

Wynnstay Properties PLC

*Annual Report and Financial Statements
for the year ended 25 March 2017*

WYNNSTAY PROPERTIES PLC

ANNUAL REPORT and FINANCIAL STATEMENTS YEAR ENDED 25TH MARCH 2017

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WYNNSTAY PROPERTIES PLC
(Company incorporated in the United Kingdom)

DIRECTORS

P.G.H. COLLINS CBE

(Non-Executive Chairman)

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

(Managing Director)

C.H. DELEVINGNE

(Non-Executive Director)

T.J. NAGLE, B.Th., F.R.I.C.S.

(Non-Executive Director)

T. J. C. PARKER A.C.A.

(Finance Director & Secretary)

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

(Non-Executive Director)

C. M. TOLHURST, B.Sc., M.R.I.C.S., A.C.I.S.

(Non-Executive Director)

REGISTERED OFFICE

150 Aldersgate Street, London EC1A 4AB

AUDITORS

MOORE STEPHENS LLP

150 Aldersgate Street, London EC1A 4AB

SOLICITORS

FIELDFISHER LLP

Riverbank House, 2 Swan Lane, London EC4R 3TT

NOMINATED ADVISER & BROKER

PANMURE GORDON & CO

One New Change, London EC4M 9AF

VALUERS

BNP PARIBAS REAL ESTATE ADVISORY &

PROPERTY MANAGEMENT UK LIMITED

5 Aldermanbury Square, London EC2V 7BP

REGISTRARS

CAPITA ASSET SERVICES

The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

BANKERS

C. HOARE & CO.

37 Fleet Street, London EC4P 4DQ

SVENSKA HANDELSBANKEN SA

5 Welbeck Street, London W1G 9YQ

WYNNSTAY PROPERTIES PLC

**SUMMARY OF PROPERTY PORTFOLIO
AT 25TH MARCH 2017**

Aldershot	Eastern Road	1 Industrial Unit
Aylesford	Quarry Wood Industrial Estate	18 Industrial Units
Basingstoke	Crockford Lane	3 Industrial Units
Chessington	Oakcroft Business Park	3 Industrial Units/Offices
Colchester	Short Wyre Street	2 Retail Units
Cosham	High Street	Offices
Gosport	High Street	1 Retail Unit
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 Retail Units
Lichfield	1-4, Prospect Drive	4 Industrial Units
Liphook	Beaver Industrial Estate	17 Industrial Units
Midhurst	North Street	1 Retail Unit
Norwich	City Trading Estate	6 Industrial Units
St. Neots	Huntingdon Road	6 Industrial Units
Shirley	High Street	1 Retail Unit
Surbiton	St James' Street	Offices
Uckfield	Bell Lane	4 Industrial Units
Weston-super-Mare	Phillips Road	1 Retail Unit

All the above properties are Freehold.

WYNNSTAY PROPERTIES PLC

CHAIRMAN'S STATEMENT

On behalf of your Board, I am very pleased to report on Wynnstay's strong financial performance last year and on some of our plans for the current year and beyond.

Overview of financial performance

Wynnstay's financial performance for the year may be summarised as follows:

	Change	2017	2016
• Property income	+14.0%	£2,028,000	£1,778,000
• Profit before movement in fair value of investment properties and taxation	+13.8%	£999,000	£878,000
• Earnings per share	+55.7%	103.1p	66.2p
• Dividends per share, paid and proposed	+19.3%	15.75p	13.2p
• Net asset value per share	+15.4%	674p	584p
• Net gearing		56.2%	54.2%

Property rental income rose to just over £2.0 million and was significantly higher than last year (2016 - £1.8 million). This increase is mainly attributable to our acquisition of the four units at Lichfield in June 2016, as well as successful rent review negotiations on three of those units undertaken by us post acquisition; the letting of the two larger units on the Beaver Industrial Estate at Liphook to a long established business based at the Estate, to which I referred to at the half-year; and the new leases at increased rents at the Oakcroft Business Centre in Chessington on which I reported last year. Towards the end of the year, rental income was further enhanced when we negotiated a significant rent increase on review at our office premises at Surbiton, the full benefit of which will arise in the current and future years.

The two smaller units at Liphook vacated when our tenant moved to the larger units on the Estate have both been relet to an established local business, with the rents obtained on all four units creating useful comparable evidence for forthcoming rent reviews due later this year.

As a result of the continued tight control of property and administrative costs, profit before fair value movement and taxation for the year rose to just under £1.0 million.

Property Management

Our portfolio is spread principally in the South and East of England, with some recent acquisitions located outside these areas where we perceive there are good opportunities for rental and capital growth. We now have around 84 tenants occupying over 92 separate properties in 21 locations. At the end of the financial year, the portfolio was fully-let and income-producing.

As will be apparent from what I have said above, and the further matters to which I refer below concerning Aylesford and St Neots, it was a busy year for the management of the portfolio in which we successfully completed a number of additional lease renewals, rent reviews and new leases at some of the smaller units in the portfolio. Our management continues to focus on being approachable and flexible to meet tenants' needs and ensuring that premises that are vacated are relet as quickly as possible, whether to existing tenants or to new tenants.

Portfolio Development

Last year, I reported that we had obtained planning permission at Aylesford for the construction of five additional industrial/warehouse units of varying sizes, designed to be flexible so being either self-contained or capable of incorporation into existing adjoining units, which could provide over 20% additional lettable space on the estate as well as creating new car and goods vehicle spaces. During the year, we have continued to assess the viability of the scheme in the light of the significant cost of development and anticipated tenant demand. We are currently in discussions with our consultants and potential contractors.

Many shareholders will recall our investment in six industrial units in St Neots, which has been in the portfolio for many years and is located in an area of the town that is now becoming predominantly residential in nature. After protracted discussions with the owner of the adjoining industrial units we have both entered into options to sell our respective holdings to a residential

WYNNSTAY PROPERTIES PLC

CHAIRMAN'S STATEMENT (continued)

development company subject to that company securing, at their cost, planning permission for residential development of both holdings. The outcome of the planning process is unlikely to be known until 2018 and if the necessary planning consent is obtained we will then sell the majority of our industrial units to the residential development company for a figure significantly in excess of our current valuation. We will be retaining one self-contained unit adjacent to the main entrance to the estate probably until after the residential development has been built out.

During the course of this year, we anticipate taking advantage of the present strong demand for smaller commercial investment properties by seeking to dispose of two or three of the smaller retail properties in the portfolio with a view to reinvestment of the proceeds in properties that offer better prospects for future growth.

Portfolio Valuation

As at 25 March 2017, our Independent Valuers, BNP Paribas Real Estate, have undertaken the annual revaluation of the company's portfolio at £29,515,000 representing a revaluation surplus of £2,199,000. This reflects the increased rental income and the improved lease profile and enhanced covenants achieved by our active management as well as positive conditions in the commercial property investment market.

It is pleasing to note that the increase reflected in the revaluation, which has contributed to an increase of over 15% in net asset value per share, was spread across most of the portfolio, with the most significant percentage rises being attributed to our larger assets and to those where significant management activity has taken place.

Following the revaluation and the acquisition at Lichfield, as at the year-end, the industrial sector within the portfolio accounted for 63% by value, with the retail warehouse and office sectors comprising 14% and 17% respectively and the remaining 6% being in "high street" retail premises.

Borrowings and Gearing

Total borrowings at the year-end were £11.34 million (2016 - £10.0 million) and net gearing at the year-end was 56.2% compared to 54.2% last year. The increased borrowings reflect the additional facility used to part fund the acquisition at Lichfield, the balance being provided from our own cash resources.

As reported in our Trading Update shortly after the year-end, we have renegotiated the terms of our banking facilities with Handelsbanken. A new five-year facility has been agreed to run until December 2021, with interest payable on £10.0 million being fixed for the duration at 3.35%, and the balance of £1.34m continuing at a variable rate of 2.49% over LIBOR.

The renegotiated facility gives us greater certainty about our financing costs at a time when interest rates remain at the historic low level that has prevailed for an exceptionally long time. The Board considered that it was prudent to fix the interest payable on the major part of the facility at this time in order to provide certainty and stability for the next few years.

We have an excellent business relationship with Handelsbanken. In recent discussions they have indicated that, if we need additional borrowing to finance new acquisitions, they are willing, in principle and without commitment, to increase our facility to a maximum of £15 million.

Costs

The mix of our property costs was rather different this year compared to the prior year as the full occupancy of our properties meant that we did not suffer empty rates, while management and legal fees were somewhat higher as a result of the various matters already described above and we invested in improvements jointly with tenants, which are generally reflected in better lease terms and increased rents. We continue to focus on control of administrative costs, which were also higher than in the prior year. Part of this increase is due to non-recurring items (Board search firm fees and the costs associated with the revised facility with Handelsbanken) with the balance arising from the review of Directors fees to which I refer below.

Dividend

In the light of the excellent financial outcome of the year, the Board is recommending a total dividend for the year of 15.75p per share (2016 – 13.2p), which represents an increase of over 19%. An interim dividend of 5.5p per share (2015 – 5.0p) was paid in December 2016. Accordingly, subject to approval of Shareholders at the Annual General Meeting, a final dividend of 10.25p per share (2016 – 8.2p) will be paid on 21st July 2017 to Shareholders on the register on 23rd June 2017.

WYNNSTAY PROPERTIES PLC

CHAIRMAN'S STATEMENT (continued)

Shareholders have benefitted from significantly increased dividends over the past four years, reflecting the substantial improvements in the overall quality of the properties, stronger tenant covenants and enhanced rental flow in the portfolio. Future increases in dividends will depend on maintaining the impetus of our recent performance and making selective disposals and additions to the portfolio.

Outlook

The successes that have contributed to our excellent financial performance and the plans described above give us confidence in the future of Wynnstay.

At the moment, the consequences of Brexit and the forthcoming negotiations with the European Union do not seem to have affected the part of the commercial property market in which Wynnstay is active. We have not seen significant evidence of falling tenant demand or of tenants suffering financial difficulty. Published data shows that the UK economy is continuing to grow, with employment and new business formations rising and consumer spending demonstrating considerable resilience. However, given the inevitable uncertain background and recent signs of slowing growth and consumer spending, we feel that it is right to be prudent while we plan to continue to grow Wynnstay's portfolio, both organically and by acquisition.

Since the year-end, the general election has just delivered an uncertain outcome. There are many important challenges, in addition to Brexit, that a new government will face to ensure that the UK has a vibrant and successful economy in which smaller businesses play a vital role. Of particular importance to commercial property are the reform of the present system of business rates and the heavy costs of property transactions arising from recent increases in stamp duty.

The Board

Retirement of Terry Nagle

In my interim statement in November, I reported on Terry Nagle's decision to retire after 19 years on the Board and thus not to stand for re-election at this year's Annual General Meeting.

Terry's entire business and professional career has been spent in the property world. After qualifying as a Chartered Surveyor he cut his teeth dealing with the property assets of large multinational companies then expanding in Europe, including Mobil and Rank Xerox. He then joined one of the UK's largest and successful large quoted property company, Brixton Estate, where he rose to become Property Director and then Managing Director.

Given his large company background compared to Wynnstay, we were very fortunate to attract Terry to take an interest in Wynnstay and to join the Board in 1998. His hands-on experience of all aspects of commercial property, built up over many years in different businesses and working with a range of professionals on diverse property matters, has been invaluable to Wynnstay. He has provided valuable guidance to management and the Board on tricky property management issues and constructive challenge on proposed actions that are brought to the Board.

Terry has also given insightful views on proposed acquisitions or disposals, often taking the opportunity to inspect properties and the surrounding area to form his own view on whether they should be in Wynnstay's portfolio. He has also taken a particular interest in the preparation of our reports to shareholders and in shareholder relations, for which I am particularly grateful.

Although Terry will be retiring from the Board, he assures me that he will continue to take an active interest in the Company's future and hopes to continue to attend our annual general meetings so that, if necessary, he can offer his views from the floor instead of around the boardroom table.

Terry has recently undergone a major operation. I know that Shareholders will want to join with me in wishing him both full recovery and a happy retirement.

Appointment of Paul Mather and Caroline Tolhurst

As foreseen in my interim statement and announced with our Trading Update at the end of March, our work with specialist search consultants resulted in the appointment of Paul Mather and Caroline Tolhurst to the Board. Both Paul and Caroline are chartered surveyors and have many years of experience in commercial property and property fund management.

Paul Mather's career after qualification in professional practice brought him to central London where he focussed on active asset management of commercial portfolios and developments as a group portfolio manager for Greycourt PLC and then as a senior director at BNP Paribas Real Estate.

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CHAIRMAN'S STATEMENT (continued)

Caroline Tolhurst broadened her professional property career and experience into compliance, governance and investment management as well as becoming a Chartered Secretary and has previously worked in senior positions at Grosvenor Limited, NewRiver Retail Limited and Knight Frank LLP and currently has a number of property-related non-executive directorships.

I welcome Paul and Caroline to the Board, which they joined in April. Shareholders will have the opportunity to meet them at the Annual General Meeting in July.

Directors Fees

We have not reviewed the level of Directors' Fees in the light of the time commitment required for a long time. The number of regular Board meetings each year has risen and the extent of contacts and communications among the Directors between meetings has increased significantly. In discussion with potential search firms for the new appointments, it was clear that all firms considered that our level of Directors' Fees was low in the light of the number of meetings, overall time commitment and responsibilities. This was confirmed by reference to the fees paid by a range of other AIM companies.

Accordingly the Board decided that the Directors Fees for 2016-17 and for 2017-18 should be set at £15,000 (2016 - £11,994). In the light of this, the Board also decided that the Chairman's remuneration should be set at £40,000 for the two years (2016 – £33,528). The level of fees will be reviewed again at the end of this year.

Our Executive Management

The day-to-day management of Wynnstay's business is in the expert hands of our very capable executive directors – Paul Williams, our Managing Director, and Toby Parker, our Finance Director. The Company's recent growth is a tribute to their work on behalf of shareholders. In the light of the excellent results achieved this year, the non-executive Directors decided to award them each a cash bonus: in the case of Paul, £25,000 and in the case of Toby, £5,000. The bonuses are reflected in the accounts for the last year.

Last year I mentioned that we were proposing to introduce a HMRC-approved Share Incentive Plan for the executive management. In the event, it transpired that the costs of establishing such a scheme for only such a small number of employees would not have been proportionate relative to the potential benefits. So, at least for the time being, we will use discretionary bonuses as an additional incentive to align remuneration with shareholders interests. However as mentioned below, Paul has expressed a wish to consider taking any future bonuses in the form of Wynnstay shares and a resolution to enable this will be proposed at the Annual General Meeting.

Colleagues and Advisers

I have already paid tribute to Terry Nagle on his retirement. Our other non-executive director, Charles Delevingne, continues to provide his invaluable experience in the property world and he was closely involved with me in the search and recruitment process for the new non-executive directors. I would like to thank all the Directors, as well as our advisers, for their contributions over the past year.

Unsolicited approaches to Shareholders

Each year I warn shareholders about unsolicited approaches, usually by telephone, about their shareholdings. There is nothing that we can do to deter or stop these approaches, or the use by callers of Wynnstay's name or details of shareholdings. Once again, I would urge all shareholders to be vigilant. On Wynnstay's website (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 (www.fca.org.uk/consumers/scams).

Annual General Meeting

Our Annual General Meeting will be held on **Thursday 13th July 2017 commencing at 11.30**. This year, it is to be held at the company's registered office which is at our auditors, Moore Stephens LLP, 150 Aldersgate Street, London EC1A 4AB. Coffee will be available from 11.00.

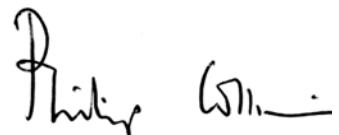
As always, I urge Shareholders to come to London for this event so that they can meet the Board and other Shareholders informally to discuss the Company's affairs as well as to take part in the formal business.

You will note from the notice of meeting on page 36 that, in addition to routine business, there are two additional resolutions before the meeting this year.

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CHAIRMAN'S STATEMENT (continued)

These resolutions would give the Board authority, limited in both amount (5% of share capital) and time (December 2018 at the latest) to issue shares, including shares held in Treasury, and to do so without first offering them to existing shareholders. This authority is commonly sought in public companies as it is a potentially useful additional way of financing part of the costs of an acquisition if this suits the vendor. A specific reason for the authority in our case is that our Managing Director, Paul Williams, has expressed interest in receiving any future bonuses in shares. Although he could seek to purchase shares in the market, our shares are often not readily available in the market so it is useful for the Board to have the authority to issue shares directly to Paul as well as, if he wishes, to Toby Parker. Whilst an acquisition of shares in this way will not provide the tax benefits associated with a share incentive scheme which I have mentioned above, it is a sign of Paul's confidence in and commitment to the Company that he has expressed this interest in aligning his financial interests with those of the Company and of all other shareholders.



Philip G.H. Collins
Chairman

14 June 2017

WYNNSTAY PROPERTIES PLC

REPORT OF THE DIRECTORS 2017

The Directors present their One Hundred and Thirty First Annual Report, together with the audited Financial Statements of the Company for the year ended 25th March 2017.

Please refer to the Strategic Report on page 13 for the activities and the likely future developments of the Company and a discussion of the risks and uncertainties. Please refer to note 18 of the financial statements for further disclosure of the financial risks.

Profit for the Year

The profit for the year after taxation amounted to £2,797,000 (2016: £1,796,000). Details of movements in reserves are set out in the statement of changes in equity on page 18.

Dividends

The Directors have decided to recommend a final dividend of 10.25 pence per share for the year ended 25th March 2017 payable on 21st July 2017 to those shareholders on the register on 23rd June 2017. This dividend, together with the interim dividend of 5.5 pence paid on 23rd December 2016, represents a total for the year of 15.75 pence (2016 – 13.2 pence).

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' 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. Under that law the Directors have elected to prepare the financial statements in accordance with IFRS as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the Company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under Company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view. 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 as adopted by the European Union;
- 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 2017 (continued)

Directors

The Directors holding office during the financial year under review and their beneficial and non-beneficial interests in the ordinary share capital of the Company at 25th March 2017 and 25th March 2016 are shown below:

		Ordinary Shares of 25p	
		25.3.17	25.3.16
P.G.H. Collins	Non-Executive Chairman	850,836	850,836
C.P. Williams	Managing Director	10,212	9,412
C.H. Delevingne	Non-Executive Director	5,000	5,000
T.J. Nagle	Non-Executive Director	13,000	13,000
T.J.C. Parker	Finance Director and Secretary	15,583	15,250

The interests shown above in respect of Mr. P.G.H. Collins include non-beneficial interests of 217,983 shares at 25th March 2017 and 2016.

Mr. C.P. Williams and Mr T.J.C. Parker each have a service agreement with the Company. Under the respective terms thereof, their employment is subject to six months' notice of termination by either party.

In accordance with the Company's Articles of Association, Mr. P.G.H. Collins retires by rotation and, being eligible, offers himself for re-election.

Brief biographies of each of the Directors appear on page 39.

Directors' Emoluments

Directors' emoluments for the year ended 25th March 2017 are set out below:-

	<u>Salaries</u>	<u>Fees</u>	<u>Pension</u>	<u>Benefits</u>	<u>Total</u>	<u>Total</u>
	<u>2017</u>	<u>2017</u>	<u>2017</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>
P.G.H. Collins	—	40,000	—	—	40,000	33,528
C.P. Williams	140,360	15,000	11,536	3,248	170,144	165,929
C.H. Delevingne	—	15,000	—	—	15,000	11,994
T.J. Nagle	—	15,000	—	—	15,000	11,994
T.J.C.Parker	—	15,000	5,000	—	20,000	16,994
Total 2017	<u>£140,360</u>	<u>£100,000</u>	<u>£16,536</u>	<u>£3,248</u>	<u>£260,144</u>	
Total 2016	<u>£109,867</u>	<u>£81,504</u>	<u>£45,987</u>	<u>£3,081</u>		<u>£240,439</u>

The above figures include discretionary bonus payments determined by the Board to reflect performance during the year of £25,000 to Mr C.P.Williams and £5,000 to Mr T.J.C. Parker.

A company owned and controlled by Mr T.J.C. Parker, was paid a fee of £43,697 (2016: £41,617) for services rendered during the year (see note 20).

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 2017 (continued)

Substantial Interests

As at 13th June 2017, the Directors have been notified or are aware of the following interests, which are in excess of three per cent of the issued ordinary share capital of the Company:

	No. of Ordinary Shares of 25p	Percentage of Issued Share Capital 2017	Percentage of Issued Share Capital 2016
Mr P.G.H. Collins	850,836	31.38%	31.38%
Mr D. Gibson	98,878	3.65%	3.5%
Mr G. Gibson	243,192	8.97%	8.82%

Corporate Governance

The Board of Directors is accountable to Shareholders for the good corporate governance of the Company under the AIM rules for companies. The Company is not required to comply and therefore does not comply with the UK Corporate Governance Code. However, the Board is aware of the best practice defined by the Code and has adopted procedures to the extent considered appropriate.

- The Company is headed by an effective Board of Directors.
- There is a clear division of responsibilities in running the Board and running the Company's business.
- In the financial year, the Board comprised two executive and three non-executive Directors, including the Chairman. In view of the size of the company, the Board appointed the Chairman and Mr C.H. Delevingne to undertake the selection of consultants and to work with them on the selection of new non-executive directors. The procedure for the appointment of new directors is determined by the Board as required by the circumstances. As a result of this process, two additional non-executive Directors were appointed after the end of the financial year.
- The Board receives and reviews on a regular basis financial and operating information appropriate to the Directors being able to discharge their duties. An annual budget is approved by the Board and a revised forecast is prepared at the half year stage. Cash flow and other financial performance indicators are monitored monthly against budget.
- Directors submit themselves for re-election every three years by rotation in accordance with the Articles of Association.
- The Board welcomes communication from the Company's Shareholders and positively encourages their attendance at the Annual General Meeting.
- In view of the current size of the Company and its Board the establishment of an audit committee or an internal audit department would be inappropriate. However, the auditors have direct access to the non-executive Chairman.

Remuneration Committee

The Board currently acts as the remuneration committee, with the non-executive Directors determining the remuneration of the executive Directors, and the details of the Directors' emoluments being set out on page 10 of this report. It is the Company's policy that the remuneration of Directors should be commensurate with services provided by them to the Company.

WYNNSTAY PROPERTIES PLC

REPORT OF THE DIRECTORS 2017 (continued)

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing 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.

Annual General Meeting

The Notice of the Annual General Meeting, to be held on Thursday 13th July 2017, is set out on page 36.

By Order of the Board,
T.J.C. Parker
Secretary

14th June 2017

WYNNSTAY PROPERTIES PLC

STRATEGIC REPORT 2017

The Directors present their Strategic Report for the year ended 25th March 2017.

Principal Activity

The principal activity of the Company during the year continued to be that of Property Owners, Developers and Managers.

Business Review, Performance Indicators and Risks

A review of the business for the year and of the future prospects of the Company is included in the Chairman's Statement on pages 4 to 8. The financial statements and notes are set out on pages 15 to 34.

The key performance indicators for the Company are those relating to the underlying movement in both rental income and in the value of its property investments as set out below:

- Increase in rental income: 14.0% (2016: increase of 6.9%).
- Increase in net asset value per share: 15.4% (2016: increase of 10.1%).

The Directors will continue to search for profitable investment opportunities, and make changes to enhance the value of the portfolio as and when such opportunities arise.

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 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. Other risk factors include changes in legislation in respect of taxation and the obtaining of planning consents, etc. as well as those associated with financing and treasury management. The Company's risk management objectives can be found at note 18 of the financial statements.

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

T.J.C. Parker
Director

14th June 2017

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF WYNNSTAY PROPERTIES PLC

We have audited the financial statements of Wynnstay Properties Plc for the year ended 25th March 2017 which are set out on pages 15 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate .

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 25th March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information based on the work undertaken in the course of the audit given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and these reports 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 Directors' Report.

We have nothing to report in respect of the following matters where 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.

Paul Fenner, Senior Statutory Auditor

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street
London EC1A 4AB

14th June 2017

WYNNSTAY PROPERTIES PLC

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 25TH MARCH 2017

	Notes	2017	2016
		£'000	£'000
Property Income		2,028	1,778
Property Costs	2	(131)	(122)
Administrative Costs	3	(528)	(462)
		<hr/> 1,369	<hr/> 1,194
Movement in Fair Value of:			
Investment Properties	9	2,199	946
Profit on Sale of Investment Property		—	127
		<hr/> 3,568	<hr/> 2,267
Operating Income			
Investment Income	5	3	4
Finance Costs	5	(373)	(320)
		<hr/> 3,198	<hr/> 1,951
Taxation	6	<hr/> (401)	<hr/> (155)
Income after Taxation		<hr/> 2,797	<hr/> 1,796
Basic and diluted earnings per share	8	103.1p	66.2p

The company has no items of other comprehensive income.

WYNNSTAY PROPERTIES PLC
STATEMENT OF FINANCIAL POSITION 25TH MARCH 2017

	Notes	2017 £'000	2016 £'000
Non Current Assets			
Investment Properties	9	29,515	25,230
Investments	12	<u>3</u>	3
		29,518	25,233
Current Assets			
Accounts Receivable	13	455	319
Cash and Cash Equivalents		1,075	1,383
		<u>1,530</u>	<u>1,702</u>
Current Liabilities			
Accounts Payable	14	(1,039)	(941)
Income Taxes Payable		(195)	(180)
		<u>(1,234)</u>	<u>(1,121)</u>
Net Current Assets		296	581
Total Assets Less Current Liabilities		29,814	25,814
Non-Current Liabilities			
Bank Loans Payable	15	(11,340)	(9,972)
Deferred Tax Payable	16	<u>(209)</u>	<u>(3)</u>
		<u>(11,549)</u>	<u>(9,975)</u>
Net Assets		18,265	15,839
Capital and Reserves			
Share Capital	17	789	789
Treasury Shares		(1,570)	(1,570)
Share Premium Account		1,135	1,135
Capital Redemption Reserve		205	205
Retained Earnings		17,706	15,280
		<u>18,265</u>	<u>15,839</u>

Approved by the Board and authorised for issue on 14th June 2017

P.G.H. Collins
Chairman

T.J.C. Parker
Finance Director

WYNNSTAY PROPERTIES PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 25TH MARCH 2017

	2017	2016
	£'000	£'000
Cashflow from operating activities		
Income before taxation	3,198	1,951
Adjusted for:		
Amortisation of deferred finance costs	28	9
Increase in fair value of investment properties	(2,199)	(946)
Interest income	(3)	(4)
Interest expense	373	320
Profit on disposal of investment properties	–	(127)
Changes in:		
Trade and other receivables	(136)	171
Trade and other payables	99	(146)
Cash generated from operations	<u><u>1,360</u></u>	<u><u>1,228</u></u>
Income taxes paid	(181)	(197)
Interest paid	(345)	(320)
Net cash from operating activities	<u><u>834</u></u>	<u><u>711</u></u>
Cashflow from investing activities		
Interest and other income received	3	4
Purchase of investment properties	(2,086)	(2,739)
Sale of investment properties	–	362
Net cash from investing activities	<u><u>(2,083)</u></u>	<u><u>(2,373)</u></u>
Cashflow from financing activities		
Dividends paid	(371)	(347)
Drawdown on bank loans	1,312	2,342
Net cash from financing activities	<u><u>941</u></u>	<u><u>1,995</u></u>
Net (decrease)/increase in cash and cash equivalents	(308)	333
Cash and cash equivalents at beginning of period	1,383	1,050
Cash and cash equivalents at end of period	<u><u>1,075</u></u>	<u><u>1,383</u></u>

WYNNSTAY PROPERTIES PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25TH MARCH 2017

YEAR ENDED 25TH MARCH 2017

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 26th March 2016	789	205	1,135	(1,570)	15,280	15,839
Total comprehensive income for the year	–	–	–	–	2,797	2,797
Dividends – note 7	–	–	–	–	(371)	(371)
Balance at 25th March 2017	789	205	1,135	(1,570)	17,706	18,265

YEAR ENDED 25TH MARCH 2016

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

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

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 Alternative Investment Market. The Company's registered number is 00022473.

1.1 Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The financial statements have been presented in Pounds Sterling being the functional currency of the Company. 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 profit or loss, and investments.

The financial statements comprise the results of the Company drawn up to 25th March each year.

(a) New Interpretations and Revised Standards Effective for the year ended 25th March 2017

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 the EU that are relevant to the operations and effective for accounting periods beginning on or after 26th March 2016. The adoption of these interpretations and revised standards had the following impact on the disclosures and presentation of the financial statements:

IAS 40 Investment Property

The amendment to the standard clarifies that judgement is required over whether the acquisition of an investment property is an acquisition of an asset or a business combination that falls within the scope of IFRS 3. The amendment will prospectively impact the accounting treatment for the acquisition of investment property which falls under the scope of business combinations.

The Company has evaluated its investment property acquisitions during the year ended 25th March 2017 and has not identified any transactions which fall within the scope of business combinations. The investment properties acquired during the year are disclosed in note 9.

(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 revisions to a number of existing standards and new interpretations as well as a number of new standards with an effective date of implementation after the date of these financial statements.

It is not anticipated that the adoption of these revised standards and interpretations will have a material impact on the figures included in the financial statements in the period of initial application. The following standards may have a minor impact:

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

IFRS 9: Financial Instruments

The standard makes substantial changes to the measurement of financial assets and financial liabilities and derecognition of financial assets. There will only be three categories of financial assets whereby financial assets are recognised at either fair value through profit and loss, fair value through other comprehensive income or measured at amortised cost. On adoption of the standard, the Group will have to re-determine the classification of its financial assets based on the business model for each category of financial asset. This is not considered likely to give rise to any significant adjustments.

The principal change to the measurement of financial assets measured at amortised cost or fair value through other comprehensive income is that impairments will be recognised on an expected loss basis compared to the current incurred loss approach. As such, where there are expected to be credit losses these are recognised in profit or loss. For financial assets measured at amortised cost the carrying amount of the asset is reduced for the loss allowance. For financial assets measured at fair value through other comprehensive income the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit or loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in other comprehensive income.

The standard is effective for periods beginning on or after 1 January 2018.

IFRS 15 – Revenue from contracts with customers

The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around five steps in recognising revenue:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price
- Recognise revenue when a performance obligation is satisfied

On application of the standard the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information.

The Company has not as yet evaluated the full extent of the impact that the standard will have on its financial statements, however the effect is not considered likely to be material.

The standard is effective for periods beginning on or after 1 January 2018.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

IFRS 16 – Leases

The standard makes substantial changes to the recognition and measurement of leases by lessees. On adoption of the standard, lessees, with certain exceptions for short term or low value leases, will be required to recognise all leased assets on their balance sheet as ‘right-of-use assets’ with a corresponding lease liability. This is likely to significantly increase the asset and liability balances recognised in the balance sheet..

In addition to the re-measurements required, on application of the standard, the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and variability of lease payments and cash flows, by providing qualitative and quantitative information.

The requirements for lessors are substantially unchanged although the disclosures are also likely to increase.

The Company has not as yet evaluated the full extent of the impact that the standard will have on its financial statements, however the effect is not considered likely to be material.

The standard is effective for periods beginning on or after 1 January 2019 but is yet to be endorsed by the EU.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

1.2 ACCOUNTING POLICIES

Investment Properties

All the Company's investment properties are revalued annually and stated at fair value at 25th March. The aggregate of any resulting surpluses or deficits are taken to profit or loss.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost to sell.

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.

Other plant and equipment is recognised at cost and depreciated on a straight line basis calculated at annual rates estimated to write off each asset over its useful life of 5 years.

Disposal of Investments

The gains and losses on the disposal of investment properties and other investments are included in profit or loss in the year of disposal.

Property Income

Property income is recognised on a straight line basis over the period of the lease. Revenue is measured at the fair value of the consideration receivable. All income is derived in the United Kingdom.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax is the expected tax payable on the taxable income for the year based on the tax rate enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of prior years. Taxable profit differs from income before tax 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.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

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 profit or loss, including deferred tax on the revaluation of investment property.

Trade and Other Accounts Receivable

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. All receivables do not carry any interest and are short term in nature.

Cash and Cash Equivalents

Cash comprises cash at bank and on demand deposits. Cash equivalents are short term (less than three months from inception), repayable on demand and 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 employees' pension plans are charged to the statement of comprehensive income as incurred. The pension scheme is a defined contribution scheme.

Borrowings

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

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 Company's independent valuers.

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

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

2. PROPERTY COSTS	2017	2016
	£'000	£'000
Empty rates	1	41
Property management	65	35
	66	76

Legal fees	40	25
Agents fees	25	21
	131	122

3. ADMINISTRATIVE COSTS	2017	2016
	£'000	£'000
Rents payable – operating lease rentals	25	21
General administration, including staff costs	465	405
Auditors' remuneration: Audit fees	32	32
Tax services	6	4
	528	462

4. STAFF COSTS	2017	2016
	£'000	£'000
Staff costs, including Directors, during the year were as follows:		
Wages and salaries	244	195
Social security costs	23	20
Other pension costs	17	46
	284	261

Details of Directors' emoluments, totaling £260,144 (2016: £240,439), are shown in the Directors' Report on page 10. There are no other key management personnel.

	2017	2016
	No.	No.
The average number of employees, including Directors, engaged wholly in management and administration was:	5	5
The number of Directors for whom the Company paid pension benefits during the year was:	2	2

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

5. FINANCE COSTS (NET)	2017	2016
	£'000	£'000
Interest payable on bank loans	373	320
Less: Bank interest receivable	(3)	(4)
	<u>370</u>	<u>316</u>

6. TAXATION	2017	2016
	£'000	£'000
(a) Analysis of the tax charge for the year:		
UK Corporation tax at 20% (2016: 20%)	195	180
Overprovision in previous year	—	(28)
Total current tax charge	<u>195</u>	<u>152</u>
Deferred tax – temporary differences	205	3
Tax charge for the year	<u>401</u>	<u>155</u>
(b) Factors affecting the tax charge for the year:		
Net Income before taxation	<u>3,198</u>	<u>1,951</u>
Current Year:		
Corporation tax thereon at 20% (2016 - 20%)	640	390
Expenses not deductible for tax purposes	14	7
Excess of capital allowances over depreciation	(2)	(3)
Investment gain on fair value not taxable	(440)	(189)
Investment gain not taxable	—	(25)
Other timing differences	(16)	3
Overprovision in previous year	—	(28)
Current tax charge	<u>195</u>	<u>155</u>
7. DIVIDENDS	2017	2016
	£'000	£'000
Final dividend paid in year of 8.2p per share (2016: 7.8p per share)	222	212
Interim dividend paid in year of 5.5p per share (2016: 5.0p per share)	<u>149</u>	<u>135</u>
	<u>371</u>	<u>347</u>

The Board recommends the payment of a final dividend of 10.25p per share, which will be recorded in the Financial Statements for the year ending 25th March 2018.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing Income after Taxation attributable to Ordinary Shareholders of £2,797,000 (2016: £1,796,000) by the weighted average number of 2,711,617 (2016: 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.

9. INVESTMENT PROPERTIES	2017	2016
	£'000	£'000
Investment Properties		
Balance at 25th March 2016	25,230	21,780
Additions	2,086	2,739
Disposals	<u>—</u>	<u>(235)</u>
	27,316	24,284
Revaluation Surplus	2,199	946
Balance at 25th March 2017	29,515	25,230

The Company's freehold investment properties are carried at fair value as at 25th March 2017. The fair value of the properties has been calculated by independent valuers, BNP Paribas Real Estate, on the basis of market value, defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

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 yields which range from 5.51% to 9.66%, with an average yield of 7.44% and an average weighted yield of 6.75% 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% increase or decrease in the yield would result in a corresponding decrease or increase of £1.78 million in the fair value movement through profit or loss.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

10. OTHER PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	£'000	£'000
Cost		
Balance at 25th March 2016 and 25th March 2017	<u><u>47</u></u>	<u><u>47</u></u>
Depreciation		
Balance at 25th March 2016	<u><u>47</u></u>	<u><u>47</u></u>
Charge for the Year	<u>—</u>	<u>—</u>
Balance at 25th March 2017	<u><u>47</u></u>	<u><u>47</u></u>
Net Book Values at 25th March 2016 and 25th March 2017	<u><u>—</u></u>	<u><u>—</u></u>

11. OPERATING LEASES RECEIVABLE

	2017	2016
	£'000	£'000
The following are the future minimum lease payments receivable under non-cancellable operating leases which expire:		
Not later than one year	2,026	1,696
Between 2 and 5 years	4,061	3,719
Over 5 years	<u>245</u>	<u>654</u>
	<u><u>6,332</u></u>	<u><u>6,069</u></u>

Rental income under operating leases recognised through profit or loss amounted to £2,028,000 (2016: £1,778,000).

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.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

12. INVESTMENTS	2017	2016
	£'000	£'000
Quoted investments	<u>3</u>	<u>3</u>

13. ACCOUNTS RECEIVABLE	2017	2016
	£'000	£'000
Trade receivables	<u>451</u>	316
Other receivables	<u>4</u>	3
	<u><u>455</u></u>	<u><u>319</u></u>

Trade receivables include an allowance for bad debts of £nil (2016: nil). Trade receivables of £10,000 (2016: £13,000) are considered past due but not impaired.

14. ACCOUNTS PAYABLE	2017	2016
	£'000	£'000
Trade payables	<u>7</u>	24
Other creditors	<u>134</u>	129
Accruals and deferred income	<u>898</u>	788
	<u><u>1,039</u></u>	<u><u>941</u></u>

15. BANK LOANS PAYABLE	2017	2016
	£'000	£'000
Non-current position	<u>11,340</u>	10,000
Less: deferred finance costs	<u>–</u>	<u>(28)</u>
	<u><u>11,340</u></u>	<u><u>9,972</u></u>

In December 2016, a new five year facility comprising both a Fixed Rate Facility and a Revolving Credit Facility was entered into providing a total credit facility of £11.34 million. Interest was charged at 3.35% per annum over LIBOR for the Fixed Rate Facility of £10million and 2.49% over 3 month LIBOR for the Revolving Credit Facility of £1.34million.

The loan is repayable in one instalment on 18 December 2021. The bank loan includes the following financial covenants:

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

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

15. BANK LOANS PAYABLE (Continued)

The borrowing facility is secured by fixed charges over the freehold land and buildings owned by the Company, which at the year end had a combined value of £29,515,000 (2016: £25,230,000). The undrawn element of the borrowing facility available at 25th March 2017 was £nil (2016: nil).

16. DEFERRED TAX

A deferred tax liability of £209,000 has been recognised in respect of the investment properties (2016: £3,000).

17. SHARE CAPITAL	2017	2016
	£'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	789	789

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.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

18. 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 25th March 2017 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 these risks and they are summarised below:

Credit Risk

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

Tenant rent payments are monitored regularly and appropriate action is taken to recover monies owed or, if necessary, to terminate the lease. Funds are invested and loan transactions contracted only with banks and financial institutions with a high credit rating.

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.

Concentration of credit risk exists to the extent that at 25th March 2017 and 2016, current account and short term deposits were held with two financial institutions, Svenska Handelsbanken AB and C Hoare & Co. Maximum exposure to credit risk on cash and cash equivalents at 25th March 2017 was £1,075,000 (2016: £1,383,000).

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 cash flow interest rate risk as it currently borrows at floating 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 reviews available cash to ensure there are sufficient resources for working capital requirements.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

18. FINANCIAL INSTRUMENTS (Continued)

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	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Impact on interest payable - gain/(loss)	7	50	(7)	(50)
Impact on interest receivable - (loss)/gain	(5)	(7)	5	7
Total impact on pre tax profit and equity	2	43	(2)	(43)

The net exposure of the Company to interest rate fluctuations was as follows:

	2017	2016
	£'000	£'000
Floating rate borrowings (bank loans)	(1,340)	(10,000)
Less: cash and cash equivalents	1,075	1,383
	(265)	(8,617)

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.

	2017	2017	2016	2016
	Book Value	Fair Value	Book Value	Fair Value
	£'000	£'000	£'000	£'000
Interest bearing borrowings (note 15)	(11,340)	(11,340)	(9,972)	(9,998)
Total	(11,340)	(11,340)	(9,972)	(9,998)

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

18. FINANCIAL INSTRUMENTS (Continued)

Categories of Financial Instruments

	2017	2016
	£'000	£'000
Financial assets:		
Quoted investments	3	3
Loans and receivables	455	319
Cash and cash equivalents	<u>1,075</u>	1,383
Total financial assets	<u>1,533</u>	1,705
Non-financial assets	<u>29,515</u>	25,230
Total assets	<u>31,048</u>	<u>26,935</u>
Financial liabilities at amortised cost	<u>12,574</u>	11,096
Total liabilities	<u>12,783</u>	11,096
Shareholders' equity	<u>18,265</u>	15,839
Total shareholders' equity and liabilities	<u>31,048</u>	<u>26,935</u>

The only financial instruments measured subsequent to initial recognition at fair value as at 25th March are quoted investments. These are included in level 1 in the IFRS 7 hierarchy as they are based on quoted prices in active markets.

Capital Management

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

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

Capital comprises Shareholders' equity plus net borrowings. The Company monitors capital using loan to value and gearing ratios. The former is calculated by reference to total net 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 loan to value ratio should not exceed 50% and the gearing ratio should not exceed 100%.

	2017	2016
	£'000	£'000
Net borrowings and overdraft	11,340	9,972
Cash and cash equivalents	<u>(1,075)</u>	(1,383)
Net borrowings	<u>10,265</u>	8,589
Shareholders' equity	<u>18,265</u>	15,839
Investment properties	<u>29,515</u>	25,230
Loan to value ratio	34.8%	34.0%
Net gearing ratio	56.2%	54.2%

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

19. COMMITMENTS UNDER OPERATING LEASES

Future rental commitments at 25th March 2017 under non-cancellable operating leases are as follows:-

	2017	2016
	£'000	£'000
Within one year	28	24
Between two to five years	28	28
	<u>56</u>	<u>52</u>

20. RELATED PARTY TRANSACTIONS

The Company has entered into an agreement with T.J.C.P. Consultants Ltd, a company owned and controlled by T.J.C. Parker which during the year was paid £43,697 (2016: £41,617). There were no other related party transactions other than with the Directors, which have been disclosed under Directors' Emoluments in the Directors' Report on page 8.

WYNNSTAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25TH MARCH 2017

21. SEGMENTAL REPORTING

	Industrial		Retail		Office		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rental Income	1,298	1,253	465	245	335	280	2,028	1,778
Profit/(loss) on property investments at fair value	1,145	773	24	15	1,030	158	2,199	946
Total income and gain/(loss)	2,443	2,027	489	260	1,295	437	4,227	2,724
Property expenses	(131)	(122)	—	—	—	—	(131)	(122)
Segment profit/(loss)	2,312	1,905	489	260	1,295	437	4,096	2,602
Unallocated corporate expenses							(528)	(462)
Profit on sale of investment property	—	—	—	127	—	—	—	127
Operating income							3,568	2,267
Interest expense (all relating to property loans)							(373)	(320)
Interest income and other income							3	4
Income before taxation							3,198	1,951

Other information	Industrial		Retail		Office		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment assets	18,483	16,117	5,915	5,025	5,118	4,088	29,515	25,230
Segment assets held as security	18,483	16,117	5,915	5,025	5,118	4,088	29,515	25,230

WYNNSTAY PROPERTIES PLC
FIVE YEAR FINANCIAL REVIEW

	IFRS				
Years Ended 25th March:	2017	2016	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
STATEMENT OF COMPREHENSIVE INCOME					
Property Income	2,028	1,778	1,663	1,609	1,628
Profit before movement in fair value of investment properties and taxation	999	878	899	1,011	1,103
Income before Taxation	3,198	1,951	2,429	1,181	166
Income/(Loss) after Taxation	2,797	1,796	2,219	946	(193)
STATEMENT OF FINANCIAL POSITION					
Investment Properties	29,515	25,230	21,780	18,515	17,700
Equity Shareholders' Funds	18,265	15,839	14,390	12,499	11,873
PER SHARE					
Basic earnings	103.1p	66.2p	81.8p	34.9p	(7.1p)
Dividends paid and proposed	15.75p	13.2p	12.3p	11.8p	10.8p
Net Asset Value	674p	584p	531p	461p	438p

WYNNSTAY PROPERTIES PLC
NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred and thirty first ANNUAL GENERAL MEETING of the Members of Wynnstay Properties PLC will be held at Moore Stephens LLP, 150, Aldersgate Street, London EC1A 4AB on Thursday, 13th July 2017, at 11.30 a.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 25th March 2017.
- 2 To declare a final dividend for the year ended 25th March 2017 of 10.25 pence per ordinary share.
- 3 To fix the remuneration of the Directors.
- 4 To reappoint Moore Stephens LLP 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 as a Director of the Company Paul Mather, who retires and offers himself for re-election.
- 6 To re-elect as a Director of the Company Caroline Tolhurst, who retires and offers herself for re-election.
- 7 To re-elect as a Director of the Company Philip G.H. Collins, who retires and offers himself for re-election.
- 8 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 2018 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2018. 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 authorization had not expired.

WYNNSTAY PROPERTIES PLC

NOTICE OF MEETING

SPECIAL RESOLUTIONS

9 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 8 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 2018 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2018. 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:
150 Aldersgate Street
London EC1A 4AB

By Order of the Board,
T. J. C. Parker
Secretary
14th June 2017

WYNNSTAY PROPERTIES PLC

NOTICE OF MEETING

Notes:

1. A Member entitled to attend and vote at the Meeting may appoint one or more proxies to attend, speak and vote in their stead. The proxy need not be a Member of the Company. To be effective, completed forms of proxy and the power of attorney or other authority (if any) under which they are signed or a copy of that power or authority certified notarially or in accordance with the Powers of Attorney Act 1971 must be lodged at the office of the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU at least 48 hours before the time appointed for the Meeting. A form of proxy is enclosed.
2. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person should he wish to do so.
3. In the case of joint shareholders, the vote of the senior who tenders a vote, whether in person (including by corporate representative) or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members.
4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 11.30 a.m. on 11th July 2017 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the relevant register of securities after 11.30 a.m. on 11th July 2017 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
5. Copies of the service agreements under which Directors of the Company are employed by the Company will be available for inspection at the Company's registered office during normal business hours on any weekday from the date of this Notice until the date of the Annual General Meeting and for 15 minutes prior to and during the Meeting.

WYNNSTAY PROPERTIES PLC
BIOGRAPHIES OF THE DIRECTORS

Philip G.H. Collins CBE (Non-Executive Chairman) aged 69, 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 59 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 67. 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.

Terence J. Nagle (Senior Independent Non-Executive) aged 74, is a Chartered Surveyor who has spent his entire career in property with companies which include Mobil Oil and Rank Xerox. In 1972 he joined Brixton Estate and was Property Director from 1984 to 1993 and Managing Director from 1993 to 1997. Appointed a Director of Wynnstay Properties in October 1998.

Toby J. C. Parker (Finance Director and Company Secretary) aged 62, is a Chartered Accountant who has worked for a number of small and medium sized companies in a varied number of business sectors both in the UK and abroad. Appointed a Director of Wynnstay Properties in August 2007.

Paul Mather (Non-Executive) aged 62 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 Greycourt PLC for 17 years.

Caroline M. Tolhurst (Non-Executive) aged 55. is a Chartered Surveyor, and her experience has broadened into compliance, governance and investment management and she is qualified as a Chartered Secretary. She was Company Secretary at Grosvenor Limited and NewRiver Retail Limited and compliance officer for Knight Frank LLP's regulated businesses.

