

# **Wynnstay Properties PLC**

**Interim Results  
for the six months ended 29th September 2013**



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#### Chairman's Statement

I am pleased to report to you with the results of your company's performance for the first half of the financial year to 29<sup>th</sup> September 2013 which may be summarised as follows:-

		2013	2012
Operating income before movement in fair value of investment properties:	(3.6)%	£579,000	£601,000
Income before Taxation	(17.6)%	£528,000	£641,000
Earnings per share	(14.4)%	15.4p	18.0p
Net Asset value per share	(4.3)%	446p	466p
Interim Dividend per share		4.20p	3.20p

Property income for the half-year was marginally reduced at £821,000 (2012 - £838,000) and, as we did not sell any properties in the period, we were unable to match the additional £100,000 of profits realised in the corresponding period in 2012. As a result, our operating income of £579,000 (2012 - £601,000) and our pre-tax profit of £528,000 (2012 - £641,000) were both lower than at the same time last year.

Management activity of the portfolio has been busy but rather less intense than in the recent past, reflecting a greater stability amongst our tenant base. During the period, we renewed leases with existing tenants at our office building at Cosham, and on two industrial units at each of St Neots and Norwich as well as welcoming two new tenants there.

In my statement accompanying the annual report and financial statements in June, I reported on the business failure of our longstanding tenant at Hertford. I am pleased to say that we have now leased one of the two units, which fronts onto the main road, to a national retail business on a new ten year lease with no tenant breaks and at a rent in excess of valuation and instructed solicitors in connection with the sale of the other unit to an owner occupier at what we consider to be an attractive sale price.

As a result of this activity, we have been successful in improving the lease profile of the portfolio and providing continuity of income while minimising, as far as possible, the costs associated with vacant properties.

There is little doubt that the continuing economic difficulties are causing problems for some of our tenants, particularly small local traders and those in the retail trade affected by the growth in e-commerce. In this regard, we will be sorry to lose one of our Colchester retail tenants early in the new year.

Nevertheless, I am pleased to report that we did not suffer any material bad debts resulting from the failure of tenants in this period, and we do our best to work with tenants who are in difficulty in order to assist them. Any business failures among our tenants affects Wynnstay's rental income and, as well, we incur costs while properties are vacant and in reletting them. However, as I have previously noted, we have a broad spread of tenants ranging from the Government through national businesses to small and medium-sized enterprises and the voluntary and charitable sectors and it is pleasing to note that, at the time of writing, we have collected over 95% of the rental income due for the current quarter commencing 29 September 2013.

I have reported to you regularly on the changes that we have made to the portfolio, the latest of which is the acquisition of Crown Close Industrial Estate in Hailsham in Sussex, details of which were given to you in my Chairman's statement in June. It is worth noting that properties acquired over the past five years now account for just under one-half of our rental income and represent just under one-half of the value of the portfolio. The Board considers that the changes we have made to the portfolio over recent years provide a solid base for the future, including the further growth of your company.

In my Chairman's statement in June, I reported on the negotiations for a new five-year £10 million facility with our bankers, Svenska Handelsbanken and commented on the increase in margins over LIBOR now being sought by banks from business customers. Whilst we will have an increase in the total amount of the facility, the rate of interest will be at 2.65% above 3 month LIBOR as opposed to the 1.25% that we are currently paying. We are very close to concluding our refinancing, with the documentation currently being negotiated and we will make an announcement to shareholders as soon as this is completed.

When I wrote to you in June, I noted that although we increased the interim dividend paid last December, we did not recommend payment of an increased final dividend, but would consider increasing the interim dividend in December 2013 assuming favourable conditions for the Company and in order to provide a better balance between the interim and final

dividends. In the light of the performance reported above, the Directors have decided to pay an increased interim dividend of 4.2p per share (2012: 3.2p per share). The interim dividend will be paid on 13th December 2013 to those Shareholders on the register on 29th November 2013. This should not be taken as any indication that the final dividend will also be increased.

I would repeat the reminder that I gave you last year and in my Chairman's statement in June 2013 concerning unsolicited approaches to shareholders over the telephone in relation to their shares in Wynnstay and I would refer you to the letter distributed with the Annual Report and Financial Statements in June. On Wynnstay's website [www.wynnstayproperties.co.uk](http://www.wynnstayproperties.co.uk), shareholders will also find a warning and a link to other information about unsolicited approaches regarding shares on the Financial Conduct Authority's website.

Our Annual General Meeting next year will again be held at the Royal Automobile Club, 89 Pall Mall, London SW1 on **Thursday 10th July 2014** at 12 noon. I hope that as many shareholders as possible can make arrangements to be in London to attend the meeting and talk to the Board and fellow shareholders. It is an extremely valuable event for the Board to be able to engage with shareholders who also benefit from meeting each other. The interest and support shown by Wynnstay shareholders in the company's affairs is greatly appreciated by the Board.

Finally, on behalf of the Board, I hope that all shareholders enjoy a Happy Christmas and convey our best wishes for contentment, health and success in 2014.

Philip G.H. Collins  
15th November 2013

*Chairman*

**For further information please contact:**

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Charles Stanley Securities – Nominated Adviser 020 7149 6000  
Dugald J. Carlean / Carl Holmes

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2013**

	Six months ended		Year ended
	<u>29th September</u>	<u>29th September</u>	<u>25th March</u>
	2013	2012	2013
	£'000	£'000	£'000
Property Income	821	838	1,628
Property Costs	(44)	(46)	(125)
Administrative Costs	<u>(197)</u>	<u>(191)</u>	<u>(384)</u>
	579	601	1,119
Movement in fair value of:			
Investment Properties	-	-	(937)
Profit on Sale of Investment Property	-	100	100
Operating Income	<u>579</u>	<u>701</u>	<u>282</u>
Investment Income	-	1	1
Finance Costs	<u>(51)</u>	<u>(61)</u>	<u>(117)</u>
Income before Taxation	528	641	166
Taxation	<u>(111)</u>	<u>(154)</u>	<u>(359)</u>
Income after Taxation	<u>417</u>	<u>487</u>	<u>(193)</u>

The company has no other items of comprehensive income.

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AT 29TH SEPTEMBER 2013**

	29th September 2013 £'000	29th September 2012 £'000	25th March 2013 £'000
<b>Non Current Assets</b>			
Investment Properties	18,645	18,630	17,700
Investments	3	3	3
	<u>18,648</u>	<u>18,633</u>	<u>17,703</u>
<b>Current Assets</b>			
Accounts Receivable	310	274	191
Cash and Cash Equivalents	387	705	571
	<u>696</u>	<u>979</u>	<u>762</u>
<b>Current Liabilities</b>			
Accounts Payable	(770)	(818)	(816)
Bank Loans Payable	(5,996)	-	(5,396)
Income Taxes Payable	(490)	(373)	(380)
	<u>(7,255)</u>	<u>(1,191)</u>	<u>(6,592)</u>
<b>Net Current Liabilities</b>	<b>(6,559)</b>	<b>(210)</b>	<b>(5,830)</b>
<b>Total Assets Less Current Liabilities</b>	<b>12,083</b>	<b>18,422</b>	<b>11,873</b>
<b>Non-Current Liabilities</b>			
Bank Loans Payable	-	(5,775)	-
Deferred Taxation	-	(6)	-
	<u>-</u>	<u>(6)</u>	<u>-</u>
<b>Net Assets</b>	<b><u>12,083</u></b>	<b><u>12,641</u></b>	<b><u>11,873</u></b>
<b>Capital and Reserves</b>			
Share Capital	789	789	789
Treasury Shares	(1,570)	(1,570)	(1,570)
Share Premium Account	1,135	1,135	1,135
Capital Redemption Reserve	205	205	205
Retained Earnings	11,525	12,081	11,314
	<u>12,083</u>	<u>12,640</u>	<u>11,873</u>

**UNAUDITED STATEMENT OF CASH FLOW  
FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2013**

	<b>Six months ended 29th September</b>		<b>Year ended 25th March</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cashflow from operating activities</b>			
Income before taxation	528	641	166
Adjusted for:			
Allowance for trade receivables	-	-	28
Decrease in fair value of investment properties	-	-	937
Interest income	-	-	(1)
Interest expense	51	61	117
Profit on disposal of investment properties	-	(100)	(100)
Changes in:			
Trade and other receivables	(119)	45	100
Trade and other payables	(46)	(3)	14
Income taxes paid	(105)	-	(208)
Interest paid	51	61	(117)
Net cash from operating activities	<u>361</u>	<u>705</u>	<u>936</u>
<b>Cashflow from investing activities</b>			
Interest and other income received	-	-	1
Purchase of investment properties	(945)	(1,679)	(1,672)
Sale of investment properties	-	2,333	2,424
Net cash from investing activities	<u>(945)</u>	<u>654</u>	<u>753</u>
<b>Cashflow from financing activities</b>			
Dividends paid	(206)	(206)	(293)
Repayments on bank loans	-	(1,414)	(2,850)
Drawdown on bank loans	600	-	1,059
Net cash used in financing activities	<u>393</u>	<u>(1,620)</u>	<u>(2,084)</u>
<b>Net decrease increase in cash and cash equivalents</b>	<b>(191)</b>	<b>(261)</b>	<b>(395)</b>
Cash and cash equivalents at beginning of period	571	966	966
Cash and cash equivalents at end of period	<u>387</u>	<u>705</u>	<u>571</u>



**STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2013**

	<b>Share Capital</b>	<b>Capital Redemption Reserve</b>	<b>Share Premium Account</b>	<b>Treasury Shares</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Balance at 26 March 2013	789	205	1,135	(1,570)	11,314	11,873
Total comprehensive income for the period	-	-	-	-	417	417
Dividends	-	-	-	-	(206)	(206)
Balance at 29 September 2013	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>(1,570)</u>	<u>11,525</u>	<u>12,083</u>

**SIX MONTHS ENDED 29 SEPTEMBER 2012**

	<b>Share Capital</b>	<b>Capital Redemption Reserve</b>	<b>Share Premium Account</b>	<b>Treasury Shares</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Balance at 26 March 2012	789	205	1,135	(1,570)	11,800	12,359
Total comprehensive income for the period	-	-	-	-	487	487
Dividends	-	-	-	-	(206)	(206)
Balance at 29 September 2012	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>(1,570)</u>	<u>12,081</u>	<u>12,640</u>

**YEAR ENDED 25 MARCH 2013**

	<b>Share Capital</b>	<b>Capital Redemption Reserve</b>	<b>Share Premium Account</b>	<b>Treasury Shares</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Balance at 26 March 2012	789	205	1,135	(1,570)	11,800	12,359
Total comprehensive income for the year	-	-	-	-	(193)	(193)
Dividends	-	-	-	-	(293)	(293)
Balance at 25 March 2013	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>(1,570)</u>	<u>11,314</u>	<u>11,873</u>

## NOTES

### 1. ACCOUNTING POLICIES

Wynnstay Properties PLC is a public limited company incorporated and domiciled in England and Wales. The principal activity of the Company is property investment, development and management. The Company's ordinary shares are traded on the Alternative Investment Market.

#### Basis of Preparation

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. They do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.

The unaudited condensed interim financial statements should be read in conjunction with the financial statements of the Company as at and for the year ended 25th March 2013 which were prepared in accordance with IFRS as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, and have been reported on by the Company's auditors. The financial information for the interim periods ended 29th September 2013 and 29th September 2012 has not been audited and the auditors have not reported on or reviewed these interim financial statements. The information for the year ended 25th March 2013 has been extracted from the latest published audited financial statements.

#### Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. 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 those relating to the fair value of investment properties.

#### Investment Properties

All the Company's investment properties are revalued annually and stated at fair value at 25th March. The aggregate of any resulting surpluses or deficits are recognised through the statement of comprehensive income.

#### Depreciation

In accordance with IAS 40, freehold and leasehold investment properties are included at the reporting date at fair value, and are not depreciated.

Depreciation of other plant and equipment is on a straight line basis calculated at annual rates estimated to write off each asset over its useful life of 5 years.

#### Disposal of Investments

The gains and losses on the disposal of investment properties and other investments are included in the statement of comprehensive income in the year of disposal.

#### Property Income

Property income represents the value of accrued charges under operating leases for rental of the Company's properties. Revenue is measured at the fair value of the consideration received. All income is derived in the United Kingdom.

#### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax is the expected tax payable on the taxable income for the year based on the tax rate enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of prior years. Taxable profit differs from income before tax as reported in the income statement because it excludes items of income or expense that are deductible in other years, and it further excludes items that are never taxable or deductible.

Deferred taxation 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 profits, and is accounted for using the financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences (including

unrealised gains on revaluation of investment properties) and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The Company provides for deferred tax on investment properties by reference to the tax that would be due on the sale of the investment properties.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, including deferred tax on the revaluation of the asset.

### **Investments**

Quoted investments are recognised as held at fair value, and are measured at subsequent reporting dates at fair value, which is either at the bid price, or the latest traded price, depending on the convention of the exchange on which the investment is quoted. Changes in fair value are recognised in profit or loss.

### **Trade and other accounts receivable**

Trade and other receivables are initially measured at fair value as reduced by appropriate allowances for estimated irrecoverable amounts. All receivables do not carry any interest and are short term in nature.

### **Cash and cash equivalents**

Cash comprises cash at bank and on demand deposits. Cash equivalents are short term (less than three months from inception), repayable on demand and which are subject to an insignificant risk of change in value.

### **Trade and other accounts payable**

Trade and other payables are initially measured at fair value. All trade and other accounts payable are not interest bearing.

### **Comparative information**

The information for the year ended 25 March 2013 has been extracted from the latest published audited financial statements.

### **Pensions**

Pension contribution towards employees' pension plans are charged to the statement of comprehensive income as incurred. The pension scheme is a defined contribution scheme.

## **2. DIVIDENDS**

<b><u>Period</u></b>	<b>Payment Date</b>	<b>Per share (pence)</b>	<b>Amount absorbed £'000</b>
6 months to 29 <sup>th</sup> September 2013	13 <sup>th</sup> Dec 2013	4.20	114
6 months to 29 <sup>th</sup> September 2012	14 <sup>th</sup> Dec 2012	3.20	87
Year ended 25 <sup>th</sup> March 2013	16 <sup>th</sup> July 2013	7.6	206

## **3. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing income after taxation attributable to Ordinary Shareholders of £417,000 (2012: £487,000) by the weighted average number of 2,711,617 ordinary shares in issue during the period (2012: 2,711,617). There are no instruments in issue that would have the effect of diluting earnings per share.

