Panther Securities P.L.C.
(“the Company” or “the Group”)

Final results for the year ended 31 December 2018

CHAIRMAN'S STATEMENT

I am pleased to be able to present our accounts for the year ended 31 December 2018 which show a profit before tax of £8,700,000 compared to £24,791,000 for the previous year. Both these figures were substantially affected by non-cash adjustments to our property portfolio valuation. Last year there was an uplift of £16,776,000 whilst this year there was a downward movement of £6,396,000 in the property portfolio valuation. There is no doubt that a degree of uncertainty has affected property values and the uncertainty created is due to the debacle in the retail environment whereby many household names have failed or attempted to restructure via CVAs (Company Voluntary Arrangements) and even some profitable companies are asking for rent reductions because of their anticipated loss of turnover and therefore profits.

This is mainly due to government neglecting to adjust property taxes in the light of retail shopping patterns. The 'goose that laid the golden eggs' for the government's spendthrift ways is now in intensive care whilst they are too preoccupied elsewhere, in a shambles of their own making, to care about addressing this issue.

However, our Group's good judgement or no doubt an element of good luck, has led to a more financially secure position than many property companies. How, you may ask? Our shareholders will know because I repeat myself until boredom sets in that we have a wide spread of properties throughout the country in many different locations, size and various types of property, quality of tenants, mainly occupied, with tenants who generally pay their rents. Our rents cover all our costs, predominately interest charges but also vacancy and management costs as well as excessive taxes.

Within our portfolio there are many of what I would call 'opportunity properties'. This is where a change of circumstances would attract a much bigger profit than would occur through the vicissitudes of the normal investment market, i.e. planning permission for change of use, new lettings, development, or special purchasers such as tenants/adjoining owners etc.

Over the last two years we have been successful in crystallising some of these situations. In the year ended 31 December 2017 as well as our usual business, we also exchanged contracts for a delayed sale on a Croydon residential upper part and also our Holloway Head site which was sold for approximately £11,000,000, with both finally completing in 2018.

There has been an unusual amount of activity with regard to sales in this accounting period. With all of the larger sales we have kept shareholders abreast with appropriate Stock Exchange announcements, but I mention them again later.

This year we sold nine small to medium sized properties, but more importantly, due to their size, where the angle (some may say an Angel!) of opportunity arose - Holloway Head, Birmingham, St Nicholas House, Sutton and Wimbledon Studios which had proceeds totalling about £37,000,000. Total net sales proceeds were £40,790,000 in 2018.

This was not theoretical valuations or contractual promises but actual cash received. These large sales were all well in excess of the latest independent valuations and considerably higher than their historic cost. This was achieved with the loss of only £1,400,000 per annum rent, i.e. less than 3.8% return, and thus the Group is now in a sounder financial position than ever previously.

The rents receivable during the year ended 31 December 2018 were £13,607,000 compared to £12,946,000 in the previous year and they are holding up well with the income from disposals being replaced by the income from some of our more recent acquisitions.

Disposals

Margate

In January 2018 we sold 34 Marine Terrace, Margate for £450,000, compared to book value of £250,000.

In February 2018, the following three properties were sold at auction. Stonehouse, Gloucester, 19 Queen Street, Ramsgate and High Street, Dudley.

Stonehouse - Gloucester

MRG Systems Ltd ("MRG") a former subsidiary, occupied our freehold office at The Mill at Stonehouse, Gloucester. This former mill of 15,000 sq ft had been let to MRG at £93,000 p.a. The letting assisted them in being independent before the employee and management buyout last year, which showed £900,000, a very good profit on original cost.

Ramsgate

19 Queen Street, Ramsgate, a freehold shop investment producing rental income of £12,000 p.a. sold for £147,000, a small profit on book value.

Dudley

High Street, Dudley, a large, freehold long term vacant shop and upper part in very poor condition held for development realised £276,000 which was considerably in excess of its previous book value.

Stockport

In March 2018 we sold Grove House, Stockport, a vacant freehold shop and office building, an investment we had held for many years during most of which time it had produced a good rental return for us. Despite the building being in good condition, a developer purchased it to convert to residential units. We received £900,000 which was well above the previous book value.

Croydon

In March 2018, after a long delay, we finally completed the sale of the vacant upper parts of 49/61 High Street, Croydon for £800,000, just above its book value, and leaves us with the ground floor let to Sainsbury's PLC and Princess Alice Hospice which produces circa £108,000 p.a. This property is in central Croydon's main shopping centre area.

Wimbledon Studios

In July 2018 we simultaneously exchanged and completed on the sale of our freehold investment in Wimbledon Studios in Deer Park Road, SW19 for £18,800,000. This was sold to a nominee of the Scottish Widows Property Authorised Contractual Scheme.

The studios were built in 1970 and provide internal accommodation of circa 140,000 square foot over circa 4.5 acres. It has a long history as studios and many household name productions took place there, including 'The Bill' for over 30 years, 'The Iron Lady', 'I'm a celebrity…get me out of here', and several popular music videos. This property had a book value of £13,550,000 as at 31 December 2017 and was originally purchased vacant, including stock, equipment and fixed assets for circa £4,750,000 (plus stamp duty) in September 2010.

Being an entrepreneurial organisation the Group initially attempted to run its own film studio in this property. Although well run by an enthusiastic management team, the cut throat competition and constant need for investment in improved technological equipment in the industry made it unviable thus it was not a successful venture.

We quickly found new tenants, Marjan Television Network Ltd, who took occupation in November 2014 at a rent of £1,050,000 p.a. We spent about £1,000,000 upgrading the property, mainly on the roof, and the tenants spent a significant amount on internal works and equipment

bringing it up to a state of the art, modern functioning television and film studio for satellite broadcasting to foreign countries.

This was a very interesting and ultimately rewarding transaction.

Holloway Head, Birmingham

Despite exchanging contracts for sale in June 2017, the completion of the sale of the Group's development site in Holloway Head, Birmingham was finally completed on 31 August 2018, which was considerably after the initial agreed completion date.

A payment of £850,000 was received in 2017 but due to the uncertain nature of the transaction the full anticipated (non-received) proceeds were not included in the 2017 accounts. A £400,000 additional deposit was received in May 2018, a third deposit of £500,000 was received in August 2018 and finally we received £9,520,000 on 31 August 2018 giving us a total received for the site of £11,270,000.

Sale of St Nicholas House, Sutton

In April 2018 we exchanged contracts to sell the joint freehold/long leasehold interest in St Nicholas House and it was completed on 7 September 2018. Surrey Motors Limited, formed in 1919, has a long and interesting history, and was acquired by us in 1987 and is a wholly owned subsidiary of Panther Securities PLC. Its sole asset was the freehold of St Nicholas House, Sutton, a building of approximately 140,000 sq ft gross accommodation. The basement and ground floor are used for retail/ancillary storage and parking. The nine upper floors are offices.

The building was originally constructed in the early 1960s with the offices pre let to the Crown Agents (a quasi-government organisation), who originally took a 99 year lease at a ground rent which had proportionate rental reviews every 21 years. This lease had an option to extend for 25 years (on the same terms), but ignoring the option it had approximately 44 years unexpired at a low ground rent and thus our tenant's lease had significant value.

Towards the middle of 2016 the Crown Agents approached us indicating that they wanted to vacate and dispose of their interest in the building. It was agreed that the Company and the Crown Agents should offer for sale our joint interests which would enable the freehold of the site to be offered with vacant possession at an early date, giving the property/site development possibilities and thus an increased 'marriage' value.

After a marketing campaign by the agents, Carter Jonas, a number of offers were received and in April 2018 the Company exchanged contracts to sell the joint freehold/long leasehold interest to Saint Nicholas House Ltd, a newly formed company, with a delayed completion of three months. The total consideration receivable for the joint freehold/long leasehold interest in St Nicholas House was £12,750,000. Our share of the gross sale price proceeds amounts to approximately £7,837,500, compared to its December 2017 book figure of £5,540,000.

Following completion, the Company no longer receives the £320,000 p.a. rental income on this investment property.

Ramsgate (Developments)

In July 2018 we submitted 81, 83 and 85 High Street, Ramsgate for sale by auction. This property, which we had owned for many years, was a cleared site on which we had received planning permission for 14 flats. The sale achieved £286,000 which I considered to be at the lower end of expectations, but as this site had been troublesome and occupied an enormous amount of management time, it was felt that a local developer may be better dealing with the matter.

The adjoining property, 79 High Street, Ramsgate, a four storey building in need of refurbishment and with permission for conversion to a number of units failed to sell at the same auction but was sold post auction at £180,000 a few months later which was only slightly less than the reserve price. This unit made a good profit on cost.

Mutley Plain, Plymouth
This freehold property had been purchased as an investment some years ago but the retail position declined substantially and after the tenant vacated, it was vacant for a few years and thus was sold in November 2018 for £175,000 which I am sad to say was a loss of £43,000 on book value.

Acquisitions

Palmers Department Stores, Great Yarmouth & Lowestoft
In November 2018 we purchased the freeholds of two department stores and leased them back to Palmers Limited, who have been trading from them, or in the local area, for over 100 years.

Great Yarmouth
This store is situated in the main shopping square and contains about 57,000 sq ft of useable space. It also owns about 90 spaces, being half of the council run car park immediately behind the store, from which it derives a substantial income.

The store is based at 37-39 Market Place, Great Yarmouth. This was purchased at a cost of £1,500,000 (excluding acquisition costs, stamp duty and legal costs) and was subject to a leaseback at £132,500 p.a.

Lowestoft
The store is based at 66-76 (even numbers) London Road North, Lowestoft. This was purchased at a cost of £850,000 (excluding acquisition costs, stamp duty and legal costs) and is subject to a leaseback at £75,000 p.a. This property contains about 19,000 sq ft located in the prime pedestrianised shopping position in the town, with many well-known multiple traders adjoining and nearby.

Both the Lowestoft and Great Yarmouth properties are let on three year leases with a tenant's option for a further three years at a revised rent. These were both family owned department stores that have been trading in the area for over 100 years.

The properties meet the Group's criteria in that there is good short-term income and substantial property value, and we feel that in the medium to long-term we can realise strong growth, if necessary, via potential alternative uses.

Since we completed our purchases, JE Beale PLC a 100% subsidiary of Beales Ltd (both referred to as "Beales") have taken assignment on both leases. Beales were previously in discussions with Palmers, but broke off discussions when the current management buyout of Beales was being arranged and picked up these discussions again at a later stage and completed the assignment.

We believe that the assignment is beneficial for the Panther Group as we obtained better security in that we retained Palmers liability and in addition have the added protection of Beales. There is also a possibility that Beales will aim to trade from these premises for longer than the existing lease term. Included in the Progress Report below is an update on Beales.

Debenhams Store, Dumfries
On 30 November 2018, we completed the purchase of a freehold leased to Debenhams in Dumfries for £1,100,000. The property is relatively modern and contains 46,000 sq ft, with

15,000 sq ft of this being on the ground floor in a prime pedestrianised position. The rental income is £350,000 pa with a lease that expires in 2037 with no breaks.

Given Debenhams have gone into pre-pack administration and if they were to vacate we believe we could divide up the property relatively easily and re-let, and still receive a high yield.

Progress Report

Beales Ltd

Beales Ltd ("Beales") was previously owned by Portnard Ltd, which owns 47% of Panther Securities PLC. In October 2018, Beales was sold to its management and now has additional backing from a private equity house. This did not change the trading or commercial relationship between Beales and the Panther Group.

Beales had circa £1 million of rental arrears with our group, mainly relating to its company voluntary arrangement (CVA) period, which it had not managed to catch up on.

Subsequently we agreed with the new owners a strategy for Beales to deal with the arrears by April 2019, after incorporating a discount on these historic arrears. The 2018 year end rental arrears provision covers the loss that we have taken on the discount.

Since the management takeover and refinancing we have received significant amounts towards the arrears. Accordingly, they have qualified for the agreed discount (a lot of this was received post year end).

Maldon

In our interim accounts we stated that we had agreed a substantial letting on our industrial building in Maldon. We completed a three year lease at a rental of £650,000 p.a. from November 2018, and still have some vacant space available which has the potential to yield further rent when let.

As a reminder, we refurbished this unit with the surrender payments for dilapidations, which included carrying out roof works for £315,000. In total we have spent circa £600,000 on this property since our tenant vacated. This property was previously let for £500,000 p.a., and we received £1,950,000 to accept a surrender in March 2017 *in lieu* of dilapidations and loss of future rental.

This is useful additional income following our recent disposals.

Swindon

Following discussions with the Council, we have literally gone back to the drawing board and our architects are currently redesigning the scheme to produce a building of only seven or eight storeys in height with lower building costs. The Council has also agreed in principle to adjust some of their requirements so that the smaller scheme with only 50/60 flats plus four or five retail/restaurant units on the ground floor will not only be an attractive visual asset to the community but also now viable.

Finance

In July 2018 we paid down our revolving facility loan of £15,000,000, which can be redrawn.

At the date of signing these accounts we had circa £15,500,000 (see Consolidated Statement of Financial Positions for details as some of the cash is restricted to property purchases) in the bank as well as £15,000,000 that can be redrawn as above. We still have written into our facility agreement a possible £10,000,000 loan extension which requires credit approval.

Some of the above funds will be utilised to pay corporation tax, VAT and for other working capital purposes. Even after these costs and cash requirements we presently have circa £42,000,000 of funds available for investment opportunities.

One of our current interest rate swaps ends in 2021. We entered into a further swap on £25,000,000 nominal value, which commences in 2021, and will result in Panther having an interest rate saving of £625,000 p.a. in loan interest costs, compared to our current financing structure. This swap has a 10 year term.

Dividends
The Directors are recommending a final dividend for the year ended 31 December 2018 of 6p per share. This will be payable on 5 September 2019 to shareholders on the register at the close of business on 9 August 2019 (ex-dividend on 8 August 2019).

The Group has made unprecedented returns over the last two calendar years and we are pleased to have shared this with our shareholders being 27p per share (6p final dividend recommended above, 15p special and 6p interim) for the year ended 31 December 2018 and 22p per share (7p final, 10p special and 5p interim) for the year ended 31 December 2017.

Future Prospects
We had a very good trading year ended 31 December 2018. I expect our prospects for the near future will be positive, but growing our rental income will be more difficult than in the past but we have the potential to add value to our portfolio.

Finally I would like to thank our small but dedicated team of staff, growing team of financial advisers, legal advisers, agents and accountants for all their hard work during the past year, which has been extremely busy and even more demanding than usual. Special thanks are also extended to our tenants, especially the retail traders, most of whom pay their rents and excessively high and unfair business rates.

Andrew S Perloff
CHAIRMAN

30 April 2019

CHAIRMAN’S RAMBLINGS

Many years ago when I was an office boy at a West End estate agent, one of my daily duties was the filing of Extel cards. These cards contained information on all quoted companies and having little else to do I studied them with the zeal of a Talmudic scholar. Within about six months I was aware of much information on all of these companies.

Through a friend who worked at a stockbroker’s office, I started buying penny shares - £25 worth of Burma Mines at 6d a share or £50 of British Tar Products at 1/3d a share. Despite my newly acquired/extensive knowledge, I chose my shares either by an appealing name or low share price - I then bought them (by ordering on the phone) and was sent a buying contract which I would settle within a couple of weeks.

Oh! How times have changed! Nowadays, before I can buy shares, my broker (whom I have dealt with for over 40 years) has to have a plethora of regularly reviewed information about me/the company and my buying order has to have the money in their account before I can make the purchase. This is what they call progress!

As time went on my purchases became larger and I became interested who other larger co-investing shareholders might be. I began to visit Companies House in City Road where, for a small fee, the file on any particular company could be obtained. A veritable wealth of information could be found here.

In the ensuing years most companies began to employ registrars who retained the information on shareholders and ownership changes etc. These details could be requested and would usually arrive with a small fee statement.

Progress continued unabated and it is now possible to receive information by email. The speed and convenience of this is however offset by the forms that must be completed before the information is forthcoming requesting why you want the information and of course a much higher fee must be paid before anything can be dispatched.

To illustrate this point, I contacted Panther Securities’ registrar who had been used by us for well over 40 years, such a long relationship counted for nothing as their forms had to be completed and the bill paid before we could receive the documents on any new company I was interested in.

THUS NO TRUST

Our registrars have merged and been taken over several times during our long relationship but I do not recall once writing to the Directors’ for their passport details or utility bills!

Banks must constantly update our personal and financial information despite lengthy relationships. The provenance of large deposits are questioned, cheques bounced for the most minor reasons and usually by someone on the opposite side of the world.

We are faced with the same situation with solicitors, auction houses and organisations that we have had long relationships with over many, many years. They are forced to go through these procedures due to bureaucratic humbug and stupidity.

Recently, my wife noticed a credit card was missing and assumed it had been mislaid. Nevertheless, it was reported as probably misplaced but in the meantime we asked if a watch could be put into place to flag up any unusual use. When the card didn't reappear it was reported accordingly so a replacement could be issued. We were then told that it had been used on a gambling website in Bucharest, Romania. All bets were for comparatively small sums but it had been used 36 times! My wife has never placed a bet in her life let alone online, the card being mainly used for groceries, so even a one chip Romanian computer should have seen how suspicious this usage was and suspended the card account.

THUS NO COMPETENCE

It would seem that greater technological advances often create greater opportunities for criminals and thus I often long for bygone times.

TRUSTING TRADER!

After our successful takeover in 1972 of Levers Optical Company (now Panther Securities PLC), I was summoned to the Stock Exchange Building by the Takeover Panel. Rather troubled by this I, together with my solicitor and brokers to the offer, met with the Takeover Panel who consisted of eight or nine officials situated on the 25th floor.

It soon became apparent that they were concerned with insider dealing. It appeared that a resident of Glasgow, possibly an optician whose name ended in Stein, Berg or McCohen had bought 500 shares just before our Bid Announcement. For a company that had few stock market dealings it appeared suspicious to them.

I was extensively interrogated but questions were easily dealt with as I had never been to Glasgow or indeed Scotland, knew no one from the region except one board member to whom I suggested they talk, even though he was unaware of our intentions.

The inquisition ended amicably enough but I wondered why so much effort had been put into such a minor matter which had resulted in a mere £250 profit for someone.

Leaving the Stock Exchange Building, which adjoined the Bank of England building and also the Royal Exchange, I wandered around the area, eventually coming across an old fashioned jewellery shop in the perimeter of the Royal Exchange. Feeling happy with my exoneration and with Christmas looming, I entered the shop to ask about two items that had caught my eye. I had got married a few months before and was interested in buying a Christmas present for my new wife.

The proprietor was very helpful, describing the pieces in detail, one an 18 carat gold bracelet laced with rubies and the second a gold necklace and earrings set with amethysts in the original Victorian case, and told me each was £200. I thought my then wife would be happy with either item but my dilemma, I explained to the owner, was that I couldn't make up my mind. He smiled understandingly and told me to take both and let her choose. I could return one item when a decision had been reached along with a cheque for the other. I was astonished! I had no cheque book or even enough cash for a small deposit. I was, however, delighted to take up

his suggestion and he wrapped them beautifully adding that he hoped she would like one of them. We exchanged business cards and I left. As simply as that!

My wife's eyes lit up when I showed her. She declared they were magnificent and loved them both. I was young and slightly naïve but despite my pleasant surprise at her response, a cheque for £400 was duly sent to the jeweller who had trusted an unknown young man who had walked in from the street. Maybe the old man was wise enough to know what was likely to happen but in any event he was doubly repaid by his **TRUST** in me.

Time moves on and in 1984 I came across a small ad in the Financial Times for the sale of a controlling shareholding in a small public company. Shell companies had special attractions at that time. When I received the details it appeared that the vendor had rescued the company from receivership and wanted to capitalize on his efforts. The company, A Brown & Sons, had been formed in 1860 and was a pioneer of printing, specializing in books for the many new schools that were being created in late Victorian time after the first Education Act. In 1928 the company built a large state of the art printing factory in Hull and what now remained of the freehold estate was its major asset together with another freehold of a former large manor house called Great Stukeley Manor. This property, located near Huntingdon, was now divided into eight flats and a club on the ground floor.

The manor house was very imposing and stood in about four acres. Only the top floor was occupied by a controlled tenant – the other flats and premises being in poor but reparable condition.

During our inspection with the vendor I thought it would be advisable to see the top floor flat as it would give us some idea of the condition of the roof. He informed us that the tenant was however likely to be out and when I asked about his relationship with the tenant I was emphatically told "Oh yes, we have an excellent relationship".

We reached the top floor and I knocked tentatively on the door to see if the tenant was indeed at home. Through the closed door I heard movement then a voice shouted clearly and loudly "**** ORF!!! You're not coming in here and that ******** of a landlord knows why"!!! We left all agreeing that there was some work to do to improve that landlord and tenant relationship.

Nevertheless, we agreed a price for the shares and arranged for the vendor to visit our office to complete the deal. The remaining 150 or so shareholders shortly afterwards received an offer from our solicitor for their shares at the same price we had paid per share.

We subsequently visited the freehold factory in Hull. Having seen the deeds we knew that about half of the original factory had been sold off but the remainder was providing its income on makeshift agreements.

The factory had been divided up in an extremely amateurish manner, obviously by the vendor, and I, who was considered by all who knew me as being the second worst DIY workman in the world (Malcolm Bloch being the worst), was relegated by one position.

The partitions, where they existed, were made of hardboard, orange box wood, sometimes nailed together but also stuck with tape, many of which did not even reach the ceiling. Other divisions were marked by chalk lines on the floor. Wires and plugs were attached with sticky tape and the fuse boards dated from 1928. Old machinery was scattered throughout, some of which was still in use by the tenants. It was the building that time and health & safety forgot but rents were cheap, no one told us to "**** ORF" (which was nice) and we were asked pleasantly if some of the leaks in the roof could be fixed.

The dire condition of the building had been factored into our purchase price and no value was placed on the shell company for its potential utilization.

After being appointed to the board we soon arranged a £500,000 bank facility for investment and trading purposes. The business did so well over the following two or three years that we were approached by a business friend with an offer to buy 29.9% (the maximum you could buy without making an outright expensive bid for the entire company) but who also wanted to have management control.

We had first come across this friend nearly 20 years earlier when we sold him a freehold vacant triple shop and upper part in Atlantic Road, Brixton for £25,000 which we had only recently purchased for £15,000. We were delighted with this quick sale and he was even more delighted when about six months later he sold it at auction for £50,000. He then became our friend for the rest of his life, discussing possible deals, purchases and sales with us on a regular basis. He was an extremely pleasant and entrepreneurial type of dealer, often working in different ways from most property dealers/developers.

We discussed the properties A Brown owned, and agreed values with him and converted this into a price per share, which was by now quoted by Harvard Securities on their recently created and successful securities exchange.

Without going into great detail he told us what he intended to do and agreed to buy 29.9% of the total equity. We agreed to retain about 25% of equity and let him have full board control and stay invested for any uplift in the share price he generated.

Shortly after this, he came to our office with a bank draft made out to us for about £300,000. We prepared all the paperwork to transfer the 29.9% shareholding and then realised the shares had been kept securely in a bank vault and we would need at least a few days to retrieve them. He then left us to pay in the bank draft with only our verbal promise that we would deliver the share certificates to him as soon as possible.

This showed an AMAZING DEGREE OF TRUST!

We were happy to retain a big shareholding and let him loose on the company as the 30% cash sale was double our original total investment cost and any extra share sales at a later date would produce pure profits.

There is much more to the saga of A Brown but the essence of this story is **TRUST**.

Our friend trusted us to do what we promised and we trusted him to do well.

During my long career there have been many times I have agreed a deal with a simple handshake showing mutual **TRUST.**

TRUST IS VITAL IN ALL ASPECTS OF LIFE.

Politics especially so:-

Tim Farron, although a Liberal Democrat (most policies of which I do not support), is however a hardworking and dedicated Constituency MP, who of late has been remorseless in chasing Ministers about the unfairness of the retail business taxes that affect his large but much rural constituency. He recently asked Jake Berry MP (the Parliamentary Under Secretary of State for the Northern Powerhouse & Local Growth - I often believe the bigger the title the more useless is the incumbent). However, the question was:-

> *"The Government's plans for a puny 2% digital tax on mega online firms that avoid paying their fair share is an insult to shops on the high street in towns such as*

Grange, Windermere and Kendal. Will he support higher taxes on tax dodgers, which would raise enough money to slash business rates for our town centres and help to save our high streets?"

The answer received was:-

"The government have been clear that online taxation in retail needs to be done as part of an international agreement, but we have also been clear that, if we cannot get such an agreement, we will come forward with our own 2% tax on online retail to ensure that we can continue, as we did in the last Budget, to give relief to those retailing on our high streets. This year, we have already slashed a third off the business rates of shops with a rateable value of under £51,000."

I did not believe that to be the correct answer and checked with our rating expert. I was, of course, correct in my fears. There were so many exceptions on uses allowed etc that although substantially correct if the use of the word "shops" is taken in its literal legal sense. But there are hundreds of exceptions and, in particular, vacant shops (i.e., an attack on landlords who have lost their tenant, probably because of the policy of excessive property taxation).

I instantly realised this must be a solicitor's answer so I researched further which proved Jake Berry was a former solicitor, one of about 118 solicitors in the House of Commons, about 18% of the MPs as there are about 120,000 qualified lawyers in the whole country, about 0.002% of the population they are thus grossly over-represented in our legislatory organisation, about 900 times.

There is thus an overwhelming reason to make complicated laws that only the legal profession can understand thus they bring in new laws that obviously benefit their profession hugely, i.e., contingent compensation liability claims, encouraging people to make claims, many of which are either patently false or obviously exaggerated. They also create huge areas of potential claim, by way of new deliberately complicated laws – in total only the lawyers' benefit.

Shakespeare's play, Henry VI part 2, which I believe was about the uprising of Henry VI – has a famous line spoken by one of the uprising– not surprisingly Dick the Butcher, i.e., a trader "The first thing we do, let's kill all the lawyers", this said in the context of making the country a better place for all the population to live in. Thus my thoughts are not new, in fact over 400 years old.

Perhaps half of the legal MPs should retire so that we can have some butchers, bakers, builders, department store owners, manufacturers, farmers and bankers who actually understand how the country works.

As usual I have rambled on a bit but the main point is that solicitors are able, by careful choice of words, to disseminate in a way to obscure and confuse the true effect on the population of their laws and policies. It takes a long time for this to be understood by the general population who then simplify the previous presentations and just call it lies.

Currently most people do not TRUST the politicians or their statements and thus take little notice of their promises and announced expectations and form opinions from what they experience in their lives experienced outside of the Westminster bubble.

How nice it would be if we had politicians who we could trust!

Yours

Andrew S Perloff
CHAIRMAN

30 April 2019

GROUP STRATEGIC REPORT

About the Group

Panther Securities PLC ("the Company" or "the Group") is a property investment company quoted on the AIM market (AIM). Prior to 31 December 2013 the Company was fully listed and included in the FTSE fledgling index. It was first fully listed as a public company in 1934. The Group owns and manages over 850 individual property units within approximately 145 separately designated buildings over the mainland United Kingdom. The Group specialises in property investing and managing of good secondary retail, industrial units and offices, and also owns and manages many residential flats in several town centre locations.

Strategic objective

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

Progress indicators

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

Key Ratios and measures

	2018****	2017	2016	2015
Gross Profit Margin (gross profit/ turnover)	71%	71%	77%	73%
Gearing (debt*/(debt* + equity))	39%	45%	49%	48%
Interest Cover**	4.17 times	2.37 times	1.66 times	1.65 times
Finance cost rate (finance costs/ average borrowings for the year)	6.6%	6.4%	6.6%	6.6%
Yield (rents investment properties/ average market value investment properties)	7.7%	7.1%	7.7%	7.5%
Net assets value per share	532p	516p	407p	428p
Earnings/ (loss) per share – continuing	39.9p	120.2p	(5.5)p	38.7p
Dividend per share	27.0p***	22.0p***	12.0p	22p***
Investment property acquisitions	£3.9m	£8.9m	£5.0m	£2.2m
Investment property disposal proceeds	£40.8m	£2.2m	£5.8m	£4.0m

* 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 15p (2017:10p) per share special dividend
**** IFRS 9 and 15 have only been reflected in 2018 and the prior year figure not restated.

Business Review

2018 has been one of the most successful years for the Group for disposals, generating £40.8m proceeds and £11.8m of profit or being 40% above book value. With the additional funds, the Group chose to de-gear (this facility can be re-drawn) as well as pay a large special dividend. The Group also reinvested some of the proceeds, £2m into equities (which are relatively liquid) and purchased £3.9m of investment properties.

Even with the disposals, including Wimbledon with the loss of £1.05m annual rents, we expect our rental income to be slightly higher in 2019 (than 2018) due to acquisitions late in 2018 (where we haven't seen a full years benefit) and due to a significant letting in Maldon (circa £0.65m pa) at the year end.

The Income Statement also shows lower 'other income', mainly due to the large surrender premium on Maldon in the prior year (not spent on refurbishing the unit) of circa £1.4m and also a large £0.4m fee to extend our Birmingham completion date (not repeated).

The administration costs and costs of sales have crept up as we see more costs associated with running the portfolio, in particular there are heavier costs on our recent shopping centre acquisitions compared to the disposals, such as St Nicholas House and Wimbledon which had little costs of management associated with them. We have also seen an increase in bad debt charge in the year due to the worsening of the market – our charge was 5.8% of turnover compared to 4.1% in the prior year.

The Group recognised a loss in value following the directors' year end valuation, showing a reduction in value of £6.4m (compared to a £16.8 million uplift in 2017 following an external valuation).

The interest rate swaps also recovered helping the overall profitability for the year by £0.9m (2017: improvement of £1.85m). This improvement is after taking account of our new financial derivative which is currently sitting at a mark to market loss (as expected).

Going forward

At the end of 2017 we stated that "we are looking to sell properties where we can achieve a high return or they are non-core to save up a "cash pile", as we expect uncertain times in the near to medium term and as an entrepreneurial company expect to fair well." This is exactly what we did and we are incredibly pleased that we have put ourselves into such a strong position heading into more uncertain economic times. The outcome exceeded our expectations.

With our existing finance and cash funds we would be disappointed if we did not pick up a few good investments in 2019, however these have to be carefully selected as a lot of the risks perceived by the average property investor are real.

Even though there are uncertainties going forward which may affect property prices in the short term, we are protected by our portfolio's diversity, experienced management team, ability to adapt and by having access to funds to benefit from opportunities.

Financing

The Group had previously entered into a £75 million club loan facility (£60 million term and £15 million revolving), which was renewed on 19 April 2016 with a five year term. As mentioned earlier we de-geared, by repaying £15m of our facility that can be redrawn. We also had at the year-end £20m of cash funds (£14.44m restricted to property purchases). The loan was also drafted with the option of increasing our facilities by a further £10 million (subject to banks' approval), which may be useful if an exceptional deal came our way.

At the Statement of Financial Position date the Group had £20m of cash funds, £15m available facility and a further £10m included in our loan agreement but requiring credit approval.

The Group has not offered a 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 an improvement (of a non-cash nature) in our long term liability on derivative financial instruments of £0.89 m (2017: £1.85m fair value gain). Following this gain the total derivative financial liability on our Consolidated Statement of Financial Position is £25.5m (2017: £26.4m).

These financial instruments (shown in note 28 of our statutory accounts) are interest rate swaps that were entered into to remove the cash flow risk of interest rates increasing by fixing our

interest costs. We have seen that in uncertain economic times there can be large swings in the accounting valuations. Small movements in the expectation of future interest rates can have a significant impact on their fair value; this is partly due to their long dated nature.

These contracts were entered into in 2008 when long term interest rates were significantly higher. In a hypothetical world if we could fix our interest at current rates and term we would have much lower interest costs. Of course we cannot undo these contracts that were entered into historically, without a significant financial cost, but for accounting purposes these financial instruments are compared to current market rates, with the additional liability compared to the market rates, as shown on our Statement of Financial Position.

In 2018 the Company entered into a new 10 year fixed interest rate swap agreement, with a £25,000,000 nominal value which commences on 1 December 2021. The swap's interest rate is 2.131% which will come into existence when the Company's current £25,000,000 swap with a rate of 4.63% ends, resulting in an annual saving of circa £625,000.

By entering this transaction, the Company will have certainty that its interest costs from December 2021 will be significantly lower compared to its current costs.

Financial Risk Management

The Company and Group operations expose it to a variety of financial risks, the main two being the effects of changes in credit risk of tenants and interest rate movement exposure on borrowings. The Company and Group have in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company and Group by monitoring and managing levels of debt finance and the related finance costs. The Company and Group also use interest rate swaps to protect against adverse interest rate movements with no hedge accounting applied. Mark-to-market valuations on our financial instruments have been erratic due to current low market interest rates and due to their long term nature. These large mark-to-market movements are shown within the Income Statement.

However, the actual cash outlay effect is nil when considered alongside the term loan, as the instruments have been used to fix the risk of further cash outlays due to interest rate rises or can be considered as a method of locking in returns (difference between rent yield and interest paid at a fixed rate).

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

Credit risk

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

Exposure is reduced significantly due to the Group having a large spread of tenants who operate in different industries.

Price risk

The Company and Group are exposed to price risk due to normal inflationary increases in the purchase price of the goods and services it purchases in the UK. The exposure of the Company and Group to inflation is low due to the low cost base of the Group and natural hedge we have from owning "real" assets. Price risk on income is protected by the rent review clauses contained within our tenancy agreements and often secured by medium or long-term leases.

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

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

Principal risks and uncertainties of the Group
The successful management of risk is something the Board takes very seriously as it is essential for the Group to achieve long-term growth in rental income, profitability and value. The Group invests in long term assets and seeks a suitable balance between minimising or avoiding risk and gaining from strategic opportunities.

The Group's principal risks and uncertainties are all very much connected as market strength will affect property values, as well as rental terms and the Group's finance, or term loan, whose security is derived primarily from the property assets of the business. The financial health of the Group is checked against covenants that measure the value of the property, as a proportion of the loan, as well as income tests. The two measures of the Group's finances are to check if the Group can support the interest costs (income tests) and also the ability to repay (valuation covenants).

The Group has a successful strategy to deal with these risks, primarily its long lasting business model and strong management. This meant the business had little or no issues during the 2008 financial crisis, which some commentators say was the worst financial crisis since the Great Depression of the 1930s.

Market risk
If we want to buy, sell or let properties there is a market that governs the prices or rents achieved. A property company can get caught out if it borrows too heavily on property at the wrong time in the market, affecting its loan covenants. If loan covenants are broken, the Company may have to sell properties at non-optimum times (or worse) which could decrease shareholder value. Property markets are very cyclical and we in effect have three strategies to deal with or mitigate the risk, but also take advantage of this opportunity:
1) Strong, experienced management means when the market is strong we look to dispose of assets and when it is weak we try and source bargains i.e. an emergent strategy also called an entrepreneurial approach.
2) The Group has a diversified property portfolio, and maintains a spread of sectors over, retail, industrial, office and residential. The other diversification is having a spread regionally, of the different classes of property over the UK. Often in a cycle not all sectors or locations are affected evenly, meaning that one or more sectors could be performing stronger, maybe even booming, whilst others are struggling. The strong investment sectors provide the Group with opportunities that can be used to support slower sectors through sales or income.
3) We invest in good secondary property, which tends to be lower value/cost, meaning we can be better diversified than is possible with the equivalent funds invested in prime property. There are not many property companies of our size who have over 850 individual units over 145 buildings/ locations. Secondary property also, very importantly, is much higher yielding which generally means the investment generates better interest cover and its value is less sensitive to market changes in rent or loss of tenants.

Property risk
As mentioned above we invest in most sectors in the market to assist with diversification. Many commentators consider the retail sector to be in period of severe flux, considerably affected by changing consumer habits such as internet shopping as well as a preference for experiences over products. Of the Group's investment portfolio, retail makes up the largest sector being circa 60 to 65% by income generation. However the retail sector is affected to lesser degrees in what we would describe as neighbourhood parades, as opposed to traditional shopping high streets. The large part of our retail portfolio is in these neighbourhood parades, meaning we are less affected by consumer habits and even benefit from some of the changes. Neighbourhood parades provide more leisure, services and convenience retail.

For example we have undertaken a few lettings to local or smaller store formats, to big supermarket chains, which would not have taken place many years ago. Block policy is another key mitigating force within our property risks. Block policy means we tend to buy a block rather than one off properties, giving us more scope to change or get substantial planning if our type of asset is no longer lettable. The obvious example is turning redundant regional offices into residential. Also by having a row of shops, we can increase or reduce the size of retail units to meet the current requirements of retailers.

Finance risk
The final principal risk, which ties together the other principal risks and uncertainties, is that if there are severe adverse market or property risks then these will ultimately affect our financing, making our lender either force the Group to sell assets at non-optimal times, or take possession of the Group's assets. We describe the above factors in terms of management, business model and diversification to help mitigate against property and market risks which as a consequence mitigate our finance risk.

The main mitigating factor is to maintain conservative levels of borrowing, or headroom to absorb downward movements in either valuation or income cover. The other key mitigating factor, is to maintain strong, honest and open relationships with our lenders, and good relationships with their key competitors. This means that if issues arise, there will be enough goodwill for the Group to stay in control and for the issues to resolve themselves, and hopefully save the situation. As a Group we also hold uncharged properties and cash resources, which can be used to rectify any breaches of covenants.

Given the size of the Company and Group, the Directors have not delegated the responsibility of monitoring financial risk management and the effectiveness of the Company's risk management and related control systems to a sub-committee of the Board.

Other non-financial risks

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

Risk	**Impact**	**Action taken to mitigate**
Reputation	Ability to raise capital/ deal flow reduced	Act honourably, invest well and be prudent.
Regulatory changes	Transactional and holding costs increase	Seek high returns to cover additional costs. Lobby Government -"Ramblings". Use advisers when necessary.
People related issues	Loss of key employees/ low morale/ inadequate skills	Maintain market level remuneration packages, flexible working and training. Strong succession planning and recruitment. Suitable working environment.
Computer failure	Loss of data, debtor history	External IT consultants, backups, offsite copies. Latest virus and internet software.
Asset management	Wrong asset mix, asset illiquidity, hold cash	Draw on wealth of experience to ensure balance between income producing and development opportunities. Continued spread of tenancies and geographical location. Prepare business for the economic cycles.

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

30 April 2019

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2018

	Notes	31 December 2018	31 December 2017
		£'000	£'000
Revenue		13,607	12,946
Cost of sales		(3,947)	(3,779)
Gross profit		9,660	9,167
Other income		457	1,905
Administrative expenses		(1,819)	(1,568)
Bad debt expense		(796)	(537)
Operating profit		7,502	8,967
Profit on disposal of investment properties		11,750	1,071
Movement in fair value of investment properties	4	(6,396)	16,776
		12,856	26,814
Finance costs – bank loan interest		(2,526)	(2,302)
Finance costs – swap interest		(2,533)	(2,726)
Investment income		24	27
Loss on disposal of fixed assets		(41)	-
Profit realised on the profit on the disposal of available for sale investments		-	1,128
Profit realised on the disposal of investments		34	-
Fair value gain on derivative financial liabilities	5	886	1,850
Profit before income tax		8,700	24,791
Income tax expense		(1,653)	(3,490)
Profit for the year		7,047	21,301
Loss for the period from discontinued operations		-	(59)
Profit for the year		7,047	21,242
Discontinued operations attributable to:			
Equity holders of the parent		-	(52)
Non-controlling interest		-	(7)
Loss for the year		-	(59)
Continuing operations attributable to:			
Equity holders of the parent		7,047	21,301
Profit for the year		7,047	21,301
Earnings per share			
Basic and diluted – continuing operations	3	39.9p	120.2p
Basic and diluted – discontinued operations	3	-	(0.3p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	31 December 2018 £'000	31 December 2017 £'000
Profit for the year	7,047	21,242
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Movement in fair value of available for sale investments taken to equity	-	279
Realised fair value on disposal of available for sale investments previously taken to equity	-	(269)
Deferred tax relating to movement in fair value of available for sale investments taken to equity	-	(53)
Realised tax relating to disposal of investments previously taken to equity	-	51
Items that will not be reclassified subsequently to profit or loss		
Movement in fair value of investments taken to equity	(197)	-
Deferred tax relating to movement in fair value of investments taken to equity	34	-
Other comprehensive (loss)/ income for the year, net of tax	(163)	8
Total comprehensive income for the year	6,884	21,250
Attributable to:		
Equity holders of the parent	6,884	21,257
Non-controlling interest	-	(7)
	6,884	21,250

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Company number 00293147
As at 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
ASSETS			
Non-current assets			
Plant and equipment		-	54
Investment properties	4	170,236	201,825
Deferred tax asset		1,811	-
Investments		1,850	17
		173,897	201,896
Current assets			
Stock properties		448	448
Trade and other receivables		4,896	3,677
Cash and cash equivalents (restricted)		14,436	-
Cash and cash equivalents		5,614	5,941
		25,394	10,066
Total assets		199,291	211,962
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		4,437	4,437
Share premium account		5,491	5,491
Treasury shares		(213)	(213)
Capital redemption reserve		604	604
Retained earnings		83,710	80,893
Total equity		94,029	91,212
Non-current liabilities			
Long-term borrowings		58,864	74,270
Derivative financial liability	5	25,514	26,400
Deferred tax liabilities		-	1,183
Obligations under finance leases		7,510	7,552
		91,888	109,405
Current liabilities			
Trade and other payables		10,192	10,945
Short-term borrowings		1,071	159
Current tax payable		2,111	241
		13,374	11,345
Total liabilities		105,262	120,750
Total equity and liabilities		199,291	211,962

The accounts were approved by the Board of Directors and authorised for issue on 30 April 2019. They were signed on its behalf by:

A.S. Perloff
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2017	4,437	5,491	-	604	61,747	72,279
Total comprehensive income	-	-	-	-	21,257	21,257
Treasury shares purchased	-	-	(213)	-	-	(213)
Dividends	-	-	-	-	(2,111)	(2,111)
Balance at 1 January 2018	4,437	5,491	(213)	604	80,893	91,212
Total comprehensive income	-	-	-	-	6,884	6,884
Dividends	-	-	-	-	(4,067)	(4,067)
Balance at 31 December 2018	4,437	5,491	(213)	604	83,710	94,029

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	31 December 2018 £'000	31 December 2017 £'000
Cash flows from operating activities		
Operating profit	7,502	8,967
Depreciation charges for the year	13	9
Decrease in stock properties	-	124
Rent paid treated as interest	(571)	(528)
Profit before working capital change	6,944	8,572
(Increase)/ decrease in receivables	(1,219)	302
(Decrease)/ increase in payables	(319)	293
Cash generated from operations	5,406	9,167
Interest paid	(4,375)	(4,324)
Income tax paid	(2,743)	(1,194)
Net cash (used in)/generated from continuing operating activities	(1,712)	3,649
Net cash (used in) discontinued operating activities	-	(35)
Cash flows from investing activities		
Purchase of plant and equipment	-	(10)
Purchase of investment properties	(3,894)	(8,870)
Purchase of investments**	(2,271)	-
Corporate disposal (net of cash sold)	-	(12)
Proceeds from sale of investment property	40,790	2,239
Proceeds from sale of available for sale investments**	-	2,046
Proceeds from sale of investments**	275	-
Dividend income received	5	21
Interest income received	19	6
Net cash generated from / (used in) investing activities	34,924	(4,580)
Cash flows from financing activities		
Repayments of loans	(15,161)	(159)
Loan arrangement fees and associated costs	(375)	-
Purchase of own shares	-	(213)
Draw down of loan	500	4,503
Dividends paid	(4,067)	(2,111)
Net cash (used in) / generated from financing activities	(19,103)	2,020
Net increase in cash and cash equivalents	14,109	1,054
Cash and cash equivalents at the beginning of year*	5,941	4,887
Cash and cash equivalents at the end of year*	20,050	5,941

* Of this balance £14,436,000 (2017: £nil) is restricted by the Group's lenders i.e. it can only be used for purchase of investment property.
** Shares in listed and/or unlisted companies.

NOTES:

1. General information

While the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Group has also published full financial statements that comply with IFRSs available on its website and are to be circulated shortly.

The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 31 December 2018 or 2017. The financial information for the year ended 31 December 2017 is derived from the statutory accounts for that year, which were prepared under IFRSs, and which have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditors drew attention by way of emphasis.

The financial information for the year ended 31 December 2018 is derived from the audited statutory accounts for the year ended 31 December 2018 on which the auditors have given an unqualified report, that did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditors drew attention by way of emphasis. The statutory accounts will be delivered to the Registrar of Companies following the Company's annual general meeting.

The accounting policies adopted in the preparation of this preliminary announcement are consistent with those set out in the latest Group Annual financial statements. There is no material seasonality associated with the Group's activities.

Going concern

The Group is strongly capitalised, has considerable liquidity together with a number of long term contracts with its customers many of which are household names. The Group also has strong diversity in terms of customer spread, investment location and property sector.

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.

Disposal of MRG Systems Limited

In December 2017 the Group entered into a sale agreement to dispose of MRG Systems Limited, a 75% owned subsidiary. The disposal was effected in order to generate cash flow for the Group's other businesses. The disposal was completed on 21 December 2017, on which date, control of MRG passed to the acquirer.

In 2017, the results of subsidiaries disposed of are included within the Income Statement, as Profit/ (loss) from discontinued operations, to the effective date of disposal. Prior year balances have been restated to present the performance of these discontinued operations within this single line.

2. Dividends

Amounts recognised as distributions to equity holders in the period:

	2018 £'000	2017 £'000
Special dividend for the year ended 31 December 2017 of 10p per share	1,768	-
Final dividend for the year ended 31 December 2017 of 7p per share (2016: 9p per share)	1,238	1,227
Interim dividend for the year ended 31 December 2018 of 6p per share (2017: 5p per share)	1,061	884
	4,067	2,111

The Directors recommend a payment of a final dividend, for the year ended 31 December 2018 of 6p per share (2017 – 7p), following the interim dividend paid on 29 November 2018 of 6p per share and a special dividend paid on 17 January 2019 of 15p per share. The final dividend of 6p per share will be payable on 5 September 2019 to shareholders on the register at the close of business on 09 August 2019 (Ex dividend on 08 August 2019).

The full ordinary dividend for the year ended 31 December 2018 is anticipated to be 27p per share, being the 6p interim per share paid, the 15p special dividend per share and the recommended final dividend of 6p per share.

3. Earnings/(loss) per ordinary share (basic and diluted)

The calculation of profit per ordinary share is based on the profit, after excluding non-controlling interests, being a profit of £7,047,000 (2017 – £21,301,000) and on 17,683,469 ordinary shares being the weighted average number of ordinary shares in issue during the year excluding treasury shares (2017 – 17,715,199). There are no potential ordinary shares in existence. The Company holds 63,460 (2017 - 63,460) ordinary shares in treasury.

4. Investment property

	Investment properties £'000
Fair value	
At 1 January 2017	176,489
Additions	8,870
Disposals	(1,320)
Transferred from stock properties	164
Fair value adjustment on property held on operating leases	846
Revaluation increase	16,776
At 1 January 2018	201,825
Additions	3,894
Disposals	(29,040)
Fair value adjustment on property held on operating leases	(47)
Revaluation increase	(6,396)
At 31 December 2018	170,236
Carrying amount	
At 31 December 2018	170,236
At 31 December 2017	201,825

5. 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.

	2018		2017	
Bank loans	£'000		£'000	
Interest is charged as to:		Rate		Rate
Fixed/ Hedged				
HSBC Bank plc*	35,000	7.01%	35,000	7.01%
HSBC Bank plc**	25,000	6.58%	25,000	6.58%
Unamortised loan arrangement fees	(322)		(489)	
Floating element				
HSBC Bank plc	-		14,501	
Shawbrook Bank Ltd	257		417	
	59,935		74,429	

Bank loans totalling £60,000,000 (2017 - £60,000,000) are fixed using interest rate swaps removing the Group's exposure to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Financial instruments for Group and Company

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

	Hedged amount £'000	Average rate	Duration of contract remaining 'years'	2018 Fair value £'000	2017 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	19.69	(21,482)	(22,831)
Interest rate swap	25,000	4.63%	2.92	(2,517)	(3,569)
Interest rate swap	25,000	2.13%	10.00	(1,515)	-
				(25,514)	(26,400)
Net fair value gain on derivative financial assets				886	1,850

* 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 intrest 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.

6. Events after the reporting date

In March 2019, we exchanged to sell our freehold property in Victoria Street, Wolverhampton development site with a completion date set for the end of July 2019 for £710,000 with a non-refundable deposit collected of £85,200 received at exchange.

7. Copies of the full set of Report and Accounts

Copies of the Company's report and accounts for the year ended 31 December 2018 will be posted to shareholders shortly, will also be available from the Company's registered office at Unicorn House, Station Close, Potters Bar, Hertfordshire, EN6 1TL and will be available for download on the Group's website **www.pantherplc.com**.

Panther Securities PLC **+44 (0) 1707 667 300**
Andrew Perloff, Chairman
Simon Peters, Finance Director

Allenby Capital Limited **+44 (0) 20 3328 5656**
David Worlidge
Alex Brearley