proxy instruction, you will need to inform the Company's registrar using the following method:
- by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to **Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX**. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Share Registrars Limited no later than 11:00am on 24 January 2025.

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

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

Communication

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

You may not use any electronic address provided either:

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

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

Appointment of proxies through CREST

14. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via euroclear.com).

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING (continued)

Corporate representatives

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

Issued shares and total voting rights

15. As at 13 December 2024 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 59,638,588 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 13 December 2024 were 59,638,588.

Documents on display

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

Registered Office
1 Duchess Street
London
W1W 6AN

By order of the Board
D Baldwin
Company secretary
16 December 2024

