

FINAL RESULTS

Date: 24 June 2021
On Behalf of: First Property Group plc (“First Property”, “the Company” or “the Group”)
Embargoed: 0700hrs

First Property Group plc

Preliminary Results for the twelve months to 31 March 2021

First Property Group plc (AIM: FPO), the property fund manager and investor with operations in the United Kingdom and Central Europe, today announces its preliminary results for the twelve months ended 31 March 2021.

Highlights:

- Loss before tax of £5.09 million (2020: profit before tax of £5.52 million);
- Value of directly owned property at market value of £41.57 million (31 March 2020: £56.30 million);
- Net debt: £18.85 million (31 March 2020: £57.20 million);
- Cash reserves: £16.24 million (31 March 2020: £7.34 million);
- Total AUM: £569 million (31 March 2020: £623 million);
- Third party AUM: £527 million (31 March 2020: £567 million);
- Weighted average unexpired fund management contract term: 3 years, 11 months (31 March 2020: 5 years, 0 months);
- Final dividend: £nil (2020: 1.22 pence per share).

Financial Summary:

	Unaudited year to 31 March 2021	Audited year to 31 March 2020	Percentage change
Income Statement:			
Statutory (loss)/ profit before tax	(£5.09m)	£5.52m	-192.2%
Diluted earnings per share	(6.59p)	4.29p	-253.6%
Total dividend per share	0.45p	1.67p	-73.1%
Average €/£ rate	1.1246	1.1453	-
Balance Sheet at year end:			
Investment properties and inventories at book value	£34.95m	£47.09m	-25.8%
Investment properties and inventories at market value	£41.57m	£56.30m	-26.2%
Cash balances	£16.24m	£7.34m	+121.2%
Cash per share	14.71p	6.65p	+121.2%
Gross debt	£35.09m	*£64.53m	-45.6%
Net debt	£18.85m	*£57.20m	-67.0%
Gearing ratio at book value**	48.82%	*57.32%	-
Gearing ratio at market value***	42.05%	*50.94%	-
Net assets at book value	£36.79m	£48.05m	-23.4%
Net assets at market value	£48.36m	£62.15m	-22.2%
Adjusted net assets per share (EPRA basis)	42.80p	55.00p	-22.2%
Period end €/£ rate	1.1739	1.1301	-

*Prior to completion of the sale of CH8 in April 2020 and subsequent repayment of the non-recourse debt.

**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.

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

"The last year has undoubtedly been the most challenging faced by any business operating anywhere in the physical World. The business of property requires real physical activity and this has been close to non-existent for a year. What we have experienced dwarfs the adversity of the 2008 credit crunch.

"Real businesses could perhaps have taken the first full lockdown but we have had varying degrees of lockdown virtually for the entire financial year.

"Consequences of this have been manifold. Many tenants have refused to pay rent and our ability to enforce collection, even from those that could afford to pay, has been substantially neutered by government. Some tenants have gone bankrupt. Rents have fallen across virtually all office and retail sub-sectors. Replacing tenants has been extremely demanding in all cases and impossible in some. As a consequence asset values have dropped.

"In short it has been a perfect storm.

"As it happens we have been as well placed as any property company to withstand the storm. We sold CH8 last year and that generated £17 million in cash which has underpinned the Group. But with all the setbacks of the year we have fallen into a loss.

"The outlook is improving but is far from certain. Quantitative Easing will no doubt begin to buoy asset values soon; there are signs of it now, even with income under pressure. But the gravitational pull of economic adversity is going to continue for some time yet.

"Consequently the Directors have decided not to pay a final dividend. It would be imprudent to do so with the outlook so unclear.

"We have a number of interesting developments and investments afoot but it will take at least a year, possibly two, for the benefits of these to come through in the numbers."

A briefing for analysts will be held at 10:30hrs 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 seven directly held properties in Poland and Romania, and non-controlling interests in ten of the twelve funds.

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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.

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CHIEF EXECUTIVE'S STATEMENT

Financial Performance

The Group reports a loss before tax of £5.09 million (2020: profit before tax of £5.52 million).

The loss is mainly due to an impairment in value of a Group Property, the office building in Gdynia, Poland, by £7.02 million to £13.63 million (€16 million).

After the financial year-end we restructured the financing of this property. The result of that restructuring has been to reduce the total amount of debt from €25 million to €16 million. Of this amount, €4 million has been paid with the balance of €12 million due in June 2024.

Terms for a new lease had been agreed with the previous tenant of this building but the letting failed significantly due to the lockdowns. We are leasing up the property but it is likely to be a couple of years before it yields a significant return.

The diluted net loss per share was 6.59 pence (2020: a diluted net profit of 4.29 pence).

The sale last year of the office property in Warsaw, Chałubińskiego 8 (CH8), resulted in the Group's Balance Sheet being underpinned. As part of the sale, the Group had provided a five year income guarantee to April 2025 on the vacant space in the building at the time of the sale. This costs the Group £1.03 million a year. We would have expected to have extinguished this cost by now but for the pandemic. It could be another year or more before we extricate ourselves from this liability.

The Group ended the year with net assets, excluding non-controlling interests, of £36.79 million (2020: £48.05 million), equating to 33.33 pence per share (2020: 43.53 pence per share). The net assets of the Group when adjusted to their market value less any deferred tax liabilities decreased by 22% to £48.36 million (2020: £62.15 million).

Dividend

In view of the loss in the year just ended, the Directors have resolved not to pay a final dividend (2020: 1.22 pence per share).

The Directors intend to reinstate payment of the dividend at an appropriate juncture.

REVIEW OF OPERATIONS

PROPERTY FUND MANAGEMENT

Third party assets under management at the period end amounted to £527 million (31 March 2020: £567 million). This 7% decrease was primarily attributable to reductions in the value of properties held by our UK property funds. We sold one client property, the last remaining supermarket held by Fprop Romanian Supermarkets Ltd.

No new funds were raised during the year.

Some 66% of third-party assets under management were located in the UK, 32% in Poland, and 2% in Romania.

A further £6 million of committed but as yet un-invested equity remains available to be drawn by funds.

Fund management fees are generally levied monthly by reference to the value of properties. In the case of Fprop Offices, 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. These payments are adjusted annually, if necessary, for any overpayments made in previous years up to a maximum of total past cumulative payments received (£1.38 million as at 31 March 2021).

Revenue earned by this division decreased by 13% to £3.39 million (2020: £3.90 million), resulting in profit before unallocated central overheads and tax reducing by 2% to £1.30 million (2020: £1.34 million). The decrease was primarily due to a reduction in performance fees to £40,000 (2020: £415,000).

At the period end fund management fee income, excluding performance fees and the profit share from Fprop Offices, was being earned at an annualised rate of £2.90 million (31 March 2020: £3.13 million).

The weighted average unexpired fund management contract term at the year end was 3 years, 11 months (31 March 2020: 5 years, 0 months).

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

Funds managed for third parties (including funds in which the Group is a minority shareholder)				
	UK £m	CEE £m	Total £m	No. of properties
As at 1 April 2020	375.7	191.3	567.0	69
Purchases	-	-	-	-
New fund mandates	-	-	-	-
Property sales	-	(1.0)	(1.0)	(1)
Capital expenditure	1.3	2.0	3.3	-
Property depreciation	-	-	-	-
Property revaluation	(27.2)	(7.7)	(34.9)	-
FX revaluation	-	(7.2)	(7.2)	-
As at 31 March 2021	349.8	177.4	527.2	68
	66.4%	33.6%		

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

Fund	Country of investment	Fund expiry	Assets under management at market value at 31 March 2021 £m.	No. of properties	% of total third-party assets under management	Assets under management at market value at 31 March 2020 £m.
SAM & DHOW	UK	Rolling	*	*	*	*
UK PPP	UK	Feb 2022	64.8	20	12.3	70.3
5PT	Poland	Dec 2022	7.7	3	1.5	8.0
OFFICES	UK	Jun 2024	133.5	5	25.3	143.4
SIPS	UK	Jan 2025	134.3	24	25.4	143.4
FOP	Poland	Oct 2025	61.6	5	11.7	71.3
FRS	Romania	Jan 2026	-	-	-	1.0
FGC	Poland	Mar 2026	21.1	1	4.0	22.4
SPEC OPPS	UK	Jan 2027	17.2	4	3.3	18.6
FKR	Poland	Mar 2027	20.7	1	3.9	23.0
FCL	Romania	Jun 2028	8.7	1	1.7	7.8
FPL	Poland	Jun 2028	57.6	4	10.9	57.8
Total Third-Party AUM			527.2	68	100.0	567.0

* Not subject to recent revaluation;

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

	UK £m.	Poland £m.	Romania £m.	Total £m.	% of Total
Offices	201.0	101.8	8.7	311.5	59.1
Retail warehousing	89.8	-	-	89.8	17.0
Supermarkets	50.3	17.2	-	67.5	12.8
Shopping centres	-	49.7	-	49.7	9.4
Industrial	8.7	-	-	8.7	1.7
Total	349.8	168.7	8.7	527.2	100.0
% of Total Third-Party AUM	66.3%	32.0%	1.7%	100.0%	

Average rent collection rates by funds for the year ended 31 March 2021 were as follows:

	UK		Poland		Romania	
Rent collected as a percentage of what would have been invoiced prior to COVID related concessions	92.3%		84.7%		98.3%	
	Offices	Retail	Offices	Retail	Offices	Retail
	95.9%	88.3%	96.6%	71.7%	100.0%	83.7%
Rent collected after adjustments for concessions granted due to COVID	95.5%*		96.7%**		99.7%***	
	Offices	Retail	Offices	Retail	Offices	Retail
	96.3%	93.2%	99.6%	92.7%	100.0%	97.1%

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*After adjusting for rent concessions, payment terms which were varied for some tenants and rent free periods which were granted in exchange for longer leases;

**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;

***After adjusting for rent concessions and payment terms which were varied for some tenants.

GROUP PROPERTIES

Group Properties comprised seven directly owned commercial properties in Poland and Romania valued at £41.57 million (31 March 2020: eight valued at £56.30 million) and interests in ten of the twelve funds in which the Group's share is valued at £27.47 million (31 March 2020: £27.14 million).

The contribution to the Group loss before tax and unallocated central overheads from the Group Properties division was a loss of £5.14 million (2020: profit £6.24 million).

1. Directly owned Group Properties (all accounted for at the lower of cost or fair value [the "cost model"]):

Two of the Group's seven directly owned properties account for 71% by market value (£29.46 million). Both are office buildings in Poland of which one is in Warsaw (11,000 m²) and the other in Gdynia (13,500 m²). The other five properties, representing 29% by market value (£12.11 million), are two mini-supermarkets in Poland, a mini-supermarket development site in Warsaw, an office block in Bucharest and a warehouse in Tureni, Romania.

Country	Sector	No. of properties as at 31 March 2021	Book value as at 31 March 2021	Market value as at 31 March 2021	No. of properties as at 31 March 2020	Market value as at 31 March 2020	*Contribution to Group profit before tax 31 March 2021	*Contribution to Group profit before tax 31 March 2020
			£m.	£m.			£m.	£m.
Poland	Offices	2	26.12	29.46	2	43.70	(4.59)	5.13
Poland	Supermarkets	3	4.91	5.85	4	6.00	0.12	0.16
Romania	Office and logistics	2	3.92	6.26	2	6.60	0.32	0.37
Total		7	34.95	41.57	8	56.30	(4.15)	5.66

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

The directly owned properties generated a loss before unallocated central overheads and tax of £5.80 million (2020: profit of £4.70 million). The loss was mainly attributable to an impairment in the value of the office building in Gdynia, Poland, as described earlier.

Average rent collection rates across the seven properties in the year to 31 March 2021 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-19 related concessions	96.2%	97.9%
Rent collected after adjustments for concessions granted due to COVID-19	99.3%	99.2%

Gross debt secured against the directly owned properties reduced to £35.09 million (31 March 2020: £64.53 million), mainly due to the repayment of £22.56 million in debt following the sale of CH8.

The loans secured against the remaining seven properties are held in separate non-recourse special purpose vehicles.

	31 March 2021	31 March 2020
	£m.	£m.
Book value of directly owned properties	34.95	47.09
Market value of directly owned properties	41.57	56.30
Gross debt (all non-recourse to Group)	35.09	*41.97
Gross debt adjusted for post year end debt reduction	**27.40	-
LTV at book value	100.41%	89.13%
LTV at book value adjusted for post year end debt reduction	**78.40%	-
LTV at market value	84.41%	74.55%
Weighted average borrowing cost	1.60%	1.83%

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

**Adjusted for post year end debt reduction in respect of the property at Gdynia.

The weighted average vacancy rate across all seven properties is 35% (or 4% if the property in Gdynia is excluded). The weighted average unexpired lease term (WAULT) as at 31 March 2021 was 4 years, 9 months (2020: 1 years, 10 months).

2. Associates and Investments

These comprise non-controlling interests in ten of the twelve funds and are valued at £27.47 million (31 March 2020: £27.14 million). Of these, seven are accounted for as associates, held at the lower of cost or fair value (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 to £655,000 (31 March 2020: £1.54 million).

Fprop Phoenix Ltd made a loss, of which the Group's 23.4% share amounted to £378,000 (2020: loss £141,000).

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

Fund	% owned by First Property Group	Book value of First Property's share in fund	Current market value of holdings	Group's share of post-tax profits earned by fund 31 March 2021	Group's share of post-tax profits earned by fund 31 March 2020
	%	£'000	£'000	£'000	£'000
a) Associates					
5PT	40.6	1,247	1,247	119	149
FRS	24.1	194	268	50	18
FOP	43.8	10,939	10,939	256	658
FGC	28.2	2,479	2,548	179	288
FKR	18.1	1,592	1,685	166	169
FPL	23.4	1,530	6,904	(378)	(141)
FCL	17.4	596	817	78	79
Sub Total		18,577	24,408	470	1,220
b) Investments					
UK PPP	0.9	621	621	54	134
SPEC OPPS	4.0	476	476	34	57
OFFICES	1.6	1,964	1,964	97	133
Sub Total		3,061	3,061	185	324
Total		21,638	27,469	655	1,544

Commercial Property Markets Outlook

Poland:

GDP is forecast to increase to 3.7% in 2021, following a 2.7% contraction in 2020 and to return to pre-pandemic levels by end of 2021. Commercial property investment volumes in Q1 2021 amounted to €1.25 billion, 1.5% below the 5 year average for the same period. Capital value reductions have been limited throughout the pandemic. Retail and office yields have remained stable, whilst industrial yields have compressed slightly. Overall, Poland is likely to be one of the least affected countries in the EU by the pandemic, aided by supportive government policies, low interest rates and low government debt as a percentage of GDP (at around 61%).

Romania:

As in Poland, Romania is expected to return to pre-pandemic levels of economic growth by the end of 2021, also aided by its low government debt as a ratio of GDP (at around 52%). GDP growth forecasts have been revised up to 6.7% for 2021. Investment volumes for commercial property have declined but prime yields for the industrial and office sectors (the two sectors in which we are invested in Romania), both remained stable in Q1 2021 at 7.75% and 7.0% respectively.

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United Kingdom:

In 2020 GDP contracted by 9.9%, the largest annual fall on record. This was felt more keenly in the physical world and the hospitality, retail and office commercial property sectors in particular experienced downward pressure on rents and capital values. In 2021 business confidence is returning and GDP is expected to rebound. This, coupled with unprecedented amounts of quantitative easing is bound eventually to have a positive effect on capital values. CBRE reported capital growth across All Property for a third consecutive month in April and the retail sector experienced its smallest monthly capital value decline in three years.

Current Trading and Prospects

The last year has undoubtedly been the most challenging faced by any business operating anywhere in the physical World. The business of property requires real physical activity and this has been close to non-existent for a year. What we have experienced dwarfs the adversity of the 2008 credit crunch.

Real businesses could perhaps have taken the first full lockdown but we have had varying degrees of lockdown virtually for the entire financial year.

Consequences of this have been manifold. Many tenants have refused to pay rent and our ability to enforce collection, even from those that could afford to pay, has been substantially neutered by government. Some tenants have gone bankrupt. Rents have fallen across virtually all office and retail sub-sectors. Replacing tenants has been extremely demanding in all cases and impossible in some. As a consequence asset values have dropped.

In short it has been a perfect storm.

The outlook is improving but is far from certain. Quantitative Easing will no doubt begin to buoy asset values soon; there are signs of it now, even with income under pressure. But the gravitational pull of economic adversity is going to continue for some time yet.

We have a number of interesting developments and investments afoot but it will take at least a year, possibly two, for the benefits of these to come through in the numbers.

Ben Habib

Chief Executive

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FINANCE DIRECTOR'S REVIEW

The financial year ended 31 March 2021 was dominated by COVID-19 and the economic consequences of successive lockdowns. Inevitably this had an adverse impact on the financial results of the Group, which recorded a loss before tax of £5.09 million (2020: profit before tax £5.52 million).

The main reason for the loss is as explained in the CEO's Statement, being the non-cash impairment of £7.02 million in the value of the Group Property in Gdynia, Poland. The post year-end restructuring of the non-recourse finance lease secured against this property resulted in Group debt reducing by €9 million. This will appear as a credit in the Income Statement for the year ending 31 March 2022.

The lockdowns hindered our efforts to lease the vacant space at Chałubińskiego 8 (CH8), over which we gave a rent guarantee as a condition of its sale. In recognition of this we have made an additional provision of £1.03 million which has been charged within operating expenses.

The lockdowns also resulted in a reduced contribution from Associates and Investments of £655,000 (2020: £1.54 million), see further explanation within the 'Share of results in associates' section below.

Group net assets (excluding the non-controlling interests) decreased by 23% to £36.79 million (31 March 2020: £48.05 million).

Net debt for the Group reduced to £18.85 million (31 March 2020: £57.20 million) mainly due to the repayment of the loan previously secured against CH8.

GOING CONCERN

Further information on our approach and the result of our assessment is included in note 1 of the Financial Statements.

INCOME STATEMENT

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

Revenue and Gross Profit

Gross profit for the year ended 31 March 2021 was £7.99 million, down 35% compared with the prior year (2020: £12.32 million), this was largely attributable to:

- Reduced contribution to gross profit of £2.85 million from the Group Property in Gdynia, Poland (2020: £4.87 million), following the expiry of the lease to the sole tenant;
- No contribution to gross profit from CH8 following completion of its sale in April 2020 (2020: £1.88 million); and
- No income recognised in respect of Fprop Offices (2020: £415,000).

Performance fee income

The Group earned a performance fee of £40,000 in respect of Fprop Romanian Supermarkets Ltd, following the sale of its final property. No income was recognised in respect of Fprop Offices in the year (2020: £415,000). To date, accumulated income in respect of this fund amounts to £1.38 million, all of which is subject to clawback.

Operating expenses

Operating expenses decreased by 14.5% to £7.36 million (2020: £8.61 million) mainly due to the absence of staff bonuses (2020: £1.81 million) and a lower depreciation charge of £1.33 million (2020: £1.73 million) in respect of the Group Property in Gdynia.

A provision of £1.03 million has been made in respect of the rent guarantee issued over the vacant space in Chałubińskiego 8 (CH8) at the time of its sale and is charged within operating expenses.

Foreign exchange profit recycled to the Income Statement

Following the sale of CH8, the Group restructured the SPV which held the property by way of a share redemption completed on 21 December 2020. This triggered the recycling of a previously unrealised foreign exchange gain of £1.16 million from the translation reserve to the Income Statement.

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Investment property depreciation and write down

In addition to depreciation of £1.33 million in respect of the Group Property in Gdynia (2020: £1.73 million), the Directors resolved to apply a further write down of £7.02 million (2020: £nil). This left the property valued some £7.81 million less than the value of the non-recourse bank loan secured against it. After the financial year end, agreement was reached to restructure the financing of this property. For further information see the CEO's Statement and 'Borrowings' section below.

Share of results in associates

The contribution from the Group's seven associates amounted to £470,000 (2020: £1.22 million). This included the Group's share of a one-off payment (£2.18 million after tax) pertaining to the early termination of a lease at Galeria Ostrowiec, a property owned by FOP, as well as a reduction in the fair value of the Group's interest in FOP of £2.99 million (2020: £659,000).

The Group purchased 4,235 shares and corresponding loan notes in FOP for £605,000, thereby increasing its shareholding from 40.03% to 43.79%.

During the year Fprop Romanian Supermarkets Ltd, in which the Group owns 24.1%, sold its last remaining supermarket for €1.25 million.

Investment income (from other financial assets and investments)

Investment income from the Group's investment in three of the four UK funds it manages decreased from £324,000 to £185,000.

Financing costs

The Group's finance costs nearly halved to £0.74 million (2020: £1.34 million) mainly due to the repayment of the bank loan previously secured against CH8. All bank loans and the one finance lease are denominated in Euros and all are used to finance properties valued in Euros.

Current tax

Current tax reduced to £179,000 (2020: £974,000) largely due to a reduction of £357,000 in taxes due in respect of the Group Property in Gdynia, and also due to the reversal of an overpayment in the UK of £190,000 in the prior year.

The charge includes Polish and Romanian corporation tax where the headline rates remain at 19% and 16% respectively. Unused trading tax losses in the UK of £7.20 million are available to be carried forward and will be utilised when possible.

Deferred tax

A deferred tax charge of £2.13 million (2020: a credit of £360,000) arose largely due to the reversal of a previously recognised deferred tax asset relating to the bank loan secured against CH8 which was repaid in April 2020.

BALANCE SHEET

Investment Properties and Property held as Inventory (all held using the cost model)

The Group has adopted the "cost model" of valuation whereby investment properties are accounted for at cost less accumulated depreciation and impairments.

The book value of the Group's seven directly owned properties ended the year at £34.95 million (31 March 2020: £47.09 million). Their fair market value was £41.57 million (31 March 2020: £56.30 million). The reduction in their book value was mainly due to an impairment of £7.02 million in the value of the Group Property in Gdynia, in addition to depreciation charged against it of £1.33 million. Negative foreign exchange revaluations of £2.52 million and property sales totalling £1.56 million also contributed to the reduction. Capital expenditure totalled £373,000 (2020: £1.26 million).

Borrowings

Bank and finance lease borrowings amounted to €41.19 million (£35.09 million) as at 31 March 2021. This has reduced from €72.93 million (£64.53 million) as at 31 March 2020 following the repayment of two bank loans totalling €26.29 million and scheduled bank loan repayments of €5.45 million. As at 31 March 2021 the ratio of debt to gross assets at market value (the gearing ratio) was 42.05% (31 March 2020: 50.94%). All bank loans and the one finance lease are denominated in Euros and are non-recourse to the Group's assets.

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Deposits of €748,000 (31 March 2020: €1.86 million) are held by lending banks in respect of five (31 March 2020: four) bank loans as security for Debt Service Cover Ratio (DSCR) covenants, of which €98,000 (31 March 2020: €1.20 million) is accounted for as prepayments. The prior year figure of €1.86 million included €1.10 million held in respect of CH8 which was returned to the Group in April 2020 on completion of its sale.

After the financial year-end, terms were agreed with the Bank to restructure the financing of the Group Property in Gdynia for a final payment of €16 million, of which €4 million was paid with the balance of €12 million due in June 2024. Consequently, the Group made a gain of €9 million versus the face value of the loan of €25 million. This will be credited to the Income Statement in the year ending 31 March 2022.

Trade and Other Receivables

Trade and other receivables have decreased from £44.85 million (31 March 2020) to £5.15 million as at 31 March 2021 following the receipt of the cash proceeds of £38.93 million (€44 million) from the sale of CH8 which completed in April 2020.

Trade and Other Payables

Trade and other payables have decreased from £6.85 million (31 March 2020) to £3.45 million as at 31 March 2021 largely due to the absence of an accrued staff bonus (31 March 2020: £1.81 million).

Non-controlling Interests

The value of the Group's two non-controlling interests increased to £201,000 (31 March 2020: £157,000). These are represented by 10% of the share capital of Corp Sp. z o. o., (the property management company to Blue Tower, Warsaw), and 23% of the share capital of E and S Estates Ltd. The increase reflected an improved performance from E and S Estates Ltd.

Foreign Exchange Translation Reserve

This reserve decreased by £1.85 million during the year to a deficit of £3.11 million due to a weakening of the Polish Zloty against Sterling to PLN/ GBP 5.4443 (31 March 2020: PLN/ GBP 5.1502). This reduction included accounting for a foreign exchange profit of £1.16 million which had been recycled to the Income Statement upon completion of a share redemption in December 2020.

CASH and CASH FLOW

The Group's cash balance as at 31 March 2021 amounted to £16.24 million (31 March 2020: £7.34 million). The significant cash movements in the year were:

- Cash proceeds of £38.93 million (€44 million) from the sale of CH8;
- Cash proceeds of £1.10 million from the sale of a Group Property related to Blue Tower (held within "Inventories");
- Cash proceeds of £400,000 from the sale of an investment property held by E and S Estates Ltd;
- Full repayment of two bank loans secured against CH8 and the Group Property related to Blue Tower of £23.34 million;
- Scheduled bank loan and finance lease repayments of £4.71 million;
- Short term loan to Fprop Opportunities plc of £1.50 million;
- Payment of dividend £1.84 million.

Laura James

Group Finance Director

FINAL RESULTS

CONSOLIDATED INCOME STATEMENT for the year ended 31 March 2021

	Notes	Year ended 31 March 2021 (unaudited) Total results £'000	Year ended 31 March 2020 (audited) Total results £'000
Revenue	3	12,119	16,287
Cost of sales		(4,128)	(3,969)
Gross profit		7,991	12,318
Profit on the sale of an investment property	5	161	1,527
Recycled foreign exchange gain		1,163	-
Impairment loss to an investment property	10	(7,023)	-
Operating expenses		(7,363)	(8,612)
Operating (loss)/ profit		(5,071)	5,233
Share of associates' profit after tax	11a)	3,467	1,879
Share of associates' revaluation losses	11a)	(2,997)	(659)
Investment income		185	324
Interest income	4	67	80
Interest expense	4	(740)	(1,338)
(Loss)/ profit before tax		(5,089)	5,519
Tax charge	6	(2,312)	(614)
(Loss)/ profit for the year		(7,401)	4,905
Attributable to:			
Owners of the parent		(7,449)	4,859
Non-controlling interests		48	46
		(7,401)	4,905
Earnings per share:			
Basic	8	(6.75p)	4.38p
Diluted	8	(6.59p)	4.29p

All operations are continuing.

FINAL RESULTS

CONSOLIDATED SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME for the year ended 31 March 2021

	Year ended 31 March 2021 (unaudited) Total results £'000	Year ended 31 March 2020 (audited) Total results £'000
(Loss)/ Profit for the year	(7,401)	4,905
Other comprehensive income		
Exchange differences on retranslation of foreign subsidiaries	(685)	(502)
Foreign exchange profit recycled to the Income Statement	(1,163)	-
Net (loss)/ gain on financial assets at fair value through other comprehensive income	(119)	(195)
Taxation	-	-
Total comprehensive income for the year	(9,368)	4,208
Total comprehensive income for the year attributable to:		
Owners of the parent	(9,440)	4,135
Non-controlling interests	72	73
	(9,368)	4,208

All operations are continuing.

FINAL RESULTS

CONSOLIDATED BALANCE SHEET As at 31 March 2021

	Notes	As at 31 March 2021 (unaudited) £'000	As at 31 March 2020 (audited) £'000
Non-current assets			
Goodwill	9	153	153
Investment properties	10	22,456	32,537
Property, plant and equipment		157	64
Investment in associates	11a)	18,577	17,698
Other financial assets at fair value through OCI	11b)	3,061	3,174
Other receivables	13	487	922
Right of use assets	7	686	584
Deferred tax assets	16	1,518	2,659
Total non-current assets		47,095	57,791
Current assets			
Inventories – land and buildings	12	12,494	14,558
Current tax assets		296	122
Trade and other receivables	13	5,149	44,845
Cash and cash equivalents		16,244	7,337
Total current assets		34,183	66,862
Current liabilities			
Trade and other payables*	14	(3,447)	(6,847)
Provisions*	15	(2,076)	(2,311)
Financial liabilities	17	(22,637)	(49,073)
Current tax liabilities		(12)	(71)
Total current liabilities		(28,172)	(58,302)
Net current assets		6,011	8,560
Total assets less current liabilities		53,106	66,351
Non-current liabilities:			
Financial liabilities	17	(12,457)	(15,461)
Lease liabilities	7	(686)	(584)
Deferred tax liabilities	16	(2,974)	(2,102)
Net assets		36,989	48,204
Equity			
Called up share capital		1,166	1,166
Share premium		5,791	5,791
Share-based payment reserve		179	179
Foreign exchange translation reserve		(3,108)	(1,260)
Purchase of own shares reserve		(2,653)	(2,653)
Investment revaluation reserve		(355)	(236)
Retained earnings		35,768	45,060
Equity attributable to the owners of the parent		36,788	48,047
Non-controlling interests		201	157
Total equity		36,989	48,204
Net assets per share	8	33.33p	43.53p

*For the purposes of 31 March 2021 reporting, the comparative figures for the year ended 31 March 2020 have now been analysed out separately.

FINAL RESULTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2021

Group	Share capital	Share premium	Share-based payment reserve	Foreign exchange translation reserve	Purchase of own shares reserve	Investment revaluation reserve	Retained earnings	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	1,166	5,791	179	(1,260)	(2,653)	(236)	45,060	157	48,204
Loss for the year	-	-	-	-	-	-	(7,401)	-	(7,401)
Net (loss)/ gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	(119)	-	-	(119)
Exchange differences arising on retranslation of foreign subsidiaries	-	-	-	(685)	-	-	-	24	(661)
Foreign exchange profit recycled to the Income Statement	-	-	-	(1,163)	-	-	-	-	(1,163)
Total comprehensive income	-	-	-	(1,848)	-	(119)	(7,401)	24	(9,344)
Sale of treasury shares	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Exercise of Share Options	-	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	(48)	48	-
Dividends paid	-	-	-	-	-	-	(1,843)	(28)	(1,871)
At 31 March 2021	1,166	5,791	179	(3,108)	(2,653)	(355)	35,768	201	36,989

FINAL RESULTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2020

Group	Share capital	Share premium	Share-based payment reserve	Foreign exchange translation reserve	Purchase of own shares reserve	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 year	-	-	-	-	-	-	4,905	-	4,905
Net (loss)/ gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	(195)	-	-	(195)
Exchange differences arising on retranslation of foreign subsidiaries	-	-	-	(529)	-	-	-	27	(502)
Total comprehensive income	-	-	-	(529)	-	(195)	4,905	27	4,208
Sale of treasury shares	-	-	-	-	12	-	-	-	12
Purchase of treasury shares	-	-	-	-	(417)	-	-	-	(417)
Exercise of Share options	-	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	(46)	46	-
Dividends paid	-	-	-	-	-	-	(1,855)	(30)	(1,885)
At 31 March 2020	1,166	5,791	179	(1,260)	(2,653)	(236)	45,060	157	48,204

FINAL RESULTS

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2021

	2021	2020
	Group £'000	Group £'000
Cash flows from operating activities		
Operating (loss)/ profit	(5,071)	5,233
Adjustments for:		
Depreciation/write down of investment property and property, plant & equipment	1,362	2,178
Profit on the sale of investment property	(161)	(1,527)
Loss on the sale of inventory	217	-
Impairment loss on an investment property	7,023	-
(Increase)/decrease in inventories	(129)	(258)
Decrease/(increase) in trade and other receivables	38,858	1,040
(Decrease)/increase in trade and other payables	(2,607)	(483)
Other non-cash adjustments	(126)	168
Cash generated from operations	39,366	6,351
Taxes paid	(640)	(1,013)
Net cash flow from operating activities	38,726	5,338
Cash flow from/(used in) investing activities		
Capital expenditure on investment properties	(160)	(1,258)
Proceeds from partial disposal of other financial assets held at fair value through other comprehensive income	-	218
Purchase of property, plant & equipment	(134)	(42)
Proceeds from the sale of investment property	1,505	-
Investment in shares of associates	(605)	-
Investment in funds	-	(48)
Proceeds from funds	172	576
Interest received	67	80
Dividends from associates	24	-
Distributions received	179	276
Net cash flow used in investing activities	1,048	(198)
Cash flow from/(used in) financing activities		
Proceeds from bank loan	-	1,769
Repayment of bank loans	(25,077)	(3,054)
Repayment of finance lease	(2,970)	(2,562)
Sale of shares held in treasury	-	12
Purchase of new treasury shares	-	(417)
Exercise of share options	-	-
Interest paid	(740)	(1,338)
Dividends paid	(1,843)	(1,855)
Dividends paid to non-controlling interests	(28)	(30)
Net cash flow used in financing activities	(30,658)	(7,475)
Net increase/(decrease) in cash and cash equivalents	9,116	(2,335)
Cash and cash equivalents at the beginning of the year	7,337	9,738
Currency translation gains on cash and cash equivalents	(209)	(66)
Cash and cash equivalents at the year end	16,244	7,337

FINAL RESULTS

1. Basis of Preparation

These preliminary financial statements have not been audited and are derived from the statutory accounts within the meaning of section 434 of the Companies Act 2006. They have been prepared in accordance with the Group's accounting policies that will be applied in the Group's annual financial statements for the year ended 31 March 2021. The policies have been consistently applied to all years presented unless otherwise stated below. 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). Whilst the financial information included in this preliminary statement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to fully comply with IFRS. The comparative figures for the financial year ended 31 March 2020 are not the statutory accounts for the financial year but are derived from those accounts prepared under IFRS which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include references to any matter to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going Concern

In a financial year dominated by COVID-19 and the economic adversity brought about by governments' policy responses to it, the Directors have carried out an analysis to support their view that the Group is a going concern and under which basis these financial statements have been prepared.

Underlying their conclusion was the sale of the Group's most valuable property, CH8, for a consideration of £38.93 million (€44.00 million). The sale completed on 24 April 2020 and increased the Group's cash balances by £17.00 million after repaying the bank loan previously secured against the property. The Board therefore believes it is well placed to withstand the storm.

Analysis and scenario testing, which includes the impact from the COVID-19 pandemic, was carried out on the Group's main divisional income streams, being asset management fees from the asset management division, rental income from its seven directly owned group properties and cash returns from its associates and investments.

a) Asset Management Fee Income

Asset management fee income is primarily derived from its UK funds (52%), three of which are limited partnerships whose limited partners are mostly UK pension funds.

With one exception, fees are invoiced monthly and are calculated based on a percentage of the latest valuation, which for the UK funds are performed quarterly. This income was tested for percentage falls in property values and the fund's ability to pay.

Income collected by the UK funds has to fall by over 70% before the funds turn cash negative. In the one fund from which fees are not levied by reference to the properties valuation (Fprop Offices LP) no income was forecast for the purposes of this test, although a 5% decrease in property values in this fund would trigger a clawback. A 15% decrease would trigger the maximum clawback of fees recognised to date of £1.38 million.

In the two UK funds with borrowing there is headroom of 16% on current property values within the LTV covenant agreed with the lenders. The Directors believe all funds have access to adequate resources to remedy the remote possibility of any loan covenant breaches.

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

The longevity of this asset management fee income is determined by the fund's life which is fixed by agreement when each fund is first established. The weighted average unexpired fund management contract term is 3 years, 11 months.

b) Rental Income from Group Properties

All seven Group Properties are located in Poland or Romania. These properties consist of three office blocks, a logistics warehouse, two mini-supermarkets and one plot of land currently under development into a mini-supermarket. All were independently valued on 31 March 2021 at £41.57 million (31 March 2020: £56.30 million).

FINAL RESULTS

The rental income has been reviewed and tested and no significant falls in collection rates are expected. The tenants are of good quality, as proven by excellent cash collection rates through and after the lockdown periods. Any renegotiation of rental payment terms that have been agreed are reflected in the analysis. Exposure to non-food retailers is very limited.

In February 2021, following the expiry of the lease to the sole tenant, the property in Gdynia, Poland, is now 97% vacant. It could be a couple of years before this property again yields a significant income.

c) Income from Associates and Investments

Analysis was also carried out on the returns from the Group's investment in its seven Associates. All funds invested in Poland and Romania have temporarily suspended distributions to shareholders and consequently no income for the Group was assumed from this source for the purposes of this test. All bank loan covenants were reviewed and tested against future decreases in valuation and net operating income.

Dividend income from the Group's UK investments was also stress tested and found not to have a significant impact. Average rent collection within the UK funds was over 95% since the start of the pandemic. For the purposes of this test a 50% fall was factored in for the full year.

Going Concern Statement

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

New Standards and Interpretations

New standards impacting the Group have been adopted in the preliminary financial statements for the year ended 31 March 2021. These have given rise to the following changes in the Group's accounting policies, which have not had a material impact on the financial statements for the year ending 31 March 2021:

- Amendments to IFRS 3: 'Business combinations' – definition of a business (effective p/c on or after 1 January 2020);
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (effective p/c on or after 1 January 2020); and
- Amendments to IAS 1: 'Presentation of financial statements' and IAS 8: 'Accounting policies, changes in accounting estimates and errors' - definition of materiality (effective p/c on or after 1 January 2020);

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

These preliminary financial statements were approved by the Board of Directors on 17 June 2021.

2. Revenue

Revenue from continuing operations consists of revenue arising in the United Kingdom 20% (2020: 12%), Poland 71% (2020: 81%) and Romania 9% (2020: 7%). All revenue relates solely to the Group's principal activities.

FINAL RESULTS

3. Segment Reporting 2021

	Fund Management Division	Group Properties Division			Total
	Property fund management	Group properties	Associates and investments	Unallocated central overheads	
	£'000	£'000	£'000	£'000	
Rental income	-	6,087	-	-	6,087
Service charge income	-	1,544	-	-	1,544
Sale of a property held in inventory	-	1,103	-	-	1,103
Asset management fees	3,345	-	-	-	3,345
Performance related fee income	40	-	-	-	40
Total revenue	3,385	8,734	-	-	12,119
Depreciation and amortisation	(21)	(1,425)	-	-	(1,446)
Operating profit	1,304	(5,090)	-	(1,285)	(5,071)
Share of results in associates	-	-	3,467	-	3,467
Fair value adjustment on associates	-	-	(2,997)	-	(2,997)
Investment income	-	-	185	-	185
Interest income	-	31	-	36	67
Interest payable	-	(740)	-	-	(740)
Profit/(loss) before tax	1,304	(5,799)	655	(1,249)	(5,089)

Analysed as:					
Underlying profit/(loss) before tax before adjusting for the following items:	1,294	3,023	1,472	(1,213)	4,576
Provision in respect of rent guarantee	-	(1,030)	-	-	(1,030)
Profit on the sale of a Group Property	-	161	-	-	161
Loss on the sale of a Group Property held in inventory	-	(217)	-	-	(217)
Impairment to investment property	-	(7,023)	-	-	(7,023)
One-off additional income from our share of an associate (FOP)	-	-	2,180	-	2,180
Fair value adjustment on associates (FOP)	-	-	(2,997)	-	(2,997)
Recycled foreign exchange gain	-	1,163	-	-	1,163
Depreciation	-	(1,327)	-	-	(1,327)
Performance related fee income	40	-	-	-	40
Staff incentives	-	-	-	-	-
Realised foreign currency (losses)/gains	(30)	(549)	-	(36)	(615)
Total	1,304	(5,799)	655	(1,249)	(5,089)

Assets - Group	836	43,873	3,061	14,931	62,701
Share of net assets of associates	-	-	18,885	(308)	18,577
Liabilities	(120)	(44,001)	-	(168)	(44,289)
Net assets	716	(128)	21,946	14,455	36,989

Additions to non-current assets					
Property, plant and equipment	27	110	-	-	137
Investment properties	-	160	-	-	160
Trading stock	-	213	-	-	213

FINAL RESULTS

Segment Reporting 2020

	Fund Management Division	Group Properties Division			Total
	Property fund management	Group properties	Associates and investments	Unallocated central overheads	
	£'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 payable	-	(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

Additions to non-current assets					
Property, plant and equipment	-	43	-	-	43
Investment properties	-	1,258	-	-	1,258
Trading stock	-	346	-	-	346

FINAL RESULTS

4. Interest Income

	2021	2020
	Group	Group
	£'000	£'000
Interest income - bank deposits	26	26
Interest income - other	41	54
Total interest income	67	80

	2021	2020
	Group	Group
	£'000	£'000
Interest expense - property loans	(467)	(1,009)
Interest expense - bank and other	(47)	(53)
Finance charges on finance leases	(226)	(276)
Total interest expense	(740)	(1,338)

5. Profit on the Sale of an Investment Property

The property disposal relates to the sale of a plot of land in Marki, a suburb of Warsaw, previously held by E and S Estates Poland Sp. z o. o. Consideration of £402,000 was received in respect of this sale resulting in a profit on disposal of £161,000.

In the year ended 31 March 2020, the Group's largest property, CH8 was sold for €44 million. The sale completed on 24 April 2020 with its associated loan being repaid.

The profit on sale of this property which was recognised in the Income Statement for the year ended 31 March 2020 amounted to £1,527,083, representing a profit of €1,725,757 converted into GBP at a rate of 1.1301 €/£.

As a condition of the sale the Group guaranteed the rental and service charge income and fit-out costs on the residual vacant space, up to some €1.20 million per annum for five years and €1.50 million respectively. A provision for the potential cost of this guarantee was included within provisions (note 15) in the year to 31 March 2020.

For the year ended 31 March 2021 a further provision has been made of £1.03 million in respect of this rent guarantee. The letting of the vacant space has been slower than anticipated as a result of the pandemic.

6. Tax Expense

	2021	2020
	Group	Group
	£'000	£'000
Analysis of tax charge for the year		
Current tax	(179)	(974)
Deferred tax	(2,133)	360
Total tax charge for the year	(2,312)	(614)

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

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

The large deferred tax charge arose as a result of the reversal of a previously recognised deferred tax asset following the repayment of the bank loan secured against the property CH8 in April 2020.

FINAL RESULTS

7. Lease Liabilities and Right of Use Assets

The Group has reviewed the terms of its leases and has identified:

The lease of the UK office on St. James's Street, London, SW1 which commenced on 2 July 2020. A discount rate of 2.00% has been applied.

The lease by First Property Poland Sp. z o. o. (FPP), a subsidiary entity leasing office space from 5th Property Trading Poland Sp. z o. o. (a related party to the Group) which terminates on 31 March 2025. A discount rate of 2.75% has been applied representing its incremental borrowing rate.

As at 31 March 2021 the Group has recognised a lease liability under IFRS 16 of £686,000 (31 March 2020: £584,000) with an equivalent right of use asset. The net credit to the Income Statement was £22,000.

8. Earnings/NAV per Share

	2021	2020
Basic earnings per share	(6.75p)	4.38p
Diluted earnings per share	(6.59p)	4.29p

	£'000	£'000
Basic earnings	(7,449)	4,859
Diluted earnings assuming full dilution	(7,442)	4,867

The following numbers of shares have been used to calculate both the basic and diluted earnings per share:

	2021 Number	2020 Number
Weighted average number of Ordinary shares in issue (used for basic earnings per share calculation)	110,382,332	110,953,578
Number of share options	2,610,000	2,610,000
Total number of Ordinary shares used in the diluted earnings per share calculation	112,992,332	113,563,578

The following earnings have been used to calculate both the basic and diluted earnings per share:

	2021 £'000	2020 £'000
Basic earnings per share		
Basic earnings	(7,449)	4,859
Diluted earnings per share		
Basic earnings	(7,449)	4,859
Notional interest on share options assumed to be exercised	7	8
Diluted earnings	(7,442)	4,867

	2021	2020
Net assets per share	33.33p	43.53p
Adjusted net assets per share	42.80p	55.00p

FINAL RESULTS

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

	2021	2020
	£'000	£'000
For net assets per share		
Net assets excluding non-controlling interests	36,788	48,047
	2021	2020
	£'000	£'000
For adjusted net assets per share		
Net assets excluding non-controlling interests	36,788	48,047
Investment properties at fair value net of deferred tax	2,663	4,520
Inventories at fair value net of deferred tax	2,701	2,939
Investments in associates and other financial investments	5,827	6,260
Other items	381	381
Total	48,360	62,147
	2021	2020
	Number	Number
Number of shares in issue at year end	110,382,332	110,382,332
	2021	2020
	Number	Number
Number of shares in issue at year end	110,382,332	110,382,332
Number of share options assumed to be exercised	2,610,000	2,610,000
Total	112,992,332	112,992,332

9. Goodwill

	2021	2020
	Group	Group
	£'000	£'000
At 1 April	153	153
At 31 March	153	153

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

10. Investment Properties

	2021	2020
	Group	Group
	£'000	£'000
Investment properties		
At 1 April	32,537	67,348
Capital expenditure	160	1,258
Disposal	(241)	(33,192)
Depreciation	(1,327)	(2,055)
Impairment loss to an investment property	(7,023)	-
Foreign exchange translation	(1,650)	(822)
At 31 March	22,456	32,537

Investment properties owned by the Group are stated at cost less depreciation and any accumulated impairment in value. The properties were valued at the Group's financial year end at €30.22 million (31 March 2020: €43.08 million), the Sterling equivalent at closing foreign exchange rates being £25.74 million (31 March 2020: £38.12 million).

The property disposal relates to the sale of a plot of land in Marki, a suburb of Warsaw, previously held by E and S Estates Poland Sp. z o. o. Consideration of £402,000 was received in respect of this sale resulting in a profit on disposal of £161,000.

The property disposal in the prior year to 31 March 2020 was in respect of CH8 and generated proceeds of £38.93 million (€44.00 million). The book value of the property at the point of sale was £33.19 million. See Note 5 for details.

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

An impairment in value of £7.02 million has been recognised in respect of the property in Gdynia.

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11. Investment in Associates and Other Financial Assets and Investments

The Group has the following investments:

	2021 Group £'000	2020 Group £'000
a) Associates		
At 1 April	17,698	17,054
Additions	605	-
Disposals	-	-
Shareholder loan repayments	(172)	(576)
Share of associates' profit after tax	3,467	1,879
Share of associates' revaluation losses	(2,997)	(659)
Dividends received	(24)	-
At 31 March	18,577	17,698

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

	2021 Group £'000	2020 Group £'000
Investment in associates		
5th Property Trading Ltd	1,555	1,436
Fprop Romanian Supermarkets Ltd	194	168
Fprop Galeria Corso Ltd	2,479	2,346
Fprop Krakow Ltd	1,592	1,451
Fprop Cluj Ltd	596	519
Fprop Phoenix Ltd	1,530	1,908
Fprop Opportunities plc	10,939	10,178
	18,885	18,006
Less: Share of profit after tax withheld on sale of property to 5th Property Trading Ltd in 2007	(308)	(308)
	18,577	17,698

If the Group had adopted the alternative "fair value" model for accounting for investment properties, the carrying value of the investments in associates would be £24.41 million (31 March 2020: £23.96 million).

	2021 Group £'000	2020 Group £'000
b) Other financial assets and investments		
At 1 April	3,174	3,539
Additions	6	48
Disposals	-	-
Repayments	-	(218)
Decrease in fair value during the year	(119)	(195)
At 31 March	3,061	3,174

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

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12. Inventories – Land and Buildings

	2021 Group £'000	2020 Group £'000
Group properties for resale at cost		
At 1 April	14,558	14,817
Capital expenditure	213	346
Disposal	(1,320)	-
Depreciation	(84)	(88)
Foreign exchange translation	(873)	(517)
At 31 March	12,494	14,558

The Group's total interest in Blue Tower (an office block in Warsaw) is 48.2% of the building. The fair value of this interest is €18.58 million up from €18.46 million at 31 March 2020 but is stated at cost as above.

The disposal relates to the sale of another property related to Blue Tower. Consideration of £1.10 million was received in respect of this sale resulting in a loss on disposal of £217,000. The fair value of this interest as at 31 March 2020 was €2.10 million.

13. Trade and Other Receivables

	2021 Group £'000	2020 Group £'000
Current assets		
Trade receivables	1,325	1,423
Less provision for impairment of receivables	(281)	(330)
Trade receivables net	1,044	1,093
Other receivables	3,408	42,343
Prepayments and accrued income	697	1,409
At 31 March	5,149	44,845

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

	2021 Group £'000	2020 Group £'000
Non-current assets		
Other receivables	487	922

Other receivables, under non-current assets, relates to the deferred consideration from the sale of an investment property located in Romania. This has been discounted to reflect its current value.

14. Trade and Other Payables

	2021 Group £'000	2020 Group £'000
Current liabilities		
Trade payables	2,052	2,591
Other taxation and social security	557	1,030
Other payables and accruals	691	3,043
Deferred income	147	183
At 31 March	3,447	6,847

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15. Provisions

	2021	2020
	Group	Group
	£'000	£'000
Current liabilities		
At 31 March	2,076	2,311

The provision at 31 March 2021 represents a rent guarantee of £786,000 (31 March 2020: £964,000) and fit-out costs of £1.29 million (31 March 2020: £1.34 million). These provisions are in respect of the rent guarantee given as part of the sale of CH8 which completed in April 2020.

16. Deferred Tax

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

	2021	2021	2021	2020	2020	2020
	Group net	Group	Group	Group net	Group	Group
	assets	assets	liabilities	assets	assets	liabilities
	£'000	£'000	£'000	£'000	£'000	£'000
Accrued interest payable	(1,021)	118	(1,139)	(1,026)	56	(1,082)
Accrued income	(13)	-	(13)	(7)	-	(7)
Foreign bank loan	899	902	(3)	1,281	1,295	(14)
Investment properties and inventories	(1,331)	427	(1,758)	(11)	983	(994)
Other temporary differences	10	71	(61)	320	325	(5)
At 31 March	(1,456)	1,518	(2,974)	557	2,659	(2,102)

17. Financial Liabilities

	2021	2020
	Group	Group
	£'000	£'000
Current liabilities		
Bank loan	1,194	23,829
Finance leases	21,443	25,244
At 31 March	22,637	49,073
Non-current liabilities		
Bank loans	12,457	15,461
Finance leases	-	-
At 31 March	12,457	15,461
	2021	2020
	Group	Group
	£'000	£'000
Total obligations under bank loans and finance leases		
Repayable within one year	22,637	49,073
Repayable within one and five years	11,116	8,770
Repayable after five years	1,341	6,691
At 31 March	35,094	64,534

Four bank loans and one finance lease all denominated in Euros and totalling £35.09 million (31 March 2020: £64.53 million), included within financial liabilities, are secured against investment properties owned by the Group and one property owned by the Group shown under inventories. These bank loans and the finance lease are otherwise non-recourse to the Group's assets.

During the year two bank loans were repaid in full totalling £23.34 million. Capital repayments in the year totalled £4.71 million.

After the financial year-end, terms were agreed with the Bank to restructure the financing of Gdynia for a final repayment of €16 million, of which €4 million was paid with the balance of €12 million due in June 2024. Consequently, the value of the debt secured on this property has reduced from €25 million to €16 million which will result in €9 million being credited to the Income Statement in the year ending 31 March 2022.

FINAL RESULTS

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