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# Wynnstay Properties PLC

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*Annual Report and Financial Statements  
for the year ended 25 March 2020*



# WYNNSTAY PROPERTIES PLC

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## ANNUAL REPORT and FINANCIAL STATEMENTS YEAR ENDED 25 MARCH 2020

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**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., A.C.I.S.**

*(Non-Executive Director)*

**REGISTERED OFFICE**

Hamilton House, Mabledon Place, London WC1H 9BB

**AUDITORS**

BDO LLP

55 Baker Street, London W1U 7EU

**SOLICITORS**

FIELDFISHER LLP

Riverbank House, 2 Swan Lane, London EC4R 3TT

**NOMINATED ADVISER & BROKER**

PANMURE GORDON (UK) LIMITED

One New Change, London EC4M 9AF

**VALUERS**

BNP PARIBAS REAL ESTATE ADVISORY &  
PROPERTY MANAGEMENT UK LIMITED

5 Aldermanbury Square, London EC2V 7BP

**REGISTRARS**

LINK ASSET SERVICES

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 2020**

Aldershot	Eastern Road	1 Industrial Unit
Aylesford	Quarry Wood Industrial Estate	19 Industrial Units
Chessington	Oakcroft Business Park	3 Industrial Units/Offices
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 Retail Warehouse 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 Shop
Norwich	City Trading Estate	6 Industrial Units
Petersfield	Petersfield Trade Park	6 Industrial Units
Petersfield	Bedford Road	Development Land
Surbiton	St James Street	Offices
Uckfield	Bell Lane	4 Industrial Units
Weston-super-Mare	Phillips Road	1 Retail Warehouse Unit

All the above properties are Freehold.

# WYNNSTAY PROPERTIES PLC

## CHAIRMAN'S STATEMENT

I am reporting to you on the past financial year's performance against the background of unprecedented recent events.

Having gone through the last three years with the political and economic uncertainty associated with Brexit, like most of the commercial property industry we started 2020 with increased optimism following the general election in December 2019 and the establishment of a majority government as a result. That optimism was shattered when the World Health Organisation declared Covid-19 to be a pandemic on 11 March 2020 and the UK government announced the lockdown on 23 March 2020. This was not the best way to end the financial year; and certainly not to start the current one.

The Covid-19 pandemic and the measures to tackle it have had a profound impact around the world and across the country, including on our businesses, our communities, our economy and our society. At the time of writing, it is impossible to forecast what the longer-term effects for all of us may be. I comment below on some of the steps that we have taken in Wynnstay's business.

These unprecedented events apart, the year ended 25 March 2020 produced a good financial outcome at Wynnstay. This is reflected in the following overview table.

### Overview of financial performance

	Change	2020	2019
• Property income	+2.5%	£2,271,000	£2,216,000
• Profit before movement in fair value of investment properties, property sales and taxation	-3.4%	£1,155,000	£1,196,000
• Earnings per share	-93.7%	4.5p	71.1p
• Dividends per share, paid and proposed	-21.1%	15.0p	19.0p
• Net asset value per share	-1.9%	792p	807p
• Loan to value ratio		36.5%	35.6%
• Gearing ratio		52.2%	52.7%

### Portfolio

Our established policy of continuing to upgrade the portfolio resulted in two disposals of properties that we had owned for many years and one significant acquisition during the year.

Property rental income increased to £2.27 million (2019 - £2.22 million). This is the sixth successive year of rental income growth and the fourth successive year in which it has exceeded £2 million. This has been achieved despite the profitable disposal during the year of our three industrial units at Basingstoke and our remaining unit at St Neots and the loss of rental income from two units at Chessington as a result of our tenant exercising a break option last June. On the other hand, we have benefited this year from a full year's contribution from Petersfield Business Park which we acquired in late Summer 2018, as well as a significant contribution from our latest acquisition at Aylesford of six months rent and the receipt of the uplift from the rent review detailed below.

The level of activity in terms of lease renewals, rent reviews and lettings has been lower than in some previous years, reflecting in part the mix of lease lengths and expiry dates and the overall tenant stability within the portfolio. We completed two lettings, one at Aylesford and the other at Uckfield, five lease renewals at Norwich, Liphook and Heathfield and two rent reviews, one at Lichfield and the other at our latest acquisition in Aylesford.

This acquisition in September 2019 was of a single, self-contained industrial unit with an extensive yard adjoining our existing 18 unit industrial estate at Lake Road, Aylesford. The unit is of similar age and specification to our estate. The acquired unit is let to and occupied by a longstanding tenant whose lease continues until December 2023 at a passing rent on acquisition of £76,000 per annum but subject to an outstanding upward only rent review effective from 25 December 2018. As part of the purchase it was agreed that we would take over negotiations on

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

the outstanding rent review and would retain the benefit of any increased rent from the rent review date. We have now concluded the outstanding rent review at £111,000 per annum and have collected the increased rent due from December 2018, which is reflected in property income in the statement of comprehensive income.

At Chessington we have two vacant units where we have successfully concluded negotiations with our previous tenant regarding dilapidations. The units present well, are in a good location and marketing is ongoing. The commercial letting market over the last year has been extremely difficult. However, we remain optimistic about securing replacement tenants. I will update shareholders regarding the reletting of these units in my interim statement in November.

At Petersfield we are very close to finalising agreements for lease with tenants for two of the three units for which we have planning consent. We are currently undertaking a construction tender process with several potential contractors and will then be able to fully assess the viability of the scheme and take decisions on the next steps. As regards the vacant site at Liphook, I am pleased to report that while preparing this statement we finally received the much delayed planning consent for two single-storey units, with associated landscaping, parking and external works. We are currently reviewing how best we can progress this scheme in the light of current conditions. I will update shareholders on both schemes in my interim statement.

Following the changes in the portfolio during the year, as at the year end, the industrial sector within the portfolio accounted for approximately 75% by value, with the retail warehouse and office sectors comprising around 6% and 16% respectively and 1% being in our remaining retail shop together with 2% in development land.

#### **Profits and Costs**

The profit before movement in fair value of investment properties, property sales and taxation for the year was similar to last year at £1,155,000 (2019: £1,196,000). The net profit of £421,000 from the sale of the one unit at St Neots and Basingstoke is also reflected in the accounts for the year. Our policy of exercising tight control over property and administrative costs has continued to be effective although we incurred some one-off costs relating to the functional changes announced last October and mentioned below.

#### **Portfolio Valuation**

As at 25 March 2020, our Independent Valuers, BNP Paribas Real Estate, have undertaken the annual revaluation of the company's portfolio at £34,260,000 representing a revaluation diminution of £1,145,000 on the valuation as at 25 March 2019, adjusted for acquisitions and disposals. Revaluation adjustments, positive or negative, are reflected together with property income and profits or losses from disposals in the statement of comprehensive income, thus resulting this year in lower earnings per share of 4.5p (2019: 71.1p). This treatment can result in significant variations in earnings per share over the years, as is the case comparing this year with last year.

The valuation was undertaken on the basis of Fair Value in accordance with the requirements of IFRS 13 and the RICS Valuation – Global Standards 2020. In common with other independent property valuations being undertaken at present under these standards, the valuation was reported on the basis of “material valuation uncertainty” given the unknown future impact of Covid-19. This means that valuers can attach less weight to previous market evidence for comparison purposes to inform their opinions of value and consequently less certainty, and a higher degree of caution, should be attached to their valuation than would normally be the case. The valuers state that the material uncertainty declaration is to serve as a precaution and does not invalidate the valuation.

#### **Finance, Borrowings and Gearing**

At the year end, we held cash of just under £1.3 million (2019 - £959,000), our borrowings were £12.5 million (2019 - £12.5 million) and net gearing was 52.2% (2019 - 52.7%). Under our existing facility we can drawdown a further £1 million to take total borrowings to £13.5 million. We operate well within the financial covenants on asset and interest cover set out in our borrowing facilities and have an excellent business relationship with our bankers, Handelsbanken, with an arrangement that we can, in principle and without commitment, increase our borrowings to a maximum of £15 million.

## 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 growth and finances. This has resulted in dividends increasing over the past eight financial years to 25 March 2019 from 10.5p per share to 19.0p per share, an increase of 81%, far in excess of the rate of inflation over the period.

If the Covid-19 pandemic, with its uncertain consequences, had not struck, the Board would have been minded to continue to pursue this progressive dividend policy. However, given the present uncertainties that we all face, we have concluded that it is vital to be prudent and to ensure that we retain an increased level of earnings in the business and thus pay a lower dividend this year.

An interim dividend of 7.5p per share (2019 – 7.0p) was paid in December 2019. The Board announced in mid-June that it would pay a second interim dividend of 7.5p per share (2019 – final 12.0p) thus making a total dividend of 15.0p per share for the year. This second interim dividend was paid on 17 July 2020 to shareholders on the register on 19 June 2020. As two interim dividends have been paid for the year, no final dividend is being declared.

The Board will, of course, keep dividend policy under careful review and hopes that when the outlook is more certain it will be possible to return to its progressive dividend policy. It is keenly aware how important investment income is to many shareholders, especially at a time when interest rates are, and have been for some time, very low and when a number of major companies are cancelling their dividends. A decision on the interim dividend for the current year will be taken as usual in November and announced with our interim results at that time..

In the meantime, shareholders should recall that in Wynnstay's case, the current year's dividend of 15.0p still presents a substantial, above inflation, increase over the past eight years.

#### **Impact of Covid-19 pandemic**

The Covid-19 pandemic and the government lockdown and other measures to tackle it, including support for business, employees and the economy, have now been with us for over four months. While it is too early to assess the impact on Wynnstay's business in anything other than the short term, it has clearly had a huge and immediate impact on the UK economy, with resulting falls in GDP in April and May far beyond any previously experienced.

The impact of the Covid-19 pandemic on commercial property has been the subject of extensive press coverage, with particular focus on the effect of the lockdown on particular sectors of the market - notably retail, hospitality and leisure; and on tenants' anticipated cash flow problems and thus on their ability to pay their rents when due. This has also led to reports of adversarial positions and mutual distrust developing as between some landlords and their tenants resulting in the recent introduction of a voluntary code of practice for commercial property relationships during the pandemic.

At Wynnstay, we have only a small exposure to the retail, hospitality and leisure sectors. We have a broad base of tenants in the portfolio ranging from the government and substantial quoted or privately owned companies to many small and medium sized businesses. We do not depend for our rental income on any one tenant or single business sector. As I have also mentioned in previous statements, we have generally enjoyed constructive and positive relationships with our tenants. This is standing us in good stead in the current conditions.

Since the pandemic was declared, we have been talking to most of our tenants, particularly those with smaller businesses facing potential cash flow problems arising from the lockdown, to explore how we might be able to help them. The Board considers that it is both in shareholders' interests and vital for UK economic recovery to support our tenants, as far as we reasonably can, so that they are in a position to resume trading following the lifting of restrictions. We expect tenants with viable businesses who are suffering short term pressures on cash flow to take full advantage of the various reliefs and schemes that have been made available to business by the UK Government to assist them. These include business rates suspension, employee cost support, tax payment deferrals, government supported loans and business grants to qualifying occupiers.



## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

Typical support that we have been able to offer to viable businesses is to accept, as a concessionary arrangement for a limited period, monthly instead of quarterly in advance rent payments and in some cases to defer a part of a quarter's rent, spreading its payment over the remainder of our financial year. We have also received a small number of requests from tenants for concessionary arrangements in the form of rent holidays or longer term rent deferrals. These requests have been considered on a case by case basis on their merits, having regard to the resources, size and viability of the businesses concerned, the availability and take up of UK Government reliefs and schemes. Such requests by tenants create opportunities to vary lease terms in a mutually beneficial way such as by extending leases or removing tenant break options. Lease variations of this nature have been agreed with several tenants which we consider will be beneficial to both parties by providing some relief to tenants while securing longer term rental income and a potential increase in capital value for Wynnstay.

Wynnstay is a small investment company to whom cash flow is as important as it is to our tenants and the UK Government's measures are directed in the main to trading, rather than investment, businesses. For our part, we are maintaining our regular payments to our suppliers, many of whom are also small businesses, to ensure that their cash flow is supported in the challenging conditions that we all face.

We continue to monitor carefully the receipts of our adjusted rental income, taking account of the concessionary arrangements mentioned above. I am pleased to report that as at the date of writing, the Company has received all of the rental income due for the first quarter of the current financial year commencing 26 March 2020 and over 70% of the rental income due for the second quarter commencing 24 June 2020. For the second quarter, this includes all of the rental income due to date comprising both quarterly rents paid in advance and those rents now being paid monthly.

We will continue to monitor the position very carefully and to engage actively with our tenants to assist them where practicable.

#### **Outlook**

Although the government measures have been relaxed in stages over the past two months and commercial activity has begun to return, as already noted, the impact of the pandemic on the UK economy has been dramatic. For Wynnstay, as for many other businesses, the outlook will depend on the shape and speed of recovery from the impact of the pandemic.

However, we have noted some encouraging signs. Our tenants are continuing to pay their rents, including those due under concessionary arrangements we have made with them. Generally, our contacts with them suggest that they remain positive and determined to build back their businesses – even those very few that we have in the retail and hospitality sector. Indeed the apparent resilience and determination among many of our tenants provides a refreshing contrast to the gloom amongst economic forecasters and the media.

Within our industrial units, we continue to see demand for units that are available at current rents and we have concluded early in the current year one successful lease renewal at an increased rent. A number of rent reviews arise over the remainder of the current year and it will be interesting to see how these are resolved. The interest from tenants in lease extensions or new leases and the removal of break clauses is also encouraging as they look for security in their existing premises and arrangements with their current landlords, rather than facing the costs and disruption of relocation to different premises and landlords.

We have always taken an active, but conservative, approach to building the portfolio and this has stood Wynnstay and you, as shareholders, in good stead over many years, including over some very difficult periods in the economy such as at the time of the banking crisis. Our borrowings are conservative relative to our assets and provide us with good headroom within our facilities with Handelsbanken.

So while nothing can be certain especially given what we have just been through, and have still to live with for some period of time, the Board remains confident about Wynnstay's portfolio, its business and its future.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

#### Functional changes

In my statement with the interim results in November, I reported in detail on the functional changes that we had made in relation to our finance and company secretarial services following the decision of our Finance Director and Company Secretary, Toby Parker, to retire at the end of October. I am pleased to report that the new arrangements with Alan Palmer, our Director of Finance, and Susan Wallace of Bruce Wallace, our Company Secretary, are working extremely well in practice in supporting the business and proving to be flexible in the time commitment our needs require over the course of the year. The requirement since late March for the whole team to work remotely has also been successful.

#### Colleagues and advisers

Wynnstay has only one full-time employee, our Managing Director Paul Williams. I, and my Non-Executive Director colleagues, are part-time, as are our new finance and company secretarial colleagues. I would like to thank them all, as well as those who work with them and our various advisers, for their contributions over the past year.

In the light of the unprecedented conditions, it has been agreed that there will be no increase in either executive salary or Directors' fees in the current year.

#### Shareholder Communications

We have relied for many years principally on paper communications with shareholders, through our regular Interim Reports in November and our Annual Reports in June each year. This has been supplemented in recent years by information provided on our website, and by the dissemination of our regulatory announcements both on our website and through many external sources including online investment news services and platforms.

Where it suits shareholders' needs, we would like to move from paper to electronic communications as many companies have done over recent years. Shareholders can also improve their ability to manage their shareholding in Wynnstay by registering the holding online with our Registrars, Link Asset Services via their share portal [www.signalshares.com](http://www.signalshares.com). You will find enclosed with this Annual Report a letter that sets out the benefits of moving to electronic communications and of registering holdings online and setting out the steps to be taken if you wish to participate.

**You should note that if you would like to continue to receive shareholder information in hard copy form, you have to take the action described in the letter within 28 days. If you do not reply within that time, you will be deemed to have consented to website publication of shareholder information and you will no longer automatically receive hard copies in the post.**

This year we are introducing the opportunity described below for shareholders to ask the questions in writing that they might have wished to ask in person at the Annual General Meeting. In addition to this innovation, shareholders may of course raise questions with the Company at any time during the year, whether to me or to the Managing Director. Questions about the details of any individual shareholding should be addressed in the first instance to Link Asset Services or to the Company Secretary.

#### Unsolicited Approaches to Shareholders

For many years, I have warned shareholders about "share scams", typically unsolicited approaches, usually by telephone, but now increasingly online, from an obviously overseas location and often using a name which appears to carry some substance, about their shareholdings.

As always, I urge all shareholders to continue to be vigilant. 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. 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 ([www. https://www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)).

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (continued)

#### Annual General Meeting

As you know we normally hold the Annual General Meeting (AGM) in London to enable our shareholders to attend. The AGM provides an important and valued opportunity for the Board to engage with shareholders.

Unfortunately, at the time of making our AGM arrangements, this will not be possible this year. In response to the Covid-19 global pandemic, we need to observe the UK Government's guidance on social distancing, as well as help prevent the spread of Covid-19 by not arranging public meetings of significant numbers of people. The UK Government has enacted legislation to facilitate the holding of AGMs during this time and the Company's AGM will be held in accordance with these measures.

Mindful of these requirements and the challenges they present, our AGM will be held on Tuesday 15 September, the details being set out in the notice of meeting on page 50. The Board will ensure a quorum is present and no other shareholders will be able to attend as this would be in contravention of current legal restrictions.

The AGM this year will therefore be purely functional and address just the formal resolutions detailed in the notice of meeting necessary to enable the Board to conduct the business and affairs of the Company. As for all our meetings in recent years, the notice of meeting on page 50 includes, in addition to routine business, two further resolutions. These resolutions would give the Board authority, limited in both amount (5% of share capital) and time (December 2021 at the latest) to issue shares, including shares held in Treasury, and to do so without first offering them to existing shareholders.

**We are taking this opportunity to provide shareholders with the facility to ask questions in writing that they might have wished to ask in person at the AGM. If shareholders have questions, they should be emailed to [company.secretary@wynnstayproperties.co.uk](mailto:company.secretary@wynnstayproperties.co.uk) or by letter to me at the Company's office 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 at the time of the Interim Report in November.

Voting on all resolutions at the meeting will be conducted by poll vote and we strongly encourage you to complete and return a form of proxy to ensure your votes are included. **You will need to appoint the 'Chairman of the meeting' as your proxy as no other person will be able to attend the AGM on your behalf this year.** Please follow the instructions on the Form of Proxy and return your vote so as to be received no later than 48 hours before the commencement of the meeting.

Wynnstay's shareholders have always been very diligent in casting their votes at general meetings by proxy. Every year a very high proportion of shareholders show their continued interest in their investment in Wynnstay by taking the trouble to complete and return their proxy forms. **In the circumstances that we face this year it is vital that shareholders exercise their rights by doing so. Shareholders who choose to register for Link services, as mentioned above, can also benefit from the ability to cast their proxy votes electronically rather than by post or email.**

Finally, on behalf of the Board, I would like to thank shareholders for their continued support for Wynnstay and to convey our good wishes at a time when issues of safety and health have been uppermost in all our minds, leading to enforced changes in our lives, including separation from friends and families.

Philip Collins  
Chairman  
30 July 2020

# WYNNSTAY PROPERTIES PLC

## REPORT OF THE DIRECTORS 2020

The Directors present their One Hundred and Thirty-Fourth Annual Report, together with the audited Financial Statements of the Company for the year ended 25 March 2020.

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 14 - 17.

### **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 on pages 14 - 17 as well as in Note 18 of the financial statements on pages 44 - 47.

### **Profit for the Year**

The profit for the year after taxation amounted to £123,000 (2019: £1,928,000). Details of movements in reserves are set out in the statement of changes in equity on page 31.

### **Dividends**

The Directors have declared the payment of two interim dividends of 7.5p each for the year ended 25 March 2020. An interim dividend of 7.5p was paid on 20 December 2020 and a second interim dividend of 7.5p was paid on 17 July 2020, representing a total for the year of 15.0p (2019: 19.0p).

### **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 IFRS, as adopted by the EU and applicable law.

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 as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

# WYNNSTAY PROPERTIES PLC

## REPORT OF THE DIRECTORS 2020 (continued)

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

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

### Directors

The Directors holding office during the financial year under review and their interests (including spouses, related parties and non-beneficial interests, where applicable) in the ordinary share capital of the Company at 25 March 2020 and 25 March 2019 are shown below

		Ordinary Shares of 25p	
		25.3.20	25.3.19
P.G.H. Collins	Non-Executive Chairman	850,836	850,836
C.P. Williams	Managing Director	11,612	10,212
C.H. Delevingne	Non-Executive Director	5,000	5,000
T.J.C. Parker (resigned 31 October 2019)	Finance Director and Secretary	*28,250	*28,250

\* As at 30 October 2019 in the case of T.J.C. Parker, being the date on which he ceased to be a Director. In relation to his holding as at that date: (i) 10,000 ordinary shares were held under the terms of a discretionary trust of which T.J.C. Parker was both a trustee and a beneficiary (whilst T.J.C. Parker had a beneficial interest in these shares he only had a potential or contingent entitlement dependent on the exercise of the Trustees of their discretions in his favour); and (ii) 18,250 ordinary shares were held in two SIPPs on behalf of T.J.C. Parker.

The interests shown above in respect of Mr. P.G.H. Collins include non-beneficial interests of 229,596 shares at 25 March 2020 and 2019.

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. Mr T.J.C. Parker had a service agreement with the Company with the same period of notice. This was terminated when he ceased to be a Director on 30 October 2019.

In accordance with the Company's Articles of Association, Mr P.G.H. Collins and Miss C.M. Tolhurst retire by rotation and, being eligible, offer themselves for re-election.

Biographies of each of the Directors appear on page 53.

## WYNNSTAY PROPERTIES PLC

### REPORT OF THE DIRECTORS 2020 (continued)

#### Directors' Emoluments

Directors' emoluments for the year ended 25 March 2020 are set out below:-

	<u>Salaries</u>	<u>Fees</u>	<u>Pension</u>	<u>Benefits</u>	<b>Total 2020</b>	<b>Total 2019</b>
P.G.H. Collins	–	42,500	–	–	42,500	41,500
C.P. Williams	129,000	15,850	12,600	2,446	159,896	183,727
C.H. Delevingne	–	15,850	–	–	15,850	15,500
T.J.C.Parker (resigned 31 October 2019)	–	9,246	–	–	9,246	15,500
P. Mather	–	15,850	–	–	15,850	15,500
C.M. Tolhurst	–	20,850	–	–	20,850	15,500
<b>Total 2020</b>	<b><u>£129,000</u></b>	<b><u>£120,146</u></b>	<b><u>£12,600</u></b>	<b><u>£2,446</u></b>	<b><u>£264,192</u></b>	
Total 2019	<u>£151,000</u>	<u>£119,000</u>	<u>£12,600</u>	<u>£4,627</u>	<u>£287,227</u>	

The above figures for 2019 include a discretionary bonus payment of £25,000 to Mr C.P. Williams being the amount determined by the Board to reflect his performance during that year. No discretionary bonus payment has been determined for the financial year under review.

A company owned and controlled by Mr T.J.C. Parker, was paid a fee of £27,416 (2019: £46,000) for services rendered during part of the year (see note 19).

#### Directors' and Officers' Liability Insurance

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

#### Interests in the Company's Shares

As at 30 July 2020, the Directors have been notified or are aware of the following interests (including spouses, 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:

	<b>No. of Ordinary Shares of 25p</b>	<b>Percentage of Issued Share Capital 2020</b>	<b>Percentage of Issued Share Capital 2019</b>
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.

Following the declaration by the World Health Organisation of Covid-19 as a global pandemic, governments in the UK and elsewhere have taken drastic and unprecedented lockdown and other measures which include compulsory business closures and tight restrictions on movement of people and on their activities. This event has the potential to impact the Company and its business and is considered further in the Strategic Report on pages 14-17 which is expressly incorporated by reference into this report.

# WYNNSTAY PROPERTIES PLC

## REPORT OF THE DIRECTORS 2020 (continued)

The Company has performed a series of financial stress tests, described in Note 1.1 to the Financial Statements on page 34 which is expressly incorporated by reference into this report, to ensure that the Company has sufficient cash resources and bank facilities and sufficient covenant margin to manage the potential financial impact of the Covid-19 pandemic on its business under going concern principles.

### **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 has indicated its willingness to continue in office and a resolution will be proposed at the Annual General Meeting to reappoint BDO LLP as auditor for the next financial year.

### **Annual General Meeting**

The Notice of the Annual General Meeting, to be held on 15 September 2020, is set out on page 50.

By Order of the Board  
Susan Wallace  
*Secretary*

30 July 2020



# WYNNSTAY PROPERTIES PLC

## STRATEGIC REPORT 2020

The Directors present their Strategic Report for the year ended 25 March 2020.

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 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 company focusing on acquiring, managing and developing commercial property primarily, but not exclusively, in the south and south-east of England.

Through careful property selection, active direct property management and promoting constructive business relationships with tenants, Wynnstay continues to grow and develop a diversified property portfolio.

Wynnstay's strategy is to secure growth in net rental income and net asset value to provide shareholders with long-term value, including a progressive dividend policy consistent with an appropriate level of dividend cover.

Key challenges in the execution of this strategy are identifying and securing changes to the portfolio, whether by acquisition or disposal, and managing the risks of the commercial property market.

A review of the Company's business, its development and performance for the year, its position at the end of the year and its future prospects is included in the Chairman's Statement on pages 4 to 9. The financial statements and notes are set out on pages 28 to 49.

### **Financial Objectives and Performance Indicators**

The key financial objectives for the Company are to grow the rental income and the capital value of the property portfolio and thus the net asset value per share. The pursuit of these objectives has delivered the following results:

- Increase in rental income: 2.5% (2019: increase of 1.6%).
- Decrease in net asset value per share: 1.9% (2019: increase of 7.0%).

The Directors consider the increase in rental income to be a good outcome. The decrease in net asset value largely results from the fair value adjustment required following the revaluation of the investment portfolio as at 25 March 2020 and reflects the material uncertainty arising from the Covid-19 pandemic.

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.

### **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 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 monthly 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 18 of the financial statements.



## WYNNSTAY PROPERTIES PLC

### STRATEGIC REPORT 2020 (continued)

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-19 pandemic.

Following the declaration by the World Health Organisation of Covid-19 as a global pandemic, governments in the UK and elsewhere have taken drastic and unprecedented lockdown and other measures which include compulsory business closures and tight restrictions on movement of people and on their activities.

It is considered to be too early to assess the impact of the Covid-19 pandemic and the UK Government's lockdown and other measures on the Company and its business. This will depend on a number of factors including, but not limited to, the length of the lockdown, whether there are any further "waves" resulting in new measures, the phasing of the relaxation of the measures, the successes of the UK Government's reliefs and schemes to support business and the overall impact on the UK economy and the shape and speed of the recovery.

However, the Directors draw attention to the fact that uncertainty arising from the Covid-19 pandemic has resulted in the revaluation of the portfolio as at 25 March 2020 being subject to a "material valuation uncertainty" declaration. This declaration is contained in Note 9 to the financial statements on page 39, which is expressly incorporated by reference into this report. The potential impact of the Covid-19 pandemic has also caused the Directors to consider whether, as at the date of their approval, the adoption of the going concern basis is appropriate for the financial statements for the year ended 25 March 2020. The Directors consider that the adoption of the going concern basis is reasonable and appropriate for the reasons set out in Note 1.1 Basis of Preparation – Going Concern in the notes to the financial statements on page 34, which is expressly incorporated by reference into this report.

The main risks the Board have identified together with actions that it has already taken and continues to take to ensure the Company manages these risks and emerges from the crisis in a position of continued financial strength, are summarised below:

- 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;
- Impact on the economy and market sentiment generally adversely affecting the commercial property market and commercial property values;
- Disruption to the businesses of letting agents, property professionals and the general services on which the business relies;
- Disruption to the supply chain for raw materials and construction products and restrictions on the labour market and level of activity on site on any developments it may undertake;
- Staff operating from home or otherwise unable to work or absent from work, and reliance on remote working both within the business and with our tenants, agents and suppliers.

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. In addition, where possible, those tenants with viable businesses are actively assisted and supported, especially small and medium sized businesses that are encountering cash flow difficulties arising from the pandemic.

## WYNNSTAY PROPERTIES PLC

### STRATEGIC REPORT 2020 (continued)

The Board monitors carefully its adjusted rental income receipts, taking account of any concessionary arrangements agreed with tenants. It has received all of the rental income due for the first quarter of the current financial year commencing 26 March 2020 and over 70% of the rental income due for the second quarter commencing 25 June 2020. For the second quarter, this includes all of the rental income due to date comprising both quarterly rents paid in advance and those rents now being paid monthly. The Board will continue this careful monitoring and to take any actions that may be required to support tenants as well as to protect and recover income due. The Board has also intensified the regular detailed review of the portfolio, including feedback from engagement with tenants, in order to assess the risk of tenant failures.

The Board uses an array of professional services, and to date all these have been effectively working remotely under lockdown. It has not experienced any difficulties in service provision to date.

The Company has planning permission for developments at Petersfield and Liphook. Decisions to proceed with these developments have not yet been made. They will be assessed on various assumptions regarding costs, timing, funding and operational risks. Any decision to proceed with one or both of them in the next twelve months will be taken following review of revised cash flow forecasts and subject to any necessary additional external funding being in place.

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

This is a new reporting requirement for public companies for accounting periods commencing after 1 January 2019. After that date, a Strategic Report is required to include a statement that describes how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duty under section 172. Some of the matters identified in Section 172(1) are already covered by similar provisions in the QCA Corporate Governance Code and have thus been previously 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 we 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 increases in rental income, net asset value and dividends paid to shareholders. In the past year, the decisions to dispose of two properties and acquire one property were taken with a view to improving the overall quality and long term performance of the portfolio and thus the success of Wynnstay for the benefit of its shareholders.

## WYNNSTAY PROPERTIES PLC

### STRATEGIC REPORT 2020 (continued)

**(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 over the past two 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 such as such as political uncertainty, the general election and latterly the Covid-19 pandemic.

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

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

**(f) *The need to act fairly as between members of the company:*** Wynnstay has only one class of shares. Thus all shareholders have equal rights and, regardless of the size of their holding, every shareholder is, and always has been, treated equally and fairly. Relations with shareholders are further addressed under Principles 2, 3 and 10 of the QCA Code in the Corporate Governance Report and the QCA Compliance Statement. We have been reviewing how we communicate with shareholders and are in the process of encouraging 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*  
30 July 2020

## 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 and for some time now our Annual Report has described our structure. 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 on pages 19-23.

We prepared and placed our first Statement of Compliance on our website in September 2018 and the statement was reviewed and updated in June and November 2019. This is our second Annual Report required to contain a Corporate Governance Statement and a Corporate Governance Report. 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.

At Wynnstay, we apply the principles of the QCA 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. Nor have we undertaken formal external Board and individual performance reviews, relying instead on less formal methods of individual and group self-examination and self-assessment, which we consider can be suitably effective, although we will keep this under review.

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*  
30 July 2020

# 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: see page 14.

### **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: see pages 10 to 17.

### **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 given on page 53.

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

## WYNNSTAY PROPERTIES PLC

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

in Wynnstay's long-term prospects. He has always placed the interests of all shareholders, and Wynnstay's long term success, at the centre of his chairmanship, as evidenced by his actions and reports to shareholders. His knowledge of the business and of shareholders, and his experience in both the private and public sectors, are all valuable to the Board's deliberations. There is no evidence that his tenure or his shareholding has had any adverse impact on his independent judgement.

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

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

The Non-Executive Directors are expected to devote such time as is necessary for the proper performance of their duties. Overall the Non-Executive Directors, other than the Chairman, are expected to spend a minimum of 10 working days a year on the Company's business. In practice, after taking account of 8-9 Board meeting a year, preparation time, site visits and other requirements, 12-15 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 scheduled Board meetings in the past financial year ended 25 March 2020.

<b>Director</b>	<b>Board meetings</b>
Philip Collins	7/7
Paul Williams	7/7
Toby Parker (Resigned 30 October 2019)	4/4
Charles Delevingne	7/7
Paul Mather	7/7
Caroline Tolhurst	7/7

In view of the Company's size and nature, the Board does not consider that the establishment of 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.

## WYNNSTAY PROPERTIES PLC

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

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

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

The Code requires disclosure of the identity of each Director; the relevant experience, skills, personal qualities that each brings to the Board; how the Board as a whole contains the necessary mix of experience, skills and qualities (including gender balance) 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 is set out on the Company's website and on page 53. 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 FD Centre Limited, a specialist provider of part-time Finance Director services to small and medium sized enterprises.

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.



## WYNNSTAY PROPERTIES PLC

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

#### **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.

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. The Board considers regularly whether to develop further the internal self-evaluation and assessment of its performance.

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: see page 18. 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: see page 18.

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, will be stated on the Company's website, including under Principle 10 of the Statement of Compliance; and historical annual reports, notices and general meetings and other governance-related material are included on the Company's website.

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

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



## WYNNSTAY PROPERTIES PLC

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

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**

The Senior Independent Director and the Director Finance met and discussed the audit with the external auditor before the year-end and a draft Audit Planning Report prepared by the auditors 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 and the audit did not raise any material issues therefore the auditors were able to issue their audit report 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 on page 12.

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.

The Non-Executive Directors meet 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 is determined 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. 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 2020, it was agreed that the Managing Director's remuneration should be increased and bonus objectives were agreed. Details of the remuneration are disclosed in the Directors' Report. Following the end of the year after discussion with the Managing Director, it was agreed that, particularly in the light of the circumstances arising from the Covid-19 pandemic, there would be no increase in remuneration for the current year and that no bonus payment was payable for the year ended March 2020.

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. For the year ended 25 March 2020, Directors' fees were increased as disclosed in the Directors' Report. In the light of the circumstances arising from the Covid-19 pandemic, it was agreed that there should be no increase in Directors' fees or Chairman's remuneration for the current year.

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

Philip Collins  
*Director*  
30 July 2020

**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 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 25 March 2020 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.

**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.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, 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. This matter was 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 this matter.

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

<b>Key audit matter</b>	<b>How we addressed the key audit matter in the audit</b>
<p><i>Valuation of investment properties</i></p> <p>The Company holds investment properties which comprise properties owned by the Company held for rental income. Investment properties are valued by independent external valuers whose details are disclosed in Note 9. 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. The accounting policies relating to investment properties are disclosed in Note 1.2.</p>	<p>In this area our audit procedures included:</p> <ul style="list-style-type: none"> <li>• We compared the key valuation assumptions, which we consider relate to the market yields appropriate to the sector and location of the properties, against our independently formed market expectations. Variances were evaluated through challenge of the valuers and accumulated to determine whether they supported the overall valuation.</li> <li>• We tested the accuracy of key observable valuation inputs, primarily passing rental income and lease terms, to the information provide to the valuers for use in their valuation.</li> <li>• We met with the external valuer to discuss and challenge the valuation methodology and key assumptions, and to determine whether there were any indicators of undue management influence on the valuations.</li> <li>• We assessed the competency, qualifications, independence and objectivity of the external valuers engaged by the company and reviewed the instructions provided to the valuer for completeness, unusual arrangements and to check that there was no evidence of management bias.</li> </ul> <p>Key observations:  We did not identify any indicators to suggest that the valuation of the Company's investment properties was materially misstated.</p>

**Our application of materiality**

We set certain thresholds for materiality. These help us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We determined the materiality for the financial statements as a whole to be £358,000 (2019 - £362,000), calculated with reference to a benchmark of the Company's gross assets, which is a typical primary measure for users of the financial statements of investment property companies, of which it represents 1%.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. The Company's performance materiality was set at £268,500 (2019 - £271,000) which represents 75% of the above materiality levels.

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

We also determined that for items within pre-tax profit, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items at £86,000 based on 5% of profit before tax adjusted by averaging three years results (2019 – £44,000 being 2% of profit before tax for the year).

We agreed with the Non-Executive Directors that we would report to them all individual audit differences in excess of £17,900 (2019 - £18,000) being 5% of the materiality for the financial statements as a whole. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

**An overview of the scope of our audit**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of the valuation of investment properties which have a high level of estimation uncertainty involved.

We considered the risk of the financial statements being misstated or not prepared in accordance with the underlying legislation or financial reporting standards. We then directed our work toward areas of the financial statements which we assessed as having the highest risk of containing material misstatements.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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

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 in the Directors' Report, 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.

A further description of our responsibilities for the audit of the financial statements is located 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.

**Paul Fenner (Senior Statutory Auditor)**

for and on behalf of BDO LLP  
Statutory Auditor  
55 Baker Street  
London WC1U 7EU

30 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 25 MARCH 2020**

	Notes	2020	2019
		£'000	£'000
<b>Property Income</b>		<b>2,271</b>	2,216
Property Costs	2	(116)	(81)
Administrative Costs	3	(572)	(544)
		<u>1,583</u>	<u>1,591</u>
Movement in Fair Value of: Investment Properties	9	(1,318)	771
Profit on Sale of Investment Property		421	280
<b>Operating Income</b>		<b>686</b>	2,642
Investment Income	5	2	3
Finance Costs	5	(430)	(399)
<b>Income before Taxation</b>		<b>258</b>	2,246
Taxation	6	(135)	(318)
<b>Income after Taxation</b>		<b><u>123</u></b>	<b><u>1,928</u></b>
<b>Basic and diluted earnings per share</b>	8	<b>4.5p</b>	71.1p

The company has no items of other comprehensive income.

**WYNNSTAY PROPERTIES PLC**  
STATEMENT OF FINANCIAL POSITION 25 MARCH 2020

	Notes	2020 £'000	2019 £'000
<b>Non Current Assets</b>			
Investment Properties	9	34,260	33,695
Investments	11	3	3
		<u>34,263</u>	<u>33,698</u>
<b>Current Assets</b>			
Accounts Receivable	13	244	157
Cash and Cash Equivalents		1,289	959
		<u>1,533</u>	<u>1,116</u>
<b>Non-current assets held for Sale</b>	9	–	1,400
		<u>1,533</u>	<u>2,516</u>
<b>Current Liabilities</b>			
Accounts Payable	14	(1,263)	(1,178)
Income Taxes Payable		(241)	(232)
		<u>(1,504)</u>	<u>(1,410)</u>
<b>Net Current Assets</b>		<u>29</u>	<u>1,106</u>
<b>Total Assets Less Current Liabilities</b>		<u>34,292</u>	<u>34,804</u>
<b>Non-Current Liabilities</b>			
Bank Loans Payable	15	(12,500)	(12,500)
Deferred Tax Payable	16	(314)	(421)
		<u>(12,814)</u>	<u>(12,921)</u>
<b>Net Assets</b>		<u>21,478</u>	<u>21,883</u>
<b>Capital and Reserves</b>			
Share Capital	17	789	789
Capital Redemption Reserve		205	205
Share Premium Account		1,135	1,135
Treasury Shares		(1,570)	(1,570)
Retained Earnings		20,919	21,324
		<u>21,478</u>	<u>21,883</u>

Approved by the Board and authorised for issue on 30 July 2020

Philip Collins  
*Director*

Paul Williams  
*Director*

Registered number: 00022473

**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 25 MARCH 2020**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cashflow from operating activities</b>		
Income before taxation	258	2,246
Adjusted for:		
(Increase) / Decrease in fair value of investment properties	1,318	(771)
Interest income	(2)	(3)
Interest expense	430	399
Profit on disposal of investment properties	(421)	(280)
Changes in:		
Trade and other receivables	(88)	651
Trade and other payables	71	102
Cash generated from operations	<u>1,566</u>	<u>2,344</u>
Income taxes paid	(241)	(222)
Interest paid	(430)	(399)
Net cash from operating activities	<u>895</u>	<u>1,723</u>
<b>Cashflow from investing activities</b>		
Interest and other income received	2	3
Purchase of investment properties	(2,014)	(4,924)
Sale of investment properties	1,975	950
Net cash from investing activities	<u>(37)</u>	<u>(3,971)</u>
<b>Cashflow from financing activities</b>		
Dividends paid	(528)	(488)
Drawdown on bank loans	–	3,260
Repayment of bank loans	–	(1,000)
Net cash from financing activities	<u>(528)</u>	<u>1,772</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	<u>330</u>	<u>(476)</u>
Cash and cash equivalents at beginning of period	959	1,435
Cash and cash equivalents at end of period	<u>1,289</u>	<u>959</u>



**WYNNSTAY PROPERTIES PLC**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25 MARCH 2020**

**YEAR ENDED 25 MARCH 2020**

	<b>Share Capital £ 000</b>	<b>Capital Redemption Reserve £ 000</b>	<b>Share Premium Account £ 000</b>	<b>Treasury Shares £ 000</b>	<b>Retained Earnings £ 000</b>	<b>Total £ 000</b>
Balance at 26th March 2019	789	205	1,135	(1,570)	21,324	21,883
Total comprehensive income for the year	–	–	–	–	123	123
Dividends – note 7	–	–	–	–	(528)	(528)
Balance at 25 March 2020	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>(1,570)</u>	<u>20,919</u>	<u>21,478</u>

**YEAR ENDED 25 MARCH 2019**

	<b>Share Capital £ 000</b>	<b>Capital Redemption Reserve £ 000</b>	<b>Share Premium Account £ 000</b>	<b>Treasury Shares £ 000</b>	<b>Retained Earnings £ 000</b>	<b>Total £ 000</b>
Balance at 26th March 2018	789	205	1,135	(1,570)	19,884	20,443
Total comprehensive income for the year	–	–	–	–	1,928	1,928
Dividends – note 7	–	–	–	–	(488)	(488)
Balance at 25 March 2019	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>(1,570)</u>	<u>21,324</u>	<u>21,883</u>

**FUNDS AVAILABLE FOR DISTRIBUTION**

	<b>2020 £ 000</b>	<b>2019 £ 000</b>
Retained earnings	<b>20,919</b>	21,324
Less: Cumulative unrealised fair value movement Adjustment of Property Investments	<b>(7,797)</b>	(7,606)
Treasury Shares	<u><b>(1,570)</b></u>	<u>(1,570)</u>
Distributable reserves	<u><b>11,552</b></u>	<u>12,148</u>

## WYNNSTAY PROPERTIES PLC

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25 MARCH 2020

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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 in March 2010 when purchasing the 443,650 shares as referred to in Note 17.
- **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 2020

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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 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 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 2020

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 2019. The adoption of these interpretations and revised standards had the following impact on the disclosures and presentation of the financial statements:

##### 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, are required to recognise all leased assets on their Statement of Financial Position as 'right-of-use assets' with a corresponding lease liability.

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

An impact assessment of the standard was carried out and, as a lessee, the Company only has one service agreement with a serviced office provider expiring on 31 May 2022. The IFRS 16 effect of this agreement should the rent portion have been adjusted for in the Statement of Financial Position would have been to increase both the assets and liabilities of the Company by £15,177.

##### (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 standards, amendments or interpretations applicable in future periods have not been early adopted as they are not expected to have a significant impact on the financial statements of the Company:

- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020)
- Amendments to IFRS 3 Business Combinations – Definition of a Business (effective 1 January 2020)
- Definition of Material – Amendments to IAS 1 and IAS 8 (effective 1 January 2020)

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

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- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective 1 January 2020)
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective 1 January 2022).

#### **(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 Company has performed a series of financial reasonable and appropriate tests to ensure that the Company has sufficient cash resources and bank facilities and with sufficient covenant margin to manage the potential financial impact of the Covid-19 pandemic on its business under going concern principles. These tests included the following:

- Reviewing and establishing that cash balances and bank facilities are sufficient 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;
- modelling of financial covenant ratios, including tests of a major hypothetical diminution in property portfolio valuation and of interest cover ratios; and
- Reviewing a cash flow forecast scenario to test potential hypothetical falls in rental income, including liquidity for the risks of vacant space when leases expire and properties are not re-let during the forecast period and on various assumptions regarding the costs, timing, funding and operational risks of any developments undertaken. Any decision to proceed with developments in the next twelve months will be taken following review of revised cash flow forecasts and subject to any necessary additional external funding being in place.

In the light of the results of the financial stress tests described above, the Directors consider that the adoption of the going concern basis is reasonable and appropriate.

## **1.2 ACCOUNTING POLICIES**

### **Investment Properties**

All the Company's investment properties are independently revalued annually and stated at fair value 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 9.

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

### **Assets held for sale**

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 or fair value less cost to sell.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

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#### **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.

#### **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 fair value and subsequently measured at amortised cost as reduced by appropriate allowances for expected credit losses. All receivables do not carry any interest and are short term in nature.

#### **Cash and Cash Equivalents**

Cash comprises cash at bank and on demand deposits. Cash equivalents are short term (less than three months from inception), repayable on demand and are subject to an insignificant risk of change in value.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

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#### **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 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 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 payments received from tenants are held in provision until such time as they are expended: see Notes 10 and 14.

### **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 9, as well as the judgement taken by the Directors as to whether a property is being held for sale.

The Directors have considered the impact of Brexit on the business and do not consider that this will have a material effect in the short to medium term on the Company.

The Directors consider that it is too early to assess the impact of the Covid-19 pandemic and the UK Government's lockdown and other measures on the Company and its business. This will depend on a number of factors including, but not limited to, the length of the lockdown, the phasing of the relaxation of the measures, whether there are any further "waves" resulting in new measures, the successes of the UK Government's reliefs and schemes to support business and the overall impact on the UK economy and the speed of the recovery.

The Covid-19 pandemic and the UK Government's lockdown and other measures are considered in the Strategic Report on pages 14 - 17 and have also been considered in relation to the adoption of the going concern basis for these Financial Statements (see Note 1.1 above). Each of these passages is expressly incorporated by reference into this note.

There are no other 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 25 MARCH 2020

<b>2. PROPERTY COSTS</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Empty rates	37	4
Property management	<u>20</u>	<u>44</u>
	<b>57</b>	<b>48</b>
Legal fees	33	27
Agents fees	<u>26</u>	<u>6</u>
	<u><b>116</b></u>	<u><b>81</b></u>
<b>3. ADMINISTRATIVE COSTS</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Rents payable – operating lease rentals	28	26
General administration, including staff costs	504	479
Auditors' remuneration: Audit fees	36	35
Tax services	<u>4</u>	<u>4</u>
	<u><b>572</b></u>	<u><b>544</b></u>
<b>4. STAFF COSTS</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs, including Directors' fees, during the year were as follows:		
Wages and salaries	251	274
Social security costs	33	28
Other pension costs	<u>13</u>	<u>13</u>
	<u><b>297</b></u>	<u><b>315</b></u>
Further details of Directors' emoluments, totalling £264,192 (2019: £287,227), are shown in the Directors' Report on page 12. There are no other key management personnel.		
	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
The average number of employees, including Non-Executive Directors, engaged wholly in management and administration was:	<u><b>5</b></u>	<u><b>6</b></u>
The number of Directors for whom the Company paid pension benefits during the year was	<u><b>1</b></u>	<u><b>1</b></u>

**WYNNSTAY PROPERTIES PLC**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

<b>5. FINANCE COSTS (NET)</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable and finance costs on bank loans	430	399
Less: Bank interest receivable	(2)	(3)
	<u>428</u>	<u>396</u>
<b>6. TAXATION</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
(a) Analysis of the tax charge for the year:		
UK Corporation tax at 19% (2019: 19%)	231	236
Under provision in previous year	10	7
Total current tax charge	<u>241</u>	<u>243</u>
Deferred tax – temporary differences	(106)	75
Tax charge for the year	<u>135</u>	<u>318</u>
(b) Factors affecting the tax charge for the year:		
Net Income before taxation	<u>258</u>	<u>2,247</u>
Current Year:		
Corporation tax thereon at 19% (2019 - 19%)	49	427
Expenses not deductible for tax purposes	13	9
Under provision in prior years	10	7
Deferred tax charge arising from tax rate change to 19% (2019: 17%)	49	–
Deferred tax adjustments relating to disposals	14	(125)
Total tax charge for the year	<u>135</u>	<u>318</u>
<b>7. DIVIDENDS</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Final dividend paid in year of 12.0 p per share (2019: 11.0p per share)	325	298
Interim dividend paid in year of 7.5p per share (2019: 7.0p per share)	203	190
	<u>528</u>	<u>488</u>

On 11 June 2020 the Board resolved to pay a second interim dividend of 7.5p per share which will be recorded in the Financial Statements for the year ending 25 March 2021.



## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

#### 8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing Income after Taxation attributable to Ordinary Shareholders of £123,000 (2019: £1,928,000) by the weighted average number of 2,711,617 (2019: 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	2020	2019
	£'000	£'000
<b>Properties</b>		
Balance at beginning of financial period	33,695	30,070
Additions	2,014	4,924
Disposals	(131)	(670)
Revaluation (Diminution) / Surplus	(1,318)	771
	34,260	35,095
Assets held for Sale	–	(1,400)
Balance at end of financial period	34,260	33,695

Assets held for sale in 2019 represented a property on which negotiations were progressing in 2019 which was sold in 2020.

The Company's freehold properties were valued as at 25 March 2020 by BNP Paribas Real Estate, Chartered Surveyors, acting in the capacity of external valuers. 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 £34,260,000.

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

As a result of the Covid-19 pandemic, the revaluation contains a "material valuation uncertainty" declaration in the following terms:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation(s) is/are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the Properties under frequent review.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

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For the avoidance of doubt, the inclusion of the “material valuation uncertainty” declaration above does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances - less certainty can be attached to the valuation than would otherwise be the case.”

The valuers also state that the material uncertainty declaration is to serve as a precaution and does not invalidate the valuation.

In the financial year ending 31 December 2019, 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 5.25% to 8.64%, with an average equivalent yield of 6.97% (2019: 6.38%) and an average weighted equivalent yield of 6.67% (2019: 6.5%) 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 £2.74 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 £2.47 million in the fair value movement through profit or loss.

The above calculations exclude the development land at Petersfield, which has been assessed on the residual method.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

#### 10. OPERATING LEASES RECEIVABLE

	2020	2019
	£'000	£'000
The following are the future minimum lease payments receivable under non-cancellable operating leases which expire:		
Not later than one year	2,081	2,080
Between 2 and 5 years	2,703	4,102
Over 5 years	409	181
	<u>5,193</u>	<u>6,362</u>

Rental income under operating leases recognised through profit or loss amounted to £2,271,000 (2019: £2,216,000).

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 held as a provision against the cost of repairs, which becomes the Company's responsibility. The provision for repairs is shown in Note 14.

#### 11. INVESTMENTS

	2020	2019
	£'000	£'000
Quoted investments	<u>3</u>	<u>3</u>

#### 12. SUBSIDIARY COMPANY

The Company owns 80% of the issued share capital of a dormant subsidiary, Scanreach Limited, which the Directors consider immaterial to, and thus has not been consolidated into, the financial statements. Scanreach Limited 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 and has net assets of £4,437 (2019: £4,437).

**WYNNSTAY PROPERTIES PLC**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

<b>13. ACCOUNTS RECEIVABLE</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	225	150
Other receivables	20	7
	<u>245</u>	<u>157</u>

Trade receivables include an adjustment for credit losses of £nil (2019: nil). Trade receivables of £nil (2019: nil) are considered past due, but not impaired.

<b>14. ACCOUNTS PAYABLE</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	21	38
Other creditors	103	148
Provision for property repairs	344	249
Deferred income	572	582
Accruals	223	161
	<u>1,263</u>	<u>1,178</u>

<b>15. BANK LOANS PAYABLE</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Non-current loan	<u>12,500</u>	<u>12,500</u>
	<u>12,500</u>	<u>12,500</u>

In December 2016, a five-year facility comprising both a Fixed Rate Facility of £10 million and a Revolving Credit Facility of £3.5 million was entered into providing a total committed credit facility of £13.5 million. Interest on loan amounts drawn down of £10 million (2019: £10 million) for the Fixed Rate Facility was charged at 3.35% per annum and on loan amounts drawn down of £2.5 million (2019: £2.5 million) for the Revolving Credit Facility was charged at 2.49% over three-month LIBOR.

The loan is repayable in one instalment on 18 December 2021. The bank loan includes 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 bank loan shall at no time exceed 50% of the market value of the properties secured.

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 £34,260,000 (2019: £35,095,000). The undrawn element of the borrowing facility available at 25 March 2020 was £1,000,000 (2019: £1,000,000).

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

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#### 16. DEFERRED TAX

A deferred tax liability of £314,000 has been recognised in respect of the investment properties (2019: £420,000).

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Deferred Tax brought forward	420	345
(Credit)/charge for the year	<b>(106)</b>	75
Deferred Tax carried forward	<u><b>314</b></u>	<u>420</u>

#### 17. SHARE CAPITAL

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Authorised		
8,000,000 Ordinary Shares of 25p each:	<b>2,000</b>	2,000
Allotted, Called Up and Fully Paid		
3,155,267 Ordinary shares of 25p each	<u><b>789</b></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.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

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#### **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 25 March 2020 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. 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 80 tenants 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 gross annual passing rents the Company has 3 tenants whose rent, on an individual basis, is between 5% and 9% of 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 at 25 March 2020 and 2019, 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 2020 was £1,289,000 (2019: £959,000).

#### **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.

**WYNNSTAY PROPERTIES PLC**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

**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	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Impact on interest payable - gain/(loss)	13	13	(13)	(13)
Impact on interest receivable - (loss)/gain	(6)	(5)	6	5
<b>Total impact on pre-tax profit and equity</b>	<b>7</b>	<b>8</b>	<b>(7)</b>	<b>(8)</b>

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

	2020	2019
	£'000	£'000
Floating rate borrowings (bank loans)	(2,500)	(2,500)
Less: cash and cash equivalents	1,292	962
	<u>(1,208)</u>	<u>(1,538)</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.

	2020		2019	
	Book Value	Fair Value	Book Value	Fair Value
	£'000	£'000	£'000	£'000
Interest bearing borrowings (note 15)	(12,500)	(12,500)	(10,240)	(10,240)
<b>Total</b>	<b>(12,500)</b>	<b>(12,500)</b>	<b>(10,240)</b>	<b>(10,240)</b>

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

#### 18. FINANCIAL INSTRUMENTS (Continued)

##### Categories of Financial Instruments

	2020	2019
	£'000	£'000
Financial assets:		
Quoted investments measured at fair value	3	3
Loans and receivables measured at amortised cost	244	157
Cash and cash equivalents measured at amortised cost	1,289	959
Total financial assets	<u>1,536</u>	<u>1,119</u>
Non-financial assets	34,260	35,095
<b>Total assets</b>	<b><u>35,796</u></b>	<b><u>36,214</u></b>
Financial liabilities at amortised cost	<u>14,318</u>	<u>14,331</u>
Total liabilities	14,318	14,331
Shareholders' equity	21,478	21,883
<b>Total shareholders' equity and liabilities</b>	<b><u>35,796</u></b>	<b><u>36,214</u></b>

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

##### Capital Management

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

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

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



## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

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#### 18. FINANCIAL INSTRUMENTS (Continued)

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Net borrowings and overdraft	<b>12,500</b>	12,500
Cash and cash equivalents	<u>(1,289)</u>	<u>(959)</u>
Net borrowings	<u><b>11,211</b></u>	<u>11,541</u>
Shareholders' equity	<u><b>21,478</b></u>	<u>21,883</u>
Investment properties	<u><b>34,260</b></u>	<u>35,095</u>
Loan to value ratio	<b>36.5%</b>	35.6%
Net borrowings to value ratio	<b>32.7%</b>	32.9%
Gearing ratio	<b>52.2%</b>	52.7%

#### 19. RELATED PARTY TRANSACTIONS

The Company had 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 £27,416 (2019: £46,000). The agreement was terminated by mutual agreement on 30 October 2019. 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 12.

**WYNNSTAY PROPERTIES PLC**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2020

**20. SEGMENTAL REPORTING**

	<b>Industrial</b>		<b>Retail</b>		<b>Office</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</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>1,703</b>	1,671	<b>168</b>	127	<b>400</b>	418	<b>2,271</b>	2,216
Profit /(Loss) on investment property at fair value	<b>(863)</b>	681	<b>(200)</b>	120	<b>(255)</b>	(30)	<b>(1,318)</b>	771
Total income and gain	<b>840</b>	2,352	<b>(32)</b>	247	<b>145</b>	388	<b>953</b>	2,987
Property expenses	<b>(116)</b>	(81)	–	–	–	–	<b>(116)</b>	(81)
<b>Segment profit/(loss)</b>	<b>724</b>	2,271	<b>(32)</b>	247	<b>145</b>	388	<b>837</b>	2,906
Unallocated corporate expenses							<b>(572)</b>	(544)
Profit on sale of investment property	<b>421</b>	–	–	–	–	–	<b>421</b>	280
<b>Operating income</b>							<b>686</b>	2,642
Interest expense (all relating to property loans)							<b>(430)</b>	(399)
Interest income and other income							<b>2</b>	3
<b>Income before taxation</b>							<b>258</b>	2,246
Other information								
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</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>26,480</b>	24,670	<b>2,490</b>	4,880	<b>5,290</b>	5,545	<b>34,260</b>	35,095
Segment assets held as security	<b>26,170</b>	24,670	<b>2,060</b>	4,880	<b>5,290</b>	5,545	<b>33,520</b>	35,095

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

	<b>IFRS</b>				
Years Ended 25 March:	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
Property Income	<b>2,271</b>	2,216	2,182	2,028	1,778
Profit before movement in fair value of investment properties and taxation	<b>1,155</b>	1,196	1,150	999	878
Income before Taxation	<b>258</b>	2,247	2,991	3,198	1,951
Income after Taxation	<b>123</b>	1,928	2,632	2,797	1,796
<b>STATEMENT OF FINANCIAL POSITION</b>					
Investment Properties	<b>34,260</b>	35,095	30,070	29,515	25,230
Equity Shareholders' Funds	<b>21,478</b>	21,883	20,443	18,265	15,839
<b>PER SHARE</b>					
Basic earnings	<b>4.5p</b>	71.1p	97.1p	103.1p	66.2p
Dividends paid and proposed	<b>15.0p</b>	19.0p	17.5p	15.75p	13.2p
Net Asset Value	<b>792p</b>	807p	754p	674p	584p

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

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*Please note that in light of UK Government guidance on the Covid-19 pandemic, this year's Annual General Meeting will be a closed meeting. The Board will ensure that a quorum is present and no other shareholders will be permitted to attend. Given this restricted attendance, all shareholders are encouraged to exercise their voting rights in relation to resolutions set out in the Notice of Meeting below by appointing the Chairman of the meeting as their proxy. A form of proxy is enclosed on which there are notes for completion and return by post.*

*You can also submit your proxy electronically using the share portal service at [www.signalshares.com](http://www.signalshares.com). If not already registered for the share portal, you will need your investor code, which can be found on your share certificate or dividend tax voucher.*

*If you need help with voting online, please contact our Registrar, Link Asset Services, 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 fourth ANNUAL GENERAL MEETING of the Members of Wynnstay Properties PLC will be held at 4 Kimbolton Row, Fulham Road, London, SW3 6RQ on Tuesday 15 September 2020, at 10.00 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 25 March 2020.
- 2 To fix the remuneration of the Directors.
- 3 To reappoint BDO 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.
- 4 To re-elect Mr. P.G.H. Collins as a Director of the Company, who retires and offers himself for re-election.
- 5 To re-elect Miss C.M. Tolhurst as a Director of the Company, who retires and offers herself for re-election.
- 6 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 2021 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2021. 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**

7 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 6 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 2021 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2021. 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  
London WC1H 9BB

By Order of the Board  
Susan Wallace  
*Secretary*  
30 July 2020

## WYNNSTAY PROPERTIES PLC

### NOTICE OF ANNUAL GENERAL MEETING

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#### Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (AGM) may appoint one or more proxies to attend, speak and vote in their stead. The proxy need not be a Member of the Company. A form of proxy is enclosed. Whilst ordinarily lodging a form proxy does not preclude a member from attending and voting at the AGM, due to Covid-19 restrictions, no additional members over and above the quorum will be able to attend the Annual General Meeting ('AGM') on 15 September 2020. Members are strongly encouraged to complete and return a form of proxy appointing the 'Chairman of the meeting' as their proxy to ensure their votes are included in the poll vote conducted on all resolutions.
2. To be valid, the completed and signed form of proxy must either be returned to the Company's Registrars, Link Asset Services, PXS1 34 Beckenham Road, Beckenham, Kent BR3 4TU; or shareholders can vote online at [www.signalshares.com](http://www.signalshares.com) for which you will need your investor code which can be found on your share certificate or your dividend tax voucher. Whichever means of return is used this must be done in sufficient time to ensure the form is received by 10.00 a.m. on Friday 11 September 2020, being 48 hours before the commencement of the meeting.
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. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share. As no additional members of their representatives will be able to attend the AGM on 15 September 2020 corporate members are strongly encouraged to complete and return a form of proxy appointing the 'Chairman of the meeting' as their proxy to ensure their votes are included in the poll vote.
5. 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 10.00 a.m. on 14 September 2020 shall be entitled to attend or vote at the AGM 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 10.00 a.m. on 14 September 2020 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. Whilst copies of all Directors' Service Contracts are ordinarily made available for inspection during normal business hours at the Company's registered office up to the date of the AGM and at the place of the AGM from 15 minutes before the start of the meeting until conclusion of the meeting, given the Covid-19 restrictions, copies will be made available to members of the Company on receipt of a valid request.

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

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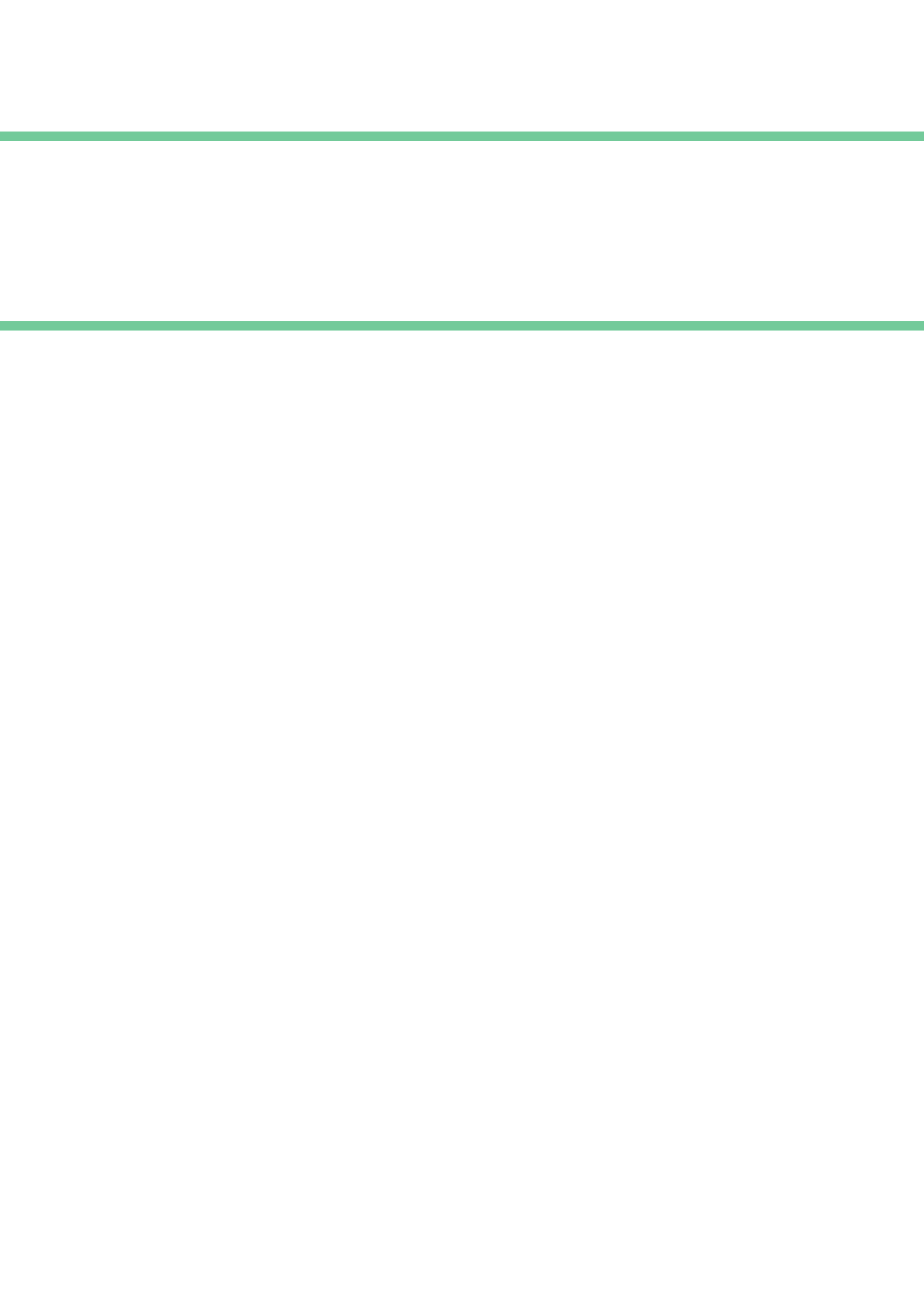
**Philip Collins** (Non-Executive Chairman) aged 72, is a Solicitor and was Chairman of the Office of Fair Trading from 2005 to 2014. He was formerly a partner in an international firm based in the City where he specialised in E.U. law, with particular emphasis on competition issues. Previously, after 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 62 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 Delevingne** (Non-Executive) aged 70. 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 65 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) aged 58, 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.





**PROXY FOR ANNUAL GENERAL MEETING**

# **WYNNSTAY PROPERTIES PLC**

## **Form of Proxy**

PLEASE RETURN THIS FORM OF PROXY IN THE  
BUSINESS REPLY ENVELOPE PROVIDED

# Form of Proxy

# Wynnstay Properties PLC

## Annual General Meeting 15th September 2020

I/We, the undersigned, being a member of the above-named Company, hereby appoint the Chairman of the Meeting, or failing him, ..... of ..... as my/our proxy to vote for me/us and on my/our behalf at the One Hundred and Thirty fourth Annual General Meeting of the Company, notice of which was sent to Shareholders with the Annual Report for the year ended 25 March 2020, and at any adjournment thereof. The proxy will vote on the under-mentioned Resolutions, as indicated.

### Ordinary Resolutions

	For	Against	Withheld
1. To receive the Report of the Directors and the Financial Statements for the year ended 25 March 2020.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To fix the remuneration of the Directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To reappoint BDO 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.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director of the Company Mr PGH Collins, who retires and offers himself for re-election.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect as a Director of the Company Miss CM Tolhurst, who retires and offers herself for re-election.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. 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.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Special Resolution

7. 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 6 above and (ii) pursuant to section 573 of the Act to allot equity securities (within the meaning of section 560(3) of the Act).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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### Proxy voting

If the form is signed and returned without any indication as to how the proxy shall vote, he/she will exercise his/her discretion both as to how he/she votes and whether or not he/she abstains from voting. The proxy will also exercise his/her discretion as to how he/she votes (and whether or not he/she abstains from voting) on (a) other business transacted at the Meeting, and (b) any other Resolution for the election of Directors.

Signed this..... day of .....2020

Signature or Common Seal.....

Full Name(s) of Shareholder(s).....

(BLOCK CAPITALS)

### Notes

- To be valid, this form of proxy must, in the case of an individual, be signed by the holder or his/her attorney, or, in the case of a corporation, be either given under its common seal or signed on its behalf by an attorney or duly authorised officer and be received by the Registrar, Link Asset Services, not less than 48 hours before the time for holding the meeting. A reply-paid envelope is provided to return your proxy. If you lose this envelope or do not receive it, please post your form of proxy to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF (stamp required). Any Power of Attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
- The Annual General Meeting will be held at 4 Kimbolton Row, Fulham Road, London, SW3 6RQ on Tuesday 15 September 2020, at 10.00 a.m.
- The 'Vote Withheld' box is provided to enable a shareholder to abstain on any particular resolution. However, it should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of whether a resolution is carried.
- In the case of joint holders, the signature of the first named in the register of members will be accepted to the exclusion of all others.
- A proxy need not also be a member of the Company but must attend the meeting in person.
- Whilst you may appoint more than one proxy to represent you at the meeting provided that each proxy is appointed to exercise the rights attaching to different shares held by you please note that due to Covid-19 attendance is restricted at the AGM this year.
- The summaries of the resolutions are for guidance only. You are advised to read the accompanying Notice of Meeting carefully.

### AGM Attendance

Please note that in light of UK Government guidance on the Covid-19 pandemic, this year's Annual General Meeting will be a closed meeting. The Board will ensure that a quorum is present and no other shareholders will be permitted to attend. Given this restricted attendance, all shareholders are encouraged to exercise their voting rights in relation to the resolutions set out in the Notice of Meeting by appointing the Chairman of the meeting as their proxy. Please therefore complete and return this form as soon as possible.

# WYNNSTAY PROPERTIES PLC

5 August 2020

Dear Shareholder

## Shareholder Communications, Payment of Dividends and Link Registrars' Contact Details

I am writing with important information about how Wynnstay communicates with you, how we pay dividends to you and how to contact our registrars with enquires about your shareholding.

### Shareholder Communications

Many shareholders in quoted companies now choose to receive Annual Reports and Notices of Meetings electronically. This has a number of advantages for the Company and its shareholders. It increases the speed of communication, saves you time and reduces print and distribution costs and our impact on the environment.

Company law requires that the Company asks shareholders to consent to the receipt of communications electronically and via a website.\* If you consent to website publication you will continue to be notified in writing and through the release of an announcement on the London Stock Exchange each time the Company places a statutory communication on the website. Annual Reports and other documents which are required to be sent to shareholders ('shareholder information') are published on our website: [www.wynnstayproperties.co.uk](http://www.wynnstayproperties.co.uk). If you consent, the website will be the way in which you access all future shareholder information.

- If you wish to receive shareholder information by means of our website, you need to take no further action. You will be notified by post when shareholder information has been placed on the website. If you wish to receive notification by email, you can either register your email address via Link Registrar's online portal ([www.signalshares.com](http://www.signalshares.com)) or by completing and signing the reply slip at the foot of this letter, ticking option (a) and return it to **FREEPOST SAS, 34 Beckenham Road, BR3 9ZA** (This is all you need to write on the envelope no stamp or further details required).
- If you wish to receive shareholder information in hard copy form, you should complete and sign the reply slip at the foot of this letter, ticking option (b), and return it to **FREEPOST SAS, 34 Beckenham Road, BR3 9ZA** (This is all you need to write on the envelope, no stamp or further details required).
- If you do not reply within 28 days from the date of despatch of this letter, you will be deemed to have consented to website publication of shareholder information and you will no longer receive hard copies in the post.

If you sign up to use Signal Shares, Link Registrars' secure online portal, you can manage your shareholding quickly and easily. You can:

- View your holding and get an indicative valuation
- Change your address
- Arrange to have dividends paid into your bank account
- Request to receive shareholder communications by email rather than post
- View your dividend payment history
- Make dividend payment choices
- Buy and sell shares and access a wealth of stock market news and information
- Register your proxy voting instruction
- Download a stock transfer form.

To register for Signal Shares just visit [www.signalshares.com](http://www.signalshares.com). All you need is your investor code, which can be found on your share certificate or your dividend tax voucher. If you consent to receive communications by email or via the website, you still have the right at any time to request hard copies of shareholder information at no charge.

## Direct payment of your dividends into your bank account

We now pay nearly 80% by value of dividends directly into shareholders' bank accounts rather than by cheque sent through the post, which is now a more expensive and less efficient alternative for both the Company and shareholders. Arranging to have your dividends paid direct into your bank account means that:

- Your dividend reaches your bank account on the payment date.
- It is more secure – cheques can sometimes get lost in the post.
- You don't have the inconvenience of depositing a cheque.
- It helps reduce cheque fraud.

As already noted above, if you have a UK bank account you can sign up for this service on Signal Shares, by clicking on 'your dividend options' and following the on screen instructions.

You can also request direct payment of dividends to your bank account by completing the dividend mandate form sent to shareholders who still receive payment by cheque with each dividend voucher. Simply detach and complete in BLOCK LETTERS the form that accompanies the dividend voucher and post it to **FREEPOST SAS, 34 Beckenham Road, BR3 9ZA** (no stamp or further details required).

## Link's Customer Support Centre

You can contact Link's Customer Support Centre which is available to answer any queries you have in relation to your shareholding:

**By phone:** UK – 0371 664 0300

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 Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

**I would encourage shareholders to read this letter carefully, consider their wishes and take any actions necessary to meet those wishes.**

Thank you for your continued interest in and support for Wynnstay.

Yours faithfully

**Philip Collins**

*Chairman*

\*Note: The Company reserves the right to send hard copy documents to shareholders where, for example, overseas securities laws do not permit electronic communication or in other circumstances where the Company considers that electronic delivery may not be appropriate.

**IMPORTANT: If you do not return this form within 28 days of the despatch of the above letter you will be deemed to have consented to the receipt of shareholder information via our website. You will receive notification by post when shareholder information is available.**

TICK EITHER (a) or (b) and please complete in **BLOCK CAPITALS**

(a) I wish to receive **email notifications** from Wynnstay Properties PLC.

(b) I wish to **continue to receive paper reports and shareholder information** from Wynnstay Properties PLC.

Full Name of Shareholder(s) in <b>BLOCK CAPITALS</b>
Full Address of Shareholder(s) in <b>BLOCK CAPITALS</b>
Email address in <b>BLOCK CAPITALS</b>
Investor Code (as stated on your share certificate or dividend tax voucher)

Please return to:

**FREEPOST SAS, 34 Beckenham Road, BR3 9ZA**  
(no stamp or further address detail is required).