26 May 2021

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

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

Final results for the year ended 31 December 2020

CHAIRMAN'S STATEMENT

I am pleased that I am able to present the results for the year ended 31 December 2020, which, by anybody's view, has been a most unusual year.

Most of our tenants have had a torrid time due to the Covid-19 pandemic and the numerous changing government actions, rules, and regulations brought in to protect its citizens often in ways not easily understood by the majority, and often the minutiae of the rules not seemingly logical.

The restricted number of businesses deemed essential that were allowed to open their doors for trade may have done much better than normal, and many of those that had to close, even temporarily, have had financial problems.

The government stepped up to the mark with numerous financial reliefs, loans, and even paying furloughed employees wages to an average wage limit so that the country's private sector did not go bankrupt, but of course, they could not and did not deal with all eventualities. In particular, this caused the majority of landlords to be left to fend for themselves to deal with many tenants who either did not receive any help or more likely insufficient help to overcome the financial effects of forced closure. Thus our results, to my mind, have shown a remarkable resilience when you consider the year's problems.

The profit for the year ended 31 December 2020 was £2,573,000 before tax, compared to a loss before tax of £4,963,000 for the previous year.

Our rental receivable amounted to £13,051,000 compared to the previous year's £14,226,000 and as so often is the case, the profit or loss figure is accentuated by the non-cash valuation movements.

The independent revaluation of our charged portfolio, the majority of which was carried out by Messrs Carter Jonas, showed an improved value of £6,146,000 largely bolstered by the increased value of our industrial investments and properties with residential development value, whereas some retail properties have fallen in value.

The swap liability has risen by £5,498,000 due to future expected interest rates having fallen further as at the year-end. Our profit figures have also taken into account an increase of circa £1,100,000 to the bad debt provision, which was considered prudent by the Board whilst the pandemic and restrictions are still running, and its financial effects not fully known.

During the year, we gave about 67 different tenants concessions, totalling about £315,000 in rent waivers. Additionally, we gave a number of concessions by way of deferred payment arrangements and also allowed some tenants to utilise part of their deposits that we hold towards current rent due.

All concessions were independently negotiated to suit the particular individual circumstances of our large variety of tenants.

It is of course irritating that our own freehold landlords, being mainly Councils who receive about £675,000 per annum in ground rent and separately but in addition business rates from us, even on vacant properties, have failed to give us the slightest concession, even when government issued a formal code of conduct saying they should!

To harass landlords' further the government has made it illegal for landlords to take legal action to collect rents.

If a shop trader is forced to close because of an emergency government edict, even when they are relieved of business rates under a Covid-19 concession and circumstances are still so bad that the trader vacates the premises the business rates fall back onto the landlord who then has to pay full business rates. Is this not an obvious abuse of the rules of fairness in taxation?

Disposals

55 West Street Southport

We sold a small freehold warehouse in West Street, Southport, formerly used by Beales Southport store, for £250,000 which showed a small profit.

5 Hall Road Maldon

This small freehold factory was sold to the tenant for £350,000 showing a profit on book value.

43/45 Main Street Coatbridge

This property was destroyed by a fire in 2015, and shortly thereafter we received insurance claim proceeds to its then full value, which has been accounted for in previous accounts. However, the remaining freehold of the cleared site was sold to the local council for £112,500 well in excess of its book value.

Acquisitions

Bedford

In April 2020 we purchased under a previous long-term agreement, the freehold of 26-36 & 3-5 Harpur Street, Bedford, a former Beales store, situated in the best position in Bedford. The cost was £3,475,000 including the excessive stamp duty payable. We consider the rental value is about £250,000 p.a. for the ground floor alone and have planning consultants working on the planning applications needed to convert the upper parts for up to thirty two flats.

Wickford

We were able to buy back a block of four dilapidated long leasehold factory units in Wickford, totalling 20,000 sq.ft. for a total cost of £320,000. We already owned the freeholds being part of our Wickford Industrial estate, which totals 25 units. These four units were part of a separate 1.5 acre freehold site on which we had previously obtained planning permission for residential development, but this planning permission required the acquisition of two adjoining freehold units owned by different owners, which is now regarded as unlikely.

We now have the ability to rebuild modern warehouse/industrial units totalling about 30,000 sq.ft. on this site for which there is strong demand. This is expected to be a profitable scheme as industrial rentals have risen considerably since our original residential proposals.

Developments

Broadstairs

During this account period we show £1,746,000 development costs in Broadstairs, the ground floor of which has been pre-let as a Tesco Express store for £55,000 p.a. We intend to hold the property as a long-term investment, thus the twelve newly built flats above, some of which have sea views will be let after completion. Progress on this site progressed surprisingly well. In my last interim statement, I expected completion of the developments at the end of January 2021. This has been delayed by the Council's sensible requirement that all three utilities should be dealt with at the same time so as to disturb the recently renewed road surface as little as possible, and also demanding a large payment for resurfacing after the works completion. Of course, the Council had known about the development for approaching 18 months and could have delayed their works until near completion. However, completion should happen soon. When fully let and occupied, this entire property should produce an additional £160,000 p.a. rents receivable for the Group.

Swindon

We are pleased that at long last our subsidiary company, CJV Properties Ltd has received two separate planning permissions one for a leisure/restaurant two storey development and the other ground floor retail/leisure units and 8 floors above in a tower block with 68 residential units, which is subject to agreeing any Section 106 payments that may be required. This property is held on a medium term leasehold from the local authority at a ground rent, but to facilitate this development the Council have agreed terms for a new 250 year lease at a percentage of the rental income from the commercial part of the scheme. Solicitors are already instructed and dealing with this lease extension.

Tenant Activity

There has been a considerable amount of activity with our tenants with 18 residential tenants vacating against 24 new lettings. The commercial tenancies provided 57 tenants vacating with 52 new lettings or tenancy renewals.

The effect of this considerable activity was that there will be about £210,000 income loss on an annualised basis. Now that retail lockdown has ended, we are hopeful there will be a surge in trade that encourages an army of entrepreneurs to take premises for new enterprises. This does not include the cost of Covid-19 concessions or loss of income from Beale's in which the liquidator offered leases for surrender but they have not yet been accepted to save holding costs.

Beales Stores

Many people, including surveyors, valuers, banks and accountants have been fearful of the problems of vacant properties and have given cautious and low valuations on these type of properties. However, we see this differently as at their reduced values, with proper care and attention, they have potentially much bigger scope for appreciation as and when they are brought back into full use, probably after different trades are implemented and occupied on rental or otherwise. Thus the early results on this minor group of our property portfolio is already beginning to show promise.

Included in these figures is a new letting of the Beale's former Lumley Road, Skegness store to a rent that rises to £150,000 at the fifth year.

Subsequent to our year-end, a section of the former Beale's store at Keighley has been let to the Department of Work and Pensions as a Job Centre at £55,000 per annum. We still have the major part of the vacant space available for letting within this Keighley store, which is part of the town's main shopping centre.

We expect to make further headway in replacing the £890,000 p.a. rent lost from our former tenant, Beale's. I have previously mentioned the car parks attached to Beale's and these should in due course, produce a good income but the various lockdowns prevented them producing their full potential. There are, of course, a number of negotiations continuing for many of the other former department stores.

Post Balance Sheet Events

In January 2021, we exchanged contracts to purchase a substantial freehold factory and warehouse of approximately 96,000 sq.ft. of usable space situated in approximately six acres of industrial land. The contract price agreed is £3,300,000 with a delayed completion of between 15 and 30 months until the completion of the vendors' new building. Should it be necessary for a further delay, the vendors will pay a rent of £340,000 per annum until they vacate.

This purchase will tilt our portfolio towards more industrial investment.

Staff

The Covid-19 pandemic presented difficulties with running our office and its usual smooth management operations, and we thus implemented the furlough scheme for a number of our staff.

At the beginning of 2019, we took on a new software management system specially designed for property companies. In using this system more intensely we found that we could manage with three fewer staff. We wish them every success for their future careers. Additionally, Hyam Harris who had been with us for 32 years has moved to part-time and, additionally, Ram Patel has retired after twenty-nine loyal years. I would like to thank them all for their diligence and excellent company spirit throughout their time with us.

It is intended that Simon Peters, who has been Finance Director for over fifteen years, and played a major part in keeping the Group on a steady course, will step up to be Chief Executive Officer as from 1 January 2022 thus relieving me of some of my responsibilities, despite numerous requests for me to fully retire, entirely from my wife, which seemed to cease towards the end of the first lockdown. Thus I will be able to continue to work for similar hours concentrating on all matters that are most appropriate to my skills as Executive Chairman.

Loans

We are at an advanced stage of renewing our current facilities which, following a three-month extension, expire in July 2021. All terms for a three-year £66 million term loan are agreed and credit approval has been obtained, but finalisation is now dependent on the speed of action of our respective solicitors. We maintain a strong cordial relationship with our longstanding club lenders and will update shareholders when the new facility is in place in due course.

Swap restructuring

Subsequent to our year end in February 2021 the Group paid £5 million to vary a long-term swap agreement. The agreement varied was an interest rate swap fixed at 5.06% until 31 August 2038 on a nominal value of £35-million and has circa 17.5 years remaining. Following the Group's variation, the Group's fixed rate will drop on 1 September 2023 to 3.40%, saving the Group £581,000 pa in cash flow until the end-point of the instrument.

At 30 April 2021, there was a swap liability reduction compared to that shown at the year-end of £15.6 million due to the combination of our purchase of the variation of this swap and also an upward spike in medium and long term interest rates, thus improving our net asset value by 71p per share (after taking account of the tax effect) which, of course, will continue to fluctuate.

Cash

We have collected circa 80% of our pre Covid-19 rental income level since the first lockdown. This is more than sufficient to pay all current interest charges and other running costs. We had been conserving cash, which stood at over £9 million at the year-end and therefore, we are still prepared to consider property proposals that offer above average secure income prospects. I suspect there will be many possibilities in these unprecedented times.

Dividends

We paid a final dividend of 6p per share in respect of the financial year ended 31 December 2019 on 7 September 2020. As announced in May 2021, the Directors have declared a 6p interim dividend for the year ended 31 December 2020, payable on 2 July 2021, and proposed a final dividend for 2020 of 6p per share, payable on 14 October 2021, subject to shareholders' approval at the AGM.

Finally, I would like to thank our small but dedicated team of staff, growing team of financial advisers, legal advisers, agents and accountants for all their hard work during the past year. Special thanks and good wishes to our tenants and I hope they are able to overcome the present troubled environment and make a full recovery when business is back to normal.

Andrew S Perloff
CHAIRMAN

25 May 2021

CHAIRMAN'S RAMBLINGS

My first proper business was a stamp approval business I started in my early teens. I was already a collector and a regular visitor to our tiny local stamp dealer's shop that was run solely by an old man, and another shop nearby selling old railway magazines and railway memorabilia specialist shop, which fortuitously as a side line sold stamps as well.

Due to my frequent purchases, I became friendly with both traders and they would often tempt me with offers of job lots both more interesting and at much cheaper prices than individual stamp prices.

I decided to try trading myself and bought some small notebooks, stuck stamps in with some sort of order using stamp hinges and with the help of a couple of old Stanley Gibbons stamp catalogues and a pencil, would price each stamp individually underneath, my pricing being about one quarter of the catalogue price.

My first advert was in the Exchange & Mart in the collectors section under "Star Stamp Approvals at a quarter of the catalogue price" began to receive a number of enquiries. I then posted a booklet of stamps to about eight people and relied on trust that they would take the stamps they wanted/needed, tot up the prices and send their payment by cheque, postal order or cash and hopefully request another booklet or two.

I was doing quite well, probably making over £10 per week profit and thus expanded my buying from my two shop sources, school friends and junk shops.

About 4 months after I had started becoming more confident I began examining the other advertisers to see what opportunities were on offer. One day I noticed an advert for a large box of mixed stamps, still mostly on envelopes or stuck to the paper. This excited me so after phoning the advertiser to discuss the size of the box, etc., I wrote sending my £25 in payment.

I was so excited when the box arrived. It was about the size of four shoeboxes and indeed full of stamps. However, there were about 25 different of the most common world stamps in their many hundreds of each. This was a puzzlement for me, as obviously I knew I could only put out a small number in my booklet before my customers would discontinue requesting my approval booklets.

Having pondered this situation I decided the best option was to make up packets in small cellophane envelopes and stuff them full with about 3-4 of each of the 25 or so different types.

I priced each packet at 6p, then took them to my two friendly dealers and suggested that if they took a box of 100 envelopes, they could have them at 4p each on a sale or return basis. I would check their sales each week and top up to the 100 and they would only pay me for sales made.

This went on for about three months when inevitably they said all their regular customers had exhausted their interest in these run of the mill stamps. I may have received about £15 back. Elsewhere the stamp approval business was still doing well.

I told my father about my silly mistake and he told me a story of his own.

Throughout the war and for some years afterwards there was rationing of many things, especially food, and although rationing gradually reduced, there was often 'special offers' to be had by knowledgeable job lot traders.

One of his friends was such a person who would buy job lots of practically anything then sell to his trader clients (maybe 30) who would then sell on the items in even smaller parcels to their own clients.

One day he told my father about a large quantity of wooden boxes each containing 1 gross (144) tins of sardines. He had purchased over 200 boxes at the equivalent price of 1p per sardine tin. He then sold them to his sub-trader customers at 2p per tin, some he said then sold them in smaller quantities (but whole boxes only) to actual market traders at the equivalent of 3p per tin who opened the boxes up and sold them at 4p per single tin from their stalls.

Within a week, my father's friend was inundated with calls from the market traders whose customers were complaining the sardines were off. His reply to these traders was "The sardines are for buying and selling, NOT FOR EATING!"

My father then told me this was a lesson to remember and to view and test what you buy before actually paying for anything.

This advice was taken to heart and remembered when some ten years later when (as a self-employed estate agent just starting to buy properties on my own behalf) I saw an advert in the Exchange & Mart (once again) for a property with land for sale.

Advertised as 4 acres of land close to the sea adjoining the beach with eight holiday cabins situated upon it, some in need of repairs. It was on the Isle of Wight, priced at £8,000 for the entire freehold estate, which, at that time, we could just afford, and seemed very cheap. With the confidence of youth and my complete lack of knowledge of the location, the Isle of Wight property market and also complete lack of understanding of building repairs, was confident I could renovate and let or sell individual cabins at a profit.

It was my first time visiting the Isle of Wight and thus I set off driving with great expectations, excitedly taking the ferry across from Southampton, and eventually finding the site and cabins.

There were indeed eight cabins and probably about 4 acres of land very close to the beach – a little too close. The land was originally on cliffs overlooking the beach but the cliffs had eroded and slipped down even nearer the beach so that most of the land was at about a 60 degree angle to the beach! Whilst I have often voiced that I like property with angles, certainly not that type! All of the cabins were built on concrete bases, four of which had broken in half and sloped down towards the beach. The others mostly had signs of cracking and looked like they too would finish up like the first group – unrestorable and likely to join the mermaids in a few years' time!

After a short lunch to overcome my disappointment about this disastrous property expedition I drove back to London, never forgetting that you should always investigate any property purchase before paying out substantial funds.

These few memories have always remained with me and if a proposition looks too good to be true, instinct tells me it's probably not true!

In one of my ramblings I seem to recall writing about the Weimar Republic in Germany after the First World War whose financial circumstances made them print vast amounts of extra paper money that was not backed by any real assets or reserves.

There was monumental inflation meaning all prices rose to meet the increased volume of paper money.

At that time I felt there was likely in due course to be high inflation due to our government's quantitative easing, i.e., printing money. It did not happen then but now I notice in some areas of the economy it has. Many of the industries of the future, i.e., high tech companies, are valued at extremely high, almost unbelievable valuations, many not yet making a profit and often open to new competition.

I will mention just two for illustrative purposes, one a form of currency, Bitcoin, which is traded and used over the internet where each person's holding is protected by a personal digital code. This pseudo currency is valued at about one trillion pounds in total, is unregulated and relies on people to buy into its value without a government guarantee of any form, no known reserves of gold or currency and no access to any country's taxpayers to underwrite it if it were in trouble. Definitely an asset very useful to criminals due to the anonymity of its transaction, open to complete loss of value if you lose or forget your code. Probably open to fraud even easier than our present banking system. Like the sardines only suitable for buying and selling, not for investing.

Its value is solely derived from some bigger or richer mug than yourself buying into the system.

To top it all, the second example is an exciting, 'newish' car manufacturer producing a range of attractive but expensive electric cars borne out of the world's most recent fad to save the planet from carbon emissions.

The company may have just started to make a profit, and is valued at about 1,000 times a year's earnings, making the creator of this company on and off the world's richest person. The company, having amassed huge sums from new investors, not profits, was able to buy 1.5 billion dollars' worth of 'Bitcoins' thus creating further exciting interest in this imaginary currency. I believe the richest man in the world has titled himself the 'Techno-King'.

This reminded me of one of Aesop's fables penned many years ago. I won't give you the whole story as most of you will know it as "The Kings New Clothes" where two confidence tricksters convinced a gullible and self-important but powerful King they could make him the most magnificent outfit for a forthcoming special occasion.

The King gave them gold and silver to buy all the very rare materials they said they required and they took an inordinate time making these clothes with many fittings where nothing was visible. They convinced the King and courtiers that only clever and wise people would be able to see the clothes and material so no-one dared to say anything to the all-powerful King. Word got around the kingdom about the wonderful but invisible clothes that looked so magnificent but only to the cleverest people.

The procession for the country's celebration came and the streets were lined with most of the population whilst the King strode down the streets proudly showing off what he believed was his magnificent new outfit and all the population 'oohed and aahed' the King's new clothes.

However, one small boy looked at the King and shouted out "Look, the King has got no clothes, I can see his willy" and laughed uproariously. Then everyone else realised that they were seeing this truth and also started laughing.

The King never caught the tailors as they were long gone from the principality with their loot and the King became the laughing stock forever more.

I believe the made up currencies sometime soon will collapse, as will many tech companies, share valuations and there will be a huge loss of real money.

When big losses happen, whether by fraud or disaster, or government incompetence, people are often forced to sell the good and reliable assets to cover their losses which creates a downward spiral in all asset values.

So when I see the massive increases in some companies' share price or the huge values the market places on make believe currency, I remember the box of stamps, the cabins slipping down the cliff and the stinky sardines that no-one could eat!

Yours

Andrew S Perloff
Chairman

25 May 2021

p.s. My Ramblings were prepared in January/ February 2021 but due to COVID delays my predictions appear to be starting to be realised.

GROUP STRATEGIC REPORT

About the Group
Panther Securities PLC ("the Company" or "the Group") is a property investment company quoted on the AIM market (AIM). Prior to 31 December 2013 the Company was fully listed and included in the FTSE fledgling index. It was first fully listed as a public company in 1934. The Group owns and manages over 900 individual property units within over 150 separately designated buildings over the mainland United Kingdom. The Group specialises in property investing and managing of good secondary retail, industrial units and offices, and also owns and manages many residential flats in several town centre locations.

Strategic objective
The primary objective of the Group is to maximise long-term returns for our shareholders by stable growth in net asset value and dividend per share, from a consistent and sustainable rental income stream.

Progress indicators
Progress will be measured mainly through financial results, and the Board considers the business successful if it can increase shareholder return and asset value in the long-term, whilst keeping acceptable levels of risk by ensuring gearing covenants are well maintained.

Key ratios and measures

	2020****	**2019******	**2018******	**2017**
Gross profit margin (gross profit/ turnover)	73%	76%	71%	71%
Gearing (debt*/(debt* + equity))	42%	41%	39%	45%
Interest cover**	1.34 times	2.14 times	4.17 times	2.37 times
Finance cost rate (finance costs excluding lease portion/ average borrowings for the year)	7.0%	7.1%	6.6%	6.4%
Yield (rents investment properties/ average market value investment properties)	7.8%	8.8%	7.7%	7.1%
Net assets value per share	488p	480p	532p	516p
Earnings/ (loss) per share – continuing	14.9p	(23.1)p	39.9p	120.2p
Dividend per share	12.0p	12.0p	27.0p***	22.0p***
Investment property acquisitions	£5.5m	£8.1m	£3.9m	£8.9m
Investment property disposal proceeds	£0.7m	£1.1m	£40.8m	£2.2m

* Debt in short and long term loans, excluding any liability on financial derivatives
**Profit before taxation excluding interest, less movement on investment properties and on financial instruments and impairments, divided by interest (excluding lease portion)
*** Includes 2018:15p (2017:10p) per share special dividend
**** IFRS 9 and 15 have only been reflected in these figures the 2017 prior year figure not restated. IFRS 16 has only been reflected in 2019 and 2020, the 2017 and 2018 prior year figures not restated.

Business review
The Group's underlying performance was very much affected by the COVID-19 pandemic and also the demise of its tenants, JE Beale Ltd ("Beales") in January 2020 (which provided circa £887,000 of annual income). The lower income and three times larger bad debt charge during 2020 led to Operating Profit dropping by £2.34 million, circa £1 million of this is unlikely to be repeated in future years, as bad debts should return to normal levels, as the effects of COVID-19 diminish and we hopefully have no more lockdowns.

The property values held up following the independent valuations and perhaps the directors were slightly negative in the last two announced director valuations, but both were very much prepared in the thick of the pandemic (May and October 2020). The final notable impact on the income statement was the worsening of the swap liability by £5.5 million, but post year end there has been a large reduction in this, one via our actions of paying for a variation (explained later), but also a change in market expectations of higher future interest rates (leading to a lower liability).

On review of the cash flow statement, which the valuation movements on the financial derivatives or the investment properties do not impact, even in the pandemic with the loss of a major tenant the business still generated a healthy £2.6m of cash flow from its operating activities (included in this was a refund of overpaid tax of 0.4m).

In terms of the statement of financial position the Group saw improvement in its asset value with the net asset value per share now being 488p (2019 – 480p per share). The investment property valuation has benefited from the growth in the value of industrial properties, which now account for almost 30% of the portfolio by value. The properties with residential elements or planning potential, mainly in the south-east have also showed strong growth. There was more of a mixed situation on the retail properties. However we can see that the secondary local shopping parades have held up well in the pandemic, as the traders have managed to survive and some even flourish as even though lockdowns meant closures, many were considered essential, and most benefited from more local footfall whilst people were not commuting into major towns or city centres. We could see our smaller tenants adapted better and were more flexible in their approach, as well as the government help being more meaningful for covering their fixed costs.

We feel the pandemic has proven that our business model of investing in a diversified selection of property investments rather than specialising is the correct one and provided adequate income for all our requirements.

It is still our view, as the economy opens up, that secondary retail properties (which is a large part of our portfolio – approximately 55% by value) will be less affected by the seismic change to shopper's habits. The average secondary retail parade has a higher proportion of businesses which are providing non-retail offerings even though they are shops. This includes things such as service providers, restaurants or take away use, or convenience offerings, which are by their very nature less affected than pure destination retail, by changing consumer habits, and in many instances the Web even provides additional opportunities i.e. being able to offer their take away services via Just Eat etc. Even our 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 no longer work, we believe we can create value from these sites with planning permission to eventually give them other uses or purposes. In the meantime, they continue in the most part to be strong cash contributors providing high returns on initial investment.

Going forward

We highlighted two issues that would impact 2020 in the 2019 report and accounts being COVID-19 and demise of Beales. These two issues will continue to be the largest factors in 2021. However the former Beales properties provide a lot of potential upside and should be considered an opportunity. The down side is reflected in their valuations, so we believe we can do well on this low base, adding additional long-term income, and making some capital profits on disposal. We believe the external valuation was prudent but time will be the true judge.

The Chairman's statement already explains some success on the former Beales properties, and this was achieved in a pandemic. We have less funds than we originally were expecting on the renewal of our facility, as Lenders are less confident after realising losses on certain large shopping centres and in our view are not differentiating between different parts of retail. Our experience is that there is more of a nuance that lies in this sector, with many different types of "retail" property investment and many locations will continue to do well even with traditional destination retail. Therefore future added value within the business, will be proportionally be more home grown as we have less finance to make wise acquisitions over the next three years. The Group will have to unlock the value contained within the portfolio, such as by obtaining planning permissions on those with residential value and through lettings of vacant space, including the former Beales properties, which was difficult in 2020 with little economic activity due to COVID-19. This is something we of course always push for but there will be less distractions from potential acquisitions and will be more important to bring these existing opportunities forward.

COVID-19

In 2019 report and accounts we stated "this has been a much more challenging, wide spread and fast changing situation than the business has ever faced before. We believe for our size and within the property sector, we have one of the most diverse and robust income streams. We have such an array of tenants, spread over different geographic locations, in different sectors, and lots of sizes of traders, from sole traders to large multinational corporates. One of the key characteristics of the business that we have developed over many decades, in fact since it recovered from the 1970s property crash, is ensuring a strong diversified cash flow and this is reflected in our investment decisions, which often show high returns, generated from a spread of tenants. …... We do have tenants such as supermarkets, chemists, takeaways, flat tenants, convenience stores and certain industrial uses still open for business who hopefully will pay their full rent" even in lockdowns.

There are always uncertainties and COVID-19 was an extreme example, uncertainties can affect property prices in the short term, however the board continues to believe we are protected by our portfolio's diversity, experienced management team, ability to adapt and by having access to funds. We have low gearing levels, supportive lenders and cash reserves.

During the pandemic, since the first lockdown from 23 March 2020, the Group has had an improving trend in terms of rent collection. Of the invoices issued since that date we have managed to collect circa 80% of the invoiced income, which is decent performance by most measures.

The Government has issued a clear stepped plan back to "normality" and this should only assist the future prospects of the Group.

Financing

The Group had a three month extension agreed to its existing loan that would have expired in April 2021, to July 2021. The new terms have been agreed and credit approval has been obtained. We see no reason for this loan to not be in place by the expiry of the current extension. The new facility is a £66 million facility and has a three year term.

At the Statement of Financial Position date the Group had £9.2m of cash funds, £12m available within the loan facility.

Financial derivative

We have seen a fair value loss (of a non-cash nature) in our long term liability on derivative financial instruments of £5.498m (2019: £0.997m fair value loss). Following this loss the total derivative financial liability on our Consolidated Statement of Financial Position is £32.0m (2019: £26.5m).

These financial instruments (shown in note 3) are interest rate swaps that were entered into to remove the cash flow risk of interest rates increasing by fixing our interest costs. We have seen that in uncertain economic times there can be large swings in the accounting valuations.

Small movements in the expectation of future interest rates can have a significant impact on their fair value; this is partly due to their long dated nature. These contracts were mostly entered into in 2008 when long term interest rates were significantly higher. In a hypothetical world if we could fix our interest at current rates and term we would have much lower interest costs. Of course we cannot undo these contracts that were entered into historically, without a significant financial cost, but for accounting purposes these financial instruments are compared to current market rates, with the additional liability compared to the market rates, as shown on our Statement of Financial Position.

In 2018 the Company entered into a new 10 year fixed interest rate swap agreement, with a £25,000,000 nominal value which commences on 1 December 2021. The swap's interest rate is 2.131% which will come into existence when the Company's current £25,000,000 swap with a rate of 4.63% ends, resulting in an annual saving of circa £625,000. By entering this transaction, the Company will have certainty that its interest costs from December 2021 will be significantly lower compared to its current costs. However much of this benefit will be lost as the new facility we are entering into has higher margin which takes away most of the benefit gained.

In February 2021 the Company paid £5,000,000 to vary a long-term swap agreement. The agreement varied was an interest rate swap fixed at 5.06% until 31 August 2038 on a nominal value of £35m and has circa 17.5 years remaining. Following the variation, the Group's fixed rate will drop on 1 September 2023 to 3.40% saving the Group £581,000pa in cash flow until the end point of the instrument.

Financial Risk Management

The Company and Group operations expose it to a variety of financial risks, the main two being the effects of changes in credit risk of tenants and interest rate movement exposure on borrowings. The Company and Group have in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company and Group by monitoring and managing levels of debt finance and the related finance costs. The Company and Group also use interest rate swaps to protect against adverse interest rate movements with no hedge accounting applied. Mark-to-market valuations on our financial instruments have been erratic due to current low market interest rates and due to their long term nature. These large mark-to-market movements are shown within the Income Statement.

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

Given the size of the Company and Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company and Group's finance department.

Credit risk

The Company and Group have implemented policies that require appropriate credit checks on potential tenants before lettings are agreed. In many cases a deposit is requested unless the tenant can provide a strong personal or other guarantee. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the Board. Exposure is reduced significantly due to the Group having a large spread of tenants who operate in different industries.

Price risk

The Company and Group are exposed to price risk due to normal inflationary increases in the purchase price of the goods and services it purchases in the UK. The exposure of the Company and Group to inflation is low due to the low cost base of the Group and natural hedge we have from owning "real" assets. Price risk on income is protected by the rent review clauses contained within our tenancy agreements and often secured by medium or long-term leases.

Liquidity risk
The Company and Group actively manage liquidity by maintaining a long-term finance facility, strong relationships with many banks and holding cash reserves. This ensures that the Company and Group have sufficient available funds for operations and planned expansion or the ability to arrange such.

Interest rate risk
The Company and Group have both interest bearing assets and interest bearing liabilities. Interest bearing assets consist of cash balances which earn interest at fixed rate when placed on deposit. The Company and Group have a policy of only borrowing debt to finance the purchase of cash generating assets (or assets with the potential to generate cash). The Directors revisit the appropriateness of this policy annually.

Principal risks and uncertainties of the Group
The successful management of risk is something the Board takes very seriously as it is essential for the Group to achieve long-term growth in rental income, profitability and value. The Group invests in long term assets and seeks a suitable balance between minimising or avoiding risk and gaining from strategic opportunities. The Group's principal risks and uncertainties are all very much connected as <u>market</u> strength will affect <u>property</u> values, as well as rental terms and the Group's <u>finance</u>, or term loan, whose security is derived primarily from the property assets of the business. The financial health of the Group is checked against covenants that measure the value of the property, as a proportion of the loan, as well as income tests. The two measures of the Group's finances are to check if the Group can support the interest costs (income tests) and also the ability to repay (valuation covenants).

The Group has a successful strategy to deal with these risks, primarily its long lasting business model and strong management. This meant the business had little or no issues during the 2008 financial crisis, which some commentators say was the worst financial crisis since the Great Depression of the 1930s. The current COVID-19 crisis also showed the resilience of the investments income stream and the good management in particular the disposals degearing the business made in 2018.

Market risk
If we want to buy, sell or let properties there is a market that governs the prices or rents achieved. A property company can get caught out if it borrows too heavily on property at the wrong time in the market, affecting its loan covenants. If loan covenants are broken, the Company may have to sell properties at non-optimum times (or worse) which could decrease shareholder value. Property markets are very cyclical and we in effect have three strategies to deal with or mitigate the risk, but also take advantage of this opportunity:

1) Strong, experienced management means when the market is strong we look to dispose of assets and when it is weak we try and source bargains i.e. an emergent strategy also called an entrepreneurial approach.

2) The Group has a diversified property portfolio and maintains a spread of sectors over retail, industrial, office and residential. The other diversification is having a spread regionally, of the different classes of property over the UK. Often in a cycle not all sectors or locations are affected evenly, meaning that one or more sectors could be performing stronger, maybe even booming, whilst others are struggling. The strong investment sectors provide the Group with opportunities that can be used to support slower sectors through sales or income.

3) We invest in good secondary property, which tends to be lower value/cost, meaning we can be better diversified than is possible with the equivalent funds invested in prime property. There are not many property companies of our size who have over 850 individual units and over 120 buildings/ locations. Secondary property also, very importantly, is much

higher yielding which generally means the investment generates better interest cover and its value is less sensitive to market changes in rent or loss of tenants.

Property risk
As mentioned above we invest in most sectors in the market to assist with diversification. Many commentators consider the retail sector to be in period of severe flux, considerably affected by changing consumer habits such as internet shopping as well as a preference for experiences over products. Of the Group's investment portfolio, retail makes up the largest sector being circa 60 to 65% by income generation. However, the retail sector is affected to lesser degrees in what we would describe as neighbourhood parades, as opposed to traditional shopping high streets. The large part of our retail portfolio is in these neighbourhood parades, meaning we are less affected by consumer habits and even benefit from some of the changes. Neighbourhood parades provide more leisure, services and convenience retail.

For example we have undertaken a few lettings to local or smaller store formats, to big supermarket chains, which would not have taken place many years ago. Block policy is another key mitigating force within our property risks. Block policy means we tend to buy a block rather than one off properties, giving us more scope to change or get substantial planning if our type of asset is no longer lettable. The obvious example is turning redundant regional offices into residential. In addition by having a row of shops, we can increase or reduce the size of retail units to meet the current requirements of retailers.

Finance risk
The final principal risk, which ties together the other principal risks and uncertainties, is that if there are severe adverse market or property risks then these will ultimately affect our financing, making our lender either force the Group to sell assets at non-optimal times, or take possession of the Group's assets. We describe the above factors in terms of management, business model and diversification to help mitigate against property and market risks which as a consequence mitigate our finance risk.

The main mitigating factor is to maintain conservative levels of borrowing, or headroom to absorb downward movements in either valuation or income cover. The other key mitigating factor is to maintain strong, honest and open relationships with our lenders and good relationships with their key competitors. This means that if issues arise, there will be enough goodwill for the Group to stay in control and for the issues to resolve themselves and hopefully save the situation. As a Group we also hold uncharged properties and cash resources, which can be used to rectify any breaches of covenants.

Other non-financial risks

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

Risk	Impact	Action taken to mitigate
Reputation	Ability to raise capital/ deal flow reduced	Act honourably, invest well and be prudent.
Regulatory changes	Transactional and holding costs increase	Seek high returns to cover additional costs. Lobby Government -"Ramblings". Use advisers when necessary.
People related issues	Loss of key employees/ low morale/ inadequate skills	Maintain market level remuneration packages, flexible working and training. Strong succession planning and recruitment. Suitable working environment.
Computer failure	Loss of data, debtor history	External IT consultants, backups, offsite copies. Latest virus and internet software.

Asset management	Wrong asset mix, asset illiquidity, hold cash	Draw on wealth of experience to ensure balance between income producing and development opportunities. Continued spread of tenancies and geographical location. Prepare business for the economic cycles.
Acts of God (e.g. COVID 19)	Weather incidents, fire, terrorism, pandemics	Where possible cover with insurance. Ensure the Group carry enough reserves and resources to cover any incidents.

Section 172(1) statement

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

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

The matters set out are:

(a) the likely consequences of any decision in the long term;

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

(b) the interests of the company's employees;

The company makes investment in and the development of talent of its employees, including paying for professional development, providing in house updates and encouraging knowledge sharing. The Group has a strong track record of promoting from within the business and in 2020 two surveyors were promoted to Joint Head of Property. The Group undertakes team building activities to encourage cohesion and working together.

(c) the need to foster the company's business relationships with suppliers, customers and others;

Being in the secondary property industry the business is used to dealing with many types of businesses as tenants from large multi-national businesses to small sole traders – keeping good sound relationships with both is key. We also use many small operators and suppliers and we ensure prompt payment, paying within 30 days in most instances to again foster good working relations. We set a purchase order system in 2018 and this has been refined over the next two years to streamline and speed up payments supporting small suppliers.

(d) the impact of the company's operations on the community and the environment;

The Group's investments by its very nature often have a significant impact on local communities, providing services and convenience businesses, or places for local enterprise or employment. Owning a parade of shops, we can ensure where possible that these are viable locations by encouraging a variety of offerings. The Group maintains and upkeeps its investment properties to a viable level which benefits the local communities they provide accommodation for or seeks improvements with planning which can enhance local areas. The Group also ensures it recycles much of its head office paper and is moving towards less paper communication; since 2019 up to date our invoices have been emailed as standard to our tenants and we also encourage the receipt of electronic invoices. We have had a renewed push in 2021 to push our last few tenants away from cheque payments. We also ensure we upgrade our units to the required EPC levels which by its very nature reduces the longer term environmental impact of the use of these units.

(e) the desirability of the company maintaining a reputation for high standards of business conduct;

The Group maintains an appropriate level of Corporate Governance that is documented within its own section within these Financial Statements. With a relatively small management team it is easier to monitor and assess the culture and encourage the appropriate standards. The board strives to delegate and empower its management teams to ensure the high standards are maintained at all levels within the business.

(f) the need to act fairly as between members of the company.

The Group has excellent communication with its members, actively encouraging participation and discussion at its AGMs and also circulating letters of our announcements to ensure older members or those not accessing the LSE financial news can keep up to date with relevant information. Our CEO and Chairman is unpaid, his benefit or income from the company is pro-rata the same as all members including minority shareholders.

The Group Strategic Report set out on the above pages, also includes the Chairman's Statement 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

25 May 2021

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2020

	Notes	31 December 2020	31 December 2019
		£'000	£'000
Revenue		13,051	14,226
Cost of sales		(3,482)	(3,429)
Gross profit		9,569	10,797
Other income		467	443
Administrative expenses		(1,703)	(1,676)
Bad debt expense		(1,629)	(524)
Operating profit		6,704	9,040
Profit on disposal of investment properties		150	515
Movement in fair value of investment properties	4	6,146	(8,832)
		13,000	723
Finance costs – interest		(2,283)	(2,469)
Finance costs – swap interest		(2,726)	(2,437)
Investment income		41	112
Profit on disposal of fixed assets		1	-
Profit (realised) on the disposal of investments		38	105
Fair value loss on derivative financial liabilities	5	(5,498)	(997)
Profit/ (loss) before income tax		2,573	(4,963)
Income tax income		71	870
Profit/ (loss) for the year		2,644	(4,093)
Continuing operations attributable to:			
Equity holders of the parent		2,644	(4,093)
Profit/ (loss) for the year		2,644	(4,093)
Earnings/ (loss) per share			
Basic and diluted – continuing operations	3	14.9p	(23.1)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
Profit/ (loss) for the year		2,644	(4,093)
Items that will not be reclassified subsequently to profit or loss			
Movement in fair value of investments taken to equity		(354)	(225)
Deferred tax relating to movement in fair value of investments taken to equity		67	38
Realised fair value on disposal of investments previously taken to equity		-	48
Realised deferred tax relating to disposal of investments previously taken to equity		-	(8)
Other comprehensive loss for the year, net of tax		(287)	(147)
Total comprehensive income/ (loss) for the year		2,357	(4,240)
Attributable to:			
Equity holders of the parent		2,357	(4,240)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Company number 00293147
As at 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
ASSETS			
Non-current assets			
Investment properties	4	180,975	169,340
Deferred tax asset		3,810	3,304
Right of use asset		335	373
Investments		614	927
		185,734	173,944
Current assets			
Stock properties		350	350
Investments		29	168
Current tax asset		-	601
Trade and other receivables		3,925	3,389
Cash and cash equivalents (restricted)		1,052	2,299
Cash and cash equivalents		8,166	7,186
		13,522	13,993
Total assets		199,256	187,937
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		4,437	4,437
Share premium account		5,491	5,491
Treasury shares		(213)	(213)
Capital redemption reserve		604	604
Retained earnings		75,923	74,627
Total equity		86,242	84,946
Non-current liabilities			
Long-term borrowings	6	51	58,955
Derivative financial liability	5	32,009	26,511
Leases		8,339	7,912
		40,399	93,378
Current liabilities			
Trade and other payables		9,361	8,541
Short-term borrowings	6	63,066	1,072
Current tax payable		188	-
		72,615	9,613
Total liabilities		113,014	102,991
Total equity and liabilities		199,256	187,937

The accounts were approved by the Board of Directors and authorised for issue on 25 May 2021. They were signed on its behalf by:

A.S. Perloff
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2019	4,437	5,491	(213)	604	83,710	94,029
Total comprehensive loss	-	-	-	-	(4,240)	(4,240)
Other movement	-	-	-	-	(68)	(68)
Dividends	-	-	-	-	(4,775)	(4,775)
Balance at 1 January 2020	4,437	5,491	(213)	604	74,627	84,946
Total comprehensive income	-	-	-	-	2,357	2,357
Dividends	-	-	-	-	(1,061)	(1,061)
Balance at 31 December 2020	4,437	5,491	(213)	604	75,923	86,242

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	31 December 2020 £'000	31 December 2019 £'000
Cash flows from operating activities		
Operating profit	6,704	9,040
Loss on current asset investments	87	15
Transfer stock to investment properties	-	(141)
Rent paid treated as interest	(687)	(651)
Profit before working capital change	6,104	8,263
Increase in current asset investments***	-	(168)
(Increase)/ decrease in receivables	(536)	1,507
Increase/ (decrease) in payables	783	(1,802)
Cash generated from operations	6,351	7,800
Interest paid	(4,160)	(4,091)
Income tax refunded/ (paid)	420	(3,303)
Net cash generated from operating activities	2,611	406
Cash flows from investing activities		
Purchase of investment properties	(5,538)	(8,138)
Purchase of investments**	(633)	-
Purchase of current asset investments***	(2,804)	(3,996)
Proceeds of current asset investments***	2,855	3,981
Proceeds from sale of fixed assets	1	-
Proceeds from sale of investment property	700	1,065
Proceeds from sale of investments**	631	851
Dividend income received	32	76
Interest income received	9	36
Net cash used in from investing activities	(4,747)	(6,125)
Cash flows from financing activities		
Repayments of loans	(1,070)	(1,071)
Draw down of loan	4,000	1,000
Dividends paid	(1,061)	(4,775)
Net cash generated from / (used in) financing activities	1,869	(4,846)
Net decrease in cash and cash equivalents	(267)	(10,566)
Cash and cash equivalents at the beginning of year*	9,485	20,050
Cash and cash equivalents at the end of year*	9,218	9,485

***** Of this balance £1,052,000 (2019: £2,299,000) is restricted by the Group's lenders i.e. it can only be used for purchase of investment property.
** Shares in listed and/or unlisted companies. *** Shares in listed companies held for trading purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. General information

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

The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 31 December 2020 or 2019. The financial information for the year ended 31 December 2019 is derived from the statutory accounts for that year, which were prepared under IFRSs, and which have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified but did include a reference to matters to an emphasis of matter on the impact of COVID-19 which the auditors drew attention to without qualifying their report and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditors drew attention by way of emphasis.

The financial information for the year ended 31 December 2020 is derived from the audited statutory accounts for the year ended 31 December 2020 on which the auditors have given an unqualified report, that did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The statutory accounts will be delivered to the Registrar of Companies following the Company's annual general meeting.

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

Going concern

The 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 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 investment properties based in many locations across the country.

The Group has a strong track record of obtaining long term finance and expects this to continue as it has supportive lenders. The Group always maintains excellent relations with its lenders.

The COVID-19 pandemic has provided a much harder set of circumstances for all businesses. The Directors have prepared a detailed financial forecast assuming a continued "lock down" scenario that demonstrates the Group is a going concern even if the business effects of the lock down resulting from the COVID-19 pandemic continues to December 2021 (further details within the Strategic Report). This forecast takes account of a level of minimal income from businesses and trades that remain open (even in the lock down e.g. banks and supermarkets). It also takes account of the Group's extensive cash reserves (and available facility – some already drawn at the announcement date) and shows the Group has enough financial resources to survive to beyond December 2021 – even with the current lock down and its effects continuing.

The Group's loan was up for renewal in April 2021, however the Directors have agreed a short term renewal to July 2021 and also have credit approval for a new term loan which is currently being worked on and will be in place prior to the short term extension. The Group has strong relationships with its lenders and is confident the new term loan facility will be in place shortly.

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, even with the current COVID-19 situation. For these reasons they continue to adopt the going concern basis in preparing the financial statements.

2. Dividends

Amounts recognised as distributions to equity holders in the period:

	2020 **£'000**	**2019** **£'000**
Special dividend for the year ended 31 December 2018 of 15p per share	-	2,653
Final dividend for the year ended 31 December 2019 of 6p per share (2018: 6p per share)	1,061	1,061
Interim dividend for the year ended 31 December 2019 of 6p per share	-	1,061
	1,061	4,775

The Directors recommend a payment of a final dividend for the year ended 31 December 2020 of 6p per share (2019 – 6p), following the interim dividend to be paid on 2 July 2021 of 6p per share (2019 – 6p). The final dividend of 6p per share will be payable on 14 October 2021 to shareholders on the register at the close of business on 3 September 2021 (Ex dividend on 2 September 2021).

The full ordinary dividend for the year ended 31 December 2020 is anticipated to be 12p per share, subject to shareholder approval, being the 6p interim per share paid and the recommended final dividend of 6p per share.

3. Earnings per ordinary share (basic and diluted)

The calculation of profit/ (loss) per ordinary share is based on the profit/ (loss), being a profit of £2,644,000 (2019 – loss of £4,093,000) and on 17,683,469 ordinary shares being the weighted average number of ordinary shares in issue during the year excluding treasury shares (2019 – 17,683,469). There are no potential ordinary shares in existence. The Company holds 63,460 (2019 - 63,460) ordinary shares in treasury.

4. Investment properties

	Investment properties £'000
Fair value	
At 1 January 2019	170,236
Additions	8,138
Transfer from stock properties	239
Disposals	(550)
Fair value adjustment on investment properties held on leases	109
Revaluation decrease	(8,832)
At 1 January 2020	169,340
Additions	5,538
Disposals	(550)
Fair value adjustment on investment properties held on leases	501
Revaluation increase	6,146
At 31 December 2020	180,975
Carrying amount	
At 31 December 2020	180,975
At 31 December 2019	169,340

5. Derivative financial instruments

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

	2020		2019	
Bank loans	£'000		£'000	
Interest is charged as to:		Rate		Rate
Fixed/ Hedged				
HSBC Bank plc*	35,000	7.01%	35,000	7.01%
HSBC Bank plc**	25,000	6.58%	25,000	6.58%
Unamortised loan arrangement fees	-		(159)	
Floating element				
HSBC Bank plc	3,000		-	
Shawbrook Bank Ltd	117		186	
	63,117		60,027	

Bank loans totalling £60,000,000 (2019 - £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'	2020 Fair value £'000	2019 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	17.69	(26,577)	(22,209)
Interest rate swap	25,000	4.63%	0.92	(1,100)	(1,792)
Interest rate swap	25,000	2.13%	10.00	(4,332)	(2,510)
				(32,009)	(26,511)
Net fair value loss on derivative financial assets				(5,498)	(997)

* Fixed rate came into effect on 1 September 2008. Rate includes 1.95% margin. The contract includes mutual breaks, the first potential one was on 23 November 2014 (and every 5 years thereafter). ** This arrangement came into effect on 1 December 2011 when HSBC exercised an option to enter the Group into this interest swap arrangement. The rate shown includes a 1.95% margin. This contract includes a mutual break on the fifth anniversary and its duration is until 1 December 2021.

6. Bank loans

	2020 £'000	2019 £'000
Bank loans due within one year (*within current liabilities*)	63,066	1,072
Bank loans due after more than one year (*within non-current liabilities*)	51	58,955
Total bank loans	63,117	60,027

	2020	**2020**	**2020**	**2019**
Analysis of debt maturity	**£'000**	**£'000**	**£'000**	**£'000**
	Interest*	Capital	Total	Total
Trade and other payables**	-	5,995	5,995	5,172
Bank loans *repayable*				
On demand or within one year	317	63,066	63,383	2,633
In the second year	1	51	52	59,592
In the third year to the fifth year	-	-	-	43
	318	69,112	69,430	62,268

*based on the year end 3 month LIBOR floating rate – 0.05%, and bank rate of 0.10%.
** Trade creditors, other creditors and accruals

On 19 April 2016 the Group renewed its £75,000,000 loan facility by entering into a 5 year term loan with HSBC and Santander. The Group has agreed a short term extension to July 2021 in order to give time to extend the facility. A new facility has been agreed and credit approved with a 3 year term and a total facility of £66,000,000. The paper work should complete in the next two to three months.

A Shawbrook bank loan of £117,000 at the year end is repayable over its life to September 2022.

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

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

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

7. Events after the reporting date

In late January 2021, the Group exchanged contracts to purchase an industrial building in Trowbridge for £3.3m, paying a 5% deposit. Completion is at a time of the seller's option with the earliest date being 15 months and the latest being 30 months from exchange. The seller also has the ability to take a leaseback at completion at a market rent. The industrial unit is well located and is a 96,000sq ft building on circa six acres of land.

The Group has paid £5m in February 2021 to vary a long-term swap agreement. The agreement varied was an interest rate swap fixed at 5.06% until 31 August 2038 on a nominal value of £35m and has circa 17.5 years remaining. Following the variation, the Group's fixed rate will drop on 1 September 2023 to 3.40% saving the Group £581,000pa in cash flow until the end point of the instrument.

8. Copies of the full set of Report and Accounts

Copies of the Company's report and accounts for the year ended 31 December 2020, which will be posted to shareholders shortly, will be available from the Company's registered office at Unicorn House, Station Close, Potters Bar, Hertfordshire, EN6 1TL and will be available for download on the Group's website **www.pantherplc.com.**

9. Annual General meeting

Arrangements for the 2021 Annual General Meeting (AGM) in light of COVID-19.

The 87th Annual General Meeting of Panther Securities P.L.C. is planned to be held on 30 June 2021 at Unicorn House, Station Close, Potters Bar, Herts., EN6 1TL at 10.00 am.

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

The Zoom meeting will be capped at a maximum of 100 people. Shareholders wanting to have the login details will need to download the ZOOM application and email info@pantherplc.com with subject "Shareholder meeting" at least 3 days before the meeting. Requests for admission will be dealt with on a first come, first served basis.

In view of the COVID-19 pandemic, it is the Board's strong preference for people not to attend in person this year.

Any member who still wishes to attend must email info@pantherplc.com by 15 June 2021 so that we can ensure the premises are 'COVID-safe'. Please note that we may have to refuse based on numbers and safety measures.

Proxy Voting is encouraged this year and no one apart from the Chairman will be allowed to be a Proxy.

If you have any questions prior to the Annual General Meeting please email the address above.

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

Allenby Capital Limited (Nominated Adviser) **+44 (0) 20 3328 5656**
David Worlidge
Alex Brearley