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

Final results for the year ended 31 December 2016

CHAIRMAN'S STATEMENT

I am once again pleased to report our results this time for the year ended 31 December 2016. There was a loss after tax of £953,000, compared to a profit after tax of £6,813,000 for the previous year ended 31 December 2015.

Once again, our trading figures are distorted by non-cash items. In particular, the increase of an extra £5,338,000 to our interest rate swap liability, which was slightly negated by the increase in market value of £318,000 in our total investment portfolio as valued at the year-end by our Directors.

I have stated many times that these two items should not really be included in the Income Statement but as notes to the accounts. The reason being that the interest rate swaps liability can be so volatile that it could change considerably over a very short period but it rarely affects a company's ongoing trading abilities. The property revaluations are likewise one-offs depending on timing, subject to a particular valuer's subjectivity and also not really affecting ongoing trade.

Our turnover for the year amounted to £14,684,000, compared to £14,443,000 for the previous year. However, more importantly is our receivable rental income, which has risen to £12,983,000 in the year ended 31 December 2016, compared to £12,840,000 for the previous year.

Whilst this is a comparatively small difference, it is the balancing figure from many changes which include rent loss from the sale of the office section of Old Inn House, loss of rent from Beales after its CVA, which closed one of the stores that we own, counter balanced by nine months' income from our purchase of Lord Street Properties (Southport) Ltd.

DISPOSALS

Old Inn House, Sutton
In January 2016, we sold the upper part of Old Inn House for £3,900,000, which comprised 18,000 sq ft of offices. We sold the entire freehold building but retained the ground floor and part basement on a 999 year lease at a peppercorn. This part of the property produces £129,000 pa and with further growth potential because of its situation in a prime position in Sutton High Street. A substantial part of the increase in value was reflected in the previous year's revaluation but it still produced a profit of £365,000 over the revalued figure for inclusion in the 2016 figures.

Queens Road, Southend
In March 2016, we sold a freehold quadruple shop with upper parts in Queens Road, Southend for £1,050,000, which we considered was a good price for a vacant and non-income producing property.

Sparkbrook, Birmingham
In April 2016, we sold a non-income producing cleared site in Sparkbrook for £500,000, which was equal to its December 2015 revalued figure, although much higher than its effective original cost some years ago.

Coatbridge, Scotland
This freehold property, which came with our purchase of Eurocity Properties (Central) Ltd many years ago, is on the opposite side of the road and thus unconnected to our main much larger holding in Coatbridge. Although this property was vacant, it was under offer for letting but unfortunately was seriously damaged by fire in August 2015. This resulted in us receiving insurance claim proceeds of £476,000 in February 2016 which approximated to its book value.

Of course, we still own the site's freehold which has a small value that we hope to be able to realise in due course.

ACQUISITIONS

Lord Street Properties (Southport) Ltd

We acquired this family company in March 2016. Lord Street Properties (Southport) Ltd was established over 100 years ago to own and operate Broadbents Department Store. Subsequently, it acquired Wayfarers Arcade, the finest Victorian arcade in Southport and possibly in northern England.

The total freehold site is about two acres comprising 75,000 sq ft of retail space with two car parks at the rear of the site. The major part is now occupied by Beales (about 40,000 sq ft) who acquired the trading business some years ago and it is currently one of their profitable stores. The Arcade contains 48 units of which 11 are vacant.

The property rental receivable is approximately £580,000 pa with further potential.
The cost of this company, which had no debt, was £4,554,000 including acquisition costs. This was purchased out of our existing cash resources but was subsequently charged under our loan facilities.

273-275 Lord Street, Southport

We subsequently purchased the freehold of 273-275 Lord Street for £337,000, which contains 6,400 sq ft over its four floors and is only a few doors away from the Beales store and adjoining at the rear to the car park giving extra benefits to both properties. It is currently vacant and available for letting with no rates payable whilst vacant as the building is listed.

Hall Road, Maldon

This is a small vacant freehold factory of 5,300 sq ft plus parking for about 20 cars, close to our much larger Heybridge estate and backing onto the canal. This has potential for both letting and residential development. This was purchased for £200,000 in August 2016 and is being offered for rent at £24,600 pa.

DEVELOPMENT PROGRESS

Holloway Head, Birmingham

Having received full and detailed planning permission in November 2015 for this site to include the Girl Guides building, we are still awaiting a proposal for lease extension on two sections of the site where the freeholder is Birmingham City Council. We hold 100 year leases at fixed ground rents, one subject to ground rent reviews. We had a meeting with the council and their agents about one year ago and expected the council to be able to provide a proposal.
We believe we will have a proposal shortly as Birmingham has the same housing shortage as other parts of the UK. However, we have had a number of approaches to purchase the entire development site. There is strong interest and an eventual sale should show a significant increase over book value.

Bruce Grove, Wickford

The planning details have been amended so that a phased development can take place and this will enable the scheme to start prior to acquisition of the adjoining owner's site which can be phase 2 in due course. This should enable us to sell our site soon.

Swindon

A planning application to redevelop our indoor tented market into a two storey modern restaurant and leisure scheme was submitted and recommended for approval by the Planning Officers, who agreed it complied with all the town planning requirements. It was, however, turned down by the committee! We were however successful when we appealed against this decision and additionally, which is unusual, we won the right to receive our costs of the appeal. A new scheme is about to be submitted for planning which is much larger as it will include a seven or eight storey residential tower above the leisure units and possibly a more profitable scheme.

High Street, Broadstairs
We have planning permission for one triple unit shop and twelve flats above in the centre of this desirable seaside resort. If we receive a reasonable quote from builders, which is expected shortly, we will probably build and retain the investment after the shops and flats have been let. The shop is currently under offer as a single unit.
We currently have planning applications in progress at the following locations:-

Location	Scheme	Reason for delay
High Street, Bromley	Large retail unit & 21 flats	With Planning Department
High Street, Ramsgate	20 flats	With Planning Department
Peckham Rye, Dulwich	Mini supermarket & 15 flats	Planning Department keeps changing mind
New Road, Gravesend	Parade of shops with 35-40 flats above	Early stages
Victoria Street, Wolverhampton	7,000 sq ft supermarket 44 student units or 21 flats	Uncertain student demand
Maryhill, Glasgow	125 flat units approximately suitable for social housing	Early stages

TENANT ACTIVITY DURING THE YEAR ENDED 31 DECEMBER 2016

We lost 26 residential tenancies and gained 37 residential tenancies producing a net gain of £86,760 p.a. We lost 21 commercial tenancies and gained 61 commercial tenancies producing a net gain of £491,019 thus total rental gains of £577,779 p.a.

Furthermore, a tenant's CVA altered two of Beale's leases resulting in a rental loss of £234,000. Therefore, net rental gain for the year was £343,779.

POST BALANCE SHEET EVENTS

Heybridge, Maldon
In March 2017 we received a £1,995,000 payment to accept a surrender of the lease four years before the end of term on our industrial unit at Heybridge, Maldon, Essex. The rental forgone was £500,000 p.a.

The property is just under 200,000 sq ft of mainly high bay, brick built, single storey warehouse and industrial space on a site of 9.5 acres in a sought after location adjoining the Chelmer and Blackwater canal in the Heybridge Basin area. The local Council has new proposals for this area, which will probably be beneficial to us in the long term. We intend to refurbish and restore the property, where required and in due course offer out for letting at what we expect to be a higher rent than previously received.

William Nash PLC
In April 2017 the Group sold its entire holding in William Nash PLC, an unlisted property company, for £1,486,000, which was held at cost and shown at the year end on the Consolidated Statement of Financial Position within "Available for sale investments" at a value of £627,000.

DIVIDENDS

An interim dividend of 3p per share was paid on 29 November 2016 and a final dividend of 9p per share for the year ended 31 December 2016 will be recommended for payment at our Annual General Meeting. Proposed payment date is 21 July 2017 to shareholders on the register at the close of business on 7 July 2017 (ex-dividend on 6 July 2017).

I have decided to waive the proposed final dividend on my personal holding of shares in Panther, as I feel the recently increased tax on dividends is excessive and abhorrent. I also suspect in due course it will prove counter-productive as a revenue raising measure.

FINANCE

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

BUSINESS RATES

I have commented at length about the unfairness of the new business rate regime. However, as a property company where most of its portfolio is based outside of London and also holding a substantial portfolio of investments in Scotland, I believe its revaluation, despite its vindictive phasing flaws will be good for us. This is mainly because many of our vacant properties are in Scotland, where their government has not introduced a phasing scheme. This means that some of these properties will shortly have commercial rates payable reduced by over 50% making them far more attractive to potential tenants. Additionally, most of our properties have rateable values below £100,000, where there are more palatable phasing reductions. The ill-conceived phasing reduction arrangement introduced for larger retail properties will mainly adversely affect those towns far away from London, that are already commercially depressed and is the exact opposite of our Prime Minister’s stated aim of helping those poorer parts of the country and workers at lower pay levels, such as shop assistants etc. It is almost certainly not deliberate and I suspect her ministers have provided her with questionable statistics - not lies or damned lies, but statistics. Unfortunately, when legislators make stupid mistakes, they only take action after many members of the public have been harmed.

POLITICAL DONATIONS

I have once again submitted a resolution at the Annual General Meeting for the Company to contribute £20,000 to the UK Independence Party. They have been successful in their main aim to date and need to be sustained to make them a second or third force in our political system. My view is that the present second and third political forces are pretty useless.

PROSPECTS

We are a comparatively entrepreneurial company and thus, nimble enough to be able to take advantage of special situations that may occur and have a good spread and constant rental income, which carries us through any short term turbulence that may occur over the next few years of uncertainty.

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 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

25 April 2017

CHAIRMAN'S RAMBLINGS

2016 was a year about personalities and surprises and consequently, I feel my stories must reflect this.

About 10 years ago, I made my annual visit to the synagogue on the Day of Atonement, which many people consider to be the most important religious day in the Jewish calendar.

The Day of Atonement starts at dusk and lasts for 25 hours until the dusk of the following day. During this time neither food nor liquid should be consumed for the entire period. The first evening starts with a short prayer and long sermons, which probably only God understands. It continues early the next day with even more very long, repetitive prayers and services with occasional short speeches for the few people who are still awake.

I had been doing my repentance, by way of prayer, for most of the day and found myself marvelling at how many sins we need forgiveness for. These include the sins deliberately committed, those unintentionally committed, those committed by others in our name, sins committed unknown to us and also the sins of failing to do something which we should have done. These prayers requesting forgiveness are repeated many, many times during this holy time.

On this particular occasion, towards the end of the fast, when evening was approaching and stomachs were rumbling I found myself seated beside a fellow congregant whom I knew only vaguely by sight. Like me, he had been praying for forgiveness for maligning others, bearing false witness, tale bearing and failing to understand and forgive other people's weaknesses, when he suddenly turned to me - "Look at that!" He hissed theatrically. He motioned to the entrance of the synagogue. "Those two women, dressed up to the nines. I bet they spent more time on their make-up than the time they'll spend here." I looked across the hall and saw a pair of attractive, smartly dressed women trying to sidle in inconspicuously. "You are quite right, it is absolutely disgraceful," I nodded solemnly in agreement, "but there is nothing I can do about it – it is my wife and daughter!"

My fellow congregant went red in the face and started to apologise but I reassured him I wasn't in the least offended – only amused.

I was still laughing when I told the story to some friends later. They were surprised that I had not only been amused rather than annoyed but had also failed to take him to task – reminding him that this was in fact a day for forgiveness. It brought to mind another story that happened about fifty years earlier but somehow felt relevant.

In the 1950's, my father would sometimes take my brother and me for a Sunday outing from our home in south London to the markets in and around Petticoat Lane. This was an exciting outing for us, but made special as on this particular occasion he took me alone.

Petticoat Lane was basically a huge street market and trading area encompassing Wentworth Street, Middlesex Street, Brick Lane, Club Row and Cutler Street, just east of the City of London's main stockbroking area. All possible needs could be catered for here in this teeming market. In the 1950's it was still an area mainly inhabited by Jewish traders, immigrants from the Pogroms of Eastern Europe and those who managed to escape the practically wholescale destruction of Jewry in Europe during the Second World War. The area was frenetic with activity on Sundays.

We went there ostensibly to buy Jewish style food and delicacies that were just not available in south London in those days - smoked salmon, pickles, beigels, special bread and kosher meats. Besides the lure of this cornucopia of deli delights, I now realise my father liked to visit this part of London because he had been born and brought up there until the war, marriage and family necessitated a move to the suburbs. Surprisingly, we always found somewhere to leave our car - no parking restrictions, yellow or red lines existed!

Our most important port of call was to Mossy Marks of the Lane. It was a corner shop in Petticoat Lane, a delicatessen stuffed full of Jewish style delights. The front counter delivered smoked salmon sliced to perfection by Mossy himself. Resplendent in his immaculate, white serving coat he was a delightful, happy man, always smiling, always charming. He knew all of his customer's names, their families, relatives, problems and businesses. His customers were given snippets of the smoked salmon whilst patiently waiting in the queue. He positively oiled his charming way across the shop floor.

The delicatessen had been started by his father, some 35 years earlier but it was Mossy who built its reputation nationwide, if not worldwide. They even had their own salmon and fish smokery and pickling factory and at one time, a small farm in Essex. The family business also included his brother, sister and mother who also worked there. We knew Mossy because my father's older brother, my favourite Uncle Dave, was Mossy's closest friend and partner although not in the business sense and long before it became so fashionable as to be practically obligatory. They had been together for over 30 years. Not only was this relationship frowned upon and not spoken about, it was at that time also seriously illegal. Of course, I knew and understood nothing about that type of thing and it all went over my innocent head.

However, whilst my father never once mentioned my uncle's predilection, they were very fond of each other and so the visits were a twofold pleasure of meeting family and friends and restocking our larder. My uncle, the self appointed and unpaid manager, rushed around serving and helping and shouting orders while Mossy's mother, who must have been in her 70's but made Methusela look youthful, would sit on a stool on the outside pavement selling "smaltz herring" which she would pluck from the barrel with her bare and rather pickled hands for customers.

Mossy, his mother and sister all lived in the spacious upper part of the shop and on the few occasions we went upstairs, I was astonished how luxurious the apartment was in comparison with the outside street appearance. My mother remembered visiting the old Mrs Marks who despite having had her second heart attack, managed to jump out of her sick bed to shout out the window to her temporary replacement at the barrels "Wrap them nicer!" in Yiddish of course.

Whilst my market visits were memorably enjoyable, the icing on the cake was on the rare times my father would take us to lunch at Blooms – this was even better on this particular occasion, as there was only the two of us!

Blooms was a kosher restaurant, even more famous than Mossy Marks of the Lane. It was a big restaurant in Whitechapel and, of course, Sundays was its busiest day. The front of the shop had the salt beef counter which you could eat at a long counter sitting on tall stools, but the main restaurant was at the back. On a Sunday there was always a long queue and although nowadays I hate queuing it was exciting seeing all the people and activity and tasting the little samples of salt beef, salami or matzos with chopped liver they brought around while you waited for a table.

Whilst in the line, I would watch all the different diners. It could best have been described as straight out of a Damon Runyon's novel about 'Mindy's' in New York. A noisy crowd full of interesting characters, of all shapes and sizes. Everyone seemingly knew each other and shouted to their friends at different tables, Claridges or the Savoy, it was not!

We arrived at the front of the queue and a small, fat cherubic-faced waiter came and spoke to Dad, "Hello Ben, vos much zee (how are you), I have a nice table for you". He then took us to a table for four people, one place occupied by a pleasant looking, slightly chubby older woman (she may have been nearly 40) and the chair beside her had a small fur jacket draped on its back. We sat opposite her and it. The waiter had, of course, asked the rather perfunctory question "Do you mind sharing with these two nice gentlemen" before, plonking down the menus and scarpering off .

I already knew what I would have. I started with mixed chicken soup, then half a portion of salt beef (lean), a pair of viennas and a latke. Dad had the soup and a whole portion of salt beef (fatty) with a latke. We ordered and Charlie, our waiter, rushed off to the kitchens. The soup came quickly. Mine had a couple of small unformed eggs boiled in the soup and my father had the neck bone of the chicken, which he liked to suck. Our waiter obviously knew our particular tastes. We polished off the soup quite quickly and then my father smiled at our fellow diner, who had finished half a roast chicken, some potatoes and greens and had just ordered apple strudel.

My father remarked "That's a very nice mink stole that you have there". She replied quickly "Thank you, you are right, it is very nice and now I know why they call it a stole. I overpaid by one hundred and fifty pounds. My local furrier was a gunaf (a thief)". My father said "That's a shame, it is so nice". "All furriers are gunafs" she said. "My sister-in-law was cheated by one. She bought her coat in Hendon". She then carried on venting her anger on all furriers for their cheating ways. Her venom and diatribe against furriers was beginning to upset and aggravate me. Although I would not have dared to interfere in adults' conversation, my father put his hand on my arm to indicate not to say anything. He then, to my surprise, started to agree with her and encouraged her complaints with comments like, "They charge to make a coat smaller and then keep the fur and charge someone else using that fur to make another coat bigger, overcharge for cleaning, by giving it a big, fancy name like Hollanderizing ……..” and on he went.

By the time her strudel arrived, she had practically blamed furriers for the first and second world wars, the advent of Hitler and, rather incongruously, socialism and high taxes. The strudel was a welcome diversion, halting her tirade and convincing me to have that as a dessert.

She then looked at my father and said "I have been talking so much about my problems, I have forgotten to ask you what you do for a living". Under the circumstances, I held my breath not knowing what he would say.

"Oh, I am a furrier!"

The woman laughed so uproariously that many other diners turned round to see the joke. "Oh dear. I really have been a bit naughty, haven't I? They can't all be gunafs can they?"

My father replied "A lot are, but next time you need something in fur, do come to me" and he gave her his business card.

She finished her meal and left well before us, leaving a generous tip and after she had gone, I asked my father why he had let her say such nasty and untruthful things about all furriers. He told me you do not change people's minds by violently disagreeing with them. You must let them vent their anger and encourage them to talk it through until they have got it out of their system or encourage them to be so ridiculous that even they eventually find their anger funny. "You never know, you may come across them again." He smiled.

And so it came to be, about two months later, she phoned my father at his fur shop and arranged to come down to south London with her husband, where she managed to buy a very nice and expensive mink coat. I do not believe my father overcharged her – well not by much!

2016 was an exciting year for the United Kingdom. We have had the Brexit campaign, where friendship counted for nothing, as politicians turned on each other, husbands and wives found a new virulent cause to disagree about over breakfast and journalists, economists and practically everyone lined up on either side of the IN or OUT question. Much verbal and written venom was produced with lies, misinformation and deliberate obfuscation of facts. Worse of all, was the personal insults thrown wildly and vociferously against anyone who disagreed with the other's point of view.

In the United States of America they had similar experiences with their election for a new President. Foolishly, but not surprisingly, our own politicians, journalists, TV commentators had something to say about it, usually disparaging about their outsider but eventually successful contestant, Donald Trump.

Most people do not like eating their own words or giving grovelling apologies for their own stupidity, but it will be necessary, if two of the world's major nations do not overcome their attitudes to each other's democratically elected leaders, to rename the two countries Dis-United Kingdom and Dis-United State(s) of America.

Perhaps if our government appointed someone who was a dining companion to the new President, who has proved loyal and served this country well for many, many years and after being suitably ennobled was made a trade envoy, business relations between our two countries would be even further improved.

LORD FARAGE OF FREEDOM rolls off the tongue rather nicely!!

Yours,

Andrew S Perloff
CHAIRMAN

25 April 2017

GROUP STRATEGIC REPORT

About the Group

Panther Securities PLC is a property investment company listed on the AIM market (AIM). Prior to 31 December 2013 the Company was fully listed and included in the FTSE fledgling index. It was first fully listed as a public company in 1934. The Group owns and manages over 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

	2016	**2015**	**2014**	**2013**
Gross Profit Margin (gross profit/ turnover)	75%	73%	66%	77%
Gearing (debt*/(debt* + equity))	49%	48%	50%	51%
Interest Cover**	1.67 times	1.65 times	1.22 times	1.38 times
Finance cost rate (finance costs/ average borrowings for the year)	6.5%	6.6%	6.6%	6.7%
Yield (rents investment properties/ average market value investment properties)	7.7%	7.5%	7.5%	7.9%
Net assets value per share	407p	428p	409p	395p
(Loss) / earnings per share – continuing	(5.5)p	38.7p	26.1p	42.0p
Dividend per share	12.0p	22p***	12.0p	12.0p
Investment property acquisitions	£5.0m	£2.2m	£3.2m	£5.3m
Investment property disposal proceeds	£5.8m	£4.0m	£1.2m	£2.2m

* Debt in short and long term loans, excluding any liability on financial derivatives

**Profit before taxation excluding interest, less movement on investment properties and on financial instruments and impairments, divided by interest

*** Includes 10p per share special dividend

Business Review

The Group turnover is up slightly due to increased rental income and higher trading turnover derived from MRG Systems Ltd ("MRG"). The combined cost of sales has also improved (reduced) showing better gross profits, the reduction in cost of sales mainly is due to not repeating all the demolition costs seen in 2015 on the Birmingham development. The income statement also shows higher other income, but we had higher administration costs which brought down our overall profit.

The main difference in administration costs is a larger movement on the bad debt provision taken to the income statement, this increase relating entirely to Beale Ltd, a major tenant, who has struggled with financial difficulties.

The Group continued to benefit from improvement in the property market with the portfolio showing a small further increase of £0.3 million uplift (2015 - £3.9 million uplift) following the directors' valuation.

We also didn't see the repeat of the prior year profits on disposals as some of this was reflected in prior year valuation. However the main difference between 2016 and 2015 was a large fair value loss of the derivative financial liabilities, our swap agreements, showing a loss of £5.3 million taken to the income statement (2015 we benefited from a £1.6m recovery or gain in our liability). The increased valuation loss on our derivative financial instruments is the main reason we did not have a very profitable year but it is worth pointing out that this is a non-cash movement.

We are still in a position where the Group is more likely to be a seller than a purchaser, except in special situations (as we did with Lord Street Properties (Southport) Ltd – a corporate acquisition that took place in March 2016).

There are still 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. It is the Boards' view that this market is less or even not "overheated". As such, we still anticipate the market being stable or growing for our properties in the near term and that we have time to create or realise value, and continue to do so, in particular 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 had prior to the renewal paid back £2 million of the term element as scheduled repayments. 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) which was redrawn. We also renewed the undrawn revolving facility part of the loan which had £3.5 million undrawn, and currently has £5 million following a voluntary repayment in the year. 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 £15.0 million potential further funds to invest.

At the statement of financial position date the Group had £4.9 million of cash funds.

The Group has not offered the scrip dividend option for its latest dividends and has no plans for the current proposed dividend to provide shareholders with this option.

Financial derivative
We have seen a sizeable fair value loss (of a non-cash nature) in our long term liability on derivative financial instruments of £5.3 million (2015: £1.6 million fair value gain). Following this loss the total derivative financial liability on our Consolidated Statement of Financial Position is £28.3 million (2015: £22.9 million).

These financial instruments 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.

Credit risk

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

Exposure is reduced significantly due to the Group having a large spread of tenants who operate in different industries.

Price risk

The Company and Group are exposed to price risk due to normal inflationary increases in the purchase price of the goods and services it purchases in the UK. The 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.

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.

The Group Strategic Report set out above also includes the Chairman's Statement shown earlier in this announcement and was approved and authorised for issue by the Board and signed on its behalf by:

S. J. Peters
Company Secretary

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Potters Bar
Hertfordshire EN6 1TL

Dated: 25 Aprl2017

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2016

	Notes	31 December 2016 £'000	31 December 2015 £'000
Revenue		14,684	14,443
Cost of sales		(3,643)	(3,824)
Gross profit		11,041	10,619
Other income		508	294
Administrative expenses		(3,947)	(3,540)
		7,602	7,373
Profit on disposal of investment properties		458	1,074
Movement in fair value of investment properties	4	318	3,859
		8,378	12,306
Finance costs		(5,097)	(5,186)
Investment income		109	31
Loss (realised) on the disposal of available for sale investments (shares)		-	(244)
Fair value (loss)/gain on derivative financial liabilities	5	(5,338)	1,563
(Loss)/profit before income tax		(1,948)	8,470
Income tax credit/(expense)		995	(1,657)
(Loss)/profit for the year		(953)	6,813
Attributable to:			
Equity holders of the parent		(970)	6,815
Non-controlling interest		17	(2)
(Loss)/profit for the year		(953)	6,813
(Loss)/earnings per share			
Basic and diluted		(5.5)p	38.7p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	31 December 2016 £'000	31 December 2015 £'000
(Loss)/profit for the year	(953)	6,813
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	87	45
Deferred tax relating to movement in fair value of available for sale investments (shares) taken to equity	(15)	(8)
Other comprehensive income for the year, net of tax	72	37
Total comprehensive (loss)/income for the year	(881)	6,850
Attributable to:		
Equity holders of the parent	(898)	6,852
Non-controlling interest	17	(2)
	(881)	6,850

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Company number 00293147
As at 31 December 2016

	Notes	31 December 2016 £'000	31 December 2015 £'000
ASSETS			
Non-current assets			
Plant and equipment		63	145
Investment property	4	176,489	176,133
Deferred tax asset		1,140	-
Available for sale investments (shares)		908	736
		178,600	177,014
Current assets			
Inventories		57	60
Stock properties		736	991
Trade and other receivables		4,020	4,553
Cash and cash equivalents		4,887	4,387
		9,700	9,991
Total assets		188,300	187,005
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		4,437	4,437
Share premium account		5,491	5,491
Capital redemption reserve		604	604
Retained earnings		61,747	65,485
Attributable to equity holders of the parent		72,279	76,017
Non-controlling interest		96	80
Total equity		72,375	76,097
Non-current liabilities			
Long-term borrowings		69,769	591
Derivative financial liability	5	28,250	22,912
Deferred tax liabilities		-	100
Obligations under finance leases		6,769	6,640
		104,788	30,243
Current liabilities			
Trade and other payables		10,721	10,663
Short-term borrowings		150	69,637
Current tax payable		266	365
		11,137	80,665
Total liabilities		115,925	110,908
Total equity and liabilities		188,300	187,005

The accounts were approved by the Board of Directors and authorised for issue on 25 Aprl2017. They were signed on its behalf by:

A.S. Perloff
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Share capital £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Total £'000
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 1 January 2016	4,437	5,491	604	65,485	76,017
Total comprehensive income	-	-	-	(898)	(898)
Dividends	-	-	-	(2,840)	(2,840)
Balance at 31 December 2016	4,437	5,491	604	61,747	72,279

Within retained earnings are unrealised loss of £10,000 and deferred tax credit of £2,000 (2015 – unrealised losses of £97,000 and a deferred tax credit of £17,000) relating to fair value of available for sale investments (shares).

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	31 December 2016 £'000	31 December 2015 £'000
Cash flows from operating activities		
Profit from operating activities	7,602	7,373
Depreciation charges for the year	90	135
Rent paid treated as interest	(514)	(520)
Profit before working capital change	7,178	6,988
Increase in inventory	3	5
Increase in receivables	617	292
Increase/(decrease) in payables	(432)	(1,139)
Cash generated from operations	7,366	6,146
Interest paid	(4,342)	(4,572)
Income tax paid	(360)	(95)
Net cash generated from operating activities	2,664	1,479
Cash flows from investing activities		
Purchase of plant and equipment	(8)	(38)
Purchase of investment properties	(539)	(2,224)
Purchase of available for sale investments (shares)	(85)	-
Corporate acquisition (net of cash received)	(4,497)	-
Proceeds from sale of investment property	5,793	4,019
Proceeds from sale of available for sale investments (shares)	-	244
Dividend income received	103	23
Interest income received	6	8
Net cash generated from investing activities	773	2,032
Cash flows from financing activities		
Repayments of loans	(1,655)	(3,152)
Loan arrangement fees and associated costs	(442)	-
Draw down of loan	2,000	1,000
Dividends paid	(2,840)	(2,307)
Net cash used in financing activities	(2,937)	(4,459)
Net increase/(decrease) in cash and cash equivalents	500	(948)
Cash and cash equivalents at the beginning of year*	4,387	5,335
Cash and cash equivalents at the end of year*	4,887	4,387

***** Of this balance £1,017,000 (2015: £1,110,000) 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 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 2016 or 2015. The financial information for the year ended 31 December 2015 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 report on those accounts was unqualified, 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 2016 is derived from the audited statutory accounts for the year ended 31 December 2016 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. There is no material seasonality associated with the Group's activities.

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:

	2016 £'000	2015 £'000
Special dividend for the year ended 31 December 2015 of 10p per share	1,776	-
Final dividend for the year ended 31 December 2015 of 3p per share (2014: 9p per share)	532	1,574
Interim dividend for the year ended 31 December 2016 of 3p per share (2015: 9p per share)	532	1,597
	2,840	3,171

The Directors recommend a payment of a final dividend, for the year ended 31 December 2016 of 9p per share (2015 – 3p), following the interim dividend paid on 29 November 2016 of 3p per share. The final dividend of 9p per share will be payable on 21 July 2017 to shareholders on the register at the close of business on 7 July 2017 (Ex dividend on 6 July 2017).

The full ordinary dividend for the year ended 31 December 2016 is anticipated to be 12p per share, being the 3p interim per share paid and the 9p per share proposed.

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

The calculation of loss per ordinary share is based on the loss, after excluding non-controlling interests, being a loss of £970,000 (2015 – a profit of £6,815,000) and on 17,746,929 ordinary shares being the weighted average number of ordinary shares in issue during the year (2015 – 17,617,112). There are no potential ordinary shares in existence.

4. Investment property

	Investment Properties £'000
Fair value	
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 1 January 2016	176,133
Additions	539
Acquisition of subsidiary	4,462
Disposals	(5,335)
Transferred from stock properties	255
Fair value adjustment on property held on operating leases	117
Revaluation increase	318
At 31 December 2016	176,489
Carrying amount	
At 31 December 2016	176,489
At 31 December 2015	176,133

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.

	2016		2015	
Bank loans	£'000		£'000	
Interest is charged as to:		Rate		Rate
Fixed/ Hedged				
HSBC Bank plc*	35,000	7.01%	35,000	7.06%
HSBC Bank plc**	25,000	6.58%	25,000	6.63%
Unamortised loan arrangement fees	(654)		-	
Floating element				
HSBC Bank plc	9,997		9,497	
Natwest Bank plc	576		731	
	69,919		70,228	

Bank loans totalling £60,000,000 (2015 - £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 £'000	Average rate	Duration of contract remaining 'years'	2016 Fair value £'000	2015 Fair value £'000
Derivative Financial Liability					
Interest rate swap	35,000	5.06%	21.69	(23,610)	(18,541)
Interest rate swap	25,000	4.63%	4.92	(4,640)	(4,371)
				(28,250)	(22,912)
Net fair value (loss)/gain on derivative financial assets				(5,338)	1,563

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

6. Events after the reporting date

In March 2017 the Group took a surrender premium for a lease in Maldon, receiving just under £2 million. This covered all the rent to the end of lease and dilapidations. The lease had rent of £500,000 p.a. and ended on 11 August 2021.

In April 2017 the Group sold its entire holding in William Nash PLC an unlisted property company, for £1,486,000 which was held at cost and shown at the yearend on the Consolidated Statement of Financial Position within "Available for sale investments" at a value of £627,000.

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 Unicorn House, Station Close, Potters Bar, Hertfordshire, EN6 1TL and are available for download on the Group's website **www.pantherplc.com**.

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