
WYNNSTAY PROPERTIES PLC

INTERIM REPORT

**SIX MONTHS ENDED
29TH SEPTEMBER 2015**

WYNNSTAY PROPERTIES PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2015

CHAIRMAN'S STATEMENT

I am delighted to report on your company's performance for the first half of the financial year to 29th September 2015, which can be summarised as follows:

		2015	2014
Operating income	(2.0)%	£555,000	£562,000
Income before Taxation	(7.1)%	£405,000	£436,000
Earnings per share	(7.1)%	11.8p	12.7p
Net Asset value per share	14.8%	535p	466p
Interim Dividend per share	11.1%	5.0p	4.5p

Property income for the half-year increased over the same period last year to £860,000 (2014 - £808,000), reflecting the contribution from the recent acquisitions as well as rent increases from recently relet units. Operating income at £555,000 (2014 - £562,000), and pre-tax profit of £405,000 (2013 - £436,000) were slightly lower, compared to the same period last year, largely due to the costs incurred on our recent acquisitions and in upgrading certain vacant properties within the portfolio. The benefits of this expenditure should flow through to rental income, profit and asset value later this financial year and in the future.

The significant focus of the management and the Board over the past six months has been on the completion of the acquisition of the Beaver Industrial Estate, Lipook in Hampshire and on the refurbishment and marketing of the two vacant units at Chessington, both of which I mentioned in my statement accompanying last year's annual report.

We completed the off-market acquisition of the Liphook estate in late June following a period of negotiation with the privately-owned vendor. It attracted us for a number of reasons. We had been looking for some time to acquire another complete industrial estate with opportunities for active management and improvement similar to our estate at Aylesford and we consider the Beaver Industrial Estate to be a very good fit for us in terms of size, quality, tenant profile and location. The estate is very close to Liphook town centre and adjacent to a substantial new housing development. It was constructed in the 1980's and comprises 17 units of varying sizes. At the time of purchase it was let to 9 tenants on 12 separate leases with 3 units being vacant. Since June we have let one of the vacant units and are continuing to market the two other units. The rental income at the time of purchase was just over £172,000 p.a. and is now almost £186,000 p.a. following the recent letting, and with an anticipated rent roll when fully let in the region of £225,000 p.a. As reported previously the price paid was £2,600,000.

As mentioned in my statement at the end of last year the tenant of two of the three units at our estate in Chessington vacated at the year-end in March following the disposal of part of their business. We negotiated a satisfactory cash settlement with them regarding dilapidations and over the spring and summer have carried out an extensive refurbishment funded by the settlement monies received. These works were completed, within budget, by our contractors at the end of September. There is a shortage of smaller mixed-use flexible space of this nature in the area following a change in planning policy permitting the conversion of offices to residential use. This means that the remaining commercial space potentially becomes more valuable. The two refurbished units which now present well have been actively marketed over the summer as the works progressed and the level of enquiries and viewings has been encouraging. We have recently entered into negotiations with a potential tenant for both units. I hope that we will have a positive outcome before the year-end on which I can report to you next June.

We have also enjoyed a busy period of management activity at our estate at Aylesford. The largest tenant has renewed the lease of its main premises, comprising four units, for a further five years to 2020, whilst giving up a fifth unit, which it leased a couple of years ago, that is now surplus to its current requirements. This unit was immediately

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relet, again for five years, to a new tenant requiring space to operate as a sub-contractor to a larger distribution business located nearby. The one unit at Aylesford that was vacant at the year-end and to which I referred in June has now been relet, again for five years, to another longstanding tenant of the estate who required space to expand its business; and, at the same time, that tenant has also agreed to extend the lease of its existing two units to 2020. Finally, to complete the picture, another unit which became vacant on the departure of the previous tenant has been relet for ten years, at a higher rent than we previously received, to a new tenant. Thus all the units on the Aylesford estate are fully let and we have the benefit of an increased rental income for a longer period.

Elsewhere in the portfolio, during the first-half of the year we have negotiated new leases, lease extensions or lease variations which should enhance investment value on units at Basingstoke, Colchester, Norwich and St Neots. At the time of writing, we have collected over 99% of the rental income due for the current quarter commencing 29 September 2015.

During the second half of the year, we will concentrate on the assimilation of the Liphook estate into the portfolio and on continuing to explore opportunities to add value to the existing portfolio, such as by change of use, by the acquisition of neighbouring land or properties and by further development of existing sites. We continue to seek suitable further acquisitions although, in contrast to recent years, we have not made any firm offers as those properties that were available did not meet our criteria.

You will recall that last year we were able to increase both the interim and the final dividends, with the total dividend for the year increasing by 4.2%. The larger proportion of the increase was paid on the interim dividend with a view to aligning further the overall balance between the interim and final payments. 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 5.00p per share (2014 – 4.5p). The interim dividend will be paid on 18th December 2015 to those Shareholders on the register on 27th November 2015. However, this increase should not be taken as any indication that the final dividend will also be increased.

Advances in communications and technology bring great benefits. But they also provide opportunities for unscrupulous criminals to seek access to personal information in order to steal an individual's financial assets. There have been several recent cases reported in the press. One form of this fraud is unsolicited telephone approaches to shareholders about their investments in which the caller mentions individual holdings, such as Wynnstay Properties. 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), 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 **Wednesday 13th July 2016** at 12 noon. I encourage shareholders to make plans to attend the meeting and meet the Board and fellow shareholders. The meeting provides an important forum to learn more about Wynnstay's activities and plans, its performance and its future, formally and informally, as well as to socialise with other shareholders. We benefit consistently from high levels of participation in formal voting at our meeting through proxies lodged by shareholders who are unable to attend, but it is always encouraging to have the opportunity to meet and talk to shareholders in person.

Finally, on behalf of the Board, I wish all shareholders a very Happy Christmas and good health and happiness in 2016.



Philip G.H. Collins
Chairman

19th November 2015

WYNNSTAY PROPERTIES PLC

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I. 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 2015 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 2015 and 29th September 2014 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.

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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 2015 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

Period	Payment Date	Per share (pence)	Amount absorbed £'000
6 months to 29th September 2015	18th Dec 2015	5.00	137
6 months to 29th September 2014	19th Dec 2014	4.50	122
Year ended 25th March 2015	17th July 2015	7.8	211

3. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing income after taxation attributable to Ordinary Shareholders of £321,000 (2014: £345,000) by the weighted average number of 2,711,617 ordinary shares in issue during the period (2014: 2,711,617). There are no instruments in issue that would have the effect of diluting earnings per share.

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4. UNAUDITED STATEMENT OF FINANCIAL POSITION

	Six months ended		Year ended
	29th September 2015 £'000	29th September 2014 £'000	25th March 2015 £'000
Property Income	860	808	1,663
Property Costs	(84)	(31)	(87)
Administrative Costs	(221)	(214)	(414)
	555	562	1,162
Movement in fair value of: Investment Properties			1,530
Profit on Sale of Investment Property			
Operating Income	<u>555</u>	<u>562</u>	<u>2,692</u>
Investment Income	2		2
Finance Costs	(152)	(126)	(265)
Income before Taxation	<u>405</u>	<u>436</u>	<u>2,429</u>
Taxation	(84)	(91)	(210)
Income after Taxation	<u>321</u>	<u>345</u>	<u>2,219</u>

The company has no other items of comprehensive income

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5. UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	29th September 2015 £'000	29th September 2014 £'000	25th March 2015 £'000
Non Current Assets			
Investment Properties	24,495	19,595	21,780
Investments	<u>3</u>	<u>3</u>	<u>3</u>
	24,498	19,598	21,783
Current Assets			
Accounts Receivable	273	226	489
Cash and Cash Equivalents	<u>920</u>	<u>683</u>	<u>1,050</u>
	1,192	909	1,539
Current Liabilities			
Accounts Payable	(902)	(503)	
Income Taxes Payable	<u>(309)</u>	<u>(330)</u>	<u>(223)</u>
	(1,212)	(833)	(1,309)
Net Current Liabilities	<u>(19)</u>	<u>75</u>	<u>230</u>
Total Assets Less Current Liabilities	24,479	19,672	22,013
Non-Current Liabilities			
Bank Loans Payable	<u>(9,967)</u>	<u>(7,034)</u>	<u>(7,621)</u>
Net Assets	<u><u>14,511</u></u>	<u><u>12,639</u></u>	<u><u>14,392</u></u>
Capital and Reserves			
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>13,952</u>	<u>12,080</u>	<u>13,833</u>
	<u><u>14,511</u></u>	<u><u>12,639</u></u>	<u><u>14,392</u></u>

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6. UNAUDITED STATEMENT OF CASHFLOW

	Six months ended		Year ended
	29th September	29th September	25 March
	2015	2014	2015
	£'000	£'000	£'000
Cashflow from operating activities			
Income before taxation	405	436	2,429
Adjusted for:			
Amortisation of deferred finance costs			
(Increase)/Decrease in fair value of investment properties	–	–	(1,530)
Interest income	(2)	–	(2)
Interest expense	147	126	267
Profit on disposal of investment properties	–	–	–
Changes in:			
Trade and other receivables	191	41	(222)
Trade and other payables	(146)	(373)	210
Income taxes paid		–	(235)
Interest paid	(150)	(105)	(253)
Net cash from operating activities	<u>445</u>	<u>125</u>	<u>664</u>
Cashflow from investing activities			
Interest and other income received	2	–	–
Purchase of investment properties	(2,705)	(1,080)	2
Sale of investment properties	–	–	(1,735)
Net cash from investing activities	<u>(2,703)</u>	<u>(1,080)</u>	<u>(1,733)</u>
Cashflow from financing activities			
Dividends paid	(212)	(206)	(328)
Repayments on bank loans			
Drawdown on bank loans	2,340	1,083	1,670
Net cash used in financing activities	<u>2,129</u>	<u>877</u>	<u>1,342</u>
Net (decrease)/ increase in cash and cash equivalents	(128)	(78)	273
Cash and cash equivalents at beginning of period	1,049	776	776
Cash and cash equivalents at end of period	<u>920</u>	<u>683</u>	<u>1,049</u>

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7. UNAUDITED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 29 SEPTEMBER 2015

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 26 March 2015	789	205	1,135	(1,570)	13,833	14,392
Total comprehensive income for the period	–	–	–	–	321	321
Dividends	–	–	–	–	(212)	(212)
Balance at 29 September 2015	789	205	1,135	(1,570)	13,952	14,511

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	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	789	205	1,135	(1,570)	11,524	12,639

YEAR ENDED 25 MARCH 2015

	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 year	–	–	–	–	2,219	2,219
Dividends - note 2	–	–	–	–	(328)	(328)
Balance at 25 March 2015	789	205	1,135	(1,570)	13,833	14,392

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