23 January 2009

Panther Securities PLC
("Panther", "Company" or "the Group")

Trading update

Further to the announcement of the Company's interim management statement for the three month period ended 30 September 2008 issued on 13 November 2008 and in advance of the announcement of the results for the year ended 31 December 2008, to be released in late April 2009, the Company provides the following trading update:

- The Company holds a number of financial instruments, including a 30 year interest rate swap on £35,000,000 at 5.06 per cent. Under IFRS it is a requirement to revalue financial derivatives at their fair value at each period end and as at 31 December 2008 the Company's financial derivatives will have a combined redemption liability of approximately £12 million, which is significantly higher than their combined market value as at 30 September 2008 (£4.1 million liability). This large redemption liability arises because the market expectation of future interest rates as at 31 December 2008 was significantly lower than when Panther originally entered into the respective financial instruments. Primarily due to the monetary value and the 30 year term of the Company's principal interest rate swap, the market value of the Company's financial derivatives are very sensitive to interest rate changes. In the current difficult financial markets, this is demonstrated by the fact that as at 21 January 2009 the redemption liability to Panther had fallen to £10 million. The Board continues to believe that its interest rate swaps are an effective hedge on the substantial proportion of the borrowings of the Group and that it is unlikely that the Group will pay to exit this financial instrument.

- The Directors anticipate that the Group's share portfolio will have a full year writedown of £4.7 million (ie a further writedown of £200,000 over the £4.5 million writedown for the nine months to 30 September 2008). The Group's share portfolio had a value of £3.8 million at 31 December 2008 and is uncharged.

- The Directors have undertaken a valuation of the property investment portfolio as at 31 December 2008. The Directors estimate that the writedown as at 31 December 2008 will be approximately £6 million, leaving the Group's investment properties at that date with a market value of approximately £96 million. The Group also owns approximately £8.9 million of stock properties (held at lower of cost and net realisable value) with a market value of approximately £12.8 million.

- The Directors expect that the above investment and property writedowns will reduce the deferred tax liability by approximately £6.4 million.

- The Group has now fully drawn down on its £42.5 million loan facility with HSBC Bank plc. The Group is in talks with a number of banks regarding obtaining additional financing on its uncharged properties. These talks, even though they are at an early stage, have been positive. However, the Directors anticipate that the terms of any such new loans will be on less favourable terms than the current facilities.

The Company also confirms as at 31 December 2008, it had £14 million of cash balances and has £21 million of uncharged properties for future trading and investing purposes, where it is now seeing very interesting opportunities for potential investment.

Under IFRS the above writedowns will result in Panther producing a substantial loss before taxation, although the majority of the above items have no cash effect. The Directors are also encouraged by the fact that the Group's current rental income covers interest payments by a multiple of more than three times, and the Group's banking covenants are unlikely to be breached even if there are further substantial falls in property values. A fall in value of our property portfolio by a further 40 per cent. is required before the Group breaches its principal loan-to-value banking covenant.

For further information:

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