



PANTHER SECURITIES PLC



ANNUAL REPORT &
FINANCIAL STATEMENTS

2023

COMPANY NUMBER 00293147



Andrew Perloff

(Chairman)

Joined: 1972



Simon Peters

(Chief Executive &
Finance Director)

Joined: 2004



John Perloff

(Executive
Director)

Joined: 1994



Peter Kellner

(Non-Executive
Director)

Joined: 1994



Bryan Galan

(Non-Executive
Director)

Joined: 1994



Jonathan Rhodes

(Non-Executive
Director)

Joined: 2023



Paul Saunders

(Non-Executive
Director)

Joined: 2023



Raphael Rotstein

(Associate
Finance Director)

Joined: 2017



Jack Bispham

(Joint Head of
Property)

Joined: 2011



Richard Swan

(Joint Head of
Property)

Joined: 2010



Anthony Kellner

(Solicitor)

Joined: 2006



Vandana Shah

(Finance
Controller)

Joined: 2017



Jessica Davies

(Junior Commercial
Surveyor)

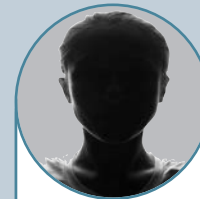
Joined 2024



Ingrid Tack

(Architectural
Technician)

Joined: 2019



Lee-Anna Mayers

(Property
Manager)

Joined: 2014



Tara Norrington

(Property Administration
Manager)

Joined: 2018



Yvonne Headlam

(Reception)

Joined: 2005



Marsha Vaknine

(PA to Chairman)

Joined: 2017



Kerry Howard

(PA to Chairman)

Joined: 1988

Contents

Review of the Year	
Directors, Secretary and Advisors	02
The Year in Brief	03
Chairman's Statement	04
Chairman's Ramblings	08
Governance Report	
Group Strategic Report	11
Directors' Report	19
Corporate Governance	23
Financial Report	
Independent Auditors' Report on the Consolidated Financial Statements	30
Consolidated Income Statement	36
Consolidated Statement of Comprehensive Income	37
Consolidated Statement of Financial Position	38
Consolidated Statement of Changes in Equity	39
Consolidated Statement of Cash Flows	40
Notes to the Consolidated Financial Statements	41
Parent Company Statement of Financial Position	64
Parent Company Statement of Changes in Equity	65
Notes to the Parent Company Financial Statements	66
Shareholder Information	
Notice of Annual General Meeting	71

Directors, Secretary and Advisors

Directors	<p>Andrew Perloff (Chairman)</p> <p>Simon Peters (Finance Director and Chief Executive)</p> <p>John Perloff (Executive)</p> <p>Bryan Galan (Non – executive)*</p> <p>Peter Kellner (Non – executive)*</p> <p>Jonathan Rhodes (Non – executive)*</p> <p>Paul Saunders (Non – executive)*</p>
Company Secretary	Simon Peters
Registered Office	Unicorn House, Station Close, Potters Bar, Herts, EN6 1TL
Company number	00293147
Website	www.pantherplc.com
Auditor	<p>Crowe U.K. LLP</p> <p>55 Ludgate Hill, London, EC4M 7JW</p>
Bankers	<p>HSBC Bank PLC</p> <p>31 Holborn, London, EC1N 4HR</p> <p>Santander Corporate Banking</p> <p>2 Triton Square, Regents Place, London, NW1 3AN</p>
Nomad, Financial Advisors and Joint Brokers	<p>Allenby Capital Limited</p> <p>5 St Helen's Place, London, EC3A 6AB</p>
Joint Brokers	<p>Raymond James Investment Services Limited</p> <p>Ropemaker Place, 25 Ropemaker St, London, EC2Y 9LY</p>
Registrars	<p>Link Group</p> <p>Central Square, 29 Wellington Street, Leeds, LS1 4DL</p>
Solicitors	<p>Howard Kennedy LLP</p> <p>1 London Bridge, London, SE1 9BG</p> <p>Fox Williams LLP</p> <p>10 Finsbury Square, London, EC2A 1AF</p> <p>DMH Stallard LLP</p> <p>6 New Street Square, New Fetter Lane, London, EC4A 3BF</p> <p>Brodies LLP</p> <p>110 Queen Street, Glasgow, G1 3BX</p>

* Member of the Audit Committee and Remuneration Committee

Note:

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

On 1 November 2022 Jonathan Rhodes became a Non- Executive director.

On 31 January 2023 Paul Saunders became a Non- Executive director.

The Year in Brief

	2023 £'000	2022 £'000
Revenue – rents receivable	14,457	13,411
Profit before tax	5,499	22,902
Total comprehensive income for the year	4,470	17,173
Net assets of the Group	111,872	111,227
Earnings per 25p ordinary share Basic and diluted – continuing operations	25.3p	96.6p
Dividend per ordinary share (based on those proposed in relation to the financial year)	22p*	12p**
Net assets attributable to ordinary shareholders per 25p ordinary share	640p	637p

* 10p special paid in February 2023, 6p interim paid in October 2023 and 6p final is due to be paid in July 2024, subject to shareholder approval.

** 6p interim paid in October 2022 and 6p final was paid in July 2023.

Chairman's Statement

I am pleased to present the results for the year ended 31 December 2023 which show a profit before tax of £5,499,000 compared to a profit before tax of £22,902,000 for the previous year ended 31 December 2022.

Both of the above figures are substantially affected by the movement in our swap position amounting to a reduction of £1,962,000 in the swap value of the balance sheet for 2023. Whilst the movement in our swap position affects our stated profitability, it is important to note that this is a non-cash item. Even with this reduction during 2023, the swap liability we have carried on our balance sheet since 2008 continues to be an asset for the second year running but reduced to £2,505,000. The change is mainly due to the market expectation of lower interest rates, which are expected to be in place over the life of the instruments, as at 31 December 2023 compared to the position anticipated by the market as at 31 December 2022. Our swap arrangements (detailed in the notes to the accounts) are very beneficial to our Group.

Rents Receivable

It is pleasing to see the rents receivable growing to approaching £14,500,000, almost a £1,050,000 increase. This was due in some part to the acquisition of the Chorley Industrial Estate and the large Trowbridge factory, both acquired in 2022 with 2023 benefitting from a full year's income, but also benefitting from general growth in rentals.

Our profits were held back somewhat in 2023 by costs of repairs and both reconfigurations and conversions of some of the larger properties which will have helped to achieve re-lettings which are now taking place. However, we also received about £750,000 from a number of dilapidation and surrender settlements which go a long way to cover the costs of these repairs and other works etc., which include monies being spent, and this is an ongoing programme, to comply with higher standards of energy performance certificate (EPC) requirements.

Disposal

Woodland Close, Torquay

A tired factory on a desirable industrial estate on the outskirts of Torquay which had been owned since August 2007 but vacant for some time, was sold to an adjoining owner at £950,000 which showed a good profit on its most recent valuation. We retain the separate more modern factory almost adjoining this property which was purchased at the same time as the previous property, and which now shows an excellent return following a recent settlement of the rent review.

Property Revaluation

The entire portfolio was revalued to a total of £185,000,000 as at 31 December 2023 compared to £177,000,000 as at 31 December 2022. The new figures include the purchase cost of a freehold vacant warehouse in Peterborough purchased for circa £3,000,000 which was let soon after, and a freehold double shop in Cliftonville already let to Boots Plc. This shows the pre-existing portfolio increasing in value by £5,500,000 after allowing for the sale of the Torquay freehold for £950,000.

Acquisitions

Cliftonville

A freehold double shop with large residential upper parts at 192/194 Northdown Road, Cliftonville, mainly let to Boots Plc at £25,000 pa, was purchased for £464,000 in March 2023. This property adjoins the property we have long owned in this location, and both have large rear gardens which may provide some development potential in due course.

Peterborough

A 50,000 sq ft freehold single storey warehouse in Padholme Road East, Peterborough on a site of 3.84 acres was acquired vacant in October 2023 for £2,800,000 (including purchase costs) and soon after let for £345,000 pa to AHF trading as Fabb, a regional furniture retailer. The Lessee was granted a 5-month rent free period and also a £120,000 capital contribution to upgrade the unit to the standard they required. We understand the ingoing tenant spent circa £400,000 on the property on top of our contribution. The letting was a related party transaction, as covered in note 32 to the accounts.

Chairman's Statement continued

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. The Section 106 has been agreed and signed. The opportunity is on the market for sale.

Swindon

I have previously reported on our two planning permissions on this central Swindon site and the 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 eight 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 council elections. We awaited their proposals and due to their planning and legal departments' enormously slow delays to all communications, our lease extension was not completed and was delayed so long that the planning permission lapsed. A new planning application, alongside other possibilities, is currently being considered.

Barry Parade, Peckham Rye

Our original attractive scheme for this site was eventually rejected at appeal. Whilst this application was made at appeal, we also submitted a similar proposal with reduced residential units but higher commercial elements. This is still going through planning and will be decided under delegated powers, hopefully ensuring a positive outcome 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 affordable units out of 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.

Directors

We have two relatively new independent non-executive directors, the details for whom have been previously mentioned but some of our newer shareholders may have missed the earlier important announcements of their appointment.

Jonathan Rhodes – has over 35 years of experience in the property sector and is a RICS Registered Valuer. He is currently the National Head of Valuation at Cluttons LLP, having previously held the same position at GL Hearn. Prior to these two roles he has been a valuation partner since the year 2000 at DTZ and Donaldsons, having previously worked at 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 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 added to our Board, which should prove invaluable to our future growth, and their ideas and advice are already benefitting our Group.

Post Balance Sheet Events

Our new loan facility, for which negotiations commenced in March 2023 was completed as described below, of course, being most welcome as it removed a small degree of uncertainty.

Chairman's Statement continued

Loans

I am pleased to confirm that on 28 March 2024, the Group refinanced by completing a new facility of £68 million, split between a £55 million term loan and a £13 million revolving facility. The new facility has a four-year term (with a further one-year option to extend subject to credit approval). The interest rate payable is 2.3 per cent over three-month SONIA with a ratchet that can take it to 2.5 per cent over three-month SONIA in certain circumstances (compared to the previous facility which was 2.7 per cent over SONIA). HSBC and Santander remain as the joint providers of the new facility. £64,125,000 of the available facility is currently being utilised.

We are very pleased to continue our mutually beneficial 41 years and 14 year relationships with HSBC and Santander respectively which we hope will continue to grow.

The Group is in a fortunate position whereby it will continue to benefit from its existing interest rate swap arrangements, which provide effective fixed interest rate protection that is significantly below the current SONIA rates, in relation to £60 million of the £68 million new facility. The Group's interest rate swaps provide a fixed interest rate of 3.40 per cent. in relation to £35 million of the new facility and a fixed interest rate of 2.01 per cent. in relation to £25 million of the new facility. The durations of the Group's existing swaps are beyond the term of the new facility.

Future Progress

There is an election approaching which will probably bring change in a number of areas, but I foresee many exciting opportunities because of the mayhem that is caused by any change of political direction and different extra impositions on the property and investment sector.

Charitable Donations

We continue to support a number of charities, especially if they are in areas that we operate and have interests in.

Political Donations

At last year's AGM I proposed a resolution to donate £20,000 to the Reform UK political party and this was successfully passed with over two to one of those who voted, voting in favour. As previously, I will abstain voting my personal holding. This year, being an election year, I am proposing the donation be increased to £25,000.

The present Conservative government to my mind has lost the plot, i.e., the values that many people hold about preferring a massive reduction in immigration numbers. They also seem unable to provide low taxation or tax policies that encourage employment and investment not realising that some taxes being lowered will produce a larger tax take.

They have disallowed VAT rebates on expensive purchases by overseas tourists, whereby many of these high spending tourists go to other equally delightful major cities such as Paris, Milan or Barcelona for their shopping trips thus delivering a bonus of extra tax receipts to these countries via loss of other tourism spending on hotels etc., which is non-refundable.

The ridiculous inadequacies of the business rates that are currently charged when the original rules worked well, before the gerrymandering of subsequent governments. The increases in property taxation by way of constant changes in stamp duty, thus creating complex advice needed for nearly every transaction, charging extra stamp duty on second homes, then second homes being charged double Council Tax for less services. Also having to suffer higher Capital Gains Tax compared to commercial Capital Gains Tax when profitably realised and yet they still have the cheek to call themselves a Conservative government.

Despite the highest level of taxation since the last world war, we receive bad and slow service from practically every bureaucratic department of government. I can't stop my diatribe, so I have transferred some of my venom to my Ramblings.

Chairman's Statement continued

We have for some time paid a trade subscription of £7,500 to The Taxpayers Alliance who are an independent association that watches over government expenditure looking for waste and self-aggrandisement amongst the myriad of council executives who are forever claiming council poverty and putting up council tax charges but at the same time increasing their senior employees' pay by unreasonable amounts. This was recently exposed by most national newspapers via information researched and supplied by The Taxpayers Alliance. Their website is taxpayersalliance.com. I recommend shareholders who can, donate to this independent organisation who are looking out for the interests of all taxpayers by helping to make wasteful expenditure and unreasonable costs to become publicly known.

Dividends

The Directors have recommended a payment of a final dividend for the year ended 31 December 2023 of 6p per share, following the special dividend which was paid on 10 February 2023 of 10p per share, and an interim dividend which was paid on 27 October 2023 of 6p per share. This year's final dividend of 6p per share will be payable on 17 July 2024 to shareholders on the register at the close of business on 28 June 2024 (ex-dividend on 27 June 2024).

The full dividends for the year ended 31 December 2023 are therefore anticipated to be 22p per share, subject to shareholder approval, being the 6p interim per share paid, 10p special per share paid and the recommended final dividend of 6p per share.

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 many of whom are comparatively small entrepreneurial businesses and I hope they are able to continue to manage through the present troubled environment and make profitable progress.

Andrew S Perloff
Chairman

16 May 2024

Chairman's Ramblings

Most people will have seen the TV production of Mr Bates vs The Post Office which explains in much detail how the Post Office, led from the top, prosecuted about 700 Post Office business owners for allegedly falsifying their newly installed computer's records to defraud the Post Office and came to favourable settlements for the Post Office with others by threats.

The initial owners sued said it was the computer making errors and changing the figures. The Post Office experts denied this possibility and initially told the first few complainants that they were the only case. The programme implied that this was not true, but those in the hierarchy insisted the PO franchisees were prosecuted with many going to prison.

One Post Office owner, Mr Bates, persisted in arguing that the computer system was not only working wrongly but was capable of being interfered with by I.T. specialists in Head Office who could adjust individual calculations the machine made.

Some years later a sharp TV producer saw the merit in the stories and made a TV series which collated the events in such a way as to seem to make it obvious that there had been a massive cover up at the Post Office which managed to send hundreds of Post Office owners to prison.

Besides showing our justice system's failure in a bad light, it caused disastrous financial circumstances for hundreds of Post Office owners and their families which has only just started to be remedied, if that is at all possible. This story of the mendaciousness of some of our bureaucratic masters is not yet over and will run for some time.

Individual Post Office managers/owners are entrepreneurs which are so essential to any country. The United Kingdom is particularly lucky to have so many working for themselves or in partnerships to make our country so full of thriving businesses that are entrepreneurial organisations.

I was once asked to define an entrepreneur and, of course, I have a story to suit.

One morning, as I was midway in my early swimming exercises, when I approached the side of the pool, I saw a small spider (I shall call Henry) struggling in the water. It was a type commonly called a 'money spider'. Feeling sorry for Henry's predicament, I carefully cupped him in my hands and deposited him about one foot away from the side of the pool.

I left Henry to dry out and expected him to run away thankful for his narrow escape. I continued my swim and on my return to that side of the pool I saw Henry struggling again in the pool. Obviously, he was still disorientated so once again I picked him up and put him on the side.

When I returned from my next width to width, Henry was again struggling in the water. Wondering why he could be so foolish I again put him on the side but decided to stay and watch what happened. After about 30 seconds Henry shook himself, then wandered to the very edge of the pool, bent all eight of his tiny legs and to my surprise positively jumped into the pool.

I then realised that Henry was a new type of money spider, an 'entrepreneurial spider'. Henry had realised that other insects will be caught in the water and as Henry being a swimmer, could catch extra meal tickets, floating in what to him was a vast expanse of food opportunities caught in the water.

This spider was an entrepreneur as it will try and try and try again until he is successful in his aims to find food and is obviously prepared to take risks to do so.

Food Banks

A month or so ago on the way to my office, whilst delayed at some traffic lights, I noticed a long queue of people outside our local library. I was not close enough to see exactly what attraction was on offer, but I suspected it was a food bank.

My curiosity had been aroused so the next week whilst passing I noticed that although no queue was outside, there were a few people inside. Being a naturally 'nosey parker' I stopped and went and found half of the former library is now a charity shop and that for two days a week they provided a full, free food bank service, which was of course the cause of the huge queue I had seen previously. I was informed that food was on offer free to all comers, no questions asked. The food was provided by retail food companies from end of date 'best before' labelled goods.

Chairman's Ramblings continued

At the time of my inspection, they only had a small selection of foods, but I noticed bags of attractive looking bread rolls at the front and a small selection of various other food staples.

I certainly could not recall that the large queue of people I had previously seen outside the charity shop contained any malnourished individuals, in fact, quite the reverse.

As it happens, on the opposite side of the road to the library is the local job centre. There was no queue for that building. In fact, no one went in whilst I was in the area! A giant Tesco was about 300 yards away but I was popping into our large local Morrisons about one mile away – not surprisingly it was not busy.

I wonder if these 'food banks' are having some adverse side effects not yet fully recognised.

Another story of our time.

For several years my private company used to own Beales Department Stores, having survived for over 120 years. It failed eventually, almost entirely due to the £4,000,000 a year business rates payable. Its losses were about £2,000,000 a year. Before purchasing the group, we had calculated that the upcoming rating revaluation should reduce rates payable by about £2,000,000 if the then current values were assessed for taxation. However, reductions were only allowed at 5% per annum after new rules were brought in allowing inflation increases of 3% per annum, i.e. a negligible deduction of about 2% in overall cost. The result was inevitable after a further year or two of subsidising the company we sold it to the management backed by a company with deeper pockets and other potential benefits. Covid arrived soon after and even they gave up.

This ramble is not the main reason for Beales stores inclusion, but it was a pleasure to own the company. Most of the 2,000 people who worked in the stores were happy, good workers and had made friends of their colleagues including them in their social lives. It was mostly not strenuous work and many were not well paid but liked being part of what many thought was a club atmosphere.

Obviously, with a store card the group had records of those who were their best customers and made sure they were alerted to any special offers or new 'sensations' coming to the store. These bigger spenders were known to the managers and would usually be given special treatment whenever they arrived at their local store.

For some years, one special treat was a well-presented fashion show which all the special customers were invited to. This went down very well and was successful for the business.

Our governments have no idea about running any business and thus they do the exact opposite of cossetting their best customers who are of course the top 10% of taxpayers who provide about 60% of income tax receipts. They frighten them abroad by excessive levels of top rate tax to people and families who are easily mobile if they wish to move to financially more inviting countries, thus our government receives less funds in total.

The tax office knows how much they are losing by their political gestures but I consider that they mislead the population who only see the very selective information released. It is so much easier to say they are raising the rate of tax the rich pay and fail to tell us how many rich and successful taxpayers leave the country and our country's income loss, so many people are misinformed.

In my year end 31 December 2018 Ramblings, I included a diatribe against excessive business rates and included a cartoon showing Great Britain as a high street graveyard listing many companies that failed, mainly because of excessive tax on retail property. It is now updated with the additional failures in red as after six years the problems have not been addressed as they have no idea what to do. Out of 10 grim reapers shown, only one has been slightly amended (PAYE insurance reductions) but insufficiently to make much difference.

Perhaps it is something to do with the 9.5 million people of working age who are not working, of whom a large part exist on the beneficence of the state who are of course supported by people who are working and thus obligatory taxpayers and, in particular, the higher earners funded by those working people who have not yet moved to a more favourable tax climate.

Chairman's Ramblings continued

I believe that a significant proportion of the economically inactive people are gaming the system. It is also regularly reported that our defence abilities are sadly lacking in weapons and experienced soldiers. Perhaps young people between 20 & 30 years old who have not had a job and receiving state benefits for over one year should perform National service as reservists in one of the Armed Forces and be trained for six months sufficient to be considered useful fighting reserves and be called up if an emergency arises. A 200,000 person a year call up would have a double effect as many people would suddenly decide to find fulfilling jobs in the private sector. All reservists would be paid, receive a good conduct medal and certificate of qualifications, if deserved, and would then be welcomed into private sector employment knowing that the reservists had been trained in punctuality, neatness, ingenuity and made mentally fitter and healthier by rigorous training. This would also make many of them happier knowing they are useful, important and admired citizens of merit.

Yours

Andrew S Perloff
Chairman

16 May 2024

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) since 2013. Prior to this the Company was fully listed and included in the FTSE fledgling index, first being 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 mainly commercial property investing in good secondary retail, industrial units and offices, and also owns and manages many residential flats in several town centre locations. The Group is a generalist investor, not specialising in any sector or location in the UK and does the majority of its own management and lettings in-house. The Group takes an entrepreneurial approach to property investing assessing each opportunity on its merits as they arise.

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, mainly via a consistent and sustainable rental income stream. The Group also seeks out exceptional returns within its property portfolio and through acquisitions looking for value adding opportunities.

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

	2023	2022	2021	2020
Gross profit margin (gross profit/turnover)	54%	57%	65%	73%
Loan to value*	39%	39%	36%	38%
Interest cover (actual) *	317%	297%	281%	259%
Finance cost rate (finance costs excluding lease portion/average borrowings for the year)	6.7%	7.0%	7.5%	7.0%
Yield (rents investment properties/average market value investment properties)	8.4%	8.2%	7.9%	7.8%
Net assets value per share	640p	637p	553p	488p
Earnings per share – continuing	25.3p	96.6p	76.4p	14.9p
Dividend per share**	22.0p	12.0p	12.0p	12.0p
Investment property acquisitions	£3.4m	£8.9m	£0.8m	£5.5m
Investment property disposal proceeds	£1.0m	£1.2m	£15.8m	£0.7m

* 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 good year for the Group with earnings being just over 25p per share fully covering the exception dividend paid in 2023. Growth was driven by increased property values, being a £5.5 million increase, as well as by rental growth (£1 million increase in annual turnover) but we saw the valuations of the financial derivatives decrease by £2 million which had substantially improved over the last two years (2022- £19.7 million and, 2021 – £16.8 million).

Group Strategic Report continued

As mentioned above the Group's turnover grew in 2023 by £1,046,000, the big increase here relates to Maldon, our largest letting by annual income at £800,000 pa, it was only let for three quarters of 2022, so in 2023 we received an extra £200,000. The increase also relates to the Chorley and Trowbridge investment properties bought in 2022, but we did not benefit from a full year's income, so in 2023 on these two properties we received an extra circa £445,000 of income. The rest of the increase of circa £400,000 was driven through lettings of previous vacant space and rent reviews.

Disappointingly the overall gross profits were held back, as in 2022, by higher costs, we still believe many of these items are non-recurring, which should not be repeated, and we anticipate 2024 will be a more profitable year due to lower costs. The Group cannot avoid all the rising costs that have affected most organisations and individuals but at least the income has been improved to compensate.

The finance costs even though consistent over the two comparison years, 2023 and 2022, it is worth noticing the split on the income statement, between interest payable on the floating loan and the income back on our financial derivatives (swaps). This financial income generated by our financial derivatives (swaps) is quite considerable and expected to increase in 2024 and the ongoing benefit is shown as a £2.5 million asset on the balance sheet.

The consolidated statement of cash flows in 2023, shows that cash improved by £0.7 million in the year, pleasingly the cash flow from operating activities (the trading) showed a £2.3 million cash contribution, after more normal changes in working capital (than in 2022) – and this cash was generated with what we believe to be higher than normal costs (as mentioned above).

In terms of the statement of financial position (balance sheet), the Group saw its asset value pretty much stay static with the net asset value per share now being 640p per share (2022 – 637p per share). The reason the asset value did not improve further was that most of the profits for the year were paid out as dividends due to the special dividend paid early in 2023. The Group currently shows a very large discount when comparing its prevailing share price to its current net asset value, and the board believes this is mainly due to a lack of transactions in its shares.

Through the many downward economic cycles, such as the COVID-19 pandemic and the more recent inflationary/interest rate hike cycle (as a result of the various things including the Ukraine war) being examples, 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 five years 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 – which provide back up value. Certain post COVID-19 changes have stuck with many more people still working from home which has benefited our secondary retail with additional local footfall.

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.

Our retail parades often include 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.

Group Strategic Report continued

Going forward

We are experiencing rental growth, some of this is from renting long-term vacant properties and the rest from improved rental terms. Going forward over the next couple of years we still foresee the biggest issue being controlling the holding and maintenance costs of our properties. In response to this, we have brought in further controls and look to phase our works programmes. However if we can control and/or phase our costs more effectively we have the ability with long term income rental streams and fixed interest rate costs to be very profitable.

We still anticipate some 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. However, we have negotiated no loan amortisation on our most recent loan (completed in March 2024), for the first two years, which will help give us an extra £500,000 cash flow in each year, to fund any changes required.

We believe there are still further opportunities to unlock value within our portfolio, some of this achieved in 2023, both in terms of letting more of the vacant properties, through repurposing and some from planning schemes to rebuild.

The economy is now in a higher interest rate environment but it looks like inflation is finally under control. The Group has fixed its interest rate swaps which will protect us from interest rate increases for many years to come. The nature of property companies, gives us a natural hedge over inflation, as property investments tend to increase in line with inflation, whilst the real value of loans utilised effectively decreases.

There are always uncertainties which 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

At the year end the Group's facilities were due to be repaid in July 2024 as can be seen on the Statement of Financial Position.

After the year end in March 2024, the Group completed a new facility of £68 million, split between a £55 million term loan and a £13 million revolving facility. The new facility has a four-year term (with a further one-year option to extend subject to credit approval). The interest rate payable is 2.3 per cent. over three month SONIA with a ratchet that can take it to 2.5 per cent over three month SONIA in certain circumstances, although both rates within the agreement represent an improvement compared to the previous facility. The Group is providing very similar covenants to the previous facility. HSBC and Santander remain as the joint providers of the new facility.

The Group at the year end had £5.15 million of cash funds, and in April 2024 it had the ability to draw an additional £4.35 million available within the loan facility.

Financial derivative

The Group is in a fortunate position whereby it will continue to benefit from existing interest rate swap arrangements, which provide effective fixed interest rate protection that is significantly below the current SONIA rates, in relation to £60 million of the £68 million new facility. The Group's interest rate swaps provide a fixed interest rate of 3.40 per cent. in relation to £35 million of the new facility and a fixed interest rate of 2.01 per cent. in relation to £25 million of the new facility. The durations of the Group's existing swaps are beyond the term of the new facility.

We have seen a fair value loss (of a non-cash nature) in our long term liability on derivative financial instruments of £1.96 million (2022: a gain of £19.72 million). Following this loss the total financial derivative balance is still an asset on our Consolidated Statement of Financial Position of £2.5 million (2022: £4.5 million asset).

Group Strategic Report continued

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 £35 million and had circa 17.5 years remaining. Following the variation, the Group's fixed rate dropped on 1 September 2023 to 3.40% saving the Group £581,000 p.a. in cash flow until the end point of the instrument. We will see the full benefit of this annual change in 2024.

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 historically erratic due to current low market interest rates and due to their long term nature. These large mark-to-market movements are shown within the Income Statement.

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

Group Strategic Report continued

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 Group has had little or no issues as it navigated the many economic shocks it has had to deal with over the last two decades including the 2008 banking crisis, Brexit, the COVID-19 crisis, the high interest rate/high inflationary effect post covid-19/Ukraine war consequences. The Group currently sits with low gearing compared to historic levels.

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.

Group Strategic Report continued

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.

Group Strategic Report continued

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. Chorley and Trowbridge are more recent purchases which are good examples of long-term decision making, i.e. both industrial property investments – giving protection against changing consumer habits within retail (which is a larger component of the current portfolio) through diversification/rebalancing the portfolio.

(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 both becoming RICS qualified whilst employed at the firm with one of those getting qualified in May 2023, the Group fully supported all of the training. 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 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 maintain weekly payment runs to support 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. In 2023 a historic listed building in Liverpool was brought back into use after many years of not being utilised, now being used by a leisure operator. In 2024 we have brought in DocuSign for leases and other agreements dealt with inhouse which will have a beneficial environmental impact with less paper and carbon being produced on the delivery of the documents. 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. In 2022 and 2023 we strengthened the Board with the appointments of two non-executive directors with current relevant external knowledge of banking and surveying/valuation.

Group Strategic Report continued

(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

16 May 2024

Directors' Report

Company number: 00293147

The Directors submit their report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2023.

Directors' Responsibilities Statement

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

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

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

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

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

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

Going concern

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

The Directors have prepared three detailed financial forecasts to December 2027 assuming a significant downward trend in its income base, inflation leading to increasing costs, higher interest rates, worsening bad debts and no major disposals. 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's forecasts show that it has enough financial resources to survive to beyond December 2027.

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

Directors' Report continued

The Group's main loans were renewed again in March 2024 for a new four year term with the ability to extend for an additional year (subject to bank approval). The Group always maintains excellent relations with its lenders. The loan is made jointly by two lenders and has a low level of gearing which both give the Group's finance situation more resilience. The lenders' covenants (on the previous facility but which are similar to the new facility) as at 31 December 2023 have been reviewed and significant movements would be required before a covenant was breached such as a 29% decrease in the secured portfolio valuation (a circa £46 million reduction) or 53% decrease in its actual income cover being circa £6.4 million reduction in income. The Group also currently has cash reserves (and available facility) and other uncharged assets (including circa £12 million of investment property).

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

Principal activities, review of business and future developments

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

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

Company's objectives and management of capital

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

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

Results and dividends

The profit for the year after taxation, amounted to £4,423,000 (2022: £16,985,000).

A special dividend of £1,775,000 (10.0p per share) on ordinary shares was paid on 10 February 2023. An interim dividend of £1,061,000 (6.0p per share) on ordinary shares was paid on 27 October 2023. The Directors recommend a final dividend of £1,061,000 (6.0p per share), subject to shareholder approval, payable on 17 July 2024 to shareholders on the register at the close of business 28 June 2024 (Ex dividend on 27 June 2024). The total proposed dividend for the year ended 31 December 2023 is anticipated at 22p per share.

There was no option of a scrip dividend offered on the dividends paid in 2023 or proposed in 2024.

Directors and their beneficial interests in shares of the Company

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

	Ordinary shares of £0.25 each	
	2023	2022
Andrew Perloff (Chairman)	4,015,860	4,015,860
Bryan Galan (Non-executive)	338,669	338,669
Peter Kellner (Non-executive)	26,000	26,000
Paul Saunders	3,500	–
John Perloff	137,500	137,500
Simon Peters	227,929	227,929

A. S. Perloff and his family trusts have beneficial interests in shares owned by Portnard Limited, a Company under their control, amounting to 8,405,175 (2022 – 8,405,175).

Directors' Report continued

There have been no changes in Directors' shareholdings since 31 December 2023.

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

Directors' emoluments

Directors' emoluments of £300,000 (2022 – £279,000) are made up as follows:

Director	Salary/ Fees £'000	Bonus £'000	Taxable Benefit £'000	Pension Contribution £'000	Total 2023 £'000	Total 2022 £'000
Executive						
Andrew Perloff	–	–	5	–	5	5
John Perloff	72	4	4	2	82	80
Simon Peters	132	16	2	11	161	165
Non-executive						
Bryan Galan	12	1	–	–	13	13
Peter Kellner	12	1	–	–	13	13
Jonathan Rhodes	15	–	–	–	15	3
Paul Saunders	11	–	–	–	11	–
	254	22	11	13	300	279

Pension and other benefits

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

S. J. Peters had pension contributions paid in the year by the Company of £11,000 (2022 – £4,000) (some by salary sacrifice). J.H. Perloff had pension contributions paid in the year by the Company of £4,000 (2022 – £2,000).

During the year, the directors did not receive any other payments, emoluments, compensation or cash or non-cash benefits other than that disclosed above (2022 – £nil).

Third party indemnity provision for Directors

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

Capital structure

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

Financial risk management

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

Directors' Report continued

Donations

During the year the Group made a £20,000 political donation to the Reform Party (2022 – £nil). The Group makes donations to charities through advertisements at charity events and in the diaries of charities, the total of which in 2023 was £5,600 (2022 – £3,400). The Group is a Foundation Partner of the preferred charity of the property industry, Land Aid, donating £10,000 (2022 – £10,000). The Group also contributed £20,000 to the Daily Mail Ukraine Appeal in March 2022.

Status

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

Events after the reporting date

Details of events after the report date are given in the Chairman's Statement and note 31 to the consolidated accounts.

Auditors

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

- so far as that Director was aware there was no relevant available information of which the Company's auditors is unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

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

Crowe U.K. LLP will be proposed for reappointment at the Annual General Meeting in 2024.

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

S. J. Peters Company Secretary

Unicorn House
Station Close
Potters Bar
Hertfordshire EN6 1TL

16 May 2024

Corporate Governance

The Board

The Board currently consists of seven (2022 – five) directors, of whom four are non-executives. The new non-executives joined the board in February 2023 and November 2022. It meets regularly during each year to review appropriate strategic, operational and financial matters and otherwise as required. In the year the Board met four times with all members present. It supervises the executive management and a schedule of items reserved for the full Board's approval is in place. The Board has a Chairman and a separate Chief Executive.

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

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

Biographical details of Executive Directors:-

Andrew Perloff (Chairman)

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

Simon Peters (Finance Director and CEO)

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

John Perloff (Executive)

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

Corporate Governance continued

Biographical details of Non-executive Directors:-

Bryan Galan (Non-executive)

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

Peter Kellner (Non-executive)

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

Jonathan Rhodes (Non-executive)

He has over 35 years of experience in the property sector and is a RICS Registered Valuer. He is currently the National Head of Valuation at Cluttons LLP, having previously held the same position at GL Hearn. Prior to these two roles he has been a valuation partner since the year 2000 at DTZ and Donaldsons, having previously worked at Chesterton and Colliers. Joined in November 2022.

Paul Saunders (Non-executive)

He 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). Joined February 2023.

QCA Corporate Governance Code

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

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

Panther's strategy and business model are set out in the Group Strategic Report. The strategic objective section of the Group Strategic Report states that the primary objective of the Group is to maximise long-term returns for our shareholders by stable growth in net asset value and dividend per share, from a consistent and sustainable rental income stream. The key challenges to the business and how these are mitigated are also detailed in the Group Strategic Report.

2. Seek to understand and meet shareholder needs and expectations

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

Corporate Governance continued

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

The Board has historically approved a regular dividend for many years, which has to date not decreased. The Board aims to maintain a sustainable and appropriate level of dividend cover. Where exceptional years arise, the Board anticipates this will normally be reflected with special dividends where practicable.

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

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

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

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

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

The Group ensures compliance with regulatory bodies and legislation through various procedures and protocols and receives feedback on matters such as planning on a regular basis. The Group undertakes to resolve any feedback received from stakeholders where appropriate and where such amendments are consistent with the Group's longer term strategy. However, no material changes to the Company's working processes have been required over the year to 31 December 2023, or more recently, as a result of stakeholder feedback received by the Company.

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

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

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

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

Corporate Governance continued

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

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

As detailed above, over 2023 the Board met four times, three of those times with all members present, the Audit Committee met three times with all members present and the Remuneration Committee met two times with all members present. Andrew Perloff, Simon Peters and John Perloff work full time. Bryan Galan, Peter Kellner, Jonathan Rhodes and Paul Saunders currently work on average six days per year.

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

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

The Company has an Executive Chairman being Andrew Perloff, a separate CEO who is also the Finance Director Executive being Simon Peters. John Perloff is an Executive Director. Bryan Galan, Peter Kellner, Jonathan Rhodes and Peter Kellner are Non-Executive Directors. Biographies of the directors are above.

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

During the year ended 31 December 2023, neither the Board nor any committee has sought external advice on a significant matter and no external advisers to the Board or any of its committees have been engaged. Aside from the directors' stated roles and the role of Simon Peters as Company Secretary, the Board members do not have any particular internal advisory responsibilities.

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

The individual Board members are appraised by the Chairman and/or Non-Executives as appropriate on their performance. This process is informal in nature and is performed on an ongoing basis, rather than at pre-determined annual junctures. The main criteria against which individual director effectiveness is considered are: ensuring that the right actions in the business are being taken and ensuring that directors continue to be effective. The Company's director evaluation process has not changed materially relative to previous years, on the basis that the Board are of the view that the above processes are appropriate for the Company's requirements, given the nature of the Company's business and levels of experience on the Board. There were no material findings from the Company's Board appraisals over the year ended 31 December 2023, which was the same in the previous year.

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

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

The Board considers succession planning and the need for further board or senior management appointments. The Board believes that there is no need for changes to the current board, management and committee structures and membership in order to meet the needs of the Company's current and medium-term requirements. Regarding longer term succession planning, the Board currently comprises a good spread of ages which provides a natural succession buffer. This includes the recent appointments of Jonathan Rhodes and Paul Saunders.

Corporate Governance continued

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

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

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

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

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

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

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

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

Audit Committee

The Audit Committee consists solely of the four non-executive Directors and it is chaired by Peter Kellner. Its terms of reference are that it meets at least twice a year to review the Group's accounting policies, financial and other reporting procedures, with the external auditors in attendance when appropriate. Over the year to 31 December 2023 the committee met three times with all members present. The internal controls are reviewed annually ensuring their effectiveness and any specific issues are dealt with if and when they arise. When the Board reviews internal controls they consider the effectiveness of controls, concentrating on all material controls, including operational and compliance controls, and risk management systems.

Corporate Governance continued

Remuneration Committee

The Remuneration Committee consists solely of the four non-executive Directors, with Bryan Galan as the Chairman. Its terms of reference are that it reviews the terms and conditions of service of the Chairman and Executive Directors, ensuring that salaries and benefits satisfy performance and other criteria. When setting remuneration the Committee consults with the Chairman of the Board and no external third parties are consulted. In the year to 31 December 2023 the Committee met one time with all members present.

Remuneration policy

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

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

The key matters reserved for the Board are the following:

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

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

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

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

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

Corporate Governance continued

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

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

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

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

Certain details regarding the Company's Audit Committee and Remuneration Committee and their work over the year to 31 December 2023 can be found in the disclosure above in respect of Principle Nine. The Company's Audit Committee and Remuneration Committee do not produce public reports on their work over the year, although their work and key findings are communicated to the Board. Details of the Company's remuneration policy can be found in the disclosure above in respect of Principle Nine and details of the Directors' remuneration can be found above in the Directors' Report.

Independent Auditors' Report

To the Members of Panther Securities PLC

Opinion

We have audited the financial statements of Panther Securities Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2023, which comprise:

- the Group income statement for the year ended 31 December 2023;
- the Group statement of comprehensive income for the year ended 31 December 2023;
- the Group and Parent Company statements of financial position as at 31 December 2023;
- the Group and Parent Company statements of changes in equity for the year then ended;
- The Group statement of cash flows for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Independent Auditors' Report continued

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

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

Overview of our audit approach

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

Materiality

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

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £2,000,000 (2022: £2,000,000), based on 1.0% of the group's total assets. Materiality for the Parent Company financial statements as a whole was set at £450,000 (2022: £500,000) based on 1.8% of the parent company's total assets excluding amounts owed by Group undertakings.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £1,400,000 (2022: £1,400,000) for the group and £315,000 (2022: £350,000) for the parent.

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

We agreed with the Audit Committee to report to it all identified errors in excess of £60,000 (2022: £60,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

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

Key Audit Matters

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

Independent Auditors' Report continued

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

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

Independent Auditors' Report continued

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Carrying value of derivatives financial instruments (group and parent company)</p> <p>From the accounting policies, the fair value is estimated using the year end yield curve to extract the markets estimate of future pricing for interest rates. An in-house valuation is considered alongside valuations obtained from HSBC and Santander (both counterparties to one agreement) but also providing a value for the agreement they are not party too. An average of the three values (in-house and both banks) for each instrument is taken as the most appropriate value by management.</p> <p>Derivative financial instruments are complex and require specific knowledge and skills to carry out a valuation resulting in an increase in inherent risk.</p>	<p>We gained an understanding of the group's valuation methodology in determining the fair value of the derivative financial instruments and its compliance with the relevant accounting standards.</p> <p>We also assessed management approach on the credit risk on the derivative financial instruments and the appropriateness of the discounts applied.</p> <p>We computed an independent estimate of the fair value of the derivative financial instruments and compared to management's valuation as well as the two bank valuations.</p> <p>We considered the adequacy of disclosures around the derivative financial instruments including the disclosure of the range of the possible fair values, as well as the disclosures around financial risk management.</p>
<p>Revenue recognition (group)</p> <p>Revenue for the group consists primarily of rental income. Rental income is based on tenancy agreements where there is a standard process in place for recording revenue. Due to the number of tenancies on different terms, coupled with the practice occasionally offering tenant incentives on the grant of a new lease there an increased inherent risk of error.</p>	<p>We re-performed the rental reconciliations and selected a sample of tenancy agreements per property to validate the inputs into that reconciliation.</p> <p>We also performed comparative analytical procedures based on our knowledge of the tenancy and forming an expectation of rental income for each property and investigated any large or unusual variances.</p> <p>Where tenancy incentives were given on the granting of a new lease we reviewed the rent-free period to agree it is accounted for in accordance with accounting standards.</p> <p>We reviewed the accounting treatment and journals posted in regards to deferred rental income recorded on the group's statement of financial position by agreeing to supporting documentation.</p>
<p>Carrying value of investment in subsidiaries and amounts owed by group undertakings (parent company)</p> <p>The parent company has equity investments in the subsidiaries and accounts for these investments at costs less impairment.</p> <p>The determination of the recoverable value for impairment assessment is underpinned by the valuation of investment properties held in each subsidiary. As mention in the section above on carrying value of investment properties, there is an inherent risk that the carrying value could be subject to material estimation bias.</p>	<p>We obtained an understanding of management's impairment process and critically appraised the assumptions used by management.</p> <p>We compared the carrying value of investment in subsidiaries and amounts owed by group undertakings to the net assets of each subsidiary which is underpinned by valuation of the investment properties held as well as profitability of the corresponding entity.</p>

Independent Auditors' Report continued

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report continued

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Use of our report

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

Matthew Stallabrass

(Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill

London

EC4M 7JW

16 May 2024

Consolidated Income Statement

For the year ended 31 December 2023

	Notes	31 December 2023 £'000	31 December 2022 £'000
Revenue	5	14,457	13,411
Cost of sales	5	(6,630)	(5,749)
Gross profit		7,827	7,662
Other income	5	1,043	1,009
Administrative expenses		(1,843)	(1,638)
Bad debt expense	21	(680)	(702)
Operating profit	6	6,347	6,331
Profit on disposal of investment properties		305	461
Movement in fair value of investment properties	16	5,534	1,384
		12,186	8,176
Finance costs – interest	10	(5,586)	(3,265)
Finance income/(costs) – swap interest	10	757	(1,481)
Investment income	9	108	28
Loss on the disposal of investments		(4)	(278)
Fair value (loss)/gain on derivative financial liabilities	27	(1,962)	19,722
Profit before income tax		5,499	22,902
Income tax expense	11	(1,076)	(5,917)
Profit for the year		4,423	16,985
Continuing operations attributable to:			
Equity holders of the parent	12	4,423	16,985
Profit for the year		4,423	16,985
Earnings per share			
Basic and diluted – continuing operations	14	25.3p	96.6p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	31 December 2023 £'000	31 December 2022 £'000
Profit for the year		4,423	16,985
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Movement in fair value of investments taken to equity	18	19	(59)
Deferred tax relating to movement in fair value of investments taken to equity	25	(5)	15
Realised fair value on disposal of investments previously taken to equity	18	43	309
Realised deferred tax relating to disposal of investments previously taken to equity	25	(10)	(77)
Other comprehensive income for the year, net of tax		47	188
Total comprehensive income for the year		4,470	17,173
Attributable to:			
Equity holders of the parent		4,470	13,663

Consolidated Statement of Financial Position

Company number 00293147

As at 31 December 2023

	Notes	31 December 2023 £'000	31 December 2022 £'000
ASSETS			
Non-current assets			
Plant and equipment	15	42	64
Investment properties	16	185,169	176,937
Derivative financial asset	27	2,505	4,467
Right of use asset		221	258
Investments	18	165	256
		188,102	181,982
Current assets			
Asset held for sale		–	191
Stock properties	19	350	350
Investments		26	29
Trade and other receivables	21	3,250	3,178
Cash and cash equivalents (restricted)	22	954	4
Cash and cash equivalents	22	4,198	4,454
		8,778	8,206
Total assets		196,880	190,188
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	4,437	4,437
Share premium account		5,491	5,491
Treasury shares		(772)	(772)
Capital redemption reserve		572	604
Retained earnings		102,144	101,467
Total equity		111,872	111,227
Non-current liabilities			
Borrowings	24	–	58,807
Deferred tax liabilities	25	4,225	3,371
Leases	29	8,113	8,249
		12,338	70,427
Current liabilities			
Trade and other payables	26	8,528	7,869
Borrowings	24	64,101	500
Current tax payable		41	165
		72,670	8,534
Total liabilities		85,008	78,961
Total equity and liabilities		196,880	190,188

The accounts were approved by the Board of Directors and authorised for issue on 16 May 2024. They were signed on its behalf by:

A.S. Perloff
Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
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 1 January 2023	4,437	5,491	(772)	604	101,467	111,227
Total comprehensive income	–	–	–	–	4,470	4,470
Dividends	–	–	–	–	(3,844)	(3,844)
Consolidation adjustment	–	–	–	(32)	51	19
Balance at 31 December 2023	4,437	5,491	(772)	572	102,144	111,872

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	31 December 2023 £'000	31 December 2022 £'000
Cash flows from operating activities		
Operating profit	6,347	6,331
Add: Depreciation	22	45
Rent paid treated as interest	(680)	(687)
Profit before working capital change	5,689	5,689
Decrease in assets held for resale	191	–
Increase in receivables	(72)	(182)
Increase/(decrease) in payables	690	(1,149)
Cash generated from operations	6,498	4,358
Interest paid	(3,856)	(3,766)
Income tax paid	(361)	(662)
Net cash generated from/(used in) operating activities	2,281	(70)
Cash flows from investing activities		
Purchase of investment properties	(3,449)	(8,947)
Purchase of investments**	(256)	(66)
Purchase of plant and equipment	–	(300)
Proceeds from sale of investment property	950	1,176
Proceeds from sale of investments**	404	74
Dividend income received	14	21
Interest income received	94	7
Net cash used in investing activities	(2,243)	(8,035)
Cash flows from financing activities		
Draw down of loan	5,000	8,500
Repayments of loans	–	(5,060)
Loan amortisation repayments	(500)	(500)
Purchase of own shares	–	(559)
Dividends paid	(3,844)	(3,170)
Net cash generated/(used) from financing activities	656	(789)
Net increase/(decrease) in cash and cash equivalents	694	(8,894)
Cash and cash equivalents at the beginning of year*	4,458	13,352
Cash and cash equivalents at the end of year*	5,152	4,458

* Of this balance £954,000 (2022: £4,000) 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 2023

1. General information

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

2. New and revised International Financial Reporting Standards

New and amended Standards which became effective in the year

No new standards or amendments to standards that are mandatory for the first time for the financial year commencing 1 January 2023 affected any of the amounts recognised in the current year or any prior year and is not likely to affect future periods.

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

Amendments to IFRS which will apply in future periods

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

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

4. Significant accounting policies

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

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

Going Concern

The Directors have prepared three detailed financial forecasts to December 2027 assuming a significant downward trend in its income base, inflation leading to increasing costs, higher interest rates, worsening bad debts and no major disposals. 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's forecasts show that it has enough financial resources to survive to beyond December 2027.

Notes to the Consolidated Financial Statements *continued*

4. Significant accounting policies *continued*

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

The Group's main loans were renewed again in March 2024 for a new four year term with the ability to extend for an additional year (subject to bank approval). The Group always maintains excellent relations with its lenders. The loan is made jointly by two lenders and has a low level of gearing which both gives the Group's finance situation more resilience.

The lenders' covenants (on the previous facility but which are similar to the new facility) as at 31 December 2023 have been reviewed and significant movements would be required before a covenant was breached such as a 29% decrease in the secured portfolio valuation (a circa £46 million reduction) or 53% decrease in its actual income cover being circa £6.4 million reduction in income. The Group also currently has cash reserves (and available facility) and other uncharged assets (including circa £12 million of investment property).

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

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

Basis of consolidation

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

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

Business combinations

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

Investment properties

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

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

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

Transfers between investment property and stock properties

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

Taxation

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

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

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

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

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis. Corporation tax for the period is charged at 23.50% (2022 – 19.00%).

Retirement benefit costs

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

Revenue recognition

IFRS 15 Revenue from Contracts is applicable to management fees and other income but excludes rent receivable. The majority of the Group's income is from tenant leases and is outside the scope of the standard.

Notes to the Consolidated Financial Statements *continued*

4. Significant accounting policies *continued*

Revenue comprises:

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

Other income comprises:

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

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

Financial instruments

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

Trade receivables

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

Cash and cash equivalents

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

Financial liabilities and equity

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

Trade payables

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

Notes to the Consolidated Financial Statements *continued*

4. Significant accounting policies *continued*

Bank borrowings

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

Derivative financial instruments

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

The Directors estimate the fair value annually for these financial instruments using the year end yield curve to extract the markets estimate of future pricing for interest rates. An in-house valuation is considered alongside valuations obtained from HSBC and Santander (both counterparties to one agreement) but also providing a value for the agreement they are not party too. An average of the three values (in-house and both banks) for each instrument is taken as the most appropriate value. This is an estimation and as such there is uncertainty to the fair value shown within the accounts – as demonstrated as the three values range from £2.4 million to £2.7 million.

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

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

Investments

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

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

Impairment of investments (non-current assets)

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

Notes to the Consolidated Financial Statements *continued*

4. Significant accounting policies *continued*

Provisions

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

Stock properties

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

Share capital

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

Share premium

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

Treasury shares

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

Capital redemption reserve

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

Retained earnings

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

Dividends

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

Leases

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

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

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

Notes to the Consolidated Financial Statements continued

4. Significant accounting policies continued

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

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

The Group as lessor

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

5. Revenue, cost of sales and other income

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

Other income

	2023 £'000	2022 £'000
Surrender premiums	480	65
Service charge management fees	106	100
Dilapidations and other	457	844
	1,043	1,009

6. Operating profit

	2023 £'000	2022 £'000
The operating profit for the year is stated after charging:		
Fees payable to the Group's auditor for the audit of both the parent company and the Group's annual report and accounts (and its subsidiaries):	99	88
<i>Fees paid to the Group's auditor for other services:</i>		
Other services provided	2	2

7. Staff costs

	2023 £'000	2022 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	853	816
Social security costs	91	92
Pension contributions	24	23
	968	931

Notes to the Consolidated Financial Statements continued

7. Staff costs continued

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

	2023 Number	2022 Number
The average monthly number of employees, including Directors, during the year was as follows:		
Directors	7	5
Other employees	13	13
	20	18

8. Directors' remuneration

	2023 £'000	2022 £'000
Emoluments for services as Directors	300	279

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

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

	2023 £'000	2022 £'000
Emoluments for services as directors	300	279
Employers' NIC	40	40
Short term employee benefits (salaries and benefits)	340	319

9. Investment income

	2023 £'000	2022 £'000
Interest on bank deposits	94	7
Dividends from equity investments	14	21
	108	28

10. Finance costs

	2023 £'000	2022 £'000
Interest payable on bank overdrafts and loans	4,906	2,578
Interest payable on lease liabilities	680	687
Finance costs – interest	5,586	3,265
Finance (income)/costs – swap interest (on financial derivatives)	(757)	1,481
	4,829	4,746

Notes to the Consolidated Financial Statements continued

11. Income tax charge

The charge for taxation comprises the following:

	2023 £'000	2022 £'000
Current year UK corporation tax	41	436
Prior year UK corporation tax	196	(80)
	237	356
Current year deferred tax debit – note 25	839	5,561
Income tax expense for the year	1,076	5,917

Domestic income tax is calculated at 23.5% (2022 – 19.00%) of the estimated assessable profit or loss for the year. The provision for deferred tax has been calculated on the basis of 25.00% (2022 – 25.00%).

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

	2023 £'000	2023 %	2022 £'000	2022 %
Profit before taxation	5,499		22,902	
Profit before tax multiplied by the average of the standard rate of UK corporation tax of 23.5% (2022 – 19.0%)	1,292	23.5	4,351	19.0
Tax effect of expenses that are not deductible in determining taxable profit	37	0.7	32	0.1
Dividend income not taxable for tax purposes	(3)	(0.1)	(4)	(0.0)
Tax on chargeable gains difference to profits	(70)	(1.3)	84	0.4
Movement in deferred tax on revalued assets	(376)	(6.8)	1,166	5.1
Difference in current and deferred tax rates	–	–	368	1.6
Prior year corporation tax over provision	196	3.6	(80)	(0.3)
Tax charge	1,076		5,917	

12. Profit attributable to members of the parent undertaking

	2023 £'000	2022 £'000
Dealt with in the accounts of:		
– the parent undertaking	(7,247)	9,008
– subsidiary undertakings	11,670	7,977
	4,423	16,985

Reconciliation of parent company profit and loss

	2023 £'000	2022 £'000
Profit of parent company before intercompany adjustments	(7,184)	11,847
Bad debt provision – intercompany loan/investments*	–	1,300
Intercompany dividends*	(63)	(4,139)
Profit attributable to members of the Parent undertaking	(7,247)	9,008

* removed on consolidation

Notes to the Consolidated Financial Statements continued

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	2023 £'000	2022 £'000
Interim dividend for the year ended 31 December 2023 of 6p per share (2022: 6p per share)	1,048	1,054
Final dividend for the year ended 31 December 2022 of 6p per share (2021: 6p per share)	1,048	1,054
Interim dividend for the year ended 31 December 2021 of 6p per share	–	1,062
Special dividend for the year ended 31 December 2023 of 10p per share	1,748	–
	3,844	3,170

The Directors recommend a payment of a final dividend for the year ended 31 December 2023 of 6p per share, following the special dividend of 10p per share which was paid on 10 February 2023, and an interim dividend of 6p per share which was paid on 27 October 2023. The final dividend of 6p per share will be payable on 17 July 2024 to shareholders on the register at the close of business on 28 June 2024 (Ex dividend on 27 June 2024).

The full ordinary dividend for the year ended 31 December 2023 is anticipated to be 22p per share, subject to shareholder approval, being the 6p interim per share paid, 10p special per share paid and the recommended final dividend of 6p per share.

14. Earnings per ordinary share (basic and diluted)

The calculation of profit per ordinary share is based on the profit, being a profit of £4,293,000 (2022 – £16,985,000) and on 17,471,929 ordinary shares being the weighted average number of ordinary shares in issue during the year excluding treasury shares (2022 – 17,577,699). There are no potential ordinary shares in existence. The Company holds 275,000 (2022 – 275,000) ordinary shares in treasury.

15. Plant and equipment

	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2022	73	8	81
Additions	300	–	300
Transfer to assets held for resale	(191)	–	(191)
At 1 January 2023	182	8	190
Additions	–	–	–
At 31 December 2023	182	8	190
Accumulated depreciation			
At 1 January 2022	73	8	81
Disposals	45	–	45
At 1 January 2023	118	8	126
Depreciation charge for the year	22	–	22
At 31 December 2023	140	8	148
Carrying amount			
At 31 December 2023	42	–	42
At 31 December 2022	64	–	64

Notes to the Consolidated Financial Statements continued

16. Investment properties

	Investment properties £'000
Fair value	
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 1 January 2023	176,937
Additions	3,449
Disposals	(645)
Fair value adjustment on investment properties held on leases	(106)
Revaluation increase	5,534
At 31 December 2023	185,169
Carrying amount	
At 31 December 2023	185,169
At 31 December 2022	176,937

At 31 December 2023, £150,057,000 (2022 – £141,979,000) and £35,112,000 (2022 – £34,958,000) included within investment properties relates to freehold and leasehold properties respectively.

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

	2023 £'000	2022 £'000
Cost of investment properties	145,836	143,616

The Group has pledged £163,745,000 (ignoring lease obligations) of investment property (2022 – £158,688,000) as security for the main loan facilities with HSBC and Santander granted to the Group at the Statement of Financial Position date.

Costs relating to ongoing and potential developments are included in additions to investment properties and in the year ended 31 December 2023 amounted to £41,000 (2022 – £40,000).

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £14,408,000 (2022 – £13,362,000).

Notes to the Consolidated Financial Statements *continued*

16. Investment properties *continued*

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

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

Yields applied across the majority of the portfolio are in the range of 6% – 14% with the average yield being circa 8.4%. Assuming all else stayed the same; a decrease of 1% in the average yield would result in an increase in fair value of £23,179,000. An increase of 1% in the average yield would result in a decrease in fair value of £18,247,000.

Carter Jonas did an updated valuation for the lenders at July 2023 (which equated to 92.4% of the investment properties valuation at the year end – being only those properties proposed to be charged to the lenders) and there has not been an external valuation since then but the Directors adopted this within their year end valuation, as they judged there to be no material differences since the valuation date. Cluttons were asked for their view on some of the higher value uncharged properties which equated to a further 3.7% of the portfolio. Finally for the low value uncharged properties the directors valued these properties equating to 3.9% of the portfolio (half this value related to one property bought in November 2023 which the purchase price was deemed to be market value). The valuation methodology applied by the Directors and the external valuers is in accordance with The RICS Valuation Global Standards (effective from July 2017), which is consistent with the required IFRS 13 methodology. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For some properties, valuation was based on an end development rather than investment income in order to achieve highest and best use value. To get the valuation in this instance the end development is discounted by profit for a developer and cost to build to get to the base estimated market value of investment. The amount of unrealised gains or losses on investment properties is charged to the Income Statement as the movement in fair value of investment properties, for 2023 this was a fair value gain of £5,534,000 (2022 – £1,384,000). The amount of realised gains or losses is shown as the profit on disposal of investment properties within the income statement, for 2023 there was a realised gain of £305,000 (2022 – £461,000).

Notes to the Consolidated Financial Statements continued

17. Subsidiaries

Details of the Company's subsidiaries at 31 December 2023 are as follows;

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

* – 100% subsidiary of Surrey Motors Limited

** – 100% subsidiaries of Eurocity Properties PLC

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

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

Notes to the Consolidated Financial Statements continued

18. Investments

	Non-current assets £'000
Cost or valuation	
At 1 January 2022	292
Additions	66
Movement in fair value taken to equity	250
Disposals	(352)
At 1 January 2023	256
Additions	256
Movement in fair value taken to equity	62
Disposals	(409)
At 31 December 2023	165
Comprising at 31 December 2023:	
At cost	17
At valuation/net realisable value	148
Carrying amount	
At 31 December 2023	165
At 31 December 2022	256

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

Price risk

For the year ended 31 December 2022 if the average share price of the portfolio was 10% lower, then the loss recognised in Other Comprehensive Income would have been £12,000 lower (2022: £20,000 lower). Corresponding gains would be seen for a 10% uplift.

19. Stock properties

	2023 £'000	2022 £'000
Stock properties	350	350

The market value of stock properties is £465,000 (2022 – £685,000).

£365,000 (2022: £585,000) of stock properties at market value have been provided as security for the bank loan from HSBC and Santander referred to in note 24.

The market value shown as at 31 December 2023, one stock property was valued by the Carter Jonas at July 23 and both valued by the Directors for the year end. The stock properties are held at the lower of cost and market value and as such any uplift is not recognised in the financial statements.

Notes to the Consolidated Financial Statements continued

20. Capital commitments

	2023 £'000	2022 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	200	90

21. Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	2,870	3,370
Bad debt provision	(1,060)	(1,660)
	1,810	1,710
Other debtors	16	160
Prepayments	375	331
Accrued income	1,049	977
	3,250	3,178

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Net trade receivables are financial assets. The total of financial assets included within the financial statements at amortised cost is £8,027,000 (2022 – £7,305,000) (which relates to £2,875,000 (2022 – £2,847,000) included in the above (less prepayments) and the Group's cash or cash equivalents).

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

Aged Trade receivables are shown below:

	2023 £'000	2023 %	2022 £'000	2022 %
Up to 30 days	1,661	58%	1,321	39%
Up to 60 days	98	3%	229	7%
Up to 90 days	–	0%	131	4%
Up to 120 days	423	15%	414	12%
Over 120 days	688	24%	1,275	38%
Total	2,870		3,370	

Notes to the Consolidated Financial Statements continued

21. Trade and other receivables continued

Movement in allowance for doubtful debts on trade receivables:

	Trade receivables £'000
Balance at 1 January 2022	1,242
Amount written off as uncollectable	(284)
Charge/(credit) to income statement	702
Balance at 1 January 2023	1,660
Amounts written off as uncollectable	(1,280)
Charge to income statement	680
Balances at 31 December 2023	1,060

22. Other financial assets

Cash and cash equivalents

Cash and cash equivalents comprise of cash held by the Group and short-term bank deposits. The carrying amount of these assets approximates their fair value. Within Cash and Cash equivalents but separately identified on the Consolidated Statement of Financial Position is cash described as restricted, this is a separate bank account set up as part of the loan agreement were property disposal proceeds, not used to decrease the loan, can be held to reinvest in other investment properties but other uses are restricted to agreement with the lenders.

Credit risk

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

The credit risk on liquid funds is mitigated by the use of bank counterparties with high credit-ratings assigned by international credit-rating agencies. Further information on the Group's credit risk is detailed within the Group Strategic Report.

23. Share capital

	2023 £'000	2022 £'000
Allotted, called up and fully paid		
17,746,929 (2021 – 17,746,929) ordinary shares of £0.25 each	4,437	4,437

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

During 2023 no ordinary shares were issued in the period (2022 – no ordinary shares were issued). 275,000 (2022 – 275,000) ordinary shares are held in treasury.

After the year end on 3 January 2024 the Company purchased 30,000 of its own shares to held as treasury shares being a total of 305,000.

Notes to the Consolidated Financial Statements continued

24. Bank loans

	2023 £'000	2022 £'000
Bank loans due within one year <i>(within current liabilities)</i>	64,101	500
Bank loans due after more than one year <i>(within non-current liabilities)</i>	–	58,807
Total bank loans	64,101	59,307

Analysis of debt maturity	2023 £'000 Interest*	2023 £'000 Capital	2023 £'000 Total	2022 £'000 Total
Bank loans repayable				
<i>On demand or within one year</i>	1,802	64,101	65,903	4,126
<i>In the second year</i>	–	–	–	60,904
<i>In the third year to the fifth year</i>	–	–	–	–
	1,802	64,101	65,903	65,030

* based on the 3 month SONIA floating rate charged in March 24 – 5.19%. Interest is only due to 16 July 2024 when the loan is due for repayment.

After the year end, on 28 March 2024, the Group refinanced by completing a new facility of £68 million, split between a £55 million term loan and a £13 million revolving facility. The new facility has a four-year term (with a further one-year option to extend subject to credit approval). The interest rate payable is 2.3 per cent. over three month SONIA with a ratchet that can take it to 2.5 per cent over three month SONIA in certain circumstances.

HSBC and Santander remain as the joint providers of the new facility.

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.

25. Deferred taxation

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

	Total £'000
Asset at 1 January 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 year	(15)
Debit to Income Statement for the year	(839)
Liability at 31 December 2023	(4,225)

Notes to the Consolidated Financial Statements continued

25. Deferred taxation continued

Deferred taxation arises in relation to:

Deferred tax

	2023 £'000	2022 £'000
Deferred tax liabilities:		
Investment properties	(4,028)	(2,722)
Derivative financial liability	(626)	(1,117)
Deferred tax assets:		
Tax allowances in excess of book value	376	398
Fair value of investments	53	70
Net deferred tax (liabilities)/asset	(4,225)	(3,371)

As at 31 December 2023 the substantively enacted rate was 25% (2022: 25%) and this has been used for the deferred tax calculation.

26. Trade and other payables

	2023 £'000	2022 £'000
Trade creditors	2,068	2,013
Social security and other taxes	352	434
Other creditors	1,598	1,494
Leases (see note 29)	680	687
Accruals	1,331	840
Deferred income	2,499	2,401
	8,528	7,869

Trade creditors and accruals comprise amounts outstanding for trade purchases.

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

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

Liabilities included within the financial statements at amortised cost total £78,243,000 (2022 – £73,024,000) (includes payables above and the long term and short term borrowings, excluding deferred income plus lease liabilities).

Notes to the Consolidated Financial Statements continued

27. Derivative financial instruments

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

Bank loans Interest is charged as to:	2023 £'000	Rate	2022 £'000	Rate
Fixed/Hedged				
HSBC Bank plc*	35,000	6.10%	35,000	7.76%
HSBC Bank plc**	25,000	4.71%	25,000	4.71%
Unamortised loan arrangement fees	(149)		(443)	
Floating element				
HSBC Bank plc	4,250		(250)	
Shawbrook Bank Ltd	–		–	
	64,101		59,307	

Bank loans totalling £60,000,000 (2022 – £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'	2023 Fair value £'000	2022 Fair value £'000
Derivative Financial Asset/(Liability)					
Interest rate swap*	35,000	3.40%	14.69	347	1,236
Interest rate swap**	25,000	2.01%	7.92	2,158	3,231
				2,505	4,467
Net fair value (loss)/gain on derivative financial assets				(1,962)	19,722

* Fixed rate came into effect in September 2008, following a variation made in 2021, in September 2023 the rate drops to 3.4% (previously 5.06%) 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 (2022 – 2.7%).

Neither contracts include break options in the term but are repayable on a cessation of lending.

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

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

Notes to the Consolidated Financial Statements *continued*

27. Derivative financial instruments *continued*

As mentioned elsewhere within these accounts the valuation of these derivative instruments is problematic as a singular number cannot fully make clear the high sensitivity effecting the calculated valuation to the various inputs and market conditions. In order to demonstrate the variations the combined value of these instruments since 2008 and 2023 have been at the best a £4m asset and at worst shown was £31m liability. Since the variation in 2021 (giving a rate of 3.4% from Sept 23) and due to the instrument entered into in April 2018 (rate of 2.01%), the board believes the outlook for these instruments will be more favourable than they or previous ones have been, and should be less volatile, when considering the projected market interest rates.

Taking the existing estimate of our financial derivative fair value at the year end, very approximately if the market expected interest rates to be on average a 100 basis points higher over the life of our financial derivatives (this rate change also factors into the group's expected cost of capital or discount factor) this would increase the current asset by £6m being a £8m to £9m asset (further a 100 basis points reduction on average – would lead to an estimated £6m reduction in value or being a £3m to £4m liability).

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

Analysis of debt maturity

Annual cash flows in respect of derivative financial instruments are approximately an income of £757,000 (2022: cost of £1,481,000) per annum based on current SONIA rates.

Interest rate risk

For the year ended 31 December 2023, if on average the 3 month SONIA over the year had been 100 basis points (1%) higher with all other variables held constant, under the financing structure in place at the year end, profit before tax for the year would have been approximately £40,000 lower (2022: £2,500 lower). This analysis excludes any effect this rate adjustment might have on expectations of future interest rates movements which is likely to affect the estimation of the fair value of the derivative financial liabilities (as this movement would also be shown within the Income Statement affecting post-tax profit or loss), but indicates the likely cash saving/(cost) a 100 basis points (1%) movement would have had for the Group.

Treasury management

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

28. Contingent liabilities

There were no contingent liabilities at the year-end (2022: nil).

Notes to the Consolidated Financial Statements continued

29. Lease arrangements and obligations under leases

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

The Group as lessee

The Group paid rent under non-cancellable leases in the year of £822,000 (2022 – £919,000).

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

The average lease length is 147 years. The minimum rental payment obligations due under these operating leases and anticipated rental income derived from these investments are shown below. The rate used to determine the present value of the minimum rental payment obligations, is the cost of capital relevant to the time they were first entered into (majority of these are at 7.13% relating to when standard first introduced). The difference between the rents payable in the year of £822,000 (2022: £919,000) and the minimum for the year of £680,000 (2022: £687,000) is related to the contingent element only payable out of rents receivable.

Minimum future payments under non-cancellable leases

(Lessee)	2023 £'000	2022 £'000
Payable within one year	680	687
Payable between one year and five years	2,720	2,748
Payable in more than five years	42,939	43,907
	46,339	47,342

Anticipated rental income derived under non-cancellable sub leases

(Lessor)	2023 £'000	2022 £'000
Payable within one year	3,358	3,326
Payable between one year and five years	9,226	10,090
Payable in more than five years	4,584	5,297
	17,168	18,713

	2023 £'000	2022 £'000
Leases due within one year <i>(included within current liabilities)</i>	680	687
Leases due within one to five years	2,720	2,748
Leases due in more than five years	5,393	5,501
<i>(included within non-current liabilities)</i>	8,113	8,249
Total lease obligations	8,793	8,936

Notes to the Consolidated Financial Statements continued

29. Lease arrangements and obligations under leases continued

The Group as a lessor

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

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

	2023 £'000	2022 £'000
Payable within one year	11,927	11,826
Payable between one year and five years	33,734	34,778
Payable in more than five years	26,737	25,677
	72,398	72,281

30. Reconciliation of liabilities from financing activities

	1 January 2022 £'000	Cash flow £'000	Non-cash movements New Leases £'000	Other non-cash movements £'000	31 December 2022 £'000
Derivative financial instruments	(15,255)	–	–	19,722	4,467
Leases (current)	(687)	687	–	(687)	(687)
Leases (non-current)	(8,353)	–	(583)	687	(8,249)
Borrowings (current)	(560)	560	–	(500)	(500)
Borrowings (non-current)	(55,513)	(3,500)	–	206	(58,807)
	(80,368)	(2,253)	(583)	(19,428)	(63,776)

	1 January 2023 £'000	Cash flow £'000	Non-cash movements New leases £'000	Other non-cash movements £'000	31 December 2023 £'000
Derivative financial instruments	4,467	–	–	(1,962)	2,505
Leases (current)	(687)	687	–	(680)	(680)
Leases (non-current)	(8,249)	–	(544)	680	(8,113)
Borrowings (current)	(500)	500	–	(64,101)	(64,101)
Borrowings (non-current)	(58,807)	(5,000)	–	63,807	–
	(63,776)	(3,813)	(544)	(2,256)	(70,389)

31. Events after the reporting date

In January 2024 the Group paid back £900,000 of the loan facility (using disposal proceeds).

On 28 March 2024, the Group refinanced by completing a new facility of £68 million, split between a £55 million term loan and a £13 million revolving facility. The new facility has a four-year term (with a further one-year option to extend subject to credit approval). The interest rate payable is 2.3 per cent. over three month SONIA with a ratchet that can take it to 2.5 per cent over three month SONIA in certain circumstances. HSBC and Santander remain as the joint providers of the new facility. The £64,125,000 of the available facility is currently being utilised.

Notes to the Consolidated Financial Statements continued

32. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The compensation of the Group's key management personnel is shown in note 8 to the financial statements and Directors' emoluments are shown in note 8 and the Directors' Report.

At 31 December 2023 included within creditors was, £7,000 (2022: 7,000) payable to the beneficiaries of the estate of late F Perloff, £6,000 was due to H Perloff (2022: £12,000 due from H Perloff), all close family members of a director. Movement in the year related to property management services. Also A Perloff was owed £3,000 by the Group (2022: owed the group £37,000) at the year end. The balances owed by A Perloff and H Perloff at 31 December 2022 were both cleared in early 2023.

At 31 December 2023 included within creditors was, £21,000 (2022: £23,000) owed to Maland Pension Fund a company sponsored pension scheme (for a director). This is a trading relationship as the balance owed was in relation to a jointly owned property where the interests were split and have been for many years. The company has not contributed for over a decade and there are no plans to make any further contributions.

Anglia Home Furnishings Ltd ("AHF") t/a Fabb, a company owned wholly by Portnard Ltd (48% shareholder in Panther and has common directors) pays rent to the group of £125,000 pa in Canterbury. During 2022 Panther paid circa £40,000 of roof costs on this unit, whose roof Panther was only partly responsible for, but in return got an increased rental of £136,000 pa from December 2022 which it will benefit from until the existing next rent review date of December 2024 (which will now not be able to go lower than the new rate). The agreement in relation to the contribution also allowed for the lease to be amended so that going forward AHF are solely responsible for the roof. The full arrangement due to any potential conflict of interest was reviewed by the boards non-executive directors. In December 2023 the Group entered an additional lease with AHF t/a Fabb on a warehouse in Peterborough. The lease rental is £345,000 pa on a 15 year lease term, the incentive package included 5 months rent free and £120,000 capital contribution. AHF was sold on 23 April 2024 and is no longer a connected party.

New Start 2020 Ltd, a company owned wholly by Portnard Ltd rents a property in Southport (5 years from June 2021), paying a percentage of their turnover. In 2023 they only paid £10,000 (£54,000 – 2022) as a rent free period concession was provided to stop the tenant vacating.

Machines were bought for £224,000 (but before disposal in 2023 had a book value of £191,000) with the intention to lease these to Airsprung Group PLC (also owned wholly by Portnard Ltd). The arrangement was reviewed and approved by the non-executives on the board. However in March 2023 the machines were sold to Airsprung Group PLC for £245,000 and the leasing arrangement was ended.

Jonathan Rhodes is a non-executive director of Panther Securities PLC but also a partner in Cluttons, the Company obtain guidance on valuations from Cluttons in 2023 and paid a valuation fee totalling £11,000 in 2024.

During the year dividends of £1,045,000 (2022: £854,000) were paid to directors of the Group.

Parent Company Statement of Financial Position

As at 31 December 2023

	Notes	£'000	2023 £'000	£'000	2022 £'000
Fixed assets					
Investments	35		18,297		18,404
Derivative financial asset	27		2,505		4,467
Current assets					
Asset held for sale			–	191	
Debtors	36	86,053		90,720	
Current asset investments		26		29	
Cash at bank and in hand		4,376		3,431	
			90,455	94,371	
Creditors: amounts falling due within one year	37	(78,585)		(14,782)	
Net current assets			11,870		79,589
Total assets less current liabilities			32,672		102,460
Creditors: amounts falling due after more than one year	38		–		(58,807)
Derivative financial liability	27		–		–
Net assets			32,672		43,653
Capital and reserves					
Called up share capital	40		4,437		4,437
Share premium account			5,491		5,491
Treasury shares			(772)		(772)
Capital redemption reserve			604		604
Profit and loss account			22,912		33,893
Shareholders' funds			32,672		43,653

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

The Parent Company made a loss of £7,184,000 (2022: profit of £11,847,000).

The accounts were approved by the Board of Directors and authorised for issue on 16 May 2024. They were signed on its behalf by:

A.S. Perloff
Chairman

Parent Company Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2022	4,437	5,491	(213)	604	25,028	35,347
Profit for the year	–	–	–	–	11,847	11,847
Movement in fair value of investments taken to equity	–	–	–	–	(59)	(59)
Deferred tax relating to movement in fair value of investments taken to equity	–	–	–	–	15	15
Realised fair value on disposal of investments previously taken to equity	–	–	–	–	310	310
Realised deferred tax relating to disposal of investments previously taken to equity	–	–	–	–	(78)	(78)
Treasury share purchase	–	–	(559)	–	–	(559)
Dividends	–	–	–	–	(3,170)	(3,170)
Balance at 1 January 2023	4,437	5,491	(772)	604	33,893	43,653
Profit for the year	–	–	–	–	(7,184)	(7,184)
Movement in fair value of investments taken to equity	–	–	–	–	19	19
Deferred tax relating to movement in fair value of investments taken to equity	–	–	–	–	(5)	(5)
Realised fair value on disposal of investments previously taken to equity	–	–	–	–	43	43
Realised deferred tax relating to disposal of investments previously taken to equity	–	–	–	–	(10)	(10)
Dividends	–	–	–	–	(3,844)	(3,844)
Balance at 31 December 2023	4,437	5,491	(772)	604	22,912	32,672

Notes to the Parent Company Financial Statements

For the year ended 31 December 2023

33. Accounting policies for the Parent Company

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

Basis of preparation of financial statements

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

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

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

Significant accounting policies

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

Revenue recognition

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

Notes to the Parent Company Financial Statements continued

33. Accounting policies for the Parent Company continued

Investments

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

Investments in subsidiaries is recorded at cost less impairment.

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

Intercompany debtors

These are held at cost unless considered impaired. Impairment provisions for receivables from related parties are determined using the simplified approach to determine the expected credit loss.

34. Staff costs

	2023 £'000	2022 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	853	816
Social security costs	91	92
Pension contributions	24	23
	968	931

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

	2023 Number	2022 Number
Directors	7	5
Other employees	13	13
	20	18

Notes to the Parent Company Financial Statements continued

35. Fixed asset investments

	Shares in Group undertakings £'000	Other investments £'000	Total £'000
Cost or valuation			
At 1 January 2023	18,148	256	18,404
Additions	–	256	256
Movement in fair value taken to equity	–	62	62
Disposals	–	(409)	(409)
Write offs	(2,716)		
Provisions utilised	2,700	–	(1,200)
At 31 December 2023	18,132	165	18,297
Investments:			
Listed	–	148	148
Unlisted	18,132	17	18,149

The above investments are shown at market value where there is an active market for these shares. The historic cost of listed investments is £360,000 (2022: £513,000).

For details of the Company's subsidiaries at 31 December 2023, see note 17.

36. Debtors

	2023 £'000	2022 £'000
Due less than one year:		
Other debtors	71	160
Corporation tax	–	272
Amounts owed by Group undertakings	85,833	90,247
Prepayments and accrued income	149	41
Due more than one year:		
Deferred tax (note 39)	–	–
	86,053	90,720

37. Creditors

Amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	38	43
Bank loans	64,101	500
Amounts owed to Group undertakings	13,205	12,657
Social security and other taxes	59	74
Other creditors	75	71
Accruals and deferred income	534	397
Due more than one year:		
Deferred tax (note 39)	573	1,040
	78,585	14,782

Notes to the Parent Company Financial Statements continued

38. Creditors

Amounts falling due after more than one year

	2023 £'000	2022 £'000
Bank loans	–	58,807

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

39. Deferred taxation

The following potential deferred taxation (liability)/asset is recognised:

	2023 £'000	2022 £'000
Timing differences on plant and equipment	–	8
Fair value of investments	53	69
Fair value of financial instruments	(626)	(1,117)
	(573)	(1,040)

40. Called up share capital

	2023 £'000	2022 £'000
Authorised		
30,000,000 ordinary shares of £0.25 each	7,500	7,500
Allotted, called up and fully paid		
17,746,929 (2021: 17,746,929) ordinary shares of £0.25 each	4,437	4,437

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

During 2023, no ordinary shares were issued in the period (2022: nil). 275,000 (2022: 275,000) ordinary shares of £0.25 each are held in treasury representing 1.5% (2022 – 1.5%) of the Company's issued share capital.

41. Related party transactions

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

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

At 31 December 2023 included within creditors was, £7,000 (2022: 7,000) payable to the beneficiaries of the estate of late F Perloff, £6,000 was due to H Perloff (2022: £12,000 due from H Perloff), all close family members of a director. Movement in the year related to property management services. Also A Perloff was owed £3,000 by the Group (2022: owed the group £37,000) at the year end. The balances owed by A Perloff and H Perloff at 31 December 2022 were both cleared in early 2023.

Notes to the Parent Company Financial Statements *continued*

41. Related party transactions *continued*

At 31 December 2023 included within creditors was, £21,000 (2022: £23,000) owed to Maland Pension Fund a company sponsored pension scheme (for a director). This is a trading relationship as the balance owed was in relation to a jointly owned property where the interests were split and have been for many years. The company has not contributed for over a decade and there are no plans to make any further contributions.

Machines were bought for £224,000 (but before disposal in 2023 had a book value of £191,000) with the intention to lease these to Airsprung Group PLC (also owned wholly by Portnard Ltd). The arrangement was reviewed and approved by the non-executives on the board. However in March 2023 the machines were sold to Airsprung Group PLC for £245,000 and the leasing arrangement was ended.

Jonathan Rhodes is a non-executive director of Panther Securities PLC but also a partner in Cluttons, the Company obtain guidance on valuations from Cluttons in 2023 and paid a valuation fee totalling £11,000 in 2024.

During the year dividends of £1,045,000 (2022: £854,000) were paid to directors of the Group.

42. Risk management

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

43. Events after the reporting period date

In January 2024 the Company paid back £900,000 of the loan facility (using disposal proceeds).

On 28 March 2024, the Company refinanced by completing a new facility of £68 million, split between a £55 million term loan and a £13 million revolving facility. The new facility has a four-year term (with a further one-year option to extend subject to credit approval). The interest rate payable is 2.3 per cent. over three month SONIA with a ratchet that can take it to 2.5 per cent over three month SONIA in certain circumstances. HSBC and Santander remain as the joint providers of the new facility. The £64,125,000 of the available facility is currently being utilised.

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

The financial statements of Panther Securities PLC (the "Company") for the year ended 31 December 2023 were authorised for issue by the Board of Directors on 16 May 2024 and the Statement of Financial Position was signed on the board's behalf by A S Perloff. Panther Securities PLC is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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

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

Notice of Annual General Meeting

Arrangements for the 2024 Annual General Meeting (AGM).

The 90th Annual General Meeting of Panther Securities P.L.C. is planned to be held on 20 June 2024 in the Trueman Suite at Danubius Hotel Regents Park, 18 Lodge Road, NW8 7JT at 11.30 am.

As Ordinary Business

1. To receive and adopt the Group Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2023 contained in the document entitled "Annual Report and Financial Statements 2023".
2. To ratify the payment of a final dividend of 6.0p per ordinary share as the final dividend.
3. To:
 - 3.1 Re-elect Andrew Perloff who is retiring by rotation, as a Director.
 - 3.2 Re-elect John Perloff who is retiring by rotation, as a Director.
4. To reappoint auditors Crowe U.K. LLP and to authorise the Directors to determine their remuneration.

As Special Business

To consider, and, if thought fit, pass the following resolutions of which resolutions 5, 7 and 8 will be proposed as ordinary resolutions and resolution 6 as a special resolution.

5. That for the purposes of section 551 Companies Act 2006 (and so that expressions used in this resolution shall bear the same meaning as in the said section 551):
 - 5.1 the Directors be and are generally and unconditionally authorised to allot equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum aggregate nominal amount of £2,400,000 to such persons and at such times and on such terms as they think proper during the period expiring at the earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2024 (unless previously revoked or varied by the Company in general meeting) except that the Company may before such expiry make any offer or agreement which could or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if such authority had not expired; and
 - 5.2 this resolution revokes and replaces all unexercised authorities previously granted to the directors pursuant to section 551 of the Companies Act 2006 but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to made pursuant to such authorities.
6. That, subject to the passing of resolution 5, set out in the Notice convening this Meeting, the Directors are empowered in accordance with section 571 of the Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash, pursuant to the authority conferred on them to allot equity securities (as defined in section 560 of the Act) by that resolution and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act 2006, in each case as if section 561 (1) of the Companies Act 2006 did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to:
 - 6.1 the allotment of equity securities in connection with an issue or offering in favour of or sale to holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory;

Notice of Annual General Meeting continued

- 6.2 the allotment or sale (otherwise than pursuant to paragraph 6.1 above) of equity securities up to an aggregate nominal value not exceeding £221,000; and
 - 6.3 the power granted by this resolution, unless renewed, shall expire at the earlier of 15 months from the date of passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2024 but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
7. That the Company is generally and unconditionally authorised for the purpose of section 701 Companies Act 2006 to make market purchases (as defined in section 693 (4) of the said Act) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") provided that the Company be and is hereby authorised to purchase its own shares by way of market purchase upon and subject to the following conditions:-
- 7.1 The maximum number of shares which may be purchased is 2,500,000 ordinary shares;
 - 7.2 The maximum price (exclusive of expense) at which any share may be purchased is the price equal to 5 per cent, above the average of the middle market quotations of an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days preceding the date of such purchase, and the minimum price at which any share may be purchased shall be the par value of such share; and
 - 7.3 The authority to purchase conferred by this Resolution shall expire at the conclusion of the next Annual General Meeting of the Company provided that any contract for the purchase of any shares as aforesaid which was concluded before the expiry of the said authority may be executed wholly or partly after the said authority expires.
8. That the directors be authorised to make a payment of up to £25,000 by a way of donation to the Reform Party.

The directors believe that the proposals in resolutions 1-7 are in the best interests of shareholders as a whole and they unanimously recommend that you vote in favour of the resolutions. The directors understand that everyone has their own personal political views so no recommendation one way or another has been made by the directors regarding resolution 8.

By order of the Board

S. J. Peters
Company Secretary

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

16 May 2024

See over for notes.

Notice of Annual General Meeting continued

Notes

1. Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his stead. Such a proxy need not also be a member of the Company.
2. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
3. A proxy form is enclosed. To appoint a proxy, shareholders must complete:
 - a form of proxy and return it together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of such authority, to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL; or
 - a CREST Proxy Instruction (as set out in paragraph 5 below);

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

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

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent RA10, by the latest time for receipt of proxy appointments set out in paragraph 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
6. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Unless otherwise indicated on the Form of Proxy or CREST, the Proxy will vote as they think fit or, at their discretion, withhold from voting.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Notice of Annual General Meeting continued

8. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1, 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company
9. A statement of all transactions of each Director and his family interests in the share capital of the Company will be available for inspection at the Company's registered office during normal business hours from the date of this notice up to the close of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.
10. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders included in the register of members of the Company at the close of business on 18 June 2024 or, if the meeting is adjourned, in the register of members at close of business. on the day which is two days before the day of any adjourned meeting, will be entitled to attend and to vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the share register at close of business on 18 June 2024, or, if the meeting is adjourned, in the register of members at close of business. on the day which is two days before the day of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
11. As at 9.00 a.m. on 16 May 2024, the Company's issued share capital comprised 17,441,929 ordinary shares of 25 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 9.00 a.m. on 16 May 2024 is 17,441,929.
12. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
13. Any member attending the meeting has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. If you have sold or otherwise transferred all your ordinary shares in the Company, please forward this annual report and accounts to the purchaser or transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee.
15. No Director is employed under a contract of service.
16. You may not use any electronic address provided in this Notice, or any related documents including the proxy form, to communicate with the Company for any purposes other than those expressly stated.
17. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at www.pantherplc.com

Notice of Annual General Meeting continued

Explanatory Notes to the Notice of Annual General Meeting

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

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

Resolution 1 – Laying of accounts and adoption of reports

The directors are required by the Companies Act 2006 to present to the shareholders of the Company at a general meeting the reports of the directors and auditors, and the audited accounts of the Company, for the year ended 31 December 2023. The report of the directors and the audited accounts have been approved by the directors, and the report of the auditors has been approved by the auditors. A copy of each of these documents may be found in the document entitled "Annual Report and Financial Statements 2023".

Resolutions 3 – Re-election of directors

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

Resolution 4 – Auditors' appointment and remuneration

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

Resolution 5 – Authority to the directors to allot shares

The Companies Act 2006 provides that the directors may only allot shares if authorised by shareholders to do so. Resolution 5 will, if passed, authorise the directors to allot shares and to grant rights to subscribe for, or convert securities into, shares up to a maximum nominal amount of £2,400,000, which represents an amount which is approximately equal to 55% of the issued ordinary share capital of the Company as at 16 May 2024 the latest practicable date prior to the publication of the notice.

Resolution 6 – Dis-application of statutory pre-emption rights

The Companies Act 2006 requires that, if the Company issues new shares for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. It is proposed that the directors be authorised to issue shares for cash and/or sell shares from treasury up to an aggregate nominal amount of £222,000 (representing approximately 5% of the Company's issued ordinary share capital as at 16 May 2024, the latest practicable date prior to the publication of the notice) without offering them to shareholders first in order to raise a limited amount of capital easily and quickly if needed. The resolution also modifies statutory pre-emption rights to deal with legal, regulatory or practical problems that may arise on a rights or other pre-emptive offer or issue. If resolution 7 is passed, this authority will expire at the same time as the authority to allot shares given pursuant to resolution 6.

Notice of Annual General Meeting continued

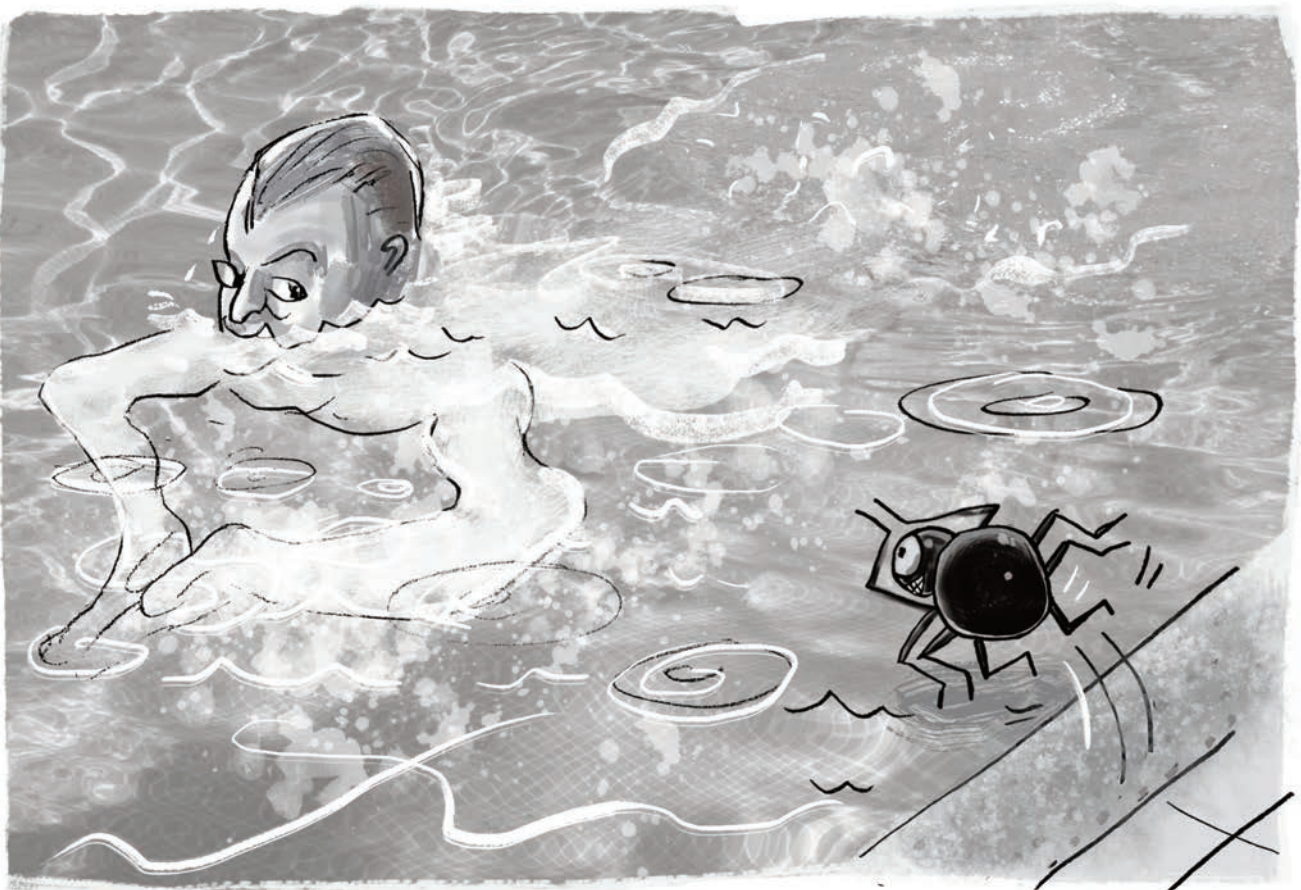
Resolution 7 – Purchase of own shares by the Company

If passed, this resolution will grant the Company authority for a period of up to the end of the next annual general meeting to buy its own shares in the market. The resolution limits the number of shares that may be purchased to 5% of the Company's issued share capital as at 16 May 2024, the latest practicable date prior to the publication of the notice. The price per ordinary share that the Company may pay is set at a minimum amount (excluding expenses) of 25 pence per ordinary share and a maximum amount (excluding expenses) of 5% over the average of the previous five business days' middle market prices. The directors will only make purchases under this authority if they believe that to do so would result in increased earnings per share and would be in the interests of the shareholders generally.

Resolution 8 – Payment of up to £25,000 by a way of donation to the Reform Party

This resolution is most likely to be decided by a Poll. Andrew Perloff has confirmed that he will not vote his personal or Portnard Ltd's holding on this resolution.

HENRY, THE ENTREPRENEURIAL SPIDER



Fifty Year+ Review

Year	Rental Income £'000s	Profit/ (loss) before tax £'000s	Net assets £'000s	Dividend per share	Net assets per share	Major events
1971	2	9	189	0.04p	2p	
1972	2	21	525	0.04p	5p	Perloffs' and M Block took control
1973	2	29	532	0.04p	5p	
1974	3	30	533	0.04p	5p	
1975	4	(19)	470	0.04p	4p	
1976	6	(151)	306	–	3p	Acquired Willseden Optical Works Ltd
1977	11	(63)	234	–	2p	1st business centre Mount Pleasant
1978	31	(29)	281	–	3p	
1979	75	21	229	–	2p	
1980	159	52	328	–	3p	Sold all optical interests
1981	251	91	909	–	8p	
1982	309	99	1,423	0.19p	13p	
1983	354	137	1,753	0.22p	16p	
1984	502	49	2,832	0.22p	26p	
1985	559	107	3,135	0.22p	29p	
1986	641	164	4,090	0.33p	38p	
1987	786	240	6,750	1.1p	63p	Acquired Surrey Motors Ltd
1988	1,292	905	11,725	2.2p	109p	
1989	1,329	580	12,211	2.2p	113p	
1990	1,263	2,261	10,601	3.3p	98p	Bid for Multitrust PLC
1991	1,714	556	14,277	2.5p	99p	Acquired Saxonbest Ltd
1992	2,722	(114)	11,942	1.1p	83p	Acquired Etonbrook Properties PLC
1993	2,942	707	13,877	2.8p	96p	
1994	3,229	1,729	18,569	2.7p	99p	Re-obtained full listing and acquired Multitrust Property Investments Ltd
1995	3,637	1,114	18,836	3.0p	101p	
1996	4,025	2,146	21,746	5.25p	121p	Bid for Elys PLC
1997	4,647	2,173	24,010	4.0p	133p	
1998	4,735	3,236	28,500	6.0p	157p	
1999	4,961	2,056	32,875	6.0p	182p	Acquired Northstar Group
2000	5,518	2,396	32,285	6.5p	190p	Malcolm Block retired
2001	6,020	3,531	37,186	9.0p	219p	
2002	7,951	2,956	38,240	7.0p	226p	Acquired Eurocity Properties PLC
2003	9,125	3,413	50,104	12.5p	295p	
2004	9,194	7,632	49,871	8.0p	293p	S Peters joins. Sold Panther House.
2005	8,099	26,549	67,632	20.0p	398p	P Rowson retires/J Perloff and S Peters join board
2006	7,510	9,269	73,269	12.0p	431p	
2007	7,526	9,089	78,608	12.0p	465p	
2008	7,064	(14,331)	65,846	12.0p	390p	Global financial banking crisis
2009	7,380	2,953	68,010	12.0p	403p	
2010	7,717	6,401	71,222	15.0p	422p	
2011	8,961	(2,312)	66,955	12.0p	397p	
2012	10,781	(4,633)	61,992	12.0p	367p	
2013	12,502	8,155	67,876	12.0p	395p	
2014	12,512	4,377	71,472	12.0p	409p	
2015	12,840	8,470	76,017	22.0p	428p	Sold MRG Systems Ltd
2016	12,965	(2,015)	72,279	12.0p	407p	BREXIT fears
2017	12,946	24,791	91,212	22.0p	516p	
2018	13,607	8,700	94,029	27.0p	532p	Record disposals – £41m for £11m profit.
2019	14,226	(4,963)	84,946	12.0p	480p	
2020	13,051	2,573	86,242	12.0p	488p	COVID-19 pandemic
2021	13,172	15,922	97,783	12.0p	553p	COVID-19 pandemic
2022	13,411	22,902	111,227	12.0p	637p	
2023	14,457	5,449	111,872	22.0p	640p	

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

CARTOON FIRST USED IN OUR ANNUAL REPORT & FINANCIAL STATEMENTS 2018

ALL NAMES IN RED ARE RETAILERS THAT HAVE FAILED SINCE THAT DATE





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