

17 December 2024

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014 as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

THE CONYGAR INVESTMENT COMPANY PLC

PRELIMINARY RESULTS FOR THE 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

Robert Ware, chief executive commented:

"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."

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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.

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

The cash deposits of the Group have increased in the year from £27.7 million at 30 September 2023 to £47.7 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.

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.

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

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	
	Per share		Per share	
	£'m	p	£'m	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.

The chairman's and chief executive's statement 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 section of the annual report. The Board's approach and responsibilities in connection with environmental, social and governance matters are set out in the ESG section of the annual report. 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	Per share	2023	Per share
	£'m	p	£'m	p
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	107.2	179.7	109.1	183.0

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.

Development and trading properties

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	10.71	18.0	2.88	4.8

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.

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)
	<hr/> 1.0	<hr/> -
Proceeds from property sale	-	9.6
Cost of property sale	-	(9.5)
	<hr/> 1.0	<hr/> 0.1
Net income arising from operational property activities	<hr/> <hr/> 1.0	<hr/> <hr/> 0.1

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.

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.

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

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 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:

	30 Sep 24 £'000	30 Sep 23 £'000
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 19.

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 impaired receivables are based on a review of expected credit losses. Impaired receivables and receivables not considered to be impaired are not material to the financial statements and, therefore, no further analysis is provided.

The credit risk on cash deposits is managed through the Company's policies of monitoring counterparty exposure and the use of counterparties of good financial standing. At 30 September 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 any decision they take will always, with the benefit of hindsight, be the best one. External factors may affect

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 section of the 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; 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 the annual report.

(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.

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	12/14	549	141
Restaurant and events income		5,367	4,257
Other income		25	-
Proceeds on sale of development and trading properties		-	9,650
Revenue		5,941	14,048
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	14	53	5,164
Other project costs written off	16	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		<u>(4,565)</u>	<u>(4,775)</u>
Operating loss	3	(33,289)	(31,432)
Finance costs	6	(994)	-
Finance income	6	<u>331</u>	<u>186</u>
Loss before taxation		(33,952)	(31,246)
Taxation	8	<u>-</u>	<u>1,714</u>
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

	Share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000	Non- controlling interests £'000	Total equity £'000
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>

CONSOLIDATED BALANCE SHEET

at 30 September 2024

	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	14	10,710	2,880
Inventories	15	95	110
Trade and other receivables	16	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	17	4,876	7,091
Bank borrowings	19	44,236	-
		<u>49,112</u>	<u>7,091</u>
Non-current liabilities			
Deferred tax liability	8	-	-
Provision for liabilities and charge	18	-	-
Bank borrowings	19	11,614	17,200
ZDP shares	20	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	21	2,982	2,982
Capital redemption reserve		3,928	3,928
Retained earnings		54,493	88,162
Equity attributable to shareholders of the Company		<u>61,403</u>	<u>95,072</u>
Non-controlling interests		(283)	-
Total equity		<u>61,120</u>	<u>95,072</u>

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2024

	Note	Year ended 30 Sep 24 £'000	Year ended 30 Sep 23 £'000
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	14	53	5,164
Other project costs written off	16	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

Net proceeds from sale of development and trading properties		-	2,720
Increase in trade and other payables		2,243	1,207
Net cash flows (used in) / generated from operations		(10,005)	4,977
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		(26,193)	(36,024)
Cash flows from financing activities			
Bank loan drawn	19	38,287	18,033
Bank loan arrangement fees		(616)	(924)
Gross proceeds from issue of ZDP shares	20	5,000	-
ZDP arrangement fees		(660)	(113)
Interest paid		(3,824)	(634)
Cash flows generated from financing activities		38,187	16,362
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		4,665	2,676

NOTES TO THE ACCOUNTS

for the year ended 30 September 2024

- The financial information set out in this announcement is abridged and does not constitute statutory accounts for the year ended 30 September 2024 but is derived from the financial statements. The auditors have reported on the statutory accounts for the year ended 30 September 2024, their report was unqualified and did not contain statements under sections 498(2) or (3) of the Companies Act 2006, and these will be delivered to the registrar of companies following the Company's annual general meeting. The financial information has been prepared using the recognition and measurement principle of IFRS.
- The comparative financial information for the year ended 30 September 2023 was derived from information extracted from the annual report and accounts for that period, which was prepared under IFRS and which has been filed with the UK registrar of companies. The auditors have reported on those accounts, their report was unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

3. OPERATING LOSS

Operating loss is stated after charging:	30 Sep 24	30 Sep 23
	£'000	£'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:	Year ended	Year ended
	30 Sep 24	30 Sep 23
	£'000	£'000
Wages and salaries	3,551	3,815
Social security costs	312	347
Other pension costs	34	36
	3,897	4,198

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.

5. DIRECTORS' EMOLUMENTS

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

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.

6. FINANCE COSTS AND FINANCE INCOME

Finance costs	Year ended 30 Sep 24 £'000	Year ended 30 Sep 23 £'000
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	1,282	56
Total finance costs	5,720	847
Capitalisation of finance costs (note 12)	(4,726)	(847)
Net finance costs	994	-

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	Year ended 30 Sep 24 £'000	Year ended 30 Sep 23 £'000
Bank interest receivable	331	186

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:

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

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

Group 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 is 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

	Year ended 30 Sep 24 £'000	Year ended 30 Sep 23 £'000
Current tax charge	-	-
Deferred tax credit	-	(1,714)
Total tax credit	-	(1,714)

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:

	Year ended 30 Sep 24 £'000	Year ended 30 Sep 23 £'000
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

	Year ended 30 Sep 24 £'000	Year ended 30 Sep 23 £'000
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.

Deferred tax liability - in respect of chargeable gains on properties

	Year ended 30 Sep 24 £'000	Year ended 30 Sep 23 £'000
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	-	-

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

	30 Sep 24 £'000	30 Sep 23 £'000
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	81,650	14,000

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.

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

	30 Sep 24 £'000	30 Sep 23 £'000
At the start of the year	1,116	991
Additions	199	458
Depreciation	(366)	(333)
At the end of the year	949	1,116

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

	30 Sep 24 £'000	30 Sep 23 £'000
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 14)	(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	-	(1,396)
At the end of the year	25,550	96,350

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.

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

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

Company name	Principal activity	Country of Registration	% of equity held
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%*
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. DEVELOPMENT AND TRADING PROPERTIES

	30 Sep 24 £'000	30 Sep 23 £'000
At the start of the year	2,880	17,137
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

10,710 2,880

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).

15. INVENTORIES

	30 Sep 24 £'000	30 Sep 23 £'000
Food and drink	95	110

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

16. TRADE AND OTHER RECEIVABLES

	30 Sep 24 £'000	30 Sep 23 £'000
Trade receivables	2,471	139
Other receivables	122	1,432
Prepayments and accrued income	547	632
	3,140	2,203

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.

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. 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.

17. TRADE AND OTHER PAYABLES

30 Sep 30 Sep 23

	24	
	£'000	£'000
Social security and payroll taxes	139	156
Trade payables	518	5,996
Other payables	413	-
Accruals and deferred income	3,806	939
	<u>4,876</u>	<u>7,091</u>

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

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. 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.

18. PROVISION FOR LIABILITIES AND CHARGES

	30 Sep 24	30 Sep 23
	£'000	£,000
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>

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.

19. BORROWINGS

Current

	Barclays 30 Sept 2024			30 Sept 2023		
	Drawn £'000	Undrawn £'000	Total £'000	Drawn £'000	Undrawn £'000	Total £'000
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	<u>44,320</u>	<u>3,180</u>	<u>47,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
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 Group entered into a development loan facility with Barclays Bank PLC 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.

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)
	11,614	-	11,614	17,200	29,467	46,667

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	55,850	17,200
Comprised of:		
Current bank borrowings - Barclays	44,236	-
Non-current bank borrowings - ASK / Barclays	11,614	17,200
Total bank borrowings at the end of the year	55,850	17,200

20. ZDP SHARES

	30 Sep 24 £'000	30 Sep 23 £,000
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	4,941	-

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.

21. SHARE CAPITAL

Authorised share capital:	30 Sep 24 £	30 Sep 23 £
140,000,000 (2023: 140,000,000) Ordinary shares of 5p each	7,000,000	7,000,000

Allotted and called up:	No	£'000
As at 30 September 2024 and 30 September 2023	59,638,588	2,982

22. 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.

23. RELATED PARTY TRANSACTIONS

On 27 September 2023, The Group 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.

24. FINANCIAL INSTRUMENTS

The following tables set out the Group'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 can be required to pay.

Financial assets - due within one year

	£'000	£'000
Cash and cash equivalents	4,665	2,676
Trade receivables and accrued income	2,694	167
Other receivables (excluding VAT)	122	1,282
	<u>7,481</u>	<u>4,125</u>

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.

Financial liabilities:

	30 Sep 24 £'000	30 Sep 23 £'000
<i>Amounts payable within one year:</i>		
Floating rate borrowings - Barclays	44,236	17,200
Trade payables and other accrued expenses	<u>1,989</u>	<u>7,053</u>
	46,225	24,253
<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	<u>4,941</u>	<u>-</u>
	<u>62,780</u>	<u>24,253</u>

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.

25. 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 19.

The report and accounts for the year ended 30 September 2024 will shortly be available via the Company's website www.conygar.com or, as required, posted to shareholders and copies may be obtained free of charge for at least one month following their posting by writing to the company secretary, The Conygar Investment Company PLC, 1 Duchess Street, London W1W 6AN.

The Company's annual general meeting will be held at 11:00am on Tuesday, 28 January 2025 at the offices of The Conygar Investment Company PLC, First Floor, Suite 3, 1 Duchess Street, London W1W 6AN.

The directors of Conygar accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the directors of Conygar (who have taken all reasonable care to ensure that such is the case) the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.



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