PANTHER SECURITIES PLC

ANNUAL REPORT &
FINANCIAL STATEMENTS
2021

COMPANY NUMBER 00293147

Andrew Perloff

(Chairman)

Joined: 1972

Simon Peters

(Chief Executive & Finance Director)

Joined: 2004

John Perloff

(Executive Director)

Joined: 1994

Peter Kellner

(Non-Executive Director)

Joined: 1994

Bryan Galan

(Non-Executive Director)

Joined: 1994

Raphael Rotstein

(Associate Finance Director)

Joined: 2017

Jack Bispham

(Joint Head of Property)

Joined: 2011

Richard Swan

(Joint Head of Property)

Joined: 2010

Anthony Kellner

(Solicitor)

Joined: 2006

Vandana Shah

(Finance Controller)

Joined: 2017

Tom Prevezer

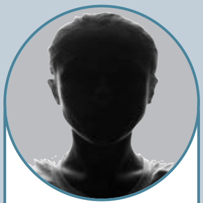
(Junior Surveyor)

Joined: 2021

Ingrid Tack

(Architectural Technician)

Joined: 2019



Lee-Anna Mayers

(Property Manager)

Joined: 2014

Tara Norrington

(Property Administrator)

Joined: 2018

Yvonne Headlam

(Reception)

Joined: 2005

Marsha Vaknine

(PA to Chairman)

Joined: 2017

Kerry Howard

(PA to Chairman)

Joined: 1988

Contents

Directors, Secretary and Advisors

Directors	**Andrew Stewart Perloff** (Chairman and Chief Executive)** **Bryan Richard Galan** (Non-executive)* **Peter Michael Kellner** (Non-executive)* **John Henry Perloff** (Executive) **Simon Jeffrey Peters** (Finance and Chief Executive)**
Company Secretary	Simon Jeffrey Peters
Registered Office	Unicorn House, Station Close, Potters Bar, Herts, EN6 1TL
Company number	00293147
Website	www.pantherplc.com
Auditor	Crowe U.K. LLP 55 Ludgate Hill, London, EC4M 7JW
Bankers	HSBC Bank PLC 31 Holborn, London, EC1N 4HR Santander Corporate Banking 2 Triton Square, Regents Place, London, NW1 3AN Shawbrook Bank Ltd PO Box 878, Newport, NP20 9LJ
Nomad, Financial Advisors and Joint Brokers	Allenby Capital Limited 5 St Helen's Place, London, EC3A 6AB
Joint Brokers	Raymond James Investment Services Ropemaker Place, 25 Ropemaker St, London, EC2Y 9LY
Registrars	Link Group 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Solicitors	Howard Kennedy LLP 1 London Bridge, London, SE1 9BG Fox Williams LLP 10 Finsbury Square, London, EC2A 1AF DMH Stallard LLP 6 New Street Square, New Fetter Lane, London, EC4A 3BF Brodies LLP 110 Queen Street, Glasgow, G1 3BX Blake Morgan LLP New Kings Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG

* Member of the Audit Committee and Remuneration Committee

** On 1 January 2022 Simon Peters became CEO, prior to this date it was Andrew Perloff.

The Year in Brief

	2021 £'000	2020 £'000
Revenue – rents receivable	**13,172**	13,051
Profit before tax	**15,922**	2,573
Total comprehensive income/(loss) for the year	**13,663**	2,357
Net assets of the Group	**97,783**	86,242
Earnings per 25p ordinary share Basic and diluted – continuing operations	**76.4p**	14.9p
Dividend per ordinary share (based on those proposed in relation to the financial year)	**12p***	12p
Net assets attributable to ordinary shareholders per 25p ordinary share	**553p**	488p

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

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 is 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.

Chairman's Statement continued

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 year end date a further £75,000 was 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.

Chairman's Statement continued

Beales Stores

I have already mentioned the planning exercise for Peterborough, the sale of Great Yarmouth and Mansfield, and as previously mentioned 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).

Chairman's Statement continued

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.

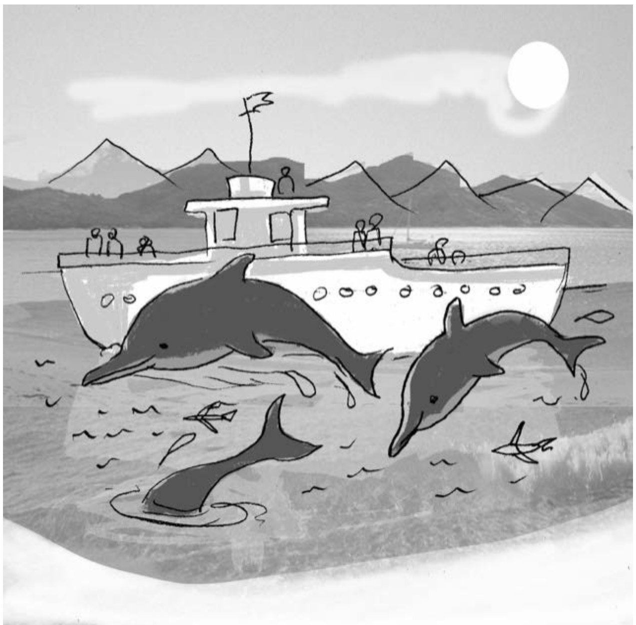
In 1967, when we were both 23, we decided to take a holiday in Southern Spain and to make it more exciting would drive there in my Triumph Herald convertible, both taking turns to drive. My friend somehow had found and booked a tiny one-bedroom bungalow right on the beach at Torremolinos. The journey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

Chairman's Ramblings continued

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.

Chairman's Ramblings continued

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.

Chairman's Ramblings continued

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.

Chairman's Ramblings continued

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

Group Strategic Report continued

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, if and when some retail locations become less viable, we believe we can create value from these sites with planning permission to eventually give them other uses or purposes. In the meantime, they continue in the most part to be strong cash contributors providing high returns on initial investment.

Group Strategic Report continued

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

Small movements in the expectation of future interest rates can have a significant impact on 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.

Group Strategic Report continued

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 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

Group Strategic Report continued

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.

Group Strategic Report continued

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.

Group Strategic Report continued

(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

Directors' Report

Company number: 00293147

The Directors submit their report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2021.

Directors' Responsibilities Statement

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

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

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

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

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

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

Going concern

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

The 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.

Directors' Report continued

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.

Principal activities, review of business and future developments

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

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

Company's objectives and management of capital

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

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

Results and dividends

The profit for the year after taxation, amounted to £13,511,000 (2020: £2,644,000).

The interim dividend of £1,061,000 (6.0p per share) on ordinary shares was paid on 9 February 2022. The Directors recommend a final dividend of £1,061,000 (6.0p per share) payable on 20 July 2022 to shareholders on the register at the close of business 1 July 2022 (Ex dividend on 30 June 2022). The total dividend for the year ended 31 December 2021 being anticipated at 12p per share.

There will be no option of a scrip dividend offered for the 2021 final dividend of 6.0p per share (to be paid in July 2022). There was no scrip option for the interim dividend which was paid in February 2022.

Directors and their beneficial interests in shares of the Company

The Directors who served during the year and their beneficial interests in the Company's issued share capital were:

	Ordinary shares of £0.25 each	
	2021	**2020**
A. S. Perloff (Chairman)	**4,015,860**	4,015,860
B. R. Galan (Non-executive)	**338,669**	338,669
P. M. Kellner (Non-executive)	**22,000**	22,000
J. H. Perloff	**137,500**	137,500
S. J. Peters	**227,929**	227,929

A. S. Perloff and his family trusts have beneficial interests in shares owned by Portnard Limited, a Company under their control, amounting to 8,405,175 (2020 – 8,405,175).

There have been no changes in Directors' shareholdings since 31 December 2021.

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

Directors' Report continued

Directors' emoluments

Directors' emoluments of £232,000 (2020 – £228,000) are made up as follows:

Director	Salary/ Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	Total 2021 £'000	Total 2020 £'000
Executive						
A. S. Perloff	–	–	3	–	**3**	6
J. H. Perloff	65	5	3	2	**75**	71
S. J. Peters	97	25	–	12	**134**	131
Non-executive						
B. R. Galan	10	–	–	–	**10**	10
P. M. Kellner	10	–	–	–	**10**	10
	182	30	6	14	**232**	228

Pension and other benefits

A. S. Perloff is the sole member and beneficiary of a non-contributory Director's pension scheme. The Group ceased contributions in 1997, has not contributed since, and does not anticipate making further contributions.

S. J. Peters had pension contributions paid in the year by the Company of £12,000 (2020 – £11,000) (some by salary sacrifice). J.H. Perloff had pension contributions paid in the year by the Company of £2,000 (2020 – £2,000).

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

Third party indemnity provision for Directors

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

Capital structure

Details of the issued share capital of the Company are shown in note 23. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The details of the Group's treasury policy are shown in note 27.

Financial risk management

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

Donations

During the year the Group made a £nil political donation (2020 – £nil). The Group makes donations to charities through advertisements at charity events and in the diaries of charities, the total of which in 2021 was £1,500 (2020 – £1,000). The Group is a Foundation Partner of the preferred charity of the property industry, Land Aid, donating £10,000 (2020 – £20,000).

Status

Panther Securities P.L.C. is a Company quoted on AIM and is incorporated in England and Wales.

Events after the reporting date

Details of events after the report date are given in the Chairman's Statement and note 33 to the consolidated accounts.

Directors' Report continued

Auditors

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

– so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and

– that Director had taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

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

Crowe U.K. LLP were appointed in the year and will be proposed for reappointment at the Annual General Meeting in 2022.

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

S. J. Peters
Company Secretary

Unicorn House
Station Close
Potters Bar
Hertfordshire EN6 1TL

22 April 2022

Corporate Governance

The Board

The Board currently consists of five directors, of whom two are non-executives. It meets regularly during each year to review appropriate strategic, operational and financial matters and otherwise as required. In the year the Board met three times with all members present. It supervises the executive management and a schedule of items reserved for the full Board's approval is in place. Panther Securities P.L.C. has an Executive Chairman who is also the Chief Executive (this changed on 1 January 2022).

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

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

Biographical details of Executive Directors:-

Andrew Perloff (Chairman)

He has over 55 years' experience in the property sector, including over 45 years' experience of being a director of a Public Listed Company mainly as Panther's Chairman and was the CEO up to 31 December 2021. He has significant experience of corporate activity including ten contested take-over bids and has also served on the Board of Directors of six other public listed companies. He is currently a non-executive director of Airsprung Group PLC, New Start 2020 Ltd, Anglia Home Furnishings Ltd and was previously a director of Beale Ltd.

Simon Peters (Finance Director and CEO*)

He is a member of the Chartered Institute of Taxation, a Fellow of the Chartered Certified Accountants and was formerly with KPMG LLP and the Lombard Bank Finance Department. He is currently a non-executive director of Airsprung Group PLC, New Start 2020 Ltd, Anglia Home Furnishings Ltd and was previously a director of Beale Ltd (including when it was fully listed on the LSE). He joined Panther in 2004, was appointed Finance Director in 2005 and was appointed as CEO from 1 January 2022.*

John Perloff (Executive)

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

Biographical details of Non-executive Directors:-

Bryan Galan (Non-executive)

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

Peter Kellner (Non-executive)

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

QCA Corporate Governance Code

The Directors recognise the importance of good corporate governance and have chosen to adopt and apply the Quoted Companies Alliance's 2018 Corporate Governance Code (the 'QCA Code'). The QCA Code was developed by the Quoted Companies Alliance in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". Details of how the Company addresses the key governance principles defined in the QCA Code can be found below.

1. Establish a strategy and business model which promote long-term value for shareholders

Panther's strategy and business model are set out in the Group Strategic Report. The strategic objective section of the Group Strategic Report states that the primary objective of the Group is to maximise long-term returns

Corporate Governance continued

for our shareholders by stable growth in net asset value and dividend per share, from a consistent and sustainable rental income stream. The key challenges to the business and how these are mitigated are also detailed in the Group Strategic Report.

2. Seek to understand and meet shareholder needs and expectations

The Board strongly encourages good communication with investors. The Company sends out announcements via post to shareholders who have requested this and all shareholders can join our mailing list, even if they hold shares in CREST.

The person at the Company with principal responsibility for liaising with shareholders is: Andrew Perloff, Chairman. Shareholders may also contact the Company in writing via the following email address: info@pantherplc.com. Inquiries that are received will be directed to the Chairman if appropriate, who will consider a response. The Company may exercise discretion as to which shareholder questions shall be responded to, and the information used to answer questions will be information that is freely available in the public domain. If deemed necessary, the inquiries will be brought to the Board's attention. All shareholders are ordinarily invited to our Annual General Meeting. Board members are available by phone to discuss the company and there is also shareholders access, before, during and after Annual General Meetings for discussions, therefore providing lots of opportunities for shareholders to understand and address any issues.

The Board has historically approved a regular dividend for many years, which has always been maintained or increased. The Board aims to maintain a sustainable and appropriate level of dividend cover. Where exceptional years arise, the Board anticipates this will normally be reflected with special dividends where practicable.

The Board believes the Company's mode of engaging with shareholders is adequate and effective.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group is aware of its corporate social responsibilities and recognises the importance of maintaining effective working relationships across a range of stakeholder groups.

On the basis of the Directors' knowledge and long experience of the operation of the Group, the Board recognises that the long-term success of the Group is reliant upon the efforts of the following key resources and relationships: the Group's employees, tenants, lenders, regulatory authorities, local residents and the general public affected by our activities. The Company actively seeks employees' feedback on their employment with the Company. The Company does this on an ongoing basis, but also holds bi-weekly all party staff meetings where employees are able to provide feedback. The property and finance departments frequently liaise with tenants, which can include receiving tenant feedback. The Company's lenders have teams of account and relationship managers, which the Company communicates with on a regular basis and provides regular management updates and is able to receive any feedback from lenders. The Company is open to feedback from local residents and the general public that may be affected by our activities and, in particular, this is often part of the planning process.

The Group understands the necessity of balancing the needs of all our stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of its members as a whole.

The Group ensures compliance with regulatory bodies and legislation through various procedures and protocols and receives feedback on matters such as planning on a regular basis. The Group undertakes to resolve any feedback received from stakeholders where appropriate and where such amendments are consistent with the Group's longer term strategy. However, no material changes to the Company's working processes have been required over the year to 31 December 2021, or more recently, as a result of stakeholder feedback received by the Company.

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

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

Corporate Governance continued

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

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

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

The Board consist of three Executive Directors and two Non-Executive Directors. Biographies of the directors can be found above, the Board considers its two non-executive Directors (Bryan Galan and Peter Kellner) to be independent. Bryan Galan and Peter Kellner have been directors of the Company since 1994. Despite the length of service of the independent non-executive directors, the rest of the Board consider them to continue to be independent as they are sufficiently removed from the day to day operations of the Company to retain a critical and independent view. Further commentary in respect of the Company's Non-Executive Directors can be found above.

As detailed above, the Board met three times with all members present, the Audit Committee met three times with all members present and the Remuneration Committee met three times with all members present. Andrew Perloff, Simon Peters and John Perloff work full time. Bryan Galan and Peter Kellner currently work on average 6 days per year.

All Directors are kept apprised of financial and operational information in a timely fashion and in advance of any meetings. The Executive Directors regularly attend meetings to ensure decisions are made and inter-departmental communication is strong and transparent.

6. Ensure that between them, the directors have the necessary up-to-date experience, skills and capabilities

The Company has an Executive Chairman who is also the Chief Executive, being Andrew Perloff. The Company's Finance Director is Simon Peters who is now Chief Executive from 1 January 2022. John Perloff is an Executive Director. Bryan Galan and Peter Kellner are Non-Executive Directors. Biographies of the directors are above.

The Board has a wide and well-rounded level of expertise and experience with a clear and proven track record. Professionally qualified members of the Board keep up to date with their Continuing Professional Development, which ensures they are familiar with changes and current developments in their fields and some members are on other boards which helps them see best practise elsewhere. The Board Members take particular interests in keeping appraised on key issues and developments pertaining to the Group.

During the year ended 31 December 2021, neither the Board nor any committee has sought external advice on a significant matter and no external advisers to the Board or any of its committees have been engaged. Aside from the directors' stated roles and the role of Simon Peters as Company Secretary, the Board members do not have any particular internal advisory responsibilities.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The individual Board members are appraised by the Chairman and/or Non-Executives as appropriate on their performance. This process is informal in nature and is performed on an ongoing basis, rather than at pre-determined annual junctures. The main criteria against which individual director effectiveness is considered are: ensuring that the right actions in the business are being taken and ensuring that directors continue to be effective. The Company's director evaluation process has not changed materially relative to previous years, on the basis that the Board are of the view that the above processes are appropriate for the Company's requirements, given the nature of the Company's business and levels of experience on the Board. There were no material findings from the Company's Board appraisals over the year ended 31 December 2021, which was the same in the previous year.

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

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

The Board considers succession planning and the need for further board or senior management appointments.

Corporate Governance continued

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

8. Promote a corporate culture that is based on ethical values and behaviors

The Board promotes a corporate culture of professional behaviour, integrity, professional competence and due care, objectivity and confidentiality. These values are promoted from the top down and embedded in our working practices and company policies. As noted in the disclosure above in respect of Principle Three, the Company holds bi-weekly all party staff meetings where employees are able provide feedback, which allows the Board and management to have insights into the Company's culture.

When new employees join the Company, they are provided a staff handbook and are required to become familiarised with the Company's working practices and company policies. The Board and management are prepared to take appropriate action against unethical behaviour, violation of company policies or misconduct.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is satisfied with the Company's corporate governance, given the Company's size and the nature of its operations, and as such there are no specific plans for any material changes to the Company's corporate governance arrangements in the shorter term.

As noted in the disclosure above in respect of Principle Six, Andrew Perloff is both Chairman and Chief Executive Officer of the Company. In his role as Chairman, Andrew Perloff has overall responsibility for corporate governance matters in the Company, leadership of the board and ensuring its effectiveness on all aspects of its role. In his role as Chief Executive Officer Andrew Perloff leads the Company's staff and is responsible for implementing those actions required to deliver on the agreed strategy. Andrew Perloff and his family trusts are the beneficiaries of the majority of the Company's ordinary shares. Andrew Perloff is one of the original co-founders of the Panther Securities property investment business and has been a significant driving force underlying the Group's development. On this basis, the Board did consider that it was in the best interest of the Group to maintain Andrew Perloff's positions as both Chairman and Chief Executive Officer (a position that he has held for a number of years), notwithstanding that this is contrary to recommended best practice in the QCA Code. However since 1 January 2022 these roles are now split with Simon Peters being the Chief Executive officer.

The Executive Directors have a responsibility for the operational management of the Group's activities. The Non-executive Directors provide independent and objective insight and judgement to Board decisions. The Board has overall responsibility for promoting the success of the Group.

The Board has established an Audit Committee and a Remuneration Committee comprised only of our Non-Executive Directors to provide a level of independence and objectivity.

Audit Committee

The Audit Committee consists solely of the two non-executive Directors and it is chaired by Peter Kellner. Its terms of reference are that it meets at least twice a year to review the Group's accounting policies, financial and other reporting procedures, with the external auditors in attendance when appropriate. Over the year to 31 December 2021 the committee met three times with all members present. The internal controls are reviewed annually ensuring their effectiveness and any specific issues are dealt with if and when they arise. When the Board reviews internal controls they consider the effectiveness of controls, concentrating on all material controls, including operational and compliance controls, and risk management systems.

Remuneration Committee

The Remuneration Committee consists solely of the two non-executive Directors, Bryan Galan (Chairman) and Peter Kellner. Its terms of reference are that it reviews the terms and conditions of service of the Chairman and Executive Directors, ensuring that salaries and benefits satisfy performance and other criteria. When setting remuneration the Committee consults with the Chairman of the Board and no external third parties are consulted. In the year to 31 December 2021 the Committee met three times with all members present.

Corporate Governance continued

Remuneration policy

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

The Company does not have a Nomination Committee, as the need for appointments and decisions regarding appointments are considered by the Board as a whole.

The key matters reserved for the Board are the following:

- Strategy
- Structure and capital
- Financial reporting and controls
- Internal controls
- Significant investments
- Board membership and other appointments
- Delegation of authority
- Corporate governance
- Approval of company policies
- Other matters, such key adviser appointments and insurance

10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

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

The Board recognises the importance of communication with the Group's shareholders and various stakeholders. The Group updates its website regularly with any announcements and always welcomes shareholders' queries which are welcomed by all members of the Board whenever they arise.

The Annual General Meeting also provides an important opportunity to meet shareholders. The Board has hot drinks before and after the Annual General Meeting where dialogue is encouraged.

The detailed results of voting on all resolutions in future general meetings will not be posted to the Group's website or announced, as the Board feels that these results have in recent years been unambiguous and generally unanimous.

Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the Board will post this on the Group's website and will include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

The Group's financial reports for the last five years can be found online: http://www.pantherplc.com/financial/reports-and-accounts/

Notices of Annual General Meetings of the Company for the last five years are included at the end of each of the annual report and financial statements. Within the last five years, other than its Annual General Meetings, the Company has not held any other General Meetings of Shareholders.

Certain details regarding the Company's Audit Committee and Remuneration Committee and their work over the year to 31 December 2021 can be found in the disclosure above in respect of Principle Nine. The Company's Audit Committee and Remuneration Committee do not produce public reports on their work over the year, although their work and key findings are communicated to the Board. Details of the Company's remuneration policy can be found in the disclosure above in respect of Principle Nine and details of the Directors' remuneration can be found above in the Directors' Report.

Independent Auditors' Report

To the Members of Panther Securities PLC

Opinion

We have audited the financial statements of Panther Securities Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2021, which comprise:

- the Group income statement and statement of comprehensive income for the year ended 31 December 2021;
- the Group and parent company statements of financial position as at 31 December 2021;
- the Group statement of cash flows for the year then ended 31 December 2021;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included the following:

- Obtained management's going concern assessment challenging, where appropriate, the assumptions used;
- Tested mathematical accuracy of the models used by management in their assessment. Considered the reasonableness of those models, including comparison to actual results achieved in the year and the evaluation of downside sensitivities; and
- Discussed with management and evaluated their assessment of the group and the company's liquidity requirement.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report continued

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £2,000,000 (2020: £2,100,000), based on 1.1% of the group's total assets. Materiality for the Parent Company financial statements as a whole was set at £220,000 (2020: £300,000) based on 1.0% of the parent company's total assets.

We are required to consider whether there are one or more particular classes of transactions or account balance, for which misstatements of lesser amounts than materiality could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In the group and parent company financial statements, for transactions and assets and liabilities other than investment properties, we have determined specific materiality to be £130,000 (2020: £135,000) and £55,000 (2020: £80,000) respectively, based on 1.0% of turnover due to revenue growth being one of the group's key performance indicators.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £1,400,000 (2020: £1,260,000) for the group and £154,000 (2020: £180,000) for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £59,000 (2020: £63,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

We audit the parent company and its subsidiary companies. Our audit approach was developed by obtaining an understanding of the group's activities, the key functions undertaken on behalf of the Board by management and the overall control environment. Based on this understanding we assessed those aspects of the group and subsidiary companies transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report continued

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Carrying value of investment properties (group) The valuation of investment property requires significant judgement and estimates by management and the external valuer where applicable. The valuation of the group's property portfolio is inherently subjective to, among other factors, the individual nature of each property, its location and the expected future rentals, yield data and comparable market transactions. As a consequence, there is an inherent risk that the carrying value could be subject to material estimation bias.	We gained an understanding of the nature of the assets in the portfolio and ensured classification and designation are appropriate and in line with our expectations. We reviewed the stated accounting policy ensuring it is appropriate to the designation and has been applied consistently. We evaluated the capability, suitability and competence of the group's external and internal valuers, giving specific focus to their qualification, experience and, in relation to the external valuer, their independence. We reviewed management's assessment of the carrying value of the investment properties which was derived from valuation reports prepared by external valuers and internal surveyors. We carried out procedures, on a sample basis, to satisfy ourselves of the accuracy of the property information supplied by management as these form the basis of the valuation reports. We compared the output from the external valuers and directors to the levels of rents actually achieved and where possible, publically available benchmark data such as yields. We engaged our own independent property valuation expert to assist with the assessment of key assumptions included in the valuation reports in accordance with ISA (UK) 620 to challenge assessment of the carrying value of investment properties. We spoke directly with the management to confirm the basis on which they had prepared the valuation and how they had arrived at their key inputs, and specifically the property specific yields. We considered the adequacy of disclosures around the sensitivity of the carrying value to changes in reasonable alternative assumptions.

Independent Auditors' Report continued

Key audit matter	How the scope of our audit addressed the key audit matter
Carrying value of derivatives financial instruments (group and parent company) Derivatives financial instruments are complex and requires specific knowledge and skills to carry out its valuation therefore increasing the inherent risk.	We gained an understanding of the group's valuation methodology in determining the fair value of the derivatives financial instruments and its compliance with the relevant accounting standards. We also assessed management approach on the credit risk on the derivatives financial instruments and the appropriateness of the discounts applied. We computed an independent estimate of the fair value of the derivative financial instruments. We considered the adequacy of disclosures around the derivatives financial instruments.
Revenue recognition (group) Revenue for the group consists primarily of rental income. Rental income is based on tenancy agreements where there is a standard process in place for recording revenue. Due to the number of tenancies on different terms, coupled with the practice occasionally offering tenant incentives on the grant of a new lease there an increased inherent risk of error.	We re-performed the rental reconciliations and selected a sample of tenancy agreements per property to validate the inputs into that reconciliation. We also performed comparative analytical procedures based on our knowledge of the tenancy and forming an expectation of rental income for each property and investigated any large or unusual variances. Where tenancy incentives were given on the granting of a new lease we reviewed the rent free period to agree it is accounted for in accordance with accounting standards. We reviewed the accounting treatment and journals posted in regards to deferred rental income recorded on the group's statement of financial position by agreeing to supporting documentation.
Carrying value of investment in subsidiaries and amounts owed by group undertakings (parent company) We have considered the risk that investment in subsidiaries and amounts owed by group undertakings are impaired.	We reviewed management's assessment of carrying value of investment in subsidiaries and amounts owed by group undertakings and critically appraised the assumptions used. We compared the carrying value of investment in subsidiaries and amounts owed by group undertakings to the net assets and profitability of the corresponding entity along with other supporting evidence such as future projections.

Independent Auditors' Report continued

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, inappropriate revenue recognition, judgement surrounding the investment property valuations and trade receivable recoverability. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases corroborating balances recognised to supporting documentation on a sample basis and ensuring accounting policies are appropriate under the relevant accounting standards and applicable law.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Stallabrass
Senior Statutory Auditor
for and on behalf of
Crowe U.K. LLP
Statutory Auditor

55 Ludgate Hill
London
EC4M 7JW

22 April 2022

Consolidated Income Statement

For the year ended 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
Revenue	5	**13,172**	13,051
Cost of sales	5	**(4,651)**	(3,482)
Gross profit		**8,521**	9,569
Other income	5	**958**	467
Administrative expenses		**(1,492)**	(1,703)
Bad debt expense	21	**(286)**	(1,629)
Operating profit	6	**7,701**	6,704
Profit on disposal of investment properties		**701**	150
Movement in fair value of investment properties	16	**961**	6,146
		9,363	13,000
Finance costs – interest	10	**(2,322)**	(2,283)
Finance costs – swap interest	10	**(2,806)**	(2,726)
Finance costs – swap variation	10	**(5,000)**	–
Investment income	9	**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	27	**16,754**	(5,498)
Profit before income tax		**15,922**	2,573
Income tax (expense)/credit	11	**(2,411)**	71
Profit for the year		**13,511**	2,644
Continuing operations attributable to:			
Equity holders of the parent	12	**13,511**	2,644
Profit for the year		**13,511**	2,644
Earnings per share			
Basic and diluted – continuing operations	14	**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	16	**167,384**	180,975
Deferred tax asset	25	**2,252**	3,810
Right of use asset		**298**	335
Investments	18	**292**	614
		170,226	185,734
Current assets			
Stock properties	19	**350**	350
Investments		**29**	29
Trade and other receivables	21	**2,996**	3,925
Cash and cash equivalents (restricted)	22	**5,009**	1,052
Cash and cash equivalents	22	**8,343**	8,166
		16,727	13,522
Total assets		**186,953**	199,256
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	**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	24	**55,513**	51
Derivative financial liability	27	**15,255**	32,009
Leases	29	**8,353**	8,339
		79,121	40,399
Current liabilities			
Trade and other payables	26	**9,018**	9,361
Short-term borrowings	24	**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
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

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

2. New and revised International Financial Reporting Standards

New and amended Standards which became effective in the year

No new standards or amendments to standards that are mandatory for the first time for the financial year commencing 1 January 2021 affected any of the amounts recognised in the current year or any prior year and is not likely to affect future periods.

Standards, interpretations and amendments to published standards that are not yet effective

Amendments to IFRS which will apply in future periods

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

3. Critical accounting judgements and key sources of estimation uncertainty

Sources of judgement and estimation uncertainty in respect of the valuation of derivative financial instruments (see note 27) and investment properties (see note 16) are noted in their accounting policies and respective notes. In preparing the financial statements the directors have made a key judgement of whether or not to disclose a material uncertainty in respect of going concern and have concluded that no such uncertainty exists. Full details on this judgement are included in note 4.

4. Significant accounting policies

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards. The financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties, derivative financial instruments and investments which are carried at fair value.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. The principal accounting policies are set out below.

Going Concern

The 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.

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

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

The Group's main loans were renewed in July 2021 for a new three year term. 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.

More details are provided in the Directors Report within the Going Concern titled section.

Basis of consolidation

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

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, consideration payable including equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date.

Investment properties

Investment properties, which are properties held to earn rentals and/or capital appreciation, are revalued annually using the fair value model of accounting for investment property at the Statement of Financial Position date. When revaluing properties judgements are made based on the covenant strength of tenants, remainder of lease term of tenancy, location and other developments which have taken place in the form of open market lettings, rent reviews, lease renewals and planning consents. Gains or losses arising from changes in the fair value of investment property are included in the Income Statement in the period in which they arise.

The purchase of investment property is recognised on the date that exchange of contract become unconditional. Investment property disposals are recognised on the date that exchange of contracts become unconditional and there is a reasonable expectation that completion will occur. At this point the investment property is derecognised and any difference between consideration received and carrying value is recognised in the Income Statement.

Transfers between investment property and stock properties

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

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

Taxation

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

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

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

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

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis. Corporation tax for the period is charged at 19.00% (2020 – 19.00%).

Retirement benefit costs

The Company operates a defined contribution pension scheme and any pension charge represents the amounts payable by the Company to the fund in respect of the year.

Revenue recognition

IFRS 15 Revenue from Contracts is applicable to management fees and other income but excludes rent receivable. The majority of the Group's income is from tenant leases and is outside the scope of the standard. The financial impact of the standard is considered immaterial and does not materially impact the financial statements.

Revenue comprises:

- Rental income from tenancy occupied properties net of Value Added Tax where appropriate: Rental income is recognised in the Income Statement on a straight-line basis over the total lease period. The total expected rent payable over a lease, which takes account of lease incentives, is amortised on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the net consideration for the use of the property.

- Sale of stock properties: This is recognised on the date that exchange of contracts becomes unconditional, provided that there is a reasonable expectation that completion will occur.

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

Other income comprises:

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

The fair value of consideration received or receivable on the above services is recognised when the above revenue can be reliably measured. Revenue from services is recognised evenly over the period in which the services are provided.

Financial instruments

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

Trade receivables

Trade receivables are initially recognised at the transaction price in accordance with IFRS 15. IFRS 9 requires the Group to make an assessment of Expected Credit Losses ('ECLs') on its debtors based on tenant payment history and the Directors' assessment of the future credit risk relating to its trade receivables at reporting dates.

Cash and cash equivalents

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

Financial liabilities and equity

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

Trade payables

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

Bank borrowings

Interest bearing bank loans and overdrafts are initially measured at fair value less any transaction fees such as loan arrangement fees, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds and the settlement or redemption of borrowings is recognised over the term of the borrowings. Where new bank financing is obtained on substantially different terms to the existing financing the original financial liability is derecognised and a new financial liability recognised.

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

Derivative financial instruments

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

The Directors estimate the fair value annually for these financial instruments using the year end yield curve to extract the markets estimate of future pricing for interest rates. An in-house valuation is considered alongside valuations obtained from HSBC and Santander (both counterparties to one agreement) but also providing a value for the agreement they are not party too. An average of the three values (in-house and both banks) for each instrument is taken as the most appropriate value. This is an estimation and as such there is uncertainty to the fair value shown within the accounts – as demonstrated as the three values range from £13.4m to £16.4m.

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

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

Investments

Under IFRS 9, the Group has made an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes through other comprehensive income, and classified in the Statement of Financial Position as investments. Fair values of these investments are based on quoted market prices where available. Investments in unquoted equity securities is considered and also measured at fair value. Movements in fair value are taken directly to equity. When these investments are considered impaired in accordance with the requirements of IFRS 9, the impairment losses are recognised in the Income Statement. The investments represent investments in listed and unquoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. Those shares that are expected to be held for the long term are shown as non-current assets and those that are held for short term are shown as current assets.

Current asset investments are held for short term trading and are carried at fair value with movements in fair value recognised in the Income Statement.

Impairment of investments (non-current assets)

At each Statement of Financial Position date a provision for impairment is established based on expected credit losses. If the asset is judged to be impaired the loss is recognised in the Income Statement.

Provisions

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

Stock properties

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

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

Share capital

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

Share premium

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

Treasury shares

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

Capital redemption reserve

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

Retained earnings

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

Dividends

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

Leases

IFRS 16 was adopted as of 1 January 2019. A right of use asset and a lease liability has been recognised for all leases except leases of low value assets, which are considered to be those with a fair value below £10,000, and those with a duration of 12 months or less. The right-of-use asset has been measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Group will depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where impairment indicators exist, the right of use asset will be assessed for impairment.

The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

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

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

The Group as lessor

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

Notes to the Consolidated Financial Statements continued

5. Revenue, cost of sales and other income

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

	2021 £'000	2020 £'000
Other income		
Surrender premiums (Billericay)	**300**	–
Furlough support	**33**	104
Service charge management fees	**110**	101
Dilapidations and other	**515**	262
	958	467

6. Operating profit

	2021 £'000	2020 £'000
The operating profit for the year is stated after charging:		
Fees payable to the Group's auditor for the audit of both the parent company and the Group's annual report and accounts (and its subsidiaries):		
Current Auditor	**85**	83
Previous auditor	**–**	14
Fees paid to the Group's auditor for other services:		
Other services provided	**2**	2

7. Staff costs

	2021 £'000	2020 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**739**	809
Social security costs	**73**	88
Pension contributions	**29**	32
	841	929

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

	2021 Number	2020 Number
Directors	**5**	5
Other employees	**14**	16
	19	21

Notes to the Consolidated Financial Statements continued

8. Directors' remuneration

	2021 £'000	2020 £'000
Emoluments for services as Directors	**232**	228

There are no Directors with retirement benefits accruing under money purchase pension schemes in respect of qualifying services. Please refer to the Directors' Report for information on the highest paid Director and in respect of individual Directors' emoluments. Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. In the opinion of the Board, the Group's key management comprises the Executive and Non-Executive Directors of Panther Securities PLC. Information regarding their emoluments is set out above.

The following disclosures are in respect of employee benefits payable to the Directors of Panther Securities PLC across the Group and are thus stated in accordance with IFRS:

	2021 £'000	2020 £'000
Emoluments for services as directors	**232**	228
Employers' NIC	**30**	30
Short term employee benefits (salaries and benefits)	**262**	258

9. Investment income

	2021 £'000	2020 £'000
Interest on bank deposits	**8**	9
Dividends from equity investments	**21**	32
	29	41

10. Finance costs

	2021 £'000	2020 £'000
Interest payable on bank overdrafts and loans	**1,635**	1,596
Interest payable on lease liabilities	**687**	687
Finance costs – interest	**2,322**	2,283
Finance costs – swap interest (on financial derivatives)	**2,806**	2,726
Finance costs – swap variation	**5,000**	–
	10,128	5,009

Notes to the Consolidated Financial Statements continued

11. Income tax charge

The charge for taxation comprises the following:

	2021 £'000	2020 £'000
Current year UK corporation tax	**971**	310
Prior year UK corporation tax	**(67)**	58
	904	368
Current year deferred tax debit/(credit) – note 25	**1,507**	(439)
Income tax expense/(credit) for the year	**2,411**	(71)

Domestic income tax is calculated at 19.00% (2020 – 19.00%) of the estimated assessable profit or loss for the year. The provision for deferred tax has been calculated on the basis of 25.00% (2020 – 19.00%).

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

	2021 £'000	2021 %	2020 £'000	2020 %
Profit/(loss) before taxation	**15,922**		2,573	
Profit/(loss) before tax multiplied by the average of the standard rate of UK corporation tax of 19.0% (2020 – 19.0%)	**3,025**	**19.0**	489	19.0
Tax effect of expenses that are not deductible in determining taxable profit	**8**	**0.1**	21	0.8
Dividend income not taxable for tax purposes	**(4)**	**(0.0)**	(6)	(0.2)
Tax on chargeable gains difference to profits	**1,597**	**10.0**	(75)	(2.9)
Movement in deferred tax on revalued assets	**(2,283)**	**(14.4)**	(558)	(21.7)
Losses brought forward utilised	**(227)**	**(1.4)**	–	–
Difference in current and deferred tax rates	**362**	**2.2**	–	–
Prior year corporation tax over provision	**(67)**	**(0.4)**	58	2.3
Tax charge/(credit)	**2,411**		(71)	

12. Profit or (loss) attributable to members of the parent undertaking

	2021 £'000	2020 £'000
Dealt with in the accounts of:		
– the parent undertaking	**3,572**	(9,725)
– subsidiary undertakings	**9,939**	12,369
	13,511	2,644

Reconciliation of parent company profit and loss

	2021 £'000	2020 £'000
Profit/(loss) of parent company before intercompany adjustments	**18,637**	(9,861)
Bad debt provision – intercompany loan/investments*	**3,700**	5,200
Intercompany dividends*	**(18,765)**	(5,064)
Loss attributable to members of the Parent undertaking	**3,572**	(9,725)

* removed on consolidation

Notes to the Consolidated Financial Statements continued

13. 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.

14. 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.

15. Plant and equipment

	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2020	89	8	97
Disposals	(16)	–	(16)
At 1 January 2021	73	8	81
Disposals	–	–	–
At 31 December 2021	**73**	**8**	**81**
Accumulated depreciation			
At 1 January 2020	89	8	97
Disposals	(16)	–	(16)
At 1 January 2021	**73**	**8**	**81**
Disposals	–	–	–
At 31 December 2021	**73**	**8**	**81**
Carrying amount			
At 31 December 2021 and 2020	–	–	–

Notes to the Consolidated Financial Statements continued

16. 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

At 31 December 2021, £130,748,000 (2020 – £128,715,000) and £36,636,000 (2020 – £52,260,000) included within investment properties relates to freehold and leasehold properties respectively.

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

	2021 £'000	2020 £'000
Cost of investment properties	**135,172**	134,493

The Group has pledged £148,765,000 (ignoring lease obligations) of investment property (2020 – £159,497,000) as security for the main loan facilities with HSBC and Santander granted to the Group at the Statement of Financial Position date. A further £2,100,000 is pledged to Shawbrook Bank.

Costs relating to ongoing and potential developments are included in additions to investment properties and in the year ended 31 December 2021 amounted to £287,000 (2020 – £1,746,000).

Notes to the Consolidated Financial Statements continued

16. Investment properties continued

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £13,135,000 (2020 – £13,014,000).

Property valuations are complex, require a degree of judgement and are based on data some of which is publicly available and some that is not. Consistent with EPRA guidance, we have classified the valuations of our property portfolio as level 3 as defined by IFRS 13 Fair Value Measurement. Level 3 means that the valuation model cannot rely on inputs that are directly available from an active market; however there are related inputs from auction results that can be used as a basis. These inputs are analysed by segment in relation to the property portfolio. All other factors remaining constant, an increase in rental income would increase valuation, whilst an increase in equivalent nominal yield would result in a fall in value and vice versa.

In establishing fair value the most significant unobservable input is considered to be the appropriate yield to apply to the rental income. This is based on a number of factors including financial covenant strength of the tenant, location, marketability of the unit if it were to become vacant, quality of property and potential alternative uses.

Yields applied across the majority of the portfolio are in the range of 5% – 15% with the average yield being circa 8%. Assuming all else stayed the same; a decrease of 1% in the average yield would result in an increase in fair value of £23,455,000. An increase of 1% in the average yield would result in a decrease in fair value of £18,243,000.

Carter Jonas did an updated valuation at July 2021 (of 90% of the investment properties) and the Directors based their year-end valuation significantly on this external valuation adopting these values unless there had been a significant change that required adjustment. The valuation methodology applied by the Directors and the external valuers is in accordance with The RICS Valuation Global Standards (effective from July 2017), which is consistent with the required IFRS 13 methodology. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For some properties, valuation was based on an end development rather than investment income in order to achieve highest and best use value. To get the valuation in this instance the end development is discounted by profit for a developer and cost to build to get to the base estimated market value of investment.

The amount of unrealised gains or losses on investment properties is charged to the Income Statement as the movement in fair value of investment properties, for 2021 this was a fair value gain of £961,000 (2020 – £6,146,000). The amount of realised gains or losses is shown as the profit on disposal of investment properties within the income statement, for 2021 there was a realised gain of £701,000 (2020 – £150,000).

Notes to the Consolidated Financial Statements continued

17. Subsidiaries

Details of the Company's subsidiaries at 31 December 2021 are as follows;

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

* – 100% subsidiary of Surrey Motors Limited

** – 100% subsidiaries of Eurocity Properties PLC

All companies have a 31 December year end and have been included in the consolidated financial statements.

The registered office of all the above companies is Unicorn House, Station Close, Potters Bar, Herts, EN6 1TL.

Notes to the Consolidated Financial Statements continued

18. Investments

	Non-current assets £'000
Cost or valuation	
At 1 January 2020	927
Additions	633
Movement in fair value taken to equity	(354)
Disposals	(592)
At 1 January 2021	614
Additions	6
Movement in fair value taken to equity	204
Disposals	(532)
At 31 December 2021	**292**
Comprising at 31 December 2021:	
At cost	17
At valuation/net realisable value	275
Carrying amount	
At 31 December 2021	**292**
At 31 December 2020	614

The investments represent investments in listed and unquoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of the listed securities are based on quoted market prices. The securities carried at fair value are classified as Level 1 in the fair value hierarchy specified in IFRS 13. The fair value of investments in unquoted equity securities, which are not publically traded, is measured at fair value. The valuation of the investments is sensitive to stock exchange conditions.

Price risk

For the year ended 31 December 2021 if the average share price of the portfolio was 10% lower, then the loss recognised in Other Comprehensive Income would have been £21,000 lower (2020: £77,000 lower). Corresponding gains would be seen for a 10% uplift.

Notes to the Consolidated Financial Statements continued

19. Stock properties

	2021 £'000	2020 £'000
Stock properties	**350**	350

The market value of stock properties is £685,000 (2020 – £685,000).

£585,000 (2020: £585,000) of stock properties at market value have been provided as security for the bank loan from HSBC and Santander referred to in note 24.

The market value shown as at 31 December 2021, one stock property was valued by the Carter Jonas at July 21 and both valued by the Directors for the year end. The stock properties are held at the lower of cost and market value and as such any uplift is not recognised in the financial statements.

20. Capital commitments

	2021 £'000	2020 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	**3,135**	200

We have contracted to purchase a building in 2022 being £3,135,000 remaining after deposit paid.

21. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	**2,957**	4,864
Bad debt provision	**(1,242)**	(2,470)
	1,715	2,394
Other debtors	**63**	23
Prepayments	**266**	896
Accrued income	**952**	612
	2,996	3,925

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Net trade receivables are financial assets. The total of financial assets included within the financial statements at amortised cost is £16,082,000 (2020 – £12,247,000) (which relates to £2,730,000 (2020 – £3,029,000) included in the above (less prepayments) and the Group's cash or cash equivalents).

Debts are specifically provided for on an expected credit loss model. The bad debt provision includes all material doubtful debts that the directors are aware of. Other receivables and accrued income are shown net of provisions.

Notes to the Consolidated Financial Statements continued

21. Trade and other receivables continued

Aged Trade receivables are shown below:

	2021 £'000	2021 %	2020 £'000	2020 %
Up to 30 days	**1,016**	**34%**	2,052	43%
Up to 60 days	**296**	**10%**	305	6%
Up to 90 days	**211**	**7%**	66	1%
Up to 120 days	**263**	**9%**	746	15%
Over 120 days	**1,171**	**40%**	1,695	35%
Total	**2,957**		4,864	

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

	Trade receivables £'000	Cash and cash equivalents £'000	Total bad debt provisions £'000
Balance at 1 January 2020	1,392	45	1,437
Amount written off as uncollectable	(592)	–	(592)
Charge/(credit) to income statement	1,670	(1)	1,669
Balance at 1 January 2021	**2,470**	**44**	**2,514**
Amounts written off as uncollectable	(1,514)	(43)	(1,558)
Charge/(credit) to income statement	286	(1)	286
Balances at 31 December 2021	**1,242**	**–**	**1,242**

The cash and cash equivalents balances provided against related to balances on account with Kaupthing Singer and Friedlander before they went into administration in 2008. The Group at the Statement of Financial Position date had received 87.03p in the pound from an original balance of £332,000 and the administrators have confirmed there will be no more payments.

22. Other financial assets

Cash and cash equivalents

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

Credit risk

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

The credit risk on liquid funds is mitigated by the use of bank counterparties with high credit-ratings assigned by international credit-rating agencies. Kaupthing Singer and Friedlander went into administration and all of its balances are provided against (see note 21). Further information on the Group's credit risk is detailed within the Group Strategic Report.

Notes to the Consolidated Financial Statements continued

23. Share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
17,746,929 (2020 – 17,746,929) ordinary shares of £0.25 each	**4,437**	4,437

The Company has one class of ordinary shares which carry no fixed right to income.

During 2021 no ordinary shares were issued in the period (2020 – no ordinary shares were issued). 63,460 (2020 – 63,460) ordinary shares are held in treasury.

24. 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.

Notes to the Consolidated Financial Statements continued

25. Deferred taxation

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

	Total £'000
Asset at 1 January 2020	3,304
Credit to equity for the year	67
Credit to Income Statement for the year	439
Asset at 1 January 2021	3,810
Debit to equity for the year	(51)
Debit to Income Statement for the year	(1,507)
Asset at 31 December 2021	**2,252**

Deferred taxation arises in relation to:

Deferred tax

	2021 £'000	2020 £'000
Deferred tax liabilities:		
Investment properties	**(2,016)**	(2,681)
Deferred tax assets:		
Tax allowances in excess of book value	**323**	271
Fair value of investments	**131**	138
Derivative financial liability	**3,814**	6,082
Net deferred tax asset	**2,252**	3,810

As at 31 December 2021 the substantively enacted rate was 25% (2020: 19%) and this has been used for the deferred tax calculation.

26. Trade and other payables

	2021 £'000	2020 £'000
Trade creditors	**2,311**	3,602
Social security and other taxes	**1,204**	329
Other creditors	**1,426**	1,208
Leases (see note 29)	**687**	687
Accruals	**1,152**	1,185
Deferred income	**2,238**	2,350
	9,018	9,361

Trade creditors and accruals comprise amounts outstanding for trade purchases.

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

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

Liabilities included within the financial statements at amortised cost total £71,206,000 (2020 – £78,467,000) (includes payables above and the long term and short term borrowings, excluding deferred income plus lease liabilities).

Notes to the Consolidated Financial Statements continued

27. Derivative financial instruments

The main risks arising from the Group's financial instruments are those related to interest rate movements. Whilst there are no formal procedures for managing exposure to interest rate fluctuations, the Board continually reviews the situation and makes decisions accordingly. Hence, the Company will, as far as possible, enter into fixed interest rate swap arrangements. The purpose of such transactions is to manage the cash flow risks associated with a rise in interest rates but does expose it to fair value risk.

Bank loans Interest is charged as to:	2021 £'000	Rate	2020 £'000	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.

Interest rate derivatives are shown at fair value in the Income Statement, and are classified as Level 2 in the fair value hierarchy specified in IFRS 13.

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

Notes to the Consolidated Financial Statements continued

27. Derivative financial instruments continued

As mentioned elsewhere within these accounts the valuation of these derivative instruments is problematic as a singular number cannot fully make clear the high sensitivity effecting the calculated valuation to the various inputs and market conditions. In order to demonstrate the variations the combined liability of these instruments since 2008 have been at the lowest £6m and the highest shown was £31m and even since the year end the indicative values at March 2022 for the same instruments is circa £5m lower.

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

Analysis of debt maturity

Annual cash flows in respect of derivative financial instruments are approximately £2,806,000 (2020: £2,726,000) per annum based on current 2021 SONIA (2020: LIBOR) rates.

Interest rate risk

For the year ended 31 December 2021, if on average the 3 month SONIA over the year had been 100 basis points (1%) higher with all other variables held constant, under the financing structure in place at the year end, profit before tax for the year would have been approximately £400 lower (2020: £31,000 higher). This analysis excludes any effect this rate adjustment might have on expectations of future interest rates movements which is likely to affect the estimation of the fair value of the derivative financial liabilities (as this movement would also be shown within the Income Statement affecting post-tax profit or loss), but indicates the likely cash saving/(cost) a 100 basis points (1%) movement would have had for the Group.

Treasury management

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

28. Contingent liabilities

There were no contingent liabilities at the year-end (2020: nil).

29. Lease arrangements and obligations under leases

IFRS 16 eliminates the classification of leases as operating leases or finance leases and treats all in a similar way to finance leases.

The Group as lessee

The Group paid rent under non-cancellable leases in the year of £843,000 (2020 – £878,000).

The majority of these non-cancellable lease obligations are long leasehold investments in which the Group receives a profit rent. These investments often have rents payable, often with a contingent element (for example paying a proportion of collected rents), and a minimum rent obligation that is due to the superior landlord.

The average lease length is 149 years. The minimum rental payment obligations due under these operating leases and anticipated rental income derived from these investments are shown below. The rate used to determine the present value of the minimum rental payment obligations, is the cost of capital relevant to the time they were first entered into (majority of these are at 7.13% relating to when standard first introduced). The difference between the rents payable in the year of £843,000 (2020: £878,000) and the minimum for the year of £687,000 (2020: £687,000) is related to the contingent element only payable out of rents receivable.

Notes to the Consolidated Financial Statements continued

29. Lease arrangements and obligations under leases continued

Minimum future payments under non-cancellable leases

(Lessee)	2021 £'000	2020 £'000
Payable within one year	**687**	687
Payable between one year and five years	**2,748**	2,748
Payable in more than five years	**44,554**	45,526
	47,989	48,961

Anticipated rental income derived under non-cancellable sub leases

(Lessor)	2021 £'000	2020 £'000
Payable within one year	**3,385**	3,434
Payable between one year and five years	**10,567**	10,668
Payable in more than five years	**5,507**	5,616
	19,459	19,718

	2021 £'000	2020 £'000
Leases due within one year *(included within current liabilities)*	**687**	687
Leases due within one to five years	**2,748**	2,748
Leases due in more than five years	**5,605**	5,591
(included within non-current liabilities)	**8,353**	8,339
Total lease obligations	**9,040**	9,026

The Group as a lessor

The Group rents out its investment properties under leases. Revenue represents the Groups rental income for the year.

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

	2021 £'000	2020 £'000
Payable within one year	**9,841**	11,350
Payable between one year and five years	**29,022**	30,221
Payable in more than five years	**23,654**	26,845
	62,517	68,416

Notes to the Consolidated Financial Statements continued

30. Reconciliation of liabilities from financing activities

	1 January 2020 £'000	Cash flow £'000	Non-cash movements New Leases £'000	Other non-cash movements £'000	31 December 2020 £'000
Derivative financial instruments	(26,511)	–	–	(5,498)	(32,009)
Leases (current)	(651)	687	(36)	(687)	(687)
Leases (non-current)	(7,912)	–	(1,114)	687	(8,339)
Borrowings (current)	(1,072)	1,070	–	(63,064)	(63,066)
Borrowings (non-current)	(58,955)	(4,000)	–	62,904	(51)
	(95,101)	(2,243)	(1,150)	(5,658)	(104,152)

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

31. 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.

On 3 March 2022 the Company purchased 110,000 of its own shares of 25 pence each at a price of £2.45 per share. These shares will be held as treasury shares. The total number of ordinary shares held in treasury following this purchase is 173,460 ordinary shares.

32. Related party transactions

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

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

At 31 December 2021 included within creditors was, £69,000 (2020: 22,000) payable to the beneficiaries of the estate of late F Perloff, £9,000 due to H Perloff (2020: £16,000), all close family members of a director. Movement in the year related to property management services. Also A Perloff owed the Group £8,000 (2020: £3,000) at the year end.

Notes to the Consolidated Financial Statements continued

32. Related party transactions continued

At 31 December 2021 included within creditors was, £56,000 (2020: £61,000) owed to Maland Pension Fund a company sponsored pension scheme (for a director). This is a trading relationship as the balance owed was in relation to a jointly owned property were the interests were split and have been for many years. The company has not contributed for over a decade and there are no plans to make any further contributions.

Anglia Home Furnishings Ltd, a company owned wholly by Portnard Ltd (47% shareholder in Panther and has common directors) pays rent to the group of £125,000 pa in Canterbury. The related party also took a short license from May to October 2021 on part of a property in Peterborough, paying a percentage of their turnover (this also ended in 2021) – we received an additional £10,000 as well as saving holding costs.

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

During the year dividends of £570,000 (2020: £285,000) were paid to directors of the Group.

Parent Company Statement of Financial Position

As at 31 December 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Investments	35		**19,640**		22,662
Current assets					
Debtors	36	**89,052**		94,788	
Current asset investments		**29**		29	
Cash at bank and in hand		**10,671**		7,664	
		99,752		102,481	
Creditors: amounts falling due within one year	37	**(13,277)**		(74,454)	
Net current assets			**86,475**		28,027
Total assets less current liabilities			**106,115**		50,689
Creditors: amounts falling due after more than one year	38		**(55,513)**		–
Derivative financial liability	27		**(15,255)**		(32,009)
Net assets			**35,347**		18,680
Capital and reserves					
Called up share capital	40		**4,437**		4,437
Share premium account			**5,491**		5,491
Treasury shares			**(213)**		(213)
Capital redemption reserve			**604**		604
Profit and loss account			**25,028**		8,361
Shareholders' funds			**35,347**		18,680

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

The Parent Company made a profit of £18,637,000 (2020: a loss of £9,861,000).

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

Parent Company Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020	4,437	5,491	(213)	604	19,570	29,889
Loss for the year	–	–	–	–	(9,861)	(9,861)
Movement in fair value of investments taken to equity	–	–	–	–	(354)	(354)
Deferred tax relating to movement in fair value of investments taken to equity	–	–	–	–	67	67
Dividends	–	–	–	–	(1,061)	(1,061)
Balance at 1 January 2021	4,437	5,491	(213)	604	8,361	18,680
Profit/(loss) for the year	–	–	–	–	18,637	18,637
Movement in fair value of investments taken to equity	–	–	–	–	55	55
Deferred tax relating to movement in fair value of investments taken to equity	–	–	–	–	(14)	(14)
Realised fair value on disposal of investments previously taken to equity	–	–	–	–	148	148
Realised deferred tax relating to disposal of investments previously taken to equity	–	–	–	–	(37)	(37)
Dividends	–	–	–	–	(2,122)	(2,122)
Balance at 31 December 2021	**4,437**	**5,491**	**(213)**	**604**	**25,028**	**35,347**

Notes to the Parent Company Financial Statements
For the year ended 31 December 2021

33. Accounting policies for the Parent Company

The Parent Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Basis of preparation of financial statements

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the exemption from providing certain comparative information;
- the exemption from preparing a statement of cash flows;
- the exemption from declaring compliance with IFRS;
- the exemption from disclosing aspects of capital risk management;
- the exemption from providing a reconciliation on the number of shares outstanding;
- the exemption from disclosing information about IFRS in issue but not yet adopted;
- the exemption from disclosing key management personnel compensation; and
- the exemption from disclosing transactions between wholly owned group members.

In relation to the following exemptions equivalent disclosures have been given in the consolidated financial statements:

- the exemption from certain financial instrument disclosures; and
- the exemption from certain fair value disclosures.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Judgements and key sources of estimation uncertainty of the Group, applicable to the consolidated financial statements have been disclosed in note 3 to the consolidated financial statements. The only additional judgement relates to the recoverability of intercompany balances. Apart from that there are no additional judgements and key sources of estimation uncertainty that are applicable to the Parent Company only.

Significant accounting policies

The accounting policies of the Parent Company are identical to those adopted in the Consolidated Financial Statements of the Group, where applicable, with the exception of revenue recognition and investments in subsidiaries and the assessment of balances such as intercompany receivables which are cancelled out on consolidation.

Revenue recognition

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

Notes to the Parent Company Financial Statements continued

33. Accounting policies for the Parent Company continued

Investments

Under IFRS 9, the Company has made an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or less to present subsequent changes through other comprehensive income. Fair values of these investments are based on quoted market prices where available. Investments in unquoted equity securities is also considered and measured at fair value. Movements in fair value are taken directly to equity. When these investments are considered impaired in accordance with the requirements of IFRS 9, under the expected credit loss model, the impairment losses are recognised in the Income Statement. The investments represent investments in listed and unquoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. Those shares that are expected to be held for the long term are shown as non-current assets and those that are held for short term are shown as current assets.

Investments in subsidiaries is recorded at cost less impairment.

Current asset investments are held for short term trading and are carried at fair value with movements in fair value recognised in the Income Statement.

34. Staff costs

	2021 £'000	2020 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	**739**	809
Social security costs	**73**	88
Pension contributions	**29**	32
	841	929

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

	2021 Number	2020 Number
Directors	**5**	5
Other employees	**13**	16
	18	21

Notes to the Parent Company Financial Statements continued

35. Fixed asset investments

	Shares in Group undertakings £'000	Other investments £'000	Total £'000
Cost or valuation			
At 1 January 2021	22,048	614	22,662
Additions	–	6	6
Movement in fair value taken to equity	–	204	204
Disposals	–	(532)	(532)
Provisions	(2,700)	–	(2,700)
At 31 December 2021	**19,348**	**292**	**19,640**
Investments:			
Listed	–	275	275
Unlisted	19,348	17	19,365

The above investments are shown at market value where there is an active market for these shares. The historic cost of listed investments is £479,000 (2020: £1,324,000).

For details of the Company's subsidiaries at 31 December 2021, see note 17.

36. Debtors

	2021 £'000	2020 £'000
Due less than one year:		
Other debtors	**62**	23
Corporation tax	**500**	121
Amounts owed by Group undertakings	**84,516**	87,737
Prepayments and accrued income	**29**	687
Due more than one year:		
Deferred tax (note 39)	**3,945**	6,220
	89,052	94,788

37. Creditors

Amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	**70**	1,159
Bank loans	**500**	63,000
Amounts owed to Group undertakings	**12,111**	9,816
Social security and other taxes	**71**	47
Other creditors	**135**	105
Accruals and deferred income	**390**	327
	13,277	74,454

Notes to the Parent Company Financial Statements continued

38. Creditors

Amounts falling due after more than one year

	2021 £'000	2020 £'000
Bank loans	**55,513**	–

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

39. Deferred taxation

The following potential deferred taxation asset is recognised:

	2021 £'000	2020 £'000
Fair value of investments	**131**	138
Fair value of financial instruments	**3,814**	6,082
	3,945	6,220

40. Called up share capital

	2021 £'000	2020 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	**7,500**	7,500
Allotted, called up and fully paid		
17,746,929 (2020: 17,746,929) ordinary shares of £0.25 each	**4,437**	4,437

The Company is limited by shares and has one class of ordinary shares which carry no right to fixed income.

During 2021, no ordinary shares were issued in the period (2020: nil). 63,460 (2020: 63,460) ordinary shares of £0.25 each are held in treasury representing 0.4% of the Company's issued share capital.

41. Related party transactions

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

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

At 31 December 2021 included within creditors was, £69,000 (2020: 22,000) payable to the beneficiaries of the estate of late F Perloff, £9,000 due to H Perloff (2020: £16,000), all close family members of a director. Movement in the year related to property management services. Also A Perloff owed the Group £8,000 (2020: £3,000) at the year end.

At 31 December 2021 included within creditors was, £56,000 (2020: £61,000) owed to Maland Pension Fund a company sponsored pension scheme (for a director). This is a trading relationship as the balance owed was in relation to a jointly owned property were the interests were split and have been for many years. The company has not contributed for over a decade and there are no plans to make any further contributions.

During the year dividends of £570,000 (2020: £285,000) were paid to directors of the Group.

Notes to the Parent Company Financial Statements continued

42. Risk management

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

43. Events after the reporting period date

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

On 3 March 2022 the Company purchased 110,000 of its own shares of 25 pence each at a price of £2.45 per share. These shares will be held as treasury shares. The total number of ordinary shares held in treasury following this purchase is 173,460 ordinary shares.

44. Authorisation of financial statements and statement of compliance with FRS101

The financial statements of Panther Securities PLC (the "Company") for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 22 April 2022 and the Statement of Financial Position was signed on the board's behalf by A S Perloff. Panther Securities PLC is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest (£000's) except when otherwise indicated.

The results of Panther Securities PLC are included within the consolidated financial statements of Panther Securities PLC. The principal accounting policies adopted by the Company are set out in note 33.

Notice of Annual General Meeting

Arrangements for the 2022 Annual General Meeting (AGM).

The 88th Annual General Meeting of Panther Securities P.L.C. is planned to be held on 15 June 2022 at Danubius Hotel Regents Park, 18 Lodge Road, NW8 7JT at 11.30 am.

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

As Ordinary Business

1. To receive and adopt the Group Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2021 contained in the document entitled "Annual Report and Financial Statements 2021".

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

3. To re-elect P. M. Kellner who is retiring by rotation, as a Director.

4. To re-elect B .R. Galan who is retiring by rotation, as a Director.

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

As Special Business

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

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

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

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

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

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

Notice of Annual General Meeting continued

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

7.3 the power granted by this resolution, unless renewed, shall expire at the earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2022 but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

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

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

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

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

The directors believe that the proposals in resolutions 1-8 are in the best interests of shareholders as a whole and they unanimously recommend that you vote in favour of the resolutions.

By order of the Board

S. J. Peters
Company Secretary

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

22 April 2022

See over for notes.

Notice of Annual General Meeting continued

Notes

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

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

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

    - a form of proxy and return it together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority, to Link Group, 29 Wellington Street, Leeds, LS1 4DL; or
    - a CREST Proxy Instruction (as set out in paragraph 5 below);

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

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

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

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

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

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

8. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1, 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company

Notice of Annual General Meeting continued

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

10. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders included in the register of members of the Company at the close of business on 15 June 2022 or, if the meeting is adjourned, in the register of members at close of business. on the day which is two days before the day of any adjourned meeting, will be entitled to attend and to vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the share register at close of business on 15 June 2022, or, if the meeting is adjourned, in the register of members at close of business. on the day which is two days before the day of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

11. As at 9.00 a.m. on 22 April 2022, the Company's issued share capital comprised 17,683,469 ordinary shares of 25 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 9.00 a.m. on 22 April 2022 is 17,683,469.

12. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

13. Any member attending the meeting has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

14. If you have sold or otherwise transferred all your ordinary shares in the Company, please forward this annual report and accounts to the purchaser or transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

15. No Director is employed under a contract of service.

16. You may not use any electronic address provided in this Notice, or any related documents including the proxy form, to communicate with the Company for any purposes other than those expressly stated.

17. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at www.pantherplc.com

Notice of Annual General Meeting continued

Explanatory Notes to the Notice of Annual General Meeting

The following notes provide an explanation as to why certain resolutions set out in the notice of the Annual General Meeting of the Company are to be put to shareholders.

All resolutions save for Resolution 8 are ordinary resolutions and will be passed if more than 50% of the votes cast for or against are in favour. Resolution 8 is a special resolution and requires 75% of the votes cast.

Resolution 1 – Laying of accounts and adoption of reports

The directors are required by the Companies Act 2006 to present to the shareholders of the Company at a general meeting the reports of the directors and auditors, and the audited accounts of the Company, for the year ended 31 December 2021. The report of the directors and the audited accounts have been approved by the directors, and the report of the auditors has been approved by the auditors. A copy of each of these documents may be found in the document entitled "Annual Report and Financial Statements 2021".

Resolutions 3 and 4 – Re-election of directors

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

Resolution 5 – Auditors' appointment and remuneration

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

Resolution 6 – Authority to the directors to allot shares

The Companies Act 2006 provides that the directors may only allot shares if authorised by shareholders to do so. Resolution 6 will, if passed, authorise the directors to allot shares and to grant rights to subscribe for, or convert securities into, shares up to a maximum nominal amount of £2,400,000, which represents an amount which is approximately equal to 55% of the issued ordinary share capital of the Company as at 22 April 2022 the latest practicable date prior to the publication of the notice.

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

The Companies Act 2006 requires that, if the Company issues new shares for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. It is proposed that the directors be authorised to issue shares for cash and/or sell shares from treasury up to an aggregate nominal amount of £241,000 (representing approximately 5% of the Company's issued ordinary share capital as at 22 April 2022, the latest practicable date prior to the publication of the notice) without offering them to shareholders first in order to raise a limited amount of capital easily and quickly if needed. The resolution also modifies statutory pre-emption rights to deal with legal, regulatory or practical problems that may arise on a rights or other pre-emptive offer or issue. If resolution 7 is passed, this authority will expire at the same time as the authority to allot shares given pursuant to resolution 6.

Resolution 8 – Purchase of own shares by the Company

If passed, this resolution will grant the Company authority for a period of up to the end of the next annual general meeting to buy its own shares in the market. The resolution limits the number of shares that may be purchased to 5% of the Company's issued share capital as at 22 April 2022, the latest practicable date prior to the publication of the notice. The price per ordinary share that the Company may pay is set at a minimum amount (excluding expenses) of 25 pence per ordinary share and a maximum amount (excluding expenses) of 5% over the average of the previous five business days' middle market prices. The directors will only make purchases under this authority if they believe that to do so would result in increased earnings per share and would be in the interests of the shareholders generally.

Fifty Year Review

Year	Rental Income £'000s	Profit/ (loss) before tax £'000s	Net assets £'000s	Dividend per share	Net assets per share	Major events
1972	2	21	525	0.04p	5p	Perloffs' and M Block took control
1973	2	29	532	0.04p	5p	
1974	3	30	533	0.04p	5p	
1975	4	(19)	470	0.04p	4p	
1976	6	(151)	306	–	3p	Acquired Willsesden Optical Works Ltd
1977	11	(63)	234	–	2p	1st business centre Mount Pleasant
1978	31	(29)	281	–	3p	
1979	75	21	229	–	2p	
1980	159	52	328	–	3p	Sold all optical interests
1981	251	91	909	–	8p	
1982	309	99	1,423	0.19p	13p	
1983	354	137	1,753	0.22p	16p	
1984	502	49	2,832	0.22p	26p	
1985	559	107	3,135	0.22p	29p	
1986	641	164	4,090	0.33p	38p	
1987	786	240	6,750	**1.1p**	63p	Acquired Surrey Motors ltd
1988	1,292	905	11,725	2.2p	109p	
1989	1,329	580	12,211	2.2p	113p	
1990	1,263	2,261	10,601	3.3p	98p	Bid for Multitrust PLC
1991	1,714	556	14,277	2.5p	99p	Acquired Saxonbest Ltd
1992	2,722	(114)	11,942	1.1p	83p	Acquried Etonbrook Properties PLC
1993	2,942	707	13,877	2.8p	96p	
1994	3,229	1,729	18,569	2.7p	99p	Re-obtained full listing and acquired Multitrust Property Investments ltd
1995	3,637	1,114	18,836	3.0p	101p	
1996	4,025	2,146	21,746	**5.25p**	121p	Bid for Elys PLC
1997	4,647	2,173	24,010	4.0p	133p	
1998	4,735	3,236	28,500	6.0p	157p	
1999	4,961	2,056	32,875	6.0p	182p	Acquired Northstar Group
2000	5,518	2,396	32,285	6.5p	190p	Malcolm Block retired
2001	6,020	3,531	37,186	**9.0p**	219p	
2002	7,951	2,956	38,240	7.0p	226p	Acquired Eurocity Properties PLC
2003	9,125	3,413	50,104	**12.5p**	295p	
2004	9,194	7,632	49,871	8.0p	293p	S Peters joins. Sold Panther House.
2005	8,099	26,549	67,632	**20.0p**	398p	P Rowson retires/ J Perloff and S Peters join board
2006	7,510	9,269	73,269	12.0p	431p	
2007	7,526	9,089	78,608	12.0p	465p	
2008	7,064	(14,331)	65,846	12.0p	390p	Global financial banking crisis
2009	7,380	2,953	68,010	12.0p	403p	
2010	7,717	6,401	71,222	**15.0p**	422p	
2011	8,961	(2,312)	66,955	12.0p	397p	
2012	10,781	(4,633)	61,992	12.0p	367p	
2013	12,502	8,155	67,876	12.0p	395p	
2014	12,512	4,377	71,472	12.0p	409p	
2015	12,840	8,470	76,017	**22.0p**	428p	Sold MRG Systems Ltd
2016	12,965	(2,015)	72,279	12.0p	407p	BREXIT fears
2017	12,946	24,791	91,212	**22.0p**	516p	
2018	13,607	8,700	94,029	**27.0p**	532p	Record disposals – £41m for £11m profit.
2019	14,226	(4,963)	84,946	12.0p	480p	
2020	13,051	2,573	86,242	12.0p	488p	COVID-19 pandemic
2021	13,172	15,922	97,783	12.0p	553p	COVID-19 pandemic

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

For your notes

PANTHER
SECURITIES PLC

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