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 PLC

Interim Report – Six months ended 30 June 2020

Chairman's Statement

As always I am pleased to report our results for the six months ended 30 June 2020. The loss shown is £8,049,000 after a tax credit of £2,269,000 compared to a profit after tax of £684,000 for the prior year first half.

This loss is caused by two major non-cash adjustments, firstly the fair value loss on our derivative "swaps" totalling £3,849,000 and secondly a £6,929,000 downward valuation adjustment to our portfolio to reflect the "COVID factor" problems that are affecting the entire business community. This creates lower demand and thus lower values in different parts of our commercial portfolio, mainly some of the retail properties. The adjustments, although non-cash flow items, do affect our Statement of Financial Position and until both interest rates rise and normal property business activity is resumed they will have adverse effects.

Our rents receivable in this accounting period amount to £6,836,000, slightly less than the comparable period last year of £7,023,000. This drop was mainly caused by the Beales group sudden administration before the COIVD lockdown was announced. Before lockdown it was anticipated that some of the Beales units would have continued trading under different ownership. However, this rental loss was reduced by a payment in respect of a third party guarantee on two of their stores, shown in other income.

I suspect our second half rental income will be further impacted by the concessions we have given to our tenants who were badly affected by the enforced closure of their businesses.

We believe about 42% of our tenants, by total income, were not affected by the enforced closures and indeed some have been busier as they were providing the vital services communities rely upon.

Central Government with the issued code of conduct urged landlords to treat tenants as partners (as indeed they are) and assist where possible and of course we tried to do "our bit to help".

Between April and October 2020, we gave about forty-eight of our tenants approximately £247,000 in rent waiver concessions and also agreed a number of deferment concessions, every concession being individually carefully considered on its merits.

However, out of the few (about 5) of our own freehold landlords, being local councils who receive about £675,000 p.a. ground rents from us, they, having considered the matter, have given us a concession of absolutely nothing.

Central Government could have instructed all councils to share the concessions given to the trading occupiers forced upon Landlords by the actions taken to combat the virus but I believe our bureaucratic Treasury advisors, who advise Ministers and the MPs who should be making the final decisions, are so inexperienced in these matters they do not understand a sensible and fair way of alleviating the problems.

If a shop is forced to close or reduce its trading estate causing it to vacate premises despite receiving a nil rates Government concession, this rates burden falls upon the landlord without concessions or grants…. some partnership!

Disposals

We sold a small warehouse in West Street, Southport, formerly used by Beales Southport store, for £250,000 which was a small £25,000 profit.

Acquisitions

In April 2020 we purchased, under a long-term previous 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 £300,000 p.a. and believe the upper part of the property has residential development potential.

Developments

Councils put most of our planning applications and development investigations on the back burner after COVID-19 measures were brought in. The previously mentioned schemes in Bishop Auckland, Swindon and Barry Parade in Peckham are still moving forward, albeit slowly.

High Street, Broadstairs

During this account period we spent approximately £500,000 (and even more will be spent in our second half) on our development in Broadstairs, the ground floor of which has been pre-let as a Tesco Express store for £55,000 pa. I have previously stated we intend to hold the property as a long term investment so the twelve flats above, some of which have sea views, will be let after completion. Progress on this site since commencement has progressed surprisingly well and I am pleased to report the roof is finished. We anticipate completion by the end of January 2021. When fully let and occupied, this should produce an additional £165,000 p.a. rent and also add value to our investment.

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 £250,000, where we already owned the freehold in our Wickford Industrial estate, which has a total of 24 units. We had been seeking planning permission on the 6 dilapidated units, on a separate 1.5 acre freehold site, as a residential site. We obtained planning permission for residential development on this site, which required the acquisition of two adjoining freehold units 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 would still be a profitable scheme as industrial rentals have risen considerably since our original residential proposals.

Business Rates

Last year I mentioned the Government's failure to deal with the absurdity of business rates which first began with the abolition of relief for vacant commercial units, then was put in a pickle by deferring, for two years, a revaluation of the Rateable Values which would have given the first piece of relief for those paying excessive business rates. This delay meant that when the revaluation actually came about there had been further falls in Rateable Values that would have caused the Treasury to have an even bigger reduction in revenue and thus the Treasury implemented a phasing arrangement that produced the effect that those retailers that had been worst hit by the downturn in trade (caused by a loss of trade to the internet) were forced to subsidise those retail traders who were mainly Central London based and thus bolstered by a successful tourist business.

Additionally, forced increases in minimum wage and other additional taxes such as carbon tax, insurance tax and apprenticeship tax which all businesses had to bear, proved excessively onerous for High Street traders, particularly department stores who need more staff. I wonder if the 250,000 retail and associated workers who are or will be out of work shortly feel the two years' extra wages were worth the loss of a well-loved job that could have continued until they retired; but such is the incompetence of our Government.

When one considers Marks & Spencer, House of Fraser, Debenhams, Beales and John Lewis, amongst many others, have all either had to take drastic action or failed (which is always detrimental to staff) it is evident that something does not add up in our system of taxation of retail shop traders.

When the Government measures to protect the population from the "COVID virus" were introduced it was the final straw that caused the property-based retail industry to fail in ever larger numbers with consequent effects on their suppliers and also those companies that service retailers. The consequences of the huge amount of job losses and desolation of our high streets causes other social problems which will come to prominence in due course.

If our Government had listened to informed people in the industry and acted earlier on the numerous calls for lessening the tax burden on this vital part of our business community instead of squeezing them until the pips squeak, the retail industry would have been better able to withstand the "pandemic problems" and save the jobs of hundreds of thousands of people who will now be needing Government financial support.

COVID Effects

The business has now traded two quarters that have been affected by COVID-19.

When we compare how much cash the business collected from 2 December 2019 to 2 March 2020, a period which was not affected by COVID-19, as a benchmark and the closest comparable to "normal", then the group collected over 70% of the previous level of cash in the subsequent two quarters to 2 September 2020. The cash collection is a good measure as it shows the true funds flowing into the business and is not distorted by credit notes or concessions. The rent collected on the last period to 2 September 2020, was £3.467m or over 3 times the interest due for that period.

On the income statement we show a larger than normal bad debt provision of £1.474m, which is more than we have provided for in the past. The directors believe the business may not require this full provision but as we are still mid-pandemic have taken a prudent view.

Finance

We are at an advanced stage in the talks to renew our current facilities, which expire in April 2021, with most matters agreed. The loan is subject to a finalised external revaluation and final lenders' credit committee approval. We maintain a strong cordial relationship with our longstanding club of lenders and will update shareholders in due course.

Cash

As stated above, we are currently receiving about 76% of our pre-COVID rental income. This is more than sufficient to pay all current interest costs and other running costs. Whilst we are conserving cash as much as possible, which currently stands at over £8 million, as always we are prepared to consider exciting property proposals that offer above average or secure income prospects. I suspect there will be many possibilities in these unprecedented times.

Dividends

We paid a final dividend of 6p per share on 7 September 2020 in respect for the year ended 31 December 2019.

The Directors hope to be in a position to be able to declare a 6p interim for the year ending 31 December 2020 in February 2021, but such declaration will be subject to gaining a clearer understanding of COVID-19 and its financial effects on our Group so there can be no certainty that such a dividend will be declared.

Andrew S Perloff

Chairman

16 October 2020

Chairman's Ramblings

About 50 years ago, when I first embarked on my budding career in property, I worked with two partners as a self-employed estate agent, ensconced in a tiny shop/office in a high street north of London. We dealt mainly with residential property but I only had limited experience in the commercial and investment side of the property business – and my jealously guarded 50 sq ft of office space were devoted to this.

I had managed to compile a long list of potential investors prior to leaving my previous firm and although the property business seemed much less complicated in those days, if our business was said to be initially slow it would have been a massive overstatement.

I did, however, manage at one point to obtain instructions on a house in Kensington. It had been divided into 6 flats and the freehold asking price was £18,000. We advertised it in the Evening Standard which seems rather antiquated in view of the internet nowadays but it was successful as almost immediately we started receiving numerous calls and offers until they reached £19,500. One very eager and persistent potential purchaser was a young man from south London who, although extremely keen on sealing a deal, dropped out quite early on. I, of course, kept his details on file but really did not see him as potential client.

Some months later, an agent with whom I dealt regularly, agreed to buy a block of flats for one of his clients who subsequently went on to buy 2 or 3 further substantial properties via our joint agencies. It was proving to be a very successful relationship and to my surprise, the purchaser turned out to be the young man I had added to my list but with whom I foolishly hadn't bothered with!

Soon after I made direct contact with him and became very busy acquiring, selling and advising this young man on many property transactions. He then acquired, through us, his first publicly quoted property company. He became one of our best clients, always reliably and promptly paying fees in full when they became due and we did so well that with the high level of fees earned we were able to start to trade in low value properties on our own account.

At one point, he asked me to advise on a potential purchase of a public company, who owned freehold car sales sites, by viewing all of their 60 or 70 properties which were located across the country. We normally operated within the Greater London area and would only expect a fee if he actually bought the company and then only after and on each individual sale we had made.

I wanted a fee for inspecting the sites and giving advice. I explained that it would take many weeks to travel and stay around the country to visit all the sites. He decided to take his business elsewhere and although I was disappointed, we were now doing very well on our own account.

I watched our former client's meteoric rise/progress over the subsequent years. He still dealt with property but now was also trading in companies and shares until one day he suddenly sold control of his public company and left the country, probably and understandably for sunnier climes and less harsh taxation. I had no further contact with him over the ensuing years but continued to watch his progress through newspapers with great interest.

Fast forward to some fifteen years later when I was in St Tropez with my future wife. We were roaming about one evening, looking for somewhere on the harbour side to eat when a heavily bearded man with his family in tow was approaching us. "Hello Andrew! How are you?" I did not instantly recognise him but his voice was unmistakable. We fell into easy, pleasant conversation and he invited us out on his boat the following day. We arrived early at the meeting point the next morning as arranged and we were astonished to be taken aboard what was probably the largest yacht in the harbour. We had a lovely time – my former best client was an excellent host. We sailed around the beautiful coast of St. Tropez, having lunch which was served by some of his numerous crew.

During lunch a small tender from town arrived to bring him all the English papers which were, in those pre-internet days, yesterday's editions. I was curious as to why he wanted and read them all and he told me that if you had any interest in business and politics it was vital to read as much as you could, as opinions, "facts", and viewpoints could vary hugely and by digesting them all you were able to make your own informed conclusions.

As I looked around at his magnificent yacht, sailing gracefully through the azure waters, I thought he must be onto something. Needless to say, upon our return from holiday, I immediately doubled my daily newspaper order and ordered various financial magazines for good measure. Even Private Eye! Our paths did not cross again for another fifteen years.

I was by now running Panther House in Mount Pleasant, which was probably London's first business centre, a thriving business occupied by over 110 small business tenants who rented their rooms on a very simple, all-inclusive monthly licence. The building had proved to be a cash flow gold mine for our group for many years and a huge number of interesting businesses and characters passed through our doors over these years.

One of these tenants was a very bright young man who had taken one of our smaller rooms to start a business magazine which focused on just one particular industry but obviously it was one in which he was extremely knowledgeable.

Although he was a good tenant, it seemed to me the publication was not as successful as he thought it would be and after three or four years, he walked into our office and gave us his notice. I liked him and told him I was sorry to see his business fail and that he had to leave but he surprised me by replying that the business was doing OK but he felt he was in a rut and longed for a change. His chance came when he spotted an advert for a head financial journalist for a leading daily financial newspaper. He applied for it and despite there being over 100 applicants for the job, after many interviews he had eventually been chosen. He told me that in the final interview he had confessed to the editor as being rather nervous as his field of expertise was quite narrow.

The editor-in-chief who interviewed him told him that as long as you have strong views on any business subject and can write them logically and cogently, it doesn't really matter if you are right or wrong as your opinions and article are usually forgotten a week later and safely wrapping fish and chips.

The editor was probably right at that time but with the ever improving technology which allows information to be available so quickly and in so many different formats, with fake news ever prevalent, it is practically impossible to gather all the facts currently in any particular subject. Eventually it comes down to personal judgment which is based on your own individual experience acquired over the years.

This might explain why our Government appears to be so shambolic in most of what they do as they are nearly all completely inexperienced in their allotted fields but are advised by their bureaucratic advisers, who are usually as equally inexperienced in the life experiences for the vast majority of the population.

If we had politicians with at least 25 years' experience in the real world outside of politics or bureaucratic sinecures, we may get people who could produce suitable rules and the necessary taxation to run a country efficiently, fairly and honestly, which if understandable to the vast majority of our population would thus also be believed and accepted.

Andrew S Perloff

Chairman

16 October 2020

Panther Securities P.L.C.

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 £'000	Six months ended 30 June 2019 £'000	Year ended 31 December 2019 £'000
		Unaudited	**Unaudited**	**Audited**
Revenue	2	6,836	7,023	14,226
Cost of sales	2	(1,435)	(1,240)	(3,429)
Gross profit		5,401	5,783	10,797
Other income		204	66	443
Administrative expenses		(742)	(750)	(1,676)
Bad debt expense		(1,474)	(538)	(524)
Operating profit		3,389	4,561	9,040
Profit on disposal of investment properties		25	560	515
Movement in fair value of investment properties	6	(6,929)	-	(8,832)
		(3,515)	4,121	723
Finance costs – interest		(1,194)	(1,198)	(2,469)
Finance costs – swap interest		(1,280)	(1,197)	(2,437)
Investment income		24	23	112
Impairment of investments (shares)		(504)	-	-
Profit realised on the disposal of investments (shares)		-	-	105
Fair value loss on derivative financial liabilities	7	(3,849)	(1,864)	(997)
(Loss)/profit before income tax		(10,318)	885	(4,963)
Income tax income/(expense)	3	2,269	(201)	870
(Loss)/profit for the period		(8,049)	684	(4,093)
(Loss)/earnings per share				
Basic and diluted – continuing operations	5	(45.5)p	3.9p	(23.1)p

Panther Securities P.L.C.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2020

	Six months ended 30 June 2020 £'000 Unaudited	Six months ended 30 June 2019 £'000 Unaudited	Year ended 31 December 2019 £'000 Audited
(Loss)/profit for the period	(8,049)	684	(4,093)
Items that will not be reclassified subsequently to profit or loss			
Movement in fair value of investments taken to equity	-	(135)	(225)
Deferred tax relating to movement in fair value of investments taken to equity	-	23	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 period, net of tax	-	(112)	(147)
Total comprehensive (loss)/income for the period	(8,049)	572	(4,240)
Attributable to:			
Equity holders of the parent	(8,049)	572	(4,240)
	(8,049)	572	(4,240)

Panther Securities P.L.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Company number 293147
As at 30 June 2020

	Notes	30 June 2020 £'000	30 June 2019 £'000	31 December 2019 £'000
ASSETS		**Unaudited**	**Unaudited**	**Audited**
Non-current assets				
Investment properties	6	166,290	170,371	169,340
Deferred tax asset		5,755	2,151	3,304
Right of use asset		351	-	373
Investments		1,016	1,715	927
		173,412	174,237	173,944
Current assets				
Stock properties		350	448	350
Investments		38	-	168
Current tax asset		-	-	601
Trade and other receivables		4,276	5,821	3,389
Cash and cash equivalents (restricted)		1,052	7,722	2,299
Cash and cash equivalents		8,340	6,788	7,186
		14,056	20,779	13,993
Total assets		187,468	195,016	187,937
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		65,517	80,568	74,627
Total equity		75,836	90,887	84,946
Non-current liabilities				
Long-term borrowings	7	78	57,946	58,955
Derivative financial liability	7	30,360	27,378	26,511
Leases		7,912	7,512	7,912
		38,350	92,836	93,378
Current liabilities				
Trade and other payables		9,169	9,071	8,541
Accrued dividend payable	4	1,061	1,061	-

Short-term borrowings	7	62,996	1,035	1,072
Current tax payable		56	126	-
		73,282	11,293	9,613
Total liabilities		111,632	104,129	102,991
Total equity and liabilities		187,468	195,016	187,937

Panther Securities P.L.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2020

	Share capital £'000	Share premium £'000	Treasury shares £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2019 (audited)	4,437	5,491	(213)	604	83,710	94,029
Total comprehensive income for the period	-	-	-	-	572	572
Dividends paid	-	-	-	-	(2,653)	(2,653)
Dividends due	-	-	-	-	(1,061)	(1,061)
Balance at 30 June 2019 (unaudited)	4,437	5,491	(213)	604	80,568	90,887
Balance at 1 January 2019 (audited)	4,437	5,491	(213)	604	83,710	94,029
Total comprehensive loss for the period	-	-	-	-	(4,240)	(4,240)
Other movements	-	-	-	-	(68)	(68)
Dividends paid	-	-	-	-	(4,775)	(4,775)
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

Panther Securities P.L.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2020

	Notes	30 June 2020 £'000	30 June 2019 £'000	31 December 2019 £'000
		Unaudited	Unaudited	Audited
Cash flows from operating activities				
Operating profit		3,389	4,561	9,040
Add: Depreciation and interest – right to use asset		22	-	-
Add: Loss on current asset investments***		79	-	15
Less: Transfer stock to investment properties		-	-	(141)
Less: Rent paid treated as interest		(325)	(285)	(651)
Profit before working capital change		3,165	4,246	8,263
Decrease/ (increase) in stock investments		130	-	(168)
Decrease/ (increase) in receivables		(887)	(301)	1,507
Increase/ (decrease) in payables		630	(1,118)	(1,802)
Cash generated from operations		3,038	2,857	7,800
Interest paid		(2,067)	(2,028)	(4,091)
Income tax paid		475	(2,503)	(3,303)
Net cash generated from/ (used in) operating activities		1,446	(1,674)	406
Cash flows from investing activities				
Purchase of investment properties		(4,104)	(285)	(8,138)
Purchase of investments**		(593)	-	-
Purchase of current asset investments***		(2,936)	-	(3,996)
Proceeds from current asset investments***		2,857	-	3,981
Proceeds from sale of investment property		250	85	1,065
Proceeds from sale of investments		-	-	851
Dividend income received		15	-	76
Interest income received		9	23	36
Net cash used in from investing activities		(4,502)	(177)	(6,125)
Cash flows from financing activities				
New loans received		4,000	-	1,000
Repayments of loans		(1,037)	(1,036)	(1,071)
Dividends paid		-	(2,653)	(4,775)
Net cash generated from/ (used in) financing activities		2,963	(3,689)	(4,846)
Net decrease in cash and cash equivalents		(93)	(5,540)	(10,566)
Cash and cash equivalents at the beginning of period*		9,485	20,050	20,050
Cash and cash equivalents at the end of period*		9,392	14,510	9,485

* Of this balance £1,052,000 (30 June 2019: £7,722,000, 31 December 2019: £2,299,000) 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 ACCOUNTS
for the six months ended 30 June 2020

1. Basis of preparation of interim financial statements

The results for the year ended 31 December 2019 have been audited whilst the results for the six months ended 30 June 2019 and 30 June 2020 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 2019 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 but included 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 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 2020. They have been prepared using accounting policies consistent with IFRS as adopted for use in the European Union. 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 endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Board of Directors expect to be applicable as at 31 December 2020.

A number of new and amended standards and interpretations are effective from 1 January 2020 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.

3. Income tax expense

The charge for taxation comprises the following:

	30 June 2020 £'000 Unaudited	30 June 2019 £'000 Unaudited	31 December 2019 £'000 Audited
Current period UK corporation tax	182	518	669
Prior period UK corporation tax	-	-	(76)
	182	518	593
Current period deferred tax credit	(2,451)	(317)	(1,463)
Income tax (credit)/expense for the period	(2,269)	201	(870)

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 2020 £'000 Unaudited	30 June 2019 £'000 Unaudited	31 December 2019 £'000 Audited
Special dividend for the year ended 31 December 2018 of 15p per share	-	2,653	2,653
Final dividend for the year ended 31 December 2019 of 6p (2018 – 6p) per share	*1,061	*1,061	1,061
Interim dividend for the year ended 31 December 2019 of 6p per share	-	-	1,061
	1,061	3,714	4,775

The final dividend of 6p per share for the year ended 31 December 2019 (and 2018) was not paid during the period to 30 June but declared and approved (being accrued in these accounts) and was paid on 7 September 2020 (5 September 2019).

*Accrued at half year and paid after period end.

5. (Loss)/ earnings per ordinary share (basic and diluted)

The calculation of basic and diluted earnings per ordinary share is based on earnings being a loss of £8,049,000 (30 June 2019 – profit of £684,000 and 31 December 2019 – loss of £4,093,000).

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 2020 (17,683,469 to 31 December 2019 and 17,683,469 to 30 June 2019). There are no potential shares in existence for any period therefore diluted and basic earnings per share are equal.

In the year ended 31 December 2017 Panther Securities PLC bought 63,460 ordinary shares that it currently holds in treasury.

6. Investment properties

	30 June 2020 £'000	30 June 2019 £'000	31 December 2019 £'000
	Unaudited	**Unaudited**	**Audited**
Fair value of investment properties			
At 1 January	169,340	170,236	170,236
Additions	4,104	285	8,138
Transfer from stock properties	-	-	239
Disposals	(225)	(150)	(550)
Fair value adjustment on investment properties held on leases	-	-	109
Revaluation decrease	(6,929)	-	(8,832)
At the end of the period	166,290	170,371	169,340

The directors have undertaken an interim valuation of the investment properties as at 30 June 2020. There is uncertainty in the valuations as at that date due to the lack of transactions within the market and also due to the economic situation affected by COVID-19. The directors plan to have an external professional valuation undertaken for the year end and would envisage values coming down, even though the Group's properties have performed well over this period compared to other investment portfolios – more detail on this and the impact of COVID-19 can be seen at note 9.

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 2020 £'000		30 June 2019 £'000		31 December 2019 £'000	
Bank loans	**Unaudited**	**Rate**	**Unaudited**	**Rate**	**Audited**	**Rate**
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)		(241)		(159)	
Floating element						
HSBC Bank plc***	3,000		(1,000)		-	
Shawbrook Bank plc	152		222		186	
	63,074		58,981		60,027	

* 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. This contract includes a mutual break on the fifth anniversary and its duration is until 1 December 2021.

***The floating element was negative at 30 June 2019 as Panther Securities PLC has fixed interest rate swaps for £60,000,000 but only had drawn down £59,000,000 at the time.

Bank loans totalling £60,000,000 (2019 - £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.

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 2020 Fair value £'000	30 June 2019 Fair value £'000	31 December 2019 Fair value £'000
				Unaudited	**Unaudited**	**Audited**
Derivative financial liability						
Interest rate swap	35,000	5.060%	18.18	(25,432)	(22,766)	(22,209)
Interest rate swap	25,000	4.630%	1.42	(1,532)	(2,218)	(1,792)
Interest rate swap*	25,000	2.131%	10.00	(3,396)	(2,394)	(2,510)
				(30,360)	(27,378)	(26,511)
Movement in derivative financial liabilities				(3,849)	(1,864)	(997)

*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.

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

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

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

Treasury management

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

Loan renewal

The Group's loan expires in April 2021. Positive discussions with our lenders are onging regarding the renewal of these facilities, which the Directors are confident will be renewed. The board believes the renewal will complete late in December 2020 or early in 2021. However in these interim accounts and perhaps even the full year the loan will be shown as a current liability, even though it is the directors strong view the loan will be renewed and not be repaid within 12 months.

8. Net asset value per share

	30 June 2020	30 June 2019	31 December 2019
	Unaudited	**Unaudited**	**Audited**
Basic and diluted	429p	514p	480p

9. Update on the impact of COVID-19

The business has now traded two quarters that have been affected by COVID-19.

If you compare how much cash the business collected from 2 December 2019 to 2 March 2020, a period which was not affected by COVID-19, as a benchmark and the closest comparable to "normal", with the next two equivalent periods, then the Group collected over 70% of the previous level of cash, respectively, in the two equivalent periods. To provide more clarity regarding the cash collection, the rent collected on the last period to 2 September 2020, was £3.467m or almost 3 times interest due for that period.

As at 1 October 2020, the Group had agreed concessions with 48 tenants totalling £247,000 but had also given many others time to pay - being technically also concessions (but no loss in rent if they perform) on the lease terms.

On the face of the income statement can be seen a larger than normal bad debt provision of £1.474m, this is based on the ageing profile and is more than we have provided for in the past – it is 2 to 3 times larger than has historically been provided for in a normal half year. The directors believe the business will not require this full provision but as we are still mid-pandemic have taken a prudent view.

Overall even though accounts reflect a downward revaluation in the properties as pointed out in Note 6 there is of course uncertainty over the valuation due to lack of transactions within the market and the situation regarding COVID-19. The Group will engage an external professional valuer for the year end and incorporate their valuation figures at the year-end but expect a downward movement for the full year.

In terms of why the Group's properties have performed satisfactory the board's analysis of this as follows. As already announced 42% of businesses tenants by income were not required to close during lock-down – this no doubt helped and is a testament to the diversification achieved within the Group's investment portfolio which includes industrial, office and retail unit users as well as residential tenants. The business also has benefited from our retail having a significant element in local neighbourhood parades or secondary high streets, whilst the footfall in central London, other major cities and shopping centres has fallen that footfall has stayed at home. As such the local shops and smaller high street locations have traded better as they are used by people working from home or being furloughed. Also, the government grants for shops of £25,000 or £10,000 was more meaningful for a typical Group property, being smaller secondary traders, meaning they could more easily meet their commitments. The other big difference is that the smaller traders, even though they may be aware that Landlords have had their powers to take action diminished, are more concerned about keeping goodwill and maintaining a good relationship, as these businesses can often be their main or only livelihood and they are not purely making a decision based on contribution or loss to a large groups profit and loss account. Whereas many of the larger named traders are being more aggressive and making decisions based on pure financials. Also comparing the Group's typical secondary to those more prime trading positions, the prime positions pre-COVID usually have high footfall and need it to cover the high costs. With footfall in prime locations being significantly diminished the traders cannot afford or justify their high rents and service charges where applicable – whereas the secondary positions position footfall is likely to have remained consistent or even improved in some cases - providing local services and convenience.

As a Group we have maintained strong cash balances and have good relationships with our long term lenders, who agree with our analysis that our business model has been robust over this period, as such we are in a relative strong position.

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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