

RNS Final Results

Annual Report, AGM Notice & Proposed Share Buyback

WYNNSTAY PROPERTIES PLC

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The information communicated within this announcement is deemed to constitute inside information for the purposes of the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement, this information is considered to be in the public domain.

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

AUDITED RESULTS FOR YEAR ENDED 25 MARCH 2022 AND NOTICE OF AGM

CIRCULAR RELATING TO PROPOSED AUTHORITY TO PURCHASE ORDINARY SHARES, APPROVAL OF A WAIVER UNDER RULE 9 OF THE TAKEOVER CODE AND NOTICE OF GENERAL MEETING

Wynnstay Properties PLC is pleased to announce its audited final results for the year ended 25 March 2022 and that it proposes to seek from shareholders authority for the Company to purchase up to 406,742 Ordinary Shares ("Share Buyback") and approval of a waiver under Rule 9 of the Takeover Code ("Rule 9 Waiver").

The Annual Report and Financial Statements and the circular relating to the Share Buyback and Rule 9 Waiver ("the Circular") are available on its website www.wynnstayproperties.co.uk and will shortly be posted to those shareholders who have elected to receive documents by post, when a further announcement will be made.

The Company's Annual General Meeting ("AGM") will be held on Tuesday 19 July 2022 and the General Meeting relating to the Share Buyback and Rule 9 Waiver will be held immediately following the AGM. Details of the arrangements for both meetings are set out in the notices of meeting in the Annual Report and Financial Statements and the Circular.

For further information please contact:

Wynnstay Properties plc

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WH Ireland Limited (Nominated Adviser and Broker):

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LEI number is 2138006MASI24JYW5076.

For more information on Wynnstay visit: www.wynnstayproperties.co.uk

WYNNSTAY PROPERTIES PLC

AUDITED RESULTS FOR YEAR ENDED 25 MARCH 2022

The financial information set out in this announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. Accordingly pursuant to section 435(2), this announcement does not include the auditor's report on the statutory accounts.

However the financial information for the year ended 25 March 2022 contained in the announcement is taken directly from the statutory accounts for that year. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The statutory accounts for the year ended 25 March 2021 have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The statutory accounts for the year ended 25 March 2022 have not yet been delivered to the Registrar of Companies. The 2022 accounts will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The Annual Report and Financial Statements, including the Notice of Annual General Meeting, are available on the Company's website www.wynnstayproperties.co.uk and will shortly be posted to those shareholders who have elected to receive documents by post, when a further announcement will be made.

This announcement was approved by the Board on 15 June 2022.

WYNNSTAY PROPERTIES PLC

CHAIRMAN'S STATEMENT

I am delighted to report on another highly successful year and excellent financial performance for Wynnstay shareholders.

Before my usual commentary on the year, I would like to draw shareholders' attention to the new section in the Annual Report that precedes this statement. This Introduction to Wynnstay describes Wynnstay's distinctive approach to commercial property investment primarily for private shareholders and provides information both on the Company's performance and its share price performance over time. I will explain the reasons for this new section later and I hope that shareholders will find it informative.

Returning now to the past year, Wynnstay's financial performance is summarised in the following overview table.

Overview of financial performance

| | Change | 2022 | 2021 |
|--|--------|------------|------------|
| • Rental Income | 5.2% | £2,252,000 | £2,140,000 |
| • Net Property Income | (1.3%) | £1,569,000 | £1,590,000 |
| • Operating Income | 70.0% | £7,581,000 | £4,459,000 |
| • Income before Taxation | 77.9% | £7,202,000 | £4,048,000 |
| • Earnings per share | 48.3% | 199.8p | 134.7p |
| • Dividends per share, paid and proposed | 7.1% | 22.5p | 21.0p |

| | | | |
|-----------------------------|--------------|--------|-------|
| • Net asset value per share | 19.3% | 1,090p | 911p |
| • Loan to value ratio | | 25.5% | 29.4% |
| • Gearing ratio | | 21.8% | 32.4% |

Portfolio

Rental income increased by 5.2% to £2,252,000 compared to the prior year (2021: £2,140,000).

In addition to rents, income in the form of dilapidations from outgoing tenants and other property related receipts of £56,000 was received. This income is lower than the prior year (2021: £298,000), which reflected other receipts over an extended period as explained in last year's Annual Report.

As in previous years there has been extensive property management activity within the portfolio leading to positive outcomes on various lease renewals, rent reviews and new lettings. The portfolio currently comprises 77 tenancies in 83 premises at 15 separate locations. The principal focus during this year has been at Beaver Industrial Estate at Liphook and on the completion and letting of our development at Petersfield.

At Liphook, the main highlights were the refurbishment and letting of one unit to a longstanding tenant of other units on the estate. The tenant also extended the lease of the other units they occupy as part of the transaction. The medium-term letting of two other recently vacated units together with the adjacent development site for use as associated storage space for an infrastructure project were also completed. The lettings of all three units were at significantly higher rents to those previously received. In addition, we completed the renewal of leases on five other units at Liphook.

At Petersfield, our development of Parkers Trade Park 2 was completed within budget and with only a slight delay to the project plan. This delay resulted from difficulties experienced by our contractor in obtaining materials and from construction workers being absent as a result of Covid, both being common problems experienced within the construction industry. The lettings of two of the three attractive modern units to Screwfix and Toolstation were completed in early December 2021 and the third letting to Easy Bathrooms was completed in early February 2022. The three tenants completed their fitting out promptly and have been trading for some months. The property will become fully income-producing in the current financial year on expiry of initial rent-free periods and is a substantial positive addition to our portfolio.

At our largest asset, Quarry Wood Industrial Estate at Aylesford, we were able to build on the successful activities on which I reported last year. Here we let one unit to a new tenant at an increased rent without any void period or rent-free period being granted and also completed two lease renewals.

Elsewhere in the portfolio we completed lease renewals or lease extensions at Lichfield, Norwich and Heathfield and welcomed a new tenant at Lewes.

As reported at the half-year, the tenant of our office building at Surbiton decided not to renew the lease. Although the longstanding tenant undertook the dilapidations required under the lease, it was clear that the property would require substantial further updating and refitting to meet the latest standards. As a consequence we marketed the property for both sale as well as to rent. I am pleased to report that we were able to secure a sale, which completed within a few weeks of the property being vacated, at a price of £2.65 million. This resulted in a gross profit of £150,000 and a net profit of £125,000 after sales costs and taxation, compared to the book value in our 2021 accounts.

At the end of the year, the portfolio was 100% let and there were no arrears or bad debts.

The successful outcome from management activities during the year is reflected positively in the annual revaluation of the portfolio discussed in the following section.

Portfolio Valuation

Our Independent Valuers, BNP Paribas Real Estate, undertook the annual revaluation as at 25 March 2022 valuing the Company's portfolio at £38,975,000. This represents a 23.7% increase of £7,470,000 on the valuation as at 25 March 2021, adjusted for the sale of St James House, Surbiton. During the year capitalised development costs of £1,583,000 were incurred to complete the construction of Parkers Trade Park 2 at Petersfield.

Significant factors in the increase in the portfolio valuation this year are the inclusion of the completed development at Petersfield, now valued substantially above our total development costs, the impact of increased rents, new or extended leases in the portfolio negotiated over the year and higher values being realised for comparable industrial property assets reflecting the strength of the market for this type of investment.

The annual valuation is undertaken under accounting standards for use in our financial statements in accordance with RICS Global Standards and values each property as a separate asset on the basis of a sale of that property in the open market. Therefore the valuation does not take account of any additional value that might be realised if the portfolio were to be offered on the open market or any other special factors that may be relevant in the case of individual potential purchasers, such as sales to other property investors, existing tenants or adjoining owners.

Profits and Costs

Profits for the year are represented in the three net income lines of our Statement of Comprehensive Income.

Net property income, before the fair value adjustment of investment properties, property sales and taxation, for the year was similar to the previous year at £1,569,000 (2021: £1,590,000).

Operating income after the fair value adjustment and property sales before taxation rose to £7,581,000 (2021: £4,459,000).

The combined result is income before taxation for the year of £7,202,000 (2021: £4,048,000).

Our policy of exercising tight control over administrative costs has continued to be effective. Property costs were significantly lower than in the prior year at £125,000 (2021: £255,000) as we did not incur either substantial void costs or refurbishment expenditure prior to relettings.

Finance, Borrowings and Gearing

At the year-end, we held cash of £3.5 million (2021: £2.0 million), our borrowings were unchanged at £10.0 million (2021: £10.0 million) and net gearing was 21.8% (2021: 32.4%).

Our cash position remained positive throughout the year, although fluctuating, as costs were incurred on the Petersfield development and the proceeds of sale of the Surbiton property were received towards the end of the year. The substantial reduction in net gearing reflects our cash position, the positive result of the annual revaluation and the sale of the Surbiton property.

As anticipated in last year's Annual Report, in December 2021 we drew down under our new five year £10 million facility with Handelsbanken PLC and were able to fix the interest rate at 3.61%, slightly above the rate under the previous facility (2021: 3.35%). In addition, in December 2021 we completed the refinancing of our Revolving Credit Facility at an increased limit of £5 million (2021: £3.5 million).

Hence at the year end Wynnstay had a very healthy financial position. In addition to our available cash balance and positive cash flow from our property activities, our £5m revolving credit facility remained undrawn.

Dividend

Over recent years we have sought to pursue a progressive dividend policy that aims to provide shareholders with a rising income commensurate with Wynnstay's underlying growth and finances.

In the light of the excellent results for the year, the Board recommends a final dividend of 14.0p per share (2021: 13.0p). An interim dividend of 8.5p per share (2021: 8.0p) was paid in December 2021. Hence, the total dividend for this year of 22.5p per share (2021: 21.5p) represents an increase of 7.1% on the prior year.

Over the past five years, dividends have increased by 28.6% from 17.5p to 22.5p.

Subject to shareholder approval, the final dividend will be paid on 27 July 2022 to shareholders on the register at the close of business on 1 July 2022.

Appointment of new Auditors and Nominated Advisers

As reported at the half-year, we have appointed Nexia Smith & Williamson as our new auditors and WH Ireland Limited as our Nominated Adviser and Corporate Broker.

With these financial statements, Nexia Smith & Williamson have completed their first audit and I am pleased to report that the audit was well planned, progressed very smoothly and was completed in accordance with the agreed timetable and at lower cost than last year. Nexia Smith & Williamson have subsequently changed their name to CLA Evelyn Partners Limited and are referred to as CLA Evelyn Partners Limited throughout the remainder of this report. Shareholders will be invited to approve the reappointment of CLA Evelyn Partners Limited at the Annual General Meeting.

We have established an excellent working relationship with our new nominated advisers, WH Ireland Limited, who have provided significant initial advice and guidance to us in the past few months.

Shareholder Matters

In last year's statement I noted that we were aware that the liquidity in the market for Wynnstay shares can be relatively thin, with only small volumes being traded and involving large spreads (the difference between the bid and offer prices). I indicated that we would be reviewing ways in which this issue might be addressed and how the marketability of Wynnstay shares can be improved generally. I invited shareholders with views on this subject to express them and said that we also expected to engage with our shareholder base directly to seek opinions.

As reported in November, we engaged with a number of shareholders, large and small, on an informal basis, over the summer and autumn and intended to continue this process and that we would reflect further on the position over the following months

and discuss with WH Ireland Limited, what steps, if any, it might be appropriate to consider. Every shareholder will have their own reasons for buying, selling or continuing to hold investments, including Wynnstay shares, and these reasons will change from time to time according to their personal circumstances.

As a quoted company Wynnstay has a small, and rather unusual, share register on which there are under 250 accounts, a significant number of which are connected through family relationships. Shareholders are private investors rather than funds or institutions and, in the main, are long-term holders. A number of holdings have been in the same families for a long time, in some cases since the Company's formation in 1886, passing from generation to generation. As these holders tend not to sell shares, although they may occasionally either sell or acquire further shares, they do not necessarily see liquidity and marketability of Wynnstay shares as an issue. These long-term investors provide stability and continuity within the shareholder base.

One consequence of this share register structure is that the volume and proportion of Wynnstay shares traded in the market is less than for many quoted companies where share registers are larger and holdings are more dispersed. Fewer Wynnstay shares tend to be available to trade and then only usually in modest quantities. At times this can create frustration among investors seeking to buy shares, whether for the first time or to add to their holdings. Frustration may also arise from the size of the "spread" and the high discount to net asset value of the share price. However both these features also arise in other, much larger, quoted property companies. Some new investors may also be deterred from a holding in Wynnstay in case it cannot easily be realised in the future, if and when the need arises.

The Board has concluded that there are four actions that would assist in improving the liquidity and marketability of Wynnstay shares.

First, to provide existing and potential investors with further succinct information on Wynnstay, its business and performance. This is now provided in the Introduction to Wynnstay below which describes Wynnstay's distinctive approach as a small quoted specialist property company with a private investor shareholder base.

Secondly, to demonstrate Wynnstay has performed well for its investors, both against its objectives and relative to other quoted property companies, in the medium to long-term. The tables and chart set out in the Introduction to Wynnstay below show Wynnstay's corporate and property portfolio performance over five years as well as the performance of its share price compared to the FTSE 350 Real Estate Investment Trusts Index over the past ten years. The Company specific information demonstrates, in the Board's view, the benefits of Wynnstay's distinctive approach and the share price comparison shows that Wynnstay's share price has substantially outperformed the quoted property company market in the long-term.

Thirdly, in the light of the generally limited market in the Company's shares on AIM and the discount of the share price to declared net asset value per share, which has typically been up to 25% in recent years, it is important for all shareholders that the Company has an authority to purchase its own shares. This is so that the Company can act as a purchaser in the market where it is appropriate, and in the interests of shareholders generally, to do so. Other quoted property and investment companies, as well as other quoted companies, use share buybacks on a routine basis to enhance earnings and net asset value per share. Where shares are bought back dividends cease to be payable, thus conserving cash in the business and benefitting continuing shareholders; and the shares bought back can either be cancelled or can be held in treasury for reissue.

The Board considers that in appropriate circumstances the purchase by the Company of its own shares would represent a good use of its available cash resources, and, by increasing earnings and net asset value per share, would assist in maximising shareholder value. The present intention would be to hold any shares bought back in treasury so that they are available for reissue where there is market demand for shares or to facilitate individual property acquisitions.

Fourthly, the Board considers that it would also assist in Wynnstay's future development if authority continued to be granted by shareholders to issue a limited number of shares without first offering them to existing shareholders. If the authority is used, it would give Wynnstay flexibility, for instance, to issue shares for small fundraisings which might support a larger acquisition and allow the issue of shares as part consideration on individual property acquisitions to vendors, where the vendors wish to retain an interest in a broader portfolio of assets in a quoted company. Bringing in new investors with an interest in commercial property and in Wynnstay's distinctive approach to the share register would broaden the shareholder base and support its future development.

Authority to buy back shares through market purchases

Shareholders last granted authority to the Board for the Company to buy back shares through market purchases over ten years ago. This resulted in the purchase of 443,500 shares in 2010. Authority to buy back shares was also granted in 2011. No shares were purchased under that authority and it has not been sought in following years.

Authority to buy back shares requires the approval by resolution of shareholders, other than those who hold or are part of a Concert Party holding more than 30% of the shares and following a recommendation of the Independent Directors. As I, and my immediate family, have substantial holdings and have been deemed by the Takeover Panel to be members of a Concert Party, we cannot participate in the vote on any resolution put to shareholders.

A circular approved by the Independent Directors explaining and seeking approval of the proposed authority to make market purchases of the Company's shares and of an exemption under Rule 9 of the City Code on Takeovers and Mergers is being issued to shareholders.

Authority to issue shares without pre-emption rights

For a number of years at Annual General Meetings, Shareholders have granted authority to the Board to issue shares without first offering them to existing shareholders. This authority has been limited to 5% of the issued share capital. As explained above, the Board considers that there may be situations in relation to the future acquisition of properties, where the authority may continue to be useful. Hence, we are again seeking shareholder approval of a resolution at the AGM to enable this.

Outlook

After emerging from the difficulties created by four years of uncertainty resulting from the UK leaving the European Union followed by nearly two years of the Covid-19 pandemic we are now faced with the prospect of a war in Europe and trade disruption arising from the Russian invasion of Ukraine. Inflation is rising sharply in the UK, putting real pressure on business costs and household incomes with consequent potential impacts on the economy.

The Board considers that Wynnstay has entered this further period of uncertainty in a very healthy position. We have an excellent property portfolio which should continue to grow unless there is significant disruption caused by external events beyond our control or the UK economy suffers a significant downturn which affects the ability or willingness of businesses to invest or of consumers to spend. Government measures to support business and assist consumers in addressing the challenges will be vital.

The Board is encouraged by the progress that has been made over recent years in continuing to improve the quality and value of the assets in the portfolio. Shareholders should bear in mind that the commercial property market is cyclical and that asset values can move up and down over time as a result. On the other hand, Wynnstay has always adopted a cautious and realistic approach in valuing our assets and to the management and development of the business. As noted above, our annual revaluation is undertaken for accounting purposes and values our individual assets, not the portfolio as a whole.

Colleagues and Advisers

Our Managing Director, Paul Williams, and our finance and company secretarial colleagues have continued to work effectively to deliver for shareholders. I would like to thank them, as well as my colleagues on the Board and our professional advisers, for their support over the year.

In recognition of the excellent financial results for shareholders, the Board has determined that Paul Williams should receive a bonus for the financial year of £35,000.

Shareholding Enquiries

From time to time we receive enquiries from shareholders with questions about their shareholdings or about buying or selling Wynnstay shares or transferring them, typically to relatives.

All enquiries about shareholdings, including changes of address and bank details and about such transfers of shares, should be directed to our Registrars, Link Group, whose details are available on the Company's website.

As regards buying or selling shares, this can be carried out by registering the holding online with our Registrars, Link Group, via their secure share portal www.signalshares.com, which also enables shareholdings to be managed quickly and easily. Shares can, of course, also be bought and sold in the usual way through a stockbroker or an online platform.

Annual General Meeting

The AGM provides an important and valued opportunity for the Board to engage with shareholders. For the last two years, it has not been possible to convene the meeting in the normal way due to the Covid-19 pandemic and, with great reluctance, we held our meeting with restricted attendance and urged shareholders to cast votes by proxy.

Now that the pandemic restrictions and measures are behind us, I am pleased to say that our AGM this year will be held at **2.30pm on Tuesday 19 July 2022 at the Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS**. The Notice of Meeting is to be found at the end of this Annual Report.

The Annual General Meeting will be followed by a General Meeting for the purposes set out in the Notice of Meeting and the circular mentioned above.

Shareholders who have registered for Link services online can also benefit from the ability to cast their proxy votes electronically, rather than by post. Shareholders not already registered for Link services online will need their investor code, which can be found on their share certificate or dividend tax voucher, in order to register.

To maximise shareholder engagement, shareholders who are unable to attend the AGM are encouraged to submit in writing those questions that they might have wished to ask in person at the meeting. Questions should be emailed to company.secretary@wynnstayproperties.co.uk at least 48 hours in advance of the AGM. You will receive a written response

and, if there are common themes raised by a number of shareholders, we aim to provide a summary for all shareholders, grouping themes and topics together where appropriate, on the Company's website following the AGM.

Finally, on behalf of the Board, I would like to thank all shareholders in Wynnstay, whether they have held shares for many years or have recently acquired their shares, for demonstrating their confidence in the Company and its future.

Philip Collins
Chairman
15 June 2022

INTRODUCTION TO WYNNSTAY

A distinctive approach to commercial property investment primarily for private investors

Wynnstay is an AIM listed property investment and development business. Its principal shareholders are private investors wishing to invest in a portfolio of good quality secondary commercial properties for medium to long-term capital and income growth. The portfolio is currently focused on industrial, including trade counter, units.

Strategy

Wynnstay aims to achieve capital appreciation and generate rising dividend income for shareholders from a diversified and resilient commercial property portfolio in Central and Southern England, with diversity and resilience being reflected in the location, number and nature of the properties, and the mix of lease terms, tenants and uses.

For location, the focus is on areas where there is strong occupational demand. While many tenants have been in occupation for a considerable time, where a tenant leaves, voids can be managed and relettings can be achieved.

The majority of properties are multi-let, resulting in a number of individual tenancies in most locations, reducing exposure to any single tenant and risk of loss of rental income in the case of defaults and voids.

Leases are mainly for terms of five years or more with relatively few short-term agreements (two years or less), and usually with upward only rent reviews based on market rates. Flexibility in addressing tenant needs and requirements generally mean that the terms agreed result in a mutually beneficial outcome for both parties.

Tenants comprise a broad spread of occupiers, also reducing risk exposure: national and local government, international businesses, national trading chains and regional and local businesses. Uses include manufacturing and services; storage and distribution; and trade counter and out-of-town retail.

Active direct management and close engagement and constructive business relationships with tenants, together with refurbishment and selective development over time, underpin capital value and increase income.

Managed for shareholders

The portfolio is directly, rather than externally, managed. Finance and administrative operations are largely outsourced to external providers to meet specific needs. All report to the Board, the majority of whom are non-executive directors.

Management remuneration comprises salary and, where appropriate, a cash bonus. Wynnstay does not offer incentive schemes, such as share plans, share options or share bonuses.

As a result both management and the Board are focused on Wynnstay's performance for the benefit of shareholders, operational costs are closely controlled and dilution of shareholders' investment and potential conflicts of interest are minimised.

Incremental growth

The portfolio has been built incrementally, with opportunities being taken to dispose of assets as and when the time is appropriate and to reinvest in assets that offer better long-term returns.

This is achieved gradually over time, without the need for deal-driven activity in pursuit of corporate or portfolio expansion.

Funding

Wynnstay adopts a prudent, pragmatic approach to funding. Investments are funded in part by retained profits and recycling capital receipts from disposals and in part from borrowings, the majority at a fixed rate and held at a modest loan-to-value level, from an experienced and supportive property lender. This provides security at times of uncertainty in debt markets.

Valuation

Properties are valued on a cautious basis, based upon professional advice from expert external valuers, recognising that commercial property is a cyclical market that can exhibit significant upward and downward movements over time and that steadiness and progression are most likely to be in shareholders' interests.

Wynnstay on AIM

Wynnstay's shares were quoted on its AIM introduction in 1995 at a mid-market price of 150p. On the day prior to the approval of this report, the mid-market price was 660p, an increase of 340%. The dividend paid in 1995 was 4p per share. The dividend paid for the current year will be 22.5p per share, an increase of 462%.

Performance

Wynnstay's distinctive approach has delivered on its strategy over both the medium and long term. Shareholders have benefitted from substantial increases in net asset value per share and dividends as the portfolio and its management have delivered strong results.

Corporate Performance

| Year Ended 25 March | Increase 2018- 2022 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---------------------------|---------------------------|--------|-------|-------|-------|-------|
| | | pence | pence | pence | pence | pence |
| Net Asset Value per share | 44.6% | 1,090p | 911p | 792p | 807p | 754p |
| Dividends per share | 28.6% | 22.5p | 21.0p | 15.0p | 19.0p | 17.5p |

Portfolio Performance

| Year ended 25 March | Increase 2018-2022 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-----------------------|--------|--------|--------|--------|--------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Property Income | 5.8% | 2,308 | 2,438 | 2,271 | 2,216 | 2,182 |
| Rental Income | 3.2% | 2,252 | 2,140 | 2,271 | 2,216 | 2,182 |
| Portfolio Value | 29.6% | 38,975 | 34,005 | 34,260 | 35,095 | 30,070 |
| | | % | % | % | % | % |
| Loan-to-value ratio | | 25.5% | 29.4% | 36.5% | 35.6% | 34.1% |
| Gearing ratio | | 21.8% | 32.4% | 52.2% | 52.7% | 43.1% |
| Occupancy at year-end | | 100% | 99% | 94% | 100% | 100% |
| Rent Collection for year | | 100% | 99%* | 100% | 100% | 100% |
| Operating Costs/Income | | 32.0% | 34.8% | 30.3% | 28.2% | 30.6% |
| Operating Costs/Portfolio Value | | 1.9% | 2.5% | 2.0% | 1.8% | 2.2% |
| | | years | years | years | years | years |
| Weighted average unexpired lease term: | | | | | | |
| - to lease break | | 3.0 | 2.8 | 3.6 | 2.8 | 3.1 |
| - to lease expiry | | 4.4 | 4.5 | 4.8 | 4.2 | 4.1 |

* Excludes rent concessions of £29,000 granted to tenants as a result of the Covid-19 pandemic.

Share Price Performance

Although Wynnstay is quoted on AIM, and therefore is not a constituent of the FTSE 350 Real Estate Investment Trusts Index, the index contains a good cross-section of quoted property companies of various forms, all much larger than Wynnstay. Wynnstay's share price relative to the FTSE 350 Real Estate Investment Trusts Index is shown in the chart below. Wynnstay's share price has substantially outperformed the index over the ten-year period.

WYNNSTAY PROPERTIES PLC

STRATEGIC REPORT 2022

The Directors present their Strategic Report for the year ended 25 March 2022.

Following the adoption by the Company of the Quoted Company Alliance Corporate Governance Code (the Code) certain matters required by the Code to be included in the Annual Report are now addressed in this report, the Directors' Report or the Corporate Governance Report with cross-references provided where appropriate. The three reports should be read together with the Introduction to Wynnstay, the Chairman's Statement and the additional information required by the Code published on the Company's website.

Business, Business Model, Strategy and Future Development

Wynnstay is a long-established, successful property investment and development company. Its business, business model, strategy and future development are described in the Introduction to Wynnstay and the Chairman's Statement.

Financial Objectives and Performance Indicators

The key financial objectives for the Company are to achieve capital appreciation and generate rising dividend income for shareholders from a diversified and resilient commercial property portfolio as described in the Introduction to Wynnstay and the Chairman's Statement which also contain details of performance against selected indicators.

The Directors consider that the Company's performance against the indicators to be creditable. As a result of changes made to the portfolio, including disposals of two significant properties in the past two financial years and a development project, rental income has been relatively stable for a period while active management, close engagement with tenants and favourable market conditions have all contributed to the substantial increase in net asset value per share.

Risks, Uncertainties and Effective Risk Management

The principal risks and uncertainties are those associated with the commercial property market, which is cyclical by its nature and include changes in the supply and demand for space and investor demand for commercial property assets as well as the inherent risk of tenant failure. In the latter case, the Company seeks to reduce this risk by requiring the payment of rent deposits when considered appropriate and monitoring the income exposure to any tenant contributing more than 2% of total rental income on a quarterly basis.

Other risk factors include changes in legislation in respect of taxation and the obtaining of planning consents, as well as those associated with financing and treasury management including interest rate risk. The Company's financial risk management policies can be found at Note 19 of the financial statements.

In common with all other business activities, the Company is exposed to many of the usual risks and uncertainties arising from commercial, economic and political circumstances and events, as well as to unpredictable external shocks, such as the Covid pandemic and the invasion of Ukraine by Russia. Among the principal risks and uncertainties considered are:

- Significant potential income reduction and bad debts as tenants have difficulty in maintaining rent payments and potential voids within the portfolio arising from tenant failures, resulting in additional costs;
- Significant potential impacts on the economy and market sentiment generally capable of adversely affecting the commercial property market and commercial property values;
- Significant potential disruption to the businesses of letting agents, property professionals and the general services on which the business relies;
- Significant potential impacts of inflation on costs, of supply chain constraints for raw materials and construction products and of labour market constraints on any developments or works it may undertake.

The Company carefully vets prospective new tenants from a credit risk perspective. Bad debts are mitigated by close engagement with businesses within a diversified mix of tenants across the portfolio.

The Board monitors carefully its rental income receipts. The Company received all the rental income due for the financial year ended 25 March 2022 and the portfolio was 100 % let by rental value as at 25 March 2022.

The Board regularly reviews the portfolio, including feedback from engagement with tenants, in order to assess the risk of tenant failures.

Directors' duty to promote the success of the Company under Section 172 Companies Act 2006

The Strategic Report is required to include a statement that describes how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duty under section 172. Some of the matters identified in Section 172(1) are already covered by similar provisions in the QCA Corporate Governance Code and have thus been reported by the Company in the Corporate Governance Statement, the Corporate Governance Report and the QCA Statement of Compliance on our website. In order to avoid unnecessary duplication, the relevant parts of those documents are identified below and are to be treated as expressly incorporated by reference into this Strategic Report.

Under section 172 (1) of the Companies Act 2006, each individual Director must act in the way he considers, in good faith, would be the most likely to promote the success of the Company for benefit of its members as a whole, and in doing so have regard (among other matters) to six matters detailed in the section.

In discharging their duties, the Directors seek to promote the success of Wynnstay for the benefit of members as a whole and have regard to all the matters set out in Section 172(1), where applicable and relevant to the business, taking account of its size and structure and the nature and scale of its activities in the commercial property market. The following paragraphs address each of the six matters in Section 172(1) (a) to (f).

(a) The likely consequences of any decision in the long term: The commercial property market is cyclical by nature. Investing in commercial property is a long-term business. The decisions that we take must have regard to long term consequences in terms of success or failure and managing risks and uncertainties. We cannot expect that every decision we take will prove, with the benefit of hindsight, to be the best one: external factors may affect the market and thus change conditions in the future, after a decision has been taken. However, we consider that our record of decisions on acquisitions, disposals and active management of the portfolio is very strong. This is reflected in the long-term performance of Wynnstay over the years in terms of net asset value and dividends paid to shareholders.

(b) The interests of the Company's employees: We have only one full time employee, who is the Managing Director. He sits on the Board with the Non-Executive Directors. There are no other employees.

(c) The need to foster the Company's business relationships with suppliers, customers and others: We have regularly reported in our annual reports on the constructive relationships that Wynnstay seeks to build with its tenants and the mutual benefits that this brings to both parties; and we have extended this reporting in recent years following Principle 3 of the QCA Code to include suppliers and others. This is therefore addressed under Principle 3 in the QCA Compliance Statement. In the past year, it has been vital to foster our business relationships with tenants given external factors affecting business and the economy.

(d) The impact of the Company's operations on the community and the environment: This is also addressed under Principle 3 of the QCA Code in the QCA Compliance Statement. Due to its size and structure and the nature and scale of its activities, the Board considers that the impact of Wynnstay's operations as a landlord on the community and the environment is low. Wynnstay's assets are used by its tenants for their own operations rather than by Wynnstay itself. In the past year, Wynnstay has not been made aware of any tenant operations that have had a significant impact on the community or the environment. In relation to planned developments, Wynnstay seeks to ensure that designs and construction comply with all relevant environmental standards and with local planning requirements and building regulations so as not to adversely affect the community or the environment.

(e) The desirability of the Company maintaining a reputation for high standards of business conduct: This is addressed under Principle 8 of the QCA Code in the Corporate Government Statement and in the QCA Compliance Statement. The Board considers that maintaining Wynnstay's reputation for high standards of business conduct is not just desirable: it is a valuable asset in the competitive commercial property market.

(f) The need to act fairly as between members of the Company: Wynnstay has only one class of shares. Thus all shareholders have equal rights and, regardless of the size of their holding, every shareholder is, and always has been, treated equally and fairly. Relations with shareholders are further addressed under Principles 2, 3 and 10 of the QCA Code in the Corporate Governance Report and the QCA Compliance Statement. We continue to review how we communicate with shareholders and we encourage shareholders to adopt electronic communications and proxy voting in place of paper documents where this suits them as well as to raise questions in writing if they are unable to attend annual general meetings.

This Strategic Report was approved by the Board and is signed on its behalf by:

Philip Collins

Director

15 June 2022

WYNNSTAY PROPERTIES PLC

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT

As Chairman, it is my responsibility, working with my fellow Board colleagues, to ensure that good corporate governance arrangements and standards apply within the Company.

Our corporate governance structure has evolved over many years since we became one of the first companies admitted to AIM in 1995. We have adopted and adapted practices and procedures to promote good governance that are considered appropriate for a company of Wynnstay's size and structure and the nature and scale of its activities. We have strived, as the business has grown and changed, for continual improvement making changes in recent years, for instance, in management information flows and risk management reviews.

In September 2018, the Company adopted the Quoted Companies Alliance (QCA) Corporate Governance Code (the Code). The Code is constructed around ten broad principles, which are set out in the Corporate Governance Report.

At Wynnstay, we apply the principles of the Code to the extent reasonable and practicable for a company of our size and structure and the nature and scale of our activities, recognising the flexibility that lies within the Code so that it is neither a bureaucratic, box-ticking exercise nor results in unnecessary, inappropriate or burdensome processes and procedures.

So, for instance, we do not see the need in a company of this size with one full-time employee, the Managing Director, for separate remuneration and audit committees, where the functions undertaken typically by those committees can be fully and properly carried out by the Non-Executive Directors working formally as a group to consider remuneration and the audit plan, process and outcome. We have used individual and group review and self-assessment suited to our small size and structure, rather than formal external Board and individual performance reviews. During the financial year the Board conducted a further evaluation of its performance through a self-assessment process. The results are described under Principle 7 of the Code in the Corporate Governance Report. The evaluation has provided further useful insight into the work of the Board over the past year and focus for the next year.

Our Statement of Compliance has been reviewed and updated concurrently with the preparation of this Annual Report and will be placed on the website together with the index to signpost the location of disclosures required by the Code.

The Board acknowledges that a corporate culture based on sound ethical values and behaviours is an asset and provides competitive advantages in the commercial property market where competition is intense and prospective and existing tenants are seeking good quality premises that are suited to their needs from a considerate, reliable landlord. Wynnstay aims to conduct its business with a high degree of professionalism, to operate within appropriate professional standards and legal and regulatory requirements and to act with honesty and integrity in a manner that gives confidence to those with whom it deals.

I consider that Wynnstay's governance structures and processes are in line with its corporate culture, and are appropriate to its size and structure, the nature and scale of its activities and its capacity, appetite and tolerance for risk and thus I consider them to be "fit-for-purpose". They have evolved over time in parallel with its objectives, strategy and business model and are suitable for the Company's growth plans in the short to medium term and I, with my colleagues on the Board, continue to keep them under review and to make changes where required.

Philip Collins
Chairman
15 June 2022

WYNNSTAY PROPERTIES PLC

CORPORATE GOVERNANCE, AUDIT AND REMUNERATION REPORTS

Introduction

This report is presented by reference to each of the ten principles contained in the Quoted Companies Alliance (QCA) Corporate Governance Code (the Code) under a concise heading for each principle. Where the QCA recommends that a principle should be addressed in the Annual Report, we do so in this report, the Directors' Report or the Strategic Report with cross-references provided where appropriate. The three reports should be read together with the Chairman's Statement and the additional information required by the Code published on the Company's website, including the Statement of Compliance. Where the Code recommends that a principle should be addressed on the Company's website, this report refers to the principle only and signposts to the website, including to the Statement of Compliance. The index required by the Code to signpost where the disclosures required by the Code are located forms part of the Statement of Compliance. For reasons explained below this report covers audit and remuneration matters as well as corporate governance.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

A description of the application of Principle 1 is recommended by the Code to be included in the annual report and by company law is required to be included in the Strategic Report. We therefore deal with Principle 1 in that report.

Principle 2: Seek to understand and meet shareholder needs and expectations

A description of the application of Principle 2 is recommended by the Code to be included on a company's website. We therefore deal with Principle 2 in the Statement of Compliance on the Company's website.

Principle 3: Take into account wider stakeholder and social responsibilities and implications for long-term success

A description of the application of Principle 3 is recommended by the Code to be included on the Company's website. We therefore deal with Principle 3 in the Statement of Compliance on the Company's website.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

A description of the application of Principle 4 is recommended by the Code to be included in the annual report. Under company law, the Directors' Report must include a description of financial risk management objectives and policies and information on exposure to price risk, credit risk, liquidity risk and cash flow risk and the Strategic Report must include a description of the principal risks and uncertainties facing a company. We therefore deal with Principle 4 in these reports.

Principle 5: Maintain the board as a well-functioning, balanced team, led by the Chair

A description of the application of Principle 5 is recommended by the Code to be included in the annual report. The information given below should be read together with the additional information required by the Code to be given under Principles 6, 7, 8 and 9 provided in this report, elsewhere in this Annual Report and in the Statement of Compliance on the Company's website, as recommended by the Code.

The Code requires the identification of those directors who are considered to be independent and a description of the time commitment required from directors including the number of meetings of the Board, and of any committees, during the year, together with the attendance record of each Director.

The Board comprises one executive, the Managing Director, and four Non-Executive Directors, including the Chairman. The Board considers that all the Non-Executive Directors are independent. The biographies of the all the Directors are available on the Company's website.

Philip Collins, the Non-Executive Chairman, has been a Director since 1988 and became Chairman in 1998. He has become a significant shareholder, having decided to invest over this period, to demonstrate his confidence in Wynnstay's long-term prospects. He has always placed the interests of all shareholders, and Wynnstay's long term success, at the centre of his chairmanship, as evidenced by his actions and reports to shareholders. His knowledge of the business and of shareholders, and his experience in both the private and public sectors, are all valuable to the Board's deliberations. There is no evidence that his tenure or his shareholding has had any adverse impact on his independent judgement.

Charles Delevingne has served as a Non-Executive Director since June 2002. Notwithstanding the length of his service, Mr Delevingne continues to demonstrate his commitment to fulfilling his role as a Non-Executive Director, providing direction on business strategy and advice on business operations using his skills and experience in commercial property. He is not involved in the daily management of the Company, nor in any relationships or circumstances that might give rise to a conflict of interest or interfere with his exercise of independent judgment. In addition, he continues to demonstrate the attributes of an independent non-executive director and there is no evidence that his tenure has had any adverse impact on his independent judgment.

Paul Mather and Caroline Tolhurst were appointed to the Board in March 2017 and were deemed independent on appointment and remain so. They are both Chartered Surveyors and have many years of experience in commercial property and property investment management as well as, in the case of Caroline Tolhurst, in corporate governance through her qualification and experience as a Company Secretary.

The Non-Executive Directors are expected to devote such time as is necessary for the proper performance of their duties. Overall, the Non-Executive Directors, other than the Chairman, are expected to spend a minimum of 10 working days a year on the Company's business. In practice, after taking account of around 6 or 7 scheduled Board meetings a year, preparation time, site visits and other requirements mentioned below, 12-18 days per annum would be typical. The Chairman typically spends the equivalent of 25-30 working days per annum on the Company's business. The following table shows directors' attendance at Board meetings, including ad hoc meetings, in the financial year ended 25 March 2022.

| Director | Board meetings |
|--------------------|----------------|
| Philip Collins | 13/13 |
| Paul Williams | 13/13 |
| Charles Delevingne | 13/13 |
| Paul Mather | 13/13 |
| Caroline Tolhurst | 13/13 |

In addition to these meetings, all the Directors took part in two strategy discussions, three non-executive Directors met as the Audit Committee to review and approve various audit-related matters and documents, and two Directors also took part in Board sub-committee meetings authorised to approve the final texts of documents or transactions on behalf of the Board.

In view of the Company's size and nature, the Board does not consider that the establishment of formal Board committees, such as a Remuneration Committee, a Nomination Committee or an Audit Committee, is appropriate. Reports of the Non-Executive Directors' consideration of Remuneration and Audit matters are covered under Principle 10 below, as recommended by the Code.

In relation to nominations, these are managed by the Non-Executive Directors, or delegated to an ad hoc committee of them, who report with recommendations to the Board. The approach to succession planning and appointments is addressed, as recommended by the Code, under Principle 7 in the Statement of Compliance on the Company's website.

Principle 6: Ensure that between them directors have the necessary up-to-date experience, skills and capabilities

The application of Principle 6 is recommended by the Code to be included in the annual report and is therefore included in this report, as well as elsewhere in this Annual Report, which should be read together with the information provided under Principles 5, 7, 8 and 9 in this report and on the Company's website.

The Code requires disclosure of the identity of each Director; the relevant experience, skills and personal qualities that each brings to the Board; how the Board as a whole contains the necessary mix of experience, skills and qualities and capabilities to deliver the strategy over the medium to long-term; how each director keeps his/her skill-set up-to-date; where external advisers have been engaged, their role and where external advice on significant matters has been obtained; and any internal advisory roles.

The names of the Directors and their experience, skills and capabilities are set out on the Company's website. Reference is also made to the information on each of the Non-Executive Directors given under Principle 5 above.

The Managing Director, Paul Williams, has many years of practical experience in property investment and management. The Board has engaged experienced professionals to manage accounting, financial and Company secretarial matters.

Alan Palmer, the Director of Finance, although not a Board Director, attends all Board meetings and advises the Board on accounting and financial matters. He has extensive experience of the commercial property sector, with former senior roles in finance, treasury and corporate finance in quoted property companies. His services are provided through The CFO Centre Limited, a specialist provider of part-time Finance Director services to small and medium sized enterprises (SMEs).

Susan Wallace FCIS, Company Secretary, 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. In her role, she is supported by other professionals in her company.

The Board considers that the experience and knowledge of each of the Directors and the experienced professionals is appropriate for the Company's current operations and strategy and gives them the ability to constructively challenge strategy, scrutinise performance and assess risk and to deliver the Company's strategy over the medium to long term.

Directors keep their skill sets up-to-date with a combination of attendance at industry events, individual reading and study and experience gained from other board roles. The Company Secretary is responsible for ensuring the Board is aware of any applicable regulatory changes and updates the Board as and when relevant. Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The Company calls on the services of specialist external advisers in the usual way for its day-to-day business needs.

The Chairman, Senior Independent Director, Company Secretary and Director of Finance, working in their respective roles and together, advise and support the Board as a whole, drawing on specialist external advisers where necessary.

Principle 7: Evaluating board performance based on clear and relevant objectives, seeking continuous improvement

The application of Principle 7 is recommended by the Code to be included in part in the annual report and in part on a company's website. The Company considers that it is convenient to deal with most of these matters in one place in this report.

After the end of each financial year, the Chairman usually holds a meeting with the Non-Executive Directors individually and as a group without the Managing Director. The Non-Executive Directors also meet annually without the Chairman to appraise the Chairman's performance. These meetings are intended to provide an opportunity for open dialogue on individual and collective performance and on any necessary changes required.

The Board carried out a further internal board evaluation based, as in the previous year, on the same set of questions typically used by smaller companies for this purpose. The Directors were asked to rate the Board's performance by providing a score, within a range of 0-5, and comments for each question as well as to suggest ideas to improve the working of the Board and to make comparisons with the previous year. The scores and comments were amalgamated into an anonymised results schedule, which was then considered by the Board. The total ratings and average scores for each question and all the comments submitted were reviewed.

The discussion of the results identified several areas of improvement from the previous year, notably in relation to oversight of effective risk management, the time devoted to long-term, new or emerging strategic issues and board processes where changes in the scheduling and content of Board meetings had contributed. Building on this, further areas of improvement identified in the evaluation included enhanced communications on routine matters between Board meetings, focusing greater Board time and discussion on important priority issues by improving reporting and agenda management and exploring more effective communications with shareholders. These actions are being taken forward in 2022.

The Board will carry out a similar evaluation exercise towards the end of the current financial year, which will include the effectiveness of the changes implemented. Given the size and nature of the Company's business, the Board currently does not consider it would be an appropriate use of cash resources to engage an external firm to undertake a formal evaluation although it will keep this under review.

The approach to succession planning and appointments is addressed, as recommended by the Code, under Principle 7 in the Statement of Compliance on the Company's website.

Principle 8: Promote a corporate culture based on ethical values and behaviours

The application of Principle 8 is recommended by the Code to be addressed in the Chairman's Corporate Governance Statement. Ensuring the means to determine that values and behaviours are recognised and respected is addressed, as recommended by the Code, under Principle 8 in the Statement of Compliance on the Company's website.

Principle 9: Maintain governance structures and processes that are fit-for-purpose, and support good decision making

A high-level explanation of the application of Principle 9 is recommended by the Code to be provided in the Chairman's Corporate Governance Statement.

The Code recommends that supplementary detail required by the Code (role and responsibilities of Directors, role of committees, matters reserved for the Board and plans for evolution of the governance framework) is addressed on the website and it is so addressed under Principle 9 in the Statement of Compliance on the Company's website.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The application of Principle 10 of the Code is recommended by the Code to be included in part in the annual report and in part on the website. The Company follows these recommendations and addresses the work of committees, including in relation to audit and remuneration and the identification and reasons for any non-publication of disclosures under the principles set out in the Code in this report.

The other matters, being the outcome of all general meeting votes and intended actions on and reasons for significant votes cast against resolutions, are shown on the Company's website, including under Principle 10 of the Statement of Compliance; and historical annual reports, notices and general meetings and other governance-related material are included on the Company's website.

Communication and dialogue with shareholders and other relevant stakeholders has already been addressed above in this report. The performance of the business during the last financial year is reviewed in detail in the Chairman's Statement, the Directors' Report and the Strategic Report and elsewhere in the Annual Report.

The Board considers that the existing communication and reporting structures allow open dialogue between shareholders and the Board and provide shareholders with a good understanding of the business.

The Code recommends the annual report to describe the work of committees and recommends inclusion in the annual report. As already mentioned above, the Board does not have formally constituted committees, with the Non-Executive Directors acting as a group in relation to audit and remuneration.

The following paragraphs report on the work of the Non-Executive Directors in relation to audit and remuneration matters in the year.

Audit Report

Following the appointment of Nexia Smith & Williamson (now re-named CLA Evelyn Partners Limited) as the Company's new auditor in November 2021, the Senior Independent Director and the Director of Finance met and discussed the audit with the auditor before the year-end and a draft Audit Planning Report prepared by the auditor was reviewed subsequently by the Board.

At the completion of the audit, the auditor presented its Audit Completion Report to the Non-Executive Directors before the Financial Statements were presented for Board approval. The discussions enabled the auditor to explain the proposed work and its outcome and the Non-Executive Directors to raise any issues. It is considered that the process worked well. The audit did not raise any material issues and the auditor was able to issue the audit report as scheduled and in the usual form.

Remuneration Report

The Directors currently determine remuneration, with the Non-Executive Directors determining the remuneration of the Executive Director and the Non-Executive Directors (other than the Chairman) determining the Chairman's remuneration. Directors' fees are determined by the whole Board. Details of the Directors' remuneration are set out in the Directors' Report.

It is the Company's policy that the remuneration of Directors should be commensurate with the services provided by them to the Company and should take account of published data on reasonable market comparables, where available and relevant to our situation.

The Non-Executive Directors met after the end of the financial year to review the performance of the Managing Director and determine the level of his remuneration and any bonus. Remuneration has been determined historically by reference to a mixture of publicly available remuneration studies relating to the relevant specialism and role, other AIM companies and a few private property companies. However, such information has become less readily available in recent years and may not in any event be applicable to our particular circumstances. Levels of bonus are determined by reference to the assessment of performance against objectives for the business. This process is necessarily subjective but is considered to deliver a reasonable result for the individual, the Company and its shareholders. For the year ended 25 March 2022, it was agreed that a bonus was payable for the year. Details of remuneration are disclosed in the Directors' Report.

Directors' fees are determined primarily by reference to the fees payable in other AIM quoted companies, with the level being set towards the lower end of the range. The Chairman's remuneration is set having regard to the commitment required to carry out the function and its responsibilities and having regard to the level of Directors' fees and, to some extent, comparables among other AIM companies.

This Report was approved by the Board and is signed on its behalf by:

Philip Collins

Director

15 June 2022

WYNNSTAY PROPERTIES PLC

REPORT OF THE DIRECTORS 2022

The Directors present their One Hundred and Thirty-Sixth Annual Report, together with the audited Financial Statements of the Company for the year ended 25 March 2022.

Following the adoption by the Company of the Quoted Company Alliance Corporate Governance Code (the Code) certain matters required by the Code to be included in the Annual Report are now addressed in this report, the Strategic Report or the Corporate Governance Report with cross-references provided where appropriate. The three reports should be read together with the Chairman's Statement and the additional information required by the Code published on the Company's website.

Business and Future Development

As the Code requires a description of the business, strategy and business model promoting long-term value for shareholders to be included in the Annual Report, and similar information is also required by company law to be included in the Strategic Report, these matters are dealt with in the Strategic Report.

Financial Objectives and Risks

As the Code requires a description of effective risk management systems to be included in the Annual Report and company law requires a description of financial risk management objectives and policies, information on exposure to risks and a description of the principal risks and uncertainties facing a company, these matters are all dealt with in the Strategic Report as well as in Note 1.3 of the financial statements.

Profit for the Year

The profit for the year after taxation amounted to £5,418,000 (2021: £3,653,000). Details of movements in reserves are set out in the statement of changes in equity.

Dividends

The Directors have decided to recommend a final dividend of 14p per share for the year ended 25 March 2022 payable on 27 July 2022 to those shareholders on the register at the close of business on 1 July 2022. This dividend, together with the interim dividend of 8.5p paid on 17 December 2021, represents a total for the year of 22.5p (2021: 21.5p).

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Corporate Governance Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors prepared the Company's financial statements in accordance with UK adopted International Financial Reporting Standards (IFRS). The Directors must only approve the financial statements if they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the reporting period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors

The Directors holding office during the financial year under review and their interests (including spouses, other related parties and non-beneficial interests, where applicable) in the ordinary share capital of the Company at 25 March 2022 and 25 March 2021 are shown below:

| | | Ordinary Shares of 25p | |
|-----------------|------------------------|-------------------------------|---------|
| | | 25.3.22 | |
| 25.3.21 | | | |
| P.G.H. Collins | Non-Executive Chairman | 850,836 | 850,836 |
| C.P. Williams | Managing Director | 11,612 | 11,612 |
| C.H. Delevingne | Non-Executive Director | 5,000 | 5,000 |

The interests shown above in respect of Mr. P.G.H. Collins include non-beneficial interests of 229,596 shares at 25 March 2022 and 2021.

Mr. C.P. Williams has a service agreement with the Company under which his employment is subject to six months' notice of termination by either party.

In accordance with the Company's Articles of Association, Mr Philip Collins and Mr Paul Mather retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

Biographies of each of the Directors are available on the Company's website.

Directors' Emoluments

Directors' emoluments for the year ended 25 March 2022 are set out below:

| | <u>Salaries</u> | <u>Fees</u> | <u>Pension</u> | <u>Benefits</u> | Total | |
|-------------------|------------------------|------------------------|-----------------------|----------------------|------------------------|---------------|
| | | | | | 2022 | 2021 |
| P.G.H. Collins | - | 43,500 | - | - | 43,500 | 42,500 |
| C.P. Williams | 168,000 | 16,250 | 13,300 | 7,330 | 204,880 | 195,746 |
| C.H. Delevingne | - | 16,250 | - | - | 16,250 | 15,850 |
| P. Mather | - | 16,250 | - | - | 16,250 | 15,850 |
| C.M. Tolhurst | - | <u>21,650</u> | - | - | <u>21,650</u> | <u>20,850</u> |
| Total 2022 | <u>£168,000</u> | <u>£113,900</u> | <u>£13,300</u> | <u>£7,330</u> | <u>£302,530</u> | |
| Total 2021 | <u>£159,000</u> | <u>£110,900</u> | <u>£12,900</u> | <u>£7,996</u> | <u>£290,796</u> | |

The above figures for 2022 include a discretionary bonus payment of £35,000 to Mr C.P. Williams being the amount determined by the Board to reflect his performance during that year. A discretionary bonus payment of £30,000 was paid to Mr Williams for the financial year ended 25 March 2021.

Directors' and Officers' Liability Insurance

The Company has maintained Directors' and Officers' insurance as permitted by the Companies Act 2006.

Interests in the Company's Shares

As at 15 June 2022, the Directors have been notified or are aware of the following interests (including spouses, other related parties and non-beneficial interests, where applicable, for both financial years), which are in excess of three per cent of the issued ordinary share capital of the Company, excluding shares held in treasury:

| | No. of Ordinary Shares of 25p | Percentage of Share Capital 2022 | Percentage of Share Capital 2021 |
|-----------------|--|---|---|
| P.G.H. Collins | 850,836 | 31.38% | 31.38% |
| G. J. Gibson | 272,192 | 10.04% | 10.04% |
| D. N. Gibson | 121,378 | 4.47% | 4.47% |
| Dr. G.L.A. Bird | 112,000 | 4.13% | 4.13% |
| J.V. Bird | 111,750 | 4.12% | 4.12% |

Going Concern

The Directors consider, as at the date of approving the financial statements, that there is reasonable expectation that the Company has adequate financial resources to continue to operate, and to meet its liabilities as they fall due for payment, for at least twelve months following the approval of the financial statements.

Internal Control

The Directors are responsible for the Company's system of internal financial control, which is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. In fulfilling these responsibilities, the Board has reviewed the effectiveness of the system of internal financial control. The Directors have established procedures for planning and budgeting and for monitoring, on a regular basis, the performance of the Company.

Statement as to Disclosure of Information to Auditors

Each of the persons who are Directors at the time when this report is approved has confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Auditor

BDO LLP resigned as the Company's auditor in November 2021, confirming that there were no matters relating to their ceasing to hold office that ought to be brought to members' attention, and Nexia Smith & Williamson were engaged in their place. Nexia Smith & Williamson have subsequently changed their name to CLA Evelyn Partners Limited. A resolution to appoint CLA Evelyn Partners Limited as the Company's auditor for the next financial year will therefore be proposed at the Annual General Meeting.

Annual General Meeting

The Notice of the Annual General Meeting, to be held on 19 July 2022, is set out at the end of the Annual Report.

By Order of the Board

Susan Wallace

Secretary

15 June 2022

WYNNSTAY PROPERTIES PLC

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 25 MARCH 2022

| | Notes | 2022 | 2021 |
|------------------------|--------------|--------------|--------------|
| | | £'000 | £'000 |
| Property Income | 2 | 2,308 | 2,438 |
| Property Costs | 3 | (125) | (255) |

| | | | |
|---|----|----------------|--------------|
| Administrative Costs | 4 | (614) | (593) |
| Net Property Income | | 1,569 | 1,590 |
| Movement in Fair Value of Investment Properties | 10 | 5,887 | 1,748 |
| Profit on Sale of Investment Property | | 125 | 1,121 |
| Operating Income | | 7,581 | 4,459 |
| Investment Income | 6 | - | 1 |
| Finance Costs | 6 | (379) | (412) |
| Income before Taxation | | 7,202 | 4,048 |
| Taxation | 7 | (1,784) | (395) |
| Income after Taxation | | 5,418 | 3,653 |
| | | | |
| Basic and diluted earnings per share | 9 | 199.8p | 134.7p |

The Company has no items of other comprehensive income.

WYNNSTAY PROPERTIES PLC

STATEMENT OF FINANCIAL POSITION 25 MARCH 2022

| | Notes | 2022 £'000 | 2021 £'000 |
|--|-------|------------------------|------------------------|
| Non-Current Assets | | | |
| Investment Properties | 10 | 38,975 | 34,005 |
| Investments | 12 | <u>3</u> | <u>3</u> |
| | | <u>38,978</u> | <u>34,008</u> |
| Current Assets | | | |
| Trade and other receivables | 14 | 301 | 342 |
| Cash and Cash Equivalents | | <u>3,491</u> | <u>2,001</u> |
| | | <u>3,792</u> | <u>2,343</u> |
| Current Liabilities | | | |
| Trade and other payables | 15 | (1,048) | (929) |
| Income Taxes Payable | | (284) | (249) |
| Bank Loans Payable | 16 | — | (10,000) |
| | | <u>(1,332)</u> | <u>(11,178)</u> |
| Net Current Assets / (Liabilities) | | <u>2,460</u> | <u>(8,835)</u> |
| Total Assets Less Current Liabilities | | 41,438 | 25,173 |
| Non-Current Liabilities | | | |
| Bank Loans Payable | 16 | (9,938) | - |
| Deferred Tax Payable | 17 | (1,953) | (461) |
| | | <u>(11,891)</u> | <u>(461)</u> |
| Net Assets | | <u>29,547</u> | <u>24,712</u> |
| Capital and Reserves | | | |
| Share Capital | 18 | 789 | 789 |
| Capital Redemption Reserve | | 205 | 205 |
| Share Premium Account | | 1,135 | 1,135 |

| | | |
|-------------------|---------------|---------------|
| Treasury Shares | (1,570) | (1,570) |
| Retained Earnings | <u>28,988</u> | <u>24,153</u> |
| | <u>29,547</u> | <u>24,712</u> |

| | | |
|---------------------------------|--------|------|
| Net Asset Value pence per share | 1,090p | 911p |
|---------------------------------|--------|------|

Approved by the Board and authorised for issue on 15 June 2022

June 2022

P.G.H. Collins

C.P. Williams

Director

Director

Registered number: 00022473

WYNNSTAY PROPERTIES PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 25 MARCH 2022

| | 2022 | 2021 |
|--|-----------------|-------------------|
| | £'000 | Restated £'000 |
| Cash flows from operating activities | | |
| Income before taxation | 7,202 | 4,048 |
| Adjusted for: | | |
| (Increase) in fair value of investment properties | (5,887) | (1,748) |
| Interest received | - | (1) |
| Interest paid | 379 | 412 |
| Profit on disposal of investment properties | (125) | (1,121) |
| Movement in dilapidations for property sold | - | 55 |
| Changes in: | | |
| Decrease/(increase) in trade and other receivables | 41 | (98) |
| Increase/(decrease) in trade and other payables | <u>153</u> | <u>(326)</u> |
| Cash generated from operations | 1,763 | 1,221 |
| Income taxes paid | (284) | (249) |
| Net cash used in operating activities | <u>1,479</u> | <u>972</u> |
| Cash flows from investing activities | | |
| Interest and other income received | - | 1 |
| Purchase of investment properties | (1,583) | (117) |
| Sale of investment properties | <u>2,618</u> | <u>3,187</u> |
| Net cash generated from investing activities | <u>1,035</u> | <u>3,071</u> |
| Cash flows from financing activities | | |
| Interest paid | (379) | (412) |
| Dividends paid | (583) | (419) |
| Drawdown of bank loans net of fees | 9,938 | - |
| Repayment of bank loans | <u>(10,000)</u> | <u>(2,500)</u> |
| Net cash used in financing activities | <u>(1,024)</u> | <u>(3,331)</u> |
| Increase in cash and cash equivalents | 1,490 | 712 |
| Cash and cash equivalents at beginning of period | <u>2,001</u> | <u>1,289</u> |
| Cash and cash equivalents at end of period | <u>3,491</u> | <u>2,001</u> |

2021 figures have been restated for the reclassification of Interest paid into Cash flows from financing activities.

WYNNSTAY PROPERTIES PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25 MARCH 2022

YEAR ENDED 25 MARCH 2022

| | Share Capital £'000 | Capital Redemption Reserve £'000 | Share Premium Account £'000 | Treasury Shares £'000 | Retained Earnings £'000 | Total £'000 |
|--|---------------------------|---|--------------------------------------|-----------------------------|-------------------------------|----------------|
| Balance at 26 March 2021 | 789 | 205 | 1,135 | (1,570) | 24,153 | 24,712 |
| Total comprehensive income for the year | - | - | - | - | 5,418 | 5,418 |
| Dividends - note 8 | - | - | - | - | (583) | (583) |
| Balance at 25 March 2022 | <u>789</u> | <u>205</u> | <u>1,135</u> | <u>(1,570)</u> | <u>28,988</u> | <u>29,547</u> |

YEAR ENDED 25 MARCH 2021

| | Share Capital £'000 | Capital Redemption Reserve £'000 | Share Premium Account £'000 | Treasury Shares £'000 | Retained Earnings £'000 | Total £'000 |
|--|---------------------------|---|--------------------------------------|-----------------------------|-------------------------------|----------------|
| Balance at 26 March 2020 | 789 | 205 | 1,135 | (1,570) | 20,919 | 21,478 |
| Total comprehensive income for the year | - | - | - | - | 3,653 | 3,653 |
| Dividends - note 8 | - | - | - | - | (419) | (419) |
| Balance at 25 March 2021 | <u>789</u> | <u>205</u> | <u>1,135</u> | <u>(1,570)</u> | <u>24,153</u> | <u>24,712</u> |

FUNDS AVAILABLE FOR DISTRIBUTION

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Retained Earnings | 28,988 | 24,153 |
| Less: Cumulative Unrealised Fair Value Adjustment of Property Investments net of tax | (12,996) | (7,967) |
| Treasury Shares | (1,570) | (1,570) |
| Distributable Reserves | <u>14,422</u> | <u>14,616</u> |

WYNNSTAY PROPERTIES PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25 MARCH 2022

Explanation of Capital and Reserves:

- **Share Capital:** This represents the subscription, at par value, of the Ordinary Shares of the Company.
- **Capital Redemption Reserve:** This represents money that the Company must retain when it has bought back shares, and which it cannot pay to shareholders as dividends: It is a non-distributable reserve and represents paid up share capital.
- **Share Premium Account:** This represents the subscription monies paid for Ordinary Shares of the Company in excess of their par value.

- **Treasury Shares:** This represents the total consideration and costs paid by the Company when purchasing the 443,650 shares as referred to in Note 18.
- **Retained Earnings:** This represents the profits after tax that can be used to pay dividends. However, dividends can only be paid from Distributable Reserves as detailed in the preceding table.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2022

1. BASIS OF PREPARATION, ACCOUNTING POLICIES AND ESTIMATES

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 AIM, part of The London Stock Exchange. The Company's registered number is 00022473.

1.1 Basis of Preparation

The financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards ("IFRS"). The financial statements have been presented in Pounds Sterling being the functional currency of the Company and rounded to the nearest thousand. The financial statements have been prepared under the historical cost basis modified for the revaluation of investment properties and financial assets measured at fair value through Operating Income.

(a) New Interpretations and Revised Standards Effective for the year ended 25 March 2022

The Directors have adopted all new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB and adopted by applicable law that are relevant to the operations and effective for accounting periods beginning on or after 26 March 2021;

- [Amendment to IFRS 16: Leases Covid 19-Related Rent Concessions](#)
- [IAS 37: Provisions, Contingent Liabilities and Contingent Assets](#)

The adoption of these interpretations and revised standards had no material impact on the disclosures and presentation of the financial statements.

(b) Standards and Interpretations in Issue but not yet Effective

The International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") have issued the below revisions to existing standards or new interpretations or new standards with an effective date of implementation after the period of these financial statements.

The following new amendment applicable in future periods has not been early adopted as it is not expected to have a significant impact on the financial statements of the Company:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective for accounting periods beginning on or after 1 January 2023).

(c) Going concern

The financial statements have been prepared on a going concern basis. This requires the Directors to consider, as at the date of approving the financial statements, that there is reasonable expectation that the Company has adequate financial resources to continue to operate, and to meet its liabilities as they fall due for payment, for at least twelve months following the approval of the financial statements.

The Directors have reviewed cash balances and borrowing facilities to cover at least twelve months of operations, including financing costs and continuation of employment and advisory costs as currently contracted without any reduction for cost saving initiatives. The results of the review show that the Company has cash and borrowing facilities to cover at least twelve months of operations, and that the Company will satisfy the financial covenant ratios in the borrowing facilities as described in Note 16. In addition, the Statement of Financial Position as at 25 March 2022 shows that the Company held a cash balance of £3.5m and net assets of £29.5m and had a low gearing ratio of 21.8%. In the light of the

foregoing considerations, the Directors consider that the adoption of the going concern basis is reasonable and appropriate.

1.2 Accounting Policies

Investment Properties

All the Company's investment properties are independently revalued annually and stated at fair value as at 25 March. The aggregate of any resulting increases or decreases are taken to operating income within the Statement of Comprehensive Income. The basis of independent valuation is described in Note 10.

Investment properties are recognised as acquisitions or disposals based on the date of contract completion.

Depreciation

In accordance with IAS 40, freehold investment properties are included in the Statement of Financial Position at fair value and are not depreciated.

The Company has no other plant and equipment.

Disposal of Investments

The gains and losses on the disposal of investment properties and other investments are included in Operating Income in the year of disposal. Gains and losses are calculated on the net difference between the carrying value of the properties and the net proceeds from their disposal.

Property Income

Property income is recognised on a straight-line basis over the period of the lease and is measured at the fair value of the consideration receivable. Lease deposits are held in separate designated deposit accounts and are thus not treated as assets of the Company in the financial statements. 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 substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years. Taxable profit differs from income before tax 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.

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 to Income after Taxation, including deferred tax on the revaluation of investment property.

Trade and Other Accounts Receivable

Trade and other receivables are initially measured at the operating lease measurement value and subsequently measured at amortised cost as reduced by appropriate allowances for expected credit losses. 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 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 and subsequently measured at amortised cost. All trade and other accounts payable are non-interest bearing.

Pensions

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

Borrowings

Interest rate borrowings are initially recognised at fair value, being proceeds received less any directly attributable transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Dilapidations

Dilapidations receipts are recognised in the Statement of Comprehensive Income when the right to receive them arises. They are recorded in revenue as other property income unless a property has been agreed to be sold whereby the receipt is treated as part of the proceeds of sale of the property. See Note 2.

1.3 Key Sources of Estimation Uncertainty and Judgements

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 which are revalued annually by the Directors having taken advice from the Company's independent external valuers, on the basis described in Note 10, as well as the judgement taken by the Directors as to whether a property is being held for sale.

There are no other judgemental areas identified by management that could have a material effect on the financial statements at the reporting date.

| 2. PROPERTY INCOME | 2022 | 2021 |
|---------------------------|---------------------|---------------------|
| | £'000 | £'000 |
| Rental income | 2,252 | 2,140 |
| Other property income | <u>56</u> | <u>298</u> |
| | <u>2,308</u> | <u>2,438</u> |

Rental income comprises rents earned and apportioned over the lease period taking into account rent free periods and rents received during the period. Other property income comprises unexpended dilapidations and miscellaneous income arising from the letting of properties.

| 3. PROPERTY COSTS | 2022 | 2021 |
|--------------------------|-------------------|-------------------|
| | £'000 | £'000 |
| Empty rates | 3 | 47 |
| Property management | <u>65</u> | <u>176</u> |
| | 68 | 223 |
| Legal fees | 34 | 21 |
| Agent fees | <u>23</u> | <u>11</u> |
| | <u>125</u> | <u>255</u> |

| 4. ADMINISTRATIVE COSTS | 2022 | 2021 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Rents payable - short term lease | 32 | 28 |
| General administration, including staff costs | 548 | 522 |
| Auditors' remuneration - audit fees CLA Evelyn Partners Limited (formerly Nexia Smith & Williamson) | 31 | - |
| Auditors' remuneration - audit fees BDO | - | 38 |
| Tax services - BDO | - | 5 |
| Tax services - Associate of Nexia Smith & Williamson | <u>3</u> | = |

| | | |
|---|--------------|--------------|
| | <u>614</u> | <u>593</u> |
| 5. STAFF COSTS | 2022 | 2021 |
| | £'000 | £'000 |
| Staff costs, including Directors' fees, during the year were as follows: | | |
| Wages and salaries | 289 | 278 |
| Social security costs | 34 | 32 |
| Other pension costs | <u>13</u> | <u>13</u> |
| | <u>336</u> | <u>323</u> |
| Further details of Directors' emoluments, totalling £302,530 (2021: £290,796), are shown in the Directors' Report. There are no other key management personnel. | | |
| | 2022 | 2021 |
| | No. | No. |
| The average number of employees, including Non-Executive Directors, engaged wholly in management and administration was: | <u>5</u> | <u>5</u> |
| The number of Directors for whom the Company paid pension benefits during the year was: | <u>1</u> | <u>1</u> |
| 6. FINANCE COSTS (NET) | 2022 | 2021 |
| | £'000 | £'000 |
| Interest payable and finance costs on bank loans | 379 | 412 |
| Less: Bank interest receivable | - | (1) |
| | <u>379</u> | <u>411</u> |
| 7. TAXATION | 2022 | 2021 |
| | £'000 | £'000 |
| (a) Analysis of the tax charge for the year: | | |
| UK Corporation tax at 19% (2021: 19%) | | |
| Total current tax charge | 292 | 249 |
| Deferred tax - temporary differences | <u>1,492</u> | <u>146</u> |
| Tax charge for the year | <u>1,784</u> | <u>395</u> |
| (b) Factors affecting the tax charge for the year: | | |
| Net Income before taxation | <u>7,202</u> | <u>4,048</u> |
| Current Year: | | |
| Corporation tax thereon at 19% (2021: 19%) | 1,368 | 769 |
| Capital gains net tax movement on disposals | 106 | (187) |
| Deferred tax adjustment for change to 25% tax rate (2021: 19%) | 467 | - |
| Deferred tax net adjustments arising from revaluation of properties properties | <u>(157)</u> | <u>(187)</u> |
| Total tax charge for the year | <u>1,784</u> | <u>395</u> |
| 8. DIVIDENDS | 2022 | 2021 |
| | £'000 | £'000 |
| Final dividend paid in year of 13.0p per share (2021: Second Interim dividend 7.5p per share) | 352 | 203 |
| Interim dividend paid in year of 8.5p per share (2021: Interim dividend 8.0p per share) | <u>231</u> | <u>216</u> |
| | <u>583</u> | <u>419</u> |

On 15 June 2022 the Board resolved to pay a final dividend of 14p per share which will be recorded in the Financial Statements for the year ending 25 March 2023.

9. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing Income after Taxation attributable to Ordinary

Shareholders of £5,356,000 (2021: £3,653,000) by the weighted average number of 2,711,617 (2020: 2,711,617) ordinary shares in issue during the period excluding shares held as treasury. There are no instruments in issue that would have the effect of diluting earnings per share.

| 10. INVESTMENT PROPERTIES | 2022 | 2021 |
|--|----------------------|---------------|
| | £'000 | £'000 |
| Properties | | |
| Balance at beginning of financial year | 34,005 | 34,260 |
| Additions | 1,583 | 117 |
| Disposals | (2,500) | (2,120) |
| Revaluation Surplus | <u>5,887</u> | <u>1,748</u> |
| Balance at end of financial year | <u>38,975</u> | <u>34,005</u> |

The Company's freehold properties were valued as at 25 March 2022 by BNP Paribas Real Estate, Chartered Surveyors, acting in the capacity of external valuers, and adopted by the Directors. The valuations were undertaken in accordance with the requirements of IFRS 13 and the RICS Valuation - Global Standards 2020.

The valuation of each property was on the basis of Fair Value. The valuers reported that the total aggregate Fair Value of the properties held by the Company was £38,975,000.

The valuer's opinions were primarily derived from comparable recent market transactions on arms-length terms.

In the financial year ending 25 March 2022, the total fees earned by the valuer from Wynnstay Properties PLC and connected parties were less than 5% of the valuer's Company turnover.

The valuation complies with International Financial Reporting Standards. The definition adopted by the International Accounting Standards Board (IASB) in IFRS 13 is Fair Value, defined as: 'The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.'

These recurring fair value measurements for non-financial assets use inputs that are not based on observable market data, and therefore fall within level 3 of the fair value hierarchy.

The significant unobservable market data used is property equivalent yields which range from 4.3% to 8.5%, with an average equivalent yield of 6.2% (2021: 6.7%) and an average weighted equivalent yield of 6.25% (2021: 6.38%) for the portfolio.

There have been no transfers between levels of the fair value hierarchy. Movements in the fair value are recognised in profit or loss.

A 0.5% decrease in the weighted equivalent yield would result in a corresponding increase of £3.81 million in the fair value movement through profit or loss. A 0.5% increase in the same yield would result in a corresponding decrease of £3.19 million in the fair value movement through profit or loss.

| 11. OPERATING LEASES RECEIVABLE | 2022 | 2021 |
|---|---------------------|--------------|
| | £'000 | £'000 |
| The following are the future minimum lease payments receivable under non-cancellable operating leases which expire: | | |
| Not later than one year | 354 | 391 |
| Between 1 and 5 years | 4,753 | 3,519 |
| Over 5 years | <u>622</u> | <u>1,710</u> |
| | <u>5,729</u> | <u>5,620</u> |

Rental income under operating leases recognised through profit or loss amounted to £2,252,000 (2021: £2,140,000).

Typically, the properties were let for a term of between 5 and 10 years at a market rent with rent reviews every 5 years. The above maturity analysis reflects future minimum lease payments receivable to the next break clause in the operating lease. The properties are generally leased on terms where the tenant has the responsibility for repairs and running costs for each individual unit with a service charge payable to cover common services provided by the landlord on certain properties. The Company manages the services provided for a management fee and the service charges are not recognised as income in the accounts of the Company as any receipts are netted off against the associated expenditures with any residual balance being shown as a liability.

If the tenant does not carry out its responsibility for repairs and the Company receives a dilapidations payment, the resulting cash is recorded in revenue as other property income unless a property has been

agreed to be sold where the receipt is treated as part of the proceeds of sale of the property. See Note 2.

| 12. INVESTMENTS | 2022 | 2021 |
|------------------------|--------------|--------------|
| | £'000 | £'000 |
| Quoted investments | <u>3</u> | <u>3</u> |

13. SUBSIDIARY COMPANY

The Company has the following dormant subsidiary which the Directors consider immaterial to, and thus has not been consolidated into, the financial statements. The subsidiary holds the legal title to an access road to an investment property, the use of which is shared between the Company, its tenants at the property and neighbouring premises.

Scanreach Limited 80% owned Dormant Net Assets: £4,447 (2021: £4,447)
(2020: £4,437)

Scanreach Limited 80% owned Dormant Net Assets: £4,437 (2018: £4,437)

| 14. ACCOUNTS RECEIVABLE | 2022 | 2021 |
|--------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade receivables | 215 | 322 |
| Other receivables | <u>86</u> | <u>20</u> |
| | <u>301</u> | <u>342</u> |

Trade receivables include an adjustment for credit losses of £nil (2021: £6,282). Trade receivables of £nil (2021: nil) are considered past due, but not impaired.

| 15. ACCOUNTS PAYABLE | 2022 | 2021 |
|-----------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade payables | 7 | 28 |
| Other creditors | 84 | 65 |
| Deferred income | 535 | 535 |
| Accruals | <u>422</u> | <u>301</u> |
| | <u>1,048</u> | <u>929</u> |

| 16. BANK LOANS PAYABLE | 2022 | 2021 |
|-------------------------------|--------------|---------------|
| | £'000 | £'000 |
| Current loan | - | 10,000 |
| Non-current loan | <u>9,938</u> | <u>-</u> |
| | <u>9,938</u> | <u>10,000</u> |

In December 2021, a five-year Fixed Rate Facility of £10 million and a Revolving Credit Facility of £5.0 million were entered into providing a total committed credit facility of £15.0 million. Interest on loan amounts drawn down under the Fixed Rate Facility of £10 million (2021: £10 million) is charged at 3.61% per annum (2021: 3.35%) for the year ended 25 March 2022. No loan amounts have been drawn down under the Revolving Credit Facility during the year and the balance drawn as at 25 March 2022 is £nil (2021: £nil).

Both facilities are repayable in one instalment on 17 December 2026. The facilities include the following financial covenants which were complied with during the year:

- Rental income shall not be less than 2.25 times the interest costs
- The drawn balance shall at no time exceed 50% of the market value of the properties secured.

The facilities are secured by fixed charges over freehold land and buildings owned by the Company, which at the year-end had a combined value of £35,330,000 (2021: £33,185,000). The undrawn element of the

facilities available at 25 March 2022 was £5,000,000 (2021: £3,500,000).

Interest charged under the Revolving Credit Facility is linked to Bank of England Base Rate as the reference rate.

| 17. DEFERRED TAX | 2022 | 2021 |
|------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Deferred Tax brought forward | 461 | 314 |
| Charge for the year | <u>1,492</u> | <u>147</u> |
| Deferred Tax carried forward | <u>1,953</u> | <u>461</u> |

A deferred tax liability of £1,953,000 (2021: £461,000) is recognised in respect of the investment properties and has been calculated at a tax rate of 25% (2021: 19%).

| 18. SHARE CAPITAL | 2022 | 2021 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Authorised | | |
| 8,000,000 Ordinary Shares of 25p each: | 2,000 | 2,000 |
| Allotted, Called Up and Fully Paid | - | - |
| 3,155,267 Ordinary shares of 25p each: | <u>789</u> | <u>789</u> |

All shares rank equally in respect of shareholder rights.

In March 2010, the Company acquired 443,650 Ordinary shares of Wynnstay Properties PLC from Channel Hotels and Properties Ltd at a price of £3.50 per share. These shares, representing in excess of 14% of the total shares in issue, are held in Treasury. As a result, the total number of shares with voting rights is 2,711,617.

19. FINANCIAL INSTRUMENTS

The objective of the Company's policies is to manage the Company's financial risk, secure cost-effective funding for the Company's operations and minimise the adverse effects of fluctuations in the financial markets on the value of the Company's financial assets and liabilities, on reported profitability and on the cash flows of the Company.

At 25 March 2022 the Company's financial instruments comprised borrowings, cash and cash equivalents, short term receivables and short-term payables. The main purpose of these financial instruments was to raise finance for the Company's operations. Throughout the period under review, the Company has not traded in any other financial instruments. The Board reviews and agrees policies for managing each of the associated risks and they are summarised below:

Credit Risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in connection with property leases and the investment of surplus cash.

Tenant rent payments are monitored regularly, and appropriate action is taken to recover monies owed or, if necessary, to terminate the lease. The Company carefully vets prospective new tenants from a credit risk perspective. Bad debts are mitigated by close engagement with tenant businesses within a well-diversified mix of some 77 tenancies across the portfolio and close monitoring of rental income receipts. In the light of the Covid-19 pandemic the Company has regularly reviewed the portfolio, including feedback from engagement with tenants, in order to assess the risk of tenant failures.

The Company has no significant concentration of credit risk associated with trading counterparties (considered to be over 5% of net assets) with exposure spread over a large number of tenancies. In terms of concentration of individual tenant's rents versus total gross annual passing rents the Company has 3 tenants whose rent, on an individual basis, is between 5.0% and 7.3% of total gross annual passing rents.

Funds are invested and loan transactions contracted only with banks and financial institutions with a high credit rating. Concentration of credit risk exists to the extent that as at 25 March 2022 and 2021 current account and short-term deposits were held with two financial institutions, Handelsbanken PLC and C Hoare & Co. The combined exposure to credit risk on cash and cash equivalents at 25 March 2022 was £3,491,000 (2021: £2,001,000).

Currency Risk

As all of the Company's assets and liabilities are denominated in Pounds Sterling, there is no exposure to currency risk.

Interest Rate Risk

The Company is exposed to interest rate risk that could affect cash flow as it currently borrows at both floating and fixed interest rates. The Company monitors and manages its interest rate exposure on a periodic basis, but does not take out financial instruments to mitigate the risk. The Company finances its operations through a combination of retained profits and bank borrowings.

Liquidity Risk

The Company seeks to manage liquidity risk to ensure sufficient funds are available to meet the requirements of the business and to invest cash assets safely and profitably. The Board regularly reviews available cash to ensure there are sufficient resources for working capital requirements.

Interest Rate Sensitivity

Financial instruments affected by interest rate risk include loan borrowings and cash deposits. The analysis below shows the sensitivity of the statement of comprehensive income and equity to a 0.5% change in interest rates:

| | 0.5% decrease in interest rates | | 0.5% increase in interest rates | |
|--|------------------------------------|-------------|------------------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| Impact on interest payable - gain/(loss) | - | - | - | - |
| Impact on interest receivable - (loss)/gain | (17) | (10) | 17 | 10 |
| Total impact on pre-tax profit and equity | (17) | (10) | 17 | 10 |

The calculation of the net exposure to interest rate fluctuations was based on the following as at 25 March:

| | 2022 | 2021 |
|---------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Floating rate borrowings (bank loans) | - | - |
| Less: cash and cash equivalents | <u>3,491</u> | <u>2,001</u> |
| | <u>3,491</u> | <u>2,001</u> |

Fair Value of Financial Instruments

Except as detailed in the following table, management consider the carrying amounts of financial assets and financial liabilities recognised at amortised cost approximate to their fair value.

| | 2022 | 2022 | 2021 | 2021 |
|---------------------------------------|-----------------------|-----------------------|------------------------|------------------------|
| | Book Value | Fair Value | Book Value | Fair Value |
| | £'000 | £'000 | £'000 | £'000 |
| Interest bearing borrowings (note 16) | <u>(9,938)</u> | <u>(9,938)</u> | <u>(10,000)</u> | <u>(10,000)</u> |
| Total | <u>(9,938)</u> | <u>(9,938)</u> | <u>(10,000)</u> | <u>(10,000)</u> |

| | 2022 | 2021 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Categories of Financial Instruments | | |
| Financial assets: | | |
| Quoted investments measured at fair value | 3 | 3 |
| Loans and receivables measured at amortised cost | 301 | 342 |
| Cash and cash equivalents measured at amortised cost | <u>3,491</u> | <u>2,001</u> |
| Total financial assets | <u>3,795</u> | <u>2,346</u> |
| Financial liabilities at amortised cost | <u>10,451</u> | <u>10,628</u> |
| Total liabilities | 13,223 | 11,639 |
| Shareholders' equity | <u>29,547</u> | <u>24,712</u> |
| Total shareholders' equity and liabilities | <u>42,770</u> | <u>36,351</u> |

The only financial instruments measured subsequent to initial recognition at fair value as at 25 March are quoted investments. These are included in level 1 in the IFRS 13 fair value hierarchy as they are based on quoted prices in active markets.

Capital Management

The primary objectives of the Company's capital management are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders; and
- to enable the Company to respond quickly to changes in market conditions and to take advantage of opportunities.

Capital comprises shareholders' equity plus net borrowings. The Company monitors capital using loan to value and gearing ratios. The former is calculated by reference to total debt as a percentage of the year end valuation of the investment property portfolio. Gearing ratio is the percentage of net borrowings divided by shareholders' equity. Net borrowings comprise total borrowings less cash and cash equivalents. The Company's policy is that the net loan to value ratio should not exceed 50% and the gearing ratio should not exceed 100%.

| | 2022 | 2021 |
|---------------------|-------|--------|
| | £'000 | £'000 |
| Loans and overdraft | 9,938 | 10,000 |

| | | |
|-------------------------------|---------|---------|
| Cash and cash equivalents | (3,491) | (2,001) |
| Net borrowings | 6,447 | 7,999 |
| Shareholders' equity | 29,547 | 24,712 |
| Investment properties | 38,975 | 34,005 |
| Loan to value ratio | 25.5% | 29.4% |
| Net borrowings to value ratio | 16.5% | 23.5% |
| Gearing ratio | 21.8% | 32.4% |

20. RELATED PARTY TRANSACTIONS

Related Party Transactions with the Directors have been disclosed under Directors' Emoluments in the Directors' Report. There were no other Related Party Transactions during the year (2021: £nil).

21. SEGMENTAL REPORTING

The Chief Operating Decision Maker ('CODM'), who is responsible for the allocation of resources and assessing performance of the operating segments, has been identified as the Board. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Board. The Board have reviewed segmental information and concluded that there are three operating segments.

| | Industrial | | Retail | | Office | | Total | |
|--|--------------|--------------|------------|------------|------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Rental Income | 1,884 | 1,676 | 68 | 140 | 300 | 324 | 2,252 | 2,140 |
| Other Property Income | 56 | 298 | - | - | - | - | 56 | 298 |
| Profit/(Loss) on investment property at fair value | 5,872 | 2,093 | 40 | 50 | (25) | (395) | 5,887 | 1,748 |
| Total income and gain | 7,812 | 4,067 | 108 | 190 | 275 | (71) | 8,195 | 4,186 |
| Property expenses | (125) | (215) | - | (5) | - | (35) | (125) | (255) |
| Segment profit/(loss) | 7,687 | 3,852 | 108 | 185 | 275 | (106) | 8,070 | 3,931 |
| Unallocated corporate expenses | | | | | | | (614) | (593) |
| Profit on sale of investment property | | | | | | | 125 | 1,121 |
| Operating income | | | | | | | 7,581 | 4,459 |
| Interest expense (all relating to property loans) | | | | | | | (379) | (412) |
| Interest income and other income | | | | | | | - | 1 |
| Income before taxation | | | | | | | 7,202 | 4,048 |

| Other information | Industrial | | Retail | | Office | | Total | |
|---------------------------------|------------|--------|--------|-------|--------|-------|--------|--------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Segment assets | 36,655 | 29,200 | 1,010 | 970 | 1,310 | 3,835 | 38,975 | 34,005 |
| Segment assets held as security | 33,010 | 28,380 | 1,010 | 970 | 1,310 | 3,835 | 35,330 | 33,185 |

22. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the financial year, but not recognised as liabilities in the financial statements is: £nil (2021: £1,518,000).

| Year Ended 25 March: | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------|-------|-------|-------|-------|-------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |

STATEMENT OF COMPREHENSIVE INCOME

| | | | | | |
|------------------------|--------------|-------|-------|-------|-------|
| Property Income | 2,308 | 2,438 | 2,271 | 2,216 | 2,182 |
| Net Property Income | 1,569 | 1,590 | 1,583 | 1,591 | 1,514 |
| Operating Income | 7,591 | 4,459 | 686 | 2,642 | 3,355 |
| Income before Taxation | 7,202 | 4,048 | 258 | 2,247 | 2,991 |
| Income after Taxation | 5,418 | 3,653 | 123 | 1,928 | 2,632 |

STATEMENT OF FINANCIAL POSITION

| | | | | | |
|----------------------------|---------------|--------|--------|--------|--------|
| Investment Properties | 38,975 | 34,005 | 34,260 | 35,095 | 30,070 |
| Equity Shareholders' Funds | 29,547 | 24,712 | 21,478 | 21,883 | 20,443 |

PER SHARE

| | | | | | |
|-----------------------------|---------------|--------|-------|-------|-------|
| Basic earnings | 199.8p | 134.7p | 4.5p | 71.1p | 97.1p |
| Dividends Paid and Proposed | 22.5p | 21.0p | 15.0p | 19.0p | 17.5p |
| Net Asset Value | 1,090p | 911p | 792p | 807p | 754p |

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