

**WYNNSTAY PROPERTIES PLC**

**INTERIM REPORT**

**SIX MONTHS ENDED  
29TH SEPTEMBER 2014**



## Wynnstay Properties PLC

### Interim Results for the six months ended 29th September 2014

#### Chairman's Statement

I am delighted to report the results of your company's performance for the first half of the financial year to 29<sup>th</sup> September 2014, which can be summarised as follows

		2014	2013
Operating income before movement in fair value of investment properties:	(2.9)%	£562,000	£579,000
Income before Taxation	(17.4)%	£436,000	£528,000
Earnings per share	(17.5)%	12.7p	15.4p
Net Asset value per share	4.5%	466p	446p
Interim Dividend per share	7.1%	4.5p	4.20p

Property income and operating income for the half-year were only slightly lower than in the same period last year at £808,000 (2013 - £821,000) and £562,000 (2013 - £579,000) respectively. Our pre-tax profit of £436,000 (2013 - £528,000) was reduced over the same period last year due largely to the higher financing costs under the terms of our new borrowing facility which includes the higher margins now commonly imposed by lenders in current conditions and which I have described in previous statements.

The portfolio is currently 100% let and, in a busy half year on the management side, we have attracted a new tenant to our industrial estate at Aylesford: agreed a new five year lease with the existing tenant of one of the retail units at Colchester and completed a five year lease extension until 2021 with Superdrug on our retail property in Gosport. Additionally lease extensions have been negotiated with two of the existing business tenants at St Neots and we have completed the removal of a tenant break option at one of the industrial units at Basingstoke where the lease will now run until 2020.

The pace of management activity is likely to quicken over the next eight months as a number of leases come to an end and we are already in discussions with the tenants as to their intentions. Where we know that tenants are vacating, we are preparing and negotiating dilapidations claims and engaging agents to undertake advance marketing as well as discussing with adjacent tenants whether they may want to expand or relocate. I hope that by

the time I write to you in June next year, we will have either resolved, or have much greater certainty about, the future occupation of these parts of the portfolio. In doing so, our objective remains to continue to improve the lease profile of the portfolio and secure continuity and increases of income while minimising, as far as possible, the costs associated with vacant properties.

Despite the concerns that I have conveyed to you over recent years about economic conditions causing problems for our tenants, it is pleasing to note that we did not suffer any material bad debts in this period and that, at the time of writing, we have collected 99% of the rental income due for the current quarter commencing 29 September 2014.

I have already reported to you in my statement in June on our latest acquisition of five trade counter units in Ipswich. We continue to seek out further suitable acquisitions and have bid for several properties in what has become a highly competitive sector of the investment market. We are only willing to invest where we can see medium and longer-term benefit for shareholders and various opportunities remain under consideration.

When I wrote to you in June, I noted that although we did not recommend payment of an increased final dividend for last year, we would consider increasing the interim dividend in December 2014 assuming favourable conditions at the end of the half-year with a view to aligning further the overall balance between the interim and final dividends. In the light of the satisfactory performance reported above, I am pleased to say that the Directors have decided to pay an increased interim dividend of 4.5p per share (2013 – 4.2p). The interim dividend will be paid on 19th December 2014 to those Shareholders on the register on 28th November 2014. However, this should not be taken as any indication that the final dividend will also be increased.

We continue to receive reports concerning unsolicited approaches to shareholders over the telephone in relation to their investments in which the caller mentions their holding in Wynnstay, and there are frequent reports in the press of scams involving such approaches. There is nothing that we can do to deter or stop these approaches and I would urge all shareholders to be vigilant. 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 16<sup>th</sup> July 2015** at 12 noon. As always, I urge shareholders to see if they can make arrangements to be in London on that day to participate in the meeting and meet the Board and fellow shareholders. It provides an important opportunity to discuss Wynnstay's performance and future, formally and informally, as well as to socialise with other shareholders. Whilst we benefit from high levels of participation through proxy voting at our annual meetings, it is always good to see and talk to shareholders in person.

Finally, on behalf of the Board, I wish all shareholders a Happy Christmas and our good wishes for 2015.

19th November 2014

Philip G.H. Collins  
*Chairman*

## 1. ACCOUNTING POLICIES

Wymstay 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 25<sup>th</sup> March 2014 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 2014 and 29th September 2013 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 2014 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 2014 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

<u>Period</u>	<u>Payment Date</u>	<u>Per share (pence)</u>	<u>Amount absorbed £'000</u>
6 months to 29th September 2014	19th Dec 2014	4.50	122
6 months to 29th September 2013	13th Dec 2013	4.20	114
Year ended 25th March 2014	16th July 2014	7.6	206

## 3. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing income after taxation attributable to Ordinary Shareholders of £345,000 (2013: £417,000) by the weighted average number of 2,711,617 ordinary shares in issue during the period (2013: 2,711,617). There are no instruments in issue that would have the effect of diluting earnings per share.

WYNNSTAY PROPERTIES PLC

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2014

	Six months ended		Year ended
	<u>29th September</u>	<u>29th September</u>	<u>25th March</u>
	2014	2013	2014
	£'000	£'000	£'000
Property Income	808	821	1,609
Property Costs	(31)	(44)	(79)
Administrative Costs	<u>(214)</u>	<u>(197)</u>	<u>(443)</u>
	562	579	1,087
Movement in fair value of:			
Investment Properties			170
Profit on Sale of Investment Property			52
Operating Income	<u>562</u>	<u>579</u>	<u>1,309</u>
Investment Income	0		1
Finance Costs	<u>(126)</u>	<u>(51)</u>	<u>(129)</u>
Income before Taxation	436	528	1,181
Taxation	<u>(91)</u>	<u>(111)</u>	<u>(235)</u>
Income after Taxation	<u>345</u>	<u>417</u>	<u>946</u>

The company has no other items of comprehensive income

**WYNNSTAY PROPERTIES PLC**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION AT 29TH SEPTEMBER 2014**

	29th September 2014 £'000	29th September 2013 £'000	25th March 2014 £'000
<b>Non Current Assets</b>			
Investment Properties	19,595	18,645	18,515
Investments	<u>3</u>	<u>3</u>	<u>3</u>
	<b>19,598</b>	<b>18,648</b>	<b>18,518</b>
<b>Current Assets</b>			
Accounts Receivable	226	310	267
Cash and Cash Equivalents	<u>683</u>	<u>387</u>	<u>776</u>
	<b>909</b>	<b>696</b>	<b>1,043</b>
<b>Current Liabilities</b>			
Accounts Payable	(503)	(775)	(876)
Bank Loans Payable	-	(5,996)	-
Income Taxes Payable	<u>(330)</u>	<u>(490)</u>	<u>(235)</u>
	<b>(833)</b>	<b>(7,260)</b>	<b>(1,111)</b>
<b>Net Current Assets</b>	<b>75</b>	<b>(6,564)</b>	<b>(68)</b>
<b>Total Assets Less Current Liabilities</b>	<b>19,672</b>	<b>12,084</b>	<b>18,450</b>
<b>Non-Current Liabilities</b>			
Bank Loans Payable	<u>(7,034)</u>	-	<u>(5,951)</u>
<b>Net Assets</b>	<b><u>12,639</u></b>	<b><u>12,084</u></b>	<b><u>12,499</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	<u>12,080</u>	<u>11,525</u>	<u>11,940</u>
	<b><u>12,639</u></b>	<b><u>12,084</u></b>	<b><u>12,499</u></b>



WYNNSTAY PROPERTIES PLC

UNAUDITED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2014

	Six months ended 29 September		Year ended 25 March
	2014 £'000	2013 £'000	2014 £'000
<b>Cashflow from operating activities</b>			
Income before taxation	436	528	1,181
Adjusted for:			
Amortisation of deferred finance costs			3
(Increase)/Decrease in fair value of investment properties	-	-	(170)
Interest income	-	-	(1)
Interest expense	126	51	129
Profit on disposal of investment properties	-		(52)
Changes in:			
Trade and other receivables	41	(119)	(93)
Trade and other payables	(373)	(46)	31
Income taxes paid		(105)	(380)
Interest paid	(105)	51	(129)
Net cash from operating activities	<u>125</u>	<u>361</u>	<u>519</u>
<b>Cashflow from investing activities</b>			
Interest and other income received	-	-	1
Purchase of investment properties	(1,080)	(945)	(945)
Sale of investment properties	-		352
Net cash from investing activities	<u>(1,080)</u>	<u>(945)</u>	<u>(592)</u>
<b>Cashflow from financing activities</b>			
Dividends paid	(206)	(206)	(320)
Repayments on bank loans	-		(5,998)
Drawdown on bank loans	1,083	600	6,596
Net cash used in financing activities	<u>877</u>	<u>393</u>	<u>278</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(78)</b>	<b>(191)</b>	<b>205</b>
Cash and cash equivalents at beginning of period	776	571	571
Cash and cash equivalents at end of period	<u>698</u>	<u>380</u>	<u>776</u>

WYNNSTAY PROPERTIES PLC

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2014

SIX MONTHS ENDED 29 SEPTEMBER 2014

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total	
	£ 000	£ 000	£ 000	£ 000	£ 000		£ 000
Balance at 26 March 2014	789	205	1,135	(1,570)	11,940		12,499
Total comprehensive income for the period	-	-	-	-	345		345
Dividends	-	-	-	-	(206)		(206)
Balance at 29 September 2014	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>(1,570)</u>	<u>12,079</u>		<u>12,638</u>

SIX MONTHS ENDED 29 SEPTEMBER 2013

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total	
	£ 000	£ 000	£ 000	£ 000	£ 000		£ 000
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>11,524</u>		<u>12,083</u>

YEAR ENDED 25 MARCH 2014

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total	
	£ 000	£ 000	£ 000	£ 000	£ 000		£ 000
Balance at 26 March 2013	789	205	1,135	(1,570)	11,314		11,873
Total comprehensive income for the year	-	-	-	-	946		946
Dividends	-	-	-	-	(320)		(320)
Balance at 25 March 2014	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>(1,570)</u>	<u>11,940</u>		<u>12,499</u>



