

Date: 26 November 2020
 On behalf of: First Property Group plc ("First Property" or "the Group")
 Embargoed: 0700hrs

First Property Group plc
Interim Results for the six months to 30 September 2020

First Property Group plc (AIM: FPO), the award-winning property fund manager and investor with operations in the United Kingdom and Central Europe, today announces its interim results for the six months to 30 September 2020.

Highlights:

- Significant cash reserves at period end: £21.21 million (31 March 2020: £7.34 million);
- Substantially reduced net debt: £19.83 million (31 March 2020: £57.19 million);
- Well positioned to weather the crisis and make judicious investments as the UK, Poland and Romania emerge from it;
- Fund management division AUM: £557 million (31 March 2020: £567 million);
- Weighted average unexpired fund management contract term: 4 years, 5 months (31 March 2020: 5 years, 0 months);
- Interim dividend maintained at 0.45 pence per share.

Financial Summary:

	Unaudited Six months to 30 Sept 2020	Unaudited Six months to 30 Sept 2019	Percentage change	Audited Year to 31 March 2020
Income Statement:				
Statutory profit before tax	£2.08m	£2.98m	-30.20%	£5.52m
Diluted earnings per share	0.46p	2.07p	-77.78%	4.29p
Total dividend per share	0.45p	0.45p	-	1.67p
Average €/£ rate	1.1159	1.1246	-	1.1453
Balance Sheet at period end:				
Investment properties and Inventories at book value	£47.48m	£82.98m	-42.78%	£47.10m
Investment properties and Inventories at market value	£56.82m	£96.26m	-40.97%	£56.30m
Cash balances	£21.21m	£8.55m	+148.07%	£7.34m
Cash per share	19.21p	7.72p	+148.83%	6.65p
Gross debt	£41.04m	£67.50m	-39.20%	£64.53m
Net debt	£19.83m	£58.95m	-66.36%	£57.19m*
Gearing ratio at book value**	46.56%	59.24%	-	57.32%
Gearing ratio at market value***	40.09%	49.93%	-	50.94%
Net assets at book value	£47.11m	£46.45m	+1.42%	£48.05m
Net assets at market value	£61.34m	£67.68m	-9.37%	£62.15m
Adjusted net assets per share (EPRA basis)	54.28p	59.65p	-9.00%	55.00p
Period end €/£ rate	1.1025	1.1303	-	1.1301

* Prior to completion of the sale of CH8 in April 2020.

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

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

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

"The sale of Chałubińskiego 8 (CH8) in April released some £17 million in cash and put the Group in a strong position from which to navigate the economic fallout of the COVID pandemic.

"As a consequence of the sale there has been a reduction in rental income, which is the primary reason for the reduction in earnings reported today.

"This reduction should be temporary and last only until we reinvest the cash. We expect to do so in association with clients of the Group. Our aim is to invest some 10-20% of the equity required in any acquisition which, when coupled with bank debt, should enable us to acquire up to some £300 million in property.

"There is a great deal of flux in the market at the moment and we expect interesting opportunities to emerge next year."

A briefing for analysts 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 website.

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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 eight directly held properties in Poland and Romania, and non-controlling interests in ten of the twelve funds managed by FPAM.

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

CHIEF EXECUTIVE'S STATEMENT

Performance:

I am pleased to report interim results for the six months ended 30 September 2020.

Revenue earned by the Group was £6.33 million (30 September 2019: £8.08 million) yielding a profit before tax of £2.08 million (30 September 2019: £2.98 million).

The decrease in profit before tax was mainly attributable to:

- A loss incurred by Chałubińskiego 8 (CH8) which reduced profit before tax by £135,000 following completion of its sale on 24 April 2020 (30 September 2019: profit £600,000);
- Reduced contribution from Associates and investments of £796,000 (30 September 2019: £1.27 million), a decrease of £475,000 mainly due to:
 - a) a loss incurred by Fprop Phoenix Ltd of which the Group's share amounted to £219,000 (30 September 2019: profit £8,000); and
 - b) Foregone rent and service charge in Fprop Opportunities plc (FOP) and Fprop Galeria Corso (FGC) from rent holidays granted to tenants by the Polish government during the first lockdown, of which the Group's share amounted to £132,000.
- No performance fees earned by our fund management division (FPAM) (30 September 2019: £247,000).

Diluted earnings per share decreased to 0.46 pence (30 September 2019: 2.07 pence), more than the decrease in profit before tax, due to a deferred tax charge of £1.14 million (30 September 2019: £27,000) resulting from the write-off of a previously recognised deferred tax asset following the repayment of the loan secured against CH8 in April 2020. The subsidiary company which held the property retains the benefit of the crystallised tax loss to relieve future taxable profits if earned.

It is the accounting policy of the Group to carry its properties and interests in associates at the lower of cost or market value. Market values are independently assessed at least once a year, on 31 March. The Group ended the period with net assets under the cost basis of accounting of £47.11 million (31 March 2020: £48.05 million). The net assets of the Group when adjusted to their market value less any deferred tax liabilities (EPRA basis) at the period end was £61.34 million (31 March 2020: £62.15 million).

Gross debt at the period end amounted to £41.04 million (31 March 2020: £64.53 million), the reduction being due to the completion of the sale of CH8 and the repayment of the corresponding bank loan. This in turn reduced the Group's gearing ratio at book value from 57.32% at 31 March 2020 to 46.56%, and at market value from 50.94% at 31 March 2020 to 40.09%. Net debt reduced to £19.83 million (31 March 2020: £57.19 million).

Group cash balances at the period end stood at £21.21 million (31 March 2020: £7.34 million prior to the completion of the sale of CH8 in April 2020). This represents 19.21 pence per share (31 March 2020: 6.65 pence per share).

Dividend:

The Directors have resolved to maintain the interim dividend at 0.45 pence per share (30 September 2019: 0.45 pence per share) which will be paid on 8 January 2021 to shareholders on the register at 4 December 2020, with an ex-dividend date of 3 December 2020.

REVIEW OF OPERATIONS

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

Third party assets under management at period end amounted to £557 million (31 March 2020: £567 million). This 1.8% decrease was primarily attributable to reductions in the value of properties held by our UK property funds. Some 65% of third-party assets under management were located in the UK, 33% in Poland, and 2% in Romania. A further £80 million of committed but as yet un-invested equity remains available to be drawn by funds managed by FPAM.

Fund management fees are generally levied monthly by FPAM by reference to the value of properties under management. In the case of Fprop Offices LP, the Group is entitled to a share of total profits in lieu of fund management fees and to receive annual payments on account equivalent to 10% of total cumulative income profits and realised capital gains. Under its accounting policy the Group will not recognise unrealised property revaluations above a given property's original cost. These payments are adjusted annually, if necessary, for any overpayments made in previous years up to a maximum of total past cumulative payments received (totalling £1.38 million as at 30 September 2020).

Revenue earned by this division decreased by 18% to £1.66 million, resulting in profit before unallocated central overheads and tax of £633,000 (30 September 2019: £1.00 million), representing 22% of Group profit before unallocated central overheads and tax. The decrease was primarily due to no performance fees being earned in the period (30 September 2019: £247,000).

At the period end FPAM's fund management fee income, excluding performance fees and the profit share from Fprop Offices LP, was being earned at an annualised rate of £3.02 million (31 March 2020: £3.13 million).

FPAM's weighted average unexpired fund management contract term at the period end was 4 years, 5 months (31 March 2020: 5 years, 0 months).

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

	Funds managed for third parties (including funds in which the Group is a minority shareholder)			
	UK £m	CEE £m	Total £m	No. of prop's
As at 1 April 2020	375.7	191.3	567.0	69
Purchases	-	-	-	-
New fund mandates	-	-	-	-
Property sales	-	-	-	-
Capital expenditure	0.1	-	0.1	-
Property depreciation	-	-	-	-
Property revaluation	(14.7)	(0.6)	(15.3)	-
FX revaluation	-	4.8	4.8	-
As at 30 Sept 2020	361.1	195.5	556.6	69

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

Fund	Country of investment	Fund expiry	Assets under management at market value at 30 Sept 2020	No of properties	% of total third-party assets under management	Assets under management at market value at 31 March 2020
Fund management division			£m.			£m.
SAM & DHOW	UK	Rolling	*	*	*	*
UK PPP	UK	Feb 2022	67.1	20	12.0	70.3
5PT	Poland	Dec 2022	8.2	3	1.5	8.0
OFFICES	UK	Jun 2024	139.5	5	25.1	143.4
SIPS	UK	Jan 2025	136.9	24	24.6	143.4
FOP	Poland	Oct 2025	72.5	5	13.0	71.3
FRS	Romania	Jan 2026	1.0	1	0.2	1.0
FGC	Poland	Mar 2026	22.9	1	4.1	22.4
SPEC OPPS	UK	Jan 2027	17.7	4	3.2	18.6
FKR	Poland	Mar 2027	23.6	1	4.2	23.0
FCL	Romania	Jun 2028	8.0	1	1.5	7.8
FPL	Poland	Jun 2028	59.2	4	10.6	57.8
Total Third-Party AUM			556.6	69	100.0	567.0

* 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	209.3	108.1	8.0	325.4	58.4%
Retail warehousing	92.8	-	-	92.8	16.7%
Supermarkets	50.8	20.0	1.0	71.8	12.9%
Shopping centres	-	58.4	-	58.4	10.5%
Industrial	8.2	-	-	8.2	1.5%
Total	361.1	186.5	9.0	556.6	100.0%
% of Total Third-Party AUM	64.9%	33.5%	1.6%	100.0%	

Average rent collection rates by funds managed by FPAM in the six months to 30 September 2020 were as follows:

	UK		Poland		Romania	
Rent collected as a percentage of what would have been invoiced prior to COVID related concessions	92.3%		90.1%		98.03%	
	Offices	Retail	Offices	Retail	Offices	Retail
	95.9%	88.3%	97.2%	75.4%	100.0%	85.9%
Rent collected after adjustments for concessions granted due to COVID	95.1%*		98.1%**		98.03%***	
	Offices	Retail	Offices	Retail	Offices	Retail
	96.3%	93.2%	99.1%	95.7%	100.0%	85.9%

*In the UK no rent discounts were granted, only deferrals of payment;

**After adjusting for rent waivers statutorily imposed upon landlords of non-essential retail outlets during the first lockdown and for cash concessions granted to tenants in return for lease extensions;

***In Romania no rent discounts were granted, only deferrals of payment.

GROUP PROPERTIES

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

The contribution to Group profit before tax and unallocated central overheads from the Group Properties division was £2.30 million (30 September 2019: £3.10 million), representing 78% of Group profit before unallocated central

overheads and tax. Approximately 65% of this contribution was from the eight directly owned properties and 35% was from the Group's Associates and other investments.

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

Two of the Group's eight directly owned properties account for 80% of the value (£37.8 million). Both are office buildings in Poland of which one is in Warsaw (11,000 m²) and the other in Gdynia (15,500 m²). The balance of 20% by value (£9.6 million) is invested in three mini-supermarkets in Poland, a development site in Warsaw, an office block in Bucharest and a warehouse in Romania.

Country	Sector	No. of properties	Book value	Market value	*Contribution to Group profit before tax – period to 30 Sept 2020	*Contribution to Group profit before tax – period to 30 Sept 2019
			£m.	£m.	£m.	£m.
Poland	Offices	2	37.8	43.9	1.9	2.6
Poland	Supermarkets	4	5.4	6.1	0.1	0.1
Romania	Office and logistics	2	4.2	6.8	0.2	0.1
Total		8	47.4	56.8	2.2	2.8

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

The eight directly owned properties generated a profit before unallocated central overheads and tax of £1.50 million (30 September 2019: £1.83 million). The decrease was almost entirely attributable to completion in April 2020 of the sale of Chałubińskiego 8 (CH8), an office tower in Warsaw, resulting in no further rental contributions from this property. The impact from COVID was minimal, mainly because none of the remaining eight properties are shopping centres (see next section, "Associates and Investments" for fuller details).

Free cash generation of the eight directly owned properties for the six months to 30 September 2020 was €973,000 (30 September 2019: €829,000).

	6 months to 30 Sept 2020	6 months to 30 Sept 2019*	12 months to 31 March 2020*
	€'000	€'000	€'000
Net operating income (NOI)	3,945	3,979	8,024
Interest expense on bank loans/ finance leases	(356)	(397)	(775)
NOI after interest expense	3,589	3,582	7,249
Current tax	(430)	(600)	(1,110)
Debt amortisation	(2,174)	(2,096)	(4,368)
Capital expenditure	(12)	(57)	(566)
Free Cash	973**	829	1,205

*Excluding CH8;

**of which €881,000 was from the property in Gdynia.

The average rent collection rates across the eight properties in the six months to 30 September 2020 are shown in the table below. The high collection rate is testament both to the quality of our properties and our asset management capabilities.

	Poland	Romania
Rent collected as a percentage of what would have been invoiced prior to COVID related concessions	98.8%	94.2%
Rent collected after adjustments for concessions granted due to COVID	98.8%	94.5%

The debt secured against the eight Group Properties reduced to £41.04 million (31 March 2020: £64.53 million) following the sale of CH8. The loans secured against the eight properties are held in separate non-recourse special purpose vehicles.

	30 Sept 2020	30 Sept 2019
	£m	£m
Book value	47.4	49.4*
Market value	56.8	60.9*
Gross debt (all non-recourse to Group)	41.0	44.1*
LTV at book value %	86.5%	89.3%
LTV at market value %	72.2%	72.4%
Weighted average borrowing cost	1.70%	1.84%
Weighted average debt term excluding Gdynia	4 yrs 7 mths	5 yrs 10 mths
Weighted average debt term including Gdynia	1 yr 10 mths	2 yrs 11 mths

*Comparable figure has been adjusted to exclude the property CH8 and the associated bank loan.

The Group has been depreciating the value of the Gdynia property in anticipation of the near simultaneous expiry of both the over rented lease to its sole tenant and the bank financing (on 21 February 2021). The Group is now in negotiations with the lending bank about terms on which to renew/ restructure the financing. We are also in discussions with the tenant.

When the Group sold Chałubińskiego 8 (CH8) at the end of the last financial year, it guaranteed the rent and service charge income on the residual vacant space until March 2025 as a condition of the sale (amounting to €1.34 million per annum), and undertook to pay fit out costs associated with new lettings of up to circa €1.50 million. An accrual was recognised in the year ended 31 March 2020 for one year's worth of this rent guarantee and the full fit-out costs, totalling €2.85 million (£2.52 million).

The weighted average vacancy rate across all eight properties is 10%. The weighted average unexpired lease term (WAULT) of all eight properties as at 30 September 2020 was 1 year and 3 months.

2. Associates and Investments

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

The contribution to Group profit before tax and unallocated central overheads from its seven associates and three investments decreased by 37% to £796,000 million (30 September 2019: £1.27 million). This contribution represents 27% of Group profit before unallocated central overheads and tax and 35% of the contribution by Group Properties. The reduction was largely attributable to the loss generated by Fprop Phoenix Ltd, of which the Group's 23.4% share amounted to £219,000 (30 September 2019: profit £8,000) and also the impact of COVID on the two funds which own shopping centres, Fprop Opportunities plc (FOP) and Fprop Galeria Corso (FGC).

During the first lockdown in Poland, which lasted from 14 March to 4 May, all shops except for food retailers and pharmacies were forcibly closed and tenants absolved from paying rent, subject to those tenants wishing to benefit from the rent holiday extending their leases on the same terms by the period of the ban plus a further six months. The two funds affected suffered a total loss of rent and service charge income of £589,000, of which the Group's share amounted to £204,000. In the six months to 30 September the impact was £132,000, with the balance having been already recognised in the financial year ended 31 March 2020. Further rent concessions on top of these government-imposed rent holidays were granted in exchange for lease extensions. These amounted to £465,000 for the six months to 30 September 2020 in terms of cash flow but their impact on profit before tax is minimal due to the rent reductions being amortised over the remaining life of the respective leases.

The rent collection rate amongst the Group's associates and investments is shown in a table in the fund management section of this report. With the exception of Fprop Phoenix Ltd (FPL), which is a turnaround, these funds are invested in well let commercial property.

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

Fund	% owned by First Property Group	Book value of First Property's share in fund	Current market value of holdings	Group's share of post-tax profits earned by fund 30 Sept 2020	Group's share of post-tax profits earned by fund 30 Sept 2019
	%	£'000	£'000	£'000	£'000
a) Associates					
5PT	37.8%	1,200	1,299	72	73
FRS	24.1%	179	269	11	11
FOP	40.4%	10,866	10,936	627	751
FGC	28.2%	2,445	2,784	99	156
FKR	18.1%	1,543	1,986	92	97
FPL	23.4%	1,690	6,900	(219)	8
FCL	17.4%	560	558	41	43
Sub Total		18,483	24,732	723	1,139
b) Investments					
UK PPP	0.9%	656	656	14	33
SPEC OPSS	4.8%	502	502	17	32
OFFICES	1.6%	2,002	2,002	42	67
Sub Total		3,160	3,160	73	132
Total		21,643	27,892	796	1,271

Commercial Property Markets Outlook

Poland:

Poland is likely to be one of the least affected in the EU by the pandemic with GDP forecast to have returned to pre-pandemic levels by early 2022. Government debt as a percentage of GDP remains low by western European standards (at around 55%), making its COVID-19 stimulus package affordable. Like elsewhere, the retail and hospitality sectors have suffered more than others from COVID. But our own experience of rent collection has been good, as evidenced in the divisional reports above. Capital value reductions have been limited and transaction volumes are only down by around 10% year to date, although the percentage of transactions in industrial and logistics property has increased.

Romania:

Similar to Poland, Romania is expected to return to pre-pandemic levels of economic growth early in 2022. Like Poland, Romania benefits from low government debt as a ratio of GDP (at around 41%), giving it fiscal headroom to help speed its recovery. Commercial property turnover in 2020 is likely to be less than the €1 billion of recent years.

United Kingdom:

According to Bank of England analysis of independent forecasts, GDP will have shrunk by around 10% in 2020 but will grow by 7% next year. In the meantime, the occupier market for commercial property is suffering. Notwithstanding this, office tenants are generally continuing to pay rent (unless their business has been directly impacted) but rent collection rates amongst retail and hospitality tenants is lower. Overall, this is bound to exert downward pressure on rent levels, more so in some sub-sectors than others. It should also exert downward pressure on capital values, but renewed quantitative easing and zero percent interest rates have reduced the impact, and in some cases served to boost capital values. The market is in a state of flux.

CURRENT TRADING AND PROSPECTS

The sale of Chałubińskiego 8 (CH8) in April released some £17 million in cash and put the Group in a strong position from which to navigate the economic fallout of the COVID pandemic.

As a consequence of the sale there has been a reduction in rental income, which is the primary reason for the reduction in earnings reported today.

This reduction should be temporary and last only until we reinvest the cash. We expect to do so in association with clients of the Group. Our aim is to invest some 10-20% of the equity required in any acquisition which, when coupled with bank debt, should enable us to acquire up to some £300 million in property.

There is a great deal of flux in the market at the moment and we expect interesting opportunities to emerge next year.

Ben Habib
Chief Executive

CONSOLIDATED INCOME STATEMENT
for the six months to 30 September 2020

	Notes	Six months to 30 Sept 2020 (unaudited)	Six months to 30 Sept 2019 (unaudited)	Year to 31 Mar 2020 (audited)
		Total results £'000	Total results £'000	Total results £'000
Revenue		6,330	8,077	16,287
Cost of sales		(1,194)	(1,705)	(3,969)
Gross profit		5,136	6,372	12,318
Profit on sale of an investment property		-	-	1,527
Operating expenses		(3,492)	(4,006)	(8,612)
Operating profit		1,644	2,366	5,233
Share of results in associates	7	723	1,139	1,220
Investment income		73	132	324
Interest income	3	45	42	80
Interest expense	3	(403)	(696)	(1,338)
Profit before tax		2,082	2,983	5,519
Corporation tax	4	(404)	(586)	(974)
Deferred tax	4	(1,140)	(27)	360
Profit for the period		538	2,370	4,905
Attributable to:				
Owners of the parent		515	2,350	4,859
Non-controlling interests		23	20	46
		538	2,370	4,905
Earnings per share				
Basic	5	0.47p	2.11p	4.38p
Diluted	5	0.46p	2.07p	4.29p

All operations are continuing.

**CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

for the six months to 30 September 2020

	Six months to 30 Sept 2020 (unaudited)	Six months to 30 Sept 2019 (unaudited)	Year to 31 Mar 2020 (audited)
	Total results	Total results	Total results
	£'000	£'000	£'000
Profit for the period	538	2,370	4,905
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Exchange differences on retranslation of foreign subsidiaries	(53)	(451)	(502)
Net gain/(loss) on financial assets at fair value through Other Comprehensive Income	(52)	(52)	(195)
Taxation	-	-	-
Total comprehensive income for the period	433	1,867	4,208
Total comprehensive income for the period attributable to:			
Owners of the parent	412	1,847	4,135
Non-controlling interests	21	20	73
	433	1,867	4,208

All operations are continuing.

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 September 2020

	Notes	As at 30 Sept 2020 (unaudited)	As at 31 Mar 2020 (audited)	As at 30 Sept 2019 (unaudited)
		£'000	£'000	£'000
Non-current assets				
Goodwill		153	153	153
Investment properties	6	32,544	32,537	67,956
Property, plant and equipment		56	64	61
Investment in associates	7a	18,483	17,698	17,937
Other financial assets at fair value through OCI	7b	3,128	3,174	3,306
Other receivables	8	730	922	1,133
Right of use assets		584	584	-
Deferred tax assets		2,307	2,659	2,828
Total non-current assets		57,985	57,791	93,374
Current assets				
Inventories – land and buildings		14,940	14,558	15,025
Current tax assets		133	122	29
Trade and other receivables	8	3,216	44,845	4,890
Cash and cash equivalents		21,207	7,337	8,553
Total current assets		39,496	66,862	28,497
Current liabilities				
Trade and other payables	9	(5,464)	(9,158)	(4,923)
Financial liabilities	10a	(25,803)	(49,073)	(6,749)
Current tax liabilities		(78)	(71)	(193)
Total current liabilities		(31,345)	(58,302)	(11,865)
Net current assets		8,151	8,560	16,632
Total assets less current liabilities		66,136	66,351	110,006
Non-current liabilities				
Financial liabilities	10b	(15,241)	(15,461)	(60,745)
Lease liabilities		(584)	(584)	-
Deferred tax liabilities		(3,049)	(2,102)	(2,712)
Net assets		47,262	48,204	46,549
Equity				
Called up share capital		1,166	1,166	1,166
Share premium		5,791	5,791	5,791
Share-based payment reserve		179	179	179
Foreign exchange translation reserve		(1,311)	(1,260)	(1,180)
Purchase of own shares reserve		(2,653)	(2,653)	(2,462)
Investment revaluation reserve		(288)	(236)	(93)
Retained earnings		44,228	45,060	43,046
Equity attributable to the owners of the parent		47,112	48,047	46,447
Non-controlling interests		150	157	102
Total equity		47,262	48,204	46,549
Net assets per share	5	42.68p	43.53p	41.90p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months to 30 September 2020

	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 2019	1,166	5,791	179	(731)	(2,248)	(41)	42,056	114	46,286
Profit for the period	-	-	-	-	-	-	2,370	-	2,370
Net gain/ (loss) on financial assets at fair value through other comprehensive income	-	-	-	-	-	(52)	-	-	(52)
Movement on foreign exchange	-	-	-	(449)	-	-	-	(2)	(451)
Total Comprehensive Income	-	-	-	(449)	-	(52)	2,370	(2)	1,867
Purchase of treasury shares	-	-	-	-	(214)	-	-	-	(214)
Non-controlling interests	-	-	-	-	-	-	(20)	20	-
Dividends paid	-	-	-	-	-	-	(1,360)	(30)	(1,390)
At 30 Sept 2019	1,166	5,791	179	(1,180)	(2,462)	(93)	43,046	102	46,549
Profit for the period	-	-	-	-	-	-	2,535	-	2,535
Net gain/ (loss) on financial assets at fair value through other comprehensive income	-	-	-	-	-	(143)	-	-	(143)
Movement on foreign exchange	-	-	-	(80)	-	-	-	29	(51)
Total Comprehensive Income	-	-	-	(80)	-	(143)	2,535	29	2,341
Sale of treasury shares	-	-	-	-	12	-	-	-	12
Purchase of treasury shares	-	-	-	-	(203)	-	-	-	(203)
Non-controlling interests	-	-	-	-	-	-	(26)	26	-
Dividends paid	-	-	-	-	-	-	(495)	-	(495)
At 1 April 2020	1,166	5,791	179	(1,260)	(2,653)	(236)	45,060	157	48,204
Profit for the period	-	-	-	-	-	-	538	-	538
Net gain/ (loss) on financial assets at fair value through other comprehensive income	-	-	-	-	-	(52)	-	-	(52)
Movement on foreign exchange	-	-	-	(51)	-	-	-	(2)	(53)
Total Comprehensive Income	-	-	-	(51)	-	(52)	538	(2)	433
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	(23)	23	-
Dividends paid	-	-	-	-	-	-	(1,347)	(28)	(1,375)
At 30 Sept 2020	1,166	5,791	179	(1,311)	(2,653)	(288)	44,228	150	47,262

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months to 30 September 2020

	Notes	Six months to 30 Sept 2020 (unaudited) £'000	Six months to 30 Sept 2019 (unaudited) £'000	Year to 31 Mar 2020 (audited) £'000
Cash flows from operating activities				
Operating profit		1,644	2,366	5,233
Adjustments for:				
Depreciation of investment property, and property, plant & equipment		949	1,057	2,178
Profit on the sale of investment property		-	-	(1,527)
(Increase)/decrease in inventories		21	(48)	(258)
(Increase)/decrease in trade and other receivables		41,999	1,301	1,040
(Decrease)/increase in trade and other payables		(4,242)	(2,193)	(483)
Other non-cash adjustments		23	153	168
Cash generated from operations		40,394	2,636	6,351
Income taxes paid		(407)	(473)	(1,013)
Net cash flow from operating activities		39,987	2,163	5,338
Cash flow (used in)/from investing activities				
Capital expenditure on investment properties	6	(12)	(777)	(1,258)
Proceeds from partial disposal of financial assets held at fair value through Other Comprehensive Income	7a	-	256	576
Purchase of property, plant and equipment		-	(6)	(42)
Investment in funds	7b	(6)	-	(48)
Proceeds from funds	7b	-	218	218
Investment in shares of associates	7a	(62)	-	-
Interest received	3	45	42	80
Dividends from associates	7a	-	-	-
Distributions received		73	95	276
Net cash flow (used in)/from investing activities		38	(172)	(198)
Cash flow (used in)/from financing activities				
Proceeds from bank loan		-	1,769	1,769
Repayment of bank loans		(23,126)	(1,458)	(3,054)
Repayment of finance lease		(1,358)	(1,291)	(2,562)
Purchase of new treasury shares		-	(214)	(417)
Sale of shares held in Treasury		-	-	12
Exercise of share options		-	-	-
Interest paid	3	(403)	(656)	(1,338)
Dividends paid		(1,347)	(1,360)	(1,855)
Dividends paid to non-controlling interests		(28)	(30)	(30)
Net cash flow (used in)/from financing activities		(26,262)	(3,240)	(7,475)
Net (decrease)/increase in cash and cash equivalents		13,763	(1,249)	(2,335)
Cash and cash equivalents at the beginning of period		7,337	9,738	9,738
Currency translation gains/(losses) on cash and cash equivalents		107	64	(66)
Cash and cash equivalents at the end of the period		21,207	8,553	7,337

NOTES TO THE ACCOUNTS

for the six months ended 30 September 2020

1. Basis of Preparation

- These interim consolidated financial statements for the six months ended 30 September 2020 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 2020 and are in compliance with IAS 34 "Interim Financial Reporting". These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted by the European Union (EU).
- The comparative figures for the financial year ended 31 March 2020 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 18 November 2020.

2. Segmental Analysis

Segment reporting for the six months to 30 September 2020

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

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

Revenue for the six months to 30 September 2020 from continuing operations consists of revenue arising in the United Kingdom 14% (30 September 2019: 12%) and Central and Eastern Europe 86% (30 September 2019: 88%) and all relates solely to the Group's principal activities.

Segment reporting for the six months to 30 September 2019

	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	-	5,484	-	-	5,484
Service charge income	-	567	-	-	567
Asset management fees	1,779	-	-	-	1,779
Performance related fee income	247	-	-	-	247
Total revenue	2,026	6,051	-	-	8,077
Depreciation and amortisation	(15)	(899)	-	-	(914)
Operating profit	1,003	2,492	-	(1,129)	2,366
Share of results in associates	-	-	1,139	-	1,139
Investment income	-	-	132	-	132
Interest income	-	36	-	6	42
Interest expense	-	(696)	-	-	(696)
Profit/(loss) before tax	1,003	1,832	1,271	(1,123)	2,983
Analysed as:					
Underlying profit/loss before tax before adjusting for the following items:	748	2,853	1,271	(476)	4,396
Write down, impairment loss/reversals	-	-	-	-	-
Profit on the sale of 'FOP' shares	-	-	-	-	-
Goodwill write off on acquisition of associates	-	-	-	-	-
Group's share of revaluation losses on associates	-	-	-	-	-
Performance related fee income	247	-	-	-	247
Depreciation on investment property	-	(879)	-	-	(879)
Staff incentives	-	-	-	(656)	(656)
Realised foreign currency (losses)/gains	8	(142)	-	9	(125)
Profit/(loss) before tax	1,003	1,832	1,271	(1,123)	2,983

Segment reporting year to 31 March 2020

	Group Properties Division				TOTAL
	Fund Management Division	Group properties	Associates and investments	Unallocated central overheads	
	Property fund management				
	£'000	£'000	£'000	£'000	£'000
Rental income	-	10,403	-	-	10,403
Service charge income	-	1,986	-	-	1,986
Asset management fees	3,483	-	-	-	3,483
Performance related fee income	415	-	-	-	415
Total revenue	3,898	12,389	-	-	16,287
Depreciation and amortisation	(35)	(2,443)	-	-	(2,478)
Operating profit	1,335	5,962	-	(2,064)	5,233
Share of results in associates	-	-	1,879	-	1,879
Fair value adjustment on associates	-	-	(659)	-	(659)
Investment income	-	-	324	-	324
Interest income	-	74	-	6	80
Interest expense	-	(1,338)	-	-	(1,338)
Profit/(loss) before tax	1,335	4,698	1,544	(2,058)	5,519
Analysed as:					
Underlying profit/(loss) before tax before adjusting for the following items:	1,344	6,549	2,203	(1,023)	9,073
Profit on the sale of investment property	-	1,527	-	-	1,527
Fair value adjustment on associates	-	-	(659)	-	(659)
Depreciation	(35)	(2,443)	-	-	(2,478)
Performance related fee income	415	-	-	-	415
Staff incentives	(383)	(325)	-	(1,101)	(1,809)
Realised foreign currency (losses)/gains	(6)	(610)	-	66	(550)
Total	1,335	4,698	1,544	(2,058)	5,519
Assets - Group	1,078	98,591	3,174	4,032	106,875
Share of net assets of associates	-	-	18,006	(308)	17,698
Liabilities	(338)	(74,793)	-	(1,238)	(76,369)
Net assets	740	23,798	21,180	2,486	48,204

3. Interest Income/(Expense)

	Six months ended 30 Sept 2020	Six months ended 30 Sept 2019	Year ended 31 Mar 2020
	£'000	£'000	£'000
Interest income – bank deposits	24	11	26
Interest income – other	21	31	54
Total interest income	45	42	80

	Six months ended 30 Sept 2020	Six months ended 30 Sept 2019	Year ended 31 Mar 2020
	£'000	£'000	£'000
Interest expense – property loans	(257)	(519)	(1,009)
Interest expense – bank and other	(22)	(29)	(53)
Finance charges on finance leases	(124)	(148)	(276)
Total interest expense	(403)	(696)	(1,338)

4. Tax Expense

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

	Six months ended 30 Sept 2020	Six months ended 30 Sept 2019	Year ended 31 Mar 2020
	£'000	£'000	£'000
Current tax	(404)	(586)	(974)
Deferred tax	(1,140)	(27)	360
Total	(1,544)	(613)	(614)

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

5. Earnings/NAV Per Share

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

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

	Six months ended 30 Sept 2020	Six months ended 30 Sept 2019	Year ended 31 Mar 2020
Basic earnings per share	0.47p	2.11p	4.38p
Diluted earnings per share	0.46p	2.07p	4.29p

	Number	Number	Number
Weighted average number of Ordinary shares in issue (used for basic earnings per share calculation)	110,953,578	111,318,482	110,953,578
Number of share options	2,610,000	2,610,000	2,610,000
Total number of Ordinary shares used in the diluted earnings per share calculation	113,563,578	113,928,482	113,563,578

	£'000	£'000	£'000
Basic earnings	516	2,350	4,859
Notional interest on share options assumed to be exercised	4	8	8
Diluted earnings	520	2,358	4,867

	Six months ended 30 Sept 2020	Six months ended 30 Sept 2019	Year ended 31 Mar 2020
Net assets per share	42.68p	41.90p	43.53p
Adjusted net assets per share	54.28p	59.65p	55.00p

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

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

	Six months ended 30 Sept 2020	Six months ended 30 Sept 2019	Year ended 31 Mar 2020
	Number	Number	Number
Number of shares in issue at period end	110,383,332	110,854,001	110,382,332
	£'000	£'000	£'000
Net assets excluding Non-controlling interest	47,112	46,447	48,047
For adjusted net assets per share	Number	Number	Number
Number of shares in issue at period end	110,382,332	110,854,001	110,382,332
Number of share options assumed to be exercised	2,610,000	2,610,000	2,610,000
Total	112,992,332	113,464,001	112,992,332
For adjusted net assets per share	£'000	£'000	£'000
Net assets excluding Non-controlling interests	47,112	46,447	48,047
Investment properties at fair value net of deferred taxes	4,564	5,925	4,520
Inventories at fair value net of deferred taxes	3,034	5,837	2,939
Investments in associates and other financial investments	6,246	9,088	6,260
Other items	381	381	381
Total	61,337	67,678	62,147

6. Investment Properties

	Six months ended 30 Sept 2020	Year ended 31 Mar 2020	Six months ended 30 Sept 2019
	£'000	£'000	£'000
1 April	32,537	67,348	67,348
Capital expenditure	12	1,258	777
Disposals	-	(33,192)	-
Additions through acquisitions	-	-	-
Depreciation	(939)	(2,055)	(1,021)
Impairment loss to an investment property	-	-	-
Foreign exchange translation	934	(822)	852
Total at end of period	32,544	32,537	67,956

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

7. Investments in associates and other financial investments

	Six months ended 30 Sept 2020	Year ended 31 Mar 2020	Six months ended 30 Sept 2019
	£'000	£'000	£'000
a) Associates			
Cost of investment at beginning of period	17,698	17,054	17,054
Additions	62	-	-
Disposals	-	-	-
Repayment of shareholder loan	-	(576)	(256)
Share of associates profit after tax	723	1,879	1,139
Share of associates revaluation losses	-	(659)	-
Dividends received	-	-	-
Cost of investment at end of period	18,483	17,698	17,937

	Six months ended 30 Sept 2020 £'000	Year ended 31 Mar 2020 £'000	Six months ended 30 Sept 2019 £'000
Investments in associates			
5th Property Trading Ltd	1,508	1,436	1,361
Fprop Romanian Supermarkets Ltd	179	168	161
Fprop Galeria Corso Ltd	2,445	2,346	2,214
Fprop Krakow Ltd	1,543	1,451	1,379
Fprop Cluj Ltd	560	519	501
Fprop Phoenix Ltd	1,690	1,908	2,057
Fprop Opportunities plc (FOP)	10,866	10,178	10,572
	18,791	18,006	18,245
Less: Group share of profit after tax withheld on sale of property to an associate in 2007	(308)	(308)	(308)
Cost of investment at end of period	18,483	17,698	17,937

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

	Six months ended 30 Sept 2020 £'000	Year ended 31 Mar 2020 £'000	Six months ended 30 Sept 2019 £'000
b) Other financial investments			
Cost of investment at 1 April	3,174	3,539	3,539
Additions	6	48	37
Repayments	-	(218)	(218)
Disposal	-	-	-
(Decrease)/increase in fair value during the period	(52)	(195)	(52)
Cost of investment at end of period	3,128	3,174	3,306

8. Trade and Other Receivables

	Six months ended 30 Sept 2020 £'000	Year ended 31 Mar 2020 £'000	Six months ended 30 Sept 2019 £'000
Current assets			
Trade receivables	1,222	1,423	1,128
Less provision for impairment of receivables	(356)	(330)	(320)
Trade receivables net	866	1,093	808
Other receivables	1,757	42,343	2,910
Prepayments and accrued income	593	1,409	1,172
	3,216	44,845	4,890
Non-current assets			
Other receivables	730	922	1,133

Other receivables, under current assets, as at 31 March 2020 included £38.93 million relating to the sale proceeds following the sale of CH8, which were received in full on 24 April 2020.

Other receivables receivable after one year include a balance of £730,000 (31 March 2020: £922,000) relating to the deferred consideration from the sale of an investment property located in Romania. This has been discounted to reflect its current value.

9. Trade and Other Payables

	Six months ended 30 Sept 2020 £'000	Year ended 31 Mar 2020 £'000	Six months ended 30 Sept 2019 £'000
Current liabilities			
Trade payables	1,841	2,591	2,296
Other taxation and social security	621	1,030	938
Other payables and accruals	2,819	5,354	1,343
Deferred income	183	183	346
	5,464	9,158	4,923

10. Financial Liabilities

	Six months ended 30 Sept 2020 £'000	Year ended 31 Mar 2020 £'000	Six months ended 30 Sept 2019 £'000
a) Current liabilities			
Bank loans	1,302	23,829	4,079
Finance leases	24,501	25,244	2,670
	25,803	49,073	6,749
b) Non-current liabilities			
Bank loans	15,241	15,461	36,864
Finance leases	-	-	23,881
	15,241	15,461	60,745
c) Total obligations under financial liabilities			
Repayable within one year	25,803	49,073	6,749
Repayable within one and five years	8,833	8,770	53,247
Repayable after five years	6,408	6,691	7,498
	41,044	64,534	67,494

Five bank loans and one finance lease (all denominated in Euros) totalling £41.04 million (31 March 2020: £64.53 million which includes the bank loan relating to CH8 which was not repaid until April 2020) included within financial liabilities are secured against investment properties owned by the Group and one property owned by the Group shown under inventories. These bank loans and this finance lease are otherwise non-recourse to the Group's assets.

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