

Panther Securities PLC

(the “Company” or “the Group”)

Business rates

Further to the comments made in the Chairman’s Statement included in the interim results announced on 27 September 2016, which contained information about how business rates might affect the Group, the majority of the new commercial rating values assessed on April 2015 values, but effective from April 2017 for England and Wales, have been announced together with the phasing arrangements due to be implemented.

As the Chairman, Andrew Perloff, suspected, his cynicism was well founded. From a brief research on a number of the new values for the Group’s properties, it is apparent that the values have been placed higher than justified by the April 2015 rental values. Andrew Perloff believes this is because the Valuation Officers have used what they call the “broad brush approach”. Translated this means not carrying out a thorough review of each property, but generalising and taking the highest denominator, as that suits government revenue raising purposes.

The Valuation Office is proposing to make it awkward for appeals and possibly, in many cases, arrange that the Valuation Officer is the Judge and Jury. But what Andrew Perloff and many others find so ridiculously onerous is the phasing proposals for larger properties. These properties, which have been overvalued for two years and thus their business rates have been excessively high (because of the delayed revaluation), will continue to bear a huge burden. The decrease is phased in at 4.6% in the first year, 5.1% the second year and even after 5 years will only receive about 25% of the full reduction due to them. This is a truly parsimonious decrease and does not take account of the likely inflation linked adjustment that will be added to then business rates bills and almost certainly, in due course, wipe out the miserly reductions.

On the other side of the coin, those with big increases in business rates (mostly central London) that have saved money by the two-year delay are now being hit with a massive 45% first year increase.

Leaving aside the scandal of charging at full level business rates on vacant properties, the Directors believe this is a disgraceful, sneaky and unfair imposition. Larger retailers based out of the London area, will be hit hardest, particularly those in the northern parts of England.

It is the government’s stated wish to create a northern powerhouse. However, in the Directors’ view the Valuation Office’s approach to the phasing of the new commercial rating values is going to have the complete opposite effect.

Panther believes that the phasing of the new business rates will have an adverse effect on the ability to let some of its vacant properties, particularly in the north of England, but it intends to find other ways of improving the ability to let these properties.

Andrew Perloff, Chairman of Panther, stated “If this is the best they can do on a rates revaluation then I doubt if they could create a profitable hot dog stall outside of Wembley Stadium on Cup Final Day, even if they issued themselves the only licence!”

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