PANTHER
SECURITIES PLC

ANNUAL REPORT & FINANCIAL STATEMENTS 2016

Company number 00293147

The Year in Brief

	2016 £'000	2015 £'000
Revenue	**14,684**	14,443
Rent receivable	**12,983**	12,840
(Loss)/profit before tax	**(1,948)**	8,470
Total comprehensive (loss)/income for the year	**(898)**	6,852
Net assets of the Group	**72,375**	76,097
(Loss)/earnings per 25p ordinary share	**(5.5)p**	38.7p
Dividend per ordinary share (based on those proposed in relation to the financial year)	**12p***	22p**
Net assets attributable to ordinary shareholders per 25p ordinary share	**407p**	428p

* 3p was paid in 2016 and 9p is proposed (will be paid in 2017).

** 9p was paid in 2015, 10p (special dividend) was paid in 2016 and 3p was proposed.

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Directors, Secretary and Advisors

Directors	* Andrew Stewart Perloff (Chairman and Chief Executive) ** Bryan Richard Galan (Non-executive) ** Peter Michael Kellner (Non-executive) John Terence Doyle (Executive) John Henry Perloff (Executive) Simon Jeffrey Peters (Finance)
Company Secretary	Simon Jeffrey Peters
Registered Office	Unicorn House, Station Close, Potters Bar, Hertfordshire, EN6 1TL
Company number	00293147
Website	www.pantherplc.com
Auditors	Nexia Smith & Williamson 25 Moorgate, London, EC2R 6AY
Bankers	HSBC Bank PLC 31 Holborn, London, EC1N 4HR
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	Natwest Bank PLC Unit 40, 56 Churchill Square, Brighton, East Sussex, BN1 2ES
Nomad, Financial Advisors and Joint Brokers	Allenby Capital Limited 3 St Helen's Place, London, EC3A 6AB
Joint Brokers	Raymond James Investment Services Broadwalk House, 5 Appold Street, London, EC2A 2AG
Registrars	Capita Registrars The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
Solicitors	Howard Kennedy LLP No. 1 London Bridge, London, SE1 9BG
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* Member of Audit Committee
** Member of the Audit Committee and Remuneration Committee

Chairman’s Statement

I am once again pleased to report our results this time for the year ended 31 December 2016. There was a loss after tax of £953,000, compared to a profit after tax of £6,813,000 for the previous year ended 31 December 2015.

Once again, our trading figures are distorted by non-cash items. In particular, the increase of an extra £5,338,000 to our interest rate swap liability, which was slightly negated by the increase in market value of £318,000 in our total investment portfolio as valued at the year-end by our Directors.

I have stated many times that these two items should not really be included in the Income Statement but as notes to the accounts. The reason being that the interest rate swap liability can be so volatile that it could change considerably over a very short period but it rarely affects a company’s ongoing trading abilities. The property revaluations are likewise one-offs depending on timing, subject to a particular valuer’s subjectivity and also not really affecting ongoing trade.

Our turnover for the year amounted to £14,684,000, compared to £14,443,000 for the previous year. However, more importantly is our receivable rental income, which has risen to £12,983,000 in the year ended 31 December 2016, compared to £12,840,000 for the previous year.

Whilst this is a comparatively small difference, it is the balancing figure from many changes which include rent loss from the sale of the office section of Old Inn House, loss of rent from Beales after its CVA, which closed one of the stores that we own, counter balanced by nine months’ income from our purchase of Lord Street Properties (Southport) Ltd.

Disposals

Old Inn House, Sutton

In January 2016, we sold the upper part of Old Inn House for £3,900,000, which comprised 18,000 sq ft of offices. We sold the entire freehold building but retained the ground floor and part basement on a 999 year lease at a peppercorn. This part of the property produces £129,000 pa and with further growth potential because of its situation in a prime position in Sutton High Street. A substantial part of the increase in value was reflected in the previous year’s revaluation but it still produced a profit of £365,000 over the revalued figure for inclusion in the 2016 figures.

Queens Road, Southend

In March 2016, we sold a freehold quadruple shop with upper parts in Queens Road, Southend for £1,050,000, which we considered was a good price for a vacant and non-income producing property.

Sparkbrook, Birmingham

In April 2016, we sold a non-income producing cleared site in Sparkbrook for £500,000, which was equal to its December 2015 revalued figure, although much higher than its effective original cost some years ago.

Coatbridge, Scotland

This freehold property, which came with our purchase of Eurocity Properties (Central) Ltd many years ago, is on the opposite side of the road and thus unconnected to our main much larger holding in Coatbridge. Although this property was vacant, it was under offer for letting but unfortunately was seriously damaged by fire in August 2015. This resulted in us receiving insurance claim proceeds of £476,000 in February 2016 which approximated to its book value.

Of course, we still own the site’s freehold which has a small value that we hope to be able to realise in due course.

Acquisitions

Lord Street Properties (Southport) Ltd

We acquired this family company in March 2016. Lord Street Properties (Southport) Ltd was established over

100 years ago to own and operate Broadbents Department Store. Subsequently, it acquired Wayfarers Arcade, the finest Victorian arcade in Southport and possibly in northern England.

The total freehold site is about two acres comprising 75,000 sq ft of retail space with two car parks at the rear of the site. The major part is now occupied by Beales (about 40,000 sq ft) who acquired the trading business some years ago and it is currently one of their profitable stores. The Arcade contains 48 units of which 11 are vacant.

The property rental receivable is approximately £580,000 pa with further potential.

The cost of this company, which had no debt, was £4,554,000 including acquisition costs. This was purchased out of our existing cash resources but was subsequently charged under our loan facilities.

273-275 Lord Street, Southport

We subsequently purchased the freehold of 273-275 Lord Street for £337,000, which contains 6,400 sq ft over its four floors and is only a few doors away from the Beales store and adjoining at the rear to the car park giving extra benefits to both properties. It is currently vacant and available for letting with no rates payable whilst vacant as the building is listed.

Hall Road, Maldon

This is a small vacant freehold factory of 5,300 sq ft plus parking for about 20 cars, close to our much larger Heybridge estate and backing onto the canal. This has potential for both letting and residential development. This was purchased for £200,000 in August 2016 and is being offered for rent at £24,600 pa.

Development Progress

Holloway Head, Birmingham

Having received full and detailed planning permission in November 2015 for this site to include the Girl Guides building, we are still awaiting a proposal for lease extension on two sections of the site where the freeholder is Birmingham City Council. We hold 100 year leases at fixed ground rents, one subject to ground rent reviews. We had a meeting with the council and their agents about one year ago and expected the council to be able to provide a proposal.

We believe we will have a proposal shortly as Birmingham has the same housing shortage as other parts of the UK. However, we have had a number of approaches to purchase the entire development site. There is strong interest and an eventual sale should show a significant increase over book value.

Bruce Grove, Wickford

The planning details have been amended so that a phased development can take place and this will enable the scheme to start prior to acquisition of the adjoining owner's site which can be phase 2 in due course. This should enable us to sell our site soon.

Swindon

A planning application to redevelop our indoor tented market into a two storey modern restaurant and leisure scheme was submitted and recommended for approval by the Planning Officers, who agreed it complied with all the town planning requirements. It was, however, turned down by the committee! We were however successful when we appealed against this decision and additionally, which is unusual, we won the right to receive our costs of the appeal.

A new scheme is about to be submitted for planning which is much larger as it will include a seven or eight storey residential tower above the leisure units and possibly a more profitable scheme.

High Street, Broadstairs

We have planning permission for one triple unit shop and twelve flats above in the centre of this desirable seaside resort. If we receive a reasonable quote from builders, which is expected shortly, we will probably build and retain the investment after the shops and flats have been let. The shop is currently under offer as a single unit.

We currently have planning applications in progress at the following locations:-

Location	**Scheme**	**Reason for delay**
High Street, Bromley	Large retail unit & 21 flats	With Planning Department
High Street, Ramsgate	20 flats	With Planning Department
Peckham Rye, Dulwich	Mini supermarket & 15 flats	Planning Department keeps changing mind
New Road, Gravesend	Parade of shops with 35-40 flats above	Early stages
Victoria Street, Wolverhampton	7,000 sq ft supermarket 44 student units or 21 flats	Uncertain student demand
Maryhill, Glasgow	125 flat units approximately suitable for social housing	Early stages

Tenant Activity During the year ended 31 December 2016

We lost 26 residential tenancies and gained 37 residential tenancies producing a net gain of £86,760 p.a. We lost 21 commercial tenancies and gained 61 commercial tenancies producing a net gain of £491,019 thus total rental gains of £577,779 p.a.

Furthermore, a tenant's CVA altered two of Beale's leases resulting in a rental loss of £234,000. Therefore, net rental gain for the year was £343,779.

Post Balance Sheet Events

Heybridge, Maldon

In March 2017 we received a £1,995,000 payment to accept a surrender of the lease four years before the end of term on our industrial unit at Heybridge, Maldon, Essex. The rental forgone was £500,000 p.a.

The property is just under 200,000 sq ft of mainly high bay, brick built, single storey warehouse and industrial space on a site of 9.5 acres in a sought after location adjoining the Chelmer and Blackwater canal in the Heybridge Basin area. The local Council has new proposals for this area, which will probably be beneficial to us in the long term. We intend to refurbish and restore the property, where required and in due course offer out for letting at what we expect to be a higher rent than previously received.

William Nash PLC

In April 2017 the Group sold its entire holding in William Nash PLC, an unlisted property company, for £1,486,000, which was held at cost and shown at the year-end on the Consolidated Statement of Financial Position within "Available for sale investments" at a value of £627,000.

Dividends

An interim dividend of 3p per share was paid on 29 November 2016 and a final dividend of 9p per share for the year ended 31 December 2016 will be recommended for payment at our Annual General Meeting. Proposed payment date is 21 July 2017 to shareholders on the register at the close of business on 7 July 2017 (ex-dividend on 6 July 2017).

I have decided to waive the proposed final dividend on my personal holding of shares in Panther, as I feel the recently increased tax on dividends is excessive and abhorrent. I also suspect in due course it will prove counter-productive as a revenue raising measure.

Finance

On 19 April 2016, we completed the renewal of our £75 million joint facility with HSBC and Santander for a further 5 year term. This loan also gives us the option of drawing a further £10 million with bank approval. In total, we potentially have an additional £15 million purchasing capacity plus our cash balances. The loan is better, in most aspects, for the Company than before including keener margins, lower arrangement and non-utilisation fees.

Business Rates

I have commented at length about the unfairness of the new business rate regime. However, as a property company where most of its portfolio is based outside of London and also holding a substantial portfolio of investments in Scotland, I believe its revaluation, despite its vindictive phasing flaws will be good for us. This is mainly because many of our vacant properties are in Scotland, where their government has not introduced a phasing scheme. This means that some of these properties will shortly have commercial rates payable reduced by over 50% making them far more attractive to potential tenants. Additionally, most of our properties have rateable values below £100,000, where there are more palatable phasing reductions. The ill-conceived phasing reduction arrangement introduced for larger retail properties will mainly adversely affect those towns far away from London that are already commercially depressed and is the exact opposite of our Prime Minister's stated aim of helping those poorer parts of the country and workers at lower pay levels, such as shop assistants etc. It is almost certainly not deliberate and I suspect her ministers have provided her with questionable statistics – not lies or damned lies, but statistics. Unfortunately, when legislators make stupid mistakes, they only take action after many members of the public have been harmed.

Political Donations

I have once again submitted a resolution at the Annual General Meeting for the Company to contribute £20,000 to the UK Independence Party. They have been successful in their main aim to date and need to be sustained to make them a second or third force in our political system. My view is that the present second and third political forces are pretty useless.

Prospects

We are a comparatively entrepreneurial company and thus, nimble enough to be able to take advantage of special situations that may occur and have a good spread and constant rental income, which carries us through any short term turbulence that may occur over the next few years of uncertainty.

Finally, I would like to thank our small but dedicated team of staff, growing team of financial advisers, legal advisers, agents and accountants for all their hard work during the past year, which has been more demanding than usual, and of course, our tenants, most of whom pay their rents and excessive and high unfair business rates.

Andrew S Perloff
Chairman

25 April 2017

Chairman's Ramblings

2016 was a year about personalities and surprises and consequently, I feel my stories must reflect this.

About 10 years ago, I made my annual visit to the synagogue on the Day of Atonement, which many people consider to be the most important religious day in the Jewish calendar.

The Day of Atonement starts at dusk and lasts for 25 hours until the dusk of the following day. During this time neither food nor liquid should be consumed for the entire period. The first evening starts with a short prayer and long sermons, which probably only God understands. It continues early the next day with even more very long, repetitive prayers and services with occasional short speeches for the few people who are still awake.

I had been doing my repentance, by way of prayer, for most of the day and found myself marvelling at how many sins we need forgiveness for. These include the sins deliberately committed, those unintentionally committed, those committed by others in our name, sins committed unknown to us and also the sins of failing to do something which we should have done. These prayers requesting forgiveness are repeated many, many times during this holy time.

On this particular occasion, towards the end of the fast, when evening was approaching and stomachs were rumbling I found myself seated beside a fellow congregant whom I knew only vaguely by sight. Like me, he had been praying for forgiveness for maligning others, bearing false witness, tale bearing and failing to understand and forgive other people's weaknesses, when he suddenly turned to me – "Look at that!" He hissed theatrically. He motioned to the entrance of the synagogue. "Those two women, dressed up to the nines. I bet they spent more time on their make-up than the time they'll spend here." I looked across the hall and saw a pair of attractive, smartly dressed women trying to sidle in inconspicuously. "You are quite right, it is absolutely disgraceful," I nodded solemnly in agreement, "but there is nothing I can do about it – it is my wife and daughter!"

My fellow congregant went red in the face and started to apologise but I reassured him I wasn't in the least offended – only amused.

I was still laughing when I told the story to some friends later. They were surprised that I had not only been amused rather than annoyed but had also failed to take him to task – reminding him that this was in fact a day for forgiveness. It brought to mind another story that happened about fifty years earlier but somehow felt relevant.

In the 1950's, my father would sometimes take my brother and me for a Sunday outing from our home in south London to the markets in and around Petticoat Lane. This was an exciting outing for us, but made special as on this particular occasion he took me alone.

Petticoat Lane was basically a huge street market and trading area encompassing Wentworth Street, Middlesex Street, Brick Lane, Club Row and Cutler Street, just east of the City of London's main stockbroking area. All possible needs could be catered for here in this teeming market. In the 1950's it was still an area mainly inhabited by Jewish traders, immigrants from the Pogroms of Eastern Europe and those who managed to escape the practically wholescale destruction of Jewry in Europe during the Second World War. The area was frenetic with activity on Sundays.

We went there ostensibly to buy Jewish style food and delicacies that were just not available in south London in those days – smoked salmon, pickles, beigels, special bread and kosher meats. Besides the lure of this cornucopia of deli delights, I now realise my father liked to visit this part of London because he had been born and brought up there until the war, marriage and family necessitated a move to the suburbs. Surprisingly, we always found somewhere to leave our car – no parking restrictions, yellow or red lines existed!

Our most important port of call was to Mossy Marks of the Lane. It was a corner shop in Petticoat Lane, a delicatessen stuffed full of Jewish style delights. The front counter delivered smoked salmon sliced to perfection by Mossy himself. Resplendent in his immaculate, white serving coat he was a delightful, happy man, always smiling, always charming. He knew all of his customer's names, their families, relatives, problems and businesses. His customers were given snippets of the smoked salmon whilst patiently waiting in the queue. He positively oiled his charming way across the shop floor.

The delicatessen had been started by his father, some 35 years earlier but it was Mossy who built its reputation nationwide, if not worldwide. They even had their own salmon and fish smokery and pickling factory and at one time, a small farm in Essex. The family business also included his brother, sister and mother who also worked there. We knew Mossy because my father's older brother, my favourite Uncle Dave, was Mossy's closest friend and partner although not in the business sense and long before it became so fashionable as to be practically obligatory. They had been together for over 30 years. Not only was this relationship frowned upon and not spoken about, it was at that time also seriously illegal. Of course, I knew and understood nothing about that type of thing and it all went over my innocent head.

However, whilst my father never once mentioned my uncle's predilection, they were very fond of each other and so the visits were a twofold pleasure of meeting family and friends and restocking our larder. My uncle, the self-appointed and unpaid manager, rushed around serving and helping and shouting orders while Mossy's mother, who must have been in her 70's but made Methusela look youthful, would sit on a stool on the outside pavement selling "smaltz herring" which she would pluck from the barrel with her bare and rather pickled hands for customers.

Mossy, his mother and sister all lived in the spacious upper part of the shop and on the few occasions we went upstairs, I was astonished how luxurious the apartment was in comparison with the outside street appearance. My mother remembered visiting the old Mrs Marks who despite having had her second heart attack, managed to jump out of her sick bed to shout out the window to her temporary replacement at the barrels "Wrap them nicer!" in Yiddish of course.

Whilst my market visits were memorably enjoyable, the icing on the cake was on the rare times my father would take us to lunch at Blooms – this was even better on this particular occasion, as there was only the two of us!

Blooms was a kosher restaurant, even more famous than Mossy Marks of the Lane. It was a big restaurant in Whitechapel and, of course, Sundays was its busiest day. The front of the shop had the salt beef counter which you could eat at a long counter sitting on tall stools, but the main restaurant was at the back. On a Sunday there was always a long queue and although nowadays I hate queuing it was exciting seeing all the people and activity and tasting the little samples of salt beef, salami or matzos with chopped liver they brought around while you waited for a table.

Whilst in the line, I would watch all the different diners. It could best have been described as straight out of a Damon Runyon's novel about 'Mindy's' in New York. A noisy crowd full of interesting characters, of all shapes and sizes. Everyone seemingly knew each other and shouted to their friends at different tables, Claridges or the Savoy, it was not!

We arrived at the front of the queue and a small, fat cherubic-faced waiter came and spoke to Dad, "Hello Ben, vos much zee (how are you), I have a nice table for you". He then took us to a table for four people, one place occupied by a pleasant looking, slightly chubby older woman (she may have been nearly 40) and the chair beside her had a small fur jacket draped on its back. We sat opposite her and it. The waiter had, of course, asked the rather perfunctory question "Do you mind sharing with these two nice gentlemen" before, plonking down the menus and scarpering off.

I already knew what I would have. I started with mixed chicken soup, then half a portion of salt beef (lean), a pair of viennas and a latke. Dad had the soup and a whole portion of salt beef (fatty) with a latke. We ordered and Charlie, our waiter, rushed off to the kitchens. The soup came quickly. Mine had a couple of small unformed eggs boiled in the soup and my father had the neck bone of the chicken, which he liked to suck. Our waiter obviously knew our particular tastes. We polished off the soup quite quickly and then my father smiled at our fellow diner, who had finished half a roast chicken, some potatoes and greens and had just ordered apple strudel.

My father remarked "That's a very nice mink stole that you have there". She replied quickly "Thank you, you are right, it is very nice and now I know why they call it a stole. I overpaid by one hundred and fifty pounds. My local furrier was a gunaf (a thief)". My father said "That's a shame, it is so nice". "All furriers are gunafs" she said. "My sister-in-law was cheated by one. She bought her coat in Hendon". She then carried on venting her anger on all furriers for their cheating ways. Her venom and diatribe against furriers was beginning to upset and aggravate me. Although I would not have dared to interfere in adults' conversation, my father put his hand on my arm to indicate not to say anything. He then, to my surprise, started to agree with her and encouraged her complaints with comments like, "They charge to make a coat smaller and then keep the fur and charge someone else using that fur to make another coat bigger, overcharge for cleaning, by giving it a big, fancy name like Hollanderizing ……." and on he went.

By the time her strudel arrived, she had practically blamed furriers for the first and second world wars, the advent of Hitler and, rather incongruously, socialism and high taxes. The strudel was a welcome diversion, halting her tirade and convincing me to have that as a dessert.

She then looked at my father and said "I have been talking so much about my problems, I have forgotten to ask you what you do for a living". Under the circumstances, I held my breath not knowing what he would say.

"Oh, I am a furrier!"

The woman laughed so uproariously that many other diners turned round to see the joke. "Oh dear. I really have been a bit naughty, haven't I? They can't all be gunafs can they?"

My father replied "A lot are, but next time you need something in fur, do come to me" and he gave her his business card.

She finished her meal and left well before us, leaving a generous tip and after she had gone, I asked my father why he had let her say such nasty and untruthful things about all furriers. He told me you do not change people's minds by violently disagreeing with them. You must let them vent their anger and encourage them to talk it through until they have got it out of their system or encourage them to be so ridiculous that even they eventually find their anger funny. "You never know, you may come across them again." He smiled.

And so it came to be, about two months later, she phoned my father at his fur shop and arranged to come down to south London with her husband, where she managed to buy a very nice and expensive mink coat. I do not believe my father overcharged her – well not by much!

2016 was an exciting year for the United Kingdom. We have had the Brexit campaign, where friendship counted for nothing, as politicians turned on each other, husbands and wives found a new virulent cause to disagree about over breakfast and journalists, economists and practically everyone lined up on either side of the IN or OUT question. Much verbal and written venom was produced with lies, misinformation and deliberate obfuscation of facts. Worse of all, was the personal insults thrown wildly and vociferously against anyone who disagreed with the other's point of view.

In the United States of America they had similar experiences with their election for a new President. Foolishly, but not surprisingly, our own politicians, journalists, TV commentators had something to say about it, usually disparaging about their outsider but eventually successful contestant, Donald Trump.

Most people do not like eating their own words or giving grovelling apologies for their own stupidity, but it will be necessary, if two of the world's major nations do not overcome their attitudes to each other's democratically elected leaders, to rename the two countries Dis-United Kingdom and Dis-United State(s) of America.

Perhaps if our government appointed someone who was a dining companion to the new President, who has proved loyal and served this country well for many, many years and after being suitably ennobled was made a trade envoy, business relations between our two countries would be even further improved.

LORD FARAGE OF FREEDOM rolls off the tongue rather nicely!!

Yours,

Andrew S Perloff
Chairman

25 April 2017

Group Strategic Report

About the Group

Panther Securities PLC is a property investment company listed on the AIM market (AIM). Prior to 31 December 2013 the Company was fully listed and included in the FTSE fledgling index. It was first fully listed as a public company in 1934. The Group owns and manages over 800 individual property units within approximately 140 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, 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

	2016	2015	2014	2013
Gross Profit Margin (gross profit/turnover)	**75%**	73%	66%	77%
Gearing (debt*/(debt* + equity))	**49%**	48%	50%	51%
Interest Cover**	**1.67 times**	1.65 times	1.22 times	1.38 times
Finance cost rate (finance costs/average borrowings for the year)	**6.5%**	6.6%	6.6%	6.7%
Yield (rents investment properties/average market value investment properties)	**7.7%**	7.5%	7.5%	7.9%
Net assets value per share	**407p**	428p	409p	395p
(Loss)/earnings per share – continuing	**(5.5)p**	38.7p	26.1p	42.0p
Dividend per share	**12.0p**	22p***	12.0p	12.0p
Investment property acquisitions	**£5.0m**	£2.2m	£3.2m	£5.3m
Investment property disposal proceeds	**£5.8m**	£4.0m	£1.2m	£2.2m

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

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

*** Includes 10p per share special dividend

Business Review

The Group turnover is up slightly due to increased rental income and higher trading turnover derived from MRG Systems Ltd ("MRG"). The combined cost of sales has also improved (reduced) showing better gross profits, the reduction in cost of sales mainly is due to not repeating all the demolition costs seen in 2015 on the Birmingham development. The income statement also shows higher other income, but we had higher administration costs which brought down our overall profit.

The main difference in administration costs is a larger movement on the bad debt provision taken to the income statement, this increase relating entirely to Beale Ltd, a major tenant, who has struggled with financial difficulties.

The Group continued to benefit from improvement in the property market with the portfolio showing a small further increase of £0.3 million uplift (2015 – £3.9 million uplift) following the directors' valuation.

We also didn't see the repeat of the prior year profits on disposals as some of this was reflected in prior year valuation. However the main difference between 2016 and 2015 was a large fair value loss of the derivative financial liabilities, our swap agreements, showing a loss of £5.3 million taken to the income statement (2015 we benefited from a £1.6m recovery or gain in our liability). The increased valuation loss on our derivative financial instruments is the main reason we did not have a very profitable year but it is worth pointing out that this is a non-cash movement.

We are still in a position where the Group is more likely to be a seller than a purchaser, except in special situations (as we did with Lord Street Properties (Southport) Ltd – a corporate acquisition that took place in March 2016).

There are still some uncertainties going forward which may affect property prices, but many of our properties are based outside London, and the values outside are still catching up. It is the Boards' view that this market is less or even not "overheated". As such, we still anticipate the market being stable or growing for our properties in the near term and that we have time to create or realise value, and continue to do so, in particular on our sites that are suitable for residential redevelopment.

Financing

The Group entered into a £75 million club loan facility (£60 million term and £15 million revolving), with HSBC and Santander, in July 2011, of which we had prior to the renewal paid back £2 million of the term element as scheduled repayments. These facilities were renewed and the loan was amended and restated on 19 April 2016 for a further 5 year term, providing the Group with an extra £2 million (term loan) which was redrawn. We also renewed the revolving facility part of the loan which had £3.5 million undrawn, and currently has £5 million undrawn following a voluntary repayment in the year. This restated loan has the additional option of increasing it by a further £10 million (subject to the banks approval), so in total the refinancing gives the Group £15.0 million potential further funds to invest.

At the statement of financial position date the Group had £4.9 million of cash funds.

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

Financial derivative

We have seen a sizeable fair value loss (of a non-cash nature) in our long term liability on derivative financial instruments of £5.3 million (2015: £1.6 million fair value gain). Following this loss the total derivative financial liability on our Consolidated Statement of Financial Position is £28.3 million (2015: £22.9 million).

These financial instruments (shown in note 29) are our 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 in uncertain economic times that there can be large swings in the accounting valuations. Small movements in the expectation of future interest rates can have a significant impact on their fair value; this is partly due to their long dated nature.

These contracts were entered into in 2008 when long term interest rates were significantly higher. In a hypothetical world if we could fix our interest at current rates and term we would have much lower interest costs. Of course we cannot undo these contracts that were entered into historically, but for accounting purposes these financial instruments are compared to current market rates, with the additional liability compared to the market shown on our Statement of Financial Position.

Financial Risk Management

The Company and Group operations expose it to a variety of financial risks, the main two being the effects of changes in credit risk of tenants and interest rate movement exposure on borrowings. The Company and Group have in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company and Group by monitoring and managing levels of debt finance and the related finance costs. The Company and Group also use interest rate swaps to protect against adverse interest rate movements with no hedge accounting applied. Mark-to-market valuations on our financial instruments have been erratic due to current low market interest rates and due to their long term nature. These large mark-to-market movements are shown within the income statement. However, the actual cash outlay effect is nil when considered alongside the term loan, as the instruments have been used to fix the risk of further cash outlays due to interest rate rises or can be considered as a method of locking in returns (difference between rent yield and interest paid at a fixed rate).

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

Credit risk

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

Price risk

The Company and Group are exposed to price risk due to normal inflationary increases in the purchase price of the goods and services it purchases in the UK. The Company and Group also have price exposure on listed equities that are held as investments. The Group has a policy of holding only a small proportion of its assets as listed investments. The exposure of the Company and Group to inflation is low due to the low cost base of the Group and natural hedge we have owning "real" assets. Price risk on income is protected by the rent review clauses contained within our tenancy agreements and often secured by medium or long term leases.

Liquidity risk

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

Interest rate risk

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

Other non-financial risks

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

Risk	Impact	Action taken to mitigate
Reputation	Raise capital/deal flow reduced	Act honourably, invest well, be prudent.
Regulatory changes	Transactional and holding costs increase	Seek high returns to cover additional costs. Lobby Government -“Ramblings”.
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	Draw on wealth of experience to ensure balance between income producing and development opportunities. Continued spread of tenancies and geographical location. Manage the economic cycles.

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

S. J. Peters
Company Secretary

Unicorn House
Station Close
Potters Bar
Hertfordshire EN6 1TL

Dated: 25 April 2017

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 2016.

Directors' Responsibilities Statement

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Going concern

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

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

The Group has a long term loan in place. In 2015 this was shown as short-term, however this was renewed on 19 April 2016. The Group always maintains excellent relations with its lenders.

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

Principal activities, review of business and future developments

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

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

Company's objectives and management of capital

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

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

Results and dividends

The loss for the year after taxation, amounted to £953,000 (2015: a profit of £6,813,000).

The interim dividend of £532,000 (3.0p per share) on ordinary shares was paid on 29 November 2016.

The Directors recommend a final dividend of £1,597,000 (9.0p per share) payable on 21 July 2017 to shareholders on the register at the close of business on 7 July 2017 (Ex dividend on 6 July 2017). The total dividend for the year ended 31 December 2016 being anticipated at 12p.

There will be no option of a scrip dividend offered for the 2016 final dividend of 9p per share (to be paid in July 2017). There was no scrip option for the interim dividend in November.

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 2016	2015
A. S. Perloff (Chairman)	**4,244,360**	4,244,360
B. R. Galan (Non – executive)	**338,669**	332,669
P. M. Kellner (Non – executive)	**22,000**	22,000
J. T. Doyle	**63,460**	63,460
J. H. Perloff	**107,500**	107,500
S. J. Peters	**187,929**	187,929

A. S. Perloff and his family trusts have beneficial interests in shares owned by Portnard Limited, a Company under their control, amounting to 8,405,175 (2015 – 8,405,175).

There have been no changes in Directors' shareholdings since 31 December 2016.

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 £283,000 (2015 – £290,000) are made up as follows:

Director	Salary/ Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	**Total 2016 £'000**	Total 2015 £'000
Executive						
A. S. Perloff	—	—	4	—	**4**	10
J. T. Doyle	81	15	6	—	**102**	101
J. H. Perloff	47	4	1		**52**	52
S. J. Peters	63	15	—	25	**103**	107
Non-executive						
B. R. Galan	10	1	—	—	**11**	10
P. M. Kellner	10	1	—	—	**11**	10
	211	36	11	25	**283**	290

Pension and other benefits

A. S. Perloff is the sole member and beneficiary of a non-contributory Director's pension scheme. The Group ceased contributions in 1997 and accordingly made no contributions to the pension fund in 2016 and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £25,000 (2015 – £30,000) into his personal stakeholders' contribution pension scheme.

No other payments were paid in respect of any other Director during the year (2015 – £nil).

Third party indemnity provision for Directors

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

Capital structure

Details of the issued share capital of the Company are shown in note 24. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The details of the Group's treasury policy are shown in note 29.

Financial risk management

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

Donations

During the year the Group made a £25,000 political donation to the UK Independence Party (2015 – £25,000). The Group makes donations to charities through advertisements at charity events and in the diaries of charities, the total of which in 2016 was £3,000 (2015 – £5,000). The Group is a Foundation Partner of the preferred charity of the property industry, Land Aid, donating £10,000 (2015 – £10,000).

Status

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

Events after the reporting date

In March 2017 the group took a surrender premium for a lease in Maldon, receiving just under £2 million. This covered all the rent to the end of the lease and dilapidations. The lease had rent of £500,000 p.a. and ended on 11 August 2021.

In April 2017 the Group sold its entire holding in William Nash PLC an unlisted property company, for £1,486,000 which was held at cost and shown at the yearend on the Consolidated Statement of Financial Position within "Available for sale investments" at a value of £627,000.

Auditors

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

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

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

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

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

S. J. Peters
Company Secretary

Unicorn House
Station Close
Potters Bar
Hertfordshire EN6 1TL

Dated: 25 April 2017

Corporate Governance

Panther Securities P.L.C. Board recognise the importance of sound Corporate Governance. However during 2016, it did not fully comply with the UK Corporate Governance Code, issued by the Financial Reporting Council, as in the Board's view it would have been too onerous. Nevertheless, the Company has regard for the main provisions as far as is practicable and appropriate for a public company of its size.

The Board

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

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

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

Biographical details of Executive Directors:-

Andrew Perloff (Chairman)

He has over 50 years' experience in the property sector, including over 40 years' experience of being a Director of a Public Listed Company mainly as Panther's Chairman. He has significant experience of corporate activity including ten contested take-over bids and has also served on the Board of Directors of 6 other public listed companies. He is currently a non-executive director of Beale Ltd and Airsprung Furniture Ltd.

Simon Peters (Finance Director)

He is a member of the Chartered Institute of Taxation, a Fellow of the Chartered Certified Accountants and was formerly with KPMG LLP and the Lombard Bank Finance Department. He is currently a non-executive director of Beale Ltd and Airsprung Furniture Ltd. He joined Panther in 2004 and was appointed Finance Director in 2005.

John Doyle (Executive)

He is a member of the Royal Institution of Chartered Surveyors and was previously with London Electricity Plc and Chesterton International Plc, having worked in the property sector since 1989, he joined Panther in January 2001. His areas of responsibility include property acquisition and disposal, asset management and development. He was appointed Executive Director in 2005.

John Perloff (Executive)

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

Biographical details of Non-executive Directors:-

Bryan Galan (Non-executive)

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

Peter Kellner (Non-executive)

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

Communication with shareholders

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

Audit Committee

The Audit Committee has three members including both non-executive Directors and an executive Director (being Andrew Perloff) and it is chaired by Peter Kellner. Its terms of reference, which are available from the Company's registered office, 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. In 2016 the committee met three times with all members present.

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

Remuneration Committee

The Remuneration Committee consists solely of the two non-executive Directors, Bryan Galan (Chairman) and Peter Kellner. 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 2016 the Committee met three times with all members present.

Remuneration policy

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

Independent Auditors’ Report

Independent Auditor’s Report to the Members of Panther Securities P.L.C.
We have audited the financial statements of Panther Securities P.L.C. for the year ended 31 December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity and related notes 1 to 48. The financial reporting framework that has been applied in the preparation of the Consolidated Financial Statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS101 “Reduced Disclosure Framework”.

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.

Respective responsibilities of directors and auditor
As explained more fully in the Directors’ Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council’s (FRC’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the FRC’s website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
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 2016 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors’ Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Strategic Report and the Directors’ Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors’ Report.

Matters on which we are required to report by exception

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.

Stephen Drew
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

25 April 2017

Consolidated Income Statement

For the year ended 31 December 2016

	Notes	31 December 2016 £'000	31 December 2015 £'000
Revenue	5	**14,684**	14,443
Cost of sales	5	**(3,643)**	(3,824)
Gross profit		**11,041**	10,619
Other income		**508**	294
Administrative expenses		**(3,947)**	(3,540)
		7,602	7,373
Profit on disposal of investment properties		**458**	1,074
Movement in fair value of investment properties	16	**318**	3,859
		8,378	12,306
Finance costs	10	**(5,097)**	(5,186)
Investment income	9	**109**	31
Loss (realised) on the disposal of available for sale investments (shares)		**–**	(244)
Fair value (loss)/gain on derivative financial liabilities	29	**(5,338)**	1,563
(Loss)/profit before income tax		**(1,948)**	8,470
Income tax credit/(expense)	11	**995**	(1,657)
(Loss)/profit for the year		**(953)**	6,813
Attributable to:			
Equity holders of the parent		**(970)**	6,815
Non-controlling interest		**17**	(2)
(Loss)/profit for the year		**(953)**	6,813
(Loss)/earnings per share			
Basic and diluted	14	**(5.5)p**	38.7p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

	Notes	31 December 2016 £'000	31 December 2015 £'000
(Loss)/profit for the year		**(953)**	6,813
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Movement in fair value of available for sale investments (shares) taken to equity	19	**87**	45
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	27	**(15)**	(8)
Other comprehensive income for the year, net of tax		**72**	37
Total comprehensive (loss)/income for the year		**(881)**	6,850
Attributable to:			
Equity holders of the parent		**(898)**	6,852
Non-controlling interest		**17**	(2)
		(881)	6,850

Consolidated Statement of Financial Position

Company number 00293147

As at 31 December 2016

	Notes	**31 December 2016 £'000**	31 December 2015 £'000
ASSETS			
Non-current assets			
Plant and equipment	15	**63**	145
Investment property	16	**176,489**	176,133
Deferred tax asset	27	**1,140**	—
Available for sale investments (shares)	19	**908**	736
		178,600	177,014
Current assets			
Inventories		**57**	60
Stock properties	20	**736**	991
Trade and other receivables	22	**4,020**	4,553
Cash and cash equivalents		**4,887**	4,387
		9,700	9,991
Total assets		**188,300**	187,005
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	24	**4,437**	4,437
Share premium account	25	**5,491**	5,491
Capital redemption reserve	25	**604**	604
Retained earnings		**61,747**	65,485
Attributable to equity holders of the parent		**72,279**	76,017
Non-controlling interest		**96**	80
Total equity		**72,375**	76,097
Non-current liabilities			
Long-term borrowings	26	**69,769**	591
Derivative financial liability	29	**28,250**	22,912
Deferred tax liabilities	27	**—**	100
Obligations under finance leases	32	**6,769**	6,640
		104,788	30,243
Current liabilities			
Trade and other payables	28	**10,721**	10,663
Short-term borrowings	26	**150**	69,637
Current tax payable		**266**	365
		11,137	80,665
Total liabilities		**115,925**	110,908
Total equity and liabilities		**188,300**	187,005

The accounts were approved by the Board of Directors and authorised for issue on 25 April 2017. They were signed on its behalf by:

A.S. Perloff

Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2015	4,372	4,692	604	61,804	71,472
Total comprehensive income	—	—	—	6,852	6,852
Dividends	65	799	—	(3,171)	(2,307)
Balance at 1 January 2016	4,437	5,491	604	65,485	76,017
Total comprehensive income	—	—	—	(898)	(898)
Dividends	—	—	—	(2,840)	(2,840)
Balance at 31 December 2016	**4,437**	**5,491**	**604**	**61,747**	**72,279**

Within retained earnings are unrealised loss of £10,000 and deferred tax credit of £2,000 (2015 – unrealised losses of £97,000 and a deferred tax credit of £17,000) relating to fair value of available for sale investments (shares).

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	31 December 2016 £'000	31 December 2015 £'000
Cash flows from operating activities		
Profit from operating activities	**7,602**	7,373
Depreciation charges for the year	**90**	135
Rent paid treated as interest	**(514)**	(520)
Profit before working capital change	**7,178**	6,988
Increase in inventory	**3**	5
Increase in receivables	**617**	292
Increase/(decrease) in payables	**(432)**	(1,139)
Cash generated from operations	**7,366**	6,146
Interest paid	**(4,342)**	(4,572)
Income tax paid	**(360)**	(95)
Net cash generated from operating activities	**2,664**	1,479
Cash flows from investing activities		
Purchase of plant and equipment	**(8)**	(38)
Purchase of investment properties	**(539)**	(2,224)
Purchase of available for sale investments (shares)	**(85)**	—
Corporate acquisition (net of cash received)	**(4,497)**	—
Proceeds from sale of investment property	**5,793**	4,019
Proceeds from sale of available for sale investments (shares)	**—**	244
Dividend income received	**103**	23
Interest income received	**6**	8
Net cash generated from investing activities	**773**	2,032
Cash flows from financing activities		
Repayments of loans	**(1,655)**	(3,152)
Loan arrangement fees and associated costs	**(442)**	—
Draw down of loan	**2,000**	1,000
Dividends paid	**(2,840)**	(2,307)
Net cash used in financing activities	**(2,937)**	(4,459)
Net increase/(decrease) in cash and cash equivalents	**500**	(948)
Cash and cash equivalents at the beginning of year*	**4,387**	5,335
Cash and cash equivalents at the end of year*	**4,887**	4,387

* Of this balance £1,017,000 (2015: £1,110,000) is restricted by the Group's lenders i.e. it can only be used for purchase of investment property.

Notes to the Consolidated Accounts

For the year ended 31 December 2016

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

2. **New and revised International Financial Reporting Standards**
   Standards, interpretations and amendments to published standards that are not yet effective
   Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2017 or later periods and have not been early adopted. It is anticipated that these new standards, interpretations and amendments currently in issue at the time of preparing the financial statements (April 2016) will have a material effect on the consolidated financial statements of the Group, however the extent of this has not yet been assessed.

   - IFRS 9 Financial Instruments*
   - IFRS 15 Revenue for Contracts with Customers*
   - IFRS 16 Leases*
   - Amendments to IAS 7 Statement of Cash Flows: Disclosure*

   * Not yet endorsed by the EU

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

3. **Critical accounting judgements and key sources of estimation uncertainty**
   Estimation uncertainty
   Sources of estimation uncertainty are noted in the accounting policies for Investment Properties and fair value of Derivative Financial Instruments.

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

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

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

   The results of subsidiaries disposed of are included in the consolidated income statement to the effective date of disposal, and those acquired from the date on which control is transferred to the Group.

   Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

4. Significant accounting policies *continued*

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

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and 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 by the Directors using the fair value model of accounting for Investment Property at the Statement of Financial Position date. When the Directors revalue the properties they make judgements based on the covenant strength of tenants, remainder of lease term of tenancy, location and other developments which have taken place in the form of open market lettings, rent reviews, lease renewals and planning consents. Gains or losses arising from changes in the fair value of investment property are included in the Income Statement in the period in which they arise.

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

Transfers between investment property and stock properties

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

Taxation

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

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

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

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 with in 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 20.00% (2015 – 20.25%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

Segment reporting
An operating segment is a component of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. MRG Systems Limited is classified as separate operating segment to the activities of the rest of the Group, where MRG Systems Limited's principal activity is that of electronic designers, engineers and consultants.

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
Revenue comprises:

- Rental income from tenancy occupied properties net of Value Added Tax where appropriate: The income is recognised on an accruals basis.
- Sale of stock properties: This is recognised on the date that exchange of contracts becomes unconditional.
- Revenue in respect of MRG Systems Limited is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Foreign currency translation
Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the Statement of Financial Position date. Any gains or losses arising on translation are taken to the Income Statement.

4. Significant accounting policies *continued*

Plant and equipment

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

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

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

Impairment of property, plant and equipment

At each Statement of Financial Position date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than the carrying amount of the asset, it is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income Statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss up to value of previous revaluation is treated as a revaluation decrease.

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

Leasing

All leases are operating leases.

The Group as lessor

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

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

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

Financial instruments

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

Trade receivables
Trade receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

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

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

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

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

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

The Directors estimate the fair value annually for these financial instruments using the year end yield curve to extract the markets estimate of future pricing for interest rates, this valuation is then considered alongside two valuations obtained from different banks (one being HSBC bank – the counterparty to these agreements) in deciding the most appropriate value. This is an estimation and as such there is uncertainty to the fair value shown within the accounts.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Income Statement for the year. None of the Group's derivative financial instruments qualify for hedge accounting.

Available for sale investments
Under IAS 39, these investments are carried at fair value and classified in the Statement of Financial Position as available for sale investments (shares). Fair values of these investments are based on quoted market prices where available. The fair value of the available for sale investments in unquoted equity securities cannot be measured reliably and they have therefore been measured at cost. Movements in fair value are taken directly to equity. When these investments are considered impaired in accordance with the requirements of IAS 39, the impairment losses are recognised in the Income Statement. On realisation of the available for sale investments, the cumulative gain or loss previously recognised through equity is reclassified from reserves to the Income Statement.

4. Significant accounting policies *continued*

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

Impairment of available for sale investments

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

Provisions

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

Stock properties

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

Inventories

Stock and work in progress has been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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.

Capital redemption reserve

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

Retained earnings

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

Dividends

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

5. Revenue and cost of sales

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

MRG Systems Limited is an operating segment whose principal activity is that of electronic designers, engineers and consultants. 67% of its revenues arose in the United Kingdom and 100% of its cost of sales.

The split of assets, tax effect and cash flow of each segment is not shown as these are not material in relation to MRG Systems Limited.

Turnover arose as follows:	**2016**	2015
	£'000	£'000
Rental income	**12,983**	12,840
Income from trading (MRG Systems Limited)	**1,701**	1,603
	14,684	14,443

Cost of sales arose as follows:	**2016**	2015
	£'000	£'000
Cost of sales from rental income	**3,066**	3,272
Cost of sales from trading (MRG Systems Limited)	**577**	552
	3,643	3,824

(Loss)/profit before income tax:	**2016**	2015
	£'000	£'000
(Loss)/profit from investment and dealing in properties	**(2,014)**	8,480
Profit/(loss) from trading (MRG Systems Limited)	**66**	(10)
	(1,948)	8,470

6. Profit for the year

The profit for the year is stated after charging:	**2016 £'000**	2015 £'000 *Restated*
Depreciation of tangible fixed assets – owned by the Group	**90**	135
Fees payable to the Group's auditor for the audit of both the parent company and the Group's annual report and accounts	**3**	3
Fees paid to the Group's auditor for other services:		
The audit of the parent's subsidiaries	**75**	69
Other services provided	**8**	13

7. Staff costs

	2016 £'000	2015 £'000 *Restated*
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**1,444**	1,468
Social security costs	**159**	156
Pension contributions	**49**	52
	1,652	1,676

The average monthly number of employees, including Directors, during the year was as follows:		
Directors	**6**	6
Other employees	**30**	31
	36	37

8. Directors remuneration

	2016 £'000	2015 £'000
Emoluments for services as Directors	**283**	290

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:

	2016 **£'000**	2015 £'000
Emoluments for services as directors	**283**	290
Employees NI	**22**	20
Short term employee benefits (salaries and benefits)	**305**	310

9. Investment income

	2016 **£'000**	2015 £'000 *Restated*
Interest on bank deposits	**6**	8
Dividends from equity investments	**103**	23
	109	31

10. Finance costs

	2016 **£'000**	2015 £'000 *Restated*
Interest payable on bank overdrafts and loans	**4,583**	4,666
Interest payable on finance lease liabilities*	**514**	520
	5,097	5,186

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

11. Income tax charge

The charge for taxation comprises the following:

	2016 **£'000**	2015 £'000
Current year UK corporation tax	**448**	441
Prior year UK corporation tax	**(188)**	(91)
	260	350
Current year deferred tax (credit)/expense	**(1,255)**	1,307
Income tax (credit)/expense for the year	**(995)**	1,657

Domestic income tax is calculated at 20.00% (2015 – 20.25%) of the estimated assessable profit or loss for the year. The future provision for deferred tax has been calculated on the basis of 17.0% (2015 – 18.0%).

11. Income tax charge *continued*

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

	2016 £'000	**2016 %**	2015 £'000	2015 %
(Loss)/profit before taxation	**(1,948)**		8,470	
(Loss)/profit on ordinary activities before tax multiplied by the average of the standard rate of UK corporation tax of 20.00% (2015 – 20.25%)	**(390)**	**20.0**	1,716	20.25
Tax effect of expenses that are not deductible in determining taxable profit	**25**	**(1.3)**	34	0.4
Dividend income not allowable for tax purposes	**(21)**	**1.1**	(5)	(0.1)
Changes in tax rates	**(292)**	**14.9**	(320)	(3.7)
Losses brought forward	**(353)**	**18.1**	—	—
Disposal of properties or shares	**224**	**(11.5)**	323	3.8
Prior year corporation tax over provision	**(188)**	**9.7**	(91)	(1.1)
Tax (credit)/charge	**(995)**		1,657	

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

	2016 £'000	2015 £'000
Dealt with in the accounts of:		
– the parent undertaking	**(10,374)**	(5,158)
– subsidiary undertakings	**9,421**	11,971
	(953)	6,813

A reconciliation of Parent Company profit or loss is provided in note 30.

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	2016 £'000	2015 £'000
Special dividend for the year ended 31 December 2015 of 10p per share	**1,776**	—
Final dividend for the year ended 31 December 2015 of 3p per share (2014: 9p per share)	**532**	1,574
Interim dividend for the year ended 31 December 2016 of 3p per share (2015: 9p per share)	**532**	1,597
	2,840	3,171

The Directors recommend a payment of a final dividend, for the year ended 31 December 2016 of 9p per share (2015 – 3p), following the interim dividend paid on 29 November 2016 of 3p per share. The final dividend of 9p per share will be payable on 21 July 2017 to shareholders on the register at the close of business on 7 July 2017 (Ex dividend on 6 July 2017).

The full ordinary dividend for the year ended 31 December 2016 is anticipated to be 12p per share, being the 3p interim per share paid and the 9p per share proposed.

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

The calculation of loss per ordinary share is based on the loss, after excluding non-controlling interests, being a loss of £970,000 (2015 – a profit of £6,815,000) and on 17,746,929 ordinary shares being the weighted average number of ordinary shares in issue during the year (2015 – 17,617,112). There are no potential ordinary shares in existence.

15. Plant and equipment

	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost			
At 1 January 2015	650	8	658
Transfer from assets classified as held for sale	199	—	199
Additions	38	—	38
At 1 January 2016	887	8	895
Additions	8	—	8
At 31 December 2016	895	8	903
Accumulated depreciation			
At 1 January 2015	465	8	473
Transfer from assets classified as held for sale	142	—	142
Depreciation charge for the year	135	—	135
At 1 January 2016	742	8	750
Depreciation charge for the year	90	—	90
At 31 December 2016	832	8	840
Carrying amount			
At 31 December 2016	63	—	63
At 31 December 2015	145	—	145
At 1 January 2015	185	—	185

16. Investment properties

	Investment Properties £'000
Fair value	
At 1 January 2015	173,412
Additions	2,224
Disposals	(2,945)
Fair value adjustment on property held on operating leases	(417)
Revaluation increase	3,859
At 1 January 2016	176,133
Additions	539
Acquisition of subsidiary	4,462
Disposals	(5,335)
Transferred from stock properties	255
Fair value adjustment on property held on operating leases	117
Revaluation increase	318
At 31 December 2016	176,489
Carrying amount	
At 31 December 2016	176,489
At 31 December 2015	176,133

At 31 December 2016, £136,433,000 (2015 – £136,689,000) and £40,056,000 (2015 – £39,444,000) included within investment properties relates to freehold and leasehold properties respectively.

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

	2016 £'000	2015 £'000
Cost of investment properties	**121,908**	115,998

The Group has pledged £168,219,000 of investment property (2015 – £164,331,000) as security for the loan facilities granted to the Group at the Statement of Financial Position date.

Costs relating to ongoing and potential developments are included in additions to investment properties and in the year ended 31 December 2016 amounted to £nil (2015 – £180,000).

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £12,762,000 (2015 – £12,593,000).

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 core portfolio are in the range of 6.5% – 11.0% with the average yield being 8.0%. Assuming all else stayed the same; a decrease of 1.0% in the average yield would result in an increase in fair value of £22,789,000 (2015: £22,488,000). An increase of 1.0% in the average yield would result in a corresponding decrease in fair value.

The property valuations were carried out by the directors at 31 December 2016 (independently by GL Hearn at 31 December 2015). The property valuations were carried out internally by the Directors with two being members of the Royal Institution of Chartered Surveyors (RICS). The valuation methodology by GL Hearn and the directors were both in accordance with The RICS Appraisal and Valuation Standards (9th Edition – January 2014), 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 2016 this was a fair value gain of £318,000 (2015 – fair value gain of £3,859,000). The amount of realised gains or losses is shown as the profit/(loss) on disposal of investment properties within the income statement, for 2016 there was a realised gain of £458,000 (2015 – £1,074,000).

17. Subsidiaries

Details of the Company's subsidiaries at 31 December 2016 are as follows;

Name of subsidiary	*Country of incorporation and operation*	*Activity*	*Proportion of ownership interest %*	*Proportion of voting power held %*
Panther Trading Limited	Great Britain	Property	100	100
Panther (Dover) Limited	Great Britain	Property	100	100
Panther Developments Limited	Great Britain	Property	100	100
Panther Shop Investments Limited	Great Britain	Property	100	100
Panther Shop Investments (Midlands) Limited	Great Britain	Property	100	100
Panther Investment Properties Limited	Great Britain	Property	100	100
Panther (Bromley) Limited (***)	Great Britain	Property	100	100
Snowbest Limited	Great Britain	Property	100	100
Surrey Motors Limited	Great Britain	Property	100	100
Westmead Building Company Limited	Great Britain	Property	100	100
Multitrust Property Investments Limited	Great Britain	Property	100	100
Etonbrook Properties PLC	Great Britain	Non-trading	100	100
Northstar Property Investment Limited	Great Britain	Property	100	100
Panther (VAT) Properties Limited	Great Britain	Property	100	100
Northstar Land Limited	Great Britain	Property	100	100
London Property Company PLC	Great Britain	Dormant	100	100
Eurocity Properties PLC	Great Britain	Property	100	100
Eurocity Properties (Central) Limited (**)	Great Britain	Property	100	100
CJV Properties Limited (**)	Great Britain	Property	100	100
MRG Systems Limited	Great Britain	Trading	75	75
Panther AL Limited	Great Britain	Property	100	100
Panther AL (VAT) Limited	Great Britain	Property	100	100
Melodybright Limited	Great Britain	Property	100	100
TRS Developments Limited	Great Britain	Property	100	100
Abbey Mills Properties Limited	Great Britain	Property	100	100
Lord Street Properties (Southport) Limited	Great Britain	Property	99.99	99.99

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

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 (apart from MRG Systems Limited) is Unicorn House, Station Close, Potters Bar, Herts., EN6 1TL.

The registered office of MRG Systems Limited is The Mill, Upper Mills Estate, Bristol Road, Stonehouse, Gloucester, GL10 2BJ.

18. Acquisition of Lord Street Properties (Southport) Limited

On 6 March 2016 Panther Securities Plc acquired 99.99% of the ordinary share capital of Lord Street Properties (Southport) Limited ("Lord Street") for cash consideration of £4,554,000, including acquisition costs. No minority interest has been recognised on the acquisition as it is considered immaterial to the Consolidated Financial Statements.

Lord Street Properties (Southport) Ltd was established to own and operate Broadbents Department Store, it subsequently acquired Wayfarers Arcade. The principal activity of Lord Street Properties (Southport) Limited is property investment and management. The Group acquired Lord Street in order to acquire its property portfolio.

The fair value of the assets and liabilities of Lord Street at the acquisition date are as follows:

	Book value £'000	Fair value £'000
Investment property	4,300	4,462
Property plant and equipment	57	—
Trade and other receivables	84	84
Cash and cash equivalents	56	56
Trade and other payables	(48)	(48)
	4,449	4,554

The following amounts have been included in the Consolidated Statement of Comprehensive Income since the Acquisition Date:

	Total £'000
Revenue	447
Profit for the year	528

If the Group had acquired Lord Street on 1 January 2016 and controlled it for the entire year the consolidated revenue of the Group for the year ended 31 December 2016 would have been £14,781,000 and the consolidated loss of the Group would have been £970,000.

19. Available for sale investments (shares)

	Non-current assets £'000
Cost or valuation	
At 1 January 2015	1,179
Movement in fair value of available for sale investments (shares) taken to equity	45
Disposal	(488)
At 1 January 2016	736
Reversal of impairment on revaluation through reserves	87
Additions	85
At 31 December 2016	**908**
Comprising at 31 December 2016:	
At cost	627
At valuation/net realisable value	281
Carrying amount	
At 31 December 2016	**908**
At 31 December 2015	736

The available for sale 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 available for sale securities carried at fair value are classified as level 1 in the fair value hierarchy specified in IFRS 13. The fair value of available for sale investments in unquoted equity securities, which are not publically traded, cannot be measured and have therefore been shown at cost. The valuation of the available for sale investments is sensitive to stock exchange conditions.

Price risk

For the year ended 31 December 2016 if the average share price of the portfolio was 10% lower, then the gain recognised in other comprehensive income would have been £28,000 lower (2015: £19,000 lower). Corresponding gains would be seen for a 10% uplift.

20. Stock properties

	2016 £'000	2015 £'000
Stock properties	**736**	991

The cost of stock properties recognised as expense and included in cost of sales amounted to £nil (2015 – £nil). Impairments of £nil have been recognised against stock properties (2015 – £nil).

The market value of stock properties is £1,435,000 (2015 – £1,910,000).

£1,335,000 (2015: £1,810,000) of stock properties at market value have been provided as security for the bank loan from HSBC and Santander referred to in note 26.

The market value shown as at 31 December 2016 was undertaken by the Directors (31 December 2015 was valued independently by GL Hearn). The stock properties are held at the lower of cost and market value and as such any uplift is not recognised in the financial statements.

21. Capital commitments

	2016 £'000	2015 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	**100**	105

The above relates to building works.

22. Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	**4,456**	3,787
Bad debt provision	**(1,538)**	(985)
	2,918	2,802
Other receivables	**100**	28
Prepayments and accrued income	**1,002**	1,723
	4,020	4,553

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 £8,597,000 (2015 – £8,553,000) (which relates to £3,710,000 (2015 – £4,166,000) included in the above (less prepayments) and the Group's cash or cash equivalents).

Debts are specifically provided once recovery becomes doubtful. The bad debt provision includes all material doubtful debts that the directors are aware of.

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

	Trade receivables £'000	Accrued income £'000	Cash and cash equivalents £'000	Total bad debt provisions £'000
Balance at 1 January 2015	2,368	—	58	2,426
Amount written off as uncollectable	(1,774)	(595)	—	(2,369)
Charge to income statement	391	595	—	986
Balance at 1 January 2016	985	—	58	1,043
Amounts written off as uncollectable	(264)	—	—	(264)
Charge/(credit) to income statement	817	571	(6)	1,382
Balances at 31 December 2016	**1,538**	**571**	**52**	**2,161**

The cash and cash equivalents balances provided against related to balances on account with Kaupthing Singer and Friedlander before they went into administration. The Group at the Statement of Financial Position date had received 84.25p in the pound from an original balance of £332,000.

23. Other financial assets

Cash and cash equivalents

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

Credit risk

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

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Kaupthing Singer and Friedlander went into administration and all of its balances are provided against (see note 22). Further information on the Group's credit risk is detailed within the Group Strategic Report.

24. Share capital

	2016 £'000	2015 £'000
Allotted, called up and fully paid		
17,746,929 (2015 – 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 2016 no ordinary shares were issued in the period (2015 – 259,634 ordinary shares were issued as a consequence of the scrip dividend).

25. Capital reserves

	2016 £'000	2015 £'000
Share premium account		
At 31 December	**5,491**	5,491
Capital redemption reserve		
At 31 December	**604**	604

26. Bank loans

	2016 £'000	2015 £'000
Bank loans due within one year	**150**	69,637
(within current liabilities)		
Bank loans due within more than one year	**69,769**	591
(within non-current liabilities)		
Total bank loans	**69,919**	70,228

Analysis of debt maturity	2016 £'000 Interest*	2016 £'000 Capital	2016 £'000 Total	2015 £'000 Total
Trade and other payables**:	**—**	**6,858**	**6,858**	5,676
Bank loans repayable				
On demand or within one year	**1,621**	**150**	**1,771**	70,741
In the second year	**1,621**	**150**	**1,771**	154
In the third year to the fifth year	**3,757**	**70,273**	**74,030**	462
After five years	**—**	**—**	**—**	34
	6,999	**70,573**	**77,572**	77,067

* based on the year end 3 month LIBOR floating rate – 0.35%, and bank rate of 0.25%

** Trade creditors, other creditors and accruals

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

The Natwest bank loan was £576,000 at the year end and is repayable over its life to September 2022 (but is likely to be paid sooner due repayments not being adjusted to take account of historically low interest rates).

26. Bank loans *continued*

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

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

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

27. Deferred taxation

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

	Total £'000
Asset at 1 January 2015	1,215
Credit to equity for the year	(8)
Credit to profit and loss for the year	(1,307)
Liability at 1 January 2016	(100)
Debit to equity for the year	(15)
Credit to profit and loss for the year	1,255
Asset at 31 December 2016	**1,140**

Deferred taxation arises in relation to:

Deferred tax

	2016 £'000	2015 £'000
Deferred tax liabilities:		
Investment properties	**(3,958)**	(4,588)
Deferred tax assets:		
Tax allowances in excess of book value	**293**	347
Available for sale investments (shares)	**2**	17
Derivative financial liability	**4,803**	4,124
Net deferred tax (liability)/asset	**1,140**	(100)

The aggregate amount of temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, for which deferred tax liabilities may arise, have not been recognised.

As at 31 December 2016 the substantively enacted rate was 17% (2015: 18%) and this has been used for the deferred tax calculation.

28. Trade and other payables

	2016	2015
	£'000	£'000
Trade creditors	**4,641**	3,855
Social security and other taxes	**610**	665
Other creditors	**1,004**	872
Obligations under finance leases (see note 32)	**514**	520
Accruals and deferred income	**3,952**	4,751
	10,721	10,663

Trade creditors and accruals comprise amounts outstanding for trade purchases and on-going costs.

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 £84,670,000 (2015 – £83,730,000) (includes payables above and the long term and short term borrowings, excluding deferred income).

29. Derivative financial instruments

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

Bank loans Interest is charged as to:	**2016** **£'000**	**2016** **Rate**	2015 £'000	2015 Rate
Fixed/Hedged				
HSBC Bank plc*	**35,000**	**7.01%**	35,000	7.06%
HSBC Bank plc**	**25,000**	**6.58%**	25,000	6.63%
Unamortised loan				
arrangement fees	**(654)**		–	
Floating element				
HSBC Bank plc	**9,997**		9,497	
Natwest Bank plc	**576**		731	
	69,919		70,228	

Bank loans totalling £60,000,000 (2015 – £60,000,000) are fixed using interest rate swaps removing the Group exposure to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

29. Derivative financial instruments *continued*

Financial instruments for Group and Company

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

	Hedged amount £'000	Average rate	Duration of contract remaining 'years'	**2016 Fair value £'000**	2015 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	21.69	**(23,610)**	(18,541)
Interest rate swap	25,000	4.63%	4.92	**(4,640)**	(4,371)
				(28,250)	(22,912)
Net fair value (loss)/gain on derivative financial assets				**(5,338)**	1,563

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

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

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

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

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

Interest rate risk

For the year ended 31 December 2016, if on average the 3 month LIBOR over the year had been 100 basis points (1%) higher with all other variables held constant, under the financing structure in place at the year end, profit before tax for the year would have been approximately £104,000 lower (2015: £102,000 lower). This analysis excludes any affect this rate adjustment might have on expectations of future interest rates movements which is likely to affect the estimation of the fair value of the derivative financial assets/liabilities (as this movement would also be shown within the Income Statement affecting post-tax profit or loss), but indicates the likely cash saving/(cost) a 100 basis points (1%) movement would have had for the Group.

Treasury management

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

30. Parent company profit and loss account

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

Reconciliation of parent company profit and loss

	2016 **£'000**	2015 £'000
(Loss)/profit of parent company before intercompany adjustments	**(2,670)**	1,349
Increase in write off of intercompany debt (removed on consolidation)	**–**	359
Intercompany dividends (removed on consolidation)	**(7,704)**	(6,866)
Loss attributable to members of the Parent undertaking as per note 12	**(10,374)**	(5,158)

31. Contingent liabilities

There were no contingent liabilities at the year end.

32. Operating lease arrangements and obligations under finance leases

The Group as lessee

The Group paid rent under non-cancellable operating leases in the year of £686,000 (2015 – £779,000).

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 151 years. The minimum rental payment obligations due under these operating leases and anticipated rental income derived from these investments are shown below. The difference between the rents payable in the year of £686,000 (2015: £779,000) and the minimum for the year of £514,000 (2015: £520,000) is related to the contingent element only payable out of rents receivable.

Minimum future payments under non-cancellable operating leases

(Lessee)	**2016** **£'000**	2015 £'000
Payable within one year	**514**	520
Payable between one year and five years	**2,056**	2,080
Payable in more than five years	**40,088**	40,547
	42,658	43,147

Anticipated rental income derived under non-cancellable sub leases

(Lessor)	**2016** **£'000**	2015 £'000
Payable within one year	**3,042**	3,002
Payable between one year and five years	**12,168**	12,008
Payable in more than five years	**228,406**	228,820
	243,616	243,830

32. Operating lease arrangements and obligations under finance leases *continued*

Obligations under finance leases

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

	2016	2015
	£'000	£'000
Obligations under finance leases due within one year		
(included within current liabilities)	**514**	520
Obligations under finance leases due within one to five years	**2,056**	2,080
Obligations under finance leases due in more than five years	**4,713**	4,560
(included within non-current liabilities)	**6,769**	6,640
Total obligations under finance leases	**7,283**	7,160

The Group as a lessor

The Group rents out its investment properties under operating leases. Rental income for the Group is disclosed in Note 5.

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

	2016	2015
	£'000	£'000
Payable within one year	**10,839**	10,950
Payable between one year and five years	**34,591**	33,467
Payable in more than five years	**47,494**	51,011
	92,924	95,428

33. Events after the reporting date

In March 2017 the Group took a surrender premium for a lease in Maldon, receiving just under £2 million. This covered all rent to the end of the lease and dilapidations. The lease had rent of £500,000 p.a. and ended on 11 August 2021.

In April 2017 the Group sold its entire holding in William Nash PLC, an unlisted property company, for £1,486,000, which was held at cost and shown at the yearend on the Consolidated Statement of Financial Position within "Available for sale investments" at a value of £627,000.

34. Related party transactions

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

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

Included within the financial statements is £761,000 (2015: £780,000) of rental income in respect of Beale Ltd, a company which has some common directors to the Group. Of this balance £684,000 (2015: £514,000) is outstanding and included within trade receivables. We have made a bad debt provision on this debtor and therefore the net balance showing as receivable at the year-end is £233,000 (2015: 514,000).

Included within the revenue recognised to date from Beale Ltd is £nil (2015: £571,000) of accrued income in respect of rent free periods. We have provided against £571,000 of previously accrued income in respect of rent free period in 2016. In 2015 £595,000 was written off, being the amount of rent accrued previously in respect of rent frees for stores compromised by Beale's landlord only Creditors Voluntary Arrangement.

At 31 December 2016 included within creditors was, £nil (2015: £96,300) payable to G Perloff, £101,000 (2015: £7,000) payable to Harold Perloff, both close family members of a director.

At 31 December 2016 included within creditors was, £76,000 (2015: £25,000) owed to Maland Pension Fund a company sponsored pension scheme (for a director). This is a trading relationship as the balance owed was in relation to a jointly managed property were the interests were split and have been for many years. No contributions have been made by the company for over a decade and there are no plans to make any further contributions.

35. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 25 April 2017.

Parent Company Statement of Financial Position

Company number 00293147

As at 31 December 2016

	Notes	**£'000**	**2016 £'000**	£'000	2015 £'000
Fixed assets					
Investments	38		**25,342**		16,031
Current assets					
Debtors	39	**97,762**		108,348	
Cash at bank and in hand		**3,942**		3,437	
		101,704		111,785	
Creditors: amounts falling due within one year	40	**(10,005)**		(80,018)	
Net current assets			**91,699**		31,767
Total assets less current liabilities			**117,041**		47,798
Creditors: amounts falling due after more than one year	41		**(69,343)**		—
Derivative financial liability	29		**(28,250)**		(22,912)
Net assets			**19,448**		24,886
Capital and reserves					
Called up share capital	43		**4,437**		4,437
Share premium account			**5,491**		5,491
Capital redemption reserve			**604**		604
Profit and loss account			**8,916**		14,354
Shareholders' funds			**19,448**		24,886

The Parent Company made a loss for the year of £2,670,000 (2015: profit of £1,349,000).

The accounts were approved by the Board of Directors and authorised for issue on 25 April 2017. They were signed on its behalf by:

A.S. Perloff
Chairman

Parent Company Statement of Changes in Equity

As at 31 December 2016

	Share capital £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2015	4,372	4,692	604	16,139	25,807
Profit for the year	—	—	—	1,349	1,349
Movement in fair value of available for sale investments (shares) taken to equity	—	—	—	45	45
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	—	—	—	(8)	(8)
Dividends	65	799	—	(3,171)	(2,307)
Balance at 1 January 2016	4,437	5,491	604	14,354	24,886
Loss for the year	—	—	—	(2,670)	(2,670)
Movement in fair value of available for sale investments (shares) taken to equity	—	—	—	87	87
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	—	—	—	(15)	(15)
Dividends	—	—	—	(2,840)	(2,840)
Balance at 31 December 2016	**4,437**	**5,491**	**604**	**8,916**	**19,448**

Within retained earnings are unrealised losses of £10,000 and deferred tax credit of £2,000, (2015 – unrealised losses of £97,000 and a deferred tax credit of £17,000) relating to fair value of available for sale investments (shares).

36. 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 accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016.

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;
- the exemption from certain fair value disclosures; and
- the exemption from certain asset impairment 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 4 to the consolidated financial statements. There are no additional judgements and key sources of estimation uncertainty that are applicable to the company only.

Significant accounting policies

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

Revenue recognition

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

Investments

Investments in subsidiaries undertakings are stated at cost less any provisions for impairment.

37. Staff costs

	2016 £'000	2015 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**705**	721
Social security costs	**72**	75
Pension contributions	**25**	30
	802	826

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

38. Fixed asset investments

	Shares in Group undertakings £'000	Other investments £'000	Total £'000
Cost or valuation			
At 1 January 2016	15,295	736	16,031
Movement in fair value of available for sale investments (shares) taken to equity	—	87	87
Additions	9,139	85	9,224
At 31 December 2016	**24,434**	**908**	**25,342**
Investments:			
Listed	—	281	281
Unlisted	24,434	627	25,061
	24,434	**908**	**25,342**

The above investments are shown at market value where there is an active market for these shares. The historic cost of listed investments is £291,000 (2015: £291,000).

For details of the Company's subsidiaries at 31 December 2016, see note 17.

39. Debtors

	2016 £'000	2015 £'000
Due less than one year:		
Trade debtors	**106**	26
Corporation tax	**182**	75
Amounts owed by Group undertakings	**92,647**	104,060
Other debtors	**—**	27
Prepayments and accrued income	**22**	20
Due more than one year:		
Deferred tax (note 42)	**4,805**	4,140
	97,762	108,348

40. Creditors: Amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	**197**	188
Amounts owed to Group undertakings	**8,816**	9,712
Bank loan	**—**	69,497
Social security and other taxes	**52**	70
Other creditors	**167**	90
Accruals and deferred income	**773**	461
	10,005	80,018

41. Creditors: Amounts falling due after more than one year

	2016 £'000	2015 £'000
Bank loans	**69,343**	—

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.

42. Deferred taxation

The following potential deferred taxation asset is recognised:

	2016 £'000	2015 £'000
Potential capital losses	**2**	16
Fair value of financial instruments	**4,803**	4,124
	4,805	4,140

43. Called up share capital

	2016 £'000	2015 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
17,746,929 (2015: 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 2016, no ordinary shares were issued in the period (2015: 259,634 ordinary shares were issued as a consequence of the scrip dividend).

44. Other commitments

At 31 December 2016 the Company had total commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2016 £'000	2015 £'000
Expiry date:		
Less than one year	**11**	11

45. Related party transactions

The compensation of the Company'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 2016 included within creditors was, £nil (2015: £96,300) payable to G Perloff, £101,000 (2015: £7,000) payable to Harold Perloff, both close family members of a director.

At 31 December 2016 included within creditors was, £76,000 (2015: £25,000) owed to Maland Pension Fund a company sponsored pension scheme (for a director). This is a trading relationship as the balance owed was in relation to a jointly managed property were the interests were split and have been for many years. No contributions have been made by the company for over a decade and there are no plans to make any further contributions.

There were no further related party transactions during the period other than dividends paid to directors who hold ordinary shares in the Company.

46. Risk management

For information on the Company's risk management please refer to the Group Strategic Report section of the Group accounts.

47. Events after the reporting period date

In April 2017 the Company sold its entire holding in William Nash PLC, an unlisted property company, for £1,486,000, which was held at cost and shown at the yearend on the Parent Statement of Financial Position within Investments at a value of £627,000.

There were no other material events after the reporting date.

48. 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 2016 were authorised for issue by the Board of Directors on 25 April 2017 and the balance sheet 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 36.

Notice of Annual General Meeting

Notice is hereby given that the 83rd Annual General Meeting of Panther Securities P.L.C. will be held at Nexia Smith and Williamson, 25 Moorgate, London EC2R 6AY on 19 June 2017 at 11.30 a.m. for the following purposes:-

As Ordinary Business

1. To receive and adopt the Group Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2016 contained in the document entitled "Annual Report and Financial Statements 2016".

2. To authorise the payment of a final dividend of 9.0p per ordinary share.

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

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

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

As Special Business

To consider, and, if thought fit, pass the following resolutions of which resolutions 6, 8 and 9 will be proposed as ordinary resolutions and resolution 7 as a special resolution.

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

   6.1 the Directors be and are generally and unconditionally authorised to allot equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum aggregate nominal amount of £2,400,000 to such persons and at such times and on such terms as they think proper during the period expiring at the earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2017 (unless previously revoked or varied by the Company in general meeting) except that the Company may before such expiry make any offer or agreement which could or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if such authority had not expired; and

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

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

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

7.2 the allotment or sale (otherwise than pursuant to paragraph 7.1 above) of equity securities up to an aggregate nominal value not exceeding £221,836; and

7.3 the power granted by this resolution, unless renewed, shall expire at the earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2017 but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

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

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

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

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

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

The directors believe that the proposals in resolutions 1-8 are in the best interests of shareholders as a whole and they unanimously recommend that you vote in favour of these resolutions. In respect of resolution 9 the board makes no recommendation.

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

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

Dated: 25 April 2017

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 Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU ; or
   - a CREST Proxy Instruction (as set out in paragraph 5 below);

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

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

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

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

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

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

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

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

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

10. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders included in the register of members of the Company at close of business on 15 June 2017 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 after close of business on 15 June 2017, or, if the meeting is adjourned, in the register of members at close of business on the day which is two days before the day of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

11. As at 9.00 a.m. on 25 April 2017, the Company's issued share capital comprised 17,746,929 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 25 April 2017 is 17,746,929.

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

Explanatory Notes to the Notice of Annual General Meeting

The following notes provide an explanation as to why certain resolutions set out in the notice of the Annual General Meeting of the Company to be held on 19 June 2017 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 2016. 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 2016".

Resolutions 3 and 4 – Re-election of directors

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

Resolution 5 – Auditors' re-appointment and remuneration

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

Resolution 6 – Authority to the directors to allot shares

The Companies Act 2006 provides that the directors may only allot shares if authorised by shareholders to do so. Resolution 6 will, if passed, authorise the directors to allot shares and to grant rights to subscribe for, or convert securities into, shares up to a maximum nominal amount of £2,400,000, which represents an amount which is approximately equal to 55% of the issued ordinary share capital of the Company as at 25 April 2017 the latest practicable date prior to the publication of the notice.

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

The Companies Act 2006 requires that, if the Company issues new shares for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. It is proposed that the directors be authorised to issue shares for cash and/or sell shares from treasury up to an aggregate nominal amount of £221,836 (representing approximately 5% of the Company's issued ordinary share capital as at 25 April 2017, 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 5 is passed, this authority will expire at the same time as the authority to allot shares given pursuant to resolution 6.

Resolution 8 – Purchase of own shares by the Company

If passed, this resolution will grant the Company authority for a period of up to the end of the next annual general meeting to buy its own shares in the market. The resolution limits the number of shares that may be purchased to 5% of the Company's issued share capital as at 25 April 2017, the latest practicable date prior to the publication of the notice. The price per ordinary share that the Company may pay is set at a minimum amount (excluding expenses) of 25 pence per ordinary share and a maximum amount (excluding expenses) of 5% over the average of the previous five business days' middle market prices. The directors will only make purchases under this authority if they believe that to do so would result in increased earnings per share and would be in the interests of the shareholders generally.

Ten Year Review

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
			(restated)						(restated)	
Rental income	**12,983**	12,840	12,512	12,502	10,781	8,961	7,717	7,380	7,064	7,526
Revenue/turnover	**14,684**	14,443	14,832	14,319	12,673	11,940	10,085	9,251	9,296	9,516
(Loss) or profit before tax	**(1,948)**	8,470	4,377	8,155	(4,633)	(2,312)	6,401	2,953	(14,331)	9,089
(Loss) or earnings per ordinary share	**(5.5)p**	38.7p	26.8p	41.7p	(17.2)p	(5.1)p	34.8p	14.7p	(57.3)p	44.3p
Dividend per ordinary share*	**12.0p**	22.0p**	12.0p	12.0p	12.0p	12.0p	15.0p**	12.0p	12.0p	12.0p
Employment of finance:										
Non-current assets/Fixed assets	**178,600**	177,014	175,991	160,373	157,000	139,585	116,099	101,412	100,907	107,005
Current assets less current liabilities	**(1,437)**	(70,764)	(1,866)	(2,014)	1,893	9,017	(30,308)	21,123	21,808	16,532
Total assets less current liabilities	**177,163**	106,340	174,125	158,359	158,893	148,602	85,791	122,535	122,715	123,542
Financed by:										
Shareholders' funds (net assets of the group)	**72,279**	76,017	71,472	67,876	61,992	66,955	71,222	68,010	65,846	78,608
Long-term borrowings	**69,769**	591	71,058	68,760	68,857	60,252	1,325	43,970	42,500	35,011
Derivative financial liability	**28,250**	22,912	24,475	14,662	20,705	19,928	9,293	6,744	12,021	575
Deferred tax	**–**	100	–	–	–	151	2,648	2,670	2,290	9,321
Net assets attributable to ordinary shares per 25p ordinary share	**407p**	428p	409p	395p	367p	397p	422p	403p	390p	465p

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

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