Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement, this information is now considered to be in the public domain.

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

Final results for the year ended 31 December 2021

CHAIRMAN’S STATEMENT

I am pleased to present the results for the year ended 31 December 2021 which shows a profit of £15,922,000 before tax compared to a profit of £2,573,000 before tax for the previous year ended 31 December 2020.

Of course, once again the figures are substantially affected by the movement in our swap liabilities amounting to a reduction of £16,754,000. A large part of the improvement being due to the market expectation of future higher interest rates at 31 December 2021, compared to those anticipated at 31 December 2020.

Even if the balance sheet benefit of interest rate rises are excluded, our underlying business improved, with our operating profit for the year under review amounting to £7,701,000 compared to £6,704,000 for the previous year ended 31 December 2020 when we had the bulk of the problems of Covid related reliefs and tenant failures which we had to deal with and absorb.

Additionally, this year our property management costs increased by £1,169,000. Just under half were extra holding and repair costs of the vacant properties we received back following the Beales business failure, some of which properties have now been let or sold. Legal costs were over £300,000 higher, substantially due to the costs imposed on the Group by our lenders to confirm the charging arrangements for the refinancing of properties already charged to our lenders.

Our bad debt charge was much reduced to £286,000 from the £1,629,000 charged last year when the tenants’ problems relating to the pandemic were unknown and financially not easily quantifiable.

Rents Receivable
Rents receivable for the year ended 31 December 2021 were £13,172,000 compared to the previous year’s £13,051,000. This was despite loss of rent of £133,000 due to the disposal of factories at Wembley and our largest tenant vacating Maldon warehouse during the last two months of the year.

Disposals
There were a number of significant disposals during the year which produced a total profit of £701,000 on sales of £15,841,000, seemingly a low profit margin but the properties had been independently re-valued for the lenders in December 2020 and July 2021.

Fourth Way, Wembley
Four older style freehold factories producing £254,000 p.a. sold for £8,700,000. The remaining part of our estate in Fourth Way, Wembley was retained, producing £249,750 p.a. and comprises seven more modern single storey factories totalling 15,783 sq. ft. and held on a

ground lease where the rental payable to our freeholders is 25% of rental value, reviewed every five years.

37/39 Market Place, Great Yarmouth
An ex-Beales store (previously Palmers)
The vacant freehold was sold to Great Yarmouth Borough Council for £1,325,000 which showed a profit on book value. We have retained the freehold of the 70 space adjoining car park which is managed by Great Yarmouth Borough Council, on our behalf, which in pre-pandemic years had produced over £65,000 p.a.

West Molesey
This freehold 36,000 sq. ft. older style factory situated on a one acre site was sold for £3,900,000 (at book value). It was let at £267,000 p.a. but with the tenant expected to vacate at the end of their lease in June 2022.

Mansfield
This former Beales store, now vacant, with approximately 150,000 sq. ft. of multi storey department store space in need of complete redevelopment or refurbishment, was sold to Mansfield District Council. This is to be a major part of their town centre rejuvenation project.

We received £1,500,000 against its book value of £1,650,000. We retained the part of the former Beales store that is part of the Four Seasons Shopping Centre, the main shopping centre for the town. This a modern centre and our building contains 27,000 sq. ft. This adjacent scheme will in due course improve our property as the town centre rejuvenation takes place. Our interest is a virtual freehold at a nominal ground rent.

The Quadrangle, Glasgow
We have contracted to sell our site/building at The Quadrangle, Glasgow, which sits on a corner site of 94,000 sq. ft. on the canal and is ideal for a social housing development. The price agreed is £1,250,000, subject to planning which should be received this year. We received a £100,000 deposit with £65,000 released to us on exchange as non-refundable.

60 High Street, Sittingbourne
This shop property was sold in May to the tenant for £450,000. We provided a loan of £350,000 secured on the property to assist the tenant's purchase. We charged a high rate of interest and shortly before the year end the tenant paid off £150,000 thus leaving £200,000 outstanding due for repayment in May 2023 (post balance sheet date a further £75,000 paid).

Acquisitions
In January 2021 we exchanged contracts to purchase a substantial freehold factory and warehouse in Trowbridge, Wiltshire, of approximately 96,000 sq. ft. of usable space situated in approximately six acres of industrial land. This property is situated on one of the best industrial estates in Trowbridge where demand should be good. The contract price agreed is £3,300,000 with a delayed completion of between 15 and 30 months depending upon timing of the completion of the vendors' new building. Should it be necessary for a further delay, the vendors have agreed to pay a rent of £340,000 p.a. until they vacate.

This purchase will further diversify our portfolio by adding this industrial investment. The spread and variety of rental streams within our portfolio helped us to pass through the pandemic with relatively few issues.

Completion is now expected in June 2022 and we have already received approaches for the property, some to purchase, but we would prefer to let the property and retain as an investment as with a 9 metre eaves height and good circulation and loading facilities, it should have a premium rental value.

Developments

Broadstairs

At long last this development is finished, with Tesco trading successfully in the shop unit since June 2021 and all twelve flats will shortly be fully let on assured shorthold tenancies and producing a combined total rent of £185,000 p.a. This is a quality addition to our portfolio.

Swindon

The problems with regard to the council's requirements for this scheme have nearly been resolved allowing us to move forward shortly with the planning permission. The redevelopment of this site in the centre of Swindon will soon proceed to the next stage.

Barry Parade, Peckham Rye

This potentially attractive scheme is still delayed by the council's ever changing and increasing costly requirements. We are still working on our appeal to take it out of the intransigent council's hands.

Peterborough

The former Beales store in Peterborough, currently partly occupied by New Start 2020 Limited, trading as Beales, is in the final stages of preparation prior to submitting a planning application for a large mixed-use development of shops/offices and 125 residential units whilst retaining a substantial part of the existing attractive Edwardian brick building façade. The current older style department store contains approximately 145,000 sq. ft. of space unsuitable for current retail markets.

Tenant Activity

During the year we also let or renewed circa 110 tenancies – the overall movement in the annual rent roll (letting and losses) resulted in a reduction of approximately £664,000. This decrease was primary due to the loss of our tenant in Maldon in November 2021 which had a negative effect on the rent of £600,000 p.a. but was offset by two new factory lettings at Tenbury Wells at rents totalling £170,000 p.a. The Tenbury Wells letting was particularly pleasing as these factories had been vacant for a number of years.

In addition to the above reduction in annual letting income, we provided approximately 30 tenants concessions to assist where possible at a total cost of £230,000 for the year (however these are one off short term concessions and not permanent adjustments to our rental income).

Fortuitously in March 2022 about four months after vacating, our former tenants at Maldon had their trading situation pick up sufficiently to re-rent the Maldon warehouse at £800,000 p.a., £150,000 p.a. higher than their previous rent. These additional rent benefits will be shown in our 2022 accounts.

As such if one adds back the Maldon annual rent lost in 2021 (as it was relet at a higher rent in early 2022), the headline annual rent roll was effectively pretty flat for the year, which is a good result given that the letting market in 2021 was again overshadowed by COVID-19.

Beales Stores

I have already mentioned the planning exercise for Peterborough, the sale of Great Yarmouth and Mansfield, and the lettings of part of the stores at Keighley and Beccles, plus fully letting Skegness in 2020. There are also a number of negotiations on parts of other former Beales stores, some of which may come to fruition soon.

Post Balance Sheet Events
Since the year end, as mentioned above, we re-let the Maldon factory at £800,000 p.a. (mentioned above) and we have exchanged a conditional contract for the sale of the vacant freehold shop and upper part in Clayton Street, Newcastle Upon Tyne for £940,000 which is above book value.

Staff
I have to give special thanks to all our staff who had to work another year with much more complicated arrangements due to Covid restrictions which caused problems for many of our tenants and consequently extra management time on our portfolio.

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

The £66,000,000 was fully drawn but with the net proceeds from disposals we repaid our revolving facility.

The new loan is a more conservative facility agreement than we are used to with a headline loan-to-value covenant of 55%, when historically it had been around 65% (which used to be considered conservative!). The extra cautious nature shown by the lenders is also reflected by the smaller loan facility arranged (previously we borrowed £75,000,000 which is now £66,000,000).

The Banks also increased the margin from 1.95% to 2.70%. However, on 1 December 2021 we had a prearranged reduction in our fixed rates on £25 million of our loan, the saving in lower fixed rates being a bigger offset than the increase in costs from the higher loan margins now current.

Even though this was a much tougher and less generous refinancing, we appreciated our lenders' position and do not take their continuing support for granted. We have had a very amicable banking relationship with HSBC for nearly 40 years and Santander for over 10 years. This refinancing was the third iteration of this joint club loan.

Swap restructuring
In February 2021, the Group paid £5 million to vary a long-term swap agreement. The agreement varied was an interest rate swap fixed at 5.06% until 31 August 2038 on a nominal value of £35 million and has circa 16.5 years remaining. Following the Group's variation, the Group's fixed rate will drop on 1 September 2023 to 3.40% saving the Group £581,000 p.a. in cash flow until the end-point of the instrument.

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

Dividends
We paid a 6p share interim dividend for the year ended 31 December 2020 on 2 July 2021, and a further 6p per share final dividend for that year on 14 October 2021. We paid an interim dividend of 6p per share on 9 February 2022 for the year ended 31 December 2021.

Subject to shareholder approval at our Annual General Meeting on 15 June 2022, the final dividend of 6p per share will be payable on 20 July 2022 to shareholders on the register at close of business on 1 July 2022 (ex-dividend on 30 June 2022).

Prospects
It is now 50 years since I, my brother and Malcolm Bloch, took over the tiny, publicly quoted Levers Optical Co Ltd in 1972, which we turned into Panther Securities PLC, a successful property company that has continuously paid dividends (and where appropriate special dividends) for the last 40 years, so much so that I personally have not had the necessity to take a salary or receive a pension contribution for over 16 years and 25 years respectively.

In last year's accounts I announced that Simon Peters would be taking over as Chief Executive Officer, but I would continue as Chairman. This will allow me to extend my weekend to include Fridays, which will give me more time for my personal interests.

We have a loyal and experienced team that continue to perform successfully. It is worth repetition that our widespread portfolio of different types of properties, mostly producing rental income and many with development potential, provide a safe cover for all our interest payments and management costs.

We also have excellent relationships with our bankers, accountants, solicitors, agents and all other professionals needed to operate a widespread property business.

Thus, as always, I look forward to the Group's continuing success.

Finally, I repeat my thanks to our small but dedicated team of staff, growing team of financial advisers, legal advisers, agents and accountants for all their hard work during the past year. Special thanks and good wishes to our tenants and I hope they are able to overcome the present troubled environment and make a full and profitable recovery.

Andrew S Perloff
CHAIRMAN

22 April 2022

CHAIRMAN'S RAMBLINGS

We often buy properties or enter into transactions with people we have dealt with before, many of them friends who we know and trust. On one occasion a few years ago, I was buying a property from a friend. When he provided me with the information required, I began checking all the details and relevant matters. He was a little put out and asked "Don't you trust me? Do you think I would lie to you?". I replied, "Of course I trust you but let me tell you a story", which I recount now.

When I was young and fancy free, I had a small group of close friends, one of whom, like me, had more flexibility with his holiday arrangements.

In 1967, when we were both 23, we decided to take a holiday in Southern Spain and to make it more exciting would drive there in my Triumph Herald convertible, both taking turns to drive. My friend somehow had found and booked a tiny one-bedroom bungalow right on the beach at Torremolinos. The journey took 3 days, overnighting at Biarritz and Madrid before continuing down the centre of Spain.

This was before most motorways and other than the towns, we encountered little traffic and thus it was a great drive on long straight tree lined roads in France. In Spain, I seem to recall the roads were good for some miles out of major towns but then, without notice, suddenly they were without a tarmac surface. However, the journey is not the story!

We had a wonderful time being on a hot, clean beach with the all-day sun and warm sea and many, many other young holidaymakers, also out for a good time. Surprisingly the cottage, although furnished but dated, was perfect with working cooking facilities even we were capable of using! The sun shone every day, and so it should in Southern Spain in early September.

My friend would always come up with ideas and suggested a day trip whereby we could drive to Malaga and catch a ferry to Tangier which was about a four hour crossing. This sounded exciting so one day we drove to Malaga very early and parked for free in the harbour car park. When we walked up to buy ferry tickets I began to have doubts when I saw the age and small size of the ferry boat. Expressing my fears, my friend reassured me with his expert knowledge of the sea and weather (as he was a keen fishing enthusiast). "Look how sunny and calm the water is, it's only about 35 miles away and because the Mediterranean is an enclosed sea with land all round, it won't ever get rough". With this logical explanation, my fears gone and feeling reassured, we bought our tickets and boarded the ferry with about 100 other travellers.

My friend was correct. It was a beautifully smooth crossing and we stood on the deck and watched flying fish and a pod of dolphins follow alongside the boat for half the journey. We arrived safely on time at the port in Tangier where a guide waiting for tourists convinced us that for a few dirhams he would show us round the Kasbah and the modern town for most of the 6 hours we were there.

About 5.00 pm we caught the ferry for our return journey. As we boarded we noticed there was some light rain. There were also fewer people on the return journey but we were relaxed and happy to sit on one of the on deck deckchairs. As soon as we were out of the harbour the seas became more choppy but not enough to worry me.

An hour or so out and already dark, the water became much rougher with torrential downpours of rain and lightning in the distance gradually getting closer. Most of the passengers on deck went downstairs whilst crewmembers collected deckchairs and put them in secure trunks chained to the deck. The sea grew rougher with 25 ft waves and the boat rose high up and down with the swell. I was petrified but stayed on deck thinking if the boat sank I could at least float on a deck chair! My friend turned green and went downstairs! I faced my expected demise, with thoughts of all I would miss out on but after another two hours of rocky seas and bad

weather, drenched to the skin (the rain was warm), I could see the lights of Malaga and was overcome with relief when we made it into the much calmer harbour. Shortly afterwards, we disembarked with many of the passengers making the sign of the cross as they stepped off the boat onto land. I nearly converted and joined them in their thanksgiving prayer but instead I wobbled unsteadily on my feet until I reached my car. That night we slept better than ever before, and probably since!

The holiday was fast ending so after a whole day on the beach with clear blue skies and sunshine, followed by a late night out at a crowded dancing and drinking club, we drove back to our beach cottage and parked on a small side road, about two hundred yards away. I suggested we could put the hood up but as it took a while to erect and we were tired, I asked my friend if we should leave it open as the sky was clear, without a cloud in sight, the weather hot and I asked him if he thought it might rain. He said it was very rare for it to rain in Torremolinos in September and as there had been a storm and heavy rain the previous week it was unlikely to rain again. With his sage advice we went home to bed.

About 6.30am I woke up to rattling on the roof. We realised it was rainfall, looked out of the door and it was bucketing down. We had no rainwear so hoped it would stop soon and as the car was probably already very wet, there was little we could do. We went back to sleep until after 10am. When we arose we were correct in our assumption as the sun was shining and it was beautiful outside.

We walked to the car and found the passenger section contained over 1 foot of water and looking like a small garden pool, we opened the doors and the top nine inches of water flooded out. We then went back to the cottage to fetch saucepans and frying pans which we used to bail out the rest of the water. We pulled out all the floor carpeting and left it on the wall for the sun to dry it out. Once we had done all we could to remedy the situation, I tried to start the car. It started immediately which was a great relief as we were due to leave 2 days later.

The sun stayed bright and hot for the rest of our holiday and the carpets dried out but the car stank of damp carpet which we had to put up with for the three day drive home, and it smelt for many months afterwards.

The moral to these stories was that my friend had never and would never have deliberately lied to me but his knowledge and information was wrong and over the years I began to realise that you should always check information given to you which you need to rely on, even if given by an absolutely trustworthy and honest friend.

Of course, there was a further related story to crystallise and embed my thoughts on careful investigation.

About twelve years after my Spanish holiday, my business was still recovering from the property crash of the mid-seventies and therefore we were trading properties for quicker profits rather than buying for long-term investment.

One of our most trusted agents approached us with an attractive deal. One of his other clients had contracted to buy a portfolio of 29 freehold, very secondary separate shops spread out amongst many Northern towns. The total contractual price was £125,000 and produced a good rental. The client was a one-man operator and felt it was too much work for him to deal with the entire portfolio so the contract was offered to us for £5,000.

Speed was essential so we signed up within days even though we did not have time to physically view any of the properties, but we had the individual photos and tenancy details which had been checked by his solicitors.

We took on the project with gusto for selling on the individual properties to friends and clients.

A close friend purchased two separate shops, one in a small town called Ossett let to a local baker, thus giving us a £2,500 profit, he too taking our details and photos as correct and with a view to putting one of the properties up for sale by auction after an imminent rent review had been agreed.

Prior to the auction, his surveyor viewed the property to negotiate the rent review. To his surprise, and ours, the photos of the property, which showed a nice small shop with a van outside with the baker tenant's livery clearly shown on its side, were not outside the correct property.

Our property was round the corner in a lesser quality position. It became obvious that the photographer had taken the photo and was fooled by the firm's van being parked on the main road as it could not easily park outside the actual property because of a one-way system. The surveyor was most disturbed by the error as the shop tenant was a butcher who was so indignant that he chased him out waving a butcher's cleaver!

The property went to auction with correct photos, the other details unchanged, and I was pleased to see my friend made a reasonable profit. Therefore, everyone concerned was happy. So properly checking facts became well embedded in my thoughts, even when dealing with honest and trustworthy friends.

In previous ramblings I have mentioned over my many years in business that I have come across numerous M.P.s and, of course, my conversations usually turn to business and its problems, caused by ill thought out legislation and excessive or illogical taxes.

They have invariably all seemed sympathetic and promised to look into the problems to try and help.

The one common conclusion I came to was that none had any intimate understanding of how businesses worked or fully understood the ramifications or unintended consequences of their legislation, and this seemed to be due to their lack of working outside of the bureaucratic government bubble.

It was obvious that they relied on civil servants to produce the information they required to guide reformative legislation.

It is generally known that government taxation has destroyed the department store sector. This sector has been so beneficial to our country for over a hundred and fifty years and was one of the backbones of the free enterprise and capitalist system. This sector of retailing provided the anchor to the high street, and thus the surrounding community, providing easy accessible and flexible employment for the many hundreds of thousands of youngsters who are not wanting a full-time working and lifetime career, mainly young women, many who do not want to have full-time education for a further 3 years and be loaded with student loan debt.

For a number of years I have argued the absurdity of the current business rates system failing to change with the retail markets' technological advances which gave terrific financial advantage to new business that could operate without a large property presence and much reduced staff levels.

The existing system, built on rental values, had a substantial safety valve built in by having values revalued every five years. However, constant gerrymandering of the system has substantially killed off the department store sector and debilitated the high street. The mistakes began to accentuate when they deferred the revaluation in 2015 by two years, "an obviously stupid mistake". This caused the already out of kilter values to become more lopsided for

another two years so they then brought in a phasing system which only a moron could have devised.

This made those traders who desperately needed and were entitled to very large reductions by virtue of the lower trading and rental values of their premises to only receive a 5% annual reduction (even if the calculations showed a 50% reduction was the appropriate figure) whilst those who were doing very well only paid a token increase, with this paltry reduction as reduced by an inflation linked upward adjustment every year.

Many retailers did not receive the correct full reduction before the next revaluation was due. The department store sector, with many previously successful retail businesses collapsed into Receivership etc., helped along by forced closures because of the COVID-19 pandemic. To top it all, the government then deferred the revaluation a further two years.

I believe it was Einstein who said "To repeat an experiment or action and expect a different result is the first sign of madness".

I have just read that the government have announced that they will introduce new laws to allow local authorities to compulsorily/force landlords of shops vacant for over 6 months to rent out to the highest bidder chosen by them.

There will be monumental hurdles to overcome, i.e., who pays for repairs, who is responsible if rent or rates are not paid? How long will lease lengths be forced upon reluctant landlords and what if a property is being held for development, will there be compensation for landlords loss of value? Will banks be precluded from calling in loans secured upon the property if the values falls?

This is gesture politics to shift blame for government incompetence to blameless landlords.

As government policies are sometimes so shortsighted, I can't help feeling that some of the anonymous civil servants have a deliberate agenda to undermine the free enterprise and capitalist system. Thus their long salami style regulations and taxation attacks, and now proposed extra compulsory costs put upon Landlords and the business community, is deliberate by people either in the pay of communist governments or supporters of Marxist regimes.

At my grammar school, I was not an attentive pupil and there was much I regret. I did not put much effort into lessons, but for some teachers it paid to pay more attention and keep alert. One such teacher was Mr Blake, the geography teacher, who had a tendency to throw the blackboard rubber at pupils who were not paying attention. This wooden backed sausage shaped cloth was often used as a well-aimed missile, which often hit its mark.

In one lesson, which I recall was about our country's mineral resources, I was not concentrating, thus the well-aimed missile suddenly flew towards me, I ducked and it hit the boy behind me causing much class amusement. I was then forced to listen to his repeat of what he was trying to instil in us all, that the UK would never be short of energy because most of our country sat on vast beds of coal which triggered the Industrial Revolution and made Great Britain an industrial powerhouse.

So now some sixty years later, I am wondering was he wrong, what happened to all these vast energy resources which had been augmented by the discovery of vast reserves of North Sea oil and gas and in recent times with new technology giving us the ability to release huge gas reserves still trapped in rock strata beneath our soil?

Currently, our household energy costs are colloquially going through the roof as well as literally. It is all down to central government mistakes. Their legislation, i.e., MPs on information provided by their largely anonymous advisors that most fuels create carbon

emissions and should be eliminated to protect our world from dying because of global warming caused by man using these fossil fuels. Our world has been evolving for billions of years, and even if our government were correct in their assumptions, with the UK only producing 1% of these global emissions, whatever measures they take will make no noticeable difference.

If we need 1,000,000 tons of special type of coal for specialist production, if we have to import it from a third world country because we are legislatively prevented from digging up our own coal, surely that creates additional carbon emissions for the long distance transport involved.

This will be the same for oil and gas so why do we impoverish our nation by shutting down our own production?

The reason once again is Gesture Politics. It sounds good to protect the environment for our great grandchildren's future – IS THE PRESENT FINANCIAL PAIN WORTH IT? Will further generations be financially able or allowed to have families?

The result of our country's carbon reduction initiative is extremely painful for most people, especially families at the lower end of the income scale. Those in the middle will manage but will find their existing living style needs to be lowered.

The price of energy was already rising disproportionately because of our present governments green taxes and carbon reduction policies.

This was probably one of the main reasons the Russian dictatorship felt it could get away with invading Ukraine, which besides creating misery for millions of people, and a huge refugee crisis, caused a further increase in world energy costs, whilst they knew they were self-sufficient, and how large parts of Europe depended upon having Russia export oil/gas to them.

Russia has always been a rogue state and this outcome was definitely foreseeable, and the risks could have been considerably reduced if we had continued and expanded our self-generated, under our feet energy capabilities, and especially fracking which could produce quicker returns than other alternatives with little environmental problems. Certainly fewer problems than an extra 4,000,000 refugees flooding Europe would cause, or being forced into a ground war with Russia. Russia would inevitably be the eventual loser of a war of which everyone would be losers.

The people of this country are paying a heavy financial price for our government's incompetence and unfortunately listening to the noisiest protestors who are a small minority, usually financially protected from the worst of the financial pain befalling upon the majority of the hard working, family orientated population.

Yours

Andrew S Perloff
CHAIRMAN

22 April 2022

GROUP STRATEGIC REPORT

About the Group

Panther Securities PLC ("the Company" or "the Group") is a property investment company quoted on the AIM market (AIM). Prior to 31 December 2013 the Company was fully listed and included in the FTSE fledgling index. It was first fully listed as a public company in 1934. The Group currently owns and manages over 900 individual property units within over 120 separately designated buildings over the mainland United Kingdom. The Group specialises in property investing and managing of good secondary retail, industrial units and offices, and also owns and manages many residential flats in several town centre locations.

Strategic objective

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

Progress indicators

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

Key ratios and measures

	2021	2020	2019	2018
Gross profit margin (gross profit/ turnover)	65%	73%	76%	71%
Gearing (debt*/(debt* + equity))	36%	42%	41%	39%
Interest cover**	1.72 times	1.34 times	2.14 times	4.17 times
Finance cost rate (finance costs excluding lease portion/ average borrowings for the year)	7.5%	7.0%	7.1%	6.6%
Yield (rents investment properties/ average market value investment properties)	7.9%	7.8%	8.8%	7.7%
Net assets value per share	553p	488p	480p	532p
Earnings/ (loss) per share – continuing	76.4p	14.9p	(23.1)p	39.9p
Dividend per share***	12.0p	12.0p	12.0p	27.0p
Investment property acquisitions	£0.5m	£5.5m	£8.1m	£3.9m
Investment property disposal proceeds	£15.8m	£0.7m	£1.1m	£40.8m

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

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

*** Includes 2018:15p per share special dividend

Business review

The Group's underlying performance bounced back following the negative effects of COVID-19 pandemic with the operating profits being £1m stronger, this was despite more holding costs on vacant properties resulting in a lower gross profit margin. This was mainly due to a much lower bad debt charge being required in 2021 compared to that required for the year ended 31 December 2020 during the COVID-19 pandemic.

The property values improved slightly following an independent valuation at the half year and a directors' valuation at the year-end.

The most significant impact on the income statement was the sizeable improvement of the swap liability (derivative financial liabilities) by £16.8 million. The reduction in the liability is approximately half due to our actions of paying a premium to exit the swap and re-enter a new

more beneficial arrangement for a £5m premium at an estimated discount of £3.3m (this is explained in more detail under Financing below). The remainder of the improvement in our swap liability position is mainly in relation to the change in market expectations of higher future interest rates (leading to a lower liability).

The other main feature of 2021 was the large disposals undertaken, this does not affect the profits significantly in the income statement as the increase in values were recognised in the 2020 accounts (following the independent valuation at 31 December 2020), but now have been realised. It does however have a large impact on cash flow generation. Therefore, even though the Group showed £0.7m of profit it produced a significant £15.8m of cash. There was a good mixture within the disposals, some a result of the Group taking advantage of the booming market in industrial properties but other disposals being vacant department stores, with no income being lost.

The consolidated statement of cash flows, shows the cash generated in the operating activities had improved to £2.98m (2020 - £2.61m). The operating activities or underlying business shows an even stronger improvement if the tax effect is stripped out as we had to pay tax in 2021 but had a repayment in 2020.

In terms of the statement of financial position the Group saw improvement in its asset value with the net asset value per share now being 553p (2020 – 488p per share).

Through the many downward economic cycles and in particular, the COVID-19 pandemic, the most important plank within the Groups business plan is the balance within the portfolio between different asset classes and its resulting diverse, resilient, income streams these investments provide. Over the last couple of years, the industrial properties and the secondary "local" retail investments have performed the best in terms of growth in values and/ or importantly in terms of income collection. We also benefit from having properties with residential elements or planning potential, mainly in the southeast. As explained in the 2020 annual report (and worth repeating), we have seen that the secondary local shopping parades hold up well in the pandemic. The traders in these properties have managed to survive and some even flourish. As even though lockdowns meant closures, many were considered essential and most benefited from additional local footfall whilst people were not commuting into major towns or city centres. We also saw our smaller tenants adapt better and were more flexible in their approach, as well as the government help being more meaningful for covering their fixed costs.

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

It is still our view, as the economy opens up, that secondary retail properties (which is a large part of our portfolio – over half of our value) will be less affected by the seismic change to shoppers' habits. The average secondary retail parade has a higher proportion of businesses, which are providing non-retail offerings even though they are shops.

This includes service providers, restaurants or take away use, or convenience offerings, which are by their very nature less affected than pure destination retail, or by changing consumer habits, and in many instances, the Web even provides additional opportunities i.e. being able to offer their take away services via Just Eat etc. Even our more traditional high street or pure retail positions are mainly large blocks in the centre of towns – which we believe will benefit from longer-term regeneration plans from the Government and local councils for town centres. As such, <u>if</u> and when some retail locations become less viable, we believe we can create value from these sites with planning permission to eventually give them other uses or purposes. In the meantime, they continue in the most part to be strong cash contributors providing high returns on initial investment.

Going forward
We highlighted two issues that would impact 2020 in the 2019 report and accounts being COVID-19 (which has accelerated structural changes in how businesses operate) and demise of Beales. These two issues were the large factors in 2021 and will continue to impact 2022 but less so. We are working our way repurposing the former Beales properties, we have let some and sold two vacant properties – the management team believe there is still a lot of potential upside in the remaining properties. The down side in the remaining vacant department store properties is already reflected in their valuations, so we believe we can do well on this low base, adding further long-term income, and making some capital profits on disposal. We believe the external valuations are prudent but time will be the true judge.

Following the disposals and repayment of a large part of facility, we are de-geared and have significant cash for a Group of our size. We are in a strong position to take advantage of opportunities to buy in new investments but over the next couple of years, we see proportionally more future benefit coming from within the existing portfolio. The Group is aiming to unlock the value contained within the portfolio, such as by obtaining planning permissions on those with residential value and through lettings of vacant space, including the former Beales properties.

The economy may be entering a higher interest and high inflation environment. We have fixed interest swaps which will protect us from any interest increases. On the inflation, the make-up of property companies naturally protects the business as property investments should go up in line with inflation whilst the loans real value effectively decreases.

COVID-19
We believe as a board that we are through the worst of this now, but even if there are more hurdles any resulting negative situations will be less uncertain, we have a lower level of borrowing, and strong cash reserves.

There are always uncertainties and COVID-19 was an extreme example, uncertainties can affect property prices in the short term, however the board continues to believe we are protected by our portfolio's diversity, experienced management team, ability to adapt and by having access to funds. We have low gearing levels, supportive lenders and cash reserves.

Financing
The Group refinanced its facilities in the year and agreed a £66 million facility for a three-year term from July 2021.

At the Statement of Financial Position date, the Group had £13.4m of cash funds, £11m available within the loan facility.

Financial derivative
We have seen a fair value gain (of a non-cash nature) in our long term liability on derivative financial instruments of £16.754m (2020: £5.498m fair value loss). Following this gain the total derivative financial liability on our Consolidated Statement of Financial Position is £15.3m (2020: £32.0m). The Group's swap (financial derivatives) position is at its lowest liability since December 2013.

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

In February 2021 the Company paid £5,000,000 to vary a long-term swap agreement. The agreement varied was an interest rate swap fixed at 5.06% until 31 August 2038 on a nominal value of £35m and has circa 17.5 years remaining. Following the variation, the Group's fixed

rate will drop on 1 September 2023 to 3.40% saving the Group £581,000 p.a. in cash flow until the end point of the instrument.

These financial instruments (shown in note 5) are interest rate swaps that were entered into to remove the cash flow risk of interest rates increasing by fixing our interest costs. We have seen that in uncertain economic times there can be large swings in the accounting valuations.

Small movements in the expectation of future interest rates can have a significant impact on their fair value; this is partly due to their long dated nature. These contracts were mostly entered into in 2008 when long term interest rates were significantly higher. In a hypothetical world if we could fix our interest at current rates and term we would have much lower interest costs. Of course, we cannot undo these contracts that were entered into historically, without a significant financial cost, but for accounting purposes these financial instruments are compared to current market rates, with the additional liability compared to the market rates, as shown on our Statement of Financial Position.

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). We also use financial derivatives (swaps) were appropriate to manage interest rate risk. 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 <u>market</u> strength will affect <u>property</u> values, as well as rental terms and the Group's <u>finance</u>, or term loan, whose security is derived primarily from the property assets of the business. The financial health of the Group is checked against covenants that measure the value of the property, as a proportion of the loan, as well as income tests. The two measures of the Group's finances are to check if the Group can support the interest costs (income tests) and also the ability to repay (valuation covenants).

The Group has a successful strategy to deal with these risks, primarily its long lasting business model and strong management. This meant the business had little or no issues during the 2008 financial crisis, which some commentators say was the worst financial crisis since the Great Depression of the 1930s. The COVID-19 crisis also showed the resilience of the investments income stream and the good management in particular the disposals degearing the business made in 2018 and 2021.

Market risk
If we want to buy, sell or let properties there is a market that governs the prices or rents achieved. A property company can get caught out if it borrows too heavily on property at the wrong time in the market, affecting its loan covenants. If loan covenants are broken, the Company may have to sell properties at non-optimum times (or worse) which could decrease shareholder value. Property markets are very cyclical and we in effect have three strategies to deal with or mitigate the risk, but also take advantage of this opportunity:

1) Strong, experienced management means when the market is strong we look to dispose of assets and when it is weak we try and source bargains i.e. an emergent strategy also called an entrepreneurial approach.

2) The Group has a diversified property portfolio and maintains a spread of sectors over retail, industrial, office and residential. The other diversification is having a spread regionally, of the different classes of property over the UK. Often in a cycle not all sectors or locations are affected evenly, meaning that one or more sectors could be performing stronger, maybe even booming, whilst others are struggling. The 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 900 individual units and over 120 buildings/ locations. Secondary property also, very importantly, is much higher yielding which generally means the investment generates better interest cover and its value is less sensitive to market changes in rent or loss of tenants.

Property risk

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

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

Finance risk

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

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

Other non-financial risks

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

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

		development opportunities. Continued spread of tenancies and geographical location. Prepare business for the economic cycles.
Acts of God (e.g. COVID 19)	Weather incidents, fire, terrorism, pandemics	Where possible cover with insurance. Ensure the Group carry enough reserves and resources to cover any incidents.

Section 172(1) statement
This is a reporting requirement and relates to companies defined as large by the Companies Act 2006, this includes public companies as otherwise the Group would not be considered large.

Each individual Director must act in the way he considers, in good faith, would be the most likely to promote the success of the company for benefit of its members as a whole, and in doing so the Directors have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under section 172.

The matters set out are:
(a) the likely consequences of any decision in the long term;
The longer term decisions are made at board level ensuring a wealth of experience and a breadth of skills. The value creation in the business is mainly generated by buying the investments at the right time in the financial cycles, whilst reducing risk by choosing assets that have alternative or back up values to the current use, as well as initial values. It is also key that long term decisions are made in respect of ensuring that property assets are maintained, where economically viable. Other areas to ensure decisions are in tune with long term consideration are making sure the best possible financing of the Group to match the requirements of the long-term nature of property ownership. The board and management makes long term decisions such as keeping a vigilant review of the changing nature of property usage and tries were possible to diversify its income streams. Caerphilly and Gateshead were relatively more recent purchases are good examples of long term decision making, i.e. choosing offices and a leisure led retail scheme – as such giving some protection against changing consumer habits in more general retail arena.

(b) the interests of the company's employees;
The company makes investment in and the development of talent of its employees, including paying for professional development, providing in house updates and encouraging knowledge sharing. The Group has a strong track record of promoting from within the business and in 2020 two surveyors were promoted to Joint Head of Property. In 2021 the Finance Director was promoted to Chief Executive. The Group undertakes team building activities to encourage cohesion and working together.
(c) the need to foster the company's business relationships with suppliers, customers and others;
Being in the secondary property industry the business is used to dealing with many types of businesses as tenants from large multi-national businesses to small sole traders – keeping good sound relationships with both is key. We also use many small operators and suppliers and we ensure prompt payment, paying within 30 days in most instances to again foster good working relations. We set a purchase order system in 2018 and in 2019 replaced with a new system this has been refined over the next few years to streamline and speed up payments supporting small suppliers.
(d) the impact of the company's operations on the community and the environment;
The Group's investments by its very nature often have a significant impact on local communities, providing services and convenience businesses, or places for local enterprise or employment. Owning a parade of shops, we can ensure where possible that these are viable locations by encouraging a variety of offerings. The Group maintains and upkeeps its investment properties to a viable level which benefits the local communities they provide accommodation for or seeks improvements with planning which can enhance local areas. The

Group also ensures it recycles much of its head office paper and is moving towards less paper communication; since 2019 up to date our invoices have been emailed as standard to our tenants and we also encourage the receipt of electronic invoices. We have had a renewed push in 2021 to push our last few tenants away from cheque payments. We also ensure we upgrade our units to the required EPC levels which by its very nature reduces the longer term environmental impact of the use of these units.

(e) the desirability of the company maintaining a reputation for high standards of business conduct;

The Group maintains an appropriate level of Corporate Governance that is documented within its own section within these Financial Statements. With a relatively small management team it is easier to monitor and assess the culture and encourage the appropriate standards. The board strives to delegate and empower its management teams to ensure the high standards are maintained at all levels within the business.

(f) the need to act fairly as between members of the company.

The Group has excellent communication with its members, actively encouraging participation and discussion at its AGMs and also circulating letters of our announcements to ensure older members or those not accessing the LSE financial news can keep up to date with relevant information. Our Chairman is unpaid, his benefit or income from the company is pro-rata the same as all members including minority shareholders.

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

S. J. Peters
Company Secretary

Unicorn House
Station Close
Potters Bar
Hertfordshire EN6 1TL   22 April 2022

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
Revenue		13,172	13,051
Cost of sales		(4,651)	(3,482)
Gross profit		8,521	9,569
Other income		958	467
Administrative expenses		(1,492)	(1,703)
Bad debt expense		(286)	(1,629)
Operating profit		7,701	6,704
Profit on disposal of investment properties		701	150
Movement in fair value of investment properties	4	961	6,146
		9,363	13,000
Finance costs – interest		(2,322)	(2,283)
Finance costs – swap interest		(2,806)	(2,726)
Finance costs – swap variation		(5,000)	-
Investment income		29	41
Profit on disposal of fixed assets		-	1
(Loss)/profit (realised) on the disposal of investments		(96)	38
Fair value gain/(loss) on derivative financial liabilities	5	16,754	(5,498)
Profit before income tax		15,922	2,573
Income tax (expense)/credit		(2,411)	71
Profit for the year		13,511	2,644
Continuing operations attributable to:			
Equity holders of the parent		13,511	2,644
Profit for the year		13,511	2,644
Earnings per share			
Basic and diluted – continuing operations	3	76.4p	14.9p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
Profit for the year		13,511	2,644
Items that will not be reclassified subsequently to profit or loss			
Movement in fair value of investments taken to equity	18	55	(354)
Deferred tax relating to movement in fair value of investments taken to equity	25	(14)	67
Realised fair value on disposal of investments previously taken to equity	18	148	-
Realised deferred tax relating to disposal of investments previously taken to equity	25	(37)	-
Other comprehensive income/ (loss) for the year, net of tax		152	(287)
Total comprehensive income for the year		13,663	2,357
Attributable to:			
Equity holders of the parent		13,663	2,357

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Company number 00293147
As at 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
ASSETS			
Non-current assets			
Investment properties	4	167,384	180,975
Deferred tax asset		2,252	3,810
Right of use asset		298	335
Investments		292	614
		170,226	185,734
Current assets			
Stock properties		350	350
Investments		29	29
Trade and other receivables		2,996	3,925
Cash and cash equivalents (restricted)		5,009	1,052
Cash and cash equivalents		8,343	8,166
		16,727	13,522
Total assets		186,953	199,256
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		87,464	75,923
Total equity		97,783	86,242
Non-current liabilities			
Long-term borrowings	6	55,513	51
Derivative financial liability	5	15,255	32,009
Leases		8,353	8,339
		79,121	40,399
Current liabilities			
Trade and other payables		9,018	9,361
Short-term borrowings	6	560	63,066
Current tax payable		471	188
		10,049	72,615
Total liabilities		89,170	113,014
Total equity and liabilities		186,953	199,256

The accounts were approved by the Board of Directors and authorised for issue on 22 April 2022. They were signed on its behalf by:

A.S. Perloff
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020	4,437	5,491	(213)	604	74,627	84,946
Total comprehensive loss	-	-	-	-	2,357	2,357
Other movement	-	-	-	-	-	-
Dividends	-	-	-	-	(1,061)	(1,061)
Balance at 1 January 2021	4,437	5,491	(213)	604	75,923	86,242
Total comprehensive income	-	-	-	-	13,663	13,663
Dividends	-	-	-	-	(2,122)	(2,122)
Balance at 31 December 2021	4,437	5,491	(213)	604	87,464	97,783

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	31 December 2021 £'000	31 December 2020 £'000
Cash flows from operating activities		
Operating profit	7,701	6,704
Loss on current asset investments	-	87
Rent paid treated as interest	(687)	(687)
Profit before working capital change	7,014	6,104
Decrease/(increase) in receivables	929	(536)
(Decrease)/ increase in payables	(48)	783
Cash generated from operations	7,895	6,351
Interest paid	(4,295)	(4,160)
Income tax (paid)/ refunded	(620)	420
Net cash generated from operating activities	2,980	2,611
Cash flows from investing activities		
Purchase of investment properties	(832)	(5,538)
Purchase of investments**	(6)	(633)
Purchase of current asset investments***	-	(2,804)
Proceeds of current asset investments***	-	2,855
Proceeds from sale of fixed assets	-	1
Proceeds from sale of investment property	15,841	700
Proceeds from sale of investments**	435	631
Dividend income received	21	32
Interest income received	8	9
Net cash generated / (used) in from investing activities	15,467	(4,747)
Cash flows from financing activities		
Draw down of loan	6,000	4,000
Repayments of loans	(12,057)	(1,070)
Loan amortisation repayments	(250)	-
Swap variation	(5,000)	-
Loan arrangement fees and associated set up costs	(884)	-
Dividends paid	(2,122)	(1,061)
Net cash (used in)/generated from financing activities	(14,313)	1,869
Net increase/(decrease) in cash and cash equivalents	4,134	(267)
Cash and cash equivalents at the beginning of year*	9,218	9,485
Cash and cash equivalents at the end of year*	13,352	9,218

* Of this balance £5,009,000 (2020: £1,052,000) is restricted by the Group's lenders i.e. it can only be used for purchase of investment property.
** Shares in listed and/or unlisted companies.
*** Shares in listed companies held for trading purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

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 will publish full financial statements that comply with IFRSs which will shortly be available on its website and are to be posted to shareholders shortly.

The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 31 December 2021 or 2020. The financial information for the year ended 31 December 2019 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 but did include a reference to matters to an emphasis of matter on the impact of COVID-19 which the auditors drew attention to without qualifying their report and 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 2021 is derived from the audited statutory accounts for the year ended 31 December 2021 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. 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.

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 COVID-19 pandemic has provided a much harder set of circumstances for all businesses which the Group to date has navigated successfully. The Directors have prepared detailed financial forecasts to December 2024 assuming a significant downward trend in its income base, increasing costs and higher interest rates. The forecasted worst-case scenario demonstrated the Group is a going concern even if the business was subjected to a long downward spiral in its business activities. In summary, the Group has enough financial resources to survive to beyond June 2023.

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

The Group's main loans were renewed in July 2021 for a new three year term. The Group has a strong track record of obtaining long term finance and expects this to continue in the future as it has supportive lenders. The Group always maintains excellent relations with its lenders. The Lenders Covenants as at 31 December 2021 have been reviewed and significant movements would be required before a covenant was breached such as a 35% decrease in the secured portfolio valuation (circa £50m reduction) or 47% decrease in its actual income cover being circa £5.44m reduction in income. The Group's also currently has extensive cash reserves (and available facility) and other uncharged assets (including circa £10m of investment property).

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

2. Dividends

Amounts recognised as distributions to equity holders in the period:

	2021 £'000	2020 £'000
Final dividend for the year ended 31 December 2020 of 6p per share (2019: 6p per share)	1,061	1,061
Interim dividend for the year ended 31 December 2020 of 6p per share	1,061	-
	2,122	1,061

The Directors recommend a payment of a final dividend for the year ended 31 December 2021 of 6p per share (2020 – 6p), following the interim dividend which was paid on 9 February 2022 of 6p per share (2020 – 6p). The final dividend of 6p per share will be payable on 20 July 2022 to shareholders on the register at the close of business on 1 July 2022 (Ex dividend on 30 June 2022).

The full ordinary dividend for the year ended 31 December 2021 is anticipated to be 12p per share, subject to shareholder approval, being the 6p interim per share paid and the recommended final dividend of 6p per share.

3. Earnings per ordinary share (basic and diluted)

The calculation of profit per ordinary share is based on the profit, being a profit of £13,511,000 (2020 - £2,644,000) and on 17,683,469 ordinary shares being the weighted average number of ordinary shares in issue during the year excluding treasury shares (2020 – 17,683,469). There are no potential ordinary shares in existence. The Company holds 63,460 (2020 - 63,460) ordinary shares in treasury.

4. Investment properties

	Investment properties £'000
Fair value	
At 1 January 2020	169,340
Additions	5,538
Disposals	(550)
Fair value adjustment on investment properties held on leases	501
Revaluation increase	6,146
At 1 January 2021	180,975
Additions	537
Disposals	(15,140)
Fair value adjustment on investment properties held on leases	51
Revaluation increase	961
At 31 December 2021	167,384
Carrying amount	
At 31 December 2021	167,384
At 31 December 2020	180,975

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

	2021		2020	
Bank loans	£'000		£'000	
Interest is charged as to:		Rate		Rate
Fixed/ Hedged				
HSBC Bank plc*	35,000	7.76%	35,000	7.01%
HSBC Bank plc**	25,000	4.71%	25,000	6.58%
Unamortised loan arrangement fees	(737)		-	
Floating element				
HSBC Bank plc	(3,250)		3,000	
Shawbrook Bank Ltd	60		117	
	56,073		63,117	

Bank loans totalling £60,000,000 (2020 - £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'	2021 Fair value £'000	2020 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	16.69	(12,833)	(26,577)
Interest rate swap	25,000	4.63%	-	-	(1,100)
Interest rate swap	25,000	2.01%	9.92	(2,422)	(4,332)
				(15,255)	(32,009)
Net fair value gain/(loss) on derivative financial assets				16,754	(5,498)

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

** This arrangement came into effect in December 2021. The rates shown includes a 2.7% margin (2020 - 1.95%). Neither contracts include break options in the term but are repayable on a cessation of lending.

6. Bank loans

	2021 £'000	2020 £'000
Bank loans due within one year (*within current liabilities*)	560	63,066
Bank loans due after more than one year (*within non-current liabilities*)	55,513	51
Total bank loans	56,073	63,117

Analysis of debt maturity	2021 £'000 Interest*	2021 £'000 Capital	2021 £'000 Total	2020 £'000 Total
Trade and other payables**	-	4,889	4,889	5,995
Bank loans *repayable*				
On demand or within one year	1,759	560	2,319	63,383
In the second year	1,741	500	2,241	52
In the third year to the fifth year	864	55,013	55,877	-
	4,364	60,962	65,326	69,430

*based on the year end 3 month SONIA floating rate – 0.45%, and bank rate of 0.50%.

** Trade creditors, other creditors and accruals

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

A Shawbrook bank loan of £60,000 at the year-end is repayable over its life to September 2022.

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

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

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

7. Events after the reporting date

On 4 January 2022, a further £2m was repaid off the revolving facility leaving £11m available to be redrawn for the purchase of approved properties.

We have agreed a new lease 5 year lease for a 200,000 square foot industrial building, Bentalls Complex, Maldon, for £800,000 pa with effect from 1 March 2022. The previous lease ended in November 2021 and produced £650,000 pa.

8. Copies of the full set of Report and Accounts

Copies of the Company's report and accounts for the year ended 31 December 2020, which will be posted to shareholders shortly, will 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.**

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