Final Results for the Year ended 31 December 2015

CHAIRMAN'S STATEMENT

I am pleased to report our results for the year ended 31 December 2015. The profit shown on our consolidated income statement before tax amounts to £8,470,000 compared to £4,377,000 of the previous year ended 31 December 2014. The big difference is in relation to property revaluations (much higher in 2014) and movements on derivative financial liabilities (very large loss in 2014).

RESULTS

Our revenue was £14,443,000 compared to a restated £14,832,000 last year, which both now include the results of our 75% owned high tech subsidiary, MRG Systems Limited.

The largest part of revenue, our rents receivable during the year was £12,840,000 compared to last year's £12,512,000, which is moving in the right direction as a result of a number of changes in our tenanted portfolio.

This substantial jump in Group profits was mainly due to the increase in value of our investment properties of £3,859,000 (2014: £13,110,000) as revalued by the independent surveyors, G L Hearn Limited, who valued our entire portfolio. Also, at the year end there was an improvement in our "swaps liability" of £1,563,000 (2014: a loss of £9,813,000).

There were also profits of £1,074,000 from our property disposals during this year. These realised profits were in addition to the book values that had seen large increases in the previous year.

DISPOSALS

Barrhead, Glasgow
A small site in Barrhead, Glasgow sold for £236,000. Although a small loss on valuation, this was a vacant former garage site that had never produced a rental income for us, but was nevertheless a profit on our original cost.

Stonehouse, Gloucestershire
We sold a freehold vacant factory at Stonehouse for £275,000. This warehouse was attached to the 12,000 sq ft freehold offices occupied by our subsidiary MRG Systems Ltd and thus the sale released space not required or used by them. MRG also benefits from having less overheads caused by the unfair burden of vacant rates.

Wembley
We sold two freehold factories on our Wembley estate to one of the occupying tenants. The price achieved was £3,500,000 for 26,000 sq ft of factory space which produced £152,500 pa. This price was considerably above last year's valuation and approximates to what we paid for the whole of our Wembley estate some years ago. We still own about 65,000 sq ft which is fully let, with an income of £334,130 which we expect to continue to rise.

BEALE LIMITED (Previously Beale Plc) "Beale"

In March 2015, we sold our shareholding in Beale to a private company controlled by my family company. The sale realised £244,000 cash for Panther, which was a loss of £244,000 on its book value. I explained the reasons for this necessary sale, in detail in my statement last year, under post balance sheet events and will not repeat all of this detailed information.

In November 2014, the then board of Beale approached us to discuss "possible ways forward for the benefit of all stakeholders in Beale, which was expecting a cash crunch sometime during early 2015". The final result of these discussions was my family's successful bid that provided Beale shareholders with some value for their shares and the company with an extra £2,000,000 working capital. This allowed Beale, a severely loss making company at the time to reorganise its management, saving at least £1,000,000 per annum by no longer being a public listed company, including a board costing around £600,000 pa, plus bonuses, and removing all the extra costs of special advisers that were required for a listed corporation.

However, after a year of reorganisation it became apparent that despite excellent initial cost cutting measures, unfortunately, due to continued flat retail sales, there would need to be some form of financial reconstruction to remove a number of the historical contractual rental liabilities. The loss making stores needed to be restructured, as turnover had declined substantially in these locations, because of changing retail patterns while rents had remained contracted at historical highs of the boom period some ten years or more earlier.

Thus in March 2016, it was the decision of the new board of Beale, after taking expert advice, to enter their trading subsidiary into a Creditors Voluntary Arrangement (CVA). Although the proposal was required to be put to all creditors, due to its drafting, it only financially affected landlords of loss making stores, whereby the Beale trading company could reduce rents payable on a number of the loss making stores and also arrange to exit these stores, after an agreed time period (to allow affected landlords to re-let or make alternative arrangements for their properties). When the CVA was voted through by its creditors it became legally binding on all the landlords affected.

Obviously, only those stores that had severe losses, due to the aforementioned reasons, were compromised. I am pleased to say that only two of the Panther Group's twelve properties let to Beale were loss making and thus affected. Panther will lose approximately £200,000 in 2016 until their trading improves or we find alternative tenants to occupy the properties that Beale cannot support. I believe there will be little rental loss to us in due course when these problems are resolved.

This financial restructuring should also give Beale a good chance of recovering to its former self, a well-loved, long established profitable department store group, benefitting all its "stakeholders" of 1200 staff, plus the 115 concessionaires and their own 1000 staff, suppliers, pensioners, landlords and of course the "Taxman" in its many and various guises.

When the Beale group becomes profitable its covenant will be much enhanced and will likely cause an increase in the investment value of the portfolio of freehold properties owned by the Panther Group and let to Beale.

A final note on this particular situation is that if the government had not pursued its continued policy of turning a blind eye to the excessively high property taxes and for its continuation by deliberately deferring a rates revaluation for two years and also for the continuation of the Labour policy continuing ludicrous charging of vacant rates, Beales's situation (and probably many other groups in a similar position i.e. steel industry) could have been alleviated. Beales, although loss making for some years, were paying (and still do) almost £4,500,000 per year in property taxes alone!!!

DEVELOPMENT PROGRESS

Holloway Head, Birmingham

This site received full planning permission in November 2015 for 487 residential units and approximately 5,000 sq ft of commercial space. The planning permission includes a separate building owned by the Girl Guides with whom discussions are in place to rehouse them in a new building more suited to their current requirements than the 50 year old building that was opened in 1966 by Princess Margaret, which they currently occupy. However, the scheme provides for development of our site alone if necessary. Our advisers are currently negotiating extensions to our two existing 100 year leaseholds at nominal ground rents on 40% of the site, the freehold of which is owned by Birmingham City Council. When this is agreed, the development site will be put up for sale or considered for a joint development with a more substantial and experienced major residential developer.

Whilst I believe the London flat market may be stalling due to the often high asking prices in London, which restricts their marketability, Birmingham has no such current problem due to it being far more affordable and thus also suitable for the buy to let market, despite the added taxation recently placed upon it.

With many large companies moving to Birmingham and creating new office requirements, plus potential residential occupation requirements in the UK's second largest city, we consider strong demand should continue for much longer than central London.

Bruce Grove, Wickford

There has been a delay in dealing with this site with permission for 49 houses, as one of the other parties to a sale needs to find alternative premises for the continuation of its business. However, it is likely the site value for this potential residential development will have risen, giving more leeway to assist with the move.

Old Inn House, Sutton

The entire upper part of this property consisting of 18,000 sq ft of offices, which had been mainly vacant for many years, was sold with the benefit of Permitted Development Rights for conversion to 28 flats. We retained the valuable long leasehold of the ground floor (999 years) at a peppercorn rent with fully occupied retail sub tenants producing £129,000 p.a. The price realised was £3,900,000 but was subject to certain conditions, and only completed early in 2016. The profits are not included in the accounts for the year ended 31 December 2015.

High Street, Orpington

Despite receiving Permitted Development Rights to convert this entire upper part of circa 15,000 sq ft to 21 residential units it became apparent that it was more profitable to re-let as offices, which are now nearly fully let. The five ground floor shops are currently under negotiation for letting as a single unit to a multiple retailer with an excellent covenant.

Victoria Street, Wolverhampton

This cleared site with permission for 8,000 sq ft of retail space and 44 student units is still being marketed with some interest. It may alternatively produce a reasonable return on book value if used for car parking, pending a suitable occupational tenant.

High Street, Bromley
We have been dealing with the Local Authority in respect of our planning application for redevelopment of part of our property holdings in the northern High Street. To me, it should seem a comparatively simple planning matter, where we retain the façade and rebuild the poorly utilised temporary buildings that occupy the large rear part of the site. The scheme would produce a larger modern shop unit and 24 much needed residential apartments. So far, it has taken about two years, with constant additional costly information requirements.

Peckham Rye
Similarly, a parade of poor quality single storey shops, way past their useful life, has taken nearly two years to agree a potential redevelopment with the planners for a new 6,000 sq ft retail unit and an attractive residential upper part of about 15 flats. Again, desperately needed in the locality. In due course, when permission is granted, this should produce profits over and above its current book value.

For many years, we have always tried to cooperate with the various planning departments we deal with, in an attempt to agree, firstly, an acceptable scheme within the planners current brief and taste and secondly, viability to produce a profit for us i.e. make it worthwhile attempting! It is probably worth noting our sites are nearly always on what is currently called "brownfield" land i.e. ideal for redevelopment.

I am coming to the conclusion that it may be better to submit a scheme without consultation and immediately after the statutory two months period has passed, submit a planning appeal, thus going to a higher authority. At present, the Local Authority usually requests extra time to consider applications and one feels compelled to provide it. This usually stretches to two years or more, for even the most uncontroversial developments. Also, whilst the Local Authority prevaricate they are very forceful in making you pay the business rates for the vacant premises, held vacant sometimes anticipating planning permission but more often beyond its useful life. This is a scandal that any other sensible government would be able to deal with.

APPROXIMATE RÉSUMÉ OF OUR PORTFOLIO

The Panther Group owns 133 separate locational blocks of property, from a single shop unit to a parade of up to (in one case, 44 adjoining units) or alternatively, an industrial estate of a number of separate units. We currently have about 840 separate tenants.

The Panther Group portfolio comprises:	
Retail space	1,600,000 sq ft
Industrial space	1,100,000 sq ft
Office space	380,000 sq ft
Residential space (about 90 flats)	60,000 sq ft
Total	**3,140,000** sq ft

Producing approximately per annum:	
Retail	£8,500,000

Industrial	£3,600,000
Office	£700,000
Residential space	£450,000
Total	**£13,250,000** per annum

We also own 52.5 acres of freehold practically virgin land with varying levels of potential for development. Additionally, we have over £1,250,000 per annum of potential income if all of our vacant space was let.

The approximate total current rateable value of our portfolio is about £14,900,000.

TENANT ACTIVITIES DURING THE YEAR END 31.12.2015

During this year we gained 79 new tenants producing £1,018,000 pa (27 residential and 52 commercial). We lost 45 tenants producing £678,000 pa (16 residential and 29 commercial). Thus the net effect produces an extra £340,000 per annum on an ongoing basis.

POLITICAL DONATIONS

Once again, I have requested a resolution be submitted at the forthcoming AGM to give £25,000 for financial support to the UK Independence Party. Whether you agree with all of their views or do not, it is obvious they have forced the establishment to give the entire country the right to choose whether to stay in or out of the European community. The two major parties are much of a muchness, when it comes to most things that effect and concern everybody's normal lives and to have a third party snapping at their heels, with more populist views, makes all politicians and bureaucrats more responsive to the people's actual wishes. I have suggested that we would be better off out of the European political experiment, which I will expand upon in my ramblings.

EVENTS AFTER THE REPORTING DATE

Old Inn House, Sutton

I have mentioned earlier the sale of the office element of Old Inn House, the negotiations and contracts for which straddled the year end with its final completion in 2016. I would reiterate it was an excellent sale at £3,900,000 for the loss of little net income.

Lord Street Properties (Southport) Limited

The cash raised from the sale of Old Inn House facilitated the acquisition of Lord Street Properties (Southport) Limited announced on 8 March 2016, but substantially repeated here for those of you who do not see all regulatory announcements:-

"Panther announces that it has acquired Lord Street Properties (Southport) Limited, a company established as owners of Broadbents Department Store in 1896 which was in the same family until the trading operations were transferred to the Beale group in 1990 with Lord Street Properties retaining the freehold interest. This company subsequently acquired the Wayfarers Arcade freehold, which is the prime arcade in Lord Street, Southport and reputed to be one of the finest Victorian arcades in the country.

With the adjoining properties in Lord Street, which are currently occupied by a Beale department store and owned by Panther, the freehold properties contain approximately 75,000 sq ft of retail and ancillary space on a site of about 2 acres most of the property being listed. To the rear of the site there are two car parks, for the use of customers of the store and arcade and a separate warehouse rented by Beale.

The properties produce a gross income approaching £650,000 of which approximately one third is derived from the Beale department store. The Arcade contains forty eight units of which eight are vacant with a potential extra value of £85,000 per annum.

Panther has a close relationship with Beale and knows that this is a profitable store. The price paid for Lord Street Properties (Southport) Limited, which has no debts, will be approximately £4,500,000 including costs and was paid out of Panther's free cash generated from previously announced property disposals."

Queens Road, Southend
This vacant freehold triple shop and upper parts was sold for £1,050,000 on 18 March 2016. Whilst this is reasonably well over the book value but only slightly over original cost, it was considered a useful sale of a non-income producing asset.

DIVIDENDS

The Directors recommend and anticipate paying a final dividend for the year ended 31 December 2015 of 3p per share to be paid on 5 September 2016 to shareholders on the register at the close of business on 19 August 2016 (Ex-dividend on 18 August 2016) which is subject to shareholders approval. This is on top of the interim dividend of 9p per share paid on 27 November 2015 and the special dividend of 10p per share paid on 31 March 2016, both in relation to the year ended 31 December 2015, making a total of 22p per share for the year.

FINANCE RENEWAL

On 19 April 2016 we completed the renewal of our £75,000,000 joint facility with HSBC and Santander for a further 5 year term. This loan also gives us the option of drawing a further £10,000,000 with bank approval. In total we potentially have an additional £15,500,000 extra purchasing ability. The loan is better in most aspects than its predecessor including keener margins, lower arrangement and non-utilisation fees.

Those of you who are relatively long term shareholders will be aware that we got quite a shock in 2011, when on renewal, we went from a 26 page loan document to a 160 page one, with numerous extra requirements and covenants. Given that it is the same parties and banks with whom we have had a very good working relationship for 30 years and 5 years respectively, the same size loan and pretty much the same properties, I anticipated this would have been a straight forward simple exercise.

Oh how naïve I am - it was even more long and drawn out than last time. Following us reaching an amicable agreement of the major terms in August 2015 with our relationship team, we had a process that involved circa 2,000 emails, 248 days, 200 signatures, 18 lawyers in 8 law firms, 7 bankers, 6 conference calls, 5 meetings, 2 credit committee meetings and 1 large table full of ancillary documents, we now have our brand spanking new 222 page loan document that probably only two people understand.

Luckily I no longer personally deal with the detail, but we all owe a special amount of gratitude to Simon Peters and John Doyle who (with their departments) shouldered most of the awesome burden of providing (for a second time) all the information required and checking that the facility provided our correct workable requirements.

I seem to recall the days when your bank provided you with a standard printed document with blank spaces for you to provide the vital details i.e. address, title number, borrower and terms and after your own solicitor prepared a report on title for the bank it was signed by both parties within three or four weeks. But perhaps I dreamt that.

PROSPECTS

Last year I felt there was optimism in the market, which became justified by our increasing successful activities, both with improving lettings and profitable sales of properties, together with continued progress this year, sufficient to pay a special dividend of 10p per share. Whilst London may slow down its activity level, everywhere else seems to be catching up, even if not to such astronomic price levels. Should the rating revaluation commence in April 2017, at the correctly adjusted values (based on market values as at April 2015), there will be an added impetus for commercial activity everywhere outside the M25.

In last year’s Annual Report, I suggested the property market was showing signs of improvement outside London and we were beginning to reap the benefit of this. In the circumstances, we decided to cash in some of our chips to realise cash funds to take advantage of any future special opportunities that may come our way and this is still the case.

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, which has been even more demanding than usual and of course, our tenants, most of whom pay their rents and excessive and high unfair business rates.

Andrew S Perloff
CHAIRMAN

27 April 2016

CHAIRMAN’S RAMBLINGS

Six months ago my brother received a letter from Barking Council threatening him with an ASBO (which stands for Anti-Social Behaviour Order) if he did not stop his anti-social behaviour.

I was astonished, firstly, because not only is he an extremely law abiding and sociable person but he has lived abroad for many years. This was obviously something which needed further investigation.

Astonishingly and surprisingly a few months later Bristol Council wrote to me jointly with my wife, also threatening us with an ASBO which of course could mean a substantial fine or even a prison sentence.

This was worrying, as maybe the local Authorities had been informed that we Perloff's were a crime family whose activities should be closely monitored. I delved into my memory bank to see what on earth could have given them this idea. The only possibility was that sometime in the 1930's, my father and his two brothers owned a small row of houses in Valence Road, London E1, which were subject to a CPO for a nominal sum by the government of the day, on the grounds they were slum properties. More importantly, some of you will be aware that those notorious gangsters the Krays lived there some years later. As is often the case, perhaps the local authorities had got us confused.

The reason for my brother's ASBO, is that he owned a parade of shops and upper parts, all let on ground rents, where the tenants have the substantial interest and were responsible for everything, and were able to sublet as they wish but also owning a rear service road and a number of lock up garages. It became apparent that the upper parts were increasingly being sublet as flats on short term lettings and each time they were newly occupied, the tenants or their landlords would dump their old rubbish in the service road. We explained to the council and succeeded in obtaining separate dustbins for all residential units.

However, the service road was open at night giving illegal dumpers the opportunity to dump rubbish in front of the garages or on the service road. We erected strong metal gates at some cost at either end of the service roads and shortly thereafter scrap thieves stole one pair of the gates. The new ones were more secure, with huge padlocks, which were subsequently broken with bolt cutters and the dumping continued, although the residential units became less of a problem.

With regard to Bristol Council threatening my wife and myself to an ASBO, it was a similar situation but less problem case. A single freehold shop amongst four or five others, where we owned the freehold, let on a ground lease with the tenant responsible for everything, as they have the major interest. The property title also included the freehold of the service yard. This was very obviously used by all the shop traders and no doubt, the rubbish would have been dealt with by them if asked. However, the council's first reaction is to issue landlords/owners with drastic threatening legislation that was not intended for these situations.

What the council are actually doing is trying to punish the victims of a crime, i.e. dumping, when they have failed to either protect or catch the criminals involved, even when evidence is available.

The original idea of ASBOs was to prevent feral gangs of youngsters making life unbearable for their neighbours on big estates. The Local Authorities have once again misused their powers, as they see it as an easy way out and seem to have an anti-Landlord tendency.

Commercial business rates of about £25 billion per year are paid by owners or occupiers. One may ask what they receive in return.
Protection from theft including shoplifting? - NO
Protection from vandalism and graffiti? – NO
Protection from rubbish dumpers? – NO
Protection from petty theft of building materials like lead or copper wire from existing buildings (which although low value is expensive to remedy)? - NO
Provision for sufficient suitable car parking for shoppers? - NO

I suppose one could call an ASBO – **Absolutely, Senseless, Bureaucratic, Officialdom.**

Being called anti-social reminds me of another story from my past. Some forty five years ago, when I first got married (with hindsight a little too hastily), my new wife and I moved from south London to north London and within a year or two had a new group of friends, who lived in the area.

Our social group revolved around maybe six to eight other like-minded, young married couples.

We and our new friends soon fell into a routine of visiting different restaurants nearly every weekend. Sometimes the restaurants were modest affairs, occasionally the latest "in place". I enjoyed and indeed still enjoy my food and therefore it rarely mattered to me where we went. At the end of the meal the bill was split equally between the couples, whatever anyone had ordered.

At that time, the property market was booming and I was doing well. However, a few years later, just after the property crash of the mid-seventies, times were much harder and whilst I cut back where I could, our social life continued only slightly abated.

Due to my reduced circumstances, I gradually began to notice that some of our friends were much more lavish in their choices, than we were. They would order a number of pre-prandial cocktails, often the more expensive choices on the menu together with the finest wines with cigars and liqueurs to finish. I couldn't help but notice that they often seemed to run out of cigarettes and order a pack to be put on the bill.

If I had not at that time been having personal cash flow problems of my own, I may not have taken any particular notice of the fact that these lavish diners were most certainly not so lavish, when they footed the bill themselves. The fact that my then wife and I hardly drank and did not smoke, caused me to have a serious quandary as I liked this group of friends but they did not seem to realise that their actions were unreasonable. The final straw came when one of our friends, who had a high-flying job with a big corporation, asked if he could pay on "his" card and we give him our share in cash, which was how we usually paid but he had done this before. I looked at his card and said "it's your company card, so are they paying for us". He made an excuse saying he had forgotten to take cash out that day and that his personal expenses were sorted out by the company every month.

I know readers are wondering where this is leading me to. Well, I suspect there are many people like this, who are very happy to share big expenses they incur but cannot really afford out of their own income. Nevertheless, it is only human nature to take advantage of financial situations that come your way.

This quite easily leads me on to why I believe we should support the UK Independence Party and its wish to exit the European Union. After all, if you break it down to its simplest component, it is only like my dining club but with 28 members all jostling to take advantage of some other country picking up the bill for its own choice of largesse.

I believe Britain is the second largest payer into the pot after Germany. We chip in about £10 billion and probably pay out an extra £20 billion in costs, not entirely necessary for our country. We buy far more of their products than they buy from us. I suspect the figures are worse than our Europhile bureaucrats inform us, as a proportion of British exports go to the big European ports for re-export to outside of the European Union, but are almost certainly included in our exports reported as to the European Union.

With bureaucrats, so much is smoke and mirrors to deceive the majority of the population because it suits bureaucrats to be part of government that is not answerable to its electors. The European budget expenditure has not been signed off as true and accurate for nearly twenty years. If any public company had such a damning audit so often, they would be de-listed and quickly be out of business thereafter.

You do not have to be clever to see the problems arising from the policies we are tied to. If we cannot control our borders, our very small country and England, in particular, will find itself with another 2.5 to 3.5 million people taking up residence here. We cannot house this extra population. We could probably almost house our existing population if more sensible planning rules were applied, but new homes would never arrive as fast as financial migrants.

Our schools are under pressure from extra children arriving. On numbers alone, it is a problem ignoring the fact that many need extra attention, as English is not their first language.

Our health service is under enormous pressure due to constantly increasing demands

Our roads are overcrowded and an unduly growing population can only make it worse. Our public transport system, on the few times I use it, seems to work well but is heavily crowded (I am astonished how it does not make huge profits). It is not easy and very expensive to increase capacity.

With a generous and easily manipulated social security system, where you are offered a home, an income, which is now guaranteed to rise, health cover, education for your children and if you have a low paying job, your income is generously topped up – it is easy to see why this country attracts so many. This is all being provided by a country that spends £70 billion a year more than it receives in taxes The tax rates are already high and together with the ever widening extent of them are driving some of the most successful people out of the country to less confiscatory regimes, leaving a bigger burden on those remaining.

There is much talk of job losses, should we leave the EU. There is only one worry people should have and that is if we stay in. Our free healthcare, free education system (until University, which then is a free choice), our state financial protection benefits etc., will break down under the weight of the extra 2 to 3 million possibly 4 million people arriving over the next five years. The cracks in the system are already visible and can only become more evident over the coming years.

At present, the country is maintaining its system by way of a mountain of debt, with deliberately and artificially constrained low interest rates. When these rates rise, as they must in due course, this country's largesse will be even more difficult to maintain. Why make it worse by staying in a Club that allows every one of its 500 million members to take advantage of one of the most generous and more successful member countries.

My Chairman's report mentions the CVA for Beale and I have already told you it was approved. Basically, all creditors were entitled to a vote per pound of debt. It is simple for suppliers etc., whose debt was easily established. However, for landlords where they have different term contracts and rents and additional liabilities there are approved formulae to value their interest and potential loss, if the lease is compromised with a lower rent or extinguished before its contractual term.

In this particular CVA, only landlords have been compromised and even then only those properties where the trading continues to make losses in their units. It is normally expected that some landlords, who will be losing out in the arrangement, will vote against the CVA, but as the profitable stores would have no change, these landlords would vote in favour.

This successful CVA allowed all suppliers to be paid in full and have a continued relationship with the group and thus virtually all votes were in favour. To the extent that 92% voted in favour of the CVA arrangements and as only 75% were needed, it was approved. This meant the favourable change in Beale lease terms became legally enforceable.

If it had failed to be approved, most creditors would have received pennies in the pound on their debts after a likely liquidation, 2,400 people's jobs would be lost and 700 pensioners would have their pensions adversely affected. In addition landlords would have had vacant properties to deal with at short notice. All of this is, of course, most undesirable, so sometimes a vote may not just have been about money which is why most compromised landlords voted in favour. One surprise was one institutional landlord, who was not being compromised and voted against the CVA. Their lease was on very favourable terms to Beale, having been granted fifty years ago at a fixed rent and the institution would dearly wish to buy it back on liquidators' terms, to hell with the personal tragedy of all the employees. When I first started in the property business it was almost unthinkable that an institution would act that way. I am saddened in the way their business style has changed.

Lastly, but not least, was one of the largest creditors owed almost £1,000,000, who under the arrangements would be paid in full but merely about one month late on a successful CVA and have now been paid. They voted against the CVA and when questioned replied "it was a policy decision" - one has to laugh were it not so serious a situation. This was because it was HMRC, who would not only lose most of the £1,000,000 but also have to pay out benefits to 2,500 people about £5,000,000, if only for six months and lose another £2,000,000 in business rates whilst a liquidation is sorted out, not to mention all future VAT, PAYE, business rates and hopefully one day corporation tax.

Is it any wonder that our industrious hard working country is in such a poor financial state, when our leading tax collectors make a "policy decision" so ludicrously against their own interest.

As a good Jewish boy with his dying words to his tormentors once said "OH GOD FORGIVE THEM, THEY KNOW NOT WHAT THEY DO".

Yours,

Andrew S Perloff
CHAIRMAN

27 April 2016

GROUP STRATEGIC REPORT

About the Group

Panther Securities PLC is a property investment company listed on the AIM market. 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 800 individual property units within approximately 140 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, 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

	2015	**2014**	**2013**	**2012**
Gross Profit Margin (Gross profit/ turnover)	73%	66%	77%	69%
Gearing (debt*/(debt* + equity))	48%	50%	51%	53%
Interest Cover**	1.65 times	1.22 times	1.38 times	1.25 times
Finance cost rate (finance costs/ average borrowings for the year)	6.6%	6.6%	6.7%	6.9%
Yield (rents investment properties/ average market value investment properties)	7.2%	7.5%	7.9%	7.4%
Net assets value per share	428p	409p	395p	367p
Earnings per share – continuing	38.7p	26.1p	42.0p	(17.2)p
Dividend per share	22p***	12.0p	12.0p	12.0p
Investment property acquisitions	£2.2m	£3.2m	£5.3m	£11.4m
Investment property disposal proceeds	£4.0m	£1.2m	£2.2m	£0.6m

* 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

*** Includes 10p per share special dividend

Business Review

The Group turnover was down slightly due entirely to MRG Systems Ltd ("MRG") which saw a decline. The rental business, the Group's core activity, showed a 2.6% increase in rents and overall the Group's gross profitability, which includes all segments, has improved on 2014. We have seen a reduction in cost of sales which aided this increased profitability in

2015, when compared to the prior year. This was almost entirely due to the large repair works undertaken on Wimbledon Studios in 2014, whereas in 2015 there were not any repair works of this magnitude. Half the overall reduction in costs of sales related to MRG and their decline in trading.

The Group continued to benefit from improvement in the property market with the portfolio showing a further £3.9 million uplift (2014 - £13.1 million uplift) following another independent valuation by GL Hearn. The Board is still only investing in special situations (as with the prior year) and its main push continues to be on disposals to realise profits in this positive market. We announced on 19 January 2016 that disposals have taken place during 2015 and others are expected in the first half of 2016, the announcement referred to £10.6 million of proceeds being generated (which included £0.2 million on shares). As a further update we now expect this figure will be approximately £9.8 million as the option on Swindon Market was not taken up. £4.2 million was received in 2015 and a further £5.0 million has been received in 2016 to date.

When comparing our disposals and recent acquisitions in terms of turnover; the properties (and shares) disposed of for £9.8 million, were generating £226,000 of income per annum (£158,000 net due to vacant service charges in Sutton upper parts) across these assets. We completed a corporate acquisition, in March 2016, of Lord Street Properties (Southport) Ltd as detailed in our announcement of 8 March 2016. The Southport purchased for circa £4.5 million will generate income of £650,000 per annum (before vacant costs). This switch should leave us a long way in front especially when you note we only invested half the disposal proceeds.

The letting of Wimbledon Studios, which took place last year, still has a significant impact on these financial statements and the Group. In particular the prior year's cash flow is very strong due to the pre-payment of £2,625,000, being two and a half years' rent in advance. In the current year Income Statement we reflect a full year's rental income for this property but no cash as it was received last year.

There are some uncertainties going forward which may affect property prices, but many of our properties are based outside London, and the values outside are still catching up. As such, we still anticipate the market being stable or growing for our properties and that we have time to create or realise value, especially on our sites that are suitable for residential redevelopment.

Financing

The Group entered into a £75 million club loan facility (£60 million term and £15 million revolving), with HSBC and Santander, in July 2011, of which we have paid back £2 million of the term element. These facilities were renewed and the loan was amended and restated on 19 April 2016 for a further 5 year term, providing the Group with an extra £2 million (term loan). We also renewed the revolving facility part of the loan which has £3.5 million undrawn. This restated loan has the additional option of increasing it by a further £10 million (subject to the banks approval), so in total the refinancing gives the Group £15.5 million potential further funds to invest.

At the statement of financial position date the Group had £4.4 million of cash funds.

The Group did not offer the scrip dividend option for the 2015 interim of 9p per share dividend, or the 10p special dividend paid on the 31 March 2016.

Financial derivative

We have seen a sizeable fair value gain in our long term liability on derivative financial instruments of £1.6 million (2014: £9.8 million fair value loss). Following this gain the total derivative financial liability on our Consolidated Statement of Financial Position is £22.9 million (2014: £24.5 million).

These financial instruments (shown in note 5) are our 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 in uncertain economic times that 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 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, but for accounting purposes these financial instruments are compared to current market rates, with the additional liability compared to the market shown on our Statement of Financial Position.

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.

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 Company and Group also have price exposure on listed equities that are held as investments. The Group has a policy of holding only a small proportion of its assets as listed investments. 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 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.

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.

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.

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

Risk	**Impact**	**Action taken to mitigate**
Reputation	Raise capital/ deal flow reduced	Act honourably, invest well, be prudent.
Regulatory changes	Transactional and holding costs increase	Seek high returns to cover additional costs. Lobby Government -“Ramblings”.
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	Draw on wealth of experience to ensure balance between income producing and development opportunities. Continued spread of tenancies and geographical location. Manage the economic cycles.

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

S. J. Peters
Company Secretary

Deneway House
88-94 Darkes Lane

Potters Bar
Hertfordshire EN6 1AQ

Dated: 27 April 2016

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2015

	Notes	31 December 2015 £'000	31 December 2014 £'000 *Restated*
Revenue		14,443	14,832
Cost of sales		(3,824)	(5,044)
Gross profit		10,619	9,788
Other income		294	283
Administrative expenses		(3,540)	(3,698)
		7,373	6,373
Profit/ (loss) on disposal of investment properties		1,074	(57)
Movement in fair value of investment properties	4	3,859	13,110
		12,306	19,426
Finance costs		(5,186)	(5,268)
Investment income		31	21
Loss (realised) on the disposal of available for sale investments (shares)		(244)	-
Loss on disposal of plant and equipment		-	(22)
Reversal of impairment of available for sale investments (shares)		-	33
Fair value gain/ (loss) on derivative financial liabilities	5	1,563	(9,813)
Profit before income tax		8,470	4,377
Income tax (expense)/ credit		(1,657)	315
Profit for the year		6,813	4,692
Attributable to:			
Equity holders of the parent		6,815	4,650
Non-controlling interest		(2)	42
Profit for the year		6,813	4,692
Earnings per share			
Basic and diluted – continuing operations		38.7p	26.8p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	31 December 2015 £'000	31 December 2014 £'000 *Restated*
Profit for the year	6,813	4,692
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Movement in fair value of available for sale investments (shares) taken to equity	45	-
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	(8)	-
Other comprehensive income for the year, net of tax	37	-
Total comprehensive income for the year	6,850	4,692
Attributable to:		
Equity holders of the parent	6,852	4,650
Non-controlling interest	(2)	42
	6,850	4,692

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	31 December 2015 £'000	31 December 2014 £'000
ASSETS			
Non-current assets			
Plant and equipment		145	185
Investment property	4	176,133	173,412
Deferred tax asset		-	1,215
Available for sale investments (shares)		736	1,179
		177,014	175,991
Current assets			
Inventories		60	-
Stock properties		991	991
Assets held for sale		-	535
Trade and other receivables		4,553	4,433
Cash and cash equivalents		4,387	5,335
		9,991	11,294
Total assets		187,005	187,285

EQUITY AND LIABILITIES

Capital and reserves			
Share capital		4,437	4,372
Share premium account		5,491	4,692
Capital redemption reserve		604	604
Retained earnings		65,485	61,804
Attributable to equity holders of the parent		76,017	71,472
Non-controlling interest		80	82
Total equity		76,097	71,554
Non-current liabilities			
Long-term borrowings		591	71,058
Derivative financial liability	5	22,912	24,475
Deferred tax liabilities		100	-
Obligations under finance leases		6,640	7,038
		30,243	102,571
Current liabilities			
Trade and other payables		10,663	11,681
Short-term borrowings		69,637	1,140
Liabilities held for sale		-	228
Current tax payable		365	111
		80,665	13,160
Total liabilities		110,908	115,731
Total equity and liabilities		187,005	187,285

The accounts were approved by the Board of Directors and authorised for issue on 27 April 2016. They were signed on its behalf by:
A.S. Perloff
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	Share capital £'000	**Share premium £'000**	**Capital redemption £'000**	**Retained earnings £'000**	**Total £'000**
Balance at 1 January 2014	4,297	3,750	604	59,225	67,876
Total comprehensive income	-	-	-	4,650	4,650
Dividends	75	942	-	(2,071)	(1,054)
Balance at 1 January 2015	4,372	4,692	604	61,804	71,472
Total comprehensive income	-	-	-	6,852	6,852
Dividends	65	799	-	(3,171)	(2,307)

Balance at 31 December 2015	4,437	5,491	604	65,485	76,017

Within retained earnings are unrealised losses of £97,000 and deferred tax credit of £17,000 (2014 – unrealised losses of £2,574,000 and a deferred tax credit of £512,000) relating to fair value of available for sale investments (shares).

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

	31 December 2015 £'000	31 December 2014 £'000 *Restated*
Cash flows from operating activities		
Profit from operating activities	7,373	6,373
Add: Depreciation charges for the year	135	116
Add: Loss on impairment of stock properties	-	259
Rent paid treated as interest	(520)	(544)
Profit before working capital change	6,988	6,204
Increase in inventory	5	79
Increase in receivables	292	439
(Decrease)/ increase in payables	(1,139)	2,517
Cash generated from operations	6,146	9,239
Interest paid	(4,572)	(4,457)
Income tax paid	(95)	(188)
Net cash generated from operating activities	1,479	4,594
Cash flows from investing activities		
Purchase of plant and equipment	(38)	(89)
Purchase of investment properties	(2,224)	(3,171)
Purchase of available for sale investments (shares)	-	(63)
Proceeds from sale of investment property	4,019	1,193
Proceeds from sale of available for sale investments (shares)	244	-
Proceeds from sale of fixed assets	-	29
Dividend income received	23	11
Interest income received	8	10
Net cash generated from/ (used in) investing activities	2,032	(2,080)
Cash flows from financing activities		
Repayments of loans	(3,152)	(1,180)
Draw down of loan	1,000	1,197
Dividends paid	(2,307)	(1,054)
Net cash used in financing activities	(4,459)	(1,037)
Net (decrease)/ increase in cash and cash equivalents	(948)	1,477

Cash and cash equivalents at the beginning of year	5,335	3,858
Cash and cash equivalents at the end of year*	4,387	5,335

***** Of this balance £1,110,000 (2014: £247,000) is restricted by the Group's lenders i.e. it can only be used for purchase of investment property

NOTES:

1. General information

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Group has also published full financial statements that comply with IFRSs available on its website and to be circulated shortly.

The financial information set out in the announcement does not constitute the company's statutory accounts for the years ended 31 December 2015 or 2014. The financial information for the year ended 31 December 2014 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 auditors reported on those accounts, their report was unqualified 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 2015 is derived from the audited statutory accounts for the year ended 31 December 2015 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 and did not include references to any matters to which the auditors drew attention by way of emphasis. 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 is strongly capitalised, has considerable liquidity together with a number of long term contracts with its customers many of which are household names. The Group also has strong diversity in terms of customer spread, investment location and property sector.

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 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:

	2015 £'000	2014 £'000
Final dividend for the year ended 31 December 2014 of 9p per share (2013: 9p per share)	1,574	1,546
Interim dividend for the year ended 31 December 2015 of 9p per share (2014: 3p per share)	1,597	525
	3,171	2,071

The Directors recommend a payment of a final dividend, for the year ended 31 December 2015 of 3p per share (2014 – 9p), following the interim dividend paid on 27 November 2015 of 9p per share. The final dividend of 3p per share will be payable on 5 September 2016 to shareholders on the register at the close of business on 19 August 2016 (Ex dividend on 18 August 2016).

Further to the above ordinary dividends a special dividend of 10p per share was paid on 31 March 2016. The special dividend was in relation to the year ended 31 December 2015.

The full ordinary dividend for the year ended 31 December 2015 is anticipated to be 12p per share, plus 10p per share special dividend, being a total of 22p per share.

3. Earnings per ordinary share (basic and diluted)

The calculation of profit per ordinary share is based on profit, after excluding non-controlling interests, being a profit of £6,815,000 (2014 – £4,650,000) and on 17,617,112 ordinary shares being the weighted average number of ordinary shares in issue during the year (2014 – 17,336,791). There are no potential ordinary shares in existence.

4. Investment property

	Investment Properties £'000
Fair value	
At 1 January 2014	158,184
Additions	3,171
Disposals	(1,250)
Transferred from stock properties	200
Fair value adjustment on property held on operating leases	(3)
Revaluation increase	13,110
At 1 January 2015	173,412
Additions	2,224
Disposals	(2,945)
Fair value adjustment on property held on operating leases	(417)
Revaluation increase	3,859
At 31 December 2015	176,133

Carrying amount

At 31 December 2015	176,133
At 31 December 2014	173,412

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 interest rate risks arising from the Group's operations and its sources of finance.

	2015		**2014**	
Bank loans	**£'000**		**£'000**	
Interest is charged as to:		**Rate**		**Rate**
Fixed/ Hedged				
HSBC Bank plc*	35,000	7.06%	35,000	7.06%
HSBC Bank plc**	25,000	6.63%	25,000	6.63%
Unamortised loan arrangement fees	-		(182)	
Floating element				
HSBC Bank plc	9,497		11,497	
Natwest Bank plc	731		883	
	70,228		72,198	

Bank loans totalling £60,000,000 (2014 - £60,000,000) are fixed using interest rate swaps removing the Group 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	**Average rate**	**Duration of contract remaining**	**2015 Fair value**	**2014 Fair value**
	£'000		**'years'**	**£'000**	**£'000**
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	22.69	(18,541)	(19,282)
Interest rate swap	25,000	4.63%	5.92	(4,371)	(5,193)
				(22,912)	(24,475)
Net fair value gain/ (loss) on derivative financial assets				1,563	(9,813)

* Fixed rate came into effect on 1 September 2008. Rate includes 2% 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 2% margin.

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

6. Events after the reporting date

In January 2016 the Group completed the sale on a conditional contract for the upper parts of Old Inn House, Sutton for £3,900,000 (before costs).

In March 2016 the group disposed of a property in Southend for £1,050,000 (before costs).

In March 2016 the Group purchased Lord Street Properties (Southport) Ltd for £4,500,000 (including costs).

In March 2016, JE Beale PLC (a subsidiary of Beale Ltd) ("Beale"), entered and had approved a landlords only Creditors Voluntary Arrangement ("CVA"), which affected two of Panther's property investments. Beale have the right to exit these stores in 10 months, and will pay a third of the rent in the meantime, the pre-CVA combined rent being £350,000. This process however does put Beale into a stronger financial position, which make rental streams on other investment properties owned by Panther, where Beale is a tenant, more secure.

On 19 April 2016 the Group renewed its £75,000,000 loan facility by entering into a new 5 year term loan with HSBC and Santander. The Group has the option to draw down an additional £10,000,000 under the same agreement subject to the banks credit approval process.

Copies of the full set of Report and Accounts will be posted to shareholders shortly, will be available from the Company's registered office at Deneway House, 88-94 Darkes Lane, Potters Bar, Hertfordshire, EN6 1AQ and are available for download on the Group's website **www.pantherplc.com.**

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