First Property Group plc

Annual Report & Accounts 2024

Welcome to First Property Group plc

We are an award-winning property fund manager and investor with operations in the United Kingdom, Poland and Romania.

AIM listed

Listed on AIM, the Company has offices in London and Warsaw. Around one third of the shares in the Company are owned by management and their families.

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Our business at a glance

We specialise in investing in high yielding commercial investment property. When property values fall, yields increase and we consider buying. When property values rise, yields reduce and we consider selling.

42
properties managed, of which 7 are directly owned by the Group.

2
offices in London and Warsaw.

12
funds under management.

£274m
total assets under management.

Highlights for the year ended 31 March 2024

Profit/(loss) before tax
(£4.41m)

Total Assets Under Management
£274m

Total Dividend
£0.00p (per share)

Net assets with 7 directly held properties at book value
£38.98m

Net assets with 7 directly held properties at market value
£44.53m

Market value of Group investments in FPAM managed funds
£20.26m

Our operations

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 flow.

A key facet of successful property investing is local knowledge. Our local teams are capable of performing all aspects of property investing and subsequent asset management.

Where we operate

The Group operates via two divisions:

Fund Management

FCA regulated and AIFMD approved subsidiary First Property Asset Management Ltd (FPAM) earns fees from investing for third parties in property. FPAM currently manages 12 funds which are invested across the United Kingdom, Poland and Romania.

Read more on pages 6 to 7

Group Properties

Principal investments by the Group to earn a return on its own capital, usually in partnership with third parties. Investments comprise seven directly-owned properties in Poland and Romania and non-controlling interests in 9 of the 12 funds managed by FPAM.

Read more on pages 8 to 10

Why invest?

1

Expertise

- ✓ Experienced, nimble management team;
- ✓ Excellent track record.

2

Diversified earnings

- ✓ From directly-owned properties and from fees;
- ✓ From mix of jurisdictions: the United Kingdom, Poland and Romania.

3

Earnings growth

- ✓ Letting vacant space;
- ✓ Investing Group cash;
- ✓ New fund management mandates;
- ✓ Operationally geared – can take on new business without material increases in overheads.

4

Strength

- ✓ Strong balance sheet;
- ✓ Prudent approach to cash management.

Chief Executive's statement

Financial performance

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

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

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

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

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

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

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

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

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

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

Dividend

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

Current trading and prospects

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

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

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

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

BEN HABIB
Chief Executive

23 August 2024

Investment Philosophy

1. Sustainability of income

When buying for income, sustainability of income is a priority.

We target higher yielding properties with sustainable income streams, enabling us to boost returns by applying leverage.

2. Capital preservation

Capital is better protected if investments yield a high income.

Over the long term it is income and not capital value movements which largely determine total returns.

3. A fundamental approach to investing

Consensus may chase a particular investment theme but that does not justify it.

4. Flexibility in the light of market changes

Experienced management team with an excellent track record, including in challenging market conditions.

5. An active approach to asset management

Drive income and in turn capital values by hands-on property management, relying as much as possible on internal expertise. The quality of our people is a crucial factor in our success.

Our strategy and markets

The strategy	Our strategic responses
Deliver sustainable revenue	• Establish new funds which will increase the Group's fund management fee income. • Invest in properties with sustainable income streams or loans which yield an attractive rate of interest.
Achieve overall growth with an equal balance between the two operating divisions	• Establish new funds once the investment environment improves. • Consider sale of directly-owned Group Properties.
Active approach to asset management	• Drive income and in turn capital values by hands-on property management, relying as much as possible on internal capabilities.
Remain flexible	• Thinking from first principles. • In-house property teams employed in Poland and the United Kingdom.
Capitalise on market opportunities	• Maximise and exploit new opportunities arising.

Our markets	Commercial property markets outlook
United Kingdom	Continued elevated interest rates, coupled with, inter alia, the cost of capital improvements in order to meet net zero emissions targets, and reduced tenant demand for regional offices and regional retail units, continue to exert sustained pressure on the commercial property market. As a result total transaction levels in 2023 reduced to £44 billion (2022: £62 billion), 27% below the 10-year average of £60 billion. Office transactions in particular were weak, suffering their second weakest quarter in Q1 2024 since 2009, the weakest being Q2 2020 during COVID. Capital values have generally reduced across the board, in many cases by more than 50% since the onset of lockdowns during the COVID pandemic. Tenant demand for offices is focused on class A city centre space. Vacancy rates for such space is low at some 2.3%, even though the average tenant requirement is some 25% smaller than prior to COVID. In contrast, demand for offices in outer or non-prime locations is minimal. Vacancy levels for regional offices stands at 10.5% versus a long-term average of 6.6%, though take-up is improving. The value of many regional offices has declined to little more than land value. Retail growth averaged 0.6% in the 12 months to March 2024, led by the retail warehouse sector where rental values rose by an average of 1.1%, but held back by shopping centres where rental values fell by 2%.
Poland	GDP growth in Poland in 2023 decreased to 0.2% (2022: 5.3%), lower even than during the global financial crisis in 2009. It is forecast to grow by 2.6% in 2024. Unemployment has been at around 5.0% since mid-2023 (a historic low), which, in combination with strong nominal wage increases of around 30% since 2021, is sustaining economic activity. The National Bank of Poland's key policy interest rate reduced from 6.75% to 5.75% in October 2023, where it remains. Inflation has fallen from the high teens in late 2022 to sub 3% from February 2024. Notwithstanding this downward trend, interest rates remain elevated from previous levels. Increased interest rates in the US and Europe have attracted capital out of Poland and, with bank lending constrained, investment demand for commercial property remains very weak. In 2023 investment transaction volume for commercial property reduced to €2 billion, the lowest turnover since 2009. Average annual turnover is typically €6 billion. The development of new property is at a cyclical low. Rental values in Poland are contractually mostly linked to inflation, which offers some protection from inflation as long as the economy remains buoyant and tenants can afford to pay their contractual increases.

Dynamic flexible approach as the market changes

2005: Largely exited the United Kingdom commercial property market.

2008: Reversed asset management policy of waiting until lease expiry to renew leases following the onset of the credit crunch.

2009: Re-entered the United Kingdom commercial property market – we act dynamically.

2016: Varied investment strategy in the United Kingdom with respect to offices, to invest for rental growth as opposed to for development due to the effects of permitted development rights (PDR) legislation resulting in diminishing office supply/ rising rents.

2020: Entered the COVID pandemic with £23.6 million of cash following the sale of an office building (CH8) in Warsaw, Poland.

2022: Reduced Group debt to £23 million with 57% of the debt either interest free or with a fixed interest rate.

Performance review

Fund Management division

First Property Asset Management Ltd (FPAM)

Our Fund Management division earns fees from investing for third parties in commercial property via its FCA regulated and AIFMD approved subsidiary, First Property Asset Management Ltd (FPAM).

Third-party assets under management ended the year at £221.8 million (31 March 2023: £400.4 million). The decrease was attributable to:

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

Fund management fees are generally levied monthly by reference to the value of properties. We do not earn a fixed fee from Fprop Offices and the reduction in value of the fund does not reduce our recurring income. Fprop Offices has reached the end of its fund life (30 June 2024) and is in the process of being wound up.

Revenue earned by this division increased by 17% to £2.95 million (2023: £2.52 million), resulting in profit before unallocated central overheads and tax increasing by £0.70 million to £0.82 million (2023: £0.12 million). The increase was mainly due to the advance payment of £411,000 of fund management fees by SIPS Property Nominee Limited ("SIPS"), in respect of properties sold prior to the end of the fund's life in January 2026.

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

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

The reconciliation of movement in third-party funds managed by FPAM during the year is shown below:

Reconciliation of movement in third-party funds under management during FY 2024

Funds managed for third parties (including funds in which the Group is a minority shareholder)

	UK £m	CEE £m	Total £m	No. of properties
As at 1 April 2023	241.4	159.0	400.4	53
Purchases	–	–	–	–
Property sales	(62.7)	–	(62.7)	(18)
Reclassified as Group properties	–	–	–	–
Capital expenditure	0.3	0.3	0.6	–
Property revaluation	(64.0)	(48.0)	(112.0)	–
FX revaluation	–	(4.5)	(4.5)	–
As at 31 March 2024	**115.0**	**106.8**	**221.8**	**35**

Funds managed by asset class

	UK £m	Poland £m	Romania £m	Total £m	% of total
Offices	89.1	37.2	8.3	134.6	60.7%
Retail warehousing	16.6	–	–	16.6	7.5%
Supermarkets	9.3	12.1	–	21.4	9.6%
Shopping centres	–	49.2	–	49.2	22.2%
Total	**115.0**	**98.5**	**8.3**	**221.8**	**100.0%**
% of total third-party AUM	**51.9%**	**44.4%**	**3.7%**	**100%**	

Third-party funds under management FY 2024

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

* Not subject to recent revaluation.

Group properties division

At 31 March 2024, Group Properties comprised seven directly-owned commercial properties in Poland and Romania valued at £51.90 million (31 March 2023: seven valued at £53.97 million) and interests in 9 of the 12 funds managed by FPAM (classified as Associates and Investments) in which the Group's share is valued at £20.26 million (31 March 2023: £25.27 million).

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

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

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

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

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

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

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

Subsequent to the year end, the Group signed a new 15 year lease with TV República, commencing in December 2024 for 3,100 square metres in Blue Tower which will contribute some €935,000 per annum.

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

- the purchase in 2021 of the office block in Gdynia (€12 million equating to £10.25 million) which was due for repayment on 11 June 2024 for which payment was not made. The Group are in discussions to restructure the deferred consideration and is hopeful of a positive outcome. In the meantime, we have impaired the holding value of this property by £3.72 million so that its carrying value equals the value of the loan secured against it; and
- the purchase in 2022 of an additional 32% or 7,171 square metres in Blue Tower (PLN 34.40 million equating to £6.85 million). Payment is due in phases until August 2028.

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

Directly owned Group Properties as at 31 March 2024

Country	Sector	Property/ Fund name	No. of properties as at 31 March 2024	Book value as at 31 March 2024 £m	Market value as at 31 March 2024 £m	***Contribution to Group profit before tax 31 March 2024 £m**	*Contribution to Group profit before tax 31 March 2023 £m
Poland	Office	Blue Tower	1	23.11	26.69	**0.82**	1.13
Poland	Offices	Gdynia	1	10.25	10.25	**(0.15)**	(0.39)
Poland	Supermarket	Praga	1	2.21	3.61	**0.11**	0.12
Romania	Office	Dr Felix	1	2.07	3.09	**0.10**	0.27
Poland	Multi use	5PT	3	8.12	8.26	**0.33**	0.28
Total			7	45.76	51.90	**1.21**	1.41
Profit from the sale of three investment properties						**–**	1.78
Property impairment						**(3.75)**	–
Reversal of provision in respect of rental guarantee						**0.13**	0.51
Other overhead costs allocated to the Group Properties division						**(1.49)**	(1.14)
Total contributions to (loss)/profit before tax from Group Properties						**(3.90)**	2.56

* Prior to the deduction of direct overheads.

Debt secured against Group's directly owned properties

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

The average vacancy rate across all seven properties is 20.34%.

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

Group properties division cont.

2. Associates and Investments

The associates and investments comprise non-controlling interests in 9 of the 12 funds managed by FPAM of which five are accounted for as Associates and held at the lower of cost or fair value (the "cost model"), and four are accounted for as Investments in funds and held at fair value.

The contribution to Group profit before tax and unallocated central overheads from its Associates and Investments was £0.11 million (year ended 31 March 2023: £0.87 million). The contribution was impacted by aggregate impairment provisions of £1.07 million in the book value of the Group's investment in FOP by £0.97 million and in Fprop Krakow Ltd ("FKR") by £0.10 million.

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

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

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

Associates and investments

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

Operating responsibly

Environmental, social and governance

The Group has long recognised that Environmental, Social and Governance issues (ESG) can affect the investment performance of the properties and funds which we manage. As a result, the consideration of ESG issues is an integral part of the Group's investment processes. The Group has formalised its commitment to incorporating ESG into its investment and asset management processes by creating a Responsible Investment Policy.

Our responsible investment targets

To measure and track performance against 6 core responsible investment targets

1. Improve the environmental performance of our buildings and reduce operational costs
Create an accurate baseline of energy, water & waste consumption, to enable reduction targets to be set.
Set building energy, water & waste data collection targets for 2025 by area (landlord & tenant).
Set energy reduction targets for 2025 & 2030 (aligned with CRREM & leading Net Zero Carbon frameworks) for buildings in our operational control.
2. Improve sustainability standards within our investment and asset management processes
Switch 85% of United Kingdom landlord electricity consumption to green tariffs by 2025.
Install smart metres (Automated Meter Reading) at 85% of our buildings by 2025.
Review the potential to install Solar PV panels and Electric Vehicle (EV) charging points across our portfolio.
Set installation targets for Solar PV panels and Electric Vehicle (EV) charging points for 2025.
Embed green lease clauses in leases wherever possible.
3. Enhance the health and wellbeing of our tenants
Conduct annual tenant forums to identify areas to enhance tenant experiences (via managing agents). Monitor and track improvements.
4. Contribute to our local communities
Measure our annual social impact from charitable giving, local community events and volunteering using the National TOMs* methodology.
5. Engage with our investors and supply chain partners on material sustainability issues
Complete 100% of investor requested ESG reports.
Set and report against fund specific ESG metrics in investor reports.
Submit pilot Fprop Fund to GRESB, an industry wide sustainability benchmark.
6. Ensure robust processes are in place to manage material legislative, environmental and social risks and opportunities
Create and maintain a sustainability risk matrix, identifying material risks and implementing mitigation measures where required.
Update the Employee Handbook to provide support and clarity to employees on internal policies.

* The National TOMs (Themes, Objectives, Measures) methodology is a social value standard across the United Kingdom. It provides a framework for measuring the value delivered and quantifying the wider value for society.

In 2022, our Environmental, Social and Governance (ESG) Committee developed a set of sustainability Key Performance Indicators (KPIs) to measure and track our performance, and to help drive continual improvement in our environmental, social, and governance (ESG) practices. Progress on our sustainability metrics, carbon footprint and case studies of our initiatives can be found on the Fprop website.

https://www.fprop.com/about-us/environment-social-and-governance/

Operating responsibly cont.

Sustainable communication practices

The Board regularly reviews the effectiveness and relevance of its communications strategy. Given technological advancements and the principles of sustainability, we encourage our shareholders to receive the Annual Reports online from the Company's website or by contacting the Registrar, Link, by visiting **www.signalshares.com** or by writing to them at Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL or by emailing them at **shareholderenquiries@link.co.uk.**

For the year to 31 March 2024, the Group will not be publishing a hard copy of the Annual Report. The physical publication of such a report is expensive, results in additional carbon emissions and serves no purpose which cannot be fulfilled by an online document. Those shareholders who wish to continue to receive a hard copy by post will receive a print of the online copy.

Group Finance Director's review

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

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

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

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

Going concern

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

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

Based on the results of the analysis conducted the Board believes that the Group has the ability to continue its business for at least 12 months from the date of approval of the financial statements and therefore has adopted the going concern basis in the preparation of this financial information.

Income statement

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

Revenue and gross profit

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

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

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

Operating expenses

Operating expenses increased by £0.39 million or 8% to £5.16 million (year ended 31 March 2023: £4.77 million) mainly due to a non-cash charge of £0.64 million (year ended 31 March 2023: £nil) being recognised in respect of share options. See Note 27 of the notes to the accounts for more information on the share-based payment scheme.

Share of results in associates

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

The cost of the Group's share in FOP, which is invested in five commercial properties in Poland, was rebased in October 2018 when the Group's share in it reduced below 50%, resulting in it being deconsolidated from the accounts of the Group and recognised as an associate at the prevailing property values. In the year to 31 March 2024, the five properties owned by FOP decreased in value by €2.97 million which resulted in the Group recognising a fair value adjustment of £0.97 million.

Investment income (from other financial assets and investments)

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

Group Finance Director's review cont.

Finance costs

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

Statement of financial position

Investment properties (held using the cost model)

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

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

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

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

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

Borrowings

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

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

1. deferred consideration of £10.25 million (€12 million) in respect of the Gdynia property, which was due for repayment on 11 June 2024 and for which payment was not made; and
2. deferred consideration of £1.00 million in respect of one delayed instalment payment relating to the purchase of the additional share in Blue Tower plus the next instalment of £1.00 million due in August 2024. Prior to the signing of the financial statements an amount of £1.00 million has been paid to settle the August 2023 instalment. The August 2024 instalment remains outstanding.

Both debts are non-recourse to the Group.

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

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

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

Trade and other receivables

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

Trade and other payables

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

Non-controlling interests

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

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

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

Investment revaluation reserve

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

Foreign exchange translation reserve

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

Cash and cash flow

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

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

LAURA JAMES
Group Finance Director

Key performance indicators

Third-Party Assets Under Management

£222m

The measure on which fee income is generally charged.

Reduction mainly due to the write down in the value of properties held by FPL and by Offices, along with the sale of fourteen properties by two United Kingdom Funds.

Adjusted Net Asset Value (NAV) per share

39.41p

A measure of NAV mark to market according to EPRA guidelines thereby rebasing Group Properties from a cost basis (per the accounts) to their relevant market values less deferred tax.

The reduction has been largely driven by a non-cash property impairment of £3.72 million in respect of a directly held Group property in Gdynia.

Cash Levels

£4.63m

The Group's focus on cash levels enables it to act quickly in respect of new investments and refinancing bank debt.

The Group's cash balance decreased mainly as a result of investing and financing activities.

WAULT of Group Properties

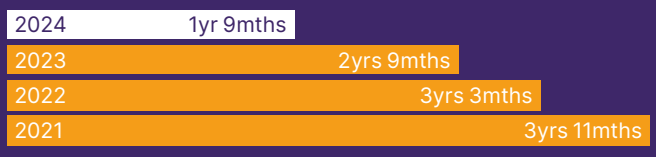
4yrs 10mths

A measure of the sustainability of the revenue from the seven directly-held Group Properties.

WAULT for directly-owned Group Properties decreased to 4 years 10 months.

Weighted Average Unexpired Fund Life

1yr 9mths



A measure of the sustainability of the revenue from the Fund Management division.

The weighted average unexpired fund life of the Group's funds is 1 year and 9 months. Whilst the longevity of asset management fee income is determined by the fund's life, these can be extended by Shareholder agreement.

Stakeholder engagement

Our key stakeholder groups

This section of the Annual Report covers the Board's considerations and activities in discharging their duties under s172(1) of the Companies Act 2006, in promoting the success of the Company for the benefit of members as a whole. This statement includes consideration of the likely consequences of the decisions of the Board in the longer term and how the Board has taken wider stakeholders' needs into account.

Shareholders

- We believe that engaging with our shareholders and encouraging an open dialogue helps to ensure mutual understanding.
- The Directors provide information via the AGM, Annual Report and Accounts, RNS announcements, and through various media platforms.
- The Group seeks to comply with the QCA Code – see the Governance section of this report and the Company's website.

Investors in funds

- Ensure investors are kept abreast of performance with regular investor reports and direct communication via email. This includes updates on topics such as property purchases/disposals, significant tenant lettings, cash distributions and financing.

Tenants

- Conduct extensive due diligence on tenant covenants.
- Maintain a proactive and continuous dialogue.
- Be responsive to changing tenant requirements.
- Active approach to asset management using our in-house specialist teams.

Employees

- Our people are our most valuable asset. We firmly believe that our people are key to delivering excellent service to our clients and achieving our objectives.
- We are committed to providing a working environment that promotes employee's wellbeing and facilitates high performance.
- We consult and discuss matters likely to affect employee's interest through regular meetings.
- A discretionary bonus incentive scheme is operated for all employees.
- The Group supports employees with practical training and routes to professional qualifications.
- The Group operates a diversity and equal opportunities policy.

Our community and the wider environment

- The Group is mindful of the impact its operations have on both the community and the environment, and expects employees and business suppliers to meet exacting standards in everyday business conduct.
- The Group operates a number of green initiatives including reducing paper usage for example no longer printing our Annual Report unless requested by a shareholder as well as operating a cycle to work scheme to encourage employees to travel to work in an environmentally friendly way.
- Projects to improve the Environment and Community are continually being evaluated by the property management team.
- In larger properties, particularly in the retail sector, we hold events to foster links with the local community. This also helps to drive higher footfall and occupier wellbeing.

Risks and mitigations

The Board sets out below the principal risks and uncertainties that the Directors consider could impact the business.

Economic risk management		
Economic risk	**Impact**	**Mitigation**
Slowdown in the economies of the United Kingdom and Poland	Could lead to: • falls in the value of commercial property; • reduction in overall rent levels and occupier's ability to pay their rental commitments.	The Group closely monitors economic reports of the markets in which it operates and acts pre-emptively in accordance with its proactive property management policy. The Group endeavours to ensure it and the funds it manages have a well-diversified spread of property interests classified by region, by property type, by lot size and by sector classification (tenant mix).
National epidemic or global pandemic	Restrictions on people's movements adversely affect all trade. Consequent reductions in Gross Domestic Product ("GDP") could adversely affect tenants' ability to meet their rental commitments for business premises.	The Group closely monitors debts owed by tenants, aided by maintaining close dialogue with all tenants. Maintaining liquidity in the funds and the property-owning companies is a priority.
Weakening in the Euro ("EUR") and PLN against GBP	Nearly all revenue from the Group Properties division is earned in foreign currencies and overseas profits are converted to GBP (the reporting currency) on remission to the United Kingdom. GBP strength therefore leads to a reduction in reported profits.	The Group closely monitors both movements and forecasts in the pertinent foreign exchange rates against its budgeted rates. Wherever possible, overseas investment is financed and matched in the local currency so that exposure to currency markets is limited. Under the Group's foreign currency risk management policy, hedging instruments can be used to hedge a proportion of specific items as specified in IAS 39.
Extended period of interest rate tightening in the EU	Prolonged interest rate tightening could decrease equity returns due to higher debt servicing costs and may result in breaches of DSCR covenants which could require additional funds to remedy.	The Board regularly reviews property market forecasts and where possible adjusts its geared strategy according to these changing market conditions. The Board also regularly reviews the Group's cash forecasts and the adequacy of available facilities to meet its cash requirements. The Board regularly monitors and reports on its DSCRs against its relevant bank covenants so that it can act in a pre-emptive manner. Interest rate fixes and caps are used to mitigate risk.
Political risk including the war in Ukraine	Political events, such as the war in Ukraine, can lower business confidence and weaken economies.	The Board considers geopolitical and macro-economic conditions when setting strategy and making its investment decisions.

Operational risk management		
Operational risk	**Impact**	**Mitigation**
Rent void periods	Could lead to longer void periods, higher vacancy rates, reduced occupier retention, payment arrears and defaults.	Our asset managers are focused on income generation and maintain close contact with tenants to ensure they fully understand their current business performance and future plans. A proactive approach to asset management is taken with regular interaction with tenants.
Credit risk	Could lead to the tenants defaulting on their rental obligations.	Creditworthiness checks of potential occupiers are carried out prior to letting. Payments of rent and service charge are monitored closely. This ensures early detection of likely tenant defaults thereby enabling swift remedial action. Our asset managers maintain close contact with tenants.
Liquidity risk	Most loans are subject to covenant restrictions. If covenants are breached this could result in financial penalties, additional cash demands to remedy the breach, a forced sale of the property or in some cases foreclosure of the loan.	Long-term loans are taken out in the same currency used to value the property, thus ensuring a natural hedge. The Group prepares monthly budgets, cash flow analyses and forecasts, which enable the Directors to assess the levels of borrowings required in future periods. This detail is used to ensure that appropriate facilities are in place to finance future planned operations. The Group is structured whereby investment properties are held in special purpose vehicles so that the lender has no recourse to the parent entity. The Board regularly monitors and reports its LTV ratios against the relevant bank covenant so that it can act in a pre-emptive manner.
Cyber security risk	A major cyber attack on the Group's computer systems could lead to theft of sensitive data and periods of down time leading to reputational damage and consequent loss of future fund mandates.	The Group has implemented the recommendations of an independent review of its IT operations to enhance the robustness of its security protection and the effectiveness of its disaster recovery plan. The Group retains the services of an IT specialist service provider, part of whose role is to ensure that protections against data theft and corruption are in place and effective, by utilising the latest anti-viral software and technologies.
Climate-related risk	Physical risks e.g. flooding, can result in increased insurance premiums and unplanned repairs and maintenance. Transitional risks e.g. regulation, can result in fines and void periods through non-compliance as space is unlettable. Both physical and transitional risks may ultimately lead to reduced asset values and rental income.	The Group considers physical and transitional risks in investment and asset management processes. During pre-purchase due-diligence an environmental survey is undertaken which assesses flood risk and highlights any required mitigation. Information on the environmental performance, including the Energy Performance Certificate (EPC), is requested from vendors and factored into pricing. Evolving regulation and building standards are monitored by the ESG Committee which instructs actions to mitigate the risk of non-compliance.

The Strategic Report was approved by the Board of Directors on 23 August 2024 and signed on its behalf by:

LAURA JAMES
Group Finance Director

Chairman's introduction to governance

Governance framework

The Group's corporate governance framework supports the delivery of our strategy and business objectives.

The Directors are committed to maintaining high standards of corporate governance and seek to comply with the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies (the "Code"). First Property Group's core underlying principle is "to ensure that the Group is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term".

To see how the Company addresses the key governance principles defined in the QCA Code please refer to the disclosures made below and on the Company's website.

The Board is pleased to report that the Company has complied with the provisions of the Code.

No key governance matters have arisen since the publication of the last Annual Report.

Role of the Board

The Board as a whole is collectively responsible for the success of the Group. Its duties are to:

- Set the Group's strategic direction, purpose and values and align these with its culture.
- Oversee competent and prudent management of internal control, corporate governance and risk management.
- Approve business plans and budgets in light of the Group's risk profile.
- Ensure that the ethical and compliance commitments of management and employees are understood throughout the Group.

Read more on our website **www.fprop.com/plc-investors/aim-rule-26/**

Business model and strategy

The Group's business model is explained on page 3. The Group's strategy is explained fully on page 5. Our strategy is focused around building and growing a balanced business between fund management and property investing, with both divisions delivering resilient, recurring revenue of a contractual nature with high forward visibility.

Risk management

Strategy is set and developed taking into account the Board's assessment of both the impact and likelihood of the principal risks identified. The principal risks and uncertainties to the business and how these are mitigated are set out on pages 18 and 19.

The corporate governance framework complements the Group's internal controls framework and its supporting framework of policies and processes.

In addition, the Board and the Audit Committee have oversight of whistleblowing matters. The Company's whistleblowing policy ensures that the workforce feel empowered to raise concerns in confidence and without fear of unfair treatment.

Board composition

The Group is controlled by the Board which comprises two Non-Executive Directors, both of whom are considered by the Board to be independent, and two Executive Directors.

The operations of the Board are underpinned by the collective experience of the Directors and the diverse skills which they bring. The Board contains the necessary mix of experience, skills and capabilities to deliver the strategy of the Company for the benefit of it's shareholders. The Board contains Directors with relevant knowledge and expertise that includes:

- Extensive knowledge of the Group; one Director has worked for the Company for 14 years and two Directors have worked for the Group for over 20 years. This long tenure ensures that the Board has significant expertise in managing property cycles through difficult conditions.
- Considerable experience of providing strategic, financial and commercial management to financial services and other commercial operations.
- Extensive accounting and financial reporting expertise.
- Considerable experience of leading a successful international business.

The Directors maintain and enhance their knowledge and expertise through their involvement with respected commercial organisations. Each Director has undertaken to allocate sufficient time to the Group in order to discharge their responsibilities effectively.

All directors are subject to retirement by rotation and re-election by the shareholders in accordance with the Articles of Association (the "Articles").

Board meetings

Board meetings are carried out at least four times annually, and the minimum attendance for a meeting to be considered quorate is two. Should an issue arise between scheduled meetings, the Board will discuss such matters remotely with any decision ratified at the next Board meeting.

All Directors receive regular and timely information on the Group's financial performance. Relevant papers are circulated in advance of meetings. In addition, minutes are circulated after each meeting and approved at the subsequent meeting. All Directors have direct access to the advice and services of the Company Secretary and are able to take professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The Chairman of the Board evaluates the performance of the Board by holding regular discussions with the other Board members to ensure that the Board is operating effectively. The Board currently considers that the use of external consultants to facilitate the Board evaluation process is unlikely to be of significant benefit to the process, although the option of doing so is kept under review.

Board attendance

The Board held five Board meetings in the year ended 31 March 2024.

Outside the formal Board and Committee meetings and informational calls, Non-Executive Directors have unfettered access to employees at all levels of the business.

All the Directors attended all five Board meetings.

Culture

We work hard to nurture our culture, and it is something we regularly measure and monitor to ensure we keep it alive. We have a number of culture standards we wish to live by, such as diversity and inclusion, diligence in risk management, good leadership, integrity and respectful behaviour.

Board committees

The Board constitutes the following committees: Audit Committee, Remuneration Committee and Nominations Committee.

Audit Committee

The Audit Committee is responsible for monitoring the controls that are in force to ensure the integrity of information reported to shareholders.

The Audit Committee meets at least four times a year as part of the quarterly Board meeting and is responsible for ensuring that the Company's financial performance is properly monitored, controlled and reported.

Members of the Board Committees

Name	Role	Committees (Audit, Remuneration, Nominations)
Alasdair Locke	Chairman & Non-Executive Director	Nominations – Chairman Audit – Member Remuneration – Member
Peter Moon	Non-Executive Director	Nominations – Member Audit – Chairman Remuneration – Chairman

The Audit Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditors.

Audit Committee Report

During the year, the Audit Committee has continued to focus on the effectiveness of controls throughout the Group. Consideration was given to the audit plan and audit findings reports and these provided opportunities to review the accounting policies, internal control and the financial information contained in both the annual and interim reports. The Audit Committee met four times in the year.

Remuneration Committee

The role of the Remuneration Committee is to review the performance of the Executive Directors and to set the scale and structure of their remuneration, including any bonus arrangements, with due regard to the interest of shareholders.

The Remuneration Committee is responsible for determining if the Company should adopt any form of share option plan, and considering the terms of the grant of options under any such plan, ensuring that due regard is given to any relevant legal requirements, including the provisions and recommendations in the Listing Rules.

Remuneration Committee Report

During the year, the Committee continued to review the performance and remuneration of the Executive Directors. The Committee met once in the year.

Nominations Committee

The role of the Nominations Committee is to evaluate the Board of Directors and examine the skills and characteristics required of Board candidates to ensure the Company has a Board composition with a mix of skills, expertise and perspectives as well as paying attention to diversity, gender, ethnicity and other factors.

Nominations Committee Report

The Committee did not meet during the year as there was no change in the composition of the Board.

Further information on the Board Committees, including their formal written charters, is set out on the Company website at: **https://www.fprop.com/plc-investors/board-committees-terms-of-reference/**.

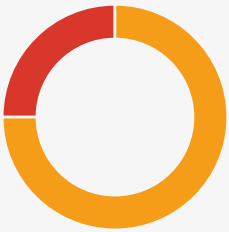
The Annual General Meeting of the Group will take place on 24 September 2024. The Notice of this Meeting and the proposed Ordinary Resolutions to be put to the meeting are included at the end of this Annual Report.

ALASDAIR LOCKE
Non-Executive Chairman

23 August 2024

Governance at a glance

Board composition



Board diversity

Male	75%
Female	25%

Board tenure

1-5 Years	25%
10-15 Years	25%
>20 Years	50%

Board composition

Non-Executive	50%
Executive	50%

Board – Roles and responsibilities

Group Chief Executive Officer, Ben Habib

Responsible for:

- Proposing and delivering the strategy as set by the Board.
- Leading the Group to deliver operational and financial performance.
- Representing the Group internally and externally to stakeholders, including shareholders.

Group Finance Director, Laura James

Responsible for:

- Overseeing the Group's financial, management and tax reporting.
- Treasury management.
- Financial planning and analysis.

Non-Executive Chairman, Alasdair Locke

Responsible for:

- Leadership of the Board.
- Ensuring effective relationships exist between the Non-Executive and Executive Directors.
- Ensuring that the views of all stakeholders are understood and considered appropriately in Board discussions.

Independent Non-Executive Director, Peter Moon

Responsible for:

- Active participation in Board decision-making.
- Advising on key strategic matters.
- Critiquing and challenging proposals and activities, and approving plans where appropriate.

Attendance

Board meetings

Director	Number of meetings attended/ meetings possible	Attendance %
Ben Habib	5/5	100
Laura James	5/5	100
Alasdair Locke	5/5	100
Peter Moon	5/5	100

Audit Committee

Director	Number of meetings attended/ meetings possible	Attendance %
Alasdair Locke	4/4	100
Peter Moon	4/4	100

Remuneration Committee

Director	Number of meetings attended/ meetings possible	Attendance %
Alasdair Locke	1/1	100
Peter Moon	1/1	100

Board of Directors

1.
Ben Habib, MA (Cantab)
Group Chief Executive Officer

Ben Habib has extensive experience of finance and the real estate sector.

Year appointed
2000

Education
Cambridge University

Previous experience
- 1987: Graduate Trainee in Corporate finance at Shearson Lehman Brothers
- 1989-1994: Finance Director of PWS Holdings Plc, a FTSE 350 Lloyds reinsurance broker
- 1994-2000: Managing Director of JKL Property Ltd, a private property development company

2.
Laura James, ACA, BA (Hons)
Group Finance Director

Laura James has extensive accounting and financial reporting experience.

Year appointed
2020

Education
University of Kent, Canterbury

Previous experience
- 2011: Qualified as a Chartered Accountant (ACA) with Moore Stephens LLP
- 2014-2020: Group Financial Controller for First Property Group plc

3.
Alasdair Locke, MA (Oxon)
Non-Executive Chairman

Alasdair Locke has considerable experience of leading a successful international business.

Year appointed
2001

Education
Oxford University

Previous experience
- 1974: Corporate Finance at Citigroup specialising in shipping and oil
- 1982: Established a Singapore-based business providing finance for and investing in shipping and offshore oil service companies, which was subsequently acquired by Henry Ansbacher & Co Ltd
- 1990: Established Abbot Group Plc which he took public in 1995
- 2008: Sold Abbot Group to private equity, at which point the Group was one of the leading oil drilling, engineering and contracting businesses in the world, with approximately 8,000 employees in over 20 countries and an annual turnover of circa USD1.8 billion
- 2005-2020: Non-Executive Chairman of Hardy Oil and Gas

External commitments
- Chairman of Motor Fuel Group
- Chairman of Well-Safe Solutions Ltd

Awards
- 1990 Scottish Business Achievement Awards Entrepreneur of the Year
- 1999 EY Overall and Master Entrepreneur of the year for Scotland
- 2000 International Business Achievement Award at Scottish Business Achievement Awards Trust
- 2001 Grampian Industrialist of the Year
- 2007 International Business Achievement Award from the Scottish Business Achievement Awards Trust

4.
Peter Moon, BSc (Econ)
Independent Non-Executive Director

Peter Moon has considerable experience of providing strategic, financial and commercial expertise to financial services and other commercial operations.

Year appointed
2010

Education
University College, London

Previous experience

Executive
- 1972-1985: Various Investment Manager positions at Central Board of Finance of the Church of England, Slater Walker and the National Provident Institution
- 1985-1992: Chief Investment Officer of British Airways Pensions
- 1992-2009: Chief Investment Officer of Universities Superannuation Scheme (USS)

Non-Executive
- 1990-1995: Member of the National Association of Pension Funds (NAPF) Investment Committee
- 1991-1995: Chairman of the NAPF Stock Exchange Sub-Committee
- 1995-2002: Adviser to Lincolnshire County Council
- 2004-2007: Non-Executive Director of MBNA Europe
- 2004-2012: Adviser to London Pension Fund Authority
- 2010-2016: Non-Executive Director then Chairman of Arden Partners
- 2014-2017: Non-Executive Director of Gresham House Plc

External commitments
- Investment Advisor to Middlesbrough Council (since 1986)
- Non-Executive Chairman of Bell Potter (UK) Ltd (since 2010)
- Non-Executive Director of JPMorgan Asia Growth and Income Plc (since 2016)

Directors' report
for the year ended 31 March 2024

The Directors present their report and the audited financial statements for the year ended 31 March 2024.

Principal activities and review of the business
The principal activity of the Group is to earn fees from property fund management and to earn a return on the Group's own capital by making principal investments, usually by co-investing with fund management clients of the Group. The Group has operations in the United Kingdom and Central Europe (mainly in Poland).

The Consolidated Income Statement is set out on page 33.

A summary of likely future developments in the business of the Group is included in the Chief Executive's Statement.

Results and dividends
The Group made a total loss before taxation of £4.41 million (2023: profit before taxation of £2.49 million). The total comprehensive loss for the year was £4.90 million (2023: income £1.57 million).

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

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

The Group held cash of £4.63 million at 31 March 2024 (31 March 2023: £7.65 million) and had bank borrowings of £27.62 million (31 March 2023: £29.66 million). Net debt increased to £22.99 million (31 March 2023: £22.01 million).

Section 172 Statement
This section of the Annual Report covers the Board's considerations and activities in discharging its duties under s172(1) of the Companies Act 2006, in promoting the success of the Company for the benefit of its members as a whole.

Please see our section 172 Statement in more detail in the Strategic Report on page 17.

Employees
The Group employed 51 staff on average during the year ended 31 March 2024 (2023: 59); of these, 38 employees were based in Poland (2023: 41) in the Group's Warsaw office providing essential service support to the properties located in Poland which it manages, with the remainder based in the Group's UK office in London. Of the total average staff across the Group, 23 are male and 28 are female.

The Group's policy is to consult and discuss with employees, through regular meetings with subsidiary Company management, matters likely to affect employees' interests. The Group operates a discretionary cash bonus incentive scheme for which all employees qualify and is based on a combination of the employee's individual and the Group's overall performance.

The Group has a diversity and equal opportunities policy which commits it to promoting diversity and equality of opportunity for all staff and job applicants. It aims to create a flexible working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit. It does not discriminate against staff on the basis of age, disability, gender, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief. This policy applies to all aspects of the relationship with staff and to relations between staff members at all levels. This includes job advertisements, recruitment and selection, training and development, opportunities for promotion, conditions of service, pay and benefits, conduct at work, disciplinary and grievance procedures, and termination of employment.

Compliance and regulations
The Group is listed on the AIM market of the London Stock Exchange. FPAM, a wholly owned subsidiary of the Group, is Authorised and Regulated by the Financial Conduct Authority (FCA) and is a full scope Alternative Investment Fund Manager ("AIFM"), allowing it to manage third-party funds with a value in excess of €500 million. FPAM is a provider of property fund management services to various property funds.

Risk management
The Group's economic and operational risks are identified and assessed on pages 18 and 19, together with a description of their impact and countermeasures to mitigate them.

Share capital

At 31 March 2024, the Company's share capital comprised 116,601,115 Ordinary Shares of 1 pence each, including 5,718,783 shares held in treasury. Each share ranks equally with the others, including the rights to receive dividends and vote (except that no votes are cast or dividends paid in respect of shares held in treasury). Except as set out in the Articles, there are no restrictions on the transfer of the Company's securities.

Directors and their interests

Directors are appointed and retire in accordance with the Articles. In particular, each Director is to retire from office at the third Annual General Meeting after the meeting at which he or she was appointed or last appointed. Any Director who so retires may stand to be re-elected at that Annual General Meeting. Any Director who retires at an Annual General Meeting shall be deemed to have been re-elected at that meeting, unless (i) a Director is appointed by the Company in their place; (ii) it is expressly resolved not to fill the vacated office; or (iii) a resolution for that Director's re-election has been put to the meeting and failed.

The Directors are listed below.

The beneficial interests of the Directors in the share capital of the Company at 1 April 2023, 31 March 2024 and 17 July 2024, as recorded in the register maintained by the Company in accordance with the provisions of the Companies Act 2006, were as follows:

	Ordinary Shares of 1 pence			Option over Ordinary Shares of 1 pence		
	17/07/2024	31/03/2024	1/04/2023	17/07/2024	31/03/2024	1/04/2023
A J D Locke	8,771,990	8,771,990	8,571,990	–	–	–
P Moon	496,805	496,805	496,805	–	–	–
B N Habib	15,030,000	15,030,000	14,940,000	5,875,000	5,875,000	–
L B James	–	–	–	1,875,000	1,875,000	–

Substantial shareholdings

At 10 July 2024 the Company had been notified in accordance with Chapter 5 of the Disclosure, Guidance and Transparency Rules Sourcebook published by the Financial Conduct Authority that the following persons had substantial interests in the voting rights of the Company.

	Number of Ordinary Shares of 1 pence*	Percentage of issued Ordinary Shares of 1 pence held %
Peter Gyllenhammar AB/Galjaden Invest AB/Bronsstädet AB/Galjaden Holding AB/Browallia Asset Management Ltd/ Silversläggan Invest AB	27,982,852	25.24%
B N Habib	15,030,000	13.55%
A J D Locke	8,771,990	7.91%
Whitehall Associated SA	7,747,394	6.99%
Bjorn Saven	4,631,432	4.18%

* Number of Ordinary Shares in respect of which voting rights held.

Health and safety at work

The wellbeing of the employees is given the highest priority throughout the Group and it is the Group's policy not only to comply with Health & Safety measures, as required by law, but to act positively to prevent injury and ill health, and damage to the environment arising from its operations.

ESG

The Group aims to be a sustainable business, playing its part in tackling key social and environmental challenges. Details of the Group's ESG Objectives and targets are included in the ESG section on pages 11 and 12.

Political donations

The Group made no political donations and has incurred no political expenditure in the year (2023: £nil).

Directors' professional indemnity insurance

All Directors of the Company have the benefit of the indemnity provision contained in the Company's Articles of Association. The provision, which is a qualifying third-party indemnity provision, remains in force. The Group also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors and Officers, although no cover exists in the event Directors are found to have acted fraudulently or dishonestly.

Directors' report cont.
for the year ended 31 March 2024

Annual General Meeting
The notice convening the Annual General Meeting to be held on 24 September 2024, can be found on page 73.

The Board hopes that as many shareholders as possible will be able to attend the Annual General Meeting either in person or, for those who are unable to attend in person, via a live presentation and the Board invites shareholders to submit questions at any time in advance of the meeting or during the meeting using the online facility that will be provided. Details of how to access the live presentation and to ask questions will be published on the Company's website. Please note that shareholders will be required to register to access the live presentation via **www.investormeetcompany.com** and follow First Property Group plc. Please note that joining remotely will not constitute attendance and shareholders who join remotely will not be able to vote at the meeting. Shareholders are therefore asked to submit their votes by proxy.

To the extent shareholders wish to attend in person, the Board kindly requests that shareholders pre-register their intentions to attend by emailing the Company Secretary, Jill Aubrey, at jill.aubrey@fprop.com.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Chief Executive's Statement and the financial statements in accordance with applicable laws and regulations. The Directors are required by Company law of the United Kingdom to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit and loss of the Group for that period having regard to the commercial substance of transactions. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with UK-adopted international accounting standards.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the Company's financial position and enable them to ensure compliance with the Companies Act 2006, for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that suitable accounting policies have been used and applied consistently in order to adopt new accounting standards, and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2024. The Directors also confirm that applicable accounting standards have been followed, that the financial statements have been prepared on a going concern basis and that the integrity of the Group's website has been maintained.

The Directors confirm that this Annual Report and these financial statements taken as a whole are fair, balanced and understandable and provide the necessary information for shareholders to assess the Company's performance, business model and strategy.

Information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements. UK legislation governing the preparation and dissemination of financial statements may therefore differ from that in other jurisdictions.

Statement of disclosure to the auditor
The Board hereby confirms that each Director has taken the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the auditors are aware of all such information. So far as each Director is aware, there is no relevant audit information of which the auditors are not aware.

The Directors' Report, which has been prepared in accordance with the requirements of the Companies Act 2006, comprises the following sections: Chief Executive's Statement, Risks and Mitigation and ESG.

Auditors
The audit business of Haines Watts Oxford LLP was acquired by Cooper Parry Group Limited on 14 November 2023. Haines Watts Oxford LLP resigned as auditor and Cooper Parry Group Limited has been appointed in itsplace.

The auditors, Cooper Parry Group Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved and signed on behalf of the Board

LAURA JAMES
Group Finance Director

23 August 2024

Independent auditor's report

to the members of First Property Group plc

Opinion

We have audited the financial statements of First Property Group plc (the "Parent Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2024 which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Cash Flow Statement;
- the Company Statement of Financial Position;
- the Company Statement of Changes in Equity;
- the Company Cash Flow Statement; and
- the Notes to the Financial Statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In order to assess the risks identified, and to determine the planned audit responses based on a measure of materiality, the engagement team performed an evaluation of identified components calculated by considering the significance of components as a percentage of the group's total revenue and loss before taxation and the group's total assets

In establishing the overall approach to the group audit, we assessed the audit significance of each reporting unit in the group by reference to both its financial significance and other indicators of audit risk, such as the complexity of operations and the degree of estimation and judgement in the financial results.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we have adequate quantitative coverage of the significant accounts in the financial statements, we selected 13 legal entities within UK and Poland.

The Group is audited by one audit team in the UK, directly responsible for the audit of the Parent Company and certain subsidiaries, in conjunction with locally-based auditors of the in scope legal entities based overseas. The complete financial information of all 13 legal entities was audited, either by the Group audit team or by component auditors, representing 99% of the Group's revenue, 98% of the Group's profit before tax, and 99% of the Group's net assets. In addition, we performed testing of consolidation journals and intercompany eliminations, tests of financial systems, centralised processes and controls, and foreign currency translation recalculations, to respond to any potential risks of material misstatement to the Group financial statements.

Detailed audit instructions were issued to the auditors of the overseas legal entities, highlighting the significant risks to be addressed through their procedures, and detailing the information to be reported to the Group audit team. The Group audit team conducted a review of the work performed by the component auditors, and communicated with the component auditors throughout the planning, execution and completion stages of the audits.

The audit work on subsidiaries and associates is carried out to a materiality which is lower than, and in some cases substantially lower than, Group materiality as set out above.

Independent auditor's report cont.

to the members of First Property Group plc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Property including investment properties, investment properties held in joint ventures and trading properties: Whilst the Group's property portfolio is held primarily at cost, the valuation of the investment properties is relevant to the possible impairment of individual properties. The valuation of the property portfolio is a significant judgement area and is underpinned by a number of estimates and assumptions, including capitalisation yields and future rental income. The Group uses professionally qualified external valuers to value the majority of the Group's property portfolio at regular intervals. The external valuers performed their work in accordance with the relvant valuation standards and the requirements of International Accounting Standard 40 'Investment Property'. Any input inaccuracies or unreasonable assumptions used in these judgements could result in a material misstatement of the Statement of Comprehensive Income and Statement of Financial Position. Refer to Note 3 to the financial statement for the judgements and estimates made by management in relation to the impairment assessment performed over the Gdynia property, in light of the failure to make a scheduled payment for deferred consideration in June 2024.	• We assessed management's process for reviewing and assessing the work of the valuers. • We assessed the competence, objectivity and integrity of the valuers. • We obtained the external valuation reports and assessed and challenged the valuation process, performance of the portfolio and significant assumptions and critical judgement areas. • We performed audit procedures to assess the completeness and accuracy of a sample of the information provided to the valuer by agreeing that information to underlying lease agreements. • We reviewed management's impairment analysis and tested the accuracy of market values for individual assets compared to the group accounts carrying amounts. • We focussed on the judgement made by management to impair the Gdynia property beyond the level set by the external valuation as at 31 March 2024 in anticipation of the expected failure to meet the deferred consideration payment due in June 2024. We reviewed correspondence with lenders in relation to the payment and management's scenario analysis of the residual value of the property in the event that the lender forecloses on the property.
Revenue Recognition, including the timing of revenue recognition, the treatment of rents and incentives, the recognition of trading property proceeds and the calculation of performance related fee income Market expectation and profit-based targets may place pressure on management to distort revenue recognition. This may result in overstatement or deferral of revenues to assist in meeting current or future targets or expectations. Revenue for the Group consists primarily of rental income, asset management fees and performance related fee income, as described more fully in the Revenue Recognition accounting policy in Note 2 to the financial statements. Given the material nature of revenue and the variety of methods it is generated through, the appropriateness of revenue recognition and management's application of the Group's revenue recognition accounting policies represents a key risk area of significant judgement in the financial statements. In particular, we consider that a significant risk arises on the occurrence of performance fees and other variable consideration revenue streams which depend on the use of estimates and judgements by management.	• We performed detailed testing of rental income for a sample of leases by agreeing the annual rent back to the terms of the lease agreements. • For a sample of leases, we tested that the rental income, including the treatment of lease incentives, is recorded on an appropriate basis and in accordance with relevant regulations. • We challenged management over the judgements and estimates used in the recognition of revenue for accelerated asset management fees arising on the sale of properties in certain Funds. • We performed substantive procedures over the recognition of revenue for asset management and performance fees within the Fund Management Division. • We performed cut-off procedures to test transactions around the year end and verified a sample of the operating companies' revenue to originating documentation to provide evidence that transactions were recorded in the correct year. • We assessed whether the revenue recognition policies adopted complied with IFRS as adopted by the United Kingdom.

Key audit matter	How our audit addressed the key audit matter
Going concern The Group's going concern assessment is disclosed in Note 1 to the financial statements. We considered going concern to be significant area in our audit due to the below main factors; • The Group has experienced a reduction in total assets under management to £274m (2023: £454m). Assets under management underpin revenues in the Group's Asset management division; • The Group's current liabilities exceeded its current assets by £17.1m (2023: £7.1m) • The Group has experienced a reduction in cash reserves to £4.6m (2023: £7.6m) at the year ended 31 March 2024 The Directors have prepared the Group and Parent Company financial statement on a going concern basis. We identified a significant risk that the going concern assessment made by the directors may not be accurately disclosed or that the assessment itself is not balanced in how it portrays the risks relating to the generation of future operating and financing cash flows.	Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting for the period of 12 months from approval of the Group financial statements included: • An examination of the terms of the Group's borrowing arrangements and compared the repayment terms to the Group's projected cash flows; • A critical assessment of the Directors' financial forecasts and the underlying key assumptions, including operating and capital expenditure, forecast income and working capital balances; • Consideration of the impact of low growth scenario prepared by the Directors on the Group's ability to generate profits from future trading and on its forecast cash position; • A mechanical check of the mathematical accuracy of the going concern model prepared by the Directors and the underlying calculations used within it; • Obtaining information concerning the working capital position as at the last practical date for which information was available post year end; and • An evaluation of the adequacy of disclosure made in the financial statements in respect of going concern, against the requirements of accounting standards and assessing whether information that is material to the Directors' going concern assessment has been disclosed.
Related party transactions As described Note 30 to the financial statements, the Group has a number of classes of related parties by virtue of its structure and operating model. These include Associates and Funds managed by the Group, in some of which the Group holds direct financial investments. In addition key management personnel hold personal investments in certain Associates and Funds, which are typically minority holdings. Between 22 December 2023 and 13 February 2024 Ben Habib acquired 71.8% of the outstanding shares of Fprop Phoenix Limited from other shareholders exiting the fund. The directors have an obligation to record, monitor and assess related party transactions in order to meet the Group's obligations under FCA regulations, the AIM Rules for Companies, corporate governance principles and the disclosure requirements of IAS 24 – Related Party Disclosures. Material related party transactions carry an increased a risk of non-compliance with laws and regulations. The existence of related party interests is also relevant to the assessment of control over Associates and Funds, as described more fully in Note 3 to the financial statements.	• We obtained a listing of management's identified related party transactions arising in the year which we assessed for completeness and accuracy through a review of Board and Committee minutes, a review of public filings in relation to known related parties, inquiries with Group Directors and management and the results or our wider audit procedures. • We obtained and reviewed management's assessment of the Group's compliance with the regulatory and financial reporting requirements arising from Ben Habib's purchase of 71.8% of the outstanding shares of Fprop Phoenix Limited. This included an assessment performed by management's expert and the Nomad, on which we placed audit reliance. This addressed the Group's obligations under FCA regulations, the AIM Rules for Companies, corporate governance principles and the disclosure requirements of IAS 24 – Related Party Disclosures. • We inspected documentation in relation to the subsequent related party transactions conducted between Fprop Phoenix Limited and the Group, as disclosed in Note 30 to the financial statements. We obtained supporting evidence over the completeness and accuracy of these disclosures.

Independent auditor's report cont.

to the members of First Property Group plc

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in determining the nature, timing and extent of our audit procedures, in evaluating the effect of any identified misstatements, and in forming our audit opinion.

We determined materiality for the Group to be £1.0m (2023: £1.3m) based on 2.5% of net asset values. We determined materiality for the Parent Company to be £0.40m (2023: £0.43m) based on 1% of gross asset values. This provided a basis for determining the nature, timing and extent of risk assessment procedures. We determined that net assets would be the most appropriate basis for determining overall materiality for the Group given that the key users of the Group financial statements are likely to be primarily focussed on the valuation of Group assets and the related financing.

For each component we allocated a materiality threshold ranging between 1% and 50% of the overall Group materiality.

Based on our risk assessment, including the Group's overall control environment, we determined a performance materiality of 80% of the financial statement materiality for both the Group and the Parent Company. The same percentage was applied to each component materiality.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £50,000 for the Group, and of £20,000 for the Parent Company, which is set at 5% of financial statement materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluated any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements;
- Challenging management on key assumptions included in their forecast scenarios;
- Considering the potential impact of various scenarios on the forecasts;
- Reviewing results post year end to the date of approval of these financial statements and assessing them against original budgets; and
- Reviewing management's disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment focused on key laws and regulations the group and parent company have to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, AIM listing rules, UK adopted international accounting standards, the FCA regulations relevant to an authorised Alternative Investment Fund Manager and relevant tax legislation in the jurisdictions in which the group operates.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the group and parent company and how the group and parent company is complying with that framework by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through review of board minutes for instances of non-compliance;
- obtaining an understanding of the group and parent company's policies and procedures and how the group and parent company has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the group and parent company's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment;
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Independent auditor's report cont.

to the members of First Property Group plc

Auditor's responsibilities for the audit of the financial statements cont.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify and recognise non-compliance with laws and regulations through the following:

- understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
- knowledge of the industry in which the client operates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

GEORGE STYLE ACA
(SENIOR STATUTORY AUDITOR)
For and on behalf of Cooper Parry Group Limited
Statutory Auditors
London

23 August 2024

Consolidated income statement

for the year ended 31 March 2024

	Notes	Year ended 31 March 2024 Total results £'000	Year ended 31 March 2023 Total results £'000
Revenue	4	**7,851**	7,249
Cost of sales		**(2,884)**	(2,257)
Gross profit		**4,967**	4,992
Profit on sale of investment properties		**–**	1,779
Operating expenses		**(5,156)**	(4,767)
Operating (loss)/profit		**(189)**	2,004
Share of associates' profit/(loss) after tax	18a)	**1,050**	273
Share of associates' revaluation (losses)/gains	18a)	**(1,072)**	(901)
Investment income		**134**	1,497
Interest income	5	**194**	145
Interest expense	5	**(780)**	(530)
Loss from impairment of an investment property	14	**(3,746)**	–
(Loss)/profit before tax		**(4,409)**	2,488
Tax charge	10	**29**	(449)
(Loss)/profit for the year		**(4,380)**	2,039
Attributable to:			
Owners of the parent		**(4,582)**	1,919
Non-controlling interests		**202**	120
		(4,380)	2,039
Earnings per share:			
Basic	11	**(4.13p)**	1.73p
Diluted	11	**(4.04p)**	1.70p

All operations are continuing.

Consolidated statement of comprehensive income

for the year ended 31 March 2024

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

All operations are continuing.

Company Income Statement

The Company is taking advantage of the exemption in s.408 of the Companies Act 2006 not to present its individual Income Statement and related notes that form a part of these approved financial statements.

Statement of financial position

as at 31 March 2024

	Notes	2024 Group £'000	2024 Company £'000	2023 Group £'000	2023 Company £'000
Non-current assets					
Investment properties	14	**45,756**	**–**	47,009	–
Right of use assets	15	**17**	**–**	197	–
Property, plant and equipment	16	**40**	**–**	80	–
Investment in Group undertakings	17	**–**	**8,109**	–	3,841
Investment in associates	18a)	**17,275**	**12,722**	17,588	14,011
Other financial assets at fair value through OCI	18b)	**2,623**	**2,623**	4,544	4,544
Other receivables	20b)	**–**	**13,136**	–	15,879
Goodwill	19	**153**	**–**	153	–
Deferred tax assets	25	**992**	**–**	930	–
Total non-current assets		**66,856**	**36,590**	70,501	38,275
Current assets					
Current tax assets		**127**	**–**	79	–
Right of use assets	15	**51**	**–**	457	–
Trade and other receivables	20a)	**4,145**	**1,305**	4,797	1,341
Cash and cash equivalents		**4,628**	**2,559**	7,647	3,465
Total current assets		**8,951**	**3,864**	12,980	4,806
Current liabilities					
Trade and other payables	21	**(3,788)**	**(8,895)**	(4,378)	(10,844)
Provisions	22	**(125)**	**–**	(158)	–
Lease liabilities	15	**(52)**	**–**	(469)	–
Financial liabilities	23	**(832)**	**–**	(1,116)	–
Other financial liabilities	24	**(12,244)**	**–**	(939)	–
Current tax liabilities		**(48)**	**–**	(28)	–
Total current liabilities		**(17,089)**	**(8,895)**	(7,088)	(10,844)
Net current assets		**(8,138)**	**(5,031)**	5,892	(6,038)
Total assets less current liabilities		**58,718**	**31,559**	76,393	32,237
Non-current liabilities					
Financial liabilities	23	**(9,690)**	**–**	(11,519)	–
Other financial liabilities	24	**(4,851)**	**–**	(16,082)	–
Lease liabilities	15	**(17)**	**–**	(267)	–
Deferred tax liabilities	25	**(3,229)**	**–**	(3,050)	–
Net assets		**40,931**	**31, 559**	45,475	32,237
Equity					
Called up share capital	26	**1,166**	**1,166**	1,166	1,166
Share premium		**5,635**	**5,635**	5,635	5,635
Share based payment reserve		**815**	**815**	179	179
Foreign exchange translation reserve		**(1,407)**	**–**	(2,353)	–
Purchase of own shares reserve		**(2,440)**	**(2,440)**	(2,440)	(2,440)
Investment revaluation reserve		**(2,193)**	**(2,193)**	(728)	(728)
Retained earnings		**37,401**	**28,576**	41,983	28,425
Equity attributable to the owners of the parent		**38,977**	**31,559**	43,442	32,237
Non-controlling interests		**1,954**	**–**	2,033	–
Total equity		**40,931**	**31,559**	45,475	32,237
Net assets per share	11	**35.15p**		39.18p	

The Company's profit for the year was £0.15 million (2023: profit £2.24 million).

The financial statements were approved and authorised for issue by the Board of Directors on 23 August 2024 and were signed on its behalf by:

LAURA JAMES
FINANCE DIRECTOR

Registered No. 02967020

Consolidated statement of changes in equity

for the year ended 31 March 2024

Group	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Foreign exchange translation reserve £'000	Purchase of own shares £'000	Investment revaluation reserve £'000	Retained earnings £'000	Non-controlling interests £'000	Total £'000
At 1 April 2023	**1,166**	**5,635**	**179**	**(2,353)**	**(2,440)**	**(728)**	**41,983**	**2,033**	**45,475**
Loss for the year	–	–	–	–	–	–	(4,380)	–	(4,380)
Net loss on financial assets at fair value through other comprehensive income	–	–	–	–	–	(1,465)	–	–	(1,465)
Exchange differences arising on translation of foreign subsidiaries	–	–	–	946	–	–	–	48	994
Change in the proportion held in non-controlling interests	–	–	–	–	–	–	–	(265)	(265)
Total comprehensive income	**–**	**–**	**–**	**946**	**–**	**(1,465)**	**(4,380)**	**(217)**	**(5,116)**
Share options charge	–	–	636	–	–	–	–	–	636
Non-controlling interests	–	–	–	–	–	–	(202)	202	–
Dividends paid	–	–	–	–	–	–	–	(64)	(64)
At 31 March 2024	**1,166**	**5,635**	**815**	**(1,407)**	**(2,440)**	**(2,193)**	**37,401**	**1,954**	**40,931**
At 1 April 2022	**1,166**	**5,791**	**179**	**(3,297)**	**(2,653)**	**684**	**40,895**	**229**	**42,994**
Profit for the year	–	–	–	–	–	–	2,039	–	2,039
Net loss on financial assets at fair value through other comprehensive income	–	–	–	–	–	(1,412)	–	–	(1,412)
Purchase from treasury shares	–	(156)	–	–	213	–	–	–	57
Exchange differences arising on translation of foreign subsidiaries	–	–	–	944	–	–	–	127	1,071
Non-controlling interest in 5PT	–	–	–	–	–	–	–	1,606	1,606
Total comprehensive income	**–**	**(156)**	**–**	**944**	**213**	**(1,412)**	**2,039**	**1,733**	**3,361**
Non-controlling interests	–	–	–	–	–	–	(120)	120	–
Dividends paid	–	–	–	–	–	–	(831)	(49)	(880)
At 31 March 2023	**1,166**	**5,635**	**179**	**(2,353)**	**(2,440)**	**(728)**	**41,983**	**2,033**	**45,475**

Company statement of changes in equity

for the year ended 31 March 2024

Company	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Purchase of own shares £'000	Investment revaluation reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2023	**1,166**	**5,635**	**179**	**(2,440)**	**(728)**	**28,425**	**32,237**
Profit for the year	–	–	–	–	–	151	151
Net profit on financial assets at fair value through other comprehensive income	–	–	–	–	(1,465)	–	(1,465)
Total comprehensive income	–	–	–	–	(1,465)	151	(1,314)
Share options charge	–	–	636	–	–	–	636
Dividend paid	–	–	–	–	–	–	–
At 31 March 2024	**1,166**	**5,635**	**815**	**(2,440)**	**(2,193)**	**28,576**	**31,559**
At 1 April 2022	**1,166**	**5,791**	**179**	**(2,653)**	**684**	**27,022**	**32,189**
Profit for the year	–	–	–	–	–	2,235	2,235
Net loss on financial assets at fair value through other comprehensive income	–	–	–	–	(1,412)	–	(1,412)
Purchase from treasury shares	–	(156)	–	213	–	–	57
Total comprehensive income	–	(156)	–	213	(1,412)	2,235	880
Dividend paid	–	–	–	–	–	(832)	(832)
At 31 March 2023	**1,166**	**5,635**	**179**	**(2,440)**	**(728)**	**28,425**	**32,237**

Foreign exchange translation reserve

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

Share-based payment reserve

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

Purchase of own Ordinary Shares

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

Investment revaluation reserve

The change in fair value of the Group's financial assets measured at fair value through other comprehensive income is held in this reserve, and is non distributable.

Cash flow statements

for the year ended 31 March 2024

	Notes	2024 Group £'000	2024 Company £'000	2023 Group £'000	2023 Company £'000
Cash flows (used in)/from operating activities					
Operating (loss)/ profit		**(189)**	**(2,041)**	2,004	(387)
Adjustments for:					
Depreciation of investment property and property, plant and equipment		**64**	**–**	99	–
Share options charge		**636**	**636**	–	–
Write back of a provision against the recoverability of a loan		**–**	**(6,546)**	–	–
Impairment loss on an investment in an associate		**–**	**998**	–	–
Impairment loss on amounts due from subsidiaries		**–**	**5,950**	–	–
Profit on the sale of investment property		**–**	**–**	(1,779)	–
Decrease/(increase) in trade and other receivables		**903**	**1,298**	777	(1,045)
(Decrease)/increase in trade and other payables		**(759)**	**(1,828)**	2,813	(355)
Other non-cash adjustments		**(64)**	**–**	180	–
Cash generated from/(used in) operations		**591**	**(1,533)**	4,094	(1,787)
Taxes paid		**(193)**	**–**	(616)	–
Net cash flow from operating activities		**398**	**(1,533)**	3,478	(1,787)
Cash flow (used in)/from investing activities					
Capital expenditure on investment properties	14	**(1,670)**	**–**	(1,017)	–
Purchase of property, plant and equipment	16	**(31)**	**–**	(10)	–
Proceeds from the sale of investment property		**–**	**–**	8,612	–
Purchase of investment property		**–**	**–**	(7,443)	–
Cash paid on acquisition of new subsidiaries		**(214)**	**(1,611)**	(165)	(165)
Cash and cash equivalents received on acquisitions		**–**	**–**	83	–
Investment in shares of new associates		**–**	**–**	(606)	(606)
Investment in funds	18b)	**–**	**–**	(3)	(3)
Proceeds from investments in funds	18b)	**456**	**456**	1,492	1,492
Proceeds from investment in associates	18a)	**291**	**291**	176	176
Interest received	5	**194**	**158**	145	127
Investment Income		**134**	**1,310**	1,494	1,501
Net cash flow (used in)/from investing activities		**(840)**	**604**	2,758	2,522
Cash flow (used in)/from financing activities					
Proceeds from bank loan		**–**	**–**	1,474	–
Repayment of bank loans		**(1,814)**	**–**	(5,215)	–
Sale of shares held in treasury		**–**	**–**	57	57
Interest paid	5	**(780)**	**–**	(530)	–
Dividends paid		**–**	**–**	(831)	(831)
Dividends paid to non-controlling interests		**(64)**	**–**	(49)	–
Net cash flow (used in)/from financing activities		**(2,658)**	**–**	(5,094)	(774)
Net (decrease)/increase in cash and cash equivalents		**(3,100)**	**(929)**	1,142	(39)
Cash and cash equivalents at the beginning of the year		**7,647**	**3,465**	6,419	3,493
Currency translation (losses)/gains on cash and cash equivalents		**81**	**23**	86	11
Cash and cash equivalents at the year end		**4,628**	**2,559**	7,647	3,465

Notes to the financial statements

for the year ended 31 March 2024

1. Basis of Preparation

The financial statements for both the Group and Parent Company have been prepared in accordance with applicable UK-adopted International Financial Reporting Standards (IFRS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared on the historical cost basis, except for items carried at fair value in accordance with IFRS 9. These financial statements are presented in GBP since that is the currency in which the Group and Parent Company transact a substantial part of their business and it is the currency considered most convenient for its shareholders. The functional currencies adopted by the Group's foreign operations are set out in Note 29.

Going concern

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

Analysis and scenario testing, was carried out on the Group's main divisional income streams, being asset management fees from the Fund Management division, rental income from its seven directly-owned Group Properties and cash returns from its Associates and Investments.

Fund Management Fee Income

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

In the one fund from which fees are not levied by reference to the properties valuation (Fprop Offices) a claw back of income can been triggered. The combination of inflationary pressures, higher interest rates, a cost of living crisis and an increase in employees working from home has caused severe disruption to economic activity and a reduction in the value of commercial property. As a result, the Group has, in previous years reversed a total of £1.97 million of performance fee income of which £0.59 million was clawed back in the year to 31 March 2023. As the performance fees have now been fully clawed backed there is no further exposure to the income statement, however, included within trade and other payables is a balance of £1.11 million owed to Fprop Offices.

We anticipate asset management fee income to fall over the coming twelve months in line with fund expiries. This reduction in asset management fees has been included within the forecasts reviewed by the Board as part of the going concern assessment.

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

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

Rental income from Group Properties

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

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

On 12 August 2022 the Group acquired some 7,171 square metres in Blue Tower in Warsaw at a price of £7.20 million. The purchase resulted in the Group's interest in the building increasing from 48.2% to 80.3%. Some 5,159 square metres of the newly acquired space was vacant at purchase. Since purchase a total of 2,100 square metres has been leased, but at the same time 2,300 square metres of space was vacated. Income however has increased by c€200k per annum as a result of higher rates at which the new tenants leased the space.

Subsequent to the year end, the Group signed a new 15 year lease with TV República, commencing in December 2024 for 3,100 square metres in Blue Tower which will contribute some €935,000 per annum.

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

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

Notes to the financial statements cont.

for the year ended 31 March 2024

1. Basis of Preparation cont.

Going concern cont.

Income from Associates and Investments

Analysis was also conducted on the returns from the Group's investment in its four (2023: four) associates.

All bank loan covenants were reviewed and tested against future decreases in valuation and net operating income.

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

Liquidity

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

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

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

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

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

2. In August 2022, a subsidiary of the Group purchased an additional holding in Blue Tower with a deferred consideration payment which totalled PLN 40.4 million. This was non-interest bearing and payable in seven instalments over six years. The first instalment was paid in August 2022. As at 31 March 2024, £1.00 million is owed to the bank in a delayed instalment payment and another instalment is due in August 2024. Prior to the signing of the financial statements an amount of £1.00 million has been paid to settle the August 2023 instalment. The instalment payment due in August 2024 has not yet been made.

   In the event the subsidiary fails to make future instalments as they fall due, the lender could take control of this asset.

   As at 31 March 2024 the net operating loss of this property was around €130,000 on an annualised basis and our forecasting had considered the impact of this on the Group. Subsequent to the year end, the Group signed a new 15 year lease with TV República, commencing in December 2024 which will contribute some €935,000 per annum towards the NOI of this property. There is no restricted cash within this subsidiary.

   The debt itself is non-recourse to the Group.

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

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

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

Going concern statement

Based on the results of the analysis conducted as outlined above the Board believes that the Group has the ability to continue its business for at least 12 months from the date of approval of the financial statements and therefore has adopted the going concern basis in the preparation of this financial information.

New standards and interpretations

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

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

2. Significant Accounting Policies

The principal accounting policies set out below have, unless otherwise stated, been applied consistently by the Group and the Company to each period presented in these financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary undertakings which it controls, made up to 31 March 2024. Intra-Group balances, sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary or business, all of the assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The results of subsidiary undertakings have been included from the dates of acquisition and up to the dates of disposal, being the dates that control passes.

Investments in subsidiaries

In the Company Statement of Financial Position, investments in subsidiaries are held at cost less adequate provisions, where necessary, for impairments to value.

Investments in associates

Entities in which the Group is in a position to exercise significant influence but does not have the power to control are defined as associates. The Group accounts for its investments in associates using the equity method. The carrying value of the associates in the Group's Statement of Financial Position is subject to annual impairment reviews. The Group's share of the associate's profit or loss is included within the Consolidated Income Statement. To be consistent with the Group's accounting policy for investment properties it adopts the cost model in respect of the investment properties held by the associates, thus not recognising any property revaluations when assessing its share of the profit or loss after tax.

The Company's accounting policy is to include the interest in associates at cost subject to an annual impairment review and dividends received are credited to the Income Statement.

Other financial investments

Investment assets have been classified as fair value through other comprehensive income. Fair value has been arrived at by applying the Group's percentage holding in the investments of the fair value of their net assets.

Impairment

The carrying values of the Group's non-financial assets, excluding goodwill, are reviewed at each reporting date to determine whether there are any indications that an asset may be impaired. If there are any indications of impairment, the assets' recoverable value is estimated and any impairment loss, measured against its carrying value, is recognised in the Income Statement. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Property, plant and equipment

Property, plant and equipment are stated at their purchase cost, together with any incidental costs of acquisition, or fair value on acquisition, less accumulated depreciation and, where appropriate, provision for impairment. Depreciation is calculated so as to write off property, plant and equipment, less their estimated residual values, on a straight-line basis over the expected useful lives of the assets concerned.

The principal annual rates used for this purpose are:

	%
Computer equipment	33.33%
Office equipment	33.33%
Motor vehicles	25.00%
Short leasehold improvements	33.33%

The residual values and useful lives of all property, plant and equipment are reviewed and adjusted if appropriate at each financial year end.

Notes to the financial statements cont.

for the year ended 31 March 2024

2. Significant Accounting Policies cont.

Investment properties

Investment properties are properties held for long-term rental income or for capital appreciation or both. Acquisitions through direct asset purchases are initially held at cost including related transaction costs. The Group has adopted the cost model for investment properties so that after initial recognition, investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Where, in the Directors' opinion, a property's estimated residual value at the end of the period of ownership will be lower than the carrying value the property will be depreciated over the lease term.

Inventories – land and buildings

Trading properties held for resale are stated at the lower of purchase cost, together with incidental costs of acquisition and any subsequent development costs, and net realisable value. The latter is assessed by the Group having regard to suitable valuations performed by external valuers.

Lessee accounting

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives received.
- Variable lease payments that are based on an index or a rate.
- Amounts expected to be paid by the Company under residual value guarantees.
- Payments or penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Taxation

The tax expense represents the sum of the current tax payable and movements in deferred tax during the year.

Current taxation

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income and expense that are taxable or deductible in other years or that may never be taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the reporting date.

2. Significant Accounting Policies cont.

Deferred taxation

Deferred taxation is provided in full, on all temporary differences which result in an obligation at the reporting date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they are recognised based on current tax rates and law. Temporary differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying temporary differences can be deducted. Management carry out a review of such items at the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Revenue recognition

Rental income arising under the Group's leases is recognised over the term of the lease on a straight-line basis and is adjusted for lease incentives such as rent-free periods and fit-out contributions such that their cost is apportioned evenly over the full lease term.

Turnover rents and other such contingent rents are recorded as revenue in the periods to which they relate.

The Group's revenue from contracts with customers, as defined in IFRS 15, includes service charge income and income from the sale of properties charged by the Group Properties division and asset management fees and performance related fees charged by the Group's Fund Management division.

Service charge income is recognised in the period in which the service is provided according to the terms of the individual lease agreement.

Income from the sale of properties is recognised generally on transfer of control over the property being disposed and when there are no significant outstanding obligations between buyer and seller. This generally occurs on completion.

Asset management and administration fees are generated through investment management agreements and are generally based on an agreed percentage of the valuation of AUM. Management fees are recognised as the service is provided and it is probable that the fee will be collected.

Performance related fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods. For short-term arrangements (typically one year or less) performance related fees are recognised when the performance period has ended and the performance calculation can be performed with reasonable certainty. For long-term arrangements performance related fees are only recognised where there is deemed to be a low probability of a significant reversal in future periods. In cases where performance related revenue is subject to potential future reversal the Directors will apply their judgement to the amount of revenue recognised in the Income Statement such that in their judgement there is a high probability that this revenue will not reverse in subsequent years. They will ignore all unrealised upward property revaluations above original cost (including acquisition costs) used to determine the total entitlement but include any downward revaluation below total original historic acquisition and subsequent capitalised property costs. This may result in the recognition of revenue before the contractual crystallisation date. See critical accounting Judgments for the Directors' assessment of this revenue.

All revenue is classified in the revenue line of the Income Statement except for revenue from the sale of property which is netted off against costs and shown under profit on sale of property.

Interest income and expense are recognised on an accruals basis.

The above policies on revenue recognition result in both deferred and accrued income.

Lessor accounting

The Company does not own any properties itself directly. All commercial properties owned are held by subsidiary entities.

It is determined that these companies are not transferring the entire significant risk and benefits resulting from the ownership of the foresaid properties and therefore those leases are recognised as lease agreements.

Notes to the financial statements cont.

for the year ended 31 March 2024

2. Significant Accounting Policies cont.

Operating profit

Operating profit as stated in the Consolidated Income Statement is described as the profit derived from sales revenue less cost of sales, operating expenses and other items incurred during normal operating activities.

Defined contribution schemes

Contributions to the defined contribution pension scheme are charged to the Consolidated Income Statement in the period to which they relate.

Share-based payments

The Group issues options over the Company's equity to certain employees and these are professionally measured for fair value at the date of grant, using the Black-Scholes-Merton model. This fair value is fully expensed over the vesting period and is credited to the share-based payment reserve shown under equity and reserves in the Statement of Financial Position. Management's best estimates of leavers, price volatility and exercise restrictions have been used in the valuation method.

Foreign currencies

At entity level, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling on the date the transaction is recorded. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the reporting date and the resultant exchange differences are recognised in the Income Statement unless they form part of the net investment in which case they are recognised in the Statement of Comprehensive Income.

On consolidation the results of overseas subsidiaries are translated into GBP, the reporting currency, at the average exchange rate for the period and all their assets and liabilities are translated into GBP at the exchange rate ruling at the reporting date.

In the cash flow statement, cash flows denominated in foreign currencies are translated into GBP at the average exchange rate for the period.

On consolidation exchange differences arising from the translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve in equity. On disposal of a foreign operation these accumulated gains or losses are reclassified to profit or loss.

Financial instruments

The Group initially records all financial assets at fair value. The Group subsequently holds each financial asset at fair value ("fair value through profit or loss" ("FVTPL") or "fair value through other comprehensive income" ("FVOCI")) or at amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants. Amortised cost is the amount determined based on moving the initial amount recognised for the financial instrument to the maturity value on a systematic basis using a fixed interest rate (effective interest rate), taking account of repayment dates and initial premiums or discounts.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Subsequently, they are measured at amortised cost. The carrying value of amortised cost financial assets is adjusted for impairment under the expected loss model (see Note 20).

Investments

Investments in the Group's managed funds have been designated as fair value through other comprehensive income on adoption of IFRS 9. They are initially recognised at fair value with any changes to the fair value recognised in other comprehensive income and accumulated in a separate reserve in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, term deposits and other short-term, liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities, except for borrowing costs incurred in respect of development and trading property, which are included in acquisition costs of the asset.

2. Significant Accounting Policies cont.

Financial instruments cont.

Bank borrowing

Interest bearing bank loans and overdrafts are recorded as the proceeds are received, net of direct issue costs. Interest charges are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise. Borrowing costs incurred in respect of the purchase of qualifying trading properties are capitalised together with other acquisition costs of the property and are amortised over the period of the loan.

Trade payables

Trade payables are initially measured at fair value.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds which are received, net of direct issue costs.

Business combinations

Acquisitions of subsidiaries are accounted for using the purchase method. This method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities are included in the Consolidated Statement of Financial Position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Goodwill

Goodwill is stated at cost less, where appropriate, impairment in value. Under IAS 36 (para 10b), annual impairment tests are mandatory for goodwill and, as such, have been carried out. Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the net assets acquired.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires management to exercise judgement in applying the Group's accounting policies. The areas where the Group considers the judgements to be most significant involve assumptions or estimates in respect of future events, where actual results may differ from these estimates.

Critical accounting judgements

- Revenue for performance related fees under long-term agreements is recognised when the relevant service has been provided and there is a low probability that a significant reversal will occur. The Group applies judgement to determine the expected future performance of funds managed under these agreements, and the likelihood of meeting the performance criteria at the date the agreement crystallises.
- The Directors have exercised judgement in respect of the assessment of control over its investments in its managed funds. Where the Group has significant influence but does not have the power to exercise control investments are accounted for as associates. Where the Directors judge that the Group has power, the investment vehicles are consolidated.
- During the financial year, Ben Habib (the Group's CEO) purchased, in a personal capacity, a 71.83% interest in FPL from investors wishing to exit the investment early. FPL is recognised in the Group as an associate due to First Property Group's 23.38% investment in this fund. Despite the combined interest of both the Group and Ben Habib, in FPL, being above 50%, the Group does not consider itself to have control of this company. This is on the basis that Ben Habib, given his majority shareholding, has, in a personal capacity, significant influence over the decision making of FPL. As a result of this the Group continues to account for this investment as an associate. The current investment in FPL is valued in the Group's books at £nil.
- The Directors have exercised judgement in respect of the impairment of the directly held Group property in Gdynia. At the balance sheet date the Directors judged the likelihood of the €12 million deferred consideration payment to be low. Given the uncertainty over the property's financing the Directors have adopted the Fair value less cost to sell as the recoverable amount. The fair value less costs to sell have been estimated based on a valuation performed of the asset, including an allowance for a forced sale. The investment is categorised as level 3 under IFRS 13. Transaction prices in the case of a forced sale are on average 15-20% lower than the price in a transaction in which market value criteria are met. The third party valuation obtained under the conditions of a forced sale indicated a valuation of €13.13 million. The Directors have judged to further impair the asset to match the value of the outstanding liability of €12 million. This is due to the uncertainty surrounding the payment of the liability and thus the asset's future. No other assets on the balance sheet are exposed.

Notes to the financial statements cont.

for the year ended 31 March 2024

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty cont.

Key sources of estimation uncertainty

- Valuation of the investment property and trading property requires the Group to assess their useful lives and residual values. In addition, the Group's investment properties are reviewed for indications of impairment. Where impairment assessments are performed estimates are made over the rental value and equivalent yield in assessing the value in use (Note 14).
- The Group's investments in its own funds are held at fair value, based on the net asset values of the funds. The Group's managed funds are invested in commercial properties which are valued by external experts, and are classified as Level 3 within the Group's fair value hierarchy (Note 18).
- The calculation of the Group's deferred tax balances requires a degree of estimation around the timing and amount of future taxable profits, in respect of which the Group does not recognise deferred tax assets (Note 25).

4. Segmental Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Directors and for which discrete financial information is available.

The Fund Management segment is organised into separate funds operating across all the Group's chosen geographic areas. It enjoys recurring income from managing commercial property on behalf of its various fund investors in the form of asset management fees and performance related fees when earned. It includes such fees from associates, but not Group Properties whose fees are eliminated at the Group level. A table of funds managed is listed in this report on page 10.

The Group Properties segment comprises the revenues and profits from the Group's trading in its own properties. Rental and service charge income from the properties owned by the Group is included in this segment. The profits and losses of trading in these properties can be volatile and, depending on the frequency and size of sale and by their nature, unpredictable. At the year end this division owned seven properties held within investment properties.

The Associates and Investments segment includes the contributions to the Group's loss before tax from its investments in associates and other financial investments. The Group recognises its share of associates' profit after tax plus any fair value adjustments. Investment income is received from the Group's other financial investments.

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 overheads. All other operating expenses are allocated on a percentage basis only across the Fund Management segment and the Group Properties segment.

Interest income is allocated to a separate segment where there is a non-controlling interest. All other surplus cash is managed centrally and all bank interest receivable is disclosed within the unallocated central overheads segment.

All assets and liabilities that relate to Group central activities have not been allocated to business segments.

4. Segmental Reporting cont.

Segment reporting 2024

	Fund Management division	Group Properties division			
	Property fund management £'000	Group properties £'000	Associates and investments £'000	Unallocated central overheads £'000	**Total £'000**
Rental income	–	3,078	–	–	**3,078**
Service charge income	–	1,826	–	–	**1,826**
Asset management fees	2,947	–	–	–	**2,947**
Performance related fee income	–	–	–	–	**–**
Total revenue	**2,947**	**4,904**	**–**	**–**	**7,851**
Depreciation and amortisation	(38)	(26)	–	–	**(64)**
Operating profit	**824**	**586**	**–**	**(1,599)**	**(189)**
Share of results in associates	–	–	1,050	–	**1,050**
Fair value adjustment on associates	–	–	(1,072)	–	**(1,072)**
Property impairment	–	(3,746)	–	–	**(3,746)**
Investment income	–	–	134	–	**134**
Interest income	–	36	–	158	**194**
Interest payable	–	(780)	–	–	**(780)**
Profit/(loss) before tax	**824**	**(3,904)**	**112**	**(1,441)**	**(4,409)**
Analysed as:					
Underlying profit/(loss) before tax before adjusting for the following items:	350	(87)	1,184	(1,031)	**416**
Interest received on loan to associates	–	–	–	158	**158**
Fair value adjustment on associates	–	–	(1,072)	–	**(1,072)**
Property impairment	–	(3,746)	–	–	**(3,746)**
Payment in lieu of Management Fees	411	–	–	–	**411**
Interest provision	–	(102)	–	–	**(102)**
Reversal of provision in respect of rental guarantee	–	130	–	–	**130**
Share option charge	–	–	–	(636)	**(636)**
Realised foreign currency (losses)/gains	63	(99)	–	68	**32**
Total	**824**	**(3,904)**	**112**	**(1,441)**	**(4,409)**
Assets – Group	515	49,869	2,623	5,525	**58,532**
Share of net assets of associates	–	–	17,275	–	**17,275**
Liabilities	(56)	(34,820)	–	–	**(34,876)**
Net assets	**459**	**15,049**	**19,898**	**5,525**	**40,931**
Additions to non-current assets					
Property, plant and equipment	–	31	–	–	**31**
Investment properties	–	1,670	–	–	**1,670**

Geographic analysis	Revenue		Non-current assets	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
United Kingdom	**1,610**	900	**19,898**	22,212
Poland	**5,569**	5,439	**43,599**	43,324
Romania	**672**	910	**2,214**	3,882
Total	**7,851**	7,249	**65,711**	69,418

Notes to the financial statements cont.

for the year ended 31 March 2024

4. Segmental Reporting cont.

Segment reporting 2023

	Fund Management division	Group Properties division			
	Property fund management £'000	Group properties £'000	Associates and investments £'000	Unallocated central overheads £'000	**Total £'000**
Rental income	–	3,614	–	–	**3,614**
Service charge income	–	1,115	–	–	**1,115**
Asset management fees	2,892	–	–	–	**2,892**
Performance related fee income	(372)	–	–	–	**(372)**
Total revenue	**2,520**	**4,729**	**–**	**–**	7,249
Depreciation and amortisation	(36)	(24)	–	–	**(60)**
Operating profit	**120**	**3,069**	**–**	**(1,185)**	2,004
Share of results in associates	–	–	273	–	**273**
Fair value adjustment on associates	–	–	(901)	–	**(901)**
Investment income	–	–	1,497	–	**1,497**
Interest income	–	20	–	125	**145**
Interest payable	–	(530)	–	–	**(530)**
Profit/(loss) before tax	**120**	**2,559**	**869**	**(1,060)**	2,488
Analysed as:					
Underlying profit/(loss) before tax before adjusting for the following items:	**513**	**752**	**273**	**(1,089)**	**449**
Provision in respect of rent guarantee	–	511	–	–	**511**
Profit on the sale of investment properties	–	1,779	–	–	**1,779**
Interest received on loan to FOP at 12%	–	125	–	–	**125**
Fair value adjustment on associates (FOP)	–	–	(901)	–	**(901)**
UK fund distributions following sale of properties	–	–	1,497	–	**1,497**
Performance related fee income	222	–	–	–	**222**
Clawback of Fprop Offices Income	(594)	–	–	–	**(594)**
Staff incentives	(44)	(65)	–	–	**(109)**
Realised foreign currency (losses)/gains	23	(543)	–	29	**(491)**
Total	**120**	**2,559**	**869**	**(1,060)**	2,488
Assets – Group	795	54,525	4,544	4,727	**64,591**
Share of net assets of associates	–	–	17,588	–	**17,588**
Liabilities	(71)	(36,574)	–	(59)	**(36,704)**
Net assets	**724**	**17,951**	**22,132**	**4,668**	45,475
Additions to non-current assets					
Property, plant and equipment	8	2	–	–	**10**
Investment properties	–	1,017	–	–	**1,017**
Trading stock	–	7,443	–	–	**7,443**

Geographic analysis	Revenue		Non-current assets	
	2023 £'000	2022 £'000	**2023 £'000**	**2022 £'000**
United Kingdom	**900**	2,302	**22,212**	**26,844**
Poland	**5,439**	5,146	**43,324**	**20,809**
Romania	**910**	1,197	**3,882**	**4,017**
Total	**7,249**	8,645	**69,418**	**51,670**

5. Interest Income/(Expense)

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

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

6. Profit on Ordinary Activities Before Taxation

	2024 Group £'000	2023 Group £'000
Profit on ordinary activities before taxation is stated after charging:		
– Depreciation charge on property, plant and equipment (Note 16)	**72**	61
– Depreciation on investment properties (Note 14)	**350**	134
– Net foreign exchange (gains)/losses (Note 4)	**(32)**	491
– Staff costs (Note 7)	**3,238**	3,399
– Rental income from investment properties	**4,326**	3,934
– Direct operating expenses arising from investment property that generated rental income during the period	**4,510**	4,029
– Direct operating expenses arising from investment property that did not generate rental income	**593**	994

7. Employee Information

The average monthly number of persons (including Directors) employed during the year was:

	2024 Number	2023 Number
Management	**10**	12
Property operations	**8**	10
Technical operations	**33**	37
	51	59

An analysis of staff costs is set out below:

	2024 Group £'000	2023 Group £'000
Wages and salaries	**2,825**	2,980
Social security costs	**387**	388
Defined contribution pension costs	**26**	31
Share-based payments	**–**	–
Total staff costs	**3,238**	3,399

The Company employs two Executive Directors and two Non-Executive Directors. Analysis of these costs can be found in Note 8.

Notes to the financial statements cont.

for the year ended 31 March 2024

8. Directors' Remuneration and Emoluments

The remuneration of the Directors was as follows:

	2024 £'000	2023 £'000
Basic pay	**570**	526
Pension	**7**	8
Fees	**66**	66
Benefits	**13**	13
Annual bonus	**–**	–
Total Directors' remuneration	**656**	613

	Salary and benefits £'000	Annual bonus £'000	Fees £'000	2024 £'000	2023 £'000
A J D Locke	**–**	**–**	**33**	**33**	33
P Moon	**–**	**–**	**33**	**33**	33
B N Habib	**409**	**–**	**–**	**409**	389
L B James	**141**	**–**	**–**	**141**	40
P Guiry*	**40**	**–**	**–**	**40**	118
	590	**–**	**66**	**656**	613

The Group remunerates and incentivises its executives via a mixture of salary and discretionary bonuses. The latter is decided by the Remuneration Committee based on the level of profits earned by the Group (excluding the non-controlling interest) in the year under consideration.

There are £nil retirement benefits accruing to Directors (2023: £nil) under money purchase pension schemes run by the Company.

* Paul Guiry served as Interim Finance Director during Laura James' maternity leave. Paul Guiry was not a member of the Board of Directors at any time during this interim period. Laura James remained on the Board of Directors during this period.

9. Audit Fees

	2024		2023	
	Group auditor £'000	Other auditors £'000	Group auditor £'000	Other auditors £'000
Audit fees				
– Audit of parent company and consolidated financial statements	**64**	**–**	63	–
– Audit of subsidiary undertakings	**32**	**33**	29	42
Non-audit fees				
– Other services	**5**	**13**	8	33
Total audit fees	**101**	**46**	100	75

10. Tax Expense

	2024 Group £'000	2023 Group £'000
Analysis of tax charge for the year		
Current tax	**(244)**	(559)
Deferred tax (see Note 26)	**273**	110
Total tax charge for the year	**29**	(449)

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

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

10. Tax Expense cont.

Factors affecting the tax charge for the period

The effective rate of tax applicable to the profit in the period is lower than the standard rate of corporation tax. The differences are explained as follows:

	2024 £'000	2023 £'000
(Loss)/profit on ordinary activities before tax	**(4,409)**	2,488
(Loss)/profit on ordinary activities multiplied by the standard rate of 25% (2023: 19%)	**(1,102)**	473
Effect of:		
Expenses not deductible for tax purposes	**–**	–
Income not taxable	**(34)**	(283)
Depreciation in excess of capital allowances on plant and equipment	**–**	112
Fair value adjustments	**1,204**	171
Prior year adjustments	**–**	–
Movement on deferred tax unprovided	**69**	–
Effect of overseas mainstream tax rates	**–**	–
Other adjustments including overseas tax allowable deprecation on property	**107**	86
Total tax charge for the period	**244**	559

Unrecognised deferred tax

	2024		2023	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Depreciation in excess of capital allowances	**14**	**–**	14	–
Tax losses carried forward	**1,783**	**1,548**	1,407	1,229
Unrecognised deferred tax asset	**1,797**	**1,548**	1,421	1,229

The Directors have concluded that there is insufficient evidence to support the recoverability of this asset from future taxable profits and therefore have not recognised this asset in the Statement of Financial Position. United Kingdom deferred tax has been calculated at a rate of 25% for 2024 and 19% for 2023.

11. Earnings/NAV per Share

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

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

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

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

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

Notes to the financial statements cont.

for the year ended 31 March 2024

11. Earnings/NAV per Share cont.

For the purpose of calculating diluted earnings per share, the number of Ordinary Shares was the weighted average number of Ordinary Shares, plus the weighted average number of Ordinary Shares that would be issued on the conversion of all the dilutive potential Ordinary Shares into Ordinary Shares. Options have a dilutive effect only when the average market price of the Ordinary Shares during the period exceeds the exercise price of the options and thus they are "in the money". The share options have not been included in the diluted EPS calculation or the adjusted net assets per share calculations for the year ended 31 March 2024.

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

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

	2024 £'000	2023 £'000
For net assets per share		
Net assets excluding non-controlling interests	**38,977**	43,442

Number of shares	**2024 Number**	2023 Number
Number of shares in issue at the year end	**110,882,332**	110,882,332
Number of shares assumed to be exercised	**2,110,000**	2,110,000
Total	**112,992,332**	112,992,332

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

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

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

12. Parent Company Result for the Year

As permitted by section 408 of the Companies Act 2006, the Company's Income Statement has not been included in these financial statements. The Company's profit for the year was £0.15 million (2023: profit £2.24 million).

13. Dividend on Ordinary Shares

	2024 £'000	2023 £'000
Interim dividend paid during the year ended 31 March 2024: £nil pence per share (2023: 0.50 pence per share*)	**–**	555
Final dividend paid for the year ended 31 March 2023: £nil pence per share (2022: 0.25 pence per share)	**–**	277
Total	**–**	832

* Instead of a final dividend (usually paid in September), a second interim dividend of 0.25 pence per share was paid on 5 April 2023, which together with the first interim dividend of 0.25 pence per share equates to a dividend for the year ended 31 March 2023 of 0.50 pence per share (2022: 0.50 pence per share).

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

14. Investment Properties

i. Investment properties:

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

At the year end the Group held seven properties.

Investment properties owned by the Group are stated at cost less depreciation and any accumulated impairment in value. The properties were valued at the Group's financial year end by independent valuers who hold recognised and relevant qualifications at €60.72 million (31 March 2023: €61.43 million including the property transferred from inventory), the GBP equivalent at closing foreign exchange rates being £51.90 million (31 March 2023: £53.97 million including the property transferred from inventory).

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

ii. Amounts recognised in the income statement:

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

iii. Leasing arrangements where the Group is a lessor:

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

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

Notes to the financial statements cont.

for the year ended 31 March 2024

15. Leases and Right-of-Use Assets

This Note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 14.

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

i. Amounts recognised in the balance sheet:

	31 March 2024 £'000	31 March 2023 £'000
Right-of-use assets		
Current	**51**	457
Non-current	**17**	197

	31 March 2024 £'000	31 March 2023 £'000
Lease liabilities		
Current	**52**	469
Non-current	**17**	267

ii. Amounts recognised in the Income Statement:

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

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

iii. Summary of the Group's leasing activity:

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

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

16. Property, Plant and Equipment

Group 2024	Computer equipment £'000	Office equipment £'000	Motor vehicles £'000	Short leasehold improvements £'000	Total £'000
Cost					
At 1 April 2023	333	69	42	37	481
Foreign currency translation	7	3	3	–	13
Additions	26	5	–	–	31
Disposals	(26)	–	–	–	(26)
At 31 March 2024	**340**	**77**	**45**	**37**	**499**
Depreciation					
At 1 April 2023	276	62	26	37	401
Foreign currency translation	7	3	2	–	12
Charge for year	63	4	5	–	72
Disposals	(26)	–	–	–	(26)
At 31 March 2024	**320**	**69**	**33**	**37**	**459**
Net book value at 31 March 2024	**20**	**8**	**12**	**–**	**40**

Group 2023	Computer equipment £'000	Office equipment £'000	Motor vehicles £'000	Short leasehold improvements £'000	Total £'000
Cost					
At 1 April 2022	327	63	41	37	468
Foreign currency translation	4	2	1	–	7
Additions	6	4	–	–	10
Disposals	(4)	–	–	–	(4)
At 31 March 2023	**333**	**69**	**42**	**37**	**481**
Depreciation					
At 1 April 2022	223	58	22	37	340
Foreign currency translation	3	1	–	–	4
Charge for year	54	3	4	–	61
Disposals	(4)	–	–	–	(4)
At 31 March 2023	**276**	**62**	**26**	**37**	**401**
Net book value at 31 March 2023	**57**	**7**	**16**	**–**	**80**

The Company had £nil property, plant or equipment (2023: £nil). The Group holds no property, plant and equipment under a finance lease.

17. Investment in Group Undertakings

	2024		2023	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Investment in consolidated subsidiaries				
At 1 April	**–**	**3,841**	–	3,418
Additional investment	**–**	**214**	–	423
Additions – capital injection	**–**	**1,398**	–	–
Additions – capitalisation of loans	**–**	**8,225**	–	–
Reallocation of impairment	**–**	**(2,044)**	–	–
Impairment	**–**	**(3,525)**	–	–
At 31 March	**–**	**8,109**	–	3,841

Notes to the financial statements cont.

for the year ended 31 March 2024

17. Investment in Group Undertakings cont.

At 31 March 2024, the Group held a 47.20% investment in 5PT, a fund it manages on behalf of clients. Due to the combined interests of the Group and Ben Habib (the Group's CEO) in this fund, the Group is considered to have control and therefore consolidates these companies into the Group.

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

During the year the Company invested additional capital of £1.40 million into its investment in subsidiaries.

During the year £8.23 million of shareholder loans, that had been previously advanced to subsidiaries, were converted into share capital and included as part of the company's cost of investment in these companies. An impairment loss of £2.04 million which had been previously recognised in respect of one of these loans was also reallocated to investment in subsidiaries.

The holding costs of these investments have been subjected to an impairment review carried out by the Directors. During this impairment review which is conducted on an entity by entity basis the Directors have identified two entities where there are indicators of impairment. The main indicators of impairment identified were negative net assets, forecasted losses and a temporary default position on an outstanding liability. As a result of the impairment review, additional impairment losses of £3.52 million (2023: £Nil) has been recognised in the profit and loss during the period. There have been no reversals of impairment losses during the year (2023: £Nil).

18. Investments in Associates and Other Financial Investments

The Group has the following investments:

	2024		2023	
	Group £'000	**Company £'000**	Group £'000	Company £'000
a) Associates				
At 1 April	**17,588**	**14,011**	19,135	13,838
Additions	**–**	**–**	606	606
Disposals	**–**	**–**	(1,349)	(257)
Shareholder loan repayments	**(291)**	**(291)**	(176)	(176)
Share of associates' profit/(loss) after tax	**1,050**	**–**	273	–
Share of associates' revaluation gains/(losses)	**(1,072)**	**–**	(901)	–
Impairment of associate	**–**	**(998)**	–	–
Dividends received	**–**	**–**	–	–
At 31 March	**17,275**	**12,722**	17,588	14,011

An impairment of £0.99 million in respect of the Company's investment in FPL, an associate in which the Company owns 23.4%.

The Group's investments in associated companies are held at cost plus its share of post-acquisition profits less dividends received, adopting the cost model for accounting for investment properties under IAS 40, and comprises the following:

	2024		2023	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Investments in associates				
Fprop Galeria Corso Ltd	**2,968**	**983**	3,058	1,274
Fprop Krakow Ltd	**1,090**	**980**	1,154	980
Fprop Cluj Ltd	**678**	**330**	636	330
Fprop Phoenix Ltd	**–**	**–**	61	998
Fprop Opportunities plc	**12,539**	**10,429**	12,679	10,429
	17,275	**12,722**	17,588	14,011

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

18. Investments in Associates and Other Financial Investments cont.

Associates that are material to the Group:

FOP is considered by the Group to be its only material associate. FOP is involved in the investment in commercial property located in Poland. Its principal place of business is 32 St James's Street, London, SW1A 1HD. The Group's ownership interest in the associate is 45.71% and Ben Habib (the Group's CEO) has a personal interest of 0.71% giving a combined interest of 46.42%. Based on this combined shareholding being below 50% the Group does not consider it has control of FOP and therefore accounts for the Group's investment as an associate, measured using the equity method. There were no dividends received in the year to 31 March 2024 and a financial summary of FOP in the year to 31 March 2024 is as follows:

	Year ended 31 March 2024 £'000
Current assets	**2,700**
Non-current assets	**62,596**
Current liabilities	**(4,794)**
Non-current liabilities	**(33,651)**
Net assets	**26,851**
Revenue	**8,485**
Profit after tax from continuing operations	**2,704**

	2024		2023	
	Group £'000	**Company £'000**	Group £'000	Company £'000
b) Other financial investments				
At 1 April	**4,544**	**4,544**	7,445	7,445
Additions	**–**	**–**	3	3
Disposal	**–**	**–**	–	–
Repayments	**(456)**	**(456)**	(1,492)	(1,492)
Decrease in fair value during the year	**(1,465)**	**(1,465)**	(1,412)	(1,412)
At 31 March	**2,623**	**2,623**	4,544	4,544

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

The Group's investments are in The UK Pension Property Portfolio LP, a fund established in February 2010, in which the Group has a 0.9% interest, Fprop Offices, a fund established in July 2017, in which the Group has a 1.6% interest, Fprop Fulcrum Property LP, a fund established in August 2021 in which the Group has a 2.5% interest, and SPEC OPPS, a fund established in January 2017 in which the Group has an 11.1% interest.

Notes to the financial statements cont.

for the year ended 31 March 2024

18. Investments in Associates and Other Financial Investments cont.

Associates that are material to the Group cont.

The principal investments of the Group at 31 March 2024 were as follows:

	Principal activities	% of ordinary shares held by	
		Company %	Subsidiary %
Group undertakings			
United Kingdom			
First Property Asset Management Ltd	Property asset management	100	–
Fprop Corktree Limited	Property holding company	100	–
Fprop Gdynia Podolska Limited	Property holding company	100	–
Regional Property Trading Limited	Property holding company	100	–
E and S Estates Limited	Property holding company	100	–
5th Property Trading Limited	Property fund	47	–
Fprop Gdynia Limited	Property holding company	100	–
Fprop UK General Partner Limited	General partner of property fund	100	–
First Property Sterling General Partner Limited	General partner of property fund	100	–
Fprop Offices General Partner Limited	General partner of property fund	100	–
Fprop Fulcrum General Partner Limited	General partner of property fund	100	–
First Property General Partner Limited	General partner of property fund	51	–
SIPS Property Nominee Limited	Nominee	100	–
Fprop Company 1 Limited	Property holding company	100	–
Poland			
First Property Poland Sp. z o. o.	Property investment and management	100	–
Ross Sp. z o. o.	Property investment and management	100	–
Corp Sp. z o. o.	Property services management	–	90
Ross 2 Sp. z o. o.	Property holding company	100	–
Ross 3 Sp. z o. o.	Property holding company	100	–
Corktree Sp. z o.o.	Property holding company	–	100
Corktree Fprop Sp. z o. o.	Property holding company	–	100
First Property Services Sp. z o.o.	Service management company	100	–
E and S Estates Poland Sp. z o. o.	Property holding company	–	100
Fprop Gdynia Sp. z o. o. (formerly Fprop Szczecin Sp. z o.o.)	Property holding company	–	100
5th Property Trading Poland Sp. z o. o.	Property holding company	–	47
Romania			
First Property Asset Management Romania SRL	Property asset manager	90	10
Felix Development SRL	Property holding company	100	–

18. Investments in Associates and Other Financial Investments cont.

Associates that are material to the Group cont.

	Principal activities	% of ordinary shares held by	
		Company %	Subsidiary %
Associates and other investments			
United Kingdom			
The UK Pension Property Portfolio LP	Property fund	1	–
Fprop Galeria Corso Limited	Property fund	29	–
Fprop Krakow Limited	Property fund	18	–
Fprop UK Special Opportunities LP	Property fund	11	–
Fprop Offices LP	Property fund	2	–
Fprop Fulcrum Property LP	Property fund	3	–
Fprop Cluj Limited	Property fund	21	–
Fprop Phoenix Limited	Property fund	23	–
Fprop Opportunities plc	Property fund	46	–
Fprop Opportunity Lodz Limited	Property holding company	–	46
Fprop Opportunity Krasnystaw Limited	Property holding company	–	46
Fprop Opportunities Lodz II Limited	Property holding company	–	46
Fprop Opportunity Lublin Limited	Property holding company	–	46
Fprop Opportunity Ostrowiec Limited	Property holding company	–	46
Fprop Zinga Limited	Property holding company	–	46
Poland			
Galeria Corso Sp. z o.o.	Property holding company	–	29
Fprop Krakow Sp. z o.o.	Property holding company	–	18
Scaup Sp. z o.o.	Property holding company	–	23
Fprop Lodz Sp. z o.o.	Property holding company	–	46
Fprop Krasnystaw Sp. z o.o.	Property holding company	–	46
Lublin Zana Sp. z o.o.	Property holding company	–	46
Galeria Ostrowiec Sp. z o.o.	Property holding company	–	46
Fprop Ostrowiec Sp. z o.o.	Property holding company	–	46
Zinga Fprop Sp. z o.o.	Property holding company	–	46
Zinga Poland Sp. z o.o.	Property holding company	–	46
Zinga Fprop Poland Sp. z o. o.	Property holding company	–	46
KBP – 2 Sp. z o. o.	Property holding company	–	23
Sucha Development Sp. z.o.o.	Property holding company	–	23
Sucha Services Sp. z.o.o.	Services company	–	23
Romania			
Fprop CJ SRL	Property holding company	–	21

Notes to the financial statements cont.

for the year ended 31 March 2024

18. Investments in Associates and Other Financial Investments cont.

Associates that are material to the Group cont.

	Principal activities	% of ordinary shares held by	
		Company %	Subsidiary %
Dormant nominee companies in which the Group has no beneficial interest			
First Property Sterling General Partner (Nominee 1) Limited (dissolved 30 April 2024)	Nominee	–	100
First Property Sterling General Partner (Nominee 2) Limited	Nominee	–	100
First Property Sterling General Partner (Nominee 3) Limited (dissolved 30 April 2024)	Nominee	–	100
First Property Sterling General Partner (Nominee 4) Limited (dissolved 7 May 2024)	Nominee	–	100
First Property Sterling General Partner (Nominee 5) Limited	Nominee	–	100
First Property Sterling General Partner (Nominee 6) Limited	Nominee	–	100
First Property Sterling General Partner (Nominee 7) Limited (dissolved 7 May 2024)	Nominee	–	100
First Property Sterling General Partner (Nominee 8) Limited	Nominee	–	100
First Property Sterling General Partner (Nominee 9) Limited	Nominee	–	100
First Property Sterling General Partner (Nominee 10) Limited (dissolved 7 May 2024)	Nominee	–	100
First Property Sterling General Partner (Nominee 11) Limited	Nominee	–	100
First Property Sterling General Partner (Nominee 12) Limited	Nominee	–	100
First Property Sterling General Partner (Nominee 13) Limited	Nominee	–	100
First Property Sterling General Partner (Nominee 15) Limited	Nominee	–	100
First Property Sterling General Partner (Nominee 16) Limited	Nominee	–	100
First Property Sterling General Partner (Nominee 17) Limited	Nominee	–	100
First Property Sterling General Partner (Nominee 20) Limited (dissolved 7 May 2024)	Nominee	–	100
First Property Sterling General Partner (Nominee 21) Limited (dissolved 7 May 2024)	Nominee	–	100
First Property Sterling General Partner (Nominee 22) Limited (dissolved 7 May 2024)	Nominee	–	100
First Property Sterling General Partner (Nominee 23) Limited (dissolved 30 April 2024)	Nominee	–	100
First Property Sterling General Partner (Nominee 24) Limited	Nominee	–	100
Fprop UK GP (Nominee) 1 Limited	Nominee	–	100
Fprop UK GP (Nominee) 2 Limited	Nominee	–	100
Fprop UK GP (Nominee) 3 Limited	Nominee	–	100
Fprop UK GP (Nominee) 4 Limited	Nominee	–	100
Fprop UK GP (Nominee) 5 Limited	Nominee	–	100
Fprop UK GP (Nominee) 6 Limited	Nominee	–	100
Fprop UK GP (Nominee) 7 Limited	Nominee	–	100
Fprop UK GP (Nominee) 8 Limited	Nominee	–	100
Fprop UK GP (Nominee) 9 Limited	Nominee	–	100
Fprop UK GP (Nominee) 10 Limited	Nominee	–	100
Fprop UK GP (Nominee) 11 Limited	Nominee	–	100
Fprop Offices (Nominee) 1 Limited	Nominee	–	100
Fprop Offices (Nominee) 2 Limited	Nominee	–	100
Fprop Offices (Nominee) 3 Limited (in liquidation)	Nominee	–	100
Fprop Offices (Nominee) 4 Limited	Nominee	–	100
Fprop Offices (Nominee) 5 Limited	Nominee	–	100
Fprop Offices (Nominee) 6 Limited	Nominee	–	100
Fprop Offices (Nominee) 7 Limited	Nominee	–	100
Fprop Offices (Nominee) 8 Limited	Nominee	–	100
Fprop Fulcrum GP Nominee 1 Limited	Nominee	–	100

18. Investments in Associates and Other Financial Investments cont.

Associates that are material to the Group cont.

	Principal activities	% of ordinary shares held by	
		Company %	Subsidiary %
Fprop Fulcrum GP Nominee 2 Limited	Nominee	–	100
Fprop Fulcrum GP Nominee 3 Limited	Nominee	–	100
Fprop Fulcrum GP Nominee 4 Limited	Nominee	–	100
Fprop Fulcrum GP Nominee 5 Limited	Nominee	–	100
Fprop Fulcrum GP Nominee 6 Limited	Nominee	–	100
Fprop Fulcrum GP Nominee 7 Limited	Nominee	–	100
Fprop Fulcrum GP Nominee 8 Limited	Nominee	–	100
Warmely Corum Management Limited	Property management company	–	100
Synergy Sunrise (Scarles Yard) Limited	Property management company	–	100

All companies located in the United Kingdom are registered at 32 St James's Street, London, SW1A 1HD with the exception of Warmely Corum Management Limited, which is registered at Vintry Building, Wine Street, Bristol, England BS1 2BD.

The registered address for Galeria Ostrowiec Sp. z o. o. and Fprop Ostrowiec Sp. z o. o. is ul. Adama Mickiewicza 30, 27-400 Ostrowiec Swietokrzyski. All other Polish companies are registered at Plac Bankowy 2, Warsaw 00-095, Poland.

The Romanian companies are as follows:

First Property Asset Management Romania SRL – Office 37, 1st floor, 24 Burnitei Street, District 3 Bucharest, Romania; Felix Development SRL – Office B4, 1st floor, 24 Burnitei Street, sector 3, Bucharest, Romania; Fprop CJ SRL – Ground Floor Office ap. 4 at Reception, 104 Blvd. 21 Decembrie 1989, Cluj Napoca, Romania.

First Property Sterling General Partner Limited, First Property General Partner Limited, SIPS Property Nominee Limited, Fprop UK General Partner Limited and Fprop Fulcrum General Partner Limited have not been consolidated for the reason that they are not material to the Group.

19. Goodwill

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

The existing goodwill arose on the acquisition of Corp Sp. z o. o., the management company of Blue Tower, in 2009. The amount represents the excess paid above the percentage share relating to the fair value of the net assets.

The Directors have carried out an annual impairment test by reviewing the cash generating unit in Corp Sp. z o. o. and concluded that no impairment write down is necessary because the estimated recoverable amount was higher than the value stated. The estimated recoverable amount was determined using the "value in use" basis. The "value in use" basis was calculated by applying a price earnings multiple of four to the average of the past three years' earnings and next year's forecast earnings, which is based on information consistent with external sources.

Notes to the financial statements cont.

for the year ended 31 March 2024

20. Trade and Other Receivables

	2024		2023	
	Group £'000	**Company £'000**	Group £'000	Company £'000
a) Current assets				
Trade receivables	**2,077**	**165**	2,106	99
Less provision for impairment of receivables	**(220)**	**–**	(242)	–
Trade receivables net	**1,857**	**165**	1,864	99
Other receivables	**1,804**	**1,123**	1,820	1,214
Prepayments and accrued income	**484**	**17**	1,113	28
At 31 March	**4,145**	**1,305**	4,797	1,341

£976,000 of trade receivables were erroneously presented in trade payables as at 31 March 2023 and have been reclassified to trade receivables in the Group 2023 figures presented above. The estimated fair values of receivables are the amount of the estimated future cash flows expected to be received and approximate to their carrying amounts.

There is no significant concentration of credit risk with respect to trade receivables as the Group has a large number of tenants and the perceived overall credit quality is considered good.

The Group performs an expected credit loss ("ECL") assessment for all trade receivables to calculate a provision for ECL, based on historical credit loss information, current conditions and forecasts of future economic conditions. The simplified approach is used in accordance with IFRS 9. A provision for uncollected receivables is recognised for amounts not expected to be recovered and all amounts over three months old. There are no unimpaired trade debts greater than three months old. Movements in the accumulated impairment losses on trade receivables were as follows:

	2024		2023	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Accumulated impairment losses as at 1 April	**(242)**	**–**	(73)	–
Increase in provision	**(222)**	**–**	(191)	–
Provision used	**112**	**–**	1	–
Release of provision	**118**	**–**	23	–
Effect of translation on presentation currency	**14**	**–**	(2)	–
Accumulated impairment losses as at 31 March	**(220)**	**–**	(242)	–

	2024		2023	
	Group £'000	**Company £'000**	Group £'000	Company £'000
b) Non-current assets				
Amounts owed by subsidiaries and other undertakings	**–**	**13,136**	–	15,879

Other receivables of £13.14 million held by the Company comprise loan and dividend balances due from subsidiaries and associates (2023: £15.88 million). Loans and dividends in subsidiaries and associates are stated at cost less provision for impairment. The provision for impairment is calculated as an ECL on the balance in accordance with IFRS 9.

An accumulated provision of £6.39 million (31 March 2023 £6.01 million) is being carried in the Company accounts at the year-end in respect of the recoverability of these loans. Details of this movement in provision are below as follows:

20. Trade and Other Receivables cont.

	2024 Company £'000	2023 Company £'000
Accumulated impairment losses as at 1 April	**6,009**	6,009
Increase in provision	**2,426**	–
Provision used	**–**	–
Reallocation of impairment	**(2,044)**	–
Release of provision	**–**	–
At 31 March	**6,391**	6,009

The Company made one amendment in the ECL model for the year ended 31 March 2024. This related to the impairment review of the Company's loans with a subsidiary entity, following the default on an outstanding liability to a third party. As a result the Directors re-categorised this loan to Stage 3 under the ECL model and increased the provision by £2.43 million in accordance with IFRS 9.

During the year £8.23 million of shareholder loans that had previously been advanced to subsidiaries were converted into share capital and included as part of the Company's cost of investment in these companies. An impairment loss of £2.04 million which had been previously recognised in respect of one of these loans was also reallocated to investment in subsidiaries.

21. Trade and Other Payables

	2024		2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Current liabilities				
Trade payables	**2,040**	**36**	2,177	35
Amounts due to subsidiary undertakings and associates	**–**	**8,776**	–	10,618
Other taxation and social security	**226**	**3**	254	62
Other payables and accruals	**1,405**	**80**	1,819	129
Deferred income	**117**	**–**	117	–
At 31 March	**3,788**	**8,895**	4,378	10,844

Deferred income of £117,000 (2023: £128,000) is in respect of rental and service charge income on Group Properties invoiced in advance. The income is subsequently credited to the Consolidated Income Statement in the period to which it relates. All deferred income is deemed to be current.

Other payables includes £1.11 million of contract liabilities in relation to Fprop Offices.

22. Provisions

	2024 Group £'000	2023 Group £'000
Current liabilities		
At 31 March	**125**	158

Movements in the provisions were as follows:

	2024		2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Provisions as at 1 April	**158**	**–**	922	–
Increase in provision	**119**	**–**	155	–
Provision used	**(35)**	**–**	(275)	–
Release of provision	**(123)**	**–**	(651)	–
Effect of translation on presentation currency	**6**	**–**	7	–
At 31 March	**125**	**–**	158	–

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23. Financial Liabilities

	2024		2023	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Current liabilities				
Bank loan	**832**	**–**	1,116	–
Finance lease	**–**	**–**	–	–
At 31 March	**832**	**–**	1,116	–
Non-current liabilities				
Bank loans	**9,690**	**–**	11,519	–
Finance lease	**–**	**–**	–	–
At 31 March	**9,690**	**–**	11,519	–

23. Financial Liabilities

	2024		2023	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Total obligations under bank loans				
Repayable within one year	**832**	**–**	1,116	–
Repayable within one and five years	**6,948**	**–**	8,080	–
Repayable after five years	**2,742**	**–**	3,439	–
At 31 March	**10,522**	**–**	12,635	–

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

See financial instruments Note 29 on page 69 for information on any covenant breaches in respect of these financial liabilities.

24. Other Financial Liabilities

	2024 Group £'000	2023 Group £'000
Current liabilities	**12,244**	939
Non-current liabilities	**4,851**	16,082

Current liabilities include the balance of £10.25 million (debt denominated in Euro, €12.00 million) which was as a result of the restructuring of a finance lease secured against the office tower in Gdynia. The restructuring resulted in the amount owed to ING Bank in final settlement reducing by €9.00 million (£7.81 million). As part of the deal, the Group acquired the freehold of the property for €16.00 million of which €4.00 million has been paid and €12.00 million was repayable by 11 June 2024. No interest is payable on this current liability. This repayment was not made and the Group is in discussions to restructure the deferred consideration and is hopeful of a positive outcome. During the year GBP strengthened against the Euro by 2.8% which has reduced the Group's liability in respect of Gdynia by £0.28 million.

Other financial liabilities also includes the Group's investment in Blue Tower, Warsaw, which was originally financed by deferred consideration totalling £7.20 million (debt denominated in PLN, PLN 40.40 million) This liability, which is non-interest bearing, is payable in seven instalments, the first of which was paid in August 2022, the subsequent instalment which was due in August 2023 was delayed and remains within current liabilities along with the next instalment due in August 2024. Prior to the signing of these financial statements an amount of £1.00 million has been paid to settle the August 2023 instalment. The August 2024 instalment remains outstanding. During the year GBP weakened against the PLN by 5.4% which has increased the Group's liability in respect of Blue Tower by £0.35 million.

25. Deferred Tax

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

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

Relevant Group companies are making taxable profits.

The movement in deferred tax assets and liabilities during the year:

	2024			2023		
	Group net assets £'000	**Group assets £'000**	**Group liabilities £'000**	Group net assets £'000	Group assets £'000	Group liabilities £'000
At 1 April	**(2,120)**	**930**	**(3,050)**	(1,513)	1,599	(3,112)
Additions	**(216)**	**–**	**(216)**	(765)	49	(814)
(Charge)/credit in the year	**273**	**10**	**263**	110	(671)	781
Foreign exchange translation	**(174)**	**52**	**(226)**	48	(47)	95
At 31 March	**(2,237)**	**992**	**(3,229)**	(2,120)	930	(3,050)

The Directors have exercised their judgement in assessing the amounts to recognise as deferred tax assets. Where there is doubt as to the future recoverability of the asset, they have restricted the asset to the value of the deferred tax liability of the relevant entity based on the reasonable expectation of that entity making realisable taxable profits over the foreseeable future.

26. Called-Up Share Capital

	2024 £'000	2023 £'000
Authorised		
240,000,000 (2023: 240,000,000) Ordinary Shares of 1 pence each	**2,400**	2,400
Issued and fully paid		
116,601,115 (2023: 116,601,115) Ordinary Shares of 1 pence each of issued share capital, of which 5,718,783 Ordinary Shares of 1 pence each (2023: 5,718,783) are held in treasury	**1,166**	1,166

	Ordinary Shares number	Treasury Shares number	Share options number
1 April 2023	110,882,332	5,718,783	12,560,000
Purchase of shares into treasury	–	–	–
Exercise of share options	–	–	–
Issue of new shares	–	–	–
Issue of share options	–	–	–
Lapse of share options	–	–	–
31 March 2024	**110,882,332**	**5,718,783**	**12,560,000**

Notes to the financial statements cont.

for the year ended 31 March 2024

26. Called-Up Share Capital cont.

	Ordinary Shares number	Treasury Shares number	Share options number
1 April 2022	110,382,332	6,218,783	2,610,000
Purchase of shares into treasury	–	–	–
Exercise of share options	500,000	(500,000)	(500,000)
Issue of new shares	–	–	–
Issue of share options	–	–	10,450,000
Lapse of share options	–	–	–
31 March 2023	**110,882,332**	**5,718,783**	**12,560,000**

For the year to 31 March 2024, the average market price of the Ordinary Shares did not exceed the exercise price and therefore the options were not included in the diluted (loss)/earnings per share calculation.

Year of grant	Exercise price (p)	Exercise period	**31 March 2024 Numbers**	31 March 2023 Numbers
2008/09	11.50	Feb 2010 to Feb 2029	**–**	–
2008/09	11.50	Feb 2011 to Feb 2029	**500,000**	500,000
2009/10	16.50	Dec 2011 to Dec 2029	**1,610,000**	1,610,000
2022/23	23.50	Mar 2024 to Mar 2033	**3,482,985**	3,482,985
2022/23	23.50	Mar 2025 to Mar 2033	**3,482,985**	3,482,985
2022/23	23.50	Mar 2026 to Mar 2033	**3,484,030**	3,484,030

The weighted average share price at the date of exercise of these shares was 15.32 pence. All share options are issued under the Company's Unapproved Share Option Scheme. The weighted average contractual life of the share options is 65.63 months.

27. Share-based Payments

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

Date of grant	31 March 2023
Number granted	10,450,000
Contractual life	10 years to 31 March 2033
Vesting conditions	The options vest as follows: • 33.3% on the first anniversary of grant; • 33.3% on the second anniversary of grant; and • the remainder on the third anniversary of grant.

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

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

28. Contractual Commitments

At the 31 March 2024, the Group has contractual commitments relating to the development of investment properties amounting to £Nil (2023: £1.22 million) which are expected to be expended over the next 12 months.

Following the signing of a new 15 year lease for 3,100 square metres in Blue Tower, as announced by RNS on 25 July 2024, the Group entered into contractual commitments totalling £1.54 million relating to fit out costs of this newly let space.

29. Financial Instruments and Risk Management

The Group and Company's financial instruments comprise or have comprised cash and liquid resources, including trade receivables, trade payables and short-term deposits derived from its operations. The primary objective of these financial instruments is to finance the Group and Company's operations.

Objective, policies and strategies

As outlined on pages 18 and 19 the main areas of the Group and Company's exposure to economic and operational risk are interest rates, liquidity, capital management, foreign exchange and credit.

Interest rate risk

The Group and Company is exposed to interest rate risk on their short-term cash balances, deposits and also their bank borrowings.

The Group and Company regularly review market rates of interest to ensure that beneficial rates are secured on its cash and short-term deposits, so that maximum returns are being achieved.

The Group and Company's policy is to consider on a case-by-case basis whether or not to enter into interest rate swaps, options and forward rate agreements to manage interest rate exposures, in the event that long-term or short-term finance is in place. Interest rate fixes and caps are utilised to mitigate this risk on both bank loans and finance leases if they are not a requirement of the borrowing agreement at the outset of the agreement.

The Group's policy does not permit entering into speculative trading of financial instruments and this policy has continued to be applied throughout the year.

Liquidity risk

The liquidity risk is related to the repayment of financial liabilities. Long-term loans are incurred in the same currency used to value the property asset. Most loans are subject to loan-to-value and Debt Service Cover Ratio restrictions.

The Group and Company prepare monthly budgets, cash flow analyses and forecasts, which enable the Directors to assess the levels of borrowings required in future periods. This detail is used to ensure that appropriate facilities are put in place to finance the future planned operations of the Group.

Budgets and projections will be used to assess any future potential investment and the Group/Company will consider the existing level of funds held on deposit as part of the process to assess the nature and extent of any future funding requirement.

Deposits of €0.37 million (31 March 2023: €0.67 million) are held by lending banks in respect of four bank loans (31 March 2023: five) as security for DSCR covenants, of which €113,000 (31 March 2023: €112,000) are accounted for as prepayments.

Capital management

The Group and Company monitor the capital structure by combining actions aimed at evaluating investment projects and disposal processes, management of financial expenses, risk monitoring, solvency control and verification of the key financial ratios. The main actions undertaken by the Company include: forecasting cash flows, monitoring the interest coverage ratio and debt service ratio, verification of the debt to security ratio and guaranteeing sufficient capital to fulfil the contracted obligations. The Group's capital is made up of share capital, retained earnings and other reserves.

Market risk

Currency risk

The Group and Company is exposed to currency risk through their overseas operations. Wherever possible, overseas investment is financed in the local currency so that exposure to currency markets is limited. The Group/Company regularly reviews the pertinent currency rates and calculates and reports the currency exposure on a monthly basis.

The tables below show the extent to which the Group has residual assets and liabilities in currencies other than GBP at the year end date. Foreign exchange differences on translation of these assets and liabilities are taken to the foreign exchange translation reserve in the Statement of Financial Position.

Notes to the financial statements cont.

for the year ended 31 March 2024

29. Financial Instruments and Risk Management cont.

Market risk cont.

Currency risk cont.

	Net foreign currency monetary assets/liabilities			
	EUR, Poland and Romania £'000	PLN, Poland £'000	Romanian Leu ("RON"), Romania £'000	Total £'000
2024				
Sterling equivalent	**(9,359)**	**887**	**305**	**(8,167)**
2023				
Sterling equivalent	(14,330)	491	216	(13,623)

All United Kingdom Group companies use GBP as their functional currency, all Polish companies use the PLN as their functional currency and the Romanian companies uses the Romanian New Leu as their functional currency.

Sensitivity analysis

The following table illustrates the effect on the Income Statement and items that are recognised directly in equity that would result from possible movements in interest rates and foreign exchange rates before the effect of tax.

	2024 Income Statement £'000	2023 Income Statement £'000	**2024 Equity £'000**	2023 Equity £'000
Interest rate sensitivity analysis				
UK interest rate +1%	**31**	52	**31**	52
EURO interest rate +1%	**(94)**	(106)	**(94)**	(106)
RON interest rate +1%	**–**	–	**–**	–
PLN interest rate +1%	**5**	6	**5**	6
	(58)	(48)	**(58)**	(48)
Foreign currency sensitivity analysis				
EURO exchange rate +5%	**4**	37	**17**	(205)
RON exchange rate +5%	**6**	2	**15**	11
PLN exchange rate +5%	**(68)**	(37)	**621**	477
	(58)	2	**653**	283

The interest rate sensitivity analysis has been determined based on the exposure to interest rates for cash, bank loans and finance leases. The analysis is prepared assuming the amounts at the Statement of Financial Position date were outstanding for the whole year.

The foreign currency sensitivity analysis includes all foreign currency Statement of Financial Position items and adjusts their translation at the period end for a 5% change in foreign currency rates.

Credit risk

The Group and Company's principal financial assets are bank deposits, bank current account balances, and trade and other receivables which represent the Group and Company's maximum exposure to credit risk in relation to financial assets. It is the policy of the Group and Company to present the amount for trade and other receivables net of allowances for doubtful debts, estimated by the Group's management based on prior experience and making due allowance for the prevailing economic environment. See Note 20 for the Group's process for provisioning for trade receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group uses a number of banks thereby spreading this exposure over a number of counterparties.

29. Financial Instruments and Risk Management cont.

Financial assets

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

	Fixed rate financial assets £'000	Floating rate financial assets £'000	Non-interest bearing £'000	Total £'000
Other receivables due after one year	–	–	–	–
Cash	–	3,628	–	3,628
Short-term deposits	684	–	316	1,000
At 31 March 2024	**684**	**3,628**	**316**	**4,628**
Other receivables due after one year	–	–	–	–
Cash	–	6,500	–	6,500
Short-term deposits	507	–	640	1,147
At 31 March 2023	**507**	**6,500**	**640**	**7,647**

The fair value of the financial assets is considered to be their book value.

Floating rate financial assets earn interest at floating rates based on the central bank rate in the country where the assets are held.

Fixed rate short-term deposits at 31 March 2024 were £0.68 million (31 March 2023: £0.51 million).

Financial liabilities

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

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

Financial liabilities

The Group's debt maturity other than short-term trade creditors and accruals at 31 March 2024 and 31 March 2023 was as follows:

	Bank loans £'000	Other financial liabilities £'000	Total £'000
In one year or less	832	12,244	13,076
Between one and five years	6,948	4,851	11,799
Over five years	2,742	–	2,742
Total at 31 March 2024	**10,522**	**17,095**	**27,617**
In one year or less	1,116	939	2,055
Between one and five years	8,080	14,317	22,397
Over five years	3,439	1,765	5,204
Total at 31 March 2023	**12,635**	**17,021**	**29,656**

Four bank loans all denominated in Euros and totalling £10.52 million (31 March 2023, five bank loans: £12.64 million), included within financial liabilities, are secured against investment properties owned by the Group. These bank loans are otherwise non-recourse to the Group's assets. There are no loan to value covenant breaches based on the current market values.

Notes to the financial statements cont.

for the year ended 31 March 2024

29. Financial Instruments and Risk Management cont.

Financial liabilities cont.

Included within other financial liabilities, due in one year or less, are two instalment payments relating to the deferred consideration in respect of the Group's additional investment in Blue Tower, Warsaw. These two instalments, of £1.00 million each, were due in August 2023 and August 2024. At the year end the instalment payment due in August 2023 had not been made, however prior to the signing of the financial statement the full £1.00 million has been repaid. The instalment payment due in August 2024 has not yet been made.

The remaining balance of £10.25 million included within Other Financial Liabilities, due in one year or less, relates to the final settlement of deferred consideration following the restructuring of a finance lease secured against the office tower in Gdynia. This was repayable by 11 June 2024. This repayment was not made and the Group is in discussions to restructure this deferred consideration and is hopeful of a positive outcome.

In the year to 31 March 2024 there were no other defaults in respect of any of the Group's other borrowings.

Bank loans £'000	Matures	Denominated		Capital Repayments	Interest Repayments	Secured
1,410	2030	Euro	Non-recourse	€4,300 per month	2.80% over one month EURIBOR and 60% of the loan secured with an IRS rate of 3.05%	One property in Praga, a suburb of Warsaw, Poland
5,023	2025	Euro	Non-recourse	€28,700 per month	Annualised rate of six month EURIBOR plus a margin of 2.4%.	28% share of Blue Tower office building
815	2028	Euro	Non-recourse	€15,900 per month	2.60% over three month EURIBOR and 20% of the loan secured with an IRS rate of 3.26%.	20% share of Blue Tower office building
3,274	2032	Euro	Non-recourse	€25,800 per month	Annualised rate of one month EURIBOR plus a margin of 2.75%.	Three properties in Poland
Total bank loans £10,522						

Borrowing facilities

At 31 March 2024 the Group had £nil committed borrowing facilities available (31 March 2023: £nil undrawn).

30. Related Party Transactions

First Property Group plc is the Parent Company of the Group and the ultimate controlling party. The Parent Company incurs the costs of the Board of Directors and other unallocated central costs and also provides finance for funding to member companies of the Group on an unsecured basis. No provision has been charged to income for outstanding balances between the Parent Company, its subsidiaries and its associates, and no guarantees given.

During the year, Group companies entered into the following transactions with the Parent Company, its subsidiaries and its associates.

Related party transactions for the Group	**2024 £'000**	2023 £'000
Property management fees to associates	**1,157**	1,265
Property management fees to funds	**984**	1,524
Amounts owed by associates at year end	**1,279**	1,503
Amounts owed by funds at year end	**65**	342
Related party transactions for the Company	**£'000**	£'000
Management charge to subsidiaries	**350**	440
Management charge paid to subsidiaries	**–**	–
Profit share charged/(credited) to subsidiaries	**–**	(590)
Dividends received from subsidiaries during the year	**1,777**	7
Net funding transactions with subsidiaries and associates	**971**	(1,787)
Shareholder loan interest receivable from subsidiaries during the year	**173**	456
Shareholder loan interest payable to subsidiaries during the year	**–**	–
Amounts owed by subsidiaries at year end	**13,136**	15,879
Amounts owed to subsidiaries at year end	**8,776**	10,618
Amounts owed by associates at year end	**3,288**	3,910
Key management compensation		
Short-term employee benefits (see Note 8)	**656**	613

Key managers are the Group Directors. Key management personnel hold personal investments in Fprop funds and associates. None are controlling other than Ben Habib's interest in FPL, as described below.

All transactions were made in the ordinary course of trading or funding of the Group's continuing activities.

All loans made by the Company to United Kingdom subsidiary companies totalling £5.6 million (2023: £5.2 million) are unsecured and are interest free. All loans made by United Kingdom subsidiary companies to the Company totalling £7.5 million (2023: £6.1 million) are unsecured and are interest free.

All loans made by the Company to non United Kingdom subsidiaries totalling £4.9 million (2023: £7.6 million) are unsecured but interest bearing at commercial rates of interest. All loans made by non United Kingdom subsidiaries to the Company totalling £Nil (2023: £3.5 million) are unsecured but interest bearing at commercial rates of interest.

Between 22 December 2023 and 13 February 2024 Ben Habib, a Director, acquired 71.8% of the outstanding shares of FPL from other shareholders who wished to exit that fund. FPL is a related party of FPAM by virtue of its management contract with the Company.

On 18 March 2024 FPL acquired a property from a third-party client of FPAM, for a consideration of £6 million. Under pre-existing contractual arrangements, the sale crystallised a payment of £66,477 in asset management fees by the third-party client to FPAM. This additional management fee will be recognised as revenue in the year to 31 March 2025.

Notes to the financial statements cont.

for the year ended 31 March 2024

31. Five Year Financial Summary

	2024 £'000	2023 £'000	2022 £'000	2021 £'000	2020 £'000
Continuing operations					
(Loss)/profit before tax	**(4,409)**	2,488	7,080	(5,089)	5,519
Performance related fee income	**–**	(372)	578	40	415
Net (borrowings)/cash	**(22,989)**	(22,008)	(17,243)	(18,850)	(57,197)
Net cash flow from operating activities	**389**	3,478	(1,441)	38,726	5,338
Net assets (excluding non-controlling interest)	**38,977**	43,442	42,765*	35,412*	48,047
Total assets under management	**£274m**	£454m	£559m	£569m	£623m
(Loss)/earnings per share	**(4.04p)**	1.70p	6.14p	(6.75p)	4.38p
Dividend per share	**–**	0.50p	0.50p	0.45p	1.67p
Dividend cover	**–**	3.4x	12.3x	(15x)	2.6x
Adjusted net asset value per share	**39.41p**	46.50p	46.07p*	41.58p*	55.00p

* Restated

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING (the **"Meeting"**) of FIRST PROPERTY GROUP PLC (the "Company") will be held at the Company's Registered office of 32 St James's Street, London, SW1A 1HD on 24 September 2024 at noon for the following purposes:

Ordinary Resolutions

To consider and, if thought fit, pass the following resolutions, each of which will be proposed as an Ordinary Resolution:

1. To receive and adopt the Directors' Report and Accounts for the year ended 31 March 2024.
2. To reappoint Cooper Parry as Auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next General Meeting of the Company at which accounts are laid.
3. To authorise the Directors to determine the remuneration of the Auditors.
4. That the Directors be and are hereby generally and unconditionally authorised and empowered pursuant to and in accordance with Section 551 of the Companies Act 2006 ("Act") to exercise all the powers of the Company to allot shares and/or grant rights to subscribe for or to convert any security into shares ("Rights") up to an aggregate nominal amount of £369,608 (being 33.33% of the issued share capital of the Company as at 17 July 2024, less shares in treasury), such authority to expire on the earlier of the next Annual General Meeting of the Company held after the date on which this resolution is passed and the date fifteen months after the passing of this resolution, save that the Company may at any time before such expiry make an offer or enter into an agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

   This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

By Order of the Board

JILL AUBREY
Company Secretary

23 August 2024

Registered Office:
32 St James's Street
London
SW1A 1HD

Notes to the Notice of Annual General Meeting

Please note First Property Group plc no longer uses a hard copy proxy form; please see below for instructions on how to lodge your vote.

1. To facilitate shareholder engagement, the Company will be providing a facility to enable shareholders to join remotely via a live presentation for those shareholders who are unable to attend in person and we invite shareholders to submit questions at any time in advance of the meeting or during the meeting using the online facility that will be provided. Details of how to access the live presentation and to ask questions will be published on the Company's website. Please note that shareholders will be required to register for free to access the live presentation via **www.investormeetcompany.com** and follow First Property Group plc. Please note that joining remotely will not constitute attendance and shareholders joining remotely will not be able to vote at the meeting. Shareholders are therefore asked to submit their votes by proxy.
2. To the extent shareholders wish to attend in person, the Board kindly requests that shareholders pre-register their intentions to attend by emailing the Company Secretary, Jill Aubrey, at jill.aubrey@fprop.com.
3. A member entitled to attend and vote at the meeting may appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. However, they must attend the meeting in person for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy they may do so at **www.signalshares.com**.
4. To be effective, the proxy vote must be submitted at **www.signalshares.com** so as to have been received by the Company's Registrar not less than 48 hours before the time appointed for the meeting or any adjournment of it. By registering on the Signal shares portal at **www.signalshares.com**, you can manage your shareholding, including:

   - cast your vote;
   - change your dividend payment instruction;
   - update your address;
   - select your communication preference.

   Alternatively, Link Group, the Company's Registrar, has launched a shareholder app: LinkVote+. It is free to download and use and gives shareholders the ability to access their records at any time and allows users to submit a proxy appointment quickly and easily online rather than through the post. The app is available to download on the Apple App Store and Google Play, or by scanning the relevant QR code below.

   Apple App Store

   Google Play

   Any power of attorney or other authority under which the proxy is submitted must be returned to the Company's Registrars, Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL. If a paper form of proxy is requested from the Registrar, it should be completed and returned to Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL to be received not less than 48 hours before the time of the meeting.
5. Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended), the Company has specified that only those members registered on the register of members of the Company at close of business on 20 September 2024 (the Specified Time) (or, if the meeting is adjourned to a time more than 48 hours after the Specified Time, by close of business on the day which is two days prior to the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. If the meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via **www.euroclear.com**). The message, regardless of whether it constitutes the appointment of a proxy, or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in Note 4 above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (**www.euroclear.com**).
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
11. Any electronic address provided either in this Notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.
12. Submission of a Proxy vote shall not preclude a member from attending and voting in person at the meeting in respect of which the proxy is appointed or at any adjournment thereof.
13. Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion or withhold from voting.
14. If you need help with voting online, or require a paper proxy form, please contact our Registrar, Link Group, by email at **shareholderenquiries@linkgroup.co.uk**, or you may call Link on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Link are open between 09:00 and 17:30, Monday to Friday excluding public holidays in England and Wales.
15. As at midday on 17 July 2024, the Company's issued share capital comprised 110,882,332 Ordinary Shares of 1 pence each and 5,718,783 treasury shares. Each Ordinary Share (except the treasury shares) carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company at midday on 17 July 2024 is 110,882,332.

Communication

16. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):

    - calling the Link Group shareholder helpline on 0371 664 0300. From overseas, +44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 09:00 and 17:30, Monday to Friday excluding public holidays in England and Wales.

    or

    - First Property Group plc on 020 7340 0270.

    You may not use any electronic address provided either:

    - in this Notice of Annual General Meeting; or
    - in any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.

Directors and advisers

Directors
Alasdair J D Locke
(Non-Executive Chairman)

Peter G Moon
(Non-Executive Director)

Benyamin N Habib
(Group Chief Executive)

Laura B James
(Group Finance Director)

Company Secretary
Jill A Aubrey

Registered office of First Property Group plc
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Incorporated in England and Wales

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