PANTHER SECURITIES PLC

ANNUAL REPORT & FINANCIAL STATEMENTS 2018

COMPANY NUMBER 00293147

The Year in Brief

	2018 £'000	2017 £'000
Revenue – rents receivable	**13,607**	12,946
Profit before tax	**8,700**	24,791
Total comprehensive income for the year	**6,884**	21,257
Net assets of the Group	**94,029**	91,212
Earnings/(loss) per 25p ordinary share		
Basic and diluted – continuing operations	**39.9p**	120.2p
Basic and diluted – discontinued operations	**–**	(0.3)p
Dividend per ordinary share		
(based on those proposed in relation to the financial year)	**27p***	22p**
Net assets attributable to ordinary shareholders per 25p ordinary share	**532p**	516p

* 6p was paid in 2018, 15p special was paid in January 2019, and 6p is proposed (to be paid in 2019).

** 5p was paid in 2017, 10p special was paid in 2018 and 7p was paid in 2018.

Contents

Directors, Secretary and Advisors

Directors	Andrew Stewart Perloff (Chairman and Chief Executive) * Bryan Richard Galan (Non-executive) * Peter Michael Kellner (Non-executive) John Henry Perloff (Executive) Simon Jeffrey Peters (Finance)
Company Secretary	Simon Jeffrey Peters
Registered Office	Unicorn House, Station Close, Potters Bar, Herts, EN6 1TL
Company number	00293147
Website	www.pantherplc.com
Auditor	Nexia Smith & Williamson 25 Moorgate, London, EC2R 6AY
Bankers	HSBC Bank PLC 31 Holborn, London, EC1N 4HR Santander Corporate Banking 2 Triton Square, Regents Place, London, NW1 3AN Shawbrook Bank Ltd PO Box 878, Newport, NP20 9LJ
Nomad, Financial Advisors and Joint Brokers	Allenby Capital Limited 5 St Helen's Place, London, EC3A 6AB
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Registrars	Link Asset Services The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
Solicitors	Howard Kennedy LLP 1 London Bridge, London, SE1 9BG DMH Stallard LLP 6 New Street Square, New Fetter Lane, London, EC4A 3BF Brodies LLP 110 Queen Street, Glasgow, G1 3BX Fox Williams LLP Ten Dominion Street, London, EC2M 2EE Blake Morgan LLP New Kings Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG

* Member of the Audit Committee and Remuneration Committee

Chairman's Statement

I am pleased to be able to present our accounts for the year ended 31 December 2018 which show a profit before tax of £8,700,000 compared to £24,791,000 for the previous year. Both these figures were substantially affected by non-cash adjustments to our property portfolio valuation. Last year there was an uplift of £16,776,000 whilst this year there was a downward movement of £6,396,000 in the property portfolio valuation. There is no doubt that a degree of uncertainty has affected property values and the uncertainty created is due to the debacle in the retail environment whereby many household names have failed or attempted to restructure via CVAs (Company Voluntary Arrangements) and even some profitable companies are asking for rent reductions because of their anticipated loss of turnover and therefore profits.

This is mainly due to government neglecting to adjust property taxes in the light of retail shopping patterns. The 'goose that laid the golden eggs' for the government's spendthrift ways is now in intensive care whilst they are too preoccupied elsewhere, in a shambles of their own making, to care about addressing this issue.

However, our Group's good judgement or no doubt an element of good luck, has led to a more financially secure position than many property companies. How, you may ask? Our shareholders will know because I repeat myself until boredom sets in that we have a wide spread of properties throughout the country in many different locations, size and various types of property, quality of tenants, mainly occupied, with tenants who generally pay their rents. Our rents cover all our costs, predominately interest charges but also vacancy and management costs as well as excessive taxes.

Within our portfolio there are many of what I would call 'opportunity properties'. This is where a change of circumstances would attract a much bigger profit than would occur through the vicissitudes of the normal investment market, i.e. planning permission for change of use, new lettings, development, or special purchasers such as tenants/adjoining owners etc.

Over the last two years we have been successful in crystallising some of these situations. In the year ended 31 December 2017 as well as our usual business, we also exchanged contracts for a delayed sale on a Croydon residential upper part and also our Holloway Head site which was sold for approximately £11,000,000, with both finally completing in 2018.

There has been an unusual amount of activity with regard to sales in this accounting period. With all of the larger sales we have kept shareholders abreast with appropriate Stock Exchange announcements, but I mention them again later.

This year we sold nine small to medium sized properties, but more importantly, due to their size, where the angle (some may say an Angel!) of opportunity arose – Holloway Head, Birmingham, St Nicholas House, Sutton and Wimbledon Studios which had proceeds totalling about £37,000,000. Total net sales proceeds were £40,790,000 in 2018.

This was not theoretical valuations or contractual promises but actual cash received. These large sales were all well in excess of the latest independent valuations and considerably higher than their historic cost. This was achieved with the loss of only £1,400,000 per annum rent, i.e. less than 3.8% return, and thus the Group is now in a sounder financial position than ever previously.

The rents receivable during the year ended 31 December 2018 were £13,607,000 compared to £12,946,000 in the previous year and they are holding up well with the income from disposals being replaced by the income from some of our more recent acquisitions.

Disposals

Margate

In January 2018 we sold 34 Marine Terrace, Margate for £450,000, compared to book value of £250,000.

In February 2018, the following three properties were sold at auction. Stonehouse, Gloucester, 19 Queen Street, Ramsgate and High Street, Dudley.

Stonehouse – Gloucester

MRG Systems Ltd ("MRG") a former subsidiary, occupied our freehold office at The Mill at Stonehouse, Gloucester. This former mill of 15,000 sq ft had been let to MRG at £93,000 p.a. The letting assisted them in being independent before the employee and management buyout last year, which showed £900,000, a very good profit on original cost.

Ramsgate

19 Queen Street, Ramsgate, a freehold shop investment producing rental income of £12,000 p.a. sold for £147,000, a small profit on book value.

Dudley

High Street, Dudley, a large, freehold long term vacant shop and upper part in very poor condition held for development realised £276,000 which was considerably in excess of its previous book value.

Stockport

In March 2018 we sold Grove House, Stockport, a vacant freehold shop and office building, an investment we had held for many years during most of which time it had produced a good rental return for us. Despite the building being in good condition, a developer purchased it to convert to residential units. We received £900,000 which was well above the previous book value.

Croydon

In March 2018, after a long delay, we finally completed the sale of the vacant upper parts of 49/61 High Street, Croydon for £800,000, just above its book value, and leaves us with the ground floor let to Sainsbury's PLC and Princess Alice Hospice which produces circa £108,000 p.a. This property is in central Croydon's main shopping centre area.

Wimbledon Studios

In July 2018 we simultaneously exchanged and completed on the sale of our freehold investment in Wimbledon Studios in Deer Park Road, SW19 for £18,800,000. This was sold to a nominee of the Scottish Widows Property Authorised Contractual Scheme.

The studios were built in 1970 and provide internal accommodation of circa 140,000 square foot over circa 4.5 acres. It has a long history as studios and many household name productions took place there, including 'The Bill' for over 30 years, 'The Iron Lady', 'I'm a celebrity…get me out of here', and several popular music videos. This property had a book value of £13,550,000 as at 31 December 2017 and was originally purchased vacant, including stock, equipment and fixed assets for circa £4,750,000 (plus stamp duty) in September 2010.

Being an entrepreneurial organisation the Group initially attempted to run its own film studio in this property. Although well run by an enthusiastic management team, the cut throat competition and constant need for investment in improved technological equipment in the industry made it unviable thus it was not a successful venture.

We quickly found new tenants, Marjan Television Network Ltd, who took occupation in November 2014 at a rent of £1,050,000 p.a. We spent about £1,000,000 upgrading the property, mainly on the roof, and the tenants spent a significant amount on internal works and equipment bringing it up to a state of the art, modern functioning television and film studio for satellite broadcasting to foreign countries.

This was a very interesting and ultimately rewarding transaction.

Holloway Head, Birmingham

Despite exchanging contracts for sale in June 2017, the completion of the sale of the Group's development site in Holloway Head, Birmingham was finally completed on 31 August 2018, which was considerably after the initial agreed completion date.

A payment of £850,000 was received in 2017 but due to the uncertain nature of the transaction the full anticipated (non-received) proceeds were not included in the 2017 accounts. A £400,000 additional deposit was received in May 2018, a third deposit of £500,000 was received in August 2018 and finally we received £9,520,000 on 31 August 2018 giving us a total received for the site of £11,270,000.

Sale of St Nicholas House, Sutton

In April 2018 we exchanged contracts to sell the joint freehold/long leasehold interest in St Nicholas House and it was completed on 7 September 2018. Surrey Motors Limited, formed in 1919, has a long and interesting history, and was acquired by us in 1987 and is a wholly owned subsidiary of Panther Securities PLC. Its sole asset was the freehold of St Nicholas House, Sutton, a building of approximately 140,000 sq ft gross accommodation. The basement and ground floor are used for retail/ancillary storage and parking. The nine upper floors are offices.

The building was originally constructed in the early 1960s with the offices pre let to the Crown Agents (a quasi-government organisation), who originally took a 99 year lease at a ground rent which had proportionate rental reviews every 21 years. This lease had an option to extend for 25 years (on the same terms), but ignoring the option it had approximately 44 years unexpired at a low ground rent and thus our tenant's lease had significant value.

Towards the middle of 2016 the Crown Agents approached us indicating that they wanted to vacate and dispose of their interest in the building. It was agreed that the Company and the Crown Agents should offer for sale our joint interests which would enable the freehold of the site to be offered with vacant possession at an early date, giving the property/site development possibilities and thus an increased 'marriage' value.

After a marketing campaign by the agents, Carter Jonas, a number of offers were received and in April 2018 the Company exchanged contracts to sell the joint freehold/long leasehold interest to Saint Nicholas House Ltd, a newly formed company, with a delayed completion of three months. The total consideration receivable for the joint freehold/long leasehold interest in St Nicholas House was £12,750,000. Our share of the gross sale price proceeds amounts to approximately £7,837,500, compared to its December 2017 book figure of £5,540,000.

Following completion, the Company no longer receives the £320,000 p.a. rental income on this investment property.

Ramsgate (Developments)

In July 2018 we submitted 81, 83 and 85 High Street, Ramsgate for sale by auction. This property, which we had owned for many years, was a cleared site on which we had received planning permission for 14 flats. The sale achieved £286,000 which I considered to be at the lower end of expectations, but as this site had been troublesome and occupied an enormous amount of management time, it was felt that a local developer may be better dealing with the matter.

The adjoining property, 79 High Street, Ramsgate, a four storey building in need of refurbishment and with permission for conversion to a number of units failed to sell at the same auction but was sold post auction at £180,000 a few months later which was only slightly less than the reserve price. This unit made a good profit on cost.

Mutley Plain, Plymouth

This freehold property had been purchased as an investment some years ago but the retail position declined substantially and after the tenant vacated, it was vacant for a few years and thus was sold in November 2018 for £175,000 which I am sad to say was a loss of £43,000 on book value.

Acquisitions

Palmers Department Stores, Great Yarmouth & Lowestoft

In November 2018 we purchased the freeholds of two department stores and leased them back to Palmers Limited, who have been trading from them, or in the local area, for over 100 years.

Great Yarmouth

This store is situated in the main shopping square and contains about 57,000 sq ft of useable space. It also owns about 90 spaces, being half of the council run car park immediately behind the store, from which it derives a substantial income.

The store is based at 37-39 Market Place, Great Yarmouth. This was purchased at a cost of £1,500,000 (excluding acquisition costs, stamp duty and legal costs) and was subject to a leaseback at £132,500 p.a.

Lowestoft

The store is based at 66-76 (even numbers) London Road North, Lowestoft. This was purchased at a cost of £850,000 (excluding acquisition costs, stamp duty and legal costs) and is subject to a leaseback at £75,000 p.a. This property contains about 19,000 sq ft located in the prime pedestrianised shopping position in the town, with many well-known multiple traders adjoining and nearby.

Both the Lowestoft and Great Yarmouth properties are let on three year leases with a tenant's option for a further three years at a revised rent. These were both family owned department stores that have been trading in the area for over 100 years.

The properties meet the Group's criteria in that there is good short-term income and substantial property value, and we feel that in the medium to long-term we can realise strong growth, if necessary, via potential alternative uses.

Since we completed our purchases JE Beale PLC a 100% subsidiary of Beales Ltd (both referred to as "Beales"), has taken assignment on both leases. Beales were previously in discussions with Palmers, but broke off discussions when the current management buyout of Beales was being arranged and picked up these discussions again at a later stage and completed the assignment.

We believe that the assignment is beneficial for the Panther Group as we obtained better security in that we retained Palmers liability and in addition have the added protection of Beales. There is also a possibility that Beales will aim to trade from these premises for longer than the existing lease term. Included in the Progress Report below is an update on Beales.

Debenhams Store, Dumfries

On 30 November 2018, we completed the purchase of a freehold leased to Debenhams in Dumfries for £1,100,000. The property is relatively modern and contains 46,000 sq ft, with 15,000 sq ft of this being on the ground floor in a prime pedestrianised position. The rental income is £350,000 pa with a lease that expires in 2037 with no breaks.

Given Debenhams have gone into pre-pack administration and if they were to vacate we believe we could divide up the property relatively easily and re-let, and still receive a high yield.

Progress Report

Beales

Beales was previously owned by Portnard Ltd, which owns 47% of Panther Securities PLC. In October 2018, Beales was sold to its management and now has additional backing from a private equity house. This did not change the trading or commercial relationship between Beales and the Panther Group.

Beales had circa £1 million of rental arrears with our group, mainly relating to its company voluntary arrangement (CVA) period, which it had not managed to catch up on.

Subsequently we agreed with the new owners a strategy for Beales to deal with the arrears by April 2019, after incorporating a discount on these historic arrears. The 2018 year end rental arrears provision covers the loss that we have taken on the discount.

Since the management takeover and refinancing we have received significant amounts towards the arrears. Accordingly, they have qualified for the agreed discount (a lot of this was received post year end).

Maldon

In our interim accounts we stated that we had agreed a substantial letting on our industrial building in Maldon. We completed a three year lease at a rental of £650,000 p.a. from November 2018, and still have some vacant space available which has the potential to yield further rent when let.

As a reminder, we refurbished this unit with the surrender payments for dilapidations, which included carrying out roof works for £315,000. In total we have spent circa £600,000 on this property since our tenant vacated. This property was previously let for £500,000 p.a., and we received £1,950,000 to accept a surrender in March 2017 in lieu of dilapidations and loss of future rental. This is useful additional income following our recent disposals.

Swindon

Following discussions with the Council, we have literally gone back to the drawing board and our architects are currently redesigning the scheme to produce a building of only seven or eight storeys in height with lower building costs. The Council has also agreed in principle to adjust some of their requirements so that the smaller scheme with only 50/60 flats plus four or five retail/restaurant units on the ground floor will not only be an attractive visual asset to the community but also now viable.

Finance

In July 2018 we paid down our revolving facility loan of £15,000,000, which can be redrawn.

At the date of signing these accounts we had circa £15,500,000 (see Consolidated Statement of Financial Positions for details as some of the cash is restricted to property purchases) in the bank as well as £15,000,000 that can be redrawn as above. We still have written into our facility agreement a possible £10,000,000 loan extension which requires credit approval.

Some of the above funds will be utilised to pay corporation tax, VAT and for other working capital purposes. Even after these costs and cash requirements we presently have circa £42,000,000 of funds available for investment opportunities.

One of our current interest rate swaps ends in 2021. We entered into a further swap on £25,000,000 nominal value, which commences in 2021, and will result in Panther having an interest rate saving of £625,000 p.a. in loan interest costs, compared to our current financing structure. This swap has a 10 year term.

Dividends

The Directors are recommending a final dividend for the year ended 31 December 2018 of 6p per share. This will be payable on 5 September 2019 to shareholders on the register at the close of business on 9 August 2019 (ex-dividend on 8 August 2019).

The Group has made unprecedented returns over the last two calendar years and we are pleased to have shared this with our shareholders being 27p per share (6p final dividend recommended above, 15p special and 6p interim) for the year ended 31 December 2018 and 22p per share (7p final, 10p special and 5p interim) for the year ended 31 December 2017.

Future Prospects

We had a very good trading year ended 31 December 2018. I expect our prospects for the near future will be positive, but growing our rental income will be more difficult than in the past but we have the potential to add value to our portfolio.

Finally I would like to thank our small but dedicated team of staff, growing team of financial advisers, legal advisers, agents and accountants for all their hard work during the past year, which has been extremely busy and even more demanding than usual. Special thanks are also extended to our tenants, especially the retail traders, most of whom pay their rents and excessively high and unfair business rates.

Andrew S Perloff
Chairman

29 April 2019

Chairman's Ramblings

Many years ago when I was an office boy at a West End estate agent, one of my daily duties was the filing of Extel cards. These cards contained information on all quoted companies and having little else to do I studied them with the zeal of a Talmudic scholar. Within about six months I was aware of much information on all of these companies.

Through a friend who worked at a stockbroker's office, I started buying penny shares – £25 worth of Burma Mines at 6d a share or £50 of British Tar Products at 1/3d a share. Despite my newly acquired/extensive knowledge, I chose my shares either by an appealing name or low share price – I then bought them (by ordering on the phone) and was sent a buying contract which I would settle within a couple of weeks.

Oh! How times have changed! Nowadays, before I can buy shares, my broker (whom I have dealt with for over 40 years) has to have a plethora of regularly reviewed information about me/the company and my buying order has to have the money in their account before I can make the purchase. This is what they call progress!

As time went on my purchases became larger and I became interested who other larger co-investing shareholders might be. I began to visit Companies House in City Road where, for a small fee, the file on any particular company could be obtained. A veritable wealth of information could be found here.

In the ensuing years most companies began to employ registrars who retained the information on shareholders and ownership changes etc. These details could be requested and would usually arrive with a small fee statement.

Progress continued unabated and it is now possible to receive information by email. The speed and convenience of this is however offset by the forms that must be completed before the information is forthcoming requesting why you want the information and of course a much higher fee must be paid before anything can be dispatched.

To illustrate this point, I contacted Panther Securities' registrar who had been used by us for well over 40 years, such a long relationship counted for nothing as their forms had to be completed and the bill paid before we could receive the documents on any new company I was interested in.

<u>THUS NO TRUST</u>

Our registrars have merged and been taken over several times during our long relationship but I do not recall once writing to the Directors' for their passport details or utility bills!

Banks must constantly update our personal and financial information despite lengthy relationships. The provenance of large deposits are questioned, cheques bounced for the most minor reasons and usually by someone on the opposite side of the world.

We are faced with the same situation with solicitors, auction houses and organisations that we have had long relationships with over many, many years. They are forced to go through these procedures due to bureaucratic humbug and stupidity.

Recently, my wife noticed a credit card was missing and assumed it had been mislaid. Nevertheless, it was reported as probably misplaced but in the meantime we asked if a watch could be put into place to flag up any unusual use. When the card didn't reappear it was reported accordingly so a replacement could be issued. We were then told that it had been used on a gambling website in Bucharest, Romania. All bets were for comparatively small sums but it had been used 36 times! My wife has never placed a bet in her life let alone online, the card being mainly used for groceries, so even a one chip Romanian computer should have seen how suspicious this usage was and suspended the card account.

THUS NO COMPETENCE

It would seem that greater technological advances often create greater opportunities for criminals and thus I often long for bygone times.

TRUSTING TRADER!

After our successful takeover in 1972 of Levers Optical Company (now Panther Securities PLC), I was summoned to the Stock Exchange Building by the Takeover Panel. Rather troubled by this I, together with my solicitor and brokers to the offer, met with the Takeover Panel who consisted of eight or nine officials situated on the 25th floor.

It soon became apparent that they were concerned with insider dealing. It appeared that a resident of Glasgow, possibly an optician whose name ended in Stein, Berg or McCohen had bought 500 shares just before our Bid Announcement. For a company that had few stock market dealings it appeared suspicious to them.

I was extensively interrogated but questions were easily dealt with as I had never been to Glasgow or indeed Scotland, knew no one from the region except one board member to whom I suggested they talk, even though he was unaware of our intentions.

The inquisition ended amicably enough but I wondered why so much effort had been put into such a minor matter which had resulted in a mere £250 profit for someone.

Leaving the Stock Exchange Building, which adjoined the Bank of England building and also the Royal Exchange, I wandered around the area, eventually coming across an old fashioned jewellery shop in the perimeter of the Royal Exchange. Feeling happy with my exoneration and with Christmas looming, I entered the shop to ask about two items that had caught my eye. I had got married a few months before and was interested in buying a Christmas present for my new wife.

The proprietor was very helpful, describing the pieces in detail, one an 18 carat gold bracelet laced with rubies and the second a gold necklace and earrings set with amethysts in the original Victorian case, and told me each was £200. I thought my then wife would be happy with either item but my dilemma, I explained to the owner, was that I couldn't make up my mind. He smiled understandingly and told me to take both and let her choose. I could return one item when a decision had been reached along with a cheque for the other. I was astonished! I had no cheque book or even enough cash for a small deposit. I was, however, delighted to take up his suggestion and he wrapped them beautifully adding that he hoped she would like one of them. We exchanged business cards and I left. As simply as that!

My wife's eyes lit up when I showed her. She declared they were magnificent and loved them both. I was young and slightly naïve but despite my pleasant surprise at her response, a cheque for £400 was duly sent to the jeweller who had trusted an unknown young man who had walked in from the street. Maybe the old man was wise enough to know what was likely to happen but in any event he was doubly repaid by his **TRUST** in me.

Time moves on and in 1984 I came across a small ad in the Financial Times for the sale of a controlling shareholding in a small public company. Shell companies had special attractions at that time. When I received the details it appeared that the vendor had rescued the company from receivership and wanted to capitalize on his efforts. The company, A Brown & Sons, had been formed in 1860 and was a pioneer of printing, specializing in books for the many new schools that were being created in late Victorian time after the first Education Act. In 1928 the company built a large state of the art printing factory in Hull and what now remained of the freehold estate was its major asset together with another freehold of a former large manor house called Great Stukeley Manor. This property, located near Huntingdon, was now divided into eight flats and a club on the ground floor.

The manor house was very imposing and stood in about four acres. Only the top floor was occupied by a controlled tenant – the other flats and premises being in poor but reparable condition.

During our inspection with the vendor I thought it would be advisable to see the top floor flat as it would give us some idea of the condition of the roof. He informed us that the tenant was however likely to be out and when I asked about his relationship with the tenant I was emphatically told “Oh yes, we have an excellent relationship”.

We reached the top floor and I knocked tentatively on the door to see if the tenant was indeed at home. Through the closed door I heard movement then a voice shouted clearly and loudly “**** ORF!!! You’re not coming in here and that ******* of a landlord knows why”!!! We left all agreeing that there was some work to do to improve that landlord and tenant relationship.

Nevertheless, we agreed a price for the shares and arranged for the vendor to visit our office to complete the deal. The remaining 150 or so shareholders shortly afterwards received an offer from our solicitor for their shares at the same price we had paid per share.

We subsequently visited the freehold factory in Hull. Having seen the deeds we knew that about half of the original factory had been sold off but the remainder was providing its income on makeshift agreements.

The factory had been divided up in an extremely amateurish manner, obviously by the vendor, and I, who was considered by all who knew me as being the second worst DIY workman in the world (Malcolm Bloch being the worst), was relegated by one position.

The partitions, where they existed, were made of hardboard, orange box wood, sometimes nailed together but also stuck with tape, many of which did not even reach the ceiling. Other divisions were marked by chalk lines on the floor. Wires and plugs were attached with sticky tape and the fuse boards dated from 1928. Old machinery was scattered throughout, some of which was still in use by the tenants. It was the building that time and health & safety forgot but rents were cheap, no one told us to “**** ORF” (which was nice) and we were asked pleasantly if some of the leaks in the roof could be fixed.

The dire condition of the building had been factored into our purchase price and no value was placed on the shell company for its potential utilization.

After being appointed to the board we soon arranged a £500,000 bank facility for investment and trading purposes. The business did so well over the following two or three years that we were approached by a business friend with an offer to buy 29.9% (the maximum you could buy without making an outright expensive bid for the entire company) but who also wanted to have management control.

We had first come across this friend nearly 20 years earlier when we sold him a freehold vacant triple shop and upper part in Atlantic Road, Brixton for £25,000 which we had only recently purchased for £15,000. We were delighted with this quick sale and he was even more delighted when about six months later he sold it at auction for £50,000. He then became our friend for the rest of his life, discussing possible deals, purchases and sales with us on a regular basis. He was an extremely pleasant and entrepreneurial type of dealer, often working in different ways from most property dealers/developers.

We discussed the properties A Brown owned, and agreed values with him and converted this into a price per share, which was by now quoted by Harvard Securities on their recently created and successful securities exchange.

Without going into great detail he told us what he intended to do and agreed to buy 29.9% of the total equity. We agreed to retain about 25% of equity and let him have full board control and stay invested for any uplift in the share price he generated.

Shortly after this, he came to our office with a bank draft made out to us for about £300,000. We prepared all the paperwork to transfer the 29.9% shareholding and then realised the shares had been kept securely in a bank vault and we would need at least a few days to retrieve them. He then left us to pay in the bank draft with only our verbal promise that we would deliver the share certificates to him as soon as possible.

This showed an AMAZING DEGREE OF TRUST!

We were happy to retain a big shareholding and let him loose on the company as the 30% cash sale was double our original total investment cost and any extra share sales at a later date would produce pure profits.

There is much more to the saga of A Brown but the essence of this story is **TRUST**.

Our friend trusted us to do what we promised and we trusted him to do well.

During my long career there have been many times I have agreed a deal with a simple handshake showing mutual **TRUST**.

TRUST IS VITAL IN ALL ASPECTS OF LIFE.

Politics especially so:-

Tim Farron, although a Liberal Democrat (most policies of which I do not support), is however a hardworking and dedicated Constituency MP, who of late has been remorseless in chasing Ministers about the unfairness of the retail business taxes that affect his large but much rural constituency. He recently asked Jake Berry MP (the Parliamentary Under Secretary of State for the Northern Powerhouse & Local Growth – I often believe the bigger the title the more useless is the incumbent). However, the question was:-

> *"The Government's plans for a puny 2% digital tax on mega online firms that avoid paying their fair share is an insult to shops on the high street in towns such as Grange, Windermere and Kendal. Will he support higher taxes on tax dodgers, which would raise enough money to slash business rates for our town centres and help to save our high streets?"*

The answer received was:-

> *"The government have been clear that online taxation in retail needs to be done as part of an international agreement, but we have also been clear that, if we cannot get such an agreement, we will come forward with our own 2% tax on online retail to ensure that we can continue, as we did in the last Budget, to give relief to those retailing on our high streets. This year, we have already slashed a third off the business rates of shops with a rateable value of under £51,000."*

I did not believe that to be the correct answer and checked with our rating expert. I was, of course, correct in my fears. There were so many exceptions on uses allowed etc that although substantially correct if the use of the word “shops” is taken in its literal legal sense. But there are hundreds of exceptions and, in particular, vacant shops (i.e., an attack on landlords who have lost their tenant, probably because of the policy of excessive property taxation).

I instantly realised this must be a solicitor’s answer so I researched further which proved Jake Berry was a former solicitor, one of about 118 solicitors in the House of Commons, about 18% of the MPs as there are about 120,000 qualified lawyers in the whole country, about 0.002% of the population they are thus grossly over-represented in our legislatory organisation, about 900 times.

There is thus an overwhelming reason to make complicated laws that only the legal profession can understand thus they bring in new laws that obviously benefit their profession hugely, i.e., contingent compensation liability claims, encouraging people to make claims, many of which are either patently false or obviously exaggerated. They also create huge areas of potential claim, by way of new deliberately complicated laws – in total only the lawyers’ benefit.

Shakespeare’s play, Henry VI part 2, which I believe was about the uprising of Henry VI – has a famous line spoken by one of the uprising– not surprisingly Dick the Butcher, i.e., a trader “The first thing we do, let’s kill all the lawyers”, this said in the context of making the country a better place for all the population to live in. Thus my thoughts are not new, in fact over 400 years old.

Perhaps half of the legal MPs should retire so that we can have some butchers, bakers, builders, department store owners, manufacturers, farmers and bankers who actually understand how the country works.

As usual I have rambled on a bit but the main point is that solicitors are able, by careful choice of words, to disseminate in a way to obscure and confuse the true effect on the population of their laws and policies. It takes a long time for this to be understood by the general population who then simplify the previous presentations and just call it lies.

Currently most people do not TRUST the politicians or their statements and thus take little notice of their promises and announced expectations and form opinions from what they experience in their lives experienced outside of the Westminster bubble.

How nice it would be if we had politicians who we could trust!

Yours

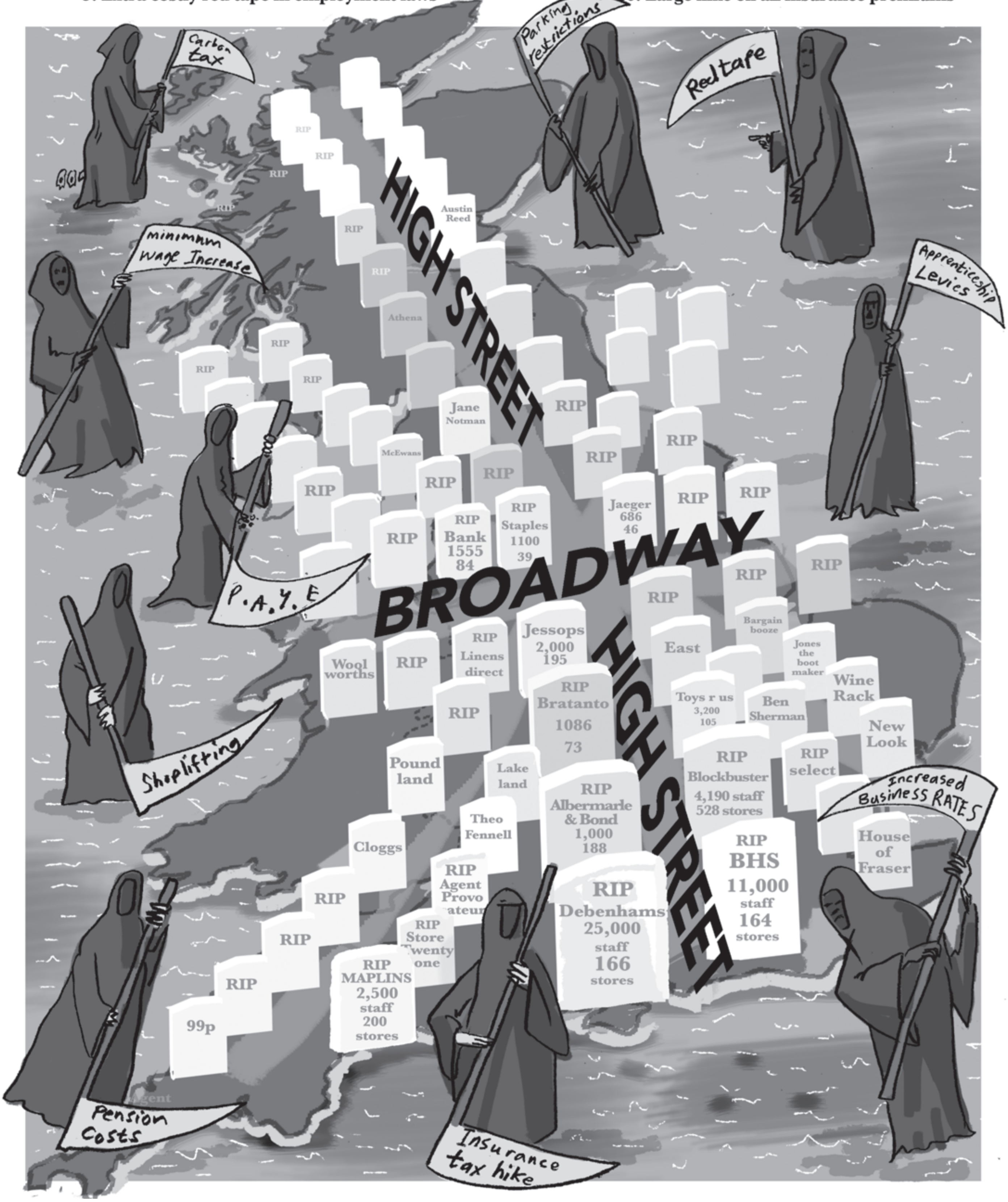
Andrew S Perloff
Chairman

29 April 2019

Andrew's nightmares: The ten plagues of the High Street

Sent by GOD (Government Official Demands)

1. Massive increases in business rates, paid even if vacant, even big reductions due unobtainable because of phasing
2. Minimum wage increased substantially
3. Parking restrictions with zealous enforcement
4. Extra employment taxes PAYE
5. Extra costly red tape in employment laws
6. Additional pension costs with inflexibility on generous pension schemes
7. Police failure to deal with most shoplifters
8. Apprenticeship levies
9. Carbon tax
10. Large hike on all insurance premiums



Group Strategic Report

About the Group

Panther Securities PLC ("the Company" or "the Group") is a property investment company quoted on the AIM market (AIM). Prior to 31 December 2013 the Company was fully listed and included in the FTSE fledgling index. It was first fully listed as a public company in 1934. The Group owns and manages over 850 individual property units within approximately 145 separately designated buildings over the mainland United Kingdom. The Group specialises in property investing and managing of good secondary retail, industrial units and offices, and also owns and manages many residential flats in several town centre locations.

Strategic objective

The primary objective of the Group is to maximise long-term returns for our shareholders by stable growth in net asset value and dividend per share, from a consistent and sustainable rental income stream.

Progress indicators

Progress will be measured mainly through financial results, and the Board considers the business successful if it can increase shareholder return and asset value in the long-term, whilst keeping acceptable levels of risk by ensuring gearing covenants are well maintained.

Key Ratios and measures

	2018****	2017	2016	2015
Gross Profit Margin (gross profit/turnover)	71%	71%	77%	73%
Gearing (debt*/(debt* + equity))	39%	45%	49%	48%
Interest Cover**	4.17 times	2.37 times	1.66 times	1.65 times
Finance cost rate (finance costs/average borrowings for the year)	6.6%	6.4%	6.6%	6.6%
Yield (rents investment properties/average market value investment properties)	7.7%	7.1%	7.7%	7.5%
Net assets value per share	532p	516p	407p	428p
Earnings/(loss) per share – continuing	39.9p	120.2p	(5.5)p	38.7p
Dividend per share	27.0p***	22.0p***	12.0p	22p***
Investment property acquisitions	£3.9m	£8.9m	£5.0m	£2.2m
Investment property disposal proceeds	£40.8m	£2.2m	£5.8m	£4.0m

* Debt in short and long term loans, excluding any liability on financial derivatives

** Profit before taxation excluding interest, less movement on investment properties and on financial instruments and impairments, divided by interest

*** Includes 15p (2017:10p) per share special dividend

**** IFRS 9 and 15 have only been reflected in 2018 and the prior year figure not restated.

Business Review

2018 has been one of the most successful years for the Group for disposals, generating £40.8m proceeds and £11.8m of profit or being 40% above book value. With the additional funds, the Group chose to de-gear (this facility can be re-drawn) as well as pay a large special dividend. The Group also reinvested some of the proceeds, £2m into equities (which are relatively liquid) and purchased £3.9m of investment properties.

Even with the disposals, including Wimbledon with the loss of £1.05m annual rents, we expect our rental income to be slightly higher in 2019 (than 2018) due to acquisitions late in 2018 (where we haven't seen a full years benefit) and due to a significant letting in Maldon (circa £0.65m pa) at the year end.

The Income Statement also shows lower 'other income', mainly due to the large surrender premium on Maldon in the prior year (not spent on refurbishing the unit) of circa £1.4m and also a large £0.4m fee to extend our Birmingham completion date (not repeated).

The administration costs and costs of sales have crept up as we see more costs associated with running the portfolio, in particular there are heavier costs on our recent shopping centre acquisitions compared to the disposals, such as St Nicholas House and Wimbledon which had little costs of management associated with them. We have also seen an increase in bad debt charge in the year due to the worsening of the market – our charge was 5.8% of turnover compared to 4.1% in the prior year.

The Group recognised a loss in value following the directors' year end valuation, showing a reduction in value of £6.4m (compared to a £16.8 million uplift in 2017 following an external valuation).

The interest rate swaps also recovered helping the overall profitability for the year by £0.9m (2017: improvement of £1.85m). This improvement is after taking account of our new financial derivative which is currently sitting at a mark to market loss (as expected).

Going forward

At the end of 2017 we stated that "we are looking to sell properties where we can achieve a high return or they are non-core to save up a "cash pile", as we expect uncertain times in the near to medium term and as an entrepreneurial company expect to fair well." This is exactly what we did and we are incredibly pleased that we have put ourselves into such a strong position heading into more uncertain economic times. The outcome exceeded our expectations.

With our existing finance and cash funds we would be disappointed if we did not pick up a few good investments in 2019, however these have to be carefully selected as a lot of the risks perceived by the average property investor are real.

Even though there are uncertainties going forward which may affect property prices in the short term, we are protected by our portfolio's diversity, experienced management team, ability to adapt and by having access to funds to benefit from opportunities.

Financing

The Group had previously entered into a £75 million club loan facility (£60 million term and £15 million revolving), which was renewed on 19 April 2016 with a five year term. As mentioned earlier we de-geared, by repaying £15m of our facility that can be redrawn. We also had at the year-end £20m of cash funds (£14.44m restricted to property purchases). The loan was also drafted with the option of increasing our facilities by a further £10 million (subject to banks' approval), which may be useful if an exceptional deal came our way.

At the Statement of Financial Position date the Group had £20m of cash funds, £15m available facility and a further £10m included in our loan agreement but requiring credit approval.

The Group has not offered a scrip dividend option for its latest dividends and has no plans for the current proposed dividend to provide shareholders with this option.

Financial derivative

We have seen an improvement (of a non-cash nature) in our long term liability on derivative financial instruments of £0.89m (2017: £1.85m fair value gain). Following this gain the total derivative financial liability on our Consolidated Statement of Financial Position is £25.5m (2017: £26.4m).

These financial instruments (shown in note 28) are interest rate swaps that were entered into to remove the cash flow risk of interest rates increasing by fixing our interest costs. We have seen that in uncertain economic times there can be large swings in the accounting valuations. Small movements in the expectation of future interest rates can have a significant impact on their fair value; this is partly due to their long dated nature.

These contracts were entered into in 2008 when long term interest rates were significantly higher. In a hypothetical world if we could fix our interest at current rates and term we would have much lower interest costs. Of course we cannot undo these contracts that were entered into historically, without a significant financial cost, but for accounting purposes these financial instruments are compared to current market rates, with the additional liability compared to the market rates, as shown on our Statement of Financial Position.

In 2018 the Company entered into a new 10 year fixed interest rate swap agreement, with a £25,000,000 nominal value which commences on 1 December 2021. The swap's interest rate is 2.131% which will come into existence when the Company's current £25,000,000 swap with a rate of 4.63% ends, resulting in an annual saving of circa £625,000.

By entering this transaction, the Company will have certainty that its interest costs from December 2021 will be significantly lower compared to its current costs.

Financial Risk Management

The Company and Group operations expose it to a variety of financial risks, the main two being the effects of changes in credit risk of tenants and interest rate movement exposure on borrowings. The Company and Group have in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company and Group by monitoring and managing levels of debt finance and the related finance costs. The Company and Group also use interest rate swaps to protect against adverse interest rate movements with no hedge accounting applied. Mark-to-market valuations on our financial instruments have been erratic due to current low market interest rates and due to their long term nature. These large mark-to-market movements are shown within the Income Statement.

However, the actual cash outlay effect is nil when considered alongside the term loan, as the instruments have been used to fix the risk of further cash outlays due to interest rate rises or can be considered as a method of locking in returns (difference between rent yield and interest paid at a fixed rate).

Given the size of the Company and Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company and Group's finance department.

Credit risk

The Company and Group have implemented policies that require appropriate credit checks on potential tenants before lettings are agreed. In many cases a deposit is requested unless the tenant can provide a strong personal or other guarantee. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the Board.

Exposure is reduced significantly due to the Group having a large spread of tenants who operate in different industries.

Price risk

The Company and Group are exposed to price risk due to normal inflationary increases in the purchase price of the goods and services it purchases in the UK. The exposure of the Company and Group to inflation is low due to the low cost base of the Group and natural hedge we have from owning "real" assets. Price risk on income is protected by the rent review clauses contained within our tenancy agreements and often secured by medium or long-term leases.

Liquidity risk

The Company and Group actively manage liquidity by maintaining a long-term finance facility, strong relationships with many banks and holding cash reserves. This ensures that the Company and Group have sufficient available funds for operations and planned expansion or the ability to arrange such.

Interest rate risk

The Company and Group have both interest bearing assets and interest bearing liabilities. Interest bearing assets consist of cash balances which earn interest at fixed rate when placed on deposit. The Company and Group have a policy of only borrowing debt to finance the purchase of cash generating assets (or assets with the potential to generate cash). The Directors revisit the appropriateness of this policy annually.

Principal risks and uncertainties of the Group

The successful management of risk is something the Board takes very seriously as it is essential for the Group to achieve long-term growth in rental income, profitability and value. The Group invests in long term assets and seeks a suitable balance between minimising or avoiding risk and gaining from strategic opportunities.

The Group's principal risks and uncertainties are all very much connected as market strength will affect property values, as well as rental terms and the Group's finance, or term loan, whose security is derived primarily from the property assets of the business. The financial health of the Group is checked against covenants that measure the value of the property, as a proportion of the loan, as well as income tests. The two measures of the Group's finances are to check if the Group can support the interest costs (income tests) and also the ability to repay (valuation covenants).

The Group has a successful strategy to deal with these risks, primarily its long lasting business model and strong management. This meant the business had little or no issues during the 2008 financial crisis, which some commentators say was the worst financial crisis since the Great Depression of the 1930s.

Market risk

If we want to buy, sell or let properties there is a market that governs the prices or rents achieved. A property company can get caught out if it borrows too heavily on property at the wrong time in the market, affecting its loan covenants. If loan covenants are broken, the Company may have to sell properties at non-optimum times (or worse) which could decrease shareholder value. Property markets are very cyclical and we in effect have three strategies to deal with or mitigate the risk, but also take advantage of this opportunity:

1) Strong, experienced management means when the market is strong we look to dispose of assets and when it is weak we try and source bargains i.e. an emergent strategy also called an entrepreneurial approach.

2) The Group has a diversified property portfolio, and maintains a spread of sectors over, retail, industrial, office and residential. The other diversification is having a spread regionally, of the different classes of property over the UK. Often in a cycle not all sectors or locations are affected evenly, meaning that one or more sectors could be performing stronger, maybe even booming, whilst others are struggling. The strong investment sectors provide the Group with opportunities that can be used to support slower sectors through sales or income.

3) We invest in good secondary property, which tends to be lower value/cost, meaning we can be better diversified than is possible with the equivalent funds invested in prime property. There are not many property companies of our size who have over 850 individual units over 145 buildings/locations. Secondary property also, very importantly, is much higher yielding which generally means the investment generates better interest cover and its value is less sensitive to market changes in rent or loss of tenants.

Property risk

As mentioned above we invest in most sectors in the market to assist with diversification. Many commentators consider the retail sector to be in period of severe flux, considerably affected by changing consumer habits such as internet shopping as well as a preference for experiences over products. Of the Group's investment portfolio, retail makes up the largest sector being circa 60 to 65% by income generation. However the retail sector is affected to lesser degrees in what we would describe as neighbourhood parades, as opposed to traditional shopping high streets. The large part of our retail portfolio is in these neighbourhood parades, meaning we are less affected by consumer habits and even benefit from some of the changes. Neighbourhood parades provide more leisure, services and convenience retail.

For example we have undertaken a few lettings to local or smaller store formats, to big supermarket chains, which would not have taken place many years ago. Block policy is another key mitigating force within our property risks. Block policy means we tend to buy a block rather than one off properties, giving us more scope to change or get substantial planning if our type of asset is no longer lettable. The obvious example is turning redundant regional offices into residential. Also by having a row of shops, we can increase or reduce the size of retail units to meet the current requirements of retailers.

Finance risk

The final principal risk, which ties together the other principal risks and uncertainties, is that if there are severe adverse market or property risks then these will ultimately affect our financing, making our lender either force the Group to sell assets at non-optimal times, or take possession of the Group's assets. We describe the above factors in terms of management, business model and diversification to help mitigate against property and market risks which as a consequence mitigate our finance risk.

The main mitigating factor is to maintain conservative levels of borrowing, or headroom to absorb downward movements in either valuation or income cover. The other key mitigating factor, is to maintain strong, honest and open relationships with our lenders, and good relationships with their key competitors. This means that if issues arise, there will be enough goodwill for the Group to stay in control and for the issues to resolve themselves, and hopefully save the situation. As a Group we also hold uncharged properties and cash resources, which can be used to rectify any breaches of covenants.

Given the size of the Company and Group, the Directors have not delegated the responsibility of monitoring financial risk management and the effectiveness of the Company's risk management and related control systems to a sub-committee of the Board.

Other non-financial risks

The Directors consider that the following are potentially material non-financial risks.

Risk	Impact	Action taken to mitigate
Reputation	Ability to raise capital/deal flow reduced	Act honourably, invest well and be prudent.
Regulatory changes	Transactional and holding costs increase	Seek high returns to cover additional costs. Lobby Government -"Ramblings". Use advisers when necessary.
People related issues	Loss of key employees/low morale/inadequate skills	Maintain market level remuneration packages, flexible working and training. Strong succession planning and recruitment. Suitable working environment.
Computer failure	Loss of data, debtor history	External IT consultants, backups, offsite copies. Latest virus and internet software.
Asset management	Wrong asset mix, asset illiquidity, hold cash	Draw on wealth of experience to ensure balance between income producing and development opportunities. Continued spread of tenancies and geographical location. Prepare business for the economic cycles.

The Group Strategic Report set out on the above pages also includes the Chairman's Statement shown earlier in these accounts and was approved and authorised for issue by the Board and signed on its behalf by:

S. J. Peters
Company Secretary

Unicorn House
Station Close
Potters Bar
Hertfordshire EN6 1TL

29 April 2019

Directors' Report

Company number 00293147

The Directors submit their report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2018.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) including FRS101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the Group financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Group Strategic Report. The financial position of the Group, including key financial ratios is set out in the Group Strategic Report. In addition, the Directors' Report includes the Group's objectives, policies and processes for managing its capital; the Group Strategic Report includes details of its financial risk management objectives; and the notes to the accounts provide details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group is strongly capitalised, has high liquidity together with a number of long term contracts with its customers many of which are household names. The Group has a diverse spread of tenants across most industries and investment properties based in many locations across the country.

The Group has a long term loan in place which was renewed on 19 April 2016. The Group always maintains excellent relations with its lenders.

The Directors believe the Group is very well placed to manage its business risks successfully and have a good expectation that both the Company and the Group have adequate resources to continue their operations for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the financial statements.

Principal activities, review of business and future developments

The principal activity of the Group consists of investment and dealing in property and securities.

The review of activities during the year and future developments is contained in the Chairman's Statement and Group Strategic Report.

Company's objectives and management of capital
Our primary objective is to maximise long-term return for our shareholders by stable growth in net asset value and dividend per share, from a consistent and sustainable rental income stream.

The Company's principal capital base includes share capital and retained reserves, which is prudently invested to achieve the above objective and is supplemented with medium to long-term bank finance.

Results and dividends
The profit for the year after taxation, amounted to £7,047,000 (2017: a profit of £21,242,000).

The interim dividend of £1,061,000 (6.0p per share) on ordinary shares was paid on 29 November 2018.

The Directors recommend a final dividend of £1,061,000 (6.0p per share) payable on 5 September 2019 to shareholders on the register at the close of business on 9 August 2019 (Ex dividend on 8 August 2019). The total dividend for the year ended 31 December 2018 being anticipated at 27p per share (including the special of 15p paid in January 2019).

There will be no option of a scrip dividend offered for the 2018 final dividend of 6p per share (to be paid in September 2019). There was no scrip option for the interim dividend in November 2018.

Directors and their beneficial interests in shares of the Company
The Directors who served during the year and their beneficial interests in the Company's issued share capital were:

	Ordinary shares of £0.25 each	
	2018	2017
A. S. Perloff (Chairman)	**4,244,360**	4,244,360
B. R. Galan (Non-executive)	**338,669**	338,669
P. M. Kellner (Non-executive)	**22,000**	22,000
J. H. Perloff	**107,500**	107,500
S. J. Peters	**187,929**	187,929

A. S. Perloff and his family trusts have beneficial interests in shares owned by Portnard Limited, a Company under their control, amounting to 8,405,175 (2017 – 8,405,175).

There have been no changes in Directors' shareholdings since 31 December 2018.

No beneficial interest is attached to any shares registered in the names of Directors in the Company's subsidiaries. No right has been granted by the Company to subscribe for shares in or debentures of the Company.

Directors' emoluments
Directors' emoluments of £285,000 (2017 – £277,000) are made up as follows:

Director	Salary/ Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	**Total 2018 £'000**	Total 2017 £'000
Executive						
A. S. Perloff	—	—	3	—	**3**	5
J. T. Doyle*	—	—	—	—	**—**	86*
J. H. Perloff	61	19	1	2	**83**	60
S. J. Peters	80	53	7	23	**163**	106
Non-executive						
B. R. Galan	10	8	—	—	**18**	10
P. M. Kellner	10	8	—	—	**18**	10
	161	88	11	25	**285**	277

* £40,000 included within the salary relates to compensation for loss of office. J. T. Doyle ceased to be a director on 15 June 2017. Further details can be found in note 33.

Pension and other benefits
A. S. Perloff is the sole member and beneficiary of a non-contributory Director's pension scheme. The Group ceased contributions in 1997 and accordingly made no contributions to the pension fund in 2018 and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £21,000 (2017 – £24,000) into his personal stakeholders' contribution pension scheme. S. J. Peters, J.T. Doyle (in 2017) and J.H. Perloff also received a contribution into a stakeholder's pension fund following auto-enrolment at the statutory rate of a 1% contribution up to 31 March 2018 and 2% thereafter of their gross salary by the Company.

No other payments were paid in respect of any other Director during the year (2017 – £nil).

Third party indemnity provision for Directors
Qualifying third party indemnity provision for the benefit of five directors was in force during the financial year and as at the date this report was approved.

Capital structure
Details of the issued share capital of the Company are shown in note 23. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The details of the Group's treasury policy are shown in note 28.

Financial risk management
Information regarding the use of financial instruments and the approach to financial risk management is detailed in the Group Strategic Report.

Donations
During the year the Group made a £nil political donation (2017 – £nil). The Group makes donations to charities through advertisements at charity events and in the diaries of charities, the total of which in 2018 was £10,000 (2017 – £5,000). The Group is a Foundation Partner of the preferred charity of the property industry, Land Aid, donating £10,000 (2017 – £10,000).

Status
Panther Securities P.L.C. is a Company quoted on the Alternative Investment Market ("AIM") and is incorporated in England and Wales.

Events after the reporting date
Details of events after the report date are given in the Chairman's Statement and note 32 to the consolidated accounts.

Auditors
In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and

- that Director had taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to re-appoint the auditors, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting.

This report was approved and authorised for issue by the Board and signed on its behalf by:

S. J. Peters
Company Secretary

29 April 2019

Unicorn House
Station Close
Potters Bar
Hertfordshire EN6 1TL

Corporate Governance

The Board
The Board currently consists of five directors, of whom two are non-executives. It meets regularly during each year to review appropriate strategic, operational and financial matters and otherwise as required. In the year the Board met three times with all members present. It supervises the executive management and a schedule of items reserved for the full Board's approval is in place. Panther Securities P.L.C. has an Executive Chairman who is also the Chief Executive.

The Board considers the two non-executive Directors to be independent and to represent the interests of shareholders. Both non-executive Directors are of the highest calibre. Each is independently minded with a breadth of successful business and relevant experience. They are entitled to the same information as the Executive Directors and are an integral part of the team, making a most valuable contribution. Both non-executive Directors have a sufficient level of expertise to challenge and hold the executive Directors to account.

Each Board member has responsibility to ensure that the Group's strategies lead to increased shareholder value.

Biographical details of Executive Directors:-
Andrew Perloff (Chairman)
He has over 55 years' experience in the property sector, including over 45 years' experience of being a director of a Public Listed Company mainly as Panther's Chairman. He has significant experience of corporate activity including ten contested take-over bids and has also served on the Board of Directors of six other public listed companies. He is currently a non-executive director of Airsprung Group PLC as well as Anglia Home Furnishings Ltd and was previously a director of Beale Ltd.

Simon Peters (Finance Director)
He is a member of the Chartered Institute of Taxation, a Fellow of the Chartered Certified Accountants and was formerly with KPMG LLP and the Lombard Bank Finance Department. He is currently a non-executive director of Airsprung Group PLC as well as Anglia Home Furnishings Ltd and was previously a director of Beale Ltd (including when it was fully listed on the LSE). He joined Panther in 2004 and was appointed Finance Director in 2005.

John Perloff (Executive)
Previously with a commercial West End agent specialising in retail acquisitions and disposals, he joined Panther in 1994. His areas of responsibility include property lettings and acquisitions. He was appointed Executive Director in 2005.

Biographical details of Non-executive Directors:-
Bryan Galan (Non-executive)
Chairman of the Remuneration Committee. He is a Fellow of the Royal Institution of Chartered Surveyors. He was formerly joint Managing Director of Amalgamated Investment and Property Co. Limited and was previously a Non-executive Director of Rugby Estates Investment Trust Plc.

Peter Kellner (Non-executive)
Chairman of the Audit and Nomination Committees. He is an Associate of the Chartered Institute of Bankers and of the Institute of Taxation. He was formerly joint General Manager of the U.K. banking operations of Credit Lyonnais Bank Nederland NV.

QCA Corporate Governance Code
The Directors recognise the importance of good corporate governance and have chosen to adopt and apply the Quoted Companies Alliance's 2018 Corporate Governance Code (the 'QCA Code'). The QCA Code was developed by the Quoted Companies Alliance in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". Details of how the Company addresses the key governance principles defined in the QCA Code can be found below.

1. **Establish a strategy and business model which promote long-term value for shareholders**
   Panther's strategy and business model are set out in the Group Strategic Report above. The strategic objective section of the Group Strategic Report states that the primary objective of the Group is to maximise long-term returns for our shareholders by stable growth in net asset value and dividend per share, from a consistent and sustainable rental income stream. The key challenges to the business and how these are mitigated are also detailed in the Group Strategic Report.

2. **Seek to understand and meet shareholder needs and expectations**
   The Board strongly encourages good communication with investors. The Company sends out announcements via post to shareholders who have requested this and all shareholders can join our mailing list, even if they hold shares in CREST.

   The person at the Company with principal responsibility for liaising with shareholders is: Andrew Perloff, Chairman. Shareholders may also contact the Company in writing via the following email address: info@pantherplc.com. Inquiries that are received will be directed to the Chairman if appropriate, who will consider a response. The Company may exercise discretion as to which shareholder questions shall be responded to, and the information used to answer questions will be information that is freely available in the public domain. If deemed necessary, the inquiries will be brought to Board's attention. All shareholders are invited to our Annual General Meeting. Board members are available by phone to discuss the company and there is also shareholders access, before during and after Annual General Meetings for discussions, therefore providing lots of opportunities for shareholders to understand and address any issues.

   The Board has historically approved a regular dividend for many years, which has always been maintained or increased. The Board aims to maintain a sustainable and appropriate level of dividend cover. Where exceptional years arise, the Board anticipates this will normally be reflected with special dividends where practicable.

   The Board believes the Company's mode of engaging with shareholders is adequate and effective.

3. **Take into account wider stakeholder and social responsibilities and their implications for long-term success**
   The Group is aware of its corporate social responsibilities and recognises the importance of maintaining effective working relationships across a range of stakeholder groups.

   On the basis of the Directors' knowledge and long experience of the operation of the Group, the Board recognises that the long-term success of the Group is reliant upon the efforts of the following key resources and relationships: the Group's employees, tenants, lenders, regulatory authorities, local residents and the general public affected by our activities. The Company actively seeks employees' feedback on their employment with the Company. The Company does this on an ongoing basis, but also holds bi-weekly all party staff meetings where employees are able to provide feedback. The property and finance departments frequently liaise with tenants, which can include receiving tenant feedback. The Company's lenders have teams of account and relationship managers, which the Company communicates with on a regular basis and provides regular management updates and is able to receive any feedback from lenders. The Company is open to feedback from local residents and the general public that may be affected by our activities, and in particular this is often part of the planning process.

   The Group understands the necessity of balancing the needs of all our stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of its members as a whole.

   The Group ensures compliance with regulatory bodies and legislation through various procedures and protocols and receives feedback on matters such as planning on a regular basis. The Group undertakes to resolve any feedback received from stakeholders where appropriate and where such amendments are consistent with the Group's longer term strategy. However, no material changes to the Company's working processes have been required over the year to 31 December 2018, or more recently, as a result of stakeholder feedback received by the Company.

4. **Embed effective risk management, considering both opportunities and threats, throughout the organization**
   The Board's discussion on risk management as described in the disclosure above in respect of Principle One and in the Group Strategic Report, which detail risks to the business and how these are mitigated. The Groups internal controls are designed to manage rather than eliminate risk and provide reasonable assurance against fraud, material misstatement or loss.

The Board seeks to ensure that the correct and necessary level of insurance is in place to cover certain aspects of risks including actions taken against the Directors, as well as all the properties we own. The insured values and types of cover are carefully reviewed periodically and this is a requirement of our main loan agreement.

A commentary on how the Company reviews its internal controls can be found in the disclosure regarding Principle Nine below.

5. **Maintain the Board as a well-functioning, balanced team led by the Chair**

The Board consist of three Executive Directors and two Non-Executive Directors. Biographies of the directors can be found above, the Board considers its two non-executive Directors (Bryan Galan and Peter Kellner) to be independent. Mr Galan and Mr Kellner have been directors of the Company since 1994, although the rest of the Board consider them to continue to be independent, as they are sufficiently removed from the day-to-day operations of the Company to retain a critical and independent view. Further commentary in respect of the Company's Non-Executive Directors can be found above.

As detailed above, the Board met three times with all members present, the Audit Committee met three times with all members present and the Remuneration Committee met three times with all members present. Andrew Perloff, Simon Peters and John Perloff work full time. Mr Galan and Mr Kellner currently work on average 6 days per year.

All Directors are kept apprised of financial and operational information in a timely fashion and in advance of any meetings. The Executive Directors regularly attend meetings to ensure decisions are made and inter-departmental communication is strong and transparent.

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

The Company has an Executive Chairman who is also the Chief Executive, being Andrew Perloff. The Company's Finance Director is Simon Peters. John Perloff is an Executive Director. Bryan Galan and Peter Kellner are Non-Executive Directors. Biographies of the directors are above.

The Board has a wide and well-rounded level of expertise and experience with a clear and proven track record. Professionally qualified members of the Board keep up to date with their Continuing Professional Development, which ensures they are familiar with changes and current developments in their fields and some members are on other boards which helps them see best practise elsewhere. The Board Members take particular interests in keeping appraised on key issues and developments pertaining to the Group.

During the year ended 31 December 2018, neither the Board nor any committee has sought external advice on a significant matter and no external advisers to the Board or any of its committees have been engaged.

Aside from the directors' stated roles and the role of Simon Peters as Company Secretary, the Board members do have any particular internal advisory responsibilities

7. **Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The individual Board members are appraised by the Chairman and/or Non-Executives as appropriate on their performance. This process is informal in nature and is performed on an ongoing basis, rather than at pre-determined annual junctures. The main criteria against which individual director effectiveness is considered are: ensuring that the right actions in the business are being taken and ensuring that directors continue to be effective. The Company's director evaluation process has not changed materially relative to previous years, on the basis that the Board are of the view that the above processes are appropriate for the Company's requirements, given the nature of the Company's business and levels of experience on the Board. There were no material findings from the Company's Board appraisals over the year ended 31 December 2018, which was the same in the previous year.

All of the Directors are periodically subject to re-election on a rotation basis at the Annual General Meeting.

The Company does not currently have a periodic appraisal process for the effectiveness of the Board as a whole nor for the effectiveness of the committees (and this has not changed over previous years).

The Board considers succession planning and the need for further board or senior management appointments. The Board believes that there is no need for changes to the current board, management and committee structures and membership in order to meet the needs of the Company's current and medium-term requirements. Regarding longer term succession planning, the Board currently comprises a good spread of ages which provides a natural succession buffer.

8. **Promote a corporate culture that is based on ethical values and behaviours**
The Board promotes a corporate culture of professional behaviour, integrity, professional competence and due care, objectivity and confidentiality. These values are promoted from the top down and embedded in our working practices and company policies. As noted in the disclosure above in respect of Principle Three, the Company holds bi-weekly all party staff meetings where employees are able provide feedback, which allows the Board and management to have insights into the Company's culture.

When new employees join the Company, they are provided a staff handbook and are required to become familiarised with the Company's working practices and company policies. The Board and management are prepared to take appropriate action against unethical behaviour, violation of company policies or misconduct.

9. **Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**
The Board is satisfied with the Company's corporate governance, given the Company's size and the nature of its operations, and as such there are no specific plans for any material changes to the Company's corporate governance arrangements in the shorter term.

As noted in the disclosure above in respect of Principle Five, Andrew Perloff is both Chairman and Chief Executive Officer of the Company. In his role as Chairman, Mr Perloff has overall responsibility for corporate governance matters in the Company, leadership of the board and ensuring its effectiveness on all aspects of its role. In his role as Chief Executive Officer Mr Perloff leads the Company's staff and is responsible for implementing those actions required to deliver on the agreed strategy. Mr Perloff and his family trusts are the beneficiaries of the majority of the Company's ordinary shares. Mr Perloff is one of the original co-founders of the Panther Securities property investment business and has been a significant driving force underlying the Group's development. On this basis, the Board considers that it remains in the best interests of the Group to maintain Mr Perloff's positions as both Chairman and Chief Executive Officer (a position that he has held for a number of years), notwithstanding that this is contrary to recommended best practice in the QCA Code. Feedback received from shareholders has been positive on this point.

The Executive Directors have a responsibility for the operational management of the Group's activities. The Non-executive Directors provide independent and objective insight and judgment to Board decisions. The Board has overall responsibility for promoting the success of the Group.

The Board has established an Audit Committee and a Remuneration Committee comprised only of our Non-Executive Directors to provide a level of independence and objectivity.

Audit Committee
The Audit Committee consists solely of the two non-executive Directors and it is chaired by Peter Kellner. Its terms of reference are that it meets at least twice a year to review the Group's accounting policies, financial and other reporting procedures, with the external auditors in attendance when appropriate. Over the year to 31 December 2018 the committee met three times with all members present. The internal controls are reviewed annually ensuring their effectiveness and any specific issues are dealt with if and when they arise. When the Board reviews internal controls they consider the effectiveness of controls, concentrating on all material controls, including operational and compliance controls, and risk management systems.

Remuneration Committee

The Remuneration Committee consists solely of the two non-executive Directors, Bryan Galan (Chairman) and Peter Kellner. Its terms of reference are that it reviews the terms and conditions of service of the Chairman and Executive Directors, ensuring that salaries and benefits satisfy performance and other criteria. When setting remuneration the Committee consults with the Chairman of the Board and no external third parties are consulted. In the year to 31 December 2018 the Committee met three times with all members present.

Remuneration policy

Company policy is to reward fairly the Executive Directors sufficiently to retain and motivate these key individuals. In determining remuneration, consideration is given to their role, their performance, reward levels throughout the organisation, as well as the external employment market. The Remuneration Committee considers that currently the Executive Directors' remuneration is below market comparables, however some directors are incentivised by their personal holdings in the Company. The only element of remuneration that reflects specific performance is the bonuses, however this is adjusted to reflect market conditions and company results.

The Company does not have a Nomination committee, as the need for appointments and decisions regarding appointments are considered by the Board as a whole.

The key matters reserved for the Board are the following:

- Strategy
- Structure and capital
- Financial reporting and controls
- Internal controls
- Significant investments
- Board membership and other appointments
- Delegation of authority
- Corporate governance
- Approval of company policies
- Other matters, such key adviser appointments and insurance

10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company provides extensive information about the Group's activities in the Annual Report and Financial Statements and the Interim Report, copies of which are sent to shareholders. Additional copies are available by application. The Group is active in communicating with both its institutional and private shareholders and welcomes queries on matters relating to shareholdings and the business of the Group. All shareholders are encouraged to attend the Annual General Meeting, at which Directors and senior management are introduced and are available for questions. The Company provides a website with up to date information, including announcements and company accounts.

The Board recognises the importance of communication with the Group's shareholders and various stakeholders. The Group updates its website regularly with any announcements and always welcomes shareholders' queries which are welcomed by all members of the Board whenever they arise.

The Annual General Meeting also provides an important opportunity to meet shareholders. The Board has hot drinks before and after the Annual General Meeting where dialogue is encouraged.

The detailed results of voting on all resolutions in future general meetings will not be posted to the Group's website or announced, as the Board feels that these results have in recent years been unambiguous and generally unanimous.

Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the Board will post this on the Group's website and will include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

The Group's financial reports for the last five years can be found online: http://www.pantherplc.com/financial/reports-and-accounts/

Notices of Annual General Meetings of the Company for the last five years are included at the end of each of the annual report and accounts. Within the last five years, other than its Annual General Meetings, the Company has not held and other General Meetings of Shareholders.

Certain details regarding the Company's Audit Committee and Remuneration Committee and their work over the year to 31 December 2018 can be found in the disclosure above in respect of Principle Nine. The Company's Audit Committee and Remuneration Committee do not produce public reports on their work over the year, although their work and key findings are communicated to the Board. Details of the Company's remuneration policy can be found in the disclosure above in respect of Principle Nine and details of the Directors' remuneration can be found above in the Directors' Report.

Independent Auditors’ Report

Independent Auditor’s Report to the Members of Panther Securities P.L.C.

Opinion
We have audited the Group financial statements of Panther Securities PLC (‘the Group’) for the year ended 31 December 2018 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Notes to the Consolidated Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the Group financial statements:

- give a true and fair view of the state of the Group’s affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

Key audit matters
We identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

Key audit matter	Description of risk	How the matter was addressed in the audit and key observations arising with respect to that risk
Valuation of investment properties (Group)	The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rentals for that particular property. The valuations were carried out by the Directors supported by a Royal Institute of Chartered Surveyors ('RICS') qualified employee in accordance with RICS Professional Standards. In determining a property's valuation the Valuers take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. For developments, the residual appraisal method is used, by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warrants specific audit focus in this area. The Group's accounting policy for investment properties is included within note 4. Details of the Groups valuation methodology and resulting valuation can be found in note 16.	We read 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. We attended a meeting with management and the non-executive directors to consider the draft valuation. We assessed the Valuers' qualifications and expertise to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We tested a sample of current rents receivable per the valuation for consistency with the Group's tenant ledger. The tenant ledger data was subject to separate sample testing to ensure that the records within the system is consistent with the underlying lease documentation. We compared sale prices to the previous valuations to understand whether the sale price provides evidence of fair value or reflects factors specific to the sale and not the general market. Our work focused on the highest value properties in the portfolio and those where the assumptions used suggested a possible outlier versus market data for the relevant sector. We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence.

Key audit matter	Description of risk	How the matter was addressed in the audit and key observations arising with respect to that risk
Valuation of derivative financial instruments (Group and Company)	The Group has entered into three interest rate swaps ('swaps') which are carried at fair value through profit and loss. Assessing the fair value of the swaps is inherently subjective as the Group uses its judgement to select suitable valuation techniques and make assumptions which are mainly based on market conditions existing at the reporting date. The Group benchmarks its valuations against those provided by the counterparty bank and a third party bank. The Group's accounting policy for derivative financial instruments is included within note 4. Details of the Group's derivative financial instruments can be found in note 28.	We gained an understanding of the Group's methodology in respect of determining the fair value as at the Statement of Financial Position date and assessed compliance with the requirements of relevant accounting standards. We used internal experts to compute an independent estimate of fair value as at the Statement of Financial Position date. Additionally we have considered the disclosures in the financial statements in respect of swaps outstanding as at the reporting date. We are satisfied that the fair value of swaps and presentation in the Annual Report and Financial Statements is appropriate and is in line with the requirements of relevant accounting standards.
Revenue recognition (Group)	Revenue for the Group consists primarily of rental income. Revenue growth is a key performance indicator of the Group. Revenue expectations may place pressure on management to distort revenue recognition. This may result in overstatement or deferral of revenues to assist in meeting current or future targets or expectations. These include spreading of occupier incentives and guaranteed rent increases as these balances require adjustments made to rental income to ensure revenue is recorded on a straight-line basis over the course of a lease, coupled with turnover and profit rents which require the use of estimates. The Group's accounting policy for revenue recognition is included within note 4.	In testing revenue recognition we have: ● performed detailed testing of a sample of revenue transactions including agreement to supporting documentation and recalculation of income deferral; ● performed detailed testing of a sample of units including agreement to supporting documentation and recalculation of income deferral; and ● agreed a sample of accrued income balances, arising as a result of occupier incentives, guaranteed rent increases or profit or turnover estimation to supporting documentation and recalculated the income accrual. The results of our testing were satisfactory.

Materiality
The materiality for the Group financial statements as a whole was set at £5,978,000. This has been determined with reference to the benchmark of the Group's total assets, which we consider to be one of the principal considerations for members of the Parent Company in assessing the performance of the Group. Materiality represents 3% of the total assets as presented on the face of the Consolidated Statement of Financial Position.

The materiality for the Parent Company financial statements as a whole was set at £4,291,000. This has been determined with reference to the benchmark of the Parent Company's total assets as the Parent Company exists only as a holding company for the Group and carries on no trade in its own right. Materiality represents 3% of total assets as presented on the face of the Parent Company's Statement of Financial Position.

A number of key performance indicators of the Group are driven by Income Statement items and we therefore applied a lower specific materiality of £272,000, based on 2% of Group revenue. This lower specific materiality was applied to the components of the Group and Parent Company's Income Statement, excluding investment property valuation movements and fair value movements on derivative financial instruments.

An overview of the scope of our audit
Of the Group's 26 reporting components, we subjected all to audits for Group reporting purposes. The components within the scope of our work covered 100% of Group revenue, Group profit before tax and Group net assets. The Group audit team visited one location in the UK covering the 26 components that we subjected to audit.

Other information
The other information comprises the information included in the Annual Report and Financial Statements, other than the Group and Parent Company financial statements and our auditor's reports thereon. The Directors are responsible for the other information. Our opinion on the Group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Group financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Group Strategic Report and the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements; and

- the Group 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 Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- 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 20, the Directors are responsible for the preparation of the Group 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 Group financial statements that are free from material misstatement, whether due to fraud or error. In preparing the Group financial statements, the Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Group financial statements

Our objectives are to obtain reasonable assurance about whether the Group 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 Group financial statements.

A further description of our responsibilities for the audit of the Group financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matter

We have reported separately on the Parent Company's financial statements of Panther Securities PLC for the year ended 31 December 2018.

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.

Jacqueline Oakes
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

30 April 2019

Consolidated Income Statement

For the year ended 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
Revenue	5	**13,607**	12,946
Cost of sales	5	**(3,947)**	(3,779)
Gross profit		**9,660**	9,167
Other income	5	**457**	1,905
Administrative expenses		**(1,819)**	(1,568)
Bad debt expense	21	**(796)**	(537)
Operating profit	6	**7,502**	8,967
Profit on disposal of investment properties		**11,750**	1,071
Movement in fair value of investment properties	16	**(6,396)**	16,776
		12,856	26,814
Finance costs – bank loan interest	10	**(2,526)**	(2,302)
Finance costs – swap interest	10	**(2,533)**	(2,726)
Investment income	9	**24**	27
Loss on disposal of fixed assets		**(41)**	—
Profit realised on the profit on the disposal of available for sale investments		**—**	1,128
Profit (realised) on the disposal of investments		**34**	—
Fair value gain on derivative financial liabilities	28	**886**	1,850
Profit before income tax		**8,700**	24,791
Income tax expense	11	**(1,653)**	(3,490)
Profit for the year		**7,047**	21,301
Loss for the period from discontinued operations		**—**	(59)
Profit for the year		**7,047**	21,242
Discontinued operations attributable to:			
Equity holders of the parent		**—**	(52)
Non-controlling interest		**—**	(7)
Loss for the year		**—**	(59)
Continuing operations attributable to:			
Equity holders of the parent		**7,047**	21,301
Profit for the year		**7,047**	21,301
Earnings per share			
Basic and diluted – continuing operations	14	**39.9p**	120.2p
Basic and diluted – discontinued operations	14	**—**	(0.3p)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
Profit for the year		**7,047**	21,242
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Movement in fair value of available for sale investments taken to equity	18	**–**	279
Realised fair value on disposal of available for sale investments previously taken to equity		**–**	(269)
Deferred tax relating to movement in fair value of available for sale investments taken to equity	26	**–**	(53)
Realised tax relating to disposal of investments previously taken to equity		**–**	51
Items that will not be reclassified subsequently to profit or loss			
Movement in fair value of investments taken to equity	18	**(197)**	–
Deferred tax relating to movement in fair value of investments taken to equity	26	**34**	–
Other comprehensive (loss)/income for the year, net of tax		**(163)**	8
Total comprehensive income for the year		**6,884**	21,250
Attributable to:			
Equity holders of the parent		**6,884**	21,257
Non-controlling interest		**–**	(7)
		6,884	21,250

Consolidated Statement of Financial Position

Company number 00293147

As at 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
ASSETS			
Non-current assets			
Plant and equipment	15	**–**	54
Investment properties	16	**170,236**	201,825
Deferred tax asset	26	**1,811**	—
Investments	18	**1,850**	17
		173,897	201,896
Current assets			
Stock properties	19	**448**	448
Trade and other receivables	21	**4,896**	3,677
Cash and cash equivalents (restricted)		**14,436**	—
Cash and cash equivalents		**5,614**	5,941
		25,394	10,066
Total assets		**199,291**	211,962
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	**4,437**	4,437
Share premium account	24	**5,491**	5,491
Treasury shares	24	**(213)**	(213)
Capital redemption reserve	24	**604**	604
Retained earnings		**83,710**	80,893
Total equity		**94,029**	91,212
Non-current liabilities			
Long-term borrowings	25	**58,864**	74,270
Derivative financial liability	28	**25,514**	26,400
Deferred tax liabilities	26	**–**	1,183
Obligations under finance leases	30	**7,510**	7,552
		91,888	109,405
Current liabilities			
Trade and other payables	27	**10,192**	10,945
Short-term borrowings	25	**1,071**	159
Current tax payable		**2,111**	241
		13,374	11,345
Total liabilities		**105,262**	120,750
Total equity and liabilities		**199,291**	211,962

The accounts were approved by the Board of Directors and authorised for issue on 29 April 2019. They were signed on its behalf by:

A.S. Perloff
Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2017	4,437	5,491	—	604	61,747	72,279
Total comprehensive income	—	—	—	—	21,257	21,257
Treasury shares purchased	—	—	(213)	—	—	(213)
Dividends	—	—	—	—	(2,111)	(2,111)
Balance at 1 January 2018	4,437	5,491	(213)	604	80,893	91,212
Total comprehensive income	—	—	—	—	6,884	6,884
Dividends	—	—	—	—	(4,067)	(4,067)
Balance at 31 December 2018	**4,437**	**5,491**	**(213)**	**604**	**83,710**	**94,029**

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	31 December 2018 £'000	31 December 2017 Restated £'000
Cash flows from operating activities		
Operating profit	**7,502**	8,967
Depreciation charges for the year	**13**	9
Decrease in stock properties	**—**	124
Rent paid treated as interest	**(571)**	(528)
Profit before working capital change	**6,944**	8,572
(Increase)/decrease in receivables	**(1,219)**	302
(Decrease)/increase in payables	**(319)**	293
Cash generated from operations	**5,406**	9,167
Interest paid	**(4,375)**	(4,324)
Income tax paid	**(2,743)**	(1,194)
Net cash (used in)/generated from continuing operating activities	**(1,712)**	3,649
Net cash (used in) discontinued operating activities	**—**	(35)
Cash flows from investing activities		
Purchase of plant and equipment	**—**	(10)
Purchase of investment properties	**(3,894)**	(8,870)
Purchase of investments**	**(2,271)**	—
Corporate disposal (net of cash sold)	**—**	(12)
Proceeds from sale of investment property	**40,790**	2,239
Proceeds from sale of available for sale investments**	**—**	2,046
Proceeds from sale of investments**	**275**	—
Dividend income received	**5**	21
Interest income received	**19**	6
Net cash generated from/(used in) investing activities	**34,924**	(4,580)
Cash flows from financing activities		
Repayments of loans	**(15,161)**	(159)
Loan arrangement fees and associated costs	**(375)**	—
Purchase of own shares	**—**	(213)
Draw down of loan	**500**	4,503
Dividends paid	**(4,067)**	(2,111)
Net cash (used in)/generated from financing activities	**(19,103)**	2,020
Net increase in cash and cash equivalents	**14,109**	1,054
Cash and cash equivalents at the beginning of year*	**5,941**	4,887
Cash and cash equivalents at the end of year*	**20,050**	5,941

* Of this balance £14,436,000 (2017: £nil) is restricted by the Group's lenders i.e. it can only be used for purchase of investment property.

** Shares in listed and/or unlisted companies.

Notes to the Consolidated Accounts

For the year ended 31 December 2018

1. General information

Panther Securities P.L.C. (the "Company") is a Public Limited Company limited by shares and incorporated in England and Wales. The addresses of its Registered Office and principal place of business are disclosed in the introduction to the Annual Report. The principal activities of the Company and its subsidiaries (the Group) are described in the Director's Report.

2. New and revised International Financial Reporting Standards

New and amended Standards which became effective in the year

The Group has adopted the following new and amended standards:

- IFRS 9: Financial instruments
- IFRS 15: Revenue for Contracts with Customers

The disclosures required as a result of these amendments are given in note 4 and note 31.

On initial application of IFRS 9 the Group has applied transitional relief and opted not to restate prior periods. There were no differences identified arising from the adoption of IFRS 9 in relation to measurement and impairment that required recognition at the date of initial application, namely 1 January 2018. The group elected to present, in OCI, changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term.

IRFS 9 Financial Instruments (became effective for accounting periods commencing on or after 1 January 2018). This standard deals with the classification, measurement and recognition of financial assets and liabilities. The Group does not apply hedge accounting on the financial derivatives held, and as such there is no material impact on the financial statements relating to such items. Derivative financial instruments continue to qualify for designation as at fair value through profit and loss. IFRS 9 requires the Group to make an assessment of Expected Credit Losses ('ECLs') on its debtors based on tenant payment history and the Directors' assessment of the future credit risk relating to its trade receivables at reporting dates. The Directors assessment resulted in no material differences and there has been no adjustment to opening balances as a result of IFRS 9.

The Group has elected to apply IFRS 15 prospectively from 1 January 2018. Application of the standard has not had a material effect on the financial statements and no adjustment was required to opening reserves as at 1 January 2018.

In addition to the adoption of IFRS 9 and 15, the following amendments have been issued and are effective for the first time in this period; however there has been no material impact on these financial statements as a result of the changes introduced:

- Amendments to IFRS 4: "Applying IFRS 9 with IFRS 4"
- Amendments to IAS 40: "Transfers of investment property"
- Amendments to IFRS 1 and IAS 28 in "Annual Improvements 2014-2017 cycle"

2. New and revised International Financial Reporting Standards *continued*

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2019 or later periods and have not been early adopted. It is anticipated that these new standards, interpretations and amendments currently in issue at the time of preparing the financial statements (April 2019) are not expected to have a material effect on the consolidated financial statements of the Group.

- IFRS 16 Leases – the adoption of this standard for lessees, will result in almost all leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases will be removed. This is not expected to significantly impact the financial statements of the Group as the Group already treats investment properties held under operating leases as finance leases in accordance with IAS 40 Investment Property. The Group has a very low number of operating leases, at low values comparatively to investment properties, these are for its office and a few smaller assets which will be affected by this standard, however, these are not material to the financial statements.

The Parent Company and subsidiaries have not adopted IFRS in their individual accounts.

3. Critical accounting judgements and key sources of estimation uncertainty

Sources of judgement and estimation uncertainty in respect of the valuation of derivative financial instruments and investment properties are noted in their accounting policies and respective notes.

4. Significant accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted for use in the European Union. The financial statements have been prepared on the historical cost basis, except for the revaluation of Investment Properties, Derivative Financial Instruments and Investments which are carried at fair value.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries disposed of are included within the Income Statement, as profit/(loss) from discontinued operations, to the effective date of disposal. Prior year balances are restated to present the performance of these discontinued operations with this single line. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling share of changes in equity since the date of the combination. Profits applicable to the non-controlling interest in the subsidiary's equity are allocated against the interests of the Group.

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, consideration payable including equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date.

Investment properties
Investment properties, which are properties held to earn rentals and/or capital appreciation, are revalued annually using the fair value model of accounting for Investment Property at the Statement of Financial Position date. When revaluing properties judgements are made based on the covenant strength of tenants, remainder of lease term of tenancy, location and other developments which have taken place in the form of open market lettings, rent reviews, lease renewals and planning consents. Gains or losses arising from changes in the fair value of investment property are included in the Income Statement in the period in which they arise.

In accordance with IAS 17 ('Leases') and IAS 40 ('Investment Property'), a property interest held under an operating lease, which meets the definition of an investment property, is classified as an investment property. The property interest is initially accounted for as if it were a finance lease, recognising as an asset and a liability the present value of the minimum lease payments due by the Group to the freeholder. Subsequently, and as described above, the fair value model of accounting for investment property is applied to these interests. A corresponding interest charge is applied to the finance lease liabilities based on the effective interest rate. Fair value measurement of investment property is classified as Level 3 in the fair value hierarchy. Using the fair value model in IAS 40 is a recurring measurement.

Investment property disposals are recognised on the date that exchange of contracts become unconditional and there is a reasonable expectation that completion will occur. At this point the investment property is derecognised and any difference between consideration received and carrying value is recognised in the Income Statement.

Transfers between investment property and stock properties
Transfers from stock properties to investment property are made at fair value; any difference between the fair value of the property at the date of transfer and its carrying amount is recognised in profit or loss. For a transfer from investment property carried at fair value to inventories, the property's deemed cost for subsequent accounting in accordance with IAS 2 ('Inventories') is its fair value at the date of change in use.

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit or loss for the period. Taxable profit or loss differs from profit or loss as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised 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 profit, and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. Significant accounting policies *continued*

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that have been substantively enacted on or before the Statement of Financial Position date. Deferred tax is charged or credited to the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis. Corporation tax for the period is charged at 19.00% (2017 – 19.25%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

Segment reporting

An operating segment is a component of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

Retirement benefit costs

The Company operates a defined contribution pension scheme and any pension charge represents the amounts payable by the Company to the fund in respect of the year.

Revenue recognition

IFRS 15 Revenue from Contracts is applicable to management fees and other income but excludes rent receivable. The majority of the Group's income is from tenant leases and is outside the scope of the new standard. The financial impact of the new standard is considered immaterial and does not materially impact the financial statements.

Revenue comprises:

- Rental income from tenancy occupied properties net of Value Added Tax where appropriate: The income is recognised on an accruals basis.
- Sale of stock properties: This is recognised on the date that exchange of contracts becomes unconditional, provided that there is a reasonable expectation that completion will occur.

Other income comprises:

- Property management fees on service charge managed properties net of Value Added Tax where appropriate. Income is recognised on an accruals basis when the performance obligations have been met.
- Surrender premiums received on the early termination of tenant leases. Income is recognised on the date of surrender of the lease.
- Option premium and extension fees are recognised when the performance obligations are met and their signed contracts.
- Dilapidation fees received but not expensed against repair costs. Income is recognised when the dilapidation fee has been contractually agreed with the tenant.

The fair value of consideration received or receivable on the above services is recognised when the above revenue can be reliably measured. Revenue from services is recognised evenly over the period in which the services are provided.

Plant and equipment

Fixtures, fittings and motor vehicles are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of plant and equipment less their residual value, over their expected useful lives. The rates used across the Group are as follows:

Fixtures and equipment	10% – 33%	Straight line
Motor vehicles	20%	Straight line

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement.

Impairment of property, plant and equipment

At each Statement of Financial Position date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than the carrying amount of the asset, it is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income Statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss up to value of previous revaluation is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income Statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leasing

All leases are operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease.

Benefits received or provided as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

The accounting policy for investment properties describes the Group's treatment of investment properties held under an operating lease.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument.

4. Significant accounting policies *continued*

Trade receivables

Trade receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. IFRS 9 requires the Group to make an assessment of Expected Credit Losses ('ECLs') on its debtors based on tenant payment history and the Directors' assessment of the future credit risk relating to its trade receivables at reporting dates. The Directors assessment resulted in no material differences and there has been no adjustment to opening balances as a result of IFRS 9.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Bank borrowings

Interest bearing bank loans and overdrafts are initially measured at fair value less any transaction fees such as loan arrangement fees, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Where new bank financing is obtained on substantially different terms to the existing financing the original financial liability is derecognised and a new financial liability recognised.

Derivative financial instruments

Certain financial instruments are entered into by the Directors on behalf of the Group to hedge against interest rate fluctuations. These include interest rate swaps, options, collar and caps. Gains and losses on revaluation exclude interest expense on derivatives. The Group does not hold or issue derivatives for trading purposes. Such derivative financial instruments are initially recognised at fair value on the date at which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date.

The Directors estimate the fair value annually for these financial instruments using the year end yield curve to extract the markets estimate of future pricing for interest rates, this valuation is then considered alongside two valuations obtained from different banks (one being HSBC bank – the counterparty to these agreements) in deciding the most appropriate value. This is an estimation and as such there is uncertainty to the fair value shown within the accounts. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Income Statement for the year. None of the Group's derivative financial instruments qualify for hedge accounting.

Investments

Under IFRS 9, these investments are carried at fair value through other comprehensive income and classified in the Statement of Financial Position as investments. Fair values of these investments are based on quoted market prices where available. The fair value of the investments in unquoted equity securities cannot be measured reliably and they have therefore been measured at cost. Movements in fair value are taken directly to equity. When these investments are considered impaired in accordance with the requirements of IFRS 9, the impairment losses are recognised in the Income Statement. On realisation of the investments, the cumulative gain or loss previously recognised through equity is reclassified from reserves to the Income Statement.

The Group has not designated any financial assets that are not classified as held for trading as financial assets at fair value through the Income Statement. The investments represent investments in listed and unquoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. Those shares that are expected to be held for the long term are shown as non-current assets and those that are held for short term are shown as current assets.

Impairment of investments
At each Statement of Financial Position date the Group reviews any decline in the fair value of investments to determine whether there is any objective evidence that those assets are impaired. If the asset is judged to be impaired the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to the Income Statement being the difference between the acquisition cost and the current fair value, less any impairment loss for that financial asset previously recognised in the Income Statement.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, and are discounted to present value where the effect is material.

Stock properties
Properties that are purchased for future sale are classified as stock properties. Stock properties are valued at the lower of cost and net realisable value. Cost comprises the cost of the property and those overheads that have been incurred in bringing the stock properties to their present condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Share capital
Share capital represents the nominal value of shares issued by the Company.

Share premium
Share premium represents amounts received in excess of nominal value on the issue of share capital.

Treasury shares
Treasury shares represents the cumulative amounts paid to re-purchase shares in the company.

Capital redemption reserve
The capital redemption reserve arises on the purchase of the Company's own shares for cancellation.

Retained earnings
Retained earnings represent the accumulated comprehensive income and losses of the Group less dividends paid.

Dividends
Dividends are recognised based on the value per share declared. Where scrip dividends are issued, the value of such shares, measured as the amount of the cash dividend alternative, is credited to share capital and share premium. The net movement in equity represents the cash paid on the dividend.

5. Revenue, cost of sales and other income

The Group's only operating segment is investment and dealing in property and securities. All revenue, cost of sales and profit or loss before taxation is generated in the United Kingdom. The Group is not reliant on any key customers.

Other income	2018 £'000	2017 £'000
Surrender premium (Maldon)	—	1,365
Contract extension fee (disposals)	113	400
Service charge management fees	99	102
Guarantee fee	33	—
Dilapidations and other	212	38
	457	1,905

6. Operating profit

The operating profit for the year is stated after charging:	2018 £'000	2017 £'000
Depreciation of tangible fixed assets – owned by the Group	13	9
Fees payable to the Group's auditor for the audit of both the parent company and the Group's annual report and accounts	4	3
Fees paid to the Group's auditor for other services:		
The audit of the parent's subsidiaries	87	83
Other services provided	13	10

7. Staff costs

	2018 £'000	2017 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	947	777
Social security costs	107	79
Pension contributions	33	31
	1,087	887

The average monthly number of employees, including Directors, during the year was as follows:

	2018 Number	2017 Number
Directors	5	5
Other employees	16	16
	21	21

8. Directors' remuneration

	2018 £'000	2017 £'000
Emoluments for services as Directors	**285**	277

There are no Directors with retirement benefits accruing under money purchase pension schemes in respect of qualifying services. Please refer to the Directors' Report for information on the highest paid Director and in respect of individual Directors' emoluments.

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. In the opinion of the Board, the Group's key management comprises the Executive and Non-Executive Directors of Panther Securities PLC. Information regarding their emoluments is set out above.

The following disclosures are in respect of employee benefits payable to the Directors of Panther Securities PLC across the Group and are thus stated in accordance with IFRS:

	2018 £'000	2017 £'000
Emoluments for services as directors	**285**	237
Employers NI	**36**	21
Compensation for loss of office	**–**	40
Short term employee benefits (salaries and benefits)	**321**	298

9. Investment income

	2018 £'000	2017 £'000
Interest on bank deposits	**19**	6
Dividends from equity investments	**5**	21
	24	27

10. Finance costs

	2018 £'000	2017 £'000
Interest payable on bank overdrafts and loans	**1,955**	1,774
Interest payable on financial derivatives	**2,533**	2,726
Interest payable on finance lease liabilities*	**571**	528
	5,059	5,028

* Investment properties held under operating leases have been treated as being held under finance leases in accordance with IAS 40.

11. Income tax charge

The charge for taxation comprises the following:

	2018 £'000	2017 £'000
Current year UK corporation tax	**4,684**	1,115
Prior year UK corporation tax	**(71)**	54
	4,613	1,169
Current year deferred tax (credit)/expense – note 26	**(2,960)**	2,321
Income tax expense for the year	**1,653**	3,490

Domestic income tax is calculated at 19.00% (2017 – 19.25%) of the estimated assessable profit or loss for the year. The provision for deferred tax has been calculated on the basis of 17.0% (2017 – 17.0%).

The total charge for the year can be reconciled to the accounting profit or loss as follows;

	2018 £'000	**2018 %**	2017 £'000	2017 %
Profit before taxation	**8,700**		24,791	
Profit before tax multiplied by the average of the standard rate of UK corporation tax of 19.00% (2017 – 19.25%)	**1,653**	**19.00**	4,772	19.25
Tax effect of expenses that are not deductible in determining taxable profit	**15**	**0.2**	30	0.1
Dividend income not allowable for tax purposes	**(1)**	**—**	(6)	—
Tax on chargeable gains in excess of profits	**2,010**	**23.0**	—	—
Losses brought forward	**—**	**—**	(11)	—
Movement in deferred tax on revalued assets	**(1,601)**	**(18.4)**	(930)	(3.8)
Difference in current and deferred tax rates	**(352)**	**(4.0)**	(419)	(1.7)
Prior year corporation tax over provision	**(71)**	**(0.8)**	54	0.2
Tax charge	**1,653**		3,490	

12. Loss or profit attributable to members of the parent undertaking

	2018 £'000	2017 £'000
Dealt with in the accounts of:		
– the parent undertaking	**(5,283)**	(3,249)
– subsidiary undertakings	**12,330**	24,491
	7,047	21,242

Reconciliation of parent company profit and loss

	2018 £'000	2017 £'000
Profit of parent company before intercompany adjustments	**22,880**	7,149
Intercompany dividends (removed on consolidation)	**(28,163)**	(10,398)
Loss attributable to members of the Parent undertaking	**(5,283)**	(3,249)

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	2018 £'000	2017 £'000
Special dividend for the year ended 31 December 2017 of 10p per share	**1,768**	—
Final dividend for the year ended 31 December 2017 of 7p per share (2016: 9p per share)	**1,238**	1,227
Interim dividend for the year ended 31 December 2018 of 6p per share (2017: 5p per share)	**1,061**	884
	4,067	2,111

The Directors recommend a payment of a final dividend, for the year ended 31 December 2018 of 6p per share (2017 – 7p), following the interim dividend paid on 29 November 2018 of 6p per share and a special dividend paid on 17 January 2019 of 15p per share. The final dividend of 6p per share will be payable on 5 September 2019 to shareholders on the register at the close of business on 09 August 2019 (Ex dividend on 08 August 2019).

The full ordinary dividend for the year ended 31 December 2018 is anticipated to be 27p per share, being the 6p interim per share paid, the 15p special dividend per share and the recommended final dividend of 6p per share.

14. Earnings/(loss) per ordinary share (basic and diluted)

The calculation of profit per ordinary share is based on the profit, after excluding non-controlling interests, being a profit of £7,047,000 (2017 – £21,301,000) and on 17,683,469 ordinary shares being the weighted average number of ordinary shares in issue during the year excluding treasury shares (2017 – 17,715,199). There are no potential ordinary shares in existence. The Company holds 63,460 (2017 – 63,460) ordinary shares in treasury.

15. Plant and equipment

	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost			
At 1 January 2017	895	8	903
Additions	10	—	10
Disposal of MRG	(215)	—	(215)
Disposals	(526)	—	(526)
At 1 January 2018	164	8	172
Disposals	(75)	—	(75)
At 31 December 2018	89	8	97
Accumulated depreciation			
At 1 January 2017	832	8	840
Depreciation charge for the year	9	—	9
Disposal of MRG	(205)	—	(205)
Disposals	(526)	—	(526)
At 1 January 2018	110	8	118
Depreciation charge for the year	13	—	13
Disposals	(34)	—	(34)
At 31 December 2018	**89**	**8**	**97**
Carrying amount			
At 31 December 2018	**—**	**—**	**—**
At 31 December 2017	54	—	54
At 1 January 2017	63	—	63

16. Investment properties

	Investment Properties £'000
Fair value	
At 1 January 2017	176,489
Additions	8,870
Disposals	(1,320)
Transferred from stock properties	164
Fair value adjustment on property held on operating leases	846
Revaluation increase	16,776
At 1 January 2018	201,825
Additions	3,894
Disposals	(29,040)
Fair value adjustment on property held on operating leases	(47)
Revaluation increase	(6,396)
At 31 December 2018	**170,236**
Carrying amount	
At 31 December 2018	**170,236**
At 31 December 2017	201,825

At 31 December 2018, £129,739,000 (2017 – £154,747,000) and £40,497,000 (2017 – £47,078,000) included within investment properties relates to freehold and leasehold properties respectively.

On the historical cost basis, investment properties would have been included as follows:

	2018 £'000	2017 £'000
Cost of investment properties	**123,902**	129,725

The Group has pledged £154,743,000 (ignoring finance lease obligations) of investment property (2017 – £180,460,000) as security for the loan facilities granted to the Group at the Statement of Financial Position date.

16. Investment properties *continued*

Costs relating to ongoing and potential developments are included in additions to investment properties and in the year ended 31 December 2018 amounted to £nil (2017 – £nil).

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £13,518,000 (2017 – £12,818,000).

Property valuations are complex, require a degree of judgement and are based on data some of which is publicly available and some that is not. Consistent with EPRA guidance, we have classified the valuations of our property portfolio as level 3 as defined by IFRS 13 Fair Value Measurement. Level 3 means that the valuation model cannot rely on inputs that are directly available from an active market; however there are related inputs from auction results that can be used as a basis. These inputs are analysed by segment in relation to the property portfolio. All other factors remaining constant, an increase in rental income would increase valuation, whilst an increase in equivalent nominal yield would result in a fall in value and vice versa.

In establishing fair value the most significant unobservable input is considered to be the appropriate yield to apply to the rental income. This is based on a number of factors including financial covenant strength of the tenant, location, marketability of the unit if it were to become vacant, quality of property and potential alternative uses.

Yields applied across the majority of the portfolio are in the range of 6.5% – 11.0% with the average yield being circa 9.0%. Assuming all else stayed the same; a decrease of 1.0% in the average yield would result in an increase in fair value of £18,460,000 (2017: £23,118,000). An increase of 1.0% in the average yield would result in a corresponding decrease in fair value.

The property valuations were carried out by the directors at 31 December 2018 (independently by GL Hearn at 31 December 2017). The valuation methodology applied by the Directors and GL Hearn is in accordance with The RICS Valuation Global Standards (effective from July 2017), which is consistent with the required IFRS 13 methodology. IFRS 13 defines fair value 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.

For some properties, valuation was based on an end development rather than investment income in order to achieve highest and best use value. To get the valuation in this instance the end development is discounted by profit for a developer and cost to build to get to the base estimated market value of investment.

The amount of unrealised gains or losses on investment properties is charged to the Income Statement as the movement in fair value of investment properties, for 2018 this was a fair value loss of £6,396,000 (2017 – fair value gain of £16,776,000). The amount of realised gains or losses is shown as the profit on disposal of investment properties within the income statement, for 2018 there was a realised gain of £11,750,000 (2017 – £1,071,000).

17. Subsidiaries

Details of the Company's subsidiaries at 31 December 2018 are as follows;

Name of subsidiary	*Country of incorporation and operation*	*Activity*	*Proportion of ownership interest %*	*Proportion of voting power held %*
Panther Trading Limited	Great Britain	Property	100	100
Panther (Dover) Limited	Great Britain	Property	100	100
Panther Developments Limited	Great Britain	Property	100	100
Panther Shop Investments Limited	Great Britain	Property	100	100
Panther Shop Investments (Midlands) Limited	Great Britain	Property	100	100
Panther Investment Properties Limited	Great Britain	Property	100	100
Panther (Bromley) Limited (*)	Great Britain	Property	100	100
Snowbest Limited	Great Britain	Property	100	100
Surrey Motors Limited	Great Britain	Property	100	100
Westmead Building Company Limited	Great Britain	Property	100	100
Multitrust Property Investments Limited	Great Britain	Property	100	100
Etonbrook Properties PLC	Great Britain	Non-trading	100	100
Northstar Property Investment Limited	Great Britain	Property	100	100
Panther (VAT) Properties Limited	Great Britain	Property	100	100
Northstar Land Limited	Great Britain	Dormant	100	100
London Property Company PLC	Great Britain	Dormant	100	100
Eurocity Properties PLC	Great Britain	Property	100	100
Eurocity Properties (Central) Limited (**)	Great Britain	Property	100	100
CJV Properties Limited (**)	Great Britain	Property	100	100
Panther AL Limited	Great Britain	Property	100	100
Panther AL (VAT) Limited	Great Britain	Property	100	100
Melodybright Limited	Great Britain	Property	100	100
Panther Hinckley (VAT) Limited	Great Britain	Property	100	100
Abbey Mills Properties Limited	Great Britain	Property	100	100
Lord Street Properties (Southport) Limited	Great Britain	Property	99.99	99.99

* – 100% subsidiary of Surrey Motors Limited
** – 100% subsidiaries of Eurocity Properties PLC

All companies have a 31 December year end and have been included in the consolidated financial statements.

The registered office of all the above companies is Unicorn House, Station Close, Potters Bar, Herts., EN6 1TL.

18. Investments

	Non-current assets £'000
Cost or valuation	
At 1 January 2017	908
Movement in fair value taken to equity	279
Disposals	(1,187)
Reclassifying balance of MRG as investment	17
At 1 January 2018	17
Additions	2,271
Movement in fair value taken to equity	(197)
Disposals	(241)
At 31 December 2018	**1,850**
Comprising at 31 December 2018:	
At cost	17
At valuation/net realisable value	1,833
Carrying amount	
At 31 December 2018	**1,850**
At 31 December 2017	17

The investments represent investments in listed and unquoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of the listed securities are based on quoted market prices. The securities carried at fair value are classified as level 1 in the fair value hierarchy specified in IFRS 13. The fair value of investments in unquoted equity securities, which are not publically traded, cannot be reliably measured and have therefore been shown at cost. The valuation of the investments is sensitive to stock exchange conditions.

Price risk

For the year ended 31 December 2018 if the average share price of the portfolio was 10% lower, then the loss recognised in Other Comprehensive Income would have been £183,000 lower (2017: £nil). Corresponding gains would be seen for a 10% uplift.

19. Stock properties

	2018 £'000	2017 £'000
Stock properties	**448**	448

The cost of stock properties recognised as expense and included in cost of sales amounted to £nil (2017 – £124,000). Impairments of £nil have been recognised against stock properties (2017 – £nil).

The market value of stock properties is £1,190,000 (2017 – £1,255,000).

£1,090,000 (2017: £1,155,000) of stock properties at market value have been provided as security for the bank loan from HSBC and Santander referred to in note 25.

The market value shown as at 31 December 2018 was undertaken by the Directors (31 December 2017 was valued independently by GL Hearn). The stock properties are held at the lower of cost and market value and as such any uplift is not recognised in the financial statements.

20. Capital commitments

	2018 £'000	2017 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	**100**	137

The above relates to building works.

21. Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	**4,795**	4,126
Bad debt provision	**(1,659)**	(1,569)
	3,136	2,557
Other receivables	**76**	161
Prepayments	**1,210**	409
Accrued income	**474**	550
	4,896	3,677

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Net trade receivables are financial assets. The total of financial assets included within the financial statements at amortised cost is £23,736,000 (2017 – £9,209,000) (which relates to £3,686,000 (2017 – £3,268,000) included in the above (less prepayments) and the Group's cash or cash equivalents).

Debts are specifically provided once recovery becomes doubtful. The bad debt provision includes all material doubtful debts that the directors are aware of. Other receivables and accrued income are shown net of provisions.

Movement in allowance for doubtful debts on trade and other receivables and cash and cash equivalents:

	Trade receivables £'000	Accrued income £'000	Other receivables £'000	Cash and cash equivalents £'000	Total bad debt provisions £'000
Balance at 1 January 2017	1,538	571	—	52	2,161
Amount written off as uncollectable	(260)	—	—	—	(260)
Charge/(credit) to income statement	291	—	250	(4)	537
Balance at 1 January 2018	1,569	571	250	48	2,438
Amounts written off as uncollectable	(707)	—	—	—	(707)
Charge/(credit) to income statement	797	—	—	(1)	796
Balances at 31 December 2018	**1,659**	**571**	**250**	**47**	**2,527**

The cash and cash equivalents balances provided against related to balances on account with Kaupthing Singer and Friedlander before they went into administration. The Group at the Statement of Financial Position date had received 85.75p in the pound from an original balance of £332,000.

22. Other financial assets

Cash and cash equivalents

Cash and cash equivalents comprise of cash held by the Group and short-term bank deposits. The carrying amount of these assets approximates their fair value.

Credit risk

The Group's financial assets are cash and cash equivalents and trade and other receivables.

The credit risk on liquid funds is mitigated by the use of bank counterparties with high credit-ratings assigned by international credit-rating agencies. Kaupthing Singer and Friedlander went into administration and all of its balances are provided against (see note 21). Further information on the Group's credit risk is detailed within the Group Strategic Report.

23. Share capital

	2018 £'000	2017 £'000
Allotted, called up and fully paid		
17,746,929 (2017 – 17,746,929) ordinary shares of £0.25 each	**4,437**	4,437

The Company has one class of ordinary shares which carry no fixed right to income.

During 2018 no ordinary shares were issued in the period (2017 – no ordinary shares were issued). 63,460 (2017 – 63,460) ordinary shares are held in treasury.

24. Capital reserves

	2018 £'000	2017 £'000
Share premium account		
At 31 December	**5,491**	5,491
Treasury shares		
At 31 December	**(213)**	(213)
Capital redemption reserve		
At 31 December	**604**	604

25. Bank loans

	2018 £'000	2017 £'000
Bank loans due within one year	**1,071**	159
(within current liabilities)		
Bank loans due within more than one year	**58,864**	74,270
(within non-current liabilities)		
Total bank loans	**59,935**	74,429

Analysis of debt maturity	**2018 £'000 Interest***	**2018 £'000 Capital**	**2018 £'000 Total**	2017 £'000 Total
Trade and other payables**	**–**	**6,749**	**6,749**	6,702
Bank loans repayable				
On demand or within one year	**1,693**	**1,071**	**2,764**	2,052
In the second year	**1,664**	**1,071**	**2,735**	3,039
In the third year to the fifth year	**2,070**	**58,115**	**60,185**	75,919
	5,427	**67,006**	**72,433**	87,712

* based on the year end 3 month LIBOR floating rate – 0.90%, and bank rate of 0.58%
** Trade creditors, other creditors and accruals

On 19 April 2016 the Group renewed its £75,000,000 loan facility by entering into a new 5 year term loan with HSBC and Santander. The Group has the option to draw down an additional £10,000,000 under the same agreement subject to the banks credit approval process.

A Shawbrook bank loan of £257,000 at the year end is repayable over its life to September 2022.

Bank loans are secured by fixed and floating charges over the assets of the Group.

The estimate of interest payable is based on current interest rates and as such, is subject to change.

The Directors estimate the fair value of the Group's borrowings, by discounting their future cash flows at the market rate (in relation to the prevailing market rate for a debt instrument with similar terms). The fair value of bank loans is not considered to be materially different to the book value. Bank loans are financial liabilities.

26. Deferred taxation

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods.

	Total £'000
Asset at 1 January 2017	1,140
Debit to equity for the year	(2)
Debit to profit and loss for the year	(2,321)
Liability at 1 January 2018	(1,183)
Debit to equity for the year	34
Credit to profit and loss for the year	2,960
Asset at 31 December 2018	**1,811**

26. Deferred taxation *continued*

Deferred taxation arises in relation to:

Deferred tax

	2018	2017
	£'000	£'000
Deferred tax liabilities:		
Investment properties	**(2,840)**	(5,963)
Deferred tax assets:		
Tax allowances in excess of book value	**281**	292
Fair value of investments	**34**	—
Derivative financial liability	**4,336**	4,488
Net deferred tax asset/(liability)	**1,811**	(1,183)

As at 31 December 2018 the substantively enacted rate was 17% (2017: 17%) and this has been used for the deferred tax calculation.

27. Trade and other payables

	2018	2017
	£'000	£'000
Trade creditors	**5,126**	4,327
Social security and other taxes	**462**	887
Other creditors	**1,138**	969
Obligations under finance leases (see note 30)	**571**	577
Accruals	**485**	1,406
Deferred income	**2,410**	2,779
	10,192	10,945

Trade creditors and accruals comprise amounts outstanding for trade purchases.

The Directors consider that the carrying amount of trade payables approximates their fair value.

All trade and other payables are due within one year. Trade creditors and accruals are financial liabilities.

Liabilities included within the financial statements at amortised cost total £75,227,000 (2017 – £90,149,000) (includes payables above and the long term and short term borrowings, excluding deferred income plus finance lease liabilities).

28. Derivative financial instruments

The main risks arising from the Group's financial instruments are those related to interest rate movements. Whilst there are no formal procedures for managing exposure to interest rate fluctuations, the Board continually reviews the situation and makes decisions accordingly. Hence, the Company will, as far as possible, enter into fixed interest rate swap arrangements. The purpose of such transactions is to manage the interest rate risks arising from the Group's operations and its sources of finance.

Bank loans Interest is charged as to:	**2018** **£'000**	**2018** **Rate**	2017 £'000	2017 Rate
Fixed/Hedged				
HSBC Bank plc*	**35,000**	**7.01%**	35,000	7.01%
HSBC Bank plc**	**25,000**	**6.58%**	25,000	6.58%
Unamortised loan arrangement fees	**(322)**		(489)	
Floating element				
HSBC Bank plc	**—**		14,501	
Shawbrook Bank Ltd	**257**		417	
	59,935		74,429	

Bank loans totalling £60,000,000 (2017 – £60,000,000) are fixed using interest rate swaps removing the Group's exposure to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Financial instruments for Group and Company

The derivative financial assets and liabilities are designated as held for trading.

	Hedged amount £'000	Average rate	Duration of contract remaining 'years'	**2018 Fair value £'000**	2017 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	19.69	**(21,482)**	(22,831)
Interest rate swap	25,000	4.63%	2.92	**(2,517)**	(3,569)
Interest rate swap	25,000	2.13%	10.00	**(1,515)**	—
				(25,514)	(26,400)
Net fair value gain on derivative financial assets				**886**	1,850

* Fixed rate came into effect on 1 September 2008. Rate includes 1.95% margin. The contract includes mutual breaks, the first potential one was on 23 November 2014 (and every 5 years thereafter).

** This arrangement came into effect on 1 December 2011 when HSBC exercised an option to enter the Group into this interest swap arrangement. The rate shown includes a 1.95% margin. This contract includes a mutual break on the fifth anniversary and its duration is until 1 December 2021.

28. Derivative financial instruments *continued*

Interest rate derivatives are shown at fair value in the Income Statement, and are classified as level 2 in the fair value hierarchy specified in IFRS 13.

The vast majority of the derivative financial liabilities are due in over one year and therefore they have been disclosed as all due in over one year.

The above fair values are based on quotations from the Group's banks and Directors' valuation.

Analysis of debt maturity

Annual cash flows in respect of derivative financial instruments are approximately £2,533,000 per annum based on current LIBOR rates.

Interest rate risk

For the year ended 31 December 2018, if on average the 3 month LIBOR over the year had been 100 basis points (1%) higher with all other variables held constant, under the financing structure in place at the year end, profit before tax for the year would have been approximately £91,000 lower (2017: £127,000 lower). This analysis excludes any affect this rate adjustment might have on expectations of future interest rates movements which is likely to affect the estimation of the fair value of the derivative financial liabilities (as this movement would also be shown within the Income Statement affecting post-tax profit or loss), but indicates the likely cash saving/(cost) a 100 basis points (1%) movement would have had for the Group.

Treasury management

The long-term funding of the Group is maintained by three main methods, all with their own benefits. The Group has equity finance, has surplus profits and cash flow which can be utilised, and also has loan facilities with financial institutions. The various available sources provide the Group with more flexibility in matching the suitable type of financing to the business activity and ensure long-term capital requirements are satisfied. Please also see the Financial Risk management: Objectives, policies and processes for managing risk, of the Group Strategic Report.

29. Contingent liabilities

There were no contingent liabilities at the year end (2017: nil).

30. Operating lease arrangements and obligations under finance leases

The Group as lessee

The Group paid rent under non-cancellable operating leases in the year of £940,000 (2017 – £759,000).

The majority of these non-cancellable lease obligations are long leasehold investments in which the Group receives a profit rent. These investments often have rents payable, often with a contingent element (for example paying a proportion of collected rents), and a minimum rent obligation that is due to the superior landlord.

The average lease length is 195 years. The minimum rental payment obligations due under these operating leases and anticipated rental income derived from these investments are shown below. The difference between the rents payable in the year of £940,000 (2017: £759,000) and the minimum for the year of £611,000 (2017: £614,000) is related to the contingent element only payable out of rents receivable.

Minimum future payments under non-cancellable operating leases

(Lessee)	**2018 £'000**	2017 £'000
Payable within one year	**611**	614
Payable between one year and five years	**2,562**	2,536
Payable in more than five years	**44,283**	45,203
	47,456	48,353

Anticipated rental income derived under non-cancellable sub leases

(Lessor)	2018 £'000	2017 £'000
Payable within one year	**3,727**	4,026
Payable between one year and five years	**10,820**	12,432
Payable in more than five years	**7,446**	9,116
	21,993	25,574

Obligations under finance leases

Investment property held under an operating lease is initially accounted for as if it were a finance lease, recognising as an asset and a liability the present value of the minimum lease payments due by the group to the freeholder. Subsequently and as described in accounting policies, the fair value model of accounting for investment property is applied to these interests.

	2018 £'000	2017 £'000
Obligations under finance leases due within one year		
(included within current liabilities)	**571**	577
Obligations under finance leases due within one to five years	**2,284**	2,308
Obligations under finance leases due in more than five years	**5,226**	5,244
(included within non-current liabilities)	**7,510**	7,552
Total obligations under finance leases	**8,080**	8,129

The Group as a lessor

The Group rents out its investment properties under operating leases. Revenue represents the Groups rental income for the year.

Contracted rental income derived under non-cancellable operating leases on investment properties

	2018 £'000	2017 £'000
Payable within one year	**11,863**	11,985
Payable between one year and five years	**35,315**	37,990
Payable in more than five years	**39,045**	49,638
	86,223	99,613

31. Reconciliation of liabilities from financing activities

	1 January 2017 £'000	Cash flow £'000	Non-cash movements New Leases £'000	Other non-cash movements £'000	31 December 2017 £'000
Derivative financial instruments	(28,250)	—	—	1,850	(26,400)
Finance leases (current)	(514)	528	(60)	(531)	(577)
Finance leases (non-current)	(6,769)	—	(743)	(40)	(7,552)
Borrowings (current)	(150)	158	—	(167)	(159)
Borrowings (non-current)	(69,769)	(4,503)	—	2	(74,270)
	(105,452)	(3,817)	(803)	1,114	(108,958)

	1 January 2018 £'000	Cash flow £'000	Non-cash movements New Leases £'000	Other non-cash movements £'000	**31 December 2018 £'000**
Derivative financial instruments	(26,400)	—	—	886	**(25,514)**
Finance leases (current)	(577)	571	6	(571)	**(571)**
Finance leases (non-current)	(7,552)	—	(529)	571	**(7,510)**
Borrowings (current)	(159)	161	—	(1,073)	**(1,071)**
Borrowings (non-current)	(74,270)	14,125	—	1,281	**(58,864)**
	(108,958)	14,857	(523)	1,094	**(93,530)**

32. Events after the reporting date

In March 2019, we exchanged to sell our freehold property in Victoria Street, Wolverhampton development site with a completion date set for the end of July 2019 for £710,000 with a non-refundable deposit collected of £85,200 received at exchange.

33. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The compensation of the Group's key management personnel is shown in note 8 to the financial statements and Directors' emoluments are shown in note 8 and the Directors' Report.

Included within the financial statements is £863,000 (2017: £840,000) of rental income in respect of JE Beale PLC, a company which for part of the year had some common directors to the Group. Within the Consolidated Statement of Financial Position £1,261,000 (2017: £573,000) is outstanding and included within trade receivables. We have made a bad debt provision on this debtor and therefore the net balance showing as receivable at the year-end is £552,000 (2017: 191,000). In order to accelerate the collection of these rent arrears a discount was offered for quick repayment but the write off is fully covered within the existing provision. These balances include a new lease entered into by the Group to JE Beale PLC, in Great Yarmouth and Lowestoft. These were both leases that JE Beale PLC took assignment from existing tenant, and they are both three year leases with combined rental income of £207,500pa.

JE Beale PLC ceased to be considered a related party in October 2018 when Portnard Ltd (a major shareholder in the Company) sold its entire shareholding in this business. JE Beale PLC will still continue to be the Group's tenant.

In July 2017, the Group purchased 63,460 shares which J. T. Doyle, who resigned as a director from the Group in June 2017, sold through the market. The purchase price paid was £213,000 or £3.35 per share, which will be slightly more than he would have received due to fees and market maker spread. In 2018 we paid him a bonus of £20,000 based on his previous involvement in a transaction that completed in the year, but exchanged when he was a director.

At 31 December 2018 included within creditors was, £24,000 (2017: £29,000) payable to the estate of late F Perloff, £4,000 (2017: £7,000 due to him) due from H Perloff, both close family members of a director. Movement in the year related to property management services.

At 31 December 2018 included within creditors was, £49,000 (2017: £56,000) owed to Maland Pension Fund a company sponsored pension scheme (for a director). This is a trading relationship as the balance owed was in relation to a jointly managed property were the interests were split and have been for many years. No contributions have been made by the company for over a decade and there are no plans to make any further contributions.

In December 2017, MRG Systems Ltd was disposed of by the Group. This disposal was a related party transaction under AIM Rules, as some of the shares were purchased by Directors in MRG which was part of the Group.

During the year dividends of £1,127,000 (2017: £304,000) were paid to directors of the Group.

34. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2019.

Parent Company Independent Auditor's Report

Independent Auditor's Report to the Members of Panther Securities PLC

Opinion
We have audited the financial statements of Panther Securities PLC (the 'Parent Company') for the year ended 31 December 2018 which comprise the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity and the Notes to the Parent Company Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Parent Company financial statements:

- give a true and fair view of the state of the Parent Company's affairs as at 31 December 2018;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Parent Company financial statements section of our report. We are independent of the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Parent Company financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Other information
The other information comprises the information included in the Annual Report and Financial Statements, other than the Group and Parent Company financial statements and our auditor's reports thereon. The Directors are responsible for the other information. Our opinion on the Parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Parent Company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Parent Company financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Parent Company financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Parent Company financial statements are prepared is consistent with the Parent Company 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 Parent 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 20, the directors are responsible for the preparation of the Parent Company 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 Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent Company financial statements, the Directors are responsible for assessing the Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Parent Company financial statements
Our objectives are to obtain reasonable assurance about whether the Parent Company 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 Parent Company financial statements.

A further description of our responsibilities for the audit of the parent company financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Parent Company Independent Auditor's Report continued

Other matter

We have reported separately on the Group financial statements of Panther Securities PLC for the year ended 31 December 2018. That report includes the key audit matters and other audit planning and scoping matters that relate to the Parent Company.

Use of our opinion

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jacqueline Oakes
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

30 April 2019

Parent Company Statement of Financial Position

Company number 00293147

As at 31 December 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Fixed assets					
Investments	37		**26,198**		24,365
Current assets					
Debtors	38	**98,724**		105,707	
Cash at bank and in hand		**18,141**		5,427	
		116,865		111,134	
Creditors: amounts falling due within one year	39	**(15,940)**		(10,807)	
Net current assets			**100,925**		100,327
Total assets less current liabilities			**127,123**		124,692
Creditors: amounts falling due after more than one year	40		**(58,678)**		(74,011)
Derivative financial liability	28		**(25,514)**		(26,400)
Net assets			**42,931**		24,281
Capital and reserves					
Called up share capital	42		**4,437**		4,437
Share premium account			**5,491**		5,491
Treasury shares			**(213)**		(213)
Capital redemption reserve			**604**		604
Profit and loss account			**32,612**		13,962
Shareholders' funds			**42,931**		24,281

As permitted under Section 408 of the Companies Act 2006, no Income Statement or Statement of Comprehensive Income is presented for the parent company.

The Parent Company made a profit of £22,880,000 (2017: £7,149,000).

The accounts were approved by the Board of Directors and authorised for issue on 29 April 2019. They were signed on its behalf by:

A.S. Perloff
Chairman

Parent Company Statement of Changes in Equity

For the year ended 31 December 2018

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2017	4,437	5,491	—	604	8,916	19,448
Profit for the year	—	—	—	—	7,149	7,149
Treasury shares purchased	—	—	(213)	—	—	(213)
Movement in fair value of available for sale investments taken to equity	—	—	—	—	279	279
Realised fair value on disposal of available for sale investments previously taken to equity	—	—	—	—	(269)	(269)
Deferred tax relating to movement in fair value of available for sale investments taken to equity	—	—	—	—	(53)	(53)
Realised tax relating to disposal of available for sale investments previously taken to equity	—	—	—	—	51	51
Dividends	—	—	—	—	(2,111)	(2,111)
Balance at 1 January 2018	4,437	5,491	(213)	604	13,962	24,281
Profit for the year	—	—	—	—	22,880	22,880
Movement in fair value of investments taken to equity	—	—	—	—	(197)	(197)
Deferred tax relating to movement in fair value of investments taken to equity	—	—	—	—	34	34
Dividends	—	—	—	—	(4,067)	(4,067)
Balance at 31 December 2018	**4,437**	**5,491**	**(213)**	**604**	**32,612**	**42,931**

35. Accounting policies for the Parent Company

The Parent Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Basis of preparation of financial statements

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the exemption from providing certain comparative information;
- the exemption from preparing a statement of cash flows;
- the exemption from declaring compliance with IFRS;
- the exemption from disclosing aspects of capital risk management;
- the exemption from providing a reconciliation on the number of shares outstanding;
- the exemption from disclosing information about IFRS in issue but not yet adopted;
- the exemption from disclosing key management personnel compensation; and
- the exemption from disclosing transactions between wholly owned group members.

In relation to the following exemptions equivalent disclosures have been given in the consolidated financial statements:

- the exemption from certain financial instrument disclosures; and
- the exemption from certain fair value disclosures.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Judgements and key sources of estimation uncertainty of the Group, applicable to the consolidated financial statements have been disclosed in note 3 to the consolidated financial statements. There are no additional judgements and key sources of estimation uncertainty that are applicable to the Parent Company only.

Significant accounting policies

The accounting policies of the Parent Company are identical to those adopted in the Consolidated Financial Statements of the Group, where applicable, with the exception of revenue recognition and the addition of investments in subsidiaries.

Revenue recognition

Turnover comprises dividend income from investments recognised when the Company's rights to receive payment have been established.

Investments

Investments in subsidiaries undertakings are stated at cost less any provisions for impairment. Investments in quoted or listed shares are carried at fair value through other comprehensive income and classified in the Statement of Financial Position as investments. Fair values of these investments are based on quoted market prices where available. The fair value of the investments in unquoted equity securities cannot be measured reliably and they have therefore been measured at cost. Movements in fair value are taken directly to equity. When these investments are considered impaired in accordance with the requirements of IFRS 9, the impairment losses are recognised in the Income Statement. On realisation of the investments, the cumulative gain or loss previously recognised through equity is reclassified from reserves to the Income Statement.

36. Staff costs

	2018 £'000	2017 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**947**	777
Social security costs	**107**	79
Pension contributions	**33**	31
	1,087	887

The average monthly number of employees, including Directors, during the year was as follows:	2018 Number	2017 Number
Directors	**5**	6
Other employees	**16**	15
	21	21

37. Fixed asset investments

	Shares in Group undertakings £'000	Other investments £'000	Total £'000
Cost or valuation			
At 1 January 2018	24,348	17	24,365
Movement in fair value of Investments taken to equity	—	(197)	(197)
Purchase of shares	—	2,271	2,271
Disposal	—	(241)	(241)
At 31 December 2018	**24,348**	**1,850**	**26,198**
Investments:			
Listed	—	1,833	1,833
Unlisted	**24,348**	**17**	**24,365**

The above investments are shown at market value where there is an active market for these shares. The historic cost of listed investments is £2,030,000 (2017: £nil).

For details of the Company's subsidiaries at 31 December 2018, see note 17.

38. Debtors

	2018 £'000	2017 £'000
Due less than one year:		
Trade debtors	**287**	216
Corporation tax	**2,573**	862
Amounts owed by Group undertakings	**90,809**	100,108
Other debtors	**—**	9
Prepayments and accrued income	**685**	24
Due more than one year:		
Deferred tax (note 41)	**4,370**	4,488
	98,724	105,707

39. Creditors
Amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	**1,109**	117
Bank loans	**1,000**	—
Amounts owed to Group undertakings	**13,610**	9,706
Social security and other taxes	**70**	49
Other creditors	**90**	157
Accruals and deferred income	**61**	778
	15,940	10,807

40. Creditors
Amounts falling due after more than one year

	2018 £'000	2017 £'000
Bank loans	**58,678**	74,011

The bank loan is secured by first fixed charges on the properties held within the Group and floating charge over all the assets of the Company. The lenders have also taken fixed security over the shares held in the Group undertakings.

41. Deferred taxation
The following potential deferred taxation asset is recognised:

	2018 £'000	2017 £'000
Fair value of investments	**34**	—
Fair value of financial instruments	**4,336**	4,488
	4,370	4,488

42. Called up share capital

	2018 £'000	2017 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
17,746,929 (2017: 17,746,929) ordinary shares of £0.25 each	**4,437**	4,437

The Company is limited by shares and has one class of ordinary shares which carry no right to fixed income.

During 2018, no ordinary shares were issued in the period (2017: none). 63,460 (2017 – 63,460) ordinary shares of £0.25 each are held in treasury representing 0.4% of the Company's issued share capital.

43. Other commitments

At 31 December 2018 the Company had total commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2018 £'000	2017 £'000
Expiry date:		
Less than one year	**–**	–

44. Related party transactions

In July 2017, the Group purchased 63,460 shares which J. T. Doyle, who resigned as a director from the Group in June 2017, sold through the market. The purchase price paid was £213,000 or £3.35 per share, which will be slightly more than he would have received due to fees and market maker spread. In 2018 we paid him a bonus of £20,000 based on his previous involvement in a transaction that completed in the year, but exchanged when he was a director.

At 31 December 2018 included within creditors was, £24,000 (2017: £29,000) payable to the estate of late F Perloff, £4,000 (2017: £7,000 due to him) due from H Perloff, both close family members of a director. Movement in the year related to property management services.

At 31 December 2018 included within creditors was, £49,000 (2017: £56,000) owed to Maland Pension Fund a company sponsored pension scheme (for a director). This is a trading relationship as the balance owed was in relation to a jointly managed property were the interests were split and have been for many years. No contributions have been made by the company for over a decade and there are no plans to make any further contributions.

In December 2017, MRG Systems Ltd was disposed of by the Group. This disposal was a related party transaction under AIM Rules, as some of the shares were purchased by Directors in MRG which is part of the Group.

During the year dividends of £1,127,000 (2017: £304,000) were paid to directors of the Group.

45. Risk management

For information on the Company's risk management please refer to note 28 of the Group accounts.

46. Events after the reporting period date

There were no material events after the reporting date.

47. Authorisation of financial statements and statement of compliance with FRS101

The financial statements of Panther Securities PLC (the "Company") for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 29 April 2019 and the Statement of Financial Position was signed on the board's behalf by A S Perloff. Panther Securities PLC is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest (£000's) except when otherwise indicated.

The results of Panther Securities PLC are included within the consolidated financial statements of Panther Securities PLC. The principal accounting policies adopted by the Company are set out in note 35.

Notice of Annual General Meeting

Notice is hereby given that the 85th Annual General Meeting of Panther Securities P.L.C. will be held at Nexia Smith and Williamson, 25 Moorgate, London EC2R 6AY on 21 June 2019 at 11.30 a.m. for the following purposes:-

As Ordinary Business

1. To receive and adopt the Group Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2018 contained in the document entitled "Annual Report and Financial Statements 2018".

2. To authorise the payment of a final dividend of 6.0p per ordinary share.

3. To re-elect B. R. Galan who is retiring by rotation, as a Director.

4. To re-elect P. M. Kellner who is retiring by rotation, as a Director.

5. To re-appoint the auditors Nexia Smith & Williamson and to authorise the Directors to determine their remuneration.

As Special Business

To consider, and, if thought fit, pass the following resolutions of which resolutions 6 and 8 will be proposed as ordinary resolutions and resolution 7 as a special resolution.

6. That for the purposes of section 551 Companies Act 2006 (and so that expressions used in this resolution shall bear the same meaning as in the said section 551):

   6.1 the Directors be and are generally and unconditionally authorised to allot equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum aggregate nominal amount of £2,400,000 to such persons and at such times and on such terms as they think proper during the period expiring at the earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2020 (unless previously revoked or varied by the Company in general meeting) except that the Company may before such expiry make any offer or agreement which could or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if such authority had not expired; and

   6.2 this resolution revokes and replaces all unexercised authorities previously granted to the directors pursuant to section 551 of the Companies Act 2006 but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to made pursuant to such authorities.

7. That, subject to the passing of resolution 6, set out in the Notice convening this Meeting, the Directors are empowered in accordance with section 571 of the Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash, pursuant to the authority conferred on them to allot equity securities (as defined in section 560 of the Act) by that resolution and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act 2006, in each case as if section 561 (1) of the Companies Act 2006 did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to:

   7.1 the allotment of equity securities in connection with an issue or offering in favour of or sale to holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory;

7.2 the allotment or sale (otherwise than pursuant to paragraph7.1 above) of equity securities up to an aggregate nominal value not exceeding £221,000; and

7.3 the power granted by this resolution, unless renewed, shall expire at the earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2020 but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

8. That the Company is generally and unconditionally authorised for the purpose of section 701 Companies Act 2006 to make market purchases (as defined in section 693 (4) of the said Act) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") provided that the Company be and is hereby authorised to purchase its own shares by way of market purchase upon and subject to the following conditions:-

8.1 The maximum number of shares which may be purchased is 2,500,000 ordinary shares;

8.2 The maximum price (exclusive of expense) at which any share may be purchased is the price equal to 5 per cent, above the average of the middle market quotations of an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days preceding the date of such purchase, and the minimum price at which any share may be purchased shall be the par value of such share; and

8.3 The authority to purchase conferred by this Resolution shall expire at the conclusion of the next Annual General Meeting of the Company provided that any contract for the purchase of any shares as aforesaid which was concluded before the expiry of the said authority may be executed wholly or partly after the said authority expires.

The directors believe that the proposals in resolutions 1-8 are in the best interests of shareholders as a whole and they unanimously recommend that you vote in favour of the resolutions.

By order of the Board
S. J. Peters
Company Secretary

Registered Office
Unicorn House
Station Close, Potters Bar
Hertfordshire EN6 1TL

29 April 2019

See over for notes.

Notes

1. Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his stead. Such a proxy need not also be a member of the Company.

2. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.

3. A proxy form is enclosed. To appoint a proxy, shareholders must complete:

   - a form of proxy and return it together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority, to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU; or
   - a CREST Proxy Instruction (as set out in paragraph 5 below);

   in each case so that it is received not later than 48 hours before the meeting. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment.

   Please read the notes on the proxy form. The return of a completed proxy form, will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

5. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. 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, in order to be valid, be transmitted so as to be received by the Company's agent RA10, by the latest time for receipt of proxy appointments set out in paragraph 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

6. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or 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 shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

7. 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).

8. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the

shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1, 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

9. A statement of all transactions of each Director and his family interests in the share capital of the Company will be available for inspection at the Company's registered office during normal business hours from the date of this notice up to the close of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

10. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders included in the register of members of the Company at the close of business on 20 June 2019 or, if the meeting is adjourned, in the register of members at close of business. on the day which is two days before the day of any adjourned meeting, will be entitled to attend and to vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the share register at close of business on 20 June 2019, or, if the meeting is adjourned, in the register of members at close of business. on the day which is two days before the day of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

11. As at 9.00 a.m. on 30 April 2019, the Company's issued share capital comprised 17,683,469 ordinary shares of 25 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 9.00 a.m. on 30 April 2019 is 17,683,469.

12. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

13. Any member attending the meeting has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

14. If you have sold or otherwise transferred all your ordinary shares in the Company, please forward this annual report and accounts to the purchaser or transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

15. No Director is employed under a contract of service.

16. You may not use any electronic address provided in this Notice, or any related documents including the proxy form, to communicate with the Company for any purposes other than those expressly stated.

17. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at www.pantherplc.com.

Explanatory Notes to the Notice of Annual General Meeting
The following notes provide an explanation as to why certain resolutions set out in the notice of the Annual General Meeting of the Company to be held on 21 June 2019 are to be put to shareholders.

All resolutions save for Resolution 8 are ordinary resolutions and will be passed if more than 50% of the votes cast for or against are in favour. Resolution 8 is a special resolution and requires 75% of the votes cast.

Resolution 1 – Laying of accounts and adoption of reports
The directors are required by the Companies Act 2006 to present to the shareholders of the Company at a general meeting the reports of the directors and auditors, and the audited accounts of the Company, for the year ended 31 December 2018. The report of the directors and the audited accounts have been approved by the directors, and the report of the auditors has been approved by the auditors. A copy of each of these documents may be found in the document entitled “Annual Report and Financial Statements 2018”.

Resolutions 3 and 4 – Re-election of directors
In accordance with the Articles of Association of the Company Bryan Galan and Peter Kellner will stand for re-election as directors of the Company. Biographical information for the directors and details of why the Board believes that they should be re-elected is shown in the Corporate Governance Report.

Resolution 5 – Auditors’ re-appointment and remuneration
The Companies Act 2006 requires that auditors be appointed at each general meeting at which accounts are laid, to hold office until the next such meeting. The resolution seeks shareholder approval for the re-appointment of Nexia Smith & Williamson and the giving to the directors the authority to determine the remuneration of the auditors for the audit work to be carried out by them in the next financial year. The amount of the remuneration paid to the auditors for the next financial year will be disclosed in the next audited accounts of the Company.

Resolution 6 – Authority to the directors to allot shares
The Companies Act 2006 provides that the directors may only allot shares if authorised by shareholders to do so. Resolution 6 will, if passed, authorise the directors to allot shares and to grant rights to subscribe for, or convert securities into, shares up to a maximum nominal amount of £2,400,000, which represents an amount which is approximately equal to 55% of the issued ordinary share capital of the Company as at 29 April 2019 the latest practicable date prior to the publication of the notice.

Resolution 7 – Dis-application of statutory pre-emption rights
The Companies Act 2006 requires that, if the Company issues new shares for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. It is proposed that the directors be authorised to issue shares for cash and/or sell shares from treasury up to an aggregate nominal amount of £241,000 (representing approximately 5% of the Company’s issued ordinary share capital as at 29 April 2019, the latest practicable date prior to the publication of the notice) without offering them to shareholders first in order to raise a limited amount of capital easily and quickly if needed. The resolution also modifies statutory pre-emption rights to deal with legal, regulatory or practical problems that may arise on a rights or other pre-emptive offer or issue. If resolution 7 is passed, this authority will expire at the same time as the authority to allot shares given pursuant to resolution 6.

Resolution 8 – Purchase of own shares by the Company
If passed, this resolution will grant the Company authority for a period of up to the end of the next annual general meeting to buy its own shares in the market. The resolution limits the number of shares that may be purchased to 5% of the Company’s issued share capital as at 30 April 2019, the latest practicable date prior to the publication of the notice. The price per ordinary share that the Company may pay is set at a minimum amount (excluding expenses) of 25 pence per ordinary share and a maximum amount (excluding expenses) of 5% over the average of the previous five business days’ middle market prices. The directors will only make purchases under this authority if they believe that to do so would result in increased earnings per share and would be in the interests of the shareholders generally.

Ten Year Review

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
			(restated)		(restated)					
Rental income	13,607	12,946	12,965	12,840	12,512	12,502	10,781	8,961	7,717	7,380
Revenue/ turnover	13,607	12,946	12,965	14,443	14,832	14,319	12,673	11,940	10,085	9,251
Profit or (loss) before tax	8,700	24,791	(2,015)	8,470	4,377	8,155	(4,633)	(2,312)	6,401	2,953
Earnings or loss per ordinary share	39.9p	120.2p	(5.5)p	38.7p	26.8p	41.7p	(17.2)p	(5.1)p	34.8p	14.7p
Dividend per ordinary share*	27.0p	22.0p**	12.0p	22.0p**	12.0p	12.0p	12.0p	12.0p	15.0p**	12.0p
Employment of finance:										
Non-current assets/ fixed assets	173,897	201,896	178,600	177,014	175,991	160,373	157,000	139,585	116,099	101,412
Current assets less current liabilities	12,020	(1,279)	(1,437)	(70,764)	(1,866)	(2,014)	1,893	9,017	(30,308)	21,123
Total assets less current liabilities	185,917	200,617	177,163	106,340	174,125	158,359	158,893	148,602	85,791	122,535
Financed by:										
Shareholders' funds (net assets of the group)	94,029	91,212	72,279	76,017	71,472	67,876	61,992	66,955	71,222	68,010
Long-term borrowings	58,864	74,270	69,769	591	71,058	68,760	68,857	60,252	1,325	43,970
Derivative financial liability	25,514	6,400	28,250	22,912	24,475	14,662	20,705	19,928	9,293	6,744
Deferred tax	–	1,183	–	100	–	–	–	151	2,648	2,670
Net assets attributable to ordinary shares per 25p ordinary share	**532p**	516p	407p	428p	409p	395p	367p	397p	422p	403p

* Based on those declared in the financial year
** Includes special dividend

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