

INTERIM RESULTS FOR SIX MONTHS ENDED 29 SEPT 2022

[WYNNSTAY PROPERTIES PLC](#)

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WYNNSTAY PROPERTIES PLC

("Wynnstay" or the "Company")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 29 SEPTEMBER 2022

9 November 2022

CHAIRMAN'S STATEMENT

Against the background of serious international and domestic events, economic uncertainties and turmoil in financial markets, I am pleased to report that Wynnstay has continued to perform well for shareholders over the six-month period ending 29 September 2022.

Interim Financial Results

The unaudited results are summarised in the table below and should be read in conjunction with the following commentary and financial statements:

		29 September 2022	29 September 2021
Rental Income	-0.2%	£1,082,000	£1,084,000
Property Income	-4.3%	£1,082,000	£1,131,000
Operating Income	-4.6%	£800,000	£839,000
Income before Taxation	-9.7%	£587,000	£650,000
Earnings per share	-11.3%	17.2p	19.4p
Net Asset Value per share	+19.1%	1,093p	918p
Interim Dividend per share	+5.9%	9.0p	8.5p

While rental income for the half-year was broadly static, decreasing by just 0.2% compared to the same period last year, at £1,082,000 (2021: £1,084,000), that total reflects significant changes within the portfolio. These include the loss of income following the sale towards the end of the last financial year of our office property in Surbiton, offset by new income arising from the successful completion and letting of our three units at Petersfield Trade Park 2 late last calendar year and increased income from a number of successful rent reviews, lease renewals and new lettings within the portfolio mentioned in last year's Annual Report as well as those completed in the first half of this financial year which are mentioned below.

No other property income, such as tenant payments for dilapidations, was received in the half-year (2021: £47,000). As a consequence, and with overall operating costs being at a similar level to the same period last year, operating income decreased by 4.6% to £800,000 (2021: £839,000).

In my statement in July, I reported that we had collected all of the rental income due for the first quarter of the financial year. I am pleased to report that we have collected 99% of the rental income due for the second quarter and over 93% of the quarterly and monthly rental income due to date for the third quarter commencing 29 September 2022.

Borrowings from Handelsbanken of £9.945 million at the end of the half-year (2021: £10.0 million) reflect our new refinanced five-year loan at a fixed rate of 3.61% from December 2021. At the end of the half-year, we held cash balances of £3.2 million available for use in the business. In addition, we have available the undrawn £5m revolving credit facility with Handelsbanken.

Portfolio

The portfolio was fully let at the end of the half-year, which is consistent with our past record of high occupancy and low voids. Stability within our tenant base and fewer rent reviews and lease renewals has resulted in rather less management activity compared to the same period last year. However, as already indicated, the results of the activity to date have been beneficial in generating increased rental income and in establishing comparable evidence to support future negotiations and valuations.

For instance, at Quarry Wood Industrial Estate, Aylesford, we completed the rent review with our longstanding public authority tenant of one of the larger units on the estate resulting in a significantly increased rent.

At our office premises at Cosham, the lease to our government tenant was varied by mutual agreement to remove a tenant break option that could have been implemented in April 2023. At the same time we pre-agreed the April 2023 rent review at the existing rent, which reflected the current estimated rental value adopted by our valuers, thereby securing our rental income from the property for a further five years.

Lease renewals have also been successfully completed on two units at Hailsham, one unit at Ipswich, two units at Lichfield, two units at Petersfield Business Park and one unit at Uckfield. On the Beaver Industrial Estate at Liphook, a vacated unit was immediately relet to a new tenant at a rent that was significantly higher than that paid by the previous tenant and which should therefore establish a new rental level for the other units on the estate.

In the majority of cases, it is encouraging to report that the rents achieved were above, and in some cases significantly above, the estimated rental values adopted by our valuers in their latest valuation in March 2022.

Dividend

In light of the financial results, the Board has decided to pay an increased interim dividend of 9.0p per share (2021: 8.5p) on 16 December 2022 to those shareholders on the register at the close of business on 18 November 2022.

In the current inflationary conditions, the Board appreciates the importance to many shareholders of their investment income and of providing an attractive yield on the Company's shares. The increase in the interim dividend for this half-year is 5.9% compared to the same period last year.

Annual General Meeting 2022

At our first fully open Annual General Meeting for three years due to the impact of Covid-19, attendance was nevertheless restricted due to the weather conditions, including a record high temperature in Central London. A number of shareholders who had indicated their intention to attend the meeting nevertheless decided not to do so on the day due to the heatwave.

I would like to thank all those shareholders who took the trouble to complete their proxy forms. All the resolutions before the meeting were duly passed.

Share buy-back

Following the Annual General Meeting, a General Meeting was held to consider two resolutions to authorise the Company to make market purchases of its own shares. Both resolutions were duly passed.

Following the granting of this authority, the Company purchased 15,000 Ordinary Shares at a price of 710p per share at the beginning of September 2022.

The Directors continue to monitor the availability of shares in the market through the Company's brokers and should further opportunities arise may exercise the authority to make further market purchases of its own shares at an appropriate price where this is in the best interests of shareholders generally.

Outlook

When I reported to you in the middle of June, I noted that the UK had entered a further period of uncertainty following the difficulties resulting from Brexit, Covid-19 and the ongoing war in Ukraine.

Since then, we have witnessed unexpected political events at home, forecasts of significantly reduced growth or serious recession for the UK economy and other world economies, high inflation for businesses and consumers, especially in the cost of energy, as well as turmoil in financial markets.

Shareholders may have read commentary in the press about the potential impact of these events and forecasts on the UK commercial property market and on the ability of businesses to survive.

As in the financial crisis of 2008-10 and the Covid-19 crisis of 2020-22, we continue to monitor the portfolio and will work closely with our tenants in these extremely challenging times. In the previous crises we saw how small business tenants, who are most likely to be adversely affected, demonstrated their ability to adapt to conditions. In the portfolio we have a broad spread of tenants, many of whom are longstanding, across different business sectors in areas of the country where there is a record of strong occupational demand and limited supply.

We remain well placed with our principal borrowing being at a fixed rate, our low loan-to-value ratio and with both cash and a further borrowing facility available to acquire any suitable properties which may come to the market unexpectedly as a result of the current conditions.

Finally, despite the gloom and uncertainties arising from recent events, I would like to convey to all shareholders and their families the Board's best wishes for a Happy Christmas and for good health and happiness in 2023.

Philip Collins

Chairman

9 November 2022

1. STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 29 September 2022 £'000	Unaudited Six months ended 29 September 2021 £'000	Audited Year ended 25 March 2022 £'000
Property Income	1,082	1,131	2,308
Property Costs	(24)	(25)	(125)
Administrative Costs	(258)	(267)	(614)
Net Property Income	800	839	1,569
Movement in fair value of			
Investment Properties	-	-	5,887
Profit on Sale of Investment Property	-	-	125
Operating Income	800	839	7,581
Investment Income	5	-	-
Finance Costs	(218)	(189)	(379)
Income before Taxation	587	650	7,202
Taxation	(121)	(123)	(1,784)
Income after Taxation	466	527	5,418
Basic and diluted earnings per share	17.2p	19.4p	199.8p

The company has no other items of comprehensive income.

2. STATEMENT OF FINANCIAL POSITION

	Unaudited Six months ended 29 September 2022 £'000	Unaudited Six months ended 29 September 2021 £'000	Audited Year ended 25 March 2022 £'000
Non-Current Assets			
Investment Properties	38,975	34,871	38,975
Investments	3	3	3
	<u>38,978</u>	<u>34,874</u>	<u>38,978</u>
Current Assets			
Accounts Receivable	362	262	301
Cash and Cash Equivalents	3,207	1,586	3,491
	<u>3,569</u>	<u>1,848</u>	<u>3,792</u>
Current Liabilities			
Trade and other payables	(766)	(1,001)	(1,048)
Income Taxes Payable	(404)	(374)	(284)
Bank Loans Payable	-	(10,000)	-
	<u>(1,170)</u>	<u>(11,375)</u>	<u>(1,332)</u>
Net Current Assets / (Liabilities)	<u>2,399</u>	<u>(9,527)</u>	<u>2,460</u>
Total Assets less Current Liabilities			
Less Current	41,377	25,347	41,438
LLiabilities			
Non-Current Liabilities			
Bank Loans Payable	(9,945)	-	(9,938)
Deferred Tax Payable	(1,962)	(461)	(1,953)
	<u>(11,907)</u>	<u>(461)</u>	<u>11,891</u>
Net Assets	<u>29,470</u>	<u>24,886</u>	<u>29,547</u>
Capital and Reserves			
Share Capital	789	789	789
Capital Redemption Reserve	205	205	205
Share Premium Account	1,135	1,135	1,135
Treasury Shares	(1,733)	(1,570)	(1,570)
Retained Earnings	29,074	24,327	28,988
	<u>29,470</u>	<u>24,886</u>	<u>29,547</u>
Net Asset Value pence per share	1,093p	918p	1,090p

3. STATEMENT OF CASH FLOWS

	Unaudited Six months ended 29 September 2022 £'000	Unaudited Six months ended 29 September 2021 £'000	Audited Year ended 25 March 2022 £'000
Cash flows from operating activities			
Income before taxation	587	650	7,202
Adjusted for:			
(Increase) in fair value of investment properties	-	(866)	(5,887)
Interest received	(5)	-	-
Interest paid	218	189	379
Profit on disposal of investment properties	-	-	(125)
Changes in:			
(Increase) / decrease in trade and other receivables	(61)	80	41
(Decrease) / increase in trade and other payables	(162)	197	153
Cash generated from operations	<u>577</u>	<u>250</u>	<u>1,763</u>
Income taxes paid	<u>(111)</u>	<u>(123)</u>	<u>(284)</u>
Net cash from operating activities	<u><u>466</u></u>	<u><u>127</u></u>	<u><u>1,479</u></u>
Cash flows from investing activities			
Interest and other income received	5	-	-
Purchase of investment properties	-	-	(1,583)
Sale of investment properties	-	-	2,618
Net cash generated from investing activities	<u><u>5</u></u>	<u><u>--</u></u>	<u><u>1,035</u></u>
Cash flows from financing activities			
Interest paid	(218)	(189)	(379)
Dividends paid	(380)	(353)	(583)
Drawdown on bank loans	6	-	9,938
Treasury Shares buy-back costs	(163)	-	-
Repayment of bank loans	-	-	(10,000)
Net cash used in financing activities	<u><u>(755)</u></u>	<u><u>(542)</u></u>	<u><u>(1,024)</u></u>
(Decrease) / increase in cash and cash equivalents	(284)	(415)	1,490
Cash and cash equivalents at beginning of period	<u>3,491</u>	<u>2,001</u>	<u>2,001</u>
Cash and cash equivalents at end of period	<u><u>3,207</u></u>	<u><u>1,586</u></u>	<u><u>3,491</u></u>

4. STATEMENT OF CHANGES IN EQUITY

UNAUDITED SIX MONTHS ENDED 29 SEPTEMBER 2022

	Share Capital £'000	Capital Redemption Reserve £'000	Share Premium Account £'000	Treasury Shares £'000	Retained Earnings £'000	Total £'000
Balance at 26 March 2022	789	205	1,135	(1,570)	28,988	29,547
Total comprehensive income for the period	-	-	-	-	466	466
Changes in Treasury Shares	-	-	-	(163)	-	(163)
Dividends	-	-	-	-	(380)	(380)
Balance at 29 September 2022	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>(1,733)</u>	<u>29,074</u>	<u>29,470</u>

UNAUDITED SIX MONTHS ENDED 29 SEPTEMBER 2021

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 26 March 2021	789	205	1,135	(1,570)	24,153	24,712
Total comprehensive income for the period	-	-	-	-	527	527
Dividends	-	-	-	-	(353)	(353)
Balance at 29 September 2021	789	205	1,135	(1,570)	24,327	24,886

AUDITED YEAR ENDED 25 MARCH 2022

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'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	-	-	-	-	(583)	(583)
Balance at 25 March 2022	789	205	1,135	(1,570)	28,988	29,547

5. ACCOUNTING POLICIES

Wynnstay Properties PLC is a public limited company incorporated and domiciled in England and Wales (registered no: 22473). The principal activity of the company is property investment, development and management. The Company's ordinary shares are traded on AIM, part of the London Stock Exchange (ISIN: GB0009842898).

Basis of preparation

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 Interim Financial Reporting. They do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.

The unaudited condensed interim financial statements should be read in conjunction with the financial statements of the Company as at and for the year ended 25 March 2022 which were prepared in accordance with IFRS. The financial information for the six month periods ended 29 September 2022 and 29 September 2021 have not been audited and the auditors have not reported on or reviewed these interim financial statements. The information for the year ended 25 March 2022 has been extracted from the latest published audited financial statements.

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.

Investment properties

All the Company's investment properties are independently revalued annually and stated at fair value at 25 March. The aggregate of any resulting increases or decreases are taken to operating income within the Statement of Comprehensive Income. Investment properties are recognised as acquisitions or disposals based on the date of contract completion. Values of investment properties undergoing development or improvements are stated at cost until practical 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 the Statement of Comprehensive Income in the year of disposal.

Property income

Property income is recognised on a straight-line basis over the period of the lease 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. Other property income includes dilapidations, lease surrender premiums and other property related receipts.

	Unaudited Six months ended 29 September 2022 £'000	Unaudited Six months ended 29 September 2021 £'000	Audited Year ended 25 March 2022 £'000
Rental income	1,082	1,084	2,252
Other property income	-	47	56
	1,082	1,131	2,308

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 period 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 properties.

Trade and other accounts receivable

Trade and other receivables are initially measured at fair 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.

Comparative information

The information for the year ended 25 March 2022 has been extracted from the latest published audited financial statements.

Pensions

Pension contributions towards an employee's pension plan are charged to the Statement of Comprehensive Income as incurred. The pension plan is a defined contribution scheme.

Borrowings

Interest rate borrowings are 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.

Share Buy-Back and Treasury Shares

During the period the Company acquired 15,000 Ordinary Shares (2021: nil) under the authority to make market purchases of its shares approved at the General Meeting on 19 July 2022. The shares acquired are held in treasury and all the costs directly associated with the share buy-back are included within Treasury Shares in the Statement of Financial Position.

6. DIVIDENDS

Period	Payment Date	Per share (pence)	Amount paid/proposed £'000
6 months to 29 September 2022	16 December 2022	9.0	244
6 months to 29 September 2021	17 December 2021	8.5	230
Year ended 25 March 2022	27 July 2022	14.0	380

7. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

Basic earnings per share are calculated by dividing income after taxation attributable to Ordinary Shareholders of £466,000 (2021: £527,000) by the weighted average number of 2,709,692 (2021: 2,711,617) Ordinary Shares in issue during the period excluding shares held in treasury. Net Asset value per share is calculated by dividing net assets of £29,470,000 (2021: £24,886,000) by the number of 2,711,617 Ordinary Shares in issue at the reporting date excluding shares held in treasury. There are no options and no instruments in issue that would have the effect of diluting earnings per share.

For further information please contact:

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