



INTERIM REPORT
SIX MONTHS ENDED 30 JUNE

2021

COMPANY NUMBER 00293147

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Chairman's Statement

I am once again pleased to report our results for the six months ended 30 June 2021. We show profit of £8,856,000 after a tax expense of £2,722,000, compared to a loss of £8,049,000 after a tax credit of £2,269,000 for the first half of 2020. Both of these periods contained much distortion to our business due to the effects of the coronavirus pandemic.

However, as with previous periods a great variance in the figures is again determined by non-cash valuation movements firstly, and mainly in this period, in relation to swap value movements.

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 June 2021, there is a swap liability reduction compared to that shown at 31 December 2020 of £14,326,000 due to the combination of the benefit derived from our payment to vary this swap and also an upward spike in the medium and long term interest rates, thus improving our net asset value, which is 527p per share as at 30 June 2021.

Secondly, although we do not normally independently revalue our property portfolio for the half year accounts unless there is a very significant event to justify the change (i.e., a sale at a much higher price than book value at a slightly later date than the half year cut-off date), we have done so in these accounts. Due to the delay in completing the extremely extensive due diligence requirements of our lenders who, not surprisingly, seemed particularly cautious of the current commercial property investment market, an independent updated valuation on the properties charged to them was requested by the lenders.

This was despite having received an independent valuation by their chosen valuers of the entire portfolio of charged properties in January 2021 which was adopted for our last year end accounts. This resulted in a further valuation increase of £1,213,000 which was pleasing to us and deserved as our team are constantly working to improve our rents and values.

Rents receivable during the current period were £6,447,000 compared to the previous year's first half of £6,836,000. This was mainly due to concessions given to our tenants who suffered due to the various lockdowns which are recognised in the period rather than spread over the length of the lease. It is worth noting that the relief was often not provided without something in return, be it a break removal, lease extension or payment of significant back dated arrears. For the latest quarter, our rents appear to be recovering towards normal levels but we don't have enough data to know whether this is the "new normal" but we hope this improvement continues.

Another factor affecting the interim figures was our bad debt provision. Following careful analysis we were able to reduce the period bad debt charge to less than £750,000 compared to the previous year's first half charge of circa £1,500,000. This was provided for when many of our tenants faced an unknown future as to whether they would survive in business because of forced cessation of trade by lawful government efforts to halt or certainly try to reduce the severe human impact of the deadly virus.

Disposals

We sold a freehold shop and premises in Sittingbourne to the tenant for £450,000, approximately £100,000 over book value. To facilitate the sale we lent the tenant £350,000 secured by a first charge on the property. The loan was for three years and at a profitable rate of interest to us.

Chairman's Statement continued

Progress with Beales' former stores

As there has been considerable interest in this group of properties, I have given a separate progress report on these properties, as below.

The Peterborough and Southport stores are now occupied and trading under the Beales banner (New Start 2020 Limited) under a licence fee based on a percentage of turnover. Peterborough, which sits on a site of 1.5 acres in the very centre of the town, has substantial long term development prospects which we are currently investigating.

Southport, although only recently reopened as a Beales store, has made an excellent start and its presence will help to regenerate the magnificent Victorian Wayfarers Arcade that adjoins and interlinks with it, with the two buildings having a symbiotic relationship to each other's success.

Skegness has been let in its entirety at a rent that gradually rises to £150,000 pa and has been brought back into use as a shopping and business centre for local traders. Its initial efforts appear successful.

Beccles has been split into separate units and about one-third of the space has been let to the well-known trader, Tool Station, at £40,000 pa. There are negotiations in hand for other parts of this building. We are looking to create as many as six additional other units and we have interest from a local residential developer in relation to them purchasing the upper parts.

Part of the Keighley store has been let to the Department of Work & Pensions as a Job Centre at £55,000 pa for a term of five years. This should help with the remaining half of the building which adjoins the town's main shopping centre.

There are also three car parks attached to former Beales' buildings producing revenue but it is early days to know what their potential annual income will be.

Of the other stores, there are negotiations in hand, some for sale and a few we are actively considering for redevelopment for alternative purposes.

We believe that the ex-Beales stores owned by our Group will contain some of our bigger opportunities to realise value. Firstly, value will be derived due to the incredibly conservative valuations they were recently given by the independent valuer and the potential that they have from their sheer size, with many having latent residential value. We also now have the ability to work on them unhindered (previously we did not want to cause harm to our already struggling tenant by taking away profitable stores). In recent times we have still been hindered by a slow lettings market, but we expect good progress over the next few years.

Acquisitions

In January 2021, we exchanged contracts to purchase a substantial freehold factory and warehouse in Trowbridge, Wiltshire, of approximately 96,000 sq.ft. of usable space situated in approximately six acres of industrial land. This property is situated on one of the best industrial estates in Trowbridge where demand should be good. The contract price agreed is £3,300,000 with a delayed completion of between 15 and 30 months depending upon timing of 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 further diversify our portfolio by adding this industrial investment. The spread and variety of rental streams within our portfolio helped us to pass through the pandemic with relatively few issues.

Chairman's Statement continued

Developments

Barry Parade, Peckham Rye

The plans for this redevelopment of a local supermarket, shops and fourteen flats have been agreed in its entirety, subject to agreement on the Section 106 payment agreement on which Southwark Council require over and above the normal conditions. This may require an appeal.

Broadstairs

Whilst I had hoped this development would be fully completed by now, there is a delay with the flats due to certain building materials not being immediately available. However, on a brighter note, the Tesco Express on the ground floor was completed in a remarkably quick fit out time and opened for trade in July 2021. We hope the twelve flats will be available for letting soon.

Swindon

Whilst everything with regard to the two planning permissions on this central Swindon site has been agreed, progress has been difficult due to the council requiring some impractical clauses in the new 250 year lease, the financial terms of which were previously provisionally agreed, thereby causing delays.

This is disappointing as these financial terms were agreed before we expended over £200,000 in planning fees and consultants, which nowadays is necessary to agree a suitable building before even submitting for planning permission.

Whilst we hope to resolve these issues soon, the delay is disappointing and detrimental to the local community's wish for improvement to the former covered market site.

Loans

As at 30 June 2021, the refinance of our loan facility had not been completed and therefore the loan is shown as a current liability.

On 16 July 2021 we finally completed our refinance which consisted of a £66,000,000 loan for a three year period, as a club facility jointly lent by HSBC and Santander. The loan has a term element of £55,000,000 and a more flexible revolving element of £11,000,000 which gives us the ability to pay down and redraw over the three year term. The £66,000,000 is currently fully drawn and we therefore presently hold additional cash funds to that shown at the period end. We are expecting to sell some properties, possibly some of the Beales properties mentioned above, and any disposal proceeds can be used to pay down our revolving facility which will then provide us with additional liquidity to secure new opportunities.

The new loan is a more conservative facility agreement than we are used to with a headline loan-to-value covenant of 55%, when historically it had been around 65% (which used to be considered conservative!). The extra cautious nature shown by the lenders is also reflected by the smaller loan facility arranged, previously we borrowed £75,000,000 (now £66,000,000). The Bank's margin has also increased from 1.95% to 2.70%. However, on 1 December 2021 we have a prearranged reduction in our fixed rates, on £25 million of our loan, the saving in lower fixed rates being a bigger offset than the increase in costs from the new higher loan margins.

Chairman's Statement continued

We understand the lenders' approach and the less generous terms than we were able previously to arrange, as well as the more vigorous process, as this was refinanced in a pandemic. The pandemic was a torrid time for most businesses which also brought significant change, and the speed of change in particular has added to the question marks on particular asset classes. However, we still see a bright future for the property industry, especially for companies who, like us, can be flexible in their approach and careful on their purchases. Most properties can be altered to other uses and given enough time, a profitable outcome is achievable.

Even though this was a much tougher and less generous refinancing, we appreciate our lenders and do not take their continuing support for granted. We have had a very amicable banking relationship with HSBC for nearly 40 years, and Santander for over 10 years. This refinancing was the third iteration of this joint club loan.

Dividends

We paid our 6p per share interim dividend for the year ended 31 December 2020 in the period, which reached our shareholders on 2 July 2021. This was paid following the Group receiving full credit approval for our refinance.

We are due to pay a further 6p per share final dividend for the year ended 31 December 2020 on 14 October 2021 (ex-dividend on 2 September 2021) which is accrued in these accounts.

Given the progress made to date we hope to be able to maintain our dividend and will look to pay an interim dividend for the year ending 31 December 2021 of 6p per share on 9 February 2022 for those on the register at 7 January 2022 (ex-dividend 6 January 2022), although the formal declaration of such a dividend will be subject to the Board's assessment at a point later this year of the financial effects of COVID-19 on our Group. A further announcement will be made in due course.

The Near Future

I am sure I have previously mentioned a Chinese quote sometimes said on departing from business meetings, "May you live in interesting times". Many people thought this was a form of verbal pleasantry for people but, of course, this is actually a curse.

We are currently living in these "interesting times" and it will be some time before the comfort of normality returns.

Andrew S Perloff
Chairman

30 September 2021

Chairman's Ramblings

As for most people, this year has been a very difficult one. Things have been postponed, delayed or cancelled due to Covid, including my ramblings which nearly fell by the wayside.

The more I learned of the inconsistent and shambolic way in which the Government was dealing with the situation, the more furious I became and was enraged even further by the government's measures on taxation.

I have long held the belief that most of a country's problems are caused by the politicians and their advisers, all of whom seem to be inexperienced with little understanding of the potential repercussions of the taxes and laws they impose.

Whilst on my delayed summer holiday, I started a long rambling rant of annoyance. After a few attempts I eventually gave up and considered abandoning my ramblings altogether feeling no one would take any notice anyway. My journey home gave me reason to reconsider.

We had loaded the car and left Antibes on a beautiful morning – perfect for the long drive home. We had had the obligatory Covid test outside a local, well organised pharmacy who sent us our results by phone within the hour. So far, so good.

After about three hours of driving and pleased with our good progress we stopped at a picnic area to have some lunch.

We continued our journey in good spirits – noticing but dismissing (a decision we would later regret) a warning about traffic jams on the road ahead. We thought a small delay would be preferable to a long detour as the French police were excellent at clearing accidents quickly, smashing through central reservations and instigating contraflow systems should it be

necessary. Maybe we should have obeyed the detour signs as within about 30 minutes things started to s-l-o-w. All five lanes of the motorway came to a standstill and about an hour later then started to move at a pace that would make a snail seem like Usain Bolt.

This reminded me of a previous experience of the Autoroute de Soleil (which I had told my wife so many times she knew it better than I did even reminding me of bits I had omitted before she fell into a deep sleep). I had unwisely decided to travel south during the start of August along with everyone else in Europe. The traffic was heavy and slow moving from the outset but after passing Lyons it came to a virtual standstill. Two extremely hot and bothered gendarmes were directing two lanes out of four lanes of cars, which included me, off the motorway. In those days before the wonders of GPS were even imagined, I was rather nervous and only knew my way to the south by the motorway. I pulled up to the nearest gendarme map in hand and tried to explain why I should stay on the motorway in a mixture of loud English and the international language of pointing. In full uniform, with a temperature in the 90s, his face reddening, and with a suitable complement of French curses, he smashed the map out of my hands onto the road. My then wife and young children gasped in horror. I calmly tried to explain my dilemma again but with a speed to rival Billy the Kid he pulled his gun out, pointed it at me shouting "Allez! Allez!". "Do it! Do it!" my then wife shouted. In the intervening years I often wonder if she was instructing the gendarme or me. Needless to say I allez-ed tres rapidement.

Despite my fears at getting lost in France, we successfully reached our destination via the RN7 after an overnight stay in a charming little pension and a very picturesque albeit longer journey.

Chairman's Ramblings continued

Our current trip was also proving difficult. Three long hours slowly passed and we had only travelled about two miles when a new problem arose. My wife informed me quite calmly that nature was calling, albeit not very loudly at present. After about half an hour the call became somewhat louder and more insistent. Soon calm was replaced by desperation – plastic bags and bottles were mentioned. The motorway was five lanes wide. The nearside three lanes were packed with lorries so at least I now know where all the missing lorry drivers are.

I gradually managed to manoeuvre from the outside to the inside lane hoping to see some escape for her as her desperation was increasing. I suggested that she could make a dash to the side of the road as the traffic was stationary and not to worry about the twenty or so truck drivers that might see her. She said she'd prefer her bladder to burst than risk that indignity – someone might film her and put it on YouTube!

Having moved at a snail's pace for a further half an hour, an emergency layby came into view ahead. Two large lorries were already parked there but I felt we could squeeze in just behind them. This took another ten minutes. My wife then said she did not care if viewing her bum broke the internet and was seen by everyone on earth so desperate was she. She leapt out after grabbing one of the four coats she had brought with her (in case the South of France weather changed) for modesty's sake and went behind the lorries with me opening two car doors to shield her from the lorry drivers behind us.

We got back into the car weak with RELIEF.

I manoeuvred back into the queue and my wife said "Never mind happiness, joy, contentment etc., relief is the most wonderful feeling in the world". We talked about the different types of relief; the sound of your daughter's key in the door at 3.00 a.m., the doctor saying "It's negative", swerving and

missing the child who runs out in front of your car. These are wonderful examples of emotion, which surely shows the best feeling is RELIEF.

Nature's voice was now stilled and we passed the next three hours in the slow moving traffic until the five lanes gradually merged into one and we were sent off the motorway with no gun waving gendarmes in sight.

Darkness fell and while peacefully and slowly travelling down the back roads off the motorway, my thoughts turned to business and in particular RELIEF.

I pondered on how greedy government tax policies had destroyed 85% of the department store sector which had a huge impact on town centres particularly those in the north. Rather than talk platitudes of levelling up, when it comes to business rates all High Street traders should be instantly granted RELIEF!

My thoughts also drifted to the myriad of requirements needed to rebuild our decaying town centres and build more housing. Dictatorial town planners and councillors inflated the legal requirements and insisted on excessive payments before granting planning permission. Central government could overrule all this to grant RELIEF.

The iniquitous stamp duty on larger homes depress the market and prevent mobility so that many homes are underutilised as the tax costs of moving far outweigh the benefits. It would be useful if this stamp duty tax was reduced by way of RELIEF.

Many companies have pension funds that, due to excessive government regulations, have to invest in government debt whose interest rates are artificially held down at rates bearing no relationship to inflation nor provide a proper return. If strict regulations on pensions funds were removed or alleviated it would give many businesses some RELIEF.

Chairman's Ramblings continued

Local councils have helped to destroy the town centres by over-charging for town centre parking, too many speed cameras, bus lanes which are hardly used, cycle lanes also lightly used by uninsured cyclists who don't obey their own rules of the road. Changing these arrangements would give both the motorist and transporting public RELIEF.

Capital gains tax could be tapered down to nil over a 15 year period. This would help stop foreign firms buying up Britain at current depressed prices, with other people's money, and encourage long term investing and stop the dicing and slicing of businesses for a quick profit detrimental to the overall business. It would be simple to grant this RELIEF.

1% of the taxpayers who are the highest earners pay about 30% of total income taxes. If inheritance tax should be no more than 15% of the total estate, then maybe over 100,000 high worth individuals may come back into the UK and its tax fold producing a large gain to the country's revenue and a similar amount of people may not leave the country for tax reasons. This would only lose a small amount of tax initially and in due course increase the tax take and thus be a useful RELIEF.

Banks, solicitors and accountants have to enforce a myriad of 'Know Your Client' and money laundering regulations which drive genuine, honest, business and private customers away, who feel driven to put their money into make-believe currencies. Banks and customers would all benefit if banks were granted regulation RELIEF.

The UK population have heavy climate change taxes but even if the UK stopped all carbon dioxide emissions, as we only produce 1% of world emissions it would make no overall difference as China would take up the slack within six months and all the while produce goods cheaper than the UK because of much cheaper energy costs. That's why our steel industry collapsed. Thus we should all be granted climate change tax RELIEF.

We have the 'woke' brigade, who protest making a loud noise, but only from a small minority of the population. Government could ignore some of these daft protests and demands and also newspapers stop giving the protestors the oxygen of publicity, this would be a RELIEF.

I have mentioned nine desired reliefs and I could go on for many more but no doubt my shareholders will be pleased to know I will save these for another day thus giving shareholders some current RELIEF!

Yours

Andrew S Perloff
Chairman

30 September 2021

Condensed Consolidated Income Statement

for the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 £'000 Unaudited	Six months ended 30 June 2020 £'000 Unaudited	Year ended 31 December 2020 £'000 Audited
Revenue	2	6,447	6,836	13,051
Cost of sales	2	(1,838)	(1,435)	(3,482)
Gross profit		4,609	5,401	9,569
Other income		321	204	467
Administrative expenses		(830)	(742)	(1,703)
Bad debt expense		(658)	(1,474)	(1,629)
Operating profit		3,442	3,389	6,704
Profit on disposal of investment properties		88	25	150
Movement in fair value of investment properties	6	1,213	(6,929)	6,146
		4,743	(3,515)	13,000
Finance costs – interest		(969)	(1,194)	(2,283)
Finance costs – swap interest		(1,439)	(1,280)	(2,726)
Finance costs – swap variation	7	(5,000)	–	–
Investment income		17	24	41
Profit on disposal of fixed assets		–	–	1
Impairment of investments (shares)		–	(504)	–
(Loss)/profit realised on the disposal of investments (shares)		(100)	–	38
Fair value gain/(loss) on derivative financial liabilities	7	14,326	(3,849)	(5,498)
Profit/(loss) before income tax		11,578	(10,318)	2,573
Income tax (expense)/income	3	(2,722)	2,269	71
Profit/(loss) for the period		8,856	(8,049)	2,644
Earnings/(loss) per share				
Basic and diluted – continuing operations	5	50.1p	(45.5)p	14.9p

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2021

	Six months ended 30 June 2021 £'000 Unaudited	Six months ended 30 June 2020 £'000 Unaudited	Year ended 31 December 2020 £'000 Audited
Profit/(loss) for the period	8,856	(8,049)	2,644
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Movement in fair value of investments taken to equity	77	–	(354)
Deferred tax relating to movement in fair value of investments taken to equity	(15)	–	67
Realised fair value on disposal of investments previously taken to equity	143	–	–
Realised deferred tax relating to disposal of investments previously taken to equity	(27)	–	–
Other comprehensive income/(loss) for the period, net of tax	178	–	(287)
Total comprehensive income/(loss) for the period	9,034	(8,049)	2,357
Attributable to:			
Equity holders of the parent	9,034	(8,049)	2,357
	9,034	(8,049)	2,357

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

Company number 293147

	Notes	30 June 2021 £'000 Unaudited	30 June 2020 £'000 Unaudited	31 December 2020 £'000 Audited
ASSETS				
Non-current assets				
Investment properties	6	182,031	166,290	180,975
Deferred tax asset		1,049	5,755	3,810
Right of use asset		335	351	335
Investments		335	1,016	614
		183,750	173,412	185,734
Current assets				
Stock properties		350	350	350
Investments		29	38	29
Trade and other receivables		3,873	4,276	3,925
Cash and cash equivalents (restricted)		1,052	1,052	1,052
Cash and cash equivalents		3,377	8,340	8,166
		8,681	14,056	13,552
Total assets		192,431	187,468	199,256
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Capital and reserves				
Share capital		4,437	4,437	4,437
Share premium account		5,491	5,491	5,491
Treasury shares		(213)	(213)	(213)
Capital redemption reserve		604	604	604
Retained earnings		82,835	65,517	75,923
Total equity		93,154	75,836	86,242
Non-current liabilities				
Long-term borrowings	7	18	78	51
Derivative financial liability	7	17,683	30,360	32,009
Leases		8,339	7,912	8,339
		26,040	38,350	40,399
Current liabilities				
Trade and other payables		8,922	9,169	9,361
Accrued dividend payable	4	1,061	1,061	–
Short-term borrowings	7	63,066	62,996	63,066
Current tax payable		188	56	188
		73,237	73,282	72,615
Total liabilities		99,277	111,632	113,014
Total equity and liabilities		192,431	187,468	199,256

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2021

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020 (audited)	4,437	5,491	(213)	604	74,627	84,946
Total comprehensive loss for the period	–	–	–	–	(8,049)	(8,049)
Dividends due	–	–	–	–	(1,061)	(1,061)
Balance at 30 June 2020 (unaudited)	4,437	5,491	(213)	604	65,517	75,836
Balance at 1 January 2020 (audited)	4,437	5,491	(213)	604	74,627	84,946
Total comprehensive income for the period	–	–	–	–	2,357	2,357
Dividends paid	–	–	–	–	(1,061)	(1,061)
Balance at 1 January 2021 (audited)	4,437	5,491	(213)	604	75,923	86,242
Total comprehensive income for the period	–	–	–	–	9,034	9,034
Dividends paid	–	–	–	–	(1,061)	(1,061)
Dividends due	–	–	–	–	(1,061)	(1,061)
Balance at 30 June 2021 (unaudited)	4,437	5,491	(213)	604	82,835	93,154

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2021

	30 June 2021 £'000 Unaudited	30 June 2020 £'000 Unaudited	31 December 2020 £'000 Audited
Cash flows from operating activities			
Operating profit	3,442	3,389	6,704
Add: Depreciation and interest – right to use asset	–	22	–
Add: Loss on current asset investments***	–	79	87
Less: Rent paid treated as interest	(343)	(325)	(687)
Profit before working capital change	3,099	3,165	6,104
Decrease in stock investments	–	130	–
Decrease/(increase) in receivables	351	(887)	(536)
(Decrease)/increase in payables	(104)	630	783
Cash generated from operations	3,346	3,038	6,351
Interest paid	(2,064)	(2,067)	(4,160)
Income tax paid	–	475	420
Net cash generated from operating activities	1,282	1,446	2,611
Cash flows from investing activities			
Purchase of investment properties	(569)	(4,104)	(5,538)
Purchase of investments**	(6)	(593)	(633)
Purchase of current asset investments***	–	(2,936)	(2,804)
Proceeds from current asset investments***	–	2,857	2,855
Proceeds from sales of fixed assets	–	–	1
Proceeds from sale of investment property	178	250	700
Proceeds from sale of investments**	403	–	631
Dividend income received	17	15	32
Interest income received	–	9	9
Net cash used in from investing activities	23	(4,502)	(4,747)
Cash flows from financing activities			
New loans received	–	4,000	4,000
Finance cost (SWAP variation)	(5,000)	–	–
Repayments of loans	(33)	(1,037)	(1,070)
Dividends paid	(1,061)	–	(1,061)
Net cash generated (used in)/from financing activities	(6,094)	2,963	1,869
Net decrease in cash and cash equivalents	(4,789)	(93)	(267)
Cash and cash equivalents at the beginning of period*	9,218	9,485	9,485
Cash and cash equivalents at the end of period*	4,429	9,392	9,218

* Of this balance £1,052,000 (30 June 2020: £1,052,000, 31 December 2020: £1,052,000) is restricted by the Group's lenders i.e. it can only be used for the purchase of investment property (or otherwise by agreement).

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

*** Shares in listed and/or unlisted companies but held for trading purposes. These were bought in order to make short term trading profit.

Notes to the Interim Financial Report

For the six months ended 30 June 2021

1. Basis of preparation of interim financial statements

The results for the year ended 31 December 2020 have been audited whilst the results for the six months ended 30 June 2020 and 30 June 2021 are unaudited.

The financial information set out in this interim financial report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory accounts for the year ended 31 December 2020 which were prepared under International Financial Reporting Standards ("IFRS") as adopted for use in the European Union, were filed with the Registrar of Companies. The auditors reported on these accounts, their report was unqualified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying report and did not contain any statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006.

These condensed consolidated interim financial statements are for the six month period ended 30 June 2021. They have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an ongoing process of review and approved by the UK Endorsement Board. The financial information has been prepared on the basis of IFRS that the Board of Directors expect to be applicable as at 31 December 2021.

A number of new and amended standards and interpretations are effective from 1 January 2021 but they do not have a material effect on the Group's financial statements.

2. Revenue and cost of sales

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

Notes to the Interim Financial Report continued

3. Income tax expense

The charge for taxation comprises the following:

	30 June 2021 £'000 Unaudited	30 June 2020 £'000 Unaudited	31 December 2020 £'000 Audited
Current period UK corporation tax	–	(182)	(310)
Prior period UK corporation tax	–	–	(58)
	–	(182)	(368)
Current period deferred tax (expense)/credit	(2,722)	2,451	439
Income tax (expense)/credit for the period	(2,722)	2,269	71

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

4. Dividends

Amounts recognised as distributions to equity holders in the period:

	30 June 2021 £'000 Unaudited	30 June 2020 £'000 Unaudited	31 December 2020 £'000 Audited
Final dividend for the year ended 31 December 2020 of 6p (2019 – 6p) per share	1,061*	1,061*	1,061
Interim dividend for the year ended 31 December 2020 of 6p per share	1,061	–	–
	2,122	1,061	1,061

The final dividend of 6p per share for the year ended 31 December 2020 (and 2019) was not paid during the period to 30 June 2021 but declared and approved (being accrued in these accounts) and will be paid on 14 October 2021 (7 September 2020).

* Accrued at half year and paid after period end.

Notes to the Interim Financial Report continued

5. Earnings/(loss) per ordinary share (basic and diluted)

The calculation of basic and diluted earnings per ordinary share is based on earnings being a profit of £8,856,000 (30 June 2020 – loss of £8,049,000 and 31 December 2020 – profit of £2,644,000).

The basic earnings per share is based on the weighted average of the ordinary shares in existence throughout the period, being 17,683,469 to 30 June 2021 (17,683,469 to 31 December 2020 and 17,683,469 to 30 June 2020). There are no potential shares in existence for any period and therefore diluted and basic earnings per share are equal.

Panther Securities PLC owns 63,460 ordinary shares which are currently held in treasury (2020 – 63,460).

6. Investment properties

	30 June 2021 £'000 Unaudited	30 June 2020 £'000 Unaudited	31 December 2020 £'000 Audited
Fair value of investment properties			
At 1 January	180,975	169,340	169,340
Additions	233	4,104	5,538
Disposals	(390)	(225)	(550)
Fair value adjustment on investment properties held on leases	–	–	501
Revaluation increase/(decrease)	1,213	(6,929)	6,146
At 31 December	182,031	166,290	180,975

As part of the Group's refinance, Carter Jonas updated their valuation report in June 2021 for the lenders, originally prepared for December 2020 and we have incorporated the movements in the period ended 30 June 2021.

Notes to the Interim Financial Report continued

7. Derivative financial instruments

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

	30 June 2021 £'000		30 June 2020 £'000		31 December 2020 £'000	
	Unaudited	Rate	Unaudited	Rate	Audited	Rate
Bank loans						
Interest is charged as to:						
Fixed/Hedged						
HSBC Bank plc*	35,000	7.01%	35,000	7.01%	35,000	7.01%
HSBC Bank plc**	25,000	6.58%	25,000	6.58%	25,000	6.58%
Unamortised loan arrangement fees	–		(78)		–	
Floating element						
HSBC Bank plc***	3,000		3,000		3,000	
Shawbrook Bank plc	84		152		117	
	63,084		63,074		63,117	

* Fixed rate came into effect on 1 September 2008. The rate includes 1.95% margin. The contract includes mutual breaks, the last being on 23 December 2019 (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 includes a 1.95% margin. The duration is until 1 December 2021.

Bank loans totalling £60,000,000 (2020 – £60,000,000) are fixed using interest rate swaps removing the Group's exposure to interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Notes to the Interim Financial Report continued

7. Derivative financial instruments continued

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

	Hedged amount £'000	Rate (without margin)	Duration of contract remaining years	30 June 2021 Fair value £'000 Unaudited	30 June 2020 Fair value £'000 Unaudited	31 December 2020 Fair value £'000 Audited
Derivative financial liability						
Interest rate swap	35,000	5.060%	17.18	(14,169)	(25,432)	(26,577)
Interest rate swap	25,000	4.630%	0.42	(512)	(1,532)	(1,100)
Interest rate swap*	25,000	2.131%	10.00	(3,002)	(3,396)	(4,332)
				(17,683)	(30,360)	(32,009)
Movement in derivative financial liabilities				14,326	(3,849)	(5,498)

* This swap commences on 1 December 2021 when the £25,000,000 4.63% swap ceases. This swap is at a lower rate and will result in an interest saving of circa £625,000 per annum compared to the current structure.

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 17.18 years remaining at the period end date. 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.

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

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

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

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

Notes to the Interim Financial Report continued

7. Derivative financial instruments continued

Treasury management

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

Loan renewal

The Group's loan expired in April 2021 but was extended to July 2021 due to the disruptions of the COVID-19 pandemic. The renewal was therefore finalised in July 2021 so in these interim accounts the loan is shown as a current liability.

8. Net asset value per share

	30 June 2021 Unaudited	30 June 2020 Unaudited	31 December 2020 Audited
Basic and diluted	527p	429p	488p

9. Loan Renewal

On 16 July 2021, the Company completed the refinancing of its loans. The new facility is a £66 million three year term loan, a reduction from the previous £75 million facility, of which £11 million is on a revolving basis. The interest rate payable is 2.7 per cent. over SONIA.

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

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