19 January 2016

Panther Securities P.L.C.

("Panther" or the "Company")

Trading Update and Proposed Special Dividend

CHAIRMAN'S STATEMENT

Our Financial Year to 31st December 2015 has just ended and as it will be a few months before our detailed and audited figures can be announced. We are providing a trading update.

In my half yearly announcement made in September for the period ended 30th June 2015, I mentioned two sales that took place in that period and two sales taking place shortly after the period ended. My final paragraph referred to us wishing to cash in some of our chips while the market remains active.

I am pleased to list below the actual sales and contracts for sale that have taken place since the beginning of 2015.

	£
Site in Barrhead Glasgow	230,000
Shares in Beales Plc	244,000
Two freehold factories in Wembley	3,500,000
Vacant warehouses in Stonehouse	275,000
Site at Stratford Rd, Birmingham (with non-refundable deposit, subject to planning)	500,000
Swindon Market (option with non-refundable deposit)	750,000
Southend, vacant freehold	1,050,000
Upper part Old Inn House, Sutton, mainly vacant (conditional contract as at y/e but now completed)	3,900,000
Victoria Street, Wolverhampton (part paid)	150,000
TOTAL SALES PRICE	**10,599,000**

Some of the profits on these sales will fall into the current year's trading figures due to the conditions attached to their contracts.

The sales mentioned above, other than the Beales shares, have mainly taken place at prices well above last year's book value. There were, however, two non-income producing sites which sold at slightly below their book value, although being well above their original cost.

There are a number of other potential sales still in progress, some already agreed in principle. We hope more of these may also come to fruition during the current year.

Our site in Holloway Head, Birmingham has just received a further detailed planning permission for nearly 500 flats, which should increase its value considerably. However, there are still a couple of hurdles to overcome before its full value can be realised.

It is pleasing to note that there have been a number of useful lettings during last year, which is always helpful.

The terms of renewal of our existing banking facilities with HSBC and Santander have now been agreed and approved by their separate credit committees. The loan agreements are also now in the hands of our respective solicitors being drawn up and who are moving at the usual slow and expensive pace, but will hopefully be signed off, as soon as we have the details of the revaluation of our properties.

To this end, we/our banks have commissioned an independent valuation on our entire portfolio, which the Directors anticipate will show an increase in the overall value.

The liability on our swaps arrangement, whilst higher than at 30 June 2015 is approximately £1,600,000 lower than the carrying value at 31st December 2014 and will improve our profit figures for the financial year just ended, although there is no cash effect.

For the last five years or so a number of our shareholders have asked me "Are we going to get a special dividend this year?" and latterly "When are we going to get a special dividend?" I have always replied "We, as a rule, pay a special dividend when we carry out some profitable sales and we feel it is safe to do so".

Indeed, when asked those questions, my mind instantly jumps to thinking of one of Al Jolson's most popular songs "Swanee", which starts as follows:

> "I've been away from you a long time,
> I never thought I'd miss you so,
> I long for you,
> You long for me,
> Special dividends I want to see"

Well at last, I am able to say that subject to no unforeseen financial problems occurring over the next few months, we intend to pay a special dividend of 10p per share before the end of March. A further announcement will be made in due course.

Our team at Panther have been particularly busy and diligent and are to be congratulated in bringing all this activity to successful fruition. In light of this, they have all received a small but well deserved bonus this Xmas. Our shareholders too will not only hopefully receive, at long last, a special dividend but the pleasure of an extra set of my ramblings, which follow.

I feel able and pleased to wish all our shareholders a happy and prosperous new year.

Yours sincerely

Andrew S Perloff
Chairman

CHAIRMAN'S RAMBLINGS

Most of our Shareholders will know that for the last forty years or so, my family and I have taken our summer holidays in the South of France. The weather, beaches, restaurants and unchanging beauty are some of the things that draw us back year after year.

One added attraction for me, who is a self-confessed collectaholic, is the Nice "Marche des Puces" that takes place every Monday when there are around 200 stall holders each offering a wide variety of goods for sale with new stock every week. The market is in a charming part of the Old Town in Nice, situated close to the port. I only visit the Monday flea market.

I have, surprisingly for a Jew, such catholic taste that I can buy anything that is interesting, unusual and preferably cheap. Anything broken or useless is fair game, if the price and curiosity value is right. This could be stamps, old letters, coins, medallions, vintage hats, advertising ash trays, signs, posters, share certificates, jewellery, books, sea shells, in fact the list is practically endless.

It took me a number of years to understand why this particular flea market is one of my favourites. I always knew the old adage that "there are two immutable facts of life, one is death and the second is taxes". I realised, however, that there is a third "when there is death and a will to deal with, there are always heirs anxious to get their hands on their share of the estate, as quickly as possible".

The southern part of France and adjacent northern part of Italy has some of the most valuable property in the world. A large percentage is occupied by an ageing population from around the world. Thus when the first of the immutable facts of life strikes, my third one soon follows. Most value in estates, whether France, Italy, England or the world over lies in the properties contained therein.

In the South of France the house clearance business thrives because a house usually sells better if it is clear and presentable for viewing. Therefore, the not obviously valuable items, sometimes entire household contents can finish up in the Nice Marche des Puces. House clearance operators are easily identified, as the ground around their stall is strewn with all manner of offerings. These traders rarely have prices attached to the wares on offer. Their goods are valued by a close inspection of their prospective client, whether he is another dealer, how wealthy they look or how much interest is shown in an item. This is good experience for honing your negotiating skills.

There are however, many items to interest anyone who collects and is prepared to spend time searching. In my time I have bought old share certificates, a set of silver dollars at a price of half the silver content, a pair of porcelain egg cups (one broken) with silver egg cup holders, which after cleaning were identified by a Russian friend to be Fabergé, a set of silver gilt and enamelled vodka beakers, a pair of the commemorative books of the 1936 Olympics in Berlin with over 200 real photos therein and similar German book containing 500 cigarette card passport sized photos of all the ruling families of Europe and also celebrities of that time (about 1900), a Victorian stuffed badger umbrella stand and even a lady's 18ct gold ring containing rubies and diamonds. All items were at very reasonable prices, a fraction of what they would be in a cleaned up condition in a well presented specialised collectors shop.

However, as always I am rambling on and nearly forgetting the relevant story I wish to tell.

During a trip to the market some years ago a leather valise lay temptingly open on the ground amongst the other junk on offer. It held numerous small envelopes containing stamps collected by a private person who kept the stamps from letters sent to him. They were mainly from about 1900 on to the 1950's, it was an extensive though not particularly valuable collection but many, many hundreds, but what really interested me were the twelve larger envelopes from a luxury Swiss hotel owner containing letters written in French to the daughter of the Russian business owner (all of this being presumption on my part) to their home in Monte Carlo discussing their trip to his hotel etc, but who seemed to have a mutual interest in stamp collecting with the daughter.

Within these larger envelopes there were also half plates and whole plates of German unused mint stamps of about 1918 to 1930, which were in fine condition but individually of little value. My interest was aroused because they covered the period of the Weimar Republic in Germany, which was the Government set up at the end of the First World War until Hitler's democratically elected rise to power in 1933, during when he managed to turn a democracy into a dictatorship.

The special interest to me, which I had known but not understood as a child collector was why the stamps were initially printed as 10 pfennig stamps then overprinted for 10,000 then slightly later as 100,000 then 1,000,000 etc. Even as a child I liked lots of noughts on stamps or coins and later learned about the German inflation, which may possibly be the first well documented case of hyperinflation.

I believe a little thought of what happened in Germany after they lost the First World War, may be relevant today. The Russian Revolution had brought the idea of communism to the people of Russia and the less radical version, socialism, spread to nearby Germany. During 1918 in Germany, disillusionment with the war, which they were obviously losing due to the weight of armour and the extra forces the USA was putting into their war effort led to complete surrender.

A new democratic government was formed subsequently consisting of a coalition of various socialist parties and smaller political groupings. This was organised in the small German town of Weimar, hence its name. The Kaiser (our Queen Victoria's Grandson) was forced to resign and the new government proceeded to govern on generous socialist principles.

First World War widows were given pensions, as were unemployed returning soldiers. Factory hours were shortened and many newly strengthened Unions gained extra rights. Indeed, it was ahead of its time in socialist generosity. I suppose it could be called the Working

Persons Tax Credits of its day and one would be hard pressed or mean spirited to argue against these measures individually.

There was one major problem to this generosity. The country could not afford its largesse. The Allies who had won the war stripped Germany of both its colonies, which had previously provided much raw material needed for production and of some of the most productive parts of its Homeland that contained most of its iron ore reserves and a large part of its coal mining areas. They were also banned from producing goods that may have been considered useful for a war effort. Last, but not least the Allies demanded war reparations of immense size payable in gold!

This posed a dilemma for the new government of how to pay all these new benefits. They perceived an easy solution to these problems and just printed more paper money, although it was obviously not backed by the gold they no longer had. Nowadays, it is called Quantitative Easing.

Very quickly the population realised that their paper money was worth less and costs rose drastically, leading to older paper money actually becoming worthless. More than 200 factories were established to produce paper money with higher and higher denomination and of less and less usable value.

The savings of the middle classes were doubly decimated especially those on fixed income. Those who owned land or factories, although losing considerably on their cash assets were protected if they owned real assets or if they owned production facilities for goods that could be exported for dollars or sterling currency.

The German currency fell in value between 1920 and 1923, so by the end of the period a loaf of bread that may have cost 10 pfennigs in 1920 would have cost 1 billion pfennigs. Factory workers wages went up to such an extent that they needed a suitcase full of paper money to buy the basic necessities, so when paid, they would rush to the shops to buy before prices rose dramatically again. This hyperinflation was all shown on the stamps of the time by the overprinting of the new values on the same style of stamp every few months.

I suppose the printing of huge amounts of paper money is not so different from our Government printing an IOU for £1 billion and giving it to our esteemed Bank of England, who then tell the Government they have £1 billion to spend. This money is then passed onto voters who are judged not to earn enough from their own efforts to live at the comfortable rate that is considered necessary. They call this quantitative easing and it is the same as printing money, only more surreptitious.

The problem of German hyperinflation was solved towards the end of 1923 by consolidating 1 billion marks into one new Rentenmark, which was backed by ownership of gold and land. Some people were lucky enough to receive 25% of their cash held in paper in the new currency which was again a generous proposal but helped stabilise the currency. It was too late now even for many of the middle classes savings, which had disappeared in a relatively short period and went some way to help the election of a leader who nearly ruined their whole country and caused many, many millions of people’s deaths.

This shows that the value of a country's currency should be protected.

I have another short story from my past that I feel is relevant.

Growing up in South London, I remember the winters could be very memorable. On mild, windless nights when fog mixed with the smoke from all the coal burning fires and factories combined with fog it produced smog. Sometimes this led to day almost as dark as night, occasionally worse, as you did not even have the light from the moon or stars.

One such smoggy day, I had received my sixpence pocket money and as usual wanted to go to our local sweet shop to buy some sherbet lemons. I would not normally have been allowed out in such hazardous conditions but our sweet shop was only about 300 yards away on the same side as our house. So off I went. It was so dark you could hardly see a yard in front of you. Although you were able to see the occasional car with its headlights full on moving at a snail's pace slowly down the road.

I was nearly at my sweet shop when I noticed a caterpillar like procession of about 8 cars moving slowly in formation along the road, all within about 10 feet of each other. It was an interesting sight, so I watched; - the front car turned into what I knew but could not see was the driveway of a large block of flats called Sutton Court. To my surprise the rest of the queue followed it in, was it a funeral procession or a party? No, it was because all the drivers were following their immediate leader as they were all completely in the dark and had assumed that the one in front of them knew where they were going.

The leading car obviously did know where he was going. He was home but all the others were following blindly. Chaos reigned when the other cars realised the situation and tried to turn round, some of the drivers got out of their cars to look round and then drove around to find another exit or a way to back on the main road. It was a slow moving Keystone Cops in the dark.

Oh how I was amused and laughed so much that I nearly forgot about my sherbet lemons.

We have had quantitative easing and artificially low interest rates for some years. The American Federal Reserve stopped its quantitative easing a little over a year ago and has just started raising interest rates. The Fed is considered the World's leader in central government banks. I wonder what will happen now its quantitative easing has stopped and the rates are rising. Will all the other central Banks, who appear to be following blindly and seem to be in the dark on their own country's financial situation create the type of chaos I remember from sixty years ago.

Andrew S Perloff
Chairman

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