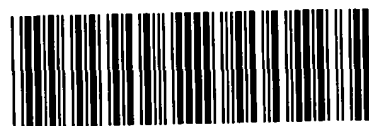


# Wynnstay Properties PLC

*Annual Report and Financial Statements  
for the year ended 25 March 2022*

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# WYNNSTAY PROPERTIES PLC

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## ANNUAL REPORT and FINANCIAL STATEMENTS YEAR ENDED 25 MARCH 2022

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## WYNNSTAY PROPERTIES PLC

### REGISTRAR'S CUSTOMER SUPPORT CENTRE

Shareholders can contact our Registrars, Link Group, through their Customer Support Centre which is available to answer any queries in relation to individual shareholdings:

**By phone:** UK – 0371 664 0391

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

**By email:** [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk)

**By post:** Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

### WARNING: UNSOLICITED APPROACHES FOR SHARES BOILER ROOM SCAMS

According to reports, these scams continue to increase in number, sophistication of approach and apparent credibility.

“Boiler Room Scams” involve unsolicited phone calls, emails or correspondence, commonly concerning investments and often mentioning the names of individual companies like Wynnstay. Typically, the scammers will claim to be “brokers”, “investment banks” or “law firms” representing a party with a holding that wishes to make a takeover offer and to buy shares at prices much higher than market prices.

If the recipient engages, this usually leads to a request for shareholders to provide personal financial information, including bank details, or to pay money for documents or worthless securities. These approaches generally come from organisations based overseas or using false UK addresses or phone numbers routed from abroad. Even if a caller or communication may sound or appear credible, the purpose is usually fraudulent: to obtain either personal information or money, or both. Approaches can be persistent and persuasive unless they are immediately declined.

Shareholders should continue to be vigilant about any such approaches. There is nothing that Wynnstay can do to deter or stop them, or the use by callers of our name or details of shareholdings. On Wynnstay's website ([www.wynnstayproperties.co.uk](http://www.wynnstayproperties.co.uk)), shareholders will also find a warning and a link to other information about unsolicited approaches regarding shares on the Financial Conduct Authority's website (<https://www.fca.org.uk/scamsmart>).

**WYNNSTAY PROPERTIES PLC**

Company incorporated in England and Wales

Registered number: 00022473

**DIRECTORS**

P.G.H. COLLINS C.B.E.

*(Non-Executive Chairman)*

C.P. WILLIAMS, B.Sc., M.B.A., M.R.I.C.S.

*(Managing Director)*

C.H. DELEVINGNE

*(Non-Executive Director)*

P. MATHER B.Sc., F.R.I.C.S.

*(Non-Executive Director)*

C. M. TOLHURST, B.Sc., M.R.I.C.S., C.G.P.

*(Non-Executive Director and Senior Independent Director)*

**REGISTERED OFFICE**

Hamilton House, Mabledon Place, London WC1H 9BB

**AUDITORS**

CLA EVELYN PARTNERS LIMITED

*(formerly Nexia Smith & Williamson)*

Cumberland House, 15-17 Cumberland Place, Southampton, SO15 2BG

**SOLICITORS**

FIELD FISHER LLP

Riverbank House, 2 Swan Lane, London EC4R 3TT

**NOMINATED ADVISER & BROKER**

W H IRELAND LIMITED

24 Martin Lane, London EC4R 0DR

**VALUERS**

BNP PARIBAS REAL ESTATE ADVISORY &

PROPERTY MANAGEMENT UK LIMITED

5 Aldermanbury Square, London EC2V 7BP

**REGISTRARS**

LINK GROUP

65 Gresham Street, London EC2V 7NQ

**BANKERS**

C. HOARE & CO.

37 Fleet Street, London EC4P 4DQ

HANDELSBANKEN PLC

5 Welbeck Street, London W1G 9YQ

**WYNNSTAY PROPERTIES PLC**  
**SUMMARY OF PROPERTY PORTFOLIO**  
**AT 25 MARCH 2022**

Aldershot	Eastern Road	1 Industrial Unit
Aylesford	Quarry Wood Industrial Estate	19 Industrial Units
Cosham	High Street	Offices
Hailsham	Crown Close Industrial Estate	7 Industrial Units
Heathfield	Station Road	5 Industrial Units
Hertford	Hertingfordbury Road	1 Industrial Unit
Ipswich	Trinity Street	5 Industrial Units
Lewes	Brooks Road	2 Industrial Units
Lichfield	1-4 Prospect Drive	4 Industrial Units
Liphook	Beaver Industrial Estate	17 Industrial Units
Liphook	Beaver Industrial Estate	Development Land
Midhurst	North Street	1 Retail Unit
Norwich	City Trading Estate	6 Industrial Units
Petersfield	Petersfield Business Park	6 Industrial Units
Petersfield	Petersfield Trade Park	3 Industrial Units
Uckfield	Bell Lane	4 Industrial Units
Weston-super-Mare	Phillips Road	1 Retail Warehouse Unit

Industrial Units includes Trade Counters. All properties are Freehold.

## WYNNSTAY PROPERTIES PLC

### 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.

**WYNNSTAY PROPERTIES PLC**  
**INTRODUCTION TO WYNNSTAY (continued)**

**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

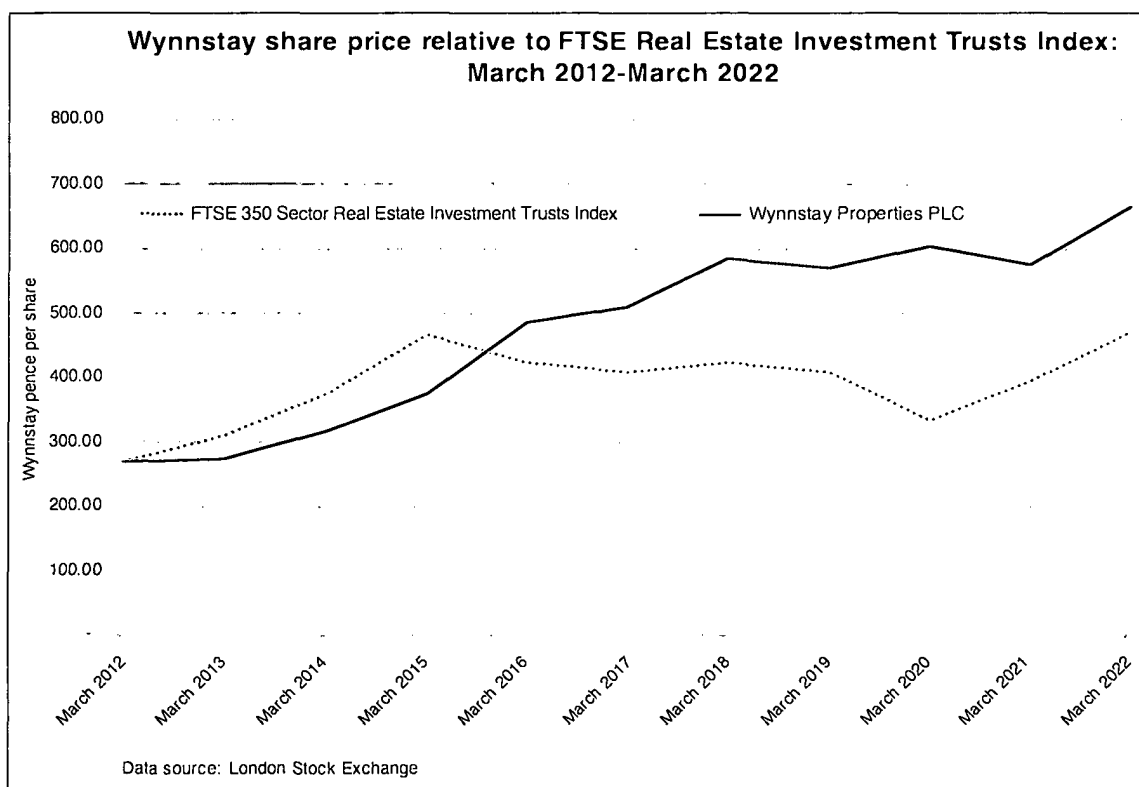
\* Excludes rent concessions of £29,000 granted to tenants as a result of the Covid-19 pandemic.

## WYNNSTAY PROPERTIES PLC

### INTRODUCTION TO WYNNSTAY (continued)

#### 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

### 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.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

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.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

#### **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 at the beginning of this report on pages 5 to

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

7 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 at the beginning of this report on pages 6 to 7 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.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

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 on page 2.

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](http://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.

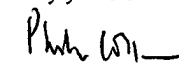
Now that the pandemic restrictions and measures are behind us, I am pleased to say that our AGM this year will be held at 2.30pm on Tuesday 19 July 2022 at the Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS. The Notice of Meeting is to be found at the end of this Annual Report.

The Annual General Meeting will be followed by a General Meeting for the purposes set out in the Notice of Meeting and the circular which accompany this report and have been 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](mailto: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

## 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 on pages 5 to 12.

#### **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

## WYNNSTAY PROPERTIES PLC

### STRATEGIC REPORT 2022 (continued)

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 Governance 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.

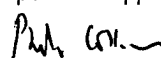
*(f) The need to act fairly as between members of the Company:* Wynnstay has only one class of shares. Thus all shareholders have equal rights and, regardless of the size of their holding, every shareholder is, and always has been, treated equally and fairly. Relations with shareholders are further addressed 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, REMUNERATION AND AUDIT 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 and on page 52.

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

## WYNNSTAY PROPERTIES PLC

### CORPORATE GOVERNANCE, REMUNERATION AND AUDIT REPORTS (CONTINUED)

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.

## WYNNSTAY PROPERTIES PLC

### CORPORATE GOVERNANCE, REMUNERATION AND AUDIT REPORTS (CONTINUED)

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.

## WYNNSTAY PROPERTIES PLC

### CORPORATE GOVERNANCE, REMUNERATION AND AUDIT REPORTS (CONTINUED)

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.

## WYNNSTAY PROPERTIES PLC

### CORPORATE GOVERNANCE, REMUNERATION AND AUDIT REPORTS (CONTINUED)

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**

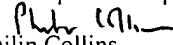
The Directors currently determine remuneration, with the Non-Executive Directors determining the remuneration of the Executive Director and the Non-Executive Directors (other than the Chairman) determining the Chairman's remuneration. Directors' fees are determined by the whole Board. Details of the 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 on pages 13 to 15.

#### **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.

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2022 (continued)

#### 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 and on page 52.

#### Directors' Emoluments

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

	Salaries	Fees	Pension	Benefits	Total 2022	Total 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	–	21,650	–	–	21,650	20,850
<b>Total 2022</b>	<b>£168,000</b>	<b>£113,900</b>	<b>£13,300</b>	<b>£7,330</b>	<b>£302,530</b>	
<b>Total 2021</b>	<b>£159,000</b>	<b>£110,900</b>	<b>£12,900</b>	<b>£7,996</b>	<b>£290,796</b>	

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.

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2022 (continued)

#### 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 Issued Share Capital 2022	Percentage of Issued 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



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF WYNNSTAY PROPERTIES PLC**

**Opinion**

We have audited the financial statements of Wynnstay Properties PLC (the 'Company') for the year ended 25 March 2022 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 25 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Description of risk	How the matter was addressed in the audit
Valuation of investment properties	<p>The Company holds a portfolio of investment properties which are owned by the Company and held for capital appreciation and/or rental income. The Directors measure the fair value of each property in the portfolio at the year end date on the basis of a valuation by an external independent valuer whose details can be found in Note 10 of the accounts. The Company's accounting policy for investment properties is included within Note 1.2.</p> <p>The valuation of investment properties requires significant judgement in determining the appropriate inputs to be used in the model and there is therefore a risk that the properties are incorrectly valued.</p>	<p>As part of our procedures, we:</p> <ul style="list-style-type: none"> <li>• reviewed the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards and suitable for use in determining the carrying value for the purpose of the financial statements.</li> <li>• Compared the yields used within the valuation to market averages based on sector and location. Variances were evaluated through gaining an understanding of the rationale of the discrepancy, and assessing whether this supports the valuation overall. We further performed a sensitivity analysis on the value of the portfolio against market averages.</li> <li>• Tested the accuracy of inputs to the valuation, including rental income and lease terms.</li> <li>• We assessed the Valuers' qualifications, expertise and independence, and read their terms of engagement with the Company to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.</li> </ul>

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF WYNNSTAY PROPERTIES PLC**

<b>Key audit matter</b>	<b>Description of risk</b>	<b>How the matter was addressed in the audit</b>
Revenue Recognition	Revenue for the Company consists primarily of rental income. Rental income is based on tenancy agreements where there is a standard process in place for recording revenue. There are however certain transactions within revenue that warrant additional audit focus because of an increased inherent risk of error due to their non-standard nature, such as lease incentives.	<p>As part of our procedures, we:</p> <ul style="list-style-type: none"> <li>Selected a sample of properties from the investment property register, formed an expectation of the rent to be recognised from the lease agreement and compared to the actual rent recognised. We investigated variances exceeding an acceptable threshold.</li> <li>Performed substantive existence testing by picking a sample from the nominal ledger, agreeing to lease agreement and tracing to invoice and then tracing payment into the bank.</li> <li>Ensured the cut-off treatment of income and completeness of deferred income was correct, by selecting a sample of income recognised in the nominal ledger either side of the year-end and agreeing this to supporting documentation.</li> <li>Reviewed the treatment of lease incentives, and ensured this was in line with the accounting standard.</li> </ul>

**Our application of materiality**

The materiality for the Company financial statements as a whole ("Company FS materiality") was set at £395,000. This has been determined with reference to the benchmark of the Company's total assets, which we consider to be one of the principal considerations for members of the Company in assessing the Company's performance. FS materiality represents 0.9% of the Company's total assets as presented on the face of the Balance sheet.

A number of key performance indicators of the Company are driven by Income Statement items and we therefore applied a lower specific materiality of £43,765, based on 1.9% of Company revenue. This lower specific materiality was applied to the components of the Company's Statement of Comprehensive Income excluding investment property valuation movements.

Performance materiality for the Company financial statements was set at £256,750, being 65% of FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds FS materiality. We judged this level to be appropriate based on our understanding of the Company and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements. It was set at 65% based on our overall expectation of the level of audit differences, and the number and significance of areas of judgement in the financial statements.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- discussion with management over the basis and appropriateness of key assumptions including corroboration where relevant;
- Reviewing bank statements to monitor the cash position of the group post year end, and obtaining an understanding of significant expected cash outflows (such as capital expenditure) in the forthcoming 12-month period;
- reviewing disclosures around going concern in the financial statements to ensure they are consistent with the work performed.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF WYNNSTAY PROPERTIES PLC**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities on page 21 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF WYNNSTAY PROPERTIES PLC**

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies, and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with the framework through:

- Subscribing to relevant updates from external experts and making changes to internal procedures and controls as necessary.
- Outsourcing accounts preparation and tax compliance to external experts;
- The directors' close involvement in the day to day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Company's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and IFRS in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Manipulation of financial statements, via fraudulent journal entries or error affecting cut off around the year end, particularly as the size of the Company means that there is little opportunity for segregation of duties.
- The valuation of investment properties as this requires estimates and judgements to be made by management.

The procedures we carried out to gain evidence in the above areas included:

- Challenging management regarding the assumptions used in the estimates identified above.
- Substantive work on material areas affecting profits.
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Julie Mutton  
Senior Statutory Auditor, for and on behalf of  
**CLA Evelyn Partners Limited**  
Statutory Auditor  
Chartered Accountants  
  
4th Floor Cumberland House  
15-17 Cumberland Place  
Southampton  
Hampshire SO15 2BG  
  
15 June 2022

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 25 MARCH 2022**

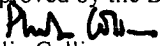
	Notes	2022	2021
		£'000	£'000
<b>Property Income</b>	2	2,308	2,438
Property Costs	3	(125)	(255)
Administrative Costs	4	(614)	(593)
<b>Net Property Income</b>		<u>1,569</u>	<u>1,590</u>
Movement in Fair Value of:			
Investment Properties	10	5,887	1,748
Profit on Sale of Investment Property		125	1,121
<b>Operating Income</b>		<u>7,581</u>	<u>4,459</u>
Investment Income	6	–	1
Finance Costs	6	(379)	(412)
<b>Income before Taxation</b>		<u>7,202</u>	<u>4,048</u>
Taxation	7	(1,784)	(395)
<b>Income after Taxation</b>		<u><u>5,418</u></u>	<u><u>3,653</u></u>
 <b>Basic and diluted earnings per share</b>	 9	 199.8p	 134.7p

The company has no items of other comprehensive income.

**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF FINANCIAL POSITION 25 MARCH 2022**

		2022	2021
	Notes	£'000	£'000
<b>Non Current Assets</b>			
Investment Properties	10	38,975	34,005
Investments	12	<u>3</u>	<u>3</u>
		<u>38,978</u>	<u>34,008</u>
<b>Current Assets</b>			
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>
<b>Current Liabilities</b>			
Trade and other payables	15	(1,048)	(929)
Income Taxes Payable		(284)	(249)
Bank Loans Payable	16	<u>–</u>	<u>(10,000)</u>
		<u>(1,332)</u>	<u>(11,178)</u>
<b>Net Current Assets / (Liabilities)</b>		<u>2,460</u>	<u>(8,835)</u>
<b>Total Assets Less Current Liabilities</b>		41,438	25,173
<b>Non-Current Liabilities</b>			
Bank Loans Payable	16	(9,938)	–
Deferred Tax Payable	17	(1,953)	(461)
		<u>(11,891)</u>	<u>(461)</u>
<b>Net Assets</b>		<u>29,547</u>	<u>24,712</u>
<b>Capital and Reserves</b>			
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		28,988	24,153
		<u>29,547</u>	<u>24,712</u>
<b>Net Asset Value pence per share</b>		<u>1,090p</u>	<u>911p</u>

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

  
Philip Collins  
Director

  
Paul Williams  
Director

Registered number: 00022473

**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 25 MARCH 2022**

	2022	2021 Restated
	£'000	£'000
<b>Cash flows from operating activities</b>		
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	153	(326)
Cash generated from operations	<u>1,763</u>	<u>1,221</u>
Income taxes paid	(284)	(249)
Net cash from operating activities	<u><u>1,479</u></u>	<u><u>972</u></u>
<b>Cash flows from investing activities</b>		
Interest and other income received	–	1
Purchase of investment properties	(1,583)	(117)
Sale of investment properties	2,618	3,187
Net cash generated from investing activities	<u><u>1,035</u></u>	<u><u>3,071</u></u>
<b>Cash flows from financing activities</b>		
Interest paid	(379)	(412)
Dividends paid	(583)	(419)
Drawdown of bank loans net of fees	9,938	–
Repayment of bank loans	(10,000)	(2,500)
Net cash used in financing activities	<u><u>(1,024)</u></u>	<u><u>(3,331)</u></u>
<b>Increase in cash and cash equivalents</b>	<b>1,490</b>	<b>712</b>
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><u>3,491</u></u>	<u><u>2,001</u></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	<u>(1,570)</u>	<u>(1,570)</u>
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

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#### 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

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#### 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.

## WYNNSTAY PROPERTIES PLC

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

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#### 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.

## WYNNSTAY PROPERTIES PLC

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

#### 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	56	298
	<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.

# WYNNSTAY PROPERTIES PLC

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

3. PROPERTY COSTS	2022	2021
	£'000	£'000
Empty rates	3	47
Property management	65	176
	68	223
Legal fees	34	21
Agents fees	23	11
	<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	3	-
	<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	13	13
	<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>

**WYNNSTAY PROPERTIES PLC**

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

<b>6. FINANCE COSTS (NET)</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable and finance costs on bank loans	379	412
Less: Bank interest receivable	—	(1)
	<u>379</u>	<u>411</u>
<b>7. TAXATION</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
(a) Analysis of the tax charge for the year:		
UK Corporation tax at 19% (2021: 19%)		
Total current tax charge	<u>292</u>	<u>249</u>
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	<u>(157)</u>	<u>(187)</u>
Total tax charge for the year	<u>1,784</u>	<u>395</u>
<b>8. DIVIDENDS</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
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.

# WYNNSTAY PROPERTIES PLC

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

### 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
<b>Properties</b>		
Balance at beginning of financial year	34,005	34,260
Additions	1,583	117
Disposals	(2,500)	(2,120)
Revaluation Surplus	5,887	1,748
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.

# WYNNSTAY PROPERTIES PLC

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

### 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	622	1,710
	<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)
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**WYNNSTAY PROPERTIES PLC**

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

<b>14. ACCOUNTS RECEIVABLE</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	215	322
Other receivables	86	20
	<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.

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

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

# WYNNSTAY PROPERTIES PLC

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

17. DEFERRED TAX	2022	2021
	£'000	£'000
Deferred Tax brought forward	461	314
Charge for the year	1,492	147
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.

## WYNNSTAY PROPERTIES PLC

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

#### 19. FINANCIAL INSTRUMENTS (Continued)

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
<b>Total impact on pre-tax profit and equity</b>	<b>(17)</b>	<b>(10)</b>	<b>17</b>	<b>10</b>

**WYNNSTAY PROPERTIES PLC**

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

**19. FINANCIAL INSTRUMENTS (Continued)**

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	3,491	2,001
	<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)	(9,938)	(9,938)	(10,000)	(10,000)
<b>Total</b>	<u>(9,938)</u>	<u>(9,938)</u>	<u>(10,000)</u>	<u>(10,000)</u>

	2022	2021
	£'000	£'000
<b>Categories of Financial Instruments</b>		
<b>Financial assets:</b>		
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	3,491	2,001
<b>Total financial assets</b>	<u>3,795</u>	<u>2,346</u>
<b>Financial liabilities at amortised cost</b>	<u>10,451</u>	<u>10,628</u>
<b>Total liabilities</b>	13,223	11,639
<b>Shareholders' equity</b>	29,547	24,712
<b>Total shareholders' equity and liabilities</b>	<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

## WYNNSTAY PROPERTIES PLC

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

#### 19. FINANCIAL INSTRUMENTS (Continued)

##### 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	<u>6,447</u>	<u>7,999</u>
Shareholders' equity	<u>29,547</u>	<u>24,712</u>
Investment properties	<u>38,975</u>	<u>34,005</u>
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 on page 22. There were no other Related Party Transactions during the year (2021: £nil).

**WYNNSTAY PROPERTIES PLC**

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

**21. SEGMENTAL REPORTING**

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

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

**WYNNSTAY PROPERTIES PLC**

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

**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).

**WYNNSTAY PROPERTIES PLC**  
**FIVE YEAR FINANCIAL REVIEW**

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Years Ended 25 March:	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>

**STATEMENT OF COMPREHENSIVE INCOME**

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

**STATEMENT OF FINANCIAL POSITION**

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

**PER SHARE**

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



**WYNNSTAY PROPERTIES PLC**  
**NOTICE OF ANNUAL GENERAL MEETING**

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*We are delighted to be able to welcome shareholders to the AGM this year. All shareholders are encouraged to exercise their voting rights in relation to the resolutions set out in the Notice of Meeting below by appointing either the Chairman of the meeting or another person as their proxy. A form of proxy is enclosed on which there are notes for completion. Shareholders intending to attend the meeting in person should tick the box on the proxy form.*

*Shareholders attending the meeting will be required to comply with the requirements of The Royal Automobile Club for entry, including with its dress code which can be found at <https://www.royalautomobileclub.co.uk/pall-mall/visiting-pall-mall/pall-mall-dress-code/>*

*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.*

*If you need help with voting online, please contact our Registrars, Link Group on Tel: 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday (excluding public holidays in England and Wales). You can also contact them by email at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk)*

NOTICE IS HEREBY GIVEN that the one hundred and thirty sixth ANNUAL GENERAL MEETING of the Members of Wynnstay Properties PLC will be held at The Royal Automobile Club, 89 Pall Mall, London, SW1Y 5HS on Tuesday, 19 July 2022, at 2.30 p.m. The business of the meeting will be to consider and, if thought fit, to pass the following ordinary and special resolutions.

**ORDINARY RESOLUTIONS**

- 1 To receive the Report of the Directors and the Financial Statements for the year ended 25 March 2022.
- 2 To declare a final dividend for the year ended 25 March 2022 of 14 pence per ordinary share.
- 3 To fix the remuneration of the Directors.
- 4 To appoint CLA Evelyn Partners Limited as auditors of the Company, to hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting of the Company and to authorise the Directors to determine their remuneration.
- 5 To re-elect Mr. P. G. H. Collins as a Director of the Company, who retires and offers himself for re-election.
- 6 To re-elect Mr P. Mather as a Director of the Company, who retires and offers himself for re-election.
- 7 That the Directors of the Company are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the “Act”), in substitution for all previous authorisations, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company (“Rights”) up to an aggregate nominal amount of £39,440.75, and this authorisation shall, unless previously revoked by resolution of the Company, expire on 31 December 2023 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2023. The Company may, at any time before such expiry, make offers or enter into agreements which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of any such offer or agreement as if this authorisation had not expired.

**WYNNSTAY PROPERTIES PLC**  
**NOTICE OF ANNUAL GENERAL MEETING**

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**SPECIAL RESOLUTION**

8 That the Directors of the Company are empowered (i) pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorisation conferred by Resolution 7 above and (ii) pursuant to section 573 of the Act to allot equity securities (within the meaning of section 560(3) of the Act), in each case as if section 561 of the Act did not apply to the allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities made (i) to holders of ordinary shares in the Company in proportion (as nearly as many as practicable) to the respective number of ordinary shares held by them on the record date for such offer and (ii) to holders of other equity securities as may be required by the rights attached to those securities or, if the Directors consider it desirable, as may be permitted by such rights, but subject in each case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
- (b) the allotment (otherwise than pursuant to paragraph (a) above) of further equity securities up to any aggregate nominal amount of £39,440.75,

and this power shall, unless previously revoked by resolution of the Company, expire on 31 December 2023 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2023. The Company may, at any time before the expiry of this power, make offers or enter into agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired.

Registered Office:  
Hamilton House  
Mabledon Place  
London WC1H 9BB

By Order of the Board  
Susan Wallace  
*Secretary*  
15 June 2022

**WYNNSTAY PROPERTIES PLC**  
**NOTICE OF ANNUAL GENERAL MEETING**

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**Notes to the Notice of Annual General Meeting**

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the relevant register of securities by close of business on 15 July 2022 or, in the event that the Annual General Meeting is adjourned, in the relevant register of securities 48 hours (disregarding any non-working days) before the time of any adjourned meeting shall be entitled to attend and vote in respect of the number of Ordinary Shares registered in their name at the relevant time. Changes to entries in the relevant register of securities after close of business on 15 July 2022 or, in the event that the Annual General Meeting is adjourned, less than 48 hours (disregarding any days which are non-working days) before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. To appoint a proxy using the proxy form, the form must be completed and signed and returned to the Company's registrars, Link Group, at PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL so as to be received not later than 48 hours before the time appointed for holding the Annual General Meeting.
4. Alternatively, a shareholder may appoint a proxy online by following the instructions for the electronic appointment of a proxy at: [www.signalshares.com](http://www.signalshares.com). To be a valid proxy appointment, the shareholder's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by no later than 48 hours before the time fixed for holding the adjourned meeting.
5. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (CREST proxy appointment instruction) must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & International Limited (Euroclear), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Link Group (ID RA10), as the Company's "issuer's agent", by 2.30 p.m. on 15 July 2022. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of receipt of the message will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions.
7. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to

**WYNNSTAY PROPERTIES PLC**  
**NOTICE OF ANNUAL GENERAL MEETING**

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ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on “Practical limitations of the system”. In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.

8. A proxy does not need to be a member of the Company but must attend the Annual General Meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
9. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
10. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.
11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first-named being the most senior).
12. Appointment of a proxy does not preclude you from attending the Annual General Meeting and voting in person. If you have appointed a proxy and attend the Annual General Meeting in person, your proxy appointment will automatically be terminated.
13. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
14. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
15. In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the Annual General Meeting so that:
  - 15.1. Where a corporate shareholder has appointed one or more corporate representatives (other than the chairman of the Annual General Meeting) then:
    - 15.1.1 on a vote on a resolution on a show of hands, each such corporate representative has the same voting rights as the corporation would be entitled to; but
    - 15.1.2 in respect of any purported exercise of power other than on a vote on a resolution on a show of hands, where more than one corporate representative purports to exercise such power in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way but if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.
16. As at 15 June 2022 (being the last practicable date prior to the publication of this notice), the Company’s issued share capital consisted of 3,155,267 Ordinary Shares, carrying one vote per share, of which 443,650 shares are held by the Company in treasury. Therefore, the total voting rights in the Company as at 15 June 2022 were 2,711,617.

**WYNNSTAY PROPERTIES PLC**  
**BIOGRAPHIES OF THE DIRECTORS**

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**Philip Collins** (Non-Executive Chairman) aged 74, is a Solicitor and was Chairman of the Office of Fair Trading from 2005 to 2014. He was formerly a partner in an international firm based in the City where he specialised in E.U. law, with particular emphasis on competition issues. Previously, after practising for some years in the corporate and commercial field, he was seconded for a period to work as Chief Legal Adviser in an industrial group. Appointed a Director of Wynnstay Properties in 1988 and elected Chairman in October 1998.

**Paul Williams** (Managing Director) aged 64 is a Chartered Surveyor and holds a Degree in Land Management as well as an MBA. He has spent his entire career in commercial property including a fourteen-year period with MEPC where he held a number of senior positions. Paul has also worked for Lloyds TSB, Legal & General, GE Pensions and Credit Suisse Asset Management and joined Wynnstay Properties as Managing Director in February 2006.

**Charles H. Delevingne** (Non-Executive) aged 72. After spending his early career as a partner with prominent estate agencies, in 1981 he founded Harvey White Properties Limited, a substantial private commercial property investment company. Appointed a Director of Wynnstay Properties in June 2002.

**Paul Mather** (Non-Executive) aged 67 is a Chartered Surveyor who has spent his career focused on active asset management of commercial portfolios and developments in central London. He was a senior director at BNP Paribas Real Estate for 13 years and group portfolio manager for Greycoat PLC for 17 years. Appointed a director of Wynnstay Properties in March 2017.

**Caroline Tolhurst** (Non-Executive and Senior Independent Director) aged 60, is a Chartered Surveyor and a Chartered Secretary with more than 30 years' experience in property and investment sectors. She was Company Secretary at Grosvenor Limited and NewRiver Retail Limited and compliance officer for Knight Frank LLP's regulated businesses. She is also a Board member and Committee Chair at A2Dominion Housing Group Limited and LocatED Property Limited. Appointed a director of Wynnstay Properties in March 2017.