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# **WYNNSTAY PROPERTIES PLC**

## ***INTERIM REPORT***

**SIX MONTHS ENDED  
29TH SEPTEMBER 2016**

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## WYNNSTAY PROPERTIES PLC

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2016

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#### CHAIRMAN'S STATEMENT

I am pleased to report a strong financial performance in the first-half of the year to 29th September 2016. The financial results may be summarised as follows:

		<b>2016</b>	<b>2015</b>
Property Income	<b>+11.9%</b>	<b>£962,000</b>	<b>£860,000</b>
Operating Income	<b>+26.5%</b>	<b>£702,000</b>	<b>£555,000</b>
Income before Taxation	<b>+29.6%</b>	<b>£525,000</b>	<b>£405,000</b>
Earnings per share	<b>+33.0%</b>	<b>15.70p</b>	<b>11.8p</b>
Net Asset value per share	<b>+10.5%</b>	<b>591p</b>	<b>535p</b>
Interim Dividend per share	<b>+10.0%</b>	<b>5.5p</b>	<b>5.0p</b>

Property income for the half-year increased significantly over the same period last year to £962,000 (2015 - £860,000), reflecting the additional rental stream from our recent acquisition at Lichfield as well as from the refurbished units at Chessington. We also benefitted from rent increases from re-let properties and uplifts on contractual rent reviews. As a result operating income at £702,000 (2015 - £555,000), and pre-tax profit of £525,000 (2015 - £405,000) are both substantially higher compared to the same period last year. We also benefitted from lower property costs, which in the previous year had included the cost of holding and refurbishing certain vacant properties and from administrative costs being held at the same level as last year.

As mentioned in my statement accompanying last year's annual report in June 2016, we exchanged contracts to acquire four trade counter units in Lichfield and the transaction was completed shortly before the Annual General Meeting using both our own cash resources together with an additional facility from our bankers of £1.34 million. The units are in one of Lichfield's main business and employment areas and are well placed for trunk, local road and rail links. The units are well let to established national chains. The acquisition price was £1.95m and the units generate gross rental income of £134,250 giving a net initial yield of 6.9%.

At the Beaver Industrial Estate, Liphook, in Hampshire we have now successfully let the two units that were vacant when we purchased the Estate. The tenant is a long established business on the Estate currently occupying two small units which they have outgrown. As a consequence of this move, they intend to surrender the two smaller units that they occupy to us, for which we already have interest from a local business operating off the Estate.

In addition, we have seen other developments, such as at Basingstoke the deferral of the tenant's break option on two leases and at Midhurst where we took a surrender of the existing lease and granted a ten year lease to a new tenant at an enhanced rent. These premises are located in the main shopping street and the new tenant has invested substantially in refurbishing the premises which have recently reopened for business.

In my statement accompanying the Annual Report and Accounts, I mentioned the planning permission obtained in March 2016 on the Quarrywood Industrial Estate at Aylesford for five additional units as well as changes to improve traffic flow within the site and security. We continue to keep the viability of this possible scheme under active review in the light of the costs of development and anticipated tenant demand. I hope to be able to report further at the end of the year.

At the time of writing, the portfolio is 99% let and we have collected over 99% of the rental income due for the current quarter commencing 29 September 2016.

Over the past two years, in the light of the Company's financial performance, we have been able to increase significantly both the interim and the final dividends. As a consequence of the excellent performance reported above, I am pleased to say that the Directors have decided to pay an increased interim dividend of 5.5p per share (2015 – 5.0p). The interim

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dividend will be paid on 23rd December 2016 to those Shareholders on the register on 25th November 2016. As always, this increase should not be taken as any indication that the final dividend will also be raised and it will be important to assess the position following the year end in the light of the economic situation and market outlook at that time.

Since I wrote to you in June the UK has voted to leave the European Union and we have a new Government which is committed to “Brexit”. This inevitably adds a new aspect to economic uncertainty which is already affected by many other factors in the UK, across Europe and indeed worldwide. Many of the predictions about the adverse impact of a vote for “Brexit” on the UK economy have – at least so far – proved to be wrong and the UK economic performance data since the referendum has so far remained remarkably positive. The critical issue for us, as with most businesses, is the impact on the real economy – manufacturing and service industries - and on business and consumer confidence. At the time of writing, the direction for interest rates remains unclear although there is a growing consensus that an upward movement is probable whilst the timing of such a move remains uncertain.

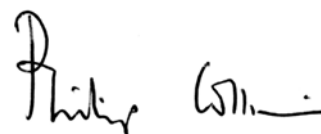
We remain positive in our outlook, tempered with a degree of caution. We have a good portfolio of tenants ranging from the Government through large international companies to many small and medium-sized businesses. We have a record of building long-term relationships with our tenants and keeping in close contact with them so that we fully understand their needs. We will continue to manage the portfolio to increase its strength and diversity as we have done successfully over recent years.

We continue to receive reports of intermittent, but regular, waves of unsolicited telephone approaches to shareholders about their investments in which the caller mentions individual holdings, such as Wynnstay Properties. These approaches are highly likely to come from fraudsters and I would urge caution in responding to such calls. Wynnstay’s website ([www.wynnstayproperties.co.uk](http://www.wynnstayproperties.co.uk)) includes a warning and a link to other information about unsolicited approaches regarding shares on the Financial Conduct Authority’s website.

Terry Nagle’s appointment as Director expires at next year’s Annual General Meeting and he has advised that he wishes to retire after 19 years on the Board and so will not be standing for re-election. An appreciation of his contribution will be given in the next Annual Report and I hope that many shareholders will also think that it would be appropriate to attend the Annual General Meeting to thank him and wish him well. To find a replacement for Terry will not be easy, to which end we are using a firm of specialist search consultants and I hope that we will be in a position to make an announcement before the end of our current financial year in March 2017.

We have for many years held our Annual General Meeting at the Royal Automobile Club in Pall Mall. This venue will not be available to us in 2017 due to a planned significant refurbishment taking place at the Club. This has caused us to reflect on other venues and facilities as well as the associated costs. Next year’s Annual General Meeting will take place on **Thursday 13th July 2017** at a venue to be announced. Whilst refreshments will be offered prior to the meeting it is not practicable to offer a buffet lunch following the meeting as we have in the past. Nevertheless, I would like to encourage shareholders to attend the meeting as it 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. The high levels of participation in formal voting at our meetings through proxies lodged by shareholders who are unable to attend is a positive sign of interest in its affairs and its future but it is always better to have the opportunity to meet and talk to shareholders individually at such meetings.

Finally, on behalf of the Board, I send Christmas Greetings to all shareholders together with our best wishes for 2017.



Philip G.H. Collins  
Chairman

17th November 2016

**WYNNSTAY PROPERTIES PLC**  
**INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2016**

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**1. STATEMENT OF COMPREHENSIVE INCOME**

	<b>Unaudited</b>		<b>Audited</b>
	<b>Six months ended</b>		<b>Year ended</b>
	<b>29th September</b>	<b>29th September</b>	<b>25th March</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Property Income	962	860	1,778
Property Costs	(38)	(84)	(122)
Administrative Costs	<u>(223)</u>	<u>(221)</u>	<u>(462)</u>
	<b>702</b>	<b>555</b>	<b>1,194</b>
Movement in fair value of:			
Investment Properties			946
Profit on Sale of Investment Property			127
Operating Income	<u>702</u>	<u>555</u>	<u>2,267</u>
Investment Income	2	2	4
Finance Costs	<u>(180)</u>	<u>(152)</u>	<u>(320)</u>
Income before Taxation	<b>525</b>	<b>405</b>	<b>1,951</b>
Taxation	<u>(101)</u>	<u>(84)</u>	<u>(155)</u>
Income after Taxation	<u><b>423</b></u>	<u><b>321</b></u>	<u><b>1,796</b></u>

The company has no other items of comprehensive income

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**2. STATEMENT OF FINANCIAL POSITION**

	Unaudited 29th September 2016 £'000	Unaudited 29th September 2015 £'000	Audited 25th March 2016 £'000
<b>Non Current Assets</b>			
Investment Properties	27,296	24,495	25,230
Investments	3	3	3
	27,299	24,498	25,233
<b>Current Assets</b>			
Accounts Receivable	258	273	319
Cash and Cash Equivalents	996	920	1,383
	1,256	1,192	1,702
<b>Current Liabilities</b>			
Accounts Payable	(911)	(902)	(941)
Income Taxes Payable	(281)	(309)	(180)
	(1,191)	(1,212)	(1,121)
<b>Net Current Assets/Liabilities</b>	64	(19)	581
<b>Total Assets</b>	27,363	24,479	25,814
<b>Non-Current Liabilities</b>			
Bank Loans Payable	(11,319)	(9,967)	(9,972)
Deferred Tax Payable	(3)	(3)	(3)
	(11,322)	(9,967)	(9,975)
<b>Net Assets</b>	16,041	14,511	15,839
<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	15,482	13,952	15,280
	16,041	14,511	15,839

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**3. STATEMENT OF CASHFLOW**

	Unaudited		Audited
	Six months ended		Year ended
	29th September 2016 £'000	29th September 2015 £'000	25 March 2016 £'000
<b>Cashflow from operating activities</b>			
Income before taxation	525	405	1,951
Adjusted for:			
Amortisation of deferred finance costs			9
(Increase) in fair value of investment properties	–	–	(946)
Interest income	(2)	(2)	(4)
Interest expense	180	147	320
Profit on disposal of investment properties	–	–	(127)
Changes in:			
Trade and other receivables	15	191	171
Trade and other payables	9	(146)	(146)
Income taxes paid		–	(197)
Interest paid	(180)	(150)	(320)
Net cash from operating activities	<u>547</u>	<u>445</u>	<u>711</u>
<b>Cashflow from investing activities</b>			
Interest and other income received	2	2	4
Purchase of investment properties	(2,066)	(2,705)	(2,739)
Sale of investment properties	–	–	362
Net cash from investing activities	<u>(2,064)</u>	<u>(2,703)</u>	<u>(2,373)</u>
<b>Cashflow from financing activities</b>			
Dividends paid	(222)	(212)	(347)
Repayments on bank loans			
Drawdown on bank loans	1,352	2,340	2,342
Net cash used in financing activities	<u>1,130</u>	<u>2,129</u>	<u>1,995</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(387)</b>	<b>(128)</b>	<b>333</b>
Cash and cash equivalents at beginning of period	1,383	1,049	1,050
Cash and cash equivalents at end of period	<u>996</u>	<u>920</u>	<u>1,383</u>

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**4. STATEMENT OF CHANGES IN EQUITY**

**UNAUDITED SIX MONTHS ENDED 29TH SEPTEMBER 2016**

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 26th March 2016	789	205	1,135	(1,570)	15,280	15,839
Total comprehensive income for the period	–	–	–	–	423	423
Dividends – note 7	–	–	–	–	(222)	(222)
Balance at 29th September 2016	<b>789</b>	<b>205</b>	<b>1,135</b>	<b>(1,570)</b>	<b>15,481</b>	<b>16,041</b>

**UNAUDITED SIX MONTHS ENDED 29TH SEPTEMBER 2015**

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 26th March 2015	789	205	1,135	(1,570)	13,831	14,390
Total comprehensive income for the period	–	–	–	–	321	321
Dividends – note 7	–	–	–	–	(212)	(212)
Balance at 29th September 2015	789	205	1,135	(1,570)	13,950	14,511

**AUDITED YEAR ENDED 25TH MARCH 2016**

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 26th March 2015	789	205	1,135	(1,570)	13,831	14,390
Total comprehensive income for the year	–	–	–	–	1,796	1,796
Dividends – note 7	–	–	–	–	(347)	(347)
Balance at 25th March 2016	789	205	1,135	(1,570)	15,280	15,839



## WYNNSTAY PROPERTIES PLC

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2016

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#### 5. 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 2016 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 2016 and 29th September 2015 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 2016 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 2016 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.

## **6. DIVIDENDS**

<b>Period</b>	<b>Payment Date</b>	<b>Per share (pence)</b>	<b>Amount absorbed £'000</b>
6 months to 29th September 2016	23rd Dec 2016	5.5	151
6 months to 29th September 2015	18th Dec 2015	5.0	135
Year ended 25th March 2016	22nd July 2016	8.2	222

## **7. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing income after taxation attributable to Ordinary Shareholders of £423,000 (2015: £321,000) by the weighted average number of 2,711,617 ordinary shares in issue during the period (2015: 2,711,617). There are no instruments in issue that would have the effect of diluting earnings per share.



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