



INTERIM REPORT  
SIX MONTHS ENDED 30 JUNE

2023

COMPANY NUMBER 00293147



## Chairman's Statement

I am pleased to present the results for the half year ended 30 June 2023, which produced a profit of £7,049,000 compared to £9,958,000 for the previous half year, both after tax.

As usual, there are large non-cash items that affect our reported profits and this year is no exception. The majority of our investment portfolio was independently revalued by Messrs. Carter Jonas, which showed a £5,041,000 improvement based on their current draft values, compared to the 2022 year-end directors' valuation. This is the net increase from numerous individual property revaluations. There were no real trends to speak of as we mainly saw increases across the board but we did see large decreases on two residential sites.

Of course, the other large item to have given increased value to our balance sheet is the improvement in the interest rate swap valuations.

For many years, these arrangements which fixed our interest rate at above the then current value of interest rates, became a heavy liability on our balance sheets – BUT now with the advent of much higher interest rates plus the alterations we negotiated, our swap arrangements are now extremely beneficial as they fix our borrowing rate considerably below current rates, thus making our swap arrangements a valuable commodity having increased in value by £3,184,000 within the period ended 30 June 2023, and a balance sheet asset value of £7,651,000 at the period end.

Our detailed derivative arrangements shown in note 7 are currently very beneficial to our Group. It must always be remembered that swap arrangements can have volatile values dependent on the movement of interest rates and other factors.

### Rents Receivable

Rents receivable for the current period were £6,736,000 compared to £6,387,000 for the comparable period. It is pleasing to see that they are moving in the right direction.

### Acquisitions

In March 2023 the Group purchased the freehold of 192/194 Northdown, Cliftonville. This property is mostly occupied by Boots PLC, at £25,000 per annum. We have possession of the upper part. This property adjoins our existing corner building and is close to other units, which we have owned for many years.

### Disposals

There were no disposals during the period.

### Developments

#### 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 high business rates applied to the trading area. We had made a planning application for a mixed-use development of shops/offices and 124 residential units. I am pleased to say full planning permission was granted on 18 July 2023, subject to agreement of Section 106. This permission has reasonable conditions that we should be able to satisfy. This property is currently having marketing brochures prepared for its freehold sale.

## Chairman's Statement continued

### Swindon

I have previously reported on our two planning permissions on this central Swindon site and proposed new 250 year lease. As a reminder the first planning permission is for a leisure/restaurant two storey development and the second planning permission is a ground floor leisure/restaurant only but with a tower block with 8 floors above, which would contain circa 68 residential units. I thought full permission and a lease extension agreement was practically a 'fait accompli'. It was, but the buffers appeared due to a new political council in control of the administration after recent council elections, and thus we await their proposals if any!

### Directors

We now have two new non-executive directors:

**Jonathan Rhodes** – has over 34 years of experience in the property sector and is a RICS Registered Valuer. He is currently a partner and National Head of Valuation at Cluttons LLP, having previously held similar roles at GL Hearn, DTZ, Donaldsons, Chesterton and Colliers. He joined us in November 2022.

**Paul Saunders** – has over 40 years of experience at HSBC, predominately in investment and development within the real estate sector. His most recent role within HSBC was as a Director within the Real Estate Corporate Capital Origination team at HSBC from 2014 until 2022. He is an Associate of the Chartered Institute of Bankers (ACIB) and joined us in January 2023.

Both Jonathan Rhodes and Paul Saunders have a wealth of experience to add to our Board, which should prove invaluable to our future growth, and some of their ideas and advice are already proving beneficial to our Group.

### Refinance

We have been in active discussions with our joint lenders since April 2023 and are close to getting credit approval for a £68 million facility which we believe will be on better terms and for a longer period than our current loan facility. You may recall our current loan facility was negotiated during the pandemic when there was considerable economic uncertainty. Even though these are now not economically stable times, comparatively to July 2021 (and the several months prior to the signing of the agreement) they are a much better environment for our business. In particular, with the higher interest rate environment, lenders are more concerned about interest cover and due to our long dated interest swaps and also our varied and diversified high yielding portfolio, we are considered a stronger counterparty than many of our peers.

In an ideal world, we would have liked to have reported full credit approval for our proposed facility with this announcement, but that aside we do expect to be able to get the facility completed by the year end. The current facility does not expire until July 2024.

### Charitable Donations

I believe it is important that successful companies always provide assistance to charities which often provide benefits to the communities we invest in. Due to the small size of some charities, they are rarely able to receive assistance from local or central government. We sponsored Braves Football Club CIC, (and other local football teams). We donated £10,000 to Land Aid which is a property industry charity whose goal is to end youth homelessness.

## Chairman's Statement *continued*

### Political Donations

I consider it even more important to donate to political parties who are trying to make our country a more successful place from which to trade and create enterprise.

At last year's AGM, shareholders approved a donation of £20,000 to the Reform UK Party, who I believe could make a creditable alternative to any of the currently better known parties.

### Dividends

In February 2023, we paid a 10p per share special dividend in relation to the year ending 31 December 2023.

In July 2023 (after the period end) we also paid a 6p per share final dividend in relation to the year ended 31 December 2022 which is accrued in these interim accounts (as it was approved by shareholders at our AGM in June 2023).

We are declaring an interim dividend for the year ending 31 December 2023 of 6p per share to be paid on 27 October 2023 to shareholders on the register at 13 October 2023 (ex-dividend on 12 October 2023).

We expect to maintain our ordinary dividend for the full year of 12p per share on top of the 10p special already paid.

### Prospects

We are comparatively lowly geared with the benefit of a low fixed interest rate on the majority of our borrowings. The Group benefits from a diversified high returning asset base. We are in a strong position to take advantage of any exciting opportunities that become available which the current economic headwinds might bring to the market.

**Andrew S Perloff**  
**Chairman**

27 September 2023

## Chairman's Ramblings

Taylor Swift is an attractive world class entertainer, singer and dancer with a worldwide following. Her concerts are sell-outs whenever they are held. She performs with such gusto and ENERGY, drawing her audience into singing and dancing that at some venues her and the audience's energy is measurable on the Richter scale reportedly up to 2.3.

Most of you will know the Richter scale was devised by Mr Richter in 1935 to measure the strength or energy released by earthquakes which happen naturally regularly throughout the world. It runs from 0.1 to 9 but each full number represents an increase of 30 times the strength of the lower number. Up to 2 or 3 it is hardly noticeable but 5-6 is trouble and after that it becomes a real disaster, especially if near any built up areas.

Whilst widely reported that Taylor Swift's concerts are noticeably measurable, it appears that causing a Richter scale measurement at her venues has not drawn one protest that they should be banned because of risk to the environment.

In my Chairman's Ramblings of last year, I briefly touched on fracking and our own possibility of self-reliance on energy and the stupidity of not allowing fracking to proceed when only one out of 300 possible noticeable movements caused by fracking noted on the Richter scale would be noticeable by people in the fracking area, i.e., it appears that virtually all fracking is less risky than a Taylor Swift concert.

Having thought about fracking a lot more I realised that this is only part of the big picture of energy cost.

The cost of energy is relevant in practically everything and I suspect it is the cause of our severe inflation problems. I list some areas I can

immediately think of: heating homes, factories, transportation of most of our goods, manufacturing, the general public's ability to drive cars (one of our most important freedoms), lighting, electricity to run machines, life-saving medical machines, production of fertiliser, running farm machinery (so that farmers are more productive) and making us able to produce our own steel at less cost so that we don't have to import from far abroad.

I am sure I have missed out many items. They are all major basic causes of inflation.

Inflation is a money disease invariably caused by poor government policies. If inflation rises by 12% one year and the next year it falls to 6% for that second year, it means that if you need £500 per week for your current standard of living for a year, the next year you need £560 per week and even after inflation has halved to 6% the next year, you need about £600 per week as it rarely decreases.

Our country's inflation is about double that of the US. Why? I believe it is simple. They are keen on fracking and also maximise their oil and gas production to protect their own interests whereas our government is hell bent on gesture politics "to save the world".

This is why the UK has introduced policies to reduce CO<sub>2</sub> emissions substantially to 0% if possible, within 30 years or so and expecting to eliminate fossil fuels in the production of our energy. New policies invariably mean new taxes, extra onerous regulations that cost money, many falling on owners of homes/properties based on science produced by scientists who are usually paid for research from taxpayer's funds. Whilst they, of course, could be correct that global warming is happening, I feel it is worrying that those with different opinions are often prevented from presenting them for consideration.

## Chairman's Ramblings *continued*

Even if scientists are correct and government policies do reduce the UK's CO<sub>2</sub> (the most common greenhouse gas) to nil, it will reduce world CO<sub>2</sub> pollution by 1%, i.e., 99% still being produced and this assumes all other countries have no increased production.

**This is not going to happen.** The non-fully developed countries will continue to stretch their economies to increase their national wealth towards the Western economies who have done so well from the free enterprise capitalist system.

We know Russia takes no notice of our good world intention. I doubt if China, or India, or North Korea, or some South American countries, or a number of Middle Eastern countries, or African countries take notice of our useless good intentions but merely take advantage of the trading opportunities provided by the way our bureaucrats shackle our businesses with regulations and taxes that make our products less competitive.

Whilst I believe most of our MPs are only wanting to improve our country's situation (not the bureaucrats who provide backup), I feel the following story is relevant.

Just over 30 years ago my wife and I took a long nature watching cruise starting from Buenos Aires, round the Falkland Islands, Antarctica and finishing at Ushuaia at the tip of Argentina. It was also the first British cruise ship to stop at Buenos Aires after our war with Argentina before sailing on to Port Stanley in the Falkland Islands. There was, of course, a protest waiting for the ship but as we were taken round to see the important sights there were no problems.

One other memorable moment was during an excursion trip to an Antarctic island of penguins. Due to choppy water, the shuttle boat (similar to

a lifeboat), which was moored against the cruise ship, was washed a few feet out just as my wife was boarding. She slipped between the boats and would have fallen into the icy waters but the magnificent burly Norwegian sailors, one either side of her, caught each arm and lifted her onto the shuttle boat instantly.

We saw thousands of penguins, various different types, amazing birds, seals, sea lions, large fish and our ship passed pods of whales at least three times. We both missed seeing the whales as they breached the water and were visible only for 30 seconds or so. Each time my wife and I were on the wrong side of the ship looking the other way.

Our politicians are likewise, whilst not looking for whales but for voters (which are currently more difficult to find), are looking the wrong way.

They pander to the most vociferous protestors like many Green Party voters, who are cushioned from reality, often by government largesse or even its free enterprise system.

To woke policies which are only of interest to a minority of people.

Deliberately taxing those who can only just manage.

They cannot see that their expensive costly tax and regulations to achieve nil CO<sub>2</sub> emissions are causing millions of people in our own country hardship by their inflation creating policies and surreptitious extra taxes, costly regulation and fantastically large amounts of wasted money from that given to covid support loans to allowing civil servants who pretend to work full-time from home even if that is a beach on the Scilly Isles!

They cannot see that the war on motorists comes at an enormous cost on productivity and support of the high street.

## Chairman's Ramblings *continued*

Destroying the high streets by a massive unwarranted tax on retail property that is out of date with modern times, thus reducing Northern towns to 'Dodge City' status with tumbleweed blowing down the deserted shopping streets.

High Streets are plagued by shoplifters, some aggressive. A new law should be passed that shoplifters caught in store by store staff can be arrested and securely detained in a store's locked cell until the end of the day's trading, then released with a warning. There will be a fixed complaint and compensation system entitling them to go to court and, if proved innocent, fixed compensation payments.

They cannot see that preventing foreign tourists being able to purchase high value goods without tax reduces the tourist industry overall, thus reducing the overall tax paid by them. Having been to Paris recently, I have personally witnessed the extra benefits one of our major competitor cities receives (see photos at back of accounts).

They cannot see that excessive high taxes on the highest earners are driving people away to less taxing shores (thus the UK raises less tax from them).

Raising corporation tax by a total of over 30% means foreign investors/manufacturers are disincentivised to invest in the UK and existing UK based businesses have less money to reinvest in productivity producing strategies.

It is quite clear the Conservative government has lost the plot on what they are meant to stand for and thus I give some suggestions for their future budgets.

Firstly, abolish inheritance tax. It is abhorrent that after a lifetime of high taxes on both income and

profits and inflation created gains, families should lose 40% of their assets to a profligate state.

This will allow a substantial part of the 7 trillion pound of homes wealth to trickle down to the lower generation towards assisting their natural aspirational needs.

Increase tax-free earnings to £15,000 per person paying for this by freezing benefits for the next five years. This will encourage many of the 7 million currently unemployed or economically inactive into gainful employment, with a more vigorous investigation of those long-term benefit receivers to help them into employment.

Reduce capital gains tax to 15% and raise the nil rate band to £15,000. This will encourage enterprise/investment and the realising of inherent gains, thus producing a higher tax take.

Rearrange Stamp Duty to a fixed low percentage of the price paid. This would free up the market which is currently clogged up by complicated and massive stamp duty rates for higher priced properties.

Reduce the business rates for retail and leisure industries by at least 50% and have a 10% token levy payable on vacant properties.

Cancel all CO<sub>2</sub> reduction taxation laws, but continue to emphasise the eventual benefits and savings to be made by advertising the types of fuel changes where the public can willingly help to cut down on CO<sub>2</sub> emissions.

To pay for some of these measures the civil service could be reduced by 25% as there would be less laws to enforce.

Cancel over half the quangos that cost huge amounts to maintain but would not be missed as most have lost their purpose.



## Chairman's Ramblings continued

Stop the war on motorists which is an attack on personal freedom and mostly affects those who are often the lower income members of society.

Removing the heavy legislation and taxation on production of greenhouse gases will probably reduce current and future inflation by 2% to 3% thus this will save the government about £25 billion they have to pay out per year to comply with their promises made when issuing inflation linked gilt edged securities, and also in due course reduce general interest rates to more normal levels.

They should also announce that that top rate of tax should be reduced by 2% each year for the next five years at the same time as raising the start point for higher rates of tax.

Of recent times it is becoming fashionable for various countries to ask for special items, formerly owned by their own country, to be returned to them, i.e., the Elgin Marbles, the Benin Bronzes and many other items of antique interest sold to collectors many years ago.

Has anyone asked on behalf of the UK "Can we have our 44% share of the Suez Canal back"?

It would be a nice start!

Yours

**Andrew S Perloff**  
**Chairman**

27 September 2023

## Condensed Consolidated Income Statement

for the six months ended 30 June 2023

		Six months ended 30 June 2023 £'000 Unaudited	Six months ended 30 June 2022 £'000 Unaudited	Year ended 31 December 2022 £'000 Audited
	Notes			
<b>Revenue</b>	2	<b>6,736</b>	6,387	13,411
Cost of sales	2	<b>(2,953)</b>	(2,891)	(5,749)
<b>Gross profit</b>		<b>3,783</b>	3,496	7,662
Other income		<b>204</b>	325	1,009
Administrative expenses		<b>(784)</b>	(699)	(1,638)
Bad debt expense		<b>(207)</b>	(858)	(702)
<b>Operating profit</b>		<b>2,996</b>	2,264	6,331
Profit on disposal of investment properties		<b>–</b>	–	461
Movement in fair value of investment properties	6	<b>5,041</b>	2,050	1,384
		<b>8,037</b>	4,314	8,176
Finance costs – interest		<b>(2,585)</b>	(1,385)	(3,265)
Finance costs – swap interest		<b>118</b>	(954)	(1,481)
Investment income		<b>33</b>	10	28
Loss realised on the disposal of investments (shares)		<b>–</b>	–	(278)
Fair value gain on derivative financial liabilities	7	<b>3,184</b>	11,329	19,722
<b>Profit before income tax</b>		<b>8,787</b>	13,314	22,902
Income tax expense	3	<b>(1,738)</b>	(3,356)	(5,917)
<b>Profit for the period</b>		<b>7,049</b>	9,958	16,985
<b>Earnings per share</b>				
Basic and diluted – continuing operations	5	<b>40.3p</b>	56.5p	96.6p

## Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2023

	Six months ended 30 June 2023 £'000 Unaudited	Six months ended 30 June 2022 £'000 Unaudited	Year ended 31 December 2022 £'000 Audited
<b>Profit for the period</b>	<b>7,049</b>	9,958	16,985
<i><b>Items that will not be reclassified subsequently to profit or loss</b></i>			
Movement in fair value of investments taken to equity	26	(47)	(59)
Deferred tax relating to movement in fair value of investments taken to equity	(6)	12	15
Realised fair value on disposal of investments previously taken to equity	–	–	309
Realised deferred tax relating to disposal of investments previously taken to equity	–	–	(77)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>20</b>	(35)	188
<b>Total comprehensive income for the period</b>	<b>7,069</b>	9,923	17,173
Attributable to:			
Equity holders of the parent	<b>7,069</b>	9,923	17,173
	<b>7,069</b>	9,923	17,173

## Condensed Consolidated Statement of Financial Position

As at 30 June 2023

Company number 293147

	Notes	30 June 2023 £'000 Unaudited	30 June 2022 £'000 Unaudited	31 December 2022 £'000 Audited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment		58	–	64
Investment properties	6	182,442	177,723	176,937
Derivative financial asset		7,651	–	4,467
Right of use asset		258	296	258
Investments		535	304	256
		190,944	178,323	181,982
<b>Current assets</b>				
Asset held for sale		–	–	191
Stock properties		350	350	350
Investments		29	29	29
Trade and other receivables		2,978	3,383	3,178
Cash and cash equivalents (restricted)		4	4	4
Cash and cash equivalents		5,605	5,534	4,454
		8,966	9,300	8,206
<b>Total assets</b>		<b>199,910</b>	<b>187,623</b>	<b>190,188</b>

## Condensed Consolidated Statement of Financial Position

continued

	Notes	30 June 2023 £'000 Unaudited	30 June 2022 £'000 Unaudited	31 December 2022 £'000 Audited
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>				
<b>Capital and reserves</b>				
Share capital		4,437	4,437	4,437
Share premium account		5,491	5,491	5,491
Treasury shares		(772)	(482)	(772)
Capital redemption reserve		604	604	604
Retained earnings		105,741	95,265	101,467
<b>Total equity</b>		<b>115,501</b>	<b>105,315</b>	<b>111,227</b>
<b>Non-current liabilities</b>				
Long-term borrowings	7	60,704	58,910	58,807
Derivative financial liability	7	–	3,926	–
Deferred tax liability	8	4,987	1,092	3,371
Leases		8,249	8,353	8,249
		73,940	72,281	70,427
<b>Current liabilities</b>				
Trade and other payables		8,628	8,202	7,869
Accrued dividend payable	4	1,048	1,061	–
Short-term borrowings	7	500	500	500
Current tax payable		293	264	165
		10,469	10,027	8,534
<b>Total liabilities</b>		<b>84,409</b>	<b>82,308</b>	<b>78,961</b>
<b>Total equity and liabilities</b>		<b>199,910</b>	<b>187,623</b>	<b>190,188</b>

## Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 January</b>						
<b>2022 (audited)</b>	4,437	5,491	(213)	604	87,464	97,783
Total comprehensive income for the period	—	—	—	—	9,923	9,923
Treasury shares purchased	—	—	(269)	—	—	(269)
Dividends paid	—	—	—	—	(1,061)	(1,061)
Dividends due	—	—	—	—	(1,061)	(1,061)
<b>Balance at 30 June</b>						
<b>2022 (unaudited)</b>	4,437	5,491	(482)	604	95,265	105,315
<b>Balance at 1 January</b>						
<b>2022 (audited)</b>	4,437	5,491	(213)	604	87,464	97,783
Total comprehensive income for the period	—	—	—	—	17,173	17,173
Dividends paid	—	—	—	—	(3,170)	(3,170)
Treasury share purchase	—	—	(559)	—	—	(559)
<b>Balance at 1 January</b>						
<b>2023 (audited)</b>	4,437	5,491	(772)	604	101,467	111,227
Total comprehensive income for the period	—	—	—	—	7,069	7,069
Dividends paid	—	—	—	—	(1,747)	(1,747)
Dividends due	—	—	—	—	(1,048)	(1,048)
<b>Balance at 30 June</b>						
<b>2023 (unaudited)</b>	<b>4,437</b>	<b>5,491</b>	<b>(772)</b>	<b>604</b>	<b>105,741</b>	<b>115,501</b>

## Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2023

	30 June 2023 £'000 Unaudited	30 June 2022 £'000 Unaudited	31 December 2022 £'000 Audited
<b>Cash flows from operating activities</b>			
Operating profit	2,996	2,264	6,331
Add: Depreciation	6	—	45
Less: Rent paid treated as interest	(343)	(343)	(687)
Profit before working capital change	2,659	1,921	5,689
Decrease in assets held for resale	191	—	—
Decrease/(increase) in receivables	200	(387)	(182)
Increase/(decrease) in payables	755	(573)	(1,149)
<b>Cash generated from operations</b>	<b>3,805</b>	961	4,358
Interest paid	(1,972)	(1,848)	(3,766)
Income tax paid	—	(208)	(662)
<b>Net cash (used in)/generated from operating activities</b>	<b>1,833</b>	(1,095)	(70)
<b>Cash flows from investing activities</b>			
Purchase of investment properties	(464)	(8,529)	(8,947)
Purchase of investments**	(254)	(60)	(66)
Purchase of plant and equipment	—	—	(300)
Proceeds from sale of investment property	—	—	1,176
Proceeds from sale of investments**	—	—	74
Dividend income received	4	8	21
Interest income received	29	2	7
<b>Net cash (used in)/generated from investing activities</b>	<b>(685)</b>	(8,579)	(8,035)
<b>Cash flows from financing activities</b>			
New loans received	2,000	8,500	8,500
Repayments of loans	—	(5,060)	(5,060)
Loan amortisation repayments	(250)	(250)	(500)
Purchase of own shares	—	(269)	(559)
Dividends paid	(1,747)	(1,061)	(3,170)
<b>Net cash generated from/(used in) operating activities</b>	<b>3</b>	1,860	(789)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,151</b>	(7,814)	(8,894)
<b>Cash and cash equivalents at the beginning of period*</b>	<b>4,458</b>	13,352	13,352
<b>Cash and cash equivalents at the end of period*</b>	<b>5,609</b>	5,538	4,458

\* Of this balance £4,000 (30 June 2022: £4,000, 31 December 2022: £4,000) is restricted by the Group's lenders i.e. it can only be used for the purchase of investment property (or otherwise by agreement).

\*\* Shares in listed and/or unlisted companies. These were held for longer term growth and dividend return.

# Notes to the Interim Financial Report

For the six months ended 30 June 2023

## 1. Basis of preparation of interim financial statements

The results for the year ended 31 December 2022 have been audited whilst the results for the six months ended 30 June 2022 and 30 June 2023 are unaudited.

The financial information set out in this interim financial report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory accounts for the year ended 31 December 2022 which were prepared in accordance with UK-adopted international accounting standards ("IFRS"), were filed with the Registrar of Companies. The auditors reported on these accounts, their report was unqualified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006.

These condensed consolidated interim financial statements are for the six month period ended 30 June 2023. They have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

A number of new and amended standards and interpretations are effective from 1 January 2023 but they do not have a material effect on the Group's financial statements.

## 2. Revenue and cost of sales

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.



## Notes to the Interim Financial Report continued

### 3. Income tax expense

The charge for taxation comprises the following:

	30 June 2023 £'000 Unaudited	30 June 2022 £'000 Unaudited	31 December 2022 £'000 Audited
Current period UK corporation tax	(128)	–	(436)
Prior period UK corporation tax	–	–	80
	(128)	–	(356)
Current period deferred tax expense	(1,610)	(3,356)	(5,561)
Income tax expense for the period	(1,738)	(3,356)	(5,917)

The taxation charge is calculated by applying the Directors' best estimate of the annual effective tax rate to the profit for the period.

### 4. Dividends

Amounts recognised as distributions to equity holders in the period:

	30 June 2023 £'000 Unaudited	30 June 2022 £'000 Unaudited	31 December 2022 £'000 Audited
Special dividend for the year ended 31 December 2023 of 10p per share	1,747	–	–
Final dividend for the year ended 31 December 2022 of 6p (2021 – 6p) per share	1,048*	1,061*	1,054
Interim dividend for the year ended 31 December 2022 of 6p per share	–	–	1,054
Interim dividend for the year ended 31 December 2021 of 6p per share	–	1,061	1,062
	2,795	2,122	3,170

The final dividend of 6p per share for the year ended 31 December 2022 (and 2021) was not paid during the period to 30 June 2023 but declared and approved (being accrued in these accounts) and was paid on 19 July 2023 (20 July 2022).

\* Accrued at half year and paid after period end.

## Notes to the Interim Financial Report continued

### 5. Earnings per share (basic and diluted)

The calculation of basic and diluted earnings per ordinary share is based on earnings being a profit of £7,049,000 (30 June 2022 – £9,958,000 and 31 December 2022 – £16,985,000).

The basic earnings per share is based on the weighted average of the ordinary shares in existence throughout the period, being 17,471,929 to 30 June 2023 (17,577,699 to 31 December 2022 and 17,628,469 to 30 June 2022). There are no potential shares in existence for any period and therefore diluted and basic earnings per share are equal.

Panther Securities PLC owns 275,000 ordinary shares in the Company which are currently held in treasury (31 December 2022 – 275,000 and 30 June 2022 – 173,460).

### 6. Investment properties

	30 June 2023 £'000 Unaudited	30 June 2022 £'000 Unaudited	31 December 2022 £'000 Audited
<b>Fair value of investment properties</b>			
At 1 January	<b>176,937</b>	167,384	167,384
Additions	<b>464</b>	8,289	8,947
Disposals	–	–	(715)
Fair value adjustment on investment properties held on leases	–	–	(63)
Revaluation increase/(decrease)	<b>5,041</b>	2,050	1,384
At period end	<b>182,442</b>	177,723	176,937

The Directors undertook the valuation as at 30 June 2023, 30 June 2022 and 31 December 2022. However a draft independent valuation by Carter Jonas was available in July 2023 which was used as the basis for the Directors valuation.

## Notes to the Interim Financial Report continued

### 7. Derivative financial instruments

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

	30 June 2023 £'000		30 June 2022 £'000		31 December 2022 £'000	
	Unaudited	Rate	Unaudited	Rate	Audited	Rate
Bank loans						
Interest is charged as to:						
Fixed/Hedged						
HSBC Bank plc*	35,000	7.76%	35,000	7.76%	35,000	7.76%
Santander Bank plc	25,000	4.71%	25,000	4.71%	25,000	4.71%
Unamortised loan arrangement fees	(296)		(590)		(443)	
Floating element	1,500					
HSBC Bank plc	—		—		(250)	
	61,204		59,410		59,307	

\* Fixed rate came into effect on 1 September 2008 and lasts for 30 years. The rate includes 2.70% margin (1.95% prior to 16 July 2021). There are no breaks and the rate drops to 3.40% on 1 September 2023 to the end of its term on 31 August 2038. The fixed rate financial derivatives (swaps) are referenced to SONIA.

Bank loans totalling £60,000,000 (2022 – £60,000,000) are fixed using interest rate swaps removing the Group's exposure to interest rate risk. The remaining borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. The Group at the period end had a £54,000,000 term facility (after loan amortisation repayments) and a £11,000,000 revolving (with £7,500,000 drawn).

## Notes to the Interim Financial Report continued

### 7. Derivative financial instruments continued

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

	Hedged amount £'000	Rate (without margin)	Duration of contract remaining years	30 June 2023 Fair value £'000 Unaudited	30 June 2022 Fair value £'000 Unaudited	31 December 2022 Fair value £'000 Audited
<b>Derivative financial liability</b>						
Interest rate swap*	35,000	5.060%	15.19	<b>3,402</b>	(4,676)	1,236
Interest rate swap	25,000	2.013%	8.42	<b>4,249</b>	750	3,231
				<b>7,651</b>	(3,926)	4,467
<b>Movement in derivative financial liabilities</b>				<b>3,184</b>	11,329	19,722

\* The Group has paid £5 million in February 2021 to vary this long-term swap agreement. The agreement varied the fixed rate previously at 5.06% until 31 August 2038 on a nominal value of £35 million. Following the variation, the Group's fixed rate will drop on 1 September 2023 to 3.40% saving the Group circa £581,000pa in cash flow until the end point of the instrument.

As the Group's new loan facility entered into in July 2021 is referenced to SONIA rather than LIBOR, the Group recently altered its swap agreements onto the same basis.

Interest rate derivatives are shown at fair value in the Statement of Financial Position, with charges in fair value taken to the Income Statement. Interest rate swaps are classified as level 2 in the fair value hierarchy specified in IFRS 13.

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

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

#### Treasury management

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

## Notes to the Interim Financial Report continued

### 8. 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.

	<b>Total £'000</b>
Asset at 1 January 2022	2,252
Debit to equity for the year	(62)
Debit to Income Statement for the year	(5,561)
Liability at 1 January 2023	(3,371)
Debit to equity for the period	(6)
Debit to Income Statement for the period	(1,610)
Liability at 30 June 2023	<b>(4,987)</b>

Deferred taxation arises in relation to:

#### Deferred tax

	<b>30 June 2023 £'000</b>	<b>30 June 2022 £'000</b>	<b>31 December 2022 £'000</b>
Deferred tax liabilities:			
Investment properties	<b>(3,373)</b>	(2,540)	(2,722)
Derivative financial asset	<b>(1,913)</b>	–	(1,117)
Fair value of investments	<b>(62)</b>	–	–
Deferred tax assets:			
Tax allowances in excess of book value	<b>361</b>	323	398
Fair value of investments	–	143	70
Derivative financial liability	–	982	–
Net deferred tax liability	<b>(4,987)</b>	(1,092)	(3,371)

As at 30 June 2022 the substantively enacted rate was 25% (also 25% as at 30 June 2022 and 31 December 2022) and this has been used for the deferred tax calculation.

Notes to the Interim Financial Report continued

9. Net asset value per share

	30 June 2023 Unaudited	30 June 2022 Unaudited	31 December 2022 Audited
Basic and diluted	661p	599p	637p

10. Copies of this report are to be sent to all shareholders and are available from the Company's registered office at Unicorn House, Station Close, Potters Bar, EN6 1TL and will also be available for download from our website [www.pantherplc.com](http://www.pantherplc.com).

Bond Street London, on a Tuesday after lunch...



... the Champs Elysees Paris, Monday late morning, queues outside luxury shops being controlled upon entering by security guards.





PANTHER SECURITIES P.L.C.  
UNICORN HOUSE  
STATION CLOSE  
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