



Wynnstay Properties PLC - WSP Half-year Report
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Wynnstay Properties PLC
14 November 2019

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WYNNSTAY PROPERTIES PLC
("Wynnstay" or the "Company")

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH
SEPTEMBER 2019**

Chairman's Statement

I am pleased to report to you on an excellent set of financial results at Wynnstay for the period ending 29th September 2019 during which, as further described below, we completed three transactions for the portfolio and made preparations for forthcoming functional changes.

The financial results may be summarised as follows:

		2019	2018
Property Income	+11.2%	£1,188,000	£1,068,000
Operating Income	+11.3%	£843,000	£757,000
Income before Taxation	+82.4%	£1,072,000	£588,000
Earnings per share	+99.6%	35.1p	17.6p
Net Asset Value per share	+9.2%	830p	760p
Interim Dividend per share	+7.1%	7.5p	7.0p

Property Income for the half-year rose by over 11% compared to the same period last year to £1,188,000 (2018 - £1,068,000) with a similar percentage increase in Operating Income at £843,000 (2018 - £757,000). This is a very creditable result, particularly given the income foregone at Basingstoke and at Chessington as a result of the decisions by our tenants there to exercise break options of which I have advised you in previous statements. On the other hand, compared to last year, we have benefitted from a full half-year's income from our new investment at

Petersfield Trade Park, which we acquired just over a year ago, and on which I reported this time last year.

Pre-tax Profit of £1,072,000 (2018 - £588,000) almost doubled compared to the same period last year, reflecting two successful disposals from the portfolio which delivered profits on sale of £440,000, whereas there were no disposals in the same period last year.

In late August, we announced that, following negotiations under the previously reported lease and option to purchase arrangement with our tenant at Basingstoke, we had completed the sale of the property to the tenant for £1,775,000. This realised a revised pre-tax profit, after costs, of £372,000. Although the process for the sale became extended due to the planning permission required by the purchaser, the outcome for Wynnstay was extremely satisfactory so the wait was worthwhile.

During the half-year, having successfully sold most of our property in St Neots for redevelopment last year, of which you are aware from previous statements, we sold the remaining unit there to our tenant realising a pre-tax profit, after costs, of £68,000.

In late September, we announced the purchase for £1,840,000 of a property adjoining our existing 18-unit industrial estate at Lake Road, Quarry Wood, Aylesford, Kent. The property was constructed at a similar time and to a similar specification as our estate and has been occupied by a longstanding tenant as a single, secure industrial unit, with an extensive yard, for many years. The current lease runs until 24th December 2023 and the passing rent is £76,000 per annum subject to an outstanding upward-only rent review effective from 25th December 2018. Wynnstay will retain the benefit of any increased rent from that date following settlement of the rent review and has taken over responsibility for the rent review negotiations.

We had been interested for some time in adding this property to our excellent investment in Aylesford. As with our acquisition of last year in Petersfield, it makes good commercial sense to acquire adjoining assets where we have an existing significant and well-established presence and can see continuing growth and/or development opportunities.

The total acquisition cost at Aylesford of approximately £1.95 million, which includes stamp duty and other acquisition costs, was funded from the Company's existing cash resources, enhanced from the Basingstoke sale, and borrowing facilities with Handelsbanken.

As noted in the interim financial accounts, following this acquisition our borrowings from Handelsbanken now stand at £12.5 million (2018 - £13.5 million).

It will be recalled that in September 2018 we acquired a development site, with planning permission for three units, next to our trade counter estate at Petersfield. As reported in my statement in June, we decided to make a new planning application using a slightly different and more up-to-date design and configuration that we consider improves the appearance and maximises the use of the units for tenants. As with the Basingstoke property, the planning process became rather protracted. However, I am pleased to report that we finally received permission for the development just before the end of this half-year and are currently progressing the next stages to prepare for the development. In the meantime, we continue the negotiation of agreements for leases with prospective tenants for two of the three units.

As regards the small vacant site at the Beaver Industrial Estate at Liphook, I explained in my statement in June that we were advised to withdraw our original application. After taking further expert planning advice and discussions with the planning authorities, we expect to submit a new application shortly.

In my statement in June, I updated you on the position in relation to our Chessington property where the tenant exercised a break option in relation to two of the three units in June. Since then, we have concluded satisfactory dilapidations negotiations with the former tenant of the vacated units. These units are now being actively marketed, both individually and together and also with the possibility of an assignment or a new lease of the third unit, which presently remains let until June 2021. While there has been interest from a variety of prospective tenants in all or parts of the property, we have yet to receive firm offers for leases.

At the time of writing, the portfolio is 94% let and we have collected all rental income due for the current quarter commencing 29th September 2019.

In the light of the financial results, I am pleased to say that the Board has decided to pay an increased interim dividend of 7.5p per share (2018 - 7.0p) on 20th December 2019 to those Shareholders on the register on 22nd November 2019. Any future increases will, of course, depend on our financial results and our assessment of future prospects in the light of economic conditions.

Just before the end of the half-year, we announced changes to the Board and to our finance and company secretarial functions as a result of Toby Parker, Finance Director and Company Secretary, advising us of his wish to retire. Following discussions, he resigned as a Director and as Company Secretary with effect from 30th September 2019 and agreed to be available as a consultant until 30th October 2019 in order to effect a smooth handover to his successors.

Toby's twelve years with Wynnstay have witnessed great changes in our property portfolio and substantial growth in value for shareholders. I would like to express my thanks to him for his contribution over that period.

In reviewing our present and future needs, and taking account of the part-time nature of our requirements, we decided to implement a number of changes to the finance and company secretarial functions to ensure that Wynnstay continues to have an efficient structure and appropriate skills and resources for the size and nature of its business.

We appointed The FD Centre Limited, a specialist provider of part-time finance director services to small and medium-sized ("SME") businesses, to perform these services for Wynnstay from 1 October 2019. Wynnstay will be working directly with Alan Palmer B.Bus.Sc., a Chartered Accountant and a Principal at The FD Centre Limited. Alan has extensive experience of the commercial property sector, with former senior roles in finance, treasury and corporate finance in quoted property companies and now pursues a portfolio career in finance and advisory roles for a number of SME businesses.

We appointed Susan Wallace FCIS as Company Secretary from 1st October 2019. Susan is a Chartered Secretary and a founding partner of Bruce Wallace Associates Limited, a specialist provider of company secretarial and compliance services to SME businesses and quoted companies, which will provide her services to Wynnstay.

Both Alan Palmer and Susan Wallace will report directly to the Board to ensure an effective and dynamic management framework that will continue to deliver growth in long-term shareholder value.

In each statement, I draw the attention of shareholders to the risk of "share scams", arising from unsolicited telephone calls or online offers or approaches. Such calls, offers and approaches typically come from fraudsters and I urge shareholders to be vigilant. Wynnstay's website (www.wynnstayproperties.co.uk) includes a warning and a link to other information about unsolicited calls on the Financial Conduct Authority's website.

Next year's Annual General Meeting will be held at 150 Aldersgate Street, London EC1A 4AB on **Tuesday 14th July 2020 at 11.30 a.m.** As this year, refreshments

will be offered prior to the meeting. Please note the date in your diaries now and try to make arrangements to attend the meeting. While we are pleased that a high proportion of our shareholders take the trouble to vote at our meetings through proxies, we welcome the opportunity to meet with and talk to our shareholders.

Finally, on behalf of the Board, I thank you for your interest in and support for Wynnstay, which in the case of many shareholders is longstanding. I wish all shareholders a peaceful Happy Christmas and convey our best wishes for 2020.

Philip

G.H. Collins
14th November 2019
Chairman

1. STATEMENT OF COMPREHENSIVE INCOME

	Unaudited		Audited
	Six months ended		Year ended
	29th	29th	25th
	September	September	March
	2019	2018	2019
	£'000	£'000	£'000
Property Income	1,188	1,068	2,216
Property Costs	(46)	(50)	(81)
Administrative Costs	(299)	(261)	(544)
Operating Income	843	757	1,591
Movement in fair value of			
Investment Properties	-	-	771
Profit on Sale of Investment Property	440	-	280
	1,283	757	2,642
Investment Income	1	2	3
Finance Costs	(212)	(171)	(399)
Income before Taxation	1,072	588	2,246
Taxation	(119)	(111)	(318)
Income after Taxation	953	477	1,928

The company has no other items of comprehensive income.

2. STATEMENT OF FINANCIAL POSITION

	Unaudited 29th September 2019 £'000	Unaudited 29th September 2018 £'000	Audited 25th March 2019 £'000
Non-Current Assets			
Investment Properties	35,519	33,593	33,695
Investments	3	3	3
	<u>35,522</u>	<u>33,596</u>	<u>33,698</u>
Current Assets			
Accounts Receivable	108	194	157
Cash and Cash Equivalents	882	871	959
	<u>990</u>	<u>1,065</u>	<u>1,116</u>
Assets held for sale	-	1,300	1,400
	<u>990</u>	<u>2,365</u>	<u>2,516</u>
Current Liabilities			
Accounts Payable	(728)	(1,174)	(1,178)
Income Taxes Payable	(352)	(322)	(232)
	<u>(1,080)</u>	<u>(1,496)</u>	<u>(1,410)</u>
Net Current Assets	<u>(90)</u>	<u>869</u>	<u>1,106</u>
Total Assets Less Current Liabilities	35,432	34,467	34,804
Non-Current Liabilities			
Bank Loans Payable	(12,500)	(13,500)	(12,500)
Deferred Tax Payable	(421)	(346)	(421)
	<u>(12,921)</u>	<u>(13,846)</u>	<u>(12,921)</u>
Net Assets	<u>22,511</u>	<u>20,621</u>	<u>21,883</u>
Share Capital	789	789	789
Capital Redemption Reserve	205	205	205
Share Premium Account	1,135	1,135	1,135
Treasury shares	(1,570)	(1,570)	(1,570)
Retained Earnings	<u>21,952</u>	<u>20,062</u>	<u>21,324</u>
	<u><u>22,511</u></u>	<u><u>20,621</u></u>	<u><u>21,883</u></u>

3. STATEMENT OF CASHFLOW

	Unaudited Six months ended		Audited Year ended
	29th September 2019 £'000	29th September 2018 £'000	25th March 2019 £'000
Cashflow from operating activities			
Income before taxation	1,072	588	2,247
Adjusted for:			
Increase in fair value of investment properties	-	-	(771)
Interest income	(1)	(2)	(3)
Interest expense	212	171	398
Profit on disposal of investment properties	(440)	-	(280)
Changes in:			
Trade and other receivables	49	613	651
Trade and other payables	(451)	99	102
Cash generated from operations	<u>441</u>	<u>1,469</u>	<u>2,344</u>
Income taxes paid	-	-	(222)
Interest paid	(212)	(171)	(398)
Net cash from operating activities	<u>229</u>	<u>1,298</u>	<u>1,724</u>
Cashflow from investing activities			
Interest and other income received	1	2	3
Purchase of investment properties	(1,952)	(4,823)	(4,924)
Sale of investment properties	1,970	-	950
Net cash from investing activities	<u>19</u>	<u>(4,821)</u>	<u>(3,971)</u>
Cashflow from financing activities			
Dividends paid	(325)	(298)	(488)
Drawdown on bank loans	2,000	3,260	3,260
Repayment of bank loans	(2,000)	-	(1,000)
Net cash from financing activities	<u>(325)</u>	<u>2,962</u>	<u>1,772</u>
Net (decrease)/increase in cash and cash equivalents	(77)	(563)	(475)
Cash and cash equivalents at beginning of period	959	1,434	1,434
Cash and cash equivalents at end of period	<u>882</u>	<u>871</u>	<u>959</u>

4. STATEMENT OF CHANGES IN EQUITY

UNAUDITED SIX MONTHS ENDED 29TH SEPTEMBER 2019

	Share Capital £'000	Capital Redemption Reserve £'000	Share Premium Account £'000	Treasury Shares £'000	Retained Earnings £'000	Total £'000
Balance at 26 March 2019	789	205	1,135	(1,570)	21,324	21,883
Total comprehensive income for the period	-	-	-	-	953	953
Dividends	-	-	-	-	(325)	(325)

Balance at 29 September 2019	789	205	1,135	(1,570)	21,952	22,511
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UNAUDITED SIX MONTHS ENDED 29TH SEPTEMBER 2018

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 26 March 2018	789	205	1,135	(1,570)	19,884	20,443
Total comprehensive income for the period	-	-	-	-	477	477
Dividends	-	-	-	-	(299)	(299)
Balance at 29 September 2018	789	205	1,135	(1,570)	20,062	20,621

AUDITED YEAR ENDED 25TH MARCH 2019

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 26 March 2018	789	205	1,135	(1,570)	19,884	20,443
Total comprehensive income for the year	-	-	-	-	1,928	1,928
Dividends	-	-	-	-	(488)	(488)
Balance at 25 March 2019	789	205	1,135	(1,570)	21,324	21,883

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 2019 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 6 months periods ended 25th September 2019 and 25th September 2018 have not been audited and the auditors have not reported on or reviewed these interim financial statements. The information for the year ended 25th March 2019 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, leasehold investment properties are included at the reporting date at fair value, and are not depreciated.

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 is recognised on a straight line basis over the period of the lease. Revenue is measured at the fair value of the consideration received and the company reflects any rent-free period as and when it has been taken at the outset of the lease rather than accounting for the lease incentives over the term of the lease. Lease deposits are held in separate designated deposit accounts. 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 statement of 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.

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 the statement of comprehensive income.

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 deposits and highly liquid investments (usually 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 25th March 2019 has been extracted from the latest published audited financial statements.

Pensions

Pension contributions towards an employee's pension plan are charged to the statement of comprehensive income as incurred. The pension plan is a defined contribution scheme.

6. DIVIDENDS

Period	Payment Date	Per share (pence)	Amount absorbed £'000
6 months to 29th September 2019	21st Dec 2019	7.50	203
6 months to 29th September 2018	17th Dec 2018	7.00	190
Year ended 25th March 2019	19th July 2019	12.00	325

7. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing income after taxation attributable to Ordinary Shareholders of £953,000 (2018 - £477,000) by the weighted average number of 2,711,617 (2018 - 2,711,617) ordinary shares in issue during the period excluding shares held in treasury. There are no options and no instruments in issue that would have the effect of diluting earnings per share.

For further information please contact:**Wynnstay Properties Plc:**

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