

Date: 24 November 2021
On behalf of: First Property Group plc ("First Property" or "the Group")
Embargoed: 0700hrs

First Property Group plc
Interim Results for the six months to 30 September 2021

First Property Group plc (AIM: FPO), the award-winning property fund manager and investor with operations in the United Kingdom and Central Europe, today announces its interim results for the six months to 30 September 2021.

Highlights:

- Profit before tax: £6.67 million (30 September 2020: £2.08 million);
- Cash reserves: £12.24 million (31 March 2021: £16.24 million);
- Substantially reduced net debt: £12.56 million (31 March 2021: £18.85 million);
- One new fund established, Fprop Fulcrum Property LP;
- AUM: £576 million (31 March 2021: £569 million), of which £533 million managed for third parties (31 March 2021: £527 million);
- Weighted average unexpired fund management contract term: 3 years, 5 months (31 March 2021: 3 years, 11 months);
- The market value less gross debt of Group Properties amounts to some £46.49 million, of which some 93% or £43.44 million is invested in Poland and Romania;
- Interim dividend: 0.25 pence per share (30 September 2020: 0.45 pence per share).

Financial Summary:

	Unaudited Six months to 30 Sept 2021	Unaudited Six months to 30 Sept 2020	Percentage change	Audited Year to 31 March 2021
Income Statement:				
Statutory profit/ (loss) before tax	£6.67m	£2.08m	220.7%	(£5.09m)
Diluted earnings/ (loss) per share	5.72p	0.46p	1,143.5%	(6.59p)
Total dividend per share	0.25p	0.45p	-44.4%	0.45p
Average €/£ rate	1.1632	1.1159	-	1.1246
Balance Sheet at period end:				
Investment properties and Inventories at book value	£36.87m	£47.48m	-22.3%	£34.95m
Investment properties and Inventories at market value	£42.91m	£56.82m	-24.5%	£41.57m
Associates and investments at book value	£21.63m	£21.61m	0.1%	£21.64m
Associates and investments at market value	£28.38m	£27.86m	1.9%	£27.47m
Cash balances	£12.24m	£21.21m	-42.3%	£16.24m
Cash per share	11.09p	19.21p	-42.3%	14.71p
Gross debt	£24.80m	£41.04m	-39.6%	£35.09m
Net debt	£12.56m	£19.83m	-36.7%	£18.85m
Gearing ratio at book value*	36.48%	46.56%	-	48.82%
Gearing ratio at market value**	30.99%	40.09%	-	42.05%
Net assets at book value	£43.20m	£47.11m	-8.3%	£36.79m
Net assets at market value	£55.23m	£61.34m	-9.9%	£48.36m
Adjusted net assets per share (EPRA basis)	48.88p	54.28p	-9.9%	42.80p
Period end €/£ rate	1.1634	1.1025	-	1.1739

* Gearing ratio = Gross debt divided by gross debt plus net assets at book value.

** Gearing ratio = Gross debt divided by gross debt plus net assets at market value.

Commenting on the results, Ben Habib, Chief Executive of First Property Group, said:

"The first half has seen a sharp turnaround in our fortunes, principally due to the restructuring of a finance lease secured against our largest Group Property which reduced our debt liability by some €9 million.

"Our balance sheet remains strong with some £43 million of net assets of which some £12 million is in cash.

“Our prospects are bright – we have cash to invest, there are many investment opportunities and occupational demand should pick up from the lockdown induced lows with a commensurate increase in the value of our own properties.”

Investor Presentation:

A briefing for existing and potential shareholders will be held at 11:00am GMT today via Investor Meet Company. To participate it is necessary to register at <https://www.investormeetcompany.com/first-property-group-plc/register-investor> and select to meet the Company. Those who have already registered and selected to meet the company will have already been invited. A copy of the accompanying investor presentation and a recording of the call will be posted on the company website. Questions can be submitted via the Investor Meet Company dashboard at any time during the live presentation.

For further information please contact:

First Property Group plc

Ben Habib (Chief Executive Officer)
Laura James (Group Finance Director)
Jeremy Barks (Director, Business Development)
Jill Aubrey (Company Secretary)

Tel: +44 (20) 7340 0270
www.fprop.com
investor.relations@fprop.com

Arden Partners (NOMAD & Broker)

John Llewellyn-Lloyd (Director, Corporate Finance)
Antonio Bossi (Director, Corporate Finance)

Tel: + 44 (20) 7614 5900

SEC Newgate Communications (PR)

Robin Tozer/ Richard Bicknell/ Isabelle Smurfit

Tel: + 44 7540106366
firstproperty@secnewgate.co.uk

Notes to Investors and Editors:

First Property Group plc is an award-winning property fund manager and investor with operations in the United Kingdom and Central Europe. Its focus is on higher yielding commercial property with sustainable cash flows. The company is flexible and takes an active approach to asset management. Its earnings are derived from:

- Fund Management - via its FCA regulated and AIFMD approved subsidiary, First Property Asset Management Ltd (FPAM), which earns fees from investing for third parties in property. FPAM currently manages thirteen funds which are invested across the United Kingdom, Poland and Romania.
- Group Properties - principal investments by the Group to earn a return on its own capital, usually in partnership with third parties. Investments include seven directly held properties in Poland and Romania, and non-controlling interests in eleven of the thirteen funds managed by FPAM.

Listed on AIM the Company has offices in London, Warsaw and Bucharest. Around one third of the shares in the Company are owned by management and their families. Further information about the Company and its products can be found at: www.fprop.com.

CHIEF EXECUTIVE'S STATEMENT

Performance:

I am pleased to report interim results for the six months ended 30 September 2021.

Revenue earned by the Group was £4.03 million (30 September 2020: £6.33 million) yielding a profit before tax of £6.67 million (30 September 2020: £2.08 million). The reduction in revenue was mainly associated with the expiry of the previously over-rented lease at the Group's office block in Gdynia. The increase in profit before tax was largely attributable to a reduction of €9 million (£7.81 million) from €25 million to €16 million in the amount owed to ING Bank in final settlement of the finance lease secured against the Group's office block in Gdynia, Poland. As part of the transaction, ING was paid €4 million and the remainder of the finance lease liability was replaced by a non-interest bearing loan of €12 million (£10.31 million) repayable by June 2024.

Diluted earnings per share increased to 5.72 pence (30 September 2020: 0.46 pence).

It is the accounting policy of the Group to carry its properties and interests in associates at the lower of cost or market value. Market values are independently assessed at least once a year, on 31 March. The Group ended the period with net assets under the cost basis of accounting of £43.20 million (31 March 2021: £36.79 million). The net assets of the Group when adjusted to their market value less any deferred tax liabilities (EPRA basis) at the period end was £55.23 million (31 March 2021: £48.36 million).

Gross debt at the period end amounted to £24.80 million (31 March 2021: £35.09 million). This in turn reduced the Group's gearing ratio with properties at book value to 36.48% (31 March 2021: 48.82%) and with properties at market value to 30.99% (31 March 2021: 42.05%). Net debt reduced to £12.56 million (31 March 2021: £18.85 million).

Group cash balances at the period end stood at £12.24 million (31 March 2021: £16.24 million), equivalent to 11.09 pence per share (31 March 2021: 14.71 pence per share). The reduction from the financial year end is attributable to the payment of €4 million (£3.43 million) in part settlement of the finance lease at the property in Gdynia.

Dividend:

In view of the marked improvement in the Group's position since the lockdown induced set-back, the Directors have resolved to pay an interim dividend of 0.25 pence per share (30 September 2020: 0.45 pence per share). It will be paid on 7 January 2022 to shareholders on the register at 3 December 2021, with an ex-dividend date of 2 December 2021.

REVIEW OF OPERATIONS

PROPERTY FUND MANAGEMENT (First Property Asset Management Ltd or FPAM)

Third party assets under management at period end increased to £533 million (31 March 2021: £527 million). There were no purchases or sales of property in the period. Some 66% of third-party assets under management were located in the UK, 32% in Poland and 2% in Romania.

One new fund was established in the period, Fprop Fulcrum Property LP, with an initial equity commitment of £10 million.

After the period end the life of The U.K. Pension Property Portfolio LP was extended by some five years to 13 January 2027. As part of this restructuring, the Group invested a further £3.24 million, increasing its interest to 12.04% (11.1% indirectly via Fprop UK Special Opportunities LP and 0.94% directly).

Fund management fees are generally levied monthly by reference to the value of properties under management. In the case of Fprop Offices LP, the Group is entitled to a share of total profits in lieu of fund management fees and to receive annual payments on account equivalent to 10% of total cumulative income profits and realised capital gains. Under its accounting policy the Group will not recognise unrealised property revaluations above a given property's original cost. These payments are adjusted annually, if necessary, for any overpayments made in previous years up to a maximum of total past cumulative payments received. As at 30 September 2021 this totalled £1.59 million.

Revenue earned by this division increased by 15% to £1.91 million (30 September 2020: £1.66 million), resulting in profit before unallocated central overheads and tax of £829,000 (30 September 2020: £633,000), representing 9% of Group profit before unallocated central overheads and tax. The increase was primarily due to a performance fee of £206,000 in respect of Fprop Offices LP (30 September 2020: £Nil).

At the period end FPAM's fund management fee income, excluding performance fees and the profit share from Fprop Offices LP, was being earned at an annualised rate of £2.89 million (31 March 2021: £2.90 million).

FPAM's weighted average unexpired fund management contract term at the period end was 3 years, 5 months (31 March 2021: 3 years, 11 months).

The reconciliation of movement in third party funds under management during the period is shown below:

Funds managed for third parties (including funds in which the Group is a minority shareholder)				
	UK £m.	CEE £m.	Total £m.	No. of prop's
As at 1 April 2021	349.8	177.4	527.2	68
Purchases	-	-	-	-
New fund mandates	-	-	-	-
Property sales	-	-	-	-
Capital expenditure	0.4	0.1	0.5	-
Property revaluation	2.5	1.1	3.6	-
FX revaluation	-	1.6	1.6	-
As at 30 Sept 2021	352.7	180.2	532.9	68

An overview of the value of assets and maturity of each of the funds managed by FPAM is set out below:

Fund	Country of investment	Fund expiry	Assets under management at market value at 30 Sept 2021 £m.	No of properties	% of total third-party assets under management %	Assets under management at market value at 31 March 2021 £m.
SAM & DHOW	UK	Rolling	*	*	*	*
5PT	Poland	Dec 2022	7.8	3	1.4	7.7
OFFICES	UK	Jun 2024	132.5	5	24.9	133.5
SIPS	UK	Jan 2025	137.3	24	25.8	134.3
FOP	Poland	Oct 2025	63.3	5	11.9	61.6
FGC	Poland	Mar 2026	21.3	1	4.0	21.1
SPEC OPPS	UK	Jan 2027	17.0	4	3.2	17.2
UK PPP	UK	Jan 2027	65.9	20	12.3	64.8
FKR	Poland	Mar 2027	20.9	1	3.9	20.7
FCL	Romania	Jun 2028	8.8	1	1.7	8.7
FPL	Poland	Jun 2028	58.1	4	10.9	57.6
FUL	UK/Poland	Indefinite	-	-	-	-
Total Third-Party AUM			532.9	68	100.0	527.2

* Not subject to recent revaluation;

The sub sector weightings of investments in FPAM funds is set out in the table below:

	UK £m.	Poland £m.	Romania £m.	Total £m.	% of Total
Offices	199.1	103.5	8.8	311.4	58.4
Retail warehousing	92.1	-	-	92.1	17.3
Supermarkets	52.2	17.5	-	69.7	13.1
Shopping centres	-	50.4	-	50.4	9.4
Industrial	9.3	-	-	9.3	1.8
Total	352.7	171.4	8.8	532.9	100.0
% of Total	66.2	32.2	1.6	100.0	

GROUP PROPERTIES

At the period end Group Properties comprised seven directly owned commercial properties in Poland and Romania and interests in eleven of the thirteen funds managed by FPAM (which are invested in the UK, Poland and Romania).

The contribution to Group profit before tax and unallocated central overheads from the Group Properties was £8.13 million (30 September 2020: £2.30 million), representing 91% of Group profit before unallocated central overheads and tax. Approximately 96% of this was attributable to the restructuring of the finance lease secured against the office block in Gdynia, Poland, which resulted in the amount owed to ING Bank in final settlement reducing by €9 million (£7.81 million) from €25 million to €16 million.

The market value less gross debt of the Group Properties amounts to some £46.49 million, of which some 93% or £43.44 million is invested in Poland and Romania.

1. Directly owned Group Properties (all accounted for under the cost model):

Two of the Group's seven directly owned properties account for 72% of their book value (£26.64 million). Both are office buildings in Poland of which one is in Warsaw (11,000 m²) and the other in Gdynia (14,000 m²). The balance of 28% by book value (£10.23 million) is invested in two mini-supermarkets in Poland, a development site in Warsaw, an office block in Bucharest and a warehouse in Tureni, Romania.

Country	Sector	No. of properties	Book value	Market value	*Contribution to Group profit before tax - period to 30 Sept 2021	*Contribution to Group profit before tax - period to 30 Sept 2020
			£m.	£m.	£m.	£m.
Poland, Gdynia	Offices	1	13.75	13.75	**7.51	1.35
Poland, Warsaw	Offices	1	12.89	15.97	0.67	0.66
Poland	Supermarkets	3	6.30	6.87	***0.02	0.08
Romania	Offices and logistics	2	3.93	6.32	0.17	0.18
Total		7	36.87	42.91	8.37	2.27

*Prior to the deduction of direct overhead and unallocated central overhead expenses.

**Includes €9 million (£7.81 million) debt reduction following restructuring of the finance lease at Gdynia.

***Of which two are let and the third is being redeveloped, scheduled for completion in FY2023.

The seven directly owned properties generated a profit before unallocated central overheads and tax of £7.73 million (30 September 2020: £1.50 million). The increase was almost entirely attributable to the restructuring of the finance lease secured against the office block in Gdynia (following the expiry of the over-rented lease), which resulted in the amount owed to ING Bank reducing by €9 million (£7.81 million) from €25 million to €16 million. As part of the transaction, ING was paid €4 million and the remainder of the finance lease liability was replaced by a non-interest bearing loan of €12 million (£10.31 million) repayable by June 2024. The property is largely vacant (since Feb 2021) and contributed a loss of £295,000 (30 September 2020: a profit of £1.35 million). We have agreed terms to lease some 10% of the building and are actively marketing the remainder.

During the period the Group leased 73% of the vacant office space in Chałubińskiego 8 (CH8), the office tower in Warsaw which was sold at the end of the financial year ended 31 March 2020 but on which a rent guarantee over the vacant space was provided by the Group to the new owner, worth around £1 million per annum. The Group's maximum residual liability over the remaining life of the rent guarantee (until April 2025) has now reduced to some €1.37 million (£1.19 million), equivalent to some €392,000 per annum. A provision of some €532,000 (£461,000) has been made as at 30 September 2021 against this remaining liability.

The debt secured against the seven Group Properties reduced to £24.80 million (31 March 2021: £35.09 million), mainly as a result of the restructuring of the finance lease secured on the office block in Gdynia. The loans secured against the seven properties are held in separate non-recourse special purpose vehicles. The loan secured against the property in Bucharest was increased by €1.50 million (£1.30 million).

Directly owned Group Properties	30 Sept 2021	31 March 2021
Book value	£36.87m	£34.95m
Market value	£42.91m	£41.57m
Gross debt (all non-recourse to Group)	£24.80m	£35.09m
Market value less gross debt	£18.11m	£6.48m
LTV at book value %	67.28%	100.41%
LTV at market value %	57.81%	84.41%
Weighted average borrowing cost	1.14%	1.60%
Weighted average debt term	4 yrs 1 mths	2 yrs 0 mths

The weighted average unexpired lease term (WAULT) of all seven properties as at 30 September 2021 was 5 years and 9 months.

2. Associates and Investments

These comprise non-controlling interests in eleven of the thirteen funds managed by FPAM, of which seven are accounted for as associates under the cost model, and four are accounted for as investments in funds and held at fair value.

The contribution to Group profit before tax and unallocated central overheads from its seven associates and four investments decreased by 49% to £406,000 (30 September 2020: £796,000). The reduction was largely attributable to the Group's shareholding in Fprop Opportunities plc (FOP), a fund which experienced a reduction in rent payable following the granting of two new (material) leases during lockdown at lower rents than were previously being received.

An overview of the Group's Associates and Investments is set out in the table below:

Fund	% owned by First Property Group	Book value of First Property's share in fund	Current market value of holdings	Group's share of post-tax profits earned by fund 30 Sept 2021	Group's share of post-tax profits earned by fund 30 Sept 2020
	%	£'000	£'000	£'000	£'000
a) Associates					
5PT	40.6	1,319	1,336	72	72
FRS	24.1	-	75	47	11
FOP	43.8	11,114	11,589	175	627
FGC	28.2	2,550	2,651	71	99
FKR	18.1	1,647	1,767	56	92
FPL	23.4	1,350	7,136	(180)	(219)
FCL	17.4	600	780	35	41
Sub Total		18,580	25,334	276	723
b) Investments					
UK PPP	0.9	621	621	30	14
SPEC OPPS*	4.0	464	464	23	17
OFFICES	1.6	1,964	1,964	77	42
FUL**	2.5	-	-	-	-
Sub Total		3,049	3,049	130	73
Total		21,629	28,383	406	796

* On 16 November 2021 the Group's investment in Fprop UK Special Opportunities LP increased to 11.07%.

** New fund established - Fprop Fulcrum Property LP. As at 30 September 2021 no funds had been invested.

The contribution from Fprop Krakow Ltd (FKR), a multi-let office tower in Krakow, was lower due to the expiry in July of the lease to its largest tenant, representing 4,790m² or nearly half the net internal area.

The loss in Fprop Phoenix Ltd (FPL), which owns an office park near Krakow Airport, narrowed slightly but is expected to increase in the second half. Its largest tenant vacated in August. We have invested substantially in the park both before and during the pandemic and it now offers very cost effective office space with first class amenities – including its own railway station, a creche and kindergarten, a gym, sports ground, BBQ area and conference centre. The challenge now is to lease it up.

Commercial Property Market Outlook

Poland:

Poland's GDP is forecast to grow by 4.8% in 2021 and 5.0% in 2022, marginally more than forecast inflation. The country's central bank has increased its key policy interest rate by 40bps to 0.50% in October, and by 75bps to 1.25% in November. It is expected to increase interest rates to 2.50% by the end of 2022.

Rents in Poland are contractually mostly linked to Eurozone inflation. We therefore expect rental values broadly to keep pace with inflation.

Commercial property transactions are picking up as the economy reopens. Prime yields generally range from 5-6%.

Romania:

Romania's GDP is expected to grow by some 7% in 2021 and 4% in 2022, marginally more than forecast inflation in 2021 but behind forecast inflation for 2022.

Rents in Romania are contractually mostly linked to Eurozone inflation. We therefore expect rental values broadly to keep pace with inflation.

Commercial property transactions are picking up as the economy reopens. Prime yields generally range from 7-8%.

United Kingdom:

The United Kingdom's GDP growth is rebounding, mainly based on consumption, as restrictions to economic activity are eased. GDP is expected to return to its pre-pandemic level in early 2022. Inflation is also increasing but at a lesser rate than the growth in GDP.

Investor demand for commercial property is rebounding too, with capital values for "all commercial property" increasing by 3.8% in Q3 2021, the fastest rate since Q1 2010. Capital growth year to date is 6.4%. Rental growth is more elusive.

Our favoured sectors remain retail warehouses and regional offices but we are also beginning to see value on the high street. Yields for good secondary commercial property remain attractive.

CURRENT TRADING AND PROSPECTS

The first half has seen a sharp turnaround in our fortunes, principally due to the restructuring of a finance lease secured against our largest Group Property which reduced our debt liability by some €9 million.

Our balance sheet remains strong with some £43 million of net assets of which some £12 million is in cash.

Our prospects are bright – we have cash to invest, there are many investment opportunities and occupational demand should pick up from the lockdown induced lows with a commensurate increase in the value of our own properties.

Ben Habib
Chief Executive

CONSOLIDATED INCOME STATEMENT
for the six months to 30 September 2021

	Notes	Six months to 30 Sept 2021 (unaudited)	Six months to 30 Sept 2020 (unaudited)	Year to 31 Mar 2021 (audited)
		£'000	£'000	£'000
Revenue		4,033	6,330	12,119
Cost of sales		(1,298)	(1,194)	(4,128)
Gross profit		2,735	5,136	7,991
Profit on sale of an investment property		-	-	161
Debt reduction following restructuring of finance lease		7,809	-	-
Recycled foreign exchange gain		-	-	1,163
Impairment loss to an investment property		-	-	(7,023)
Operating expenses		(4,258)	(3,492)	(7,363)
Operating profit		6,286	1,644	(5,071)
Share of results in associates	8a	234	723	3,467
Share of associates' revaluation gain/ (losses)	8a	42	-	(2,997)
Investment income		130	73	185
Interest income	3	130	45	67
Interest expense	3	(157)	(403)	(740)
Profit/ (loss) before tax		6,665	2,082	(5,089)
Corporation tax	4	(129)	(404)	(179)
Deferred tax	4	(51)	(1,140)	(2,133)
Profit/ (loss) for the period		6,485	538	(7,401)
Attributable to:				
Owners of the parent		6,457	515	(7,449)
Non-controlling interests		28	23	48
		6,485	538	(7,401)
Earnings/ (loss) per share				
Basic	5	5.85p	0.47p	(6.75p)
Diluted	5	5.72p	0.46p	(6.59p)

All operations are continuing.

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

for the six months to 30 September 2021

	Notes	Six months to 30 Sept 2021 (unaudited)	Six months to 30 Sept 2020 (unaudited)	Year to 31 Mar 2021 (audited)
		£'000	£'000	£'000
Profit/ (loss) for the period		6,485	538	(7,401)
Other comprehensive income				
Items that may subsequently be reclassified to profit or loss:				
Exchange differences on retranslation of foreign subsidiaries		24	(53)	(685)
Foreign exchange profit recycled to the Income Statement		-	-	(1,163)
Net (loss)/ gain on financial assets at fair value through Other Comprehensive Income	8b	(14)	(52)	(119)
Taxation		-	-	-
Total comprehensive income for the period		6,495	433	(9,368)
Total comprehensive income for the period attributable to:				
Owners of the parent		6,409	412	(9,440)
Non-controlling interests		86	21	72
		6,495	433	(9,368)

All operations are continuing.

CONSOLIDATED BALANCE SHEET

as at 30 September 2021

	Notes	As at 30 Sept 2021 (unaudited)	As at 31 Mar 2021 (audited)	As at 30 Sept 2020 (unaudited)
		£'000	£'000	£'000
Non-current assets				
Goodwill		153	153	153
Investment properties	6	24,090	22,456	32,544
Property, plant and equipment		130	157	56
Investment in associates	8a	18,580	18,577	18,483
Other financial assets at fair value through OCI	8b	3,049	3,061	3,128
Other receivables	9	293	487	730
Right of use assets		686	686	584
Deferred tax assets		1,596	1,518	2,307
Total non-current assets		48,577	47,095	57,985
Current assets				
Inventories – land and buildings	7	12,775	12,494	14,940
Current tax assets		5	296	133
Trade and other receivables	9	4,919	5,149	3,216
Cash and cash equivalents		12,239	16,244	21,207
Total current assets		29,938	34,183	39,496
Current liabilities				
Trade and other payables	10	(4,635)	(3,447)	(3,638)
Provisions	11	(1,767)	(2,076)	(1,826)
Financial liabilities	12a	(1,316)	(22,637)	(25,803)
Current tax liabilities		(31)	(12)	(78)
Total current liabilities		(7,749)	(28,172)	(31,345)
Net current assets		22,189	6,011	8,151
Total assets less current liabilities		70,766	53,106	66,136
Non-current liabilities				
Financial liabilities	12b	(13,173)	(12,457)	(15,241)
Other financial liabilities	13	(10,314)	-	-
Lease liabilities		(686)	(686)	(584)
Deferred tax liabilities		(3,142)	(2,974)	(3,049)
Net assets		43,451	36,989	47,262
Equity				
Called up share capital		1,166	1,166	1,166
Share premium		5,791	5,791	5,791
Share-based payment reserve		179	179	179
Foreign exchange translation reserve		(3,142)	(3,108)	(1,311)
Purchase of own shares reserve		(2,653)	(2,653)	(2,653)
Investment revaluation reserve		(369)	(355)	(288)
Retained earnings		42,225	35,768	44,228
Equity attributable to the owners of the parent		43,197	36,788	47,112
Non-controlling interests		254	201	150
Total equity		43,451	36,989	47,262
Net assets per share	5	39.13p	33.33p	42.68p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months to 30 September 2021

	Share Capital	Share Premium	Share- Based Payment Reserve	Foreign Exchange Translation Reserve	Purchase of own Shares	Investment Revaluation Reserve	Retained Earnings	Non- controlling Interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	1,166	5,791	179	(1,260)	(2,653)	(236)	45,060	157	48,204
Profit for the period	-	-	-	-	-	-	538	-	538
Net (loss)/ gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	(52)	-	-	(52)
Movement on foreign exchange	-	-	-	(51)	-	-	-	(2)	(53)
Total Comprehensive Income	-	-	-	(51)	-	(52)	538	(2)	433
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	(23)	23	-
Dividends paid	-	-	-	-	-	-	(1,347)	(28)	(1,375)
At 30 Sept 2020	1,166	5,791	179	(1,311)	(2,653)	(288)	44,228	150	47,262
Profit for the period	-	-	-	-	-	-	(7,939)	-	(7,939)
Net gain/ (loss) on financial assets at fair value through other comprehensive income	-	-	-	-	-	(67)	-	-	(67)
Movement on foreign exchange	-	-	-	(634)	-	-	-	26	(608)
Foreign exchange profit recycled to the income statement	-	-	-	(1,163)	-	-	-	-	(1,163)
Total Comprehensive Income	-	-	-	(1,797)	-	(67)	(7,939)	26	(9,777)
Sale of treasury shares	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	(25)	25	-
Dividends paid	-	-	-	-	-	-	(496)	-	(496)
At 1 April 2021	1,166	5,791	179	(3,108)	(2,653)	(355)	35,768	201	36,989
Profit for the period	-	-	-	-	-	-	6,485	-	6,485
Net gain/ (loss) on financial assets at fair value through other comprehensive income	-	-	-	-	-	(14)	-	-	(14)
Movement on foreign exchange	-	-	-	(34)	-	-	-	58	24
Total Comprehensive Income	-	-	-	(34)	-	(14)	6,485	58	6,495
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	(28)	28	-
Dividends paid	-	-	-	-	-	-	-	(33)	(33)
At 30 Sept 2021	1,166	5,791	179	(3,142)	(2,653)	(369)	42,225	254	43,451

CONSOLIDATED CASH FLOW STATEMENT

for the six months to 30 September 2021

	Notes	Six months to 30 Sept 2021 (unaudited) £'000	Six months to 30 Sept 2020 (unaudited) £'000	Year to 31 Mar 2021 (audited) £'000
Cash flows (used in)/ from operating activities				
Operating profit / (loss)		6,286	1,644	(5,071)
Adjustments for:				
Depreciation of investment property, and property, plant & equipment		38	949	1,362
Profit on the sale of investment property		-	-	(161)
Loss on the sale of inventory		-	-	217
Impairment loss on an investment property		-	-	7,023
Debt reduction following restructuring of finance lease		(7,809)	-	-
(Increase)/ decrease in inventories		(77)	21	(129)
Decrease/ (increase) in trade and other receivables		189	41,999	38,858
Increase/ (decrease) in trade and other payables		811	(4,242)	(2,607)
Other non-cash adjustments		47	23	(126)
Cash generated from operations		(515)	40,394	39,366
Income taxes paid		182	(407)	(640)
Net cash flow (used in)/ from operating activities		(333)	39,987	38,726
Cash flow (used in)/ from investing activities				
Capital expenditure on investment properties	6	(1,333)	(12)	(160)
Proceeds from partial disposal of financial assets held at fair value through Other Comprehensive Income	8a	-	-	-
Purchase of property, plant and equipment		(2)	-	(134)
Proceeds from the sale of an investment property		-	-	1,505
Investment in funds	8b	(2)	(6)	(6)
Proceeds from funds	8a	31	-	172
Investment in shares of associates	8a	-	(62)	(605)
Interest received	3	130	45	67
Dividends from associates	8a	242	-	24
Distributions received		130	73	185
Net cash flow (used in)/ from investing activities		(804)	38	1,048
Cash flow (used in)/ from financing activities				
Proceeds from bank loan		1,289	-	-
Repayment of bank loans		(574)	(23,126)	(25,077)
Repayment of finance lease		(3,434)	(1,358)	(2,970)
Purchase of new treasury shares		-	-	-
Sale of shares held in Treasury		-	-	-
Exercise of share options		-	-	-
Interest paid	3	(157)	(403)	(740)
Dividends paid		-	(1,347)	(1,843)
Dividends paid to non-controlling interests		(33)	(28)	(28)
Net cash flow (used in)/ from financing activities		(2,909)	(26,262)	(30,658)
Net (decrease)/ increase in cash and cash equivalents		(4,046)	13,763	9,116
Cash and cash equivalents at the beginning of period		16,244	7,337	7,337
Currency translation gains/ (losses) on cash and cash equivalents		41	107	(209)
Cash and cash equivalents at the end of the period		12,239	21,207	16,244

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2021

1. Basis of Preparation

- These interim consolidated financial statements for the six months ended 30 September 2021 have not been audited or reviewed and do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. They have been prepared in accordance with the Group's accounting policies as set out in the Group's latest annual financial statements for the year ended 31 March 2021 and are in compliance with IAS 34 "Interim Financial Reporting". These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted by the European Union (EU).
- The comparative figures for the financial year ended 31 March 2021 are not the full statutory accounts for the financial year but are abridged from those accounts prepared under IFRS which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include references to any matter to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.
- These interim financial statements were approved by a committee of the Board on 16 November 2021.

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2021

2. Segmental Analysis

Segment reporting for the six months to 30 September 2021

Direct costs incurred by First Property Group plc relating to the cost of the Board and the related share listing costs are shown separately under unallocated central costs. The staff incentive accrual is included under unallocated central costs but will be reallocated across all segments at the year end.

	Fund Management Division	Group Properties Division			
	Property fund management	Group properties	Associates and investments	Unallocated central overheads	TOTAL
	£'000	£'000	£'000	£'000	£'000
Rental income	-	1,520	-	-	1,520
Service charge income	-	605	-	-	605
Asset management fees	1,702	-	-	-	1,702
Performance related fee income	206	-	-	-	206
Total revenue	1,908	2,125	-	-	4,033
Depreciation and amortisation	(25)	(68)	-	-	(93)
Operating profit	829	7,788	-	(2,331)	6,286
Share of results in associates	-	-	234	-	234
Fair value adjustment to associate	-	-	42	-	42
Investment income	-	-	130	-	130
Interest income	-	94	-	36	130
Interest expense	-	(157)	-	-	(157)
Profit/ (loss) before tax	829	7,725	406	(2,295)	6,665
Analysed as:					
Underlying profit/ loss before tax before adjusting for the following items:	423	25	364	(411)	401
Write down, impairment loss/ reversals	-	-	-	-	-
Interest on loan to 'FOP'	-	112	-	-	112
Debt reduction following restructuring of finance lease	-	7,809	-	-	7,809
Group's share of revaluation gain on associates	-	-	42	-	42
Provision for rent guarantee	-	(184)	-	-	(184)
Performance related fee income	206	-	-	-	206
One-off AM fee income from Tesco deal (FOP)	192	-	-	-	192
Depreciation on investment property	-	-	-	-	-
Staff incentives	-	-	-	(1,850)	(1,850)
Realised foreign currency (losses)/ gains	8	(37)	-	(34)	(63)
Profit/ (loss) before tax	829	7,725	406	(2,295)	6,665

Revenue for the six months to 30 September 2021 from continuing operations consists of revenue arising in the United Kingdom 29% (30 September 2020: 14%) and Central and Eastern Europe 71% (30 September 2020: 86%) and all relates solely to the Group's principal activities.

NOTES TO THE ACCOUNTS
for the six months ended 30 September 2021

Segment reporting for the six months to 30 September 2020

	Fund Management Division	Group Properties Division			
	Property fund management	Group properties	Associates and investments	Unallocated central overheads	TOTAL
	£'000	£'000	£'000	£'000	£'000
Rental income	-	4,006	-	-	4,006
Service charge income	-	663	-	-	663
Asset management fees	1,661	-	-	-	1,661
Performance related fee income	-	-	-	-	-
Total revenue	1,661	4,669	-	-	6,330
Depreciation and amortisation	(10)	(976)	-	-	(986)
Operating profit	633	1,884	-	(873)	1,644
Share of results in associates	-	-	723	-	723
Investment income	-	-	73	-	73
Interest income	-	21	-	24	45
Interest expense	-	(403)	-	-	(403)
Profit/ (loss) before tax	633	1,502	796	(849)	2,082
Analysed as:					
Underlying profit/ loss before tax before adjusting for the following items:	644	2,572	796	(680)	3,332
Write down, impairment loss/ reversals	-	-	-	-	-
Profit on the sale of 'FOP' shares	-	-	-	-	-
Goodwill write off on acquisition of associates	-	-	-	-	-
Group's share of revaluation losses on associates	-	-	-	-	-
Performance related fee income	-	-	-	-	-
Depreciation on investment property	-	(884)	-	-	(884)
Staff incentives	-	-	-	(397)	(397)
Realised foreign currency (losses)/ gains	(11)	(186)	-	228	31
Profit/ (loss) before tax	633	1,502	796	(849)	2,082

NOTES TO THE ACCOUNTS
for the six months ended 30 September 2021

Segment reporting for the year to 31 March 2021

	Fund Management Division	Group Properties Division			
	Property fund management	Group properties	Associates and investments	Unallocated central overheads	TOTAL
	£'000	£'000	£'000	£'000	£'000
Rental income	-	6,087	-	-	6,087
Service charge income	-	1,544	-	-	1,544
Sale of a property held in inventory	-	1,103	-	-	1,103
Asset management fees	3,345	-	-	-	3,345
Performance related fee income	40	-	-	-	40
Total revenue	3,385	8,734	-	-	12,119
Depreciation and amortisation	(21)	(1,425)	-	-	(1,446)
Operating profit	1,304	(5,090)	-	(1,285)	(5,071)
Share of results in associates	-	-	3,467	-	3,467
Fair value adjustment on associates	-	-	(2,997)	-	(2,997)
Investment income	-	-	185	-	185
Interest income	-	31	-	36	67
Interest expense	-	(740)	-	-	(740)
Profit/ (loss) before tax	1,304	(5,799)	655	(1,249)	(5,089)
Analysed as:					
Underlying profit/ (loss) before tax before adjusting for the following items:	1,294	3,023	1,472	(1,213)	4,576
Provision in respect of rent guarantee	-	(1,030)	-	-	(1,030)
Profit on the sale of group properties	-	161	-	-	161
Loss on the sale of a property held in inventory	-	(217)	-	-	(217)
Impairment to an investment property	-	(7,023)	-	-	(7,023)
One-off additional income from our share of associates (FOP)	-	-	2,180	-	2,180
Fair value adjustment on associates (FOP)	-	-	(2,997)	-	(2,997)
Recycled foreign exchange gain	-	1,163	-	-	1,163
Depreciation	-	(1,327)	-	-	(1,327)
Performance related fee income	40	-	-	-	40
Staff incentives	-	-	-	-	-
Realised foreign currency (losses)/ gains	(30)	(549)	-	(36)	(615)
Total	1,304	(5,799)	655	(1,249)	(5,089)
Assets - Group	836	43,873	3,061	14,931	62,701
Share of net assets of associates	-	-	18,885	(308)	18,577
Liabilities	(120)	(44,001)	-	(168)	(44,289)
Net assets	716	(128)	21,946	14,455	36,989

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2021

3. Interest Income/ (Expense)

	Six months ended 30 Sept 2021	Six months ended 30 Sept 2020	Year ended 31 Mar 2021
	£'000	£'000	£'000
Interest income – bank deposits	-	24	26
Interest income – other	130	21	41
Total interest income	130	45	67

	Six months ended 30 Sept 2021	Six months ended 30 Sept 2020	Year ended 31 Mar 2021
	£'000	£'000	£'000
Interest expense – property loans	(151)	(257)	(467)
Interest expense – bank and other	(6)	(22)	(47)
Finance charges on finance leases	-	(124)	(226)
Total interest expense	(157)	(403)	(740)

4. Tax Expense

The tax charge is based on a combination of actual current and deferred tax charged at an effective rate that is expected to apply to the profits for the full year.

	Six months ended 30 Sept 2021	Six months ended 30 Sept 2020	Year ended 31 Mar 2021
	£'000	£'000	£'000
Current tax	(129)	(404)	(179)
Deferred tax	(51)	(1,140)	(2,133)
Total	(180)	(1,544)	(2,312)

The deferred tax charge for the year ended 31 March 2021 relates to the reversal of a previously recognised deferred tax asset following the repayment of the bank loan secured against the property CH8 in April 2020.

NOTES TO THE ACCOUNTS
for the six months ended 30 September 2021

5. Earnings/ NAV Per Share

The basic earnings per ordinary share is calculated on the profit on ordinary activities after taxation and after non-controlling interests on the weighted average number of ordinary shares in issue, during the period.

Figures in the table below have been used in the calculations.

	Six months ended 30 Sept 2021	Six months ended 30 Sept 2020	Year ended 31 Mar 2021
Basic earnings/ (loss) per share	5.85p	0.47p	(6.75p)
Diluted earnings/ (loss) per share	5.72p	0.46p	(6.59p)
	Number	Number	Number
Weighted average number of Ordinary shares in issue (used for basic earnings per share calculation)	110,382,332	110,953,578	110,382,332
Number of share options	2,610,000	2,610,000	2,610,000
Total number of Ordinary shares used in the diluted earnings per share calculation	112,992,332	113,563,578	112,992,332
	£'000	£'000	£'000
Basic earnings	6,457	515	(7,449)
Notional interest on share options assumed to be exercised	4	4	7
Diluted earnings/ (loss)	6,461	519	(7,442)
	Six months ended 30 Sept 2021	Six months ended 30 Sept 2020	Year ended 31 Mar 2021
Net assets per share	39.13p	42.68p	33.33p
Adjusted net assets per share	48.88p	54.28p	42.80p

Adjusted net assets per share are calculated using the fair value of all investments.

The following numbers have been used to calculate both the net assets and adjusted net assets per share:

	Six months ended 30 Sept 2021	Six months ended 30 Sept 2020	Year ended 31 Mar 2021
	Number	Number	Number
Number of shares in issue at period end	110,382,332	110,382,332	110,382,332
	£'000	£'000	£'000
Net assets excluding Non-controlling interest	43,197	47,112	36,788
For adjusted net assets per share	Number	Number	Number
Number of shares in issue at period end	110,382,332	110,382,332	110,382,332
Number of share options assumed to be exercised	2,610,000	2,610,000	2,610,000
Total	112,992,332	112,992,332	112,992,332
For adjusted net assets per share	£'000	£'000	£'000
Net assets excluding Non-controlling interests	43,197	47,112	36,788
Investment properties at fair value net of deferred taxes	2,305	4,564	2,663
Inventories at fair value net of deferred taxes	2,590	3,034	2,701
Investments in associates at fair value	6,753	6,246	5,827
Other items	381	381	381
Total	55,226	61,337	48,360

NOTES TO THE ACCOUNTS
for the six months ended 30 September 2021

6. Investment Properties

	Six months ended 30 Sept 2021	Year ended 31 Mar 2021	Six months ended 30 Sept 2020
	£'000	£'000	£'000
1 April	22,456	32,537	32,537
Capital expenditure	1,333	160	12
Disposals	-	(241)	-
Depreciation	(3)	(1,327)	(939)
Impairment loss to an investment property	-	(7,023)	-
Foreign exchange translation	304	(1,650)	934
Total at end of period	24,090	22,456	32,544

Investment properties owned by the Group are stated at cost less depreciation and accumulated impairment losses.

In 2015 the Directors resolved to depreciate the value of the property in Gdynia over the remaining term of the lease (which expired in February 2021) to reflect its residual value. No depreciation was charged on this property for the period to 30 September 2021. No other property has been depreciated as their respective estimated residual values are expected to be higher than their carrying value.

At 31 March 2021, the Directors wrote down the value of the Gdynia property by £7.02 million to reflect the value of the final settlement agreed with the lending bank, following the restructuring of the financing in June 2021.

7. Inventory – Land and Buildings

	Six months ended 30 Sept 2021	Year ended 31 Mar 2021	Six months ended 30 Sept 2020
	£'000	£'000	£'000
1 April	12,494	14,558	14,558
Capital expenditure	132	213	20
Disposals	-	(1,320)	-
Depreciation	(55)	(84)	(31)
Foreign exchange translation	204	(873)	393
Total at end of period	12,775	12,494	14,940

The Group's total interest in Blue Tower (an office block in Warsaw) is 48.2% of the building. The fair value of this interest is €18.58 million as at 30 September 2021 and 31 March 2021 but is stated at cost as above.

The disposal in the year ended 31 March 2021 relates to the sale of another property related to Blue Tower. Consideration of £1.10 million was received in respect of this sale resulting in a loss on disposal of £217,000. The fair value of this interest as at 31 March 2021 was €2.10 million.

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2021

8. Investments in associates and other financial investments

	Six months ended 30 Sept 2021	Year ended 31 Mar 2021	Six months ended 30 Sept 2020
	£'000	£'000	£'000
a) Associates			
Cost of investment at beginning of period	18,577	17,698	17,698
Additions	-	605	62
Disposals	-	-	-
Repayment of shareholder loan	(31)	(172)	-
Share of associates profit after tax	234	3,467	723
Share of associates revaluation losses	42	(2,997)	-
Dividends received	(242)	(24)	-
Cost of investment at end of period	18,580	18,577	18,483

	Six months ended 30 Sept 2021	Year ended 31 Mar 2021	Six months ended 30 Sept 2020
	£'000	£'000	£'000
Investments in associates			
5th Property Trading Ltd	1,627	1,555	1,508
Fprop Romanian Supermarkets Ltd	-	194	179
Fprop Galeria Corso Ltd	2,550	2,479	2,445
Fprop Krakow Ltd	1,648	1,592	1,543
Fprop Cluj Ltd	600	596	560
Fprop Phoenix Ltd	1,349	1,530	1,690
Fprop Opportunities plc	11,114	10,939	10,866
	18,888	18,885	18,791
Less: Group share of profit after tax withheld on sale of property to an associate in 2007	(308)	(308)	(308)
Cost of investment at end of period	18,580	18,577	18,483

The withheld profit figure of £308,000 represents the removal of the percentage of intercompany profit resulting from the sale of the property in 2007 to 5th Property Trading Ltd (an associate). The figure will reduce when there is a reduction in First Property Group's stake in 5th Property Trading Ltd.

	Six months ended 30 Sept 2021	Year ended 31 Mar 2021	Six months ended 30 Sept 2020
	£'000	£'000	£'000
b) Other financial investments			
Cost of investment at 1 April	3,061	3,174	3,174
Additions	2	6	6
Repayments	-	-	-
Disposal	-	-	-
(Decrease)/ increase in fair value during the period	(14)	(119)	(52)
Cost of investment at end of period	3,049	3,061	3,128

NOTES TO THE ACCOUNTS
for the six months ended 30 September 2021

9. Trade and Other Receivables

	Six months ended 30 Sept 2021 £'000	Year ended 31 Mar 2021 £'000	Six months ended 30 Sept 2020 £'000
Current assets			
Trade receivables	953	1,325	1,222
Less provision for impairment of receivables	(260)	(281)	(356)
Trade receivables net	693	1,044	866
Other receivables	3,253	3,408	1,757
Prepayments and accrued income	973	697	593
Total at end of period	4,919	5,149	3,216
Non-current assets			
Other receivables	293	487	730

The other receivables balance included in non-current assets of £293,000 (31 March 2021: £487,000) relates to the deferred consideration from the sale of an investment property located in Romania. This has been discounted to reflect its current value.

10. Trade and Other Payables

	Six months ended 30 Sept 2021 £'000	Year ended 31 Mar 2021 £'000	Six months ended 30 Sept 2020 £'000
Current liabilities			
Trade payables	1,108	2,052	1,841
Other taxation and social security	252	557	621
Other payables and accruals	2,906	691	993
Deferred income	369	147	183
Total at end of period	4,635	3,447	3,638

11. Provisions

	Six months ended 30 Sept 2021 £'000	Year ended 31 Mar 2021 £'000	Six months ended 30 Sept 2020 £'000
Current liabilities	1,767	2,076	1,826

The provision at 30 Sept 2021 represents a rent guarantee of £458,000 (31 March 2021: £786,000) and fit out costs of £1,309,000 (31 March 2021: £1,290,000). These provisions are in respect of the guarantee given as part of the sale of CH8 which completed in April 2020.

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2021

12. Financial Liabilities

	Six months ended 30 Sept 2021 £'000	Year ended 31 Mar 2021 £'000	Six months ended 30 Sept 2020 £'000
a) Current liabilities			
Bank loans	1,316	1,194	1,302
Finance lease obligations	-	21,443	24,501
Total at end of period	1,316	22,637	25,803
b) Non-current liabilities			
Bank loans	13,173	12,457	15,241
Finance lease obligations	-	-	-
Total at end of period	13,173	12,457	15,241
c) Total obligations under financial liabilities			
Repayable within one year	1,316	22,637	25,803
Repayable within one and five years	6,835	11,116	8,833
Repayable after five years	6,338	1,341	6,408
Total at end of period	14,489	35,094	41,044

Four bank loans (all denominated in Euros) totalling £14.49 million (31 March 2021: £41.04 million), included within financial liabilities, are secured against investment properties owned by the Group and one property owned by the Group shown under inventories. These bank loans are otherwise non-recourse to the Group's assets.

13. Other Financial Liabilities

	Six months ended 30 Sept 2021 £'000	Year ended 31 Mar 2021 £'000	Six months ended 30 Sept 2020 £'000
Non-current liabilities	10,314	-	-

This non-current liability represents the balance of €12.00 million which was a result of the restructuring of a finance lease secured against the office tower in Gdynia. The restructuring resulted in the amount owed to ING bank in final settlement reducing by €9.00 million (£7.81 million). As part of the deal, the Group acquired the freehold of the property for €16.00 million of which €4.00 million has been paid and €12.00 million is owed by June 2024. No interest is payable on this non-current liability.

The interim results are being circulated to all shareholders and can be downloaded from the company's web site. Further copies can be obtained from the registered office at 32 St James's Street, London SW1A 1HD.