

Date: 26 June 2024
On Behalf of: First Property Group plc ("First Property", the "Company" or the "Group")
Embargoed: 0700hrs

First Property Group plc

Preliminary results for the twelve months to 31 March 2024 (Unaudited)

First Property Group plc (AIM: FPO), the property fund manager and investor with operations in the United Kingdom and Central Europe, today announces its unaudited preliminary results for the twelve months ended 31 March 2024.

Highlights:

- Statutory loss before tax for the year: £4.41 million (31 March 2023 profit before tax: £2.49 million)
- Cash at 31 March 2024: £4.63 million (31 March 2023: £7.65 million)
- Net debt at 31 March 2024: £22.99 million (31 March 2023: £22.01 million)
- Third party Assets Under Management ("AUM") at 31 March 2024: £222 million (31 March 2023: £400 million)
- Total AUM at 31 March 2024: £274 million (31 March 2023: £454 million)
- Weighted average unexpired fund management contract term at 31 March 2024: 1 year, 9 months (31 March 2023: 2 years, 9 months)

Financial summary:

	Unaudited year to 31 March 2024	Audited year to 31 March 2023	Percentage change
Income Statement:			
Statutory (loss)/profit before tax	(£4.41m)	£2.49m	-277.11%
Diluted (loss)/earnings per share	(4.04p)	1.70p	-337.65%
Total dividend per share	-	0.50p	-100.00%
Average €/£ exchange rate	1.1606	1.1567	-
Financial position at the year-end:			
Investment properties at book value	£45.76m	£47.01m	-2.66%
Investment properties at market value	£51.90m	£53.97m	-3.84%
Associates and investments at book value	£19.90m	£22.13m	-10.09%
Associates and investments at market value	£20.26m	£25.27m	-19.83%
Cash balances	£4.63m	£7.65m	-39.48%
Cash per share	4.18p	6.90p	-39.42%
Gross debt	£27.62m	£29.66m	-6.88%
Net debt	£22.99m	£22.01m	4.45%
Gearing ratio at book value*	41.47%	40.57%	-
Gearing ratio at market value*	38.28%	36.08%	-
Net assets at book value**	£38.98m	£43.44m	-10.27%
Net assets at market value	£44.53m	£52.54m	-15.25%
Adjusted net assets per share (EPRA basis)	39.41p	46.50p	-15.25%
Year-end €/£ rate	1.1697	1.1381	-

*Gearing ratio = Gross debt divided by gross assets

**Attributable to the owners of the parent, excludes non-controlling interests

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

"The last year has been a challenging time for investing in commercial property.

"The combination of higher interest rates in the US, attracting capital out of other markets (including Poland), higher interest rates generally putting pressure on values and availability of bank debt, weaker economies and a burdensome regulatory environment with the drive to Net Zero has resulted in reduced occupancy demand, higher capital investment requirements, reduced values and an exodus of institutional investors from the markets.

"As a result, the capital values of our properties have been under pressure and leasing activity has not been as strong as we would have hoped and expected.

"Nevertheless, we are managing the situation and once US interest rates begin to ease we would expect a recovery in the UK and Europe."

A briefing for analysts and shareholders will be held at 11.00hrs 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 be automatically invited. A copy of the accompanying investor presentation and a recording of the call will be posted on the Company's website.

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

Allenby Capital (NOMAD & Broker)

Nick Naylor / Daniel Dearden-Williams (Corporate Finance)
Amrit Nahal / Tony Quirke (Sales and Corporate Broking)

Tel: + 44 (0) 20 3328 5656

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 twelve 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 six directly held properties in Poland, one in Romania, and non-controlling interests in nine of the twelve funds.

Quoted on AIM, the Company has offices in London and Warsaw. Further information about the Company and its properties can be found at: www.fprop.com.

CHIEF EXECUTIVE'S STATEMENT

Financial performance

I am pleased to report the Company's preliminary results for the year ended 31 March 2024.

Revenue earned by the Group during the year increased by 8% to £7.85 million (31 March 2023: £7.25 million) yielding a loss before tax of £4.41 million (31 March 2023: profit before tax: £2.49 million).

The loss was mainly caused by two non-cash items:

1. an impairment of £3.72 million to the value of the Group's office property in Gdynia in order to match its value to the value of the liability secured against it as announced on 17 May 2024; and
2. a reduction of £0.97 million in the fair value of the Group's investment in Fprop Opportunities plc ('FOP'), of which £0.82 million was reported in the Group's interim accounts.

The Group ended the year with net assets calculated under the cost basis of accounting, excluding non-controlling interests, of £38.98 million (31 March 2023: £43.44 million), equating to 35.15 pence per share (31 March 2023: 39.18 pence per share). It is the accounting policy of the Group to carry its properties and interests in associates at the lower of cost or market value.

The net assets of the Group when adjusted to their market value less any deferred tax liabilities (EPRA basis), amounted to £44.53 million or 39.41 pence per share at 31 March 2024 (31 March 2023: £52.54 million or 46.50 pence per share).

Gross debt at the year-end amounted to £27.62 million (31 March 2023: £29.66 million), £17.10 million of which was non-interest bearing and represents deferred consideration payable for the purchase of two office properties in Poland. Net debt stood at £22.99 million (31 March 2023: £22.01 million). The debt was secured against six properties in Poland.

The Group's gearing ratio with its properties at their book value was 41.47% (31 March 2023: 40.57%) and with its properties at their market value was 38.28% (31 March 2023: 36.08%).

Group cash balances at the year-end stood at £4.63 million (31 March 2023: £7.65 million), equivalent to 4.18 pence per share (31 March 2023: 6.90 pence per share). The reduction was mainly due to capital expenditure of £1.67 million associated with letting vacant space at Blue Tower in Warsaw and the repayment of the £0.80 million loan previously secured against the Group's directly held office property in Bucharest, Romania.

The diluted loss per share was (4.04) pence (2023: earnings of 1.70 pence).

Dividend

The Directors have resolved not to pay a dividend (31 March 2023: 0.50 pence per share) until the Group returns to profitability.

REVIEW OF OPERATIONS

PROPERTY FUND MANAGEMENT

Third party assets under management ended the year at £221.8 million (31 March 2023: £400.4 million).

The decrease in value of third party funds was mainly due to:

1. the write down in value of properties held by Fprop Phoenix Ltd ("FPL") of £45.71 million and those held by Fprop Offices LP ("Fprop Offices") of £37.55 million and a reduction in the value of properties held by other funds of £28.69 million. These were also impacted by foreign exchange losses of £4.56 million; and
2. the sale by two funds of fourteen properties in the United Kingdom valued at a total of £62.66 million.

Fund management fees are generally levied monthly by reference to the value of properties. We do not earn a fixed fee from Fprop Offices and the reduction in value of the fund does not reduce our recurring income. Fprop Offices has reached the end of its fund life and is in the process of being wound up.

Revenue earned by this division increased by 17% to £2.95 million (2023: £2.52 million), resulting in profit before unallocated central overheads and tax increasing by £0.70 million to £0.82 million (2023: £0.12 million).

million). The increase was mainly due to the advance payment of £411,000 of fund management fees by SIPS, in respect of properties sold prior to the end of the fund's life.

At the year end fund management fee income, excluding performance fees, was being earned at an annualised rate of £1.83 million (31 March 2023: £2.55 million).

The weighted average unexpired fund management contract term at the year-end was 1 year, 9 months (31 March 2023: 2 years, 9 months).

The reconciliation of movement in third party funds managed by FPAM during the year 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 properties
As at 1 April 2023	241.38	159.00	400.38	53
Purchases	-	-	-	-
Property sales	(62.66)	-	(62.66)	(18)
Reclassified as Group properties	-	-	-	-
Capital expenditure	0.29	0.27	0.56	-
Property revaluation	(64.00)	(47.95)	(111.95)	-
FX revaluation	-	(4.56)	(4.56)	-
As at 31 March 2024	115.01	106.76	221.77	35

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 31 March 2024 £m.	No. of properties	% of total third-party assets under management	Assets under management at market value at 31 March 2023 £m.
SAM & DHOW	UK	Rolling	*	*	*	*
FPROP OFFICES	UK	Jun 2024	47.4	4	21.4	84.9
SIPS	UK	Jan 2025	33.8	10	15.3	104.7
FOP	Poland	Oct 2025	60.3	5	27.2	64.5
FGC	Poland	Mar 2026	21.7	1	9.8	22.0
UK PPP	UK	Jan 2027	13.6	7	6.1	28.1
SPEC OPPS	UK	Jan 2027	12.7	4	5.7	14.9
FKR	Poland	Mar 2027	16.4	1	7.4	16.8
FCL	Romania	Jun 2028	8.3	1	3.7	8.7
FPL	Poland	Jun 2028	-	-	-	47.0
FULCRUM	UK	Indefinite	7.6	2	3.4	8.8
Total Third-Party AUM			221.8	35	100.0	400.4

* 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	89.1	37.2	8.3	134.6	60.7%
Retail warehousing	16.6	-	-	16.6	7.5%
Supermarkets	9.3	12.1	-	21.4	9.6%
Shopping centres	-	49.2	-	49.2	22.2%
Total	115.0	98.5	8.3	221.8	100.0%
% of Total Third-Party AUM	51.9%	44.4%	3.7%	100.0%	

GROUP PROPERTIES DIVISION

The Group Properties division is made up of the Group's principal investments to earn a return on its own capital. At 31 March 2024, Group Properties comprised seven directly owned commercial properties in Poland and Romania valued at £51.90 million (31 March 2023: £53.97 million) and interests in nine of the twelve funds managed by FPAM (classified as Associates and Investments) valued at £20.26 million (31 March 2023: £25.27 million).

The net equity invested in the Group's seven directly owned properties totalled £24.28 million at market value, of which £14.02 million was invested in Blue Tower, an office tower in Central Warsaw. The Group's net equity in Blue Tower equates to 58% of the net equity invested in its seven directly owned properties.

This division lost £3.79 million before tax and unallocated central overheads during the year (year ended 31 March 2023: contributed £3.43 million). The loss was mainly due to:

- a non-cash impairment of the value of the Group's office property in Gdynia, Poland, by £3.72 million, and
- a non-cash reduction in the fair value of the Group's investment in FOP by £0.97 million.

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

The book value of the Group's seven directly owned properties was £45.76 million (31 March 2023: £47.01 million). Their market value, based on valuations at 31 March 2024, was £51.90 million (31 March 2023: £53.97 million).

Country	Sector	Property/ Fund Name	No. of props 31 March 2024	Book value 31 March 2024	Market value 31 March 2024	*Contribution to Group profit before tax 31 March 2024	*Contribution to Group profit before tax 31 March 2023
				£m.	£m.	£m.	£m.
Poland	Office	Blue Tower	1	23.11	26.69	0.82	1.13
Poland	Office	Gdynia	1	10.25	10.25	(0.15)	(0.39)
Romania	Office	Dr Felix	1	2.21	3.61	0.11	0.27
Poland	Supermarket	Praga	1	2.07	3.09	0.10	0.12
Poland	Multi use	5PT	3	8.12	8.26	0.33	0.28
Total*			7	45.76	51.90	1.21	1.41
Profit from the sale of three investment properties						-	1.78
Property impairment						(3.75)	-
Reversal of provision in respect of rental guarantee						0.13	0.51
Interest expense						(0.78)	(0.53)
Other overhead costs allocated to the Group Property division						(0.71)	(0.61)
Total contributions to PBT from Group Properties						(3.90)	2.56

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

Two of the Group's seven directly owned properties account for 71% (£36.94 million) of the Group's directly owned portfolio at market value. Both are office buildings in Poland. One is Blue Tower in Warsaw (in which the Group's 80.3% share totals circa 18,000 square metres) and the other is in Gdynia (circa 13,500 square metres).

By size, 90% of the Group's seven directly owned properties (39,000 square metres out of a total 43,000 square metres) is invested in offices. Nearly half of this space (some 22,000 square metres) was acquired in 2021 (Gdynia) and 2022 (32% of Blue Tower) for around €20 million, of which nearly all (19,000 square metres) was vacant at purchase. We have since let some 6,100 square metres of this (net c4,000 square metres after accounting for lease expiries) but with 15,000 square metres remaining to be let, progress has been slower than initially anticipated. Once fully let, net operating income should improve by some €3 million per annum and capital values should also improve.

The debt secured against these seven properties at the year-end totalled £27.62 million (31 March 2023: £29.66 million), of which only £10.52 million was interest bearing. The remainder (£17.10 million) represents deferred consideration in respect of:

- the purchase in 2021 of the office block in Gdynia (€12 million equating to £10.25 million). Payment was due in June 2024. We are in discussions with the lender to extend this date. In the meantime, we have impaired the holding value of this property by £3.72 million so that its carrying value equals the value of the loan secured against it; and

- the purchase in 2022 of an additional 32% or 7,171 square metres in Blue Tower (PLN 34.40 million equating to £6.85 million). Payment is due in phases until August 2028.

Interest costs on the Group's debt amounted to £0.78 million (2023: £0.53 million). This equates to an average borrowing cost of 2.8% per annum when expressed as a percentage of total outstanding Group debt of £27.62 million, or 7.4% per annum if the deferred consideration of £17.10 million, on which no interest is payable, is excluded.

	31 March 2024	31 March 2023
	£m.	£m.
Book value of directly owned properties	45.76	47.01
Market value of directly owned properties	51.90	53.97
Gross debt undiscounted (all non-recourse to Group)	27.62	29.66
LTV at book value	60.36%	63.09%
LTV at market value	53.22%	54.96%
Average borrowing cost	2.8%	1.8%

The vacancy rate across all seven properties is 20.34%.

The weighted average unexpired lease term ("WAULT") as at 31 March 2024 was 4 years, 10 months (2023: 5 years, 2 months).

2. Associates and Investments

The associates and investments comprise non-controlling interests in nine of the twelve funds managed by FPAM of which five are accounted for as Associates and held at the lower of cost or fair value (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 Associates and Investments was £0.11 million (year ended 31 March 2023: £0.87 million). The contribution was impacted by aggregate impairment provisions of £1.07 million in the book value of the Group's investment in FOP by £0.97 million and in Fprop Krakow Ltd ("FKR") by £0.10 million.

At the year-end the associates and investments were valued at £20.26 million (31 March 2023: £25.27 million). The reduction in their market value by some £5.01 million from last year was mainly due to:

- write downs in the value of properties held by FPL and Fprop Offices which resulted in the market value of the Group's share in these funds reducing by some £3.80 million;
- property sales by UK funds in which the Group holds an investment which resulted in the repayment of capital totalling £0.45 million plus reductions in property values which resulted in the value of the Group's share reducing by £0.34 million; and
- a reduction in the value of properties held by FOP, Fprop Corso ("FGC"), FKR and Fprop Cluj ("FCL"), which resulted in the market value of the Group's share in these funds reducing by £0.42 million.

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 31 March 2024	Group's share of post-tax profits earned by fund 31 March 2023
	%	£'000	£'000	£'000	£'000
a) Associates (all invested in Poland and Romania)					
FOP	45.7	12,539	12,539	(141)	293
FGC	29.1	2,968	3,189	202	289
FKR	18.1	1,090	1,090	(64)	(426)
FPL	23.4	-	-	(60)	(848)
FCL	21.2	678	818	41	64
Sub Total		17,275	17,636	(22)	(628)
b) Investments (all invested in the United Kingdom)					
UK PPP	0.9	161	161	23	40
FULCRUM	2.5	156	156	5	9
SPEC OPPS	11.1	1,965	1,965	83	1,353
FPROP OFFICES	1.6	341	341	23	95
Sub Total		2,623	2,623	134	1,497
Total		19,898	20,259	112	869

Commercial Property Markets Outlook

Poland:

GDP growth in Poland in 2023 decreased to 0.2% (2022: 5.3%), lower even than during the global financial crisis in 2009. It is forecast to grow by 2.6% in 2024.

Unemployment has been at around 5.0% since mid-2023 (a historic low), which, in combination with strong nominal wage increases of around 30% since 2021, is sustaining economic activity.

The National Bank of Poland's key policy interest rate reduced from 6.75% to 5.75% in October 2023, where it remains. Inflation has fallen from the high teens in late 2022 to sub 3% from February 2024. Notwithstanding this downward trend, interest rates remain elevated from previous levels.

Increased interest rates in the US and Europe have attracted capital out of Poland and, with bank lending constrained, investment demand for commercial property remains very weak.

In 2023 investment transaction volume for commercial property reduced to €2 billion, the lowest turnover since 2009. Average annual turnover is typically €6 billion. The development of new property is at a cyclical low.

Rental values in Poland are contractually mostly linked to inflation, which offers some protection from inflation as long as the economy remains buoyant and tenants can afford to pay their contractual increases.

United Kingdom:

Continued elevated interest rates, coupled with, inter alia, the cost of capital improvements in order to meet net zero emissions targets, and reduced tenant demand for regional offices and regional retail units, continue to exert sustained pressure on the commercial property market. As a result total transaction levels in 2023 reduced to £44bn (2022: £62bn), 27% below the 10-year average of £60bn. Office transactions in particular were weak, suffering their second weakest quarter in Q1 2024 since 2009, the weakest being Q2 2020 during covid. Capital values have generally reduced across the board, in many cases by more than 50% since the onset of lockdowns during the covid pandemic.

Tenant demand for offices is focused on class A city centre space. Vacancy rates for such space is low at some 2.3%, even though the average tenant requirement is some 25% smaller than prior to covid. In contrast, demand for offices in outer or non-prime locations is minimal. Vacancy levels for regional offices stands at 10.5% versus a long term average of 6.6%, though take-up is improving. The value of many regional offices has declined to little more than land value.

Retail rental growth averaged 0.6% in the 12 months to March 2024, led by the retail warehouse sector where rental values rose by an average of 1.1%, but held back by shopping centres where rental values fell by 2%.

Current Trading and Prospects

The last year has been a challenging time for investing in commercial property.

The combination of higher interest rates in the US, attracting capital out of other markets (including Poland), higher interest rates generally putting pressure on values and availability of bank debt, weaker economies and a burdensome regulatory environment with the drive to Net Zero has resulted in reduced occupancy demand, higher capital investment requirements, reduced values and an exodus of institutional investors from the markets.

As a result, the capital values of our properties have been under pressure and leasing activity has not been as strong as we would have hoped and expected.

Nevertheless, we are managing the situation and once US interest rates begin to ease we would expect a recovery in the UK and Europe.

Ben Habib

Chief Executive

26 June 2024

GROUP FINANCE DIRECTOR'S REVIEW

The loss before tax for the year of £4.41 million (2023: profit before tax £2.49 million) was largely driven by a non-cash property impairment of £3.72 million in respect of a directly held Group property in Gdynia and a reduction of £0.97 million in the fair value of the Group's investment in one of its associates, FOP. Otherwise, the Group traded in line with market expectations.

The Group owes deferred consideration of £10.25 million (€12 million) in respect of the Gdynia property, which was due for repayment on 11 June 2024 and for which payment was not made. The Group is in discussions to restructure the deferred consideration and is hopeful of a positive outcome. However, in view of the non-payment of this liability and the uncertainty over its payment, the Directors resolved to impair the value of the property by £3.72 million to match its value to the value of the outstanding liability.

Group net assets excluding non-controlling interests at 31 March 2024 decreased to £38.98 million (31 March 2023: £43.44 million).

Gross debt at the year end was £27.62 million (31 March 2023: £29.66 million). The decrease was largely due to the repayment in full of the Group's loan secured against its directly owned office property in Bucharest, Romania totalling £0.80 million. Of this gross debt, £17.10 million represents deferred consideration on which no interest is payable. Net debt increased to £22.99 million (31 March 2023: £22.01 million).

GOING CONCERN

The Directors have carried out an analysis to support their view that the Group is a going concern and under which basis these financial statements have been prepared.

Analysis and reverse stress testing, was carried out on the Group's main divisional income streams, being asset management fees from the asset management division, rental income from its seven directly owned Group Properties and cash returns from its Associates and Investments. Further details of this analysis are set out in the "Basis of Preparation" note below.

Based on the results of the analysis conducted the Board believes that the Group has the ability to continue its business for at least twelve months from the date of approval of the financial statements and therefore has adopted the going concern basis in the preparation of this financial information.

INCOME STATEMENT

A review of the operating and financial performance of the two trading divisions are included in the Chief Executive's Statement.

Revenue and Gross Profit

Revenue for the year increased by £0.60 million or 8% to £7.85 million (year ended 31 March 2023: £7.25 million).

Gross profit (revenue less the cost of sales) reduced by £0.02 million to £4.97 million (year ended 31 March 2023: £4.99 million).

No performance fees were recognised during the financial year to 31 March 2024 (year ended 31 March 2023: charge of (£0.59) million).

Operating Expenses

Operating expenses increased by £0.39 million or 8% to £5.16 million (year ended 31 March 2023: £4.77 million) mainly due to a non-cash charge of £0.64 million (year ended 31 March 2023: £Nil) being recognised in respect of share options. See note 6 of the notes to the accounts for more information on the share-based payment scheme.

Share of Results in Associates

The contribution from the Group's associates amounted to a loss of £0.02 million (year ended 31 March 2023: loss £0.63 million). The contribution was impacted by two fair value adjustments of £0.97 million in respect of the Group's 45.7% holding in FOP and £0.10 million in respect of the Group's 18.1% holding in FKR.

The cost of the Group's share in FOP, which is invested in five commercial properties in Poland, was rebased in October 2018 when the Group's share in it reduced below 50%, resulting in it being deconsolidated from the accounts of the Group and recognised as an associate at the prevailing property

values. In the year to 31 March 2024, the five properties owned by FOP decreased in value by €2.97 million which resulted in the Group recognising a fair value adjustment of £0.97 million.

Investment Income (from other financial assets and investments)

Investment income from the Group's four investments in five of the UK funds managed by FPAM decreased by 91% to £0.13 million (31 March 2023: £1.50 million). The prior year figure was bolstered by distributions of £1.35 million from Fprop UK Special Opportunities LP (Spec Opps).

Financing Costs

Finance costs increased to £0.78 million (31 March 2023: £0.53 million) mainly due to higher interest rates payable on the Group's floating rate loans. All bank loans are denominated in Euros and all are used to finance properties valued in Euros.

STATEMENT OF FINANCIAL POSITION

Investment Properties (held using the cost model)

The Group has adopted the "cost model" of valuation whereby investment properties are accounted for at the lower of cost less accumulated depreciation and impairments, or at fair market value.

The Group owes deferred consideration of £10.25 million (€12 million) in respect of the Gdynia property, which was due for repayment on 11 June 2024 and for which payment was not made. The Group is in discussions to restructure the deferred consideration and is hopeful of a positive outcome. However, in view of the non-payment of this liability and the uncertainty over its payment, the Directors impaired the value of the property by £3.72 million to match its value to the value of the outstanding liability.

At the year end the Group held seven properties. Their book value was £45.76 million (31 March 2023: £47.01 million). Their fair market value was £51.90 million (31 March 2023: £53.97 million).

Capital expenditure incurred on the Group's seven directly owned properties amounted to £1.67 million (31 March 2023: £1.02 million).

Foreign exchange revaluations amounted to a debit of £1.17 million (31 March 2023: debit £1.32 million).

Borrowings

Bank and other borrowings (including deferred consideration) decreased to £27.62 million (31 March 2023: £29.66 million). The decrease was largely driven by the repayment in full of one loan secured against the Group's directly owned property in Bucharest, Romania, totalling £0.80 million.

The Group's current financial liabilities have increased to £13.08 million (31 March 2023: £2.06 million) mainly due to:

1. deferred consideration of £10.25 million (€12 million) in respect of the Gdynia property, which was due for repayment on 11 June 2024 and for which payment was not made; and
2. deferred consideration of £1.00 million in respect of one delayed instalment payment relating to the purchase of the additional share in Blue Tower plus the next instalment of £1.00 million due in August 2024.

Both debts are non-recourse to the Group.

The ratio of debt to gross assets at their market value (the gearing ratio) increased to 38.28% (31 March 2023: 36.08%).

All bank loans are denominated in Euros and are non-recourse to the Group's assets.

Deposits of £0.32 million (31 March 2023: £0.64 million) are held by lending banks as security for Debt Service Cover Ratio (DSCR) covenants in respect of four bank loans (31 March 2023: five). Consequently this cash was restricted as at 31 March 2024.

Trade and Other Receivables

Trade and other receivables decreased by £0.65 million to £4.15 million (31 March 2023: £4.80 million).

Trade and Other Payables

Trade and other payables decreased by £0.59 million to £3.79 million (31 March 2023: £4.38 million). It includes £1.11 million payable to Fprop Offices in respect of performance fees eligible to be clawed back by the fund.

Non-controlling Interests

The value of the Group's two non-controlling interests decreased by £0.08 million to £1.95 million (31 March 2023: £2.03 million). The two non-controlling interests consist of:

1. 10% of the share capital of Corp Sp. z o. o., the property management company to Blue Tower, Warsaw; and
2. 47.20% of the share capital of 5th Property Trading Ltd ("5PT"), a fund invested in three commercial properties in Poland.

In July 2023 the Group acquired for £0.21 million the minority interest (being 23%) in E and S Estates Ltd ("E and S"), a fund managed by the Group, resulting in it owning 100% of the shares in issue. E and S owns a supermarket in Praga, a suburb of Warsaw, valued at €3.61 million.

Investment Revaluation Reserve

The investment revaluation reserve decreased by £1.46 million to a debit balance of £2.19 million (31 March 2023: £0.73 million) mainly due to a decrease in value of the Group's co-investment in Fprop Offices resulting from a reduction of £37.55 million in the value of the properties held by this fund. The life of this fund expired in June 2024 and the fund is currently in the process of selling all of its assets. We expect to recycle the £1.07 million debit balance which was attributable to Fprop Offices at 31 March 2024 from the investment revaluation reserve to the profit and loss account during the financial year to 31 March 2025.

Foreign Exchange Translation Reserve

A strengthening of the Polish Zloty against Sterling to PLN 5.0375/ GBP (31 March 2023: PLN 5.3267/ GBP) resulted in a reduction in the deficit in the foreign exchange translation reserve to £1.41 million (31 March 2023: £2.35 million).

Cash and Cash Equivalents

The Group's cash balance decreased to £4.63 million (31 March 2023: £7.65 million) due to:

- £1.67 million of capital expenditure at the Group's directly held property, Blue Tower, Warsaw;
- £1.01 million of capital repayments in respect of the Group's bank loans;
- £0.80 million to fully repay a bank loan which was secured against the Group's directly held property in Bucharest, Romania; and
- £0.49 million clawed back by Fprop Offices in respect of previously paid profit share.

Laura James

Group Finance Director

26 June 2024

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2024

	Notes	Year ended 31 March 2024 Unaudited Total results £'000	Year ended 31 March 2023 Audited Total results £'000
Revenue	1	7,851	7,249
Cost of sales		(2,884)	(2,257)
Gross profit		4,967	4,992
Profit on sale of investment properties		-	1,779
Operating expenses		(5,156)	(4,767)
Operating profit		(189)	2,004
Share of associates' profit/(loss) after tax	9	1,050	273
Share of associates' revaluation (losses)gains	9	(1,072)	(901)
Investment income		134	1,497
Interest income	3	194	145
Interest expense	3	(780)	(530)
Loss from impairment of investment properties	7	(3,746)	-
(Loss)/profit before tax		(4,409)	2,488
Tax charge		29	(449)
Profit for the year		(4,380)	2,039
Attributable to:			
Owners of the parent		(4,582)	1,919
Non-controlling interests		202	120
		(4,380)	2,039
(Loss)/earnings per share:			
Basic	5	(4.13p)	1.73p
Diluted	5	(4.04p)	1.70p

All operations are continuing.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2024

	Year ended 31 March 2024 Total results £'000	Year ended 31 March 2023 Total results £'000
Profit for the year	(4,380)	2,039
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss		
Exchange differences on retranslation of foreign subsidiaries	946	944
Net (loss)/ profit on financial assets at fair value through other comprehensive income	(1,465)	(1,412)
Taxation	-	-
Total comprehensive income for the year	(4,899)	1,571
Total comprehensive income for the year attributable to:		
Owners of the parent	(5,149)	1,324
Non-controlling interests	250	247
	(4,899)	1,571

All operations are continuing.

STATEMENT OF FINANCIAL POSITION

First Property Group plc

Registered No. 02967020

As at 31 March 2024

	Notes	Unaudited 2024 Group £'000	Audited 2023 Group £'000
Non-current assets			
Investment properties	7	45,756	47,009
Right of use assets	8	17	197
Property, plant and equipment		40	80
Investment in associates	9a)	17,275	17,588
Other financial assets at fair value through OCI	9b)	2,623	4,544
Goodwill	10	153	153
Deferred tax assets	11	992	930
Total non-current assets		66,856	70,501
Current assets			
Current tax assets		127	79
Right of use assets	8	51	457
Trade and other receivables	12	4,145	4,797
Cash and cash equivalents		4,628	7,647
Total current assets		8,951	12,980
Current liabilities			
Trade and other payables	13	(3,788)	(4,378)
Provisions		(125)	(158)
Lease Liabilities	8	(52)	(469)
Financial liabilities	14	(832)	(1,116)
Other financial liabilities	15	(12,244)	(939)
Current tax liabilities		(48)	(28)
Total current liabilities		(17,089)	(7,088)
Net current assets		(8,138)	5,892
Total assets less current liabilities		58,718	76,393
Non-current liabilities			
Financial liabilities	14	(9,690)	(11,519)
Other financial liabilities	15	(4,851)	(16,082)
Lease Liabilities	8	(17)	(267)
Deferred tax liabilities	11	(3,229)	(3,050)
Net assets		40,931	45,475
Equity			
Called up share capital		1,166	1,166
Share premium		5,635	5,635
Share-based payment reserve		815	179
Foreign exchange translation reserve		(1,407)	(2,353)
Purchase of own shares reserve		(2,440)	(2,440)
Investment revaluation reserve		(2,193)	(728)
Retained earnings		37,401	41,983
Equity attributable to the owners of the parent		38,977	43,442
Non-controlling interests		1,954	2,033
Total equity		40,931	45,475
Net assets per share	5	35.15p	39.18p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2024

Group	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 2023	1,166	5,635	179	(2,353)	(2,440)	(728)	41,983	2,033	45,475
Profit for the year	-	-	-	-	-	-	(4,380)	-	(4,380)
Net loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	(1,465)	-	-	(1,465)
Exchange differences arising on translation of foreign subsidiaries	-	-	-	946	-	-	-	48	994
Change in the proportion held in non-controlling interests	-	-	-	-	-	-	-	(265)	(265)
Total comprehensive income	-	-	-	946	-	(1,465)	(4,380)	(217)	(5,116)
Share options charge	-	-	636	-	-	-	-	-	636
Non-controlling interests	-	-	-	-	-	-	(202)	202	-
Dividends paid	-	-	-	-	-	-	-	(64)	(64)
At 31 March 2024	1,166	5,635	815	(1,407)	(2,440)	(2,193)	37,401	1,954	40,931

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2023

Group	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 2022	1,166	5,791	179	(3,297)	(2,653)	684	40,895	229	42,994
Profit for the year	-	-	-	-	-	-	2,039	-	2,039
Net loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	(1,412)	-	-	(1,412)
Purchase from treasury shares	-	(156)	-	-	213	-	-	-	57
Exchange differences arising on translation of foreign subsidiaries	-	-	-	944	-	-	-	127	1,071
Transfer 5PT to subsidiary undertaking	-	-	-	-	-	-	-	1,606	1,606
Total comprehensive income	-	(156)	-	944	213	(1,412)	2,039	1,733	3,361
Non-controlling interests	-	-	-	-	-	-	(120)	120	-
Dividends paid	-	-	-	-	-	-	(831)	(49)	(880)
At 31 March 2023	1,166	5,635	179	(2,353)	(2,440)	(728)	41,983	2,033	45,475

Foreign Exchange Translation Reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign Group companies. This reserve is non distributable.

Share Based Payment Reserve

The Group grants certain of its employees' rights to its equity instruments as part of its share-based payment incentive plans. The value of these rights has been charged to the Income Statement and has been credited to the share-based payment reserve (which is a distributable reserve).

Purchase of Own Ordinary Shares

The cost of the Company's Ordinary Shares purchased by the Company for treasury purposes is held in this reserve. The reserve is non distributable.

Investment Revaluation Reserve

The change in fair value of the Group's financial assets measured at fair value through Other Comprehensive Income is held in this reserve and is non distributable.

CASH FLOW STATEMENTS
for the year ended 31 March 2024

	Notes	2024 Group £'000	2023 Group £'000
Cash flows from operating activities			
Operating (loss)/profit		(189)	2,004
Adjustments for:			
Depreciation of property, plant & equipment		64	99
Share options charge		636	-
Profit on the sale of investment properties		-	(1,779)
Decrease in trade and other receivables		903	777
(Decrease)/ increase in trade and other payables		(759)	2,813
Other non-cash adjustments		(73)	180
Cash generated from operations		582	4,094
Taxes paid		(193)	(616)
Net cash flow from/(used in) operating activities		389	3,478
Cash flow (used in)/ from investing activities			
Capital expenditure on investment properties	7	(1,670)	(1,017)
Purchase of property, plant & equipment		(22)	(10)
Proceeds from the sale of investment property	7	-	8,612
Purchase of investment property		-	(7,443)
Cash paid on acquisition of new subsidiaries		(214)	(165)
Cash and cash equivalents received on acquisitions		-	83
Investment in shares of new associates	9a)	-	(606)
Investment in funds	9b)	-	(3)
Proceeds from investments in funds	9b)	456	1,492
Proceeds from investments in associates	9a)	291	176
Interest received	3	194	145
Dividends from associates	9a)	-	-
Investment income		134	1,494
Net cash flow (used in)/from investing activities		(831)	2,758
Cash flow (used in)/ from financing activities			
Proceeds from bank loan		-	1,474
Repayment of bank loans		(1,814)	(5,215)
Sale of shares held in Treasury		-	57
Interest paid	3	(780)	(530)
Dividends paid		-	(831)
Dividends paid to non-controlling interests		(64)	(49)
Net cash flow (used in) financing activities		(2,658)	(5,094)
Net (decrease)/increase in cash and cash equivalents		(3,100)	1,142
Cash and cash equivalents at the beginning of the year		7,647	6,419
Currency translation gains on cash and cash equivalents		81	86
Cash and cash equivalents at the year end		4,628	7,647

Basis of Preparation

These preliminary financial statements have not been audited and are derived from the statutory accounts within the meaning of section 434 of the Companies Act 2006. They have been prepared in accordance with the Group's accounting policies that will be applied in the Group's annual financial statements for the year-ended 31 March 2024. The policies have been consistently applied to all years presented unless otherwise stated below. These accounting policies are drawn up in accordance with UK-adopted International Accounting Standards ('IFRS'). Whilst the financial information included in this preliminary statement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to fully comply with IFRS. The comparative figures for the financial year ended 31 March 2023 are not the statutory accounts for the financial year but are derived 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.

Going Concern

The Directors have carried out an analysis to support their view that the Group is a going concern and under which basis these financial statements have been prepared.

Analysis and reverse stress testing, was carried out on the Group's main divisional income streams, being asset management fees from the asset management division, rental income from its seven directly owned Group Properties and cash returns from its associates and investments.

a) Asset Management Fee Income

Asset management fee income is primarily derived from its UK funds (52%), four of which are limited partnerships whose limited partners are a mix of pension funds and registered charities. With one exception, fees are invoiced monthly and are calculated based on a percentage of the latest valuation, which for the UK funds is performed quarterly.

In the one fund from which fees are not levied by reference to the properties valuation (Fprop Offices) a clawback of income can be triggered. The combination of inflationary pressures, higher interest rates, a cost of living crisis and an increase in employees working from home has caused severe disruption to economic activity and a reduction in the value of commercial property. As a result, the Group has, in previous years reversed a total of £1.97 million of performance fee income of which £0.59 million was clawed back in the year to 31 March 2023. As the performance fees have now been fully clawed back there is no further exposure to the income statement, however, included within trade and other payables is a balance of £1.1 million owed to Fprop Offices.

A number of the funds are in the process of winding up and as a result we anticipate asset management fees to fall over the coming 12 months. This reduction in asset management fees has been included within the forecasts reviewed by the Board as part of the going concern assessment.

Asset management fees on the Group's Polish and Romanian managed funds are also levied as a percentage of funds under management, with reference to the most recent valuations. These funds are set up under the ownership of a UK limited company which in turn owns the company domiciled in the country that owns the property. Each of these local companies has borrowings secured on the property and is therefore ring fenced from the Group.

The longevity of this asset management fee income is determined by the fund's life which is fixed by agreement when each fund is first established. The weighted average unexpired fund management contract term is 1 year, 9 months.

b) Rental Income from Group Properties

All seven Group Properties are located in Poland or Romania. These properties consist of four office blocks, a mini-supermarket, one multi-let property and ground-floor retail property. All were independently valued on 31 March 2024 at £51.90 million (31 March 2023: £53.97 million).

The rental income has been reviewed when setting the forecast revenues and no significant falls in collection rates are expected. The tenants are of good quality, as proven by excellent cash collection rates. Any renegotiation of rental payment terms that have been agreed are reflected in the forecasting analysis.

On 12 August 2022 the Group acquired some 7,171 square meters in Blue Tower in Warsaw at a price of £7.20 million. The purchase resulted in the Group's interest in the building increasing from 48.2% to 80.3%. Some 5,159 square metres of the newly acquired space was vacant at purchase. Since purchase a total of 2,100 square meters has been leased, but at the same time 2,300 square meters of space was

vacated. Income however has increased by c€200k per annum as a result of higher rates at which the new tenants leased the space.

The Group's office property in Gdynia is now 30% leased, up from 28% at 31 March 2023. A further 10,000 square metres of the office space in the building remains to be leased.

When the vacant space is fully let, it is anticipated that both buildings net operating income should improve by €3 million per annum.

c) Income from Associates and Investments

Analysis was also conducted on the returns from the Group's investment in its four (31 March 2023: four) Associates. All bank loan covenants were reviewed and tested against future decreases in valuation and net operating income.

Dividend income from the Group's UK investments was also stress tested and found not to have a significant impact.

d) Liquidity

The Group has two deferred consideration liabilities which it has not met. These are as follows:

- I. The Group owes deferred consideration of €12 million in respect of the Gdynia property, which was due for repayment on 11 June 2024 and for which the payment was not made. The plan has always been for the Group to secure a new bank loan against this property to then repay this amount. However the situation in the office market has meant that letting the vacant space at this property has been slower than anticipated.

The Group is in discussions to restructure the deferred consideration and is hopeful of a positive outcome but is aware that this subsidiary has defaulted on this payment deadline. As a result of the default the bank could take possession of the property.

The net operating loss of this property is around €30,000 on an annualised basis and our forecasting has considered the impact of this on the Group's cashflows. There is no restricted cash within this subsidiary.

The debt itself is non-interest bearing and non-recourse to the Group.

- II. In August 2022, a subsidiary of the Group purchased an additional holding in Blue Tower with a deferred consideration payment which totalled 40.4 million PLN. This was non-interest bearing and payable in seven instalments over six years. The first instalment was paid in August 2022. As at 31 March 2024, £1.00 million is owed to the bank in a delayed instalment payment and another instalment is due in August 2024.

In the event that management fails to come to a new arrangement with the lender regarding its instalment plan, the lender could take control of the property.

The net operating loss of this property is around €130,000 on an annualised basis and our forecasting has considered the impact of this on the Group. There is no restricted cash within this subsidiary.

The debt itself is non-recourse to the Group.

The Group monitors overall debt requirements by reviewing current borrowing levels, debt maturity and interest rate exposure. The Group does not have any other debt other than disclosed above due for renewal in the next 12 months.

A one percentage point increase in interest rates would increase the annual interest bill by £0.11 million per annum (31 March 2023: £0.13 million).

Deposits of £0.32 million (31 March 2023: £0.64 million) are held by lending banks in respect of four bank loans (31 March 2023: five) as security for Debt Service Cover Ratio (DSCR) covenants and consequently this amount of cash was restricted as at 31 March 2024.

Going Concern Statement

Based on the results of the analysis conducted as outlined above the Board believes that the Group has the ability to continue its business for at least twelve months from the date of approval of the financial statements and therefore has adopted the going concern basis in the preparation of this financial information.

New Standards and Interpretations

We do not consider there to be any relevant new standards, amendments to standards or interpretations, that are effective for the financial year beginning on 1 April 2023, which would have had a material impact on the financial statements.

The Group has not adopted any new IFRSs that are issued but not yet effective and it does not expect any of these changes to impact the group.

These preliminary financial statements were approved by the Board of Directors on 18 June 2024.

1. Revenue

Revenue from continuing operations consists of revenue arising in the United Kingdom 19% (31 March 2023: 12%), Poland 72% (31 March 2023: 75%) and Romania 9% (31 March 2023: 13%). All revenue relates solely to the Group's principal activities.

2. Segment Reporting 2024

	Fund Management Division	Group Properties Division			Total
	Property fund management	Group properties	Associates and investments	Unallocated central overheads	
	£'000	£'000	£'000	£'000	£'000
Rental income	-	3,078	-	-	3,078
Service charge income	-	1,826	-	-	1,826
Asset management fees	2,947	-	-	-	2,947
Performance related fee income	-	-	-	-	-
Total revenue	2,947	4,904	-	-	7,851
Depreciation and amortisation	(38)	(26)	-	-	(64)
Operating profit	824	586	-	(1,599)	(189)
Share of results in associates	-	-	1,050	-	1,050
Fair value adjustment on associates	-	-	(1,072)	-	(1,072)
Property impairment	-	(3,746)	-	-	(3,746)
Investment income	-	-	134	-	134
Interest income	-	36	-	158	194
Interest expense	-	(780)	-	-	(780)
Profit/(loss) before tax	824	(3,904)	112	(1,441)	(4,409)

Analysed as:					
Underlying profit/(loss) before tax before adjusting for the following items:	350	(87)	1,184	(1,031)	416
Interest received on loan to associates	-	-	-	158	158
Fair value adjustment on associates	-	-	(1,072)	-	(1,072)
Property impairment	-	(3,746)	-	-	(3,746)
Payment in lieu of Management Fees due to end of life	411	-	-	-	411
Interest provision	-	(102)	-	-	(102)
Performance related fee income	-	-	-	-	-
Reversal of provision in respect of rental guarantee	-	130	-	-	130
Share option charge	-	-	-	(636)	(636)
Realised foreign currency (losses)/gains	63	(99)	-	68	32
Total	824	(3,904)	112	(1,441)	(4,409)

Assets - Group	515	49,869	2,623	5,525	58,532
Share of net assets of associates	-	-	17,275	-	17,275
Liabilities	(56)	(34,820)	-	-	(34,876)
Net assets	459	15,049	19,898	5,525	40,931

Additions to non-current assets					
Property, plant and equipment	-	22	-	-	22
Investment properties	-	1,670	-	-	1,670

Segment Reporting 2023

	Fund Management Division	Group Properties Division			Total
	Property fund management	Group Properties	Associates and investments	Unallocated central overheads	
	£'000	£'000	£'000	£'000	£'000
Rental income	-	3,614	-	-	3,614
Service charge income	-	1,115	-	-	1,115
Asset management fees	2,892	-	-	-	2,892
Performance related fee income	(372)	-	-	-	(372)
Total revenue	2,520	4,729	-	-	7,249
Depreciation and amortisation	(36)	(24)	-	-	(60)
Operating profit	120	3,069	-	(1,185)	2,004
Share of results in associates	-	-	273	-	273
Fair value adjustment on associates	-	-	(901)	-	(901)
Investment income	-	-	1,497	-	1,497
Interest income	-	20	-	125	145
Interest expense	-	(530)	-	-	(530)
Profit/(loss) before tax	120	2,559	869	(1,060)	2,488

Analysed as:

Underlying profit/(loss) before tax before adjusting for the following items:	513	752	273	(1,089)	449
Provision in respect of rent guarantee	-	511	-	-	511
Profit on the sale of investment properties	-	1,779	-	-	1,779
Interest received on loan to FOP @12%	-	125	-	-	125
Fair value adjustment on associates	-	-	(901)	-	(901)
UK fund distributions following sales of properties	-	-	1,497	-	1,497
Performance related fee income	222	-	-	-	222
Clawback of Office income	(594)	-	-	-	(594)
Staff incentives	(44)	(65)	-	-	(109)
Realised foreign currency (losses)/gains	23	(543)	-	29	(491)
Total	120	2,559	869	(1,060)	2,488

Assets - Group	795	54,525	4,544	4,727	64,591
Share of net assets of associates	-	-	17,588	-	17,588
Liabilities	(71)	(36,574)	-	(59)	(36,704)
Net assets	724	17,951	22,132	4,668	45,475

Additions to non-current assets

Property, plant and equipment	8	2	-	-	10
Investment properties	-	1,017	-	-	1,017
Trading stock	-	7,443	-	-	7,443

3. Interest Income/(Expense)

	2024 Group £'000	2023 Group £'000
Interest income - bank deposits	62	7
Interest income - other	132	138
Total interest income	194	145

	2024 Group £'000	2023 Group £'000
Interest expense - property loans	(761)	(516)
Interest expense - bank and other	(19)	(14)
Total interest expense	(780)	(530)

4. Tax Expense

	2024 Group £'000	2023 Group £'000
Analysis of tax charge for the year		
Current tax	(244)	(559)
Deferred tax	273	110
Total tax charge for the year	29	(449)

The tax charge includes current and deferred tax for continuing operations.

The prior year corporation tax includes a one off charge in respect of the profit on the sales of three directly held properties, two in Poland and one in Romania.

As in prior years, brought forward and current UK tax losses have not been recognised as a deferred tax asset due to insufficient foreseeable taxable income being earned in the UK.

5. (Loss)/Earnings/NAV per Share

	2024	2023
Basic (loss)/earnings per share	(4.13p)	1.73p
Diluted (loss)/earnings per share	(4.04p)	1.70p

The following (losses)/earnings have been used to calculate both the basic and diluted (loss)/earnings per share:

	£'000	£'000
Basic (loss)/earnings	(4,582)	1,919
Notional interest on share options assumed to be exercised	16	2
Diluted (loss)/earnings assuming full dilution	(4,566)	1,921

The following numbers of shares have been used to calculate the basic and diluted (loss)/earnings per share:

	2024 Number	2023 Number
Weighted average number of Ordinary shares in issue (used for basic (loss)/earnings per share calculation)	110,875,483	110,875,483
Number of share options	2,110,000	2,110,000
Total number of Ordinary shares used in the diluted (loss)/earnings per share calculation	112,985,483	112,985,483

For the purpose of calculating diluted (loss)/earnings per share, the number of Ordinary Shares is the weighted average number of Ordinary Shares, plus the weighted average number of Ordinary Shares that would be issued on the conversion of all the dilutive potential Ordinary Shares into Ordinary Shares. Options have a dilutive effect only when the average market price of the Ordinary Shares during the period exceeds the exercise price of the options and thus they are 'in the money'. For the year to 31 March 2024, the average market price of the Ordinary Shares did not exceed the exercise price and therefore the options were not included in the diluted (loss)/earnings per share calculation.

	2024	2023
Net assets per share	35.15p	39.18p
Adjusted net assets per share	39.41p	46.50p

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

	2024	2023
	£'000	£'000
For net assets per share		
Net assets excluding non-controlling interests	38,977	43,442
Number of shares	Number	Number
Number of shares in issue at the year end	110,882,332	110,882,332
Number of share options assumed to be exercised	2,110,000	2,110,000
Total	112,992,332	112,992,332

The adjusted net assets is a measure based on IFRS net assets to include the fair value of i) financial instruments, ii) debt and iii) deferred taxes. The metric adjusts for the dilutive impact of share options. The calculation assumes the share options which vested during the period did not have a dilutive impact as they were not 'in the money' at any point during the financial year.

	£'000	£'000
For adjusted net assets per share		
Net assets excluding non-controlling interests	38,977	43,442
Uplift of investment properties at fair value net of deferred tax	4,872	5,639
Uplift of investments in associates and other financial investments to fair value	362	3,139
Other items	323	324
Total	44,534	52,544

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

6. Share Based Payments

The Company has one share-based payment arrangement scheme in place which is described below:

Date of grant	31 March 2023
Number granted	10,450,000
Contractual life	10 years to 31 March 2033
Vesting conditions	The options vest as follows: <ul style="list-style-type: none"> · 33.3% on the first anniversary of grant; · 33.3% on the second anniversary of grant; and · the remainder on the third anniversary of grant.

The estimated fair value of each share option granted has been calculated using the Black-Scholes pricing model. The model inputs were the share price at grant date and the exercise price based on the mid-market closing price on 30 March 2023 of 23.5 pence per Ordinary Share, expected volatility of 30%, a dividend yield of 1%, a contractual life of 10 years and a risk-free interest rate of 4.25%.

	2024	2023
	Group	Group
	£'000	£'000
Expenses arising from share based payments	636	-

7. Investment Properties

	2024 Group £'000	2023 Group £'000
Investment properties		
At 1 April	47,009	23,849
Reclassification of Inventory	-	19,795
Additions arising on consolidation	-	7,621
Property impairment	(3,746)	-
Capital expenditure	1,670	1,017
Disposal	-	(6,459)
Depreciation	(350)	(134)
Foreign exchange translation	1,173	1,320
At 31 March	45,756	47,009

At the year end the Group held seven properties.

Investment properties owned by the Group are stated at cost less depreciation and any accumulated impairment in value. The properties were valued at the Group's financial year end at €60.72 million (31 March 2023: €61.43 million), the Sterling equivalent at closing foreign exchange rates being £51.90 million (31 March 2023: £53.97 million).

The Group owes deferred consideration of £10.25 million (€12 million) in respect of the Gdynia property, which was due for repayment on 11 June 2024 and for which the payment was not made. The Group is in discussions to restructure the deferred consideration and is hopeful of a positive outcome. However, in view of the non payment of this liability and the uncertainty over its future, the Directors have resolved to impair the value of the property by £3.72 million to match its value to the value of the €12 million liability. The property was independently valued at 31 March 2024 at €16.04 million with an enforced sales value of €13.13 million.

Amounts recognised in the income statement:

	2024 Group £'000	2023 Group £'000
Rental income from operating leases	3,078	3,614

i. Leasing arrangements where the group is a lessor:

	2024 Group £'000	2023 Group £'000
Minimum lease receipts under non-cancellable operating leases to be received:		
Not later than one year	2,569	2,113
Later than one year and not later than five years	7,043	5,190
Later than five years	4,610	2,546
	14,222	9,849

Investment properties are comprised of commercial properties that are leased to third parties. The Group has approximately 55 leases granted to its tenants. These vary depending on the individual tenant and the respective property and demise but typically are let for a term of five years. The weighted average lease length of the leases granted was 4 years and 10 months (31 March 2023: 5 years and 2 months). No contingent rents are charged.

8. Right of Use Assets and Lease Liabilities

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see note 7.

The amounts recognised in the financial statements in relation to the leases are as follows:

i. Amounts recognised in the balance sheet:

	2024 £'000	2023 £'000
Right of use assets		
Current	51	457
Non-current	17	197

	2024 £'000	2023 £'000
Lease Liabilities		
Current	52	469
Non-current	17	267

ii. Amounts recognised in the Income Statement:

	2024 £'000	2023 £'000
Depreciation/ Rent charge of right-of use-assets		
Buildings	977	457
	977	457

	2024 £'000	2023 £'000
Interest expense		
Buildings	1,059	154
	1,059	154

iii. Summary of the groups leasing activity:

The Group has reviewed the terms of its leases and has identified that there is only one remaining lease of the UK office on 32 St. James's Street, London, SW1A 1HD. The lease by First Property Poland Sp. z o. o. (FPP), a subsidiary entity, for an office in Poland was terminated in November 2023, no premium was paid in respect of the termination of this lease.

As at 31 March 2024 the Group has recognised a lease liability under IFRS 16 of £0.07 million (31 March 2023: £0.74 million) and a right of use asset of £0.07 million (31 March 2023: £0.65 million). The net credit to the Income Statement was £82,245. Rental contracts are typically made for fixed periods of six months to four years but may have extension options.

9. Investment in Associates and Other Financial Assets and Investments

The Group has the following investments:

	2024 Group £'000	2023 Group £'000
a) Associates		
At 1 April	17,588	19,135
Additions	-	606
Disposals	-	(1,349)
Shareholder loan repayments	(291)	(176)
Share of associates' profit (loss) after tax	1,050	273
Share of associates' revaluation gains/ (losses)	(1,072)	(901)
Dividends received	-	-
At 31 March	17,275	17,588

The Group's investments in associated companies are accounted for under the "cost model" under IAS40 whereby the Group's share is held at cost plus its share of subsequent accumulated profits less dividends received. It comprises the following:

	2024 Group £'000	2023 Group £'000
Investment in associates		
FGC	2,968	3,058
FKR	1,090	1,154
FCL	678	636
FPL	-	61
FOP	12,539	12,679
	17,275	17,588

If the Group had adopted the alternative "fair value" model for accounting for investment properties, the carrying value of the investments in the five associates would be £17.64 million (31 March 2023: five associates - £20.73 million).

	2024 Group £'000	2023 Group £'000
b) Other financial assets and investments		
At 1 April	4,544	7,445
Additions	-	3
Disposals	-	-
Repayments	(456)	(1,492)
Increase/ (decrease) in fair value during the year	(1,465)	(1,412)
At 31 March	2,623	4,544

The Group holds four (31 March 2023: four) unlisted investments in funds managed by it. Each is designated at fair value through "Other Comprehensive Income" (OCI) as per IFRS 9. The Directors consider their fair value to be not materially different from their carrying value. Fair value has been calculated by applying the Group's percentage holding in the investments to the fair value of their net assets.

10. Goodwill

	2024 Group £'000	2023 Group £'000
At 1 April	153	153
At 31 March	153	153

The Directors have conducted an annual impairment test and concluded that no impairment was necessary because the estimated value in use was higher than the value stated.

11. Deferred Tax

Deferred tax assets and liabilities are attributable to the following items:

	2024	2024	2024	2023	2023	2023
	Group net assets £'000	Group assets £'000	Group liabilities £'000	Group net assets £'000	Group assets £'000	Group liabilities £'000
Accrued interest payable	182	182	-	106	106	-
Accrued income	(14)	-	(14)	(5)	-	(5)
Foreign bank loan	(539)	153	(692)	(480)	130	(610)
Investment properties and inventories	(1,817)	496	(2,313)	(1,476)	604	(2,080)
Other temporary differences	(49)	161	(210)	(265)	90	(355)
At 31 March	(2,237)	992	(3,229)	(2,120)	930	(3,050)

12. Trade and Other Receivables

	2024 Group £'000	2023 Group £'000
Current assets		
Trade receivables	2,077	2,106
Less provision for impairment of receivables	(220)	(242)
Trade receivables net	1,857	1,864
Other receivables	1,804	1,820
Prepayments and accrued income	484	1,113
At 31 March	4,145	4,797

£976,000 of trade receivables were erroneously presented in trade payables as at 31 March 2023 and have been reclassified to trade receivables.

13. Trade and Other Payables

	2024 Group £'000	2023 Group £'000
Current liabilities		
Trade payables	2,040	2,177
Other taxation and social security	226	254
Other payables and accruals	1,405	1,819
Deferred income	117	128
At 31 March	3,788	4,378

14. Financial Liabilities

	2024 Group £'000	2023 Group £'000
Current liabilities		
Bank loan	832	1,116
At 31 March	832	1,116
Non-current liabilities		
Bank loans	9,690	11,519
At 31 March	9,690	11,519
	2024 Group £'000	2023 Group £'000
Total obligations under bank loans		
Repayable within one year	832	1,116
Repayable within one and five years	6,948	8,080
Repayable after five years	2,742	3,439
At 31 March	10,522	12,635

Four bank loans all denominated in Euros and totalling £10.52 million (31 March 2023, five bank loans: £12.64 million), included within financial liabilities, are secured against investment properties owned by the Group. The reduction was largely due to the repayments in full of the remaining bank loan secured against the Group's directly held office property in Bucharest £0.80 million, other capital repayments totalling £1.01 million and a favourable foreign exchange movement of £0.30 million.

These bank loans are otherwise non-recourse to the Group's assets.

The interest rate profile of the Group's financial liabilities at 31 March 2024 and 31 March 2023 was as follows:

	Interest bearing	Non-interest bearing	Total
	£'000	£'000	£'000
Bank loans	10,522	-	10,522
Other financial liabilities	-	17,095	17,095
At 31 March 2024	10,522	17,095	27,617
Bank loans	12,635	-	12,635
Other financial liabilities	-	17,021	17,021
At 31 March 2023	12,635	17,021	29,656

A one percentage point increase in interest rates would increase the annual interest bill by £0.11 million per annum (2023: £0.13 million).

15. Other Financial Liabilities

	2024 Group £'000	2023 Group £'000
Current liabilities	12,244	939
Non-current liabilities	4,851	16,082
	2024 Group £'000	2023 Group £'000
Total obligations under Other Financial Liabilities		
Repayable within one year	12,244	939
Repayable within one and five years	4,851	14,317
Repayable after five years	-	1,765
At 31 March 2024	17,095	17,021

Current liabilities include the balance of £10.25 million (debt denominated in Euro, €12.00 million) which was as 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 was repayable by 11 June 2024. No interest is payable on this current liability. This repayment was not made and the Group is in discussions to restructure the deferred consideration and is hopeful of a positive outcome. During the year Sterling strengthened against the Euro by 2.8% which has reduced our liability in respect of Gdynia by £0.28 million.

Other financial liabilities also includes the Group's investment in Blue Tower, Warsaw, which was originally financed by deferred consideration totalling £7.20 million (debt denominated in Polish Zloty, PLN 40.40 million) This liability, which is non-interest bearing, is payable in seven instalments, the first of which was paid in August 2022, the subsequent instalment which was due in August 2023 was delayed and remains within current liabilities along with the next instalment due in August 2024. During the year Sterling weakened against the Polish Zloty by 5.4% which has increased our liability in respect of Blue Tower by £0.35 million.

The preliminary results are being circulated to all shareholders and can be downloaded from the Company's web-site (www.fprop.com). Further copies can be obtained from the registered office at 32 St James's Street, London, SW1A 1HD.