

# WYNNSTAY PROPERTIES PLC

Registered number: 00022473

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## ANNUAL REPORT and FINANCIAL STATEMENTS YEAR ENDED 25 MARCH 2023

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## WYNNSTAY PROPERTIES PLC

### REGISTRAR'S CUSTOMER SUPPORT CENTRE

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

**By phone:** UK – 0371 664 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 Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

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

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

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

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

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

**WYNNSTAY PROPERTIES PLC**  
(Company incorporated in the United Kingdom)

**DIRECTORS**

P.G.H. COLLINS C.B.E.  
*(Non-Executive Chairman)*

C.P. WILLIAMS M.R.I.C.S.  
*(Managing Director)*

H. M. FORD  
*(Non-Executive Director)*

R. P. OWEN F.R.I.C.S.  
*(Non-Executive Director)*

P. MATHER F.R.I.C.S.  
*(Non-Executive Director)*

C. M. TOLHURST M.R.I.C.S., C.G.P.  
*(Non-Executive Director and Senior Independent Director)*

**REGISTERED OFFICE**

Hamilton House, Mabledon Place, London WC1H 9BB

**AUDITORS**

CLA EVELYN PARTNERS LIMITED  
Cumberland House, 15-17 Cumberland Place, Southampton, SO15 2BG

**SOLICITORS**

FIELDFISHER LLP  
Riverbank House, 2 Swan Lane, London EC4R 3TT

**NOMINATED ADVISER & BROKER**

W H IRELAND LIMITED  
24 Martin Lane, London EC4R 0DR

**VALUERS**

BNP PARIBAS REAL ESTATE ADVISORY &  
PROPERTY MANAGEMENT UK LIMITED  
5 Aldermanbury Square, London EC2V 7BP

**REGISTRARS**

LINK GROUP  
65 Gresham Street, London EC2V 7NQ

**BANKERS**

C. HOARE & CO.  
37 Fleet Street, London EC4P 4DQ

HANDELSBANKEN PLC  
5 Welbeck Street, London W1G 9YQ

**WYNNSTAY PROPERTIES PLC**

**SUMMARY OF PROPERTY PORTFOLIO AT**

**25 MARCH 2023**

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

Industrial Units includes Trade Counters. All properties are Freehold.

## WYNNSTAY PROPERTIES PLC

### INTRODUCTION TO WYNNSTAY

#### **A distinctive approach to commercial property investment primarily for private investors**

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

#### **Strategy**

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

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

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

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

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

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

#### **Managed for shareholders**

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

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

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

#### **Incremental growth**

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

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

#### **Funding**

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

# WYNNSTAY PROPERTIES PLC

## INTRODUCTION TO WYNNSTAY (CONTINUED)

### Valuation

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

### Wynnstay on AIM

Wynnstay's shares were quoted on its AIM introduction in 1995 at a mid-market price of 150p. On the day prior to the approval of this report, the mid-market price was 675p, an increase of 350%. The dividend paid in 1995 was 4p per share. The dividend paid and proposed for the current year will be 24p per share, an increase of 500%.

### Performance

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

### Corporate Performance over 5 years

| Year Ended 25 March                    |       | 2023   | 2022   | 2021  | 2020  | 2019  |
|----------------------------------------|-------|--------|--------|-------|-------|-------|
|                                        |       | pence  | pence  | pence | pence | pence |
| Net Asset Value per share              |       | 1,110p | 1,090p | 911p  | 792p  | 807p  |
| Five Year Net Asset Value Growth       | 37.5% |        |        |       |       |       |
| Dividends per share, paid and proposed |       | 24.0p  | 22.5p  | 21.0p | 15.0p | 19.0p |
| Five Year Dividend Growth              | 26.3% |        |        |       |       |       |

### Portfolio Performance

| Year ended 25 March                                   |       | 2023               | 2022   | 2021             | 2020   | 2019   |
|-------------------------------------------------------|-------|--------------------|--------|------------------|--------|--------|
|                                                       |       | £'000              | £'000  | £'000            | £'000  | £'000  |
| Property Income                                       |       | 2,312*             | 2,308  | 2,438            | 2,271  | 2,216  |
| Rental Income                                         |       | 2,304              | 2,252  | 2,140            | 2,271  | 2,216  |
| Underlying <sup>†</sup> 5 Year Rental Income Growth   | 25.5% | 2,179              |        |                  |        | 1,730  |
| Portfolio Value                                       |       | 39,320             | 38,975 | 34,005           | 34,260 | 35,095 |
| Underlying <sup>†</sup> 5 Year Portfolio Value Growth | 31.2% | 37,220             |        |                  |        | 28,365 |
|                                                       |       | %                  | %      | %                | %      | %      |
| Loan-to-value ratio                                   |       | 25.3%              | 25.5%  | 29.4%            | 36.5%  | 35.6%  |
| Gearing ratio                                         |       | 22.3%              | 21.8%  | 32.4%            | 52.2%  | 52.7%  |
| Occupancy at year-end                                 |       | 100%               | 100%   | 99%              | 94%    | 100%   |
| Rent Collection for year                              |       | 100% <sup>♦</sup>  | 100%   | 99% <sup>▶</sup> | 100%   | 100%   |
| Operating Costs/Income                                |       | 31.1% <sup>♦</sup> | 32.0%  | 34.8%            | 30.3%  | 28.2%  |
| Operating Costs/Portfolio Value                       |       | 1.8% <sup>♦</sup>  | 1.9%   | 2.5%             | 2.0%   | 1.8%   |
|                                                       |       | years              | years  | years            | years  | years  |
| Weighted average unexpired lease term:                |       |                    |        |                  |        |        |
| - to lease break                                      |       | 3.1                | 3.0    | 2.8              | 3.6    | 2.8    |
| - to lease expiry                                     |       | 4.4                | 4.4    | 4.5              | 4.8    | 4.2    |

\* Includes £8,000 of Other Property Income. See note 2 of the Financial Statements.

† Underlying Rental Income and Portfolio Value are for properties that have been held in the portfolio throughout the five year period. As a result, a property purchased in September 2019 with Rental Income of £111,000 and valuation of £1,840,000 and properties sold in the period with an aggregate Rental Income of £351,000 and an aggregate valuation of £5,920,000 have been excluded.

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

♦ After rounding for £8,000 bad debt (0.3%).

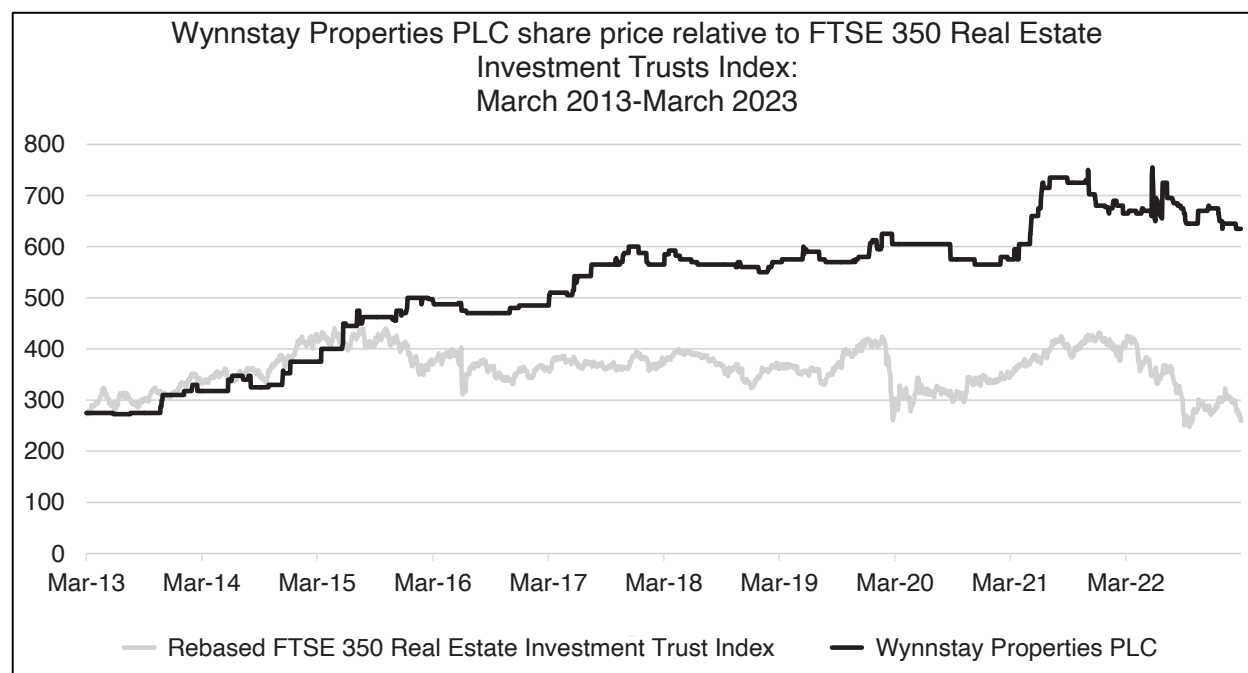
♦ Excludes £81,000 of non-recurring costs incurred in 2023 relating to new Board appointments.

## WYNNSTAY PROPERTIES PLC

### INTRODUCTION TO WYNNSTAY (CONTINUED)

#### Share Price Performance

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



# WYNNSTAY PROPERTIES PLC

## CHAIRMAN'S STATEMENT

Against the background of considerable economic and political uncertainty, which has affected the financial and property markets as well as the personal finances of all of us, I am pleased to report on another successful year for Wynnstay and its shareholders.

Last year's report introduced a new section, entitled Introduction to Wynnstay. This described Wynnstay's distinctive approach to commercial property investment primarily for private shareholders and provided information both on the Company's performance and its share price performance over time. The section has been retained and updated in this report and continues to highlight Wynnstay's continued strength over time across a range of measures. I encourage all shareholders to read it.

The past year has also been significant for Wynnstay as we have planned and been preparing for succession on the Board, including the appointment of two new Non-executive Directors and the appointment of a new Managing Director to succeed Paul Williams. I will report further on these appointments later in this statement.

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

### Overview of financial performance

|                                          | Change  | 2023       | 2022       |
|------------------------------------------|---------|------------|------------|
| • Rental Income                          |         |            |            |
| Annual*                                  | 2.3%    | £2,304,000 | £2,252,000 |
| Underlying*                              | 10.4%   | £2,304,000 | £2,087,000 |
| • Net Property Income **                 | (4.6)%  | £1,497,000 | £1,569,000 |
| • Operating Income                       | (75.7)% | £1,842,000 | £7,581,000 |
| • Income before Taxation                 | (80.1)% | £1,430,000 | £7,202,000 |
| • Earnings per share (weighted average)  | (78.9)% | 42.2p      | 199.8p     |
| • Dividends per share, paid and proposed | 6.7%    | 24.0p      | 22.5p      |
| • Net asset value per share              | 2.0%    | 1,110p     | 1,090p     |
| • Loan to value ratio                    |         | 25.3%      | 25.5%      |
| • Gearing ratio                          |         | 22.3%      | 21.8%      |

\* Annual Rental Income is shown in note 2 of the Financial Statements and Underlying Rental Income is the like-for-like income from properties held in the portfolio throughout both years and thus excludes rental income in 2022 of £165,000 from the Surbiton property sold in February 2022.

\*\* Excludes £81,000 of non-recurring costs incurred in 2023 relating to new Board appointments.

An innovation in this Annual Report is that our Managing Director, Paul Williams, has prepared a separate review of the management activity within the portfolio during the year, including some market context for this activity, the revaluation and the financial results. His review, which follows this statement, also gives a retrospective review of the evolution of the portfolio over his time at Wynnstay. He also comments on the important focus given over the past two years to improving the energy efficiency of our properties.

### Portfolio and Valuation

There were no changes in the portfolio in the year. We continued actively to identify and pursue suitable additions to the portfolio. Opportunities at acceptable prices proved difficult for most of the year and we considered that it was prudent to retain cash until conditions for acquisitions improved. Late in the year negotiations commenced for the £2.5m acquisition of Riverdale Industrial Estate, Tonbridge and the transaction was eventually completed after the year-end. Further details are contained in the Managing Director's Review.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (CONTINUED)

Whilst annual rental income increased by 2.3% to £2,304,000 compared to the prior year (2022: £2,252,000), the underlying rental income on a like-for-like basis, excluding the Surbiton property sold late in the prior year, increased by 10.4% to £2,304,000 (2022: £2,087,000). This significant increase in income reflects the benefits of the active management of the portfolio described in the Managing Director's Review.

Our Independent Valuers, BNP Paribas Real Estate, undertook the annual revaluation as at 25 March 2023 valuing the Company's portfolio at £39,320,000. This represents a 0.9% increase of £345,000 on the valuation as at 25 March 2022 and again reflects the benefits of the active management of the portfolio.

Although the increase in the valuation this year (0.9%) is modest compared to last year (2022: 23.7%), it should be recalled that last year's impressive increase reflected conditions in late 2021 and early 2022 and it was self evident that the market was likely to turn - as was indeed the case in the third and fourth quarters of 2022. This reversal resulted in significant valuation reductions in the commercial property sector, including for other quoted property companies with industrial portfolios. The reductions followed changes in the market after March 2022 as successive significant rate increases, rising inflation and economic uncertainty impacted yields. So it is worth reflecting on some reasons why the Wynnstay portfolio has performed well compared to some others.

Wynnstay's portfolio stands apart from other quoted property companies with industrial portfolios in that our assets are located in areas where there is robust occupational demand and limited supply, where modest rents generally provide opportunity for further rental growth over time as rent reviews arise and new lettings are achieved. The relatively small lot sizes of our assets also appeal, when marketed for sale, to a wide range of private investors.

The nature of the property valuation process means that there will always be a range within which the valuers work to reach a final valuation figure. Wynnstay has always valued its portfolio on a cautious basis based on professional advice from expert external valuers, recognising that commercial property is a cyclical market that can exhibit significant upward and downward movements over time and that steadiness and progression are most likely to be in shareholders' interests.

While this year the yields used by our valuers in determining the investment value of the assets generally moved out by between 0.25% and 0.5%, and in one case by 1%, the valuation benefitted overall from the management activity described in the Managing Director's Review which delivered increases in rental income and these increases, together with other market data, underpinned the estimated rental values used in the valuation.

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

#### **Income (Profit) and Costs**

Income (Profit) for the year is shown in the Statement of Comprehensive Income.

Net Property Income, before the fair value adjustment of investment properties, property sales and taxation, for the year was £1,497,000 (2022: £1,569,000).

Operating Income after the fair value adjustment and property sales before taxation fell to £1,842,000 (2022: £7,581,000) principally as a result of the fact that no assets were sold in the year to generate profits on disposal and the valuation surplus for the year of £345,000 was much lower than the exceptional increase in the prior year (2022: £5,887,000).

The combined result is Income before Taxation for the year of £1,430,000 (2022: £7,202,000).

We continue our policy of exercising tight control over administrative costs. Non-recurring costs of £81,000 were incurred on succession matters, described further below. Property costs were lower than in the prior year at £96,000 (2022: £125,000) as no significant void or refurbishment costs were incurred.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (CONTINUED)

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

Wynnstay remains in a strong financial position.

At the year-end, we held cash of £3.3 million (2022: £3.5 million), our core borrowing was unchanged at £10.0 million (2022: £10.0 million) and our interest rate is fixed at 3.61% until December 2026. Net gearing was 22.3% (2022: 21.8%). In addition to our available cash balance and positive cash flow from our property activities, our £5m revolving credit facility remained undrawn.

As already mentioned above, since the year-end we have invested £2.5m of our year-end cash resources on the acquisition in Tonbridge described in the Managing Director's Review.

#### **Dividend**

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

In the light of the satisfactory results for the year, the Board recommends a final dividend of 15.0p per share (2022: 14.0p). An interim dividend of 9.0p per share (2022: 8.5p) was paid in December 2022. Hence, the total dividend for this year of 24.0p per share (2022: 22.5p) represents an increase of 6.7% on the prior year.

Over the past five years, dividends have increased by 26.3% from 19.0p to 24.0p.

Subject to shareholder approval, the final dividend will be paid on 26 July 2023 to shareholders on the register at the close of business on 30 June 2023.

#### **Board Succession**

In the course of reviewing the composition of the Board and succession planning, Charles Delevingne expressed his wish to retire from the Board. Accordingly, we appointed a firm specialising in non-executive appointments to identify suitable candidates. Our external recruitment process attracted keen interest from a good range of qualified candidates and, in March 2023, we announced the appointment of two new Non-executive Directors, Hugh Ford and Ross Owen.

Hugh is a solicitor who has practiced in a major city firm and in industry, latterly in a major listed property company. Ross is a chartered surveyor with extensive commercial property investment management experience both as a partner in private practice and as a consultant and adviser. Further information on their careers is provided in the biographies at the end of this report. Their complementary backgrounds, experience and skills in business and commercial property will bring fresh insight and perspective to our Board deliberations on the evolution of Wynnstay's portfolio and the Company's future direction.

I am sure that I speak on behalf of all shareholders in thanking Charles Delevingne for his contribution to Wynnstay's success over the past twenty years during which his wisdom and guidance have been invaluable in implementing the major changes we have made to the portfolio which have underpinned delivery of our successful results for shareholders.

#### **Management Succession**

Paul Williams was appointed as Managing Director in 2006 and, having reached normal retirement age late last year, he indicated his wish to stand down when a suitable successor had been identified. Accordingly, we appointed a firm specialising in senior recruitment in the commercial property sector to carry out a search and announced a few weeks ago the appointment of Christopher Betts as Paul's successor. He will join Wynnstay next month as Managing Director designate and will join the Board, following a short handover period, later this summer.

During Paul's tenure as Managing Director the Company's portfolio has been transformed, as he reflects in his review below. When he was appointed, the portfolio comprised, in the main, small single-tenanted assets with a mix of industrial, office and retail uses. Under his leadership, Wynnstay has concentrated its investments into larger, multi-let, assets predominantly in the industrial, including trade-counter, sector. He has focused acquisitions on higher quality assets let to tenants with better covenants as well as identifying sites suitable for development adjacent to existing assets and planning small-scale developments that enhance the value of those assets.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (CONTINUED)

In managing the portfolio to bring about this transformation, Paul has displayed the benefit of his wide experience in commercial property and his personal skills in dealing with people and the issues and challenges that arise, some in the ordinary course and others in unusual circumstances. He has built strong relationships with many of our tenants that has been invaluable in understanding their needs and maintaining them as longstanding occupiers and ensuring that they respect their lease obligations to us.

These strong relationships combined with Paul's patience and tenacity have resulted in few bad debts and few voids in the portfolio over his seventeen years at Wynnstay. Where tenants have faced difficulties, he has been sympathetic in dealing with them unless, of course, he was dealing with those who might wish to avoid their obligations through their own business failings.

Wynnstay's scale and structure in which the Managing Director is the only full-time employee mean that Paul has had to turn his hand to many different tasks and challenges, including several office moves and technological changes as the Company adapted to new ways of operating, including the sudden change to virtual working as a result of Covid-19.

On behalf of shareholders, I thank Paul for his significant contribution to the Company's evolution over this period and wish him a long and happy retirement.

Our Managing Director designate, Christopher Betts, has been a Chartered Surveyor for over 30 years. After graduating from Oxford Brookes University with a BSc in Estate Management, he joined Cluttons as a graduate trainee where he spent his first ten years in professional practice.

Subsequently, he has worked for various commercial property businesses including British Land, Frogmore and Romulus. Latterly he has been advising on and implementing a strategy and management programme at Peabody Trust for their London and South-East corporate office portfolio following significant recent mergers with other social housing providers.

#### **Shareholder Matters**

In my statement last year, I reported on the Board's review of the liquidity and marketability of Wynnstay shares and on the actions being taken as a result.

You will recall that Wynnstay has a small, and rather unusual, share register on which there are under 250 accounts, a significant number of which are connected through family relationships, with private investors rather than funds or institutions as shareholders. In the main, they are long-term investors with some holdings having passed from generation to generation since the company was founded in 1886. These long-term investors provide stability and continuity within the shareholder base. As a result of this base the volume and proportion of Wynnstay shares traded in the market is less than for many quoted companies with larger share registers and more dispersed holdings. Fewer Wynnstay shares tend to be available to trade and then only usually in modest quantities and with a sizeable "spread" between the bid and offer price. Shares are typically traded at a significant discount to the net asset value per share. However, both these features are also seen in other, much larger, quoted property companies.

Among the actions we decided to take was the provision of further succinct information on Wynnstay, its business and performance and to demonstrate Wynnstay has performed well for its investors, both against its objectives and relative to other quoted property companies, in the medium to long-term. The information provided last year has been updated and is contained in the Introduction to Wynnstay at the beginning of this report on pages 5 to 7. The Company specific information demonstrates, in the Board's view, the benefits of Wynnstay's distinctive approach and the share price comparison shows that Wynnstay's share price has continued substantially to outperform the comparative real estate sector.

Share prices in the sector were buoyant during the first half of the last calendar year, but then declined substantially as concerns about the economy, inflation and interest rates affected both valuations and market sentiment towards the sector. While Wynnstay's share price has not been immune from this decline, the impact on Wynnstay has been significantly less than on the sector as a whole. The chart on page 7 shows that over the past ten years, while Wynnstay's share price has more than doubled, the performance of the comparative real estate sector has remained flat.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (CONTINUED)

We also decided to ask shareholders to give Wynnstay authority to purchase its own shares so that the Company can act as a purchaser in the market where it is appropriate, and in the interests of shareholders generally, to do so. Other quoted property and investment companies, as well as other quoted companies, use share buybacks on a routine basis to enhance earnings and net asset value per share. Where shares are bought back dividends cease to be payable, thus conserving cash in the business and benefitting continuing shareholders and with the present intention being to hold any shares bought back in treasury so that they are available for reissue where there is market demand for shares or to facilitate individual property acquisitions.

Shareholders granted this authority at the Annual General Meeting in July 2022. The volume of shares traded since then has been relatively small and the market has generally been able to absorb most of the shares offered. However, the authority was used to acquire 15,000 Ordinary Shares at 710p in September 2022. The Board keeps the position under review and may exercise the authority when shares are available in the market and it is in the interests of shareholders generally to do so.

We also considered that Wynnstay's future development would be assisted if authority continued to be granted by shareholders, as has been the case for many years, to issue a limited number of shares without first offering them to existing shareholders. This gives Wynnstay flexibility, for instance, to issue shares for small fundraisings which might support a larger acquisition and allow the issue of shares as part consideration on individual property acquisitions to vendors, where the vendors wish to retain an interest in a broader portfolio of assets in a quoted company. Bringing in new investors with an interest in commercial property and in Wynnstay's distinctive approach to the share register would broaden the shareholder base and support its future development.

#### **Outlook**

At this time last year, I noted that the UK had entered a further period of uncertainty, following Brexit and the Covid pandemic, as a result of the effects of the Russian invasion of Ukraine and of rising inflation imposing real pressure on business costs and household incomes with consequent potential impacts on the economy.

This uncertainty continued throughout the year, not least as a result of the several changes of administration in government. Inflation reached levels not seen for forty years, with a major contributor being huge increases in energy prices which have affected both businesses and consumers although government measures have provided some relief. However, recent economic news has been more positive than might have been expected last autumn, when a long economic recession was forecast and inflation was continuing to rise.

Despite these conditions, Wynnstay remains in a very healthy position. We have a focused, stable and well-let portfolio which has been enhanced through acquisitions and disposals over the years. It is delivering, and is capable of continuing to deliver, growth of capital and income for shareholders in the medium and long-term. The main risks to continued growth are economic and political, such as significant disruption caused by events beyond our control or the UK economy suffering a significant downturn which affects the ability or willingness of businesses to invest or of consumers to spend.

The commercial property market is cyclical. Asset values can move up and down over time as a result, as we have seen over the past several years. Wynnstay has always adopted a cautious and realistic approach in valuing our assets and to the management and development of the business. As noted above, our annual revaluation is undertaken for accounting purposes and values our individual assets, not the portfolio as a whole.

Within the Wynnstay portfolio, the first few months of this financial year have been encouraging in terms of rental growth as the update in the Managing Director's Review describes. Accordingly, despite the broader uncertainties in the economy and elsewhere, the Board is optimistic about the current outlook for Wynnstay's business.

#### **Colleagues and Advisers**

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

This support has been especially evident over the past year in addressing Board succession, and also in the prior year when we changed both our auditors and our nominated advisers and corporate brokers.

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S STATEMENT (CONTINUED)

#### **Shareholding Enquiries**

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

All enquiries about shareholdings, including changes of address and bank details and about such transfers of shares, should be directed to our Registrars, Link Group, whose details are on page 2.

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

#### **Annual General Meeting**

The AGM provides an important and valued opportunity for the Board to engage with shareholders.

Our AGM this year will be held at **2.30pm on Tuesday 18 July 2023 at the Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS**. The Notice of Meeting is to be found at the end of this Annual Report.

**I urge all shareholders to complete and return their proxy forms so that their votes on the resolutions being put to the meeting can be counted.**

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

To maximise shareholder engagement, shareholders who are unable to attend the AGM are encouraged to submit in writing those questions that they might have wished to ask in person at the meeting. Questions should be emailed to [company.secretary@wynnstayproperties.co.uk](mailto:company.secretary@wynnstayproperties.co.uk) at least 48 hours in advance of the AGM. You will receive a written response and, if there are common themes raised by a number of shareholders, we aim to provide a summary for all shareholders, grouping themes and topics together where appropriate, on the Company's website following the AGM.

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

Philip Collins  
*Chairman*  
13 June 2023

## WYNNSTAY PROPERTIES PLC

### MANAGING DIRECTOR'S REVIEW

In my final full year at Wynnstay I am pleased to have the opportunity to report on the management activity within the portfolio during the year and to reflect on the evolution of the Wynnstay portfolio over the last seventeen years while I have been Managing Director.

#### **The Portfolio during 2022-23**

I will focus primarily on the portfolio which, as at the year-end, comprised 83 units and a development site in 15 locations.

Due to the number of leases, in most years there is inevitably a reasonable level of lease negotiation activity. However, the year just ended has been one of the most active that I can remember with ten lease renewals, five rent reviews, two leases being varied and one new letting. In addition, there were extended negotiations on one acquisition completed following the year-end to which I refer below.

Of the lease renewals that completed during the year, four were at Aylesford, two at Lichfield, two at Hailsham and one each at Ipswich and Uckfield. It is always pleasing to retain tenants on renewal and as a consequence of the ten renewed leases the rents receivable under these leases have increased by over 16% which will be reflected in future rental income. We completed five rent reviews, three at Petersfield and two at Aylesford and as a result of these five reviews the rents receivable under these leases have increased by over 17%.

With the good level of tenant retention through lease renewals, there are fortunately fewer vacant properties arising and hence less expenditure on empty property rates and refurbishment costs and inevitably less new letting activity. However, at Liphook one tenant did vacate early in the year and the unit was very quickly relet at a rent which is over 33% higher than previously received. This new letting creates excellent evidence to support rental increases elsewhere on the estate where further reviews are due in the next year or two.

During the year we completed two variations of existing leases. The first was at Cosham where we removed a tenant break clause thus securing annual rental income from the tenant for a further five years. The second was at Lichfield where a tenant break option that would have been due in 2026 was removed such that the rent will now continue until at least 2031 and will remain subject to an upward only rent review in 2026.

#### **Portfolio in the current year**

Compared with the active year I have described above, in the current year there will be a smaller number of lease negotiation transactions overall. However, there are some significant leases where renewals or reviews are due and where useful evidence for the level of market rents has been established in transactions completed in the prior year described above or in the early months of current year. Hence, I am optimistic about the outlook for the current year.

#### **Portfolio Valuation**

The lease activity described above has had a significant positive effect on the March valuation. As already noted in the Chairman's Statement, our Independent Valuers, BNP Paribas Real Estate, undertook the annual revaluation as at 25 March 2023 valuing the Company's portfolio at £39,320,000. This represents a 0.9% increase of £345,000 on the valuation as at 25 March 2022.

The Chairman has pointed out in his statement that while this percentage increase is modest compared to last year (2022: 23.7%), it should be considered against the background of significant valuation reductions in the commercial property sector and he has commented on some of the reasons for this. I hope that the lease negotiation activity of the past year and in the current year to date, together with the further activity over the course of the rest of the year to which I have referred above will assist in underpinning the valuation in March 2024.

#### **Post year-end acquisition**

As announced on 28 April 2023, we exchanged contracts for the purchase of Riverdale Industrial Estate, Tonbridge and completion took place in May 2023. We had agreed terms for this acquisition in mid-December 2022, but for various reasons the legal due diligence took several months. The total acquisition cost of approximately £2.5 million was funded entirely from the Company's existing cash resources.

## WYNNSTAY PROPERTIES PLC

### MANAGING DIRECTOR'S REVIEW (CONTINUED)

This freehold property comprises of five industrial units arranged as two terraces with a central service yard. The estate is fully let to four tenants with a range of lease expiry dates. The current rent from the estate is £140,350 per annum and is subject to three outstanding upward only rent reviews effective from 29 September 2022 and a pending lease expiry effective from 30 November 2023. The net initial yield is 5.6%, which is anticipated to rise to around 6.9% when the outstanding rent reviews and lease renewal have been concluded.

The acquisition provides a good strategic fit with the existing portfolio in the south-east of England, including Quarry Wood Industrial Estate at Aylesford.

#### **Energy efficiency in the portfolio**

Over the past two years we have focused on improving the energy efficiency of all the properties in the portfolio. To achieve net-zero carbon by 2050 the UK government is setting and reviewing targets and regulations for the continual improvement of properties' Energy Performance Certificate (EPC) ratings as key to achieving this goal. Current EPC ratings for commercial properties run from A to G, with buildings that are rated A considered the most, and those rated G the least, energy-efficient. The latest government target is that, from 1 April 2023, all new lettings of non-domestic private rented property must have an EPC rating of E or above.

During the year there has been considerable activity, working with our tenants at various individual properties generally at modest cost and often undertaken where tenants wish to make other changes to suit their business needs, to achieve or improve upon existing EPC ratings to ensure we meet the Government's target.

I am pleased to report that the target of having all properties in the portfolio with EPC ratings of E and above by 1 April 2023 was exceeded, with many of the properties achieving an EPC rating of C and above. The Government's latest proposal is that all new lettings of commercial buildings should achieve an EPC rating of C or above by April 2025 and Wynnstay continues to work towards achieving this goal across its portfolio in advance of this deadline.

#### **Reflections on the evolution of the portfolio**

I have been Managing Director of Wynnstay for over seventeen years, having been appointed in February 2006. On my appointment, the portfolio comprised, in the main, small single-tenanted assets with a mix of industrial, office and retail uses. Since then, Wynnstay has concentrated its investment principally into larger, multi-let, assets predominantly in the industrial, including trade-counter, sector. I am pleased to have been able to take the lead in bringing about this transformation, upgrading the quality of the assets and the tenant covenants. I am particularly proud of delivering our successful development at Petersfield last year which had to be undertaken against the challenges of Covid-19 and its effects on the construction industry. It has proved to be an excellent addition to the portfolio.

At the time of my appointment the portfolio comprised 55 units in 20 locations with a value of just over £20 million producing a rental income of just over £1.5 million per annum. The current portfolio, following the recent acquisition at Tonbridge, comprises 88 units and a development site in 16 locations with a value of close to £42 million and a rental income of about £2.5 million per annum. In total, the portfolio now comprises over 250,000 square feet of lettable space.

Looking back over the past seventeen years, I have sold 16 of the 23 assets that I inherited in 2006 and have added 11 assets to the portfolio. Of the original 23 assets only 7 remain in the portfolio, with the offices in Surbiton having been bought and sold during my tenure.

The assets sold comprised mainly small, single-tenanted, properties including retail shops and small offices divided into suites, often with individuals as tenants and single industrial units. Where there have been redevelopment opportunities, typically for residential use, the assets have been sold at prices that reflected the higher value use or the greater value for development to a neighbour.

The funds realised from these disposals have been redeployed into larger, better quality, assets including several multi-let industrial estates such as those at Aylesford, our largest asset, Ipswich, Lichfield, Liphook and Petersfield. The tenants now include well-known national brands, often owned by quoted companies, with stronger covenants than those of our historic small business tenants. Some assets offered opportunities for development, such as at Aylesford, Liphook and Petersfield.

## WYNNSTAY PROPERTIES PLC

### MANAGING DIRECTOR'S REVIEW (CONTINUED)

During the same period Wynnstay's net asset value and dividends have increased from 418p and 8.3p per share to 1,110p and 24.0p per share respectively. Wynnstay's share price has substantially outperformed the FTSE 350 Real Estate Investment Trusts Index over the last ten years as shown in the chart on page 7 of this report. I am pleased to have played my part in delivering these results to shareholders.

This performance has been achieved despite various major hurdles ranging from the global financial crisis of 2008-9 to the Covid-19 crisis of 2020-22 and now to the gloomy world economic outlook that has developed since Covid-19 notably as a result of the Russian invasion of Ukraine and several other regional conflicts and geopolitical tensions. Over the period, the commercial property market in the UK has been through several cycles of upturns and downturns, the latest arising from the impact of rising inflation and interest rates over the past year.

I have certainly enjoyed my time at Wynnstay dealing with the many and varied tenants and their businesses, meeting and trying to work with them, on a principal-to-principal basis, to achieve the optimum result for them and their businesses as well as, of course, for Wynnstay shareholders. Maintaining positive and constructive relations with tenants is essential in a commercial property business and especially so in difficult times whether due to general economic conditions or to specific trading difficulties in a tenant's business and even when I have not been the giver of good news to a tenant.

As with all commercial property portfolios, tenants sometimes produce unexpected challenges. For instance, in Wynnstay's case, I recall the meat pie-making tenant who went into liquidation just before Christmas, leaving freezers full of ingredients at our unit. The electricity supplier had disconnected the power supply and the staff had vacated the unit. I was faced on repossession of the unit in January with arranging the disposal of considerable volumes of rotting meat which was a most unpleasant experience. On a more positive note, another tenant on liquidation left the premises full of racking and a large volume of motor spare parts which I was able to sell by auction over time, realising not only sufficient funds to cover the outstanding rent, but also the refurbishment of the premises for reletting at an increased rent.

In the coming weeks, I will be familiarising my successor, Chris Betts, with the Wynnstay portfolio and our tenants in order to ensure a smooth transition as well as discussing with him some of the opportunities that may arise depending on the direction that he and the Board may wish to take the portfolio. I am confident that Wynnstay can continue to grow successfully for the benefit of all shareholders, of which I plan to continue to be one, and I will follow the Company's future development with great interest.

Finally, I would like to thank the Board, our professional advisers, our service providers and suppliers for their support over many years and to thank all the Wynnstay shareholders over the past seventeen years for their loyalty and commitment.

Paul Williams  
*Managing Director*  
13 June 2023

# WYNNSTAY PROPERTIES PLC

## STRATEGIC REPORT 2023

The Directors present their Strategic Report for the year ended 25 March 2023.

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

### **Business, Business Model, Strategy and Future Development**

Wynnstay is a long-established, successful property investment and development company. Its business, business model, strategy and future development are described in the Introduction to Wynnstay, the Chairman's Statement and the Managing Director's Review on pages 5 to 16.

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

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

The Directors consider that the Company's performance against the indicators to be creditable. As a result of changes made to the portfolio, including disposals of two significant properties in the past three financial years and completion of a development project, while annual rental income has been relatively stable for a period, like-for like rental income has substantially increased enabling rising dividends to be paid to shareholders. Active management, close engagement with tenants and favourable market conditions have all contributed to this substantial increase as well as the substantial increases in the valuation of the portfolio and thus in net asset value per share.

### **Risks, Uncertainties and Effective Risk Management**

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

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

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

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

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

The Board monitors carefully its rental income receipts. The Company received all the rental income due for the financial year ended 25 March 2023, save for £8,000 outstanding from one tenant which has been provided in the accounts and the portfolio was 100 % let by rental value as at 25 March 2023.

## WYNNSTAY PROPERTIES PLC

### STRATEGIC REPORT 2023 (CONTINUED)

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

Rental Income, Net Property Income, Income before Taxation, Portfolio Valuation and Loan to Value Ratio are considered key financial performance indicators.

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

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

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

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

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

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

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

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

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

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

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

Philip Collins  
*Director*  
13 June 2023

## WYNNSTAY PROPERTIES PLC

### CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

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

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

Philip Collins  
*Chairman*  
13 June 2023

## WYNNSTAY PROPERTIES PLC

### CORPORATE GOVERNANCE, AUDIT AND REMUNERATION REPORTS

#### Introduction

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

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

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

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

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

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

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

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

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

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

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

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

The Board comprised one executive, the Managing Director, and four Non-Executive Directors, including the Chairman during the year. The Board considers that all the Non-Executive Directors are independent. The biographies of all the Directors who served in the year, as well as the biographies of the two new Non-Executive Directors whose appointments are referred to below, are available on the Company's website and on page 58.

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

Charles Delevingne, who had served as a Non-Executive Director since June 2002, retired in March 2023. The Board extends its warmest thanks to Mr Delevingne for his valuable service to the Company over many years.

## WYNNSTAY PROPERTIES PLC

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

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.

During the year, the Board undertook two separate recruitment processes for Board appointments, one for Non-Executive Directors and the other to recruit a new Managing Director to replace Paul Williams on his forthcoming retirement. Both processes involved specialist external recruitment firms. Shortly before the year-end, the Company announced that Ross Owen and Hugh Ford had been appointed to the Board and would take up their appointments at the beginning of the new financial year on 26 March 2023. Both are considered by the Board to be independent and will offer themselves for election by shareholders at the AGM in July. In early June 2023, the Company announced the appointment of Christopher Betts as the Managing Director designate. He will join the Company shortly and is expected to be appointed to the Board later in the summer.

The Non-Executive Directors are expected to devote such time as is necessary for the proper performance of their duties. Overall, the Non-Executive Directors, other than the Chairman, are expected to spend a minimum of 10 working days a year on the Company's business. In practice, after taking account of around 6 or 7 scheduled Board meetings a year, preparation time, site visits and other requirements mentioned below, 12-18 days per annum would be typical. The Chairman typically spends the equivalent of 25-30 working days per annum on the Company's business. The following table shows directors' attendance at Board meetings, including ad hoc meetings, in the financial year ended 25 March 2023.

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

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

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

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

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

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

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

The names of the Directors and their experience, skills and capabilities are set out on the Company's website.

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

Reference is also made to the information on each of the Non-Executive Directors given under Principle 5 above and on page 58.

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

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

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. Shortly after the year-end, Bruce Wallace Associates merged its business with Shakespeare Martineau LLP.

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

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

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

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

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

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

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

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

The review noted that in two of the three areas identified to be taken forward in last year's report (enhanced communication between Board meetings and focusing increased Board time on priority areas by improving reporting and agenda management) the evaluation showed improvement over the course of the year. In the third area, exploring more effective communications with shareholders, the review noted the limited feedback from, and opportunities to engage with, shareholders especially as there had been no, or limited, attendance at the last three AGMs. The review also noted further improvement in the areas reported on from 2020-21 in last year's report (oversight of effective risk management and the time devoted to long-term, new or emerging strategic issues).

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

The review considered that the appointment of two new Non-Executive Directors, together with the appointment of our new Managing Director, would bring fresh insight and provide further opportunities to review and refine the Board's functioning and processes in the second-half of the current year. Three areas identified to be taken forward are the integration and streamlining of management information to the Board; review of the risk management framework, with Board examination of specific top risks; and increased focus of Board time on strategic issues for the portfolio and the Company while maintaining appropriate challenge and oversight over operational matters.

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

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

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

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

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

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

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

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

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

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

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 Managing Director's Review, the Directors' Report and the Strategic Report and elsewhere in the Annual Report.

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

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

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

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

### **Audit Report**

The Senior Independent Director and the Director of Finance met and discussed the audit with the auditor before the year-end and a draft Audit Planning Report prepared by the auditor was reviewed subsequently by the Board.

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

### **Remuneration Report**

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

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

The Non-Executive Directors met after the end of the financial year to review the performance of the Managing Director and determine the level of his remuneration and any bonus. Remuneration has been determined historically by reference to a mixture of publicly available remuneration studies relating to the relevant specialism and role, other AIM companies and a few private property companies. However, such information has become less readily available in recent years and may not in any event be applicable to our particular circumstances. Levels of bonus are determined by reference to the assessment of performance against objectives for the business. This process is necessarily subjective but is considered to deliver a reasonable result for the individual, the Company and its shareholders. For the year ended 25 March 2023 it was agreed that a bonus be awarded for the year. Details of remuneration are disclosed in the Directors' Report.

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

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

Philip Collins  
*Director*  
13 June 2023

# WYNNSTAY PROPERTIES PLC

## DIRECTORS' REPORT 2023

The Directors present their One Hundred and Thirty-Seventh Annual Report, together with the audited Financial Statements of the Company for the year ended 25 March 2023.

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, the Managing Director's Review 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 17 to 19.

### Financial Objectives and Risks

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

### Income (Profit) for the Year

Income after Taxation and Total Comprehensive Income for the year after taxation amounted to £1,142,000 (2022: £5,418,000). Details of movements in reserves are set out in the statement of changes in equity.

### Dividends

The Directors have decided to recommend a final dividend of 15p per share for the year ended 25 March 2023 payable on 26 July 2023 to those shareholders on the register at the close of business on 30 June 2023. This dividend, together with the interim dividend of 9p paid on 16 December 2022, represents a total for the year of 24p (2022: 22.5p).

### Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors prepared the Company's financial statements in accordance with UK adopted International Accounting Standards (IAS). 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 IAS; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

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

## WYNNSTAY PROPERTIES PLC

### DIRECTORS' REPORT 2023 (CONTINUED)

#### Directors

The Directors holding office during the financial year under review and their interests (including spouses, other related parties and non-beneficial interests, where applicable) in the ordinary share capital of the Company at 25 March 2023 and 25 March 2022 are shown below:

|                 |                        | Ordinary Shares of 25p |         |
|-----------------|------------------------|------------------------|---------|
|                 |                        | 2023                   | 2022    |
| P.G.H. Collins  | Non-Executive Chairman | 850,836                | 850,836 |
| C.P. Williams   | Managing Director      | 11,612                 | 11,612  |
| C.H. Delevingne | Non-Executive Director | 5,000                  | 5,000   |

The interests shown above in respect of Mr. P.G.H. Collins include non-beneficial interests of 229,596 shares at 25 March 2023 and 2022.

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

In accordance with the Company's Articles of Association, Miss Caroline Tolhurst retires by rotation and, being eligible, offers herself for re-election at the Annual General Meeting.

Biographies of each of the Directors are available on the Company's website and on page 58.

#### Directors' Emoluments

Directors' emoluments for the year ended 25 March 2023 are set out below:

|                   | <u>Salaries</u>        | <u>Fees</u>            | <u>Pension</u>        | <u>Benefits</u>      | <b>Total<br/>2023</b>  | <b>Total<br/>2022</b> |
|-------------------|------------------------|------------------------|-----------------------|----------------------|------------------------|-----------------------|
| P.G.H. Collins    | –                      | 45,000                 | –                     | –                    | 45,000                 | 43,500                |
| C.P. Williams     | 136,500                | 16,800                 | 48,650                | 8,384                | 210,334                | 204,880               |
| C.H. Delevingne   | –                      | 16,800                 | –                     | –                    | 16,800                 | 16,250                |
| P. Mather         | –                      | 16,800                 | –                     | –                    | 16,800                 | 16,250                |
| C.M. Tolhurst     | –                      | 30,100                 | –                     | –                    | 30,100                 | 21,650                |
| <b>Total 2023</b> | <b><u>£136,500</u></b> | <b><u>£125,500</u></b> | <b><u>£48,650</u></b> | <b><u>£8,384</u></b> | <b><u>£319,034</u></b> |                       |
| Total 2022        | <u>£168,000</u>        | <u>£113,900</u>        | <u>£13,300</u>        | <u>£7,330</u>        |                        | <u>£302,530</u>       |

The above figures for 2023 include a discretionary bonus of £35,000 awarded to Mr Williams for the financial year ended 25 March 2023 (2022: £35,000) which, at his request, was paid into his pension scheme. A one-off payment of £8,000 was made to C.M. Tolhurst, Senior Independent Director, for the additional work undertaken on Board appointments during the year.

The Directors' Emoluments set out above form part of the Financial Statements.

#### Directors' and Officers' Liability Insurance

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

## WYNNSTAY PROPERTIES PLC

### DIRECTORS' REPORT 2023 (CONTINUED)

#### Interests in the Company's Shares

As at 13 June 2023, the Directors have been notified or are aware of the following interests (including spouses, other related parties and non-beneficial interests, where applicable, for both financial years), which are in excess of three per cent of the issued ordinary share capital of the Company, excluding shares held in treasury:

|                 | No. of Ordinary<br>Shares of 25p | Percentage of<br>Share<br>Capital 2023 | Percentage of<br>Share<br>Capital 2022 |
|-----------------|----------------------------------|----------------------------------------|----------------------------------------|
| P.G.H. Collins  | 850,836                          | 31.55%                                 | 31.38%                                 |
| G. J. Gibson    | 274,475                          | 10.18%                                 | 10.04%                                 |
| D. N. Gibson    | 131,078                          | 4.86%                                  | 4.47%                                  |
| Dr. G.L.A. Bird | 112,000                          | 4.15%                                  | 4.13%                                  |
| J.V. Bird       | 111,750                          | 4.14%                                  | 4.12%                                  |

#### Share Buy-back

On 19 July 2022, shareholders approved a special resolution authorising the Company to purchase in the market up to 406,742 Ordinary Shares of 25p each in the capital of the Company.

On 5 September 2022 pursuant to this authority, the Company purchased in the market 15,000 Ordinary Shares of 25p each, representing less than 0.005 % of the issued share capital, at a price of £7.10 per share with the aggregate consideration paid for the shares being £106,500. The Directors considered that the purchase represented good use of the Company's available cash resources and, by increasing earnings and net asset value per share, would assist in maximising shareholder value. The total cost of establishing the share buyback authority which lasts for five years, together with this first purchase in the market was £164,000.

The shares so purchased are held by the Company in treasury together with the 443,650 Ordinary Shares of 25p each purchased by the Company in March 2010. Thus, the Company now holds 458,650 Ordinary Shares of 25p each in treasury, representing 14.5% of the Company's issued share capital.

#### Going Concern

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

#### Internal Control

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

#### Statement as to Disclosure of Information to Auditors

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

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

#### Annual General Meeting

The Notice of the Annual General Meeting, to be held on 18 July 2023, is set out at the end of the Annual Report.

By Order of the Board  
Susan Wallace  
*Secretary*  
13 June 2023

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



**Opinion**

We have audited the financial statements of Wynnstay Properties (the 'company') for the year ended 25 March 2023 which comprise 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 25 March 2023 and of its income for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Key audit matters**

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

| Key audit matter                   | Description of risk                                                                                                                                                                                                                                                                                                                                                                                                   | How the matter was addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation of Investment properties | The Company holds a portfolio of investment properties which are owned by the Company and held for rental income. The directors measure each property in the portfolio at fair value at the year end date on the basis of a valuation by an external independent valuer whose details can be found in note 10 of the accounts. The Company's accounting policy for investment properties is included within note 1.2. | As part of our procedures, we: <ul style="list-style-type: none"><li>• Reviewed the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards and suitable for use in determining the carrying value for the purpose of the financial statements.</li><li>• Compared the yields used within the valuation to market averages based on sector and location. Variances were evaluated through gaining an understanding of the rationale</li></ul> |

|                     |                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | The valuation of investment properties requires significant judgement in determining the appropriate inputs to be used in the model and there is therefore a risk that the properties are incorrectly valued.                                                                                                                                                                                                                      | <p>underlying the discrepancy, and assessing whether this supports the valuation overall. We further performed a sensitivity analysis on the value of the portfolio against market averages.</p> <ul style="list-style-type: none"> <li>• Tested the accuracy of inputs to the valuation, including rental income and lease terms.</li> <li>• Assessed the Valuer's qualifications, expertise and independence, and read their terms of engagement with the Company to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.</li> </ul> |
| Revenue recognition | Revenue for the Company consists primarily of rental income. Rental income is based on tenancy agreements where there is a standard process in place for recording revenue as set out in the agreements. There are however certain transactions within revenue that warrant additional audit focus because of an increased inherent risk of error due either through fraud or their non-standard nature, such as lease incentives. | <p>As part of our procedures, we:</p> <ul style="list-style-type: none"> <li>• Selected a sample of properties from the investment property register, formed an expectation of the rent to be recognised from the lease agreement and compared this to the actual rent recognised. We investigated variances exceeding an acceptable threshold.</li> <li>• For a sample, reviewed the accounting for lease incentives, and ensured this was in line with accounting standards.</li> </ul>                                                                                                                                    |

### **Our application of materiality**

The materiality for the company financial statements as a whole ("FS materiality") was set at £430,000. This has been determined with reference to the benchmark of the company's total assets, which we consider to be one of the principal considerations for members of the company in assessing the company's performance. FS materiality represents 1% of the company's total assets as presented on the face of the Statement of Financial Position.

Rental Income and Income before Taxation are key performance indicators of the company which are driven by Income Statement items and we therefore applied a lower specific materiality of £45,800, based on 2% of company revenue. This lower specific materiality was applied to the components of the company's Statement of Comprehensive Income, excluding investment property valuation movements.

Performance materiality for the company financial statements was set at £344,000, being 80% of FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds FS materiality. We judged this level to be appropriate based on our understanding of the company and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements. It was set at 80% based on our overall expectation of the level of audit differences, and the number and significance of areas of judgement in the financial statements.

### **Conclusions relating to going concern**

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

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

- Discussion with management over the basis and appropriateness of key assumptions including corroboration where relevant;

- Reviewing bank statements to monitor the cash position of the company post year end, and obtaining an understanding of significant expected cash outflows (such as capital expenditure) in the forthcoming 12-month period;
- Reviewing disclosures around going concern in the financial statements to ensure they are consistent with the work performed.

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

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

### **Other information**

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 26, 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.

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

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

We understand that the company complies with the framework through:

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

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

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

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

- Manipulation of financial statements via fraudulent journal entries or error affecting cut off around the year end, particularly as the size of the company means that there is limited opportunity for segregation of duties.
- The manipulation of the financial statements via the valuation of investment properties as this requires estimates and judgements to be made by management.
- The manipulation of Property Income recognised for the year through the recognition of revenue components such as lease incentives.

These areas were communicated to the other members of the engagement team not present at the discussion.

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

- Challenging management regarding the judgements and assumptions used in the estimates as set out in the key audit matters above.
- Substantive work on material areas affecting Income for the year.
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts and those around the year end

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

**Use of our report**

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

Julie Mutton  
Senior Statutory Auditor, for and on behalf of  
**CLA Evelyn Partners Limited**  
Statutory Auditor  
Chartered Accountants

4th Floor Cumberland House  
15-17 Cumberland Place  
Southampton  
Hampshire  
SO15 2BG

Date: 13 June 2023

# WYNNSTAY PROPERTIES PLC

## STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 25 MARCH 2023

|                                                             | Notes | 2023                | 2022           |
|-------------------------------------------------------------|-------|---------------------|----------------|
|                                                             |       | £'000               | £'000          |
| <b>Property Income</b>                                      | 2     | <b>2,312</b>        | 2,308          |
| Property Costs                                              | 3     | (96)                | (125)          |
| Administrative Costs                                        | 4     | <u>(719)</u>        | <u>(614)</u>   |
| <b>Net Property Income</b>                                  |       | <b>1,497</b>        | 1,569          |
| Movement in Fair Value of Investment Properties             | 10    | 345                 | 5,887          |
| Profit on Sale of Investment Property                       |       | =                   | <u>125</u>     |
| <b>Operating Income</b>                                     |       | <b>1,842</b>        | 7,581          |
| Investment Income                                           | 6     | 27                  | —              |
| Finance Costs                                               | 6     | <u>(439)</u>        | <u>(379)</u>   |
| <b>Income before Taxation</b>                               |       | <b>1,430</b>        | 7,202          |
| Taxation                                                    | 7     | <u>(288)</u>        | <u>(1,784)</u> |
| <b>Income after Taxation and Total Comprehensive Income</b> |       | <b><u>1,142</u></b> | <u>5,418</u>   |
| <b>Basic and diluted earnings per share</b>                 | 9     | <b>42.2p</b>        | 199.8p         |

The Company has no items of other comprehensive income.

**WYNNSTAY PROPERTIES PLC**  
STATEMENT OF FINANCIAL POSITION 25 MARCH 2023

|                                              |              | <b>2023</b>           | <b>2022</b>           |
|----------------------------------------------|--------------|-----------------------|-----------------------|
|                                              | <b>Notes</b> | <b>£'000</b>          | <b>£'000</b>          |
| <b>Non-Current Assets</b>                    |              |                       |                       |
| Investment Properties                        | 10           | 39,320                | 38,975                |
| Investments                                  | 12           | <u>3</u>              | <u>3</u>              |
|                                              |              | <b><u>39,323</u></b>  | <b><u>38,978</u></b>  |
| <b>Current Assets</b>                        |              |                       |                       |
| Trade and other receivables                  | 14           | 482                   | 301                   |
| Cash and Cash Equivalents                    |              | <u>3,268</u>          | <u>3,491</u>          |
|                                              |              | <b><u>3,750</u></b>   | <b><u>3,792</u></b>   |
| <b>Current Liabilities</b>                   |              |                       |                       |
| Trade and other payables                     | 15           | (844)                 | (1,048)               |
| Income Taxes Payable                         |              | <u>(308)</u>          | <u>(284)</u>          |
|                                              |              | <b><u>(1,152)</u></b> | <b><u>(1,332)</u></b> |
| <b>Net Current Assets</b>                    |              | <b><u>2,598</u></b>   | <b><u>2,460</u></b>   |
| <b>Total Assets Less Current Liabilities</b> |              | <b>41,921</b>         | 41,438                |
| <b>Non-Current Liabilities</b>               |              |                       |                       |
| Bank Loans Payable                           | 16           | (9,951)               | (9,938)               |
| Deferred Tax Payable                         | 17           | <u>(2,034)</u>        | <u>(1,953)</u>        |
|                                              |              | <b>(11,985)</b>       | <b>(11,891)</b>       |
| <b>Net Assets</b>                            |              | <b><u>29,936</u></b>  | <b><u>29,547</u></b>  |
| <b>Capital and Reserves</b>                  |              |                       |                       |
| Share Capital                                | 18           | 789                   | 789                   |
| Capital Redemption Reserve                   |              | 205                   | 205                   |
| Share Premium Account                        |              | 1,135                 | 1,135                 |
| Treasury Shares                              |              | (1,734)               | (1,570)               |
| Retained Earnings                            |              | <u>29,541</u>         | <u>28,988</u>         |
|                                              |              | <b><u>29,936</u></b>  | <b><u>29,547</u></b>  |
| <br>Net Asset Value pence per share          |              | <br><b>1,110p</b>     | <br>1,090p            |

Approved by the Board and authorised for issue on 13 June 2023

P.G.H. Collins

*Director*

Registered number: 00022473

C.P. Williams

*Director*

# WYNNSTAY PROPERTIES PLC

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 25 MARCH 2023

|                                                         | 2023<br>£'000  | 2022<br>£'000  |
|---------------------------------------------------------|----------------|----------------|
| <b>Cash flows from operating activities</b>             |                |                |
| Income before taxation                                  | 1,430          | 7,202          |
| Adjusted for:                                           |                |                |
| Increase in fair value of investment properties         | (345)          | (5,887)        |
| Interest receivable                                     | (27)           | –              |
| Interest and finance costs payable                      | 439            | 379            |
| Profit on sale of investment property                   | –              | (125)          |
| Amortised loan fees                                     | 13             | –              |
| Revaluation movement                                    | 33             | –              |
| Changes in:                                             |                |                |
| (Increase)/decrease in trade and other receivables      | (181)          | 41             |
| (Decrease)/increase in trade and other payables         | (181)          | 153            |
| Cash generated from operations                          | 1,181          | 1,763          |
| Income taxes paid                                       | (206)          | (284)          |
| Net cash generated from operating activities            | <u>975</u>     | <u>1,479</u>   |
| <b>Cash flows from investing activities</b>             |                |                |
| Interest and other income received                      | 27             | –              |
| Purchase of investment properties                       | –              | (1,583)        |
| Sale of investment properties                           | –              | 2,618          |
| Net cash generated from investing activities            | <u>27</u>      | <u>1,035</u>   |
| <b>Cash flows from financing activities</b>             |                |                |
| Interest paid                                           | (439)          | (379)          |
| Dividends paid                                          | (622)          | (583)          |
| Drawdown of bank loans net of fees                      | –              | 9,938          |
| Repurchase of shares into treasury                      | (164)          | –              |
| Repayment of bank loans                                 | –              | (10,000)       |
| Net cash used in financing activities                   | <u>(1,225)</u> | <u>(1,024)</u> |
| <b>(Decrease)/increase in cash and cash equivalents</b> | <b>(223)</b>   | <b>1,490</b>   |
| Cash and cash equivalents at beginning of period        | <u>3,491</u>   | <u>2,001</u>   |
| Cash and cash equivalents at end of period              | <u>3,268</u>   | <u>3,491</u>   |

# WYNNSTAY PROPERTIES PLC

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25 MARCH 2023

### YEAR ENDED 25 MARCH 2023

|                                         | Share<br>Capital<br>£'000 | Capital<br>Redemption<br>Reserve<br>£'000 | Share<br>Premium<br>Account<br>£'000 | Treasury<br>Shares<br>£'000 | Retained<br>Earnings<br>£'000 | Total<br>£'000 |
|-----------------------------------------|---------------------------|-------------------------------------------|--------------------------------------|-----------------------------|-------------------------------|----------------|
| Balance at 26 March 2022                | 789                       | 205                                       | 1,135                                | (1,570)                     | 28,988                        | 29,547         |
| Total comprehensive income for the year | —                         | —                                         | —                                    | —                           | 1,142                         | 1,142          |
| Treasury Share repurchases              | —                         | —                                         | —                                    | (164)                       | —                             | (164)          |
| Revaluation movement                    | —                         | —                                         | —                                    | —                           | 33                            | 33             |
| Dividends – note 8                      | —                         | —                                         | —                                    | —                           | (622)                         | (622)          |
| Balance at 25 March 2023                | 789                       | 205                                       | 1,135                                | (1,734)                     | 29,541                        | 29,936         |

### YEAR ENDED 25 MARCH 2022

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

### FUNDS AVAILABLE FOR DISTRIBUTION

|                                                                                         | 2023<br>£'000  | 2022<br>£'000  |
|-----------------------------------------------------------------------------------------|----------------|----------------|
| Retained Earnings                                                                       | 29,541         | 28,988         |
| Less: Cumulative Unrealised Fair Value<br>Adjustment of Property Investments net of tax | (13,376)       | (12,996)       |
| Treasury Shares                                                                         | <u>(1,734)</u> | <u>(1,570)</u> |
| Distributable Reserves                                                                  | <u>14,431</u>  | <u>14,422</u>  |

## WYNNSTAY PROPERTIES PLC

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25 MARCH 2023

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#### Explanation of Capital and Reserves:

- **Share Capital:** This represents the subscription, at par value, of the Ordinary Shares of the Company.
- **Capital Redemption Reserve:** This represents money that the Company must retain when it has bought back shares, and which it cannot pay to shareholders as dividends: It is a non-distributable reserve and represents paid up share capital.
- **Share Premium Account:** This represents the subscription monies paid for Ordinary Shares of the Company in excess of their par value.
- **Treasury Shares:** This represents the total consideration and costs paid by the Company when purchasing the 458,650 shares as referred to in Note 18.
- **Retained Earnings:** This represents the profits after tax that can be used to pay dividends. However, dividends can only be paid from distributable reserves as detailed in the preceding table.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2023

#### 1. BASIS OF PREPARATION, ACCOUNTING POLICIES AND ESTIMATES

Wynnstay Properties PLC is a public limited company incorporated and domiciled in England and Wales. The principal activity of the Company is property investment, development and management. The Company's ordinary shares are traded on the AIM, part of The London Stock Exchange. The Company's registered number is 00022473.

##### 1.1 Basis of Preparation

The financial statements have been prepared in accordance with UK adopted International Accounting Standards ("IAS"). 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 2023

The Directors have adopted all new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB and adopted by applicable law that are relevant to the operations and effective for accounting periods beginning on or after 26 March 2022:

- Amendment to IFRS 16: Leases Covid 19-Related Rent Concessions.
- IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

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

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

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

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

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective for accounting periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies.
- Amendments to IAS 8 Definition of Accounting Estimates.
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

##### (c) Going concern

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

The Directors have reviewed cash balances and borrowing facilities to cover at least twelve months of operations, including financing costs and continuation of employment and advisory costs as currently contracted without any reduction for cost saving initiatives. The results of the review show that the Company has cash and borrowing facilities to cover at least twelve months of operations, and that the Company will satisfy the financial covenant ratios in the borrowing facilities as described in Note 16. In addition, the Statement of Financial Position as at 25 March 2023 shows that the Company held a cash balance of £3.3m and net assets of £29.9m and had a low gearing ratio of 22.3%. In the light of the foregoing considerations, the Directors consider that the adoption of the going concern basis is reasonable and appropriate.

## WYNNSTAY PROPERTIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2023

#### 1.2 Accounting Policies

##### **Investment Properties**

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

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

##### **Depreciation**

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

The Company has no other property, plant and equipment.

##### **Disposal of Investments**

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

##### **Property Income**

Property income is recognised on a straight-line basis over the period of the lease and is measured at the fair value of the consideration receivable. Lease deposits are held in separate designated deposit accounts and are thus not treated as assets of the Company in the financial statements. All income is derived in the United Kingdom. When there are changes to a tenancy agreement it is considered whether any lease incentives were given. Lease incentives are amortised over the period of the earliest of the lease termination date or the tenant lease break option date.

##### **Deferred Income**

Deferred Income arises from rents received in advance of the period to which they relate and are treated as Trade and Other Payables in the Statement of Financial Position. See note 15.

##### **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 taxation 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 and Total Comprehensive Income, including deferred tax on the revaluation of investment property.

##### **Trade and Other Accounts Receivable**

Trade and other receivables are initially measured at the operating lease measurement value and subsequently measured at amortised cost as reduced by appropriate allowances for expected credit losses. All receivables do not carry any interest and are short term in nature.

**WYNNSTAY PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 25 MARCH 2023**

**Cash and Cash Equivalents**

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

**Trade and Other Accounts Payable**

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost. All trade and other accounts payable are non-interest bearing.

**Pensions**

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

**Borrowings**

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

**Dilapidations**

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

**1.3 Key Sources of Estimation Uncertainty and Judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are those relating to the fair value of investment properties which are revalued annually by the Directors having taken advice from the Company's independent external valuers, on the basis described in Note 10. A key judgement taken by the Directors is as to whether a property is being held for sale.

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

| <b>2. PROPERTY INCOME</b> | <b>2023</b>         | <b>2022</b>  |
|---------------------------|---------------------|--------------|
|                           | <b>£'000</b>        | <b>£'000</b> |
| Rental income             | <b>2,304</b>        | 2,252        |
| Other property income     | <b><u>8</u></b>     | <u>56</u>    |
|                           | <b><u>2,312</u></b> | <u>2,308</u> |

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

**WYNNSTAY PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 25 MARCH 2023**

| <b>3. PROPERTY COSTS</b>                                                 | <b>2023</b>       | <b>2022</b>       |
|--------------------------------------------------------------------------|-------------------|-------------------|
|                                                                          | <b>£'000</b>      | <b>£'000</b>      |
| Empty rates                                                              | 2                 | 3                 |
| Property management                                                      | <u>33</u>         | <u>65</u>         |
|                                                                          | <b>35</b>         | <b>68</b>         |
| Legal fees                                                               | 40                | 34                |
| Agent fees                                                               | <u>21</u>         | <u>23</u>         |
|                                                                          | <u><b>96</b></u>  | <u><b>125</b></u> |
| <br><b>4. ADMINISTRATIVE COSTS</b>                                       | <br><b>2023</b>   | <br><b>2022</b>   |
|                                                                          | <b>£'000</b>      | <b>£'000</b>      |
| Rents payable – short term lease                                         | 6                 | 32                |
| General administration, including staff costs                            | 582               | 548               |
| Auditors' remuneration – audit fees CLA Evelyn Partners Limited          | 41                | 31                |
| Tax services – Saffrey Champness                                         | 9                 | 3                 |
| Non-Recurring costs – costs relating to new Board appointments           | <u>81</u>         | -                 |
|                                                                          | <u><b>719</b></u> | <u><b>614</b></u> |
| <br><b>5. STAFF COSTS</b>                                                | <br><b>2023</b>   | <br><b>2022</b>   |
|                                                                          | <b>£'000</b>      | <b>£'000</b>      |
| Staff costs, including Directors' fees, during the year were as follows: |                   |                   |
| Wages and salaries                                                       | 270               | 289               |
| Social security costs                                                    | 36                | 34                |
| Other pension costs                                                      | <u>49</u>         | <u>13</u>         |
|                                                                          | <u><b>355</b></u> | <u><b>336</b></u> |

Further details of Directors' emoluments, totalling £319,000 (2022: £302,000), are shown under Directors' Emoluments in the Directors' Report and form part of these Financial Statements. There are no other key management personnel.

|                                                                                                                          | <b>2023</b> | <b>2022</b> |
|--------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
|                                                                                                                          | <b>No.</b>  | <b>No.</b>  |
| The average number of employees, including Non-Executive Directors, engaged wholly in management and administration was: | <u>5</u>    | <u>5</u>    |
| The number of Directors for whom the Company paid pension benefits during the year was:                                  | <u>1</u>    | <u>1</u>    |

**WYNNSTAY PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 25 MARCH 2023**

|                                                                                                                                                                                                                               |                     |                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>6. FINANCE COSTS (NET)</b>                                                                                                                                                                                                 | <b>2023</b>         | <b>2022</b>         |
|                                                                                                                                                                                                                               | <b>£'000</b>        | <b>£'000</b>        |
| Interest payable and finance costs on bank loans                                                                                                                                                                              | 439                 | 379                 |
| Less: Bank interest receivable                                                                                                                                                                                                | <u>27</u>           | =                   |
|                                                                                                                                                                                                                               | <b><u>412</u></b>   | <b><u>379</u></b>   |
| <b>7. TAXATION</b>                                                                                                                                                                                                            | <b>2023</b>         | <b>2022</b>         |
|                                                                                                                                                                                                                               | <b>£'000</b>        | <b>£'000</b>        |
| (a) Analysis of the tax charge for the year:                                                                                                                                                                                  |                     |                     |
| UK Corporation tax at 19% (2022: 19%)                                                                                                                                                                                         |                     |                     |
| Total current tax charge                                                                                                                                                                                                      | 206                 | 293                 |
| Deferred tax – temporary differences                                                                                                                                                                                          | <u>82</u>           | <u>1,491</u>        |
| Tax charge for the year                                                                                                                                                                                                       | <b><u>288</u></b>   | <b><u>1,784</u></b> |
| (b) Factors affecting the tax charge for the year:                                                                                                                                                                            |                     |                     |
| Net Income before taxation                                                                                                                                                                                                    | <b><u>1,430</u></b> | <b><u>7,202</u></b> |
| Current Year:                                                                                                                                                                                                                 |                     |                     |
| Corporation tax thereon at 19% (2022: 19%)                                                                                                                                                                                    | 272                 | 1,368               |
| Corporation tax adjustment for unrealised property value gains                                                                                                                                                                | (65)                | –                   |
| Capital gains net tax movement on disposals                                                                                                                                                                                   | –                   | 106                 |
| Deferred tax adjustment for change to 25% tax rate (2022: 25%)                                                                                                                                                                | –                   | 467                 |
| Deferred tax net adjustments arising from revaluation of properties                                                                                                                                                           | <u>81</u>           | <u>(157)</u>        |
| Total tax charge for the year                                                                                                                                                                                                 | <b><u>288</u></b>   | <b><u>1,784</u></b> |
| In the Spring Budget 2021 the UK Government announced that from 1 April 2023 the corporation tax rate would rise from 19% to 25% on all profits in excess of £250,000. This new law was substantively enacted on 24 May 2021. |                     |                     |
| <b>8. DIVIDENDS</b>                                                                                                                                                                                                           | <b>2023</b>         | <b>2022</b>         |
|                                                                                                                                                                                                                               | <b>£'000</b>        | <b>£'000</b>        |
| Final dividend paid in year of 14.0p per share<br>(2022: Final dividend 13.0p per share)                                                                                                                                      | 378                 | 352                 |
| Interim dividend paid in year of 9.0p per share<br>(2022: Interim dividend 8.5p per share)                                                                                                                                    | <u>244</u>          | <u>231</u>          |
|                                                                                                                                                                                                                               | <b><u>622</u></b>   | <b><u>583</u></b>   |

On 13 June 2023 the Board resolved to pay a final dividend of 15p per share which will be recorded in the Financial Statements for the year ending 25 March 2024.

**WYNNSTAY PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 25 MARCH 2023**

**9. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing Income after Taxation and Total Comprehensive Income attributable to Ordinary Shareholders of £1,142,000 (2022: £5,418,000) by the weighted average number of 2,703,357 (2022: 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.

| <b>10. INVESTMENT PROPERTIES</b>       | <b>2023</b>          | <b>2022</b>   |
|----------------------------------------|----------------------|---------------|
|                                        | <b>£'000</b>         | <b>£'000</b>  |
| <b>Properties</b>                      |                      |               |
| Balance at beginning of financial year | <b>38,975</b>        | 34,005        |
| Additions                              | –                    | 1,583         |
| Disposals                              | –                    | (2,500)       |
| Revaluation Surplus                    | <b><u>345</u></b>    | <u>5,887</u>  |
| Balance at end of financial year       | <b><u>39,320</u></b> | <u>38,975</u> |

The Company's freehold properties were valued as at 25 March 2023 by BNP Paribas Real Estate, Chartered Surveyors, acting in the capacity of external valuers, and adopted by the Directors. The valuations were undertaken in accordance with the requirements of IFRS 13 and the RICS Valuation – Global Standards 2020.

The valuation of each property was on the basis of Fair Value. The valuers reported that the total aggregate Fair Value of the properties held by the Company was £39,320,000.

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

In the financial year ending 25 March 2023, 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 most pertinent market data observed reflected net initial yields which ranged from broadly 4.15% to 6.50%, with equivalent yields estimated to range between broadly 5.50% and 6.75%. The portfolio exhibits a net initial yield of 5.73% (2022: 5.19%) and a nominal equivalent yield of 6.02% (2022: 5.71%).

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

A 0.5% decrease in the weighted equivalent yield would result in a corresponding increase of £3.67 million in the fair value movement through profit or loss. A 0.5% increase in the same yield would result in a corresponding decrease of £3.09 million in the fair value movement through profit or loss.

# WYNNSTAY PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2023

| <b>11. OPERATING LEASES RECEIVABLE</b>                                                                                 | <b>2023</b>         | <b>2022</b>  |
|------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|
| The following are the future minimum lease payments<br>receivable under non-cancellable operating leases which expire: | <b>£'000</b>        | <b>£'000</b> |
| Not later than one year                                                                                                | <b>324</b>          | 354          |
| Between 1 and 5 years                                                                                                  | <b>4,368</b>        | 4,753        |
| Over 5 years                                                                                                           | <b><u>2,752</u></b> | <u>622</u>   |
|                                                                                                                        | <b><u>7,444</u></b> | <u>5,729</u> |

Rental income under operating leases recognised through profit or loss amounted to £2,304,000 (2022: £2,252,000).

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

If the tenant does not carry out its responsibility for repairs and the Company receives a dilapidations payment, the resulting cash is recorded in revenue as other property income unless a property has been agreed to be sold where the receipt is treated as part of the proceeds of sale of the property. See Note 2.

| <b>12. INVESTMENTS</b> | <b>2023</b>     | <b>2022</b>  |
|------------------------|-----------------|--------------|
|                        | <b>£'000</b>    | <b>£'000</b> |
| Quoted investments     | <b><u>3</u></b> | <u>3</u>     |

### 13. SUBSIDIARY COMPANY

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

|                   |           |         |                                   |
|-------------------|-----------|---------|-----------------------------------|
| Scanreach Limited | 80% owned | Dormant | Net Assets: £4,447 (2022: £4,447) |
|-------------------|-----------|---------|-----------------------------------|

**WYNNSTAY PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 25 MARCH 2023**

| <b>14. ACCOUNTS RECEIVABLE</b> | <b>2023</b>       | <b>2022</b>  |
|--------------------------------|-------------------|--------------|
|                                | <b>£'000</b>      | <b>£'000</b> |
| Trade receivables              | <b>296</b>        | 215          |
| Other receivables              | <b><u>186</u></b> | <u>86</u>    |
|                                | <b><u>482</u></b> | <u>301</u>   |

Trade receivables include an adjustment for credit losses of £8,000 (2022: £nil). Trade receivables of £nil (2022: nil) are considered past due, but not impaired. A provision for impairment of trade receivables is established using an expected loss model.

Trade receivables, which are the only financial assets at amortised cost, are non-interest bearing and generally have a 15 day term. Due to their short maturities, the carrying amount of trade and other receivables is a reasonable approximation of their fair value.

Of the trade receivables balance at the end of the year, £180,560 (2022: £188,816) is due from the Company's largest customer. There are two other customers who represent more than 5% of the total balance of trade receivables.

| <b>15. ACCOUNTS PAYABLE</b> | <b>2023</b>       | <b>2022</b>  |
|-----------------------------|-------------------|--------------|
|                             | <b>£'000</b>      | <b>£'000</b> |
| Trade payables              | <b>39</b>         | 7            |
| Other creditors             | <b>80</b>         | 84           |
| Deferred income             | <b>585</b>        | 535          |
| Accruals                    | <b><u>140</u></b> | <u>422</u>   |
|                             | <b><u>844</u></b> | <u>1,048</u> |

The average credit period taken for trade purchases is 17 days (2022: 4 days). No interest is charged on the outstanding balances. The Directors consider that the carrying amounts of trade and other payables is a reasonable approximation of their fair value.

**WYNNSTAY PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 25 MARCH 2023**

| <b>16. BANK LOANS PAYABLE</b> | <b>2023</b>         | <b>2022</b>         |
|-------------------------------|---------------------|---------------------|
|                               | <b>£'000</b>        | <b>£'000</b>        |
| Non-current loan              | <u><b>9,951</b></u> | <u><b>9,938</b></u> |

In December 2021, a five-year Fixed Rate Facility of £10 million and a Revolving Credit Facility of £5.0 million were entered into providing a total committed credit facility of £15.0 million. Interest on loan amounts drawn down under the Fixed Rate Facility of £10 million (2022: £10 million) is charged at 3.61% per annum (2022: 3.61%) for the year ended 25 March 2023. Loan arrangement fees amortised over the loan period amounted to £13,000 (2022: £3,250). No loan amounts have been drawn down under the Revolving Credit Facility during the year and the balance drawn as at 25 March 2023 is £nil (2022: £nil).

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

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

The facilities are secured by fixed charges over freehold land and buildings owned by the Company, which at the year-end had a combined value of £35,885,000 (2022: £35,330,000). The undrawn element of the facilities available at 25 March 2023 was £5,000,000 (2022: £5,000,000).

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

| <b>17. DEFERRED TAX</b>      | <b>2023</b>         | <b>2022</b>         |
|------------------------------|---------------------|---------------------|
|                              | <b>£'000</b>        | <b>£'000</b>        |
| Deferred Tax brought forward | <b>1,953</b>        | 461                 |
| Charge for the year          | <u><b>81</b></u>    | <u><b>1,492</b></u> |
| Deferred Tax carried forward | <u><b>2,034</b></u> | <u><b>1,953</b></u> |

A deferred tax liability of £2,024,000 (2022: £1,953,000) is recognised in respect of the investment properties and has been calculated at a tax rate of 25% (2021: 25%).

| <b>18. SHARE CAPITAL</b>               | <b>2023</b>       | <b>2022</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><b>789</b></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. In September 2022, the Company acquired 15,000 Ordinary Shares of Wynnstay Properties PLC in the market at a price of £7.10 per share, representing less than 0.005 % of the issued share capital, with the aggregate consideration paid for the shares being £106,500. The total cost of establishing the share buyback authority which lasts for five years, together with this purchase in the market was £164,000. The total of 458,650 shares acquired, representing 14.5% of the total shares in issue, are held in treasury. As a result, the total number of shares with voting rights is 2,696,617.

**WYNNSTAY PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 25 MARCH 2023**

**19. FINANCIAL INSTRUMENTS**

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

At 25 March 2023 the Company's financial instruments comprised borrowings, cash and cash equivalents, short term receivables and short-term payables. The main purpose of these financial instruments was to raise finance for the Company's operations. Throughout the period under review, the Company has not traded in any other financial instruments. The Board reviews and agrees policies for managing each of the associated risks and they are summarised below:

**Credit Risk**

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

Tenant rent payments are monitored regularly, and appropriate action is taken to recover monies owed or, if necessary, to terminate the lease. The Company carefully vets prospective new tenants from a credit risk perspective. Bad debts are mitigated by close engagement with tenant businesses within a well-diversified mix of some 83 units across the portfolio and close monitoring of rental income receipts. The Company has regularly reviewed the portfolio, including feedback from engagement with tenants, in order to assess the risk of tenant failures.

The Company has no significant concentration of credit risk associated with trading counterparties (considered to be over 5% of net assets) with exposure spread over a large number of tenancies. In terms of concentration of individual tenant's rents versus total gross annual passing rents the Company has 3 tenants whose rent, on an individual basis, is between 5.1% and 7.6% of total gross annual passing rents.

Funds are invested and loan transactions contracted only with banks and financial institutions with a high credit rating. Concentration of credit risk exists to the extent that as at 25 March 2023 and 2022 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 2023 was £3,268,000 (2022: £3,491,000).

**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 balances and cash forecasts to ensure there are sufficient resources for working capital requirements and to maintain an adequate cash margin.

# WYNNSTAY PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2023

### 19. FINANCIAL INSTRUMENTS (cont.)

#### 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<br>in interest rates |                    | 0.5% increase<br>in interest rates |                  |
|--------------------------------------------------|------------------------------------|--------------------|------------------------------------|------------------|
|                                                  | 2023                               | 2022               | 2023                               | 2022             |
|                                                  | £'000                              | £'000              | £'000                              | £'000            |
| Impact on interest payable – gain/(loss)         | –                                  | –                  | –                                  | –                |
| Impact on interest receivable – (loss)/gain      | <u>(16)</u>                        | <u>(17)</u>        | <u>16</u>                          | <u>17</u>        |
| <b>Total impact on pre-tax profit and equity</b> | <b><u>(16)</u></b>                 | <b><u>(17)</u></b> | <b><u>16</u></b>                   | <b><u>17</u></b> |

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

|                                       | 2023                | 2022                |
|---------------------------------------|---------------------|---------------------|
|                                       | £'000               | £'000               |
| Floating rate borrowings (bank loans) | –                   | –                   |
| Less: cash and cash equivalents       | <u>3,268</u>        | <u>3,491</u>        |
|                                       | <b><u>3,268</u></b> | <b><u>3,491</u></b> |

#### 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.

|                                       | 2023<br>Book Value<br>£'000 | 2023<br>Fair Value<br>£'000 | 2022<br>Book Value<br>£'000 | 2022<br>Fair Value<br>£'000 |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Interest bearing borrowings (note 16) | <u>(9,951)</u>              | <u>(9,951)</u>              | <u>(9,938)</u>              | <u>(9,938)</u>              |
| <b>Total</b>                          | <b><u>(9,951)</u></b>       | <b><u>(9,951)</u></b>       | <b><u>(9,938)</u></b>       | <b><u>(9,938)</u></b>       |

|                                                      | 2023<br>£'000        | 2022<br>£'000        |
|------------------------------------------------------|----------------------|----------------------|
| <b>Categories of Financial Instruments</b>           |                      |                      |
| <b>Financial assets:</b>                             |                      |                      |
| Quoted investments measured at fair value            | 3                    | 3                    |
| Loans and receivables measured at amortised cost     | 307                  | 215                  |
| Cash and cash equivalents measured at amortised cost | <u>3,268</u>         | <u>3,491</u>         |
| <b>Total financial assets</b>                        | <b><u>3,578</u></b>  | <b><u>3,709</u></b>  |
| <b>Financial liabilities at amortised cost</b>       | <b><u>9,951</u></b>  | <b><u>10,451</u></b> |
| <b>Total liabilities</b>                             | <b><u>10,795</u></b> | <b><u>10,986</u></b> |

**WYNNSTAY PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 25 MARCH 2023**

**19. FINANCIAL INSTRUMENTS (cont.)**

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%.

|                               | <b>2023</b>           | <b>2022</b>    |
|-------------------------------|-----------------------|----------------|
|                               | <b>£'000</b>          | <b>£'000</b>   |
| Loans and overdraft           | <b>9,951</b>          | 9,938          |
| Cash and cash equivalents     | <b><u>(3,268)</u></b> | <u>(3,491)</u> |
| Net borrowings                | <b><u>6,683</u></b>   | <u>6,447</u>   |
| Shareholders' equity          | <b><u>29,936</u></b>  | <u>29,547</u>  |
| Investment properties         | <b><u>39,320</u></b>  | <u>38,975</u>  |
| <br>Loan to value ratio       | <br><b>25.3%</b>      | <br>25.5%      |
| Net borrowings to value ratio | <b>17.0%</b>          | 16.5%          |
| Gearing ratio                 | <b>22.3%</b>          | 21.8%          |

**20. RELATED PARTY TRANSACTIONS**

Related Party Transactions with the Directors have been disclosed under Directors' Emoluments in the Directors' Report on page 27. There were no other Related Party Transactions during the year (2022: £nil).

# WYNNSTAY PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2023

### 21. SEGMENTAL REPORTING

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

|                                                     | Industrial        |              | Retail              |           | Office            |             | Total             |              |
|-----------------------------------------------------|-------------------|--------------|---------------------|-----------|-------------------|-------------|-------------------|--------------|
|                                                     | 2023              | 2022         | 2023                | 2022      | 2023              | 2022        | 2023              | 2022         |
|                                                     | £'000             | £'000        | £'000               | £'000     | £'000             | £'000       | £'000             | £'000        |
| <b>Rental Income</b>                                | <b>2,095</b>      | 1,884        | <b>73</b>           | 68        | <b>136</b>        | 300         | <b>2,304</b>      | 2,252        |
| Other Property Income                               | <b>8</b>          | 56           | –                   | –         | –                 | –           | <b>8</b>          | 56           |
| Profit /(Loss) on investment property at fair value | <u><b>200</b></u> | <u>5,872</u> | <u><b>(105)</b></u> | <u>40</u> | <u><b>250</b></u> | <u>(25)</u> | <u><b>345</b></u> | <u>5,887</u> |
| Total income and gain                               | <b>2,303</b>      | 7,812        | <b>(32)</b>         | 108       | <b>386</b>        | 275         | <b>2,657</b>      | 8,195        |
| Property expenses                                   | <b>(95)</b>       | (125)        | –                   | –         | –                 | –           | <b>(95)</b>       | (125)        |
| <b>Segment profit/(loss)</b>                        | <b>2,208</b>      | 7,687        | <b>(32)</b>         | 108       | <b>386</b>        | 275         | <b>2,562</b>      | 8,070        |
| Unallocated corporate expenses                      |                   |              |                     |           |                   |             | <b>(720)</b>      | (614)        |
| Profit on sale of investment property               |                   |              |                     |           |                   |             | –                 | 125          |
| <b>Operating income</b>                             |                   |              |                     |           |                   |             | <b>1,842</b>      | 7,581        |
| Interest expense (all relating to property loans)   |                   |              |                     |           |                   |             | <b>(439)</b>      | (379)        |
| Interest income and other income                    |                   |              |                     |           |                   |             | <b>27</b>         | –            |
| <b>Income before taxation</b>                       |                   |              |                     |           |                   |             | <b>1,430</b>      | 7,202        |

|                                 | Industrial    |        | Retail     |       | Office       |       | Total         |        |
|---------------------------------|---------------|--------|------------|-------|--------------|-------|---------------|--------|
|                                 | 2023          | 2022   | 2023       | 2022  | 2023         | 2022  | 2023          | 2022   |
|                                 | £'000         | £'000  | £'000      | £'000 | £'000        | £'000 | £'000         | £'000  |
| Segment assets                  | <b>36,855</b> | 36,655 | <b>905</b> | 1,010 | <b>1,560</b> | 1,310 | <b>39,320</b> | 38,975 |
| Segment assets held as security | <b>33,420</b> | 33,010 | <b>905</b> | 1,010 | <b>1,560</b> | 1,310 | <b>35,885</b> | 35,330 |

**WYNNSTAY PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 25 MARCH 2023**

**22. CAPITAL COMMITMENTS**

Significant capital expenditure contracted for at the end of the financial year, but not recognised as liabilities in the financial statements is: £nil (2022: £nil).

**23. SUBSEQUENT EVENTS**

On 9 May 2023 the Company acquired Riverdale Industrial Estate, Tonbridge for £2.35m before costs. The Property is freehold and comprises five industrial units arranged as two terraces with a central service yard. The estate is fully let to four tenants with a range of lease expiry dates. The current passing rent totals £140,350 per annum and is subject to three outstanding upward only rent reviews effective from 29 September 2022 and a pending lease expiry on 30 November 2023. The total acquisition cost of approximately £2.5 million, which includes stamp duty and other acquisition costs, was funded entirely from the Company's existing cash resources.

# WYNNSTAY PROPERTIES PLC

## FIVE YEAR FINANCIAL REVIEW

| Year Ended 25 March: | <b>2023</b>  | <b>2022</b>  | <b>2021</b>  | <b>2020</b>  | <b>2019</b>  |
|----------------------|--------------|--------------|--------------|--------------|--------------|
|                      | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> |

### STATEMENT OF COMPREHENSIVE INCOME

|                                                      |              |       |       |       |       |
|------------------------------------------------------|--------------|-------|-------|-------|-------|
| Property Income                                      | <b>2,312</b> | 2,308 | 2,438 | 2,271 | 2,216 |
| Net Property Income                                  | <b>1,497</b> | 1,569 | 1,590 | 1,583 | 1,591 |
| Operating Income                                     | <b>1,842</b> | 7,591 | 4,459 | 686   | 2,642 |
| Income before Taxation                               | <b>1,430</b> | 7,202 | 4,048 | 258   | 2,247 |
| Income after Taxation and Total Comprehensive Income | <b>1,142</b> | 5,418 | 3,653 | 123   | 1,928 |

### STATEMENT OF FINANCIAL POSITION

|                            |               |        |        |        |        |
|----------------------------|---------------|--------|--------|--------|--------|
| Investment Properties      | <b>39,320</b> | 38,975 | 34,005 | 34,260 | 35,095 |
| Equity Shareholders' Funds | <b>29,936</b> | 29,547 | 24,712 | 21,478 | 21,883 |

### PER SHARE

|                             |               |        |        |       |       |
|-----------------------------|---------------|--------|--------|-------|-------|
| Basic earnings              | <b>42.2p</b>  | 199.8p | 134.7p | 4.5p  | 71.1p |
| Dividends Paid and Proposed | <b>24.0p</b>  | 22.5p  | 21.0p  | 15.0p | 19.0p |
| Net Asset Value             | <b>1,110p</b> | 1,090p | 911p   | 792p  | 807p  |

## WYNNSTAY PROPERTIES PLC

### NOTICE OF MEETING

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

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

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

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

NOTICE IS HEREBY GIVEN that the One-Hundred and Thirty-Seventh ANNUAL GENERAL MEETING of the Members of Wynnstay Properties PLC will be held at **2.30pm on Tuesday 18 July 2023 at the Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS**. 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 2023.
- 2 To declare a final dividend for the year ended 25 March 2023 of 15 pence per ordinary share.
- 3 To fix the remuneration of the Directors.
- 4 To appoint CLA Evelyn Partners Limited as auditors of the Company, to hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting of the Company and to authorise the Directors to determine their remuneration.
- 5 To re-elect Miss C.M. Tolhurst as a Director of the Company, who retires and offers herself for re-election.
- 6 To elect Mr. H.M. Ford as a Director of the Company.
- 7 To elect Mr. R.P. Owen as a Director of the Company.
- 8 That the Directors of the Company are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the “**Act**”), in substitution for all previous authorisations, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company (“**Rights**”) up to an aggregate nominal amount of £39,440.75, and this authorisation shall, unless previously revoked by resolution of the Company, expire on 31 December 2024 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2024. 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.

#### SPECIAL RESOLUTION

- 9 That the Directors of the Company are empowered (i) pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorisation conferred by Resolution 7 above and (ii) pursuant to section 573 of the Act to allot equity securities (within the meaning of section 560(3) of the Act), in each case as if section 561 of the Act did not apply to the allotment, provided that this power shall be limited to:
  - (a) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities made (i) to holders of ordinary shares in the Company in proportion (as nearly as many as practicable) to

the respective number of ordinary shares held by them on the record date for such offer and (ii) to holders of other equity securities as may be required by the rights attached to those securities or, if the Directors consider it desirable, as may be permitted by such rights, but subject in each case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- (b) the allotment (otherwise than pursuant to paragraph (a) above) of further equity securities up to any aggregate nominal amount of £39,440.75,

and this power shall, unless previously revoked by resolution of the Company, expire on 31 December 2024 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2024. The Company may, at any time before the expiry of this power, make offers or enter into agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired.

Registered Office:

Hamilton House  
Mabledon Place  
London WC1H 9BB

By Order of the Board,

*Susan Wallace*

Secretary

13 June 2023

## Notes to the Notice of Annual General Meeting

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the relevant register of securities by close of business on 14 July 2023 or, in the event that the Annual General Meeting is adjourned, in the relevant register of securities 48 hours (disregarding any non-working days) before the time of any adjourned meeting shall be entitled to attend and vote in respect of the number of Ordinary Shares registered in their name at the relevant time. Changes to entries in the relevant register of securities after close of business on 14 July 2023 or, in the event that the Annual General Meeting is adjourned, less than 48 hours (disregarding any days which are non-working days) before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. To appoint a proxy using the proxy form, the form must be completed and signed and returned to the Company's registrars, Link Group, at PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL so as to be received not later than 48 hours before the time appointed for holding the Annual General Meeting.
4. Alternatively, a shareholder may appoint a proxy online by following the instructions for the electronic appointment of a proxy at: [www.signalshares.com](http://www.signalshares.com). To be a valid proxy appointment, the shareholder's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by no later than 48 hours before the time fixed for holding the adjourned meeting.
5. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (CREST proxy appointment instruction) must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & International Limited (Euroclear), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Link Group (ID RA10), as the Company's "issuer's agent", by 2.30 p.m. on 14 July 2023. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of receipt of the message will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions.
7. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.
8. A proxy does not need to be a member of the Company but must attend the Annual General Meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
9. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.

10. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.
11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
12. Appointment of a proxy does not preclude you from attending the Annual General Meeting and voting in person. If you have appointed a proxy and attend the Annual General Meeting in person, your proxy appointment will automatically be terminated.
13. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
14. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
15. In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the Annual General Meeting so that:
  - 15.1. Where a corporate shareholder has appointed one or more corporate representatives (other than the chairman of the Annual General Meeting) then:
    - 15.1.1 on a vote on a resolution on a show of hands, each such corporate representative has the same voting rights as the corporation would be entitled to; but
    - 15.1.2 in respect of any purported exercise of power other than on a vote on a resolution on a show of hands, where more than one corporate representative purports to exercise such power in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way but if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.
16. As at 12 June 2023 (being the last practicable date prior to the publication of this notice), the Company's issued share capital consisted of 3,155,267 Ordinary Shares, carrying one vote per share, of which 458,650 shares are held by the Company in treasury. Therefore, the total voting rights in the Company as at 12 June 2023 were 2,696,617.

## WYNNSTAY PROPERTIES PLC

### BIOGRAPHIES OF THE DIRECTORS

**Philip G.H. Collins** (Non-Executive Chairman) aged 75, 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 65 is a Chartered Surveyor and holds a Degree in Land Management as well as an MBA. He has spent his entire career in commercial property including a fourteen-year period with MEPC where he held a number of senior positions. Paul has also worked for Lloyds TSB, Legal & General, GE Pensions and Credit Suisse Asset Management and joined Wynnstay Properties as Managing Director in February 2006.

**Charles H. Delevingne** (Non-Executive Director) aged 72. After spending his early career as a partner with prominent estate agencies, in 1981 he founded Harvey White Properties Limited, a substantial private commercial property investment company. Appointed a Director of Wynnstay Properties in June 2002, and resigned on 25 March 2023.

**Hugh Ford** (Non-Executive Director) aged 56 is a Solicitor with over 25 years' experience working for listed and major private companies, including in the commercial real estate sector. He was the general counsel of intu properties plc from 2003 to 2021, and from 2015 also its group treasurer. Prior to that, he worked for Virgin Atlantic Airways and British Airways, having qualified as a solicitor and practiced for a number of years with the City law firm, Freshfields. He is also a non-executive director of Hertfordshire Catering Ltd and a trustee and director of Beechwood Park School. Appointed a director of Wynnstay Properties in March 2023

**Paul Mather** (Non-Executive Director) aged 68 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.

**Ross Owen** (Non-Executive Director) aged 58 is a Chartered Surveyor and has worked in investment management for over 25 years. He was previously an equity partner at Cluttons LLP where he was head of investment and fund management and later became Chairman of Lambert Smith Hampton Investment Management, to which he remains a consultant. Ross is principal property investment adviser to University College, Oxford and is a member of the College's investment committee. He is a co-opted member of the investment committee of the Royal Borough of Kensington and Chelsea pension fund and a member of the estate and property committee of John Lyon's Charity. He is also a trustee and director of the Cowes Town Waterfront Trust. Appointed a director of Wynnstay Properties in March 2023.

**Caroline Tolhurst** (Non-Executive and Senior Independent Director) aged 61, is a Chartered Surveyor and a Chartered Governance Professional 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 LocatED Property Limited and until 30 April 2023 was in similar roles at A2Dominion Housing Group Limited. Appointed a director of Wynnstay Properties in March 2017.