26 February 2021

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation EU 596/2014 as it forms part of retained EU law (as defined in the European Union (Withdrawal) Act 2018).

Panther Securities PLC

(the "Company" or the "Group")

Update on refinance, property valuations and dividend

In the interim results for the six months ended 30 June 2020 published on 16 October 2020, the Chairman stated that the Directors hoped to be in a position to be able to declare a 6p interim dividend for the year ended 31 December 2020 in February 2021, but that such declaration will be subject to gaining a clearer understanding of COVID-19 and its financial effects on our Group.

The Directors are now providing an update on the status of the refinancing of the Group's banking facilities, the details of an external valuation of the Group's properties and the deferment of a decision whether to declare an interim dividend.

Refinance

As previously announced the Group's banking facilities were due to expire in April 2021. Discussions with our joint lenders ("the Lenders") have continued regarding the refinancing of our current facilities. However, as a result of COVID these discussions have taken longer to conclude than anticipated. The Group is encouraged that one of the joint lenders has advised that its element of the refinancing has received full credit approval. However, the other joint lender has advised that its internal processes are continuing and full credit approval has not yet been obtained. The Directors expect to be able to provide confirmation within March 2021 that credit approval has been obtained from the other joint Lender. It is anticipated that a three month extension on the current loan facilities will be provided to July 2021 (and has been offered by one Lender) to allow time to carry out the necessary paperwork and any required legal due diligence required by the Lenders, once the refinancing terms are credit approved by the final Lender.

Property valuation

As part of this refinancing process, an external valuation of the Group's charged properties was undertaken by Carter Jonas on behalf of the Lenders. The draft valuation of the charged portfolio, consisting of 95 properties spread over many locations and property uses, came in at £158m. The properties' valuation will remain draft until approved by both of the Lenders, who have their own in-house property experts to review the valuation reports. These same properties were valued by the Directors as at 31 December 2019 at £153m, but since that date the Group has spent circa £2m on enhancement expenditure.

Within the investment portfolio, the industrial properties (now representing 29.3% of the charged portfolio's value) and those with residential planning, use or potential, showed the largest growth, with our retail investments having less consistent movements, many with write downs but others holding value or showing small improvements.

Two currently uncharged properties are also being taken into charge and they have been valued, on behalf of the Lenders, by Lambert Smith Hampton at an aggregate value of £3m.

Once the new properties are charged, based on the current borrowing levels and the draft valuation of the charged portfolio being approved by the Lenders, the Group is expected to have a loan to value ("LTV") of below 40% on the currently drawn £63m.

Based on the draft valuation, together with the properties valued at circa £12.5m which are uncharged, the Group has a total portfolio with a value of circa £173.5m.

For the accounts for the year ended 31 December 2020, the final external valuations will be adopted as year end valuations and the Directors will value the uncharged properties. Based on the draft external valuations and the Directors' preliminary valuations of the uncharged properties, the Directors are expecting to see a positive movement in the fair value of the properties as at 31 December 2020 in the order of £6.1m. To reiterate shareholders should be aware that the external valuations remain draft until both of the Lenders have approved them and therefore remain subject to change.

Swap movements 2020

As shareholders will be aware, the Company has certain interest rate swap arrangements in place. The Directors estimate that as at 31 December 2020, the liability increased by £5.5m and this non-cash item will be reflected in the results for the year ended 31 December 2020 (as well as the positive valuation movement on the investment properties).

Swap restructuring

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

Property purchase

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

COVID-19 and dividend update

The Directors announced in October 2020 that they would be declaring a dividend in February 2021 once they had a clearer understanding of the financial effects of COVID-19.

The Directors consider that it is prudent to wait until full credit approval has been obtained for the refinancing and the negotiated terms of the refinancing are confirmed before declaring any dividend. However, the Directors can confirm that the Group is collecting approximately 80% of its invoiced income (based on invoices issued since the first lock down on 23 March 2020).

A further announcement will be made in due course.

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