

13 November 2008

Panther Securities PLC
("Panther" or "Group")

Interim management statement for the three month period ended 30 September 2008

Panther Securities PLC is pleased to publish its Interim Management Statement for the three month period ended 30 September 2008.

The main highlights of the period have been:

- Consideration of £1,240,000 was received on cancellation of an interest rate swap with HSBC (£25,000,000 fixed at 4.90 per cent.) which was previously announced in July 2008.
- Financial derivatives show a combined liability of £4.1 million on their valuation at 30 September 2008. 85 per cent of this liability relates to the interest rate swap contracted into during July 2008, being a 30 year swap on £35,000,000 at 5.06 per cent. However, the Board believes this is an effective hedge on the entire borrowings of the Group and that it is unlikely that the Group will pay to exit this financial instrument.
- An industrial unit in West Molesey was sold for gross sale proceeds of £1,250,000 and the Board expects to achieve a profit on disposal of approximately £50,000 when this transaction completes in late November 2008.
- The Group's share portfolio had a market value at 30 September 2008 of £4.5 million (£5.7 million at 30 June 2008) after purchases of £1.8 million during the period. There has been an unrealised £2.1 million decrease in value on the shares held at 30 September 2008 (part of the decrease relates to shares bought in this quarter). However, a profit of £0.15 million was realised in the period on disposal of shares in a portfolio of banks (as compared to their values at 30 June 2008 of £0.88 million - a £0.09 million loss was made on actual cost). The profit realised in the quarter on bank shares was, with hindsight, a good result (taking into account the subsequent significant decrease in share values in the banking sector). The remaining portfolio consists mainly of a spread of shares in listed property companies and in Elektron PLC, an AIM listed electronics company.
- Regarding the Group's year end property portfolio revaluations, the Company is expecting to show a smaller than average write-down in values compared with other listed property companies. This is due to the resilient nature of the Group's property portfolio, which is highly diversified over asset class and location and also due to the active management undertaken by the Group's in-house team.
- The Group is lowly geared and would require a write down in property revaluation of approximately 43 per cent. of the current book value to be in breach of its banking covenants, in respect of loan-to-value. This is based upon the loan-to-value criteria being a maximum of 65 per cent. (which is conservative for the industry), currently our loan to value ratio stands at 38 per cent.

- Monies left on deposit with Kaupthing Singer and Friedlander, of £328,000, were frozen when the bank went into administration and the Board is not expecting the full balance to be repaid.
- On 30 September 2008, the Group had bank balances of £6.6 million (including the £0.3 million frozen deposit). The Group still has undrawn loan facilities of £7.5 million on existing security.

General trading update

Rental income has remained steady for the period with some increases due to having completed successful rent review negotiations, although this is contrasted by a slight increase in voids mainly due to the difficult trading conditions experienced by some of the Group's tenants.

The Group's overall profits from actual trading are on similar levels to last year, but probable write-downs on the Group's financial instruments and as a consequence of the anticipated property revaluations is expected to result in a significant decrease in profits for the year ending 31 December 2008 when compared to last year's results. However, the Board feels, in these current times, that the general accounting principle of treating companies on a going-concern basis conflicts significantly with the rules for valuing properties and derivatives on a mark-to-market basis. As the market for properties at the present time is weak, with many forced sellers putting properties on the market, the mark-to-market basis is effectively valuing the Group's business assets on a break-up basis.

It is difficult to predict when commercial property values will stabilise. However, we are starting to see potential good value in properties being offered to us and we are well positioned to capitalise on any distressed sales. As ever, we remain upbeat about Panther's future prospects.

Other than as stated above, there has been no significant change in the Group's financial position since 30 June 2008.

Andrew Perloff, Chairman, further commented:

"It is the best of times, it is the worst of times, it was the age of wisdom, it is now the age of foolishness."

Current market conditions give our Group the best of times for long term property investment. We did not partake in the previous age of wisdom of buying as much as possible on borrowed money and are thus now not part of the age of foolishness of being forced to sell at a time when there is a dearth of investors. We are, however, still part of the worst of times and thus our year end accounts will have to provide for paper losses when property values are depressed even though the Panther Group has never had to sell a property at a loss on cost. We also may have to provide a book loss on our fixed rate loan, which provides interest rate protection on properties producing a rental income of over three times the cost of the total interest. These are current accountancy conventions that I feel should only apply to businesses that are not going concerns. As a Group we continue to manage our company as economically as possible and to this end I continue to waive my salary for the current year whereupon some shareholders consider that.....

"This is a far, far better thing that I do than I have ever done before."

with apologies to Charles Dickens for my plagiarism."

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