PANTHER SECURITIES PLC

ANNUAL REPORT &
FINANCIAL STATEMENTS
2019

COMPANY NUMBER 00293147

Andrew Perloff

(Chairman & Chief Executive)

Joined: 1972

Simon Peters

(Finance Director)

Joined: 2004

John Perloff

(Executive Director)

Joined: 1994

Peter Kellner

(Non-Executive Director)

Joined: 1994

Bryan Galan

(Non-Executive Director)

Joined: 1994

Raphael Rotstein

(Assistant to Finance Director)

Joined: 2017

Jack Bispham

(Joint Head of Property)

Joined: 2011

Richard Swan

(Joint Head of Property)

Joined: 2010

Anthony Kellner

(Solicitor)

Joined: 2006

Hyam Harris

(In-House Legal Advisor)

Joined: 1985

Vandana Shah

(Finance Controller)

Joined: 2017

Ram Patel

(Finance Controller)

Joined: 1991

Lee Avanzo

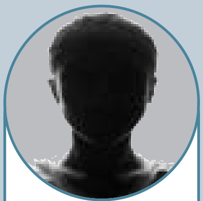
(Head of Credit Control)

Joined: 2013

Ingrid Tack

(Architectural Technician)

Joined: 2019



Lee-Anna Mayers

(Property Manager)

Joined: 2014

Tara Norrington

(Property Administrator)

Joined: 2018

Hiral Parikh

(Accounts Administrator)

Joined: 2019

Yvonne Headlam

(Reception)

Joined: 2005

Marsha Vaknine

(PA to Chairman)

Joined: 2017

Kerry Howard

(PA to Chairman)

Joined: 1988

Nicola Adams

(PA to Executive Director)

Joined: 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
Joint Brokers	Raymond James Investment Services Ropemaker Place, 25 Ropemaker St, London, EC2Y 9LY
Registrars	Link Asset Services 6th Floor, 65 Gresham Street, London, EC2V 7NQ
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 10 Finsbury Square, London, EC2A 1AF Blake Morgan LLP New Kings Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG

* Member of the Audit Committee and Remuneration Committee

The Year in Brief

	2019 £'000	2018 £'000
Revenue – rents receivable	**14,226**	13,607
(Loss)/profit before tax	**(4,963)**	8,700
Total comprehensive (loss)/income for the year	**(4,240)**	6,884
Net assets of the Group	**84,946**	94,029
(Loss)/earnings per 25p ordinary share		
Basic and diluted – continuing operations	**(23.1)p**	39.9p
Dividend per ordinary share		
(based on those proposed in relation to the financial year)	**12p**	27p*
Net assets attributable to ordinary shareholders per 25p ordinary share	**480p**	532p

* 6p interim was paid in 2018, 15p special was paid in January 2019, and 6p was paid in January 2019.

Chairman's Statement

I am pleased to present our accounts for the year ended 31 December 2019 even though they show a loss of £4,093,000 after allowing for a tax credit of £870,000. This loss is mainly due to a directors' revaluation of our entire portfolio amounting to an £8,832,000 decrease in value.

Our rental receivable during the year ended 31 December 2019 amounted to £14,226,000 compared to the previous year of £13,607,000 despite having sold over £40,000,000 of property during the previous year. The income lost from these sold properties has more than been replaced by purchases probably costing less than half the capital received from the earlier sales.

Disposals

Victoria Street, Wolverhampton

This freehold corner site which had been cleared after receiving planning permissions for two alternative developments was sold for £710,000 against a previous book value of £150,000.

Skinnergate, Darlington

A large, vacant freehold shop in Skinnergate, Darlington, with a book value of £400,000, was sold to the local council for £355,000 after being vacated by Argos PLC following their takeover and reorganisation by Sainsbury's. This property was on the point of being let to a well-known multiple who withdrew a few days before signing the lease. This was due to House of Fraser and Marks & Spencer both announcing they were closing their stores in the town only the previous week. Large stores are, of course, vital to town centres as they draw in shoppers thus helping all town centre traders, large and small. I am not sure central government even now understand this point.

High Street, Kings Lynn

Whilst not really a disposal, this single unit, let to a charity shop, experienced a fire that completely destroyed the unit. We received insurance proceeds of which £145,000 has been treated as value over its book value, after we have provided about a third of the receipts to cover demolition and site clearance (and left a small amount within Investment Properties to account for the land value).

Acquisitions

New Century and Jackson House, Gateshead

In July 2019 we completed on the freehold purchase of New Century and Jackson House in Gateshead for £4.65m. This is a large block containing a mix of retail, offices and leisure with a net internal area of 91,663 sq. ft. located in the centre of Gateshead directly opposite the metro station and approximately a mile from Newcastle City Centre. The block is anchored by Pure Gym on a long lease, with J D Wetherspoon, Argos and Peacocks being some of the other well-known tenants. At the date of acquisition, the block was producing an income of £790,000 per annum showing a return of 17.0% prior to costs. There are various asset management opportunities to improve the income by letting some vacant space.

De Clare Business Park, Pontygwindy Road, Caerphilly

On 4 September 2019 we completed the freehold acquisition of De Clare Business Park, Caerphilly, South Wales for £2.7m. This business park is made up of four independent modern office buildings with the majority of the offices let to the government and local council. In total there is circa 48,241 sq. ft. of office space with parking for 163 vehicles. With a current rent roll of £376,000 per annum, this represents a return of 13.9% and adds non-retail diversification to our portfolio. There is some vacant space available and we may be able to increase the rents, enhancing the scheme's value under our own management. During the acquisition process we were able to agree terms for a letting of one of the vacant suites at a higher rent per square foot than had previously been expected.

Beales

In last year's accounts I mentioned my private company had, in October 2018, disposed of its interest in Beales's trading operations to its management who were able to arrange additional finance from a private equity company with extensive retail connections and experience.

I took this decision as I felt Beales had a much better chance of survival as the management buyout was supported by a fund with deeper pockets and wider retail connections than my own. However, central government actions, and inactions, and shrinking markets overwhelmed department store groups' ability to produce a profit thus many CVAs, administrations and store closures in the retail sector have been occurring.

Beales was placed in administration on 20 January 2020. We received a number of questions from concerned shareholders and stakeholders regarding the effect on the Panther Group. On 27 January 2020 we announced that in a worst case scenario if trading ceased in all thirteen of their stores owned by the Panther Group there should not be a material effect on our current year's revenue or long term effect on the freehold values of the properties they occupied.

Chairman's Statement continued

Recently it was announced that practically all their stores would close due to the severe deterioration in the trading climate caused by the COVID-19 pandemic.

The Panther Group owns Beales stores in Peterborough, Mansfield, Great Yarmouth, two in Lowestoft, Skegness, St Neots, Spalding, Wisbech, Beccles, Diss, Keighley, Bishop Auckland and Perth. These properties are all freehold in town centre positions, mostly large in size, in different degrees of primeness of position and desirability.

The total gross floor area of these buildings is about 750,000 sq. ft. and the rental income lost from Beales' tenancies was about £887,000 per annum. However, we should receive directly in a full year, rents or profits from three car parks of circa £200,000 per annum plus the ability to create three further small car parks maybe worth between £50-£60,000 per annum.

A number of the stores have exciting redevelopment possibilities which we are currently exploring, i.e., see photo of Bishop Auckland. Many are eminently splittable to smaller units thus opening up the possibility of a much wider range of users.

Many people would consider this a disaster and in many respects it is. When a large enterprise that has been trading for over 130 years fails, especially if within a town's central shopping area or heart, it has several implications. It is bad for the town, upsetting for the multi-generational families of customers, financially disrupting and dispiriting for many hundreds of long term, loyal and knowledgeable employees and also seriously financially inconveniences thousands of reliable suppliers and concession occupiers.

I am very saddened by these circumstances, more so in the knowledge that another of the most vital of the high street's failing retail groups could have been saved if central government had been less rapacious in their financial demands and burdens on a struggling sector.

However, I see this group of properties coming back into our fold as an opportunity for our team, using their experience and asset management skills, to formulate and promote new and more relevant uses for these properties. We believe this will in due course produce a much greater income and capital value for our Group.

I have mentioned at length the Beales situation as the publicity is substantial but shareholders should be aware it represents only about 6% of our income and less than 10% of our Group's assets and I believe have prospects of substantial appreciation when business activity recovers from its present problems.

Because it will involve considerable extra work and attention by our team this coming year, I have put their photos, roles and length of service with us in the accounts so that shareholders can see that our Group is a skilled team.

Developments

High Street, Broadstairs

We have commenced the development of a mini market (a pre-let has been agreed to a national convenience operator) which will have twelve flats on three floors above. We anticipate we will let the flat units and retain the completed development as an investment. This development is expected to be completed towards the end of this year.

Newgate Street, Bishop Auckland

Planning permission has been obtained for partial demolition and conversion of this former listed Beales store as three ground floor commercial units with flexible A1/A3 use and either a 62 bedroom hotel or 27 apartments above. It is currently being marketed to see if there is possible interest from a hotel operator.

Barry Parade, London, SE22

This property has committee approval for redevelopment as a 5,400 sq ft retail/commercial space which could probably be pre-let before a development commences and also thirteen residential apartments in the upper part, four of these units must be affordable. This approval is still subject to agreeing the Section 106 requirements which are quite extensive, expensive and still under negotiation.

This planning application is shown as being submitted in July 2018. This is not quite the case. In December 2013 we asked our architects to discuss with planners whether a redevelopment of this site would be favourably considered. They were told the council would be pleased to see this site redeveloped because it was currently both unattractive and inappropriate for the area. We asked our architects to produce a brief outline of an attractive scheme that would create best value for the site and submit it for a pre-application response. It took five months to receive the pre-application written response after about a three month delay for the initial meeting entirely caused by the council.

We eventually submitted our planning application at the beginning of July 2015 after numerous reports and changes required by the council, mainly reducing the height and size of the scheme also reducing down to nine large, luxury units, the limit before you had to provide social housing on site.

Chairman's Statement continued

On 29 September 2015 the planners asked us to withdraw our application as they disliked the large luxury flats and there were many objections to the potential tenant being a Co-op minimarket. We understood a Waitrose probably would have had less objections!

The scheme was redrafted taking account of most of the planners' suggestions and also providing the additional supporting reports required. The new application was submitted in August 2016. The council then refused to accept the application mentioning new requirements coming into force in 2017.

A further pre app was necessary at which point the council raised further revisions and requested additional plans, reports and surveys. The new application was eventually submitted in July 2018.

Committee approval was given subject to agreeing the Section 106 payments etc at a committee meeting held on 29 January 2020. It will take about 18 months to two years to develop ready for occupation. We will probably retain the freehold and the commercial element as an investment and sell the residential units on long leases when the development is completed. The history of this property is particularly interesting to me as an original investment held since my father purchased the freehold for £7,000 in 1950 and I have been dealing with it since 1966, thus I felt it warrants a supplementary ramblings to itself.

Financial Derivative

The liability on our interest rate swaps has risen slightly due to the market's perception of future interest rates falling. However, on 1 December 2021 our interest payable will, assuming our margin does not change on renewal, reduce by about £625,000 per annum as one of the older swaps ceases.

Finance

As at 31 December 2019, the Group were utilising £60 million of our £74 million facility and also had a £9,485,000 cash balance available.

Dividends

We have paid uninterrupted dividends for thirty seven years through good times and occasional downturns and I see no reason to change this policy. I am well aware that our shareholders appreciate the reliability of receiving dividends. The back of the accounts shows an abbreviated schedule of the Group's progress since its takeover by my group of investors in 1972.

The Directors are thus recommending a final dividend for the year ended 31 December 2019 of 6p per share. This will be payable on 7 September 2020 to shareholders on the register at the close of business on 7 August 2020 (ex-dividend on 6 August 2020).

Prospects

For once I find this difficult to predict for despite many years of cautionary and profitable investing, and minor development of properties in our ownership we have always been careful to manage our risk profile. We are currently in unknown territory due to a pandemic virus attack affecting the entire population and the economy.

The government are taking all steps that they feel necessary to bring under control this major health and economic hazard that could fatally affect much of our population.

These measures may create as little as three months' disruption but maybe much more. The forced closure of many businesses will cause hardship all the way down the line.

The Chancellor has unveiled a huge assortment of assistance to help the entire economy and congratulations are in order for the speed with which they have unveiled these measures.

Of course, as usual, the property industry has been completely overlooked whereas a vast number of other businesses have a one year business rates holiday. Now that it is illegal to trade from many of these premises they have no rental value and even if possible to re-let, it needs a long timescale and generous incentives to do so. Should a qualifying business such as a retailer or leisure operator exit the premises, then somehow the freehold owner would then have to pay full rates with no income! Vacant rates were a ridiculous imposition even before COVID-19 came along.

When a tenant, however successful, faces temporary financial problems, their first port of call for help is their landlord as usually they get a quick and helpful response whilst governments take much longer to help and often with small print in the financial offer that excludes many.

Chairman's Statement continued

I am hoping and expecting that this pandemic will not be quite as bad as some doom-mongers predict and within 6 to 9 months we will be back to a normal free enterprise system.

With this thought in place, whilst this situation may be temporarily testing to our Group, we may recover strongly once the health of our nation and our economy is back to normal.

However, I can confirm that we have enough financial resources, and with supportive lenders, do not see any issue to prevent us surviving for more than double the length of even the most pessimistic predictions. Further as already announced we estimate that approximately 41% of our rental income comes from businesses that have not been forced to close or been recommended to close under government guidelines. The annual income from these businesses is approximately £5.6m and would be enough to cover our interest obligations to our lenders of approximately £4.1m and most of our overheads.

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 promises to be even more demanding for the current year than usual. Special thanks and good wishes are extended to our tenants and I hope they are able to overcome the present troubled environment and make a full recovery when business is back to normal.

Andrew S Perloff
Chairman

14 May 2020

Chairman's Ramblings

Regular readers of my ramblings will be aware of the special place Margate holds in my heart. It was there in the 50s that my parents had owned The White Hart, a seafront pub/hotel which they also ran, helped by their press ganged children. Indeed, in those halcyon summer days of perpetual sunshine and no health and safety laws, we were so small we had to stand on boxes to serve the endless throng of thirsty customers.

It was unsurprising therefore that when I was finally old enough to be allowed to take my first parent free holiday, it was to Margate I headed with two of my friends.

I was eighteen years old and had been working for less than a year when we set off for our 10-day summer holiday. The excitement! The world was our oyster (though not in the case of one friend who was strictly kosher). Our destination was a large old double building converted to a Kosher boarding house – one hundred yards from the beach, close to the town centre and Dreamland amusement park. A perfect position for young men ready to enjoy their first taste of freedom away from loving but watchful parents. We had a wonderful time, either on the beach or in local coffee bars depending on the weather, with the local dance clubs luring us townwards in the evening. We made friends with other young men and women and alcohol which necessitated one of our party (the strictly kosher one) being carried back to the boarding house nearly every night by me.

It was a long time ago and although most events have dimmed into a vague but happy blur of memories, one incident stands out in sharp focus. It was yet another beautiful, sunny day and we were in a nearby coffee bar, which was one of our favourite haunts in a grand but faded glory Victorian hotel facing the seafront. It was a very popular meeting spot, probably the Starbucks of its day, and we soon came to know its habitués. We became friendly with a group of young men who, although dressed menacingly in black leather jackets, were really rather friendly. They obviously liked to imagine they were the Margate chapter of the notorious Californian Hell's Angels and seemed immensely proud of their large and gleaming motorbikes which were parked outside in a neat line.

The apparent leader of the pack was a self-styled Marlon Brando and we soon became pals. He surprised me one day when he offered to take me for a spin on the back of his bike. Excited and certainly unthinking, I immediately agreed, mounted the bike (helmetless) and, with a mighty rumble, off we went.

He followed the road which ran alongside the seafront through Cliftonville, past open spaces, down Northdown Road into Margate, round the clock tower, past Dreamland and the train station all at a comfortable pace. We then turned back towards our coffee bar. I heard 'Marlon' shout "hold tight" and then his bike sped up from probably 20-25 mph to at least the speed of light or maybe 80-90 mph. I grasped tightly round his waist whilst Margate harbour, the pier, seafront, and indeed my short life, all flashed past me! I was petrified and even more frightening was cornering. The correct way, as any biker worth his salt, will tell you is to lean into a bend. Alarmed, I leant the opposite way which apparently it was exactly not what to do. Although the terror seemed never ending I doubt if we travelled for more than two minutes at this speed.

Needless to say I have never ridden, sat on or been a pillion passenger on a motorbike since that date!

It was only after some years of mature reflection that I realised I had given 'Marlon' absolute **control** of my safety and my life for the 10 minutes I was his pillion passenger. My life, my future, my hitherto unbroken bones and many years' yet to be written Chairman's Ramblings were all in his hands!

Alive and undamaged I returned home shortly afterwards, having had a wonderful holiday and was soon back to my usual routine.

Another place we regularly visited and which also still holds special memories was near my home in Sutton, Box Hill, a National Trust beauty spot and at over 700 ft high is one of the largest hills in Surrey. At the base of the hill was a historic and still old-fashioned hostelry. This may have had a greater attraction than the natural, rustic beauty of the place as for the small fee of 5/- per person allowed you entrance to the hotel grounds where you could use their open air pool and other facilities.

On one lazy summer Sunday I drove there with my father. While I swam, he sat poolside on a wooden bench watching the activities.

As I swam I noticed with great interest a young and very attractive girl emerge from the changing rooms. She looked like a young Bridget Bardot and whilst I was frantically thinking how to get to know her, she walked past my father, put her towel on his bench, sat down beside him and shortly began talking to him. Opportunity should be my middle name! I jumped – yes jumped – out of the pool and joined them.

Chairman's Ramblings continued

Within a few minutes I suggested we should go for a swim and she agreed. Rising elegantly from the bench she dived in and swam underwater the length of the pool with the grace of Esther Williams. When she surfaced she waved and shouted "Come on in". It was impossible to refuse the call of this Lorelei of the Lido so I then instantly dived in, thinking I looked like one of Esther's film partners, Johnny Weissmuller of Tarzan fame, but I was probably more like Norman Wisdom in 'Trouble in Store'!

We swam and chatted in the pool for quite a while and conversation eventually turned to work. When she asked what I did I told her I was an estate agent. 'Then you must drive" she replied. "Do you have your own car?". I told her proudly that I was the owner of a pale blue mini FXV 512 which was in the car park. She told me she was allowed to drive her mother's car, a Morris Minor, but coincidentally her favourite car which she was desperate to buy was a Mini as soon as she saved enough money. "Perhaps you would let me drive your car a bit to practice in a Mini?". I instantly agreed. Hill starts and reversing around corners were far from my mind but the thought of being alone with her for half an hour in the car park or country lanes of Surrey was extremely tempting. We hardly dried ourselves, dressing over our still damp costumes.

We walked out to the large car park and I helped her into the car. Before she turned the key to start the engine, I held her hand on the gear stick and guided her through the five forward gears and one reverse gear which was difficult to find. I can still remember the electric shock of excitement as I held her hand. She hitched her dress up, straightened her back, grasped the steering wheel and started the engine. She put it into first gear and drove round the car park slowly going through the lower gears.

She turned to me, smiled and sweetly said "I've got the hang of it now. Can I drive for a while on the roads? I'll drive very, very carefully?". With those country lanes in mind I readily agreed. She drove slowly up to the car park exit then joined the road.

WHOOSH!!! the G force threw me back in the seat and she rushed through first, second and third gears in less than 10 seconds flat! "Be careful of the gears" I shouted pointlessly over the roar of the engine. She sat up straighter, clasped the wheel tighter and with a fixed stare proceeded to race as fast as the car would go. The main roads luckily had little traffic and she cornered a roundabout or two on two wheels, leaning the right way was the last thing on my mind. My various entreaties of "Be careful.... slow down a little........you will ruin my engine.......we don't want an accident.....it's a small car" fell on deaf ears. Finally I pleaded we must return as my father would be waiting and may worry.

She drove me round the outskirts of Epsom and Dorking for over twenty minutes, her peaches and cream complexion became flushed red with excitement and exhilaration. Mine was also flushed but from fear! However, we got back in one piece.

Upon our return we quickly dived back into the pool but the camaraderie and ardour for each other had dimmed. Although we exchanged phone numbers we never saw each other again. I suspect she thought I was a wimp and despite her obvious attractions, I had no wish to join this nifty, nubile nymphet on her inevitable early journey to the hereafter but I do hope she survived to live a full and long life. Maybe someone of Lewis Hamilton's ilk is her grandson having inherited her superb racing genes!

When I recall this short but exciting experience I once again realise, even if it were for only 20 minutes, I had yet again given someone else full **control** over my safety and life.

Control is an interesting word, especially in business situations.

Some years after these long forgotten events my business partners and I were becoming more successful in the property business and I became increasingly interested in corporate takeovers having completed my contested takeover of Levers Optical Company Limited in 1972. This company is, as of course many of you know, now Panther Securities PLC.

This gave me a taste for corporate acquisitions and to date I have initiated ten takeovers of listed companies, of which two failed to achieve the **control** I desired although were still profitable ventures. I completed seven successful private corporate acquisitions and was again involved with three publicly listed companies where I held 30% of the equity and was appointed a board member which gave me some influence in the **control** (that word again) of the company.

My early ideas on corporate takeovers were based on the belief that if you could secure 51% of the voting equity you would be in **control** of the entire company. Of course, then one automatically assumed you would have power to appoint the Board of Directors but in practice this was not always so.

Chairman's Ramblings continued

Every one of my corporate adventures could produce an interesting, amusing and business related vignette all coming back to that word '**control**'.

The optical company had people running their own minor internal department empires and each had separately devised a benefit system just for themselves.

A poorly performing investment trust in mid takeover allowed the fund managers to shift the previously unagreed cost of the takeover to a management fee which they received and thus did not show up until sometime later, thus proving the fund managers had **control** of the cheque book!

After I had secured 51% of another poorly performing investment trust with a top line board, the Chairman instructed his brokers to sell the entire share portfolio worth £1,000,000 even after he had been told in no uncertain terms that this was prohibited by takeover rules. This sale went ahead anyway and after the takeover was completed I was asked by my advisers if I wanted to make a formal complaint. I declined as I had no wish to give the former Chairman, a well-known and important influential figure, a problem, but also the portfolio sale was what I would have wanted to do – but would not break the rules. Thus they carried out my desired wishes, probably in anger. The point being the Chairman had **control** by virtue of his authority.

A single department store with an excess of assets and ever reducing profitability, where if we were successful we would have removed one overpaid Managing Director. However, via old former owners' trusts, he had **control** and managed to obtain a white knight rival store group takeover who, instantly upon the rival's successful announcement of its offer becoming wholly unconditional, terminated the employment of many of the department store's management staff thus allowing the company to be profitable again. Surprise, surprise, the Managing Director kept his highly paid job. Thus **control** with no equity was with the Managing Director.

One small property company had a nice portfolio of income producing properties mainly acquired for part cash and part shares and also building society loans – initially the Managing Director had both board **control** and equity **control** but the continuing acquisitions for equity reduced his shareholding well below **control** level. This was risky but much more so as the family team that ran the company had salaries and expenses way, way in excess of the company's net income. They fell easily to a takeover and the company had to be bailed out immediately to complete its survival and revival. Again, it was **control** that they lost.

I could give more mini stories on every one of our corporate acquisitions but it all boils down to **control**. Not just ownership but actual working **control**.

In the UK we have recently had one of the UK's most divisive elections which has pleasingly probably resolved the Brexit conundrum. The Brexit question, in simplistic terms, was about **control** of the UK either by a largely unknown group of unelected bureaucrats which supposedly represented the interests of an ever widening group of diverse countries, or UK elected MPs and a successful Brexit via this election could bring back the **control** of the UK to its own elected representatives. Of course many of our elected representatives are usually inexperienced and unsuitable for the jobs they take on – but at least can be sacked or changed after 5 years or sometimes sooner if they prove useless.

All UK general elections (as are all elections) are about **control**, either by one faction or another, with each side having a different viewpoint – but each side always offering something that isn't really theirs to give, invariably causing problems if and whenever their promises are fully implemented.

The public realised this last election was simply a matter of **control** of our country and only one long established party offered them the potential answer. The public, in its wisdom, created the landslide result.

Taxation is like hell. Hell being a construct promoted many years ago by religious long established institutions to keep people in line whereas taxation forces people having to pay a share of running the country under harsh threats of punishment by those whom the voters have elected to be in **control** of government but I am forever surprised by its stupidity in enactment.

Recently I was informed by my accountant that one of my more recent personal tax returns had been questioned as it appeared Beales had paid me £1,200 as an annual director's salary. They had indeed issued me with a cheque after standard tax deductions but I deliberately never cashed it as I felt unable to take a salary from a continuing loss making business.

Chairman's Ramblings continued

Despite the fact I did not receive any money, I was told as Beales must have put it through their books I must pay tax on this non income. Of course, the taxman never lost any money as Beales did not make profits to pay Corporation Tax. I had to pay the £300 extra tax which they billed me for three further six-monthly tax periods in the assumption I would continue to receive this income. I also had to pay a £200 fee to my accountant and, to rub salt in the wound, tax of £40 on top i.e., for £900 that I never received I had to pay £1,440!!!

Logic, common sense or fairness is rare as hen's teeth in tax offices.

Many of our shareholders will know that my mother, Fay, died about three years ago. A significant amount of inheritance tax was eventually paid after about eighteen months of dealing with her estate.

As Benjamin Franklin remarked, there are only two certainties in life; one is death and the other is taxes. This assumes that after death one does not have to bother about tax.

Sometime last year I received a generic letter from the tax office addressed

"Dear Fay Perloff Deceased
Thank you for contacting us about your returns" ....

As you might expect, I was very upset. If my mother with her super powers was going to contact anyone down here from heaven above, she could have at least contacted me first!

So I suppose it's fair to finish on 'if the tax office is involved, heaven help us'!

Supplementary Chairman's Ramblings

Barry Parade (now a Group property) was a third rate building containing twelve lock up shops situated in an attractive corner position facing Peckham Rye Park. The property at one time had a large Victorian era house with a good sized corner garden and at a later date a parade of eight small lock up shops built sometime in the early 1930's. The property was an early victim of a German V1 rocket raid in 1944 when the big house was completely destroyed and the lock up shops partially damaged. (This part of London, originally a smart suburb of Georgian and Victorian London with many large attractive houses, and later many huge estates of terraced houses built to house London's growing population was by the 1950's in a severe decline as a residential area but still able to provide good trade for the many local businesses).

I can remember visiting the site a number of times with my father and brother. The trip round South London was exciting for a six year old child and I remember seeing workmen repairing the war damaged shops. A few years later my father arranged to have four lock up shops built upon the site of the big house directly facing Peckham Rye. With hindsight I now know the buildings were built very cheaply. Notwithstanding this the shops, which were originally let at about £150 per annum each, were always fully let and provided a useful facility for the local community.

I started managing the property in about 1966 when the area had become more run down but it always held its income.

Just over twenty years ago the area began to change for the better due to the boom in the residential housing market that was rippling through London. The old houses that had been cheaply converted to flatlet houses were being converted back to luxury houses and the flats upgraded so that just acceptable living units became very desirable flats convenient for Central London.

I thus started considering the development potential. Due to the property's existing income the building, with flats above, at that time did not appear a particularly viable development proposal. However, within a few years continued escalating residential prices completely changed the viability of any possible scheme.

It has now taken well over seven years to reach this stage for a possible redevelopment and it would seem it will take at least nine years from start to finish of the scheme.

Perhaps as it was the last World War that started my family history of Barry Parade, with its partial destruction by a wayward V1 rocket, it is a suitable timeline for comparison.

Germany invaded Poland on 1st September 1939 – then France, Belgium, Holland and Russia. Germany's conquering progress was only put on the back foot when America entered the war after Pearl Harbour in December 1941 and thus were eventually driven back into their own territory and defeated in May 1945, i.e., nearly six years of huge turmoil, destruction throughout most of Europe which involved a monumental amount of planning and organisational ability first by the Germans then by the Allies for an eventual successful outcome.

Chairman's Ramblings continued

And yet in Southwark, on a small obviously poorly and underdeveloped site we are unable to get permission to redevelop, let alone actually build a shop and 13 flats in over seven years!

I suspect if one needed planning permission to build a Wendy house in many boroughs it would be the original applicant's grandchildren, rather than the children who might get the benefit of playing in it!

Yours

Andrew S Perloff
Chairman

14 May 2020

P.S. My Ramblings were prepared well before the first inklings of the COVID-19 pandemic started to cause such disruption to our everyday lives and business activity which I have commented on at length in my Chairman's Statement.

However, ... It reminds me that in last year's accounts I had prepared and arranged for a cartoon to be inserted headed 'The Ten Plagues of the High Street' (all government created) with the United Kingdom looking like a war graves cemetery with many lines of gravestones all either having shop group names or left blank for unknown traders or those yet to follow.

I could not imagine that the 10th biblical plague would arrive. I am sure you will be aware that this was called "The Killing of the First Born", i.e., the oldest, which is nearly what is happening.

The government has pulled out all the stops and enlisted the most knowledgeable medical advisors in an effort to **control** and eradicate this virus. We all should be, and almost certainly are, supportive of their efforts.

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 over 120 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

	2019****	2018****	2017	2016
Gross profit margin (gross profit/turnover)	**76%**	71%	71%	77%
Gearing (debt*/(debt* + equity))	**41%**	39%	45%	49%
Interest cover**	**2.14 times**	4.17 times	2.37 times	1.66 times
Finance cost rate (finance costs excluding lease portion/average borrowings for the year)	**7.1%**	6.6%	6.4%	6.6%
Yield (rents investment properties/average market value investment properties)	**8.8%**	7.7%	7.1%	7.7%
Net assets value per share	**480p**	532p	516p	407p
(Loss)/earnings per share – continuing	**(23.1)p**	39.9p	120.2p	(5.5)p
Dividend per share	**12.0p**	27.0p***	22.0p***	12.0p
Investment property acquisitions	**£8.1m**	£3.9m	£8.9m	£5.0m
Investment property disposal proceeds	**£1.1m**	£40.8m	£2.2m	£5.8m

* 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 (excluding lease portion)

*** Includes 2018:15p (2017:10p) per share special dividend

**** IFRS 9 and 15 have only been reflected in 2018 and 2019 the prior year figure not restated. IFRS 16 has only been reflected in 2019 and the prior year figure not restated.

Group Strategic Report continued

Business review

The Group's underlying performance was strong in the year ended 31 December 2019. The results are positive once you remove the fair value write down on properties and the fair value loss on the financial derivatives is stripped out. The Group showed higher rents, higher operating profits on a similar level of debt and strong cash generation from operations. This can be seen in the Consolidated statement of cash flow when the majority of the tax paid in the year, which mainly relates to large disposals in the year ended 31 December 2018 is ignored. This year's figures provide confidence that the underlying business is performing well and improving when compared to the prior year (stripping out disposals and other non-cash movements).

The Directors believe (under normal circumstances) that we have made two decent long-term purchases in 2019 at high returns, in Caerphilly and Gateshead, which the Group purchased using free funds left over from the disposals in 2018. This has replaced a large proportion of the income lost on the disposals in 2018.

The investment property values were written down by the Directors following the in-house valuation. These valuations incorporated Brexit uncertainties at the year end which impacted market values. These values also reflect the risks associated with retailers as they try and adapt to the fast changing consumer habits. However, the Group, being a secondary retail property investor, has a lot of neighbourhood parades. These tend to have a higher proportion of businesses which are providing non-retail offerings even though they are shops. This includes things such as service providers, restaurants or take away use, or convenience offerings, which have been less effected than pure retail, and in some instances even provide additional opportunities i.e. being able to offer their take away services via Just Eat etc. Even our pure retail positions are mainly large blocks in the centre of towns and will no doubt benefit from longer term plans from the Government and local councils looking into town centre regeneration schemes. As such, if and when retail no longer works, we believe we can create value from these sites with planning permission to eventually give them other uses or purposes. In the meantime, they continue in the most part to be strong cash contributors providing high returns on initial investment.

The Group recognised a loss in value following the Directors' year end valuation, of £8.8m (compared to a £6.4m million loss in 2018 also following a Directors' valuation).

Going forward

We stated in this section in our 2018 accounts that "…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." This was achieved with the purchases of Caerphilly and Gateshead, both with a good spread of tenants and showing the usual high return we seek.

Unfortunately, 2019 already seems like a lifetime ago. Since then not only have Beales entered into administration (in January 2020), we now have the COVID-19 to contend with, which affects a very large majority of our tenants. Thankfully we still have a lot of capacity in terms of funds as we de-geared substantially in 2018 following the large disposals and also have the benefit of the non-reinvested cash funds. These facilities and cash funds will help us weather the storm and we will be in a much stronger position than most. This was planned but also slightly fortuitous, as we were preparing for Brexit uncertainties but it provides capacity financially to withstand this health and economic crisis. Taking these two issues in turn:

- **Beales administration**

Even though it is sad to see the demise of another historic business, and one we had a close association with, the financial reality is that the Directors believe the vast majority of these properties will be worth a lot more in the medium to longer term without this tenant. The rents were low compared to the space they let and the rent was not always paid. Relating to the year ended 31 December 2019 the Group had circa £270,000 arrears unpaid but fully provided against. Practically all the properties have better alternative values and surprisingly all have different solutions.

Whether it is re-letting and carving up, utilising the valuable car parks, full-scale redevelopments, or interest from councils as they look to revitalise town centres, we see the former Beales sites as key. This is because they usually were very central and our view is that all former stores have potential. Some of these opportunities will be realised quicker than others but we can already see a glimmer of a silver lining. It is just a shame that the COVID-19 has curtailed and/or slowed some of our discussions.

We are not concerned about these vacant properties in the medium to longer term and see these as an opportunity. We hope to report back on progress within our interim accounts.

Group Strategic Report continued

- **COVID-19**

This has been a much more challenging, wide spread and fast changing situation than the business has ever faced before. We believe for our size and within the property sector, we have one of the most diverse and robust income streams. We have such an array of tenants, spread over different geographic locations, in different sectors, and lots of sizes of traders, from sole traders to large multinational corporates. One of the key characteristics of the business that we have developed over many decades, in fact since it recovered from the 1970s property crash, is ensuring a strong diversified cash flow and this is reflected in our investment decisions, which often show high returns, generated from a spread of tenants. However, with the government putting social distancing measures in place and requesting businesses to close, this leaves us with very few tenants remaining open for trading. We do have tenants such as supermarkets, chemists, take-aways, flat tenants, convenience stores and certain industrial uses still open for business who hopefully will pay their full rent. We have tried to assess what this means in terms of rental over this period but it is such a fast moving situation that even those you would not expect to be affected have been – however it looks like as a minimum we will have our interest covered by income. We are taking mitigation actions, such as reducing our outgoings and keeping good dialogue with our tenants and ensuring those that can pay do.

The impact of COVID-19 is considered to be a non-adjusting post balance sheet event and as such the Statement of Financial Position, including property valuations, has been prepared on the facts and circumstances as at 31 December 2019.

However, 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. We have low gearing levels, supportive lenders and cash reserves, which the Directors believe can keep us going for over 21 months even when assuming lower than expected levels of rents. We expect to receive as a minimum circa 41% of our rents which are from businesses that are either not required to close or recommended to by the government. This amounts to around £5.6m.

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. This is up for renewal in April 2021 – on 31 December 2019 the maximum loan facility was £74m due to loan repayment in the year. We have had initial discussions with our lenders early in the year and they were very positive in terms of renewing on similar terms. The discussions are currently on hold as the Group and the banks deal with the current crisis. However, our lenders' relationship teams are confident that when the COVID-19 crisis is over, we can quickly get back on track, and in the worst case scenario would look for a short term extension (to give us more time for discussions and negotiations).

At the Statement of Financial Position date the Group had £9.5m of cash funds, £14m available facility and a further £10m included in our loan agreement but requiring credit approval. In April 2020 cash was further increased as a net amount of £3m was drawn on the facilities as well as the lenders agreeing to release £1.5m of the £2.3m which was restricted to property purchases (and included in the £9.5m total).

Financial derivative

We have seen a fair value loss (of a non-cash nature) in our long term liability on derivative financial instruments of £0.997m (2018: £0.886m fair value gain). Following this loss the total derivative financial liability on our Consolidated Statement of Financial Position is £26.5m (2018: £25.5m).

These financial instruments (shown in note 29) 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.

Group Strategic Report continued

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).

Group Strategic Report continued

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. We hope that the current crisis will also show us in a good light due to the preparations we made in 2018.

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 and over 120 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. In addition, 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.

Group Strategic Report continued

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.
Acts of God (e.g. COVID 19)	Weather incidents, fire, terrorism, pandemics	Where possible cover with insurance. Ensure you carry enough reserves and resources to cover any incidents.

Subsequent to the year end an additional risk relating to COVID-19 has been added. The Group's strategy for dealing with this risk is set out on page 15.

Section 172(1) statement

This is a reporting requirement and relates to companies defined as large by the Companies Act 2006, this includes public companies as otherwise the Group would not be considered large.

Each individual Director must act in the way he considers, in good faith, would be the most likely to promote the success of the company for benefit of its members as a whole, and in doing so the Directors have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under section 172.

The matters set out are:

(a) the likely consequences of any decision in the long term;

The longer term decisions are made at board level ensuring a wealth of experience and a breadth of skills. The value creation in the business is mainly generated by buying the investments at the right time in the financial cycles, whilst reducing risk by choosing assets that have alternative or back up values to the current use, as well as initial values. It is also key that long term decisions are made in respect of ensuring that property assets are maintained, where economically viable. Other areas to ensure decisions are in tune with long term consideration are making sure the best possible financing of the Group to match the requirements of the long-term nature of property ownership. The board and management makes long term decisions such as keeping a vigilant review of the changing nature of property usage and tries were possible to diversify its income streams. Caerphilly and Gateshead purchases in 2019 are good examples of long term decision making, i.e. choosing offices and a leisure led retail scheme – as such giving some protection against changing consumer habits in more general retail arena.

(b) the interests of the company's employees;

The company makes investment in and the development of talent of its employees, including paying for professional development, providing in house updates and encouraging knowledge sharing. The Group has a strong track record of promoting from within the business and after the 2019 year end two surveyors were promoted to Joint Head of Property. The Group undertakes team building activities to encourage cohesion and working together.

Group Strategic Report continued

(c) the need to foster the company's business relationships with suppliers, customers and others;

Being in the secondary property industry the business is used to dealing with many types of businesses as tenants from large multi-national businesses to small sole traders – keeping good sound relationships with both is key. We also use many small operators and suppliers and we ensure prompt payment, paying within 30 days in most instances to again foster good working relations. We set a purchase order system in 2018 and refined it in 2019 to streamline and speed up payments supporting small suppliers.

(d) the impact of the company's operations on the community and the environment;

The Group's investments by its very nature often have a significant impact on local communities, providing services and convenience businesses, or places for local enterprise or employment. Owning a parade of shops, we can ensure where possible that these are viable locations by encouraging a variety of offerings. The Group maintains and upkeeps its investment properties to a viable level which benefits the local communities they provide accommodation for or seeks improvements with planning which can enhance local areas. The Group also ensures it recycles much of its head office paper and is moving towards less paper communication; for instance 2019 was the first year where invoices were emailed as standard to our tenants and we also encourage the receipt of electronic invoices. We also ensure we upgrade our units to the required EPC levels which by its very nature reduces the longer term environmental impact of the use of these units.

(e) the desirability of the company maintaining a reputation for high standards of business conduct;

The Group maintains an appropriate level of Corporate Governance that is documented within its own section within these Financial Statements. With a relatively small management team it is easier to monitor and assess the culture and encourage the appropriate standards. The board strives to delegate and empower its management teams to ensure the high standards are maintained at all levels within the business.

(f) the need to act fairly as between members of the company.

The Group has excellent communication with its members, actively encouraging participation and discussion at its AGMs and also circulating letters of our announcements to ensure older members or those not accessing the LSE financial news can keep up to date with relevant information. Our CEO and Chairman is unpaid, his benefit or income from the company is pro-rata the same as all members including minority shareholders.

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

14 May 2020

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 2019.

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 judgements 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 strong track record of obtaining long term finance and expects this to continue as it has supportive lenders. The Group always maintains excellent relations with its lenders.

The COVID-19 pandemic has provided a much harder set of circumstances for all businesses. The Directors have prepared a detailed financial forecast assuming a continued "lock down" scenario that demonstrates the Group is a going concern even if the business effects of the lock down resulting from the COVID-19 pandemic continues to December 2021 (further details with the Strategic Report). This forecast takes account of a level of minimal income from businesses and trades that remain open (even in the lock down e.g. banks and supermarkets). It also takes account of the Group's extensive cash reserves (and available facility – some already drawn at the announcement date) and shows the Group has enough financial resources to survive to beyond December 2021 – even with the current lock down and its effects continuing.

Directors' Report continued

The Directors are aware that the Group's loan is up for renewal in April 2021, however the Directors are confident that the Group has strong relationships with its lenders and that even if the Group cannot renew for a full term it should be able to get a short term renewal to tide it over. The Group has further protection as the forecast does not take account of any cost saving potential in 2020.

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, even with the current COVID-19 situation. 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 loss for the year after taxation, amounted to £4,093,000 (2018: a profit of £7,047,000).

The interim dividend of £1,061,000 (6.0p per share) on ordinary shares was paid on 28 November 2019. The Directors recommend a final dividend of £1,061,000 (6.0p per share) payable on 7 September 2020 to shareholders on the register at the close of business 7 August 2020 (Ex dividend on 6 August 2020). The total dividend for the year ended 31 December 2019 being anticipated at 12p per share.

There will be no option of a scrip dividend offered for the 2019 final dividend of 6.0p per share (to be paid in September 2020). There was no scrip option for the interim dividend in November 2019.

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	
	2019	**2018**
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 (2018 – 8,405,175).

There have been no changes in Directors' shareholdings since 31 December 2019.

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' Report continued

Directors' emoluments

Directors' emoluments of £221,000 (2018 – £285,000) are made up as follows:

Director	Salary/ Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	Total 2019 £'000	Total 2018 £'000
Executive						
A. S. Perloff	–	–	6	–	**6**	3
J. H. Perloff	63	5	2	2	**72**	83
S. J. Peters	102	10	8	3	**123**	163
Non-executive						
B. R. Galan	10	–	–	–	**10**	18
P. M. Kellner	10	–	–	–	**10**	18
	185	15	16	5	**221**	285

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 2019 and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £3,000 (2018 – £21,000) into his personal stakeholders' contribution pension scheme. S. J. Peters and J.H. Perloff also received a contribution into a stakeholder's pension fund following auto-enrolment at the statutory rate of a 2% contribution up to 31 March 2019 and 3% thereafter of their gross salary by the Company. S. J. Peters did not contribute from April 2019 for the remainder of the year.

No other payments were paid in respect of any other Director during the year (2018 – £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 24. 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 29.

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 (2018 – £nil). The Group makes donations to charities through advertisements at charity events and in the diaries of charities, the total of which in 2019 was £5,000 (2018 – £10,000). The Group is a Foundation Partner of the preferred charity of the property industry, Land Aid, donating £nil (2018 – £10,000).

Status

Panther Securities P.L.C. is a Company quoted on 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 33 to the consolidated accounts.

Directors' Report continued

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.

Following a tender process Crowe U.K. LLP will be appointed at the Annual General Meeting and Nexia Smith & Williamson's term of office will end. A specific resolution to appoint the new auditors, Crowe U.K. LLP, has been proposed within the resolutions detailed at the back of these Financial Reports.

This report 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

14 May 2020

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. The strategic objective section of the Group Strategic Report states that the primary

Corporate Governance continued

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 the Board's attention. All shareholders are ordinarily 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 2019, 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.

Corporate Governance continued

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. Bryan Galan and Peter Kellner have been directors of the Company since 1994. Despite the length of service of the independent non-executive directors, 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. Bryan Galan and Peter 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 2019, 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 2019, 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.

Corporate Governance continued

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 Six, Andrew Perloff is both Chairman and Chief Executive Officer of the Company. In his role as Chairman, Andrew 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 Andrew Perloff leads the Company's staff and is responsible for implementing those actions required to deliver on the agreed strategy. Andrew Perloff and his family trusts are the beneficiaries of the majority of the Company's ordinary shares. Andrew 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 Andrew 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 judgement 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 2019 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 2019 the Committee met three times with all members present.

Corporate Governance continued

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 ordinarily encouraged to attend the Annual General Meeting (please note the next AGM no shareholders will be invited due to COVID-19 situation but will be encouraged to use their Proxy forms), 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 financial statements. 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 2019 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

To the Members of Panther Securities PLC

Opinion

We have audited the Group financial statements of Panther Securities PLC ('the Group') for the year ended 31 December 2019 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 2019 and of its loss 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.

Emphasis of matter – Impact of COVID-19

We draw attention to note 4 of the financial statements, which describes the impact of COVID-19 and the refinancing of debt facilities on the Group. Our opinion is not modified in respect of this matter.

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.

Independent Auditors' Report continued

Key audit matter	Description of risk	How the matter was addressed in the audit
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 Royal Institute of Chartered Surveyors ('RICS') qualified employees ("the Valuers") 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. As discussed in note 33 to the financial statements, the impact of the COVID-19 pandemic on the valuation of the Group's investment properties is considered a non-adjusting subsequent event. There is therefore uncertainty over the future impact on the valuation of the group's investment properties, which at the date of this report has not been quantified.	We confirmed that the valuation approach was suitable for use in determining the carrying value for the purpose of the financial statements. We attended a meeting with management, the Valuers 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 are 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. We analysed the individual property valuations to understand significant movements against prior year and comparative market evidence. 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.

Independent Auditors' Report continued

Key audit matter	Description of risk	How the matter was addressed in the audit
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 29.	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 external experts to compute an independent estimate of fair value as at the Statement of Financial Position date. We considered the disclosures in the financial statements in respect of swaps outstanding as at the reporting date.
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 substantive testing of a sample transactions, 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.

Independent Auditors' Report continued

Materiality

The materiality for the Group financial statements as a whole was set at £5,638,000. 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 £3,664,700. 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 2.9% 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 £293,300, 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 were 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.

Independent Auditors' Report continued

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 2019.

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

25 Moorgate
London
EC2R 6AY

Statutory Auditor
Chartered Accountants

14 May 2020

Consolidated Income Statement

For the year ended 31 December 2019

	Notes	31 December 2019 £'000	31 December 2018 £'000
Revenue	5	**14,226**	13,607
Cost of sales	5	**(3,429)**	(3,947)
Gross profit		**10,797**	9,660
Other income	5	**443**	457
Administrative expenses		**(1,676)**	(1,819)
Bad debt expense	22	**(524)**	(796)
Operating profit	6	**9,040**	7,502
Profit on disposal of investment properties		**515**	11,750
Movement in fair value of investment properties	16	**(8,832)**	(6,396)
		723	12,856
Finance costs – interest	10	**(2,469)**	(2,526)
Finance costs – swap interest	10	**(2,437)**	(2,533)
Investment income	9	**112**	24
Loss on disposal of fixed assets		**–**	(41)
Profit (realised) on the disposal of investments		**105**	34
Fair value (loss)/gain on derivative financial liabilities	29	**(997)**	886
(Loss)/profit before income tax		**(4,963)**	8,700
Income tax income/(expense)	11	**870**	(1,653)
(Loss)/profit for the year		**(4,093)**	7,047
Continuing operations attributable to:			
Equity holders of the parent		**(4,093)**	7,047
(Loss)/profit for the year		**(4,093)**	7,047
(Loss)/earnings per share			
Basic and diluted – continuing operations	14	**(23.1)p**	39.9p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	31 December 2019 £'000	31 December 2018 £'000
(Loss)/profit for the year		**(4,093)**	7,047
Items that will not be reclassified subsequently to profit or loss			
Movement in fair value of investments taken to equity	18	**(225)**	(197)
Deferred tax relating to movement in fair value of investments taken to equity	27	**38**	34
Realised fair value on disposal of investments previously taken to equity	18	**48**	–
Realised deferred tax relating to disposal of investments previously taken to equity	27	**(8)**	–
Other comprehensive loss for the year, net of tax		**(147)**	(163)
Total comprehensive (loss)/income for the year		**(4,240)**	6,884
Attributable to:			
Equity holders of the parent		**(4,240)**	6,884
		(4,240)	6,884

Consolidated Statement of Financial Position

Company number 00293147

As at 31 December 2019

	Notes	31 December 2019 £'000	31 December 2018 £'000
ASSETS			
Non-current assets			
Investment properties	16	**169,340**	170,236
Deferred tax asset	27	**3,304**	1,811
Right of use asset		**373**	–
Investments	18	**927**	1,850
		173,944	173,897
Current assets			
Stock properties	19	**350**	448
Investments	20	**168**	–
Current tax asset		**601**	–
Trade and other receivables	22	**3,389**	4,896
Cash and cash equivalents (restricted)	23	**2,299**	14,436
Cash and cash equivalents	23	**7,186**	5,614
		13,993	25,394
Total assets		**187,937**	199,291
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	24	**4,437**	4,437
Share premium account	25	**5,491**	5,491
Treasury shares	25	**(213)**	(213)
Capital redemption reserve	25	**604**	604
Retained earnings		**74,627**	83,710
Total equity		**84,946**	94,029
Non-current liabilities			
Long-term borrowings	26	**58,955**	58,864
Derivative financial liability	29	**26,511**	25,514
Leases	31	**7,912**	7,510
		93,378	91,888
Current liabilities			
Trade and other payables	28	**8,541**	10,192
Short-term borrowings	26	**1,072**	1,071
Current tax payable		**–**	2,111
		9,613	13,374
Total liabilities		**102,991**	105,262
Total equity and liabilities		**187,937**	199,291

The accounts were approved by the Board of Directors and authorised for issue on 14 May 2020. They were signed on its behalf by:

A.S. Perloff
Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
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 1 January 2019	4,437	5,491	(213)	604	83,710	94,029
Total comprehensive loss	–	–	–	–	(4,240)	(4,240)
Other movement					(68)	(68)
Dividends	–	–	–	–	(4,775)	(4,775)
Balance at 31 December 2019	**4,437**	**5,491**	**(213)**	**604**	**74,627**	**84,946**

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	31 December 2019 £'000	31 December 2018 £'000
Cash flows from operating activities		
Operating profit	9,040	7,502
Depreciation charges for the year	–	13
Loss on current asset investments	15	–
Transfer stock to investment properties	(141)	–
Rent paid treated as interest	(651)	(571)
Profit before working capital change	8,263	6,944
Increase in stock investments	(168)	–
Decrease/(increase) in receivables	1,507	(1,219)
Decrease in payables	(1,802)	(319)
Cash generated from operations	7,800	5,406
Interest paid	(4,091)	(4,375)
Income tax paid	(3,303)	(2,743)
Net cash generated from/(used in) operating activities	406	(1,712)
Cash flows from investing activities		
Purchase of investment properties	(8,138)	(3,894)
Purchase of investments**	–	(2,271)
Purchase of current asset investments***	(3,996)	–
Proceeds of current asset investments***	3,981	–
Proceeds from sale of investment property	1,065	40,790
Proceeds from sale of investments**	851	275
Dividend income received	76	5
Interest income received	36	19
Net cash (used in)/generated from investing activities	(6,125)	34,924
Cash flows from financing activities		
Repayments of loans	(1,071)	(15,161)
Loan arrangement fees and associated costs	–	(375)
Draw down of loan	1,000	500
Dividends paid	(4,775)	(4,067)
Net cash used in financing activities	(4,846)	(19,103)
Net (decrease)/increase in cash and cash equivalents	(10,566)	14,109
Cash and cash equivalents at the beginning of year*	20,050	5,941
Cash and cash equivalents at the end of year*	9,485	20,050

* Of this balance £2,299,000 (2018: £14,436,000) 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.

*** Shares in listed and/or unlisted companies but held for trading purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

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 and Financial Statements. 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 16 "Leases" applies for the first time this period. The impact of this standard is shown in Note 35.

In addition to the adoption of IFRS16, 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:

- IFRIC 23 "Uncertainty over Income Tax Treatments"
- Amendment to IFRS 9: "Prepayment Features with Negative Compensation"
- Amendment to IAS 28: "Investments in Associates and Joint Ventures"
- Amendment to IAS 19: "Employee Benefits"
- Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 in "Annual Improvements 2015-2017 cycle"

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

Amendments to IFRS which will apply in future periods

Amendments have been made to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to the definition of material. The new definition will apply for the first time in the next financial year. The amendments clarify the definition of what is material to the financial statements and how to apply the definition.

The amendments will have an impact on the presentation and disclosure in the financial statements. After applying the new definition, the financial statement may have less disclosures as it may be easier to justify that certain disclosures are immaterial to users of financial statements. Furthermore, more meaningful disclosures may be presented in a more prominent manner due to the additional guidance on the effects of obscuring information.

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.

Notes to the Consolidated Financial Statements continued

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. The principal accounting policies are set out below.

The Board have prepared a detailed financial forecast that demonstrates the Group is a going concern even if the commercial effects of the lock down resulting from the COVID-19 continues to December 2021. This forecast takes account of a level of minimal income from businesses and trades that currently are allowed to remain open even in the lock down (e.g. banks, pharmacies and supermarkets). It also takes account of the Group's extensive cash reserves (and available facility – note £4m extra has been drawn at the announcement date, with £1m loan repayment made and £1.5m released from the restricted funds) and shows the Group has enough free financial resources to survive to beyond December 2021. This forecast is a worst case scenario with the same level of restrictions the government is currently requesting in place to December 2021. The forecast was very prudent and does not take account of any cost saving potential in 2020 or the full level of income from businesses that our allowed to be open, which equate to circa 41% of our rent receivable or £5.6m.

The Directors are aware that the Group's loan is up for renewal in April 2021, however the Directors are confident that the Group has strong relationships with its lenders and that even if the Group cannot renew for a full term it should be able to get a short term renewal to tide it over. The Group has further protection as the forecast does not take account of any cost saving potential in 2020.

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.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

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.

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

In accordance with IFRS 16 the Group has taken the practical expedient to not restate leases entered into prior to the date of transition being 1 January 2019. No new leases have been entered into since this date. Prior to 1 January in accordance with IAS 17 ('Leases') and IAS 40 ('Investment Property'), a property interest held under an operating lease, which met the definition of an investment property, was classified as an investment property. The property interest was 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 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 the Income Statement. 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.

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% (2018 – 19.00%).

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

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 standard. The financial impact of the 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.
- Insurance fees not utilised are recognised when we are sure they are not going to be utilised.

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
Lease property	Over the life of the lease	

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.

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

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.

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.

Trade receivables

Trade receivables are initially recognised at the transaction price in accordance with IFRS 15. 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.

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.

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

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, the Group has made an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or less to present subsequent changes 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 is considered and where it cannot be measured reliably 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. 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.

Current asset investments are held for short term trading and are carried at fair value with movements in fair value recognised in the Income Statement.

Impairment of investments

At each Statement of Financial Position date a provision for impairment is established based on expected credit losses. If the asset is judged to be impaired the loss is 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.

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

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.

Leases

Accounting policy applicable before 1 January 2019

Leases were classified as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases. As set out in the investment properties accounting policy the Group accounted for operating leases in relation to investment property assets as if they were finance leases.

Most 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 sub-lease for the office premises has not been recognised on the grounds of materiality.

The Group as lessee

Rentals payable under operating leases are charged to the Income Statement 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.

Accounting policy applicable after 1 January 2019

IFRS 16 was adopted as of 1 January 2019 without restatement of comparative figures. See note 35 for details of the transition.

A right of use asset and a lease liability has been recognised for all leases except leases of low value assets, which are considered to be those with a fair value below £10,000, and those with a duration of 12 months or less. The right-of-use asset has been measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

The Group will depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where impairment indicators exist, the right of use asset will be assessed for impairment.

The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

After initial measurement, any payments made will reduce the liability and the interest accrued will increase it. Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. On the Statement of Financial Position, right-of-use assets have been capitalised and included as a separate item.

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 sub-lease for the office premises has not been recognised on the grounds of materiality.

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.

	2019 £'000	2018 £'000
Other income		
Insurance proceeds not utilised	**145**	–
Contract extension fee (disposals)	**–**	113
Service charge management fees	**101**	99
Guarantee fee	**–**	33
Dilapidations and other	**197**	212
	443	457

6. Operating profit

The operating profit for the year is stated after charging:

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets – owned by the Group	**–**	13
Fees payable to the Group's auditor for the audit of both the parent company and the Group's annual report and accounts	**13**	4
Fees paid to the Group's auditor for other services:		
The audit of the parent's subsidiaries	**103**	87
Other services provided	**6**	13

Notes to the Consolidated Financial Statements continued

7. Staff costs

	2019 £'000	2018 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**785**	947
Social security costs	**87**	107
Pension contributions	**12**	33
	884	1,087

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

	2019 Number	2018 Number
Directors	**5**	5
Other employees	**19**	16
	24	21

8. Directors' remuneration

	2019 £'000	2018 £'000
Emoluments for services as Directors	**221**	285

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:

	2019 £'000	2018 £'000
Emoluments for services as directors	**221**	285
Employers' NIC	**23**	36
Short term employee benefits (salaries and benefits)	**244**	321

9. Investment income

	2019 £'000	2018 £'000
Interest on bank deposits	**36**	19
Dividends from equity investments	**76**	5
	112	24

Notes to the Consolidated Financial Statements continued

10. Finance costs

	2019 £'000	2018 £'000
Interest payable on bank overdrafts and loans	**1,818**	1,955
Interest payable on lease liabilities	**651**	571
Finance costs – interest	**2,469**	2,526
Finance costs – swap interest (on financial derivatives)	**2,437**	2,533
	4,906	5,059

11. Income tax charge

The charge for taxation comprises the following:

	2019 £'000	2018 £'000
Current year UK corporation tax	**669**	4,684
Prior year UK corporation tax	**(76)**	(71)
	593	4,613
Current year deferred tax credit – note 27	**(1,463)**	(2,960)
Income tax (credit)/expense for the year	**(870)**	1,653

Domestic income tax is calculated at 19.00% (2018 – 19.00%) of the estimated assessable profit or loss for the year. The provision for deferred tax has been calculated on the basis of 17.0% (2018 – 17.0%).

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

	2019 £'000	2019 %	2018 £'000	2018 %
(Loss)/profit before taxation	**(4,963)**		8,700	
(Loss)/profit before tax multiplied by the average of the standard rate of UK corporation tax of 19.00% (2018 – 19.00%)	**(943)**	**19.00**	1,653	19.00
Tax effect of expenses that are not deductible in determining taxable profit	**53**	**(1.1)**	15	0.2
Dividend income not taxable for tax purposes	**(14)**	**0.3**	(1)	–
Tax on chargeable gains difference to profits	**(61)**	**1.2**	2,010	23.0
Movement in deferred tax on revalued assets	**353**	**(7.1)**	(1,601)	(18.4)
Difference in current and deferred tax rates	**(181)**	**3.6**	(352)	(4.0)
Prior year corporation tax over provision	**(76)**	**1.6**	(71)	(0.8)
Tax (credit)/charge	**(870)**		1,653	

Notes to the Consolidated Financial Statements continued

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

	2019 £'000	2018 £'000
Dealt with in the accounts of:		
– the parent undertaking	**(6,271)**	(5,283)
– subsidiary undertakings	**2,178**	12,330
	(4,093)	7,047

Reconciliation of parent company profit and loss

	2019 £'000	2018 £'000
(Loss)/profit of parent company before intercompany adjustments	**(8,120)**	22,880
Bad debt provision – intercompany loan*	**2,300**	–
Intercompany dividends*	**(451)**	(28,163)
Loss attributable to members of the Parent undertaking	**(6,271)**	(5,283)

* removed on consolidation

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	2019 £'000	2018 £'000
Special dividend for the year ended 31 December 2018 of 15p per share (2017:10p per share)	**2,653**	1,768
Final dividend for the year ended 31 December 2018 of 6p per share (2017: 7p per share)	**1,061**	1,238
Interim dividend for the year ended 31 December 2019 of 6p per share (2018: 6p per share)	**1,061**	1,061
	4,775	4,067

The Directors recommend a payment of a final dividend for the year ended 31 December 2019 of 6p per share (2018 – 6p), following the interim dividend paid on 28 November 2019 of 6p per share (2018 – 6p). In 2018 a special dividend was also declared of 15p per share. The final dividend of 6p per share will be payable on 7 September 2020 to shareholders on the register at the close of business on 7 August 2020 (Ex dividend on 6 August 2020).

The full ordinary dividend for the year ended 31 December 2019 is anticipated to be 12p per share, being the 6p interim per share paid and the recommended final dividend of 6p per share.

14. (Loss)/earnings per ordinary share (basic and diluted)

The calculation of (loss)/profit per ordinary share is based on the (loss)/profit, being a loss of £4,093,000 (2018 – profit of £7,047,000) and on 17,683,469 ordinary shares being the weighted average number of ordinary shares in issue during the year excluding treasury shares (2018 – 17,683,469). There are no potential ordinary shares in existence. The Company holds 63,460 (2018 – 63,460) ordinary shares in treasury.

Notes to the Consolidated Financial Statements continued

15. Plant and equipment

	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2018	164	8	172
Disposals	(75)	–	(75)
At 1 January 2019	89	8	97
Disposals	–	–	–
At 31 December 2019	**89**	**8**	**97**
Accumulated depreciation			
At 1 January 2018	110	8	118
Depreciation charge for the year	13	–	13
Disposals	(34)	–	(34)
At 1 January 2019	89	8	97
Disposals	–	–	–
At 31 December 2019	**89**	**8**	**97**
Carrying amount			
At 31 December 2019 and 2018	–	–	–
At 1 January 2018	54	–	54

16. Investment properties

	Investment properties £'000
Fair value	
At 1 January 2018	201,825
Additions	3,894
Disposals	(29,040)
Fair value adjustment on property held on operating leases	(47)
Revaluation decrease	(6,396)
At 1 January 2019	170,236
Additions	8,138
Transfer from stock properties	239
Disposals	(550)
Fair value adjustment on investment properties held on leases	109
Revaluation decrease	(8,832)
At 31 December 2019	**169,340**
Carrying amount	
At 31 December 2019	**169,340**
At 31 December 2018	170,236

At 31 December 2019, £130,366,000 (2018 – £129,739,000) and £38,974,000 (2018 – £40,497,000) included within investment properties relates to freehold and leasehold properties respectively.

Notes to the Consolidated Financial Statements continued

16. Investment properties continued

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

	2019 £'000	2018 £'000
Cost of investment properties	**130,722**	123,902

The Group has pledged £152,222,000 (ignoring lease obligations) of investment property (2018 – £154,743,000) as security for the loan facilities granted to the Group at the Statement of Financial Position date.

Costs relating to ongoing and potential developments are included in additions to investment properties and in the year ended 31 December 2019 amounted to £378,000 (2018 – £nil).

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £14,189,000 (2018 – £13,518,000).

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% – 13.0% with the average yield being circa 8.8%. Assuming all else stayed the same; a decrease of 1.0% in the average yield would result in an increase in fair value of £20,672,000 (2018: £18,460,000). 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 2019 (also by the directors at December 2018 and GL Hearn in 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 2019 this was a fair value loss of £8,832,000 (2018 – fair value loss of £6,396,000). The amount of realised gains or losses is shown as the profit on disposal of investment properties within the income statement, for 2019 there was a realised gain of £515,000 (2018 – £11,750,000).

Notes to the Consolidated Financial Statements continued

17. Subsidiaries

Details of the Company's subsidiaries at 31 December 2019 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 Gateshead (VAT) 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	Non-trading	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	Non-trading	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
*** Dissolved post year end

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.

Notes to the Consolidated Financial Statements continued

18. Investments

	Non-current assets £'000
Cost or valuation	
At 1 January 2018	17
Additions	2,271
Movement in fair value taken to equity	(197)
Disposals	(241)
At 1 January 2019	1,850
Movement in fair value taken to equity	(225)
Movement in fair value taken to equity realised on disposal	48
Disposals	(746)
At 31 December 2019	**927**
Comprising at 31 December 2019:	
At cost	17
At valuation/net realisable value	910
Carrying amount	
At 31 December 2019	**927**
At 31 December 2018	1,850

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 2019 if the average share price of the portfolio was 10% lower, then the loss recognised in Other Comprehensive Income would have been £91,000 lower (2018: £183,000 lower). Corresponding gains would be seen for a 10% uplift.

Notes to the Consolidated Financial Statements continued

19. Stock properties

	2019 £'000	2018 £'000
Stock properties	**350**	448

The cost of stock properties recognised as an expense and included in cost of sales amounted to £98,000 (2018 – £nil). Impairments of £nil have been recognised against stock properties (2018 – £nil).

The market value of stock properties is £600,000 (2018 – £1,190,000).

£600,000 (2018: £1,090,000) of stock properties at market value have been provided as security for the bank loan from HSBC and Santander referred to in note 26.

The market value shown as at 31 December 2019 was undertaken by the Directors (31 December 2018 was also valued by the Directors). 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. Investments (current assets)

	2019 £'000	2018 £'000
Listed or quoted investments	**168**	–

These are investments that are held for short term trading and not for long term investment.

21. Capital commitments

	2019 £'000	2018 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	**1,812**	100

This relates to an ongoing development started in 2019 for a large retail unit and flats above it with £0.3m of the above being settled by the time of announcement.

22. Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	**3,683**	4,795
Bad debt provision	**(1,392)**	(1,659)
	2,291	3,136
Other receivables	**–**	76
Prepayments	**299**	1,210
Accrued income	**799**	474
	3,389	4,896

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 £12,575,000 (2018 – £23,736,000) (which relates to £3,090,000 (2018 – £3,686,000) included in the above (less prepayments) and the Group's cash or cash equivalents).

Notes to the Consolidated Financial Statements continued

22. Trade and other receivables continued

Debts are specifically provided for on an expected credit loss model. 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 2018	1,569	571	250	48	2,438
Amount written off as uncollectable	(707)	–	–	–	(707)
Charge/(credit) to income statement	797	–	–	(1)	796
Balance at 1 January 2019	1,659	571	250	47	2,527
Amounts written off as uncollectable	(804)	(571)	(239)	–	(1,614)
Charge/(credit) to income statement	537	–	(11)	(2)	524
Balances at 31 December 2019	**1,392**	**–**	**–**	**45**	**1,437**

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 86.5p in the pound from an original balance of £332,000.

23. 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 22). Further information on the Group's credit risk is detailed within the Group Strategic Report.

24. Share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
17,746,929 (2018 – 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 2019 no ordinary shares were issued in the period (2018 – no ordinary shares were issued). 63,460 (2018 – 63,460) ordinary shares are held in treasury.

Notes to the Consolidated Financial Statements continued

25. Capital reserves

	2019 £'000	2018 £'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

26. Bank loans

	2019 £'000	2018 £'000
Bank loans due within one year *(within current liabilities)*	**1,072**	1,071
Bank loans due within more than one year *(within non-current liabilities)*	**58,955**	58,864
Total bank loans	**60,027**	59,935

Analysis of debt maturity	2019 £'000 Interest*	2019 £'000 Capital	2019 £'000 Total	2018 £'000 Total
Trade and other payables**	**–**	**5,172**	**5,172**	6,749
Bank loans repayable				
On demand or within one year	**1,561**	**1,072**	**2,633**	2,764
In the second year	**520**	**59,072**	**59,592**	2,735
In the third year to the fifth year	**1**	**42**	**43**	60,185
	2,082	**60,186**	**62,268**	72,433

* based on the year end 3 month LIBOR floating rate – 0.68%, and bank rate of 0.10%.

** 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. The Group has commenced talks with its lenders to renew the facilities on similar terms and hopes to have this in place by 31 December 2020. The initial conversations have been very positive and the Board believes there should be no issues with the Group's loan renewal.

A Shawbrook bank loan of £186,000 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.

Notes to the Consolidated Financial Statements continued

27. 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
Liability at 1 January 2018	(1,183)
Debit to equity for the year	34
Credit to Income Statement for the year	2,960
Asset at 1 January 2019	1,811
Debit to equity for the year	30
Credit to Income Statement for the year	1,463
Asset at 31 December 2019	**3,304**

Deferred taxation arises in relation to:

Deferred tax

	2019 £'000	2018 £'000
Deferred tax liabilities:		
Investment properties	**(1,533)**	(2,840)
Deferred tax assets:		
Tax allowances in excess of book value	**266**	281
Fair value of investments	**64**	34
Derivative financial liability	**4,507**	4,336
Net deferred tax asset	**3,304**	1,811

As at 31 December 2019 the substantively enacted rate was 17% (2018: 17%) and this has been used for the deferred tax calculation. The most recent budget approved an increase back to 19% but this was substantively enacted in March 2020.

28. Trade and other payables

	2019 £'000	2018 £'000
Trade creditors	**2,863**	5,126
Social security and other taxes	**132**	462
Other creditors	**1,225**	1,138
Leases (see note 31)	**651**	571
Accruals	**1,084**	485
Deferred income	**2,586**	2,410
	8,541	10,192

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 £73,894,000 (2018 – £75,227,000) (includes payables above and the long term and short term borrowings, excluding deferred income plus lease liabilities).

Notes to the Consolidated Financial Statements continued

29. 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:	2019 £'000	Rate	2018 £'000	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	**(159)**		(322)	
Floating element				
HSBC Bank plc	**–**		–	
Shawbrook Bank Ltd	**186**		257	
	60,027		59,935	

Bank loans totalling £60,000,000 (2018 – £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'	2019 Fair value £'000	2018 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	18.69	**(22,209)**	(21,482)
Interest rate swap	25,000	4.63%	1.92	**(1,792)**	(2,517)
Interest rate swap	25,000	2.13%	10.00	**(2,510)**	(1,515)
				(26,511)	(25,514)
Net fair value (loss)/gain on derivative financial assets				**(997)**	886

* 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.

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.

Notes to the Consolidated Financial Statements continued

29. Derivative financial instruments continued

Analysis of debt maturity

Annual cash flows in respect of derivative financial instruments are approximately £2,437,000 (2018: £2,533,000) per annum based on current LIBOR rates.

Interest rate risk

For the year ended 31 December 2019, 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 £2,000 higher (2018: £91,000 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.

30. Contingent liabilities

There were no contingent liabilities at the year end (2018: nil).

31. Lease arrangements and obligations under leases

IFRS 16 eliminates the classification of leases as operating leases or finance leases and treats all in a similar way to finance leases (see note 35).

The Group as lessee

The Group paid rent under non-cancellable leases in the year of £842,000 (2018 – £940,000).

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 150 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 £842,000 (2018: £940,000) and the minimum for the year of £651,000 (2018: £611,000) is related to the contingent element only payable out of rents receivable.

Notes to the Consolidated Financial Statements continued

31. Lease arrangements and obligations under leases continued

Minimum future payments under non-cancellable leases

(Lessee)	2019 £'000	2018 £'000
Payable within one year	**651**	611
Payable between one year and five years	**2,603**	2,562
Payable in more than five years	**43,648**	44,283
	46,902	47,456

Anticipated rental income derived under non-cancellable sub leases

(Lessor)	2019 £'000	2018 £'000
Payable within one year	**3,729**	3,727
Payable between one year and five years	**11,099**	10,820
Payable in more than five years	**6,359**	7,446
	21,187	21,993

	2019 £'000	2018 £'000
Leases due within one year *(included within current liabilities)*	**651**	571
Leases due within one to five years	**2,604**	2,284
Leases due in more than five years	**5,308**	5,226
(included within non-current liabilities)	**7,912**	7,510
Total lease obligations	**8,563**	8,080

The Group as a lessor

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

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

	2019 £'000	2018 £'000
Payable within one year	**12,613**	11,863
Payable between one year and five years	**35,454**	33,315
Payable in more than five years	**36,643**	39,045
	84,710	86,223

Notes to the Consolidated Financial Statements continued

32. Reconciliation of liabilities from financing activities

	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)
Leases (current)	(577)	571	6	(571)	(571)
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)

	1 January 2019 £'000	Cash flow £'000	Non-cash movements New leases £'000	Other non-cash movements £'000	31 December 2019 £'000
Derivative financial instruments	**(25,514)**	**–**	**–**	**(997)**	**(26,511)**
Leases (current)	**(571)**	**651**	**(160)**	**(571)**	**(651)**
Leases (non-current)	**(7,510)**	**–**	**(973)**	**571**	**(7,912)**
Borrowings (current)	**(1,071)**	**1,071**	**–**	**(1,072)**	**(1,072)**
Borrowings (non-current)	**(58,864)**	**(1,000)**	**–**	**909**	**(58,955)**
	(93,530)	**722**	**(1,133)**	**(1,160)**	**(95,101)**

33. Events after the reporting date

In January 2020, JE Beale PLC went into administration. They were a tenant within 13 freehold department stores owned by the Group. The Group announced in January 2020 that the Directors believed that this would not have a material effect on revenues.

COVID-19, as a health issue and with the government imposed closures to business and restriction on people's movements, will have a significant effect on the 2020 results including a potential decline in revenues and/or a future impairment of assets. The financial effects cannot be reliably quantified at this early stage, but the Group is in a strong financial position to weather the crisis. More details on this are contained with the Group Strategic Report.

The impact of COVID-19 is considered to be a non-adjusting post balance sheet event and as such the Statement of Financial Position, including property valuations, has been prepared on the facts and circumstances as at 31 December 2019.

Notes to the Consolidated Financial Statements continued

34. 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.

At 31 December 2019 included within creditors was, £9,000 (2018: £24,000) payable to the beneficiaries of the estate of late F Perloff, £24,000 due to H Perloff (2018: £4,000 due from him), both close family members of a director. Movement in the year related to property management services. Also A Perloff owed the Group £17,000 (2018: £3,000) at the year end.

At 31 December 2019 included within creditors was, £43,000 (2018: £49,000) 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.

Anglia Home Furnishings Ltd, a company owned wholly by Portnard Ltd, took assignment of a lease and pays rent to the group of £125,000 pa.

During the year dividends of £1,323,000 (2018: £1,127,000) were paid to directors of the Group.

35. Adoption of IFRS 16

IFRS 16 eliminates the classification of leases as operating leases or finance leases and treats all in a similar way to finance leases. It replaced IAS 17 and related interpretations. In accordance with IFRS 16 as the Group has taken the practical expedient exemption the following only relates to the Group's office premise and other related leases. No new leases have been entered into since the date of transition being 1 January 2019.

Type of lease	New accounting policy	Nature of change in accounting policy
Office premises	Liabilities for such leases are recognised and measured at the present value of the remaining lease payments. For new leases these are discounted using the rate implicit in the lease when readily determinable. For other leases these are discounted using the incremental borrowing rate relevant to the lease. A right of use asset has been recognised using the retrospective approach.	Under IAS 17, such lease payments were recognised on a straight line basis over the lease term and the leases were effectively "off balance sheet". For Investment properties held under operating leases these were treated as finance leases.
Short term and low value leases "Appropriate practical expedients"	IFRS 16 allows for low values leases not to be recognised as a right of use asset. Such leases are recognised on a straight line basis. We consider any lease with a value under of no more than £10,000 falls into this category.	IFRS 16 does not impact the treatment of low value leases.

The Group has adopted IFRS 16 using the modified retrospective method (including appropriate practical expedients), with effect of initially applying this standard recognised to the date of initial application (i.e. 1 January 2019). Accordingly, the information presented for 2018 has not been restated.

Notes to the Consolidated Financial Statements continued

35. Adoption of IFRS 16 continued

The impact of transition to IFRS 16 on retained earnings at 1 January 2019 is £Nil as any adjustments to the reserves are not considered material.

The sub-lease for the office premises has not been recognised on the grounds of materiality.

The nature and accounting of Group's leasing activities

Operating leases in relation to investment properties in accordance with IAS 17 were previously accounted for as finance leases. The Group has other lease contracts for property, motor vehicles, office equipment, plant and equipment which have lease terms varying between 2 and 11 years. The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the recognition exemptions for these leases.

The group has taken the practical expedient to not to apply this Standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. Contracts may contain both lease and non-lease components. The Group allocates consideration between lease and non-lease components based on the price a lessor, or similar supplier, would charge to purchase that component separately. The lease term begins at the commencement date and includes any rent-free periods provided by the lessor. Lease terms vary between contracts and depend on the individual facts and circumstances of the contract.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 7%.

Measurement of lease liabilities:

	£'000
Operating lease commitments disclosed at 31 December 2018	47,456
Discounted using the incremental borrowing rate at 31 December 2018	(39,376)
Lease liability recognised as at 31 December 2018	8,080
Leases not previously recognised as finance leases	629
Lease liability recognised as at 1 January 2019	**8,709**

36. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 14 May 2020.

Parent Company 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 2019 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 2019;
- 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.

Emphasis of matter – Impact of COVID-19

We draw attention to note 4 of the financial statements, which describes the impact of COVID-19 on the Parent Company. Our opinion is not modified in respect of this matter.

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.

Parent Company Independent Auditor's Report continued

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.

Other matter

We have reported separately on the Group financial statements of Panther Securities PLC for the year ended 31 December 2019. That report includes the key audit matters and other audit planning and scoping matters that relate to the Parent Company.

Parent Company Independent Auditor's Report continued

Use of our report

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

25 Moorgate
London
EC2R 6AY

Statutory Auditor
Chartered Accountants

14 May 2020

Parent Company Statement of Financial Position

As at 31 December 2019

	Notes	£'000	2019 £'000	£'000	2018 £'000
Fixed assets					
Investments	39		**25,275**		26,198
Current assets					
Debtors	40	**93,145**		98,724	
Current asset investments	41	**168**		–	
Cash at bank and in hand		**7,841**		18,141	
		101,154		116,865	
Creditors: amounts falling due within one year	42	**(11,188)**		(15,940)	
Net current assets			**89,965**		100,925
Total assets less current liabilities			**115,241**		127,123
Creditors: amounts falling due after more than one year	43		**(58,841)**		(58,678)
Derivative financial liability	29		**(26,511)**		(25,514)
Net assets			**29,889**		42,931
Capital and reserves					
Called up share capital	45		**4,437**		4,437
Share premium account	25		**5,491**		5,491
Treasury shares	25		**(213)**		(213)
Capital redemption reserve	25		**604**		604
Profit and loss account			**19,570**		32,612
Shareholders' funds			**29,889**		42,931

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 loss of £8,120,000 (2018: a profit of £22,880,000).

The accounts were approved by the Board of Directors and authorised for issue on 14 May 2020. They were signed on its behalf by:

A.S. Perloff
Chairman

Parent Company Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption reserves £'000	Retained earnings £'000	Total £'000
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 1 January 2019	4,437	5,491	(213)	604	32,612	42,931
Loss for the year	–	–	–	–	(8,120)	(8,120)
Movement in fair value of investments taken to equity	–	–	–	–	(225)	(225)
Deferred tax relating to movement in fair value of investments taken to equity	–	–	–	–	38	38
Realised fair value of disposal of investments previously taken to equity	–	–	–	–	48	48
Realised deferred tax relating to disposal of investments previously taken to equity	–	–	–	–	(8)	(8)
Dividends	–	–	–	–	(4,775)	(4,775)
Balance at 31 December 2019	**4,437**	**5,491**	**(213)**	**604**	**19,570**	**29,889**

Notes to the Parent Company Financial Statements

For the year ended 31 December 2019

37. 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.

Notes to the Parent Company Financial Statements continued

37. Accounting policies for the Parent Company continued

Investments

Under IFRS 9, the Company has made an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or less to present subsequent changes through other comprehensive income. Fair values of these investments are based on quoted market prices where available. The fair value of the investments in unquoted equity securities is considered where it can and cannot be measured reliably 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, under the expected credit loss model, the impairment losses are recognised in 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.

Current asset investments are held for short term trading and are carried at fair value with movements in fair value recognised in the Income Statement.

38. Staff costs

	2019 £'000	2018 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**785**	947
Social security costs	**87**	107
Pension contributions	**12**	33
	884	1,087

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

	2019 Number	2018 Number
Directors	**5**	5
Other employees	**19**	16
	24	21

Notes to the Parent Company Financial Statements continued

39. Fixed asset investments

	Shares in Group undertakings £'000	Other investments £'000	Total £'000
Cost or valuation			
At 1 January 2019	24,348	1,850	26,198
Movement in fair value taken to equity	–	(225)	(225)
Movement in fair value take to equity realised on disposal	–	48	48
Disposals	–	(746)	(746)
At 31 December 2019	**24,348**	**927**	**25,275**
Investments:			
Listed	–	910	910
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 £1,284,000 (2018: £2,030,000).

For details of the Company's subsidiaries at 31 December 2019, see note 17.

40. Debtors

	2019 £'000	2018 £'000
Due less than one year:		
Trade debtors	**268**	287
Corporation tax	**1,270**	2,573
Amounts owed by Group undertakings	**87,022**	90,809
Prepayments and accrued income	**15**	685
Due more than one year:		
Deferred tax (note 44)	**4,570**	4,370
	93,145	98,724

41. Investments (current assets)

	2019 £'000	2018 £'000
Listed or quoted investments	**168**	–

These are investments that are held for short term trading and not long term investment.

Notes to the Parent Company Financial Statements continued

42. Creditors

Amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	**42**	1,109
Bank loans	**1,000**	1,000
Amounts owed to Group undertakings	**9,541**	13,610
Social security and other taxes	**46**	70
Other creditors	**141**	90
Accruals and deferred income	**418**	61
	11,188	15,940

43. Creditors

Amounts falling due after more than one year

	2019 £'000	2018 £'000
Bank loans	**58,841**	58,678

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.

44. Deferred taxation

The following potential deferred taxation asset is recognised:

	2019 £'000	2018 £'000
Fair value of investments	**63**	34
Fair value of financial instruments	**4,507**	4,336
	4,570	4,370

45. Called up share capital

	2019 £'000	2018 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
17,746,929 (2018: 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 2019, no ordinary shares were issued in the period (2018: nil). 63,460 (2018: 63,460) ordinary shares of £0.25 each are held in treasury representing 0.4% of the Company's issued share capital.

Notes to the Parent Company Financial Statements continued

46. 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.

At 31 December 2019 included within creditors was, £9,000 (2018: £24,000) payable to the beneficiaries of the estate of late F Perloff, £24,000 due to H Perloff (2018: £4,000 due from him), both close family members of a director. Movement in the year related to property management services. Also A Perloff owed the Group £17,000 (2018: £3,000) at the year end.

At 31 December 2019 included within creditors was, £43,000 (2018: £49,000) 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.

During the year dividends of £1,323,000 (2018: £1,127,000) were paid to directors of the Group.

47. Risk management

For information on the Company's risk management please refer to note 29 of the Group accounts.

48. Events after the reporting period date

In January 2020, JE Beale PLC went into administration. They were a tenant within 13 freehold department stores owned by the Group. The Group announced in January 2020 that the Directors believed that this would not have a material effect on revenues.

COVID-19, as a health issue and with the government imposed closures to business and restriction on people's movements, will have a significant effect on the 2020 results including a potential decline in revenues and/or a future impairment of assets. The financial effects cannot be reliably quantified at this early stage, but the Company is in a strong financial position to weather the crisis. More details on this are contained with the Group Strategic Report.

49. 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 2019 were authorised for issue by the Board of Directors on 14 May 2020 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 37.

Notice of Annual General Meeting

Arrangements for the 2020 Annual General Meeting (AGM) in light of COVID-19.

In view of the COVID-19 pandemic and the Government's measures to restrict travel and public gatherings currently in force (the **Movement Restrictions**), including the prohibition on public gatherings of more than two people, the Board has decided that it is not possible to hold the Company's AGM in its usual format.

Notice is hereby given that the 86th Annual General Meeting of Panther Securities P.L.C. is planned to be held on 23 June 2020 at Unicorn House, Station Close, Potters Bar, Herts., EN6 1TL at 10.00 am but due to the COVID-19 restrictions. **NO members in addition to S. J. Peters and A. S. Perloff (who will make up the quorum) will be allowed to be present.** Any member who attempts to attend will **not be allowed access**. The only voting being accepted will be via Proxy Voting and no one apart from the Chairman will be allowed to be a Proxy. **Please see Notes 1 to 7 to this notice for further information about proxies.**

Following the closure of the AGM a ZOOM meeting will be held for shareholders who want to ask questions about the accounts and generally it will be capped at a maximum of 100 people. If you want to have the login details for the ZOOM meeting you will need to email info@pantherplc.com with subject "Shareholder meeting" at least 3 days before the meeting. Requests for admission will be dealt with on a first come, first served basis .

As Ordinary Business

1. To receive and adopt the Group Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2019 contained in the document entitled "Annual Report and Financial Statements 2019".

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

3. To re-elect S. J. Peters who is retiring by rotation, as a Director.

4. To appoint new auditors Crowe U.K. LLP 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 5 and 7 will be proposed as ordinary resolutions and resolution 6 as a special resolution.

5. 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):

   5.1 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 2021 (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

   5.2 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.

6. That, subject to the passing of resolution 5, 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:

   6.1 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

Notice of Annual General Meeting continued

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;

6.2 the allotment or sale (otherwise than pursuant to paragraph 6.1 above) of equity securities up to an aggregate nominal value not exceeding £221,000; and

6.3 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 2021 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.

7. 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:-

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

7.2 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

7.3 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 1-7 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

14 May 2020

See over for notes.

Notice of Annual General Meeting continued

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 3 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

Notice of Annual General Meeting continued

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 22 June 2020 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 22 June 2020, 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 14 May 2020, 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 14 May 2020 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. 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.

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

15. 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.

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

Notice of Annual General Meeting continued

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 are to be put to shareholders.

Please ignore any reference to voting in person at the AGM only proxy voting will be accepted.

All resolutions save for Resolution 6 are ordinary resolutions and will be passed if more than 50% of the votes cast for or against are in favour. Resolution 6 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 2019. 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 2019".

Resolutions 3 – Re-election of directors

In accordance with the Articles of Association of the Company Simon Peters will stand for re-election as a director 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 4 – Auditors' 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 appointment of Crowe LLP 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 5 – 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 14 May 2020 the latest practicable date prior to the publication of the notice.

Resolution 6 – 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 14 May 2020, 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 6 is passed, this authority will expire at the same time as the authority to allot shares given pursuant to resolution 5.

Resolution 7 – 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 14 May 2020, 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.

Forty Nine Year Review

Year	Rental Income £'000s	Profit/ (loss) before tax £'000s	Net assets £'000s	Dividend per share	Net assets per share	Major events
1971	2	9	189	0.04p	2p	
1972	2	21	525	0.04p	5p	Perloffs' and M Bloch took control
1973	2	29	532	0.04p	5p	
1974	3	30	533	0.04p	5p	
1975	4	(19)	470	0.04p	4p	
1976	6	(151)	306	–	3p	Acquired Willsesden Optical Works Ltd
1977	11	(63)	234	–	2p	1st business centre created at Mount Pleasant
1978	31	(29)	281	–	3p	
1979	75	21	229	–	2p	
1980	159	52	328	–	3p	Sold all optical interests
1981	251	91	909	–	8p	
1982	309	99	1,423	0.19p	13p	
1983	354	137	1,753	0.22p	16p	
1984	502	49	2,832	0.22p	26p	
1985	559	107	3,135	0.22p	29p	
1986	641	164	4,090	0.33p	38p	
1987	786	240	6,750	**1.1p**	63p	Acquired Surrey Motors ltd
1988	1,292	905	11,725	2.2p	109p	
1989	1,329	580	12,211	2.2p	113p	
1990	1,263	2,261	10,601	3.3p	98p	Bid for Multitrust PLC
1991	1,714	556	14,277	2.5p	99p	Acquired Saxonbest Ltd
1992	2,722	(114)	11,942	1.1p	83p	Acquired Etonbrook Properties PLC
1993	2,942	707	13,877	2.8p	96p	
1994	3,229	1,729	18,569	2.7p	99p	Re-obtained full listing and acquired Multitrust Property Investments ltd
1995	3,637	1,114	18,836	3.0p	101p	
1996	4,025	2,146	21,746	**5.25p**	121p	Bid for Elys PLC
1997	4,647	2,173	24,010	4.0p	133p	
1998	4,735	3,236	28,500	6.0p	157p	
1999	4,961	2,056	32,875	6.0p	182p	Acquired Northstar Group
2000	5,518	2,396	32,285	6.5p	190p	Malcolm Bloch retired
2001	6,020	3,531	37,186	**9.0p**	219p	
2002	7,951	2,956	38,240	7.0p	226p	Acquired Eurocity Properties PLC
2003	9,125	3,413	50,104	**12.5p**	295p	
2004	9,194	7,632	49,871	8.0p	293p	S Peters joins. Sold Panther House.
2005	8,099	26,549	67,632	**20.0p**	398p	P Rowson retires/J Perloff and S Peters join board
2006	7,510	9,269	73,269	12.0p	431p	
2007	7,526	9,089	78,608	12.0p	465p	
2008	7,064	(14,331)	65,846	12.0p	390p	Global financial banking crisis
2009	7,380	2,953	68,010	12.0p	403p	
2010	7,717	6,401	71,222	**15.0p**	422p	
2011	8,961	(2,312)	66,955	12.0p	397p	
2012	10,781	(4,633)	61,992	12.0p	367p	
2013	12,502	8,155	67,876	12.0p	395p	Went from full listing to AIM in Dec 13
2014	12,512	4,377	71,472	12.0p	409p	
2015	12,840	8,470	76,017	**22.0p**	428p	Sold MRG Systems Ltd
2016	12,965	(2,015)	72,279	12.0p	407p	BREXIT fears
2017	12,946	24,791	91,212	**22.0p**	516p	
2018	13,607	8,700	94,029	**27.0p**	532p	Record disposals – £41m for £11m profit.
2019	14,226	(4,963)	84,946	12.0p	480p	

Note: **bold** dividend indicates includes a special dividend

For your notes

Barry Parade Proposed Development
(two views from Peckham Rye Park)

Caerphilly (Nr Cardiff) Office Complex

Bishop Auckland

Gateshead – Mixed Use Investment

Broadstairs (Proposed Elevations)

PANTHER
SECURITIES PLC

Panther Securities P.L.C.
Unicorn House
Station Close
Potters Bar
Hertfordshire EN6 1TL
www.pantherplc.com