

Dive in now for big profits on the waterfront

THE Welsh coast is known for its beauty, but many communities along it suffer from economic hardship. Property group Conygar Investment Company has large development projects that should encourage growth there and deliver gains for investors.

Conygar has a profitable investment portfolio, too, which should appreciate in value at the same time as the development projects start to yield results. At 167½p, the shares have plenty of potential.

The company is run by Robert Ware, 59, a veteran of the market, who has held board positions at a string of property groups, including MEPC, which was sold for £3.5 billion in 2000.

Ware founded Conygar with two former MEPC colleagues, Peter Batchelor and Steven Vaughan, who are still board directors. The trio had built a reputation for clever trading and have continued in that vein at Conygar.

The group has three investment portfolios, worth about £165 million, which mainly comprise offices and industrial sites in the Midlands, the North and Scotland. Two were bought in 2009, in the depths of the financial crisis, one by a hostile takeover, which enabled Conygar to gain the assets at a 42 per cent discount to their value at the time. The third portfolio was bought in 2011, when property prices were still very depressed.

The three generate considerable annual income, comfortably enough to pay a decent dividend and have money left over to upgrade the properties and look for new ones.

Commercial property out of London has not risen in value as much as other market sectors, but this is widely expected to change and Conygar should reap the benefits by raising rents and selling sites. The firm has about £100 million to spend on investment and its history of smart purchases bodes well for shareholders.

The development sites have extremely good prospects, too.



by Joanne Hart
INVESTMENTS EDITOR

Conygar has amassed six – two near Holyhead in North Wales and four in Pembrokeshire, West Wales. These include space for 1,750 homes, three marinas with room for 1,200 boats and more than 350,000 sq ft of commercial space for use as offices, shops and transport facilities.

Obtaining planning permission is notoriously difficult in the UK and Ware has spent years talking to the relevant authorities to allow his developments to go ahead. But he now has broad permission for all six sites and construction is start-

ing this month on a lorry park just outside Holyhead.

The site is being built in a joint venture with Fred Done, the entrepreneur who set up bookmaker Betfred. Lorry parks are desperately needed in Wales as drivers come over from Ireland and there is virtually nowhere for them to rest until they reach England. The site is expected to be operating this year and should generate solid income from firms looking to rent space for drivers.

Conygar has also signed up Sainsbury's to build a superstore in Haverfordwest, Pembrokeshire. The site has space for more than 700 homes and property becomes much more desirable when it is near a large supermarket. Conygar does not build homes but Ware is hopeful that, as Sainsbury's starts building, housebuilders will come



SETTING SAIL: Robert Ware's plans include waterfront flats and a 500-berth marina at Holyhead

in and buy his land. There are high hopes for the Holyhead sites, too, which are just a few miles from the Anglesey power station. Japan's Hitachi has bought the plant and hopes to start work on it in the next few years, so there will be a real need for more local homes.

Demand for the Fishguard sites is also considerable as it is an area of great beauty.

Analysts expect profits of £4.7 million for the year to September, rising to £6.1 million next year and £8 million the year after. A dividend of 1.8p is forecast for this year, rising to 2p in 2015 and 2.3p the following year. Crucially,

Conygar holds its Welsh assets in its books at a very low value, so analysts at stock broker Liberum believe they could be worth 55 per cent more than their current value as the sites start to be developed. This should have a big impact on the share price.

>>> Midas verdict: Conygar's shares has been held back as the company has wrestled with planning authorities and a subdued property market. Now it is on the cusp of change. Buy now and reap the rewards over the next three to five years.

Traded on: AIM
Contact: 020 7258 8670 or conygar.com

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