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

# Panther Securities P.L.C. ("the Company" or "the Group")

## Final results for the year ended 31 December 2022

### CHAIRMAN'S STATEMENT

I am once again pleased to present the results for the year ended 31 December 2022 which show a profit before tax of £22,902,000 compared to a profit before tax of £15,922,000 for the previous year ended 31 December 2021.

Both these figures are substantially affected by the movement in our swap liabilities amounting to a gain of £19,722,000 in 2022 (2021 – £16,754,000). This 2022 movement now turns the liability we have carried on our balance sheet since 2008, into an asset of £4,467,000. The improvement in the year being due to the market expectation of future higher interest rates, which are expected to be in place over the life of the instruments, as at 31 December 2022, compared to those anticipated at 31 December 2021.

If you look at our operating profit, which has the advantage that it is not distorted by the improvement of interest rate derivatives, then for 2022 it was £6,331,000 compared to £7,701,000 for the previous year. The main reason for the decrease is that we had significantly higher costs in 2022, leading to our cost of sales being £1,098,000 higher. We had significantly increased rates, repairs, legal costs and of course light and heat. The increase included certain one-off costs that will not be repeated next year, such as back dated rates and also the repairs and legal fees to facilitate significant lettings of Maldon and Trowbridge. We estimate over half of the additional cost of sales in 2022 will be non-recurring.

Our bad debt charge was back to a normal level of £702,000 in 2022 compared to a much reduced £286,000 in 2021, as with hindsight we overprovided in 2020 at the peak of the pandemic and we got the benefit of the reversal of this overprovision in 2021.

### Rents Receivable

Rents receivable for the year ended 31 December 2022 were £13,411,000, compared to the previous year's £13,172,000. This was despite not benefiting from rents of circa £440,000 received in 2021 following the disposals of Wembley and West Molesey in late 2021. In 2023 we should see further increases as we get a full year of rent on our purchases (the key ones being Chorley and Trowbridge) and also a full year at the improved rent on Maldon.

### Disposals

#### The Quadrangle, Glasgow

On 2 November 2021, we 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 was £1,250,000, subject to planning. We received £65,000 released to us last year (and the non-refundable deposit taken to profit in 2021), with the balance at completion on 1 August 2022 being that recognised in the 2022 figures.

### Acquisitions

In May 2022, we acquired the ***Lower Healey Business Park in Chorley***, Lancashire. The freehold estate comprises approximately 10 acres containing 116,000 sq. ft. of single storey factory space let to a number of different tenants with some vacant land capable of further development. We understand there is good tenant demand in this area partly because the Estate adjoins the M61 and is 2.5 miles from Exit 8. This Estate is currently producing £432,000 per annum and cost £5,026,000, including purchasing costs.

In June 2022, we completed our purchase of the (previously mentioned) substantial freehold factory and warehouse in ***Trowbridge, Wiltshire***. This comprised of approximately 96,000 sq.ft. of usable space standing in six acres. This property is located on an excellent industrial estate in Trowbridge where demand is strong. This unit was purchased vacant for £3,300,000 and has since been let in August to an excellent covenant at £455,000 per annum exclusive and has shown a decent value increase at our year end.

## Developments

### Swindon

We are almost there and just need to agree a price for extending and varying our lease with 70 years remaining. It is slow progress but we hope to finally get there in 2023!!! We have one planning permission granted with a second one in progress but tied in with the lease extension on this central Swindon site.

### Barry Parade, Peckham Rye

Our original attractive scheme for this site was eventually rejected at appeal. Whilst this application was at appeal we submitted a similar proposal with reduced residential units but higher commercial elements. This is still going through planning, for which we hope to obtain a positive decision for in due course. Currently, we are negotiating the S.106 agreement which will include an extortionate commuted sum in lieu of us providing affordable units (four units on a nine unit scheme). Due to the number of units and the layout of the scheme, we are already aware that no affordable housing providers would be interested, which is forcing us to pay the commuted sum.

### Peterborough

The former Beales store in Peterborough, was vacated by New Start 2020 Limited, trading as Beales, in February 2023. The store was uneconomical for them due to business rates applied to the trading area. Our planning application for the mixed-use development of shops/offices and 124 residential units is at the final stages and we hope to have a planning committee date in May following the local elections. The current older style department store contains approximately 145,000 sq. ft. of space which is unsuitable for current retail markets.

## Post Balance Sheet Events

On 16 January 2023, the Company drew down £2,000,000 from its revolving facility.

On 23 March 2023 the Company completed on the purchase of the freehold of 192-194 Northdown Road, Cliftonville, Margate for £451,000. The majority of the property is let to Boots at £25,000 pa with the remaining vacant space potentially suitable for conversion to residential. This purchase adjoins a property in our existing ownership.

## Loans

On 16 July 2021 we 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.

£59,750,000 was drawn at the year end and we drew another £2,000,000 after the year end. We make repayments of £125,000 per quarter.

We will be starting refinancing discussions soon which we hope to put in place by the end of 2023.

From 1 September 2023, following the variation made in 2021, we will start to benefit from the drop in our fixed rate to 3.40% pa (currently 5.06% pa) on £35,000,000 of our loan saving the Group £581,000 p.a. in cash flow until the end-point of the instrument (compared to pre-variation). This instrument is in place until 31 August 2038.

Our other instrument fixes our interest rate at 2.01% pa on £25,000,000 until 1 December 2031.

With £60,000,000 of our £66,000,000 facility fixed at lower than market rates for many years to come we are in an enviable position.

**Charitable Donations**

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

**Political Donations**

I consider most of the problems our business and many other businesses have to deal with occur because of poorly considered legislation and excessive taxation brought in by our unknowledgeable political leaders.

Therefore, at this year's annual general meeting, I have proposed a resolution for the Company to donate £20,000 to the Reform Party, with a hope many other people will believe a change of political direction may be of benefit to all businesses, and thus also the general population.

I have previously proposed resolutions to donate firstly to the Conservative party then latterly to UKIP which has substantially transformed itself into the Reform party, after UKIP succeeded in convincing the majority of those who bothered to vote that leaving the European Union was the correct decision for this country. The Reform Party has some very interesting proposals but, most importantly, they state that they will listen to the concerns of the majority of the public and try to reduce taxation, and excessive regulations.

As with previously proposed political donations, I will not vote my personal shareholdings, but leave it to the body of shareholders to decide if we should give support to this new party even if it is just to show that our present, so called, Conservative party's failure to enumerate traditional Conservative policies is unwelcome by many voters.

**Dividends**

We paid a delayed 6p per share interim dividend for year ended 31 December 2021 in February 2022. We also paid a 6p per share final dividend for the year ended 31 December 2021 on 20 July 2022. We paid an interim dividend for the year ending 31 December 2022 of 6p per share paid on 20 October 2022.

A 10p per share special dividend in relation to the year ending 31 December 2023 was paid on 10 February 2023 to recognise the improvement in our balance sheet due to the reversing of our swap liabilities to a reasonable asset.

The Directors recommend a payment of a final dividend for the year ended 31 December 2022 of 6p per share, following the interim dividend which was paid on 20 October 2022 of 6p per share. The final dividend of 6p per share will be payable on 19 July 2023 to shareholders on the register at the close of business on 30 June 2023 (Ex dividend on 29 June 2023).

We expect to maintain our final and interim dividends for the 2023 full year and intend to make further announcements in relation to this in due course and of course have already paid the 10p per share special dividend.

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 are in order for 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**

27 April 2023

## CHAIRMAN'S RAMBLINGS

Max Bygraves was a very popular much loved all round entertainer who occasionally performed in pantomimes during the 1950s.

My older brother and I were very lucky to have been taken by our parents to see him in "Mother Goose" at the London Palladium in 1954. As a 10 year old, these were exciting outings for me. We sat at the very rear of the ground floor stalls where I could sit on the up folded seat to see the stage over the people in front of us.

I am sure you all know the story about a goose that used to lay a golden egg each day that brought wealth to a poor village, but their leaders became greedy and decided to cut open its stomach to find all the other golden eggs inside. Well, of course, there were no golden eggs and the goose died, thus no more golden eggs were laid, and the village became poor again. Part way through the show the villagers were looking round and about to see where "Goosey" had laid the golden egg. This involved some actors running around the theatre and one finding a member of the audience to whom they would give a golden egg for them to take on stage and announce, "I've found it". Obviously, as I was the cutest little boy in the audience, they picked me! The egg was in a brown paper bag but I was too shy and nervous to take the egg up on stage so my brother, Harold, took it up and got the applause for finding it and was also given an inflatable goose.

This is where the expression "don't kill the goose that lays the golden egg" came into being.

It also made me think what geese this country have which lay the golden eggs? Well, first was energy. The UK sits on 100 years of available coal and huge offshore oil and gas reserves and recently discovered gas under many remote areas of the country. This offshore oil has for some years produced golden eggs, very heavily taxed, but we have currently killed off the possible golden eggs of fracking (which has made the USA completely energy independent). Even though renewable energy is clearly an important energy source, and governments should encourage renewables, but why kill off our energy independence? How foolish can we be?

One of Max Bygraves' catch phrases, "I'm gonna tell you a story", also reminded me that sometimes a story helps people understand.

### My Friend the Builder

One of my friends, a builder who has carried out a number of building jobs for me very successfully over the past 35 years, the last one being a joint development of nine award winning housing units in the West Country near his home. This was a few years ago and after the scheme he decided he was fed up with planning housing/building schemes because the authorities made it as difficult as possible.

With his share of nine house scheme profits, he purchased a small but successful laminate furniture manufacturer also in the West Country and all was going well with the business running smoothly. Well aware of local/UK and world news from the media he heard about Russian troops carrying out "manoeuvres" near the Ukraine border, and was concerned because over 50% of his laminate trade involved using wood/veneers from Ukraine and he knew that if Russia attacked Ukraine there would be disruption to his supply.

With uncanny foresight he immediately ordered and contracted for nine months' supply of his speciality timber from his supplier (who were delighted with the order) for quick delivery, although this put his finances at a stretch. Well, his intuition was correct, and we all know what happened. Supplies of raw materials shrunk considerably, but he managed to continue his usual production all year and even though his production never ceased, prices for this raw material

rose 50%. This allowed his customers to continue to receive his products, cheaper than his rivals (many of whose supplies had been rationed) for six or seven months before some alternative supplies became available at much higher prices.

Most of you will not be too worried about a shortage of wood veneer, but the same circumstances apply to energy, oil, and gas.

I suspect we have quite a few thousand people in the Ministry of Defence, watching events, and the Department of Energy scrutinising world supplies, all paid excessively well to ponder what problems in this big world could affect this small country badly.

Why didn't any of our bureaucrats say to our Ministers "pick up the phone to the chief executives of our fracking, oil and gas companies to ramp up production quickly as trouble is coming and where necessary we will grant assistance to assist in any way we can"? A request that coal fired power generators also be kept on standby. If they had, it may have saved this country's inhabitants billions of pounds of direct energy costs and also the taxpayer millions of pounds in subsidies. Indeed, if Russia saw that the UK and Europe were able to ramp up their own energy production to move dependence away from Russian energy, they may have reconsidered their aggressive invasion plans.

I then wondered, what other geese does this country have which lay the golden eggs?

**Retail High Streets**

A second goose for supplying golden eggs was our retail property industry. People love shopping and our high streets were the magnets of world travellers who spent their cash in our country. The anchor of most of our high streets was the department stores, many of which started over 150 years ago. They contained a cornucopia of goods available at competitive prices.

Our clodhopper government taxed them so excessively as to decimate the department store sector, which in turn damaged the other high street retailers who always benefitted from the attractions of these huge stores in town centres. Thus many towns and, especially Northern towns, became in need of massive regeneration funds to "level up" the damage created by poor taxation decisions. There are so many benefits to our country in having successful and busy high streets but too many social benefits to mention here. Oxford Street and Bond Street in Central London were, for many years as long as I can remember, the focal point of wealthy tourists anxious to purchase luxury goods. By removing the incentive of their ability to reclaim the VAT they pay on their purchases, many of them now travel to Paris, Milan and Venice as they feel they receive better value. This affects the hotel/restaurant and service industries. The bureaucrats have killed another golden egg producer.

**The General Property Industry**

The backbone of the country's wealth is its housing market, which was sophisticated and worked well, with saver's money deposited in building societies and banks who recycled loans to help new buyers and thus allowed many builders to increase production and provided new and extra homes. Of course, local councils saw the opportunity of squeezing money out of builders and demanded various payments, under a variety of pretexts, to obtain permissions. Councils were incredibly slow in decision-making and because less homes were built, so prices increased, stamp duty was raised so often and it is mind boggling levels to which the taxes have reached for higher value properties, thus hindering the liquidity of the housing market.

The parasites of Westminster have taxed and re-taxed those who save and invest in housing for rental, such that there is now a growing shortage of rental homes. If the excessive taxation

payable by rentiers was not quite enough, legislation under the zero carbon mantra has been brought in to load rental properties with heavy extra insulation costs. The simple answer is for the owner to sell making less availability and higher costs of rentals which our foolhardy government will have to subsidise as a major part of the poorer renters cannot afford the higher cost. Thus, not only another golden egg disappears but a lead balloon attached to our social security costs.

"I'm gonna tell you another story".

## Bureaucratic Sloth

When I was first an Estate Agent, I had to employ a qualified Surveyor to assist with some of our transactions. I chose one who was particularly helpful to us. He told me my late Father had given him some jobs when he first started his own practice so he in turn was very loyal and reasonable to our fledgling practice.

I never forgot the story he relayed to me many years ago. He left university/college with a surveying degree and went to work for a London council in their surveying department. In those days, councils were able to grant loans to enable people to buy their own homes.

He was given a list of properties to inspect to ascertain that the properties were good for the loan and appropriate value.

He carefully studied his property list and worked out the best logistical way to view them. The first day he inspected over ten properties as he said it was not an onerous task. He also arrived back at the council offices in good time to start completing the report forms. He was expecting some type of praise for such speedy and diligent work.

However, the Head Surveyor told him that he had worked too hard. He was meant to carry out one survey in the morning and one in the afternoon, otherwise half the department would be out of a job within months.

He did not stay long with this council as he felt they were wasting not only their time but his time as well, so he decided to start his own firm and long was it successful.

Personally in recent times, having dealt with the Probate Office, HM Revenue & Customs, The Land Registry and the District Valuers Department, it appears this attitude is still well established. Long-term illness in the civil service is twice that of the private sector. Even the simplest of matters takes an inordinate amount of time.

Whilst excessive taxation is more obvious because of its extent, foolhardy interfering legislation is also adversely perverse in its ramifications.

## Antique Trade Interference

The ban on ivory trading to save the elephants of Africa and India, and big game, is a case in point. Banning the sale of antique ivory carvings or ivory worked and used maybe between 150-50 years ago will not save one elephant's life but will destroy many thousands of peoples businesses. If the authorities donated a tiny fraction of our overseas aid to the appropriate countries, many more elephants would be protected. However, in their usual gesture politics way, our legislators are bringing in legislation to stop legal licensed hunters from anywhere bringing back their trophies. **Whilst I am very much against hunting**, the conservation authorities in the relevant jurisdiction pointed out their policies which include limited and carefully licensed hunting has increased the elephant population which seems to be an

oxymoron but reflects real life situations and actions of the citizens of the countries concerned whereas those that banned hunting saw substantial falls in the elephant population, until they reversed the bans. Virtually all African nations who were very intent on protecting their environment and animal diversity wrote to our legislators explaining why they oppose the ban.

Whilst this type of interference in other nations' policies may be good gesture politics, it is extremely condescending to African nationals who have vast experience of what saves elephants and what does not. (Read Dominic Lawson's article in the Sunday Times of 12th March 2023.)

I include this rant about hunting, not because I believe in hunting, but it is symptomatic of our legislators producing interfering and poor legislation because a small bunch of entertainers have found a protestable subject that will get them publicity as caring people, even though they are misconceived, but by their protests create the exact opposite of what they wish to achieve.

This is promoted by Michael Gove who is also involved with laws on property including environmental laws, which will create a massive reduction in rental availability of homes. The one certainty is his proposals will destroy the rental market and create large extra costs to be paid out of the social security budget.

The freedom to enjoy one's extra money from extra work and success is discouraged should you want a second home for leisure and/or should you provide a rental property, to supplement your pensions, extra tax on buying and also on your income – **the result** – less rental homes – less golden eggs.

Work hard, build a big business and when you sell it, having already paid 50% of your income for many years in tax, then paid 20% capital gains tax on a sale and as and when you die (hopefully many years later) 40% inheritance tax. I call this grand larceny.

You are better off moving to a non-tax paying area for your final years, which of course many people do.

One percent of our wealthiest taxpayers pay about 30% of the tax gathered. What would happen if half of them left our country, i.e., 150,000 people? Who would pay that 15% tax that disappeared? Would there be any golden eggs left!!!

Yours

**Andrew S Perloff**
*Chairman*

27 April 2023

## 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

| | **2022** | **2021** | **2020** | **2019** |
|---|---|---|---|---|
| **Gross profit margin** (gross profit/ turnover) | 57% | 65% | 73% | 76% |
| **Loan to value*** | 39% | 36% | 38% | 36% |
| **Interest cover (actual) *** | 297% | 281% | 259% | 353% |
| **Finance cost rate** (finance costs excluding lease portion/ average borrowings for the year) | 7.0% | 7.5% | 7.0% | 7.1% |
| **Yield** (rents investment properties/ average market value investment properties) | 8.2% | 7.9% | 7.8% | 8.8% |
| **Net assets value per share** | 637p | 553p | 488p | 480p |
| **Earnings/ (loss) per share – continuing** | 96.6p | 76.4p | 14.9p | (23.1)p |
| **Dividend per share**** | 12.0p | 12.0p | 12.0p | 12.0p |
| **Investment property acquisitions** | £8.9m | £0.8m | £5.5m | £8.1m |
| **Investment property disposal proceeds** | £1.2m | £15.8m | £0.7m | £1.1m |

* As reported to the Lenders - based on charged property rents, borrowed funds and bank valuations as appropriate.
** Based on those declared for the year.

### Business review

The overall year was a strong year for the Group with earnings being almost a £1 per share. Much of this growth was driven by the turnaround in the valuations of the financial derivatives which improved by £19.7 million (2021- £16.8 million). Following some variations including the premium paid in 2021 to amend the agreement, and also due to a higher interest rate outlook, these are now forecasted to be strong hedges going forward – adding value to the Group and putting it in an enviable position in terms of its fixing of its borrowing costs.

Group's turnover grew in 2022 by £239,000, despite the disposals late in 2021 (of Wembley and West Molesey), pre-disposal rents of £438,000 were received in 2021, which we did not benefit from in 2022. The property investments purchased in 2022 of Chorley and Trowbridge were only bought half way through the year, together with Maldon (our largest rent on a single property) only being re-let for three quarters of the year (at the higher rent of £800,000), means

we should benefit from circa a further £500,000 additional rents in 2023 (compared to 2022). Disappointingly the overall gross profits were held back by higher costs, many of these items are non-recurring charges, which should not be repeated, but the Group cannot avoid the rising costs that are currently affecting most organisations and individuals.

The bad debt charge was higher in 2022, compared to 2021, but actually this is back to more normal levels. 2021 showed a low charge, as the directors with hindsight had been too cautious in 2020, with the COVID-19 pandemic still causing uncertainty, and this overprovision was unwound in 2021.

The property values improved slightly by £1.4 million following a Directors' valuation at the year-end.

The most significant impact on the income statement, already mentioned, was the sizeable improvement of the swap liability (derivative financial liabilities) by £19.7 million in 2022, in addition to the £16.8 million improvement in 2021. Approximately half of the reduction in the liability in 2021 was due to the Group paying a premium to exit the swap and re-enter a new more beneficial arrangement for a £5 million premium at an estimated discount of £3.3 million (this is explained in more detail under Financing below). The remainder of the improvement in our swap liability position in 2021 and 2022 is in relation to the change in market expectations of higher future interest rates (leading to a lower liability).

The consolidated statement of cash flows in 2022, shows that cash was depleted by £8.9 million in the year, but we also bought exactly £8.9 million of investment properties.

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 637p (2021 – 553p per share). This improvement was less than the £1 per share mentioned regarding earnings, due to the 18p of dividends paid in the year. The 18p included the payment of a delayed 2021 interim dividend of 6p per share as well as the usual 12p. The board delayed this dividend whilst assessing the impact of COVID-19 and waiting for the loan renewal to be approved by credit committee.

Through the many downward economic cycles and in particular, the COVID-19 pandemic, the most important plank within the Group's business plan is the balance within the portfolio between different asset classes and the resulting diverse, resilient, income streams these investments provide. Over the last few years, the industrial properties and the secondary "local" retail investments have performed the best in terms of growth in values and have shown resilient income collection. We also benefit from having properties with residential elements or planning potential. As explained in the last few annual reports (and worth repeating), we have seen that the secondary local shopping parades hold up well, especially during the pandemic. The traders in these properties managed to survive and some even flourish. Although lockdowns meant closures, many of these businesses 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 in particular 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, that secondary retail properties (which is a large part of our portfolio – over half by value) will be less affected by the seismic change in 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 ever changing consumer habits. In many instances, the Web even provides additional opportunities i.e. being able to offer 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.

**Going forward**

We are experiencing rental growth, some of this being from renting long-term vacant properties and the rest from improved rental terms. Going forward over the next couple of years we foresee the biggest issue being controlling the holding and maintenance costs of our properties. In response to this, we are bringing in further controls and phasing our work programmes.

Additionally there will be potential additional costs of improving the energy efficiency of our buildings to keep them in line, or even ahead of the EPC ("energy performance certificate") regime requirements which is constantly being updated. We are attempting to cost this for our more valuable properties to potentially include in our refinancing request (if required).

We believe there are still many opportunities to unlock value within our portfolio, both in terms of letting more of the vacant properties, through repurposing and some from planning schemes to rebuild.

The economy has entered a higher interest and high inflation environment. We have fixed interest swaps which will protect us from interest increases. The nature of property companies naturally protects the business from inflation, as property investments tend to increase in line with inflation, whilst the real value of loans utilised effectively decreases.

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.

The Board is confident about the business going forward.

**Financing**

The Group refinanced its facilities in the prior year and agreed a £66 million facility for a three-year term from July 2021. We are hoping to refinance again by the end of 2023.

At the Statement of Financial Position date, the Group had £4.5 million of cash funds, with £5.5 million 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 £19.722 million (2021: £16.754 million). Following this gain the total derivative financial is now an asset on our Consolidated Statement of Financial Position of £4.5 million (2021: £15.3 million liability).

In November 2021 a £25m swap which was at a fixed interest rate of 4.63% came to the end of its term 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 the fair value of these interest rate swaps; this is partly due to their long dated nature.

**Financial risk management**

The Company and Group's operations expose it to a variety of financial risks, the main two being the effects of changes in the 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 but have improved in 2022. 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 (the 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 considered 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) where 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 Great Depression of the 1930s. The COVID-19 crisis also showed the resilience of the investments' income streams and their 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 stronger performing 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 that 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 permission 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 adverse market or property risks then these will ultimately affect our financing, making our lenders either force the Group to sell assets at non-optimal times, or take possession of the Group's assets. The management, business model and diversification factors described above 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 remedy the situation. As a Group we also hold uncharged properties and cash resources, which can be used to rectify any breaches of covenants.

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

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

| Acts of God (e.g. COVID 19) | Weather incidents, fire, terrorism, pandemics | Where possible cover with insurance. Ensure the Group carry enough reserves and resources to cover any incidents. |
|---|---|---|

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

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

***The matters set out are:***

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

*(b) the interests of the company's employees;*
The Company makes investment in and the development of talent of its employees, including paying for professional development, providing in house updates and encouraging knowledge sharing. The Group has a strong track record of promoting from within the business and in 2020 two surveyors were promoted to Joint Head of Property. In 2021 the Finance Director was promoted to Chief Executive. The Group undertakes team building activities to encourage cohesion and working together.

*(c) the need to foster the company's business relationships with suppliers, customers and others;*
Being in the secondary property industry the business is used to dealing with many types of businesses as tenants from large multi-national businesses to small sole traders – keeping good sound relationships with both is key. We also use many small operators and suppliers and we ensure prompt payment, paying within 30 days in most instances to again foster good working relations. We installed a purchase order system in 2018 and in 2019 replaced this with a new system, which has since been refined 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 their very nature often have a significant impact on local communities, providing services and convenience businesses, or places for local enterprise or employment. By 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 in planning permission which can enhance local areas. The Group also ensures it recycles much of its head office paper and is moving towards

less paper communication; from 2019 to date our invoices have been emailed as standard to our tenants and we also encourage the receipt of electronic invoices. In 2021 we had a renewed push to move 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 and on the Company's website. 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 financial news can keep up to date with relevant information. Our Chairman is unpaid, his benefit or income from the Company is received via dividends 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 27 April 2023

**CONSOLIDATED INCOME STATEMENT**
**For the year ended 31 December 2022**

| | Notes | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---|---|---|
| **Revenue** | | 13,411 | 13,172 |
| Cost of sales | | (5,749) | (4,651) |
| **Gross profit** | | 7,662 | 8,521 |
| | | | |
| Other income | | 1,009 | 958 |
| Administrative expenses | | (1,638) | (1,492) |
| Bad debt expense | | (702) | (286) |
| **Operating profit** | | 6,331 | 7,701 |
| | | | |
| Profit on disposal of investment properties | | 461 | 701 |
| Movement in fair value of investment properties | 4 | 1,384 | 961 |
| | | 8,176 | 9,363 |
| | | | |
| Finance costs – interest | | (3,265) | (2,322) |
| Finance costs – swap interest | | (1,481) | (2,806) |
| Finance costs – swap variation | | - | (5,000) |
| Investment income | | 28 | 29 |
| Loss on the disposal of investments | | (278) | (96) |
| Fair value gain on derivative financial liabilities | 5 | 19,722 | 16,754 |
| **Profit before income tax** | | 22,902 | 15,922 |
| | | | |
| Income tax expense | | (5,917) | (2,411) |
| **Profit for the year** | | 16,985 | 13,511 |
| | | | |
| **Continuing operations attributable to:** | | | |
| Equity holders of the parent | | 16,985 | 13,511 |
| **Profit for the year** | | 16,985 | 13,511 |
| | | | |
| **Earnings per share** | | | |
| Basic and diluted – continuing operations | 3 | 96.6p | 76.4p |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**For the year ended 31 December 2022**

| | Notes | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---|---|---|
| **Profit for the year** | | 16,985 | 13,511 |
| ***Items that will not be reclassified subsequently to profit or loss*** | | | |
| Movement in fair value of investments taken to equity | | (59) | 55 |
| Deferred tax relating to movement in fair value of investments taken to equity | | 15 | (14) |
| Realised fair value on disposal of investments previously taken to equity | | 309 | 148 |
| Realised deferred tax relating to disposal of investments previously taken to equity | | (77) | (37) |
| **Other comprehensive income for the year, net of tax** | | 188 | 152 |
| **Total comprehensive income for the year** | | 17,173 | 13,663 |
| Attributable to: | | | |
| Equity holders of the parent | | 17,173 | 13,663 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**Company number 00293147**
**As at 31 December 2022**

| | Notes | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Plant and equipment | | 64 | - |
| Investment properties | 4 | 176,937 | 167,384 |
| Derivative financial asset | | 4,467 | - |
| Deferred tax asset | | - | 2,252 |
| Right of use asset | | 258 | 298 |
| Investments | | 256 | 292 |
| | | 181,982 | 170,226 |
| **Current assets** | | | |
| Asset held for sale | | 191 | - |
| Stock properties | | 350 | 350 |
| Investments | | 29 | 29 |
| Trade and other receivables | | 3,178 | 2,996 |
| Cash and cash equivalents (restricted) | | 4 | 5,009 |
| Cash and cash equivalents | | 4,454 | 8,343 |
| | | 8,206 | 16,727 |
| **Total assets** | | 190,188 | 186,953 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | | 4,437 | 4,437 |
| Share premium account | | 5,491 | 5,491 |
| Treasury shares | | (772) | (213) |
| Capital redemption reserve | | 604 | 604 |
| Retained earnings | | 101,467 | 87,464 |
| **Total equity** | | 111,227 | 97,783 |
| **Non-current liabilities** | | | |
| Borrowings | 6 | 58,807 | 55,513 |
| Derivative financial liability | 5 | - | 15,255 |
| Deferred tax liabilities | | 3,371 | - |
| Leases | | 8,249 | 8,353 |
| | | 70,427 | 79,121 |
| **Current liabilities** | | | |
| Trade and other payables | | 7,869 | 9,018 |
| Borrowings | 6 | 500 | 560 |
| Current tax payable | | 165 | 471 |
| | | 8,534 | 10,049 |
| **Total liabilities** | | 78,961 | 89,170 |
| **Total equity and liabilities** | | 190,188 | 186,953 |

The accounts were approved by the Board of Directors and authorised for issue on 27 April 2023. They were signed on its behalf by:

A.S. Perloff, *Chairman*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**For the year ended 31 December 2022**

| | Share capital £'000 | Share premium £'000 | Treasury shares £'000 | Capital redemption £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **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 1 January 2022** | 4,437 | 5,491 | (213) | 604 | 87,464 | 97,783 |
| Total comprehensive income | - | - | - | - | 17,173 | 17,173 |
| Dividends | - | - | - | - | (3,170) | (3,170) |
| Treasury share purchase | - | - | (559) | - | - | (559) |
| **Balance at 31 December 2022** | 4,437 | 5,491 | (772) | 604 | 101,467 | 111,227 |

## CONSOLIDATED STATEMENT OF CASH FLOWS
**For the year ended 31 December 2022**

| | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Operating profit | 6,331 | 7,701 |
| Add: Depreciation | 45 | - |
| Rent paid treated as interest | (687) | (687) |
| **Profit before working capital change** | 5,689 | 7,014 |
| (Increase)/ decrease in receivables | (182) | 929 |
| Decrease in payables | (1,149) | (48) |
| **Cash generated from operations** | 4,358 | 7,895 |
| Interest paid | (3,766) | (4,295) |
| Income tax paid | (662) | (620) |
| **Net cash (used in)/ generated from operating activities** | (70) | 2,980 |
| | | |
| **Cash flows from investing activities** | | |
| Purchase of investment properties | (8,947) | (832) |
| Purchase of investments** | (66) | (6) |
| Purchase of plant and equipment | (300) | - |
| Proceeds from sale of investment property | 1,176 | 15,841 |
| Proceeds from sale of investments** | 74 | 435 |
| Dividend income received | 21 | 21 |
| Interest income received | 7 | 8 |
| **Net cash (used in)/ generated from investing activities** | (8,035) | 15,467 |
| | | |
| **Cash flows from financing activities** | | |
| Draw down of loan | 8,500 | 6,000 |
| Repayments of loans | (5,060) | (12,057) |
| Loan amortisation repayments | (500) | (250) |
| Purchase of own shares | (559) | - |
| Swap variation | - | (5,000) |
| Loan arrangement fees and associated set up costs | - | (884) |
| Dividends paid | (3,170) | (2,122) |
| **Net cash used in from financing activities** | (789) | (14,313) |
| **Net (decrease)/ increase in cash and cash equivalents** | (8,894) | 4,134 |
| | | |
| **Cash and cash equivalents at the beginning of year*** | 13,352 | 9,218 |
| **Cash and cash equivalents at the end of year*** | 4,458 | 13,352 |

* Of this balance £4,000 (2021: £5,009,000) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**For the year ended 31 December 2022**

### 1. General information

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

The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 31 December 2022 or 2021. The financial information for the year ended 31 December 2021 is derived from the statutory accounts for that year, which were prepared under IFRSs, and which have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified but did include a reference to matters to an emphasis of matter on the impact of COVID-19 which the auditors drew attention to without qualifying their report and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditors drew attention by way of emphasis.

The financial information for the year ended 31 December 2022 is derived from the audited statutory accounts for the year ended 31 December 2022 on which the auditors have given an unqualified report, that did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The statutory accounts will be delivered to the Registrar of Companies following the Company's annual general meeting.

The accounting policies adopted in the preparation of this preliminary announcement are consistent with those set out in the latest Group Annual financial statements.

***Going Concern***

The 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 December 2024.

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. It is considered that the facility will be renewed prior to its expiry in July 2024 since 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 seeks to maintain excellent relations with its lenders. The loan is made jointly by two lenders and also as mentioned has a low level of gearing which both gives the Group's finance situation more resilience.

The lenders covenants as at 31 December 2022 have been reviewed and significant movements would be required before a covenant was breached such as a 30% decrease in the secured

portfolio valuation (a circa £46m reduction) or a 49% decrease in its actual income cover being a circa £5.7m reduction in income. The Group also currently has cash reserves (and available facility) and other uncharged assets (including circa £10m of investment property).

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

## 2. Dividends

Amounts recognised as distributions to equity holders in the period:

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Interim dividend for the year ended 31 December 2021 of 6p per share (2020: 6p per share) | 1,062 | 1,061 |
| Final dividend for the year ended 31 December 2021 of 6p per share (2020: 6p per share) | 1,054 | 1,061 |
| Interim dividend for the year ended 31 December 2022 of 6p per share | 1,054 | - |
| | 3,170 | 2,122 |

The Directors recommend a payment of a final dividend for the year ended 31 December 2022 of 6p per share, following the interim dividend which was paid on 20 October 2022 of 6p per share. The final dividend of 6p per share will be payable on 19 July 2023 to shareholders on the register at the close of business on 30 June 2023 (Ex dividend on 29 June 2023).

The full ordinary dividend for the year ended 31 December 2022 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.

A 10p per share special dividend in relation to the year ended 31 December 2023 was paid on 10 February 2023.

## 3. Earnings per ordinary share (basic and diluted)

The calculation of profit per ordinary share is based on the profit, being a profit of £16,985,000 (2021 - £13,511,000) and on 17,577,699 ordinary shares being the weighted average number of ordinary shares in issue during the year excluding treasury shares (2021 – 17,683,469). There are no potential ordinary shares in existence. The Company holds 275,000 (2021 - 63,460) ordinary shares in treasury.

## 4. Investment properties

| | Investment properties £'000 |
|---|---|
| **Fair value** | |
| 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 1 January 2022 | 167,384 |
| Additions | 8,947 |
| Disposals | (715) |
| Fair value adjustment on investment properties held on leases | (63) |
| Revaluation increase | 1,384 |
| At 31 December 2022 | 176,937 |
| **Carrying amount** | |
| At 31 December 2022 | 176,937 |
| At 31 December 2021 | 167,384 |

## 5. Derivative financial instruments

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

| | 2022 | | 2021 | |
|---|---|---|---|---|
| Bank loans | £'000 | | £'000 | |
| Interest is charged as to: | | Rate | | Rate |
| Fixed/ Hedged | | | | |
| HSBC Bank plc* | 35,000 | 7.76% | 35,000 | 7.76% |
| HSBC Bank plc** | 25,000 | 4.71% | 25,000 | 4.71% |
| Unamortised loan arrangement fees | (443) | | (737) | |
| Floating element | | | | |
| HSBC Bank plc | (250) | | (3,250) | |
| Shawbrook Bank Ltd | - | | 60 | |
| | 59,307 | | 56,073 | |

Bank loans totalling £60,000,000 (2021 - £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' | 2022 Fair value £'000 | 2021 Fair value £'000 |
|---|---|---|---|---|---|
| **Derivative Financial Asset/ (Liability)** | | | | | |
| Interest rate swap* | 35,000 | 5.06% | 15.69 | 1,236 | (12,833) |
| Interest rate swap** | 25,000 | 2.01% | 8.92 | 3,231 | (2,422) |
| | | | | 4,467 | (15,255) |
| **Net fair value gain on derivative financial assets** | | | | 19,722 | 16,754 |

* Fixed rate came into effect in September 2008, following a variation made in 2021, in September 2023 the rate drops to 3.4% for the remaining term. ** This arrangement commenced in December 2021 but was entered into as a future fixing in April 2018.

The rates shown includes a 2.7% margin (2021 – 2.7%). Neither contracts include break options in the term but are repayable on a cessation of lending.

## 6. Bank loans

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Bank loans due within one year (*within current liabilities*) | 500 | 560 |
| Bank loans due after more than one year (*within non-current liabilities*) | 58,807 | 55,513 |
| Total bank loans | 59,307 | 56,073 |

| ***Analysis of debt maturity*** | 2022 £'000 Interest* | 2022 £'000 Capital | 2022 £'000 Total | 2021 £'000 Total |
|---|---|---|---|---|
| Bank loans repayable | | | | |
| On demand or within one year | 3,626 | 500 | 4,126 | 2,319 |
| In the second year | 2,097 | 58,807 | 60,904 | 2,241 |
| In the third year to the fifth year | - | - | - | 55,877 |
| | 5,723 | 59,307 | 65,030 | 60,437 |

*based on the 3 month SONIA floating rate charged in March 23 – 3.44%.

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 31 December 2021 was repaid in 2022.

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

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

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

**7. Events after the reporting date**

On 16 January 2023 the Company drew down £2,000,000 from its revolving facility.

On 23 March 2023 the Company completed on the purchase of the freehold of 192-194 Northdown Road, Cliftonville, Margate for £451,000. The majority of the property is let to Boots at £25,000 pa with the remaining vacant space potentially suitable for conversion to residential. This purchase adjoins a property in our existing ownership.

**8. Copies of the full set of Report and Accounts**

Copies of the Company's report and accounts for the year ended 31 December 2022, which will be posted to shareholders shortly, will be available from the Company's registered office at Unicorn House, Station Close, Potters Bar, Hertfordshire, EN6 1TL and will be available for download on the Group's website **www.pantherplc.com**.


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

**Allenby Capital Limited** **+44 (0) 20 3328 5656**
**(Nominated Adviser and Joint Broker)**
Alex Brearley
Piers Shimwell