

Date: 23 November 2023
On behalf of: First Property Group plc ("First Property" or the "Group" or the "Company")
Embargoed: 0700hrs

First Property Group plc

Interim results for the six months to 30 September 2023

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 ended 30 September 2023.

Highlights:

- Statutory loss before tax: £0.65 million (30 September 2022 profit before tax: £2.39 million)
- Cash: £6.71 million (31 March 2023: £7.65 million)
- Net debt: £22.22 million (31 March 2023: £22.01 million)
- Third party Assets Under Management ("AUM"): £304 million (31 March 2023: £400 million)
- Total AUM: £358 million (31 March 2023: £454 million)
- Weighted average unexpired fund management contract term at 30 September 2023: 2 years, 1 month (31 March 2023: 2 years, 9 months)

Financial summary:

	Unaudited six months to 30 Sep 2023	Unaudited six months to 30 Sep 2022	Percentage change	Audited year to 31 Mar 2023
Income Statement:				
Statutory (loss)/ profit before tax	(£0.65m)	£2.39m	-127.2%	£2.49m
Diluted (loss)/ profit earnings per share	(0.99p)	1.83p	-154.1%	1.70p
Total dividend per share	0.00p	0.25p	-100%	0.50p
Average € / £ rate	1.1590	1.1698	-	1.1567
	Unaudited six months to 30 Sep 2023	Audited year to 31 Mar 2023	Percentage change	Unaudited six months to 30 Sep 2022 (restated)
Balance Sheet at period end:				
Investment properties at book value	£47.13m	£47.01m	+0.3%	£42.56m
Investment properties at market value	£53.28m	£53.97m	-1.3%	£48.67m
Associates and investments at book value	£20.03m	£22.13m	-9.5%	£25.33m
Associates and investments at market value	£22.30m	£25.27m	-11.8%	£29.83m
Cash balances	£6.71m	£7.65m	-12.3%	£5.98m
Cash per share	6.05p	6.90p	-12.3%	5.39p
Gross debt*	£28.93m	£29.66m	-2.5%	£29.53m
Net debt*	£22.22m	£22.01m	+1.0%	£23.55m
Gearing ratio at book value**	41.0%	40.6%	-	40.5%
Gearing ratio at market value***	37.0%	36.1%	-	35.7%
Net assets at book value	£41.65m	£43.44m	-4.1%	£43.47m
Net assets at market value	£49.22m	£52.54m	-6.3%	£53.25m
Adjusted net assets per share (EPRA basis)	43.56p	46.50p	-6.3%	47.12p
Period end € / £ rate	1.1528	1.1381	-	1.1395

*Debt comprises financial liabilities and other financial liabilities including those of 5th Property Trading Limited ("5PT").

** Gearing ratio = Gross debt divided by Gross assets.

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

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

"Markets have been as challenging over the last year as I have ever known them. The rapid increase in interest rates, with a commensurate collapse in demand for commercial property, both occupationally and for investment, had created a perfect storm. For fifteen years interest rates had been near zero and global markets supported by borrowings in dollars with investment in developing countries and more "risky" assets - the so called carry trade.

"With the Federal Reserve aggressively increasing interest rates, that carry trade has reversed equally aggressively with capital flooding back to the United States.

"So, whilst it is disappointing to report a loss, this was created by a mark down in property values and not as a result of a deterioration in trading. The Group is robust.

"Inflation is now reducing, and interest rates are likely to be close to their peak. They have already been reduced in Poland.

"Markets are steadying and we are seeing an uptick in investment demand, though it is too early to be certain.

"We also have occupational demand for the vacant space in the office blocks we own in Warsaw and Gdynia, with particular demand for the former. As we lease up this space, we will start again to generate good levels of cash, as we have historically done.

"In the meantime, our cash balance is good, with over £6 million on the balance sheet, giving us the firepower we need to fitout the space as it is leased.

"We are also seeing some interesting lending propositions for our new debt division. We have yet to make a loan but our market knowhow and the number of deals we are considering has considerably increased.

"I am once again beginning to be excited about the future."

Investor presentation:

A briefing for analysts and investors 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 Group's website.

For further information please contact:

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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 and one in Romania, and non-controlling interests in nine of the twelve funds managed by FPAM.

Quoted on AIM, First Property has offices in London and Warsaw. Around one third of the shares in First Property are owned by directors, management and their families. Further information about the Group and its properties 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 2023.

Revenue earned by the Group was £3.97 million (30 September 2022: £4.19 million) yielding a loss before tax of £0.65 million (30 September 2022 profit before tax: £2.39 million). The loss was caused by a reduction of £0.82 million in the fair value of the Group's investment in one of its associates, Fprop Opportunities plc ("FOP"). Otherwise, the Group has been trading in line with market expectations.

The rapid increase in interest rates and consequent flight of capital from our markets has materially impacted property values. The Group has been shielded from much of this by its accounting policy of holding properties at the lower of cost or value. However, 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 then prevailing property values. In the six months to 30 September 2023 the five properties owned by FOP decreased in value by £2.2 million, of which the Group's share amounted to £0.82 million.

Diluted loss per share amounted to 0.99 pence (30 September 2022 earnings per share: 1.83 pence).

The Group ended the period with net assets calculated under the cost basis of accounting of £41.65 million (31 March 2023: £43.44 million), equating to 37.56 pence per share (31 March 2023: 39.18 pence per share). The net assets of the Group with property values adjusted to their market value less any deferred tax liabilities (EPRA basis) was £49.22 million, or 43.56 pence per share (31 March 2023: £52.54 million, or 46.50 pence per share). The market values of Group properties are independently assessed once a year, on 31 March, except for the five properties held by FOP which are also assessed as at 30 September.

Gross debt at the period end amounted to £28.93 million (31 March 2023: £29.66 million), which was secured against six commercial properties in Poland and one in Romania. Of this, £16.95 million was non-interest bearing and represents deferred consideration payable for the purchase of two properties in Poland.

The Group's gearing ratio, calculated with its seven directly owned properties at book value, was 40.99% (31 March 2023: 40.57%). Using market values for these properties the gearing ratio was 37.02% (31 March 2023: 36.08%).

The Group's seven directly owned properties are held in separate non-recourse special purpose vehicles without any cross collateralisation of the debt or Group guarantees.

Group cash balances at the period end stood at £6.71 million (31 March 2023: £7.65 million), equivalent to 6.05 pence per share (31 March 2023: 6.90 pence per share).

Dividend:

The Directors have resolved not to pay a dividend (30 September 2022: 0.25 pence per share) until the Group returns to profitability. Our cash balances are good and it is important we preserve this until we emerge from these turbulent times.

REVIEW OF OPERATIONS

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

Third party assets under management at the period end decreased by 24% to £304.6 million (31 March 2023: £400.4 million). The decrease was attributable mainly to the decrease in value of properties held in third party managed funds of £87.1 million.

The large decrease in value of third-party funds was mainly related to the write down in value of properties held by Fprop Offices LP ("Fprop Offices") and Fprop Phoenix Ltd ("Fprop Phoenix"), which experienced write downs of £28.8 million and £47.0 million, respectively. We do not earn a fixed fee from Fprop Offices, and the reduction in value of the fund does not reduce our recurring fee income. Fprop Offices is due to be wound up next year.

63.3% of third-party assets under management were located in the UK, 33.9% in Poland and 2.8% in Romania.

Revenue earned by this division decreased to £1.26 million (30 September 2022: £1.66 million), resulting in profit before unallocated central overheads and tax decreasing to £0.16 million (30 September 2022: £0.52 million).

At the period end fund management fee income, excluding performance fees, was being earned at an annualised rate of £2.06 million (31 March 2023: £2.55 million).

FPAM's weighted average unexpired fund management contract term at the period-end was 2 years, 1 month (31 March 2023: 2 years, 9 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 Apr 2023	241.4	159.0	400.4	53
Property purchases	-	-	-	-
Property sales	(6.7)	-	(6.7)	(2)
Capital expenditure	-	-	-	-
Property revaluation	(41.9)	(45.2)	(87.1)	-
FX revaluation	-	(2.0)	(2.0)	-
As at 30 Sep 2023	192.8	111.8	304.6	51

An overview of the value 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 Sep 2023	No of properties	% of total third-party assets under management	Assets under management at market value at 31 Mar 2023
			£m.		%	£m.
SAM & DHOW	UK	Rolling	*	*	*	*
OFFICES	UK	Jun 2024	53.0	4	17.4	84.9
SIPS	UK	Jan 2025	96.8	21	31.8	104.7
FOP	Poland	Oct 2025	61.6	5	20.2	64.5
FGC	Poland	Mar 2026	21.7	1	7.1	22.0
UKPPP	UK	Jan 2027	20.5	8	6.7	28.1
SPEC OPPTS	UK	Jan 2027	14.4	4	4.7	14.9
FKR	Poland	Mar 2027	16.5	1	5.4	16.8
FCL	Romania	Jun 2028	8.6	1	2.8	8.7
FPL	Poland	Jun 2028	3.4	4	1.2	47.0
FUL	UK	Indefinite	8.1	2	2.7	8.8
Total Third Party AUM			304.6	51	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	Poland	Romania	Total	% of Total
	£m.	£m.	£m.	£m.	
Offices	109.3	41.5	8.6	159.4	52.3
Retail warehousing	56.9	-	-	56.9	18.7
Shopping centres	-	49.7	-	49.7	16.3
Supermarkets	26.6	12.0	-	38.6	12.7
Total	192.8	103.2	8.6	304.6	100.0
% of Total	63.3	33.9	2.8	100.0	

GROUP PROPERTIES DIVISION

At the period end the Group Properties division comprised seven directly owned commercial properties in Poland and Romania valued at £53.28 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 £22.30 million (31 March 2023: £25.27 million).

The contribution to Group profit before tax and unallocated central overheads from this division was £0.09 million (30 September 2022: £2.40 million), of which the seven directly owned properties contributed £0.27

million (30 September 2022: £0.98 million) and the Associates and Investments contributed a loss of £0.18 million (30 September 2022 profit: £1.42 million).

The reduced contribution from the Associates and Investments was mainly due to the write down by £0.82 million in value of the Group's share in FOP. In addition, distributions in respect of the Group's 11.1% share in Fprop UK Special Opportunities LP ("SPEC OPPS") of £0.08 million were less than the contribution in the same period last year of £1.20 million. Last year's higher contribution was driven by property sales.

Nearly one third of the vacant office space in the Group's directly held office properties in Gdynia and Warsaw (Blue Tower), which it acquired in 2021 and 2022 respectively and which totalled some 20,000 square metres, has been leased. Net operating income should improve by some €2 million per annum once this vacant space is fully let. Tenant demand remains steady in both cities.

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

The book value of the Group's seven directly owned properties was £47.13 million. Their market value, as at 30 September 2023, was £53.28 million.

Country	Sector	Property/ fund name	No. of properties as at 30 Sep 2023	Book value as at 30 Sep 2023	Market value as at 30 Sep 2023	*Contribution to Group profit before tax – period to 30 Sep 2023	*Contribution to Group profit before tax – period to 30 Sep 2022
				£m.	£m.	£m.	£m.
Poland	Offices	Gdynia	1	14.20	14.32	(0.14)	(0.21)
Poland,	Offices	Blue Tower	1	20.71	23.89	0.46	0.64
Poland	Supermarkets	Praga	1	1.96	2.91	0.05	0.20
Romania	Office	Dr Felix	1	2.32	3.82	0.05	0.02
Poland	Multi-let	5PT	3	7.94	8.34	0.18	**
Total*			7	47.13	53.28	0.60	0.65
Profit on the sale of investment properties						-	1.06
Other overhead costs allocated to the direct property division						(0.33)	(0.73)
Total contributions to PBT from Group Properties						0.27	0.98

*Prior to the deduction of unallocated central overhead expenses.

**5PT, a fund in which the Group gained a controlling interest in financial year ended 31 March 2023 (previously recognised as an associate).

The debt secured against these seven properties amounted to £28.93 million (31 March 2023: £29.66 million), including deferred consideration of £16.95 million (31 March 2023: £17.02 million) which is non-interest bearing.

Interest costs on the £11.99 million of interest-bearing debt amounted to £0.38 million in the period (30 September 2022: £0.19 million). This equates to an average borrowing cost of 2.6% per annum when expressed as a percentage of total Group debt, or 6.3% if the non-interest-bearing element is excluded. A one percentage point increase in interest rates would impact the cost of the floating rate loans and would increase the Group's annual interest bill by some £120,000 per annum (31 March 2023: £127,000).

All five bank loans are held in separate non-recourse special purpose vehicles and are not guaranteed by the Group.

Directly owned Properties	30 Sep 2023	31 Mar 2023
Book value	£47.13m	£47.01m
Market value	£53.28m	£53.97m
Debt (all non-recourse to the Group)	£28.93m	£29.66m
LTV at book value %	61.38%	63.09%
LTV at market value %	54.30%	54.96%
Average borrowing cost (including non-interest-bearing loans)	2.6%	1.8%

The Weighted Average Unexpired Lease Term (WAULT) of the seven properties as at 30 September 2023 was 4 years, 3 months (31 March 2023: 3 years, 6 months).

In July 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 €3.36 million. It contributed some £50,000 in net profit in the six months just ended, a return on net equity of around 7% on an annualised basis.

Associates and Investments (“A&I’s”)

These comprise non-controlling interests in nine of the twelve funds managed by FPAM, of which five are accounted for as “associates” under the cost model and four are accounted for as “investments in funds” and held at fair value. It is the accounting policy of the Group to carry its interests in associates at the lower of cost or market value.

The contribution from this segment amounted to a loss before tax and unallocated central overheads of £0.18 million (30 September 2022: profit £1.42 million), mainly due to the write down by £0.82 million of the Group’s 45.71% share in FOP. At their new value of £61.5 million, the properties held by FOP yield income of some 8.5% per annum, they are 97% leased by net lettable area and the vast majority of rent payable is subject to annual increases linked to inflation.

The book value of the five associates was £17.06 million (31 March 2023: £17.59 million). Their market value was £19.33 million (31 March 2023: £20.73 million).

The value of the four investments in funds reduced to £2.97 million (31 March 2023: £4.54 million). The reduction was mainly due to the decrease in value by £1.0 million of the Group’s co-investment in Fprop Offices, an explanation for which is in the section entitled “Fund Management Division”.

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

Fund	Country of investment	% 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 Sep 2023	Group’s share of post-tax profits earned by fund 30 Sep 2022
		%	£’000	£’000	£’000	£’000
a)						
Associates						
5PT	Poland	47.20	*	*	*	59
FOP	Poland	45.71	12,305	12,305	442	347
FGC	Poland	29.09	2,918	3,136	92	119
FKR	Poland	18.07	1,181	1,253	27	(2)
FPL	Poland	23.38	-	1,730	(60)	(435)
FCL	Romania	21.17	652	901	16	29
Sub Total			17,056	19,325	517	117
b)						
Investments						
UK PPP	UK	0.94	196	196	14	23
SPEC OPPS	UK	11.06	2,142	2,142	82	1,196
OFFICES	UK	1.64	461	461	18	74
FUL	UK	2.50	174	174	-	9
Sub Total			2,973	2,973	114	1,302
Total			20,029	22,298	631	1,419

*Consolidated into the Group

New Loan Division (secured lending against commercial property):

Since its establishment in June 2023, this division has originated over £600 million in enquiries for new senior loans. It has yet to complete its first loan but we are hopeful of doing so soon.

The division is offering senior loans at a relatively high loan to value of 65% without obliging the borrower to amortise the debt during its term. This enables the properties against which such loans are advanced to support relatively high interest rates of 9% to 10% per annum.

As previously reported, no new employees will, initially, be required to be employed to roll out this product and the Group does not intend to use its own cash to make such loans. It may, however, invest alongside third parties in any fund structures set up to make such loans.

Commercial Property Market Outlook

Poland:

GDP growth contracted by 0.8% per annum in the first half of 2023, resulting in forecasters downgrading their full year GDP growth estimates to 0.2% per annum, the lowest it has been in our entire time investing in that country. GDP growth is expected to rebound in 2024, to 2.8% per annum (previous forecasts were at 2.2% per annum).

Unemployment was at a historic low of 5.0% in August, which, in combination with strong nominal wage increases, is expected to drive economic activity in 2024.

The National Bank of Poland's key policy interest rate was cut in September by 75bp and in October by 25bp and now stands at 5.75% per annum. Inflation has fallen from some 17% year on year to around 4%.

Investment demand for commercial property remains weak but occupational demand remains steady. 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:

The Bank of England held interest rates at 5.25% per annum in September and again in October, unchanged for the first time in 15 meetings of the Monetary Policy Committee ("MPC"). The Consumer Price Index ("CPI") increased by 4.7% on an annualised basis in October, a rate which is less than half of its peak of 11.1% in October 2022, but still above the 2% target of the Bank of England. Economic growth is close to nil.

The commercial property investment market remains generally weak, in particular for offices and shopping centres. The occupier market is also generally weak, including for industrial property, where strong demand over the last several years has stalled.

CURRENT TRADING AND PROSPECTS

Markets have been as challenging over the last year as I have ever known them. The rapid increase in interest rates, with a commensurate collapse in demand for commercial property, both occupationally and for investment, had created a perfect storm. For fifteen years interest rates had been near zero and global markets supported by borrowings in dollars with investment in developing countries and more "risky" assets - the so called carry trade.

With the Federal Reserve aggressively increasing interest rates, that carry trade has reversed equally aggressively with capital flooding back to the United States.

So, whilst it is disappointing to report a loss, this was created by a mark down in property values and not as a result of a deterioration in trading. The Group is robust.

Inflation is now reducing, and interest rates are likely to be close to their peak. They have already been reduced in Poland.

Markets are steadying and we are seeing an uptick in investment demand, though it is too early to be certain.

We also have occupational demand for the vacant space in the office blocks we own in Warsaw and Gdynia, with particular demand for the former. As we lease up this space, we will start again to generate good levels of cash, as we have always historically done.

In the meantime, our cash balance is good, with over £6 million on the balance sheet, giving us the firepower we need to fitout the space as it is leased.

We are also seeing some interesting lending propositions for our new debt division. We have yet to make a loan but our market knowhow and the number of deals we are considering has considerably increased.

I am once again beginning to be excited about the future.

Ben Habib
Chief Executive

CONSOLIDATED INCOME STATEMENT
for the six months to 30 September 2023

	Notes	Six months to 30 Sep 2023 (unaudited)	Six months to 30 Sep 2022 (unaudited)	Year to 31 Mar 2023 (audited)
		£'000	£'000	£'000
Revenue		3,966	4,188	7,249
Cost of sales		(1,763)	(1,697)	(2,257)
Gross profit		2,203	2,491	4,992
Profit on sale of investment properties		-	1,061	1,779
Operating expenses		(2,386)	(2,466)	(4,767)
Operating (loss)/profit		(183)	1,086	2,004
Share of results in associates	8a	517	117	273
Share of associates' revaluation (loss)/gain	8a	(816)	-	(901)
Investment income		114	1,302	1,497
Interest income	3	95	75	145
Interest expense	3	(379)	(188)	(530)
(Loss)/profit before tax		(652)	2,392	2,488
Tax charge	4	(257)	(297)	(449)
(Loss)/profit for the period		(909)	2,095	2,039
Attributable to:				
Owners of the parent		(1,122)	2,065	1,919
Non-controlling interests		213	30	120
		(909)	2,095	2,039
(Loss)/Earnings per share				
Basic	5	(1.01p)	1.86p	1.73p
Diluted	5	(0.99p)	1.83p	1.70p

All operations are continuing.

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

for the six months to 30 September 2023

	Notes	Six months to 30 Sep 2023 (unaudited)	Six months to 30 Sep 2022 (unaudited)	Year to 31 Mar 2023 (audited)
		£'000	£'000	£'000
(Loss)/ profit for the period		(909)	2,095	2,039
Other comprehensive income				
Items that may subsequently be reclassified to profit or loss:				
Exchange differences on retranslation of foreign subsidiaries		91	(86)	944
Net (loss) on financial assets at fair value through Other Comprehensive Income	8b	(1,137)	(1,047)	(1,412)
Taxation		-	-	-
Total comprehensive income for the period		(1,955)	962	1,571
Total comprehensive income for the period attributable to:				
Owners of the parent		(2,110)	923	1,324
Non-controlling interests		155	39	247
		(1,955)	962	1,571

All operations are continuing.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	As at 30 Sep 2023 (unaudited) £'000	As at 31 Mar 2023 (audited) £'000	As at 30 Sep 2022 (unaudited) (restated) £'000
Non-current assets				
Investment properties	6	47,134	47,009	22,839
Right of use Asset		647	197	790
Property, plant and equipment		67	80	106
Investment in associates	8a	17,056	17,588	19,834
Other financial assets at fair value through OCI	8b	2,973	4,544	5,493
Goodwill		153	153	153
Deferred tax assets		970	930	913
Total non-current assets		69,000	70,501	50,128
Current assets				
Inventories – land and buildings	7	-	-	19,722
Current tax assets		113	79	7
Right of use assets		457	457	444
Trade and other receivables	9	5,354	3,729	6,113
Cash and cash equivalents		6,707	7,647	5,977
Total current assets		12,631	11,912	32,263
Current liabilities				
Trade and other payables	10	(4,713)	(3,310)	(4,486)
Provisions	11	(113)	(158)	(773)
Lease liabilities		(469)	(469)	(408)
Financial liabilities	12	(1,067)	(1,116)	(5,648)
Other financial liabilities	13	(12,286)	(939)	(907)
Current tax liabilities		(41)	(28)	(93)
Total current liabilities		(18,689)	(6,020)	(12,315)
Net current assets		(6,058)	5,892	19,948
Total assets less current liabilities		62,942	76,393	70,076
Non-current liabilities				
Financial liabilities	12	(10,921)	(11,519)	(7,114)
Other financial liabilities	13	(4,660)	(16,082)	(15,863)
Lease liabilities		(658)	(267)	(890)
Deferred tax liabilities		(3,203)	(3,050)	(2,509)
Net assets		43,500	45,475	43,700
Equity				
Called up share capital		1,166	1,166	1,166
Share premium		5,635	5,635	5,635
Share-based payment reserve		497	179	179
Foreign exchange translation reserve		(2,204)	(2,353)	(3,392)
Purchase of own shares reserve		(2,440)	(2,440)	(2,440)
Investment revaluation reserve		(1,865)	(728)	(363)
Retained earnings		40,861	41,983	42,683
Equity attributable to the owners of the parent		41,650	43,442	43,468
Non-controlling interests		1,850	2,033	232
Total equity		43,500	45,475	43,700
Net assets per share	5	37.56p	39.18p	39.20p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months to 30 September 2023

	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
Restated	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 Apr 2022	1,166	5,791	179	(3,297)	(2,653)	684	40,895	229	42,994
Profit for the period	-	-	-	-	-	-	2,095	-	2,095
Net (loss) on financial assets at fair value through other comprehensive income	-	-	-	-	-	(1,047)	-	-	(1,047)
Movement on foreign exchange	-	-	-	(95)	-	-	-	9	(86)
Total Comprehensive Income	-	-	-	(95)	-	(1,047)	2,095	9	962
Sale of treasury shares	-	(156)	-	-	213	-	-	-	57
Non-controlling interests	-	-	-	-	-	-	(30)	30	-
Dividends paid	-	-	-	-	-	-	(277)	(36)	(313)
At 30 Sep 2022	1,166	5,635	179	(3,392)	(2,440)	(363)	42,683	232	43,700
Profit for the period	-	-	-	-	-	-	(56)	-	(56)
Net gain/ (loss) on financial assets at fair value through other comprehensive income	-	-	-	-	-	(365)	-	-	(365)
Movement on foreign exchange	-	-	-	1,039	-	-	-	118	1,157
Non-controlling interest in 5PT	-	-	-	-	-	-	-	1,606	1,606
Total Comprehensive Income	-	-	-	1,039	-	(365)	(56)	1,724	2,342
Sale of treasury shares	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	(90)	90	-
Dividends paid	-	-	-	-	-	-	(554)	(13)	(567)
At 1 Apr 2023	1,166	5,635	179	(2,353)	(2,440)	(728)	41,983	2,033	45,475
Profit for the period	-	-	-	-	-	-	(909)	-	(909)
Net (loss) on financial assets at fair value through other comprehensive income	-	-	-	-	-	(1,137)	-	-	(1,137)
Change in the proportion held in non-controlling interests	-	-	-	-	-	-	-	(265)	(265)
Movement on foreign exchange	-	-	-	149	-	-	-	(58)	91
Total Comprehensive Income	-	-	-	149	-	(1,137)	(909)	(323)	(2,220)
Share options charge	-	-	318	-	-	-	-	-	318
Non-controlling interests	-	-	-	-	-	-	(213)	213	-
Dividends paid	-	-	-	-	-	-	-	(73)	(73)
At 30 Sep 2023	1,166	5,635	497	(2,204)	(2,440)	(1,865)	40,861	1,850	43,500

CONSOLIDATED CASH FLOW STATEMENT

for the six months to 30 September 2023

	Notes	Six months to 30 Sep 2023 (unaudited) £'000	Six months to 30 Sep 2022 (unaudited) £'000	Year to 31 Mar 2023 (audited) £'000
Cash flows from/ (used in) operating activities				
Operating (loss)/ profit		(183)	1,086	2,004
Adjustments for:				
Depreciation of investment property, and property, plant & equipment		34	14	99
Profit on the sale of investment property		-	(1,061)	(1,779)
(Increase)/ decrease in inventories		-	(59)	-
(Increase)/ Decrease in trade and other receivables		(1,626)	(1,679)	777
(Decrease)/ increase in trade and other payables		1,348	(415)	2,813
Share options charge		318	-	-
Other non-cash adjustments		194	3	180
Cash generated from operations		85	(2,111)	4,094
Income taxes paid		(169)	(124)	(616)
Net cash flow (used in)/ from operating activities		(84)	(2,235)	3,478
Cash flow from/ (used in) investing activities				
Capital expenditure on investment properties	6	(315)	(81)	(1,017)
Purchase of property, plant and equipment		(21)	(8)	(10)
Purchase of inventories		-	(1,070)	-
Proceeds from the sale of an investment property		-	2,967	8,612
Purchase of investment property		-	-	(7,443)
Cash paid on acquisition of new subsidiaries		-	-	(165)
Cash and cash equivalents received on acquisitions		-	-	83
Investment in funds	8b	-	(2)	(3)
Proceeds from funds	8b	434	907	1,492
Proceeds from Investment in shares of associates	8a	233	175	176
Interest received	3	95	7	145
Investment in shares of associates	8a	-	(757)	(606)
Dividends from associates	8a	-	-	-
Distributions received		114	1,300	1,494
Net cash flow from/ (used in) investing activities		540	3,438	2,758
Cash flow from/ (used in) financing activities				
Proceeds from bank loan		-	1,686	1,474
Repayment of bank loans		(911)	(2,977)	(5,215)
Sale of shares held in treasury		-	119	57
Interest paid	3	(369)	(188)	(530)
Dividends paid		-	(277)	(831)
Dividends paid to non-controlling interests		(73)	(36)	(49)
Net cash flow (used in)/ from financing activities		(1,353)	(1,673)	(5,094)
Net (decrease)/ increase in cash and cash equivalents		(897)	(470)	1,142
Cash and cash equivalents at the beginning of period		7,647	6,419	6,419
Currency translation gains/ (losses) on cash and cash equivalents		(43)	28	86
Cash and cash equivalents at the end of the period		6,707	5,977	7,647

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2023

1. Basis of Preparation

- These interim consolidated financial statements for the six months ended 30 September 2023 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 2023 and are in compliance with IAS 34 "Interim Financial Reporting". These accounting policies are drawn up in accordance with UK-adopted International Accounting Standards.
- The comparative figures for the financial year ended 31 March 2023 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 23 November 2023.

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2023

2. Segmental Analysis

Segment reporting for the six months to 30 September 2023

	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	-	2,030	-	-	2,030
Service charge income	-	673	-	-	673
Asset management fees	1,263	-	-	-	1,263
Performance related fee income	-	-	-	-	-
Total revenue	1,263	2,703	-	-	3,966
Depreciation and amortisation	(21)	(13)	-	-	(34)
Operating profit	158	558	-	(899)	(183)
Share of results in associates	-	-	517	-	517
Fair value adjustment to associate	-	-	(816)	-	(816)
Investment income	-	-	114	-	114
Interest income	-	95	-	-	95
Interest expense	-	(379)	-	-	(379)
Profit/ (loss) before tax	158	274	(185)	(899)	(652)
Analysed as:					
Underlying profit/ (loss) before tax before adjusting for the following items:	96	39	631	(570)	196
Interest on loan to associates	-	63	-	-	63
Share option charge	-	-	-	(318)	(318)
Fair value adjustment to associate	-	-	(816)	-	(816)
Realised foreign currency (losses)/ gains	62	172	-	(11)	223
Profit/ (loss) before tax	158	274	(185)	(899)	(652)

Revenue for the six months to 30 September 2023 from continuing operations consists of revenue arising in the United Kingdom 18% (30 September 2022: 27%) and Central and Eastern Europe 82% (30 September 2022: 73%) and all relates solely to the Group's principal activities.

Direct costs incurred by First Property relating to the cost of the Board and the related share listing costs are shown separately under unallocated central costs.

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2023

Segment reporting for the six months to 30 September 2022

	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	-	1,788	-	-	1,788
Service charge income	-	737	-	-	737
Asset management fees	1,437	-	-	-	1,437
Performance related fee income	226	-	-	-	226
Total revenue	1,663	2,525	-	-	4,188
Depreciation and amortisation	(18)	(12)	-	-	(30)
Operating profit	519	1,089	-	(522)	1,086
Share of results in associates	-	-	117	-	117
Investment income	-	-	1,302	-	1,302
Interest income	-	75	-	-	75
Interest expense	-	(188)	-	-	(188)
Profit/ (loss) before tax	519	976	1,419	(522)	2,392
Analysed as:					
Underlying profit/ (loss) before tax before adjusting for the following items:	294	27	223	(540)	4
Interest on loan to FOP	-	68	-	-	68
Profit on Sale of Group properties	-	1,061	-	-	1,061
Performance related fee income	226	-	-	-	226
Investment income resulting from sale of properties	-	-	1,196	-	1,196
Staff incentives	-	-	-	-	-
Realised foreign currency (losses)/ gains	(1)	(180)	-	18	(163)
Profit/ (loss) before tax	519	976	1,419	(522)	2,392

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2023

Segment reporting for the year to 31 March 2023

	Fund Management Division		Group Properties Division		TOTAL
	Property fund management	Group properties	Associates and investments	Unallocated central overheads	
	£'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	-	125	-	-	125
Fair value adjustment on associates FOP	-	-	(901)	-	(901)
UK fund distributions following sale 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

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2023

3. Interest Income/ (Expense)

	Six months ended 30 Sep 2023 £'000	Six months ended 30 Sep 2022 £'000	Year ended 31 Mar 2023 £'000
Interest income – bank deposits	22	-	-
Interest income – other	73	75	145
Total interest income	95	75	145

	Six months ended 30 Sep 2023 £'000	Six months ended 30 Sep 2022 £'000	Year ended 31 Mar 2023 £'000
Interest expense – property loans	(373)	(180)	(516)
Interest expense – bank and other	(6)	(8)	(14)
Total interest expense	(379)	(188)	(530)

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 Sep 2023 £'000	Six months ended 30 Sep 2022 £'000	Year ended 31 Mar 2023 £'000
Current tax	(146)	(204)	(559)
Deferred tax	(111)	(93)	110
Total	(257)	(297)	(449)

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2023

5. Earnings/ NAV Per Share

	Six months ended 30 Sep 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2023
Basic (loss)/ earnings per share	(1.01p)	1.86p	1.73p
Diluted (loss)/ earnings per share	(0.99p)	1.83p	1.70p

The basic earnings per ordinary share is calculated on the profit on ordinary activities after taxation and after excluding 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.

	£'000	£'000	£'000
Basic earnings per share	(1,122)	2,065	1,919
Notional interest on share options assumed to be exercised	2	3	2
Diluted earnings assuming full dilution	(1,120)	2,068	1,921

	Number	Number	Number
Weighted average number of Ordinary Shares in issue	110,875,483	110,868,671	110,875,483
Number of Share options	2,110,000	2,110,000	2,110,000
Total number of Ordinary Shares used in the diluted earnings per Share calculation	112,985,483	112,978,671	112,985,483

	Six months ended 30 Sep 2023	Six months ended 30 Sep 2022 (restated)	Year ended 31 Mar 2023
Net assets per share	37.56p	39.20p	39.18p
Adjusted net assets per share	43.56p	47.12p	46.50p

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

	Six months ended 30 Sep 2023	Six months ended 30 Sep 2022 (restated)	Year ended 31 Mar 2023
	£'000	£'000	£'000
Net assets excluding non-controlling interest	41,650	43,468	43,442
For adjusted net assets per share	£'000	£'000	£'000
Net assets excluding non-controlling interests	41,650	43,468	43,442
Investment properties at fair value net of deferred taxes	4,981	2,102	5,639
Inventories at fair value net of deferred taxes	-	2,847	-
Investments in associates at fair value	2,269	4,506	3,139
Other items	323	323	324
Total	49,223	53,246	52,544

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2023

6. Investment Properties

	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Six months ended 30 Sep 2022
	£'000	£'000	£'000
1 Apr	47,009	23,849	23,849
Reclassification of inventory	-	19,795	-
Additions arising on consolidation	-	7,621	-
Capital expenditure	315	1,017	81
Disposals	-	(6,459)	(1,723)
Depreciation	(134)	(134)	(14)
Foreign exchange translation	(56)	1,320	646
Total at end of period	47,134	47,009	22,839

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

7. Inventory – Land and Buildings

	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Six months ended 30 Sep 2022
	£'000	£'000	£'000
1 Apr	-	12,352	12,352
Purchase including acquisition costs	-	7,443	7,443
Reclassified as investment property	-	(19,795)	-
Capital expenditure	-	-	92
Disposals	-	-	-
Depreciation	-	-	(33)
Foreign exchange translation	-	-	(132)
Total at end of period	-	-	19,722

During the year ended 31 March 2023 the Group acquired an additional 7,171 m² of office space in Blue Tower (an office block in Warsaw) for a consideration of £7.20 million, which is payable in seven instalments over a six-year period. Following this purchase, the Group's interest in Blue Tower now represents 80.3% (2022: 48.2%) of the building. As a result of this acquisition the Group reclassified the building from Inventory to Investment Property.

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2023

8. Investments in associates and other financial investments

	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Six months ended 30 Sep 2022
	£'000	£'000	£'000
a) Associates			
Cost of investment at beginning of period	17,588	19,135	19,135
Additions	-	606	757
Disposals	-	(1,349)	-
Repayment of shareholder loan	(233)	(176)	(175)
Share of associates profit/(loss) after tax	517	273	117
Share of associates revaluation gains	(816)	(901)	-
Dividends received	-	-	-
Cost of investment at end of period	17,056	17,588	19,834

The disposal in the year ended 31 March 2023 represents the Group gaining control of 5PT. Following the purchase of additional shares in this company the Group is now deemed to have control and has consolidated this fund into the Group.

	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Six months ended 30 Sep 2022
	£'000	£'000	£'000
Investments in associates			
5th Property Trading Ltd	-	-	1,861
Fprop Galeria Corso Ltd	2,918	3,058	2,888
Fprop Krakow Ltd	1,181	1,154	1,578
Fprop Cluj Ltd	652	636	602
Fprop Phoenix Ltd	-	61	478
Fprop Opportunities plc	12,305	12,679	12,735
	17,056	17,588	20,142
Less: Group share of profit after tax withheld on sale of property to an associate in 2007	-	-	(308)
Cost of investment at end of period	17,056	17,588	19,834

	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Six months ended 30 Sep 2022
	£'000	£'000	£'000
b) Other financial investments			
Cost of investment at 1 Apr	4,544	7,445	7,445
Additions	-	3	2
Repayments	(434)	(1,492)	(907)
(Decrease) in fair value during the period	(1,137)	(1,412)	(1,047)
Cost of investment at end of period	2,973	4,544	5,493

The Group holds four unlisted investments in funds managed by FPAM. Each is designated at fair value through "Other Comprehensive Income" (OCI) as per IFRS 9. The Directors consider their fair value to not be 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.

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2023

9. Trade and Other Receivables

	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Six months ended 30 Sep 2022
	£'000	£'000	£'000
Current assets			
Trade receivables	2,534	1,130	1,168
Less provision for impairment of receivables	(225)	(242)	(96)
Trade receivables net	2,309	888	1,072
Other receivables	1,852	1,820	3,587
Prepayments and accrued income	1,193	1,021	1,454
Total at end of period	5,354	3,729	6,113

10. Trade and Other Payables

	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Six months ended 30 Sep 2022 (restated)
	£'000	£'000	£'000
Current liabilities			
Trade payables	1,824	1,227	755
Other taxation and social security	239	254	277
Other payables and accruals	2,462	1,701	3,297
Deferred income	188	128	157
Total at end of period	4,713	3,310	4,486

11. Provisions

	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Six months ended 30 Sep 2022
	£'000	£'000	£'000
Current liabilities	113	158	773

The provision at 30 September 2023 represents a rent guarantee of £0.11 million (31 March 2023: £0.16 million) and fit out costs of £Nil (31 March 2023: £Nil). These provisions are in respect of the guarantee given as part of the sale of a property, Chałubińskiego 8 ("CH8"), which completed in April 2020.

As a condition of the sale the Group guaranteed the rental and service charge income up to some €1.20 million per annum for five years. In addition, the Group guaranteed fit-out costs on the residual vacant space up to some €1.50 million.

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2023

12. Financial Liabilities

	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Six months ended 30 Sep 2022
	£'000	£'000	£'000
Current liabilities			
Bank loans	1,067	1,116	5,648
Total at end of period	1,067	1,116	5,648
Non-current liabilities			
Bank loans	10,921	11,519	7,114
Total at end of period	10,921	11,519	7,114
Total obligations under financial liabilities			
Repayable within one year	1,067	1,116	5,648
Repayable within one and five years	7,890	8,080	6,629
Repayable after five years	3,031	3,439	485
Total at end of period	11,988	12,635	12,762

Five bank loans (all denominated in Euros) totalling £11.99 million (31 March 2023: £12.64 million), included within financial liabilities, are secured against investment properties owned by the Group. These bank loans are otherwise non-recourse to the Group's assets.

The interest rate profile of the Group's financial liabilities at 30 September 2023 and 31 March 2023 was as follows:

	Interest bearing	Non- interest bearing	Total
	£'000	£'000	£'000
Financial liabilities	11,988	-	11,988
Other financial liabilities	-	16,946	16,946
At 30 Sep 2023	11,988	16,946	28,934
Financial liabilities	12,635	-	12,635
Other financial liabilities	-	17,021	17,021
At 31 Mar 2023	12,635	17,021	29,656

A one percentage point increase in interest rates would increase the annual interest rate bill by £0.12 million per annum (31 March 2023: £0.13 million per annum).

13. Other Financial Liabilities

	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Six months ended 30 Sep 2022
	£'000	£'000	£'000
Current liabilities	12,286	939	907
Non-current liabilities	4,660	16,082	15,863
Total at end of period	16,946	17,021	16,770
Total obligations under financial liabilities			
Repayable within one year	12,286	939	907
Repayable within one and five years	4,660	14,317	14,159
Repayable after five years	-	1,765	1,704
Total at end of period	16,946	17,021	16,770

Other financial liabilities includes a balance within current liabilities of €12.00 million which was a result of the restructuring of a finance lease secured against the office tower in Gdynia. 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 payable in the financial year ended 31 March 2025. No interest is payable on this liability.

Other financial liabilities also represents the Group's additional 32% investment in Blue Tower, Warsaw, which was financed by deferred consideration of PLN 40.4 million (£7.44 million). This liability, which is non-interest bearing, is payable in seven instalments, the first of which has been paid.

The interim 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.