# PANTHER SECURITIES PLC

ANNUAL REPORT &
FINANCIAL STATEMENTS
2022

COMPANY NUMBER 00293147

**Andrew Perloff**

(Chairman)

Joined: 1972

**Simon Peters**

(Chief Executive & Finance Director)

Joined: 2004

**John Perloff**

(Executive Director)

Joined: 1994

**Peter Kellner**

(Non-Executive Director)

Joined: 1994

**Bryan Galan**

(Non-Executive Director)

Joined: 1994

**Jonathan Rhodes**

(Non-Executive Director)

Joined: 2022

**Paul Saunders**

(Non-Executive Director)

Joined: 2023

**Raphael Rotstein**

(Associate 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

**Vandana Shah**

(Finance Controller)

Joined: 2017

**Tom Prevezer**

(Junior Surveyor)

Joined: 2021

**Ingrid Tack**

(Architectural Technician)

Joined: 2019

**Lee-Anna Mayers**

(Property Manager)

Joined: 2014

**Tara Norrington**

(Property Administration Manager)

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 Perloff** (Chairman)<br>**Simon Peters** (Finance and Chief Executive)<br>**John Perloff** (Executive)<br>**Bryan Galan** (Non – executive)*<br>**Peter Kellner** (Non – executive)*<br>**Jonathan Rhodes** (Non – executive)*<br>**Paul Saunders** (Non – executive)* |
| **Company Secretary** | Simon Peters |
| **Registered Office** | Unicorn House, Station Close, Potters Bar, Herts, EN6 1TL |
| **Company number** | 00293147 |
| **Website** | www.pantherplc.com |
| **Auditor** | Crowe U.K. LLP<br>55 Ludgate Hill, London, EC4M 7JW |
| **Bankers** | HSBC Bank PLC<br>31 Holborn, London, EC1N 4HR<br><br>Santander Corporate Banking<br>2 Triton Square, Regents Place, London, NW1 3AN |
| **Nomad, Financial Advisors and Joint Brokers** | Allenby Capital Limited<br>5 St Helen's Place, London, EC3A 6AB |
| **Joint Brokers** | Raymond James Investment Services<br>Ropemaker Place, 25 Ropemaker St, London, EC2Y 9LY |
| **Registrars** | Link Group<br>10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL |
| **Solicitors** | Howard Kennedy LLP<br>1 London Bridge, London, SE1 9BG<br><br>Fox Williams LLP<br>10 Finsbury Square, London, EC2A 1AF<br><br>DMH Stallard LLP<br>6 New Street Square, New Fetter Lane, London, EC4A 3BF<br><br>Brodies LLP<br>110 Queen Street, Glasgow, G1 3BX |

* Member of the Audit Committee and Remuneration Committee

Note:
On 1 January 2022 Simon Peters became CEO, prior to this date it was Andrew Perloff.
On 1 November 2022 Jonathan Rhodes became a Non- Executive director.
On 1 February 2023 Paul Saunders became a Non- Executive director.

# The Year in Brief

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Revenue – rents receivable** | 13,411 | 13,172 |
| **Profit before tax** | 22,902 | 15,922 |
| **Total comprehensive income for the year** | 17,173 | 13,663 |
| **Net assets of the Group** | 111,227 | 97,783 |
| **Earnings per 25p ordinary share**<br>Basic and diluted – continuing operations | 96.6p | 76.4p |
| **Dividend per ordinary share**<br>(based on those proposed in relation to the financial year) | 12p** | 12p* |
| **Net assets attributable to ordinary shareholders per 25p ordinary share** | 637p | 553p |

* 6p interim paid in February 2022 and 6p final was paid in July 2022.

** 6p interim paid in October 2022 and 6p final is due to be paid in July 2023.

# Chairman's Statement

I am once again pleased to present the results for the year ended 31 December 2022 which show a profit before tax of £22,902,000 compared to a profit before tax of £15,922,000 for the previous year ended 31 December 2021.

Both these figures are substantially affected by the movement in our swap liabilities amounting to a gain of £19,722,000 in 2022 (2021 – £16,754,000). This 2022 movement now turns the liability we have carried on our balance sheet since 2008, into an asset of £4,467,000. The improvement in the year being due to the market expectation of future higher interest rates, which are expected to be in place over the life of the instruments, as at 31 December 2022, compared to those anticipated at 31 December 2021.

If you look at our operating profit, which has the advantage that it is not distorted by the improvement of interest rate derivatives, then for 2022 it was £6,331,000 compared to £7,701,000 for the previous year. The main reason for the decrease is that we had significantly higher costs in 2022, leading to our cost of sales being £1,098,000 higher. We had significantly increased rates, repairs, legal costs and of course light and heat. The increase included certain one-off costs that will not be repeated next year, such as back dated rates and also the repairs and legal fees to facilitate significant lettings of Maldon and Trowbridge. We estimate over half of the additional cost of sales in 2022 will be non-recurring.

Our bad debt charge was back to a normal level of £702,000 in 2022 compared to a much reduced £286,000 in 2021, as with hindsight we overprovided in 2020 at the peak of the pandemic and we got the benefit of the reversal of this overprovision in 2021.

## Rents Receivable

Rents receivable for the year ended 31 December 2022 were £13,411,000, compared to the previous year's £13,172,000. This was despite not benefiting from rents of circa £440,000 received in 2021 following the disposals of Wembley and West Molesey in late 2021. In 2023 we should see further increases as we get a full year of rent on our purchases (the key ones being Chorley and Trowbridge) and also a full year at the improved rent on Maldon.

## Disposals

### The Quadrangle, Glasgow

On 2 November 2021, we contracted to sell our site/building at The Quadrangle, Glasgow, which sits on a corner site of 94,000 sq. ft. on the canal and is ideal for a social housing development. The price agreed was £1,250,000, subject to planning. We received £65,000 released to us last year (and the non-refundable deposit taken to profit in 2021), with the balance at completion on 1 August 2022 being that recognised in the 2022 figures.

## Acquisitions

In May 2022, we acquired the ***Lower Healey Business Park in Chorley***, Lancashire. The freehold estate comprises approximately 10 acres containing 116,000 sq. ft. of single storey factory space let to a number of different tenants with some vacant land capable of further development. We understand there is good tenant demand in this area partly because the Estate adjoins the M61 and is 2.5 miles from Exit 8. This Estate is currently producing £432,000 per annum and cost £5,026,000, including purchasing costs.

In June 2022, we completed our purchase of the (previously mentioned) substantial freehold factory and warehouse in ***Trowbridge, Wiltshire***. This comprised of approximately 96,000 sq.ft. of usable space standing in six acres. This property is located on an excellent industrial estate in Trowbridge where demand is strong. This unit was purchased vacant for £3,300,000 and has since been let in August to an excellent covenant at £455,000 per annum exclusive and has shown a decent value increase at our year end.

# Chairman's Statement continued

## Developments

### Swindon

We are almost there and just need to agree a price for extending and varying our lease with 70 years remaining. It is slow progress but we hope to finally get there in 2023!!! We have one planning permission granted with a second one in progress but tied in with the lease extension on this central Swindon site.

### Barry Parade, Peckham Rye

Our original attractive scheme for this site was eventually rejected at appeal. Whilst this application was at appeal we submitted a similar proposal with reduced residential units but higher commercial elements. This is still going through planning, for which we hope to obtain a positive decision for in due course. Currently, we are negotiating the S.106 agreement which will include an extortionate commuted sum in lieu of us providing affordable units (four units on a nine unit scheme). Due to the number of units and the layout of the scheme, we are already aware that no affordable housing providers would be interested, which is forcing us to pay the commuted sum.

### Peterborough

The former Beales store in Peterborough, was vacated by New Start 2020 Limited, trading as Beales, in February 2023. The store was uneconomical for them due to business rates applied to the trading area. Our planning application for the mixed-use development of shops/ offices and 124 residential units is at the final stages and we hope to have a planning committee date in May following the local elections. The current older style department store contains approximately 145,000 sq. ft. of space which is unsuitable for current retail markets.

## Post Balance Sheet Events

On 16 January 2023, the Company drew down £2,000,000 from its revolving facility.

On 23 March 2023 the Company completed on the purchase of the freehold of 192-194 Northdown Road, Cliftonville, Margate for £451,000. The majority of the property is let to Boots at £25,000 pa with the remaining vacant space potentially suitable for conversion to residential. This purchase adjoins a property in our existing ownership.

## Loans

On 16 July 2021 we completed our refinance which consisted of a £66,000,000 loan for a three year period as a club facility jointly lent by HSBC and Santander. The loan has a term element of £55,000,000 and a more flexible revolving element of £11,000,000 which gives us the ability to pay down and redraw over the three year term.

£59,750,000 was drawn at the year end and we drew another £2,000,000 after the year end. We make repayments of £125,000 per quarter.

We will be starting refinancing discussions soon which we hope to put in place by the end of 2023.

From 1 September 2023, following the variation made in 2021, we will start to benefit from the drop in our fixed rate to 3.40% pa (currently 5.06% pa) on £35,000,000 of our loan saving the Group £581,000 p.a. in cash flow until the end-point of the instrument (compared to pre-variation). This instrument is in place until 31 August 2038.

Our other instrument fixes our interest rate at 2.01% pa on £25,000,000 until 1 December 2031.

With £60,000,000 of our £66,000,000 facility fixed at lower than market rates for many years to come we are in an enviable position.

# Chairman's Statement continued

## Charitable Donations

In March 2022 the Group donated £20,000 to the Daily Mail Ukrainian appeal. We also made regular other donations in the year including £10,000 to Land Aid and other smaller contributions being mainly adverts within Charity programs or diaries.

## Political Donations

I consider most of the problems our business and many other businesses have to deal with occur because of poorly considered legislation and excessive taxation brought in by our unknowledgeable political leaders.

Therefore, at this year's annual general meeting, I have proposed a resolution for the Company to donate £20,000 to the Reform Party, with a hope many other people will believe a change of political direction may be of benefit to all businesses, and thus also the general population.

I have previously proposed resolutions to donate firstly to the Conservative party then latterly to UKIP which has substantially transformed itself into the Reform party, after UKIP succeeded in convincing the majority of those who bothered to vote that leaving the European Union was the correct decision for this country. The Reform Party has some very interesting proposals but, most importantly, they state that they will listen to the concerns of the majority of the public and try to reduce taxation, and excessive regulations.

As with previously proposed political donations, I will not vote my personal shareholdings, but leave it to the body of shareholders to decide if we should give support to this new party even if it is just to show that our present, so called, Conservative party's failure to enumerate traditional Conservative policies is unwelcome by many voters.

## Dividends

We paid a delayed 6p per share interim dividend for year ended 31 December 2021 in February 2022. We also paid a 6p per share final dividend for the year ended 31 December 2021 on 20 July 2022. We paid an interim dividend for the year ending 31 December 2022 of 6p per share paid on 20 October 2022.

A 10p per share special dividend in relation to the year ending 31 December 2023 was paid on 10 February 2023 to recognise the improvement in our balance sheet due to the reversing of our swap liabilities to a reasonable asset.

The Directors recommend a payment of a final dividend for the year ended 31 December 2022 of 6p per share, following the interim dividend which was paid on 20 October 2022 of 6p per share. The final dividend of 6p per share will be payable on 19 July 2023 to shareholders on the register at the close of business on 30 June 2023 (Ex dividend on 29 June 2023).

We expect to maintain our final and interim dividends for the 2023 full year and intend to make further announcements in relation to this in due course and of course have already paid the 10p per share special dividend.

Finally, I repeat my thanks to 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 are in order for our tenants and I hope they are able to overcome the present troubled environment and make a full and profitable recovery.

**Andrew S Perloff**
**Chairman**

27 April 2023

# Chairman's Ramblings



Max Bygraves was a very popular much loved all round entertainer who occasionally performed in pantomimes during the 1950s.

My older brother and I were very lucky to have been taken by our parents to see him in "Mother Goose" at the London Palladium in 1954. As a 10 year old, these were exciting outings for me. We sat at the very rear of the ground floor stalls where I could sit on the up folded seat to see the stage over the people in front of us.

I am sure you all know the story about a goose that used to lay a golden egg each day that brought wealth to a poor village, but their leaders became greedy and decided to cut open its stomach to find all the other golden eggs inside. Well, of course, there were no golden eggs and the goose died, thus no more golden eggs were laid, and the village became poor again. Part way through the show the villagers were looking round and about to see where "Goosey" had laid the golden egg. This involved some actors running around the theatre and one finding a member of the audience to whom they would give a golden egg for them to take on stage and announce, "I've found it". Obviously, as I was the cutest little boy in the audience, they picked me! The egg was in a brown paper bag but I was too shy and nervous to take the egg up on stage so my brother, Harold, took it up and got the applause for finding it and was also given an inflatable goose.

This is where the expression "don't kill the goose that lays the golden egg" came into being.

It also made me think what geese this country have which lay the golden eggs? Well, first was energy. The UK sits on 100 years of available coal and huge offshore oil and gas reserves and recently discovered gas under many remote areas of the country. This offshore oil has for some years produced golden eggs, very heavily taxed, but we have currently killed off the possible golden eggs of fracking (which has made the USA completely energy independent). Even though renewable energy is clearly an important energy source, and governments should encourage renewables, but why kill off our energy independence? How foolish can we be?

One of Max Bygraves' catch phrases, "I'm gonna tell you a story", also reminded me that sometimes a story helps people understand.

### My Friend the Builder

One of my friends, a builder who has carried out a number of building jobs for me very successfully over the past 35 years, the last one being a joint development of nine award winning housing units in the West Country near his home. This was a few years ago and after the scheme he decided he was fed up with planning housing/building schemes because the authorities made it as difficult as possible.

With his share of nine house scheme profits, he purchased a small but successful laminate furniture manufacturer also in the West Country and all was going well with the business running smoothly. Well aware of local/UK and world news from the media he heard about Russian troops carrying out "manoeuvres" near the Ukraine border, and was concerned because over 50% of his laminate trade involved using wood/veneers from Ukraine and he knew that if Russia attacked Ukraine there would be disruption to his supply.

With uncanny foresight he immediately ordered and contracted for nine months' supply of his speciality timber from his supplier (who were delighted with the order) for quick delivery, although this put his finances at a stretch. Well, his intuition was correct, and we all know what happened. Supplies of raw materials shrunk considerably, but he managed to continue his usual production all year and even though his production never ceased, prices for this raw material rose 50%. This allowed his customers to continue to receive his products, cheaper than his rivals (many of whose supplies had been rationed) for six or seven months before some alternative supplies became available at much higher prices.

Most of you will not be too worried about a shortage of wood veneer, but the same circumstances apply to energy, oil, and gas.

I suspect we have quite a few thousand people in the Ministry of Defence, watching events, and the Department of Energy scrutinising world supplies, all paid excessively well to ponder what problems in this big world could affect this small country badly.

Why didn't any of our bureaucrats say to our Ministers "pick up the phone to the chief executives of our fracking, oil and gas companies to ramp up production quickly as trouble is coming and where necessary we will grant assistance to assist in any way we can"? A request that coal fired power generators also be kept on standby. If they had, it may have saved this

# Chairman's Ramblings continued

country's inhabitants billions of pounds of direct energy costs and also the taxpayer millions of pounds in subsidies. Indeed, if Russia saw that the UK and Europe were able to ramp up their own energy production to move dependence away from Russian energy, they may have reconsidered their aggressive invasion plans.

I then wondered, what other geese does this country have which lay the golden eggs?

### Retail High Streets

A second goose for supplying golden eggs was our retail property industry. People love shopping and our high streets were the magnets of world travellers who spent their cash in our country. The anchor of most of our high streets was the department stores, many of which started over 150 years ago. They contained a cornucopia of goods available at competitive prices.

Our clodhopper government taxed them so excessively as to decimate the department store sector, which in turn damaged the other high street retailers who always benefitted from the attractions of these huge stores in town centres. Thus many towns and, especially Northern towns, became in need of massive regeneration funds to "level up" the damage created by poor taxation decisions. There are so many benefits to our country in having successful and busy high streets but too many social benefits to mention here. Oxford Street and Bond Street in Central London were, for many years as long as I can remember, the focal point of wealthy tourists anxious to purchase luxury goods. By removing the incentive of their ability to reclaim the VAT they pay on their purchases, many of them now travel to Paris, Milan and Venice as they feel they receive better value. This affects the hotel/restaurant and service industries. The bureaucrats have killed another golden egg producer.

### The General Property Industry

The backbone of the country's wealth is its housing market, which was sophisticated and worked well, with saver's money deposited in building societies and banks who recycled loans to help new buyers and thus allowed many builders to increase production and provided new and extra homes. Of course, local councils saw the opportunity of squeezing money out of builders and demanded various payments, under a variety of pretexts, to obtain permissions. Councils were incredibly slow in decision-making and because less homes were built, so prices increased, stamp duty was raised so often and it is mind boggling levels to which the taxes have reached for higher value properties, thus hindering the liquidity of the housing market.

The parasites of Westminster have taxed and re-taxed those who save and invest in housing for rental, such that there is now a growing shortage of rental homes. If the excessive taxation payable by rentiers was not quite enough, legislation under the zero carbon mantra has been brought in to load rental properties with heavy extra insulation costs. The simple answer is for the owner to sell making less availability and higher costs of rentals which our foolhardy government will have to subsidise as a major part of the poorer renters cannot afford the higher cost. Thus, not only another golden egg disappears but a lead balloon attached to our social security costs.

"I'm gonna tell you another story".

### Bureaucratic Sloth

When I was first an Estate Agent, I had to employ a qualified Surveyor to assist with some of our transactions. I chose one who was particularly helpful to us. He told me my late Father had given him some jobs when he first started his own practice so he in turn was very loyal and reasonable to our fledgling practice.

I never forgot the story he relayed to me many years ago. He left university/college with a surveying degree and went to work for a London council in their surveying department. In those days, councils were able to grant loans to enable people to buy their own homes.

He was given a list of properties to inspect to ascertain that the properties were good for the loan and appropriate value.

He carefully studied his property list and worked out the best logistical way to view them. The first day he inspected over ten properties as he said it was not an onerous task. He also arrived back at the council offices in good time to start completing the report forms. He was expecting some type of praise for such speedy and diligent work.

# Chairman's Ramblings continued

However, the Head Surveyor told him that he had worked too hard. He was meant to carry out one survey in the morning and one in the afternoon, otherwise half the department would be out of a job within months.

He did not stay long with this council as he felt they were wasting not only their time but his time as well, so he decided to start his own firm and long was it successful.

Personally in recent times, having dealt with the Probate Office, HM Revenue & Customs, The Land Registry and the District Valuers Department, it appears this attitude is still well established. Long-term illness in the civil service is twice that of the private sector. Even the simplest of matters takes an inordinate amount of time.

Whilst excessive taxation is more obvious because of its extent, foolhardy interfering legislation is also adversely perverse in its ramifications.

**Antique Trade Interference**

The ban on ivory trading to save the elephants of Africa and India, and big game, is a case in point. Banning the sale of antique ivory carvings or ivory worked and used maybe between 150-50 years ago will not save one elephant's life but will destroy many thousands of peoples businesses. If the authorities donated a tiny fraction of our overseas aid to the appropriate countries, many more elephants would be protected. However, in their usual gesture politics way, our legislators are bringing in legislation to stop legal licensed hunters from anywhere bringing back their trophies. **Whilst I am very much against hunting**, the conservation authorities in the relevant jurisdiction pointed out their policies which include limited and carefully licensed hunting has increased the elephant population which seems to be an oxymoron but reflects real life situations and actions of the citizens of the countries concerned whereas those that banned hunting saw substantial falls in the elephant population, until they reversed the bans. Virtually all African nations who were very intent on protecting their environment and animal diversity wrote to our legislators explaining why they oppose the ban.

Whilst this type of interference in other nations' policies may be good gesture politics, it is extremely condescending to African nationals who have vast experience of what saves elephants and what does not. (Read Dominic Lawson's article in the Sunday Times of 12th March 2023.)

I include this rant about hunting, not because I believe in hunting, but it is symptomatic of our legislators producing interfering and poor legislation because a small bunch of entertainers have found a protestable subject that will get them publicity as caring people, even though they are misconceived, but by their protests create the exact opposite of what they wish to achieve.

This is promoted by Michael Gove who is also involved with laws on property including environmental laws, which will create a massive reduction in rental availability of homes. The one certainty is his proposals will destroy the rental market and create large extra costs to be paid out of the social security budget.

The freedom to enjoy one's extra money from extra work and success is discouraged should you want a second home for leisure and/or should you provide a rental property, to supplement your pensions, extra tax on buying and also on your income – **the result** – less rental homes – less golden eggs.

Work hard, build a big business and when you sell it, having already paid 50% of your income for many years in tax, then paid 20% capital gains tax on a sale and as and when you die (hopefully many years later) 40% inheritance tax. I call this grand larceny.

You are better off moving to a non-tax paying area for your final years, which of course many people do.

One percent of our wealthiest taxpayers pay about 30% of the tax gathered. What would happen if half of them left our country, i.e., 150,000 people? Who would pay that 15% tax that disappeared? Would there be any golden eggs left!!!.

Yours

**Andrew S Perloff**
**Chairman**

27 April 2023

# 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 currently owns and manages over 900 individual property units within over 120 separately designated buildings over the mainland United Kingdom. The Group specialises in property investing and managing of good secondary retail, industrial units and offices, and also owns and manages many residential flats in several town centre locations.

## Strategic objective

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

## Progress indicators

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

## Key ratios and measures

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| **Gross profit margin** (gross profit/turnover) | **57%** | 65% | 73% | 76% |
| **Loan to value*** | **39%** | 36% | 38% | 36% |
| **Interest cover (actual)*** | **297%** | 281% | 259% | 353% |
| **Finance cost rate** (finance costs excluding lease portion/average borrowings for the year) | **7.0%** | 7.5% | 7.0% | 7.1% |
| **Yield** (rents investment properties/average market value investment properties) | **8.2%** | 7.9% | 7.8% | 8.8% |
| **Net assets value per share** | **637p** | 553p | 488p | 480p |
| **Earnings/(loss) per share – continuing** | **96.6p** | 76.4p | 14.9p | (23.1)p |
| **Dividend per share**** | **12.0p** | 12.0p | 12.0p | 12.0p |
| **Investment property acquisitions** | **£8.9m** | £0.8m | £5.5m | £8.1m |
| **Investment property disposal proceeds** | **£1.2m** | £15.8m | £0.7m | £1.1m |

* As reported to the Lenders – based on charged property rents, borrowed funds and bank valuations as appropriate.

** Based on those declared for the year.

## Business review

The overall year was a strong year for the Group with earnings being almost a £1 per share. Much of this growth was driven by the turnaround in the valuations of the financial derivatives which improved by £19.7 million (2021 – £16.8 million). Following some variations including the premium paid in 2021 to amend the agreement, and also due to a higher interest rate outlook, these are now forecasted to be strong hedges going forward – adding value to the Group and putting it in an enviable position in terms of its fixing of its borrowing costs.

# Group Strategic Report continued

Group's turnover grew in 2022 by £239,000, despite the disposals late in 2021 (of Wembley and West Molesey), pre-disposal rents of £438,000 were received in 2021, which we did not benefit from in 2022. The property investments purchased in 2022 of Chorley and Trowbridge were only bought half way through the year, together with Maldon (our largest rent on a single property) only being re-let for three quarters of the year (at the higher rent of £800,000), means we should benefit from circa a further £500,000 additional rents in 2023 (compared to 2022). Disappointingly the overall gross profits were held back by higher costs, many of these items are non-recurring charges, which should not be repeated, but the Group cannot avoid the rising costs that are currently affecting most organisations and individuals.

The bad debt charge was higher in 2022, compared to 2021, but actually this is back to more normal levels. 2021 showed a low charge, as the directors with hindsight had been too cautious in 2020, with the COVID-19 pandemic still causing uncertainty, and this overprovision was unwound in 2021.

The property values improved slightly by £1.4 million following a Directors' valuation at the year-end.

The most significant impact on the income statement, already mentioned, was the sizeable improvement of the swap liability (derivative financial liabilities) by £19.7 million in 2022, in addition to the £16.8 million improvement in 2021. Approximately half of the reduction in the liability in 2021 was due to the Group paying a premium to exit the swap and re-enter a new more beneficial arrangement for a £5 million premium at an estimated discount of £3.3 million (this is explained in more detail under Financing below). The remainder of the improvement in our swap liability position in 2021 and 2022 is in relation to the change in market expectations of higher future interest rates (leading to a lower liability).

The consolidated statement of cash flows in 2022, shows that cash was depleted by £8.9 million in the year, but we also bought exactly £8.9 million of investment properties.

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 637p (2021 – 553p per share). This improvement was less than the £1 per share mentioned regarding earnings, due to the 18p of dividends paid in the year. The 18p included the payment of a delayed 2021 interim dividend of 6p per share as well as the usual 12p. The board delayed this dividend whilst assessing the impact of COVID-19 and waiting for the loan renewal to be approved by credit committee.

Through the many downward economic cycles and in particular, the COVID-19 pandemic, the most important plank within the Group's business plan is the balance within the portfolio between different asset classes and the resulting diverse, resilient, income streams these investments provide. Over the last few years, the industrial properties and the secondary "local" retail investments have performed the best in terms of growth in values and have shown resilient income collection. We also benefit from having properties with residential elements or planning potential. As explained in the last few annual reports (and worth repeating), we have seen that the secondary local shopping parades hold up well, especially during the pandemic. The traders in these properties managed to survive and some even flourish. Although lockdowns meant closures, many of these businesses were considered essential and most benefited from additional local footfall whilst people were not commuting into major towns or city centres. We also saw our smaller tenants adapt 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 in particular 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, that secondary retail properties (which is a large part of our portfolio – over half by value) will be less affected by the seismic change in shoppers' 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 service providers, restaurants or take away use, or convenience offerings, which are by their very nature less affected than pure destination retail, or by ever changing consumer habits. In many instances, the Web even provides additional opportunities i.e. being able to offer take away services via Just Eat etc. Even our more traditional high street or pure retail positions are mainly large blocks in the centre of towns – which we believe will benefit from longer-term

# Group Strategic Report continued

regeneration plans from the Government and local councils for town centres. As such, if and when some retail locations become less viable, 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 are experiencing rental growth, some of this is from renting long-term vacant properties and the rest from improved rental terms. Going forward over the next couple of years we foresee the biggest issue being controlling our holding and maintenance costs of our properties. In response to this, we are bringing in further controls and phasing our work programmes.

Additionally there will be potential additional costs of improving the energy efficiency of our buildings to keep them in line, or even ahead of the EPC ("energy performance certificate") regime requirements which is constantly being updated. We are attempting to cost this for our more valuable properties to potentially include in our refinancing request (if required).

We believe there are still many opportunities to unlock value within our portfolio, both in terms of letting more of the vacant properties, through repurposing and some from planning schemes to rebuild.

The economy has entered a higher interest and high inflation environment. We have fixed interest swaps which will protect us from interest increases. The nature of property companies naturally protects the business from inflation, as property investments tend to increase in line with inflation, whilst the real value of loans utilised effectively decreases.

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.

The Board is confident about the business going forward.

## Financing

The Group refinanced its facilities in the prior year and agreed a £66 million facility for a three-year term from July 2021. We are hoping to refinance again by the end of 2023.

At the Statement of Financial Position date, the Group had £4.5 million of cash funds, with £5.5 million available within the loan facility.

### Financial derivative

We have seen a fair value gain (of a non-cash nature) in our long term liability on derivative financial instruments of £19.722 million (2021: £16.754 million). Following this gain the total derivative financial is now an asset on our Consolidated Statement of Financial Position of £4.5 million (2021: £15.3 million liability).

In November 2021 a £25m swap which was at a fixed interest rate of 4.63% came to the end of its term and has been replaced by one at 2.01% which will show a saving in interest costs of circa £654,000 per annum compared to the historic position.

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 £581,000 p.a. in cash flow until the end point of the instrument.

# Group Strategic Report continued



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 the fair value of these interest rate swaps; this is partly due to their long dated nature.

## Financial risk management

The Company and Group's operations expose it to a variety of financial risks, the main two being the effects of changes in the 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 but have improved in 2022. 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 (the 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 considered 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). We also use financial derivatives (swaps) where appropriate to manage interest rate risk. 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 COVID-19 crisis also showed the resilience of the investments' income streams and their good management, in particular the disposals degearing the business made in 2018 and 2021.

### 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 stronger performing 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 that have over 900 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 permission 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 adverse market or property risks then these will ultimately affect our financing, making our lenders either force the Group to sell assets at non-optimal times, or take possession of the Group's assets. The management, business model and diversification factors described above 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 remedy 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 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

# Group Strategic Report continued

tries where possible to diversify its income streams. Caerphilly and Gateshead were relatively more recent purchases which 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. In 2021 the Finance Director was promoted to Chief Executive. 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 installed a purchase order system in 2018 and in 2019 replaced this with a new system, which has since been refined 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 their very nature often have a significant impact on local communities, providing services and convenience businesses, or places for local enterprise or employment. By 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 in planning permission which can enhance local areas. The Group also ensures it recycles much of its head office paper and is moving towards less paper communication; from 2019 to date our invoices have been emailed as standard to our tenants and we also encourage the receipt of electronic invoices. In 2021 we had a renewed push to move 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 and on the Company's website. 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 financial news can keep up to date with relevant information. Our Chairman is unpaid, his benefit or income from the Company is received via dividends 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

27 April 2023

# 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 2022.

## 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 UK-adopted international accounting standards 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 UK-adopted international accounting standards 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 Directors have prepared three detailed financial forecasts to December 2024 assuming a significant downward trend in its income base, high inflation leading to increasing costs and higher interest rates. The forecasted worst-case scenario demonstrated the Group is a going concern even if the business was subjected to a long downward spiral in its business activities. In summary, the Group has enough financial resources to survive to beyond December 2024

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 owns investment properties based in many locations across the country.

# Directors' Report continued

The Group's main loans were renewed in July 2021 for a new three year term. It is considered that the facility will be renewed prior to its expiry in July 2024 since the Group has a strong track record of obtaining long term finance and expects this to continue in the future as it has supportive lenders. The Group always maintains excellent relations with its lenders. The loan is made jointly by two lenders and also as mentioned has a low level of gearing which both gives the Groups finance situation more resilience. The Lenders Covenants as at 31 December 2022 have been reviewed and significant movements would be required before a covenant was breached such as a 30% decrease in the secured portfolio valuation (circa £46m reduction) or 49% decrease in its actual income cover being circa £5.7m reduction in income. The Group also currently has cash reserves (and available facility) and other uncharged assets (including circa £10m of investment property).

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

## Principal activities, review of business and future developments

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

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

## Company's objectives and management of capital

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

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

## Results and dividends

The profit for the year after taxation, amounted to £16,985,000 (2021: £13,511,000).

The interim dividend of £1,061,000 (6.0p per share) on ordinary shares was paid on 20 October 2022. The Directors recommend a final dividend of £1,061,000 (6.0p per share) payable on 19 July 2023 to shareholders on the register at the close of business 30 June 2023 (Ex dividend on 29 June 2023). The total dividend for the year ended 31 December 2022 being anticipated at 12p per share.

Further a special dividend of £1,775,000 (10.0p per share) on ordinary shares was paid on 10 February 2023.

There was no option of a scrip dividend offered on the dividends paid in 2022 or February 2023.

## 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 | |
|---|---|---|
| | **2022** | **2021** |
| A. S. Perloff (Chairman) | **4,015,860** | 4,015,860 |
| B. R. Galan (Non-executive) | **338,669** | 338,669 |
| P. M. Kellner (Non-executive) | **22,000** | 22,000 |
| J. H. Perloff | **137,500** | 137,500 |
| S. J. Peters | **227,929** | 227,929 |

# Directors' Report continued

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 (2021 – 8,405,175).

There have been no changes in Directors' shareholdings since 31 December 2022.

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

## Directors' emoluments

Directors' emoluments of £279,000 (2021 – £232,000) are made up as follows:

| Director | Salary/ Fees £'000 | Bonus £'000 | Taxable Benefit £'000 | Pension Contribution £'000 | Total 2022 £'000 | Total 2021 £'000 |
|---|---|---|---|---|---|---|
| **Executive** | | | | | | |
| A. S. Perloff | – | – | 5 | – | **5** | 3 |
| J. H. Perloff | 69 | 5 | 4 | 2 | **80** | 75 |
| S. J. Peters | 130 | 30 | 1 | 4 | **165** | 134 |
| **Non-executive** | | | | | | |
| B. R. Galan | 11 | 2 | – | – | **13** | 10 |
| P. M. Kellner | 11 | 2 | – | – | **13** | 10 |
| J. Rhodes | 3 | – | – | – | **3** | – |
| | 224 | 39 | 10 | 6 | **279** | 232 |

## 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, has not contributed since, and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £4,000 (2021 – £12,000) (some by salary sacrifice). J.H. Perloff had pension contributions paid in the year by the Company of £2,000 (2021 – £2,000).

No other payments were paid in respect of any other Director during the year (2020 – £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.

# Directors' Report continued

## Donations

During the year the Group made a £nil political donation (2021 – £nil). The Group makes donations to charities through advertisements at charity events and in the diaries of charities, the total of which in 2022 was £3,400 (2021 – £1,500). The Group is a Foundation Partner of the preferred charity of the property industry, Land Aid, donating £10,000 (2021 – £10,000). The Group also contributed £20,000 to the Daily Mail Ukraine Appeal in March 2022.

## 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 31 to the consolidated accounts.

## Auditors

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

– so far as that Director was aware there was no relevant available information of which the Company's auditors is 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 is 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 will be proposed for reappointment at the Annual General Meeting in 2023.

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

27 April 2023

# Corporate Governance

## The Board

The Board currently consists of seven (2021 – five) directors, of whom four are non-executives. The new non-executives joined the board in February 2023 and November 2022. It meets regularly during each year to review appropriate strategic, operational and financial matters and otherwise as required. In the year the Board met four 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. The Board has a Chairman and a separate Chief Executive.

The Board considers the four non-executive Directors to be independent and to represent the interests of shareholders. All the 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. The 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 and was the CEO up to 31 December 2021. 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, New Start 2020 Ltd, Anglia Home Furnishings Ltd and was previously a director of Beale Ltd.

### Simon Peters (Finance Director and CEO)

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, New Start 2020 Ltd, 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, was appointed Finance Director in 2005 and was appointed as CEO from 1 January 2022.

### 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.

# Corporate Governance continued

**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.

### Jonathan Rhodes (Non-executive)

He has over 34 years of experience in the property sector and is a RICS Registered Valuer. He is currently a partner and National Head of Valuation at Cluttons LLP, having previously held similar roles at GL Hearn, DTZ, Donaldsons, Chesterton and Colliers. Joined November 2022.

### Paul Saunders (Non-executive)

He has over 40 years of experience at HSBC, predominately in investment and development within the Real Estate sector. His most recent role within HSBC was as a Director within the Real Estate Corporate Capital Origination team at HSBC from 2014 until 2022. He is an Associate of the Chartered Institute of Bankers (ACIB). Joined February 2023.

## 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 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.

# Corporate Governance continued

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 2022, or more recently, as a result of stakeholder feedback received by the Company.

**4. Embed effective risk management, considering both opportunities and threats, throughout the organization**

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

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

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

# Corporate Governance continued

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

The Board consist of three Executive Directors and four Non-Executive Directors. Biographies of the directors can be found above, the Board considers its four non-executive Directors 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 four times, three of those times with all members present, the Audit Committee met three times with all members present and the Remuneration Committee met two times with all members present. Andrew Perloff, Simon Peters and John Perloff work full time. Bryan Galan and Peter Kellner currently work on average six days per year and so will Jonathan Rhodes and Paul Saunders in the future.

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 being Andrew Perloff, a separate CEO who is also the Finance Director Executive being Simon Peters. John Perloff is an Executive Director. Bryan Galan, Peter Kellner, Jonathan Rhodes 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 practice 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 2022, 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 2022, which was the same in the previous year.

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

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

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

# Corporate Governance continued



**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.

Andrew Perloff is both Chairman of the Company. In his role as Chairman, he has overall responsibility for corporate governance matters in the Company, leadership of the board and ensuring its effectiveness on all aspects of its role. Simon Peters is Chief Executive Office, in this role he 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. For many years, the Board did consider that it was in the best interest of the Group to maintain Andrew Perloff's positions as both Chairman and Chief Executive Officer, notwithstanding that this is contrary to recommended best practice in the QCA Code. However since 1 January 2022 these roles are now split with Simon Peters being the Chief Executive officer.

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 four 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 2022 the committee met three times with all members present. The internal controls are reviewed annually ensuring their effectiveness and any specific issues are dealt with if and when they arise. When the Board reviews internal controls they consider the effectiveness of controls, concentrating on all material controls, including operational and compliance controls, and risk management systems.

### Remuneration Committee

The Remuneration Committee consists solely of the four non-executive Directors, with Bryan Galan as the Chairman. 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 2022 the Committee met two 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, 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.

# Corporate Governance continued

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 2022 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 2022, which comprise:

- the Group income statement for the year ended 31 December 2022;
- the Group statement of comprehensive income for the year ended 31 December 2022;
- the Group and Parent Company statements of financial position as at 31 December 2022;
- 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 significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards. 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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's 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; and
- Discussed with management and evaluated their assessment of the group and the company's liquidity requirement.

# Independent Auditors' Report continued

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's 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.

## Overview of our audit approach

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.

### 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.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £2,000,000 (2021: £2,000,000), based on 1.1% of the group's total assets. Materiality for the Parent Company financial statements as a whole was set at £500,000 (2021: £220,000) based on 2.0% of the parent company's total assets.

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. This is set at £1,400,000 (2021: £1,400,000) for the group and £350,000 (2021: £154,000) for the parent.

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 £60,000 (2021: £59,000). 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

To the Members of Panther Securities PLC

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)**<br>The valuation of investment property requires significant judgement and estimates by management.<br><br>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.<br><br>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.<br><br>We reviewed the stated accounting policy ensuring it is appropriate to the designation and has been applied consistently.<br><br>We evaluated the capability, suitability and competence of the group's internal valuers, giving specific focus to their qualification and, experience.<br><br>We reviewed management's assessment of the carrying value of the investment properties which was derived from valuation reports prepared by internal surveyors.<br><br>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.<br><br>We compared the output from directors to the levels of rents actually achieved and where possible, publicly available benchmark data such as yields.<br><br>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.<br><br>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.<br><br>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)**<br>There was a significant movement during the year resulting in the derivative financial instruments moving from a liability position at the start of the year to an asset at 31 December 2022.<br>From the accounting policies, the fair value is estimated using the year end yield curve to extract the markets estimate of future pricing for interest rates. An in-house valuation is considered alongside valuations obtained from HSBC and Santander (both counterparties to one agreement) but also providing a value for the agreement they are not party too. An average of the three values (in-house and both banks) for each instrument is taken as the most appropriate value by management.<br>Derivative financial instruments are complex and require specific knowledge and skills to carry out a valuation resulting in an increase in inherent risk. | We gained an understanding of the group's valuation methodology in determining the fair value of the derivative financial instruments and its compliance with the relevant accounting standards.<br>We also assessed management approach on the credit risk on the derivative financial instruments and the appropriateness of the discounts applied.<br>We computed an independent estimate of the fair value of the derivative financial instruments and compared to management's valuation as well as the two bank valuations.<br>We considered the adequacy of disclosures around the derivative financial instruments including the disclosure of the range of the possible fair values, as well as the disclosures around financial risk management. |
| **Revenue recognition (group)**<br>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.<br>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.<br>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.<br>We reviewed the accounting treatment and journals 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)**<br>The parent company has equity investments in the subsidiaries and accounts for these investments at costs less impairment.<br>The determination of the recoverable value for impairment assessment is underpinned by the valuation of investment properties held in each subsidiary. As mention in the section above on carrying value of investment properties, there is an inherent risk that the carrying value could be subject to material estimation bias. | We obtained an understanding of management's impairment process and critically appraised the assumptions used by management.<br>We compared the carrying value of investment in subsidiaries and amounts owed by group undertakings to the net assets of each subsidiary which is underpinned by valuation of the investment properties held as well as profitability of the corresponding entity. |

# Independent Auditors' Report continued

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.

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

We have nothing to report in this regard.

## 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 directors' report and strategic 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 17, 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, 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 is available 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

27 April 2023

# Consolidated Income Statement

For the year ended 31 December 2022

| | Notes | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---|---|---|
| **Revenue** | 5 | **13,411** | 13,172 |
| Cost of sales | 5 | **(5,749)** | (4,651) |
| **Gross profit** | | **7,662** | 8,521 |
| Other income | 5 | **1,009** | 958 |
| Administrative expenses | | **(1,638)** | (1,492) |
| Bad debt expense | 21 | **(702)** | (286) |
| **Operating profit** | 6 | **6,331** | 7,701 |
| Profit on disposal of investment properties | | **461** | 701 |
| Movement in fair value of investment properties | 16 | **1,384** | 961 |
| | | **8,176** | 9,363 |
| Finance costs – interest | 10 | **(3,265)** | (2,322) |
| Finance costs – swap interest | 10 | **(1,481)** | (2,806) |
| Finance costs – swap variation | 10 | **–** | (5,000) |
| Investment income | 9 | **28** | 29 |
| Loss on the disposal of investments | | **(278)** | (96) |
| Fair value gain on derivative financial liabilities | 27 | **19,722** | 16,754 |
| **Profit before income tax** | | **22,902** | 15,922 |
| Income tax expense | 11 | **(5,917)** | (2,411) |
| **Profit for the year** | | **16,985** | 13,511 |
| **Continuing operations attributable to:** | | | |
| Equity holders of the parent | 12 | **16,985** | 13,511 |
| **Profit for the year** | | **16,985** | 13,511 |
| **Earnings per share** | | | |
| Basic and diluted – continuing operations | 14 | **96.6p** | 76.4p |

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

| | Notes | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---|---|---|
| **Profit for the year** | | **16,985** | 13,511 |
| ***Items that will not be reclassified subsequently to profit or loss*** | | | |
| Movement in fair value of investments taken to equity | 18 | **(59)** | 55 |
| Deferred tax relating to movement in fair value of investments taken to equity | 25 | **15** | (14) |
| Realised fair value on disposal of investments previously taken to equity | 18 | **309** | 148 |
| Realised deferred tax relating to disposal of investments previously taken to equity | 25 | **(77)** | (37) |
| **Other comprehensive income for the year, net of tax** | | **188** | 152 |
| **Total comprehensive income for the year** | | **17,173** | 13,663 |
| Attributable to: | | | |
| Equity holders of the parent | | **17,173** | 13,663 |

# Consolidated Statement of Financial Position

Company number 00293147

As at 31 December 2022

| | Notes | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Plant and equipment | 15 | **64** | – |
| Investment properties | 16 | **176,937** | 167,384 |
| Derivative financial asset | 27 | **4,467** | – |
| Deferred tax asset | 25 | **–** | 2,252 |
| Right of use asset | | **258** | 298 |
| Investments | 18 | **256** | 292 |
| | | **181,982** | 170,226 |
| **Current assets** | | | |
| Asset held for sale | | **191** | – |
| Stock properties | 19 | **350** | 350 |
| Investments | | **29** | 29 |
| Trade and other receivables | 21 | **3,178** | 2,996 |
| Cash and cash equivalents (restricted) | 22 | **4** | 5,009 |
| Cash and cash equivalents | 22 | **4,454** | 8,343 |
| | | **8,206** | 16,727 |
| **Total assets** | | **190,188** | 186,953 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | 23 | **4,437** | 4,437 |
| Share premium account | | **5,491** | 5,491 |
| Treasury shares | | **(772)** | (213) |
| Capital redemption reserve | | **604** | 604 |
| Retained earnings | | **101,467** | 87,464 |
| **Total equity** | | **111,227** | 97,783 |
| **Non-current liabilities** | | | |
| Borrowings | 24 | **58,807** | 55,513 |
| Derivative financial liability | 27 | **–** | 15,255 |
| Deferred tax liabilities | 25 | **3,371** | – |
| Leases | 29 | **8,249** | 8,353 |
| | | **70,427** | 79,121 |
| **Current liabilities** | | | |
| Trade and other payables | 26 | **7,869** | 9,018 |
| Borrowings | 24 | **500** | 560 |
| Current tax payable | | **165** | 471 |
| | | **8,534** | 10,049 |
| **Total liabilities** | | **78,961** | 89,170 |
| **Total equity and liabilities** | | **190,188** | 186,953 |

The accounts were approved by the Board of Directors and authorised for issue on 27 April 2023. They were signed on its behalf by:

**A.S. Perloff**
**Chairman**

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

| | Share capital £'000 | Share premium £'000 | Treasury shares £'000 | Capital redemption £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | 4,437 | 5,491 | (213) | 604 | 75,923 | 86,242 |
| Total comprehensive Income | – | – | – | – | 13,663 | 13,663 |
| Dividends | – | – | – | – | (2,122) | (2,122) |
| **Balance at 1 January 2022** | 4,437 | 5,491 | (213) | 604 | 87,464 | 97,783 |
| Total comprehensive income | – | – | – | – | 17,173 | 17,173 |
| Dividends | – | – | – | – | (3,170) | (3,170) |
| Treasury share purchase | – | – | (559) | – | – | (559) |
| **Balance at 31 December 2022** | **4,437** | **5,491** | **(772)** | **604** | **101,467** | **111,227** |

# Consolidated Statement of Cash Flows

For the year ended 31 December 2022

| | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Operating profit | 6,331 | 7,701 |
| Add: Depreciation | 45 | – |
| Rent paid treated as interest | (687) | (687) |
| **Profit before working capital change** | 5,689 | 7,014 |
| (Increase)/decrease in receivables | (182) | 929 |
| Decrease in payables | (1,149) | (48) |
| **Cash generated from operations** | 4,358 | 7,895 |
| Interest paid | (3,766) | (4,295) |
| Income tax paid | (662) | (620) |
| **Net cash (used in)/generated from operating activities** | (70) | 2,980 |
| **Cash flows from investing activities** | | |
| Purchase of investment properties | (8,947) | (832) |
| Purchase of investments** | (66) | (6) |
| Purchase of plant and equipment | (300) | – |
| Proceeds from sale of investment property | 1,176 | 15,841 |
| Proceeds from sale of investments** | 74 | 435 |
| Dividend income received | 21 | 21 |
| Interest income received | 7 | 8 |
| **Net cash (used in)/generated from investing activities** | (8,035) | 15,467 |
| **Cash flows from financing activities** | | |
| Draw down of loan | 8,500 | 6,000 |
| Repayments of loans | (5,060) | (12,057) |
| Loan amortisation repayments | (500) | (250) |
| Purchase of own shares | (559) | – |
| Swap variation | – | (5,000) |
| Loan arrangement fees and associated set up costs | – | (884) |
| Dividends paid | (3,170) | (2,122) |
| **Net cash used in from financing activities** | (789) | (14,313) |
| **Net (decrease)/increase in cash and cash equivalents** | (8,894) | 4,134 |
| **Cash and cash equivalents at the beginning of year*** | 13,352 | 9,218 |
| **Cash and cash equivalents at the end of year*** | 4,458 | 13,352 |

* Of this balance £4,000 (2021: £5,009,000) 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 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 2022 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 UK-adopted international accounting standards. 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 Directors have prepared detailed financial forecasts to December 2024 assuming a significant downward trend in its income base, increasing costs and higher interest rates. The forecasted worst case scenario demonstrated the Group is a going concern even if the business was subjected to a long downward spiral in its business activities. In summary the Group has enough financial resources to survive to beyond December 2024.

# Notes to the Consolidated Financial Statements continued

## 4. Significant accounting policies continued

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 owns investment properties based in many locations across the country.

The Group's main loans were renewed in July 2021 for a new three year term. It is considered that the facility will be renewed prior to its expiry in July 2024 since the Group has a strong track record of obtaining long term finance and expects this to continue in the future as it has supportive lenders. The Group seeks to maintain excellent relations with its lenders. The loan is made jointly by two lenders and also as mentioned has a low level of gearing which both gives the Group's finance situation more resilience.

The lenders covenants as at 31 December 2022 have been reviewed and significant movements would be required before a covenant was breached such as a 30% decrease in the secured portfolio valuation (a circa £46m reduction) or a 49% decrease in its actual income cover being a circa £5.7m reduction in income. The Group also currently has cash reserves (and available facility) and other uncharged assets (including circa £10m of investment property).

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

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.

# Notes to the Consolidated Financial Statements continued

## 4. Significant accounting policies continued

### Transfers between investment property and stock properties

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

### Taxation

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis. Corporation tax for the period is charged at 19.00% (2021 – 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.

# Notes to the Consolidated Financial Statements continued

## 4. Significant accounting policies continued

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 completion.

Other income comprises:

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

# Notes to the Consolidated Financial Statements continued

## 4. Significant accounting policies continued

***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.

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. An in-house valuation is considered alongside valuations obtained from HSBC and Santander (both counterparties to one agreement) but also providing a value for the agreement they are not party too. An average of the three values (in-house and both banks) for each instrument is taken as 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 £3.5 m to £5.0m.

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.

Swap variation costs to alter a swap instruments are recognised as finance expense in the year.

***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. Investments in unquoted equity securities is considered and also measured at fair value. 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.

# Notes to the Consolidated Financial Statements continued

## 4. Significant accounting policies continued

### Provisions

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

### Stock properties

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

### Share capital

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

### Share premium

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

### Treasury shares

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

### Capital redemption reserve

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

### Retained earnings

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

### Dividends

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

### Leases

Under IFRS 16 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 depreciates 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.

# Notes to the Consolidated Financial Statements continued

## 4. Significant accounting policies continued

After initial measurement, any payments made will reduce the liability and the interest accrued will increase it. Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the Statement of Financial Position, right-of-use assets have been capitalised and included as a separate item.

***The Group as lessor***

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term. The sub-lease for the office premises has not been recognised on the grounds of materiality.

## 5. Revenue, cost of sales and other income

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

**Other income**

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Surrender premiums | **65** | 300 |
| Furlough support | **–** | 33 |
| Service charge management fees | **100** | 110 |
| Dilapidations and other | **844** | 515 |
| | **1,009** | 958 |

## 6. Operating profit

| **The operating profit for the year is stated after charging:** | 2022 £'000 | 2021 £'000 |
|---|---|---|
| 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): | **88** | 85 |
| *Fees paid to the Group's auditor for other services:* | | |
| Other services provided | **2** | 2 |

## 7. Staff costs

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Staff costs, including Directors' remuneration, were as follows: | | |
| Wages and salaries | **816** | 739 |
| Social security costs | **92** | 73 |
| Pension contributions | **23** | 29 |
| | **931** | 841 |

# Notes to the Consolidated Financial Statements continued

## 7. Staff costs continued

| | 2022 Number | 2021 Number |
|---|---|---|
| The average monthly number of employees, including Directors, during the year was as follows: | | |
| Directors | **5** | 5 |
| Other employees | **13** | 14 |
| | **18** | 19 |

## 8. Directors' remuneration

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Emoluments for services as Directors | **279** | 232 |

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:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Emoluments for services as directors | **279** | 232 |
| Employers' NIC | **40** | 30 |
| Short term employee benefits (salaries and benefits) | **319** | 262 |

## 9. Investment income

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Interest on bank deposits | **7** | 8 |
| Dividends from equity investments | **21** | 21 |
| | **28** | 29 |

## 10. Finance costs

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Interest payable on bank overdrafts and loans | **2,578** | 1,635 |
| Interest payable on lease liabilities | **687** | 687 |
| Finance costs – interest | **3,265** | 2,322 |
| Finance costs – swap interest (on financial derivatives) | **1,481** | 2,806 |
| Finance costs – swap variation | **–** | 5,000 |
| | **4,746** | 10,128 |

# Notes to the Consolidated Financial Statements continued

## 11. Income tax charge

The charge for taxation comprises the following:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Current year UK corporation tax | **436** | 971 |
| Prior year UK corporation tax | **(80)** | (67) |
| | **356** | 904 |
| Current year deferred tax debit – note 25 | **5,561** | 1,507 |
| Income tax expense for the year | **5,917** | 2,411 |

Domestic income tax is calculated at 19.00% (2021 – 19.00%) of the estimated assessable profit or loss for the year. The provision for deferred tax has been calculated on the basis of 25.00% (2021 – 25.00%).

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

| | 2022 £'000 | 2022 % | 2021 £'000 | 2021 % |
|---|---|---|---|---|
| Profit before taxation | **22,902** | | 15,922 | |
| Profit before tax multiplied by the average of the standard rate of UK corporation tax of 19.0% (2021 – 19.0%) | **4,351** | **19.0** | 3,025 | 19.0 |
| Tax effect of expenses that are not deductible in determining taxable profit | **32** | **0.1** | 8 | 0.1 |
| Dividend income not taxable for tax purposes | **(4)** | **(0.0)** | (4) | (0.0) |
| Tax on chargeable gains difference to profits | **84** | **0.4** | 1,597 | 10.0 |
| Movement in deferred tax on revalued assets | **1,166** | **5.1** | (2,283) | (14.4) |
| Losses brought forward utilised | **–** | **–** | (227) | (1.4) |
| Difference in current and deferred tax rates | **368** | **1.6** | 362 | 2.2 |
| Prior year corporation tax over provision | **(80)** | **(0.3)** | (67) | (0.4) |
| Tax charge | **5,917** | | 2,411 | |

## 12. Profit attributable to members of the parent undertaking

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Dealt with in the accounts of: | | |
| – the parent undertaking | **9,008** | 3,572 |
| – subsidiary undertakings | **7,977** | 9,939 |
| | **16,985** | 13,511 |

**Reconciliation of parent company profit and loss**

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Profit of parent company before intercompany adjustments | **11,847** | 18,637 |
| Bad debt provision – intercompany loan/investments* | **1,300** | 3,700 |
| Intercompany dividends* | **(4,139)** | (18,765) |
| Profit attributable to members of the Parent undertaking | **9,008** | 3,572 |

* removed on consolidation

# Notes to the Consolidated Financial Statements continued

## 13. Dividends

Amounts recognised as distributions to equity holders in the period:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Interim dividend for the year ended 31 December 2021 of 6p per share (2020: 6p per share) | **1,062** | 1,061 |
| Final dividend for the year ended 31 December 2021 of 6p per share (2020: 6p per share) | **1,054** | 1,061 |
| Interim dividend for the year ended 31 December 2022 of 6p per share | **1,054** | – |
| | **3,170** | 2,122 |

The Directors recommend a payment of a final dividend for the year ended 31 December 2022 of 6p per share, following the interim dividend which was paid on 20 October 2022 of 6p per share. The final dividend of 6p per share will be payable on 19 July 2023 to shareholders on the register at the close of business on 30 June 2023 (Ex dividend on 29 June 2023).

The full ordinary dividend for the year ended 31 December 2022 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.

A 10p per share special dividend in relation to the year ended 31 December 2023 was paid on 10 February 2023.

## 14. Earnings per ordinary share (basic and diluted)

The calculation of profit per ordinary share is based on the profit, being a profit of £16,985,000 (2021 – £13,511,000) and on 17,577,699 ordinary shares being the weighted average number of ordinary shares in issue during the year excluding treasury shares (2021 – 17,683,469). There are no potential ordinary shares in existence. The Company holds 275,000 (2021 – 63,460) ordinary shares in treasury.

## 15. Plant and equipment

| | Fixtures and equipment £'000 | Motor vehicles £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2021 | 73 | 8 | 81 |
| Disposals | – | – | – |
| At 1 January 2022 | 73 | 8 | 81 |
| Additions | 300 | – | 300 |
| Transfer to assets held for resale | (191) | – | (191) |
| **At 31 December 2022** | **182** | **8** | **190** |
| **Accumulated depreciation** | | | |
| At 1 January 2021 | 73 | 8 | 81 |
| Disposals | | – | |
| At 1 January 2022 | 73 | 8 | 81 |
| Depreciation charge for the year | 45 | – | 45 |
| **At 31 December 2022** | **118** | **8** | **126** |
| **Carrying amount** | | | |
| **At 31 December 2022** | **64** | | **64** |
| At 31 December 2021 | – | – | – |

# Notes to the Consolidated Financial Statements continued



## 16. Investment properties

| | Investment properties £'000 |
|---|---|
| **Fair value** | |
| At 1 January 2021 | 180,975 |
| Additions | 537 |
| Disposals | (15,140) |
| Fair value adjustment on investment properties held on leases | 51 |
| Revaluation increase | 961 |
| At 1 January 2022 | 167,384 |
| Additions | 8,947 |
| Disposals | (715) |
| Fair value adjustment on investment properties held on leases | (63) |
| Revaluation increase | 1,384 |
| **At 31 December 2022** | **176,937** |
| **Carrying amount** | |
| **At 31 December 2022** | **176,937** |
| At 31 December 2021 | 167,384 |

At 31 December 2022, £141,979,000 (2021 – £130,748,000) and £34,958,000 (2021 – £36,636,000) included within investment properties relates to freehold and leasehold properties respectively.

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

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Cost of investment properties | **143,616** | 135,172 |

The Group has pledged £158,688,000 (ignoring lease obligations) of investment property (2021 – £148,765,000) as security for the main loan facilities with HSBC and Santander granted to the Group at the Statement of Financial Position date. A further £nil (2021 – £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 2022 amounted to £40,000 (2021 – £287,000).

# 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 £13,362,000 (2021 – £13,135,000).

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% – 15% with the average yield being circa 8.2%. Assuming all else stayed the same; a decrease of 1% in the average yield would result in an increase in fair value of £22,632,000. An increase of 1% in the average yield would result in a decrease in fair value of £17,712,000.

Carter Jonas did an updated valuation at July 2021 (of 90% of the investment properties) there has not been an external valuation since then but the Directors used this as a starting point for its year end valuation. 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 2022 this was a fair value gain of £1,384,000 (2021 – £961,000). The amount of realised gains or losses is shown as the profit on disposal of investment properties within the income statement, for 2022 there was a realised gain of £461,000 (2021 – £701,000).

# Notes to the Consolidated Financial Statements continued

## 17. Subsidiaries

Details of the Company's subsidiaries at 31 December 2022 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 | Dormant | 100 | 100 |
| Panther (Dover) Limited | Great Britain | Property | 100 | 100 |
| Panther Gateshead (VAT) Limited | Great Britain | Property | 100 | 100 |
| Panther Maldon Industrial 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 | Dormant | 100 | 100 |
| Multitrust Property Investments Limited | Great Britain | Dormant | 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 | Non-trading | 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 2021 | 614 |
| Additions | 6 |
| Movement in fair value taken to equity | 204 |
| Disposals | (532) |
| At 1 January 2022 | 292 |
| Additions | 66 |
| Movement in fair value taken to equity | 250 |
| Disposals | (352) |
| **At 31 December 2022** | **256** |
| Comprising at 31 December 2022: | |
| At cost | 17 |
| At valuation/net realisable value | 239 |
| **Carrying amount** | |
| **At 31 December 2022** | **256** |
| At 31 December 2021 | 292 |

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, is measured at fair value or cost when this cannot easily be determined. The valuation of the investments is sensitive to stock exchange conditions.

### Price risk

For the year ended 31 December 2022 if the average share price of the portfolio was 10% lower, then the loss recognised in Other Comprehensive Income would have been £20,000 lower (2021: £21,000 lower). Corresponding gains would be seen for a 10% uplift.

## 19. Stock properties

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Stock properties | **350** | 350 |

The market value of stock properties is £685,000 (2021 – £685,000).

£585,000 (2020: £585,000) 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 2022, one stock property was valued by the Carter Jonas at July 21 and both valued by the Directors for the year end. 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.

# Notes to the Consolidated Financial Statements continued

## 20. Capital commitments

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Capital expenditure that has been contracted for but has not been provided for in the accounts | **90** | 3,135 |

In 2021 the Group had contracted to purchase a building in 2022 being £3,135,000 remaining after deposit paid.

## 21. Trade and other receivables

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Trade receivables | **3,370** | 2,957 |
| Bad debt provision | **(1,660)** | (1,242) |
| | **1,710** | 1,715 |
| Other debtors | **160** | 63 |
| Prepayments | **331** | 266 |
| Accrued income | **977** | 952 |
| | **3,178** | 2,996 |

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 £7,305,000 (2021 – £16,082,000) (which relates to £2,847,000 (2021 – £2,730,000) 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.

**Aged Trade receivables are shown below:**

| | 2022 £'000 | 2022 % | 2021 £'000 | 2021 % |
|---|---|---|---|---|
| Up to 30 days | **1,321** | **39%** | 1,016 | 34% |
| Up to 60 days | **229** | **7%** | 296 | 10% |
| Up to 90 days | **131** | **4%** | 211 | 7% |
| Up to 120 days | **414** | **12%** | 263 | 9% |
| Over 120 days | **1,275** | **38%** | 1,171 | 40% |
| Total | **3,370** | | 2,957 | |

# 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 | Cash and cash equivalents £'000 | Total bad debt provisions £'000 |
|---|---|---|---|
| Balance at 1 January 2021 | 2,470 | 44 | 2,514 |
| Amount written off as uncollectable | (1,514) | (43) | (1,558) |
| Charge/(credit) to income statement | 286 | (1) | 286 |
| **Balance at 1 January 2022** | **1,242** | **–** | **1,242** |
| Amounts written off as uncollectable | (284) | – | (284) |
| Charge to income statement | 702 | – | 702 |
| **Balances at 31 December 2022** | **1,660** | **–** | **1,660** |

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 87.03p in the pound from an original balance of £332,000 and the administrators have confirmed there will be no more payments.

## 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. Within Cash and Cash equivalents but separately identified on the Consolidated Statement of Financial Position is cash described as restricted, this is a separate bank account set up as part of the loan agreement were property disposal proceeds, not used to decease the loan, can be held to reinvest in other investment properties but other uses are restricted to agreement with the lenders.

### 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. Further information on the Group's credit risk is detailed within the Group Strategic Report.

## 23. Share capital

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 17,746,929 (2021 – 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 2022 no ordinary shares were issued in the period (2021 – no ordinary shares were issued). 275,000 (2021 – 63,460) ordinary shares are held in treasury.

# Notes to the Consolidated Financial Statements continued

## 24. Bank loans

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Bank loans due within one year *(within current liabilities)* | **500** | 560 |
| Bank loans due after more than one year *(within non-current liabilities)* | **58,807** | 55,513 |
| Total bank loans | **59,307** | 56,073 |

| Analysis of debt maturity | 2022 £'000 Interest* | 2022 £'000 Capital | 2022 £'000 Total | 2021 £'000 Total |
|---|---|---|---|---|
| Bank loans repayable | | | | |
| *On demand or within one year* | **3,626** | **500** | 4,126 | 2,319 |
| *In the second year* | **2,097** | **58,807** | 60,904 | 2,241 |
| *In the third year to the fifth year* | **–** | **–** | – | 55,877 |
| | **5,723** | **59,307** | 65,030 | 60,437 |

* based on the 3 month SONIA floating rate charged in March 23 – 3.44%.

On 16 July 2021 the Group last renewed its loan facility by entering into a 3 year term loan with HSBC and Santander for £66,000,000.

A Shawbrook bank loan of £60,000 at 31 December 2021 was repaid in 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.

## 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 |
|---|---|
| Asset at 1 January 2021 | 3,810 |
| Debit to equity for the year | (51) |
| Debit to Income Statement for the year | (1,507) |
| Asset at 1 January 2022 | 2,252 |
| Debit to equity for the year | (62) |
| Debit to Income Statement for the year | (5,561) |
| **Liability at 31 December 2022** | **(3,371)** |

# Notes to the Consolidated Financial Statements continued

## 25. Deferred taxation continued

Deferred taxation arises in relation to:

**Deferred tax**

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Deferred tax liabilities: | | |
| Investment properties | **(2,722)** | (2,016) |
| Derivative financial liability | **(1,117)** | – |
| Deferred tax assets: | | |
| Tax allowances in excess of book value | **398** | 323 |
| Fair value of investments | **70** | 131 |
| Derivative financial asset | **–** | 3,814 |
| Net deferred tax (liabilities)/asset | **(3,371)** | 2,252 |

As at 31 December 2022 the substantively enacted rate was 25% (2021: 25%) and this has been used for the deferred tax calculation.

## 26. Trade and other payables

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Trade creditors | **2,013** | 2,311 |
| Social security and other taxes | **434** | 1,204 |
| Other creditors | **1,494** | 1,426 |
| Leases (see note 29) | **687** | 687 |
| Accruals | **840** | 1,152 |
| Deferred income | **2,401** | 2,238 |
| | **7,869** | 9,018 |

Trade creditors and accruals comprise amounts outstanding for trade purchases.

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

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

Liabilities included within the financial statements at amortised cost total £73,024,000 (2021 – £71,206,000) (includes payables above and the long term and short term borrowings, excluding deferred income plus lease liabilities).

# Notes to the Consolidated Financial Statements continued



## 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<br>Interest is charged as to: | 2022<br>£'000 | Rate | 2021<br>£'000 | Rate |
|---|---|---|---|---|
| Fixed/Hedged | | | | |
| HSBC Bank plc* | **35,000** | **7.76%** | 35,000 | 7.76% |
| HSBC Bank plc** | **25,000** | **4.71%** | 25,000 | 4.71% |
| Unamortised loan arrangement fees | **(443)** | | (737) | |
| Floating element | | | | |
| HSBC Bank plc | **(250)** | | (3,250) | |
| Shawbrook Bank Ltd | **-** | | 60 | |
| | **59,307** | | 56,073 | |

Bank loans totalling £60,000,000 (2021 – £60,000,000) are fixed using interest rate swaps removing the Group's exposure to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

### Financial instruments for Group and Company

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

| | Hedged amount £'000 | Average rate | Duration of contract remaining 'years' | 2022 Fair value £'000 | 2021 Fair value £'000 |
|---|---|---|---|---|---|
| **Derivative Financial Asset/(Liability)** | | | | | |
| Interest rate swap* | 35,000 | 5.06% | 15.69 | **1,236** | (12,833) |
| Interest rate swap** | 25,000 | 2.01% | 8.92 | **3,231** | (2,422) |
| | | | | **4,467** | (15,255) |
| Net fair value gain on derivative financial assets | | | | **19,722** | 16,754 |

* Fixed rate came into effect in September 2008, following a variation made in 2021, in September 2023 the rate drops to 3.4% for the remaining term.

** This arrangement commenced in December 2021 but was entered into as a future fixing in April 2018.

The rates shown includes a 2.7% margin (2021 – 2.7%).

Neither contracts include break options in the term but are repayable on a cessation of lending.

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.

# Notes to the Consolidated Financial Statements continued

## 27. Derivative financial instruments continued

As mentioned elsewhere within these accounts the valuation of these derivative instruments is problematic as a singular number cannot fully make clear the high sensitivity effecting the calculated valuation to the various inputs and market conditions. In order to demonstrate the variations the combined value of these instruments since 2008 and 2022 have been at the best a £4m asset and at worst shown was £31m liability. Since the variation in 2021 (giving a rate of 3.4% from Sept 23) and due to the instrument entered into in April 2018 (rate of 2.01%), the board believes the outlook for these instruments will be more favourable than they or previous ones have been, and should be less volatile, when considering the projected market interest rates.

Taking the existing estimate of our financial derivative fair value at the year end, very approximately if the market expected interest rates to be on average a 100 basis points higher over the life of our financial derivatives (this rate change also factors into the group's expected cost of capital or discount factor) this would increase the current asset by £5m being a £9-10m asset (further a 100 basis points reduction on average – would lead to an estimated £6m reduction in value or being a £1-2m liability).

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 £1,481,000 (2021: £2,806,000) per annum based on current SONIA rates.

**Interest rate risk**

For the year ended 31 December 2022, if on average the 3 month SONIA over the year had been 100 basis points (1%) higher with all other variables held constant, under the financing structure in place at the year end, profit before tax for the year would have been approximately £2,500 lower (2021: £400 lower). 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 sources, 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.

## 28. Contingent liabilities

There were no contingent liabilities at the year-end (2021: nil).

# Notes to the Consolidated Financial Statements continued

## 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 for lessees only.

### The Group as lessee

The Group paid rent under non-cancellable leases in the year of £919,000 (2021 – £843,000).

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 148 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 £919,000 (2021: £843,000) and the minimum for the year of £687,000 (2021: £687,000) is related to the contingent element only payable out of rents receivable.

**Minimum future payments under non-cancellable leases**

| (Lessee) | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Payable within one year | **687** | 687 |
| Payable between one year and five years | **2,748** | 2,748 |
| Payable in more than five years | **43,907** | 44,554 |
| | **47,342** | 47,989 |

**Anticipated rental income derived under non-cancellable sub leases**

| (Lessor) | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Payable within one year | **3,326** | 3,385 |
| Payable between one year and five years | **10,090** | 10,567 |
| Payable in more than five years | **5,297** | 5,507 |
| | **18,713** | 19,459 |

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Leases due within one year *(included within current liabilities)* | **687** | 687 |
| Leases due within one to five years | **2,748** | 2,748 |
| Leases due in more than five years | **5,501** | 5,605 |
| *(included within non-current liabilities)* | **8,249** | 8,353 |
| Total lease obligations | **8,936** | 9,040 |

# Notes to the Consolidated Financial Statements continued

## 29. Lease arrangements and obligations under leases continued

**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**

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Payable within one year | **11,826** | 9,841 |
| Payable between one year and five years | **34,778** | 29,022 |
| Payable in more than five years | **25,677** | 23,654 |
| | **72,281** | 62,517 |

## 30. Reconciliation of liabilities from financing activities

| | 1 January 2021 £'000 | Cash flow £'000 | Non-cash movements New Leases £'000 | Other non-cash movements £'000 | 31 December 2021 £'000 |
|---|---|---|---|---|---|
| Derivative financial instruments | (32,009) | 5,000 | – | 11,754 | (15,255) |
| Leases (current) | (687) | 687 | – | (687) | (687) |
| Leases (non-current) | (8,339) | – | (701) | 687 | (8,353) |
| Borrowings (current) | (63,066) | 3,066 | – | 59,440 | (560) |
| Borrowings (non-current) | (51) | 4,128 | – | (59,590) | (55,513) |
| | (104,152) | 12,881 | (701) | 11,604 | (80,368) |

| | 1 January 2022 £'000 | Cash flow £'000 | Non-cash movements New leases £'000 | Other non-cash movements £'000 | 31 December 2022 £'000 |
|---|---|---|---|---|---|
| Derivative financial instruments | (15,255) | – | – | 19,722 | **4,467** |
| Leases (current) | (687) | 687 | – | (687) | **(687)** |
| Leases (non-current) | (8,353) | – | (583) | 687 | **(8,249)** |
| Borrowings (current) | (560) | 560 | – | (500) | **(500)** |
| Borrowings (non-current) | (55,513) | (3,500) | – | 206 | **(58,807)** |
| | (80,368) | (2,253) | (583) | (19,428) | **(63,776)** |

## 31. Events after the reporting date

On 16 January 2023 the Company drew down £2,000,000 from its revolving facility.

On 23 March 2023 the Company completed on the purchase of the freehold of 192-194 Northdown Road, Cliftonville, Margate for £451,000. The majority of the property is let to Boots at £25,000 pa with the remaining vacant space potentially suitable for conversion to residential. This purchase adjoins a property in our existing ownership.

# Notes to the Consolidated Financial Statements continued

## 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 2022 included within creditors was, £7,000 (2021: 69,000) payable to the beneficiaries of the estate of late F Perloff, £12,000 due from H Perloff (2021: he was owed £9,000), all close family members of a director. Movement in the year related to property management services. Also A Perloff owed the Group £37,000 (2021: £8,000) at the year end. Both A Perloff and H Perloff cleared their owed balances early in 2023.

At 31 December 2022 included within creditors was, £23,000 (2021: £56,000) owed to Maland Pension Fund a company sponsored pension scheme (for a director). This is a trading relationship as the balance owed was in relation to a jointly 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 ("AHF") t/a Fabb, a company owned wholly by Portnard Ltd (48% shareholder in Panther and has common directors) pays rent to the group of £125,000 pa in Canterbury. During 2022 Panther paid circa £40,000 of roof costs on this unit, whose roof Panther was only partly responsible for, but in return got an increased rental of £136,000 pa from December 2022 which it will benefit from until the existing next rent review date of December 2024 (which will now not be able to go lower than the new rate). The agreement in relation to the contribution also allowed for the lease to be amended so that going forward AHF are solely responsible for the roof. The full arrangement due to any potential conflict of interest was reviewed by the boards non-executive directors. The related party also took a short license from May to October 2021 on part of a property in Peterborough, paying a percentage of their turnover (this also ended in 2021) – we received an additional £10,000 as well as saving holding costs.

New Start 2020 Ltd, a company owned wholly by Portnard Ltd took two licenses in the 2021, on ex-Beales department stores in Peterborough (1 year from May 2021) and Southport (5 years from June 2021), paying a percentage of their turnover. Approximately £108,000 (2021 – £52,000) was paid on these leases in 2022 as well as saving holding costs. In February 2023 New Start 2020 Ltd vacated the Peterbrough store.

Machines were bought for £224,000 (but currently have a book value of £191,000 as they were depreciated in 2022) with the intention to lease these to Airsprung Group PLC (also owned wholly by Portnard Ltd). The arrangement was reviewed and approved by the non-executives on the board. However shortly after the year end the machines were sold to Airsprung Group PLC for £245,000 and the leasing arrangement was ended.

During the year dividends of £854,000 (2021: £570,000) were paid to directors of the Group.

# Parent Company Statement of Financial Position

As at 31 December 2022

| | Notes | 2022 £'000 | 2022 £'000 | 2021 £'000 | 2021 £'000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Investments | 35 | | **18,404** | | 19,640 |
| Derivative financial asset | 27 | | **4,467** | | – |
| **Current assets** | | | | | |
| Asset held for sale | | **191** | | | |
| Debtors | 36 | **90,720** | | 89,052 | |
| Current asset investments | | **29** | | 29 | |
| Cash at bank and in hand | | **3,431** | | 10,671 | |
| | | **94,371** | | 99,752 | |
| **Creditors:** amounts falling due within one year | 37 | **(14,782)** | | (13,277) | |
| **Net current assets** | | | **79,589** | | 86,475 |
| **Total assets less current liabilities** | | | **102,460** | | 106,115 |
| **Creditors:** amounts falling due after more than one year | 38 | | **(58,807)** | | (55,513) |
| Derivative financial liability | 27 | | **–** | | (15,255) |
| **Net assets** | | | **43,653** | | 35,347 |
| **Capital and reserves** | | | | | |
| Called up share capital | 40 | | **4,437** | | 4,437 |
| Share premium account | | | **5,491** | | 5,491 |
| Treasury shares | | | **(772)** | | (213) |
| Capital redemption reserve | | | **604** | | 604 |
| Profit and loss account | | | **33,893** | | 25,028 |
| **Shareholders' funds** | | | **43,653** | | 35,347 |

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

The Parent Company made a profit of £11,847,000 (2021: £18,637,000).

The accounts were approved by the Board of Directors and authorised for issue on 27 April 2023. They were signed on its behalf by:

**A.S. Perloff**
**Chairman**

# Parent Company Statement of Changes in Equity

For the year ended 31 December 2022

| | Share capital £'000 | Share premium £'000 | Treasury shares £'000 | Capital redemption reserves £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | 4,437 | 5,491 | (213) | 604 | 8,361 | 18,680 |
| Profit for the year | – | – | – | – | 18,637 | 18,637 |
| Movement in fair value of investments taken to equity | – | – | – | – | 55 | 55 |
| Deferred tax relating to movement in fair value of investments taken to equity | – | – | – | – | (14) | (14) |
| Realised fair value on disposal of investments previously taken to equity | – | – | – | – | 148 | 148 |
| Realised deferred tax relating to disposal of investments previously taken to equity | – | – | – | – | (37) | (37) |
| Dividends | – | – | – | – | (2,122) | (2,122) |
| **Balance at 1 January 2022** | 4,437 | 5,491 | (213) | 604 | 25,028 | 35,347 |
| Profit for the year | – | – | – | – | 11,847 | 11,847 |
| Movement in fair value of investments taken to equity | – | – | – | – | (59) | (59) |
| Deferred tax relating to movement in fair value of investments taken to equity | – | – | – | – | 15 | 15 |
| Realised fair value on disposal of investments previously taken to equity | – | – | – | – | 310 | 310 |
| Realised deferred tax relating to disposal of investments previously taken to equity | – | – | – | – | (78) | (78) |
| Treasury share purchase | – | – | (559) | – | – | (559) |
| Dividends | – | – | – | – | (3,170) | (3,170) |
| **Balance at 31 December 2022** | **4,437** | **5,491** | **(772)** | **604** | **33,893** | **43,653** |

# Notes to the Parent Company Financial Statements

For the year ended 31 December 2022

## 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 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. Investments in unquoted equity securities is also considered and measured at fair value. 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.

Investments in subsidiaries is recorded at cost less impairment.

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.

### Intercompany debtors

These are held at cost unless considered impaired. Impairment provisions for receivables from related parties are determined using the simplified approach to determine the expected credit loss.

## 34. Staff costs

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Staff costs, including Directors' remuneration, were as follows: | | |
| Wages and salaries | **816** | 739 |
| Social security costs | **92** | 73 |
| Pension contributions | **23** | 29 |
| | **931** | 841 |

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

| | 2022 Number | 2021 Number |
|---|---|---|
| Directors | **5** | 5 |
| Other employees | **13** | 14 |
| | **18** | 19 |

# 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 2022 | 19,348 | 292 | 19,640 |
| Additions | – | 66 | 66 |
| Movement in fair value taken to equity | – | 250 | 250 |
| Disposals | – | (352) | (352) |
| Provisions | (1,200) | – | (1,200) |
| **At 31 December 2022** | **18,148** | **256** | **18,404** |
| Investments: | | | |
| Listed | – | 239 | 239 |
| Unlisted | 18,148 | 17 | 18,165 |

The above investments are shown at market value where there is an active market for these shares. The historic cost of listed investments is £513,000 (2021: £479,000).

For details of the Company's subsidiaries at 31 December 2022, see note 17.

## 36. Debtors

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| ***Due less than one year:*** | | |
| Other debtors | **160** | 62 |
| Corporation tax | **272** | 500 |
| Amounts owed by Group undertakings | **90,247** | 84,516 |
| Prepayments and accrued income | **41** | 29 |
| ***Due more than one year:*** | | |
| Deferred tax (note 39) | **–** | 3,945 |
| | **90,720** | 89,052 |

## 37. Creditors

**Amounts falling due within one year**

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Trade creditors | **43** | 70 |
| Bank loans | **500** | 500 |
| Amounts owed to Group undertakings | **12,657** | 12,111 |
| Social security and other taxes | **74** | 71 |
| Other creditors | **71** | 135 |
| Accruals and deferred income | **397** | 390 |
| ***Due more than one year:*** | | |
| Deferred tax (note 39) | **1,040** | – |
| | **14,782** | 13,277 |

# Notes to the Parent Company Financial Statements continued

## 38. Creditors

**Amounts falling due after more than one year**

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Bank loans | **58,807** | 55,513 |

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 (liability)/asset is recognised:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Timing differences on plant and equipment | **8** | – |
| Fair value of investments | **69** | 131 |
| Fair value of financial instruments | **(1,117)** | 3,814 |
| | **(1,040)** | 3,945 |

## 40. Called up share capital

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Authorised** | | |
| 30,000,000 ordinary shares of £0.25 each | **7,500** | 7,500 |
| **Allotted, called up and fully paid** | | |
| 17,746,929 (2021: 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 2021, no ordinary shares were issued in the period (2021: nil). 275,000 (2021: 63,460) ordinary shares of £0.25 each are held in treasury representing 1.5% (2021 – 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 2022 included within creditors was, £7,000 (2021: 69,000) payable to the beneficiaries of the estate of late F Perloff, £12,000 due from H Perloff (2021: he was owed £9,000), all close family members of a director. Movement in the year related to property management services. Also Andrew Perloff owed the Group £37,000 (2021: £8,000) at the year end. Both Andrew Perloff and H Perloff cleared their owed balances early in 2023.

At 31 December 2022 included within creditors was, £23,000 (2021: £56,000) owed to Maland Pension Fund a company sponsored pension scheme (for a director, Andrew Perloff). 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.

# Notes to the Parent Company Financial Statements continued

## 41. Related party transactions continued

Machines were bought for £224,000 (but currently have a book value of £191,000 as they were depreciated in 2022) with the intention to lease these to Airsprung Group PLC (also owned wholly by Portnard Ltd, which is owned by Andrew Perloff and family trusts of Andrew and H Perloff). The arrangement was reviewed and approved by the non-executives on the board. However shortly after the year end the machines were sold to Airsprung Group PLC for £245,000 and the leasing arrangement was ended

During the year dividends of £854,000 (2021: £570,000) were paid to directors of the Group.

## 42. Risk management

For information on the Company's risk management please refer to note 27 of the Group accounts. As well as the risks mentioned in the Group accounts, the company is also exposed to credit risk on intercompany receivables. The risk will be low because the counterparties, the subsidiaries, have the adequate resources to settle the debt.

## 43. Events after the reporting period date

On 16 January 2023 the Company drew down £2,000,000 from its revolving facility.

## 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 2022 were authorised for issue by the Board of Directors on 27 April 2023 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 2023 Annual General Meeting (AGM).

The 89th Annual General Meeting of Panther Securities P.L.C. is planned to be held on 15 June 2023 at Danubius Hotel Regents Park, 18 Lodge Road, NW8 7JT at 11.30 am.

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

## As Ordinary Business

1. To receive and adopt the Group Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2022 contained in the document entitled "Annual Report and Financial Statements 2022".

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

3. To:

   3.1 re-elect Simon Peters who is retiring by rotation, as a Director.

   3.2 elect Jonathan Rhodes, who is retiring due to it being his first period in office, as a Director.

   3.3 elect Paul Saunders, who is retiring due to it being his first period in office, as a Director.

4. To reappoint auditors Crowe U.K. LLP and to authorise the Directors to determine their remuneration.

## As Special Business

To consider, and, if thought fit, pass the following resolutions of which resolutions 5, 7 and 8 will be proposed as ordinary resolutions and resolution 6 as a special resolution.

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

   5.1 the Directors be and are generally and unconditionally authorised to allot equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum aggregate nominal amount of £2,400,000 to such persons and at such times and on such terms as they think proper during the period expiring at the earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2022 (unless previously revoked or varied by the Company in general meeting) except that the Company may before such expiry make any offer or agreement which could or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if such authority had not expired; and

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

6. That, subject to the passing of resolution 5, set out in the Notice convening this Meeting, the Directors are empowered in accordance with section 571 of the Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash, pursuant to the authority conferred on them to allot equity securities (as defined in section 560 of the Act) by that resolution and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act 2006, in each case as if section 561 (1) of the Companies Act 2006 did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to:

# Notice of Annual General Meeting continued

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

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

6.3 the power granted by this resolution, unless renewed, shall expire at the earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2023 but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

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

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

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

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

8. That the directors be authorised to make a payment of up to £20,000 by a way of donation to the Reform Party.

**The directors believe that the proposals in resolutions 1-7 are in the best interests of shareholders as a whole and they unanimously recommend that you vote in favour of the resolutions. The directors understand that everyone has their own personal political views so no recommendation one way or another has been made by the directors regarding resolution 8.**

By order of the Board

**S. J. Peters**
**Company Secretary**

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

27 April 2023

See over for notes.

# Notice of Annual General Meeting continued

## Notes

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

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

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

    - a form of proxy and return it together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority, to Link Group, 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 the shareholder as to the exercise of

# Notice of Annual General Meeting continued

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 13 June 2023 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 13 June 2023, 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 27 April 2023, the Company's issued share capital comprised 17,471,929 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 27 April 2023 is 17,471,929.

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.

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 2022. 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 2022".

### Resolutions 3 – Re-election of directors

In accordance with the Articles of Association of the Company Simon Peters will stand for re-election as a director of the Company. Biographical information for the directors and details of why the Board believes that they should be re-elected is shown in the Corporate Governance Report.

### Resolution 4 – Auditors' appointment and remuneration

The Companies Act 2006 requires that auditors be appointed at each general meeting at which accounts are laid, to hold office until the next such meeting. The resolution seeks shareholder approval for the appointment of Crowe LLP and the giving to the Directors the authority to determine the remuneration of the auditors for the audit work to be carried out by them in the next financial year. The amount of the remuneration paid to the auditors for the next financial year will be disclosed in the next audited accounts of the Company.

### Resolution 5 – Authority to the directors to allot shares

The Companies Act 2006 provides that the directors may only allot shares if authorised by shareholders to do so. Resolution 6 will, if passed, authorise the directors to allot shares and to grant rights to subscribe for, or convert securities into, shares up to a maximum nominal amount of £2,400,000, which represents an amount which is approximately equal to 55% of the issued ordinary share capital of the Company as at 27 April 2023 the latest practicable date prior to the publication of the notice.

### Resolution 6 – Dis-application of statutory pre-emption rights

The Companies Act 2006 requires that, if the Company issues new shares for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. It is proposed that the directors be authorised to issue shares for cash and/or sell shares from treasury up to an aggregate nominal amount of £222,000 (representing approximately 5% of the Company's issued ordinary share capital as at 27 April 2023, 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 9 is passed, this authority will expire at the same time as the authority to allot shares given pursuant to resolution 8.

# Notice of Annual General Meeting continued

**Resolution 7 – Purchase of own shares by the Company**

If passed, this resolution will grant the Company authority for a period of up to the end of the next annual general meeting to buy its own shares in the market. The resolution limits the number of shares that may be purchased to 5% of the Company's issued share capital as at 27 April 2023, 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.

**Resolution 8 – Payment of up to £20,000 by a way of donation to the Reform Party**

This resolution is most likely to be decided by a Poll. Andrew Perloff has confirmed that he will not vote his personal or Portnard Ltd's holding on this resolution.

# 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 |
| 2021 | 13,172 | 15,922 | 97,783 | 12.0p | 553p | COVID-19 pandemic |
| 2022 | 13,411 | 22,902 | 111,227 | 12.0p | 637p | |

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

# For your notes

PANTHER
SECURITIES PLC

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