PANTHER SECURITIES PLC

ANNUAL REPORT &
FINANCIAL STATEMENTS
2020

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

Jasper Pagud

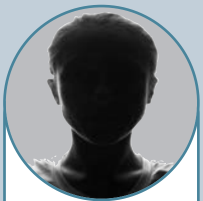
(Junior Surveyor)

Joined: 2020

Ingrid Tack

(Architectural Technician)

Joined: 2019



Lee-Anna Mayers

(Property Manager)

Joined: 2014

Tara Norrington

(Property Administrator)

Joined: 2018

Yvonne Headlam

(Reception)

Joined: 2005

Marsha Vaknine

(PA to Chairman)

Joined: 2017

Kerry Howard

(PA to Chairman)

Joined: 1988

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	Crowe U.K. LLP 55 Ludgate Hill, London, EC4M 7JW
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 Group Central Square, 10th Floor, 29 Wellington Street, Leeds, LS1 4DL
Solicitors	Howard Kennedy LLP 1 London Bridge, London, SE1 9BG Fox Williams LLP 10 Finsbury Square, London, EC2A 1AF DMH Stallard LLP 6 New Street Square, New Fetter Lane, London, EC4A 3BF Brodies LLP 110 Queen Street, Glasgow, G1 3BX 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

	2020 £'000	2019 £'000
Revenue – rents receivable	**13,051**	14,226
Profit/(loss) before tax	**2,573**	(4,963)
Total comprehensive income/(loss) for the year	**2,357**	(4,240)
Net assets of the Group	**86,242**	84,946
Earnings/(loss) per 25p ordinary share		
Basic and diluted – continuing operations	**14.9p**	(23.1)p
Dividend per ordinary share		
(based on those proposed in relation to the financial year)	**12p***	12p
Net assets attributable to ordinary shareholders per 25p ordinary share	**488p**	480p

* 6p interim to be paid in July 2021 and 6p final is due to be paid in October 2021.

Chairman's Statement

I am pleased that I am able to present the results for the year ended 31 December 2020, which, by anybody's view, has been a most unusual year.

Most of our tenants have had a torrid time due to the Covid-19 pandemic and the numerous changing government actions, rules, and regulations brought in to protect its citizens often in ways not easily understood by the majority, and often the minutiae of the rules not seemingly logical.

The restricted number of businesses deemed essential that were allowed to open their doors for trade may have done much better than normal, and many of those that had to close, even temporarily, have had financial problems.

The government stepped up to the mark with numerous financial reliefs, loans, and even paying furloughed employees wages to an average wage limit so that the country's private sector did not go bankrupt, but of course, they could not and did not deal with all eventualities. In particular, this caused the majority of landlords to be left to fend for themselves to deal with many tenants who either did not receive any help or more likely insufficient help to overcome the financial effects of forced closure. Thus our results, to my mind, have shown a remarkable resilience when you consider the year's problems.

The profit for the year ended 31 December 2020 was £2,573,000 before tax, compared to a loss before tax of £4,963,000 for the previous year.

Our rental receivable amounted to £13,051,000 compared to the previous year's £14,226,000 and as so often is the case, the profit or loss figure is accentuated by the non-cash valuation movements.

The independent revaluation of our charged portfolio, the majority of which was carried out by Messrs Carter Jonas, showed an improved value of £6,146,000 largely bolstered by the increased value of our industrial investments and properties with residential development value, whereas some retail properties have fallen in value.

The swap liability has risen by £5,498,000 due to future expected interest rates having fallen further as at the year-end. Our profit figures have also taken into account an increase of circa £1,100,000 to the bad debt provision, which was considered prudent by the Board whilst the pandemic and restrictions are still running, and its financial effects not fully known.

During the year, we gave about 67 different tenants concessions, totalling about £315,000 in rent waivers. Additionally, we gave a number of concessions by way of deferred payment arrangements and also allowed some tenants to utilise part of their deposits that we hold towards current rent due.

All concessions were independently negotiated to suit the particular individual circumstances of our large variety of tenants.

It is of course irritating that our own freehold landlords, being mainly Councils who receive about £675,000 per annum in ground rent and separately but in addition business rates from us, even on vacant properties, have failed to give us the slightest concession, even when government issued a formal code of conduct saying they should!

To harass landlords' further the government has made it illegal for landlords to take legal action to collect rents.

If a shop trader is forced to close because of an emergency government edict, even when they are relieved of business rates under a Covid-19 concession and circumstances are still so bad that the trader vacates the premises the business rates fall back onto the landlord who then has to pay full business rates. Is this not an obvious abuse of the rules of fairness in taxation?

Disposals

55 West Street Southport

We sold a small freehold warehouse in West Street, Southport, formerly used by Beales Southport store, for £250,000 which showed a small profit.

5 Hall Road Maldon

This small freehold factory was sold to the tenant for £350,000 showing a profit on book value.

43/45 Main Street Coatbridge

This property was destroyed by a fire in 2015, and shortly thereafter we received insurance claim proceeds to its then full value, which has been accounted for in previous accounts.

However, the remaining freehold of the cleared site was sold to the local council for £112,500 well in excess of its book value.

Chairman's Statement continued

Acquisitions

Bedford

In April 2020 we purchased under a previous long-term agreement, the freehold of 26-36 & 3-5 Harpur Street, Bedford, a former Beales store, situated in the best position in Bedford. The cost was £3,475,000 including the excessive stamp duty payable. We consider the rental value is about £250,000 p.a. for the ground floor alone and have planning consultants working on the planning applications needed to convert the upper parts for up to thirty two flats.

Wickford

We were able to buy back a block of four dilapidated long leasehold factory units in Wickford, totalling 20,000 sq.ft. for a total cost of £320,000. We already owned the freeholds being part of our Wickford Industrial estate, which totals 25 units. These four units were part of a separate 1.5 acre freehold site on which we had previously obtained planning permission for residential development, but this planning permission required the acquisition of two adjoining freehold units owned by different owners, which is now regarded as unlikely.

We now have the ability to rebuild modern warehouse/industrial units totalling about 30,000 sq.ft. on this site for which there is strong demand. This is expected to be a profitable scheme as industrial rentals have risen considerably since our original residential proposals.

Developments

Broadstairs

During this account period we show £1,746,000 development costs in Broadstairs, the ground floor of which has been pre-let as a Tesco Express store for £55,000 p.a. We intend to hold the property as a long-term investment, thus the twelve newly built flats above, some of which have sea views will be let after completion. Progress on this site progressed surprisingly well. In my last interim statement, I expected completion of the developments at the end of January 2021. This has been delayed by the Council's sensible requirement that all three utilities should be dealt with at the same time so as to disturb the recently renewed road surface as little as possible, and also demanding a large payment for resurfacing after the works completion. Of course, the Council had known about the development for approaching 18 months and could have delayed their works until near completion. However, completion should happen soon. When fully let and occupied, this entire property should produce an additional £160,000 p.a. rents receivable for the Group.

Swindon

We are pleased that at long last our subsidiary company, CJV Properties Ltd has received two separate planning permissions one for a leisure/restaurant two storey development and the other ground floor retail/leisure units and 8 floors above in a tower block with 68 residential units, which is subject to agreeing any Section 106 payments that may be required. This property is held on a medium term leasehold from the local authority at a ground rent, but to facilitate this development the Council have agreed terms for a new 250 year lease at a percentage of the rental income from the commercial part of the scheme. Solicitors are already instructed and dealing with this lease extension.

Tenant Activity

There has been a considerable amount of activity with our tenants with 18 residential tenants vacating against 24 new lettings. The commercial tenancies provided 57 tenants vacating with 52 new lettings or tenancy renewals.

The effect of this considerable activity was that there will be about £210,000 income loss on an annualised basis. Now that retail lockdown has ended, we are hopeful there will be a surge in trade that encourages an army of entrepreneurs to take premises for new enterprises. This does not include the cost of Covid-19 concessions or loss of income from Beale's in which the liquidator offered leases for surrender but they have not yet been accepted to save holding costs.

Beales Stores

Many people, including surveyors, valuers, banks and accountants have been fearful of the problems of vacant properties and have given cautious and low valuations on these type of properties. However, we see this differently as at their reduced values, with proper care and attention, they have potentially much bigger scope for appreciation as and when they are brought back into full use, probably after different trades are implemented and occupied on rental or otherwise. Thus the early results on this minor group of our property portfolio is already beginning to show promise.

Chairman's Statement continued

Included in these figures is a new letting of the Beale's former Lumley Road, Skegness store to a rent that rises to £150,000 at the fifth year.

Subsequent to our year-end, a section of the former Beale's store at Keighley has been let to the Department of Work and Pensions as a Job Centre at £55,000 per annum. We still have the major part of the vacant space available for letting within this Keighley store, which is part of the town's main shopping centre.

We expect to make further headway in replacing the £890,000 p.a. rent lost from our former tenant, Beale's. I have previously mentioned the car parks attached to Beale's and these should in due course, produce a good income but the various lockdowns prevented them producing their full potential. There are, of course, a number of negotiations continuing for many of the other former department stores.

Post Balance Sheet Events

In January 2021, we exchanged contracts to purchase a substantial freehold factory and warehouse of approximately 96,000 sq.ft. of usable space situated in approximately six acres of industrial land. The contract price agreed is £3,300,000 with a delayed completion of between 15 and 30 months until the completion of the vendors' new building. Should it be necessary for a further delay, the vendors will pay a rent of £340,000 per annum until they vacate.

This purchase will tilt our portfolio towards more industrial investment.

Staff

The Covid-19 pandemic presented difficulties with running our office and its usual smooth management operations, and we thus implemented the furlough scheme for a number of our staff.

At the beginning of 2019, we took on a new software management system specially designed for property companies. In using this system more intensely we found that we could manage with three fewer staff. We wish them every success for their future careers. Additionally, Hyam Harris who had been with us for 32 years has moved to part-time and, additionally, Ram Patel has retired after twenty-nine loyal years. I would like to thank them all for their diligence and excellent company spirit throughout their time with us.

It is intended that Simon Peters, who has been Finance Director for over fifteen years, and played a major part in keeping the Group on a steady course, will step up to be Chief Executive Officer as from 1 January 2022 thus relieving me of some of my responsibilities, despite numerous requests for me to fully retire, entirely from my wife, which seemed to cease towards the end of the first lockdown. Thus I will be able to continue to work for similar hours concentrating on all matters that are most appropriate to my skills as Executive Chairman.

Loans

We are at an advanced stage of renewing our current facilities which, following a three-month extension, expire in July 2021. All terms for a three-year £66 million term loan are agreed and credit approval has been obtained, but finalisation is now dependent on the speed of action of our respective solicitors. We maintain a strong cordial relationship with our longstanding club lenders and will update shareholders when the new facility is in place in due course.

Swap restructuring

Subsequent to our year end in February 2021 the Group paid £5 million to vary a long-term swap agreement. The agreement varied was an interest rate swap fixed at 5.06% until 31 August 2038 on a nominal value of £35-million and has circa 17.5 years remaining. Following the Group's variation, the Group's fixed rate will drop on 1 September 2023 to 3.40%, saving the Group £581,000 pa in cash flow until the end-point of the instrument.

At 30 April 2021, there was a swap liability reduction compared to that shown at the year-end of £15.6 million due to the combination of our purchase of the variation of this swap and also an upward spike in medium and long term interest rates, thus improving our net asset value by 71p per share (after taking account of the tax effect) which, of course, will continue to fluctuate.

Chairman's Statement continued

Cash

We have collected circa 80% of our pre Covid-19 rental income level since the first lockdown. This is more than sufficient to pay all current interest charges and other running costs. We had been conserving cash, which stood at over £9 million at the year-end and therefore, we are still prepared to consider property proposals that offer above average secure income prospects. I suspect there will be many possibilities in these unprecedented times.

Dividends

We paid a final dividend of 6p per share in respect of the financial year ended 31 December 2019 on 7 September 2020. As announced in May 2021, the Directors have declared a 6p interim dividend for the year ended 31 December 2020, payable on 2 July 2021, and proposed a final dividend for 2020 of 6p per share, payable on 14 October 2021, subject to shareholders' approval at the AGM.

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. Special thanks and good wishes 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

25 May 2021

Chairman's Ramblings

My first proper business was a stamp approval business I started in my early teens. I was already a collector and a regular visitor to our tiny local stamp dealer's shop that was run solely by an old man, and another shop nearby selling old railway magazines and railway memorabilia specialist shop, which fortuitously as a side line sold stamps as well.

Due to my frequent purchases, I became friendly with both traders and they would often tempt me with offers of job lots both more interesting and at much cheaper prices than individual stamp prices.

I decided to try trading myself and bought some small notebooks, stuck stamps in with some sort of order using stamp hinges and with the help of a couple of old Stanley Gibbons stamp catalogues and a pencil, would price each stamp individually underneath, my pricing being about one quarter of the catalogue price.

My first advert was in the Exchange & Mart in the collectors section under "Star Stamp Approvals at a quarter of the catalogue price" began to receive a number of enquiries. I then posted a booklet of stamps to about eight people and relied on trust that they would take the stamps they wanted/needed, tot up the prices and send their payment by cheque, postal order or cash and hopefully request another booklet or two.

I was doing quite well, probably making over £10 per week profit and thus expanded my buying from my two shop sources, school friends and junk shops.

About 4 months after I had started becoming more confident I began examining the other advertisers to see what opportunities were on offer. One day I noticed an advert for a large box of mixed stamps, still mostly on envelopes or stuck to the paper. This excited me so after phoning the advertiser to discuss the size of the box, etc., I wrote sending my £25 in payment.

I was so excited when the box arrived. It was about the size of four shoeboxes and indeed full of stamps. However, there were about 25 different of the most common world stamps in their many hundreds of each. This was a puzzlement for me, as obviously I knew I could only put out a small number in my booklet before my customers would discontinue requesting my approval booklets.

Having pondered this situation I decided the best option was to make up packets in small cellophane envelopes and stuff them full with about 3-4 of each of the 25 or so different types. I priced each packet at 6p, then took them to my two friendly dealers and suggested that if they took a box of 100 envelopes, they could have them at 4p each on a sale or return basis. I would check their sales each week and top up to the 100 and they would only pay me for sales made.

This went on for about three months when inevitably they said all their regular customers had exhausted their interest in these run of the mill stamps. I may have received about £15 back. Elsewhere the stamp approval business was still doing well.

Remaining stamps

Chairman's Ramblings continued

I told my father about my silly mistake and he told me a story of his own.

Throughout the war and for some years afterwards there was rationing of many things, especially food, and although rationing gradually reduced, there was often 'special offers' to be had by knowledgeable job lot traders.

One of his friends was such a person who would buy job lots of practically anything then sell to his trader clients (maybe 30) who would then sell on the items in even smaller parcels to their own clients.

One day he told my father about a large quantity of wooden boxes each containing 1 gross (144) tins of sardines. He had purchased over 200 boxes at the equivalent price of 1p per sardine tin. He then sold them to his sub-trader customers at 2p per tin, some he said then sold them in smaller quantities (but whole boxes only) to actual market traders at the equivalent of 3p per tin who opened the boxes up and sold them at 4p per single tin from their stalls.

Within a week, my father's friend was inundated with calls from the market traders whose customers were complaining the sardines were off. His reply to these traders was "The sardines are for buying and selling, NOT FOR EATING!"

My father then told me this was a lesson to remember and to view and test what you buy before actually paying for anything.

The sardines are for buying and selling, NOT FOR EATING

Chairman's Ramblings continued

This advice was taken to heart and remembered when some ten years later when (as a self-employed estate agent just starting to buy properties on my own behalf) I saw an advert in the Exchange & Mart (once again) for a property with land for sale.

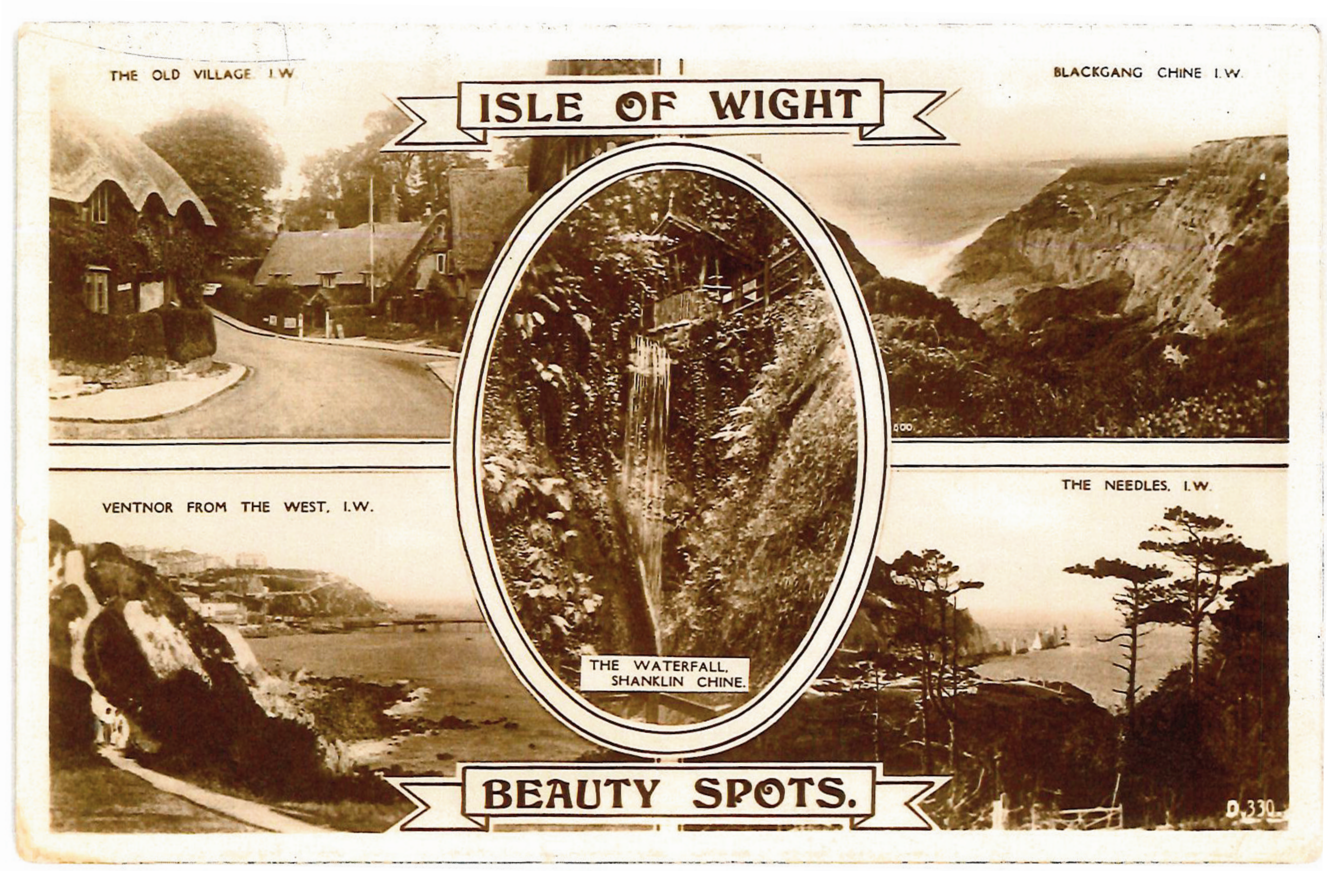
Advertised as 4 acres of land close to the sea adjoining the beach with eight holiday cabins situated upon it, some in need of repairs. It was on the Isle of Wight, priced at £8,000 for the entire freehold estate, which, at that time, we could just afford, and seemed very cheap. With the confidence of youth and my complete lack of knowledge of the location, the Isle of Wight property market and also complete lack of understanding of building repairs, was confident I could renovate and let or sell individual cabins at a profit.

It was my first time visiting the Isle of Wight and thus I set off driving with great expectations, excitedly taking the ferry across from Southampton, and eventually finding the site and cabins.

There were indeed eight cabins and probably about 4 acres of land very close to the beach – a little too close. The land was originally on cliffs overlooking the beach but the cliffs had eroded and slipped down even nearer the beach so that most of the land was at about a 60 degree angle to the beach! Whilst I have often voiced that I like property with angles, certainly not that type! All of the cabins were built on concrete bases, four of which had broken in half and sloped down towards the beach. The others mostly had signs of cracking and looked like they too would finish up like the first group – unrestorable and likely to join the mermaids in a few years' time!

After a short lunch to overcome my disappointment about this disastrous property expedition I drove back to London, never forgetting that you should always investigate any property purchase before paying out substantial funds.

These few memories have always remained with me and if a proposition looks too good to be true, instinct tells me it's probably not true!



Chairman's Ramblings continued

In one of my ramblings I seem to recall writing about the Weimar Republic in Germany after the First World War whose financial circumstances made them print vast amounts of extra paper money that was not backed by any real assets or reserves.

There was monumental inflation meaning all prices rose to meet the increased volume of paper money.

At that time I felt there was likely in due course to be high inflation due to our government's quantitative easing, i.e., printing money. It did not happen then but now I notice in some areas of the economy it has. Many of the industries of the future, i.e., high tech companies, are valued at extremely high, almost unbelievable valuations, many not yet making a profit and often open to new competition.

I will mention just two for illustrative purposes, one a form of currency, Bitcoin, which is traded and used over the internet where each person's holding is protected by a personal digital code. This psuedo currency is valued at about one trillion pounds in total, is unregulated and relies on people to buy into its value without a government guarantee of any form, no known reserves of gold or currency and no access to any country's taxpayers to underwrite it if it were in trouble. Definitely an asset very useful to criminals due to the anonymity of its transaction, open to complete loss of value if you lose or forget your code. Probably open to fraud even easier than our present banking system. Like the sardines only suitable for buying and selling, not for investing.

Its value is solely derived from some bigger or richer mug than yourself buying into the system.

To top it all, the second example is an exciting, 'newish' car manufacturer producing a range of attractive but expensive electric cars borne out of the world's most recent fad to save the planet from carbon emissions.

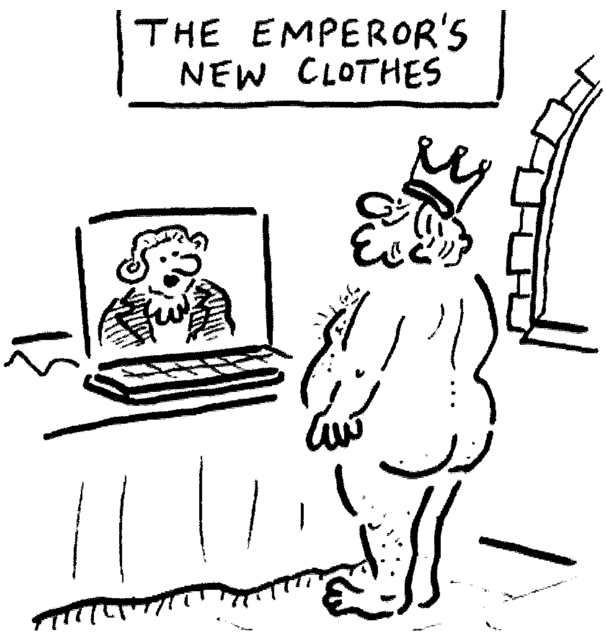
The company may have just started to make a profit, and is valued at about 1,000 times a year's earnings, making the creator of this company on and off the world's richest person. The company, having amassed huge sums from new investors, not profits, was able to buy 1.5 billion dollars' worth of 'Bitcoins' thus creating further exciting interest in this imaginary currency. I believe the richest man in the world has titled himself the 'Techno-King'.

This reminded me of one of Aesop's fables penned many years ago. I won't give you the whole story as most of you will know it as "The Kings New Clothes" where two confidence tricksters convinced a gullible and self-important but powerful King they could make him the most magnificent outfit for a forthcoming special occasion.

The King gave them gold and silver to buy all the very rare materials they said they required and they took an inordinate time making these clothes with many fittings where nothing was visible. They convinced the King and courtiers that only clever and wise people would be able to see the clothes and material so no-one dared to say anything to the all-powerful King. Word got around the kingdom about the wonderful but invisible clothes that looked so magnificent but only to the cleverest people.

The procession for the country's celebration came and the streets were lined with most of the population whilst the King strode down the streets proudly showing off what he believed was his magnificent new outfit and all the population 'oohed and aahed' the King's new clothes. However, one small boy looked at the King and shouted out "Look, the King has got no clothes, I can see his willy" and laughed uproariously. Then everyone else realised that they were seeing this truth and also started laughing.

The King never caught the tailors as they were long gone from the principality with their loot and the King became the laughing stock forever more.



Cartoon by Jonathan Pugh from the Daily Mail 31st March 2021

Chairman's Ramblings continued

I believe the made up currencies sometime soon will collapse, as will many tech companies, share valuations and there will be a huge loss of real money.

When big losses happen, whether by fraud or disaster, or government incompetence, people are often forced to sell the good and reliable assets to cover their losses which creates a downward spiral in all asset values.

So when I see the massive increases in some companies' share price or the huge values the market places on make believe currency, I remember the box of stamps, the cabins slipping down the cliff and the stinky sardines that no-one could eat!

Yours

Andrew S Perloff
Chairman

25 May 2021

P.S. My ramblings were prepared in January/February but due to Covid delays my predictions appear to be starting to be realised.

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 900 individual property units within over 150 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

	2020****	2019****	2018****	2017
Gross profit margin (gross profit/turnover)	**73%**	76%	71%	71%
Gearing (debt*/(debt* + equity))	**42%**	41%	39%	45%
Interest cover**	**1.34 times**	2.14 times	4.17 times	2.37 times
Finance cost rate (finance costs excluding lease portion/average borrowings for the year)	**7.0%**	7.1%	6.6%	6.4%
Yield (rents investment properties/average market value investment properties)	**7.8%**	8.8%	7.7%	7.1%
Net assets value per share	**488p**	480p	532p	516p
Earnings/(loss) per share – continuing	**14.9p**	(23.1)p	39.9p	120.2p
Dividend per share	**12.0p**	12.0p	27.0p***	22.0p***
Investment property acquisitions	**£5.5m**	£8.1m	£3.9m	£8.9m
Investment property disposal proceeds	**£0.7m**	£1.1m	£40.8m	£2.2m

* 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 these figures the 2017 prior year figure not restated. IFRS 16 has only been reflected in 2019 and 2020, the 2017 and 2018 prior year figures not restated.

Group Strategic Report continued

Business review

The Group's underlying performance was very much affected by the COVID-19 pandemic and also the demise of its tenants, JE Beale Ltd ("Beales") in January 2020 (which provided circa £887,000 of annual income). The lower income and three times larger bad debt charge during 2020 led to Operating Profit dropping by £2.34 million, circa £1 million of this is unlikely to be repeated in future years, as bad debts should return to normal levels, as the effects of COVID-19 diminish and we hopefully have no more lockdowns.

The property values held up following the independent valuations and perhaps the directors were slightly negative in the last two announced director valuations, but both were very much prepared in the thick of the pandemic (May and October 2020). The final notable impact on the income statement was the worsening of the swap liability by £5.5 million, but post year end there has been a large reduction in this, one via our actions of paying for a variation (explained later), but also a change in market expectations of higher future interest rates (leading to a lower liability).

On review of the cash flow statement, which the valuation movements on the financial derivatives or the investment properties do not impact, even in the pandemic with the loss of a major tenant the business still generated a healthy £2.6m of cash flow from its operating activities (included in this was a refund of overpaid tax of 0.4m).

In terms of the statement of financial position the Group saw improvement in its asset value with the net asset value per share now being 488p (2019 – 480p per share). The investment property valuation has benefited from the growth in the value of industrial properties, which now account for almost 30% of the portfolio by value. The properties with residential elements or planning potential, mainly in the south-east have also showed strong growth. There was more of a mixed situation on the retail properties. However we can see that the secondary local shopping parades have held up well in the pandemic, as the traders have managed to survive and some even flourish as even though lockdowns meant closures, many were considered essential, and most benefited from more local footfall whilst people were not commuting into major towns or city centres. We could see our smaller tenants adapted better and were more flexible in their approach, as well as the government help being more meaningful for covering their fixed costs.

We feel the pandemic has proven that our business model of investing in a diversified selection of property investments rather than specialising is the correct one and provided adequate income for all our requirements.

It is still our view, as the economy opens up, that secondary retail properties (which is a large part of our portfolio – approximately 55% by value) will be less affected by the seismic change to shopper's habits. The average secondary retail parade has 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 are by their very nature less affected than pure destination retail, by changing consumer habits, and in many instances the Web even provides 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 – which we believe will benefit from longer term regeneration plans from the Government and local councils for town centres. As such, if and when some retail locations no longer work, 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.

Going forward

We highlighted two issues that would impact 2020 in the 2019 report and accounts being COVID-19 and demise of Beales. These two issues will continue to be the largest factors in 2021. However the former Beales properties provide a lot of potential upside and should be considered an opportunity. The down side is reflected in their valuations, so we believe we can do well on this low base, adding additional long-term income, and making some capital profits on disposal. We believe the external valuation was prudent but time will be the true judge.

The Chairman's statement already explains some success on the former Beales properties, and this was achieved in a pandemic. We have less funds than we originally were expecting on the renewal of our facility, as Lenders are less confident after realising losses on certain large shopping centres and in our view are not differentiating between different parts of retail. Our experience is that there is more of a nuance that lies in this sector, with many different types of "retail" property investment and many

Group Strategic Report continued

locations will continue to do well even with traditional destination retail. Therefore future added value within the business, will be proportionally be more home grown as we have less finance to make wise acquisitions over the next three years. The Group will have to unlock the value contained within the portfolio, such as by obtaining planning permissions on those with residential value and through lettings of vacant space, including the former Beales properties, which was difficult in 2020 with little economic activity due to COVID-19. This is something we of course always push for but there will be less distractions from potential acquisitions and will be more important to bring these existing opportunities forward.

- **COVID-19**

In the 2019 report and accounts we stated "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. ...... We do have tenants such as supermarkets, chemists, takeaways, flat tenants, convenience stores and certain industrial uses still open for business who hopefully will pay their full rent" even in lockdowns.

There are always uncertainties and COVID-19 was an extreme example, uncertainties can affect property prices in the short term, however the board continues to believe 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.

During the pandemic, since the first lockdown from 23 March 2020, the Group has had an improving trend in terms of rent collection. Of the invoices issued since that date we have managed to collect circa 80% of the invoiced income, which is decent performance by most measures.

The Government has issued a clear stepped plan back to "normality" and this should only assist the future prospects of the Group.

Financing

The Group had a three month extension agreed to its existing loan that would have expired in April 2021, to July 2021. The new terms have been agreed and credit approval has been obtained. We see no reason for this loan to not be in place by the expiry of the current extension. The new facility is a £66 million facility and has a three year term.

At the Statement of Financial Position date the Group had £9.2m of cash funds, £12m available within the loan facility.

Financial derivative

We have seen a fair value loss (of a non-cash nature) in our long term liability on derivative financial instruments of £5.498m (2019: £0.997m fair value loss). Following this loss the total derivative financial liability on our Consolidated Statement of Financial Position is £32.0m (2019: £26.5m).

These financial instruments (shown in note 27) 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 mostly 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. However much of this benefit will be lost as the new facility we are entering into has higher margin which takes away most of the benefit gained.

In February 2021 the Company paid £5,000,000 to vary a long-term swap agreement. The agreement varied was an interest rate swap fixed at 5.06% until 31 August 2038 on a nominal value of £35m and has circa 17.5 years remaining. Following the variation, the Group's fixed rate will drop on 1 September 2023 to 3.40% saving the Group £581,000pa in cash flow until the end point of the instrument.

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.

Group Strategic Report continued

Principal risks and uncertainties of the Group

The successful management of risk is something the Board takes very seriously as it is essential for the Group to achieve long-term growth in rental income, profitability and value. The Group invests in long term assets and seeks a suitable balance between minimising or avoiding risk and gaining from strategic opportunities. The Group's principal risks and uncertainties are all very much connected as market strength will affect property values, as well as rental terms and the Group's finance, or term loan, whose security is derived primarily from the property assets of the business. The financial health of the Group is checked against covenants that measure the value of the property, as a proportion of the loan, as well as income tests. The two measures of the Group's finances are to check if the Group can support the interest costs (income tests) and also the ability to repay (valuation covenants).

The Group has a successful strategy to deal with these risks, primarily its long lasting business model and strong management. This meant the business had little or no issues during the 2008 financial crisis, which some commentators say was the worst financial crisis since the Great Depression of the 1930s. The current COVID-19 crisis also showed the resilience of the investments income stream and the good management in particular the disposals degearing the business 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.

Group Strategic Report continued

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.

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 the Group carry enough reserves and resources to cover any incidents.

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

Group Strategic Report continued

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 were relatively more recent purchases 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 in 2020 two surveyors were promoted to Joint Head of Property. The Group undertakes team building activities to encourage cohesion and working together.

(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 this has been refined over the next two years 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; since 2019 up to date our invoices have been emailed as standard to our tenants and we also encourage the receipt of electronic invoices. We have had a renewed push in 2021 to push our last few tenants away from cheque payments. 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

25 May 2021

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 2020.

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 within 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 Group's loan was up for renewal in April 2021, however the Directors have agreed a short term renewal to July 2021 and also have credit approval for a new term loan which is currently being worked on and will be in place prior to the short term extension. The Group has strong relationships with its lenders and is confident the new term loan facility will be in place shortly.

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 profit for the year after taxation, amounted to £2,644,000 (2019: a loss of £4,093,000).

The interim dividend of £1,061,000 (6.0p per share) on ordinary shares will be paid on 2 July 2021. The Directors recommend a final dividend of £1,061,000 (6.0p per share) payable on 14 October 2021 to shareholders on the register at the close of business 3 September 2021 (Ex dividend on 2 September 2021). The total dividend for the year ended 31 December 2020 being anticipated at 12p per share.

There will be no option of a scrip dividend offered for the 2020 final dividend of 6.0p per share (to be paid in October 2021). There was no scrip option for the interim dividend which will be paid July 2021.

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	
	2020	**2019**
A. S. Perloff (Chairman)	**4,015,860**	4,244,360
B. R. Galan (Non-executive)	**338,669**	338,669
P. M. Kellner (Non-executive)	**22,000**	22,000
J. H. Perloff	**137,500**	107,500
S. J. Peters	**227,929**	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 (2019 – 8,405,175).

There have been no changes in Directors' shareholdings since 31 December 2020.

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 £228,000 (2018 – £221,000) are made up as follows:

Director	Salary/ Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	Total 2020 £'000	Total 2019 £'000
Executive						
A. S. Perloff	–	–	6	–	**6**	6
J. H. Perloff	63	5	3	–	**71**	72
S. J. Peters	94	18	8	11	**131**	123
Non-executive						
B. R. Galan	10	–	–	–	**10**	10
P. M. Kellner	10	–	–	–	**10**	10
	177	23	17	11	**228**	221

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 2020 and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £11,000 (2019 – £3,000) 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 (this is not split out in the above table). S. J. Peters did not contribute from April 2019 to the year end.

No other payments were paid in respect of any other Director during the year (2019 – £nil).

Third party indemnity provision for Directors

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

Capital structure

Details of the issued share capital of the Company are shown in note 23. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The details of the Group's treasury policy are shown in note 27.

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 (2019 – £nil). The Group makes donations to charities through advertisements at charity events and in the diaries of charities, the total of which in 2020 was £1,000 (2019 – £5,000). The Group is a Foundation Partner of the preferred charity of the property industry, Land Aid, donating £20,000 (2019 – £nil).

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.

Crowe U.K. LLP were appointed in the year and will be proposed for reappointment at the Annual General Meeting in 2021.

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

25 May 2021

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 objective of the Group is to maximise long-term returns

Corporate Governance continued

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 2020, 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 2020, 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 not 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 2020, which was the same in the previous year.

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

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

The Board considers succession planning and the need for further board or senior management appointments. The Board believes that there is no need for changes to

Corporate Governance continued

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 behaviors

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 2020 the committee met three times with all members present, including a meeting to conclude the appointment of the Groups new auditors Crowe U.K. LLP. 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 2020 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 any 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 2020 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 financial statements of Panther Securities Plc (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2020, which comprise:

- the group income statement for the year ended 31 December 2020;
- the group statement of comprehensive income for the year ended 31 December 2020;
- the group and parent company statements of financial position as at 31 December 2020;
- the group and parent company statements of changes in equity for the year then ended;
- the group statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following:

- Obtained management's going concern assessment challenging, where appropriate, the assumptions used;
- Tested mathematical accuracy of the models used by management in their assessment. Considered the reasonableness of those models, including comparison to actual results achieved in the year and the evaluation of downside sensitivities;
- Discussed with management and evaluated their assessment of the group and the company's liquidity requirement; and
- Obtained and reviewed credit approval confirmations from the lenders.

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

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

Independent Auditors' Report continued

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Given the nature of the group's activities we consider that the most appropriate benchmark is gross assets. As a key component of the group's gross assets is property which is held at fair value, we have based financial statement materiality on 1.1% of the group's total assets and 1.0% of the parent company's total assets.

Based on our professional judgement, we determined overall materiality for the group financial statements ("financial statement materiality") as a whole to be £2,100,000; and the overall materiality for the parent company is £300,000.

We are required to consider whether there are one or more particular classes of transactions or account balance, for which misstatements of lesser amounts than materiality could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In the group and parent company financial statements, for transactions and assets and liabilities other than investment properties, we have determined specific materiality to be £135,000 and £80,000 respectively, based on 1.0% of turnover due to revenue growth being one of the group's key performance indicators.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £63,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

We audit the parent company and its subsidiary companies. Our audit approach was developed by obtaining an understanding of the group's activities, the key functions undertaken on behalf of the Board by management and the overall control environment. Based on this understanding we assessed those aspects of the group and subsidiary companies transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly.

Key Audit Matters

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

Independent Auditors' Report continued

We set out below, together with going concern for the group and parent company, those matters we identified a key audit matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Carrying value of investment properties (group) The valuation of investment property requires significant judgement and estimates by management and the external valuer where applicable. The valuation of the group's property portfolio is inherently subjective to, among other factors, the individual nature of each property, its location and the expected future rentals, yield data and comparable market transactions. As a consequence, there is an inherent risk that the carrying value could be subject to material estimation bias.	We gained an understanding of the nature of the assets in the portfolio and ensured classification and designation are appropriate and in line with our expectations. We reviewed the stated accounting policy ensuring it is appropriate to the designation and has been applied consistently. We evaluated the capability, suitability and competence of the group's external and internal valuers, giving specific focus to their qualification, experience and, in relation to the external valuer, their independence. We reviewed management's assessment of the carrying value of the investment properties which was derived from valuation reports prepared by external valuers and internal surveyors. We carried out procedures, on a sample basis, to satisfy ourselves of the accuracy of the property information supplied by management as these form the basis of the valuation reports. We compared the output from the external valuers and directors to the levels of rents actually achieved and where possible, publically available benchmark data such as yields. We engaged our own independent property valuation expert to assist with the assessment of key assumptions included in the valuation reports in accordance with ISA (UK) 620 to challenge assessment of the carrying value of investment properties. We spoke directly with the management to confirm the basis on which they had prepared the valuation and how they had arrived at their key inputs, and specifically the property specific yields. We considered the adequacy of disclosures around the sensitivity of the carrying value to changes in reasonable alternative assumptions.

Independent Auditors' Report continued

Key audit matter	How the scope of our audit addressed the key audit matter
Carrying value of derivatives financial instruments (group and parent company) Derivatives financial instruments are complex and requires specific knowledge and skills to carry out its valuation therefore increasing the inherent risk.	We gained an understanding of the group's valuation methodology in determining the fair value of the derivatives financial instruments and its compliance with the relevant accounting standards. We also assessed management approach on the credit risk on the derivatives financial instruments and the appropriateness of the discounts applied. We computed an independent estimate of the fair value of the derivative financial instruments. We considered the adequacy of disclosures around the derivatives financial instruments.
Revenue recognition (group) Revenue for the group consists primarily of rental income. Rental income is based on tenancy agreements where there is a standard process in place for recording revenue. Due to the number of tenancies on different terms, coupled with the practice occasionally offering tenant incentives on the grant of a new lease there an increased inherent risk of error.	We re-performed the rental reconciliations and selected a sample of tenancy agreements per property to validate the inputs into that reconciliation. We also performed comparative analytical procedures based on our knowledge of the tenancy and forming an expectation of rental income for each property and investigated any large or unusual variances. Where tenancy incentives were given on the granting of a new lease we reviewed the rent free period to agree it is accounted for in accordance with accounting standards. We reviewed the accounting treatment and journal posted in regards to deferred rental income recorded on the group's statement of financial position by agreeing to supporting documentation.
Carrying value of investment in subsidiaries and amounts owed by group undertakings (parent company) We have considered the risk that investment in subsidiaries and amounts owed by group undertakings are impaired.	We reviewed management's assessment of carrying value of investment in subsidiaries and amounts owed by group undertakings and critically appraised the assumptions used. We compared the carrying value of investment in subsidiaries and amounts owed by group undertakings to the net assets and profitability of the corresponding entity along with other supporting evidence such as future projections.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Independent Auditors' Report continued

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their 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 the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, inappropriate revenue recognition, and the judgement surrounding the investment property valuations and trade receivable recoverability. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases corroborating balances recognised to supporting documentation on a sample basis and ensuring accounting policies are appropriate under the relevant accounting standards and applicable law.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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

Matthew Stallabrass
Senior Statutory Auditor
for and on behalf of
Crowe U.K. LLP
Statutory Auditor

55 Ludgate Hill
London
EC4M 7JW

25 May 2021

Consolidated Income Statement

For the year ended 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
Revenue	5	**13,051**	14,226
Cost of sales	5	**(3,482)**	(3,429)
Gross profit		**9,569**	10,797
Other income	5	**467**	443
Administrative expenses		**(1,703)**	(1,676)
Bad debt expense	21	**(1,629)**	(524)
Operating profit	6	**6,704**	9,040
Profit on disposal of investment properties		**150**	515
Movement in fair value of investment properties	16	**6,146**	(8,832)
		13,000	723
Finance costs – interest	10	**(2,283)**	(2,469)
Finance costs – swap interest	10	**(2,726)**	(2,437)
Investment income	9	**41**	112
Profit on disposal of fixed assets		**1**	–
Profit (realised) on the disposal of investments		**38**	105
Fair value loss on derivative financial liabilities	27	**(5,498)**	(997)
Profit/(loss) before income tax		**2,573**	(4,963)
Income tax income	11	**71**	870
Profit/(loss) for the year		**2,644**	(4,093)
Continuing operations attributable to:			
Equity holders of the parent	12	**2,644**	(4,093)
Profit/(loss) for the year		**2,644**	(4,093)
Earnings/(loss) per share			
Basic and diluted – continuing operations	14	**14.9p**	(23.1)p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
Profit/(loss) for the year		**2,644**	(4,093)
Items that will not be reclassified subsequently to profit or loss			
Movement in fair value of investments taken to equity	18	**(354)**	(225)
Deferred tax relating to movement in fair value of investments taken to equity	25	**67**	38
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	25	**–**	(8)
Other comprehensive loss for the year, net of tax		**(287)**	(147)
Total comprehensive income/(loss) for the year		**2,357**	(4,240)
Attributable to:			
Equity holders of the parent		**2,357**	(4,240)

Consolidated Statement of Financial Position

Company number 00293147

As at 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
ASSETS			
Non-current assets			
Investment properties	16	**180,975**	169,340
Deferred tax asset	25	**3,810**	3,304
Right of use asset		**335**	373
Investments	18	**614**	927
		185,734	173,944
Current assets			
Stock properties	19	**350**	350
Investments		**29**	168
Current tax asset		**–**	601
Trade and other receivables	21	**3,925**	3,389
Cash and cash equivalents (restricted)	22	**1,052**	2,299
Cash and cash equivalents	22	**8,166**	7,186
		13,522	13,993
Total assets		**199,256**	187,937
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	**4,437**	4,437
Share premium account		**5,491**	5,491
Treasury shares		**(213)**	(213)
Capital redemption reserve		**604**	604
Retained earnings		**75,923**	74,627
Total equity		**86,242**	84,946
Non-current liabilities			
Long-term borrowings	24	**51**	58,955
Derivative financial liability	27	**32,009**	26,511
Leases	29	**8,339**	7,912
		40,399	93,378
Current liabilities			
Trade and other payables	26	**9,361**	8,541
Short-term borrowings	24	**63,066**	1,072
Current tax payable		**188**	–
		72,615	9,613
Total liabilities		**113,014**	102,991
Total equity and liabilities		**199,256**	187,937

The accounts were approved by the Board of Directors and authorised for issue on 25 May 2021. They were signed on its behalf by:

A.S. Perloff
Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
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 1 January 2020	4,437	5,491	(213)	604	74,627	84,946
Total comprehensive income	–	–	–	–	2,357	2,357
Dividends	–	–	–	–	(1,061)	(1,061)
Balance at 31 December 2020	**4,437**	**5,491**	**(213)**	**604**	**75,923**	**86,242**

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	31 December 2020 £'000	31 December 2019 £'000
Cash flows from operating activities		
Operating profit	**6,704**	9,040
Loss on current asset investments	**87**	15
Transfer stock to investment properties	**–**	(141)
Rent paid treated as interest	**(687)**	(651)
Profit before working capital change	**6,104**	8,263
Increase in current asset investments***	**–**	(168)
(Increase)/decrease in receivables	**(536)**	1,507
Increase/(decrease) in payables	**783**	(1,802)
Cash generated from operations	**6,351**	7,800
Interest paid	**(4,160)**	(4,091)
Income tax refunded/(paid)	**420**	(3,303)
Net cash generated from operating activities	**2,611**	406
Cash flows from investing activities		
Purchase of investment properties	**(5,538)**	(8,138)
Purchase of investments**	**(633)**	–
Purchase of current asset investments***	**(2,804)**	(3,996)
Proceeds of current asset investments***	**2,855**	3,981
Proceeds from sale of fixed assets	**1**	–
Proceeds from sale of investment property	**700**	1,065
Proceeds from sale of investments**	**631**	851
Dividend income received	**32**	76
Interest income received	**9**	36
Net cash used in from investing activities	**(4,747)**	(6,125)
Cash flows from financing activities		
Repayments of loans	**(1,070)**	(1,071)
Draw down of loan	**4,000**	1,000
Dividends paid	**(1,061)**	(4,775)
Net cash generated from/(used in) financing activities	**1,869**	(4,846)
Net decrease in cash and cash equivalents	**(267)**	(10,566)
Cash and cash equivalents at the beginning of year*	**9,485**	20,050
Cash and cash equivalents at the end of year*	**9,218**	9,485

* Of this balance £1,052,000 (2019: £2,299,000) 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 companies held for trading purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

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

No new standards or amendments to standards that are mandatory for the first time for the financial year commencing 1 January 2020 affected any of the amounts recognised in the current year or any prior year and is not likely to affect future periods.

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

Amendments to IFRS which will apply in future periods

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 (see note 27) and investment properties (see note 16) are noted in their accounting policies and respective notes. In preparing the financial statements the directors have made a key judgement of whether or not to disclose a material uncertainty in respect of going concern and have concluded that no such uncertainty exists. Full details on this judgement are included in note 4.

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.

Going Concern

The Board have prepared various financial forecasts demonstrating the cash impact if the impact of COVID-19 continues to deteriorate its performance, all demonstrate the Group is a going concern even if the commercial effects of the lock down reduce income and continue to do so over the forecasted period to December 2024. The forecasts assume significant reductions not only in income but also above inflationary increases in costs and much larger than standard bad debt charges.

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

The Directors are aware that the Group's loan is up for renewal in July 2021 (as a result of a short extension), however as we have agreed terms with our Lenders and recent credit approval, the Directors are confident that in due course the facilities with be renewed. The Directors do not consider there to be any material uncertainty, when taking into consideration, both lenders have given credit approval, the nature of the long term relationship with the lenders (both over 10 years), and that essentially only an administrative process remains before the facility is renewed for an expected 3 year period.

More details are provided in the Directors Report within the Going Concern titled section.

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.

The purchase of investment property is recognised on the date that exchange of contract become unconditional. 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.

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

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% (2019 – 19.00%).

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: Rental income is recognised in the Income Statement on a straight-line basis over the total lease period. The total expected rent payable over a lease, which takes account of lease incentives, is amortised on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the net consideration for the use of the property.
- 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.

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

- 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.
- Government grants (furlough) are recognised when they are received.

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.

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.

Derivative financial instruments

Certain financial instruments are entered into by 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.

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

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 – as demonstrated as the three values range from £29.4m to £33.6m.

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 loss 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 (non-current assets)

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.

Share premium

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

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

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

IFRS 16 was adopted as of 1 January 2019. 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.

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.

Notes to the Consolidated Financial Statements continued

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.

	2020 £'000	2019 £'000
Other income		
Insurance proceeds not utilised	–	145
Furlough support	**104**	–
Service charge management fees	**101**	101
Dilapidations and other	**262**	197
	467	443

6. Operating profit

	2020 £'000	2019 £'000
The operating profit for the year is stated after charging:		
Fees payable to the Group's auditor for the audit of both the parent company and the Group's annual report and accounts (and its subsidiaries):		
Current Auditor	**83**	–
Previous auditor	**14**	116
Fees paid to the Group's auditor for other services:		
Other services provided	**2**	6

7. Staff costs

	2020 £'000	2019 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**809**	785
Social security costs	**88**	87
Pension contributions	**32**	12
	929	884

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

	2020 Number	2019 Number
Directors	**5**	5
Other employees	**16**	19
	21	24

Notes to the Consolidated Financial Statements continued

8. Directors' remuneration

	2020 £'000	2019 £'000
Emoluments for services as Directors	**228**	221

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:

	2020 £'000	2019 £'000
Emoluments for services as directors	**228**	221
Employers' NIC	**30**	23
Short term employee benefits (salaries and benefits)	**258**	244

9. Investment income

	2020 £'000	2019 £'000
Interest on bank deposits	**9**	36
Dividends from equity investments	**32**	76
	41	112

10. Finance costs

	2020 £'000	2019 £'000
Interest payable on bank overdrafts and loans	**1,596**	1,818
Interest payable on lease liabilities	**687**	651
Finance costs – interest	**2,283**	2,469
Finance costs – swap interest (on financial derivatives)	**2,726**	2,437
	5,009	4,906

Notes to the Consolidated Financial Statements continued

11. Income tax charge

The charge for taxation comprises the following:

	2020 £'000	2019 £'000
Current year UK corporation tax	**310**	669
Prior year UK corporation tax	**58**	(76)
	368	593
Current year deferred tax credit – note 27	**(439)**	(1,463)
Income tax credit for the year	**(71)**	(870)

Domestic income tax is calculated at 19.00% (2019 – 19.00%) of the estimated assessable profit or loss for the year. The provision for deferred tax has been calculated on the basis of 19.00% (2019 – 17.00%).

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

	2020 £'000	2020 %	2019 £'000	2019 %
Profit/(loss) before taxation	**2,573**		(4,963)	
Profit/(loss) before tax multiplied by the average of the standard rate of UK corporation tax of 19.00% (2019 – 19.00%)	**489**	**19.0**	(943)	19.0
Tax effect of expenses that are not deductible in determining taxable profit	**21**	**0.8**	53	(1.1)
Dividend income not taxable for tax purposes	**(6)**	**(0.2)**	(14)	0.3
Tax on chargeable gains difference to profits	**(75)**	**(2.9)**	(61)	1.2
Movement in deferred tax on revalued assets	**(558)**	**(21.7)**	353	(7.1)
Difference in current and deferred tax rates	**–**	**–**	(181)	3.6
Prior year corporation tax over provision	**58**	**2.3**	(76)	1.6
Tax (credit)/charge	**(71)**		(870)	

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

	2020 £'000	2019 £'000
Dealt with in the accounts of:		
– the parent undertaking	**(9,725)**	(6,271)
– subsidiary undertakings	**12,369**	2,178
	2,644	(4,093)

Reconciliation of parent company profit and loss

	2020 £'000	2019 £'000
(Loss)/profit of parent company before intercompany adjustments	**(9,861)**	(8,120)
Bad debt provision – intercompany loan/investments*	**5,200**	2,300
Intercompany dividends*	**(5,064)**	(451)
Loss attributable to members of the Parent undertaking	**(9,725)**	(6,271)

* removed on consolidation

Notes to the Consolidated Financial Statements continued

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	2020 £'000	2019 £'000
Special dividend for the year ended 31 December 2018 of 15p per share	–	2,653
Final dividend for the year ended 31 December 2019 of 6p per share (2018: 6p per share)	**1,061**	1,061
Interim dividend for the year ended 31 December 2019 of 6p per share	–	1,061
	1,061	4,775

The Directors recommend a payment of a final dividend for the year ended 31 December 2020 of 6p per share (2019 – 6p), following the interim dividend to be paid on 2 July 2021 of 6p per share (2019 – 6p). The final dividend of 6p per share will be payable on 14 October 2021 to shareholders on the register at the close of business on 3 September 2021 (Ex dividend on 2 September 2021).

The full ordinary dividend for the year ended 31 December 2020 is anticipated to be 12p per share, subject to shareholder approval, being the 6p interim per share paid and the recommended final dividend of 6p per share.

14. Earnings per ordinary share (basic and diluted)

The calculation of profit/(loss) per ordinary share is based on the profit/(loss), being a profit of £2,644,000 (2019 – loss of £4,093,000) and on 17,683,469 ordinary shares being the weighted average number of ordinary shares in issue during the year excluding treasury shares (2019 – 17,683,469). There are no potential ordinary shares in existence. The Company holds 63,460 (2019 – 63,460) ordinary shares in treasury.

15. Plant and equipment

	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2019	89	8	97
Disposals	–	–	–
At 1 January 2020	89	8	97
Disposals	(16)	–	(16)
At 31 December 2020	**73**	**8**	**81**
Accumulated depreciation			
At 1 January 2019	89	8	97
Disposals	–	–	–
At 1 January 2020	**89**	**8**	**97**
Disposals	(16)	–	(16)
At 31 December 2020	73	8	81
Carrying amount			
At 31 December 2020 and 2019	–	–	–

Notes to the Consolidated Financial Statements continued

16. Investment properties

	Investment properties £'000
Fair value	
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 1 January 2020	169,340
Additions	5,538
Disposals	(550)
Fair value adjustment on investment properties held on leases	501
Revaluation increase	6,146
At 31 December 2020	**180,975**
Carrying amount	
At 31 December 2020	**180,975**
At 31 December 2019	169,340

At 31 December 2020, £128,715,000 (2019 – £130,366,000) and £52,260,000 (2019 – £38,974,000) included within investment properties relates to freehold and leasehold properties respectively.

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

	2020 £'000	2019 £'000
Cost of investment properties	**134,493**	130,722

The Group has pledged £159,497,000 (ignoring lease obligations) of investment property (2019 – £152,222,000) as security for the main loan facilities with HSBC and Santander granted to the Group at the Statement of Financial Position date. A further £3,050,000 was pledged after the year-end. A further £2,100,000 is pledged to Shawbrook Bank.

Costs relating to ongoing and potential developments are included in additions to investment properties and in the year ended 31 December 2020 amounted to £1,746,0000 (2019 – £378,000).

Notes to the Consolidated Financial Statements continued

16. Investment properties continued

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £13,014,000 (2019 – £14,189,000).

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 5.0% – 15.0% with the average yield being circa 7.8%. Assuming all else stayed the same; a decrease of 1.0% in the average yield would result in an increase in fair value of £24,536,000. An increase of 1.0% in the average yield would result in a decrease in fair value of £18,960,000.

The property valuations were carried out mainly by Carter Jonas and LSH (93% of portfolio – charged element), with directors valuation the remainder at 31 December 2020 (entire portfolio by the directors at December 2019). The valuation methodology applied by the Directors and the external valuers 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 2020 this was a fair value gain of £6,146,000 (2019 – fair value loss of £8,832,000). The amount of realised gains or losses is shown as the profit on disposal of investment properties within the income statement, for 2020 there was a realised gain of £150,000 (2019 – £515,000).

Notes to the Consolidated Financial Statements continued

17. Subsidiaries

Details of the Company's subsidiaries at 31 December 2020 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
Lord Street Properties (Southport) Limited	Great Britain	Property	99.99	99.99

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

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

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

Notes to the Consolidated Financial Statements continued

18. Investments

	Non-current assets £'000
Cost or valuation	
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 1 January 2020	927
Additions	633
Movement in fair value taken to equity	(354)
Disposals	(592)
At 31 December 2020	**614**

Comprising at 31 December 2020:	
At cost	17
At valuation/net realisable value	597

Carrying amount	
At 31 December 2020	**614**
At 31 December 2019	927

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 2020 if the average share price of the portfolio was 10% lower, then the loss recognised in Other Comprehensive Income would have been £77,000 lower (2019: £91,000 lower). Corresponding gains would be seen for a 10% uplift.

Notes to the Consolidated Financial Statements continued

19. Stock properties

	2020 £'000	2019 £'000
Stock properties	**350**	350

The cost of stock properties recognised as an expense and included in cost of sales amounted to £nil (2019 – £98,000). Impairments of £nil have been recognised against stock properties (2019 – £nil).

The market value of stock properties is £585,000 (2019 – £600,000).

£585,000 (2019: £600,000) of stock properties at market value have been provided as security for the bank loan from HSBC and Santander referred to in note 24.

The market value shown as at 31 December 2020 one stock property was valued by the Carter Jonas and one by the Directors (31 December 2019 both were 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. Capital commitments

	2020 £'000	2019 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	**200**	1,812

This relates to an ongoing development started in 2019 for a large retail unit and flats above it with £200,000 of the above being settled by the time of announcement.

21. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	**4,887**	3,683
Bad debt provision	**(2,470)**	(1,392)
	2,417	2,291
Prepayments	**896**	299
Accrued income	**612**	799
	3,925	3,389

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 £12,247,000 (2019 – £12,575,000) (which relates to £3,029,000 (2019 – £3,090,000) included in the above (less prepayments) and the Group's cash or cash equivalents).

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.

Notes to the Consolidated Financial Statements continued

21. Trade and other receivables continued

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 2019	1,659	571	250	47	2,527
Amount written off as uncollectable	(804)	(571)	(239)	–	(1,614)
Charge/(credit) to income statement	537	–	(11)	(2)	524
Balance at 1 January 2020	1,392	–	–	45	1,437
Amounts written off as uncollectable	(592)	–	–	–	(592)
Charge/(credit) to income statement	1,670	–	–	(1)	1,669
Balances at 31 December 2020	**2,470**	**–**	**–**	**44**	**2,514**

The cash and cash equivalents balances provided against related to balances on account with Kaupthing Singer and Friedlander before they went into administration in 2008. The Group at the Statement of Financial Position date had received 86.77p in the pound from an original balance of £332,000.

22. Other financial assets

Cash and cash equivalents

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

Credit risk

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

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

23. Share capital

	2020 £'000	2019 £'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 2020 no ordinary shares were issued in the period (2019 – no ordinary shares were issued). 63,460 (2019 – 63,460) ordinary shares are held in treasury.

Notes to the Consolidated Financial Statements continued

24. Bank loans

	2020 £'000	2019 £'000
Bank loans due within one year *(within current liabilities)*	**63,066**	1,072
Bank loans due after more than one year *(within non-current liabilities)*	**51**	58,955
Total bank loans	**63,117**	60,027

Analysis of debt maturity	2020 £'000 Interest*	2020 £'000 Capital	2020 £'000 Total	2019 £'000 Total
Trade and other payables**	**–**	**5,995**	**5,995**	5,172
Bank loans repayable				
On demand or within one year	**317**	**63,066**	**63,383**	2,633
In the second year	**1**	**51**	**52**	59,592
In the third year to the fifth year	**–**	**–**	**–**	43
	318	**69,112**	**69,430**	62,268

* based on the year end 3 month LIBOR floating rate – 0.05%, and bank rate of 0.10%.

** Trade creditors, other creditors and accruals

On 19 April 2016 the Group last renewed its £75,000,000 loan facility by entering into a 5 year term loan with HSBC and Santander. The Group has more recently agreed a short term extension to July 2021 in order to give time to extend the facility. A new facility has been agreed and credit approved with a 3 year term and a total facility of £66,000,000. The paper work should complete by the end of the current extension.

A Shawbrook bank loan of £117,000 at the year end is repayable over its life to September 2022.

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

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

25. 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 2019	1,811
Debit to equity for the year	30
Credit to Income Statement for the year	1,463
Asset at 1 January 2020	3,304
Debit to equity for the year	67
Debit to Income Statement for the year	439
Asset at 31 December 2020	**3,810**

Deferred taxation arises in relation to:

Deferred tax

	2020 £'000	2019 £'000
Deferred tax liabilities:		
Investment properties	**(2,681)**	(1,533)
Deferred tax assets:		
Tax allowances in excess of book value	**271**	266
Fair value of investments	**138**	64
Derivative financial liability	**6,082**	4,507
Net deferred tax asset	**3,810**	3,304

As at 31 December 2020 the substantively enacted rate was 19% (2019: 17%) and this has been used for the deferred tax calculation.

Notes to the Consolidated Financial Statements continued

26. Trade and other payables

	2020 £'000	2019 £'000
Trade creditors	**3,602**	2,863
Social security and other taxes	**329**	132
Other creditors	**1,208**	1,225
Leases (see note 29)	**687**	651
Accruals	**1,185**	1,084
Deferred income	**2,350**	2,586
	9,361	8,541

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 £78,467,000 (2019 – £73,894,000) (includes payables above and the long term and short term borrowings, excluding deferred income plus lease liabilities).

27. 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 cash flow risks associated with a rise in interest rates but does expose it to fair value risk.

Bank loans **Interest is charged as to:**	2020 £'000	Rate	2019 £'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)	
Floating element				
HSBC Bank plc	**3,000**		–	
Shawbrook Bank Ltd	**117**		186	
	63,117		60,027	

Bank loans totalling £60,000,000 (2019 – £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.

Notes to the Consolidated Financial Statements continued

27. Derivative financial instruments continued

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'	2020 Fair value £'000	2019 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	17.69	**(26,577)**	(22,209)
Interest rate swap	25,000	4.63%	0.92	**(1,100)**	(1,792)
Interest rate swap	25,000	2.13%	10.00	**(4,332)**	(2,510)
				(32,009)	(26,511)
Net fair value loss on derivative financial assets				**(5,498)**	(997)

* 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.

Analysis of debt maturity

Annual cash flows in respect of derivative financial instruments are approximately £2,726,000 (2019: £2,437,000) per annum based on current LIBOR rates.

Interest rate risk

For the year ended 31 December 2020, 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 £31,000 higher (2019: £2,000 higher). This analysis excludes any effect 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.

Notes to the Consolidated Financial Statements continued

28. Contingent liabilities

There were no contingent liabilities at the year end (2019: nil).

29. 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.

The Group as lessee

The Group paid rent under non-cancellable leases in the year of £878,000 (2019 – £842,000).

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 155 years. The minimum rental payment obligations due under these operating leases and anticipated rental income derived from these investments are shown below. The rate used to determine the present value of the minimum rental payment obligations, is the cost of capital relevant to the time they were first entered into (majority of these are at 7.13% relating to when standard first introduced). The difference between the rents payable in the year of £878,000 (2019: £842,000) and the minimum for the year of £687,000 (2019: £651,000) is related to the contingent element only payable out of rents receivable.

Minimum future payments under non-cancellable leases

(Lessee)	2020 £'000	2019 £'000
Payable within one year	**687**	651
Payable between one year and five years	**2,748**	2,603
Payable in more than five years	**45,526**	43,648
	48,961	46,902

Anticipated rental income derived under non-cancellable sub leases

(Lessor)	2020 £'000	2019 £'000
Payable within one year	**3,434**	3,729
Payable between one year and five years	**10,668**	11,099
Payable in more than five years	**5,616**	6,359
	19,718	21,187

Notes to the Consolidated Financial Statements continued

29. Lease arrangements and obligations under leases continued

	2020 £'000	2019 £'000
Leases due within one year *(included within current liabilities)*	**687**	651
Leases due within one to five years	**2,748**	2,604
Leases due in more than five years	**5,591**	5,308
(included within non-current liabilities)	**8,339**	7,912
Total lease obligations	**9,026**	8,563

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

	2020 £'000	2019 £'000
Payable within one year	**11,350**	12,613
Payable between one year and five years	**30,221**	35,454
Payable in more than five years	**26,845**	36,643
	68,416	84,710

30. Reconciliation of liabilities from financing activities

	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)**

	1 January 2020 £'000	Cash flow £'000	Non-cash movements New leases £'000	Other non-cash movements £'000	31 December 2020 £'000
Derivative financial instruments	(26,511)	–	–	(5,498)	(32,009)
Leases (current)	(651)	687	(36)	(687)	(687)
Leases (non-current)	(7,912)	–	(1,114)	687	(8,339)
Borrowings (current)	(1,072)	1,070	–	(63,064)	(63,066)
Borrowings (non-current)	(58,955)	(4,000)	–	62,904	(51)
	(95,101)	**(2,243)**	**(1,150)**	**(5,658)**	**(104,152)**

Notes to the Consolidated Financial Statements continued

31. Events after the reporting date

In late January 2021, the Group exchanged contracts to purchase an industrial building in Trowbridge for £3.3m, paying a 5% deposit. Completion is at a time of the seller's option with the earliest date being 15 months and the latest being 30 months from exchange. The seller also has the ability to take a leaseback at completion at a market rent. The industrial unit is well located and is a 96,000sq ft building on circa six acres of land.

The Group has paid £5m in February 2021 to vary a long-term swap agreement. The agreement varied was an interest rate swap fixed at 5.06% until 31 August 2038 on a nominal value of £35m and has circa 17.5 years remaining. Following the variation, the Group's fixed rate will drop on 1 September 2023 to 3.40% saving the Group £581,000pa in cash flow until the end point of the instrument.

32. 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 2020 included within creditors was, £22,000 (2019: £9,000) payable to the beneficiaries of the estate of late F Perloff, £16,000 due to H Perloff (2019: £24,000), all close family members of a director. Movement in the year related to property management services. Also A Perloff owed the Group £3,000 (2019: £17,000) at the year end.

At 31 December 2020 included within creditors was, £61,000 (2019: £43,000) 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 owned property were the interests were split and have been for many years. The company has not contributed 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 £285,000 (2019: £1,323,000) were paid to directors of the Group.

Parent Company Statement of Financial Position

As at 31 December 2020

	Notes	£'000	2020 £'000	£'000	2019 £'000
Fixed assets					
Investments	35		**22,662**		25,275
Current assets					
Debtors	36	**94,788**		93,145	
Current asset investments		**29**		168	
Cash at bank and in hand		**7,664**		7,841	
		102,481		101,154	
Creditors: amounts falling due within one year	37	**(74,454)**		(11,188)	
Net current assets			**28,027**		89,965
Total assets less current liabilities			**50,689**		115,241
Creditors: amounts falling due after more than one year	38		**–**		(58,841)
Derivative financial liability	27		**(32,009)**		(26,511)
Net assets			**18,680**		29,889
Capital and reserves					
Called up share capital	40		**4,437**		4,437
Share premium account			**5,491**		5,491
Treasury shares			**(213)**		(213)
Capital redemption reserve			**604**		604
Profit and loss account			**8,361**		19,570
Shareholders' funds			**18,680**		29,889

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 £9,861,000 (2019: a loss of £8,120,000).

The accounts were approved by the Board of Directors and authorised for issue on 25 May 2021. They were signed on its behalf by:

A.S. Perloff
Chairman

Parent Company Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption reserves £'000	Retained earnings £'000	Total £'000
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 1 January 2020	4,437	5,491	(213)	604	19,570	29,889
Loss for the year	–	–	–	–	(9,861)	(9,861)
Movement in fair value of investments taken to equity	–	–	–	–	(354)	(354)
Deferred tax relating to movement in fair value of investments taken to equity	–	–	–	–	67	67
Dividends	–	–	–	–	(1,061)	(1,061)
Balance at 31 December 2020	**4,437**	**5,491**	**(213)**	**604**	**8,361**	**18,680**

Notes to the Parent Company Financial Statements

For the year ended 31 December 2020

33. 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. The only additional judgement relates to the recoverability of intercompany balances. Apart from that 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 and the assessment of balances such as intercompany receivables which are cancelled out on consolidation.

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

33. 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.

34. Staff costs

	2020 £'000	2019 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**809**	785
Social security costs	**88**	87
Pension contributions	**32**	12
	929	884

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

	2020 Number	2019 Number
Directors	**5**	5
Other employees	**16**	19
	21	24

Notes to the Parent Company Financial Statements continued

35. Fixed asset investments

	Shares in Group undertakings £'000	Other investments £'000	Total £'000
Cost or valuation			
At 1 January 2020	24,348	927	25,275
Additions	–	633	633
Movement in fair value taken to equity	–	(354)	(354)
Provision on investments	(2,300)	–	(2,300)
Disposals	–	(592)	(592)
At 31 December 2019	22,048	614	22,662
Investments:			
Listed	–	597	597
Unlisted	22,048	17	22,065

The above investments are shown at market value where there is an active market for these shares. The historic cost of listed investments is £1,324,000 (2019: £1,284,000).

For details of the Company's subsidiaries at 31 December 2020, see note 17.

36. Debtors

	2020 £'000	2019 £'000
Due less than one year:		
Other debtors	**23**	268
Corporation tax	**121**	1,270
Amounts owed by Group undertakings	**87,737**	87,022
Prepayments and accrued income	**687**	15
Due more than one year:		
Deferred tax (note 39)	**6,220**	4,570
	94,788	93,145

37. Creditors

Amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	**1,159**	42
Bank loans	**63,000**	1,000
Amounts owed to Group undertakings	**9,816**	9,541
Social security and other taxes	**47**	46
Other creditors	**105**	141
Accruals and deferred income	**327**	418
	74,454	11,188

Notes to the Parent Company Financial Statements continued

38. Creditors

Amounts falling due after more than one year

	2020 £'000	2019 £'000
Bank loans	–	58,841

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.

39. Deferred taxation

The following potential deferred taxation asset is recognised:

	2020 £'000	2019 £'000
Fair value of investments	**138**	63
Fair value of financial instruments	**6,082**	4,507
	6,220	4,570

40. Called up share capital

	2020 £'000	2019 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
17,746,929 (2019: 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 2020, no ordinary shares were issued in the period (2019: nil). 63,460 (2019: 63,460) ordinary shares of £0.25 each are held in treasury representing 0.4% of the Company's issued share capital.

41. 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 2020 included within creditors was, £22,000 (2019: £9,000) payable to the beneficiaries of the estate of late F Perloff, £16,000 due to H Perloff (2019: £24,000), all close family members of a director. Movement in the year related to property management services. Also A Perloff owed the Group £3,000 (2019: £17,000) at the year end.

At 31 December 2020 included within creditors was, £61,000 (2019: £43,000) 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 owned property were the interests were split and have been for many years. The company has not contributed for over a decade and there are no plans to make any further contributions.

During the year dividends of £285,000 (2019: £1,323,000) were paid to directors of the Group.

Notes to the Parent Company Financial Statements continued

42. Risk management

For information on the Company's risk management please refer to note 27 of the Group accounts.

43. Events after the reporting period date

The Company has paid £5m in February 2021 to vary a long-term swap agreement. The agreement varied was an interest rate swap fixed at 5.06% until 31 August 2038 on a nominal value of £35m and has circa 17.5 years remaining. Following the variation, the Group's fixed rate will drop on 1 September 2023 to 3.40% saving the Group £581,000pa in cash flow until the end point of the instrument.

44. 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 2020 were authorised for issue by the Board of Directors on 25 May 2021 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 33.

Notice of Annual General Meeting

Arrangements for the 2021 Annual General Meeting (AGM) in light of COVID-19.

The 87th Annual General Meeting of Panther Securities P.L.C. is planned to be held on 30 June 2021 at Unicorn House, Station Close, Potters Bar, Herts., EN6 1TL at 10.00 am.

Whilst the meeting will be an open meeting and by Zoom, the open meeting will be subject to any restrictions on physical meetings that prevail at the time of the meeting.

The Zoom meeting will be capped at a maximum of 100 people. Shareholders wanting to have the login details will need to download the ZOOM application and 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.

In view of the COVID-19 pandemic, it is the Board's strong preference for people not to attend in person this year.

Any member who still wishes to attend must email info@pantherplc.com by 15 June 2021 so that we can ensure the premises are 'COVID-safe'. Please note that we may have to refuse based on numbers and safety measures.

Proxy Voting is encouraged this year and no one apart from the Chairman will be allowed to be a Proxy.

If you have any questions prior to the Annual General Meeting please email the address above.

As Ordinary Business

1. To receive and adopt the Group Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2020 contained in the document entitled "Annual Report and Financial Statements 2020".

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

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

4. To re-elect J. H. Perloff who is retiring by rotation, as a Director.

5. To reappoint 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 6 and 7 will be proposed as ordinary resolutions and resolution 6 as a special resolution.

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

   6.1 the Directors be and are generally and unconditionally authorised to allot equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum aggregate nominal amount of £2,400,000 to such persons and at such times and on such terms as they think proper during the period expiring at the earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 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

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

7. That, subject to the passing of resolution 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:

Notice of Annual General Meeting continued

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

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

7.3 the power granted by this resolution, unless renewed, shall expire at the earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 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.

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

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

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

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

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

By order of the Board

S. J. Peters
Company Secretary

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

25 May 2021

See over for notes.

Notice of Annual General Meeting continued

Notes

Please note, any reference to voting in person at the AGM should be interchanged with in person or via Zoom. Please also ignore any references to appointing a proxy other than A S Perloff.

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 Group, Central Square, 10th Floor, 29 Wellington Street, Leeds, LS1 4DL; or

   - a CREST Proxy Instruction (as set out in paragraph 5 below);

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

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

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

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

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

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to

Notice of Annual General Meeting continued

the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1, 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

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

10. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders included in the register of members of the Company at the close of business on 15 June 2021 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 15 June 2021, 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 25 May 2021, 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 25 May 2021 is 17,683,469.

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

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

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

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

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

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

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. Please also ignore any references to appointing a proxy other than A S Perloff.

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

Resolution 1 – Laying of accounts and adoption of reports

The directors are required by the Companies Act 2006 to present to the shareholders of the Company at a general meeting the reports of the directors and auditors, and the audited accounts of the Company, for the year ended 31 December 2020. 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 2020".

Resolutions 3 and 4 – 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 5 – 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 6 – Authority to the directors to allot shares

The Companies Act 2006 provides that the directors may only allot shares if authorised by shareholders to do so. Resolution 6 will, if passed, authorise the directors to allot shares and to grant rights to subscribe for, or convert securities into, shares up to a maximum nominal amount of £2,400,000, which represents an amount which is approximately equal to 55% of the issued ordinary share capital of the Company as at 14 May 2020 the latest practicable date prior to the publication of the notice.

Resolution 7 – Dis-application of statutory pre-emption rights

The Companies Act 2006 requires that, if the Company issues new shares for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. It is proposed that the directors be authorised to issue shares for cash and/or sell shares from treasury up to an aggregate nominal amount of £241,000 (representing approximately 5% of the Company's issued ordinary share capital as at 25 May 2021, the latest practicable date prior to the publication of the notice) without offering them to shareholders first in order to raise a limited amount of capital easily and quickly if needed. The resolution also modifies statutory pre-emption rights to deal with legal, regulatory or practical problems that may arise on a rights or other pre-emptive offer or issue. If resolution 7 is passed, this authority will expire at the same time as the authority to allot shares given pursuant to resolution 6.

Resolution 8 – Purchase of own shares by the Company

If passed, this resolution will grant the Company authority for a period of up to the end of the next annual general meeting to buy its own shares in the market. The resolution limits the number of shares that may be purchased to 5% of the Company's issued share capital as at 25 May 2021, 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.

Fifty 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 Block 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 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	Acquried 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 Block 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	
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	
2020	13,051	2,573	86,242	12.0p	488p	COVID-19 pandemic

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

For your notes

PANTHER
SECURITIES PLC

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